

1 **Q. Evidence of Dr. Vander Weide: Equity cost estimates Page 39: Please indicate why**  
2 **Dr. Vander Weide uses a 0.50% allowance for financial flexibility, rather than the**  
3 **higher number used by Ms. McShane.**  
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5 A. To be conservative, Dr. Vander Weide used the same 0.50 percent allowance for financial  
6 flexibility that the Board used in Order No. P. U. 43 to conclude that Newfoundland  
7 Power's cost of equity for the 2010 test period is 9.0 percent.