

1 **Q. Evidence of Kathleen McShane – Appendix “B”, “Selection of U.S. Low Risk Utility**
2 **Sample.”: Please explain the weighting scheme used by Ms. McShane in arriving at**
3 **her ROE recommendation for Newfoundland Power using her tests.**
4

5 A. Ms. McShane gave approximately equal weight to the equity risk premium tests and
6 discounted cash flow tests. Within the equity risk premium tests, she gave approximately
7 equal weight to each of the three tests. Within the discounted cash flow tests, she gave
8 approximately equal weight to the constant growth and multi-stage growth tests and
9 approximately equal weight to the Canadian and U.S. samples.