

1 Q. **Reference: Volume II, Exhibit 6: Allowed Range of Return on Rate Base for**
2 **Newfoundland and Labrador Hydro**

3 Please confirm that for Hydro's proposed range of return on rate base, Hydro could
4 earn a return on equity of up to 9.80% in the 2013 Test Year before Hydro would
5 have excess earnings. (Volume II, Exhibit 6, Page 15, Table 5)

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8 A. Hydro confirms that if the embedded cost of debt and the capital structure was
9 held constant then Hydro could earn a return on equity of up to 9.80% in the 2013
10 Test Year before the rate of return on rate base would exceed the 0.25 basis points
11 range over the rate of return on rate base of 7.83% proposed in the GRA.