

- 1 Q. Further to response to Request for Information NP-NLH-020:  
2 Please show the calculation of forecast returns on equity for each year from 2014 to  
3 2017.  
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6 A. Please refer to the following table for the forecast financial returns on equity from  
7 2014 to 2017 (\$millions):

	Test year	Test Year	Forecast	Forecast
	2014	2015	2016	2017
Net Income	\$ 30.5	\$ 33.2	\$ 34.6	\$ 33.7
Opening Retained Earnings	\$ 331.4	\$ 361.9	\$ 392.7 A	\$ 427.3
Ending Retained Earnings	\$ 361.9	\$ 395.1	\$ 427.3	\$ 461.0
Average Equity	\$ 346.6	\$ 378.5	\$ 410.0	\$ 444.2
Return on Equity %	8.8%	8.8%	8.4%	7.6%
Rate of Return on Rate Base %	7.1%	6.8%	6.5%	5.8%
A. Opening and closing balance in Retained Earnings primarily due to exclusion of the Labrador West transmission line in the 2016 and 2017 forecast.				

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11 Note that Rates of Return on Rate Base (RORB) shown for 2016 and 2017 are below  
12 the lower end of the RORB range of 6.6%. This results from the assumption in the  
13 long-term planning model that 2015 rates remain in effect over this period. This  
14 present assumption for forecasting purposes does not preclude Hydro from filing an  
15 application, or taking other action, which would re-establish its earnings level  
16 within the approved range of RORB.