

1    Q.    Further to response to Request for Information NP-NLH-020:  
2           Please reconcile the forecast return on equity for 2015 with the forecast rate of  
3           return on equity of 12.6% indicated in Response to Request for Information IR-PUB-  
4           NLH-032 page 2 of 2 filed in Hydro's Interim Rates Application.

5

6

7    A.    Please refer to IR-PUB-NLH-032 (Rev 1) for the revised financial return on equity of  
8           11.5%.

9

10          Please refer to NP-NLH-247 Attachment 1, Page 1 of 1 for the reconciliation of the  
11          financial return on equity of 11.5% to NP-NLH-020.

**Newfoundland and Labrador Hydro**  
**Revenue Requirement and Return on Equity Analysis**  
(\$millions)

NP-NLH-247, Attachment 1  
Page 1 of 1, NLH 2013 GRA

	2015	2015	
	NP-NLH-020	IR-PUB-NLH-032 (Rev 1)	Variance
1 <b>Revenue</b>			
2 Energy Sales	630.4	618.7	11.7 <b>Note 1</b>
3 Other revenue	2.4	2.4	-
4 <b>Total revenue</b>	<u>632.8</u>	<u>621.1</u>	<u>11.7</u>
5			
6 <b>Expenses</b>			
7 Operating expenses	120.1	120.1	-
8 Fuels	270.5	256.8	(13.7) <b>Note 1</b>
9 Power Purchases	58.7	58.7	-
10 Amortization	62.1	62.1	-
11 Accretion	0.9	0.9	-
12 Loss on disposal of PP&E	3.0	3.0	-
13 Interest	75.5	74.9	(0.6) <b>Note 1</b>
14 <b>Total expenses</b>	<u>590.8</u>	<u>576.5</u>	<u>(14.3)</u>
15			
16 <b>Net income before cost of service exclusions</b>	<b>42.0</b>	<b>44.6</b>	(2.6)
17 less: cost of service exclusions	-	-	-
18	<u>42.0</u>	<u>44.6</u>	<u>(2.6)</u>
19			
20 Return on regulated equity	42.0	44.6	(2.6)
21 Net interest	75.5	74.9	0.6
22 <b>Return on rate base</b>	<u><b>117.5</b></u>	<u><b>119.5</b></u>	<u><b>(2.0)</b></u>
23			
24 <b>Average rate base</b>	<b>1,715.2</b>	<b>1,715.2</b>	-
25			
26 <b>Rate of return on rate base</b>	<b>6.9%</b>	<b>7.0%</b>	<b>0.0%</b>
27			
28 Opening Retained Earnings	366.2	366.2	-
29 Net Income	42.0	44.6	(2.6)
30 Ending Retained Earnings	408.2	410.8	(2.6)
31			
32 Average Equity	387.2	388.5	(1.3)
33 <b>Return on Equity %</b>	<b>10.8%</b>	<b>11.5%</b>	<b>-0.6%</b>

**Note 1:** The response to NP-NLH-020 presented financial results assuming 2015 was a test year while IR-PUB-NLH-032 (Rev 1) assumed rates in 2015 are based on the 2013 Test Year. The resulting variances are due to the change in this assumption.