Q. [Grant Thornton Financial Consultant's Report, April 25, 2014 ("Grant Thornton Report"). Page 18]

Relative to the 2013 test year, Grant Thornton states:

"the difference in rate of return on book equity of 9.59% and Hydro regulated return on equity of 8.80% arises due to differences between the Company's average rate base and average invested capital balances."

Does Grant Thornton believe that the difference between Hydro's rate of return on book equity and its regulated return on equity is a relevant consideration in determining whether the rates proposed in this Application provide Hydro with an opportunity in earn a just and reasonable return in accordance with the requirements of the Order in Council and the *Electrical Power Control Act, 1994*?

A. Grant Thornton does believe the difference between Hydro's rate of return on book equity and its regulated return on equity is a relevant consideration in determining whether the rates proposed in this Application provide Hydro with an opportunity to earn a just and reasonable return in accordance with the requirements of the Order in Council and the *Electrical Control Act 1994*. This provides the Board with information to assist in understanding how the rates impact the financial statements of Hydro for consideration in their assessment of the proposed rates.