

1     Q.     Further to the response to CA-NLH-003, explain in detail how increasing the range  
2           in the return on rate base to  $\pm$  25 basis points increases Hydro's risk.

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5     A.     Hydro's current allowable range in the return on rate base (RORB) is +/- 15 basis  
6           points. Hydro is proposing an increase to +/- 25 basis points. With a wider range on  
7           the allowed RORB in place, Hydro may have to accept a lower RORB than it  
8           otherwise would have before.