

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):

	Forecast 2014	Forecast 2015	Forecast 2016	Forecast 2017
Net Income	\$ 28.8	\$ 42.0	\$ 47.2	\$ 42.4
Opening Retained Earnings	\$ 337.4	\$ 366.2	\$ 408	\$ 455
Ending Retained Earnings	\$ 366.2	\$ 408.2	\$ 455.4	\$ 497.8
Average Equity	\$ 351.8	\$ 387.2	\$ 431.8	\$ 476.6
Return on Equity %	8.2%	10.8%	10.9%	8.9%
Rate of Return on Rate Base %	7.3%	6.9%	6.8%	6.8%

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10 For the years 2015 to 2017, which are presented in Hydro's response to NP-NLH-
11 020 as test years, the ROE percentage used in setting rates is equal to 8.80% (the
12 approved ROE for NP from its last GRA). The difference arises because the rate base
13 and the capital structure will not be equal because of the approved methodology in
14 calculating working capital, timing and measurement differences.