

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

3
4 Relative to the 2013 test year, Grant Thornton states:

5
6 *"the difference in rate of return on book equity of 9.59% and Hydro regulated*
7 *return on equity of 8.80% arises due to differences between the Company's*
8 *average rate base and average invested capital balances."*
9

10 Does Grant Thornton believe that the difference between Hydro's rate of
11 return on book equity and its regulated return on equity is a relevant
12 consideration in determining whether the rates proposed in this Application
13 provide Hydro with an opportunity to earn a just and reasonable return in
14 accordance with the requirements of the Order in Council and the *Electrical*
15 *Power Control Act, 1994*?
16

17
18 A. Grant Thornton does believe the difference between Hydro's rate of return on book
19 equity and its regulated return on equity is a relevant consideration in determining
20 whether the rates proposed in this Application provide Hydro with an opportunity
21 to earn a just and reasonable return in accordance with the requirements of the
22 Order in Council and the *Electrical Control Act 1994*. This provides the Board with
23 information to assist in understanding how the rates impact the financial statements
24 of Hydro for consideration in their assessment of the proposed rates.