

1 Q. Is it Hydro's view that it earned a just and reasonable return on equity in each of
2 2008, 2009, 2010, 2011 and 2012? In the answer set out the return on equity
3 earned each year.

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6 A. Hydro's return on equity, along with a comparison to the Board-approved ROE of
7 Hydro and NP, is shown in Table 3.5 in Hydro's GRA filing and is as follows:

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Return on Equity						
	Actual					
	2007	2008	2009	2010	2011	2012
Return on Equity	1.30%	4.12%	6.18%	2.03%	6.59%	5.25%
Return on Equity in Order No. P.U. 8(2007)	4.47%	4.47%	4.47%	4.47%	4.47%	4.47%
NP Return on Equity	9.75%	8.69%	9.00%	8.38%	8.38%	8.80%

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11 Hydro's actual ROE over the period 2008 to 2012 period averaged 4.83% in
12 comparison with the Board-approved ROE of 4.47%. Order in Council OC2009-063¹
13 dated March 17, 2009 directed that the target return on equity for Hydro would be
14 the same as was set for NP. In the period since this Government directive, Hydro
15 has not achieved this level of return for the reasons outlined in response to IR-NP-
16 NLH-010. At this time, Hydro requests interim rates in order to have the
17 opportunity to earn a return on rate base that is closer to that which results from
18 the Government directed ROE for the 2013 Test Year.

¹ Refer to CA-NLH-024, Attachment 4.