

SIR-V-NLH-020  
**NLH 2013 Second Interim Rates Application**

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Page 1 of 1

1    Q.    Reference: June 19 presentation entitled Settlement Discussions - Second Interim  
2    Rate Application, slide 4, fourth bullet

3    In this bullet, Hydro uses the phrase "fair return standard". Within the context of  
4    this statement, please explain what Hydro considers a fair return standard.

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7    A.    Hydro considers the minimum return in its current GRA to meet the "fair return  
8    standard" to be the lower end of the range of return on rate base established  
9    consistent with the Government directive on return on equity.