

Q. 2013-2014 General Rate Application, Company Evidence

Pg. 3-2, lines 22-23 - It is stated that in the period 2010 to 2012F Newfoundland Power's financial performance will have been consistent with its continued financial integrity. Table 3-10 on pg. 3-13 shows Newfoundland Power's regulated return on equity for the period. Please confirm that the forecast 8.81% return on equity for 2012 is consistent with the maintenance of the continued financial integrity of Newfoundland Power.

A. Newfoundland Power believes that the forecast 8.81% return on equity for 2012, if achieved, will maintain the Company's financial integrity.

Newfoundland Power observes that maintenance of financial integrity is not the only requirement of a fair return. Amongst other things, an essential characteristic of a fair return is that it is commensurate with that available on investments in comparable risk enterprises.