

1 **Q. Written Evidence of James H. Vander Weide – Volume 3**

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3 **Please confirm that you believe the main reason that the current automatic**
4 **adjustment formula no longer works is entirely due to current financial market**
5 **conditions, specifically the significant decline in the risk free rate.**
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7 A. Cannot confirm. The current automatic adjustment formula does not work because it
8 produces results that are less than reasonable estimates of Newfoundland Power's cost of
9 equity.