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Q: Reference: Table on page 28 and Schedule 27

Please provide a detailed explanation of how Dr. Cannon calculated the return on common equity including any adjustments that were made to 1) the reported earnings available to common equity and 2) the common equity balance.

A: The figures behind the calculated values for SD(ROCE) and SEE(ROCE) for NP are shown on page 1 of Schedule 4 and were provided by the Company in its Application and in response to various RFIs.

The underlying ROCE figures for the other utilities in the table at the top of page 28 are set out in Schedule 27. The figures in Schedule 27 apply to the publicly-traded corporate entity and are calculated as the ratio of (a) and (b), where (a) is the company's earnings available for common shareholders excluding extraordinary items (such as the gains and losses on the sale/disposal of major assets and investments) but including the earnings on discontinued operations, and (b) is the average of the beginning and ending common shareholders' equity for the corresponding year. There are no "adjustments" from some pre-ordained value, but rather calculations based on the figures provided in these firms' income statements and balance sheets, and in the footnotes to their financial statements where the separate components of some of the income statement values are detailed.