

- 1 **Q. Please describe the results of Ms. McShane's DCF analysis for Newfoundland Power**
2 **and describe how they compare to Newfoundland's last authorized return on equity,**
3 **and the return on equity for other Canadian utilities over the last year.**
4
- 5 A. The DCF results inclusive of the adjustment for financing flexibility are in the range of
6 9.25% to 9.5%. The allowed return on equity for Newfoundland Power for 2007 was
7 8.6%. The average allowed return for major Canadian utilities in 2007, as per Ms.
8 McShane's Schedule 5, page 2 of 4, was 8.57%.