

1 Q. **Volume II (1st Revision), Exhibit 12: Automatic Return on Equity Adjustment**
2 **Report**

3 What alternatives did Hydro consider with regards to an adjustment mechanism for
4 its target return on equity to reflect any future changes to Newfoundland Power’s
5 approved target return on equity for rate setting purposes? Please identify the
6 advantages and disadvantages of each alternative. (Volume II (1st Revision), Exhibit
7 12: Automatic Return on Equity Adjustment Report, Page 6 of 11, Line 24, to Page 7
8 of 11, Line 6)

9
10
11 A. Hydro considers its recommended approach provided in Exhibit 12 to be the only
12 alternative available to meet the requirements of Board Order P.U. 49(2016).