

1 Q. Reference: Exhibit 2, page 40, footnote 119:

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3 Hydro shows the average rate base adjustments are calculated for return on rate
4 base purposes using the test year rate of return on rate base. The rates of return
5 on rate base for 2014 and 2015 test years are 7.18% and 6.61%, respectively.

6 Please explain why it is appropriate to use the test year rate of return on rate base
7 for these average rate base adjustments but not for the average rate base
8 adjustments of \$73.7 million related to the capital expenditures.

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11 A. Please see Hydro's response to NP-NLH-001.