

1 **Q. In this application, Newfoundland Power is suggesting that the range on rate base**
2 **be expanded to 50 basis points. Please calculate how much additional revenue will**
3 **be required in the test year and beyond should the Board approve any such**
4 **expansion and please advise if the Financial Consultant is now supporting that**
5 **expansion to 50 basis points.**
6

7 A. An expansion to the range of return on rate base will not affect the determination of the
8 revenue requirement for the test year. The revenue requirement is based on the allowed
9 rate of return on rate base as determined by the Board upon hearing evidence on the
10 matter. This allowed rate of return then becomes the mid-point for the allowed range of
11 rate of return.
12

13 We have not formulated an opinion at this time as to the appropriateness of
14 Newfoundland Power's proposal to expand the range of rate of return on rate base to 50
15 basis points.