

1 **Q. Page 24 states "Now that Hydro has a mandated ROE commensurate with that**
2 **of Newfoundland Power, I recommend that the Board consider directing a portion**
3 **of Hydro's return toward payment of the rural subsidy, a subsidy mandated by**
4 **government, Hydro's shareholder." Section 80. (2) of the Public Utilities Act states**
5 **"The return shall be in addition to those expenses that the board may allow as**
6 **reasonable and prudent and properly chargeable to operating account, and to all**
7 **just allowances made by the board according to this Act and the rules and**
8 **regulations of the board." Please reconcile Mr. Bowman's recommendation to**
9 **Section 80(2) of the Public Utilities Act which states that the return shall be in**
10 **addition to expenses approved as reasonable by the Board and please provide the**
11 **Board's authority to follow the above recommendation.**

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13 **A. Please see Mr. Doug Bowman's response to IN-CA-001.**