Q. **Reference: Volume I, Section 5.5 and Schedule D-II, Issue Topic: Test Year Revenue Requirement**

Please confirm how Hydro determined its 2027 test year return on rate base and its rate of return on rate base. That is, is return on rate base determined by adding forecast regulated returns together and is rate of return on rate base determined by dividing return on rate base by average rate base? If this cannot be confirmed, please explain.

A. Newfoundland and Labrador Hydro ("Hydro") confirms the return on rate base as presented in Chapter 5, Table 5-11 of Hydro's 2026 General Rate Application is the sum of the forecast return components reflected in the table, specifically, net interest and net income. Hydro also confirms that the rate of return on rate base is calculated by dividing return on rate base by average rate base.

While the underlying amounts are developed through Hydro's iterative revenue requirement and financing calculations, the resulting rate of return on rate base presented in Table 5-11 equals return on rate base divided by average rate base.