

1 Q. Future Financial Ratios of the Utility

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3 67.1 What information will be provided by the Utility that will make it  
4 possible for the Board to provide the type of reassurance with regard  
5 to the future financial ratios of the company? (DGH, p. 10, lines 15 –  
6 19.)

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9 A. 67.1 In the short term, the rating agencies and the capital markets would  
10 take comfort in an acceptance by the Board that a 3% return on equity  
11 is inadequate in the longer term, and the Board's acknowledgement of  
12 the principle that a fair and reasonable rate of return to shareholders  
13 should form part of the cost of service. We believe that the information  
14 provided to the Board to date would be sufficient to draw these  
15 conclusions, and hence we do not contemplate the provision of  
16 additional information.