

1 Q. Explain derivation of the numbers for Retained Earnings under the heading
2 "Existing 2007" on Schedule II of the Evidence of M.G. Bradbury at pages
3 21-23.
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6 A. There is an error at line 21, under the heading "Existing 2007" on Schedule II
7 of the evidence of Mark Bradbury. The opening retained earnings amount
8 should have been \$209,385,000 which is the forecast closing equity amount
9 for 2006 as shown on Schedule 1, page 1 of 10. Therefore, closing equity at
10 line 23 of Schedule II under the heading "Existing 2007" should be
11 \$196,833,000, which would result in a rate of return on equity at line 25 of
12 negative 6.18%, rather than negative 6.08%. This does not impact the
13 revenue requirement for the test year.