

**Newfoundland Power Inc.**

**2010 Return on Rate Base**  
**(\$000s)**

	<u>Existing</u>	<u>Changes</u>	<u>Proposed</u>
1			
2 <b>Average Capitalization</b>			
3 Debt	483,532	(9,366) <sup>1</sup>	474,166
4 Preference Shares	9,113	-	9,113
5 Common Equity	384,377	5,985 <sup>2</sup>	390,362
6	<u>877,022</u>	<u>(3,381)</u>	<u>873,641</u>
7			
8 <b>Average Capital Structure</b>			
9 Debt	55.13%	-0.86% <sup>1</sup>	54.27%
10 Preference Shares	1.04%	0.00%	1.04%
11 Common Equity	43.83%	0.86% <sup>2</sup>	44.69%
12	<u>100.00%</u>	<u>0.00%</u>	<u>100.00%</u>
13			
14 <b>Cost of Capital</b>			
15 Debt	7.54%	0.11% <sup>1</sup>	7.65%
16 Preference Shares	6.23%	0.00%	6.23%
17 Common Equity	6.45%	4.55% <sup>2</sup>	11.00%
18			
19 <b>Weighted Average Cost of Capital</b>			
20 Debt	4.16%	-0.01%	4.15%
21 Preference Shares	0.06%	0.00%	0.06%
22 Common Equity	2.83%	2.09%	4.92%
23	<u>7.05%</u>	<u>2.08%</u>	<u>9.13%</u>
24			
25 <b>Return on Rate Base</b>			
26 Return on Debt	36,074	(222) <sup>1</sup>	35,852
27 Return on Preference Shares	568	-	568
28 Return on Common Equity	27,774	15,167 <sup>2</sup>	42,941
29	<u>64,416</u>	<u>14,945</u>	<u>79,361</u>

<sup>1</sup> Reflects reduced borrowing requirements resulting from the proposed increase in cash revenue.

<sup>2</sup> Reflects the Company's proposed return on common equity of 11.0 percent in 2010

**1<sup>st</sup> Revision Note:** Updated for revised forecasts for 2009 and 2010.

**2<sup>nd</sup> Revision Note:** Updated for rounding corrections Lines 11, 12, 22 and 23.