

Q. At Exhibit 8 entitled “2010 Forecast Capital Structure and Return on Rate Base” line 28 shows a proposed Regulated Return on Equity of \$42,874,000 for 2010. Please provide a table comparing the requested 2010 return on equity in terms of both dollar amount and percentage increase to the actual Earnings Applicable to Common Shares for 2004 to 2008 and the forecast Earnings Applicable to Common Shares for 2009.

A. The question asks for a comparison of proposed 2010 regulated return on equity with earnings applicable to common shares in prior years.

Regulated returns on common equity do not reflect non-regulated expenses as they are not included in the costs recovered in customer rates. Actual earnings applicable to common shares include the impact of non-regulated expenses (net of tax).

Table 1 shows a comparison of actual regulated returns on common equity for 2004 through 2008 and forecast returns for 2009 and 2010.

Table 1
Regulated Return On Common Equity
2004 to 2010F

	2004	2005	2006	2007	2008	2009F	2010F
Regulated Return On Common Equity (\$000s)	32,088	31,644	31,227	29,977	33,336	33,527	42,874
Year Over Year Change (\$000s)		(444)	(417)	(1,250)	3,359	191	9,347
Year Over Year Change (%)		(1.4)	(1.3)	(4.0)	11.2	0.6	27.9