

1 **Q. In Fortis Inc.'s 2011 Annual report at p. 12, it states,**

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3 **“Fortis has adopted a strategy of profitable growth with earnings per common share**
4 **as the primary measure of performance. Over the past 10 years, earnings per**
5 **common share of Fortis have grown at a compounded annual growth rate of 6.9%.**
6 **Fortis delivered an average return to shareholders of approximately 15% over the**
7 **past 10 years, exceeding the Standard and Poor's (“S&P”) Toronto Stock Exchange**
8 **(“TSX”) Capped Utilities and S&P/TSX Composite Indices, which delivered**
9 **annualized performances of approximately 11% and 7% respectively over the same**
10 **period.”**

11
12 **Over the same time period what has been the compound annual growth rate per**
13 **common share in Newfoundland Power?**

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15 **A. Table 1 provides the compound annual growth rate of Newfoundland Power's earnings**
16 **on common shares for the period 2002 through 2011.**
17
18

Table 1
Compound Annual Growth Rate of
Earnings on Common Shares
(\$000's)

	2002	2011
Earnings on Common Shares	28,807	33,685
Compound Annual Growth Rate ¹		1.8%

¹ Equals $(\$33,685,000 / \$28,807,000)^{(1/9)} - 1$