

1 **Volume 1, Section 3 – Finance**  
2

3 **Q. (Section 3.2.7: Returns on Rate Base and Equity, and Exhibit 5, pages 1-3 and 8 of**  
4 **8) Please provide the following information for Newfoundland Power Inc., from its**  
5 **published financial statements, for the years 2001 through 2006:**  
6

7 **a. The return on average common equity, along with the amounts used for each**  
8 **component of the ratio - that is, the dollar return/earnings applicable to common**  
9 **equity and the average common equity balance;**

10  
11 **b. The average capital structure broken down by all debt, preference shares, and**  
12 **common equity, expressed in both absolute dollar and percentage-of-total-**  
13 **capitalization terms; and**

14  
15 **c. An overview of the major differences between the figures provided in answer to**  
16 **(a) and (b) above and the corresponding figures set out in Exhibit 5 of Volume 1,**  
17 **along with commentary on the sources or reasons for any significant differences.**  
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19 **A. (a)** Attachment A provides the return on average common equity, along with the amounts  
20 used for each component of the ratio for the years 2001 through 2006. The amounts  
21 provided in Attachment A are based on the Company's published financial statements  
22 and before any adjustments required by Board Orders.

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24 **(b)** Attachment B provides the average capital structure broken down by debt, preference  
25 shares, and common equity, expressed in both absolute dollar and percentage-of-  
26 total-capitalization terms for the years 2001 through 2006. The amounts provided in  
27 Attachment B are based on the Company's published financial statements and before  
28 any adjustments required by Board Orders.

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30 **(c)** The differences between the figures provided in the response to (a) and (b) above, and  
31 the corresponding figures set out in Exhibit 5 of Volume 1 pertain to regulatory  
32 adjustments to earnings and common equity in accordance with Board Orders.

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34 Regulatory adjustments pertain primarily to non-regulated expenses and common  
35 equity in excess of 45% which are shown in Returns 17 and 19 of the Company's  
36 Annual Returns to the Board.

**Return on Average Common Equity  
2001-2006**

*Requests for Information*

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	<b>Newfoundland Power Inc.</b>					
	<b>Return on Average Common Equity<sup>1</sup></b>					
	<b>2001 - 2006</b>					
	<b>(\$000s)</b>					
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
10 Earnings Applicable to Common Shares	28,862	28,807	29,460	31,122	30,729	30,078
12 Average Common Equity	255,267	269,859	289,498	307,920	320,166	329,930
14 Rate of Return on Average Common Equity	<u>11.31%</u>	<u>10.67%</u>	<u>10.18%</u>	<u>10.11%</u>	<u>9.60%</u>	<u>9.12%</u>

20 <sup>1</sup> Based on the Company's published financial statements.

**Average Capital Structure**  
**2001-2006**

*Requests for Information*

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**Newfoundland Power Inc.**  
**Average Capital Structure <sup>1</sup>**  
**2001 - 2006**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Average Capital Structure (\$000s)						
Debt	319,195	345,426	362,620	380,031	391,394	405,665
Preference Shares	9,800	9,709	9,569	9,423	9,414	9,382
Common Equity	255,267	269,859	289,498	307,920	320,166	329,930
	<u>584,262</u>	<u>624,994</u>	<u>661,687</u>	<u>697,374</u>	<u>720,974</u>	<u>744,977</u>
Average Capital Structure (%)						
Debt	54.63	55.27	54.80	54.50	54.29	54.45
Preference Shares	1.68	1.55	1.45	1.35	1.30	1.26
Common Equity	43.69	43.18	43.75	44.15	44.41	44.29
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

<sup>1</sup> Based on the Company's published financial statements, and before any adjustments required by Board Orders.