

1 **Volume 1, Section 3 – Finance**
2

3 **Q. (Section 3.3.2: Financial Targets) Please provide a table showing how the**
4 **Company’s after-tax earnings applicable to common shareholders has been**
5 **apportioned between (i) dividends or other payments to Fortis Inc., (ii) retention in**
6 **the Company’s equity capital account (to restore the regulated common equity ratio**
7 **to the neighborhood of 45%), and (iii) other allocations, for annual fiscal periods**
8 **from 1995 through 2006, and for the forecasted values for 2007 and 2008, with the**
9 **forecasted values for 2008 based on the assumption that the Board approves all the**
10 **Company’s Application proposals. Also show, for each year, the actual average**
11 **regulated common equity as a proportion of average regulated rate base.**
12

13 A. Attachment A shows how the Company’s after-tax earnings applicable to common
14 shareholders for 1995 through 2008 have been apportioned between:
15

- 16 (i) dividend payments to Fortis Inc., and
- 17 (ii) retention in the Company’s equity capital account (to restore the regulated
18 common equity ratio to the neighborhood of 45%)¹.
- 19

20 There were no other allocations of the Company’s earnings applicable to common shares
21 during this period.
22

23 Attachment A also shows, for each year, the actual average regulated common equity as
24 a proportion of average regulated rate base.

¹ Forecasted values for 2008 assume all of the Company proposals in the Application are accepted by the Board.

Attachment A

Newfoundland Power Inc.
Schedule of Retained Earnings and Average Regulated Common Equity as a Proportion of Average Rate Base
1995 - 2008
(\$000s)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007F	2008P
Balance, retained earnings, beginning of year	154,777	164,458	155,836	157,191	159,164	172,527	180,010	189,882	209,194	229,159	246,039	253,651	265,566	285,286
Earnings applicable to common shareholders	27,638	25,144	24,931	21,571	22,858	26,473	28,862	28,807	29,460	31,122	30,729	30,078	28,802	36,358
Dividends paid to Fortis Common Shares	(17,957)	(33,766)	(23,576)	(19,598)	(9,495)	(18,990)	(18,990)	(9,495)	(9,495)	(14,242)	(23,117)	(18,163)	(9,082)	(18,989)
Balance, retained earnings, end of year	164,458	155,836	157,191	159,164	172,527	180,010	189,882	209,194	229,159	246,039	253,651	265,566	285,286	302,655
Regulated average common equity	232,371	224,009	228,474	232,657	241,079	252,275	261,753	277,119	297,590	316,973	328,922	329,930	345,748	364,292
Average regulated rate base	469,676	473,122	477,419	488,204	505,688	520,979	545,162	573,337	675,730	715,111	745,446	752,917	789,775	809,291
Regulated average common equity as a proportion of average rate base	49.5%	47.3%	47.9%	47.7%	47.7%	48.4%	48.0%	48.3%	44.0% ¹	44.3%	44.1%	43.8%	43.8%	45.0%

1. Deferred charges were included in the calculation of rate base for the first time in 2003, in accordance with Board Order No. P.U. 19 (2003).