

Requests for Information

1
2 **Volume 1, Section 3 – Finance**

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

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

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

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

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

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 | 285,973 |
| 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 | 29,489 | 31,717 |
| 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) | (13,623) |
| 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 | 285,973 | 304,067 |
| 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 | 346,091 | 365,341 |
| 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 | 789,930 | 812,212 |
| 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).

1st Revision Note: Updated for "Settlement Agreement" and 2008 Cost revisions as filed in the Amended Application.