

1 **Volume 1, Section 3 – Finance**
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3 **Q. (Section 3.3.2: Financial Targets) Please provide an estimate, on a year-by-year**
4 **basis for 2008 through 2012, of how the Company’s earnings applicable to common**
5 **shareholders will be apportioned between dividends or other payments to Fortis,**
6 **Inc. and earnings retained in the Company, if (i) the Company’s rate base grows in**
7 **accord with the Company’s five-year financial projections, (ii) the Company**
8 **continues to be allowed a 45% equity ratio, and (iii) the Company actually earns a**
9 **rate of return on common equity each year of (a) 8.00% and (b) 10.00%. Please**
10 **show the projected average annual rate base and average common equity account**
11 **balance as part of the answer in each of cases (a) and (b).**

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13 **A.** Table 1 below shows the pro forma results based on a rate of return on equity in each
14 year of 8.0%.
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Table 1
Forecast of Common Share Earnings and Dividends
Assuming a 8.0% Rate of Return on Common Equity¹
(\$000s)

	Earnings on Common Shares	Common Dividend Payments	Average Common Equity	Average Rate Base
2008	28,128	11,565	363,890	809,201
2009	28,645	32,139	370,424	823,636
2010	29,078	14,322	376,055	835,984
2011	29,460	34,604	380,862	846,766
2012	29,896	13,984	386,246	858,198

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18 Table 2 below shows the pro forma results based on a rate of return on common equity in
19 each year of 10.0%.
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Table 2
Forecast of Common Share Earnings and Dividends
Assuming a 10.0% Rate of Return on Common Equity¹
(\$000s)

	Earnings on Common Shares	Common Dividend Payments	Average Common Equity	Average Rate Base
2008	35,445	18,116	364,273	809,281
2009	36,125	39,673	371,163	823,717
2010	36,684	21,691	376,886	836,063
2011	37,161	42,607	381,660	846,845
2012	37,680	21,846	386,854	858,278

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¹ With the exception of ROE, the forecast amounts assume acceptance of Company proposals as filed.