

1 **Q. In P.U. 36 (1998-1999) at p. 68, the Board allowed a rate of return on rate base for**
2 **1998 at 9.81% to “provide NP with the opportunity to earn a rate of return on**
3 **common equity of 9.25% and a rate of return on preferred equity and on common**
4 **equity in excess of 45% of 6.33%. The Board, in that same decision, approved the**
5 **use of the automatic adjustment formula. On a single sheet of paper, please provide**
6 **a table showing the actual return on rate base for each of the years of the automatic**
7 **adjustment formula, a table showing the actual rate of return on common equity for**
8 **each of the years of the automatic adjustment formula, and a dollar figure to show**
9 **the amount of any over-earning by Newfoundland Power on the rate of return on**
10 **equity in each of those years.**

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12 A. The following table summarizes the actual return on rate base for each of the years of the
13 automatic adjustment formula:

<u>Year</u>	<u>Return on Rate Base</u>	
	<u>\$(000's)</u>	<u>%</u>
2000	\$ 54,494	10.46%
2001	\$ 57,024	10.46%
2002	\$ 56,984	9.94%

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22 The following table summarizes the actual return on common equity for each of the years
23 of automatic adjustment formula:

<u>Year</u>	<u>Return on Regulated Common Equity</u>	
	<u>\$(000's)</u>	<u>%</u>
2000	\$ 27,237	10.80%
2001	\$ 29,699	11.35%
2002	\$ 29,518	10.65%

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32 In P.U. 36(1998-1999) the Board did not prescribe a range for the rate of return on
33 common equity that is used in the Formula to determine the rate of return on rate base.
34 As such, there is no prescribed reference point on which to base the calculation as
35 requested with respect to common equity.