

1 **Q. Re: Return of Equity Calculate Newfoundland Power's return on equity for the**  
2 **years 1998 –2004 based on corporate equity and income balances, i.e. those**  
3 **contained in its published financial statements. Provide the amounts used for each**  
4 **component of the calculation.**

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6 A. Table 1 provides the calculation of the rate of return on equity for 1998-2004 based on  
7 information contained in the Company's published financial statements (i.e., before any  
8 adjustments for non-regulated expenses).  
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<b>Table 1</b> <b>Rate of Return on Equity</b> <b>(before any adjustment for non-regulated expenses)</b>			
<b>Year</b>	<b>Average Common Equity (\$)</b>	<b>Return On Common Equity (\$)</b>	<b>Rate of Return On Average Common Equity</b>
1998 Actual	228,499	21,571	9.44%
1999 Actual	236,167	22,858	9.68%
2000 Actual	246,590	26,473	10.74%
2001 Actual	255,267	28,862	11.31%
2002 Forecast	269,334	27,757	10.31%
2003 Forecast <sup>1</sup>	286,792	30,894	10.77%
2004 Forecast <sup>1</sup>	301,869	32,492	10.76%

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11 <sup>1</sup> 2003 & 2004 forecast is based on proposed revenue.