

**Q. P. 42 Common Equity Recalculate the rate of return on equity at line 16 of Exhibit BVP-15 using the regulated return on common equity at line 6 of that schedule and actual equity that shareholders have invested in the company, i.e. the amount that will appear on the Company's published financial statements, in place of lines 10, 12 and 14.**

**A.** Table 1 provides the calculation of the rate of return on equity for 1998-2004 based on the actual equity shareholders have invested in the Company and regulated earnings (i.e., adjusted for non-regulated expenses).

<b>Table 1</b> <b>Rate of Return on Equity</b> <b>(with earnings adjusted for non-regulated expenses)</b>			
<b>Year</b>	<b>Average Common Equity (\$)</b>	<b>Return On Average Regulated Common Equity (\$)</b>	<b>Rate of Return On Average Common Equity</b>
1998 Actual	228,499	22,299	9.76%
1999 Actual	236,167	23,639	10.01%
2000 Actual	246,590	27,237	11.05%
2001 Actual	255,267	29,699	11.63%
2002 Forecast	269,334	28,557	10.60%
2003 Forecast <sup>1</sup>	286,792	31,694	11.05%
2004 Forecast <sup>1</sup>	301,869	33,292	11.03%

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