

Requests for Information

Q. Referring to Table 7, please recalculate this table with the proposed accounting changes and no change in electrical rates.

A. Pro-forma financial results for 2003 and 2004 based on existing electricity rates as per Exhibit BVP-7 and including the proposed accounting changes as presented in Table 20, Page 76 of the *Finance & Accounting Evidence*, are provided in the Company's response to NLH-242, Attachment A. The calculation of the pro-forma rate of return on rate base is contained on page 8 of 10. The calculation of the pro-forma rate of return on regulated common equity is contained on page 5 of 10. The calculation of the pro-forma interest coverage is contained on page 9 of 10.

Table 1 below provides a summary of the pro-forma interest coverage, pro-forma rate of return on rate base, and pro-forma rate of return on regulated common equity for 2003 and 2004, calculated on this basis.

Table 1 Pro-forma Financial Results ¹ 2003-2004		
	2003	2004
Interest Coverage (times)	2.47	2.40
Rate of Return on Rate Base	10.43%	10.17%
Rate of Return on Regulated Common Equity	10.52%	9.99%

1. Based on existing electricity rates as per Exhibit BVP-7 and including the proposed accounting changes as presented in Table 20, Page 76 of the *Finance & Accounting Evidence*.

The pro-forma interest coverage ratios in Table 1 fall below the target range of 2.5 to 2.7 times identified in the Company's 2003 General Rate Application as required to maintain the Company's A bond rating.