

RATE OF RETURN ON THE RATE BASE

Table 1 below provides the rate of return on the rate base for the historic year 2003, reference year 2004 and projected year 2005.

**TABLE 1
RATE OF RETURN ON THE RATE BASE OF THE DISTRIBUTOR**

	Historic 2003	Base 2004	Projected 2 005
Weighted debt rate	5,07%	4,82%	5,44%
Average debt rate	7,80%	7,41%	8,37%
Authorized capital structure	65,00%	65,00%	65,00%
Weighted rate on shareholders equity	3,05%	3,17%	3,23%
Authorized rate of return	8,71%	9,06%	9,24%
Authorized capital structure	35,00%	35,00%	35,00%
Rate of return on the rate base	8,12%	7,99%	8,67%

On this basis, the Distributor thus requires of the Régie to approve the rate of **8.67 %** as the rate of return on the rate base for the projected year 2005.