

**Réponses du Transporteur et du Distributeur à la
demande de renseignements numéro 1 du
Regroupement national des conseils régionaux de
l'environnement du Québec («RNCREQ»)**

Annexes

Réponses aux questions 2.2 et 12.2

Earned vs. Authorized ROE for Canadian Proxy Group

Company	2011	2010	2009	2008	2007	2006	2005	2004	Avg.	Notes
Emera										
Nova Scotia Power Inc. (NSPI)										
Authorized ROE	9.35%	9.35%	9.35%	9.55%	9.55%	9.55%	9.55%	10.15%	9.55%	[1]
Earned ROE	14.64%	12.48%	9.82%	10.02%	9.66%	9.65%	8.66%	9.97%	10.61%	
Earned minus Authorized	5.29%	3.13%	0.47%	0.47%	0.11%	0.10%	-0.89%	-0.18%	1.06%	
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Canadian Utilities										
ATCO Electric (Distribution)										
Authorized ROE	8.75%	9.00%	9.00%	8.75%	8.51%	8.93%	9.50%	9.60%	9.01%	
Earned ROE	11.50%	12.57%	12.62%	10.27%	10.26%	9.38%	9.10%	11.53%	10.90%	[2]
Earned minus Authorized	2.75%	3.57%	3.62%	1.52%	1.75%	0.45%	-0.40%	1.93%	1.90%	
ATCO Electric (Transmission)										
Authorized ROE	8.75%	9.00%	9.00%	8.75%	8.51%	8.93%	9.50%	9.60%	9.01%	
Earned ROE	9.87%	10.21%	9.63%	8.74%	8.50%	9.28%	9.61%	9.36%	9.40%	[3]
Earned minus Authorized	1.12%	1.21%	0.63%	-0.01%	-0.01%	0.35%	0.11%	-0.24%	0.40%	
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Enbridge										
Enbridge Gas Distribution Inc.										
Authorized ROE	8.39%	8.39%	8.39%	8.39%	8.39%	8.74%	9.57%	9.69%	8.61%	
Earned ROE	10.55%	10.08%	11.32%	11.07%	10.09%	7.47%	10.25%	n/a	10.12%	[4]
Earned minus Authorized	2.16%	1.69%	2.93%	2.68%	1.70%	-1.27%	0.68%	n/a	1.51%	
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Gaz Metro LP										
Authorized ROE	9.09%	9.20%	8.76%	9.05%	8.73%	8.95%	9.69%	9.45%	9.12%	
Earned ROE	10.08%	10.30%	9.90%	10.45%	9.90%	9.66%	10.51%	11.47%	10.28%	[5]
Earned minus Authorized	0.99%	1.10%	1.14%	1.40%	1.17%	0.71%	0.82%	2.02%	1.17%	

Earned vs. Authorized ROE for Canadian Proxy Group

Company		2011	2010	2009	2008	2007	2006	2005	2004	Avg.	Notes
Fortis Inc.											
FortisAlberta											
	Authorized ROE	8.75%	9.00%	9.00%	8.75%	8.51%	8.93%	9.50%	9.60%	9.01%	
	Earned ROE	8.86%	8.94%	9.57%	9.27%	11.48%	11.75%	9.90%	8.10%	0.00%	[6]
	Earned minus Authorized	0.11%	-0.06%	0.57%	0.52%	2.97%	2.82%	0.40%	-1.50%	0.73%	
FortisBC Electric											
	Authorized ROE	9.90%	9.90%	8.87%	9.02%	8.77%	9.20%	9.43%	9.55%	9.33%	
	Earned ROE	7.10%	7.95%	9.51%	9.39%	9.56%	9.54%	9.83%	11.00%	9.24%	
	Earned minus Authorized	-2.80%	-1.95%	0.64%	0.37%	0.79%	0.34%	0.40%	1.45%	-0.09%	
Newfoundland Power											
	Authorized ROE	8.38%	9.00%	8.95%	8.95%	8.60%	9.24%	9.24%	9.75%	9.01%	
	Earned ROE	8.76%	8.96%	8.64%	8.86%	8.62%	9.12%	9.74%	10.26%	9.12%	
	Earned minus Authorized	0.38%	-0.04%	-0.31%	-0.09%	0.02%	-0.12%	0.50%	0.51%	0.11%	
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PROXY GROUP AVERAGE											[7]
	Authorized ROE	8.92%	9.11%	8.92%	8.90%	8.70%	9.06%	9.50%	9.67%	9.10%	
	Earned ROE	10.17%	10.19%	10.13%	9.76%	9.76%	9.48%	9.70%	10.24%	9.93%	
	Earned minus Authorized	1.25%	1.08%	1.21%	0.86%	1.06%	0.42%	0.20%	0.57%	0.83%	
	# of Companies Included in Average	8	8	8	8	8	8	8	7		

Notes:

Unless otherwise noted, authorized ROE values are from public documents (e.g., company annual information forms, regulatory commission decisions), and earned ROE values are calculated based on company financial statements, downloaded where available from SNL Financial, using the methodology below.

$$\text{Earned ROE} = \frac{([\text{Net Income}] - [\text{Dividends on Preferred Stock}])}{(\text{Average}([\text{Total Proprietary Capital}] - [\text{Preferred Stock Issued}]))}$$

[1] Values shown are the midpoint of NSPI's target regulated ROE ranges.

[2] Earned ROE values are the actual equity cost rates reported by ATCO Electric in its annual Rule 005 reports to the Alberta Utilities Commission.

[3] Earned ROE values are the actual equity cost rates reported by ATCO Electric in its annual Rule 005 reports to the Alberta Utilities Commission.

[4] Earned ROE data are from the OEB's Yearbook of Natural Gas Distributors.

[5] Earned ROE values are those reported to the Regie by Gaz Metro.

[6] Earned ROE values are the actual equity cost rates reported by FortisAlberta in its annual Rule 005 reports to the Alberta Utilities Commission.

[7] Averages are arithmetic averages across all proxy group companies without any missing data points for a given year.

Earned vs. Authorized ROE for Other Comparable Canadian Companies

Company	2011	2010	2009	2008	2007	2006	2005	2004	Avg.	Notes
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Hydro One Inc. (Distribution)										
Authorized ROE	9.58%	9.85%	8.01%	8.57%	9.00%	9.00%	9.88%	9.88%	9.05%	
Earned ROE	n/a	9.81%	8.96%	7.08%	5.78%	8.41%	6.77%	n/a	7.80%	[1]
Earned minus Authorized	n/a	-0.04%	0.95%	-1.49%	-3.22%	-0.59%	-3.11%	n/a	-1.25%	
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Hydro One Inc. (Transmission)										
Authorized ROE	9.58%	8.39%	8.01%	8.35%	8.35%	9.88%	9.88%	9.88%	n/a	
Earned ROE	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	[2]
Earned minus Authorized	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
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Saskatchewan Power Corporation										
Authorized ROE	7.40%	7.40%	8.50%	9.00%	9.00%	10.00%	10.00%	10.00%	8.91%	[3]
Earned ROE	13.69%	12.31%	6.68%	4.20%	9.25%	6.40%	9.27%	4.76%	8.32%	
Earned minus Authorized	6.29%	4.91%	-1.82%	-4.80%	0.25%	-3.60%	-0.73%	-5.24%	-0.59%	
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BC Hydro										
Authorized ROE	14.37%	13.05%	11.78%	12.05%	13.10%	13.51%	13.91%	14.33%	13.26%	[4]
Earned ROE	14.13%	12.49%	11.75%	11.33%	13.44%	9.26%	14.24%	3.74%	11.30%	[5]
Earned minus Authorized	-0.24%	-0.56%	-0.03%	-0.72%	0.34%	-4.25%	0.33%	-10.59%	-1.97%	
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BC Transmission Corporation										[6]
Authorized ROE	n/a	11.42%	11.78%	12.05%	13.13%	13.51%	n/a	13.90%	12.38%	
Earned ROE	n/a	12.79%	14.93%	7.73%	7.03%	43.47%	14.95%	n/a	17.19%	
Earned minus Authorized	n/a	1.37%	3.15%	-4.32%	-6.10%	29.96%	n/a	n/a	4.81%	
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Manitoba Hydro										
Authorized ROE	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	[7]
Earned ROE	5.68%	7.36%	13.19%	19.58%	9.06%	38.52%	16.96%	-45.80%	n/a	
Earned minus Authorized	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	

Earned vs. Authorized ROE for Other Comparable Canadian Companies

Company		2011	2010	2009	2008	2007	2006	2005	2004	Avg.	Notes
AltaLink											
	Authorized ROE	8.75%	9.00%	9.00%	8.75%	8.51%	8.93%	9.50%	9.60%	8.92%	
	Earned ROE	9.44%	9.01%	9.51%	8.18%	8.23%	8.81%	9.99%	n/a	9.02%	[8]
	Earned minus Authorized	0.69%	0.01%	0.51%	-0.57%	-0.28%	-0.12%	0.49%	n/a	0.10%	
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AVERAGE											[9]
	Authorized ROE	10.17%	10.14%	9.81%	10.08%	10.55%	10.99%	10.82%	12.17%	10.59%	
	Earned ROE	12.42%	11.28%	10.37%	7.70%	8.75%	15.27%	10.07%	4.25%	10.01%	
	Earned minus Authorized	2.25%	1.14%	0.55%	-2.38%	-1.80%	4.28%	-0.76%	-7.91%	-0.58%	
	# of Companies Included in Average	3	5	5	5	5	5	4	2		

Notes:

Unless otherwise noted, authorized ROE values are from public documents (e.g., company annual information forms, regulatory commission decisions) and earned ROE values are calculated based on company financial statements, downloaded where available from SNL Financial, using the methodology below.

Earned ROE = ([Net Income] - [Dividends on Preferred Stock]) / (Average ([Total Proprietary Capital] - [Preferred Stock Issued]))

[1] Earned ROE values are those reported in the OEB Electricity Distributors Yearbook.

[2] Earned ROE data are not reported separately for Hydro One Transmission.

[3] Reported values are SaskPower's ROE "targets."

[4] BC Hydro's allowed ROE is equal to the pre-income tax annual rate of return allowed by the BCUC to the most comparable regulated IOU.

[5] BC Hydro's return on regulatory equity as reported in its annual reports.

[6] BCTC operated as a separate entity from BC Hydro for fiscal years 2004 through 2010.

[7] Manitoba Hydro's rates are regulated in light of a targeted debt-to-equity ratio and not an authorized ROE.

[8] AltaLink changed its fiscal year to a calendar year in 2005, leading to a discontinuity in earned ROE data.

[9] Averages are arithmetic averages across all companies without missing data points for a given year.

<u>Company Name</u>	<u>Cost of Debt</u>								
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Consolidated Edison, Inc.	5.5%	5.6%	5.7%	5.9%	5.6%	5.7%	6.0%	6.0%	6.2%
NextEra Energy, Inc.	4.1%	4.7%	4.9%	4.7%	5.3%	5.9%	6.2%	5.8%	5.0%
Northeast Utilities	4.5%	4.7%	4.6%	5.2%	5.3%	5.5%	5.5%	5.3%	4.8%
Southern Company	3.9%	4.1%	4.4%	4.7%	5.0%	5.5%	5.6%	5.2%	4.9%
Wisconsin Energy Corporation	4.7%	4.5%	4.1%	3.2%	3.4%	3.8%	4.2%	4.5%	4.8%
Xcel Energy Inc.	5.4%	5.7%	5.9%	5.9%	6.1%	6.8%	6.1%	6.1%	6.3%

Notes:

All data sourced from SNL Financial.

Cost of debt equals interest expense divided by the average of current and prior reported total debt.