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1 **Request IR-10:**

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3 **Please provide a copy of Ms. McShane's testimony in Microsoft Word.**

4

5 Response IR-10:

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7 Please refer to Attachment 1 and 2, filed electronically for Ms. McShane's testimony and
8 appendices in Microsoft Word format.

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1 **Request IR-11:**

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3 **Please provide a copy of Ms. McShane's schedules in Microsoft Excel, with all data and**
4 **formulas intact.**

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6 Response IR-11:

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8 The requested Excel version of Ms. McShane's schedules was provided in response to NPB IR-
9 95.

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1 **Request IR-12:**

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3 **Please provide:**

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5 **(a) copies of all source documents, articles, cited documents listed in footnotes,**
6 **regulatory decisions, work papers, and other sources used in the development and**
7 **preparation of the testimony and appendices of Ms. McShane on behalf of Nova**
8 **Scotia Power Company in this case; and**

9
10 **(b) an index with files names and/or page or tab numbers associated with the materials**
11 **provided in (a).**

12
13 **Response IR-12:**

14
15 **(a) Please see documents attached in response to CA IR-8 to CA IR-21 (various debt rating**
16 **and capital markets reports), NPB IR-96 (referenced Decisions), NPB IR-97 (other cited**
17 **materials) and NPB IR-98 (DCF and Risk Premium studies). Also, please refer to the**
18 **documents attached in response to Woolridge IR-013 and Woolridge IR-015.**

19
20 **(b) Please refer to the tables below.**

21

CA Responses	Document Attached	Line Number/ Reference
CA-IR-8	February 2011 Consensus Forecast	353-355
CA-IR-9	RBC Capital Markets report	638-650
CA-IR-10	Macquarie Research report	652-654
CA-IR-11	BMO Capital Markets report	700-706
CA-IR-12	ScotiaBank Group report	707-724
CA-IR-13	Standard and Poor's (S&P) report	FN 23
CA-IR-14	DBRS and S&P reports	1148-1155
CA-IR-15	DBRS and S&P reports	Page 42
CA-IR-16	S&P report	FN 27

2012 General Rate Application (NSUARB P-892)
NSPI Responses to Woolridge Information Requests

NON CONFIDENTIAL

CA-IR-17	DBRS report	FN 28
CA-IR-18	S&P report	FN 30
CA-IR-19	Moody's report	FN 31
CA-IR-20	S&P report	FN 34
CA-IR-21	Source documents	FN 48

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NPB IR-96 Attachment	Document Attached	Line Number/ Reference
1	AUC Decision 2009-216 2009 GCOC	746
2	BCUC G-35-94 ROE1994 Generic Decision	FN 8
3	BCUC Terasen Utilities 2009 ROE Capital Structure	746
4	IAT Report 8-25-99 Rev of 7-9-99 Proceeding 990277	App. D, p. D-2
5	Manitoba PUB Order 49-95 Centra Gas	FN 8
6	NEB Multi-Pipeline RH-2-94 Review Decision 2009	746
7	NEB Reasons for Decision RH-2-94	FN 8
8	Newfoundland Labrador PU 16 (1998-1999)	FN 8
9	Newfoundland Labrador PU 43 (2009)	746
10	Northwestern 1929	FN 1
11	OEB 1997 EBRO 495 Consumers Gas	FN 8
12	OEB Report of the Board Cost of Capital 20091211	746
13	PEI Order-UE10-03-MECL Rate App CTC	843
14	REGIE Gaz Metro D-99-11	FN 8
15	REGIE Gaz Metro D-2009-156	747
16	TQM Reasons for Decision RH-1-2008	FN 2
17	NSPI Order P-888(2) – January 2010	1305
18	NSPI NSUARB-NSPI-P-886 February 2007	228
19	NSPI-P-881 March 2005	586
20	NSPI biomass project 2010	FN 26
21	NSPI Decision NSUARB P- 888 November 2008	228
22	NSPI FAM conditional approval December 2007	1144

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NPB IR-97 Attachment	Document Attached	Line Number/ Reference
1	Bank of Cda Financial System Review December 2004	135
2	Bank of Cda Financial System Review December 2005	186
3	Bank of Cda Financial System Review June 2006	201-202
4	Bank of Cda Financial System Review December 2006	205

2012 General Rate Application (NSUARB P-892)
NSPI Responses to Woolridge Information Requests

NON CONFIDENTIAL

5	Bank of Cda Financial System Review December 2007	265-266
6	Bank of Cda Financial System Review December 2010	463
7	Bank of Cda Financial System Review June 2007	232
8	BMO Taylor 2007 ROE Assessment December 2006	631
9	Bonbright <i>et al</i> Principles of Public Utility Rates	FN 40
10	CEPA -- Perspective on Canadian Gas Pipeline ROEs 2008	FN 13
11	CGA – Natural Gas Utility Return Determination in Canada 2008	FN 13
12	CIBC World Markets Time to Lighten Up 12-3-	596-597
13	Consensus Economics March 2011	393
14	Consensus Economics December 2004	137
15	FCC Docket 92-133 1995	FN 41
16	Foreign Affairs Canada State of Trade 2010; Footnote 24	FN 24
17	IFIC Assets by Class December 2010 (excel format)	377-380
18	IMF Global Financial Stability Report Oct 2010	506-519
19	Monetary policy report -- July 2007	235-236
20	Monetary policy report -- October 2005	156
21	Monetary Policy Report January 2011	443
22	NEB Hydrocarbon Transportation 2007	617
23	NEB Hydrocarbon Transportation 2006	610
24	Stats Can International Transactions in Securities December 2010	380-381

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NPB IR-98 Attachment	Document Attached	Line Number/ Reference
1	Blue Chip Financial Forecast December 1 2010	FN 55
2	Blue Chip Financial Forecast February 1 2011	FN 55
3	Brealey <i>et al</i> Principles of Corporate Finance 2006 page 151	App. A, p.A-5
4	Bruner <i>et al</i> Best Practices in Estimating the Cost of Capital	App. A, p. A-5
5	Burgess Fried PIAC Foreign Property	App. A, FN 10
6	Canada Dept Finance Canada Economic Action Plan 3 2011	App. A, FN 1
7	Carrick Your Bottom Line RTGAM.20050223	App. A, FN 12
8	Chen Roll Ross Economic Forces and the Stock Market 1986	FN 80
9	Dimson Marsh Staunton Triumph of the Optimists p. 182	App. A, p. A-6
10	Fama French CAPM Theory and Evidence 2004	App. A, p. A-17
11	Harrington Modern Portfolio Theory pp 188-189	App. A, p. A-17

2012 General Rate Application (NSUARB P-892)
NSPI Responses to Woolridge Information Requests

NON CONFIDENTIAL

12	Harris Marston Estimating Shareholder Risk Premia	FN 80
13	Hockin Paving the Way	App. A, p. A-13
14	Ibbotson 1998 Yearbook pages 157-159	App. A, p. A-5
15	Ibbotson 2010 Valuation Arithmetic Average	App. A, p. A-6
16	IFIC Year 2002 Review	App. A, FN 11
17	Malkiel Random Walk 2003 pages 240 241	App. A, p. A-18
18	Oliver IDA Speech 2002	App. A, p. A-12
19	PIAC Foreign Property Rule Nov 2002	App. A, FN 10
20	Ross Is Beta Useful	App. A, FN 22

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1 **Request IR-13:**

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3 **Please provide:**

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5 **(a) Microsoft Excel copies of all data, tables, charts, source documents, regression**
6 **results and statistical tests, and work papers used in the development and**
7 **preparation of the tables and charts of the testimony and appendices of Ms.**
8 **McShane on behalf of Nova Scotia Power Company in this case; and**

9

10 **(b) an index identifying all items provided in (a) with files names and/or page or tab**
11 **numbers associated with the materials provided in (a). For the Microsoft Excel**
12 **copies of the data, work papers, regressions, and statistical tests, please keep all**
13 **formulas intact.**

14

15 **Response IR-13:**

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17 (a-b) The majority of the requested information was filed in response to NPB IR-95. Please
18 refer to Woolridge IR-15 for information relating to Appendix B.

19

20 Also, please refer to Attachment 1 which contains the data underlying Table 12. Data
21 for Chart 1 is available from the Bank of Canada at www.bankofcanada.ca.

22

23 The following files were provided in response to NPB-95:

24

2012 General Rate Application (NSUARB P-892)
NSPI Responses to Woolridge Information Requests

NON CONFIDENTIAL

1

Analyses and Investigation		
NPB IR-95 Attachment	Document Attached	Reference
1	Canada Bonds Outstanding 1996 2010	App. A, p. A-3
2	Canadian Betas Monthly Weekly Comparison	FN 63
3	Chart 2 IFIC Quarterly Equity and Bond Net Sales	Chart 2
4	Chart 3 DEX and 30 Year Spread	Chart 3
5	Chart 4 State Street Investor Confidence Index	Chart 4
6	Conf Brd Provincial Outlook Canada Nova Scotia	Page 39
7	Conf Brd Winter Outlook 2011 NS Table	Page 39
8	Difference in Financial Risk 40 vs 50 Equity Ratio	FN 47
9	Internation Investment Position US portion Cdn direct investment	App. A, p. A-14
10	Intl Transactions Bond Purchases December 2010	App. A, FN 13
11	MVX Data	282
12	Nortel Market Weights Monthly	1846
13	NSPI FortisBC Generated Power Percent	1033
14	Prices TSX and Capped Income Trust Index	App. A, p. A-13
15	S&P PE Ratios 1926 to 2010	App. A, p. A-15
16	S&P Sector Breakdown S&P 500 Jan 5 2011	Table A-2
17	Stats Canada Canadas International Investment Position 3Q 2010	App. A, FN 16
18	Table 8 10 Year Average Canadian Market Returns	Table 8
19	Table 9 Sorted Canadian Risk Premiums	Table 9
20	Tables 13 and 14 TSX Utilities Regressions	Table 13 and 14
21	Trusted Pension Funds Mkt Value 2010 Q2	App. A, p. A-14
22	TSX Review December 2010 20 largest companies	App. A, p. A-11
23	TSX Review December 2010 Sector Breakdown	Table A-2
24	Value Line Enbridge	1489
25	Value Line TransCanada	1489

2

	Cdn Equity		Real Rate
	Returns	CPI	of Return
1931	-32.96%	-9.85%	-23.11%
1932	-12.92%	-9.41%	-3.51%
1933	51.63%	-4.36%	55.99%
1924	11.25%	-1.90%	13.15%
1927	44.92%	-1.45%	46.37%
1953	2.15%	-1.00%	3.15%
1930	-30.90%	-0.99%	-29.91%
1939	0.19%	-0.76%	0.95%
1994	-0.18%	0.17%	-0.35%
1955	27.80%	0.18%	27.62%
2009	35.05%	0.30%	34.76%
1935	30.63%	0.46%	30.17%
1938	9.13%	0.54%	8.59%
1945	36.05%	0.64%	35.41%
1944	13.47%	0.65%	12.82%
1954	39.05%	0.65%	38.40%
1926	24.42%	0.73%	23.69%
1928	32.92%	0.74%	32.18%
1998	-1.58%	1.00%	-2.58%
1929	-11.60%	1.00%	-12.60%
1961	32.75%	1.02%	31.73%
1962	-7.09%	1.06%	-8.15%
1934	20.26%	1.17%	19.09%
1925	28.74%	1.20%	27.54%
1959	4.59%	1.21%	3.38%
1956	13.22%	1.36%	11.86%
1960	1.78%	1.36%	0.42%
1992	-1.43%	1.49%	-2.92%
1996	28.35%	1.57%	26.78%
1997	14.98%	1.62%	13.36%
1963	15.60%	1.63%	13.97%
1999	31.70%	1.73%	29.96%
2010	17.61%	1.80%	15.81%
2004	14.48%	1.86%	12.62%
1993	32.55%	1.87%	30.68%
1964	25.43%	1.91%	23.52%
2006	17.26%	2.00%	15.26%
1936	25.35%	2.07%	23.28%
2007	9.83%	2.14%	7.69%
1995	14.53%	2.15%	12.38%
1943	19.67%	2.17%	17.50%
2005	24.13%	2.21%	21.92%
2002	-12.44%	2.26%	-14.70%
1965	6.68%	2.33%	4.35%

	Cdn Equity		Real Rate
	Returns	CPI	of Return
1958	31.25%	2.36%	28.89%
2008	-33.00%	2.37%	-35.37%
2001	-12.57%	2.53%	-15.10%
1952	-0.42%	2.60%	-3.02%
1950	48.43%	2.67%	45.76%
1971	8.01%	2.70%	5.31%
2000	7.41%	2.72%	4.69%
2003	26.72%	2.76%	23.96%
1946	-1.50%	3.10%	-4.60%
1957	-20.58%	3.32%	-23.90%
1970	-3.57%	3.35%	-6.92%
1949	22.61%	3.48%	19.13%
1967	18.09%	3.58%	14.51%
1937	-15.83%	3.60%	-19.43%
1966	-7.07%	3.82%	-10.89%
1985	25.07%	3.96%	21.11%
1988	11.08%	4.03%	7.05%
1968	22.45%	4.06%	18.39%
1986	8.95%	4.19%	4.76%
1940	-19.13%	4.25%	-23.38%
1984	-2.39%	4.30%	-6.69%
1987	5.88%	4.36%	1.52%
1969	-0.81%	4.56%	-5.37%
1942	13.99%	4.64%	9.35%
1989	21.37%	4.83%	16.54%
1990	-14.80%	4.93%	-19.73%
1972	27.38%	4.99%	22.39%
1991	12.02%	5.63%	6.39%
1983	35.49%	5.86%	29.63%
1941	1.93%	5.96%	-4.03%
1973	0.27%	7.49%	-7.22%
1976	11.02%	7.54%	3.48%
1977	10.71%	7.98%	2.73%
1978	29.72%	8.97%	20.75%
1947	0.34%	9.01%	-8.67%
1979	44.77%	9.14%	35.63%
1980	30.13%	10.13%	20.00%
1951	24.04%	10.55%	13.49%
1975	18.48%	10.67%	7.81%
1982	5.54%	10.77%	-5.23%
1974	-25.93%	11.00%	-36.93%
1981	-10.25%	12.47%	-22.72%
1948	12.13%	14.26%	-2.13%

Inflation

	Cdn Equity Returns	CPI	Real Rate of Return
Less than 1%	15.7%	-1.4%	17.0%
1-3%	13.0%	1.9%	11.1%
3-5%	4.8%	4.1%	0.7%
Over 5%	12.5%	9.2%	3.3%
Avg. 1924- 2010	11.7%	3.0%	8.6%

S&P 500			Real
	Returns	CPI	Return
1932	-8.1%	-9.9%	1.7%
1931	-43.3%	-9.0%	-34.4%
1933	53.9%	-5.1%	59.0%
1930	-24.9%	-2.3%	-22.5%
1938	31.1%	-2.1%	33.2%
1928	43.6%	-1.7%	45.3%
1927	37.5%	-1.7%	39.2%
1939	-0.4%	-1.4%	1.0%
1949	18.8%	-1.2%	20.0%
1955	31.6%	-0.4%	31.9%
2009	26.5%	-0.4%	26.8%
1929	-8.4%	0.0%	-8.4%
1930	12.0%	0.7%	11.3%
1940	-9.8%	0.7%	-10.5%
1954	52.6%	0.7%	51.9%
1953	-1.0%	0.8%	-1.7%
1954	26.9%	1.0%	25.9%
1926	11.6%	1.1%	10.5%
1927	22.8%	1.2%	21.6%
1928	-8.7%	1.2%	-9.9%
1950	31.7%	1.3%	30.4%
1951	16.5%	1.4%	15.1%
1936	34.0%	1.5%	32.5%
1956	6.6%	1.5%	5.1%
2011	12.5%	1.5%	10.9%
1998	28.6%	1.6%	27.0%
2002	-22.1%	1.6%	-23.7%
2010	15.1%	1.6%	13.5%
2003	0.5%	1.7%	-1.2%
1944	19.7%	1.7%	18.0%
1986	18.5%	1.9%	16.6%
1952	18.4%	1.9%	16.4%
1935	47.6%	2.2%	45.4%
1999	21.0%	2.3%	18.8%
1945	36.4%	2.3%	34.2%
2003	28.7%	2.3%	26.4%
1997	33.4%	2.3%	31.0%
1994	1.3%	2.6%	-1.3%
2004	10.9%	2.7%	8.2%
2005	24.0%	2.8%	21.2%
2001	-11.9%	2.8%	-14.7%
1995	37.4%	2.8%	34.6%
1996	43.4%	2.8%	40.5%
2007	5.5%	2.9%	2.6%
1996	23.1%	2.9%	20.2%
1993	10.0%	3.0%	7.0%
1994	-10.1%	3.0%	-13.1%
1992	7.7%	3.0%	4.6%
1934	-1.4%	3.1%	-4.5%
2006	15.8%	3.2%	12.6%
2007	22.5%	3.2%	19.3%
2008	19.0%	3.3%	15.7%

	S&P 500		Real
	Returns	CPI	Return
2000	-9.1%	3.3%	-12.4%
2001	-10.8%	3.3%	-14.1%
2005	4.9%	3.4%	1.5%
2006	32.2%	3.6%	28.6%
1937	-35.0%	3.6%	-38.6%
1987	5.2%	3.7%	1.6%
2008	-37.0%	3.8%	-40.8%
1988	16.8%	4.1%	12.7%
1991	30.5%	4.2%	26.3%
1992	6.3%	4.3%	2.0%
1993	11.1%	4.3%	6.8%
1994	14.3%	4.3%	10.0%
1989	31.5%	4.9%	26.6%
1941	-11.6%	5.0%	-16.6%
1990	-3.2%	5.4%	-8.5%
1991	-8.5%	5.5%	-14.0%
1992	23.8%	5.8%	18.0%
1993	4.0%	5.9%	-1.9%
1994	21.4%	6.1%	15.3%
1943	25.9%	6.1%	19.8%
1944	-14.7%	6.2%	-20.8%
1945	-7.2%	6.5%	-13.6%
1946	6.6%	7.6%	-1.1%
1951	24.0%	7.9%	16.1%
1948	5.5%	8.1%	-2.6%
1946	-8.1%	8.3%	-16.4%
1947	37.2%	9.1%	28.1%
1948	-4.9%	10.4%	-15.3%
1942	20.3%	10.9%	9.4%
1943	-26.5%	11.0%	-37.5%
1944	18.4%	11.3%	7.2%
1945	32.4%	13.5%	18.9%
1947	5.7%	14.4%	-8.7%
Less than 1%	13.2%	-2.0%	15.2%
1-3%	18.4%	2.0%	16.4%
3-5%	6.2%	3.6%	2.6%
Over 5%	7.0%	8.2%	-1.2%
Avg. 1926-2010	11.9%	3.1%	8.8%

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1 **Request IR-14:**

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3 **Please provide:**

- 4
- 5 (a) **Microsoft Excel copies of all data, source documents, and work papers used in the**
6 **development and preparation of the schedules of the cost of capital testimony of Ms.**
7 **McShane on behalf of Nova Scotia Power Company in this case;**
- 8
- 9 (b) **Microsoft Excel copies of all schedules of the cost of capital testimony of Ms.**
10 **McShane on behalf of Nova Scotia Power Company in this case;**
- 11
- 12 (c) **an index identifying all items provided in (a) with page or tab numbers associated**
13 **with the materials provided in (a) and (b). For the Microsoft Excel copies of the**
14 **data, schedules, work papers, regressions, and statistical tests, please keep all**
15 **formulas in tact.**

16
17 **Response IR-14:**

- 18
- 19 (a-c) The requested electronic version of the schedules with formulas intact, data, documents
20 and workpapers, identified by schedule, were provided in response to NPB IR-95. Data
21 for Schedule 1 is available from the Bank of Canada at www.bankofcanada.ca. Data for
22 Schedules 3 and 6 were obtained from the proprietary databases of DBRS, Moody's and
23 Standard and Poor's. Also, please refer to NPB IR-97, NPB IR-98, Woolridge IR-012
24 and Woolridge IR-013.

25

NPB IR-95 Attachment	Document Attached	Format
Schedule 2		
26	RRA extract Rate Case Decisions Jan to December 2010	
27	Schedule 2 page 2 US Allowed ROE	electronic

2012 General Rate Application (NSUARB P-892)
NSPI Responses to Woolridge Information Requests

NON-CONFIDENTIAL

Schedule 4		
28	Canadian Capital Structures Electric Pipelines	electronic
Schedule 5		
29	Capital Structures Cdn utilities Trailing 4 Quarters	electronic
30	Capital Structures US Sample Trailing 4 Quarters	electronic
Schedule 7		
31	Historic Equity Market Risk Premiums US Canada	electronic
Schedules 8, 9 and 10		
32	Schedules 8 9 and 10	electronic
Schedule 11		
33	Schedule 11 Cdn Utility Betas Rsqr	electronic
Schedule 12		
34	S&P Issuer Ranking US Gas	
35	S&P Issuer Ranking US Electric	
36	Schedule 12 2007 to 2009 Average Earned Returns	electronic
37	Schedule 12 VL	electronic
38	Schedule 12 Weekly Betas vs NYSE ending December 2010	electronic
39	EI Backup	
40	EIA Restructuring Status September 2010	
41	RRA State Regulatory	
42	Sample Selection	electronic
Schedule 13		
43	Blue Chip	
44	DCF RP	electronic
45	Three Stage Model	electronic
Schedule 14		
46	App ROE Regressions	electronic
47	RRA 1995-1998	
48	RRA 1998-2004	
49	RRA 2004-2010	
Schedule 15		
50	Mergent Gas Distribution Index 1985 2001	
51	Moody Electric Index F Confidential 1998-2001	
52	S&P Electric Index 1947-1973	

2012 General Rate Application (NSUARB P-892)
NSPI Responses to Woolridge Information Requests

NON-CONFIDENTIAL

53	S&P Electric Index 1974-98	
54	S&P Gas Index 1947 1984	
55	S&P Moodys Electric Index 1947 2001	electronic
56	S&P Moodys Electric Index 2002 onwards	electronic
57	S&P Moodys Gas Index 1947 1984	electronic
58	S&P Moodys Gas Index 1985 2001	electronic
59	S&P Moodys Gas Index 2002 onwards	electronic
60	Schedule 15 Utility Returns US and Canada	electronic
	Schedules 16 - 20	
61	Canadian Utilities Sample Daily Prices Oct-Dec 2010	electronic
62	Canadian Utilities Sample Dividends	electronic
63	Canadian Utilities Three state DCF	electronic
64	Consensus Forecast Oct 2010	
65	Electric Utilities Sample Daily Prices Oct-Dec 2010	electronic
66	Electric Utilities Sample Dividends	electronic
67	US Electric Utilities Three stage DCF	electronic
68	Value Line Sustainable Growth	electronic
69	Value Line Sheets	
70	McShane Schedules	electronic

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1 **Request IR-15:**

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3 **With respect to Appendix B, page B-1, please:**

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5 **(a) list the electric utility companies considered for inclusion as indicated in Criteria 1;**

6

7 **(b) the electric utility companies eliminated by criteria 2, 3, 4, 5, and 6, along with the**
8 **company figures and/or values that caused the companies eliminated by the screen;**
9 **and**

10

11 **(c) provide copies of all data, source documents, and work papers used in Appendix B**
12 **in both hard copy and electronic formats (Microsoft Excel), with all data and**
13 **formulas intact.**

14

15 **Response IR-15:**

16

17 (a-b) The requested information was provided in response to NPB-95 in the documentation
18 supporting Schedule 12.

19

20 (c) The annual reports and 10-k filings for the companies in the benchmark sample are
21 available from the SEC at <http://www.sec.gov/edgar/searchedgar/companysearch.html>.
22 The regulatory information presented in Appendix B was obtained from Regulatory
23 Research Associate's proprietary database. Source documentation additional to that
24 already supplied elsewhere is provided in the following attachments:

25

2012 General Rate Application (NSUARB P-892)
NSPI Responses to Woolridge Information Requests

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Attachment	Document Attached	Format
1	AGA, <i>Innovative Rates, Non-Volumetric Rates, and Tracking Mechanisms: Current List as of June 2010</i> (powerpoint presentation)	attached
2 Confidential	Moody's Reports for Benchmark Sample	NSPI Offices (and electronic upon request)
3 Confidential	S&P Reports for Benchmark Sample	NSPI Offices (and electronic upon request)
4	Excel file containing sources of information for customer and operational assets breakdown as well as calculations where necessary	electronic

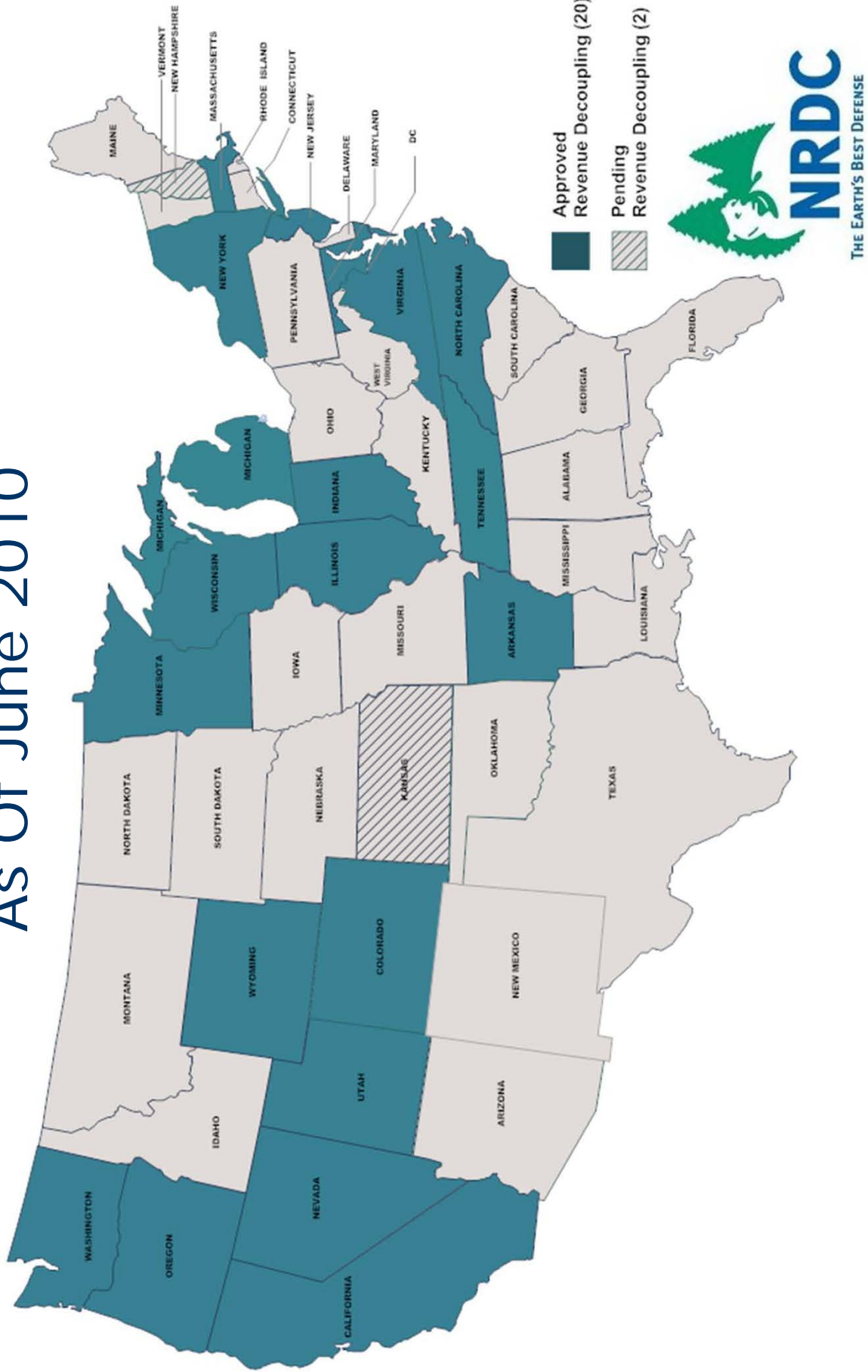
1



Innovative Rates, Non-Volumetric Rates, and Tracking Mechanisms: Current List As of June 2010



States with Natural Gas Revenue Decoupling As Of June 2010



Decoupling Tariffs as of June 2010

APPROVED – 38 Companies, 20 States, 25 Million Res. Customers*

1. AR – Arkansas Oklahoma
2. AR – Arkansas Western
3. AR – CenterPoint Energy
4. CA – Pacific Gas and Electric
5. CA - San Diego Gas and Elec.
6. CA – Southern California Gas
7. CA – Southwest Gas
8. CO – PSC of Colorado
9. IL – Integrys - Peoples Gas
10. IL – Integrys - North Shore Gas
11. IN – Citizens Energy Group
12. IN – Vectren Indiana Gas
13. IN – Vectren Southern Indiana Gas
14. MA – Bay State Gas
15. MD – Baltimore Gas and Elec.
16. MD – Washington Gas
17. MI – Consumers Energy
18. MI - Michigan Consolidated Gas
19. MN – CenterPoint Minnesota Gas
20. NC - Piedmont Natural Gas
21. NC – PS Co. of North Carolina
22. NJ – NJ Natural Gas
23. NJ – South Jersey Gas
24. NV – Southwest Gas
25. NY – Central Hudson Gas and Electric
26. NY – Consolidated Edison
27. NY – National Fuel Gas Dist.
28. NY – National Grid Niagara Mohawk
29. NY – Orange and Rockland Utilities
30. OR – Cascade Natural Gas
31. OR – NW Natural Gas
32. UT – Questar Gas
33. TN – Chattanooga Gas
34. VA – Virginia Natural
35. WA – Avista
36. WA – Cascade Natural Gas
37. WI – Integrys – Wisconsin Public Service Co.
38. WY – Questar Gas

PENDING – 11 Companies, 2 States, 4 Million Res. Customers*

1. KS – Kansas Gas Service
2. MA – Boston Gas
3. MA – Colonial Gas
4. MA – Essex Gas
5. MI – Michigan Gas Utilities
6. NH – EnergyNorth Natural Gas
7. NY – National Grid NYC
8. NY – National Grid Long Island
9. NJ – Pivotal Utility Holdings
10. VA – Columbia Gas of Virginia
11. WY – Source Gas

Flat Monthly Fee Rate Design (SFV) as of June 2010

Approved – 15 Companies, 9 States, 9 Million Res. Customers*

1. FL – TECO Peoples Gas – Three-tier monthly charge plus small variable charge
2. GA – Atlanta Gas Light – Individually determined monthly demand charge (Straight Fixed Variable)
3. IL – Nicor Gas – Flat fee plus a small variable charge
4. MO – Atmos Energy – Flat fee
5. MO – Empire District Gas
6. MO – Laclede Gas – Modified rate blocks; **has filed for flat monthly fee (pending)**
7. MO – Missouri Gas Energy - Flat monthly fee - \$28 residential/\$39.26 small general service
8. NE – SourceGas – Modified rate blocks
9. ND – Xcel Energy – \$18.48 flat monthly fee
10. OH – Columbia Gas – Flat fee
11. OH – Dominion East Ohio – Flat fee plus small variable charge
12. OH – Duke Energy – Flat fee
13. OH – Vectren Ohio - \$18.37 flat monthly fee
14. OK - ONEOK – Two-tier plan – Offers customers a choice
15. TX – Texas Gas Service El Paso – \$10.80 flat fee up to 200 ccf/month

Pending – 7 Companies, 3 States, 1 Million Res. Customers*

1. AK – ENSTAR Natural Gas
2. IN – Northern Indiana Public Service
3. KY – Delta Natural Gas
4. KY – Louisville Gas and Electric
5. NE - Black Hills – Two-tier, declining block rate
6. OH – Pike Natural Gas – Increased monthly charge
7. OH – Eastern Natural Gas

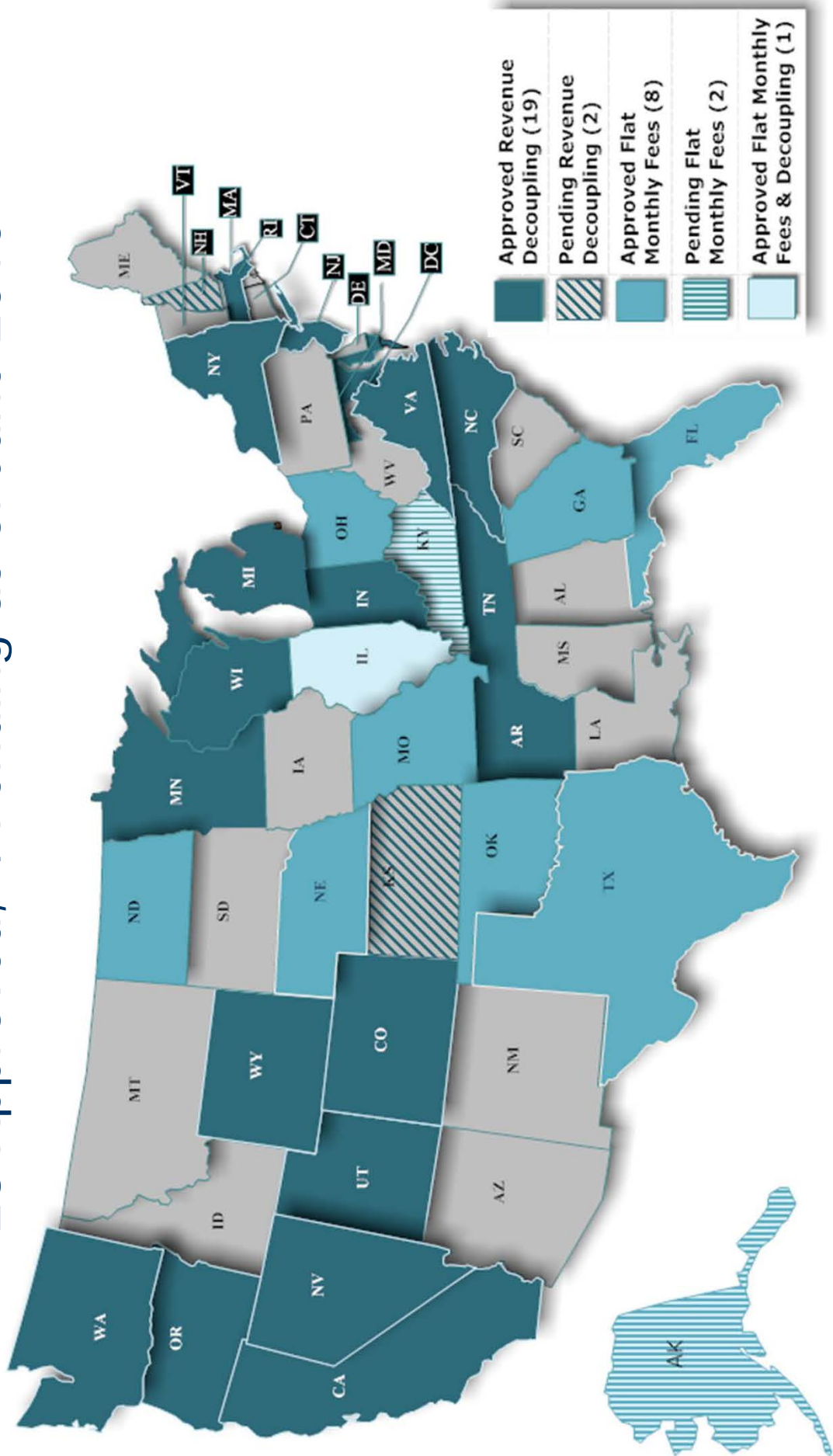
Rate Stabilization Tariffs as of June 2010

Approved – 13 Companies, 6 States, 6 Million Res. Customers*

1. AL – Alabama Gas
2. AL – Mobile Gas
3. LA – Atmos Energy
4. LA – CenterPoint Energy
5. LA – Entergy
6. MS – Atmos Energy
7. MS – CenterPoint Energy
8. OK – CenterPoint Energy
9. OK – Oklahoma Natural Gas
10. SC – Piedmont Natural Gas
11. SC – South Carolina E&G
12. TX – CenterPoint Energy
13. TX – Atmos Energy

*** Of 65 Million (2008) US Residential Customers**

States With Decoupling and Flat Monthly Fees 28 Approved, 4 Pending as of June 2010



States with Decoupling and Flat Monthly Fees as of June 2010

Approved - 53 Companies, 28 States, 35 Million Res. Customers
Pending - 18 Companies, 4 States, 5 Million Res. Customers

STATES WITH DECOUPLING

1. Arkansas
2. California
3. Colorado
4. Indiana
5. Massachusetts
6. Maryland
7. Michigan
8. Minnesota
9. New Jersey
10. Nevada
11. New York
12. North Carolina
13. Oregon
14. Tennessee
15. Utah
16. Virginia
17. Washington
18. Wisconsin
19. Wyoming

STATES WITH FLAT MONTHLY FEES

1. Florida
2. Georgia
3. Missouri
4. Nebraska
5. North Dakota
6. Ohio
7. Oklahoma
8. Texas

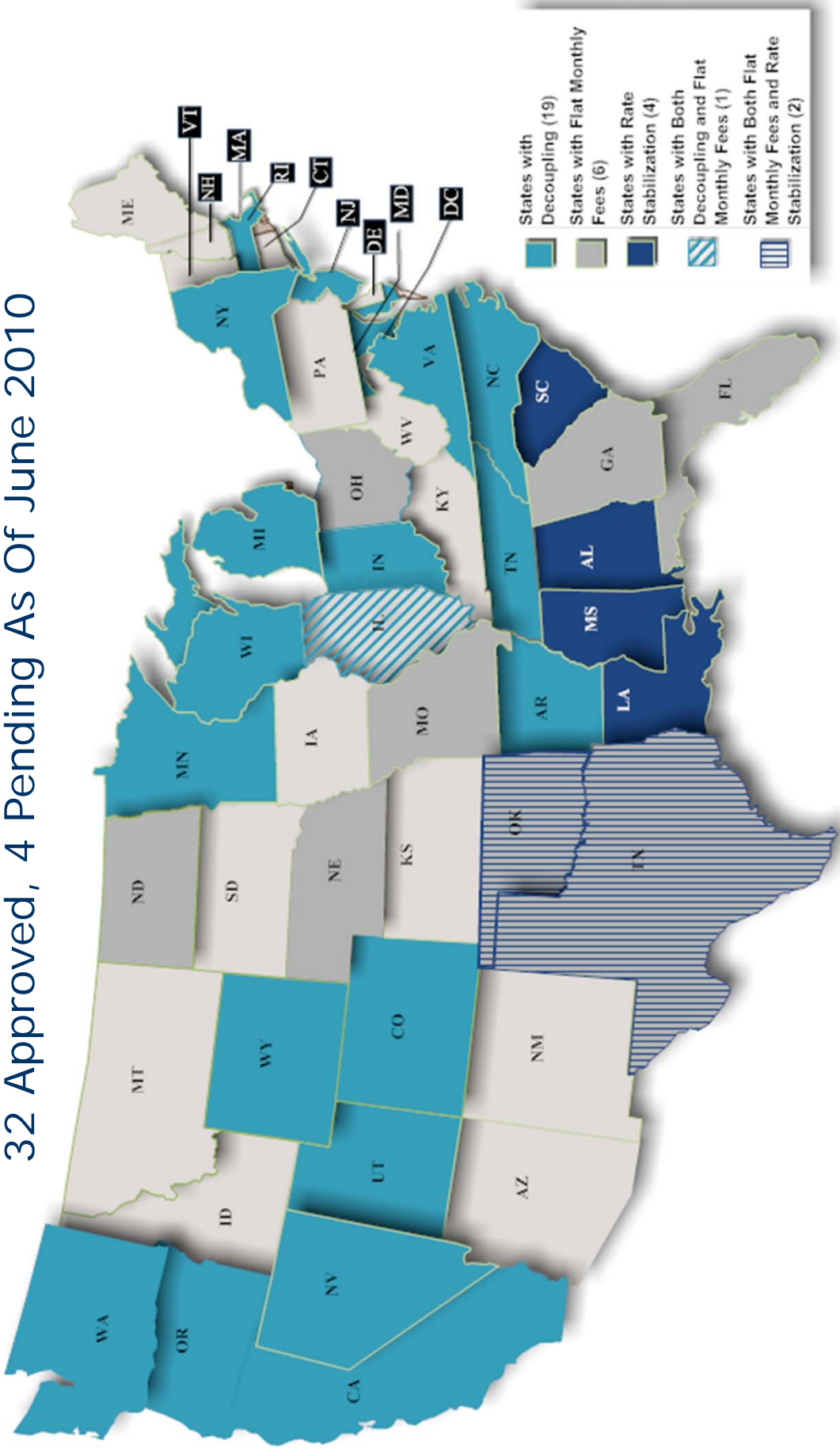
STATES WITH BOTH FLAT MONTHLY FEES AND DECOUPLING

1. Illinois

STATES WITH PENDING PROGRAMS

1. Alaska – Flat Monthly Fee
2. Indiana – Flat Monthly Fee
3. Kansas – Decoupling
4. Kentucky – Flat Monthly Fee
5. New Hampshire – Decoupling

States with Non-Volumetric Rate Designs (Decoupling, Flat Monthly Fee, Rate Stabilization) 32 Approved, 4 Pending As Of June 2010



States with Non-Volumetric Rate Designs for Natural Gas as of June 2010

Approved - 66 Companies, 32 States, 41 Million Res. Customers

STATES WITH DECOUPLING

1. Arkansas
2. California
3. Colorado
4. Indiana
5. Massachusetts
6. Maryland
7. Michigan
8. Minnesota
9. New Jersey
10. Nevada
11. New York
12. North Carolina
13. Oregon
14. Tennessee
15. Utah
16. Virginia
17. Washington
18. Wisconsin
19. Wyoming

STATES WITH FLAT MONTHLY FEES

1. Florida
2. Georgia
3. Missouri
4. Nebraska
5. North Dakota
6. Ohio

STATES WITH RATE STABILIZATION

1. Alabama
2. Mississippi
3. Louisiana
4. South Carolina

STATES WITH BOTH DECOUPLING AND FLAT MONTHLY FEES

1. Illinois

STATES WITH BOTH FLAT MONTHLY FEES AND RATE STABILIZATION

1. Oklahoma
2. Texas

Weather Normalization Adjustment Clauses as of June 2010

Approved - 52 Companies, 25 States, 16 Million Res. Customers; 10 Million Res. Customers at Companies Without Decoupling

1. AB – Atco Gas
2. AL - Alabama Gas
3. AL – Mobile Gas
4. AR – Arkansas Western
5. AR - CenterPoint Energy
6. BC – Terasen Gas
7. CT - Southern Connecticut Gas
8. GA - Atmos Energy
9. IN – Vectren Indiana Gas
10. IN – Vectren So. Indiana Gas and Elec.
11. KS - Atmos Energy
12. KS – Black Hills
13. KS – Kansas Gas Service
14. KY - Atmos Energy
15. KY - Columbia Gas
16. KY - Delta Natural Gas
17. KY - Louisville Gas and Electric
18. LA – Atmos - Louisiana Gas Service
19. LA - Atmos - Trans Louisiana
20. MD - Chesapeake Utilities
21. MD - Columbia Gas
22. MS - Atmos Energy
23. ND – Montana-Dakota Utilities
24. NJ – Pivotal Utility Holdings
25. NY - Consolidated Edison
26. NY – National Grid – NYC
27. - NY – National Grid - Long Island
28. - NY – National Grid – Niagara Mohawk
29. - NY - National Fuel Gas Distribution
30. - NY – New York State Elec. and Gas
31. - NY - Orange & Rockland Utilities
32. - NY - Rochester Gas & Electric
33. - OK - CenterPoint Energy
34. - OK – Oklahoma Natural Gas
35. - OR - NW Natural
36. - PA - Philadelphia Gas Works
37. - OB - Gaz Metro
38. - RI - National Grid – Narragansett Gas
39. - SC - Piedmont Natural Gas
40. - SC - South Carolina Electric & Gas
41. - SD – Montana-Dakota Utilities
42. - TN – Atmos Energy
43. - TN - Chattanooga Gas
44. - TN - Piedmont Natural Gas
45. - TX - Atmos Energy
46. - TX - Texas Gas Service
47. - UT – Questar Gas
48. - VA – City of Richmond Dept. Pub. Utils
49. - VA - Roanoke Natural Gas
50. - VA - Southwestern Virginia Gas
51. - WV – West Virginia Utilities
52. - WY – Questar Gas

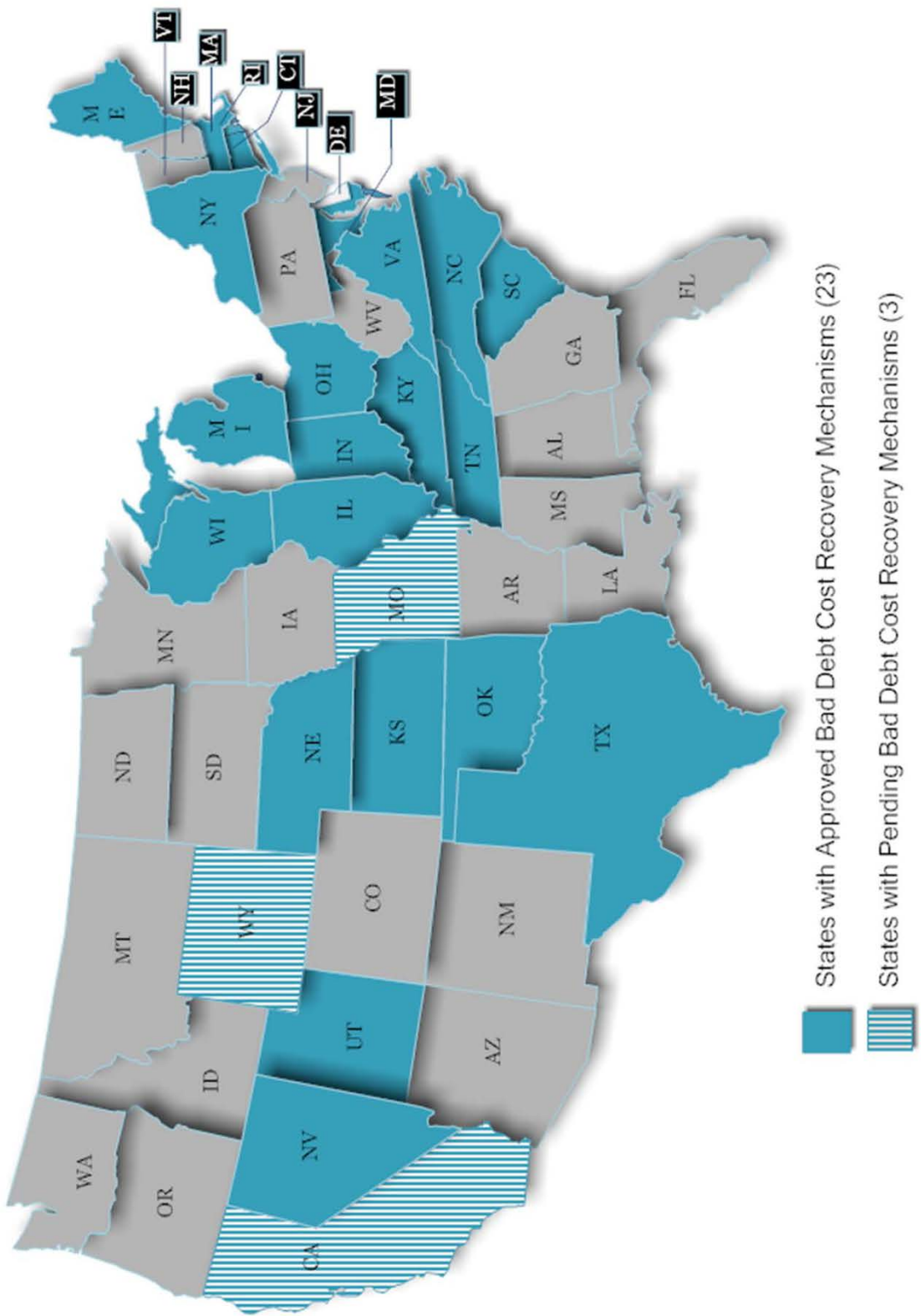
Weather Normalization Adjustment Clauses as of June 2010

Pending - 2 Companies, 2 Million Res. Customers*

1. NJ – Public Service Electric and Gas
2. VA – Columbia Gas

*** Of 65 Million (2008) US Residential Customers**

States With Bad Debt Cost Recovery Mechanisms As Of June 2010



Utilities with Innovative Bad Debt Cost Recovery Mechanisms as of June 2010

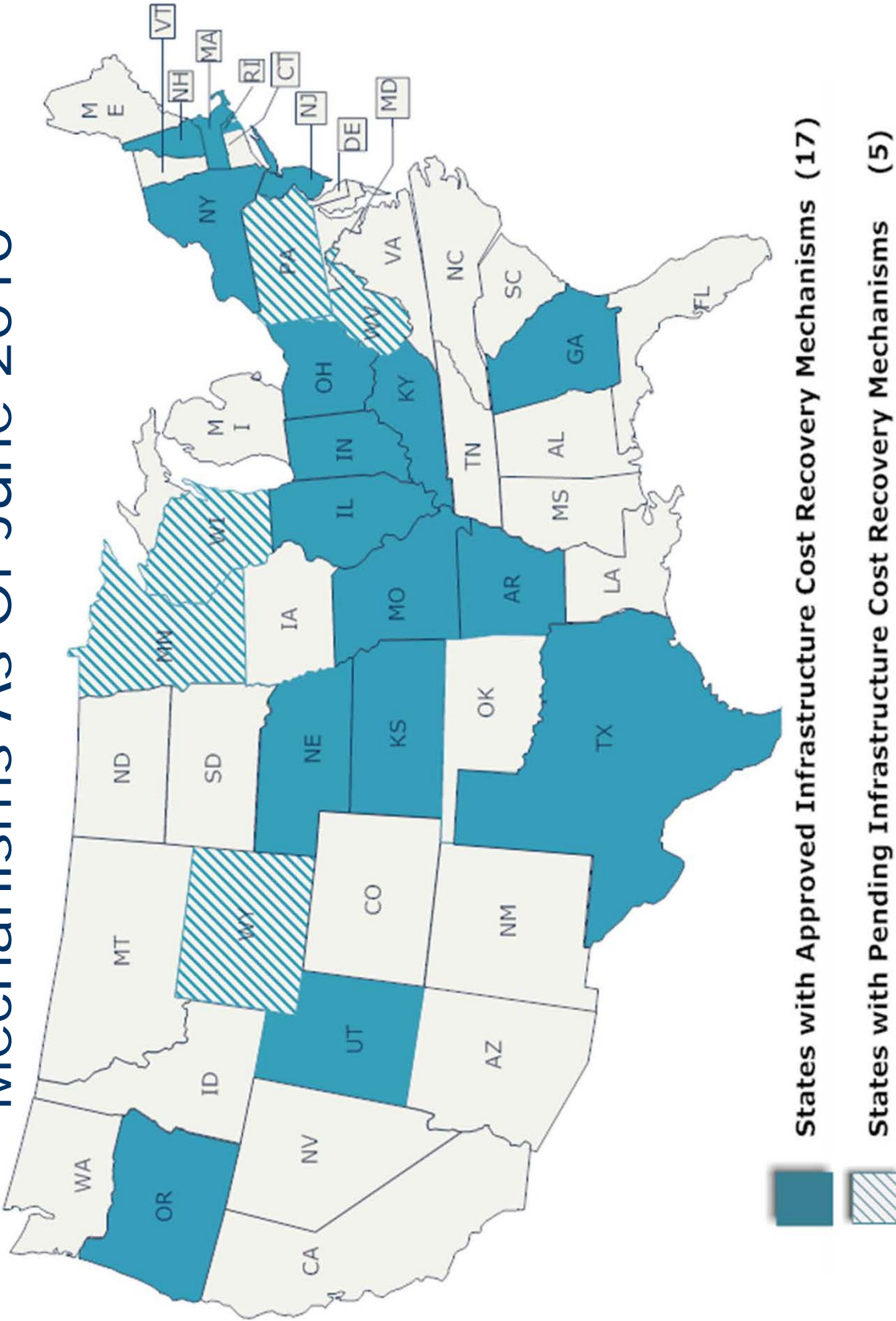
Approved

- | | |
|--|---|
| 1. CT – Connecticut Natural Gas | 29. NH – Northern Utilities |
| 2. CT - Southern Connecticut Gas | 30. NH – National Grid EnergyNorth |
| 3. CT – Yankee Gas Services | 31. NV – Southwest Gas |
| 4. DC – Washington Gas | 32. NY – Central Hudson Gas and Electric |
| 5. IL – Ameren (CILCO, CIPS, IP) | 33. NY - Consolidated Edison |
| 6. IL – Integrys - Peoples Gas | 34. NY – National Grid – New York City |
| 7. IL – Integrys - North Shore Gas | 35. NY – National Grid - Long Island |
| 8. IL – Nicor Gas | 36. NY - National Fuel Gas Distribution |
| 9. IN – Vectren Indiana Gas | 37. NY – National Grid – Niagara Mohawk |
| 10. IN – Vectren So. Indiana Gas & Elec. | 38. NY – New York State Elec. and Gas |
| 11. KS - Atmos Energy | 39. NY - Orange & Rockland Utilities |
| 12. KS – Black Hills | 40. OH – Columbia Gas Ohio |
| 13. KS – Kansas Gas Service | 41. OH – Dominion East Ohio |
| 14. KY – Atmos Energy | 42. OH – Eastern Natural Gas |
| 15. KY – Columbia | 43. OH – Pike Natural Gas |
| 16. KY – Duke Energy | 44. OH – Vectren Energy Ohio |
| 17. MA – Bay State Gas | 45. OK – Oklahoma Natural Gas |
| 18. MA – National Grid Boston Gas | 46. ON – Union Gas |
| 19. MA – National Grid Colonial Gas | 47. RI - National Grid – Narragansett Gas |
| 20. MA – NSTAR Gas | 48. SC - Piedmont Natural Gas |
| 21. MD – Baltimore Gas and Electric | 49. TN – Atmos Energy |
| 22. MD – Washington Gas | 50. TN - Chattanooga Gas |
| 23. ME – Northern Utilities | 51. TN - Piedmont Natural Gas |
| 24. MI – Michigan Consolidated Gas | 52. TX - Atmos Energy |
| 25. MI – Michigan Gas Utilities | 53. TX - Texas Gas Service |
| 26. NC – Piedmont Natural Gas | 54. UT – Questar Gas |
| 27. NE – Black Hills | 55. VA - Atmos Energy |
| 28. NE - SourceGas | 56. VA – Washington Gas |
| | 57. WI - Wisconsin Electric – Gas |

Pending

- | |
|----------------------|
| 4. MO – Atmos Energy |
| 5. MO – Laclede Gas |
| 6. VA - Columbia Gas |
| 7. WY – Source Gas |

States With Infrastructure Cost Recovery Mechanisms As Of June 2010



Infrastructure Cost Recovery Mechanisms as of June 2010

19 Million Residential Customers - Of 65 Million Customers in U.S.

APPROVED - 17 States

1. AR – CenterPoint Energy
2. GA – Atlanta Gas Light
3. GA – Atmos Energy
4. IL– Integrys Peoples Gas
5. IL– Integrys North Shore Gas
6. IN – Vectren North – Indiana Gas
7. IN – Vectren South – SIGECO
8. KS – Atmos Energy
9. KS – Black Hills
10. KS – Kansas Gas Service
11. KY – Atmos Energy
12. KY – Columbia Gas
13. MA – Bay State Gas
14. MO – Atmos Energy
15. MO – Laclede Gas
16. MO – Missouri Gas Energy
17. NE – Black Hills
18. NH – National Grid EnergyNorth
19. NJ – New Jersey Natural
20. NJ – Pivotal Utility Holdings
21. NJ – Public Service Electric and Gas
22. NJ – South Jersey Gas
23. NY – Corning Natural Gas
24. NY – National Grid NYC

APPROVED

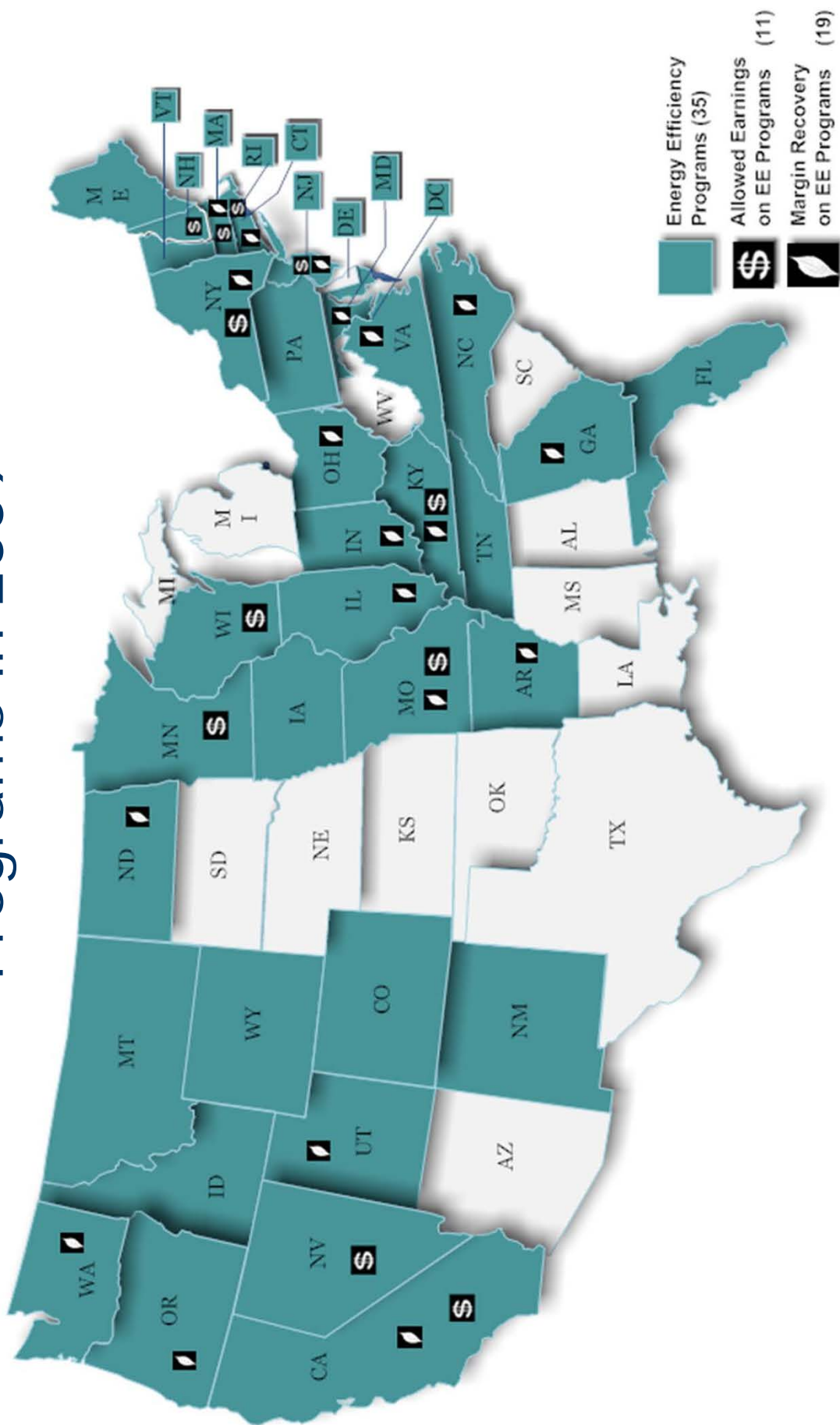
25. NY – National Grid Long Island
26. NY – National Grid Niagara Mohawk
27. OH – Dominion East Ohio
28. OH – Duke Energy
29. OH – NiSource Columbia of Ohio
30. OH – Vectren Ohio
31. OR – NW Natural
32. RI – National Grid Narragansett Gas
33. TX – Atmos Energy
34. TX – CenterPoint Energy
35. TX – Texas Gas Service
36. TX – All Natural Gas Utilities
37. UT – Questar Gas

PENDING - 5 Additional States

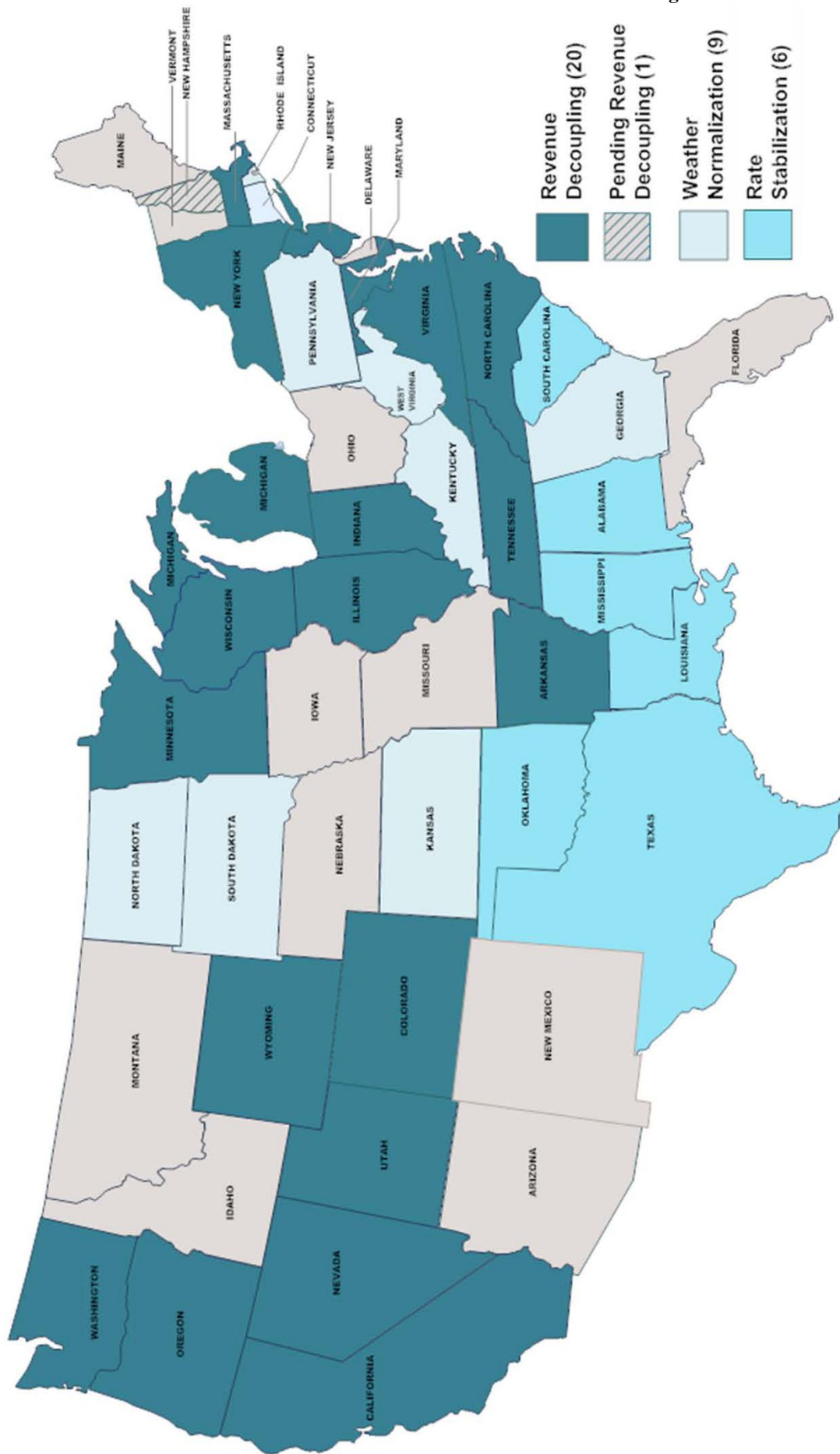
1. IL – Nicor Gas
2. MA – National Grid Boston Gas
3. MA – National Grid Colonial Gas
4. MA – National Grid Essex Gas
5. MN – Integrys Minnesota Energy
6. PA – Columbia Gas
7. WV – Mountaineer Gas
8. WI – Madison Gas and Electric
9. WY – Source Gas

4 Million Residential Customers

States with Natural Gas Energy Efficiency Programs in 2009



States With Revenue Trackers 35 Approved and 1 Pending as of June 2010



Revenue Trackers Summary

as of June 2010

Revenue Decoupling

- 20 states, 38 companies, 25 million residential customers

Rate Stabilization Tariffs

- 6 states, 13 companies, 6 million customers

Weather Normalization (Partial Decoupling)

- 25 states and Canada, 52 companies, 16 million US residential customers

All Revenue Trackers

- 81 companies, 35 states and Canada, 42 million US residential customers

*** Of 65 Million (2008) US Residential Customers**

Cost Tracker Summary

as of June 2010

Gas Cost Tracker (PGA)

- All states

Lost and Unaccounted For Tracker (LUAF)

- 47 States (excluding MI, MT, SD)

Bad Debt Cost Tracker

- 23 states plus DC and Canada, 57 companies, 23 million US customers ; pending 9 companies, 7 million customers

Infrastructure Investment Cost Tracker

- 17 states, 36 utilities, plus all in Texas, 19 million customers; pending 9 companies, 4 million customers

Pension, Energy Efficiency, Pipeline Integrity Management, Inflation, Storage Cost Trackers

- Growing numbers

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1 **Request IR-16:**

2
3 **With reference to pages 88-90 of the testimony of Ms. McShane, and Appendix D, please**

4
5 **(a) list all regulatory cases (by name, docket number, and filing date) in which Ms.**
6 **McShane has provided rate of return or cost of capital testimony and proposed her**
7 **"Allowance for Financing Flexibility" adjustment as developed in Appendix D;**

8
9 **(b) indicate all cases (by name, docket number, and date) in which a regulatory**
10 **commission has adopted Ms. McShane's "Allowance for Financing Flexibility"**
11 **adjustment as developed in Appendix D; and**

12
13 **(c) provide copies of the 'Rate of Return' section of the Commission's decisions for all**
14 **cases listed in (b).**

15
16 **Response IR-16:**

17
18 (a-c) In all Canadian cases for at least the last ten years, in which Ms. McShane has
19 recommended an ROE derived from first principles and in which she applied the
20 comparable earnings tests as well as market-derived tests (equity risk premium and
21 discounted cash flow), Ms. McShane recommended a minimum adjustment for financing
22 flexibility of 0.50 percent be applied to the results of the market based cost of equity tests
23 (discounted cash flow and risk premium tests). In this case, as stated in footnote 44 of
24 her Direct Testimony, the comparable earnings test was omitted in order to limit the
25 issues relevant to the estimation of a fair return. However, as stated in the footnote, "if
26 the comparable earnings test is to be omitted, the determination of the allowed ROE
27 needs to recognize that market-based costs of equity relate to market value capital
28 structures, not the book value capital structure to which the cost of equity is applied." As
29 a result, the proposed financing flexibility adjustment reflects the mid-point of a range,

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1 the lower end of which is a minimum 0.50 percent and the upper end of which is full
2 recognition of the impact of the deviation between market and book value capital
3 structures on a fair return on book equity.

4
5 This approach has been recommended in five cases, including this one. Of those five,
6 decisions have been rendered on only two, as the other three are still in progress. In both
7 cases in which a decision has been rendered, the regulator adopted a financing flexibility
8 adjustment of 0.50 percent. The two decisions in which the regulator adopted a 0.50
9 percent financing flexibility adjustment were:

- 10
11 • New Brunswick Energy and Utilities Board, Decision in the Matter of a review of
12 the Cost of Capital for Enbridge Gas New Brunswick L.P. (EGNB), November
13 30, 2010, and
14
15 • Régie de l'Énergie, D-2010-147, Gazifère Inc. Demanderesse et Intervenants
16 don't les noms apparaissent ci-après, Décision relative à la Phase 2 – Taux de
17 rendement – et à la Phase 4 – Plan d'approvisionnement pour l'exercice 2011 et
18 tarifs à compter du 1^{er} janvier 2011, November 26 2010

19
20 Other recent Canadian decisions in which the regulator adopted the minimum 0.50%
21 financing flexibility adjustment are:

- 22
23 • Alberta Utilities Commission, *Decision 2009-216, 2009 Generic Cost of Capital*,
24 November 12, 2009,
25
26 • Newfoundland & Labrador Board of Commissioners of Public Utilities, *Reasons*
27 *for Decision: Order No. P. U. 43(2009) In the matter of a general rate*
28 *application by Newfoundland Power Inc. for approval of, inter alia, rates to be*
29 *charged its customers*, December 24, 2009, and

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- Ontario Energy Board, *EB-2009-0084 Report of the Board on the Cost of Capital for Ontario's Regulated Utilities*, December 11, 2009.

In its December 2009 decision, *In the Matter of Terasen Gas Inc. Terasen Gas (Vancouver Island) Inc. Terasen Gas (Whistler) Inc. and Return on Equity and Capital Structure Decision* (December 16 2009), the BCUC added 25 basis points to the equity risk premium, CAPM and DCF estimates for the cost of issuing additional equity and an additional fairness allowance of 50 basis points to the CAPM estimates.

In RH-1-2008 (National Energy Board, *Reasons for Decision Trans Québec & Maritimes Pipelines Inc. RH-1-2008*, March 2009), the National Energy Board adopted an After-tax Weighted Average Cost of Capital (ATWACC) approach to setting the allowed cost of capital for TQM. The ATWACC approach adopted by the NEB explicitly recognizes the deviation between market and book value capital structure ratios. The RH-1-2008 decision was attached in response to New Page Bowater IR-96 as NPB IR-96 Attachment 16.