FINANCIAL RESULTS
CANADIAN UTILITIES

CAPITAL STRUCTURE

The privately owned electric and gas distribution utilities have a common equity ratio in the range of 33% to 48%. With the electric utilities generally having a higher ratio.

About half of the publicly owned electric utilities have equity ratios similar to the private sector while most of the remainder are far below this standard.

Table 1

Total Equity Ratio (%)
(Common and Preferred)

Privately-Owned Utilities	2000	1999	1998	1997	1996	5-Yr. Avg.
West Kootenay	38	41	39	41	41	40
TransAlta	39	48	52	50	52	48
Nova Scotia Power	45	44	41	40	36	41
Canadian Utilities	44	44	41	41	40	42
Newfoundland Power	47	46	45	47	48	47
BC Gas Utilities	33	33	34	32	32	33
Consumers Gas	42	40	32	36	35	37
Union Gas	34	34	36	33	34	34
Public-Owned Utilities						
BC Hydro	15	13	13	13	11	13
EPCOR	34	39	39	38	35	37
Sask Power	44	44	41	39	36	41
Hydro One	47	45				46
Ontario Hydro			(11)	(17)	7	(7)
Manitoba Hydro	11	10	9	7	6	9
Hydro Quebec	26	26	25	25	24	25
NB Power	1	0	11	12	12	7

Table 2

Common Equity Ratio (%)

Privately-Owned Utilities	**2000**	**1999**	**1998**	**1997**	**1996**	**5-Yr. Avg.**
West Kootenay	38	41	39	41	41	40
TransAlta	34	39	43	41	43	40
Nova Scotia Power	36	35	34	33	29	33
Canadian Utilities	36	36	34	35	34	35
Newfoundland Power	45	44	43	45	46	45
BC Gas Utilities	33	33	34	32	32	33
Consumers Gas	40	38	29	33	32	34
Union Gas	34	34	36	33	33	34
Public-Owned Utilities						
BC Hydro	15	13	13	13	11	13
EPCOR	34	39	39	38	35	37
Sask Power	44	44	41	39	36	41
Hydro One	43	45				44
Ontario Hydro			(11)	(17)	7	(7)
Manitoba Hydro	11	10	9	7	6	9
Hydro Quebec	26	26	25	25	24	25
NB Power	1	0	11	12	12	7

DIVIDENDS

The privately owned electric and gas distribution utilities frequently pay out the majority of their earnings as dividends.

Table 3

Dividend Payout Ratio (%)

Privately-Owned Utilities	2000	1999	1998	1997	1996	5-Yr. Avg.
West Kootenay	55	57	63	54	57	57
TransAlta	96	195	119	211	100	144 [3]
Nova Scotia Power	90	70	83	75	76	79
Canadian Utilities	50	54	55	55	55	54
Newfoundland Power	72	42	91	95	134	87
BC Gas Utilities	97	127	86	98	71	96
Consumers Gas	270	83	86	55	49	109 [1]
Union Gas	60	236	59	51	80	97 [2]
Public-Owned Utilities						
BC Hydro	83	83	90	82	77	83
EPCOR	48	61	55	58	56	56
Sask Power	55	55	55	55	55	55
Hydro One	42	57				49
Ontario Hydro			0	0	0	0
Manitoba Hydro	0	0	0	0	0	0
Hydro Quebec	50	50	41	45	0	37
NB Power	0	0	0	0	0	0

[1] Includes a special dividend payment of $235 million in 2000.
[2] Includes a special dividend payment of $135 million in 1999 to maintain approved capitalization.
[3] Payout ratio is before an extraordinary loss of $210 million in 2000.

Two of the public sector utilities set out their dividend policy in their annual report: In its Annual Report for 2000, BC Hydro stated:

> "Under Special Directive No.4, C Hydro is required to make an annual Payment to the Province on or before June 30 of each year, with respect of the financial results of the most recently completed fiscal year. The payment equals 85 per cent of BC Hydro 's distributable surplus provided the debt equity ratio of BC Hydro after deducting the payment is not greater than 80:20.
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> Distributable surplus is defined as consolidated net income adjusted by deducting finance charges capitalized during the year net of depreciation charged on capitalized finance charges and calculated after any rate stabilization account transfers and before customer profit sharing. Equity is defined as the sum of retained earnings, the rate stabilization account, deferred revenue, contributions arising from the Columbia River Treaty and contributions in aid of construction at the end of the fiscal year. Debt is defined as the sum of revolving borrowings, bonds, notes and debentures, net of related sinking funds, temporary investments and repurchased debt at the end of the fiscal year. These definitions also apply to Special Direction No.8."

In its Annual Report for 2000, Hydro Quebec stated:

> "Under the *Hydro-Québec Act*, any dividends to be paid by the Corporation are declared once a year by the Québec government, which also determines the terms and conditions of payment. For a given fiscal year, they cannot exceed the distributable surplus, equal to 75% of the year's operating income and the net investment income, less interest on debt securities and amortization of borrowing discount and expenses. This calculation is made on the basis of the consolidated financial statements.
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> However, in respect of a given fiscal year, no dividend may be declared in an amount that would have the effect of reducing the rate of capitalization to less than 25% at the end of the year. The government declares the dividends for a given year within 30 days after the Corporation has sent the government the financial data relative to the distributable surplus. On expiry of the time prescribed, any distributable surplus or part thereof that has not been subject to a dividend declaration may no longer be distributed to the shareholder as a dividend.
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> For 2000, the Québec government declared dividends of $539 million, which is less than the maximum permitted."