

1 Q. Re: Page 28 Line 10: Cite any recent Canadian regulatory jurisdiction
2 decisions which have applied the “comparable earnings standard”
3 unadjusted for market to book ratios which you propose to this Board.

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5 A. In recent years, the comparable earnings standard has been overlooked in
6 Canada, as most regulators have given preponderant or exclusive weight to
7 the risk premium test, either explicitly, or implicitly through the adoption of
8 automatic adjustment mechanisms for ROE. No recent Canadian decisions,
9 to Ms. McShane’s knowledge, have dealt with the issue of market/book
10 ratios.