

1 Q. Re: Page 52 Line 29: Cite any evidence which you may have that indicates
2 that Canadian utilities have been unable to raise adequate capital due to the
3 competition with US utilities.

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5 A. It would be virtually impossible to extricate the requested information from
6 the consolidated operations of firms which also operate in regulated
7 industries.

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9 However, in principle, the failure of the regulatory process to provide the
10 opportunity to earn a fair return creates an incentive to undertake only the
11 least risky of utility investments and to divert capital to projects with superior
12 risk/reward profiles. One illustration would be the decision of TransAlta
13 Corporation to divest its regulated operations in Alberta and concentrate on
14 unregulated generation.