

1 Q. Referring to pages 43-44: Provide detailed references to all authorities that  
2 equate the equity risks of LDCs to the equity risks of electricity generation  
3 and transmission enterprises.  
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6 A. In principle, all other things equal, the business risks of gas LDCs would be  
7 closer to those of electric transmission/distribution utilities than to an  
8 integrated electric utility, which includes generation. The average Standard  
9 & Poor's business risk profile score for U.S. investment-grade gas LDCs is  
10 "3" (e.g., see Schedule XVI); it is also "3" for U.S. investment-grade  
11 transmission/distribution electrics. For all U.S. investment-grade electrics –  
12 including integrated utilities – it is "4" (see Schedule IV). The typical  
13 Canadian utility has been accorded a score of "3", as per the table below,  
14 although the one integrated electric – Nova Scotia Power – is assigned a "4".  
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16	AltaLink (formerly TransAlta Transco)	2.5
17	Enbridge Inc./Enbridge Gas Distribution	2
18	Hydro One	3
19	Newfoundland Power	3
20	Nova Scotia Power	4
21	Terasen Inc. (formerly BC Gas Inc.)	3
22	TransCanada Corporation	3

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24 As the typical Canadian utility has a business profile score that equates to  
25 that of the relatively pure-play U.S. LDCs, the LDCs serve as a more relevant  
26 proxy for estimating the equity return requirement for an average risk  
27 Canadian utility, which would include Hydro.