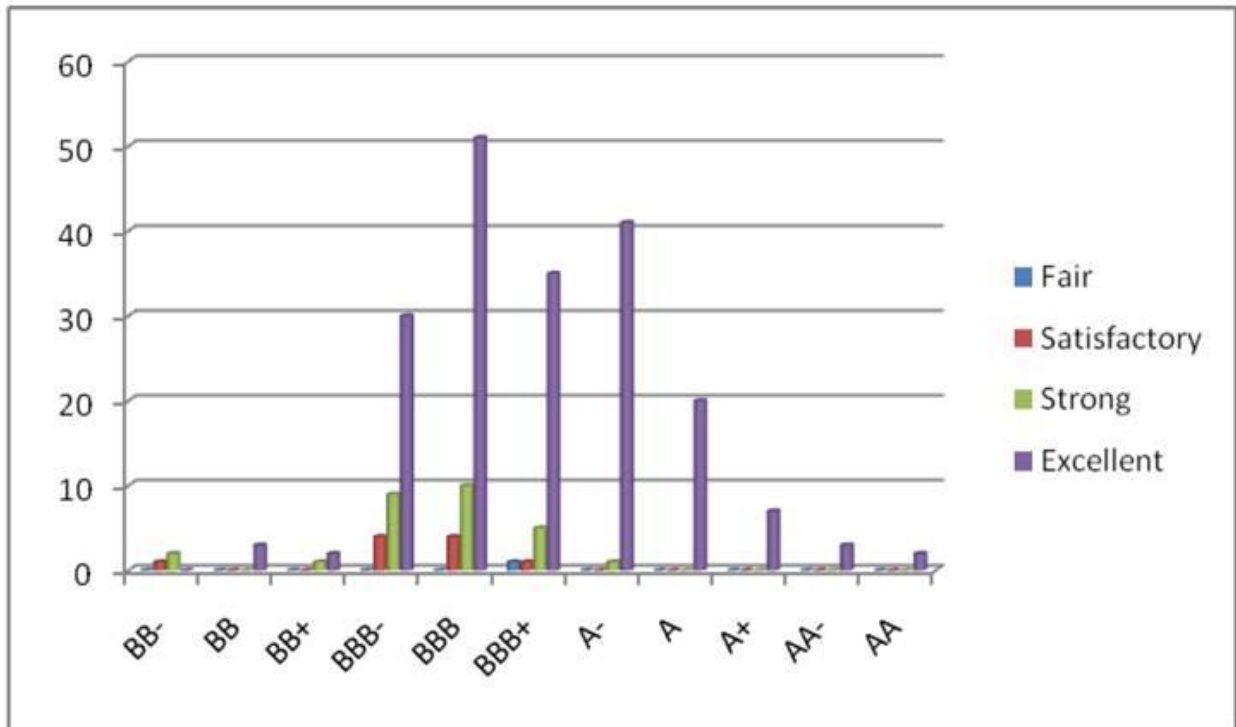


1 **Q. In answer to an information request in a 2010 Line 9 hearing before the National**
 2 **Energy Board (IOL information request #197d) Ms. McShane provided the**
 3 **following histogram of the number of US utilities in each bond rating and their**
 4 **respective business risk scores. Can Mr. Coyne update this histogram and /or**
 5 **comment on whether it is no longer accurate for US utilities?**
 6



7
 8
 9 A. Please see Attachment A to this response.

10
 11 As shown on Attachment A, the S&P credit ratings have moved somewhat higher for
 12 U.S. regulated electric utilities since 2010. Mr. Coyne notes that there are fewer BBB-
 13 rated companies at the lower end of investment grade. Based on Moody’s September
 14 2013 report, regulatory risk for U.S. utilities is seen as more favorable and credit
 15 supportive than was previously thought by Moody’s. In light of that Moody’s report,
 16 business risk scores should generally be somewhat better than in 2010 due to lower
 17 regulatory risk in the U.S. Mr. Coyne notes that his chart includes only investor-owned
 18 electric utilities; he is unsure of the coverage in Ms. McShane’s chart, which may include
 19 government-owned entities, normally ranked “A” or better. Bonneville Power’s current
 20 rating is AA+, and TVA’s rating is AAA, for example. Adding the government-owned
 21 U.S. utility entities would move the aggregate ratings profile upwards.

U.S. Utilities' Bond Ratings

Bond Ratings December 31, 2014
U.S. Investor-Owned Electric Utilities

A	4%
A-	23%
BBB+	32%
BBB	30%
BBB-	8%
Below BBB-	4%

Source:

2014 Financial Review: Annual Report of the U.S. Investor-Owned Electric Utility Industry Pg. 73

