

- 1 **Q. Coyne Evidence – Introduction – p. 1: At lines 25-26, Mr. Coyne states that he in**
2 **collaboration with the Canadian Gas and Canadian Electricity Associations**
3 **published a newsletter summarizing allowed ROEs and capital structures for gas**
4 **and electric utilities in Canada and the U.S. Please provide copies of these**
5 **newsletters for 2013, 2014 and 2015.**
6
7 A. Please see Attachments A, B and C to this response.

Newsletter
2013

Authorized Return on Equity for Canadian Gas and Electric Distributors and Select Comparators

Volume I, October 1, 2013

Concentric Energy Advisors, Inc. (Concentric) is pleased to publish this first edition of a newsletter documenting authorized returns on common equity (ROEs) and common equity ratios for Canadian gas and electric distributors, U.S. gas distributors, and selected bond yields.¹ Up until this point, a common source for this data has not existed. Regulators, stakeholders, and analysts in Canada routinely consider allowed returns in other Canadian jurisdictions, and increasingly consider the comparability of Canadian and U.S. utilities when assessing the cost of capital. This newsletter seeks to assist with these inter-jurisdictional comparisons.

The newsletter and supporting database contain the authorized ROEs and common equity ratios for over 40 Canadian electric and gas utilities. Also presented are seven representative U.S. gas distributors in addition to the average authorized ROE and common equity ratios for all natural gas rate cases decided in a given year as provided by SNL Energy's Regulatory Research Associates.

Concentric observes that the gap between Canadian and U.S. authorized ROEs for gas distributors has narrowed from approximately 100 basis points in 2000 to approximately 50 basis points in 2012. In 2012, the median authorized ROE for Canadian gas distributors was 9.5 percent while the median for U.S. gas distributors was 10 percent. The gap has further narrowed in 2013.

Concentric attributes the closure of the gap between Canadian and U.S. authorized ROEs for gas distributors to the resetting and replacement of formulas widely used in Canada to adjust the authorized ROE on a periodic basis. While the authorized ROEs have converged in the two countries, the authorized common equity ratios have not.

For example, in 2012, the average common equity ratio for Canadian gas distributors was approximately 40 percent while the same figure in the U.S. was approximately 51 percent.

Government and corporate bond yields are often considered when setting authorized ROEs and directly incorporated in some formulas, so this newsletter also contrasts government and utility bond yields. The data demonstrate that since 2000, government bond yields (considered risk-free rates of return) in both Canada and the U.S. declined from over 5.5 percent to less than 3 percent in 2012. While government bond yields play an important role in determining the authorized ROE for utilities, changes in government bond yields do not imply a one-for-one change in the cost of equity for utilities. The relationship between government bond yields and the equity risk premium (the spread between government bond yields and the cost of equity) has historically exhibited an inverse relationship.

Moving forward, Concentric anticipates that improving economic conditions and the easing of accommodative monetary policy in both Canada and the U.S. will exert upward pressure on the cost of capital for utilities. The benchmark Canadian Long-Term Bond Yield reached a low of 2.2 percent in July 2012, but pushed past the 3 percent mark in August and September of this year. U.S. long bonds have followed a parallel path, but remain 61 basis points over the Canadian Long-Bond year to date. Corporate debt costs, as reflected in Canadian and U.S. utility bond yields, have also notched higher in 2013, but remain within a tighter band of 26 basis points year to date.

Concentric will publish an update to this newsletter in the first quarter of 2014.

¹ Concentric acknowledges the support of the Canadian Gas Association for conducting the research and building the database which serve as the foundation for this newsletter.

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CONCENTRIC ENERGY ADVISORS, INC.
CREATIVITY • EXPERTISE • ANALYSIS • INSIGHT

**Authorized Return on Equity for Canadian Gas and
Electric Distributors ¹**

	Return on Common Equity (%)			Common Equity Ratio (%)		
	2013	2012	2011	2013	2012	2011
Canadian Gas Distributors ²						
AltaGas Utilities Inc. ³	8.75	8.75	8.75	43.00	43.00	43.00
ATCO Gas ³	8.75	8.75	8.75	39.00	39.00	39.00
Centra Gas Manitoba Inc.	N/A	N/A	N/A	30.00	30.00	30.00
Enbridge Gas Distribution Inc.	8.93	8.39	8.39	36.00	36.00	36.00
Enbridge Gas New Brunswick	10.90	10.90	10.90	45.00	45.00	45.00
FortisBC Energy Inc.	8.75	9.50	9.50	38.50	40.00	40.00
FortisBC Energy Inc. (Vancouver Island) ⁴	10.00	10.00	10.00	40.00	40.00	40.00
FortisBC Energy Inc. (Whistler) ⁴	10.00	10.00	10.00	40.00	40.00	40.00
Gaz Métro Limited Partnership	8.90	8.90	9.09	38.50	38.50	38.50
Gazifère Inc.	7.82	8.29	9.10	40.00	40.00	40.00
Heritage Gas Limited	11.00	11.00	13.00	45.00	45.00	45.00
Pacific Northern Gas Ltd. ⁴	10.15	10.15	10.15	45.00	45.00	45.00
Pacific Northern Gas (N.E.) Ltd. (Fort St. John/Dawson Creek) ⁴	9.90	9.90	9.90	40.00	40.00	40.00
Pacific Northern Gas (N.E.) Ltd. (Tumbler Ridge) ⁴	10.15	10.15	10.15	40.00	40.00	40.00
SaskEnergy Inc.	8.75	8.75	8.75	N/A	37.00	37.00
Union Gas Limited	8.93	8.54	8.54	36.00	36.00	36.00
Average	9.45	9.46	9.66	39.73	39.66	39.66
Median	8.93	9.50	9.50	40.00	40.00	40.00
Canadian Electric Distributors ²						
ATCO Electric Ltd. ³	8.75	8.75	8.75	39.00	39.00	39.00
ENMAX Power Corporation ³	8.75	8.75	8.75	41.00	41.00	41.00
EPCOR Distribution Inc. ³	8.75	8.75	8.75	41.00	41.00	41.00
FortisAlberta Inc. ³	8.75	8.75	8.75	41.00	41.00	41.00
FortisBC Inc. ⁴	9.90	9.90	9.90	40.00	40.00	40.00
Hydro-Québec Distribution	6.19	6.37	7.32	35.00	35.00	35.00
Manitoba Hydro	N/A	N/A	N/A	25.00	25.00	25.00
Maritime Electric Company Limited	9.75	9.75	9.75	43.50	41.70	42.70
Newfoundland and Labrador Hydro	4.47	4.47	4.47	20.00	20.00	20.00
Newfoundland Power Inc.	8.80	8.80	8.38	45.00	45.00	45.00
Nova Scotia Power Inc.	9.00	9.20	9.35	37.50	37.50	40.00
Ontario's Electric Distributors ⁵	8.98	9.12	9.58	40.00	40.00	40.00
Saskatchewan Power Corporation	8.50	7.40	7.40	40.00	40.00	40.00
Average	8.38	8.33	8.43	37.54	37.40	37.67
Median	8.75	8.75	8.75	40.00	40.00	40.00

¹ Data for an expanded group of Canadian gas and electric transmission companies is contained in the Concentric Energy Advisors Return on Equity Database.

² Allowed in rates for the corresponding year; where the year overlaps, the rate/ratio shown prevails for the majority of the year. Sources: Regulatory decisions and documents; annual information forms; annual reports.

³ The Alberta Utilities Commission has opened a Generic Cost of Capital proceeding in 2013 to review the current allowed ROE for regulated gas and electric utilities in Alberta.

⁴ The authorized ROE for 2013 is currently under review by the British Columbia Utilities Commission in Stage 2 of the Generic Cost of Capital proceeding. A decision is expected in January 2014. In Stage 1, the BCUC reduced the allowed ROE for the benchmark utility, FortisBC Energy, Inc., by 75 basis points and reduced its deemed equity ratio by 1.50%.

⁵ Rates effective May 1.

* N/A indicates the data is not available.

CONCENTRIC ENERGY ADVISORS, INC.
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Authorized Return on Equity for Select U.S. Gas Distributors ¹

	Return on Common Equity (%)			Common Equity Ratio (%)		
	2013	2012	2011	2013	2012	2011
U.S. Gas Distributors						
Atlanta Gas Light Company (GA) ²	10.75	10.75	10.75	51.00	51.00	51.00
New Jersey Natural Gas Company (NJ) ²	10.30	10.30	10.30	51.20	51.20	51.20
Northern Illinois Gas Company (IL) ²	10.17	10.17	10.17	51.07	51.07	51.07
Northwest Natural Gas Company (OR) ²	9.50	10.20	10.20	50.00	49.50	49.50
Piedmont Natural Gas Company, Inc. (NC) ²	10.60	10.60	10.60	51.00	51.00	51.00
Southwest Gas Corporation (AZ) ²	9.50	9.50	10.00	52.30	52.30	43.44
Washington Gas Light Company (VA) ²	9.75	9.75	10.00	59.63	59.63	N/A
Average of all Rate Cases Decided in the Year ³	9.50	9.94	9.92	50.31	51.13	52.49
Median of all Rate Cases Decided in the Year ³	9.40	10.00	10.03	49.20	51.47	52.45

Economic Indicators (% Yields) ⁴			
	2013	2012	2011
Government of Canada Benchmark Long-Term Bond Yield	2.70	2.45	3.29
U.S. Treasury 30-Year Bond Yield	3.31	2.92	3.91
Bloomberg Fair Value Canada A-rated Utility Bond Yield	4.10	3.91	4.77
Moody's A-rated Utility Bond Index (U.S.)	4.36	4.13	5.04

Presented by Concentric Energy Advisors, Inc. For more information regarding this data, please contact:

Jim Coyne

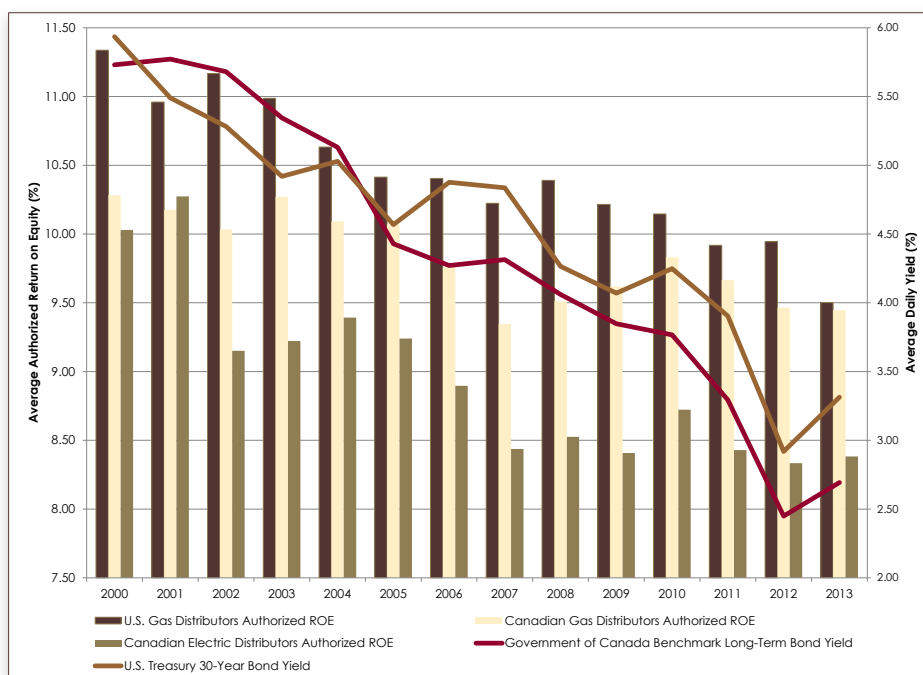
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¹ Companies included in this sample are publicly traded, or divisions of publicly traded companies, with investment grade credit ratings, principally focused on the natural gas distribution business. Where more than one state is served, the largest service area is reported.

² Allowed in rates for the majority of the corresponding year. Sources: Regulatory decisions and documents; annual reports.

³ Source: SNL Energy's Regulatory Research Associates Division. Data for 2013 includes decisions through September 13, 2013.

⁴ Average daily yield. Source: Bloomberg Finance L.P. Data for 2013 through September 16, 2013.

Newsletter
2014



Authorized Return on Equity for Canadian and U.S. Gas and Electric Utilities Volume II, May 8, 2014

Concentric Energy Advisors, Inc. (Concentric) is pleased to publish the second edition of this newsletter. It summarizes authorized returns on common equity (ROEs) and common equity ratios for Canadian gas and electric distributors, Canadian electric transmission companies, U.S. gas and electric distributors, and select bond yields. Regulators, stakeholders, and analysts in Canada routinely consider allowed returns in other Canadian jurisdictions, and increasingly consider the comparability of Canadian and U.S. utilities when assessing the cost of capital. This newsletter seeks to assist with these inter-jurisdictional comparisons.

This newsletter and supporting database contain the authorized ROEs and common equity ratios for over 40 Canadian electric and gas utilities. For comparison purposes, the newsletter also presents the average and median authorized ROEs and common equity ratios for U.S. gas and electric distributors, as reported by SNL Financial's Regulatory Research Associates.

Concentric observes that the gap between authorized ROEs for Canadian and U.S. gas distributors continues to narrow, from 100 basis points in 2000 to 77 basis points in 2013 and to 35 basis points through the first three months of 2014. In 2013, the median authorized ROE for Canadian gas distributors was 8.93 percent, while the median for U.S. gas distributors was 9.70 percent. The difference also narrowed for electric distributors, but not to the same extent, where a larger gap between Canadian and U.S. distributors remains, 125 basis points in 2013 and 111 basis points in 2014. Concentric notes that gas ROEs are higher than their electric counterparts in Canada, while the opposite is true in the U.S.

Concentric attributes the closure of the gap between Canadian and U.S. authorized ROEs to the resetting and replacement of automatic formulas widely used in Canada to re-based ROE's and revised formulas or periodically litigated ROEs.

While authorized ROEs have converged in the two countries, the authorized common equity ratios have not. In 2013, the median common equity ratio for Canadian gas distributors was 40.5 percent while the same figure in the U.S. was 50.4 percent, comparable to the difference for electric distributors.

In this update, Concentric has added the allowed returns and equity ratios for Canadian electric transmission companies. Median ROEs are identical to those allowed for Canadian electric distributors, but 111–125 basis points below U.S. electric distributors over the 2013–2014 period. Allowed equity ratios

for Canadian electric transmission companies are 3.0 percent lower than their electric distribution counterparts, and 13.0 percent below U.S. distributors.

Canadian utility regulators have issued several important ROE decisions since the first edition of this newsletter in October 2013. For example, in British Columbia, the BCUC set the allowed ROE and deemed equity ratio for the benchmark utility (FortisBC Energy Inc.) in May 2013 and for all other gas and electric utilities in the province in March 2014. The BCUC also decided to return to a formula (subject to government bond yields rising above a specified level). In Québec, the Régie revised the base allowed ROE for Hydro-Québec Distribution and Hydro-Québec TransÉnergie in March 2014 which had previously been set by a formula in place for more than a decade. The Régie further determined that an adjustment formula was not warranted at this time.

In Alberta, the AUC accepted evidence in a generic cost of capital proceeding in January 2014, with hearings scheduled for June and a decision is expected in the fourth quarter of 2014. The AUC will also rule on whether it is appropriate to return to an ROE formula, which was suspended in Alberta in 2009. In Ontario, the Ontario Energy Board's revised ROE formula established in December 1999 remains in effect, but will be subject to its first regular review in 2014. Union Gas recently settled its incentive rate plan, locking in the Board approved 2013 ROE of 8.93 percent for the five-year life of the plan.

Government and corporate bond yields are often considered when setting authorized ROEs for utilities. As shown in the chart on page 3, after declining for many years, the long-term government bond yields (considered the risk-free rate of return) in both Canada and the U.S. have been increasing since July 2012. While government bond yields play an important role in determining the authorized ROE for utilities, changes in government bond yields do not imply a one-for-one change in the cost of equity for utilities. The relationship between government bond yields and the equity risk premium (the spread between government bond yields and the cost of equity) has historically exhibited an inverse relationship.

Going forward, Concentric anticipates that improving economic conditions and the withdrawal of accommodative monetary policy in both Canada and the U.S. will continue to exert upward pressure on the cost of capital for utilities over the next several years.

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**Authorized Return on Equity
for Canadian and U.S. Gas and Electric Utilities ¹**

	Return on Common Equity (%)			Common Equity Ratio (%)		
	2012	2013	2014	2012	2013	2014
Canadian Gas Distributors ²						
AltaGas Utilities Inc. ³	8.75	8.75	8.75	43.00	43.00	43.00
ATCO Gas ³	8.75	8.75	8.75	39.00	39.00	39.00
Centra Gas Manitoba Inc.	N/A	N/A	N/A	30.00	30.00	30.00
Enbridge Gas Distribution Inc. ⁴	8.39	8.93	9.36	36.00	36.00	36.00
Enbridge Gas New Brunswick	10.90	10.90	10.90	45.00	45.00	45.00
FortisBC Energy Inc.	9.50	8.75	8.75	40.00	38.50	38.50
FortisBC Energy (Vancouver Island) Inc.	10.00	9.25	9.25	40.00	41.50	41.50
FortisBC Energy (Whistler) Inc.	10.00	9.50	9.50	40.00	41.50	41.50
Gaz Métro Limited Partnership	8.90	8.90	8.90	38.50	38.50	38.50
Gazifère Inc.	8.29	7.82	9.10	40.00	40.00	40.00
Heritage Gas Limited	11.00	11.00	11.00	45.00	45.00	45.00
Pacific Northern Gas Ltd.	10.15	9.50	9.50	45.00	46.50	46.50
Pacific Northern Gas (N.E.) Ltd. (Fort St. John/Dawson Creek)	9.90	9.25	9.25	40.00	41.00	41.00
Pacific Northern Gas (N.E.) Ltd. (Tumbler Ridge)	10.15	9.50	9.50	40.00	46.50	46.50
SaskEnergy Inc.	8.75	8.75	8.75	37.00	37.00	37.00
Union Gas Limited ⁴	8.54	8.93	8.93	36.00	36.00	36.00
Average	9.46	9.23	9.37	39.66	40.31	40.31
Median	9.50	8.93	9.25	40.00	40.50	40.50

	Return on Common Equity (%)			Common Equity Ratio (%)		
	2012	2013	2014	2012	2013	2014
Canadian Electric Distributors ²						
ATCO Electric Ltd. ³	8.75	8.75	8.75	39.00	39.00	39.00
ENMAX Power Corporation ³	8.75	8.75	8.75	41.00	41.00	41.00
EPCOR Distribution Inc. ³	8.75	8.75	8.75	41.00	41.00	41.00
FortisAlberta Inc. ³	8.75	8.75	8.75	41.00	41.00	41.00
FortisBC Inc.	9.90	9.15	9.15	40.00	40.00	40.00
Hydro-Québec Distribution	6.37	6.19	8.20	35.00	35.00	35.00
Manitoba Hydro	N/A	N/A	N/A	25.00	25.00	25.00
Maritime Electric Company Limited	9.75	9.75	9.75	41.70	43.50	43.10
Newfoundland and Labrador Hydro	4.47	4.47	Pending	20.00	20.00	Pending
Newfoundland Power Inc.	8.80	8.80	8.80	45.00	45.00	45.00
Nova Scotia Power Inc.	9.20	9.00	9.00	37.50	37.50	37.50
Ontario's Electric Distributors ⁴	9.12	8.98	9.36	40.00	40.00	40.00
Saskatchewan Power Corporation	7.40	8.50	8.50	40.00	40.00	40.00
Average	8.33	8.32	8.89	37.40	37.54	38.97
Median	8.75	8.75	8.75	40.00	40.00	40.00

¹ Data for an expanded group of Canadian gas transmission companies is contained in the Concentric Energy Advisors Return on Equity Database.

² Allowed in rates for the corresponding year; where the year overlaps, the rate/ratio shown prevails for the majority of the year. Sources: Regulatory decisions and documents; annual information forms; annual reports.

³ The Alberta Utilities Commission opened a Generic Cost of Capital proceeding in 2013 to review the current allowed ROE for regulated gas and electric utilities in Alberta.

⁴ Rates effective May 1 under the Board's formula. The ROE proposed for 2014 by Enbridge in its five-year incentive rate filing, July 3, 2013, EB-2012-0459, is 9.27%. Union's 2014 ROE per settlement agreement in its five-year plan. Beginning in 2014, the Ontario Energy Board intends to update cost of capital parameters for setting rates in cost of service applications only once per year.

^{*} N/A indicates the data is not available.



	Return on Common Equity (%)			Common Equity Ratio (%)		
	2012	2013	2014	2012	2013	2014

Canadian Electric Transmission Companies ¹						
AltaLink Management Ltd.	8.75	8.75	8.75	37.00	37.00	37.00
ATCO Electric Ltd. ²	8.75	8.75	8.75	37.00	37.00	37.00
ENMAX Power Corporation ²	8.75	8.75	8.75	37.00	37.00	37.00
EPCOR Transmission Inc. ²	8.75	8.75	8.75	37.00	37.00	37.00
Hydro One Networks Inc.	9.42	8.93	9.36	40.00	40.00	40.00
Hydro-Québec TransÉnergie	6.39	6.41	8.20	30.00	30.00	30.00
Average	8.47	8.39	8.76	36.33	36.33	36.33
Median	8.75	8.75	8.75	37.00	37.00	37.00

	Return on Common Equity (%)			Common Equity Ratio (%)		
	2012	2013	2014	2012	2013	2014

U.S. Gas Distributors ³						
Average of all Rate Cases Decided in the Year	9.94	9.68	9.54	51.13	50.60	51.14
Median of all Rate Cases Decided in the Year	10.00	9.70	9.60	51.47	50.38	52.30
U.S. Electric Distributors ³						
Average of all Rate Cases Decided in the Year	10.17	10.02	10.23	50.59	49.25	51.08
Median of all Rate Cases Decided in the Year	10.08	9.90	9.86	51.72	50.84	50.00

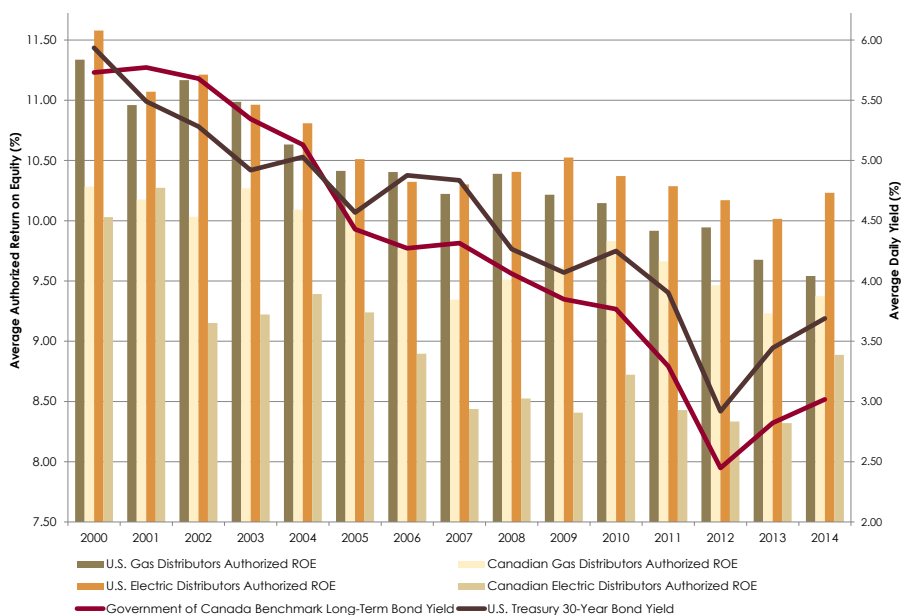
Economic Indicators (% Yields) ⁴			
	2012	2013	2014
Government of Canada Benchmark Long-Term Bond Yield	2.45	2.82	3.02
U.S. Treasury 30-Year Bond Yield	2.92	3.45	3.68
Bloomberg Fair Value Canada A-rated Utility Bond Yield	3.91	4.24	4.36
Moody's A-rated Utility Bond Index (U.S.)	4.13	4.48	4.56

Presented by Concentric Energy Advisors, Inc.
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¹ Allowed in rates for the corresponding year; where the year overlaps, the rate/ratio shown prevails for the majority of the year. Sources: Regulatory decisions and documents; annual information forms; annual reports.
² The Alberta Utilities Commission opened a Generic Cost of Capital proceeding in 2013 to review the current allowed ROE for regulated gas and electric utilities in Alberta.
³ Source: SNL Financial LC's Regulatory Research Associates Division. Data for 2014 includes decisions through March 31, 2014.
⁴ Average daily yield. Source: Bloomberg Finance L.P. Data for 2014 through March 31, 2014.

Newsletter
2015



Authorized Return on Equity for Canadian and U.S. Gas and Electric Utilities Volume III, May 1, 2015

INTRODUCTION

Concentric Energy Advisors, Inc. (Concentric) is pleased to publish the third edition of this newsletter summarizing authorized returns on common equity (ROEs) and common equity ratios for Canadian gas and electric distributors, Canadian electric transmission companies, U.S. gas and electric distributors, and select bond yields. Many regulators, stakeholders and analysts in Canada consider allowed returns in other Canadian jurisdictions and U.S. utilities when assessing the cost of capital. This newsletter seeks to assist with these inter-jurisdictional comparisons.

This newsletter and supporting database contain the authorized ROEs and common equity ratios for over 40 Canadian electric and gas utilities. For comparison purposes, the newsletter also presents the average and median authorized ROEs and common equity ratios for U.S. gas and electric distributors, as reported by SNL Financial's Regulatory Research Associates.

ROE

Concentric observes that the differential between the median authorized ROEs for Canadian and U.S. gas distributors continues to narrow, from 100 basis points in 2000 to 53 basis points in 2014 and to only 18 basis points through the first three months of 2015. There is a larger gap between Canadian and U.S. electric distributors, at 125 basis points in 2014 and 122 basis points in 2015. Concentric notes that gas ROEs are higher than their electric counterparts in Canada, while the opposite is generally true in the U.S. Median ROEs for Canadian electric transmission companies are 20 basis points lower than those awarded to Canadian electric distributors, but 142–145 basis points below U.S. electric distributors over the 2014–2015 period.

Concentric attributes the closure of the gap between Canadian and U.S. authorized ROEs over the past decade to the resetting and replacement of automatic formulas widely used in Canada, which has generally increased allowed ROEs from previous formula levels. Simultaneously, U.S. ROEs have followed the decline in interest rates and earnings growth projections that drive ROE estimates.

EQUITY RATIOS

While authorized ROEs have converged between the two countries, the authorized common equity ratios have not. In 2014, the median common equity ratio for Canadian gas distributors was 39.3% while the U.S. median was 51.9%, comparable to the difference for electric

distributors which was 40.0% and 50.1%, respectively. Allowed equity ratios for Canadian electric transmission companies are 4.0% lower than their electric distribution counterparts, and 14.0% below U.S. electric distributors.

RECENT DECISIONS

Canadian utility regulators have issued several important cost of capital decisions since the second edition of this newsletter was published in May 2014. Notably, in Alberta, the Alberta Utilities Commission recently issued its decision in the 2013 Generic Cost of Capital proceeding for all gas and electric utilities in the Province. The allowed ROE for Alberta's gas and electric utilities was set at 8.3% for 2015. In addition, the AUC determined that the allowed ROE for 2013 and 2014 would be modified from the previous interim rate of 8.75% to 8.3%. The AUC also reduced the deemed common equity ratio by one percentage point for most Alberta regulated utilities and decided to forego returning to an automatic formula at this time. The Alberta utilities have filed applications to appeal this decision.

In Ontario, the Ontario Energy Board's revised ROE formula established in December 1999 remains in effect but is scheduled to be reviewed in 2015. In Québec, the Régie again decided to allow Gaz Métro to maintain its allowed ROE of 8.9% without a formal proceeding, and similarly for Hydro-Québec Distribution and TransÉnergie, maintaining 8.2% for both divisions.

BOND YIELDS

Government and corporate bond yields are often considered when setting authorized ROEs for utilities. As shown in the chart on page 3, after declining for many years, the long-term government bond yields (considered the risk-free rate of return) in both Canada and the U.S. increased from mid-2012 through mid-2013, but have since resumed their prolonged decline. While government bond yields play an important role in determining the authorized ROE for regulated utilities, changes in government bond yields do not imply a one-for-one change in the cost of equity for utilities. The relationship between government bond yields and the equity risk premium (the spread between government bond yields and the cost of equity) has historically exhibited an inverse relationship.

Going forward, Concentric anticipates that improving economic conditions and the withdrawal of accommodative monetary policy in both Canada and the U.S. will begin to exert upward pressure on the cost of capital for utilities over the next several years.



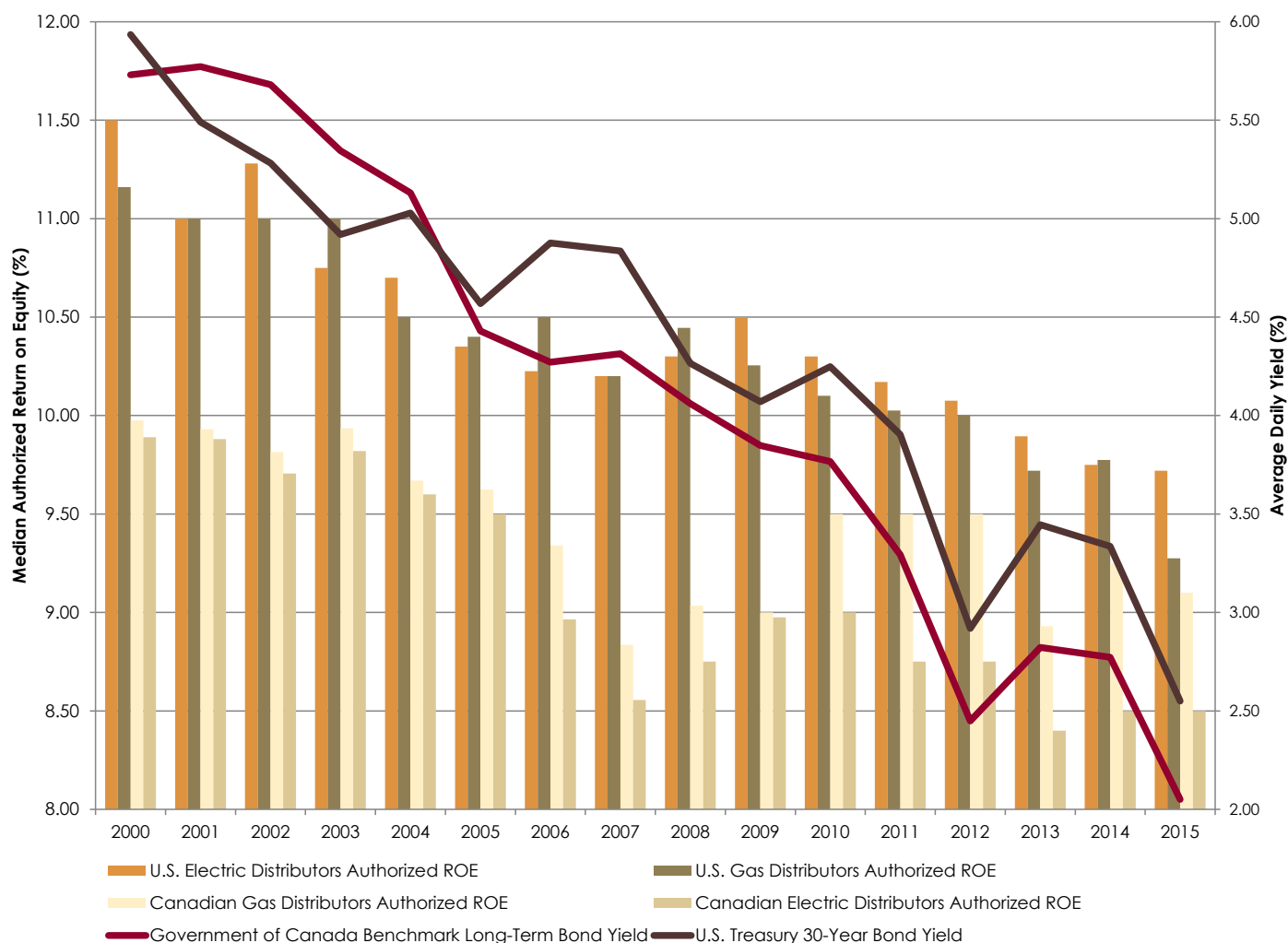
Authorized Return on Equity for Canadian and U.S. Gas and Electric Utilities ¹	Return on Common Equity (%)			Common Equity Ratio (%)		
	2013	2014	2015	2013	2014	2015
Canadian Gas Distributors ²						
AltaGas Utilities Inc. ³	8.30	8.30	8.30	42.00	42.00	42.00
ATCO Gas ³	8.30	8.30	8.30	38.00	38.00	38.00
Centra Gas Manitoba Inc.	N/A	N/A	N/A	30.00	30.00	30.00
Enbridge Gas Distribution Inc. ⁴	8.93	9.36	9.30	36.00	36.00	36.00
Enbridge Gas New Brunswick	10.90	10.90	10.90	45.00	45.00	45.00
FortisBC Energy Inc.	8.75	8.75	8.75	38.50	38.50	38.50
FortisBC Energy (Vancouver Island) Inc. ⁵	9.25	9.25	—	41.50	41.50	—
FortisBC Energy (Whistler) Inc. ⁵	9.50	9.50	—	41.50	41.50	—
Gaz Métro Limited Partnership	8.90	8.90	8.90	38.50	38.50	38.50
Gazifère Inc.	7.82	9.10	9.10	40.00	40.00	40.00
Heritage Gas Limited	11.00	11.00	11.00	45.00	45.00	45.00
Pacific Northern Gas Ltd.	9.50	9.50	9.50	46.50	46.50	46.50
Pacific Northern Gas (N.E.) Ltd. (Fort St. John/Dawson Creek)	9.25	9.25	9.25	41.00	41.00	41.00
Pacific Northern Gas (N.E.) Ltd. (Tumbler Ridge)	9.50	9.50	9.50	46.50	46.50	46.50
SaskEnergy Inc.	8.75	8.75	7.74	37.00	37.00	37.00
Union Gas Limited ⁶	8.93	8.93	8.93	36.00	36.00	36.00
Average	9.17	9.29	9.19	40.19	40.19	40.00
Median	8.93	9.25	9.10	40.50	40.50	39.25
U.S. Gas Distributors ⁷						
Average of all Rate Cases Decided in the Year	9.68	9.78	9.48	50.60	51.25	50.60
Median of all Rate Cases Decided in the Year	9.72	9.78	9.28	50.38	51.90	50.48
Canadian Electric Distributors ²						
ATCO Electric Ltd. ³	8.30	8.30	8.30	38.00	38.00	38.00
ENMAX Power Corporation ³	8.30	8.30	8.30	40.00	40.00	40.00
EPCOR Distribution Inc. ³	8.30	8.30	8.30	40.00	40.00	40.00
FortisAlberta Inc. ³	8.30	8.30	8.30	40.00	40.00	40.00
FortisBC Inc.	9.15	9.15	9.15	40.00	40.00	40.00
Hydro-Québec Distribution	6.19	8.20	8.20	35.00	35.00	35.00
Manitoba Hydro	* N/A	N/A	N/A	25.00	25.00	25.00
Maritime Electric Company Limited	9.75	9.75	9.75	43.50	43.10	41.90
Newfoundland and Labrador Hydro ⁸	4.47	Pending	Pending	20.00	Pending	Pending
Newfoundland Power Inc.	8.80	8.80	8.80	45.00	45.00	45.00
Nova Scotia Power Inc.	9.00	9.00	9.00	37.50	37.50	37.50
Ontario's Electric Distributors ⁴	8.98	9.36	9.30	40.00	40.00	40.00
Saskatchewan Power Corporation	8.50	8.50	8.50	40.00	40.00	40.00
Average	8.17	8.72	8.72	37.23	38.63	38.53
Median	8.40	8.50	8.50	40.00	40.00	40.00
U.S. Electric Distributors ⁷						
Average of all Rate Cases Decided in the Year	10.02	9.75	9.66	49.25	50.57	51.81
Median of all Rate Cases Decided in the Year	9.90	9.75	9.72	50.84	50.14	51.43



Authorized Return on Equity for Canadian and U.S. Gas and Electric Utilities

	Return on Common Equity (%)			Common Equity Ratio (%)		
	2013	2014	2015	2013	2014	2015
Canadian Electric Transmission Companies ²						
AltaLink Management Ltd. ³	8.30	8.30	8.30	36.00	36.00	36.00
ATCO Electric Ltd. ³	8.30	8.30	8.30	36.00	36.00	36.00
ENMAX Power Corporation ³	8.30	8.30	8.30	36.00	36.00	36.00
EPCOR Transmission Inc. ³	8.30	8.30	8.30	36.00	36.00	36.00
Hydro One Networks Inc.	8.93	9.36	9.30	40.00	40.00	40.00
Hydro-Québec TransÉnergie	6.41	8.20	8.20	30.00	30.00	30.00
Average	8.09	8.46	8.45	35.67	35.67	35.67
Median	8.30	8.30	8.30	36.00	36.00	36.00

Economic Indicators (% Yields) ⁹	2013	2014	2015
Government of Canada Benchmark Long-Term Bond Yield	2.82	2.77	2.05
U.S. Treasury 30-Year Bond Yield	3.45	3.34	2.55
Bloomberg Fair Value Canada A-rated Utility Bond Yield	4.24	4.14	3.50
Moody's A-rated Utility Bond Index (U.S.)	4.48	4.27	3.67





NOTES

1. Data for an expanded group of Canadian gas transmission companies is contained in the Concentric Energy Advisors Return on Equity Database.
2. Allowed in rates for the corresponding year; where the year overlaps, the rate/ratio shown prevails for the majority of the year. Sources: Regulatory decisions and documents; annual information forms; annual reports.
3. The Alberta Utilities Commission's 2015 decision in the Generic Cost of Capital proceeding was retroactive. Returns on common equity and common equity ratios were adjusted for 2013–2015. This also affects the category averages for 2013–2015 as compared to those reported in previous years.
4. Beginning in 2014, the Ontario Energy Board updates cost of capital parameters for setting rates in cost of service applications only once per year.
5. FortisBC Energy (Vancouver Island) Inc. and FortisBC Energy (Whistler) Inc. were amalgamated with FortisBC Energy Inc. and are no longer separate entities in 2015.
6. Union's ROE per settlement agreement in its five-year incentive regulation plan for 2014–2018.
7. Source: SNL Financial LC's Regulatory Research Associates Division. Data for 2015 includes decisions through March 31, 2015.
8. Newfoundland and Labrador Hydro (NLH) filed a General Rate Application (GRA) on July 30, 2013. A decision has not yet been issued on that GRA. The Company subsequently filed a request for interim rates that was denied by the Board in Order No. P.U. 39 (2014), issued September 17, 2014. On November 10, 2014, NLH filed an amended 2013 GRA based on changes to the previous 2014 test year and a new forecasted 2015 test year. That amended GRA remains pending before the Board.
9. Average daily yield. Source: Bloomberg Finance L.P. Data for 2015 through March 31, 2015.

* N/A indicates the data are not available.

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