Q. Page 28-30: Is Dr. Cleary of the opinion that all the companies listed in Tables 9 and 10 are directly comparable to Newfoundland Power in the consideration of its overall risks, it's appropriate return and its capital structure? In the response describe any factors that are materially different between each company listed and Newfoundland Power.

A. Dr. Cleary provided the information in Tables 9 and 10 more as a summary of allowed ROEs and ERs for utilities across all Canadian jurisdictions, rather than because he believed all of the utilities listed in those tables were directly comparable to NP in terms of their business models, or in the sense of determining an allowable ROE or ER.

Dr. Cleary has provided two lists below, dividing the utilities listed in Tables 9 and 10 into two separate groups (in the order in which they appear in Tables 9 and 10), along with the main reasons for their classification:

(1) those which he does not believe would represent good comparators; and,

(2) those that he would consider reasonable, but not necessarily ideal comparators due to various differences from NP (such as exposure to generation).

(1) Poor comparators:

1. EPCOR – 100% owned by City of Edmonton; involved in water and waste-water treatment facilities; expansions into Arizona and New Mexico.
2. ENMAX - 100% owned by City of Calgary; exposure to generation assets.
3. Hydro-Quebec Distribution – owned by the Government of Quebec.
4. Maritime Electric – much smaller than NP with only $400 million in assets, 78,000 customers; no public borrowing or debt ratings.
5. Ontario's Electric Distributors – the largest two (Hydro One and Toronto Hydro) are both government owned – with the Ontario government remaining Hydro One's majority shareholder despite the IPO in the fall of 2015.

6. and 7. Saskatchewan Power Corp. and SaskEnergy Inc. – Saskatchewan Crown corporations.
8. AltaGas Utilities Inc. – small distributor with about $10 million in net income in 2014, and no public borrowing or debt ratings.

(2) Reasonable comparators:
1. ATCO Electric – 100% owned by CU Inc., electricity, involved in both distribution and transmission, significant capex in transmission over the last three years (total $6.4 billion).
2. ATCO Gas – 100% owned by CU Inc., gas, primarily distribution.
3. Fortis Alberta Inc. – electricity distribution; 530,000 customers – 60% of Alberta distribution grid; 2014 net income before extraordinary items of $269 million.
4. FortisBC Inc. – $45 million in net income in 2014; fully integrated electric utility involved in generation and transmission, in addition to distribution - regulated rate base in 2014 – 44% distribution, 32% transmission, 15% generation, and 9% other.
5. Nova Scotia Power Inc. - $133 million in net income in 2014; fully integrated electric utility involved in generation and transmission, in addition to distribution – generated close to 90% of electricity sold in 2014.
6. Enbridge Gas Distribution Inc. – subsidiary of Enbridge Inc.; natural gas – primarily distribution; $217 million in net income before extraordinary items in 2013; most debt is external - $3,192 million versus $375 million inter-company debt.
7. Fortis BC Energy Inc. – gas; primarily distributor; $127 million in earnings in 2014.
8. Gaz Metro Limited Partnership – primarily gas; primarily distribution with 87.5% of 2015 net income from distribution versus 8.5% for transmission; 2.7% for generation and 1.2% for other; 28.6% (out of the 87.5% of 2015 net income from distribution) comes from Vermont gas and electricity distribution, with the other 58.6% coming from gas distribution in Quebec.

9. Union Gas Limited – gas; subsidiary of Spectra Energy; 2015 net income available to common shareholders of $185 million; also involved in storage and pipelines, but distribution revenue is close to 90%.