

Q. Evidence of Ms. McShane Page 36-37

- (a) With reference to the statements that NP has comparable credit metrics to its Canadian peers. Please explain the statement in detail given that from the data on page 37 NP appears to have superior credit metrics on all four ratios.
- (b) With respect to the Canadian electric utilities please calculate the ratios in Schedules 4 & 5 separately for the private investor owned and government owned utilities.
- (c) For the US utilities in Schedule 6 Ms. McShane has restricted her sample to utilities with S&P "A" bond ratings. Please provide equivalent data for *all* US electric utilities regardless of their bond rating so the total population of US electric utilities can be analysed.
- (d) Please provide the schedules Ms. McShane used for US electric utilities in her Ontario Power Generation testimony in 2007 and explain why she has not used the same sample this time.

- A. (a) Please note that there is a typographical error in Table 5. The FFO coverage for NP should be 14.1% as per Schedule 4. The table below compares NP to all Canadian utilities except NP:

	Equity Ratio	EBIT Coverage	FFO/Debt	FFO Coverage
NP	45.5%	2.3 X	14.1%	2.7 X
All Canadian Utilities except NP (Median)	40.3%	2.5X	14.7%	3.3 X
NP relative	Higher	Lower	Lower	Lower

- (b) The calculations are shown in Attachment A.
- (c) Data for all US electric utilities are shown in Attachment B.
- (d) In both cases Ms. McShane relied on a benchmark sample based on the same selection criteria. The samples are different primarily because they were selected at different times; the OPG sample was selected in September 2007 and the NP sample was selected in January 2009. The selection criteria were changed slightly because the S&P business profile ranking methodology was changed from a quantitative scoring system (1 to 10) to a qualitative system (Excellent to Vulnerable). As a result of the change to a qualitative scoring system, the selection criterion in OPG which limited the selection to companies with business

1 risk profile scores of 5 or lower was replaced with the criteria that the utility had
2 to have an S&P business profile ranking of Excellent and it could not have a
3 Safety Rank as assigned by Value Line greater than 2 (on a scale of 1 to 5). The
4 relevant schedules from the OPG testimony are shown in Attachment C.

**Capital Structure Ratios of
Canadian Utilities with Rated Debt (2008)**

**CAPITAL STRUCTURE RATIOS
OF CANADIAN UTILITIES WITH RATED DEBT
(2008)**

	<u>Long-Term Debt</u> ^{1/}	<u>Short-Term Debt</u>	<u>Preferred Stock</u> ^{2/}	<u>Common Stock Equity</u> ^{3/}
Government Owned Utilities				
Enersource 4/	57.5%	0.0%	0.0%	42.5%
ENMAX Corp.	37.3%	4.6%	0.0%	58.1%
EPCOR Utilities Inc.	50.3%	2.6%	2.3%	44.8%
Hamilton Utilities 4/	35.4%	0.0%	0.0%	64.6%
Hydro One Inc.	54.5%	0.0%	2.9%	42.6%
Hydro Ottawa Holding Inc. 4/	43.8%	4.3%	0.0%	51.9%
London Hydro 4/	36.5%	0.0%	0.0%	63.5%
Toronto Hydro	55.2%	0.0%	0.0%	44.8%
Veridian 4/	40.4%	0.0%	0.0%	59.6%
Electric Utilities				
Altalink LP	61.7%	0.0%	0.0%	38.3%
CU Inc	56.6%	0.0%	5.2%	38.3%
FortisAlberta	60.0%	0.5%	0.0%	39.4%
FortisBC	59.1%	0.0%	0.0%	40.9%
Maritime Electric	53.6%	6.2%	0.0%	40.2%
Newfoundland Power	53.4%	0.0%	1.1%	45.5%
Nova Scotia Power	54.3%	0.8%	4.7%	40.1%
Gas Distributors				
Enbridge Gas Distribution	44.2%	18.1%	1.9%	35.8%
Gaz Metro	64.0%	2.0%	0.0%	34.0%
Pacific Northern Gas	45.6%	1.8%	3.0%	49.6%
Terasen Gas	55.7%	9.5%	0.0%	34.8%
Terasen Gas (Vancouver Is.)	46.3%	18.2%	0.0%	35.5%
Union Gas	56.1%	8.1%	2.6%	33.2%
Pipelines				
Enbridge Pipelines	52.7%	7.0%	0.0%	40.4%
Nova Gas Transmission Ltd.	61.4%	0.6%	0.0%	38.0%
Trans Quebec & Maritimes 4/	69.8%	0.0%	0.0%	30.2%
TransCanada Pipelines	54.1%	5.0%	1.2%	39.7%
Westcoast Energy	52.6%	1.2%	4.9%	41.3%
Medians				
Government Owned Electric T&D	43.8%	0.0%	0.0%	51.9%
Government Owned Electric Integrated	43.8%	3.6%	1.1%	51.5%
Private Electric T&D	60.0%	0.0%	0.0%	39.4%
Private Electric Integrated	55.5%	0.4%	2.4%	40.2%
All Private Electric	56.6%	0.0%	0.0%	40.1%
Private Gas Distributors	51.0%	8.8%	1.0%	35.2%
Private Pipelines	54.1%	1.2%	0.0%	39.7%
All Government Owned Companies	43.8%	0.0%	0.0%	51.9%
All Private Companies	55.0%	1.5%	0.0%	38.9%

1/ Includes current portion of long-term debt and preferred securities classified as debt.

2/ Includes minority interest in preferred shares of subsidiary companies and preferred securities .

3/ Includes minority interest in common shares of subsidiary companies.

4/ 2007 data.

Source: Annual Reports to Shareholders

**Debt Ratings and Financial Metrics for
U.S. Electric Utilities**

DEBT RATINGS AND FINANCIAL METRICS FOR U.S. ELECTRIC UTILITIES

Name	S&P								Moody's Debt Rating	Common Equity Ratio (2008) ^{2/}	Average ROE 2006-2008
	Debt Rating	Business Profile	Financial Profile	Average 2005-2007 ^{1/}							
				Debt Ratio	EBIT Coverage	FFO/Debt	FFO Coverage				
Alabama Power Co.	A	Excellent	Intermediate	52.7	4.2	21.8	5.3	A2	42.5	13.4	
Central Hudson Gas & Electric Corp.	A	Excellent	Intermediate	61.4	4.5	16.1	4.5	A2	43.7	9.3	
Florida Power & Light Co.	A	Excellent	Intermediate	43.3	5.0	30.3	6.3	A1	56.0	10.9	
FPL Group Inc.	A	Excellent	Intermediate	51.4	2.9	25.8	5.3	A2	40.6	13.7	
Georgia Power Co.	A	Excellent	Intermediate	49.7	4.8	23.3	5.5	A2	46.5	13.7	
Gulf Power Co.	A	Excellent	Intermediate	53.2	3.8	20.1	4.6	A2	42.9	12.4	
Mississippi Power Co.	A	Excellent	Intermediate	47.0	6.9	44.7	11.3	A1	57.5	14.0	
San Diego Gas & Electric Co.	A	Excellent	Intermediate	51.5	3.4	30.5	4.6	A2	53.3	14.0	
Southern Co.	A	Excellent	Intermediate	56.4	3.6	21.3	5.1	A3	40.5	14.1	
Consolidated Edison Co. of New York Inc.	A-	Excellent	Intermediate	54.1	3.0	15.5	3.6	A1	48.8	10.1	
Consolidated Edison Inc.	A-	Excellent	Intermediate	57.1	2.9	14.7	3.6	A2	48.5	11.1	
Dominion Resources	A-	Excellent	Aggressive	60.3	2.5	13.0	3.1	Baa2	36.3	18.3	
Duke Energy Carolinas LLC	A-	Excellent	Intermediate	47.9	4.1	31.3	9.9	A3	na	na	
Duke Energy Corp.	A-	Excellent	Intermediate	44.3	3.6	22.4	4.5	Baa2	59.2	7.1	
Duke Energy Indiana Inc. 3/	A-	Excellent	Intermediate	55.0	3.1	17.4	4.4	Baa1	46.7	9.1	
Duke Energy Kentucky	A-	Excellent	Intermediate	69.0	1.3	8.2	2.7	Baa1	na	na	
Duke Energy Ohio Inc.	A-	Excellent	Intermediate	32.1	3.9	24.0	5.4	Baa1	na	na	
MidAmerican Energy Co.	A-	Excellent	Aggressive	53.0	4.2	23.3	5.3	A2	43.4	14.6	
Northern States Power (Wisconsin)	A-	Excellent	Intermediate	44.9	3.4	24.0	4.9	A3	51.3	9.3	
PacifiCorp	A-	Excellent	Aggressive	55.6	2.8	16.8	3.8	Baa1	51.1	7.1	
PPL Electric Utilities Corp.	A-	Excellent	Intermediate	52.3	3.4	20.4	4.1	Baa1	38.3	12.5	
SCANA Corp.	A-	Excellent	Aggressive	57.5	2.4	19.6	4.3	Baa1	39.3	11.2	
South Carolina Electric & Gas Co.	A-	Excellent	Aggressive	49.1	2.6	27.3	5.3	A3	44.9	9.5	
Southern Indiana Gas & Electric	A-	Excellent	Intermediate	46.1	3.7	23.5	4.8	Baa1	na	na	
Virginia Electric Power 3/	A-	Excellent	Aggressive	52.5	3.2	20.0	4.4	Baa1	47.1	6.5	
Wisconsin Electric Power Co.	A-	Excellent	Intermediate	46.4	3.7	28.3	5.3	A1	46.7	11.1	
Wisconsin Power & Light Co.	A-	Excellent	Intermediate	50.8	3.8	20.2	4.8	A2	53.7	10.0	
Wisconsin Public Service Corp.	A-	Excellent	Aggressive	55.5	3.1	18.7	4.1	A1	54.2	10.1	
NSTAR	A+	Excellent	Intermediate	62.4	3.5	23.2	5.3	A2	36.8	13.5	
Madison Gas & Electric Co.	AA-	Excellent	Intermediate	50.8	4.6	20.5	5.4	Aa3	53.6	11.1	
ALLETE Inc.	BBB+	Strong	Intermediate	51.6	4.2	20.1	4.6	Baa1	57.8	11.7	
Alliant Energy Corp.	BBB+	Excellent	Aggressive	54.8	2.7	19.5	4.0	NA	56.0	12.9	
Carolina Power & Light Co. d/b/a Progress	BBB+	Excellent	Aggressive						53.9		
Energy Carolinas Inc.				57.2	4.2	23.3	5.5	A3		13.7	
Enervest East Corp.	BBB+	Excellent	Aggressive	60.1	2.2	14.5	3.0	Ba2	na	na	
Florida Power Corp. d/b/a Progress Energy	BBB+	Excellent	Aggressive						41.1		
Florida Inc.				54.9	3.5	24.1	5.4	A3		11.8	
Integrus Energy Group Inc.	BBB+	Excellent	Aggressive	52.6	2.8	12.4	3.3	Baa1	45.6	8.5	
Interstate Power & Light Co.	BBB+	Excellent	Aggressive	51.3	3.8	23.5	4.5	A3	48.5	17.3	
MidAmerican Energy Holdings Co.	BBB+	Excellent	Aggressive	66.1	2.3	13.0	3.0	Baa1	33.5	16.2	
North Shore Gas Co.	BBB+	Excellent	Aggressive	45.6	4.5	20.6	4.9	A3	54.8	7.1	
Northern States Power Co.	BBB+	Excellent	Aggressive	54.1	2.8	21.0	4.0	A3	49.8	10.2	
OGE Energy Corp.	BBB+	Strong	Aggressive	52.7	4.6	23.5	5.0	Baa1	43.5	15.1	
Oklahoma Gas & Electric Co.	BBB+	Excellent	Intermediate	44.6	5.0	27.7	5.4	A2	54.2	10.9	
Oncor Electric Delivery Co. LLC	BBB+	Excellent	Intermediate	56.0	3.1	20.2	4.0	Baa2	55.1	3.7	
Pacific Gas & Electric Co.	BBB+	Excellent	Intermediate	59.8	2.8	19.5	3.7	A3	44.7	12.5	
Portland General Electric Co.	BBB+	Strong	Intermediate	53.3	2.3	20.2	3.8	Baa2	47.3	7.9	
ProGRESS Energy Inc.	BBB+	Excellent	Aggressive	58.5	2.2	15.9	3.7	Baa2	41.9	7.6	
Public Service Co. of Colorado	BBB+	Excellent	Aggressive	52.2	2.6	16.8	3.6	Baa1	58.2	9.2	
Sempra Energy	BBB+	Strong	Intermediate	49.9	4.2	26.6	4.9	Baa1	50.6	16.0	
Southern California Edison Co.	BBB+	Excellent	Intermediate	55.3	3.3	26.7	4.5	A3	41.5	12.6	
Southwestern Public Service Co.	BBB+	Excellent	Aggressive	54.6	2.2	14.6	3.4	Baa1	47.6	4.6	
Wisconsin Energy Corp.	BBB+	Excellent	Aggressive	60.8	3.1	15.8	4.3	A3	41.2	11.2	
Xcel Energy Inc.	BBB+	Excellent	Aggressive	61.5	2.2	16.7	3.5	Baa1	44.0	9.8	
Allegheny Energy Inc.	BBB-	Strong	Aggressive	65.6	2.3	15.3	2.9	Ba3	40.2	16.5	
Ameren Corp.	BBB-	Satisfactory	Aggressive	53.0	3.7	18.0	4.6	Baa3	45.6	8.8	
Arizona Public Service Co.	BBB-	Strong	Aggressive	56.0	3.1	16.8	4.2	Baa2	49.7	8.4	
Avista Corp.	BBB-	Strong	Aggressive	61.6	1.8	13.6	2.8	Baa3	45.5	6.9	
Black Hills Corp.	BBB-	Satisfactory	Intermediate	51.4	2.8	22.6	4.2	Baa3	46.5	10.7	
Black Hills Power Inc.	BBB-	Strong	Intermediate	44.1	3.3	25.2	4.1	Baa2	53.5	10.0	
Central Illinois Light Co.	BBB-	Satisfactory	Aggressive	42.2	4.5	30.0	7.1	Ba1	51.3	10.8	
Central Illinois Public Service Co.	BBB-	Strong	Aggressive	48.8	2.5	16.2	3.5	Ba1	45.4	4.1	
CILCORP Inc.	BBB-	Satisfactory	Aggressive	58.0	1.5	9.7	2.7	Ba2	38.1	5.1	
CMS Energy Corp.	BBB-	Excellent	Aggressive	76.6	1.4	8.9	2.4	Ba1	25.9	-0.6	
Commonwealth Edison Co.	BBB-	Strong	Aggressive	43.8	3.7	10.6	2.9	Baa3	57.4	1.3	
Edison International	BBB-	Strong	Aggressive	64.9	2.3	17.0	3.0	Baa2	40.2	14.5	
Empire District Electric Co.	BBB-	Strong	Aggressive	54.4	2.3	17.4	3.7	Baa2	41.9	7.7	
Entergy New Orleans Inc.	BBB-	Satisfactory	Aggressive	60.5	2.3	46.6	6.5	Ba2	41.9	11.4	
Illinois Power Co.	BBB-	Strong	Aggressive	45.1	2.6	14.6	3.6	Ba1	45.5	2.1	
NISource Inc.	BBB-	Excellent	Aggressive	59.5	2.1	11.9	2.9	Baa3	38.4	4.5	
Pinnacle West Capital Corp.	BBB-	Strong	Aggressive	56.8	2.8	15.5	3.8	Baa3	47.0	8.4	
Tampa Electric Co.	BBB-	Excellent	Aggressive	53.0	3.1	21.1	4.2	Baa1	52.0	9.4	
TECO Energy Inc.	BBB-	Excellent	Aggressive	70.0	1.8	14.3	3.0	Baa3	37.8	15.0	
Union Electric Co. d/b/a AmerenUE	BBB-	Excellent	Aggressive	50.4	4.0	22.4	5.2	Baa2	45.5	9.6	
Westar Energy Inc.	BBB-	Excellent	Aggressive	60.7	2.7	16.3	3.9	Baa3	45.2	10.0	
AEP Texas Central Co.	BBB	Excellent	Aggressive	73.4	1.3	4.1	1.5	Baa2	15.0	12.4	
AEP Texas North Co.	BBB	Excellent	Aggressive	47.9	3.3	21.5	4.2	Baa2	44.6	9.1	
American Electric Power Co. Inc	BBB	Excellent	Aggressive	62.5	2.4	16.3	3.5	Baa2	36.8	12.0	
Appalachian Power Co.	BBB	Excellent	Aggressive	59.0	2.2	10.8	3.0	Baa2	41.2	7.1	
Atlantic City Electric Co.	BBB	Excellent	Aggressive	52.1	3.0	22.1	3.4	Baa1	33.3	12.8	
Baltimore Gas & Electric Co.	BBB	Strong	Intermediate	50.5	3.3	13.7	3.2	Baa2	35.1	6.5	
CenterPoint Energy Houston Electric LLC	BBB	Excellent	Aggressive	49.8	3.2	29.4	4.0	Baa3	27.0	13.6	
CenterPoint Energy Inc.	BBB	Excellent	Aggressive	84.0	1.9	14.6	2.9	Ba1	16.0	25.7	
CenterPoint Energy Resources Corp.	BBB	Excellent	Aggressive	47.7	2.9	19.5	3.7	Baa3	46.4	9.1	
Cleco Corp.	BBB	Strong	Aggressive	49.7	5.1	24.4	5.0	Ba2	47.5	11.7	
Cleco Power LLC	BBB	Strong	Aggressive	52.2	3.3	18.5	4.3	Baa1	44.9	11.9	
Cleveland Electric Illuminating Co.	BBB	Excellent	Aggressive	58.9	4.0	7.5	2.2	Baa3	44.9	18.3	
Columbus Southern Power Co.	BBB	Excellent	Aggressive	57.4	4.6	21.6	5.0	A3	44.9	20.4	
Dayton Power & Light Co.	BBB	Excellent	Aggressive	40.2	12.7	42.9	12.3	A2	61.6	20.6	
Delmarva Power & Light Co.	BBB	Excellent	Aggressive	56.8	3.1	13.8	3.7	Baa2	44.7	7.5	
Detroit Edison Co.	BBB	Excellent	Aggressive	65.1	2.9	15.7	3.9	Baa1	40.2	10.0	
DPL Inc.	BBB	Excellent	Aggressive	66.6	3.2	18.7	3.8	Baa1	38.3	23.5	
DTE Energy Co.	BBB	Excellent	Aggressive	61.6	1.9	13.1	3.4	Baa2	40.4	11.1	
El Paso Electric Co.	BBB	Strong	Aggressive	56.7	2.9	21.8	4.6	Baa2	45.4	11.4	
Entergy Arkansas Inc.	BBB	Strong	Aggressive	53.5	3.6	29.2	6.2	Baa2	42.9	7.9	
Entergy Corp.	BBB	Strong	Aggressive	59.2	3.4	23.2	5.2	Baa3	38.8	14.6	

DEBT RATINGS AND FINANCIAL METRICS FOR U.S. ELECTRIC UTILITIES

Name	S&P								Moody's Debt Rating	Common Equity Ratio (2008) ^{2/}	Average ROE 2006-2008
	Debt Rating	Business Profile	Financial Profile	Average 2005-2007 ^{1/}							
				Debt Ratio	EBIT Coverage	FFO/Debt	FFO Coverage				
Entergy Mississippi Inc.	BBB	Strong	Aggressive	56.0	2.9	32.4	6.3	Baa3	46.9	9.3	
FirstEnergy Corp.	BBB	Excellent	Aggressive	61.3	3.0	15.5	3.4	Baa3	37.2	14.6	
Great Plains Energy Inc.	BBB	Excellent	Aggressive	55.5	3.0	22.2	4.5	Baa3	44.0	9.4	
Hawaiian Electric Co. Inc.	BBB	Strong	Aggressive	59.9	2.3	15.6	3.9	Baa1	54.8	6.8	
Hawaiian Electric Industries Inc.	BBB	Strong	Aggressive	62.4	2.4	14.1	3.5	Baa2	41.9	7.8	
IDACORP Inc.	BBB	Strong	Aggressive	56.3	2.3	11.2	3.1	Baa2	47.8	8.3	
Idaho Power Co.	BBB	Strong	Aggressive	56.6	2.7	11.2	3.1	Baa1	46.4	8.3	
Indiana Michigan Power Co.	BBB	Strong	Aggressive	71.1	2.5	13.9	4.3	Baa2	42.5	9.7	
ITC Holdings Corp.	BBB	Excellent	Aggressive	75.0	2.4	8.1	3.1	Baa3	29.2	12.1	
Jersey Central Power & Light Co.	BBB	Excellent	Aggressive	29.3	4.5	22.0	4.2	Baa2	61.9	6.2	
Kansas City Power & Light Co.	BBB	Excellent	Aggressive	49.6	3.6	27.7	5.6	Baa1	48.0	10.3	
Kentucky Power Co.	BBB	Excellent	Aggressive	59.0	2.3	14.2	3.4	Baa2	41.7	8.2	
Metropolitan Edison Co.	BBB	Excellent	Aggressive	44.5	3.6	9.2	2.5	Baa2	55.4	-0.9	
Northeast Utilities	BBB	Excellent	Aggressive	57.5	1.9	8.7	2.5	Baa2	35.1	11.8	
NorthWestern Corp.	BBB	Excellent	Aggressive	55.5	2.2	18.5	3.5	Baa2	45.9	6.8	
Ohio Edison Co.	BBB	Excellent	Aggressive	52.7	4.1	18.5	4.2	Baa2	51.4	11.7	
Ohio Power Co.	BBB	Excellent	Aggressive	58.6	3.1	16.5	4.1	A3	43.0	11.4	
PECO Energy Co.	BBB	Excellent	Aggressive	53.7	7.8	22.8	5.8	A3	37.7	22.8	
Pennsylvania Electric Co.	BBB	Excellent	Aggressive	40.6	3.3	10.2	2.8	Baa2	47.3	7.5	
PEPCO Holdings Inc.	BBB	Strong	Aggressive	62.0	2.3	11.2	2.9	Baa3	41.4	7.7	
Potomac Electric Power Co.	BBB	Excellent	Aggressive	56.5	2.7	18.5	4.0	Baa2	41.7	9.6	
Public Service Co. of New Hampshire	BBB	Excellent	Aggressive	62.0	3.1	14.6	3.9	Baa2	41.7	9.5	
Public Service Co. of Oklahoma	BBB	Excellent	Aggressive	60.1	1.4	17.2	4.0	Baa1	39.6	4.6	
Public Service Electric & Gas Co.	BBB	Excellent	Aggressive	55.5	3.4	15.0	3.4	Baa1	43.7	4.6	
Puget Sound Energy Inc.	BBB	Excellent	Aggressive	59.5	2.1	14.5	3.1	Baa3	41.4	10.2	
Southwestern Electric Power Co.	BBB	Excellent	Aggressive	59.5	2.1	14.5	3.1	Baa3	38.0	7.9	
System Energy Resources Inc.	BBB	Strong	Aggressive	56.8	2.5	16.6	3.8	Baa3	43.8	9.0	
Toledo Edison Co.	BBB	Strong	Aggressive	51.7	4.1	23.4	4.7	Ba1	51.4	14.1	
Western Massachusetts Electric Co.	BBB	Excellent	Aggressive	60.5	3.4	27.0	5.5	Baa3	53.9	15.9	
Central Vermont Public Service Corp.	BBB	Excellent	Aggressive	61.4	2.8	8.5	3.0	Baa2	35.2	8.6	
IPALCO Enterprises Inc.	BB+	Excellent	Highly leveraged	73.3	1.5	12.1	3.0	Baa3	52.5	8.4	
IPALCO Enterprises Inc.	BB+	Excellent	Highly leveraged	102.6	2.5	14.2	3.1	Ba2	na	na	
Puget Energy Inc.	BB+	Excellent	Aggressive	59.3	2.0	13.2	2.9	Ba2	na	na	
Tucson Electric Power Co.	BB+	Strong	Highly leveraged	72.6	1.8	17.5	3.1	Ba2	na	na	
PNM Resources Inc.	BB-	Satisfactory	Highly leveraged	72.6	1.8	17.5	3.1	Baa3	28.8	7.4	
Public Service Co. of New Mexico	BB-	Satisfactory	Highly leveraged	63.2	1.7	10.5	2.9	Ba2	40.3	-1.2	
Texas-New Mexico Power Co.	BB-	Satisfactory	Highly leveraged	57.9	2.0	9.8	3.1	Baa3	48.8	2.3	
Nevada Power Co.	BB-	Satisfactory	Highly leveraged	45.0	2.0	11.6	2.6	Baa3	56.1	1.6	
Nevada Power Co.	BB	Excellent	Highly leveraged	56.9	2.2	12.3	2.7	Ba3	43.6	8.3	
Sierra Pacific Power Co.	BB	Excellent	Highly leveraged	57.9	2.0	15.3	3.2	Ba3	38.6	7.8	
Mean	BBB	Excellent	Aggressive	55.9	3.1	18.8	4.2	Baa2	44.8	10.4	
Median	BBB	Excellent	Aggressive	55.6	3.0	17.8	4.0	Baa2	44.9	10.0	

^{1/} S&P Credit Stats^{2/} Equity ratio based on total capital.^{3/} Common equity ratio is 2007, and average ROE is for 2005-2007.Source: Standard and Poor's Research Insight; S&P, *Issuer Ranking: U.S. Regulated Electric Utilities, Strongest to Weakest*, March 31, 2009; S&P, *Credit Stats*, September 2008 and www.moodys.com

**Relevant Schedules from Kathy McShane
Ontario Power Generation Testimony (2007)**

INDIVIDUAL COMPANY RISK DATA FOR BENCHMARK SAMPLE OF
US ELECTRIC AND GAS UTILITIES

	Value Line								S & P			Moody's	Average
	Safety	Earnings Predictability	Financial Strength	Forecast	Forecast Return	Dividend Payout	Beta	Research Insight Beta ^{1/}	Common Equity Ratio 2006	Business Profile	Debt Rating	Debt Rating ^{2/}	Average Market/ Book Ratio 1994-2006
				Common Equity	On Average								
				Ratio	Common Equity								
				2010-2012	2010-2012								
AGL Resources	2	75	B++	50.8%	14.2%	58.1%	0.95	0.58	42.7%	4	A-	A3	1.76
Consol. Edison	1	85	A++	50.5%	9.1%	70.6%	0.75	0.43	47.0%	2	A	A2	1.49
FPL Group	1	80	A+	51.0%	12.4%	51.8%	0.85	0.69	44.6%	5	A	A2	1.89
Integrus Energy	2	70	B++	49.5%	11.1%	65.7%	0.85	0.66	42.4%	5	A-	A3	1.62
New Jersey Resources	1	95	A	69.3%	10.7%	54.6%	0.80	0.39	50.2%	2	A+	na	2.19
NICOR Inc.	3	75	A	69.0%	13.2%	63.5%	1.30	0.99	50.7%	3	AA	A3	2.28
Northwest Nat. Gas	1	80	A	52.0%	11.6%	60.0%	0.75	0.44	48.1%	1	AA-	A3	1.56
NSTAR	1	95	A	55.5%	15.7%	58.3%	0.80	0.64	34.4%	1	A+	A2	1.74
Piedmont Natural Gas	2	80	B++	52.8%	11.2%	71.9%	0.80	0.60	47.0%	2	A	A3	2.00
SCANA Corp.	2	95	A	49.0%	11.1%	61.5%	0.85	0.70	43.4%	4	A-	A3	1.64
Southern Co.	1	95	A	44.0%	13.0%	74.0%	0.70	0.33	40.6%	4	A	A3	2.08
Vectren Corp.	2	70	A	51.0%	10.5%	71.5%	0.95	0.71	40.6%	4	A-	Baa1	1.91
WGL Holdings Inc.	1	65	A	64.5%	11.1%	63.3%	0.85	0.54	52.2%	3	AA-	A2	1.71
Mean	2	82	A	54.5%	11.9%	63.4%	0.86	0.59	44.9%	3	A	A2	1.84
Median	1	80	A	51.0%	11.2%	63.3%	0.85	0.60	44.6%	3	A	A3	1.76
Weighted Average	1	86	A	50.0%	12.0%	64.6%	0.80	0.53	43.5%	4	A	A2	1.84

1/ Calculated using monthly data against the S&P 500 (60 months ending June 2007); adjusted towards the market mean of 1.0.

2/ Rating for WGL Holdings is Washington Gas Light.

Source: Standard and Poor's Research Insight, Value Line (June 2007), www.Moodys.com,

Standard and Poor's, *Issuer Ranking: U.S. Integrated Utility And Merchant Power Companies, Strongest To Weakest* (July 24, 2007) and

DCF COST OF EQUITY FOR BENCHMARK SAMPLE OF
US ELECTRIC AND GAS UTILITIES
(BASED ON ANALYSTS' EARNINGS GROWTH FORECASTS)

<u>Company</u>	<u>Annualized Last Paid Dividend</u> (1)	<u>Average Daily Closing Prices 7/15-8/15/2007</u> (2)	<u>Expected Dividend Yield ^{1/}</u> (3)	<u>I/B/E/S Long-Term EPS Forecasts</u> (4)	<u>DCF Cost of Equity ^{2/}</u> (5)
AGL Resources	1.64	38.77	4.4	4.5	8.9
Consolidated Edison	2.32	45.41	5.3	3.5	8.7
FPL	1.64	59.01	3.0	9.1	12.2
Integrus Energy	2.64	50.78	5.5	5.3	10.8
New Jersey Resources	1.52	48.91	3.2	4.5	7.7
Nicor Inc.	1.86	41.20	4.7	4.6	9.3
Northwest Nat. Gas	1.42	44.12	3.4	4.8	8.2
NSTAR	1.30	32.21	4.3	6.3	10.5
Piedmont Natural Gas	1.00	24.64	4.2	4.5	8.7
Scana	1.76	38.11	4.8	4.5	9.3
Southern Co.	1.61	34.87	4.8	4.6	9.4
Vectren	1.26	26.45	5.0	4.3	9.3
WGL Holdings Inc.	1.37	31.65	4.5	3.3	7.8
Mean	1.64	39.70	4.4	4.9	9.3
Median	1.61	38.77	4.5	4.5	9.3

^{1/} Expected Dividend Yield = (Col (1) / Col (2)) * (1 + Col (4))

^{2/} Expected Dividend Yield (Col (3)) + I/B/E/S Growth Forecast (Col (4))

Source: Standard and Poor's Research Insight, Yahoo.com and I/B/E/S (July 2007)

DCF COST OF EQUITY FOR BENCHMARK SAMPLE OF
US ELECTRIC AND GAS UTILITIES
(TWO STAGE MODEL)

<u>Company</u>	<u>Annualized Last Paid Dividend</u> (1)	<u>Average Daily Closing Prices 7/15-8/15/2007</u> (2)	<u>I/B/E/S Long-Term EPS Forecasts</u> (3)	<u>Stage 2 GDP Growth</u> ^{1/} (4)	<u>DCF Cost of Equity</u> ^{2/} (5)
AGL Resources	1.64	38.77	4.5	5.1	9.3
Consolidated Edison	2.32	45.41	3.5	5.1	10.0
FPL	1.64	59.01	9.1	5.1	8.4
Integrus Energy	2.64	50.78	5.3	5.1	10.6
New Jersey Resources	1.52	48.91	4.5	5.1	8.1
Nicor Inc.	1.86	41.20	4.6	5.1	9.7
Northwest Nat. Gas	1.42	44.12	4.8	5.1	8.3
NSTAR	1.30	32.21	6.3	5.1	9.5
Piedmont Natural Gas	1.00	24.64	4.5	5.1	9.2
Scana	1.76	38.11	4.5	5.1	9.8
Southern Co.	1.61	34.87	4.6	5.1	9.8
Vectren	1.26	26.45	4.3	5.1	9.9
WGL Holdings Inc.	1.37	31.65	3.3	5.1	9.2
Mean	1.64	39.70	4.9	5.1	9.4
Median	1.61	38.77	4.5	5.1	9.5

^{1/} Consensus forecast nominal rate of GDP growth, 2009-18

^{2/} Internal Rate of Return: I/B/E/S EPS forecast growth rate applies for first 5 years; GDP growth thereafter.

Source: Standard and Poor's Research Insight, Yahoo.com, Blue Chip *Economic Indicators* (March 2007) and I/B/E/S (July 2007)

ESTIMATE OF MARKET VALUE CAPITAL STRUCTURES FOR BENCHMARK SAMPLE OF US ELECTRIC AND GAS UTILITIES

Company	Stock Price (Average Daily Closing 7/16-8/15/2007) (1)	Book Value Per Share (Avg. 2005 and 2006) (2)	Market/Book Ratio (3) = (1)/(2)	Book Value Permanent Capital Common Equity Ratio 2006 (4)	Market Value Common Equity Ratio (Debt at Par) (5)=[(4)*(3)]/[(4)*(3)+(1-(4))]	Market Value Debt Ratio 1.0-Col.(5)
AGL Resources	38.77	19.99	1.94	49.8%	65.8%	34.2%
Consolidated Edison	45.41	30.38	1.49	48.4%	58.4%	41.6%
FPL	59.01	23.01	2.56	50.9%	72.6%	27.4%
Integrus Energy	50.78	33.95	1.50	53.4%	63.2%	36.8%
New Jersey Resources	48.91	19.20	2.55	65.2%	82.7%	17.3%
Nicor Inc.	41.20	18.90	2.18	63.7%	79.2%	20.8%
Northwest Nat. Gas	44.12	21.63	2.04	53.7%	70.3%	29.7%
NSTAR	32.21	14.59	2.21	39.7%	59.2%	40.8%
Piedmont Natural Gas	24.64	11.61	2.12	51.7%	69.4%	30.6%
Scana	38.11	23.80	1.60	47.2%	58.9%	41.1%
Southern Co.	34.87	14.82	2.35	46.2%	66.9%	33.1%
Vectren	26.45	15.24	1.74	49.3%	62.8%	37.2%
WGL Holdings Inc.	31.65	18.61	1.70	60.4%	72.2%	27.8%
Mean				52.3%	67.8%	32.2%

Sources: Schedule 14 for stock prices and Standard & Poor's Research Insight