

Q. Evidence of Ms. McShane Page 55

(a) In this testimony Ms. McShane uses a utility risk adjustment (beta) of 0.65-0.70 and a market risk premium of 6.75%, for each Canadian case where she has filed testimony since 1995 can she please provide her benchmark beta and her market risk premium estimates and explain why they have changed over time.

A. (a) Ms. McShane does not maintain a data base with that information. Attachment A contains a representative sample of estimates from 1994 to 2009. The file shows the market risk premium, the benchmark beta and the forecast long-term Canada bond yield. The differences in individual testimony estimates were based on Ms. McShane's expert judgment applied to the data available at the time of preparation. With specific respect to the general increase in the estimated market risk premium, it reflects in large part the decline in the relative risk of Government of Canada bonds.

**Representative Sample of Benchmark Beta and Market Risk
Premium Estimates from 1994 to 2009**

Proceeding/Company	Date of Testimony	Benchmark ROE Recommendation	Market Risk Premium	Beta	Long Canada Forecast
Group 1 Pipelines RH-2-94	Oct-94	13.00%	5.25%	0.700	8.75%
Enbridge Gas	Jan-96	12.38%	5.50%	0.700	7.75%
Enbridge Gas	Jan-97	12.13%	6.00%	0.700	7.25%
Newfoundland Power	May-98	11.00%	6.50%	0.700	6.00%
ATCO Electric	Oct-98	11.00%	6.63%	0.675	5.88%
BC Benchmark	May-99	10.75%	6.50%	0.700	5.50%
ATCO Electric	May-00	11.13%	6.50%	0.650	6.00%
ATCO Gas	Oct-00	11.63%	6.50%	0.650	6.25%
Union Gas	Jun-01	11.50%	7.00%	0.625	5.85%
Enbridge Gas	Sep-01	11.50%	7.00%	0.625	6.00%
Nova Scotia Power	Aug-02	11.50%	6.50%	0.625	6.13%
Enbridge and Union Gas	Feb-03	11.75%	6.25%	0.625	6.00%
Alberta Generic	Jul-03	11.25%	6.00%	0.625	5.75%
BC Benchmark	Jul-05	10.50%	6.25%	0.650	5.25%
Hydro One	Aug-06	10.50%	6.50%	0.675	5.00%
Newfoundland Power	Mar-07	10.38%	6.50%	0.675	4.88%
Ontario Power Generation	Nov-07	10.50%	6.50%	0.675	5.00%
Terasen Gas	May-09	11.00%	6.75%	0.675	4.25%
Newfoundland Power	May-09	11.00%	6.75%	0.675	4.25%