Q. Re: Critique of Ms. McShane's testimony page 30

A. Mr. Cicchetti points out that basic financial theory indicates that the market to book ratio increases if the allowed ROE exceeds that required on page 30, please:

i. Provide the market to book ratios for his samples of US utilities for each year (annual basis) going back to 1990 and discuss whether he thinks their allowed ROE have been fair.

ii. Please provide the allowed ROEs for each firm in his sample going back to 1990 and indicate when they were rate reviewed and their allowed ROE changed.

B. i. Given that Canadian utilities have their ROE changed annually and there is little regulatory lag, in Mr Cicchetti's judgment does this affect their risk relative to his US utility group? If not why not?

ii. Please provide the market to book ratios back to 1990 for the Canadian utilities that Mr. Cicchetti examines on page 18 and rejects since he can't use his DCF model to estimate their required rate of return.

iii. Would Mr Cicchetti agree given his statement about market to book ratios that even if he can't use his DCF model on the Canadian utilities he can make inferences about the fairness of their allowed ROEs by looking at their market to book ratios? If not why not, given the comments on page 30?

A. A (i.) The information in this request is not readily available, is voluminous and overly burdensome.

(ii.) See the answer to (i) above.

B. (i.) Mr. Cicchetti believes annual ROE adjustments tend to reduce regulatory risk.

(ii.) This information is not readily available to Mr. Cicchetti, was not cited in his testimony and is overly burdensome.

(iii.) Most of the Canadian companies Mr. Cicchetti reviewed have unregulated lines of business that make it problematic to draw conclusions regarding allowed returns on equity.