

1 **Q. Vander Weide Evidence (page 24) – Dr. Vander Weide asks himself whether “Other**
2 **Canadian utility commissions expressed an opinion on the use of U.S. utility data for**
3 **the purpose of estimating the cost of equity for Canadian utilities.” He then cites the**
4 **NEB’s quote in Decision RH-1 2008 relating to the determination of the cost of**
5 **equity for Trans Quebec & Maritimes Pipeline Inc. (TQM) at 71:**

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7 **“In light of the Board’s views expressed above on the integration of U.S. and**
8 **Canadian financial markets, the problems with comparisons to either Canadian**
9 **negotiated or litigated returns, and the Board’s view that risk differences between**
10 **Canada and the U.S. can be understood and accounted for, the Board is of the view**
11 **that U.S. comparisons are very informative for determining a fair return for TQM**
12 **in 2007 and 2008.” (emphasis added)**

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14 **What risk differences between Canada and the U.S. was the NEB referring to and**
15 **how has Dr. Vander Weide understood and accounted for these in his evidence in**
16 **this proceeding?**

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18 **A.** The NEB’s statement does not specify what risk differences it had in mind when making
19 this statement. Dr. Vander Weide evaluates the potential risk differences between
20 Canadian and U.S. utilities on pp. 20 – 25 of his written evidence. He concludes that his
21 group of Canadian and U.S. utilities are reasonable proxies for the purpose of estimating
22 Newfoundland Power’s cost of equity.