

1 **Q. McShane Evidence - In the Régie decision D-2011-182/File R-3752-2011 English**
2 **Version rendered November 5, 2011, the Régie stated from paragraphs 268 to 272 as**
3 **follows:**

4
5 **“COMPARISON WITH US DISTRIBUTORS**

6
7 **[268] the authorized ROEs of regulated Canadian companies and their US**
8 **counterparts were compared at the hearing. Both GAZ Métro and IGUA officials**
9 **and experts testified on the related issues.**

10
11 **[269] In the Régie’s view, the evidence on this point filed in this case is not**
12 **materially different from the evidence submitted to the Régie in 2009. The Régie**
13 **does not believe that the evidence supports a different determination than the one it**
14 **reached in 2009.**

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16 **[270] The Régie believes that while it is clear that the ROEs authorized in the US**
17 **are higher, on average, than those granted in Canada, the evidence in support of the**
18 **proposition that the rates authorized in the US should be used as the yardstick for**
19 **rate-setting in Québec is unconvincing. The evidence with respect to recent data on**
20 **US decisions and with respect to analysis of US regulatory and institutional systems**
21 **is indeed very weak. Among other things, the distributor has not demonstrated that**
22 **the opportunities available on the US market are comparable in terms of risk.**

23
24 **[271] The Régie observes that Dr. Morin’s evidence included realized returns**
25 **calculated on the basis of consolidated data. Dr. Morin did not calculate realized**
26 **returns limited to regulated operations of the companies in his sample, since he did**
27 **not have that information. The Régie deems that information to be relevant. It also**
28 **considers a comparison between the authorized and realized returns of the natural**
29 **gas distribution operations of regulated US companies with comparable risk, over a**
30 **long period, to be relevant for the purposes of this assessment.**

31
32 **[272] Therefore, the Régie has not seen sufficient evidence to support a finding that**
33 **the two countries’ regulatory, institutional, economic and financial environments,**
34 **and their impact on the resulting opportunities for investors and for the regulated-**
35 **rate companies, are comparable.”**

36
37 **Does Ms. McShane agree that, like the Régie found, this Board should consider**
38 **whether on the record of this proceeding there is sufficient evidence to support a**
39 **finding that Canada’s and the US’s regulatory, institutional, economic and financial**
40 **environments, and their impact on the resulting opportunities from investors and**
41 **for the regulated-rate companies, are comparable?**

42
43 **A. Yes.**