

**Q. McShane Evidence - Comparable Earnings Evidence, pages 100-102**

**a. Please indicate any US jurisdiction that has applied any weight to comparable earnings evidence and any Canadian board that has given it any weight for the last ten years.**

**b. Please indicate whether this evidence was discussed with Professor Vander Weide and why he has not provided such evidence.**

A. a. Ms. McShane has not surveyed all U.S. jurisdictions but does know that comparable earnings evidence was presented in Georgia in 2010 (AGL Resources) and in Wisconsin in 2009 (Wisconsin Energy Corp.). In neither instance did the regulator specify explicit weights applied to the results of particular cost of equity tests. In Canada, the BCUC gave a small amount of weight to the comparable earnings test in its 2009 Cost of Capital Decision for FortisBC Energy Inc. and FortisBC Energy (Vancouver Island) Inc., then Terasen Gas and Terasen Gas (Vancouver Island), respectively. In that decision, the BCUC stated:

"The Commission Panel has considered the three approaches to determining ROE for a regulated utility and agrees with Terasen that it should take all three into account when establishing an ROE. The Commission Panel agrees that the DCF and ERP are the most common approaches used by regulatory agencies in the US and that CAPM has been widely used in Canada in the period since 1994. The Commission Panel has seen no evidence that suggests: i) it should ignore the fact that the Commission gave the DCF approach weight in the 2006 ROE Decision, or ii) that would persuade it to depart from the Commission's finding in that decision that the CE methodology had not outlived its usefulness when it commented: 'However, the Commission Panel is not convinced that the CE methodology has outlived its usefulness, and believes that it may yet play a role in future ROE hearings.'" (pages 44-45)

b. No, Ms. McShane did not discuss her evidence with Dr. Vander Weide and is not aware of why he has not provided comparable earnings evidence.