

1 **Q. Reference Answer of Dr. Vander Weide to PUB-NP-102 and CA-NP-259:**

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3 **Please confirm that in the ROEs column neither Enbridge Gas Distribution Inc**  
4 **(EGDI) nor Union Gas were allowed an ROEs of 9.42% and 9.58% respectively by**  
5 **EB-2009-0084, since both were under five year settlements that fixed their ROEs**  
6 **independent of the OEB formula ROE.**  
7

8 A. Dr. Vander Weide confirms that the OEB determined in EB-2009-0084 to refine its ROE  
9 formula and that the refined formula produced allowed ROEs of 9.58 percent for 2011  
10 filings and 9.42 percent for 2012 filings. The refined ROE formula is meant to reflect the  
11 OEB's opinion regarding the cost of equity for Ontario natural gas and electric utilities.  
12 Dr. Vander Weide also confirms that EDGI and Union are under five-year settlements.  
13 However, Dr. Vander Weide cannot confirm that EDGI's and Union's allowed ROEs are  
14 fixed under the five-year settlements. The settlement agreements have earnings sharing  
15 mechanisms that allow each utility to keep earnings up to specific threshold ROEs and to  
16 share earnings over the thresholds with ratepayers. Dr. Vander Weide understands that  
17 EDGI can keep earnings that are equal to or less than one hundred basis points above the  
18 value resulting from applying the OEB's earlier formula ROE. Dr. Vander Weide  
19 understands that Union can keep earnings that are equal to or less than two hundred basis  
20 points above the result of applying the OEB's earlier formula ROE. Thus, for EDGI, the  
21 allowed ROE is at least one hundred basis points above the ROE produced by the OEB's  
22 previous formula; and, for Union, the allowed ROE is at least two hundred basis points  
23 above the ROE produced by the old OEB formula.