

1 **Q. Further to CA-NP-187, in Dr. Vander Weide’s opinion, do Canadian utilities have a**
2 **greater opportunity to earn allowed ROEs than US utilities? Please state reasons for**
3 **Dr. Vander Weide’s response.**
4

5 A. In Dr. Vander Weide’s opinion, Canadian utilities may have a slightly greater opportunity
6 to earn allowed ROEs than the average U.S. utility. However, the allowed ROEs for
7 Canadian utilities are, in his opinion, less than the required ROE for investors in
8 Canadian utilities. Equity risk relates to the ability to earn the required ROE, not an
9 allowed ROE. Dr. Vander Weide believes that U.S. and Canadian utilities have
10 approximately the same risk of earning less than the required ROE. Thus, he believes
11 that U.S. utilities are reasonable proxies for the risk of investing in Canadian utilities.