

1 **Volume 3, Section 1 – McShane, Cost of Capital**

2  
3 **Q. In reference to the prefiled evidence of Kathleen McShane, for each Canadian**  
4 **regulatory proceedings in which Ms. McShane made recommendations with regard**  
5 **to the cost of capital in the past 7 years, please provide (in the format set out in**  
6 **CA-92-NLH of NLH’s 2003 GRA) the following:**

- 7  
8 **a. The rate of return on common equity recommended by Ms. McShane.**  
9 **b. The rate of return on common equity allowed by the board decision.**

10  
11 A. (a) The requested information is provided in Attachment A.

12  
13 (b) The requested information is provided in Attachment A.

**The Rate of Return on Common Equity  
Recommended versus Allowed**

COMPANY	JURISDICTION	DATE OF TESTIMONY	TEST YEAR	RECOMMENDED RETURN ON EQUITY	DATE OF DECISION	ALLOWED RETURN ON EQUITY
NORTHWESTEL	CRTC	1/00	2000	12.25%	11/00	10.5
ENBRIDGE GAS NB	NB BOARD OF COMM.	2/00	2000 +	13.0%	6/00	13.0
ATCO ELECTRIC TRANSCO	AEUB	5/00	2000	11.0-11.25%	10/00	Settlement, ROE not specified.
ATCO ELECTRIC DISCO	AEUB	6/00	2000	11.0-11.25%	2/01	Settlement, ROE not specified.
ALTAGAS UTILITIES	AEUB	10/00	2000-2002	11.50%	4/02	9.9, 9.7, 9.7
NORTHWEST TERRITORIES POWER	PUB of the NWT	10/00	2000-2002	12.50%	2/02	9.5
ATCO GAS	AEUB	11/00	2001-2002	11.5-11.75%	12/01	9.75
ATCO PIPELINES	AEUB	11/00	2001-2002	11.5-12.0%	12/01	9.75
NEWFOUNDLAND & LABRADOR HYDRO	NEWFOUNDLAND & LABRADOR BOARD OF COMM. OF PUBLIC UTILITIES	5/01	2002	11.0-11.5%	6/02	3.0 a/
UNION GAS	OEB	6/01	2002	11.75% at 6% long Canada	1/04	9.86% under pre-existing formula
TELUS QUEBEC	CRTC	6/01	2003 +	12.0-12.5%	7/02	11.0%
PNG	BC UTILITIES COMM.	12/01	2002	Benchmark Utility ROE + 100 basis points	7/02	Benchmark + 75 basis points
NOVA SCOTIA POWER	NOVA SCOTIA UTILITY & REVIEW BOARD	12/01	2002	11.0-12.0%	10/02	10.15%
CENTRA GAS B.C.	BC UTILITIES COMM.	7/02	2003-2005	Benchmark Utility ROE + 100 basis points	1/03	Settlement, benchmark utility ROE + 50 basis points
ENBRIDGE GAS DISTRIBUTION	OEB	9/02	2003	11.6% at 6% long Canada	1/04	9.71% under pre-existing formula
HERITAGE GAS LIMITED	NOVA SCOTIA UTILITY AND REVIEW BOARD	10/02	2003+	14.0%	2/03	13.0%
NEWFOUNDLAND POWER	NEWFOUNDLAND & LABRADOR BOARD OF COMM. OF PUBLIC UTILITIES	10/02	2003-2004	11.5-11.75%	6/03	9.75%
ATCO PIPELINES	ALBERTA ENERGY AND UTILITIES BOARD	1/03	2003-2004	11.50%	12/03	9.5 b/
ATCO UTILITIES/ ALTAGAS	ALBERTA ENERGY AND UTILITIES BOARD	7/03	2004	11.0-11.5%	7/04	9.6
NEWFOUNDLAND & LABRADOR HYDRO	NEWFOUNDLAND & LABRADOR BOARD OF COMMISSIONERS OF PUBLIC UTILITIES	10/03	2004	11.25-12.0%	5/04	5.83 c/
FORTISBC	BRITISH COLUMBIA UTILITIES CC	11/04	2005	Benchmark Utility ROE + 75 basis points	5/05	Benchmark Utility ROE + 40 basis points
TERASEN (TGI & TGV1)	BCUC (Generic Return and Auto. Adj. Mech)	6/05	N/A	10.5% for Benchmark at 5.25% long Canada	3/06	9.145 at 5.25% long Canada
NOVA SCOTIA POWER	NSUARB	6/05	2006	9.55% while low is reasonable	3/06	held at 9.55%
NATURAL RESOURCE GAS	ONTARIO ENERGY BOARD	3/06	2007	Enbridge Gas Risk Premium + 150 basis points at 35% equity ratio	9/06	Enbridge Gas Risk Premium + 50 basis points at 42% equity ratio
EDMONTON WATER/EPCOR	CITY OF EDMONTON	5/06		11.25%	6/06	11.25%
NORTHWESTEL	CRTC	5/06	N/A	11.75%	2/07	10.50%

a/ As per Company Request; recommended return was based on a fully compensatory ROE; company request was based on constraining proposed rate increase.

b/ Return for 2004 to be determined in the generic proceeding.

c/ Crown corporation return set equal to Province's marginal cost of debt as an interim measure.

NOTE: Dates of testimony are of original pre-filed evidence, not updates or supplementary evidence.  
The recommended returns on equity reflect all updates to the original testimony.