Q: Reference: Page 16, Lines 20-23 and Page 17, Lines 8-11

"This can be illustrated by comparing NP's achieved equity returns, over time and in comparison with its allowed ROCEs, with the similar return histories for Enbridge Gas Distribution Inc. and Union Gas – two major utilities with diversified customer bases but that do not have the benefit of weather normalization reserves."

"Indeed, the extent of the negative impact of weather risk (that NP does not face) on Ontario gas and electricity distributors was noted by the Ontario Energy Board (OEB) in its 2007 Enbridge Gas Distribution Rates Decision…"

All other things equal, how much is weather risk worth in terms of either allowed common equity return or common equity ratio for Enbridge Gas Distribution and Union Gas?

A: Dr. Cannon did not attempt to "price" weather risk in isolation as he prepared his evidence. Rather, he considered the presence (versus absence) and extent of a wide range of business and financial risks in making his judgment about the allowed-return differential that would be appropriate between utilities in different overall risk categories. His conclusion was that the virtual absence of weather risk in NP's ROCE results combined with numerous other relative-risk differences (as compared with other regulated utilities) would warrant a 12-15 basis point reduction in NP's allowed ROCE relative to the benchmark utility.