

- 1 **Q. In terms of the common equity ratio comparisons on pages 54-55, can Mr. Coyne**  
2 **confirm that whereas these are set by Canadian regulators, in general US regulators**  
3 **leave this to management discretion unless they are clearly unreasonable? Please**  
4 **indicate any evidence he has ever offered in Canada where a Canadian sample has**  
5 **had a higher average common equity ratio than the US “proxy” group. Please**  
6 **indicate whether the US firms in Figure 31 are operating companies within a utility**  
7 **holding company or standalone utilities where the shares are traded in the capital**  
8 **market.**  
9
- 10 A. Please see response to Request for Information PUB-NP-080 in response to the question  
11 regarding how equity ratios are set in Canada and the U.S.  
12  
13 Deemed equity ratios for regulated electric and gas utilities in Canada have consistently  
14 been 10-13 percentage points lower than authorized equity ratios for U.S. electric and gas  
15 utilities. This has raised concerns among several equity analysts that the deemed equity  
16 ratios for Canadian regulated utilities do not adequately reflect the business risks of these  
17 companies.  
18  
19 The U.S. firms in Figure 31 are operating companies within a utility holding company.