Consumers Council of Canada and the Vulnerable Energy Consumers Coalition (CCC) and (VECC) INTERROGATORY #11 List 1

Interrogatory

Ref: B1/T3/S1 p. 26

Issue 4.0
Issue: Cost of Capital/Capital Structure

Topic: Common equity ratios

Request:

For each company in Table 7 please provide their regulated common equity ratios and explain why the regulated and actual ratios diverge.

Response

The table below presents the approved common equity ratios at the time the evidence was prepared. The allowed common equity ratios for the Ontario distributors will, as per the Board report of December 20, 2006, all be set at 40%.

	Approved Equity Ratios
Hydro One Inc.	**36.00**
AltaLink L.P.	35.00
Enersource Corp.	40.00
ENMAX Corp. (Distribution)	39.00
FortisAlberta Inc.	37.00
Hydro Ottawa Holdings	40.00
Maritime Electric	42.69
Newfoundland Power	44.55
Toronto Hydro	35.00
Veridian Corp.	45.00

The differences between deemed and actual common equity ratios are a function of the individual utilities' own choices of capital structure, their specific financing requirements, and access to different forms of capital.