

1 **Q. Ms. McShane, in her pre-filed evidence before the Board in 2002 (p. 56 of 67) stated**  
2 **that for her proxy utilities she selected a sample of relatively “pure play” U.S. local**  
3 **gas distribution companies that serve as proxy for Newfoundland Power. Ms.**  
4 **McShane explained:**

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6 **“Further, I relied on LDCs rather than electric utilities for three**  
7 **reasons. First, Newfoundland Power is primarily an electric**  
8 **distribution utility. There are a very limited number of U.S. electric**  
9 **utilities whose operations are primarily distribution and/or**  
10 **transmission. Second, the operations of electric and gas distribution**  
11 **utilities have significant parallels, and are frequently considered to be**  
12 **proxies for one another. Third, as noted in Section II, a business**  
13 **profile score of “3” which is likely to be assigned to Newfoundland**  
14 **Power is the same as that of the typical U.S. LDC (Schedule 8). In**  
15 **contrast, the typical business score of the U.S. electric utilities is “4”**  
16 **(Schedule 8).**

17  
18 **A. Ms. McShane assumes that the question related to the preamble above was asked in**  
19 **CA NP 265, and consequently the response is found there.**