

1 **Q. Reference: Dr. Cleary's Evidence, Page 25, Table 9**

2
3 **Please explain why Dr. Cleary has included crown corporations and municipal**
4 **utilities in Table 9. Does Dr. Cleary believe that an investor owned utility has**
5 **the same investment risk as a government owned utility such as Hydro Quebec**
6 **Distribution, for example? Please elaborate.**

7
8 **A.** Dr. Cleary included the two crown corporations and the two municipally owned
9 utilities in Table 9 since their allowed ROEs and allowed equity ratios are
10 determined through similar processes as those determined for other regulated
11 utilities. ENMAX and EPCOR for example earn allowed ROEs and have allowed
12 equity ratios that are determined through the identical process as the independent
13 Alberta utilities.

14
15 Dr. Cleary believe that investors and rating agencies consider many of the items that
16 they would for private utilities, while being aware that their debt is guaranteed by
17 the province or municipality either explicitly or implicitly.