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2 **Technical Conference Questions**
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4 **Board Staff Follow-up Questions on OPG Responses to Interrogatories**
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6 **Number 3**
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8 Does Ms. McShane know why Allete, Black Hills, Empire District and IDACORP, as
9 discussed in L-T1-S5 (Board Staff IR#5), have among the highest common equity ratios
10 of the utilities in Schedule 28? For example, the CER for Allete is 63% and Black Hills at
11 50%. Is it likely because they are relatively small utilities in terms of generation at about
12 10% the size of OPG's regulated operations?
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15 **Response**
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17 There is no evidence that the specified utilities' actual equity ratios are a function of
18 either their overall size or size of their generation portfolios relative to that of OPG. Each
19 utility's actual capital structure at a particular point in time will be a function of multiple
20 factors, including its specific capital expenditure patterns and how they were financed,
21 the specific mix of assets and management's appetite for risk.