

ONTARIO ENERGY ASSOCIATION (OEA)

Answer to Undertaking from
Commissioner Sardana

Undertaking:

Tr: 98

To update the betas.

Response:

Please see J4.6, Attachment 1 for the updated betas for Concentric's proxy groups as of September 2024. The table below summarizes the average betas (Value Line and Bloomberg betas averaged together) for each proxy group as of May 2024 (the date of the analysis in our Report) and September 2024. As shown in the table, the average betas as of September 2024 remain unchanged from the May 2024 average betas, reflecting the continued shift in investors' perceptions of risk for the utility industry.

	May 2024	September 2024
Canadian	0.84	0.84
U.S. Electric	0.93	0.93
U.S. Gas	0.83	0.83
North American Electric	0.94	0.94
North American Gas	0.87	0.87
North American Combined	0.89	0.89

ONTARIO ENERGY ASSOCIATION (OEA)

Answer to Undertaking from
Commissioner Anderson

Undertaking:

Tr: 105

To update the ROE analysis based on more current data.

Response:

Please see J4.8, Attachment 1 for Concentric's updated ROE analysis using market data as of September 30, 2024. The tabs highlighted in green were updated for more current market data. The table below summarizes the model results for each of the six proxy groups used by Concentric. These results have moderated somewhat (i.e., around 10-20 basis points) from the results as of May 2024 presented in our Report, Exhibit M2, but continue to support a 10.0 percent base ROE, particularly given that, as described in our Report, the models we have relied on provide a conservative (lower) estimate for Ontario utility ROEs relative to other models.

ROE Results - Three-Model Average						
	Canadian	U.S. Electric	U.S. Gas	North American Electric	North American Gas	North American Combined
Multi-Stage DCF	10.19%	9.46%	9.34%	9.48%	9.91%	9.62%
CAPM- Historical MRP	9.34%	10.58%	9.95%	10.21%	9.84%	10.18%
Risk Premium - Long-Term Projected Bond	9.31%	10.36%	10.29%	9.83%	9.80%	9.99%
MEAN	9.6%	10.1%	9.9%	9.8%	9.9%	9.9%

Concentric also updated the values for two of the formula parameters - the Long Canada Bond Forecast (LCBF) and the utility credit spread – as of September 30, 2024, using the same methods described in our Report, Exhibit M2. The updated LCBF value is 3.27 percent (compared to 3.36 percent as of May 2024) and the updated utility credit spread is 1.555 percent (compared to 1.371 percent as of May 2024).