

1 **Volume 2: Cost of Capital: Expert Opinion of James Coyne-Return on Equity**
2

3 **Q. In Figure 34 C&T shows the authorised common equity ratios for 7 US T&D**
4 **utilities and in Figure 33 the deemed equity ratios for 5 Canadian electric**
5 **companies. Please explain the difference between authorised and deemed common**
6 **equity ratios.**
7

8 A. In effect, there is no difference between authorized and deemed common equity ratios.
9 Both refer to the percentage of common equity the regulated utility is authorized to use in
10 calculating its weighted average cost of capital for ratemaking purposes.