



# **Union Gas Proposal**

**for Multi-year Incentive Regulation**

**for Natural Gas Utilities**

**EB-2006-0209**

**Return on Equity**

**Stakeholder Meeting**

**November 2, 2006**

# Pass-Through Items

## Return on Equity (ROE)

---

- **ROE in Ontario natural gas rate regulation is largely formulaic in nature and is primarily based on the yield of long term Canadian bonds (ROE is generally established annually in the month of October for implementation the following January).**
- **Therefore, Canadian bond rates have a material impact on utility earnings as they flow through the ROE calculation yet they are outside of management's control.**



# Pass-Through Items – ROE

## Canada 10 Year Government Bond Yield

Canada 10 Year Gov't. Bond Yield

