

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Eversource Energy
ISO New England Inc.

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)

Docket No. ER26-2389-000

RESPONSE BRIEF OF ACADIA CENTER

SEPTEMBER 28, 2026

TABLE OF CONTENTS

I.	INTRODUCTION	1
II.	SUMMARY OF ARGUMENT	2
III.	PTO-200 DOES NOT REBUT THE TWO CORRECTIONS THAT DRIVE ACADIA CENTER'S ROE ANALYSIS	7
	A. The 8.91 Percent Market Risk Premium Remains Unrebutted	7
	B. The Record Continues to Support Bloomberg Rather Than Value Line Betas	8
IV.	PTO-200'S FORTIS CONCESSION EXPOSES THE INCONSISTENT APPLICATION OF THE NATURAL-BREAK TEST	10
	A. Fortis Should Have Been Included in the Proxy Group.....	10
	B. PTO-200 Applies Different Natural-Break Standards Depending on Which Direction Raises the ROE.....	11
	C. Value Line's Rounding Undermines the Precision of the Break Analysis	13
	D. McKenzie's Cross-Model Corroboration Theory Supports Retaining Fortis	14
	E. The Fortis Breaks Are Products of Earlier Proxy-Group Exclusions	16
V.	PTO-200 DOES NOT CURE THE PROXY-GROUP AND COMPARABILITY DEFECTS IDENTIFIED IN ACADIA CENTER'S INITIAL BRIEF.....	18
	A. Edison International	18
	B. Eversource Energy.....	19
	C. Algonquin Power & Utilities	22
	D. Relative Risk and the Level at Which Credit Is Measured.....	24
VI.	COMMISSION TRIAL STAFF INDEPENDENTLY CONFIRMS THE CENTRAL DEFECTS IN PTO AC'S ANALYSIS.....	26
	A. Trial Staff's Independent ROE Falls Between 9.60 and 9.86 Percent	26
	B. Trial Staff Independently Confirms Acadia's Principal Methodological Objections	27
	C. Trial Staff's MRP Evidence Confirms That 8.91 Percent Is an Outlier on This Record.....	29
	D. The Remaining Differences Between Trial Staff and Hanser Do Not Support 11.39 Percent	31
VII.	THE AFFIDAVIT OF DR. JONATHAN A. LESSER.....	33
VIII.	THE UPDATED CALCULATIONS DO NOT ALTER ACADIA CENTER'S CONCLUSION THAT THE SUPPORTED COMPOSITE ROE IS APPROXIMATELY 9.31 PERCENT.....	36
IX.	CONCLUSION	37

CERTIFICATE OF SERVICE

TABLE OF AUTHORITIES

Cases	Page
<i>Alabama Power Co. v. FERC</i> , 993 F.2d 1557 (D.C. Cir. 1993).....	6
<i>Bluefield Water Works & Improvement Co. v. Public Service Commission of West Virginia</i> , 262 U.S. 679 (1923)	2
<i>Emera Me. v. FERC</i> , 854 F.3d 9 (D.C. Cir. 2017)	3
<i>Federal Power Commission v. Hope Natural Gas Co.</i> , 320 U.S. 591 (1944)	2
<i>Pac. Gas & Elec. Co. v. FERC</i> , 306 F.3d 1112 (D.C. Cir. 2002).....	3
<i>Pub. Serv. Comm’n of N.Y. v. FERC</i> , 642 F.2d 1335 (D.C. Cir. 1980).....	3
Statutes	
16 U.S.C. § 824d.....	5
FERC Orders and Decisions	
<i>Ass’n of Bus. Advocating Tariff Equity v. Midcontinent Indep. Sys. Operator, Inc.</i> , Opinion No. 569, 169 FERC ¶ 61,129 (2019), order on reh’g, Opinion No. 569-A, 171 FERC ¶ 61,154 (2020), order on reh’g, Opinion No. 569-B, 173 FERC ¶ 61,159 (2020).....	1
<i>Coakley v. Bangor Hydro-Electric Co.</i> , Opinion No. 531, 147 FERC ¶ 61,234 (2014)	3
<i>Coakley v. Bangor Hydro-Electric Co.</i> , Opinion No. 594 , 194 FERC ¶ 61,208 (Mar. 19, 2026)	1
<i>Order Accepting and Suspending Tariff Revisions, and Establishing Paper Hearing Procedures</i> , 195 FERC ¶ 61,258 (June 29, 2026)	1
Record Materials	
<i>Acadia Center, Initial Paper Hearing Brief of Acadia Center</i> , Docket No. ER26-2389- 000 (FERC Aug. 28, 2026)	2
Hanser, Philip Q., <i>Affidavit of Philip Q. Hanser in Response to the Supplemental Direct Testimony of Adrien M. McKenzie (Exhibit No. PTO-200) on Behalf of Acadia Center</i> , Ex. No. AC-200, Docket No. ER26-2389-000 (FERC Sept. 28, 2026)	<i>passim</i>

Keyton, Robert J., <i>Affidavit of Robert J. Keyton on Behalf of Commission Trial Staff</i> , Docket No. ER26-2389-000 (FERC Aug. 28, 2026)	<i>passim</i>
Lesser, Jonathan A., <i>Affidavit on Behalf of the New England Consumer-Owned Systems</i> , Ex. No. NEC-001, Docket No. ER26-2389-000 (FERC May 21, 2026).....	33-34
McKenzie, Adrien M., <i>Supplemental Direct Testimony and Exhibits of Adrien M. McKenzie, CFA on Behalf of the New England Transmission Owners</i> , Ex. No. PTO-200, Docket No. ER26-2389-000 (FERC Aug. 28, 2026)	2-5, 11
New England Consumer-Owned Systems & Energy New England, LLC, <i>Motion to Intervene, Protest and Request for Evidentiary Hearing</i> , Docket No. ER26-2389-000 (FERC May 21, 2026).....	38-39
New England Transmission Owners, <i>Initial Paper Hearing Brief of the New England Transmission Owners</i> , Docket No. ER26-2389 (FERC Aug. 28, 2026)	2
Other Authorities	
Damodaran, Aswath, <i>Implied Equity Risk Premium by Month</i> , N.Y.U. Stern Sch. of Bus.	7, 29
J.P. Morgan Asset Management, <i>2026 Long-Term Capital Market Assumptions: Time-Tested Projections to Build Stronger Portfolios</i> (2025)	7, 29
Kroll, <i>Recommended U.S. Equity Risk Premium and Corresponding Risk-Free Rates to Be Used in Computing Cost of Capital: January 2008–Present</i> (Apr. 30, 2026).....	7

TABLE OF EXHIBITS

Exhibit No.	Sponsoring Party	Description
AC-200	Philip Q. Hanser	Affidavit of Philip Q. Hanser in Response to the Supplemental Direct Testimony of Adrien M. McKenzie (Exhibit No. PTO-200)
AC-201	Philip Q. Hanser	Attachment B: Supporting Workpapers of Philip Q. Hanser, Including Reproduced Source Material and Native Excel Workpapers

GLOSSARY OF TERMS

TERM	DEFINITION
Bloomberg	Bloomberg Terminal / Bloomberg Professional Service
CAPM	Capital Asset Pricing Model
Commission	Federal Energy Regulatory Commission
CRSP	Center for Research in Security Prices
DCF	Discounted Cash Flow
EPS	Earnings Per Share
ERP	Equity Risk Premium
FPA	Federal Power Act
GDP	Gross Domestic Product
IBES	Institutional Brokers' Estimate System
ISO-NE	ISO New England
MRP	Market Risk Premium
NETOs	New England Transmission Owners: Central Maine Power Company, Eversource Energy Service Company, on behalf of The Connecticut Light and Power Company, NSTAR Electric Company, and Public Service Company of New Hampshire, Fitchburg Gas and Electric Light Company, The Narragansett Electric Company d/b/a Rhode Island Energy, New England Power Company d/b/a National Grid, New Hampshire Transmission, LLC, The United Illuminating Company, Until Energy Systems, Inc., and Versant Power.
OATT	Open Access Transmission Tariff
PTOs	Participating Transmission Owners: NETOs <i>plus</i> Chicopee Municipal Lighting Plant; Connecticut Municipal Electric Energy Cooperative; Connecticut Transmission Municipal Electric Energy Cooperative; Green Mountain Power Corporation; Maine Electric Power Company; Massachusetts Municipal Wholesale Electric Company; New Hampshire Electric Cooperative, Inc.; Shrewsbury Electric and Cable Operations; Taunton Municipal Lighting Plant; The City of Holyoke Gas and Electric Department; Town of Braintree Electric Light Department; Town of Hudson Light and Power Department; Town of Middleborough Gas & Electric Department; Town of Norwood Municipal Light Department; Town of Reading Municipal Light Department; Town of Wallingford, CT, Department of Public Utilities, Electric Division; Vermont Electric Cooperative, Inc.; Vermont Electric Power Company, Inc.; and Vermont Transco LLC.

PTO AC	Participating Transmission Owners Administrative Committee
ROE	Return on Equity
Value Line	Value Line Investment Survey

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RESPONSE BRIEF OF ACADIA CENTER

I. INTRODUCTION

Pursuant to the Commission’s June 29, 2026 Order Accepting and Suspending Tariff Revisions, and Establishing Paper Hearing Procedures,¹ Acadia Center hereby respectfully submits its Response Brief addressing the NETO Initial Paper Hearing Brief, and the Initial Brief of Commission Trial Staff concerning the PTO AC’s application of the Commission’s revised ROE methodology, as developed in Opinion Nos. 569 *et seq.*² and 594³ (the “Opinion 594 Methodology”).

To reassert its recommendation regarding a just and reasonable base ROE, Acadia Center continues to accept the Opinion 594 Methodology as the governing framework for deriving the base return on equity (“ROE”) in this proceeding, and in compliance with the Commission’s June 29 Order relies on financial data from the six-month study period of October 1, 2025, to March 31, 2026.⁴

¹ Order Accepting and Suspending Tariff Revisions, and Establishing Paper Hearing Procedures, 195 FERC ¶ 61,258 (June 29, 2026) (“June 29 Order”)

² *Ass’n of Bus. Advocating Tariff Equity v. Midcontinent Indep. Sys. Operator, Inc.*, Opinion No. 569, 169 FERC ¶ 61,129 (2019), order on reh’g, Opinion No. 569-A, 171 FERC ¶ 61,154 (2020), order on reh’g, Opinion No. 569-B, 173 FERC ¶ 61,159 (2020).

³ *Coakley v. Bangor Hydro-Electric Co.*, Opinion No. 594, 194 FERC ¶ 61,208 (Mar. 19, 2026) (“Opinion No. 594”).

⁴ June 29 Order ¶ 48.

II. SUMMARY OF ARGUMENT

The NETO Initial Paper Hearing Brief⁵ does not cure the failure of the PTO AC to demonstrate that its proposed 11.39 percent base ROE is just and reasonable. Most importantly, the Supplemental Direct Testimony (PTO-200) and Exhibits of Adrien M. McKenzie⁶ do not address either of the two CAPM inputs that account for Acadia Center’s quantified correction: the 8.91 percent market risk premium (“MRP”) and the use of Value Line rather than Bloomberg betas. adjustment, the conflation of holding-company equity returns with the cost of equity for the regulated transmission claim, the treatment of bond-yield trends, the use of sell-side research as evidence of investor expectations, or the symmetry of the standard established in Hope and Bluefield⁷—each of which Acadia Center’s Initial Brief identifies.⁸ Those issues therefore remain before the Commission on the record developed in Acadia Center’s initial submission.⁹

The two CAPM corrections remain consequential. Updating Hanser’s analysis to reflect the twenty-seven-company proxy group that now includes Fortis, Inc. changes his adopted result by only 1 basis point.¹⁰ Correcting the MRP and beta source, while retaining the Commission’s size adjustment and leaving McKenzie’s two-step DCF midpoint undisturbed, reduces the

⁵ New England Transmission Owners, *Initial Paper Hearing Brief of the New England Transmission Owners*, Docket No. ER26-2389 (FERC Aug. 28, 2026) (“NETO Initial Br.”).

⁶ Adrien M. McKenzie, *Supplemental Direct Testimony and Exhibits of Adrien M. McKenzie, CFA on Behalf of the New England Transmission Owners*, Ex. No. PTO-200, Docket No. ER26-2389-000 (FERC Aug. 28, 2026) (“McKenzie Supp. Test.”).

⁷ *Fed. Power Comm’n v. Hope Natural Gas Co.*, 320 U.S. 591, 603 (1944); *Bluefield Water Works & Improvement Co. v. Pub. Serv. Comm’n of W. Va.*, 262 U.S. 679, 692–93 (1923); Acadia Center, *Initial Paper Hearing Brief of Acadia Center*, Docket No. ER26-2389-000 (FERC Aug. 28, 2026) (“Acadia Center Initial Br.”) at 36–37 (“The standard . . . is symmetrical: an end result above the level required to attract capital is no less unjust and no less unreasonable than one that is below.”).

⁸ Acadia Center Initial Br. at 6–9, 19–38.

⁹ Philip Q. Hanser, *Affidavit of Philip Q. Hanser in Response to the Supplemental Direct Testimony of Adrien M. McKenzie (Exhibit No. PTO-200) on Behalf of Acadia Center*, , Ex. No. AC-200, Docket No. ER26-2389-000, at 2:9-17 (FERC Sept. 28, 2026) (“Hanser Response Aff.”).

¹⁰ *Id.* at 3:19-24.

proposed 11.39 percent ROE by approximately 208 basis points and produces a composite base ROE of approximately 9.31 percent.¹¹ The resulting composite zone of reasonableness is approximately 7.96 percent to 10.66 percent.¹² The 9.57 percent base ROE established in Opinion No. 594 lies within that range; 11.39 percent lies approximately 73 basis points above its upper bound. The bounds of a properly determined zone of reasonableness have substantive legal significance because an ROE outside that zone cannot be sustained as just and reasonable.¹³

The principal new issue raised by PTO-200 reinforces rather than answers Acadia Center's concern that discretionary elements of the Opinion No. 594 framework must be applied consistently: McKenzie now concedes that Fortis Inc. satisfied his screening criteria and should have been included in the proxy group.¹⁴ Fortis produces the lowest result in all three model distributions: 8.09 percent in the two-step DCF, 9.50 percent in the Value Line CAPM, and 8.79 percent in the Bloomberg CAPM.¹⁵ Yet PTO-200 restores Fortis to the proxy group and then removes its low-end result from two of those three distributions under the natural-break test, leaving the proposed 11.39 percent ROE unchanged.¹⁶

That treatment is not consistent with the standards invoked by PTO-200. Fortis is excluded from the DCF distribution on a 111-basis-point gap and from the Value Line CAPM on a 107-basis-point gap. At the same time, Otter Tail's 93-basis-point separation at the high end of

¹¹ Id. at 50:11-17.

¹² Id. at 51:11-14.

¹³ See *Pac. Gas & Elec. Co. v. FERC*, 306 F.3d 1112, 1116 (D.C. Cir. 2002); *Emera Me. v. FERC*, 854 F.3d 9, 19–20 (D.C. Cir. 2017); *Pub. Serv. Comm'n of N.Y. v. FERC*, 642 F.2d 1335, 1350 n.27 (D.C. Cir. 1980); Acadia Center Initial Br. at 4 & n.18 (explaining that “an ROE outside a properly determined zone of reasonableness cannot be sustained as just and reasonable”).

¹⁴ McKenzie Supp. Test. at 5:16-17 (“Accordingly, Fortis should have been included in my proxy group.”); id. at 5 n.7 (citing *Coakley v. Bangor Hydro-Elec. Co.*, Opinion No. 531, 147 FERC ¶ 61,234, at P 107 n.208 (2014)); Hanser Response Aff. at 6:14-19.

¹⁵ Id. at 7 (tbl.)

¹⁶ Hanser Response Aff. at 7:9-15; McKenzie Supp. Test. 6:1-24, 7, 8:1-12; Ex. Nos. PTO-203, PTO-204, PTO-205.

the Bloomberg CAPM is retained even though, measured relative to the next-largest gap in that distribution, it is a stronger natural-break candidate than the Fortis DCF observation that PTO-200 removes. PTO-200 thus applies a relative standard to eliminate low-end observations but invokes an absolute comparison to prior 130- and 147-basis-point Commission examples when retaining the high-end Otter Tail result.¹⁷ The same exercise of judgment should not be governed by different standards depending upon which treatment preserves the higher ROE.

PTO-200's new cross-model corroboration rationale does not resolve the problem. If corroboration across accepted models is relevant to determining whether an observation is economically anomalous, Fortis is well corroborated: it is the lowest surviving observation in all three distributions. Conversely, the high-end CAPM results PTO-200 invokes as corroboration depend on the disputed 8.91 percent MRP. At the 4.0 percent forward-looking premium applied by Hanser, none of the proxy companies produces a CAPM estimate exceeding 12.55 percent. The purported cross-model corroboration therefore does not independently validate the high-end results; it largely reproduces the effect of the MRP whose reasonableness remains disputed.¹⁸

Neither does PTO-200 resolve the company-specific comparability issues addressed in Acadia Center's Initial Brief. With respect to Edison International, merely asserting that its exclusion is immaterial assumes the natural-break result that must be demonstrated: restoring Edison eliminates the 166-basis-point gap used to initiate the high-end exclusions.¹⁹ With respect to Eversource Energy, the Aquarion event materially affected the company but the relevant DCF question remains outstanding. Because the price decline increased Eversource's dividend yield,

¹⁷ Hanser Response Aff. 9:15-18, 10:1-9 and WP-16 Panel B.

¹⁸ Hanser Response Aff. 6:3-11.

¹⁹ Id. at 17:21-23, 18:1-2; McKenzie Supp. Test. at 20 n.53, 21.

the event moved Eversource's DCF result upward, from an even lower level.²⁰ Trial Staff further determined that the market effect had reversed within the study period and concluded that Eversource should remain in the proxy group.²¹ With respect to Algonquin, Acadia Center withdraws two objections answered by Commission precedent, but the central concern remains: PTO-200 does not establish that Algonquin's 13.0 percent long-term earnings-growth estimate is a reliable measure of sustainable growth rather than recovery from a depressed base.²²

Commission Trial Staff's independent analysis provides an important check on these disputes. Trial Staff reaches a composite base ROE of 9.60 percent to 9.86 percent, compared with Hanser's approximately 9.31 percent and the PTO AC's 11.39 percent.²³ Trial Staff independently uses Bloomberg adjusted betas, includes Fortis and Eversource, applies the natural-break test to remove Otter Tail from its CAPM analysis, questions the reliability of Algonquin's 13.0 percent growth rate, and identifies the mismatch created by using parent or holding-company credit measures to evaluate the risks of the PTO operating companies.²⁴ Those conclusions were reached independently by the Trial Staff and Hanser: the Keyton Affidavit and the Hanser Response Affidavit were both filed on the same day, and neither analyst had the benefit of the other's work.

²⁰ Hanser Response Aff. 19:12-21, 29:6-10; McKenzie Supp. Test. 12:1-21, 13:1-17, 14:1-8.

²¹ Robert J. Keyton, *Affidavit of Robert J. Keyton on Behalf of Commission Trial Staff*, Docket No. ER26-2389-000, (FERC Aug. 28, 2026) ("Keyton Aff.") ¶¶ 182–184. Trial Staff concluded that the Aquarion-related effect had reversed during the study period and that Eversource should not be excluded. See Keyton Aff. ¶ 183.

²² Hanser Response Aff. 22:11-17; McKenzie Supp. Test. 13:3-17; Keyton Aff. ¶¶ 185–188. See Opinion No. 594, 194 FERC ¶ 61,208, at PP 704–705 (addressing consideration of companies not included in Value Line electric-utility classifications)

²³ Hanser Response Aff. 25:16-20, 25-26 (tbl.); Trial Staff's composite analysis produces a range of 9.60%–9.86%. Keyton Aff. ¶¶ 99, 167–169.

²⁴ Id. at 26 (tbl.) Keyton Aff. ¶¶ 95, 99, 104–108, 164, 174;

Trial Staff also reinforces Acadia Center’s concern regarding the 8.91 percent MRP. Although Trial Staff does not adopt Hanser’s 4.0 percent figure, every alternative MRP it reports is below 8.91 percent, and Trial Staff’s thirty-year replication of the Commission’s market-return construction produces an average MRP of approximately 5.09 percent.²⁵ Thus, once the beta-source question is resolved, the principal remaining difference between the analyses is the magnitude of the MRP—not evidence supporting a return approaching 11.39 percent.²⁶ The record now contains three independent analyses yielding approximately 9.31 percent, 9.60–9.86 percent, and 9.11 percent. Each sits within 50 basis points of the 9.57 percent base ROE established in Opinion No. 594, and none supports the PTO AC’s proposed increase to 11.39 percent.

The supplemental record therefore strengthens, rather than diminishes, the conclusion of Acadia Center’s Initial Brief. PTO-200 leaves the two inputs driving Acadia Center’s quantified correction unanswered, concedes the erroneous omission of Fortis, and relies upon discretionary screening and natural-break judgments that are not applied consistently across the distributions. Trial Staff independently identifies many of the same methodological concerns and likewise produces a result materially below 11.39 percent. The PTO AC bears the burden under § 205.²⁷ On this record, the PTO AC has not demonstrated that the proposed 11.39 percent base ROE is just and reasonable.²⁸

²⁵ Hanser Response Aff. at 37 (tbl.)

²⁶ Id. 37:13-16; Keyton Aff. ¶¶ 137, 146–152. Trial Staff’s replication of the Commission construction over 1996–2025 produces an average MRP of approximately 5.09%. Keyton Aff. ¶ 150.

²⁷ *Alabama Power Co. v. FERC*, 993 F.2d 1557, 1571 (D.C. Cir. 1993) (“the party filing a rate adjustment with the Commission under § 205 bears the burden of proving the adjustment is lawful”); 16 U.S.C. § 824d(e); June 29 Order ¶ 48; Hanser Response Aff. at 49:1-4.

²⁸ Hanser Response Aff. at 53:15-16; June 29 Order, at ¶ 48; see 16 U.S.C. § 824d(e).

III. PTO-200 DOES NOT REBUT THE TWO CORRECTIONS THAT DRIVE ACADIA CENTER'S ROE ANALYSIS

A. The 8.91 Percent Market Risk Premium Remains Unrebutted

PTO-200 does not rebut the challenge to McKenzie's 8.91 percent market risk premium ("MRP") asserted in Acadia Center's Initial Brief.²⁹ Acadia Center's quantified CAPM correction rests on two principal inputs: the 8.91 percent MRP and the use of Bloomberg rather than Value Line betas. PTO-200 addresses neither.³⁰ Indeed, PTO-200 leaves "all of the quantified difference between us" unaddressed, including the 8.91 percent MRP.³¹

That omission is significant because the 8.91 percent MRP is not a peripheral assumption. It is the single largest driver of the PTO ACs' ROE recommendation. The 8.91 percent figure exceeds Professor Damodaran's implied equity risk premium over the Commission's study period by roughly 480 basis points, exceeds the premium implied by J.P. Morgan Asset Management's 2026 Long-Term Capital Market Assumptions by roughly 700 basis points, and is nearly double Kroll's 5.0 percent recommended U.S. equity risk premium.³² Yet, "[o]n this record, that input remains unexamined by its proponent."³³

Neither does McKenzie's new cross-model corroboration argument cure that omission. Each of the five CAPM estimates Mr. McKenzie invokes as corroboration is itself a function of the same disputed 8.91 percent MRP.³⁴ When those estimates are recomputed using the 4.0

²⁹ Acadia Center Initial Br. 19–24.

³⁰ Hanser Response Aff. at 2:10-13

³¹ Id. at 4:18-21.

³² Id. at 5:5-14.

³³ Id. at 5:14-15; see also Aswath Damodaran, *Implied Equity Risk Premium by Month*, N.Y.U. Stern Sch. of Bus.; J.P. Morgan Asset Management, *2026 Long-Term Capital Market Assumptions: Time-Tested Projections to Build Stronger Portfolios* (2025); Kroll, *Recommended U.S. Equity Risk Premium and Corresponding Risk-Free Rates to Be Used in Computing Cost of Capital: January 2008–Present* (Apr. 30, 2026).

³⁴ Hanser Response Aff. 6:4-7.

percent forward-looking premium applied by Acadia Center, not one exceeds 12.55 percent and the highest falls to 8.77 percent.³⁵ “The corroboration disappears together with the input that produces it.”³⁶ PTO-200 therefore supplies no independent support for the 8.91 percent MRP; the purported corroboration merely reproduces results generated by the disputed assumption itself.

B. The Record Continues to Support Bloomberg Rather Than Value Line Betas

The record continues to support the use of Bloomberg rather than Value Line betas. Commission Trial Staff independently adopted Bloomberg adjusted betas in its CAPM analysis, reaching the same conclusion on beta source without the benefit of Acadia Center’s affidavit.³⁷

The reasons are methodological, not outcome driven. Value Line betas are benchmarked to the NYSE Composite Index, while the market return used in the CAPM is derived from the S&P 500. Trial Staff identified that mismatch and noted that the Commission has adopted Bloomberg betas in three electric proceedings and one oil-pipeline proceeding since Opinion No. 569-A.³⁸ Value Line betas are rounded to the nearest 0.05, whereas Bloomberg betas are reported to the nearest 0.001 and can be synchronized to the close of the study period.³⁹ Trial Staff further relied on Dr. Morin’s principle that “the market index employed should be the same as the market index used in deriving estimates of beta.”⁴⁰

The record also demonstrates the practical consequence of Value Line’s coarser reporting convention. Value Line publishes betas rounded to the nearest 0.05, and among the twenty-six

³⁵ Hanser Response Aff. at 6:7-9.

³⁶ Id. at 6:9-10.

³⁷ Id. at 27:2-3;

³⁸ Id. at 27:3-7; Keyton Aff. ¶¶ 105, 199, citing *Constellation Mystic Power, LLC*, 176 FERC ¶ 61,019 at P 85 (2021); *DATC Path 15, LLC*, 177 FERC ¶ 61,115 at P 111 (2021); *Pacific Gas and Electric Co.*, 178 FERC ¶ 61,175 at P 178 (2022); *Epsilon Trading, LLC v. Colonial Pipeline Co.*, Opinion No. 586, 185 FERC ¶ 61,126 at P 125 (2023).

³⁹ Id. at 27:7-10.

⁴⁰ Id. at 27:11-13; Keyton Aff. ¶ 195.

proxy companies carrying a Value Line beta, only eight distinct beta values appear.⁴¹ Seven companies are assigned the identical 0.80 beta, and nine of the reported gaps are zero—not because the companies necessarily have identical risk characteristics, but because of the resolution of the input.⁴² A beta reported as 0.80 can represent any underlying value from 0.775 to 0.825; at the 8.91 percent MRP, that range spans 45 basis points of CAPM result.⁴³ The resulting break measurements therefore can reflect “the residue of a publication convention” rather than actual dispersion in investors’ required returns.⁴⁴ Bloomberg, by contrast, reports betas to three decimal places.⁴⁵ That provides “a further and independent reason to prefer the beta source that Trial Staff and [Hanser] both adopt.”⁴⁶

The distinction does not rest on the Blume adjustment, because both sources employ that convention.⁴⁷ Rather, the Bloomberg correction rests on “the correspondence between the index used for betas and the index used for the market return, and on the precision and timing of the two series.”⁴⁸ PTO-200 does not rebut those grounds for preferring Bloomberg, and Trial Staff’s independent analysis reinforces them.

⁴¹ Hanser Response Aff. 10:12-5

⁴² Id. at 10 (tbl.), 11:2-6.

⁴³ Id. at 11:8-10.

⁴⁴ Id. at 11:16-18.

⁴⁵ Keyton Aff. ¶ 198.

⁴⁶ Hanser Response Aff. at 11:20-25.

⁴⁷ 27:16-18; Keyton Aff. ¶¶ 107-108

⁴⁸ Id. at 27:23-24, 28:1-1.

IV. PTO-200'S FORTIS CONCESSION EXPOSES THE INCONSISTENT APPLICATION OF THE NATURAL-BREAK TEST

A. Fortis Should Have Been Included in the Proxy Group

There is no longer any dispute that Fortis should have been included in the proxy group. PTO-200 expressly concedes that Fortis satisfies the Commission's screening criteria, that Commission precedent does not require a company to possess both a Moody's and an S&P credit rating, and that "Fortis should have been included in [McKenzie's] proxy group."⁴⁹ The proper proxy group therefore consists of twenty-seven companies, not the twenty-six used in the original analysis.⁵⁰

Fortis's risk characteristics reinforce that concession. Fortis carries the lowest beta in the proxy group under both of the beta sources reported by McKenzie—0.50 under Value Line and 0.42 under Bloomberg.⁵¹ It is rated A- by S&P, one notch above the least creditworthy NETO, and Value Line assigns Fortis its highest Safety Rank of 1 together with a Financial Strength rating of A, which only Consolidated Edison and PPL exceed at A+.⁵² On the record's own measures, therefore, Fortis is the lowest-risk regulated network business in the twenty-seven-company group.⁵³

Commission Trial Staff independently reached the same conclusion. Among the issues on which Trial Staff agrees with Acadia Center, the Response Affidavit identifies Fortis as "Included," notes that Fortis establishes the low end of Trial Staff's DCF analysis at 8.04 percent, and states that Trial Staff expressly considered and declined to remove Fortis under the

⁴⁹ Id. at 6:14-16; at 5:16-17.

⁵⁰ Hanser Response Aff. at 6:17.

⁵¹ Id. at 7:2-3.

⁵² Id. at 7:2-5.

⁵³ Id. at 7:2-7.

natural-break test.⁵⁴ Thus, both PTO-200 and Trial Staff now confirm the threshold point: Fortis satisfies the applicable screening criteria and belongs in the proxy group.

B. PTO-200 Applies Different Natural-Break Standards Depending on Which Direction Raises the ROE

PTO-200 does not apply a single natural-break standard consistently across the model distributions. At the low end, it applies a relative standard. In the two-step DCF, McKenzie excludes values where the relevant gaps are compared against the next-largest surviving gap; in the Value Line CAPM, he likewise relies on the candidate break being large relative to the other gaps in the distribution.⁵⁵

Applied on that basis, however, PTO-200's treatment of the high end is difficult to reconcile with its treatment of Fortis. Fortis is excluded from the two-step DCF on a 111-basis-point gap, a ratio of 1.73 to the 64-basis-point comparator, while Otter Tail is retained at the top of the Bloomberg CAPM despite a 93-basis-point gap representing a ratio of 2.21 to the next-largest 42-basis-point gap.⁵⁶ That ratio is not one Acadia Center supplies. PTO-200 states it: the 93-basis-point gap, McKenzie writes, is "slightly more than twice the next largest gap of 42 basis points resulting from this analysis."⁵⁷ The retained Otter Tail break thus falls within the 2.20-to-2.59 range of PTO-200's other exclusions and exceeds the roughly two-fold standard reflected in

⁵⁴ Id. at 14:5-18, 26 (tbl.); Keyton Aff. ¶¶ 178-179.

⁵⁵ Hanser Response Aff. at 8:9-14.

⁵⁶ Id. at 9:6-10.

⁵⁷ Id. at 9:9-10; McKenzie Supp. Test. at 25:6-7. The 42-basis-point figure is the gap beneath American Electric Power, which Ex. No. PTO-205 reports in its own break column. The authority on which McKenzie relies turned on a gap "nearly twice as large" as the next largest. Constellation Mystic Power, LLC, 177 FERC ¶ 61,106, at P 14 (2021).

the authority on which McKenzie relies.⁵⁸ On PTO-200's stated relative standard, the high-end 12.57 percent result should have been removed before Fortis's 8.09 percent result.⁵⁹

PTO-200 then changes standards when defending retention of the high-end result. Rather than comparing the 93-basis-point Otter Tail gap to the other gaps in the Bloomberg distribution, McKenzie invokes an absolute benchmark, arguing that 93 basis points is smaller than the 130- and 147-basis-point breaks previously cited by the Commission.⁶⁰ But the same absolute standard would also preserve Fortis: its 111-basis-point DCF gap and 107-basis-point Value Line CAPM gap are both below those same 130- and 147-basis-point benchmarks.⁶¹

The result is asymmetrical. All three gaps—Fortis's 111- and 107-basis-point low-end gaps and Otter Tail's 93-basis-point high-end gap—fall below the absolute benchmarks. Yet the two low-end observations are excluded and the high-end observation is retained. Hanser states it plainly: “[a] relative standard governs at the low end, and an absolute standard governs at the high end, in the same document, and each is the standard that raises the result.”⁶²

That inconsistency is particularly significant because PTO-200 relies on the natural-break test to render its conceded omission of Fortis immaterial. PTO-200 itself characterizes the test as lacking financial or empirical support and as lacking an articulated methodological rationale from the Commission.⁶³ A discretionary test cannot cure the conceded error if it is applied according to an absolute standard at one tail and a relative standard at the other, depending on which treatment preserves the higher ROE.⁶⁴

⁵⁸ Hanser Response Aff. at 9:10-12.

⁵⁹ Id. at 9:12-13

⁶⁰ Id. at 9:15-18, 10:1.

⁶¹ Id. at 10:1-7, 10 (tbl.).

⁶² Id. at 10:7-9.

⁶³ Id. at 17:5-9.

⁶⁴ Id. at 17:9-12.

C. Value Line's Rounding Undermines the Precision of the Break Analysis

PTO-200's reliance on the natural-break test is further undermined by the limited precision of the Value Line betas on which its CAPM break analysis depends. Value Line reports betas only to the nearest 0.05, while Bloomberg reports them to the nearest 0.001.⁶⁵ That difference is material where PTO-200 attempts to draw significance from relatively small gaps between adjacent CAPM results.

The effect of Value Line's rounding is apparent in the proxy-group data themselves. Among the twenty-six companies for which Value Line reports a beta, only eight distinct beta values appear. Seven companies receive the identical 0.80 beta, and nine of the resulting gaps are zero.⁶⁶ Those apparent identities do not establish that the companies possess identical risk characteristics; they are instead artifacts of "the resolution of the input."⁶⁷

The magnitude of the problem is significant relative to the breaks PTO-200 seeks to measure. A Value Line beta reported as 0.80 can represent an underlying beta anywhere from 0.775 to 0.825. At McKenzie's 8.91 percent MRP, that rounding interval alone spans approximately 45 basis points of CAPM result.⁶⁸ Thus, differences that PTO-200 treats as evidence of economically meaningful "natural breaks" may instead reflect Value Line's reporting convention. As the Response Affidavit explains, the resulting break measurements can capture "the residue of a publication convention" rather than actual dispersion in investors' required returns.⁶⁹

⁶⁵ Id. at 27:7-10; Keyton Aff. ¶ 198.

⁶⁶ Hanser Response Aff. 10:12-15, 11:2-5, 10 (tbl.).

⁶⁷ Id. at 11:5-6.

⁶⁸ Id. at 11:8-10.

⁶⁹ Id. at 11:16-18.

That limitation is especially important where PTO-200 relies on comparatively small differences among adjacent observations to decide which results remain in the proxy distribution and which are discarded. A natural-break test presupposes that the observed gaps meaningfully reflect differences among the underlying estimates. Where the beta input itself is rounded in increments large enough to account for a substantial portion of those gaps, the asserted precision of the resulting break analysis is unwarranted. Bloomberg's three-decimal reporting avoids that problem and provides an additional reason not to place dispositive weight on breaks generated from the more coarsely reported Value Line series. Acadia Center does not contend that this point alone changes the arithmetic. Applying no break test at all to Exhibit No. PTO-204 moves that exhibit's midpoint by approximately 2 basis points. The point matters because Exhibit No. PTO-204 is the specification on which the recommended 11.39 percent rests, and because it supplies a further and independent reason to prefer the beta source that both Trial Staff and Hanser adopt.⁷⁰

D. McKenzie's Cross-Model Corroboration Theory Supports Retaining Fortis

McKenzie's new cross-model corroboration theory, applied evenhandedly, supports retaining Fortis rather than excluding it. Under that theory, once a potential break is identified in one model, the Commission should consider whether results from another accepted model corroborate the observation before concluding that it is economically irrational.⁷¹ The premise is reasonable because the DCF and CAPM are alternative estimates of the same unobservable quantity.⁷²

⁷⁰ Id. at 11:18-25.

⁷¹ Id. at 12:2-7; McKenzie Supp. Test. at 26-28.

⁷² Hanser Response Aff. at 12:7-10.

Applied to Fortis, that principle points decisively toward retention. Fortis is the lowest surviving observation in all three distributions: 8.09 percent in the two-step DCF, 9.50 percent in the Value Line CAPM, and 8.79 percent in the Bloomberg CAPM.⁷³ Its low-end result is therefore corroborated by every model the Commission accepts and, under McKenzie’s own reasoning, cannot properly be characterized as anomalous.⁷⁴ Indeed, “[n]o observation in this record is more thoroughly corroborated across models than the one [McKenzie] removes.”⁷⁵

PTO-200 nevertheless applies its corroboration principle in only one direction. It invokes cross-model evidence to preserve a high-end result but does not apply the same reasoning to Fortis’s low-end results, even though “the low-end result is the one for which the corroboration is complete.”⁷⁶ That asymmetric application cannot justify excluding Fortis.

Moreover, McKenzie’s claimed corroboration of the high-end result is itself dependent on the disputed 8.91 percent MRP. The five Value Line CAPM estimates invoked to corroborate the 12.55 percent DCF result each incorporate the 8.91 percent premium, and that premium is the term that carries those estimates above 12.55 percent.⁷⁷ Recomputed using the 4.0 percent forward-looking premium, none of the twenty-seven CAPM estimates exceeds 12.55 percent, and the highest falls to 8.77 percent.⁷⁸ As Hanser concludes, “[a] cross-model check whose result is set by the input in dispute cannot answer a question about that input; it restates it.”⁷⁹

⁷³ Id. at 12:12-14.

⁷⁴ Id. at 12:14-16.

⁷⁵ Id. at 12:16-17.

⁷⁶ Id. at 12:18-20.

⁷⁷ Id. at 12:23-26, 13:1.

⁷⁸ Id. at 13:1-3.

⁷⁹ Id. at 13:3-4.

E. The Fortis Breaks Are Products of Earlier Proxy-Group Exclusions

The apparent breaks beneath Fortis are not inherent features of the underlying distribution of investor-required returns. They arise because other companies or observations have already been removed or are absent before the natural-break test is applied.

The contrast among the three model distributions illustrates the point. In the Bloomberg CAPM, Hydro One and Fortis have effectively identical betas—0.43 and 0.42—and sit only 4 basis points apart at the bottom of the distribution. No low-end break therefore exists, and Fortis is retained.⁸⁰ In the Value Line CAPM, however, Value Line publishes no beta for Hydro One. Fortis therefore stands alone at the bottom of the distribution, producing a 107-basis-point gap.⁸¹ Had Value Line reported a Hydro One beta comparable to the 0.50 assigned to Fortis, Hydro One would have produced the same 9.50 percent result and no low-end break would exist.⁸² The same problem appears in the two-step DCF, where Hydro One and Otter Tail lack IBES growth rates and therefore drop out of the distribution altogether.⁸³

The result is that the existence of a low-end break depends on the coverage characteristics of the underlying commercial data services. Where the break is available, it is used and the higher result is preserved; where the break is unavailable, Fortis is retained and the result falls.⁸⁴ Thus, preservation of the 11.39 percent ROE “turns on a feature of two commercial data services, not on any feature of the cost of equity.”⁸⁵

⁸⁰ Id. at 13:11-13.

⁸¹ Id. at 13:14-16.

⁸² Id. at 13:16-19.

⁸³ Id. at 13:19-20.

⁸⁴ Id. at 13:21-22, 14:1.

⁸⁵ Id. at 14:1-2.

The two-step DCF provides an even clearer example because its 111-basis-point Fortis break is directly produced by the earlier exclusion of Eversource. Trial Staff's DCF includes Eversource; with Eversource present, Fortis at 8.04 percent sits only 25 basis points below Eversource at 8.29 percent, which is why Trial Staff declined to remove Fortis on a natural break.⁸⁶ The 111-basis-point gap in PTO-203 opens only because Eversource has been removed from between Exelon and Fortis.⁸⁷

Restoring Eversource materially changes the break analysis. Using the 9.03 percent Eversource result derived from PTO-107, the largest low-end gap falls to 94 basis points and its ratio to the 64-basis-point comparator falls to 1.47. Using Trial Staff's 8.29 percent result, the largest gap falls to 91 basis points and the ratio falls to 1.42.⁸⁸ On either derivation, the remaining gap falls below the weakest relative break McKenzie acts upon, below the roughly two-fold standard of the authority he cites, and below the 130- and 147-basis-point benchmarks invoked elsewhere in PTO-200.⁸⁹ Once Eversource is restored, therefore, "the break that removes Fortis fails each of the standards the supplemental testimony itself states."⁹⁰

The same phenomenon occurs at both ends of the DCF distribution. Excluding Edison International creates the 166-basis-point gap used to support exclusions at the top, while excluding Eversource creates the 111-basis-point gap used to remove Fortis at the bottom.⁹¹ In each instance, a discretionary proxy-group decision supplies the predicate for a second discretionary natural-break decision, and together those decisions preserve the 11.39 percent

⁸⁶ Id. at 14:5-8.

⁸⁷ Id. at 14:8-10.

⁸⁸ Id. at 14 (tbl.)

⁸⁹ Id. at 14:12-16.

⁹⁰ Id. at 14:16-17.

⁹¹ Id. at 15:4-6.

ROE.⁹² Neither gap is a feature of the distribution of investors' required returns; both are products of proxy-group composition decisions made before the natural-break test was applied.⁹³

V. PTO-200 DOES NOT CURE THE PROXY-GROUP AND COMPARABILITY DEFECTS IDENTIFIED IN ACADIA CENTER'S INITIAL BRIEF

A. Edison International

PTO-200 does not cure the defect created by the exclusion of Edison International.

PTO-200 argues that Edison's exclusion is immaterial because its two-step DCF result of 14.82 percent falls between the 13.96 percent and 15.62 percent high-end values that were themselves excluded under the natural-break analysis and therefore would not change the resulting composite range or point estimate.⁹⁴ That argument assumes the very natural-break result that must be demonstrated. The break test operates on the gaps between adjacent observations, not merely on the level of an individual observation. Restoring Edison at 14.82 percent therefore does more than insert another value between two observations already slated for exclusion; it eliminates the 166-basis-point Algonquin-to-Dominion gap on which the first high-end exclusion depends.⁹⁵

With Edison restored, the relevant gaps change materially. The gap from Algonquin at 15.62 percent to Edison at 14.82 percent is 80 basis points, and the gap from Edison to Dominion at 13.96 percent is 86 basis points—both below the 130-basis-point break acted upon in Opinion No. 594.⁹⁶ The only remaining high-end candidate is the 141-basis-point Dominion-to-Entergy gap. That surviving 141-basis-point gap has a ratio of only 1.6 to the next-largest upper-end gap,

⁹² Id. at 15:6-8.

⁹³ Id. at 15:8-10.

⁹⁴ Id. at 17:15-19.

⁹⁵ Id. at 17:21-23, 18:1-2.

⁹⁶ Id. at 18 (tbl.).

below the roughly two-fold standard McKenzie applies elsewhere and below the standard of the authority he cites.⁹⁷ Applying the natural-break test at that boundary would therefore retain both Algonquin and Edison among the high-end observations—the opposite of the result reached in PTO-200.⁹⁸

PTO-200's assertion that Edison's exclusion is immaterial thus rests on a circular premise. Edison's exclusion creates the 166-basis-point gap that the natural-break test is later invoked to address; once Edison is restored, that gap disappears.⁹⁹ As with Fortis and Eversource at the low end, one discretionary proxy-group judgment supplies the predicate for a second discretionary natural-break judgment. The defect is not cured by asserting that Edison's exclusion does not affect the final ROE; the exclusion itself changes the distribution to which the break test is applied.

B. Eversource Energy

PTO-200 does not cure the comparability defect created by excluding Eversource Energy from the proxy group.

PTO 200 relies on analyst commentary following the Connecticut Public Utilities Regulatory Authority's rejection of the Aquarion sale, including downgrades by Wells Fargo and Mizuho, a \$0.20 per-share dilution and \$500 million increase in equity needs estimated by Jefferies, and Value Line's observation that Eversource's shares traded down sharply.¹⁰⁰ The objection never was, however, that the event failed to affect Eversource's stock price. The record shows that Eversource fell from \$74.54 on November 18, 2025, to \$65.26 on November 19, a

⁹⁷ Id. at 18:6-10.

⁹⁸ Id. at 18:10-12.

⁹⁹ Id. at 17:23, 18:1-2.

¹⁰⁰ Id. at 18:21-23, 19:1-4.

one-day decline of 12.45 percent on unusually high volume.¹⁰¹ The relevant question is what that decline in price did to the DCF result.

On that point, PTO-200's rationale cuts in the wrong direction. Exhibit No. PTO-203 calculates dividend yield by dividing the indicated annual dividend by the average of each month's high and low stock price. A decline in price therefore increases the dividend yield and, in turn, increases the DCF result.¹⁰² The Aquarion decision thus moved Eversource's DCF result upward, not downward. Using McKenzie's own methodology and growth-rate input, Eversource derives to 9.03 percent after the event, compared with approximately 8.76 percent on the prices prevailing before the decision.¹⁰³ A screen defended as removing an upward distortion was therefore applied to an observation that had already pushed upward from an even lower value due to an exogenous event.¹⁰⁴

PTO-200 also fails to establish the kind of temporary distortion that would justify exclusion. Opinion No. 569 describes a distorted input as one that is not representative of longer-term investor expectations, such as a temporary stock-price movement caused by merger activity or an unsustainable growth projection.¹⁰⁵ The evidence PTO-200 relies upon, however describes a change in Eversource's underlying financial condition: approximately \$0.20 per share of dilution and \$500 million of additional equity need following the loss of a \$2.4 billion transaction.¹⁰⁶ Those are changes in enterprise fundamentals, not mere temporary market noise.

¹⁰¹ Id. at 19:7-10.

¹⁰² Id. at 19:12-14.

¹⁰³ Id. at 19:16-19.

¹⁰⁴ Id. at 19:19-21.

¹⁰⁵ Id. at 19:23-24, 20:1-2.

¹⁰⁶ Id. at 20:3-6.

The evidence PTO-200 assembles to justify Eversource's exclusion undermines, rather than supports, the asserted basis for removing it.¹⁰⁷

Trial Staff's evidence further weakens PTO-200's position. Trial Staff found that the Aquarion transaction was later approved on March 6, 2026, within the Commission's study period, and that Eversource's share price had fully recovered by February 2026.¹⁰⁸ Whatever distortion the November rejection caused had therefore reversed before the study period closed, leading Trial Staff to conclude that Eversource should not be removed.¹⁰⁹

The exclusion is also difficult to reconcile with the role Eversource plays in the very transmission system at issue in this proceeding. Trial Staff reports that Eversource owns transmission assets accounting for more than half of ISO-NE's forecast 2026 regional revenue requirement—58.5 percent in its workpapers.¹¹⁰ The company excluded from the proxy group is therefore the company whose transmission investments the base ROE at issue compensates.

Finally, PTO-200 does not even disclose what Eversource's excluded result would have been, although it discloses Edison International's excluded results to the basis point.¹¹¹ Hanser calculates Eversource at 9.03 percent using PTO-203's dividend-yield convention and PTO-107's growth rate, while Trial Staff independently derives 8.29 percent.¹¹² Both figures place Eversource well below the observations whose exclusion increases the resulting ROE. PTO-200 therefore does not cure the comparability problem identified in Acadia Center's Initial Brief; the supplemental record instead provides additional reasons to retain Eversource in the proxy group.

¹⁰⁷ Id. at 20:7-9.

¹⁰⁸ Id. at 29:4-6; Keyton Workpapers, IBES Gr. Rates 12 Months; WP-20 Panel C; WP-7b Section G.

¹⁰⁹ Keyton Aff. ¶ 68, ¶ 184.

¹¹⁰ Hanser Response Aff. at 29:11-14; Keyton Aff. ¶ 68 Attachment A at 2.

¹¹¹ Hanser Response Aff. at 20:15-20.

¹¹² Id. at 20:20-24; Keyton Aff. ¶ 95.

The supplemental record now resolves the source of that 74-basis-point difference, and it does so against PTO-200. Trial Staff's workpapers reproduce the Fidelity three-to-five-year earnings-growth forecast for each proxy company as retrieved on the last business day of each month. For Eversource the series stands at 5.90 percent in December 2025, January 2026 and February 2026, and falls to 3.80 percent in March 2026. The 3.80 percent figure Trial Staff used is therefore the figure in effect at the close of the study period. The 4.70 percent figure reported at Exhibit No. PTO-107 corresponds to no month in the twelve-month window. The same series explains, and confirms, the separate error Trial Staff identified in McKenzie's Entergy growth rate: McKenzie used 11.30 percent, which is precisely the February 2026 retrieval, rather than the 11.95 percent in effect when the study period closed. The Commission thus has before it one growth rate in the filing that is demonstrably stale and a second that cannot be traced to the series from which it purports to come, both of which raise the reported result. Hanser nonetheless carries the higher 9.03 percent derivation, because it rests on the applicant's own workpaper and because it understates the point it supports.

C. Algonquin Power & Utilities

PTO-200 resolves two of the objections previously raised concerning Algonquin Power & Utilities, but it does not cure the objection that matters to the resulting DCF analysis.

PTO-200 establishes that Algonquin may properly be considered a utility for proxy-group purposes: regulated utility services accounted for more than 98 percent of its 2025 revenues; Algonquin reports and pays dividends in U.S. dollars and is listed on the New York Stock Exchange; Zacks and Morningstar classify it as a utility; and Commission precedent does not require inclusion in a Value Line electric-utility group as a condition of proxy-group

eligibility.¹¹³ Hanser accordingly withdraws the objections based on Value Line classification and the absence of a Moody's rating.¹¹⁴ The third remaining issue is different: whether Algonquin's 13.0 percent long-term earnings-growth forecast is a reliable input for the DCF model. PTO-200 does not address that question.¹¹⁵ The record shows a company whose five-year total return is negative 61.3 percent, whose current ROE is 4.0 percent, and whose long-term EPS growth forecast is 13.0 percent.¹¹⁶ On those facts, the 13.0 percent forecast measures recovery from a depressed base rather than the sustainable growth rate of a comparable-risk regulated network utility.¹¹⁷ Yet the two-step DCF model treats that forecast as sustainable growth and gives it an 80 percent weight.¹¹⁸ The asymmetry with PTO-200's treatment of other companies remains: it defends the exclusion of Eversource and Edison on the ground that discrete, company-specific events distorted their market data, but it does not apply comparable scrutiny to Algonquin even though its market data are more distorted on the measures identified in the record.¹¹⁹ Establishing that Algonquin sells electricity therefore does not answer whether the 13.0 percent growth input is economically representative of sustainable investor expectations.¹²⁰

Nor does the Commission's earlier inclusion of Algonquin in Opinion No. 594 resolve the issue for this proceeding. That precedent establishes only that Algonquin may be considered;

¹¹³ Hanser Response Aff. at 21:3-9; McKenzie Supp. Test. 13:8-13, citing Opinion No. 594194 FERC ¶ 61,208, at P 704.

¹¹⁴ Hanser Response Aff. at 21:11-20.

¹¹⁵ Id. at 21: 2-6.

¹¹⁶ Id. at 22 (tbl.).

¹¹⁷ Id. at 22:11-15.

¹¹⁸ Id. at 22:13-15.

¹¹⁹ Id. at 22:19-24.

¹²⁰ Id. at 22:24, 23:1-2.

it does not entitle the company to inclusion regardless of what its financial data show in a later study period.¹²¹

PTO-200 therefore answers the threshold classification questions but leaves unresolved the central comparability defect identified in Acadia Center's Initial Brief: whether Algonquin's 13.0 percent growth forecast is a reliable measure of sustainable growth for purposes of the DCF model. On the record described in the Response Affidavit, it is not.

D. Relative Risk and the Level at Which Credit Is Measured

PTO-200 does not cure the comparability defect created by measuring credit risk at different levels of the corporate structure.

PTO-200 argues that the NETOs are of average risk relative to the proxy group and that the Commission's comparable-risk band should span one notch above and below the highest and lowest issuer ratings of the transmission owners.¹²² But Acadia Center's objection is not about whether the proxy group is average risk. It is about whether the ratings used to construct and apply the comparable-risk band measure the same thing.

They do not. The comparable-risk band is calibrated using issuer ratings of the PTOs, which are operating-company and transmission-company ratings, but then applied to consolidated ratings of the proxy-group companies, which are holding-company ratings.¹²³ Those measurements are taken at different levels of the corporate structure, and holding-company obligations are structurally subordinated to the obligations of regulated subsidiaries.¹²⁴ Whether

¹²¹ Id. at 23:5-7.

¹²² Id. at 23:16-18.

¹²³ Id. at 23:24-25, 24:1-2.

¹²⁴ Id. at 24:2-5.

the proxy-group ratings are examined by average or by range, the resulting band is therefore being applied to a different quantity from the one on which it was constructed.¹²⁵

Exhibit No. PTO-202 illustrates the mismatch. Its first page lists PTO ratings that are operating- or transmission-company ratings. Where a PTO lacks an issuer rating of its own, McKenzie expressly substitutes a parent-company rating—for example, the rating of NextEra Energy, Inc. for New Hampshire Transmission LLC and ENMAX Corp. for Versant Power.¹²⁶ The second page then applies the resulting band to consolidated holding-company ratings, and the exhibit’s own summary places the proxy group at Baa2 and BBB+, at or below the bottom notch of a band derived from PTO ratings of Baa1 or better.¹²⁷ Fifteen of the twenty-five Moody’s-rated proxy companies carry Baa2 ratings.¹²⁸ The inconsistency is therefore embedded in the construction of the comparison itself. PTO-200 expressly substitutes parent-company ratings for operating entities when necessary on the PTO side, yet it applies the resulting risk band to consolidated holding-company ratings on the proxy-group side without accounting for the change in corporate level.¹²⁹

Acadia Center does not contend that this mismatch, by itself, establishes a particular higher or lower cost of equity. The point is narrower: structural subordination concerns the priority of claims, not a direct measurement of the systematic risk of the underlying assets.¹³⁰ What the record does establish is that a screen calibrated on operating-company credit has been applied to holding-company credit, and PTO-200 draws no consequence from that change in

¹²⁵ Id. at 24:2-7.

¹²⁶ Id. at 24:9-14.

¹²⁷ Id. at 24:14-17.

¹²⁸ Id. at 24:17-18.

¹²⁹ Id. at 24:18-19.

¹³⁰ Id. at 24:23-24.

level.¹³¹ PTO-200 therefore does not cure the comparability defect identified in Acadia Center's Initial Brief.

VI. COMMISSION TRIAL STAFF INDEPENDENTLY CONFIRMS THE CENTRAL DEFECTS IN PTO AC'S ANALYSIS

A. Trial Staff's Independent ROE Falls Between 9.60 and 9.86 Percent

Commission Trial Staff's independent analysis materially undercuts the PTO AC's proposed 11.39 percent base ROE. Trial Staff performed its own ROE analysis using the Commission's six-month study period and reached a composite base ROE range of 9.60 percent to 9.86 percent.¹³² Trial Staff's result is the average of a two-step DCF midpoint of 9.98 percent and an average CAPM result ranging from 9.21 percent to 9.74 percent.¹³³

The comparison to the competing analyses is stark. McKenzie's Value Line specification produces a 10.88 percent DCF midpoint, an 11.90 percent CAPM midpoint, and an 11.39 percent composite ROE. By contrast, Trial Staff's analysis produces composites of 9.60 percent and 9.86 percent using Bloomberg betas, while Hanser's adopted analysis produces approximately 9.31 percent.¹³⁴ The 9.57 percent base ROE established in Opinion No. 594 also falls within or immediately adjacent to the range produced by those independent analyses.¹³⁵

Trial Staff's range brackets the 9.57 percent ROE established in Opinion No. 594, exceeding it by only 3 basis points at the low end and 29 basis points at the high end.¹³⁶ The PTO AC's proposed 11.39 percent ROE exceeds the top of Trial Staff's range by 153 basis points.¹³⁷

¹³¹ Id. at 24:24-26, 25:1-2

¹³² Id. at 25:16; Keyton Aff. ¶¶ 99, 167-169.

¹³³ Hanser Aff. at 25:16-18.

¹³⁴ Id. at 25-26 (tbl.); Keyton Aff. ¶¶ 99, 167-169; Ex. No. PTO-201; WP-1, WP-1b, WP-18 Panel A.

¹³⁵ Id.

¹³⁶ Hanser Response Aff. at 26:2-4.

¹³⁷ Id. at 26:4-5.

Hanser's adopted 9.31 percent result sits approximately 29 basis points below the bottom of Trial Staff's range.¹³⁸ The distance between Trial Staff and Hanser is therefore far smaller than the distance between either analysis and the PTO AC's 11.39 percent proposal.

Trial Staff's analysis is particularly significant because it was developed independently. The Keyton Affidavit and Hanser's initial affidavit were filed on the same day, so neither analysis could have been influenced by the other.¹³⁹ Yet both produce results clustered around the existing 9.57 percent ROE and well below 11.39 percent. That independent convergence provides substantial record evidence against the PTO AC's proposed 11.39 percent increase.

B. Trial Staff Independently Confirms Acadia's Principal Methodological Objections

Commission Trial Staff independently confirms many of the principal methodological objections raised by Acadia Center. The overlap is substantial. Trial Staff independently uses Bloomberg adjusted betas, includes Fortis and Eversource in the proxy group, removes Otter Tail from the CAPM under the natural-break test, questions Algonquin's 13.0 percent growth rate, and rejects the use of imputed parent-company ratings as representative of the PTOs' own risks.¹⁴⁰ These are not peripheral points; they correspond directly to several of the principal objections advanced by Acadia Center to McKenzie's application of the Opinion 594 Methodology.

On the beta source, Trial Staff adopts Bloomberg adjusted betas for essentially the same reasons identified by Acadia Center. It recognizes the mismatch between Value Line betas benchmarked to the NYSE Composite Index and a market return derived from the S&P 500,

¹³⁸ Id. at 26:7.

¹³⁹ Id. at 25:12-14.

¹⁴⁰ Id. at 26:11-13, 26 (tbl.).

notes Commission precedent using Bloomberg betas, and identifies the superior precision of Bloomberg's three-decimal reporting compared with Value Line's 0.05 increments.¹⁴¹ Trial Staff also relies on the principle that the market index used to derive beta should correspond to the market index used in the CAPM market-return calculation.¹⁴² Trial Staff also clarifies one point concerning Bloomberg betas: Bloomberg, like Value Line, applies the Blume adjustment, so that adjustment cannot support a preference for one beta source over the other. The case for Bloomberg instead rests on the correspondence between the beta index and the market-return index, together with Bloomberg's greater precision and ability to align the data to the study period.¹⁴³

Trial Staff likewise independently confirms Acadia Center's treatment of Fortis. It concludes that there is no support for Fortis's exclusion, noting that Fortis is classified as an electric utility by Value Line, has an S&P rating within the comparable-risk band, derives approximately 95 percent of its assets from transmission and distribution, owns FERC-regulated transmission, and was included by the Commission in the Opinion No. 594 proxy group.¹⁴⁴ Trial Staff separately considered whether Fortis should be removed under the natural-break test and declined to do so because Fortis clears the low-end threshold and sits only 25 basis points below the next observation in Trial Staff's distribution.¹⁴⁵

Trial Staff also independently concludes that Eversource should remain in the proxy group. It found that the Aquarion transaction was ultimately approved within the Commission's study period and that Eversource's stock-price decline had reversed before the study period

¹⁴¹ Id. at 27:2-5.

¹⁴² Id. at 27:11-13.

¹⁴³ Id. at 27:16-24, 28:1-3; Keyton Aff. ¶¶ 107-108.

¹⁴⁴ Hanser Response Aff. at 28:5-10.

¹⁴⁵ Id. at 28:13-19; Keyton Aff. ¶ 95.

closed.¹⁴⁶ Trial Staff therefore rejected the premise that the event created a continuing distortion warranting Eversource's exclusion.¹⁴⁷ Moreover, Trial Staff quantified Eversource's importance to the very transmission system at issue, finding that Eversource accounts for approximately 58.5 percent of ISO-NE's forecast 2026 regional transmission revenue requirement.¹⁴⁸

The significance of these points is not that Trial Staff adopts every aspect of Acadia Center's analysis. It does not. Rather, an independent Commission analysis reaches the same conclusion on a series of discretionary methodological choices that materially affect the PTO AC's proposed ROE. The resulting convergence substantially reinforces Acadia Center's contention that the PTO AC's 11.39 percent proposal is driven not by the Commission's methodology itself, but by particular discretionary inputs and screening decisions that the record does not support.

C. Trial Staff's MRP Evidence Confirms That 8.91 Percent Is an Outlier on This Record

Trial Staff's market-risk-premium evidence independently confirms that the 8.91 percent MRP used in PTO-200 is unusually high relative to the other estimates in this record. The MRP is also the principal point of difference between Trial Staff and Hanser: it accounts for essentially all of the approximately 29-basis-point difference between their respective ROE results.¹⁴⁹ Trial Staff does not rely on a single premium; it computes eight CAPM premiums and separately replicates the Commission's market-return construction over a thirty-year period.¹⁵⁰

¹⁴⁶ Hanser Response Aff. at 29:1-6; Keyton Aff. ¶¶ 65, 183-84; Attachment A at 4.

¹⁴⁷ Hanser Response Aff. at 29:6-10; Keyton Aff. ¶¶ 65, 183-184.

¹⁴⁸ Hanser Response Aff. at 29:11-14; Keyton Aff. ¶ 184; Attachment A at 2.

¹⁴⁹ Hanser Response Aff. at 35:3-4.

¹⁵⁰ Id. at 35:5-9; Keyton Aff. ¶¶ 134, 145-153, citing 189 FERC ¶ 61,036 at P 24 and Opinion No. 594, 194 FERC ¶ 61,208 at P 323.

Every alternative MRP reported in the Response Affidavit falls below McKenzie’s 8.91 percent figure. Trial Staff’s estimates range from 8.88 percent down to 6.10 percent, while its thirty-year replication of the Commission’s own construction produces 5.09 percent. The record also contains Professor Damodaran’s 4.23 percent implied ERP, Hanser’s 4.00 percent estimate, and J.P. Morgan’s implied 1.80 percent estimate.¹⁵¹ The median of the thirteen estimates collected in Hanser’s comparison is 6.50 percent.¹⁵²

Even the estimate closest to McKenzie’s—Trial Staff’s 8.88 percent IBES-based construction—is not one Trial Staff ultimately relies upon. Trial Staff identifies elevated short-term growth estimates for the largest index constituents as a reason not to rely on that result.¹⁵³ Thus, the only Trial Staff estimate approaching 8.91 percent is itself one that Trial Staff regards as affected by unusually high current growth assumptions.

Trial Staff’s 5.09 percent estimate is particularly probative because it replicates the Commission’s own market-return construction over thirty years, using Professor Damodaran’s published dividend and growth data.¹⁵⁴ That exercise produces a long-run average MRP of 5.09 percent, making PTO-200’s 8.91 percent figure 382 basis points higher.¹⁵⁵ Trial Staff likewise observes that the difference between its 8.88 percent current construction and Damodaran’s 4.23 percent implied premium “cannot be explained by using study periods that only differ by a few months.”¹⁵⁶

¹⁵¹ Hanser Response Aff. at 35 (tbl.), WP-18 Panel C; Aswath Damodaran, *Implied Equity Risk Premium by Month*, N.Y.U. Stern Sch. of Bus.; J.P. Morgan Asset Management, *2026 Long-Term Capital Market Assumptions: Time-Tested Projections to Build Stronger Portfolios* (2025).

¹⁵² Id.

¹⁵³ Id. at 36:4-7; Keyton Aff. ¶¶ 128–133, 148, 201.

¹⁵⁴ Hanser Response Aff. 36:8-13; Keyton Aff. ¶ 150, Attachment A at 94.

¹⁵⁵ Hanser Response Aff. 36:13-21.

¹⁵⁶ Id. at 36:21-23; Keyton Aff. ¶ 139.

The practical effect is substantial. Holding the Bloomberg betas, size adjustments, and two-step DCF midpoint constant and varying only the MRP produces a composite ROE of 9.31 percent at a 4.00 percent MRP, 9.64 percent at Trial Staff's 5.09 percent thirty-year estimate, 9.94 percent at 6.10 percent, 10.06 percent at 6.50 percent, 10.40 percent at 7.62 percent, and 10.78 percent at McKenzie's 8.91 percent.¹⁵⁷ At Trial Staff's replicated Commission construction, the resulting 9.64 percent composite lies within 4 basis points of the bottom of Trial Staff's independently derived ROE range.¹⁵⁸

Once the beta source is held constant, therefore, the market risk premium accounts for essentially all of the remaining distance between Hanser's 9.31 percent result and PTO-200's much higher result.¹⁵⁹ Trial Staff does not adopt Hanser's 4.00 percent MRP, but its independent evidence confirms both the direction and the magnitude of Acadia Center's objection: McKenzie's 8.91 percent sits at the extreme high end of the record and materially drives the PTO AC's proposed 11.39 percent base ROE.

D. The Remaining Differences Between Trial Staff and Hanser Do Not Support 11.39 Percent

The remaining differences between Trial Staff and Hanser do not provide support for PTO AC's proposed 11.39 percent base ROE. To the contrary, even where Trial Staff departs from Hanser's analysis, the resulting adjustments leave Trial Staff's independently derived ROE far below the proposal.

Two such differences are identified in the Response Affidavit. First, Trial Staff concludes that Edison International should be excluded under the objective credit-rating screen because

¹⁵⁷ Hanser Response Aff. at 37:3-6, 37 (tbl.), WP-18 Panel F.

¹⁵⁸ Id. at 37:11-12.

¹⁵⁹ Id. at 37:13-16.

Versant Power carries its own BBB+ S&P rating rather than the lower rating of its parent, Enmax Corporation. Correcting that rating raises the bottom of the PTO rating range and places Edison, rated BBB–, outside the comparable-risk band.¹⁶⁰ Hanser accepts that correction and does not contest Edison’s exclusion on that basis.¹⁶¹ That difference, however, does not validate the discretionary wildfire rationale PTO-200 actually relies upon, nor does it cure the inconsistency in applying that rationale to Edison and Eversource while retaining a company with more disturbed market data.¹⁶²

Second, Trial Staff would exclude Hydro One because it has no U.S. assets or FERC-regulated transmission, is not traded on a U.S. exchange, and reports in Canadian dollars.¹⁶³ Hanser does not object to that conclusion, but Hydro One’s exclusion does not disturb his adopted result because Fortis, not Hydro One, sets the lower endpoint of the corrected CAPM range.¹⁶⁴ Removing Hydro One from Trial Staff’s own analysis would raise Trial Staff’s composite range only from 9.60–9.86 percent to approximately 9.64–9.92 percent.¹⁶⁵ That adjustment moves Trial Staff modestly away from Hanser’s 9.31 percent result, but still leaves it well below the 11.39 percent proposed by the PTO AC.¹⁶⁶

Those residual disagreements are dwarfed by the areas of methodological agreement. Trial Staff independently reaches the same position as Hanser on the beta source, Fortis, Eversource, the high-end Bloomberg break, Algonquin’s growth rate, and the level at which PTO

¹⁶⁰ Id. at 42:4-12; Keyton Aff. ¶¶ 173–174, 181.

¹⁶¹ Hanser Response Aff. 42:12-21.

¹⁶² Id. at 43:7-10.

¹⁶³ Id. at 43:11-15; Keyton Aff. ¶¶ 180, 203–204.

¹⁶⁴ Hanser Response Aff. at 43:15-18.

¹⁶⁵ Id. at 43:20-22.

¹⁶⁶ Id. at 22-24.

credit should be measured.¹⁶⁷ On the principal remaining quantitative difference—the MRP—Trial Staff does not adopt Hanser’s 4.00 percent figure, but every one of its eight estimates remains below PTO AC’s 8.91 percent input, and its thirty-year replication of the Commission’s own construction averages 5.09 percent.¹⁶⁸

The conclusion is therefore unchanged. The three independent analyses in the record produce approximately 9.31 percent, 9.60–9.86 percent, and 9.11 percent.¹⁶⁹ Each sits within 50 basis points of the 9.57 percent ROE established in Opinion No. 594, while the PTO AC proposes 11.39 percent.¹⁷⁰ The remaining differences between Trial Staff and Hanser therefore do not support the proposed increase; they demonstrate only that reasonable independent analyses may differ modestly while still converging far below 11.39 percent.

VII. THE AFFIDAVIT OF DR. JONATHAN A. LESSER

Dr. Jonathan A. Lesser’s affidavit provides a third independent analysis of the record that reaches substantially the same conclusion as Acadia Center and Commission Trial Staff: the PTO AC’s proposed 11.39 percent base ROE is not supported by the record. Lesser’s affidavit was filed on August 28, 2026, the same day as Hanser’s initial affidavit, the Trial Staff affidavit, and PTO-200. None of those analyses therefore had the benefit of the others.¹⁷¹ Hanser identifies Lesser’s work for that reason—as an independent analysis that reaches the same conclusion on four disputed methodological issues.¹⁷²

¹⁶⁷ Id. at 44:1-6.

¹⁶⁸ Id. at 44:7-14.

¹⁶⁹ Id. at 44:15-16.

¹⁷⁰ Id. at 44:17-18.

¹⁷¹ Id. at 44:25-26, 45:1-2

¹⁷² Id. at 44:5:2-4

First, Lesser independently uses Bloomberg adjusted betas in his CAPM analysis. His reasoning parallels Hanser's: Value Line betas are benchmarked to the NYSE Composite Index even though the CAPM market return is derived from the S&P 500, while Commission precedent has subsequently relied on Bloomberg betas.¹⁷³

Second, Lesser includes Fortis in his proxy group and retains Fortis's 8.09 percent two-step DCF result after applying the natural-break test—the same observation PTO-200 removes on a 111-basis-point gap. *Id.* at 45:18–22.¹⁷⁴

Third, Lesser retains Eversource, although on a different ground from either Hanser or Trial Staff. Lesser concludes that the Aquarion transaction was insufficiently significant to distort Eversource's study-period inputs; Hanser focuses instead on the fact that the resulting price decline increased Eversource's dividend yield and therefore raised its DCF result, while Trial Staff concludes that the market effect had reversed before the study period closed. Thus, three independently developed analyses retain Eversource on three distinct grounds.¹⁷⁵

Fourth, Lesser excludes Otter Tail from the CAPM under the natural-break test by comparing its 124-basis-point separation with a next-largest gap of 41 basis points and an average gap of 10 basis points. Hanser observes that Lesser's 41-basis-point comparator is within one basis point of the 42-basis-point comparator PTO-200 itself reports.¹⁷⁶

The Lesser affidavit does not agree with Acadia Center on every proxy-group issue. Lesser excludes Edison International because of the uncertainty associated with the Eaton Fire litigation, whereas Hanser continues to maintain that restoring Edison eliminates the 166-basis-

¹⁷³ *Id.* at 45:12-17.

¹⁷⁴ *Id.* at 45:18-22.

¹⁷⁵ *Id.* at 45:23-25, 46:1-6

¹⁷⁶ *Id.* at 46:7-12.

point Algonquin-to-Dominion gap on which PTO-200's first high-end natural-break exclusion depends¹⁷⁷. But Lesser resolves the related comparability problem concerning Algonquin in the opposite direction from PTO-200: he excludes Algonquin altogether, concluding that its regulated electric-distribution business represents only roughly half of its regulated revenues and rate base and therefore does not satisfy the Opinion No. 594 preponderance standard.¹⁷⁸

Lesser's market-risk-premium analysis likewise reinforces the concern that McKenzie's 8.91 percent MRP is unusually high. Lesser replicates the Commission methodology and obtains 8.98 percent but expressly does not endorse that result. Instead, he compares the Commission-method figure with institutional estimates: Kroll's 5.00 percent recommended premium and Professor Damodaran's approximately 4.30 percent figure measured against the thirty-year Treasury yield¹⁷⁹. Hanser cautions that Lesser presses the methodological critique further than Acadia Center does; Lesser argues that the Commission's construction should itself be modified, while Hanser continues to apply the Opinion No. 594 framework as written.¹⁸⁰

Most importantly, Lesser's ultimate results are nowhere near 11.39 percent. Hanser reports that Lesser recommends a base ROE of 9.11 percent, with 9.19 percent, 9.33 percent, and 9.46 percent as alternatives depending on which methodological recommendations the Commission accepts, while also concluding that the existing 9.57 percent base ROE remains just and reasonable.¹⁸¹ Hanser does not rely on Lesser's point estimates as corroboration of his own 9.31 percent result because some of Lesser's methodological changes—such as returning to two-thirds/one-third DCF weighting, using medians rather than midpoints, and revising the MRP

¹⁷⁷ Id. at 46:15-19.

¹⁷⁸ Id. at 47:3-7.

¹⁷⁹ Id. at 47:10-21.

¹⁸⁰ Id. at 47:25-26, 48:1-5.

¹⁸¹ Id. at 48:7-10.

construction—go beyond the corrections he advances.¹⁸² The significance is narrower but substantial: a third independent analysis of this record produces a recommended base ROE below 9.57 percent and approximately 228 basis points below the PTO AC’s proposed 11.39 percent.¹⁸³

VIII. THE UPDATED CALCULATIONS DO NOT ALTER ACADIA CENTER’S CONCLUSION THAT THE SUPPORTED COMPOSITE ROE IS APPROXIMATELY 9.31 PERCENT

The updated calculations do not alter Acadia Center’s conclusion. Recomputing the analysis on the twenty-seven-company proxy group changes several subsidiary figures, but the adopted composite base ROE moves only 1 basis point—from approximately 9.32 percent to approximately 9.31 percent.¹⁸⁴

The restatement reflects the inclusion of Fortis and the resulting changes to the proxy-group statistics and CAPM endpoints. Among other things, the average Value Line beta falls from 0.78 to 0.77, the average Bloomberg beta from 0.60 to 0.59, the corrected CAPM midpoint from 7.77 percent to 7.75 percent, and the combined effect on the composite changes from negative 207 basis points to negative 208 basis points.¹⁸⁵ None of those revisions changes the basic result.

The most important numerical effect of adding Fortis is that Fortis, with a Bloomberg beta of 0.42, replaces Hydro One as the lower endpoint of the corrected CAPM range. The

¹⁸² Id. at 48-10-14.

¹⁸³ Id. at 48:14-17.

¹⁸⁴ Id. at 3:21-24, WP-17.

¹⁸⁵ Id. at 49 (tbl.), WP-17

corrected range therefore becomes 6.72 percent to 8.77 percent, with a midpoint of 7.75 percent, and the resulting composite becomes approximately 9.31 percent rather than 9.32 percent.¹⁸⁶

The updated calculations also confirm the magnitude of Acadia Center's principal corrections. Using the corrected inputs, the combined effect is 208 basis points with the Commission's size adjustment retained and 229 basis points with it removed, producing the 9.31 percent adopted result and a 9.10 percent alternative.¹⁸⁷

Other restatements likewise do not disturb the underlying analysis. The largest low-end gap in the two-step DCF changes from 303 basis points to 192 basis points because Fortis now lies between Pinnacle West and Exelon, but the 192-basis-point gap remains the single largest gap in the distribution and remains unaddressed under the natural-break test.¹⁸⁸ Eversource likewise becomes the second-lowest rather than the lowest observation in the proxy group, but its 9.03 percent result remains below the 9.20 percent reported lower endpoint, so the substance of the objection is unchanged.¹⁸⁹

The updated record therefore confirms rather than weakens Acadia Center's original conclusion. Once the analysis is recomputed on the corrected twenty-seven-company proxy group, the supported composite base ROE remains approximately 9.31 percent.

IX. CONCLUSION

The record now contains three independent analyses of the PTO AC's proposed ROE, developed without the benefit of one another, and they converge on the same fundamental conclusion: 11.39 percent is not supported. Hanser's corrected application of the Commission's

¹⁸⁶ Id. at 50:17-21.

¹⁸⁷ Id. at 51 (tbl.).

¹⁸⁸ Id. at 49 (tbl.).

¹⁸⁹ Id.

methodology produces a composite base ROE of approximately 9.31 percent. Commission Trial Staff, using its own data and its own analysis, produces a range of 9.60 to 9.86 percent.¹⁹⁰ The difference between Hanser and Trial Staff is modest—Hanser’s result is only 29 basis points below the bottom of Trial Staff’s range—while the PTO AC’s 11.39 percent proposal stands 153 basis points above the top of Trial Staff’s range and 208 basis points above Hanser’s adopted result.¹⁹¹

That convergence is especially significant because the analyses reach it through independent judgments on the disputed methodological issues. Trial Staff, like Hanser, uses Bloomberg betas; retains Fortis and Eversource in the proxy group; questions the reliability of Algonquin’s growth rate; and identifies the mismatch created by comparing operating-company credit ratings with holding-company ratings. On the high-end Otter Tail CAPM observation Trial Staff goes further than Hanser: Trial Staff removes it under the natural-break test, while Hanser identifies that adjustment and declines to adopt it, noting that adopting it would lower the composite by a further 14 basis points. Trial Staff does not adopt Hanser’s 4.0 percent MRP, but that difference does not aid the PTO AC: every one of Trial Staff’s eight MRP estimates is below 8.91 percent, and its thirty-year replication of the Commission’s own market-return construction produces 5.09 percent. The distance between Trial Staff and Hanser is therefore a disagreement at the margin. The distance between either of them and the PTO AC proposal is not. A third independent analysis, by Dr. Jonathan A. Lesser for the New England Consumer-Owned Systems, reached the same conclusions on the beta source, on the retention of Fortis and Eversource in the proxy group, and on the removal of the high-end Otter Tail observation under

¹⁹⁰ Id. at 52:24-28.

¹⁹¹ Id. at 26:4-5.

the natural-break test, and recommended a base ROE of 9.11 percent while concluding that the 9.57 percent established in Opinion No. 594 remains just and reasonable.¹⁹²

The same point appears in the zone-of-reasonableness analysis. After correcting only the MRP and beta source, while retaining the Commission's size adjustment and leaving McKenzie's two-step DCF otherwise undisturbed, Hanser derives a corrected composite zone of approximately 7.96 percent to 10.66 percent, with a midpoint of 9.31 percent. The 9.57 percent ROE established in Opinion No. 594 falls within that corrected zone; the PTO AC's 11.39 percent proposal does not.¹⁹³ It exceeds the corrected upper bound by approximately 73 basis points.¹⁹⁴ The apparent zone within which PTO AC seeks to place 11.39 percent is itself an output of the same disputed inputs that drive the proposed ROE upward. Correcting those inputs lowers not merely the midpoint, but the zone itself.

The updated calculations do not alter that conclusion. Recomputing the analysis on the twenty-seven-company proxy group changes Hanser's adopted composite by only 1 basis point, from approximately 9.32 percent to 9.31 percent, and produces a corrected CAPM midpoint of 7.75 percent.¹⁹⁵ Trial Staff's independent range remains 9.60 to 9.86 percent. Thus, after the supplemental testimony, the revised proxy group, the additional natural-break analysis, and Trial Staff's independent review, the record still contains no independent analysis that approaches 11.39 percent.

¹⁹² Affidavit of Jonathan A. Lesser, Ph.D., on Behalf of the New England Consumer-Owned Systems, Ex. No. NEC-005, Docket No. ER26-2389-000 (FERC Aug. 28, 2026) ("Lesser Aff.") ¶¶ 25, 27, 32, 37, 39, 43, 82-83. Dr. Lesser and Hanser do not agree throughout: Dr. Lesser excludes Edison International from his proxy group, as the PTO AC does. Hanser addresses that disagreement in Section IX of the Hanser Response Affidavit. Acadia Center does not rely on Dr. Lesser's recommendations regarding the weighting of growth rates in the two-step DCF, the use of medians in place of midpoints, or the revision of the Commission's market risk premium construction.

¹⁹³ Id. at 49 (tbl.).

¹⁹⁴ Id. at 51:15-17.

¹⁹⁵ Id. at 50:19-21.

That is ultimately dispositive under § 205: the PTO AC bears the burden of demonstrating that its proposed rate is just and reasonable.¹⁹⁶ It cannot satisfy that burden merely by showing that 11.39 percent can be generated from a particular selection of discretionary inputs. The relevant question is whether those inputs, and the resulting ROE, are supported by the record. Here, three independent analyses applying the Commission's methodology produce results clustered around the 9.57 percent ROE established in Opinion No. 594, while the PTO AC proposal lies materially above all three. The PTO AC would have the Commission move 182 basis points in a direction that no independent analysis on this record supports.¹⁹⁷

The three independent analyses of the PTO AC's proposed ROE corroborate the conclusion demanded by the record: that the PTO AC has failed to establish that the proposed 11.39 percent base ROE is just and reasonable and has thus not carried its § 205 burden.

For the reasons set forth above, Acadia Center respectfully requests that the Commission reject the PTO AC's proposed 11.39 percent base ROE for failure to carry its burden under Section 205. If rather than leaving the existing 9.57 percent base ROE in effect the Commission considers a new, successor base ROE, Acadia Center further respectfully requests that the Commission set that rate no higher than 9.31 percent.

Respectfully submitted,

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¹⁹⁶ See *supra* note 20.

¹⁹⁷ *Id.* at 44:19-20.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Somerville, Massachusetts, this 28th day of September, 2026.

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