

1 **Q. Coyne Evidence: Please confirm that in current testimony for FortisBC Energy**
2 **he places equal weight on Canadian and US evidence.**

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4 A. Confirmed. In the evidence Mr. Coyne filed in October 2015 on behalf of FortisBC
5 Energy, a natural gas distribution company, he placed equal weight on the results of the
6 proxy group of Canadian utilities and the U.S. gas distribution proxy group. Mr. Coyne
7 explains the rationale for this decision on pages 5-6 of his testimony for FortisBC Energy
8 as follows:
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10 *“The evidence indicates that a carefully selected group of U.S. proxy*
11 *companies is more like FEI than the Canadian proxy companies due to*
12 *their business profiles, but because of the importance of a Canadian*
13 *perspective, I have given them equal weight in my recommendation. The*
14 *U.S. proxy group is based on a careful screening of the universe of U.S.*
15 *companies to select those most comparable to FEI. That screening*
16 *process considers factors such as credit ratings, payment of dividends,*
17 *availability of growth rate estimates, and the extent to which the company*
18 *is engaged in regulated natural gas distribution operations. Importantly,*
19 *the credit ratings for the U.S. gas distribution proxy group are between*
20 *BBB+ and A+, similar to FEI’s rating of A3 from Moody’s (equivalent to*
21 *Standard and Poor’s A-). By choosing U.S. proxy group companies with*
22 *similar credit ratings to FEI, the proxy group is comprised of similar-risk*
23 *utilities with comparable business and financial risks, as indicated by*
24 *those credit ratings.”*

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26 Unlike in the case of Newfoundland Power where it was possible to screen for two
27 Canadian utilities to create a combined North American proxy group, this was not
28 possible for the gas utility, FortisBC.