

1 **Q. Coyne Evidence: Please explain in detail why Concentric witnesses would switch**
2 **between using averages (means) and medians and why they have been inconsistent**
3 **in their emphasis on US versus Canadian estimates over the last three years? If**
4 **there is no inconsistency please clarify.**

5
6 A. Mr. Coyne cannot speak for the methodology used by other cost of capital witnesses. Mr.
7 Coyne has been consistent in his reliance on mean results from the various financial
8 models used to estimate the cost of equity. Mr. Coyne has also consistently testified that
9 it is reasonable to establish the ROE recommendation for a Canadian electric or natural
10 gas utility based on the results for both Canadian and U.S. proxy groups. Mr. Coyne has
11 consistently observed that there are very few publicly traded utilities in Canada, making it
12 difficult to rely exclusively on a Canadian comparator group. Mr. Coyne has also
13 consistently indicated that it is possible to select a group of risk comparable U.S. utilities
14 to estimate the cost of equity for a Canadian electric or gas utility. Further, Mr. Coyne
15 has provided evidence that the business risk and the regulatory environment for utilities
16 in the U.S. is very similar to the business risk and regulatory environment faced by
17 utilities in Canada. Finally, in recent years, several utility holding companies in Canada
18 have acquired electric and gas operating utilities in the U.S., lending support to the notion
19 that an integrated North American proxy group is appropriate.