

1 **Q. Coyne Evidence: Mr. Coyne references the BCUC. Can he confirm that in their**
2 **2009 decision they made a downward adjustment of 0.50% -1.0% for estimates from**
3 **US regulated companies? Can Mr. Coyne explain why he did not reference this**
4 **statement or where in his evidence he has made a similar downward adjustment to**
5 **his US estimates?**

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7 A. Mr. Coyne confirms that in the 2009 BCUC decision for Terasen Gas (now FortisBC
8 Energy), the Commission Panel did make an adjustment to the DCF estimate for the U.S.
9 proxy group of 50 to 100 basis points.

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11 Since that decision was issued in 2009, Moody's issued a report in September 2013
12 discussing its evolving view of U.S. utility regulation. See page 26 of Appendix A for
13 quotes regarding Moody's more favorable view of the relative credit supportiveness of
14 the U.S. utility regulatory environment.

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16 In the response to CA-NP-083, Mr. Coyne explains why he believes that an adjustment is
17 not necessary in this proceeding because the U.S. electric utility proxy group is more
18 comparable to Newfoundland Power than the Canadian utility proxy group companies.
19 After the Moody's report was published in 2013, it became clear that rating agencies and
20 investors had come to the conclusion that utility regulation in Canada and the U.S. was
21 comparable, a view which Concentric had held for several years prior to the Moody's
22 report. For that reason, Mr. Coyne does not believe that a risk adjustment to the U.S.
23 results is necessary or warranted in this proceeding.

24
25 Furthermore, since that time, the BCUC has not repeated that adjustment, and in its 2013
26 generic cost of capital decision the BCUC made no explicit adjustment for U.S. data.¹

¹ BCUC, GCOC Stage 1, Decision dated May 10, 2013.