

1 **Q. Coyne Evidence – Appendix A: Capital Structure: On page 15, lines 21 to 24, it is**
2 **stated “The new electricity supply will be served by a new 1,100 kilometer transmission**
3 **line, which will cross eight different climactic zones to reach St. John’s, thereby**
4 **increasing potential weather-related risk to Newfoundland Power’s electricity supply”.**
5 **Please provide all documentation supporting the premise that the new electricity**
6 **supply will increase the weather related risk to Newfoundland Power’s electricity**
7 **supply.**

8
9 A. Mr. Coyne has been retained in this proceeding as an expert in the estimation of utilities’
10 cost of capital. Mr. Coyne is not an expert in transmission reliability or weather-related
11 risk of electricity supply.

12
13 Newfoundland Power’s evidence regarding the potential reliability consequences to the
14 Company and its customers associated with the uncertainty of power supply are
15 addressed in *Volume 1, Company Evidence, Section 4: Finance, Power Supply* at
16 page 4-27, line 9, *et. seq.*

17
18 Further Newfoundland Power evidence on the potential reliability consequences
19 associated with the Muskrat Falls project and Labrador-Island transmission link
20 (collectively, the “Muskrat Falls project”) is found in the response to Request for
21 Information PUB-NP-013. There it is indicated that the necessary studies to address
22 commissioning, start-up and integration of the Muskrat Falls project are incomplete and
23 that Hydro’s belief that reliability of supply will be improved is currently untested.

24
25 This evidence, which summarizes discussions Mr. Coyne has had with the Company, has
26 been relied upon by Mr. Coyne in assessing the impact of power supply risk on
27 Newfoundland Power’s overall business risk.

28
29 Mr. Coyne understands that matters related to the reliability of Newfoundland Power’s
30 power supply following commissioning of the Muskrat Falls project are currently being
31 studied by the Board as part of Phase II of its *Investigation and Hearing into the Supply*
32 *Issues and Power Outages on the Island Interconnected System*. This proceeding is not
33 yet complete. The results of the Board’s investigation into the reliability of power supply
34 following commissioning of the Muskrat Falls project, including its assessment of the
35 future reliability of power supply, are therefore currently uncertain.