	Page 1		Page 3
1	(9:05 a.m.)	1	A. Yeah.
2	CHAIRMAN:	2	JOHNSON, Q.C.:
3	Q. So there are some undertakings I understand	3	Q. That's confirmed just for the record at CA-
4	that have been entered into the record?	4	NP-159, okay? Now –
5	MS. GLYNN:	5	MR. COYNE:
6	Q. Absolutely. Newfoundland Power has	6	A. And that's why I took them out of the proxy
7	fulfilled the undertakings that were	7	group.
8	outstanding.	8	JOHNSON, Q.C.:
9	CHAIRMAN:	9	Q. Yes, okay.
10	Q. And so –	10	MR. COYNE:
11	KELLY, Q.C.:		A. Yeah.
12	Q. That's the last currently outstanding	12	JOHNSON, Q.C.:
12	undertakings, Mr. Chairman.	12	Q. Yes. Okay, so Mr. Coyne, just going back
13	CHAIRMAN:	13	just briefly to your HQTD (sic.) evidence,
14	Q. Okay. So Mr. Johnson, I guess we're back to	14	and we had some discussion of your Chart 4
15		16	and that's at CA-NP-154.
10	you. MR. JAMES COYNE (PREVIOUSLY SWORN) CROSS-EXAMINATION	10	MR. COYNE:
10	BY THOMAS JOHNSON, Q.C. CONT'D	17	
10		10	A. Once again, can I borrow the Board's version that has the attachment?
19	JOHNSON, Q.C.:	20	MS. GLYNN:
20	Q. Good morning, Commissions. Good morning,	$20 \\ 21$	
21	Mr. Coyne. MR. COYNE:	$21 \\ 22$	Q. 154. MR. COYNE:
22 23		22 23	
	A. Good morning.	23	A. Thank you. Yes. JOHNSON, Q.C.:
24 25	JOHNSON, Q.C.: Q. Mr. Coyne, I had been confused about the—one	24	Q. Okay. So we have it on the screen here now
25		25	· · ·
	Page 2		Page 4
	of the—that you had decided to rule out	$\begin{vmatrix} 1 \\ 2 \end{vmatrix}$	where you're showing the average earned
$\begin{vmatrix} 2 \\ 2 \end{vmatrix}$	Consolidated Edison. What—the company you	$\begin{vmatrix} 2 \\ 2 \end{vmatrix}$	versus authorized ROE, US proxy group,
3	decided to rule out of your proxy sample was	3	operating companies. So you're not talking
	Edison International, and do you recall the	4	about the companies that are actually in a
5	reason why you ruled out Edison	5	proxy group. You're talking about their
6	International which otherwise met your	6	subsidiary operating companies?
7	criteria for screening?		MR. COYNE:
8	MR. COYNE:	8	A. That's correct.
9	A. Yes, they had a troubled unregulated	9	JOHNSON, Q.C.:
10	business that caused their credit rating—	10	Q. And of course in this case we're comparing
11	well, it caused their financials to be	11	Newfoundland Power to proxy group companies,
12	challenged and I didn't feel they were	12	right? Not operating subs?
13	worthy, comparable to Newfoundland Power.	13	MR. COYNE:
14	JOHNSON, Q.C.:	14	A. We're doing it both ways. The capital
15	Q. Yes, the—one of their units went bankrupt	15	market information that I derive by
16	under Chapter 11.	16	necessity is for public traded companies.
17	MR. COYNE:	17	So that's at the proxy group level.
18	A. And unregulated.	18	JOHNSON, Q.C.:
19	JOHNSON, Q.C.:	19	Q. Yes, that's right.
20	Q. Yes.	20	MR. COYNE:
21	MR. COYNE:	21	A. But when I do my risk analysis, I do that at
22	A. So yes.	22	that operating companies so I made an
23	JOHNSON, Q.C.:	23	apples-to-apples comparison.
24	Q. That's just –	24	JOHNSON, Q.C.:
25	MR. COYNE: Discoveries Unlimite	25	Q. Okay. Now just to confirm on Chart 4 when c. (709)437-5028 Page 1 - Page 4

April 5, 2016

Page 1 - Page 4

2companies did compared to their authorized2Reports. We re3ROE, would you confirm that four of the3JOHNSON, Q.C.:4years shown on average they didn't meet4Q.Do you –5their allowed returns? That would be 2000,5MR. COYNE:6A SNL and othe7MR. COYNE:6A SNL and othe7relied upon in the8A.That appears so from the chart, yes.9JOHNSON, Q.C.:10Q.Yes. As a matthe10Q.Okay, and this chart similarly doesn't tell10Q.Yes. As a matthe11data last time to	Page 7 out I don't track the AUS ely on – er providers that are more the industry for this type of
2companies did compared to their authorized2Reports. We re3ROE, would you confirm that four of the3JOHNSON, Q.C.:4years shown on average they didn't meet4Q.Do you –5their allowed returns? That would be 2000,5MR. COYNE:662005, 2009, 2010. Is that right?6A SNL and othe7MR. COYNE:6A SNL and othe8A.That appears so from the chart, yes.9JOHNSON, Q.C.:9JOHNSON, Q.C.:9JOHNSON, Q.C.:1010Q.Okay, and this chart similarly doesn't tell10Q.Yes. As a matt11us anything about whether these individual11data last time to	ely on – er providers that are more
3ROE, would you confirm that four of the 43JOHNSON, Q.C.:4years shown on average they didn't meet 54Q.Do you -5their allowed returns? That would be 2000, 62005, 2009, 2010. Is that right?5MR. COYNE:62005, 2009, 2010. Is that right?6A SNL and othe7MR. COYNE:7relied upon in the 8A.9JOHNSON, Q.C.:9JOHNSON, Q.C.:1010Q.Okay, and this chart similarly doesn't tell 11us anything about whether these individual11	er providers that are more
4years shown on average they didn't meet4Q.Do you -5their allowed returns? That would be 2000,5MR. COYNE:62005, 2009, 2010. Is that right?6A SNL and othe7MR. COYNE:7relied upon in the8A.That appears so from the chart, yes.8data.9JOHNSON, Q.C.:9JOHNSON, Q.C.:10Q.Yes. As a matt11us anything about whether these individual11data last time to	-
5their allowed returns? That would be 2000, 65MR. COYNE:62005, 2009, 2010. Is that right?6A SNL and othe7MR. COYNE:7relied upon in the8A.That appears so from the chart, yes.8data.9JOHNSON, Q.C.:9JOHNSON, Q.C.:10Q.Yes. As a matt11us anything about whether these individual11data last time to	<u>^</u>
62005, 2009, 2010. Is that right?6A SNL and othe7MR. COYNE:7relied upon in the8A.That appears so from the chart, yes.8data.9JOHNSON, Q.C.:9JOHNSON, Q.C.:10Q.Okay, and this chart similarly doesn't tell10Q.11us anything about whether these individual11data last time to	-
7MR. COYNE:7relied upon in the8A.That appears so from the chart, yes.8data.9JOHNSON, Q.C.:9JOHNSON, Q.C.:10Q.Yes. As a matter10Q.Okay, and this chart similarly doesn't tell10Q.Yes. As a matter11us anything about whether these individual11data last time to	-
8A.That appears so from the chart, yes.8data.9JOHNSON, Q.C.:9JOHNSON, Q.C.:910Q.Okay, and this chart similarly doesn't tell10Q.Yes. As a matt11us anything about whether these individual11data last time to	the industry for this type of
8A.That appears so from the chart, yes.8data.9JOHNSON, Q.C.:9JOHNSON, Q.C.:910Q.Okay, and this chart similarly doesn't tell10Q.Yes. As a matt11us anything about whether these individual11data last time to	
9JOHNSON, Q.C.:9JOHNSON, Q.C.:10Q.Okay, and this chart similarly doesn't tell10Q.Yes. As a matt11us anything about whether these individual11data last time to	
10Q.Okay, and this chart similarly doesn't tell10Q.Yes. As a math11us anything about whether these individual11data last time to	
11 us anything about whether these individual 11 data last time to	ter of fact I tried to put SNL
	o Newfoundland Power's cost
TIZ ODEIAUNY UNITIES CAINED INC ANOWED I 1/2 OF CADITAL WITH	ess and they didn't know if
	nt on SNL data. Are you
14 expresses an average? 14 familiar with th	÷
15 MR. COYNE: 15 MR. COYNE:	lat:
	ss did not know?
	ss and not know?
17 JOHNSON, Q.C.: 17 JOHNSON, Q.C.:	
18 Q. Yes. 18 Q. Yes.	
19 MR. COYNE: 19 MR. COYNE:	
	her odd because it's owned by
	and they're subsidiary plants.
	gest provider of the state in
23 return was over this period of time, this 23 the industry.	
24 ten-year period from 2000 to 2011, correct? 24 JOHNSON, Q.C.:	
25 MR. COYNE: 25 Q. Okay, very goo	od. So anyway, AUS Utility
Page 6	Page 8
, i i i i i i i i i i i i i i i i i i i	rstand that you write a paper
	paper that went to
	orts? That's under the
4 cross-examination purposes the January copy 4 auspice of AUS,	
5 of the AUS Utility Reports. 5 MR. COYNE:	, 1511 t ft:
	o owed Public Utilities
	o owed Fublic Otilities
7 A. Yes. 7 Fortnightly.	
8 JOHNSON, Q.C.:	
	'll come to that in a moment,
10 cross aid. It's item number 5 in my letter 10 too. So –	
11to Ms. Blundon of April 1st, 2016.11MR. COYNE:	
	ng is that they're owned by an
	n, but that's the last
14Number 19.14understanding th	hat I had.
15 JOHNSON, Q.C.: 15 JOHNSON, Q.C.:	
16 Q. Thank you. 16 Q. Okay. So essent	tially, Mr. Coyne, maybe if—I
	y the time I got out of there
	t late yesterday, but I
	brief document about the
	f Ms. Pauline M. Ahern, the
	ipal of AUS Consultants.
22 MR. COYNE: 22 MR. COYNE:	T
23A.I have not. I believe that Dr. Booth23A.Yes.	

Apri	11 5, 2016				NL Power GRA 2016
		Page 9			Page 11
1	MR. COYNE		1		attorneys, and they've been continuously
2	А.	I saw it, you did.	2		provided financial statistics on the utility
3	JOHNSON, Q		3		industry since 1930." You weren't aware of
4	Q.	And with the Board's indulgence I think it	4		that, were you?
5	Č.	went over four o'clock. By the time we got	5	MR. COYNE:	, <u>,</u>
6		out of here it was a little late. I don't	6	А.	I was not.
7		know if Newfoundland Power raised its	7	JOHNSON, Q	С.
8		objection to me asking about that document.	8	Q.	Okay.
9	KELLY, Q.C.		9	MR. COYNE:	
10	Q.	I'm not sure where it's going, Mr. Chairman,	10	A.	No.
11	ν.	but I don't take any objection, at least at	11	JOHNSON, Q	
12		this point.	12	Q.	So that's news to you?
12	JOHNSON, Q	*	12	MR. COYNE:	So that s news to you?
14	Q.	Yes, okay. Thank you. Let's look—Ms.	14	A.	Yes, they're not-as I said, they're not
15	Q.	Ahern, she apparently is the CRRA of AUS	15	л.	widely used for those that do the work that
15		Consultants, and I just want to return to	16		we do because we subscribe to databases that
17		the second page of this document, Mr. Coyne.	17		we can access electronically in full.
18	MR. COYNE		17	JOHNSON, Q	2
10	A.	Yes.	10		
$\begin{vmatrix} 19 \\ 20 \end{vmatrix}$	A. JOHNSON, Q		20	Q.	Yes, but now you've been only preparing cost
$\begin{vmatrix} 20 \\ 21 \end{vmatrix}$	-	~	20	MR. COYNE:	of capital for what, seven years?
$\begin{vmatrix} 21 \\ 22 \end{vmatrix}$	Q. MR. COYNE	All right. See the third paragraph down?	21 22		A a way and top ways but it's
				A.	As we said, ten years, but it's –
23	A.	I do.	23	JOHNSON, Q	
24	JOHNSON, Q	~	24	Q.	2007?
25	Q.	She, by the way, is the managing principal	25	MR. COYNE:	
		Page 10			Page 12
1		of AUS, responsible for managing the	1	A.	Yes, but I'm part of a team of people that
2		consulting practice, et cetera, and -	2		do this work in my firm and we rely on a lot
3	MR. COYNE		3		of data, but we don't rely on AUS and I'm
4	А.	Well if I might add, she's no longer with	4		not aware of other consultants that I work
5		the company.	5		with that do, but –
6	JOHNSON, Ç	•	6	JOHNSON, Q	
7	Q.	Okay, very good. Now as you see, we're-we	7	Q.	Okay. Well let's just for a moment see –
8		see where she's describing as the publisher	8	MS. GLYNN:	
9		of AUS Utility Reports formally CA Turner	9	Q.	Mr. Johnson, before you move from that
10		Utility Reports? Have you ever heard of CA	10		document, my apologies, we don't have the
11		Turner Utility Reports?	11		paper copies. So we will distribute that at
12	MR. COYNE		12		the break.
13	A.	I have not.	13	JOHNSON, Q	
14	JOHNSON, Q	•	14	Q.	Yes. I'll have -
15	Q.	Okay. Ms. Ahern is responsible for the	15	MS. GLYNN:	
16		production, publishing and distribution of	16	Q.	And we will enter that as Information Number
17		the reports. "AUS Utility Reports provides	17		20.
18		financial data and related ratios for about	18	JOHNSON, Q	.C.:
19		80 public utilities, i.e. electric,	19	Q.	Pardon me. Sorry about that.
20		combination of gas and electric, natural gas	20	MS. GLYNN:	
21		transmission, telephone, water utilities on	21	Q.	Okay.
22		a monthly, quarterly and annual basis.	22	JOHNSON, Q	.C.:
23		Among the subscribers of AUS are utilities,	23	Q.	Yes. Well, let's just look at what these
1		many state regulatory commissions, federal	24		people say, and perhaps you could find in
24					
24 25		agencies, individuals, brokerage firms,	25		your material that you find authoritative

Apri	il 5, 2016		NL Power GRA 2016
	Page 13		Page 15
1	whether you'd agree or can find something to	1	JOHNSON, Q.C.:
2	contradict it.	2	Q. Okay. And likewise it just—if you look at
3	MR. COYNE:	3	Great Plains –
4	A. Yeah.	4	MR. COYNE:
5	JOHNSON, Q.C.:	5	A. Yeah, yeah.
6	Q. So if we look at the AUS Monthly Report that	t 6	JOHNSON, Q.C.:
7	was-that we've been provided through Dr.	7	Q which is the company number 7—Samantha, if
8	Booth, we see here that there—we're going	8	you just go—so Great Plains, company number
9	back to the other cross aid there, Samantha.	9	7, if you just come across the line to
10	Okay. Can that be made a little bit bigger?	10	those—just go back over across the screen
11	MS. PIERCEY:	11	again. It's showing an allowed return of
12	Q. Is there a certain section you have there?	12	9.57 but the return that's reported at
13	JOHNSON, Q.C.:	13	column 21 is 5.7 percent. And OGE if you
14	Q. Yes, just come over a little bit further so	14	just—is item number 11, OGE Energy. Again
15	we can see the names of these companies.	15	go across. This one is a little bit better,
16	Okay. So for the time being, Mr. Coyne,	16	9.98 is the allowed versus 9.1. If you
17	you'll see that we're going to ignore Duke	17	could go a couple of lines down to Pinnacle,
18	and Eversource because AUS lists them as	18	number 13, allowed 11, earned 8.8. And then
19	combination gas and electric, but you were	19	go down to the-number 18, Samantha, if you
20	mainly looking electric companies, right?	20	could to Westar. Right. So Westar is 10.20
21	MR. COYNE:	21	versus 8.5. And finally if you go down to
22	A. Yes, I was.	22	the table below which are the combination of
23	JOHNSON, Q.C.:	23	electric and gas, we pick up Duke as company
24	Q. Okay.	24	number 11. If you could, just go back
25	MR. COYNE:	25	across the screen. Yes, so their allowed
	Page 14		Page 16
1	A. Yeah.	1	ROE is 10.17 and the earned on common equity
2	JOHNSON, Q.C.:	2	is 6 percent. And finally, number 14,
3	Q. Now so if we look at number 1, ALLETE,	3	Eversource. Number 14, come across, 9.32
4	traded on the New York Stock Exchange. It'	s 4	and earned was 9.1. Now can you confirm,
5	number—company number 1.	5	Mr. Coyne, that as appears evident to us at
6	MR. COYNE:	6	least, that not one of the solely electric
7	A. Right.	7	companies as defined by AUS and included in
8	(9:15 a.m.)	8	your sample actually earned their allowed
9	JOHNSON, Q.C.:	9	ROE in 2015?
10	Q. Do you see what their allowed—the allowed	10	MR. COYNE:
11	return was from 2013, of 10.64? That's	11	A. No.
12	right across. Right across the—that's	12	JOHNSON, Q.C.:
13	column number 24.	13	Q. Okay.
14	MR. COYNE:	14	MR. COYNE:
15	A. Right.	15	A. Let me tell you why if I might.
16	JOHNSON, Q.C.:	16	JOHNSON, Q.C.:
17	Q. Could you just come over a little bit	17	Q. Okay.
18	further, Samantha? Okay, so you see their	18	MR. COYNE:
19	allowed was 10.64 and the return that's	19	A. So you've given us one page from this
20	being shown according to this document is or		report, and there are footnotes associated
21	common equity, is 9.3 percent, in column 21.	21	with it.
22	KELLY, Q.C.:	22	JOHNSON, Q.C.:
23	Q. Is there –	23	Q. Okay.
24	MR. COYNE:	24	MR. COYNE:
25	A. I do see that.	25	A. So I want to take a look at what the data

	11 5, 2010		NE TOWCI OKA 2010
	Page 17		Page 19
1	was. So if one looks at-we don't subscrib	e 1	periods." So A, they're looking at holding
2	to this report, but I asked one of my	2	company returns, holding company balance
3	annalists last night if they'd go dig us out	3	sheets pertaining to an average across-
4	one and we have one that was provided in	4	jurisdictions of allowed ROEs. They may be
5	another proceeding. So I have the Novemb		for different time periods. So they're
6	version of it, November 2015, where I could		comparing apples to persimmons. I mean
7	find the footnotes. So a few important	7	these—this is not a reliable way to look at
8	issues. You're looking at the percent	8	whether or not a regulated utility has
9	return on book value common equity.	9	earned its allowed ROE. You can't take—you
10	JOHNSON, Q.C.:	10	can't divide the book income at the holding
11	Q. Yes.	10	company level by the book value of its
11	MR. COYNE:	11	equity at the holding company level and make
		12	a determination as to what that means for
13	A. To make that determination, right, when		
14	you're looking at the earned ROE?	14	the regulated utility. Let me make—let me
15	JOHNSON, Q.C.:	15	give you a case in point. If you look the
16	Q. Right.	16	sheet you have on the screen, it shows PP&L
17	MR. COYNE:	17	with a common equity ratio of 34.1 percent.
18	A. Okay, so this is what they say, "Income	18	So that would be—do you see that?
19	available for common equity divided by the		JOHNSON, Q.C.:
20	average common equity multiplied by 100.	20	Q. What column?
21	Average common equity based on the most		MR. COYNE:
22	recent beginning and ending, moving 12-me		A. That would be "Common Equity Ratio," number
23	period available." This is at the holding	23	3. That's your column 20. And do you see
24	company level, right?	24	the number 34.1 percent under the common
25	JOHNSON, Q.C.:	25	equity ratio?
	Page 18		Page 20
1	Page 18 Q. Right.	1	Page 20 JOHNSON, Q.C.:
1 2	-	1 2	-
	Q. Right.		JOHNSON, Q.C.:
2	Q. Right. MR. COYNE:	2	JOHNSON, Q.C.: Q. Yes.
23	Q. Right. MR. COYNE: A. The holding company level. JOHNSON, Q.C.:	23	JOHNSON, Q.C.: Q. Yes. MR. COYNE:
2 3 4	Q. Right. MR. COYNE: A. The holding company level.	2 3 4	JOHNSON, Q.C.: Q. Yes. MR. COYNE: A. Okay, PP&L, the regulated utility, has a
2 3 4 5 6	Q. Right. MR. COYNE: A. The holding company level. JOHNSON, Q.C.: Q. Right. MR. COYNE:	2 3 4 5 6	JOHNSON, Q.C.: Q. Yes. MR. COYNE: A. Okay, PP&L, the regulated utility, has a common equity ratio of 52 percent, not 34.1 percent.
2 3 4 5 6 7	Q. Right. MR. COYNE: A. The holding company level. JOHNSON, Q.C.: Q. Right. MR. COYNE: A. Let's go on. "On allowed ROE that is the	2 3 4 5 6 7	JOHNSON, Q.C.: Q. Yes. MR. COYNE: A. Okay, PP&L, the regulated utility, has a common equity ratio of 52 percent, not 34.1 percent. JOHNSON, Q.C.:
2 3 4 5 6 7 8	Q. Right. MR. COYNE: A. The holding company level. JOHNSON, Q.C.: Q. Right. MR. COYNE: A. Let's go on. "On allowed ROE that is the most recent report, state level allowed ROE	2 3 4 5 6 7 DE 8	JOHNSON, Q.C.: Q. Yes. MR. COYNE: A. Okay, PP&L, the regulated utility, has a common equity ratio of 52 percent, not 34.1 percent. JOHNSON, Q.C.: Q. So the holding company is at 34 percent?
2 3 4 5 6 7 8 9	Q. Right. MR. COYNE: A. The holding company level. JOHNSON, Q.C.: Q. Right. MR. COYNE: A. Let's go on. "On allowed ROE that is the most recent report, state level allowed ROE rate of return on common equity ROE for	2 3 4 5 6 7 DE 8 9	JOHNSON, Q.C.: Q. Yes. MR. COYNE: A. Okay, PP&L, the regulated utility, has a common equity ratio of 52 percent, not 34.1 percent. JOHNSON, Q.C.: Q. So the holding company is at 34 percent? MR. COYNE:
2 3 4 5 6 7 8 9 10	Q. Right. MR. COYNE: A. A. The holding company level. JOHNSON, Q.C.: Q. Right. Right. MR. COYNE: A. Let's go on. "On allowed ROE that is the most recent report, state level allowed ROE for rate of return on common equity ROE for companies operating in multiple	2 3 4 5 6 7 0E 8 9 10	JOHNSON, Q.C.: Q. Yes. MR. COYNE: A. Okay, PP&L, the regulated utility, has a common equity ratio of 52 percent, not 34.1 percent. JOHNSON, Q.C.: Q. So the holding company is at 34 percent? MR. COYNE: A. It's a holding company number.
2 3 4 5 6 7 8 9 10 11	Q.Right.MR. COYNE:A.The holding company level.JOHNSON, Q.C.:Q.Right.MR. COYNE:A.Let's go on. "On allowed ROE that is the most recent report, state level allowed ROE rate of return on common equity ROE for companies operating in multiple jurisdictions," which most of these do, "a	2 3 4 5 6 7 DE 8 9 10 re 11	JOHNSON, Q.C.: Q. Yes. MR. COYNE: A. Okay, PP&L, the regulated utility, has a common equity ratio of 52 percent, not 34.1 percent. JOHNSON, Q.C.: Q. So the holding company is at 34 percent? MR. COYNE: A. It's a holding company number. JOHNSON, Q.C.:
2 3 4 5 6 7 8 9 10 11 12	Q.Right.MR. COYNE:.A.The holding company level.JOHNSON, Q.C.:.Q.Right.MR. COYNE:.A.Let's go on. "On allowed ROE that is the most recent report, state level allowed ROE for rate of return on common equity ROE for companies operating in multiple jurisdictions," which most of these do, "a averages. Various companies are received	2 3 4 5 6 7 0E 8 9 10 re 11 d in 12	JOHNSON, Q.C.: Q. Yes. MR. COYNE: A. Okay, PP&L, the regulated utility, has a common equity ratio of 52 percent, not 34.1 percent. JOHNSON, Q.C.: Q. So the holding company is at 34 percent? MR. COYNE: A. It's a holding company number. JOHNSON, Q.C.: Q. Right.
2 3 4 5 6 7 8 9 10 11 12 13	Q.Right.MR. COYNE:A.The holding company level.JOHNSON, Q.C.:Q.Right.MR. COYNE:A.Let's go on. "On allowed ROE that is the most recent report, state level allowed RO rate of return on common equity ROE for companies operating in multiple jurisdictions," which most of these do, "a averages. Various companies are receive centre (phonetic) based ROE authorization	2 3 4 5 6 7 DE 8 9 10 re 11 d in 12 n 13	JOHNSON, Q.C.: Q. Yes. MR. COYNE: A. Okay, PP&L, the regulated utility, has a common equity ratio of 52 percent, not 34.1 percent. JOHNSON, Q.C.: Q. So the holding company is at 34 percent? MR. COYNE: A. It's a holding company number. JOHNSON, Q.C.: Q. Right. MR. COYNE:
2 3 4 5 6 7 8 9 10 11 12 13 14	 Q. Right. MR. COYNE: A. The holding company level. JOHNSON, Q.C.: Q. Right. MR. COYNE: A. Let's go on. "On allowed ROE that is the most recent report, state level allowed ROE for companies operating in multiple jurisdictions," which most of these do, "a averages. Various companies are receive centre (phonetic) based ROE authorizatio that are reported in this report. The date 	2 3 4 5 6 7 DE 8 9 10 re 11 11 d in 12 n 13 14	JOHNSON, Q.C.: Q. Yes. MR. COYNE: A. Okay, PP&L, the regulated utility, has a common equity ratio of 52 percent, not 34.1 percent. JOHNSON, Q.C.: Q. So the holding company is at 34 percent? MR. COYNE: A. It's a holding company number. JOHNSON, Q.C.: Q. Right. MR. COYNE: A. So the –
2 3 4 5 6 7 8 9 10 11 12 13 14 15	 Q. Right. MR. COYNE: A. The holding company level. JOHNSON, Q.C.: Q. Right. MR. COYNE: A. Let's go on. "On allowed ROE that is the most recent report, state level allowed ROE for companies operating in multiple jurisdictions," which most of these do, "a averages. Various companies are receive centre (phonetic) based ROE authorization that are reported in this report. The date of the commission order authorizing reported in this report. 	2 3 4 5 6 7 DE 8 9 10 re 11 d in 12 n 13 14 rted 15	JOHNSON, Q.C.: Q. Yes. MR. COYNE: A. Okay, PP&L, the regulated utility, has a common equity ratio of 52 percent, not 34.1 percent. JOHNSON, Q.C.: Q. So the holding company is at 34 percent? MR. COYNE: A. It's a holding company number. JOHNSON, Q.C.: Q. Right. MR. COYNE: A. So the – JOHNSON, Q.C.:
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	 Q. Right. MR. COYNE: A. The holding company level. JOHNSON, Q.C.: Q. Right. MR. COYNE: A. Let's go on. "On allowed ROE that is the most recent report, state level allowed ROE for companies operating in multiple jurisdictions," which most of these do, "a averages. Various companies are receive centre (phonetic) based ROE authorization that are reported in this report. The date of the commission order authorizing report. 	2 3 4 5 6 7 DE 8 9 10 re 11 d in 12 n 13 14 rted 15 e 16	JOHNSON, Q.C.: Q. Yes. MR. COYNE: A. Okay, PP&L, the regulated utility, has a common equity ratio of 52 percent, not 34.1 percent. JOHNSON, Q.C.: Q. So the holding company is at 34 percent? MR. COYNE: A. It's a holding company number. JOHNSON, Q.C.: Q. Right. MR. COYNE: A. So the – JOHNSON, Q.C.: Q. But just let me understand something now,
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	 Q. Right. MR. COYNE: A. The holding company level. JOHNSON, Q.C.: Q. Right. MR. COYNE: A. Let's go on. "On allowed ROE that is the most recent report, state level allowed ROE for companies operating in multiple jurisdictions," which most of these do, "a averages. Various companies are receive centre (phonetic) based ROE authorization that are reported in this report. The date of the commission order authorizing report ROEs for companies operating in multiple jurisdictions, no date is given because the 	2 3 4 5 6 7 DE 8 9 10 re 11 d in 12 n 13 14 rted 15 e 16 5 7 7 9 10 7 11 12 13 14 15 15 16 16 17	JOHNSON, Q.C.: Q. Yes. MR. COYNE: A. Okay, PP&L, the regulated utility, has a common equity ratio of 52 percent, not 34.1 percent. JOHNSON, Q.C.: Q. So the holding company is at 34 percent? MR. COYNE: A. It's a holding company number. JOHNSON, Q.C.: Q. Right. MR. COYNE: A. So the – JOHNSON, Q.C.: Q. But just let me understand something now, Mr. Coyne. Aren't you in fact comparing
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	 Q. Right. MR. COYNE: A. The holding company level. JOHNSON, Q.C.: Q. Right. MR. COYNE: A. Let's go on. "On allowed ROE that is the most recent report, state level allowed ROE for companies operating in multiple jurisdictions," which most of these do, "a averages. Various companies are receive centre (phonetic) based ROE authorization that are reported in this report. The date of the commission order authorizing reported ROEs for companies operating in multiple jurisdictions, no date is given because the reported ROE is an average derived from 	2 3 4 5 6 7 DE 8 9 10 re 11 d in 12 n 13 14 rted 15 e 16 17 18	JOHNSON, Q.C.: Q. Yes. MR. COYNE: A. Okay, PP&L, the regulated utility, has a common equity ratio of 52 percent, not 34.1 percent. JOHNSON, Q.C.: Q. So the holding company is at 34 percent? MR. COYNE: A. It's a holding company number. JOHNSON, Q.C.: Q. Right. MR. COYNE: A. So the – JOHNSON, Q.C.: Q. But just let me understand something now, Mr. Coyne. Aren't you in fact comparing Newfoundland—when you do your DCF analysis
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	 Q. Right. MR. COYNE: A. The holding company level. JOHNSON, Q.C.: Q. Right. MR. COYNE: A. Let's go on. "On allowed ROE that is the most recent report, state level allowed ROE for companies operating in multiple jurisdictions," which most of these do, "a averages. Various companies are receive centre (phonetic) based ROE authorization that are reported in this report. The date of the commission order authorizing reported ROE for companies operating in multiple jurisdictions, no date is given because the reported ROE is an average derived from multiple commission orders issued at 	2 3 4 5 6 7 DE 8 9 10 re 11 d in 12 n 13 14 rted 15 e 16 17 18 19	JOHNSON, Q.C.: Q. Yes. MR. COYNE: A. Okay, PP&L, the regulated utility, has a common equity ratio of 52 percent, not 34.1 percent. JOHNSON, Q.C.: Q. So the holding company is at 34 percent? MR. COYNE: A. It's a holding company number. JOHNSON, Q.C.: Q. Right. MR. COYNE: A. So the – JOHNSON, Q.C.: Q. But just let me understand something now, Mr. Coyne. Aren't you in fact comparing Newfoundland—when you do your DCF analysis for instance and you're getting information
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	 Q. Right. MR. COYNE: A. The holding company level. JOHNSON, Q.C.: Q. Right. MR. COYNE: A. Let's go on. "On allowed ROE that is the most recent report, state level allowed ROE for companies operating in multiple jurisdictions," which most of these do, "a averages. Various companies are receive centre (phonetic) based ROE authorization that are reported in this report. The date of the commission order authorizing reported ROEs for companies operating in multiple jurisdictions, no date is given because the reported ROE is an average derived from multiple commission orders issued at different times." Then they go to say, "In the set of the commission order set of the commission order set of the commission order set of the commission orders issued at different times." Then they go to say, "In the set of the commission order set of the commission orders issued at different times." Then they go to say, "In the set of the commission order set of the commission orders issued at different times." 	2 3 4 5 6 7 0E 8 9 10 re 11 11 d in 12 n 13 14 rted 15 e 16 17 18 19 n 20	JOHNSON, Q.C.: Q. Yes. MR. COYNE: A. Okay, PP&L, the regulated utility, has a common equity ratio of 52 percent, not 34.1 percent. JOHNSON, Q.C.: Q. So the holding company is at 34 percent? MR. COYNE: A. It's a holding company number. JOHNSON, Q.C.: Q. Right. MR. COYNE: A. So the – JOHNSON, Q.C.: Q. But just let me understand something now, Mr. Coyne. Aren't you in fact comparing Newfoundland—when you do your DCF analysis for instance and you're getting information from the stock exchanges and building up
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	 Q. Right. MR. COYNE: A. The holding company level. JOHNSON, Q.C.: Q. Right. MR. COYNE: A. Let's go on. "On allowed ROE that is the most recent report, state level allowed ROE for companies operating in multiple jurisdictions," which most of these do, "a averages. Various companies are receive centre (phonetic) based ROE authorization that are reported in this report. The date of the commission order authorizing reported ROEs for companies operating in multiple jurisdictions, no date is given because the reported ROE is an average derived from multiple commission orders issued at different times." Then they go to say, "In many instances available information 	2 3 4 5 6 7 DE 8 9 10 re 11 d in 12 n 13 14 rted 15 e 16 17 18 19 n 20 21	JOHNSON, Q.C.: Q. Yes. MR. COYNE: A. Okay, PP&L, the regulated utility, has a common equity ratio of 52 percent, not 34.1 percent. JOHNSON, Q.C.: Q. So the holding company is at 34 percent? MR. COYNE: A. It's a holding company number. JOHNSON, Q.C.: Q. Right. MR. COYNE: A. So the – JOHNSON, Q.C.: Q. But just let me understand something now, Mr. Coyne. Aren't you in fact comparing Newfoundland—when you do your DCF analysis for instance and you're getting information from the stock exchanges and building up your DSF—DCF estimates to determine your
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	 Q. Right. MR. COYNE: A. The holding company level. JOHNSON, Q.C.: Q. Right. MR. COYNE: A. Let's go on. "On allowed ROE that is the most recent report, state level allowed ROE for companies operating in multiple jurisdictions," which most of these do, "a averages. Various companies are receive centre (phonetic) based ROE authorization that are reported in this report. The date of the commission order authorizing reported ROE for companies operating in multiple jurisdictions, no date is given because the reported ROE is an average derived from multiple commission orders issued at different times." Then they go to say, "Ir many instances available information required that per share and percent return 	2 3 4 5 6 7 DE 8 9 10 re 11 d in 12 n 13 14 rted 15 e 16 17 18 19 12 20 21 22	JOHNSON, Q.C.: Q. Yes. MR. COYNE: A. Okay, PP&L, the regulated utility, has a common equity ratio of 52 percent, not 34.1 percent. JOHNSON, Q.C.: Q. So the holding company is at 34 percent? MR. COYNE: A. It's a holding company number. JOHNSON, Q.C.: Q. Right. MR. COYNE: A. So the – JOHNSON, Q.C.: Q. But just let me understand something now, Mr. Coyne. Aren't you in fact comparing Newfoundland—when you do your DCF analysis for instance and you're getting information from the stock exchanges and building up your DSF—DCF estimates to determine your risk premium analysis and building up your
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	 Q. Right. MR. COYNE: A. The holding company level. JOHNSON, Q.C.: Q. Right. MR. COYNE: A. Let's go on. "On allowed ROE that is the most recent report, state level allowed ROE rate of return on common equity ROE for companies operating in multiple jurisdictions," which most of these do, "a averages. Various companies are receive centre (phonetic) based ROE authorization that are reported in this report. The date of the commission order authorizing reported ROEs for companies operating in multiple jurisdictions, no date is given because the reported ROE is an average derived from multiple commission orders issued at different times." Then they go to say, "Ir many instances available information required that per share and percent return and book value of common equity total 	2 3 4 5 6 7 0E 8 9 10 re 11 d in 12 n 13 14 rted 15 e 16 17 18 19 n 20 21 22 23	JOHNSON, Q.C.: Q. Yes. MR. COYNE: A. Okay, PP&L, the regulated utility, has a common equity ratio of 52 percent, not 34.1 percent. JOHNSON, Q.C.: Q. So the holding company is at 34 percent? MR. COYNE: A. It's a holding company number. JOHNSON, Q.C.: Q. Right. MR. COYNE: A. So the – JOHNSON, Q.C.: Q. But just let me understand something now, Mr. Coyne. Aren't you in fact comparing Newfoundland—when you do your DCF analysis for instance and you're getting information from the stock exchanges and building up your DSF—DCF estimates to determine your risk premium analysis and building up your DCF analysis to Board what their—what
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	 Q. Right. MR. COYNE: A. The holding company level. JOHNSON, Q.C.: Q. Right. MR. COYNE: A. Let's go on. "On allowed ROE that is the most recent report, state level allowed ROE for companies operating in multiple jurisdictions," which most of these do, "a averages. Various companies are receive centre (phonetic) based ROE authorization that are reported in this report. The date of the commission order authorizing reported ROE for companies operating in multiple jurisdictions, no date is given because the reported ROE is an average derived from multiple commission orders issued at different times." Then they go to say, "Ir many instances available information required that per share and percent return 	2 3 4 5 6 7 DE 8 9 10 re 11 d in 12 n 13 14 rted 15 e 16 17 18 19 1 20 21 22 23 t 24	JOHNSON, Q.C.: Q. Yes. MR. COYNE: A. Okay, PP&L, the regulated utility, has a common equity ratio of 52 percent, not 34.1 percent. JOHNSON, Q.C.: Q. So the holding company is at 34 percent? MR. COYNE: A. It's a holding company number. JOHNSON, Q.C.: Q. Right. MR. COYNE: A. So the – JOHNSON, Q.C.: Q. But just let me understand something now, Mr. Coyne. Aren't you in fact comparing Newfoundland—when you do your DCF analysis for instance and you're getting information from the stock exchanges and building up your DSF—DCF estimates to determine your risk premium analysis and building up your DCF analysis to Board what their—what

Apri	il 5, 2016				NL Power GRA 2016
		Page 21			Page 23
1	MR. COYNE	:	1		information, it can certainly express so,
2	A.	Yes, you have to when you're using that	2		and I'd respond to it.
3		capital market information, but you're doing	3	JOHNSON, Q	.C.:
4		so consistently. I'm not using it to try to	4	Q.	Well hold on now. That's not what I'm
5		make the determination you're making here -	5		asking. I'm asking you whether you share
6	JOHNSON, Q	0.C.:	6		her view.
7	Q.	Okay.	7	MR. COYNE:	
8	MR. COYNE		8	А.	And which view specifically is that?
9	A.	- of dividing one number by another that	9	JOHNSON, Q	.C.:
10		doesn't indicate whether or not the utility	10	Q.	That it would be –
11		earned its earned return or not. What I'm	11	KELLY, Q.C.	
12		doing with the DCF numbers is showing the	12	Q.	In fairness to the witness, if you're going
13		growth rates for those companies projected	13		to put that—you need to put the transcript
14		by analysts or modified by GDP on a	14		to her.
15		consistent basis that at the holding company	15	JOHNSON, Q	.C.:
16		level. I'm not mixing apples with oranges.	16	Q.	Okay. Well I'll find that in the
17	JOHNSON, Q	0.C.:	17		transcript, but are you indicating that it's
18	Q.	Okay. Now, Mr. –	18		your view that this Board of Commissioners
19	MR. COYNE	:	19		need not be concerned about whether the
20	A.	Or this case persimmons.	20		holding companies actually earned—have a
21	JOHNSON, Q	0.C.:	21		track history of earning the allowed return?
22	Q.	Okay now, Mr. Coyne, do you-would you regard	22		Is that your evidence?
23		it as material information for the Board to	23	MR. COYNE:	
24		know whether the companies that are	24	А.	No, my evidence is not thatmy evidence is
25		populating your US proxy groups actually	25		based on the analysis that we've done that
		Page 22			Page 24
1		earn the allowed returns?	1		presents a forward looking cost of capital
2	MR. COYN	E:	2		analysis.
3	А.	If the Board wishes to have this	3	JOHNSON, Q	.C.:
4		information, it's something that can be	4	Q.	Yes.
5		researched and provided. The reason we	5	MR. COYNE:	
6		provided it, as I mentioned in the case of	6	А.	Not a retrospective look at whether or not
7		Hydro Quebec, is that Regie in a prior order	7		they did or did not earn allowed returns,
8		had requested that that evidence be brought	8		but the research that we've done shows that
9		before them, and we did the research and it	9		on average US utilities do, just as on
10		shows just what I showed there.	10		average Canadian utilities do.
11	JOHNSON,	Q.C.:	11	JOHNSON, Q	.C.:
12	Q.	Well Mr. –	12	Q.	Well, Mr. Coyne, can you –
13	MR. COYN		13	MR. COYNE:	
14	А.	That on average US utilities earn their	14		It's typically not an issue of controversy.
15		allowed returns. It's our experience that	15	JOHNSON, Q	
16	_	they do so.	16	Q.	Mr. Coyne, are you able to file something as
17	JOHNSON,		17		an undertaking that provides other data to
18	Q.	Well Mr. Coyne, let us put it this way, Ms.	18		indicate that these holding companies
19		Perry tended to agree or apparently agree	19		actually earned the returns?
20		with me that it's-it would be important to	20	MR. COYNE:	
21		know what the track history is for earnings	21	А.	It's not a holding company issue. It is an
A		of the companies that Newfoundland Power is	22		operating company issue, and to do so would
22		-			
23		being compared to. Do you share her view?	23		require a significant research going over a
	MR. COYN A.	being compared to. Do you share her view?	23 24 25		require a significant research going over a long period of time at each of the operating company's level.

April	5,	2016	

	il 5, 2016		NL Power GRA 201
	Page 25		Page 27
1	JOHNSON, Q.C.:	1	of the Marsh & McLennan Companies?
2	Q. I see.	2	MR. COYNE:
3	MR. COYNE:	3	A. Yes, yes.
4	A. Companies. So it's not, as I mentioned	4	JOHNSON, Q.C.:
5	yesterday, it's not an insignificant task	5	Q. Have you ever heard Oliver Wyman?
6	and you have to sort your way through the	6	MR. COYNE:
7	accounting data in a reliable way to be able	2 7	A. Yes, McLennan is a big pension fund company
8	to do so. It's not as simple as looking at	8	and also does human resources related work.
9	a page in this report of holding company	9	I'm not as familiar with the work of Oliver
10	level data and say that I understand whether		Wyman, but I have heard the name.
11	or not this utility earned its allowed	11	JOHNSON, Q.C.:
12	return or not. Some of these utilities file	12	Q. Well this is a recent document from Oliver
13	annual reports that have the earned return	13	Wyman. I under—it's copyrighted 2015. So
14	in them, and you can rely on them in those	14	it appears fairly recent, and it on the
15	cases. And otherwise you need to look at	15	front page indicates that. "This is a new
16	the book data, the book regulated data for	16	analysis from Oliver Wyman suggesting that
17	the utility, and then make sure that you	17	utilities have a solid foundation to
18	have one that they're actually using for	18	participate, grow and deliver strong
19	rating making purposes. So it's not an	19	investor returns in the North American
20	insignificant task to do so.	$\begin{vmatrix} 1 \\ 2 \\ 2 \\ 0 \end{vmatrix}$	market." Now are you aware of what they say
20	JOHNSON, Q.C.:	$\begin{vmatrix} 20\\21 \end{vmatrix}$	about whether US utilities typically make
21	Q. Right, and it's your view, is it, that	$\begin{vmatrix} 21\\22 \end{vmatrix}$	their allowed returns?
22	American US utilities typically earned the		MR. COYNE:
23 24	allowed return, is it?	$\begin{vmatrix} 23 \\ 24 \end{vmatrix}$	A. No.
24 25	MR. COYNE:	24	JOHNSON, Q.C.:
23		23	
1	Page 26		Page 28
1	A. Absolutely.		Q. You're not?
2	JOHNSON, Q.C.:	$\begin{vmatrix} 2 \\ 2 \end{vmatrix}$	MR. COYNE:
3	Q. Okay. We passed over a document from the		A. I flipped through the document, but I'm not
4	consulting firm Oliver Wyman. Did you see		aware of any specific comments they made in
5	that?	5	the regard. JOHNSON, Q.C.:
6	MR. COYNE:	6	
	A. It was in your cross-examination documents		
7	5		Q. Okay. Could you turn to page 10? And you
8	yes.	8	Q. Okay. Could you turn to page 10? And you see the—page 10 under that bullet, "Focus on
8 9	yes. JOHNSON, Q.C.:	8 9	Q. Okay. Could you turn to page 10? And you see the—page 10 under that bullet, "Focus on cost management" -
8 9 10	yes. JOHNSON, Q.C.: Q. Yes.	8 9 10	Q. Okay. Could you turn to page 10? And you see the—page 10 under that bullet, "Focus on cost management" - MR. COYNE:
8 9 10 11	yes. JOHNSON, Q.C.: Q. Yes. MS. GLYNN:	8 9 10 11	Q. Okay. Could you turn to page 10? And you see the—page 10 under that bullet, "Focus on cost management" - MR. COYNE: A. Um-hm?
8 9 10 11 12	yes. JOHNSON, Q.C.: Q. Yes. MS. GLYNN: Q. It's number 11 from the correspondence and	8 9 10 11 12	Q.Okay. Could you turn to page 10? And you see the—page 10 under that bullet, "Focus on cost management" -MR. COYNE: A.Um-hm?JOHNSON, Q.C.:
8 9 10 11 12 13	yes. JOHNSON, Q.C.: Q. Yes. MS. GLYNN: Q. It's number 11 from the correspondence and that would be entered as Information Number	8 9 10 11 12 r 13	Q.Okay. Could you turn to page 10? And you see the—page 10 under that bullet, "Focus on cost management" -MR. COYNE:.A.Um-hm?JOHNSON, Q.C.:.Q "to better earn allowed returns." And
8 9 10 11 12 13 14	yes. JOHNSON, Q.C.: Q. Yes. MS. GLYNN: Q. It's number 11 from the correspondence and that would be entered as Information Number 21.	8 9 10 11 12 r 13 14	 Q. Okay. Could you turn to page 10? And you see the—page 10 under that bullet, "Focus on cost management" - MR. COYNE: A. Um-hm? JOHNSON, Q.C.: Q "to better earn allowed returns." And they say, "Look within first. The average
8 9 10 11 12 13 14 15	yes. JOHNSON, Q.C.: Q. Yes. MS. GLYNN: Q. It's number 11 from the correspondence and that would be entered as Information Number 21. JOHNSON, Q.C.:	8 9 10 11 12 r 13 14 15	 Q. Okay. Could you turn to page 10? And you see the—page 10 under that bullet, "Focus on cost management" - MR. COYNE: A. Um-hm? JOHNSON, Q.C.: Q "to better earn allowed returns." And they say, "Look within first. The average utility does not earn its allowed return on
8 9 10 11 12 13 14 15	yes. JOHNSON, Q.C.: Q. Yes. MS. GLYNN: Q. It's number 11 from the correspondence and that would be entered as Information Number 21. JOHNSON, Q.C.: Q. Pardon me?	8 9 10 11 12 r 13 14 15 16	 Q. Okay. Could you turn to page 10? And you see the—page 10 under that bullet, "Focus on cost management" - MR. COYNE: A. Um-hm? JOHNSON, Q.C.: Q "to better earn allowed returns." And they say, "Look within first. The average utility does not earn its allowed return on equity. 2014 the average return on equity
8 9 10 11 12 13 14 15 16 17	yes. JOHNSON, Q.C.: Q. Yes. MS. GLYNN: Q. It's number 11 from the correspondence and that would be entered as Information Number 21. JOHNSON, Q.C.: Q. Pardon me? MS. GLYNN:	8 9 10 11 12 r 13 14 15 16 17	 Q. Okay. Could you turn to page 10? And you see the—page 10 under that bullet, "Focus on cost management" - MR. COYNE: A. Um-hm? JOHNSON, Q.C.: Q "to better earn allowed returns." And they say, "Look within first. The average utility does not earn its allowed return on equity. 2014 the average return on equity was 8.1 percent. To earn their allowed
8 9 10 11 12 13 14 15 16 17	yes. JOHNSON, Q.C.: Q. Yes. MS. GLYNN: Q. It's number 11 from the correspondence and that would be entered as Information Number 21. JOHNSON, Q.C.: Q. Pardon me? MS. GLYNN: Q. Information Number 21.	8 9 10 11 12 r 13 14 15 16 17 18	 Q. Okay. Could you turn to page 10? And you see the—page 10 under that bullet, "Focus on cost management" - MR. COYNE: A. Um-hm? JOHNSON, Q.C.: Q "to better earn allowed returns." And they say, "Look within first. The average utility does not earn its allowed return on equity. 2014 the average return on equity was 8.1 percent. To earn their allowed returns utilities need to reduce non-fuel
8 9 10 11 12 13 14 15 16 17 18	yes. JOHNSON, Q.C.: Q. Yes. MS. GLYNN: Q. It's number 11 from the correspondence and that would be entered as Information Number 21. JOHNSON, Q.C.: Q. Pardon me? MS. GLYNN:	8 9 10 11 12 r 13 14 15 16 17	 Q. Okay. Could you turn to page 10? And you see the—page 10 under that bullet, "Focus on cost management" - MR. COYNE: A. Um-hm? JOHNSON, Q.C.: Q "to better earn allowed returns." And they say, "Look within first. The average utility does not earn its allowed return on equity. 2014 the average return on equity was 8.1 percent. To earn their allowed returns utilities need to reduce non-fuel operating and maintenance expenses around"—
8 9 10 11 12 13 14 15 16 17 18 19	yes. JOHNSON, Q.C.: Q. Yes. MS. GLYNN: Q. It's number 11 from the correspondence and that would be entered as Information Number 21. JOHNSON, Q.C.: Q. Pardon me? MS. GLYNN: Q. Information Number 21.	8 9 10 11 12 r 13 14 15 16 17 18	 Q. Okay. Could you turn to page 10? And you see the—page 10 under that bullet, "Focus on cost management" - MR. COYNE: A. Um-hm? JOHNSON, Q.C.: Q "to better earn allowed returns." And they say, "Look within first. The average utility does not earn its allowed return on equity. 2014 the average return on equity was 8.1 percent. To earn their allowed returns utilities need to reduce non-fuel
8 9 10 11 12 13 14 15 16 17 18 19 20	yes. JOHNSON, Q.C.: Q. Yes. MS. GLYNN: Q. It's number 11 from the correspondence and that would be entered as Information Number 21. JOHNSON, Q.C.: Q. Pardon me? MS. GLYNN: Q. Information Number 21. JOHNSON, Q.C.:	8 9 10 11 12 r 13 14 15 16 17 18 19	 Q. Okay. Could you turn to page 10? And you see the—page 10 under that bullet, "Focus on cost management" - MR. COYNE: A. Um-hm? JOHNSON, Q.C.: Q "to better earn allowed returns." And they say, "Look within first. The average utility does not earn its allowed return on equity. 2014 the average return on equity was 8.1 percent. To earn their allowed returns utilities need to reduce non-fuel operating and maintenance expenses around"—
8 9 10 11 12 13 14 15 16 17 18 19 20 21	yes. JOHNSON, Q.C.: Q. Yes. MS. GLYNN: Q. It's number 11 from the correspondence and that would be entered as Information Number 21. JOHNSON, Q.C.: Q. Pardon me? MS. GLYNN: Q. Information Number 21. JOHNSON, Q.C.: Q. Yes.	8 9 10 11 12 r 13 14 15 16 17 18 19 20	 Q. Okay. Could you turn to page 10? And you see the—page 10 under that bullet, "Focus on cost management" - MR. COYNE: A. Um-hm? JOHNSON, Q.C.: Q "to better earn allowed returns." And they say, "Look within first. The average utility does not earn its allowed return on equity. 2014 the average return on equity was 8.1 percent. To earn their allowed returns utilities need to reduce non-fuel operating and maintenance expenses around"— "about ten percent annually." In general
8 9 10 11 12 13 14	yes. JOHNSON, Q.C.: Q. Yes. MS. GLYNN: Q. It's number 11 from the correspondence and that would be entered as Information Number 21. JOHNSON, Q.C.: Q. Pardon me? MS. GLYNN: Q. Information Number 21. JOHNSON, Q.C.: Q. Yes. MS. GLYNN:	8 9 10 11 12 r 13 14 15 16 17 18 19 20 21	 Q. Okay. Could you turn to page 10? And you see the—page 10 under that bullet, "Focus on cost management" - MR. COYNE: A. Um-hm? JOHNSON, Q.C.: Q "to better earn allowed returns." And they say, "Look within first. The average utility does not earn its allowed return on equity. 2014 the average return on equity was 8.1 percent. To earn their allowed returns utilities need to reduce non-fuel operating and maintenance expenses around"—"about ten percent annually." In general most utilities could stand to improve their
8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	yes. JOHNSON, Q.C.: Q. Yes. MS. GLYNN: Q. It's number 11 from the correspondence and that would be entered as Information Number 21. JOHNSON, Q.C.: Q. Pardon me? MS. GLYNN: Q. Information Number 21. JOHNSON, Q.C.: Q. Yes. MS. GLYNN: Q. And I believe it's 11 from your	8 9 10 11 12 r 13 14 15 16 17 18 19 20 21 22	 Q. Okay. Could you turn to page 10? And you see the—page 10 under that bullet, "Focus on cost management" - MR. COYNE: A. Um-hm? JOHNSON, Q.C.: Q "to better earn allowed returns." And they say, "Look within first. The average utility does not earn its allowed return on equity. 2014 the average return on equity was 8.1 percent. To earn their allowed returns utilities need to reduce non-fuel operating and maintenance expenses around"—"about ten percent annually." In general most utilities could stand to improve their management performance. A ten percent

Apr	il 5, 2016				NL Power GRA 2016
		Page 29			Page 31
1		your reaction to that?	1	MR. COYNE:	
2	MR. COYNE	-	2	А.	But it is—they do say one thing that I agree
3	A.	Well it's not at all clear to me what work	$\begin{vmatrix} -3 \end{vmatrix}$	11.	with here, and that is that utilities need
4	11.	they've done to reach that conclusion. I	4		to manage their costs in order to be able to
		•			earn their returns.
5		don't know again if they're looking at	5		
6		holding company data. For all I know it	6	JOHNSON, Q	
7		could be the type of data that we just	7	Q.	Yes.
8		looked at here. As I just described,	8	MR. COYNE:	
9		determining whether or not a utility has or	9	A.	And I fully agree with that.
10		has not earned its allowed return is-takes	10	JOHNSON, Q	.C.:
11		some work.	11	Q.	Yes.
12	JOHNSON, Q	0.C.:	12	MR. COYNE:	
13	Q.	Yes.	13	A.	It's not a given that a utility earns its
14	MR. COYNE		14		return. They have an opportunity to earn
15	A.	And I'm not—I don't see Oliver Wyman in the	15		their allowed return and that's what's
16		utilities space, so I'm not sure what work	16		important, but it's not a given. It takes a
17		they've done to reach that conclusion.	17		sound management team to be able to do so;
18	JOHNSON, Q	•	18		good management practices.
10	-	•	10	JOHNSON, Q	
	Q.	So are you aware of anything like in terms			
20		of a report or paper recently which would,	20	Q.	Okay.
21		you know, from somebody like an Oliver Wyman	21	MR. COYNE:	
22		or an another big consulting group which	22	А.	It's not a slam dunk.
23		would rebut this assertion that the-they on	23	JOHNSON, Q	
24		average don't make their returns?	24	Q.	So I guess to summarize you're saying,
25	MR. COYNE		25		"Look, take my word for it; not Oliver
		Page 30			Page 32
1	А.	Well, you've just looked at the analysis	1		Wyman's on this point," right?
2		that we did in Hydro Quebec.	2	MR. COYNE:	
3	JOHNSON,	•	3	A.	I would say take the research that we have
4	Q.	Oh I see. So we'll compare that now to	4		done.
5		Marsh and McLennan.	5	JOHNSON, Q	
6	MR. COYNI		6	Q.	Okay.
7	A.	Well –		MR. COYNE:	-
8	JOHNSON,		8	A.	Not my word.
9		Okay.	9	JOHNSON, Q	-
	Q.	UKav.	1 7	JUHNSUN, Q	
10	MD COVNI		10		
11	MR. COYNI	3:	10	Q.	I just want to understand where you are on
11	MR. COYNI A.	E: We have a team of people—we have a team of	11	Q.	I just want to understand where you are on that.
12		We have a team of people—we have a team of 60 people that do this day in and day out,	11 12	Q. MR. COYNE:	I just want to understand where you are on that.
12 13		We have a team of people—we have a team of 60 people that do this day in and day out, and they're looking at the proper data to	11 12 13	Q.	I just want to understand where you are on that. I would like to know what research they've
12 13 14		We have a team of people—we have a team of 60 people that do this day in and day out, and they're looking at the proper data to make those types of determinations. Down	11 12 13 14	Q. MR. COYNE:	I just want to understand where you are on that. I would like to know what research they've done. I could better address this. You've
12 13 14 15		We have a team of people—we have a team of 60 people that do this day in and day out, and they're looking at the proper data to make those types of determinations. Down below they say, "Oliver Wyman believes the	11 12 13 14 15	Q. MR. COYNE:	I just want to understand where you are on that. I would like to know what research they've done. I could better address this. You've given me this just beforehand. I haven't
12 13 14		We have a team of people—we have a team of 60 people that do this day in and day out, and they're looking at the proper data to make those types of determinations. Down below they say, "Oliver Wyman believes the utilities are a smart bet for the new grid.	11 12 13 14 15 16	Q. MR. COYNE:	I just want to understand where you are on that. I would like to know what research they've done. I could better address this. You've given me this just beforehand. I haven't had a chance to look at what they've done.
12 13 14 15		We have a team of people—we have a team of 60 people that do this day in and day out, and they're looking at the proper data to make those types of determinations. Down below they say, "Oliver Wyman believes the utilities are a smart bet for the new grid. Our new analysis suggests the utilities will	11 12 13 14 15 16 17	Q. MR. COYNE:	I just want to understand where you are on that. I would like to know what research they've done. I could better address this. You've given me this just beforehand. I haven't
12 13 14 15 16		We have a team of people—we have a team of 60 people that do this day in and day out, and they're looking at the proper data to make those types of determinations. Down below they say, "Oliver Wyman believes the utilities are a smart bet for the new grid. Our new analysis suggests the utilities will have a strong earnings platform especially	11 12 13 14 15 16	Q. MR. COYNE:	I just want to understand where you are on that. I would like to know what research they've done. I could better address this. You've given me this just beforehand. I haven't had a chance to look at what they've done.
12 13 14 15 16 17		We have a team of people—we have a team of 60 people that do this day in and day out, and they're looking at the proper data to make those types of determinations. Down below they say, "Oliver Wyman believes the utilities are a smart bet for the new grid. Our new analysis suggests the utilities will	11 12 13 14 15 16 17	Q. MR. COYNE:	I just want to understand where you are on that. I would like to know what research they've done. I could better address this. You've given me this just beforehand. I haven't had a chance to look at what they've done. If you did so, I might be able to make more meaning out of it.
12 13 14 15 16 17 18		We have a team of people—we have a team of 60 people that do this day in and day out, and they're looking at the proper data to make those types of determinations. Down below they say, "Oliver Wyman believes the utilities are a smart bet for the new grid. Our new analysis suggests the utilities will have a strong earnings platform especially	11 12 13 14 15 16 17 18	Q. MR. COYNE: A.	I just want to understand where you are on that. I would like to know what research they've done. I could better address this. You've given me this just beforehand. I haven't had a chance to look at what they've done. If you did so, I might be able to make more meaning out of it.
12 13 14 15 16 17 18 19		We have a team of people—we have a team of 60 people that do this day in and day out, and they're looking at the proper data to make those types of determinations. Down below they say, "Oliver Wyman believes the utilities are a smart bet for the new grid. Our new analysis suggests the utilities will have a strong earnings platform especially for the near term." So yeah, I don't know where to take those two conclusions. If	11 12 13 14 15 16 17 18 19	Q. MR. COYNE: A. JOHNSON, Q	I just want to understand where you are on that. I would like to know what research they've done. I could better address this. You've given me this just beforehand. I haven't had a chance to look at what they've done. If you did so, I might be able to make more meaning out of it. .C.:
12 13 14 15 16 17 18 19 20 21		We have a team of people—we have a team of 60 people that do this day in and day out, and they're looking at the proper data to make those types of determinations. Down below they say, "Oliver Wyman believes the utilities are a smart bet for the new grid. Our new analysis suggests the utilities will have a strong earnings platform especially for the near term." So yeah, I don't know	11 12 13 14 15 16 17 18 19 20 21	Q. MR. COYNE: A. JOHNSON, Q	I just want to understand where you are on that. I would like to know what research they've done. I could better address this. You've given me this just beforehand. I haven't had a chance to look at what they've done. If you did so, I might be able to make more meaning out of it. .C.: Well, I gave it to you, gave itsent over on March 31st.
12 13 14 15 16 17 18 19 20 21 22	Α.	We have a team of people—we have a team of 60 people that do this day in and day out, and they're looking at the proper data to make those types of determinations. Down below they say, "Oliver Wyman believes the utilities are a smart bet for the new grid. Our new analysis suggests the utilities will have a strong earnings platform especially for the near term." So yeah, I don't know where to take those two conclusions. If they're not earning their returns, why are they betting on them?	11 12 13 14 15 16 17 18 19 20	Q. MR. COYNE: A. JOHNSON, Q Q. MR. COYNE:	I just want to understand where you are on that. I would like to know what research they've done. I could better address this. You've given me this just beforehand. I haven't had a chance to look at what they've done. If you did so, I might be able to make more meaning out of it. .C.: Well, I gave it to you, gave itsent over on March 31st.
12 13 14 15 16 17 18 19 20 21 22 23	A. JOHNSON,	We have a team of people—we have a team of 60 people that do this day in and day out, and they're looking at the proper data to make those types of determinations. Down below they say, "Oliver Wyman believes the utilities are a smart bet for the new grid. Our new analysis suggests the utilities will have a strong earnings platform especially for the near term." So yeah, I don't know where to take those two conclusions. If they're not earning their returns, why are they betting on them? Q.C.:	11 12 13 14 15 16 17 18 19 20 21 22 23	Q. MR. COYNE: A. JOHNSON, Q Q.	I just want to understand where you are on that. I would like to know what research they've done. I could better address this. You've given me this just beforehand. I haven't had a chance to look at what they've done. If you did so, I might be able to make more meaning out of it. .C.: Well, I gave it to you, gave itsent over on March 31st. Well, with nothing behind it. I don't know
12 13 14 15 16 17 18 19 20 21 22	Α.	We have a team of people—we have a team of 60 people that do this day in and day out, and they're looking at the proper data to make those types of determinations. Down below they say, "Oliver Wyman believes the utilities are a smart bet for the new grid. Our new analysis suggests the utilities will have a strong earnings platform especially for the near term." So yeah, I don't know where to take those two conclusions. If they're not earning their returns, why are they betting on them?	11 12 13 14 15 16 17 18 19 20 21 22	Q. MR. COYNE: A. JOHNSON, Q Q. MR. COYNE:	I just want to understand where you are on that. I would like to know what research they've done. I could better address this. You've given me this just beforehand. I haven't had a chance to look at what they've done. If you did so, I might be able to make more meaning out of it. .C.: Well, I gave it to you, gave itsent over on March 31st.

Apri	15, 2016			NL Power GRA 2016
		Page 33		Page 35
1	JOHNSON,	Q.C.:	1	MR. COYNE:
2	Q.	That's fine.	2	A. They rank them highly.
3	MR. COYNI	E:	3	JOHNSON, Q.C.:
4	А.	There's no way for me to really look at it,	4	Q. Yes.
5		given—based on what you've given me.	5	MR. COYNE:
6	JOHNSON,	Q.C.:	6	A. Yes.
7	Q.	I see. Well, so I take it –	7	JOHNSON, Q.C.:
8	MR. COYNI	3:	8	Q. And just one thing I noticed about the—if
9	А.	And we work with these utilities on their	9	you go back to the AUS Monthly Report, you
10		allowed returns; you know we do this work	10	see column number 19?
11		every day.	11	MR. COYNE:
12	JOHNSON,	Q.C.:	12	A. I do.
13	Q.	Okay.	13	(9:30 a.m.)
14	MR. COYNI		14	JOHNSON, Q.C.:
15	А.	And utilities, as we discussed yesterday, if	15	Q. And so their—or column number 18, the S&P
16		they feel as though they're not able to earn	16	Bond rating?
17		their allowed returns, they have the option	17	MR. COYNE:
18		to come in for rate cases.	18	A. Um-hm.
19	JOHNSON,		19	JOHNSON, Q.C.:
20	Q.	Right. How many utility clients do you	20	Q. I see a lot of like, you know, Bs, triple
21		have?	21	Bs, B minus, triple B plus. The bottom—some
22	MR. COYNI		22	of the bottom companies are A minus, A, A
23	А.	My firm?	23	minus, and going down to the combination gas
24	JOHNSON,		24	and electrics, you know quite a smattering
25	Q.	You.	25	in the B range, although mind you some As.
		Page 34		Page 36
1	MR. COYNE:		1	So in terms of the universe of US utilities,
2	А.	Well, I don't know that I can specify the	2	would they—I take it that there's no a large
3		number, but we work—I work for a broad	3	number of utilities that are up in that A
4		number of clients in both the US and Canada.	4	category as considered by S&P?
5		And my firm works in all 48 states and	5	MR. COYNE:
6		across most jurisdictions in Canada. So we	6	A. There are, if you look at the universe
7		have access to a lot of information in this	7	utilities including those that are public,
8	IOID IGON O	regard.	8	we have some that are triple A, some that
9	JOHNSON, Q		9	are double A in others.
10	Q.	Okay, but evidently not this report.	10	JOHNSON, Q.C.:
11	MR. COYNE:		11	Q. Yes.
12	A.	It's not something that we rely on, no.	12	MR. COYNE:
13	JOHNSON, Q		13	A. So this—they're not looking at the entire
14	Q.	Okay. So in terms of the ability for	14	universe of utilities.
15		Newfoundland Power to recover costs and earn their returns. Lunderstand that the aradit	15	JOHNSON, Q.C.:
16		their returns, I understand that the credit	16	Q. Yes, but like your –
17		rating agencies for instance, they grade	17	MR. COYNE:
18 10		Newfoundland Power pretty darn highly, is	18	A. So, but -
19 20	MR. COYNE	that your understanding as well?	19	JOHNSON, Q.C.:
20			20	Q. But your average utility is not A though, is it?
21	A.	Yes, they give them a solid ranking as a regular	21	MR. COYNE:
22	JOHNSON, Q	regular.	22 23	
23 24			23	A. Oh the—I think the average utility is
24 25	Q.	Yes, like A, big A, small A, I think Moody's or—for their ability to recover their costs?	24	probably either A minus or in that range. JOHNSON, Q.C.:
23		Discoveries Unlimit		

Apri	15, 2016			NL Power GRA 20
		Page 37		Page 39
1	Q.	Okay. So let's just turn to CA-NP-126.	1	JOHNSON, Q.C.:
2	MR. COYNE:		2	Q. And only 23 percent being A minus accordin
3	А.	And that's one of the reasons why we	3	· · · · ·
4		screened on credit rating. You want—a	4	MR. COYNE:
5		credit rating. You wanted those that were	5	A. Right.
6		most like Newfoundland Power. Is this an	6	
7		attachment?	7	Q. Yes.
8	JOHNSON, Q.		8	
9		Yes.	9	
10	MR. COYNE:		10	JOHNSON, Q.C.:
11		Okay.	11	
12	JOHNSON, Q.	•	12	· · · ·
13	, (It's only a small attachment.	13	
14	MR. COYNE:	it s only a small attachment.	14	
15		Okay, and what was the number?	15	
16	JOHNSON, Q.	•	16	
17		CA-NP-126.	17	
18	MR. COYNE:	C/A=141 = 120.	18	-
19		126. I have it.	19	y i y e
$\frac{19}{20}$	JOHNSON, Q.		$\frac{19}{20}$	
$\begin{vmatrix} 20\\21 \end{vmatrix}$		Okay, and so if we could, just flip up to	20	
$\begin{vmatrix} 21\\22 \end{vmatrix}$		the actual question for a moment. Yes, so	21	e
		-	22	
23		this was a question posed that where we		
24 25		said, "In answer to an information request	24 25	
23		in a 2010 Line 9 hearing before the NEB,"	23	, 6
	T	Page 38	1	Page 40
		'll cut out a little detail there, "Ms.		would be.
2		IcShane provided the following histogram of	$\begin{vmatrix} 2 \\ 2 \end{vmatrix}$	
3		ne number of US utilities in each bond	3	
4		ating and their respective business risk	4	
5		cores. Can Mr. Coyne update this histogram	5	
6		nd/or comment on whether it is no longer	6	
7		ppropriate" - or "accurate for US	7	JOHNSON, Q.C.:
8		tilities?" So we see what Ms. McShane's	8	6
9		istogram was showing. Basically certainly	9	
10		ot many in that A range relative to all the	10	
11		owers, and you updated the histogram for	11	JOHNSON, Q.C.:
12		s?	12	
13	MR. COYNE:		13	6 , 6
14		Yes, we did.	14	e
15	JOHNSON, Q.C		15	
16		Which is on the attachment?	16	, e
17	MR. COYNE:		17	6 6
18		light.	18	e
19	JOHNSON, Q.C		19	
20	-	es, right there. So you have it graphed	20	
21		nd presented numerically. So we only see	21	
22		ke four percent that would be considered	22	•
23		n A grade by S&P, is that right?	23	MR. COYNE:
24	MR. COYNE:		24	, 6
25	A. T	`hat's right.	25	JOHNSON, Q.C.:

	115,2016				NL Power GKA 2016
		Page 41			Page 43
1	Q.	Right.	1	А.	So we screen carefully for companies that
2	MR. COYNE:	-	2		have credit ratings comparable to this
3	А.	My understanding, this company is.	3		company.
4	JOHNSON, Q		4	JOHNSON, Q	
5	Q.	Right.	5	Q.	So when a US investor is looking at the
6	MR. COYNE:		6	X .	universe of US investor-owned electric
7	A.	Properly insulated from its parent in that	7		utilities, do you have any evidence to
8	л.	regard.	8		suggest that they can differentiate between,
9	JOHNSON, Q	•	9		you know the—or the 42 percent that are in
			_		-
10	Q.	Okay.	10		the triple B and below versus the numbers
11	MR. COYNE:		11		that are in the A minus for instance?
12	A.	And this Board insisted that it be so.	12	MR. COYNE:	
13	JOHNSON, Q		13	А.	They certainly do. Yes.
14	Q.	So seventy-odd percent of US investor-owned	14	JOHNSON, Q	
15		utilities are a triple B plus and lower?	15	Q.	They do, do they?
16	MR. COYNE:		16	MR. COYNE:	
17	А.	Investor-owned utilities, yes.	17	А.	Those that are lower ranked pay higher costs
18	JOHNSON, Q	.C.:	18		for their capital.
19	Q.	Investor-owned utilities.	19	JOHNSON, Q	.C.:
20	MR. COYNE:		20	Q.	Okay.
21	А.	This does not include the publics.	21	MR. COYNE:	
22	JOHNSON, Q	÷	22	А.	As it should be. They're riskier.
23	Q.	It doesn't include the publics, okay.	23	JOHNSON, Q	-
24	MR. COYNE:		24	Q.	Okay.
25	A.	We have some publics that are triple A,	25	MR. COYNE:	
		Page 42			Page 44
1		-			-
1 1		double A and single A		Δ	That's why one does not want _
	IOHNSON (double A and single A.	$\begin{vmatrix} 1 \\ 2 \end{vmatrix}$	A.	That's why one does not want – C :
2	JOHNSON, Q	Q.C.:	1 2 2	JOHNSON, Q	.C.:
	Q.).C.: Yes, okay.	1 2 3 4	JOHNSON, Q Q.	-
2 3 4	Q. MR. COYNE).C.: Yes, okay.	4	JOHNSON, Q Q. MR. COYNE:	.C.: And where is your –
2 3 4 5	Q.	9.C.: Yes, okay. : If you looked at the universe of utilities,	4	JOHNSON, Q Q. MR. COYNE: A.	C.: And where is your – One does not want to slip –
2 3 4 5 6	Q. MR. COYNE A.	O.C.: Yes, okay. : If you looked at the universe of utilities, it would all shift to the left.	4 5 6	JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q	.C.: And where is your – One does not want to slip – .C.:
2 3 4 5 6 7	Q. MR. COYNE A. JOHNSON, Q	 P.C.: Yes, okay. If you looked at the universe of utilities, it would all shift to the left. P.C.: 	4 5 6 7	JOHNSON, Q Q. MR. COYNE: A.	C.: And where is your – One does not want to slip – .C.: Where is your evidence of that though?
2 3 4 5 6 7 8	Q. MR. COYNE A.	 P.C.: Yes, okay. If you looked at the universe of utilities, it would all shift to the left. P.C.: Okay. These are investor owned, so out of 	4 5 6 7 8	JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q	C.: And where is your – One does not want to slip – .C.: Where is your evidence of that though? That's an assertion you're making. Where is
2 3 4 5 6 7 8 9	Q. MR. COYNE A. JOHNSON, Q	 P.C.: Yes, okay. If you looked at the universe of utilities, it would all shift to the left. P.C.: Okay. These are investor owned, so out of investor owned we see 38, 42 percent would 	4 5 6 7 8 9	JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q Q.	C.: And where is your – One does not want to slip – .C.: Where is your evidence of that though?
2 3 4 5 6 7 8 9 10	Q. MR. COYNE A. JOHNSON, Q.	 P.C.: Yes, okay. If you looked at the universe of utilities, it would all shift to the left. P.C.: Okay. These are investor owned, so out of investor owned we see 38, 42 percent would be triple B and below? 	4 5 6 7 8 9 10	JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q Q. MR. COYNE:	C.: And where is your – One does not want to slip – C.: Where is your evidence of that though? That's an assertion you're making. Where is your evidence of that?
2 3 4 5 6 7 8 9 10 11	Q. MR. COYNE A. JOHNSON, Q. MR. COYNE	 P.C.: Yes, okay. If you looked at the universe of utilities, it would all shift to the left. P.C.: Okay. These are investor owned, so out of investor owned we see 38, 42 percent would be triple B and below? 	4 5 6 7 8 9 10 11	JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q Q.	C.: And where is your – One does not want to slip – .C.: Where is your evidence of that though? That's an assertion you're making. Where is your evidence of that? Would you like to turn to my Rebuttal
2 3 4 5 6 7 8 9 10	Q. MR. COYNE A. JOHNSON, Q Q. MR. COYNE A.	 P.C.: Yes, okay. If you looked at the universe of utilities, it would all shift to the left. P.C.: Okay. These are investor owned, so out of investor owned we see 38, 42 percent would be triple B and below? That's correct. 	4 5 6 7 8 9 10 11 12	JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q Q. MR. COYNE:	C.: And where is your – One does not want to slip – C.: Where is your evidence of that though? That's an assertion you're making. Where is your evidence of that? Would you like to turn to my Rebuttal Evidence? We have a graph showing the
2 3 4 5 6 7 8 9 10 11	Q. MR. COYNE A. JOHNSON, Q. MR. COYNE	 P.C.: Yes, okay. If you looked at the universe of utilities, it would all shift to the left. P.C.: Okay. These are investor owned, so out of investor owned we see 38, 42 percent would be triple B and below? That's correct. 	4 5 6 7 8 9 10 11	JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q Q. MR. COYNE:	C.: And where is your – One does not want to slip – C.: Where is your evidence of that though? That's an assertion you're making. Where is your evidence of that? Would you like to turn to my Rebuttal Evidence? We have a graph showing the difference between a triple B cost of debt
2 3 4 5 6 7 8 9 10 11 12	Q. MR. COYNE A. JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q Q.	 P.C.: Yes, okay. If you looked at the universe of utilities, it would all shift to the left. P.C.: Okay. These are investor owned, so out of investor owned we see 38, 42 percent would be triple B and below? That's correct. P.C.: Yes. 	4 5 6 7 8 9 10 11 12	JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q Q. MR. COYNE:	C.: And where is your – One does not want to slip – C.: Where is your evidence of that though? That's an assertion you're making. Where is your evidence of that? Would you like to turn to my Rebuttal Evidence? We have a graph showing the
2 3 4 5 6 7 8 9 10 11 12 13	Q. MR. COYNE A. JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q	 P.C.: Yes, okay. If you looked at the universe of utilities, it would all shift to the left. P.C.: Okay. These are investor owned, so out of investor owned we see 38, 42 percent would be triple B and below? That's correct. P.C.: Yes. 	4 5 6 7 8 9 10 11 12 13	JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q Q. MR. COYNE:	C.: And where is your – One does not want to slip – C.: Where is your evidence of that though? That's an assertion you're making. Where is your evidence of that? Would you like to turn to my Rebuttal Evidence? We have a graph showing the difference between a triple B cost of debt
2 3 4 5 6 7 8 9 10 11 12 13 14	Q. MR. COYNE A. JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q Q.	 P.C.: Yes, okay. If you looked at the universe of utilities, it would all shift to the left. P.C.: Okay. These are investor owned, so out of investor owned we see 38, 42 percent would be triple B and below? That's correct. P.C.: Yes. 	4 5 6 7 8 9 10 11 12 13 14	JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q Q. MR. COYNE:	 .C.: And where is your – One does not want to slip – .C.: Where is your evidence of that though? That's an assertion you're making. Where is your evidence of that? Would you like to turn to my Rebuttal Evidence? We have a graph showing the difference between a triple B cost of debt and an A cost of debt. We have it in multiple places.
2 3 4 5 6 7 8 9 10 11 12 13 14 15	Q. MR. COYNE A. JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q Q. MR. COYNE	 P.C.: Yes, okay. If you looked at the universe of utilities, it would all shift to the left. P.C.: Okay. These are investor owned, so out of investor owned we see 38, 42 percent would be triple B and below? That's correct. P.C.: Yes. 	4 5 6 7 8 9 10 11 12 13 14 15	JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A.	 .C.: And where is your – One does not want to slip – .C.: Where is your evidence of that though? That's an assertion you're making. Where is your evidence of that? Would you like to turn to my Rebuttal Evidence? We have a graph showing the difference between a triple B cost of debt and an A cost of debt. We have it in multiple places.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	Q. MR. COYNE A. JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q Q. MR. COYNE A.	 P.C.: Yes, okay. If you looked at the universe of utilities, it would all shift to the left. P.C.: Okay. These are investor owned, so out of investor owned we see 38, 42 percent would be triple B and below? That's correct. P.C.: Yes. Yeah, and that's why we screened on credit rating to do our proxy groups. 	4 5 6 7 8 9 10 11 12 13 14 15 16	JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A.	 .C.: And where is your – One does not want to slip – .C.: Where is your evidence of that though? That's an assertion you're making. Where is your evidence of that? Would you like to turn to my Rebuttal Evidence? We have a graph showing the difference between a triple B cost of debt and an A cost of debt. We have it in multiple places. .C.: Yes, but I'm talking about what—an equity
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Q. MR. COYNE A. JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q JOHNSON, Q	 P.C.: Yes, okay. If you looked at the universe of utilities, it would all shift to the left. P.C.: Okay. These are investor owned, so out of investor owned we see 38, 42 percent would be triple B and below? That's correct. P.C.: Yes. Yeah, and that's why we screened on credit rating to do our proxy groups. P.C.: 	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A.	 .C.: And where is your – One does not want to slip – .C.: Where is your evidence of that though? That's an assertion you're making. Where is your evidence of that? Would you like to turn to my Rebuttal Evidence? We have a graph showing the difference between a triple B cost of debt and an A cost of debt. We have it in multiple places. .C.: Yes, but I'm talking about what—an equity investor, if they're looking at this
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	Q. MR. COYNE A. JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q Q. MR. COYNE A.	 P.C.: Yes, okay. If you looked at the universe of utilities, it would all shift to the left. P.C.: Okay. These are investor owned, so out of investor owned we see 38, 42 percent would be triple B and below? That's correct. P.C.: Yes. Yeah, and that's why we screened on credit rating to do our proxy groups. P.C.: Yes. 	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q Q.	 .C.: And where is your – One does not want to slip – .C.: Where is your evidence of that though? That's an assertion you're making. Where is your evidence of that? Would you like to turn to my Rebuttal Evidence? We have a graph showing the difference between a triple B cost of debt and an A cost of debt. We have it in multiple places. .C.: Yes, but I'm talking about what—an equity
$ \begin{array}{c} 2\\3\\4\\5\\6\\7\\8\\9\\10\\11\\12\\13\\14\\15\\16\\17\\18\\19\\20\end{array} $	Q. MR. COYNE A. JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q MR. COYNE A. JOHNSON, Q Q. MR. COYNE	 P.C.: Yes, okay. If you looked at the universe of utilities, it would all shift to the left. P.C.: Okay. These are investor owned, so out of investor owned we see 38, 42 percent would be triple B and below? That's correct. P.C.: Yes. Yeah, and that's why we screened on credit rating to do our proxy groups. P.C.: Yes. 	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: MR. COYNE:	 C.: And where is your – One does not want to slip – C.: Where is your evidence of that though? That's an assertion you're making. Where is your evidence of that? Would you like to turn to my Rebuttal Evidence? We have a graph showing the difference between a triple B cost of debt and an A cost of debt. We have it in multiple places. C.: Yes, but I'm talking about what—an equity investor, if they're looking at this universe.
$ \begin{array}{c} 2\\3\\4\\5\\6\\7\\8\\9\\10\\11\\12\\13\\14\\15\\16\\17\\18\\19\\20\\21\end{array} $	Q. MR. COYNE A. JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q Q. MR. COYNE A.	 P.C.: Yes, okay. If you looked at the universe of utilities, it would all shift to the left. P.C.: Okay. These are investor owned, so out of investor owned we see 38, 42 percent would be triple B and below? That's correct. P.C.: Yes. Yeah, and that's why we screened on credit rating to do our proxy groups. P.C.: Yes. Our average or the average credit rating in 	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A. MR. COYNE: A.	 C.: And where is your – One does not want to slip – C.: Where is your evidence of that though? That's an assertion you're making. Where is your evidence of that? Would you like to turn to my Rebuttal Evidence? We have a graph showing the difference between a triple B cost of debt and an A cost of debt. We have it in multiple places. C.: Yes, but I'm talking about what—an equity investor, if they're looking at this universe. If you –
$\begin{array}{c} 2\\ 3\\ 4\\ 5\\ 6\\ 7\\ 8\\ 9\\ 10\\ 11\\ 12\\ 13\\ 14\\ 15\\ 16\\ 17\\ 18\\ 19\\ 20\\ 21\\ 22\\ \end{array}$	Q. MR. COYNE A. JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q MR. COYNE A. JOHNSON, Q MR. COYNE A.	 P.C.: Yes, okay. If you looked at the universe of utilities, it would all shift to the left. P.C.: Okay. These are investor owned, so out of investor owned we see 38, 42 percent would be triple B and below? That's correct. P.C.: Yes. Yeah, and that's why we screened on credit rating to do our proxy groups. P.C.: Yes. Our average or the average credit rating in our proxy group is E minus. 	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q	 C.: And where is your – One does not want to slip – C.: Where is your evidence of that though? That's an assertion you're making. Where is your evidence of that? Would you like to turn to my Rebuttal Evidence? We have a graph showing the difference between a triple B cost of debt and an A cost of debt. We have it in multiple places. C.: Yes, but I'm talking about what—an equity investor, if they're looking at this universe. If you – C.:
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. MR. COYNE A. JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q MR. COYNE A. JOHNSON, Q MR. COYNE A.	 P.C.: Yes, okay. If you looked at the universe of utilities, it would all shift to the left. P.C.: Okay. These are investor owned, so out of investor owned we see 38, 42 percent would be triple B and below? That's correct. P.C.: Yes. Yeah, and that's why we screened on credit rating to do our proxy groups. P.C.: Yes. Our average or the average credit rating in our proxy group is E minus. P.C.: 	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A. MR. COYNE: A.	 .C.: And where is your – One does not want to slip – .C.: Where is your evidence of that though? That's an assertion you're making. Where is your evidence of that? Would you like to turn to my Rebuttal Evidence? We have a graph showing the difference between a triple B cost of debt and an A cost of debt. We have it in multiple places. .C.: Yes, but I'm talking about what—an equity investor, if they're looking at this universe. If you – .C.: Would an equity investor not look at the US
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Q. MR. COYNE A. JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q MR. COYNE A. JOHNSON, Q MR. COYNE A.	 P.C.: Yes, okay. If you looked at the universe of utilities, it would all shift to the left. P.C.: Okay. These are investor owned, so out of investor owned we see 38, 42 percent would be triple B and below? That's correct. P.C.: Yes. Yeah, and that's why we screened on credit rating to do our proxy groups. P.C.: Yes. Our average or the average credit rating in our proxy group is E minus. P.C.: Yes. 	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q	 C.: And where is your – One does not want to slip – C.: Where is your evidence of that though? That's an assertion you're making. Where is your evidence of that? Would you like to turn to my Rebuttal Evidence? We have a graph showing the difference between a triple B cost of debt and an A cost of debt. We have it in multiple places. C.: Yes, but I'm talking about what—an equity investor, if they're looking at this universe. If you – C.:

	il 5, 2016				NL Power GRA 201
		Page 45			Page 47
1	mi	inus or A?	1		Number –
2	MR. COYNE:		2	(9:40 a.m.)	
3	A. It	would not be necessary for me to do so,	3	MS. GLYNN:	
4		ecause I was focussed on companies with	4	Q.	FortisBC?
5		edit ratings like this one for purposes of	5	JOHNSON, Q	C.:
6		y analysis. I wasn't trying to examine the	6		That's right.
7	•	tire universe of US utilities.	7	MS. GLYNN:	
8	JOHNSON, Q.C.		8		So we'll enter that as Information Number
9			9	×۰	22.
10	MR. COYNE:		10	KELLY, Q.C.:	
11		hat would not be a good use of my evidence	11	Q.	Yes, got it. Thanks.
12		it wouldn't be informative to the Board.	12	JOHNSON, Q.	-
12			12		
		was trying to examine those for a proxy			Now this—just to put this piece of evidence
14	-	oup.	14		into perspective, this was evidence filed by
15	JOHNSON, Q.C.		15		FortisBC Energy Inc. on December 18th, 2015
16		see.	16		in the GRA proceeding—or the BCUC proceeding
17	MR. COYNE:		17		that you have been involved in, Mr. Coyne,
18		hat looked like the target company that we	18		right?
19		ere estimating the cost of capital for.	19	MR. COYNE:	
20		ne would never do that. It just wouldn't	20	А.	That's correct.
21		e informative.	21	JOHNSON, Q	
22	JOHNSON, Q.C.	.:	22		Okay, so you recognize this question and
23		et's talk about the concept of integration	23		this answer, right?
24	wi	ith the United States market.	24	MR. COYNE:	
25	MR. COYNE:		25	А.	I do.
		Page 46			Page 48
1	A. Ye	:S.	1	JOHNSON, Q	0.C.:
2	JOHNSON, Q.C.:	:	2	Q.	Okay. So in this question the Association
3	Q. Be	tween Canada and the United States. Okay?	•		
	V		3		of Major Power Consumers of BC I understand
4		nd leaving for a moment how the market in	3		of Major Power Consumers of BC I understand asked, on the first page there, "Please list
	An	-			•
4 5 6	Anthe	nd leaving for a moment how the market in	4		asked, on the first page there, "Please list the percentage of Fortis non-Canadian
5 6	An the of	nd leaving for a moment how the market in e United States broadly views the ability the US utilities to earn returns versus	4 5	MR. COYNE	asked, on the first page there, "Please list the percentage of Fortis non-Canadian shareholders for each year since 2000."
5 6 7	An the of t	nd leaving for a moment how the market in e United States broadly views the ability the US utilities to earn returns versus Canada. Now Newfoundland Power is	4 5 6 7	MR. COYNE A.	asked, on the first page there, "Please list the percentage of Fortis non-Canadian shareholders for each year since 2000."
5 6 7 8	An the of t in 0 For	nd leaving for a moment how the market in e United States broadly views the ability the US utilities to earn returns versus	4 5 6 7 8	А.	asked, on the first page there, "Please list the percentage of Fortis non-Canadian shareholders for each year since 2000." I see that.
5 6 7 8 9	An the of in 0 For MR. COYNE:	nd leaving for a moment how the market in e United States broadly views the ability the US utilities to earn returns versus Canada. Now Newfoundland Power is rtis.	4 5 6 7 8 9	A. JOHNSON, Q	asked, on the first page there, "Please list the percentage of Fortis non-Canadian shareholders for each year since 2000." I see that. O.C.:
5 6 7 8 9 10	An the of t in 0 Fot MR. COYNE: A. Un	nd leaving for a moment how the market in e United States broadly views the ability the US utilities to earn returns versus Canada. Now Newfoundland Power is rtis.	4 5 6 7 8 9 10	A. Johnson, Q Q.	asked, on the first page there, "Please list the percentage of Fortis non-Canadian shareholders for each year since 2000." : I see that. O.C.: Right.
5 6 7 8 9 10	An the of in 0 For MR. COYNE: A. Un JOHNSON, Q.C.:	nd leaving for a moment how the market in e United States broadly views the ability the US utilities to earn returns versus Canada. Now Newfoundland Power is rtis. n-hm.	4 5 6 7 8 9 10 11	A. JOHNSON, Q Q. MR. COYNE	asked, on the first page there, "Please list the percentage of Fortis non-Canadian shareholders for each year since 2000." I see that. O.C.: Right.
5 6 7 8 9 10 11 12	An the of t in 0 Fot MR. COYNE: A. Un JOHNSON, Q.C.: Q. Its	nd leaving for a moment how the market in e United States broadly views the ability the US utilities to earn returns versus Canada. Now Newfoundland Power is rtis. n-hm. : shares are listed for trading. Are they	4 5 6 7 8 9 10 11 12	A. JOHNSON, Q Q. MR. COYNE A.	asked, on the first page there, "Please list the percentage of Fortis non-Canadian shareholders for each year since 2000." : I see that. O.C.: Right. : Um-hm.
5 6 7 8 9 10 11 12 13	An the of in 0 For MR. COYNE: A. Un JOHNSON, Q.C.: Q. Its list	nd leaving for a moment how the market in e United States broadly views the ability the US utilities to earn returns versus Canada. Now Newfoundland Power is rtis. n-hm. : shares are listed for trading. Are they ted for trading outside of Canada, are	4 5 6 7 8 9 10 11 12 13	A. JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q	asked, on the first page there, "Please list the percentage of Fortis non-Canadian shareholders for each year since 2000." I see that. O.C.: Right. Um-hm. O.C.:
5 6 7 8 9 10 11 12 13 14	An the of t in 0 For MR. COYNE: A. Un JOHNSON, Q.C.: Q. Its list you	nd leaving for a moment how the market in e United States broadly views the ability the US utilities to earn returns versus Canada. Now Newfoundland Power is rtis. n-hm. : shares are listed for trading. Are they	4 5 6 7 8 9 10 11 12 13 14	A. JOHNSON, Q Q. MR. COYNE A.	asked, on the first page there, "Please list the percentage of Fortis non-Canadian shareholders for each year since 2000." I see that. O.C.: Right. Um-hm. O.C.: And the response that we see at lines 23 to
5 6 7 8 9 10 11 12 13 14 15	An the of t in 0 For MR. COYNE: A. Un JOHNSON, Q.C.: Q. Its list you MR. COYNE:	nd leaving for a moment how the market in e United States broadly views the ability the US utilities to earn returns versus Canada. Now Newfoundland Power is rtis. n-hm. : shares are listed for trading. Are they ted for trading outside of Canada, are u aware?	4 5 6 7 8 9 10 11 12 13 14 15	A. JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q	asked, on the first page there, "Please list the percentage of Fortis non-Canadian shareholders for each year since 2000." : I see that. O.C.: Right. : Um-hm. O.C.: And the response that we see at lines 23 to 27 on that, "FEI does not have the ability
5 6 7 8 9 10 11 12 13 14 15 16	An the of in 0 For MR. COYNE: A. Un JOHNSON, Q.C.: Q. Its list you MR. COYNE: A. I'n	nd leaving for a moment how the market in e United States broadly views the ability the US utilities to earn returns versus Canada. Now Newfoundland Power is rtis. n-hm. : shares are listed for trading. Are they ted for trading outside of Canada, are u aware? n not aware that they are, no.	4 5 6 7 8 9 10 11 12 13 14 15 16	A. JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q	asked, on the first page there, "Please list the percentage of Fortis non-Canadian shareholders for each year since 2000." I see that. O.C.: Right. Um-hm. O.C.: And the response that we see at lines 23 to 27 on that, "FEI does not have the ability to access the requested Information back to
5 6 7 8 9 10 11 12 13 14 15 16 17	An the of t in 0 For MR. COYNE: A. Un JOHNSON, Q.C.: Q. Its list you MR. COYNE: A. I'n JOHNSON, Q.C.:	Ind leaving for a moment how the market in e United States broadly views the ability the US utilities to earn returns versus Canada. Now Newfoundland Power is rtis. In-hm	4 5 6 7 8 9 10 11 12 13 14 15 16 17	A. JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q	asked, on the first page there, "Please list the percentage of Fortis non-Canadian shareholders for each year since 2000." I see that. O.C.: Right. Um-hm. O.C.: And the response that we see at lines 23 to 27 on that, "FEI does not have the ability to access the requested Information back to the year 2000, but the chart below shows the
5 6 7 8 9 10 11 12 13 14 15 16 17 18	An the of t in 0 For MR. COYNE: A. Un JOHNSON, Q.C.: Q. Its list you MR. COYNE: A. I'n JOHNSON, Q.C.: Q. Ok	Ind leaving for a moment how the market in the United States broadly views the ability the US utilities to earn returns versus Canada. Now Newfoundland Power is rtis. In-hm. Is shares are listed for trading. Are they ted for trading outside of Canada, are u aware? In not aware that they are, no. Is cay. In fact you're aware that they're not	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	A. JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q	asked, on the first page there, "Please list the percentage of Fortis non-Canadian shareholders for each year since 2000." I see that. O.C.: Right. Um-hm. O.C.: And the response that we see at lines 23 to 27 on that, "FEI does not have the ability to access the requested Information back to the year 2000, but the chart below shows the percentage of Canadian versus non-Canadian
5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	An the of m MR. COYNE: A. Un JOHNSON, Q.C.: Q. Its list you MR. COYNE: A. I'm JOHNSON, Q.C.: Q. Ok I ta	Ind leaving for a moment how the market in e United States broadly views the ability the US utilities to earn returns versus Canada. Now Newfoundland Power is rtis. In-hm	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	A. JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q	asked, on the first page there, "Please list the percentage of Fortis non-Canadian shareholders for each year since 2000." I see that. O.C.: Right. Um-hm. O.C.: And the response that we see at lines 23 to 27 on that, "FEI does not have the ability to access the requested Information back to the year 2000, but the chart below shows the percentage of Canadian versus non-Canadian shareholders, including Institutional
5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	An the of t in 0 For MR. COYNE: A. Un JOHNSON, Q.C.: Q. Its list you MR. COYNE: A. I'n JOHNSON, Q.C.: Q. Ok I ta MR. COYNE:	Ind leaving for a moment how the market in e United States broadly views the ability the US utilities to earn returns versus Canada. Now Newfoundland Power is rtis. In-hm. In-hm. In-hm. In-hm. In-hm. In hot aware listed for trading. Are they ted for trading outside of Canada, are u aware? In not aware that they are, no. In fact you're aware that they're not ake it?	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	A. JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q	asked, on the first page there, "Please list the percentage of Fortis non-Canadian shareholders for each year since 2000." I see that. O.C.: Right. Um-hm. O.C.: And the response that we see at lines 23 to 27 on that, "FEI does not have the ability to access the requested Information back to the year 2000, but the chart below shows the percentage of Canadian versus non-Canadian shareholders, including Institutional ownership, from 2010 to the most recent
5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	An the of t in 0 For MR. COYNE: A. Un JOHNSON, Q.C.: Q. Its list you MR. COYNE: A. I'n JOHNSON, Q.C.: Q. Ok I ta MR. COYNE: A. Th	Ind leaving for a moment how the market in e United States broadly views the ability the US utilities to earn returns versus Canada. Now Newfoundland Power is rtis. In-hm. In-hm. In-hm. In-hm. In-hm. In-hm aware listed for trading. Are they ted for trading outside of Canada, are u aware? In not aware that they are, no. In fact you're aware that they're not ake it?	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	A. JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q	asked, on the first page there, "Please list the percentage of Fortis non-Canadian shareholders for each year since 2000." I see that. C.: Right. Um-hm. C.: And the response that we see at lines 23 to 27 on that, "FEI does not have the ability to access the requested Information back to the year 2000, but the chart below shows the percentage of Canadian versus non-Canadian shareholders, including Institutional ownership, from 2010 to the most recent available date. This data was obtained
5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	An the of t in 0 For MR. COYNE: A. Un JOHNSON, Q.C.: Q. Its list you MR. COYNE: A. I'm JOHNSON, Q.C.: Q. Ok I ta MR. COYNE: A. Th JOHNSON, Q.C.:	Ind leaving for a moment how the market in e United States broadly views the ability the US utilities to earn returns versus Canada. Now Newfoundland Power is rtis. In-hm. In-hm. In-hm. In-hm. In-hm. In not aware listed for trading. Are they ted for trading outside of Canada, are u aware? In not aware that they are, no. In fact you're aware that they're not ake it? In at's my understanding	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q	asked, on the first page there, "Please list the percentage of Fortis non-Canadian shareholders for each year since 2000." I see that. O.C.: Right. Um-hm. O.C.: And the response that we see at lines 23 to 27 on that, "FEI does not have the ability to access the requested Information back to the year 2000, but the chart below shows the percentage of Canadian versus non-Canadian shareholders, including Institutional ownership, from 2010 to the most recent available date. This data was obtained through Bloomberg and is based on publicly
5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	An the of t in 0 For MR. COYNE: A. Un JOHNSON, Q.C.: Q. Its list you MR. COYNE: A. I'n JOHNSON, Q.C.: Q. Ok I ta MR. COYNE: A. Th JOHNSON, Q.C.: Q. Rig	Ind leaving for a moment how the market in e United States broadly views the ability the US utilities to earn returns versus Canada. Now Newfoundland Power is rtis. In-hm. Is shares are listed for trading. Are they ted for trading outside of Canada, are u aware? In not aware that they are, no. Is say. In fact you're aware that they're not ake it? In the could we turn to Cross Aid	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	A. JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q	asked, on the first page there, "Please list the percentage of Fortis non-Canadian shareholders for each year since 2000." I see that. O.C.: Right. Um-hm. O.C.: And the response that we see at lines 23 to 27 on that, "FEI does not have the ability to access the requested Information back to the year 2000, but the chart below shows the percentage of Canadian versus non-Canadian shareholders, including Institutional ownership, from 2010 to the most recent available date. This data was obtained through Bloomberg and is based on publicly reportable holdings. Bloomberg only has
5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	An the of f in 0 For MR. COYNE: A. Un JOHNSON, Q.C.: Q. Its list you MR. COYNE: A. I'n JOHNSON, Q.C.: Q. Ok I ta MR. COYNE: A. Th JOHNSON, Q.C.: Q. Ris Wu	 ad leaving for a moment how the market in e United States broadly views the ability the US utilities to earn returns versus Canada. Now Newfoundland Power is rtis. an-hm. shares are listed for trading. Are they ted for trading outside of Canada, are u aware? an not aware that they are, no. aavare that they are, no. aavare that they are that they're not ake it? bat's my understanding ght. And could we turn to Cross Aid unber 2 that was sent over to you on April 	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	A. Johnson, Q Q. MR. Coyne A. Johnson, Q Q.	asked, on the first page there, "Please list the percentage of Fortis non-Canadian shareholders for each year since 2000." I see that. O.C.: Right. Um-hm. O.C.: And the response that we see at lines 23 to 27 on that, "FEI does not have the ability to access the requested Information back to the year 2000, but the chart below shows the percentage of Canadian versus non-Canadian shareholders, including Institutional ownership, from 2010 to the most recent available date. This data was obtained through Bloomberg and is based on publicly reportable holdings. Bloomberg only has this data available from 2010 onwards."
5 6 7 8 9 0 1 2 3 4 5 6 7 8 9 0 1 2 3 4 5 6 7 8 9 0 1 2 3 4 5 6 7 8 9 0 1 2 3 4 5 7 8 9 0 1 2 3 4 5 9 0 1 2 3 4 5 9 2 9 2 3 4 5 9 2 3 4 5 9 2 3 5 1 2 3 5 1 2 3 5 1 2 3 5 2 3 5 2 3 5 2 3 5 2 3 5 2 3 5 2 3 5 2 3 5 3 5	An the of f in 0 For MR. COYNE: A. Un JOHNSON, Q.C.: Q. Its list you MR. COYNE: A. I'n JOHNSON, Q.C.: Q. Ok I ta MR. COYNE: A. Th JOHNSON, Q.C.: Q. Ris Wu	Ind leaving for a moment how the market in e United States broadly views the ability the US utilities to earn returns versus Canada. Now Newfoundland Power is rtis. In-hm. Is shares are listed for trading. Are they ted for trading outside of Canada, are u aware? In not aware that they are, no. Is say. In fact you're aware that they're not ake it? In the could we turn to Cross Aid	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	A. JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q	asked, on the first page there, "Please list the percentage of Fortis non-Canadian shareholders for each year since 2000." I see that. O.C.: Right. Um-hm. O.C.: And the response that we see at lines 23 to 27 on that, "FEI does not have the ability to access the requested Information back to the year 2000, but the chart below shows the percentage of Canadian versus non-Canadian shareholders, including Institutional ownership, from 2010 to the most recent available date. This data was obtained through Bloomberg and is based on publicly reportable holdings. Bloomberg only has this data available from 2010 onwards."

	10,2010				
		Page 49			Page 51
1	А.	Um-hm.	1		No, I said it's evidence of integrated
2	JOHNSON, (-	2		global markets. It's broader than that.
3	Q.	So if we turn over the page, we actually see	3	JOHNSON, Q.	
4		the shareholdings from 2010 to 2015 broken	4		I see. Are you aware, Mr. Coyne, that
5		down by Canadian versus non-Canadian	5	1	neither Canadian utilities nor America which
6		shareholders.	6		are part of your Canadian proxy group are
7	MR. COYNE	:	7]	listed outside of Canada in-on the New York
8	А.	I see that.	8	:	Stock Exchange or NASDAQ?
9	JOHNSON, O	Q.C.:	9	MR. COYNE:	
10	Q.	And this—the source of the information is	10	Α.	That's my understanding.
11		Bloomberg. Is that a source that you would	11	JOHNSON, Q.	C.:
12		accept?	12		And you –
13	MR. COYNE	:	13	MR. COYNE:	
14	А.	Yes.	14	A. 1	But that's not necessary to raise capital in
15	JOHNSON, O	Q.C.:	15	1	the US to be listed on the New York Stock
16	Q.	Okay. And so we see here that this data	16]	Exchange.
17		seems to be pretty steady at about, you know	17	JOHNSON, Q.	C.:
18		18 to 20, 25 percent over those-that five-	18	Q. 1	I never asked you if it was.
19		year period for non-Canadian ownership. Do	19	MR. COYNE:	
20		you see that?	20		Well –
21	MR. COYNE	:	21	JOHNSON, Q.	C.:
22	A.	I do see that.	22	Q. 1	Now are you aware that most Canadian
23	JOHNSON, (Q.C.:	23		companies are in fact, big Canadian
24	Q.	Okay.	24		companies are listed on the NYSE and NASDAQ?
25	MR. COYNE	:	25	MR. COYNE:	
		Page 50			Page 52
1	А.	Yeah.	1	А.	Some are; some aren't. Yes.
$\begin{vmatrix} 1\\2 \end{vmatrix}$	A. JOHNSON, O		1 2	A. JOHNSON, Q	
$ \begin{array}{c c} 1\\ 2\\ 3 \end{array} $			1 2 3		
$ \left \begin{array}{c}1\\2\\3\\4\end{array}\right $	JOHNSON, O	Q.C.:	1 2 3 4	JOHNSON, (Q.C.:
$ \begin{array}{c c} 1\\ 2\\ 3\\ 4\\ 5 \end{array} $	JOHNSON, O	Q.C.: Do you know if this would be unusual for a Canadian utility?		JOHNSON, (Q.C.: Okay. Now TransCanada Corporation and
1 2 3 4 5 6	JOHNSON, Q.	Q.C.: Do you know if this would be unusual for a Canadian utility?		JOHNSON, (Q.C.: Okay. Now TransCanada Corporation and Enbridge, I understand that they're both listed in the United States?
4 5	JOHNSON, Q. MR. COYNE	Q.C.: Do you know if this would be unusual for a Canadian utility?	4 5	JOHNSON, Q.	Q.C.: Okay. Now TransCanada Corporation and Enbridge, I understand that they're both listed in the United States?
4 5 6	JOHNSON, Q. MR. COYNE	Q.C.: Do you know if this would be unusual for a Canadian utility? To have that percentage of foreign	4 5	JOHNSON, Q. MR. COYNE	Q.C.: Okay. Now TransCanada Corporation and Enbridge, I understand that they're both listed in the United States? : I believe that's correct.
4 5 6 7	JOHNSON, Q. MR. COYNE	Q.C.: Do you know if this would be unusual for a Canadian utility? To have that percentage of foreign ownership? I don't recall looking at it	4 5	JOHNSON, Q. Q. MR. COYNE A.	Q.C.: Okay. Now TransCanada Corporation and Enbridge, I understand that they're both listed in the United States? : I believe that's correct.
4 5 6 7 8	JOHNSON, Q. MR. COYNE	 Q.C.: Do you know if this would be unusual for a Canadian utility? To have that percentage of foreign ownership? I don't recall looking at it more broadly, but it strikes me as not unusual, no. 	4 5 6 7 8	JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q	Q.C.: Okay. Now TransCanada Corporation and Enbridge, I understand that they're both listed in the United States? : I believe that's correct. Q.C.:
4 5 6 7 8 9	JOHNSON, O Q. MR. COYNE A. JOHNSON, O Q.	 Q.C.: Do you know if this would be unusual for a Canadian utility? To have that percentage of foreign ownership? I don't recall looking at it more broadly, but it strikes me as not unusual, no. Q.C.: And why does it strike you as not unusual? 	4 5 6 7 8 9	JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q	 Q.C.: Okay. Now TransCanada Corporation and Enbridge, I understand that they're both listed in the United States? I believe that's correct. Q.C.: Because they have huge pipeline assets in the United States, is that right?
4 5 6 7 8 9 10	JOHNSON, O Q. MR. COYNE A. JOHNSON, O	 Q.C.: Do you know if this would be unusual for a Canadian utility? To have that percentage of foreign ownership? I don't recall looking at it more broadly, but it strikes me as not unusual, no. Q.C.: And why does it strike you as not unusual? 	4 5 6 7 8 9 10	JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q Q.	 Q.C.: Okay. Now TransCanada Corporation and Enbridge, I understand that they're both listed in the United States? I believe that's correct. Q.C.: Because they have huge pipeline assets in the United States, is that right?
4 5 6 7 8 9 10 11	JOHNSON, O Q. MR. COYNE A. JOHNSON, O Q.	 Q.C.: Do you know if this would be unusual for a Canadian utility? To have that percentage of foreign ownership? I don't recall looking at it more broadly, but it strikes me as not unusual, no. Q.C.: And why does it strike you as not unusual? Well, we have integrated financial markets 	4 5 6 7 8 9 10 11	JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q Q. MR. COYNE A.	 Q.C.: Okay. Now TransCanada Corporation and Enbridge, I understand that they're both listed in the United States? I believe that's correct. Q.C.: Because they have huge pipeline assets in the United States, is that right? They both have substantial assets in the United States, yes.
4 5 6 7 8 9 10 11 12	JOHNSON, O Q. MR. COYNE A. JOHNSON, O Q. MR. COYNE	 Q.C.: Do you know if this would be unusual for a Canadian utility? To have that percentage of foreign ownership? I don't recall looking at it more broadly, but it strikes me as not unusual, no. Q.C.: And why does it strike you as not unusual? Well, we have integrated financial markets specifically between the US and Canada and 	4 5 6 7 8 9 10 11 12	JOHNSON, C Q. MR. COYNE A. JOHNSON, C Q. MR. COYNE	 Q.C.: Okay. Now TransCanada Corporation and Enbridge, I understand that they're both listed in the United States? I believe that's correct. Q.C.: Because they have huge pipeline assets in the United States, is that right? They both have substantial assets in the United States, yes. Q.C.:
4 5 6 7 8 9 10 11 12 13	JOHNSON, O Q. MR. COYNE A. JOHNSON, O Q. MR. COYNE	 Q.C.: Do you know if this would be unusual for a Canadian utility? To have that percentage of foreign ownership? I don't recall looking at it more broadly, but it strikes me as not unusual, no. Q.C.: And why does it strike you as not unusual? Well, we have integrated financial markets specifically between the US and Canada and globally these days. So foreign investors 	4 5 6 7 8 9 10 11 12 13	JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q Q. MR. COYNE A.	 Q.C.: Okay. Now TransCanada Corporation and Enbridge, I understand that they're both listed in the United States? I believe that's correct. Q.C.: Because they have huge pipeline assets in the United States, is that right? They both have substantial assets in the United States, yes. Q.C.: Okay. Why would you think or do you think
4 5 6 7 8 9 10 11 12 13 14	JOHNSON, O Q. MR. COYNE A. JOHNSON, O Q. MR. COYNE	 Q.C.: Do you know if this would be unusual for a Canadian utility? To have that percentage of foreign ownership? I don't recall looking at it more broadly, but it strikes me as not unusual, no. Q.C.: And why does it strike you as not unusual? Well, we have integrated financial markets specifically between the US and Canada and globally these days. So foreign investors are looking for returns wherever they can 	4 5 6 7 8 9 10 11 12 13 14	JOHNSON, C Q. MR. COYNE A. JOHNSON, C Q. MR. COYNE A. JOHNSON, C	 Q.C.: Okay. Now TransCanada Corporation and Enbridge, I understand that they're both listed in the United States? I believe that's correct. Q.C.: Because they have huge pipeline assets in the United States, is that right? They both have substantial assets in the United States, yes. Q.C.: Okay. Why would you think or do you think that Canadian utilities are unattractive to
4 5 6 7 8 9 10 11 12 13 14 15	JOHNSON, O Q. MR. COYNE A. JOHNSON, O Q. MR. COYNE	 Q.C.: Do you know if this would be unusual for a Canadian utility? To have that percentage of foreign ownership? I don't recall looking at it more broadly, but it strikes me as not unusual, no. Q.C.: And why does it strike you as not unusual? Well, we have integrated financial markets specifically between the US and Canada and globally these days. So foreign investors are looking for returns wherever they can find them and they're looking for 	4 5 6 7 8 9 10 11 12 13 14 15	JOHNSON, C Q. MR. COYNE A. JOHNSON, C Q. MR. COYNE A. JOHNSON, C	 Q.C.: Okay. Now TransCanada Corporation and Enbridge, I understand that they're both listed in the United States? I believe that's correct. Q.C.: Because they have huge pipeline assets in the United States, is that right? They both have substantial assets in the United States, yes. Q.C.: Okay. Why would you think or do you think
4 5 6 7 8 9 10 11 12 13 14 15 16	JOHNSON, O Q. MR. COYNE A. JOHNSON, O Q. MR. COYNE	 Q.C.: Do you know if this would be unusual for a Canadian utility? To have that percentage of foreign ownership? I don't recall looking at it more broadly, but it strikes me as not unusual, no. Q.C.: And why does it strike you as not unusual? Well, we have integrated financial markets specifically between the US and Canada and globally these days. So foreign investors are looking for returns wherever they can 	4 5 6 7 8 9 10 11 12 13 14 15 16	JOHNSON, C Q. MR. COYNE A. JOHNSON, C Q. MR. COYNE A. JOHNSON, C	 Q.C.: Okay. Now TransCanada Corporation and Enbridge, I understand that they're both listed in the United States? I believe that's correct. Q.C.: Because they have huge pipeline assets in the United States, is that right? They both have substantial assets in the United States, yes. Q.C.: Okay. Why would you think or do you think that Canadian utilities are unattractive to
4 5 6 7 8 9 10 11 12 13 14 15 16 17	JOHNSON, O Q. MR. COYNE A. JOHNSON, O Q. MR. COYNE	 Q.C.: Do you know if this would be unusual for a Canadian utility? To have that percentage of foreign ownership? I don't recall looking at it more broadly, but it strikes me as not unusual, no. Q.C.: And why does it strike you as not unusual? Well, we have integrated financial markets specifically between the US and Canada and globally these days. So foreign investors are looking for returns wherever they can find them and they're looking for 	4 5 6 7 8 9 10 11 12 13 14 15 16 17	JOHNSON, C Q. MR. COYNE A. JOHNSON, C Q. MR. COYNE A. JOHNSON, C	 Q.C.: Okay. Now TransCanada Corporation and Enbridge, I understand that they're both listed in the United States? I believe that's correct. Q.C.: Because they have huge pipeline assets in the United States, is that right? They both have substantial assets in the United States, yes. Q.C.: Okay. Why would you think or do you think that Canadian utilities are unattractive to non-residents and that the Canadian
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	JOHNSON, O Q. MR. COYNE A. JOHNSON, O Q. MR. COYNE	 Q.C.: Do you know if this would be unusual for a Canadian utility? To have that percentage of foreign ownership? I don't recall looking at it more broadly, but it strikes me as not unusual, no. Q.C.: And why does it strike you as not unusual? Well, we have integrated financial markets specifically between the US and Canada and globally these days. So foreign investors are looking for returns wherever they can find them and they're looking for diversification across geographic boundaries as well. 	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	JOHNSON, C Q. MR. COYNE A. JOHNSON, C Q. MR. COYNE A. JOHNSON, C	 Q.C.: Okay. Now TransCanada Corporation and Enbridge, I understand that they're both listed in the United States? I believe that's correct. Q.C.: Because they have huge pipeline assets in the United States, is that right? They both have substantial assets in the United States, yes. Q.C.: Okay. Why would you think or do you think that Canadian utilities are unattractive to non-residents and that the Canadian utilities such as Fortis managers don't see any value in a US listing, do you know?
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	JOHNSON, O Q. MR. COYNE A. JOHNSON, O Q. MR. COYNE A.	 Q.C.: Do you know if this would be unusual for a Canadian utility? To have that percentage of foreign ownership? I don't recall looking at it more broadly, but it strikes me as not unusual, no. Q.C.: And why does it strike you as not unusual? Well, we have integrated financial markets specifically between the US and Canada and globally these days. So foreign investors are looking for returns wherever they can find them and they're looking for diversification across geographic boundaries as well. 	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q MR. COYNE A. JOHNSON, Q	 Q.C.: Okay. Now TransCanada Corporation and Enbridge, I understand that they're both listed in the United States? I believe that's correct. Q.C.: Because they have huge pipeline assets in the United States, is that right? They both have substantial assets in the United States, yes. Q.C.: Okay. Why would you think or do you think that Canadian utilities are unattractive to non-residents and that the Canadian utilities such as Fortis managers don't see any value in a US listing, do you know?
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	JOHNSON, O Q. MR. COYNE A. JOHNSON, O MR. COYNE A.	 Q.C.: Do you know if this would be unusual for a Canadian utility? To have that percentage of foreign ownership? I don't recall looking at it more broadly, but it strikes me as not unusual, no. Q.C.: And why does it strike you as not unusual? Well, we have integrated financial markets specifically between the US and Canada and globally these days. So foreign investors are looking for returns wherever they can find them and they're looking for diversification across geographic boundaries as well. Q.C.: 	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	JOHNSON, C Q. MR. COYNE A. JOHNSON, C Q. MR. COYNE A. JOHNSON, C Q.	 Q.C.: Okay. Now TransCanada Corporation and Enbridge, I understand that they're both listed in the United States? I believe that's correct. Q.C.: Because they have huge pipeline assets in the United States, is that right? They both have substantial assets in the United States, yes. Q.C.: Okay. Why would you think or do you think that Canadian utilities are unattractive to non-residents and that the Canadian utilities such as Fortis managers don't see any value in a US listing, do you know?
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	JOHNSON, O Q. MR. COYNE A. JOHNSON, O MR. COYNE A.	 Q.C.: Do you know if this would be unusual for a Canadian utility? To have that percentage of foreign ownership? I don't recall looking at it more broadly, but it strikes me as not unusual, no. Q.C.: And why does it strike you as not unusual? Well, we have integrated financial markets specifically between the US and Canada and globally these days. So foreign investors are looking for returns wherever they can find them and they're looking for diversification across geographic boundaries as well. Q.C.: Oh, so you're regarding the relatively low 	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	JOHNSON, C Q. MR. COYNE A. JOHNSON, C Q. MR. COYNE A. JOHNSON, C Q.	 Q.C.: Okay. Now TransCanada Corporation and Enbridge, I understand that they're both listed in the United States? I believe that's correct. Q.C.: Because they have huge pipeline assets in the United States, is that right? They both have substantial assets in the United States, yes. Q.C.: Okay. Why would you think or do you think that Canadian utilities are unattractive to non-residents and that the Canadian utilities such as Fortis managers don't see any value in a US listing, do you know? Well, you've asked two questions. Let's go to your first.
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	JOHNSON, O Q. MR. COYNE A. JOHNSON, O MR. COYNE A.	 Q.C.: Do you know if this would be unusual for a Canadian utility? To have that percentage of foreign ownership? I don't recall looking at it more broadly, but it strikes me as not unusual, no. Q.C.: And why does it strike you as not unusual? Well, we have integrated financial markets specifically between the US and Canada and globally these days. So foreign investors are looking for returns wherever they can find them and they're looking for diversification across geographic boundaries as well. Q.C.: Oh, so you're regarding the relatively low numbers of non-Canadian shareholders as 	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	JOHNSON, C Q. MR. COYNE A. JOHNSON, C Q. MR. COYNE A. JOHNSON, C Q. MR. COYNE A.	 Q.C.: Okay. Now TransCanada Corporation and Enbridge, I understand that they're both listed in the United States? I believe that's correct. Q.C.: Because they have huge pipeline assets in the United States, is that right? They both have substantial assets in the United States, yes. Q.C.: Okay. Why would you think or do you think that Canadian utilities are unattractive to non-residents and that the Canadian utilities such as Fortis managers don't see any value in a US listing, do you know? Well, you've asked two questions. Let's go to your first.
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	JOHNSON, O Q. MR. COYNE A. JOHNSON, O MR. COYNE A.	 Q.C.: Do you know if this would be unusual for a Canadian utility? To have that percentage of foreign ownership? I don't recall looking at it more broadly, but it strikes me as not unusual, no. Q.C.: And why does it strike you as not unusual? Well, we have integrated financial markets specifically between the US and Canada and globally these days. So foreign investors are looking for returns wherever they can find them and they're looking for diversification across geographic boundaries as well. Q.C.: Oh, so you're regarding the relatively low numbers of non-Canadian shareholders as evidence of an integration of the Canada/US market, are you? 	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	JOHNSON, C Q. MR. COYNE A. JOHNSON, C Q. MR. COYNE A. JOHNSON, C Q.	 Q.C.: Okay. Now TransCanada Corporation and Enbridge, I understand that they're both listed in the United States? I believe that's correct. Q.C.: Because they have huge pipeline assets in the United States, is that right? They both have substantial assets in the United States, yes. Q.C.: Okay. Why would you think or do you think that Canadian utilities are unattractive to non-residents and that the Canadian utilities such as Fortis managers don't see any value in a US listing, do you know? Well, you've asked two questions. Let's go to your first. Q.C.: Okay.

A	5	2016	
Артп	э,	2016	

	13,2010			INL POWEI OKA 20
1		Page 53		Page 55
1	А.	You suggested that –	1	JOHNSON, Q.C.:
2	JOHNSON, Q	D.C.:	2	Q. I see. Anyway, so are you aware as to
3	Q.	That these –	3	
4	MR. COYNE		4	•
5	A.	- Canadian invest—that foreign investors do	5	-
	11.	not find Canadian investments as being	6	-
6		-	7	
7		attractive or Canadian utility investments?		
8	JOHNSON, Q	*	8	5
9	Q.	That's right. Do you agree with that?	9	
10	MR. COYNE		10	
11	А.	Well, this suggests to me that at least some	11	5
12		do, and before we go too far, if you go back	12	expert.
13		to the prior page of that answer it says	13	JOHNSON, Q.C.:
14		that this includes institutional ownership.	14	Q. Okay. So all else constant, there is no
15		So it's not all ownership. It's just	15	•
16		institutional ownership. It doesn't reflect	16	•
17		the ownership of individual investors, and	17	
18		that's because those aren't reported through	18	
19		Bloomberg, and I think that that has to do	19	1
		-	20	
20		with privacy concerns. So we don't know		× •
21		what the total –	21	MR. COYNE:
22	JOHNSON, Q	~	22	, , , , , , , , , , , , , , , , , , , ,
23	Q.	Are you saying that the 20 percent –	23	
24	MR. COYNE		24	
25	А.	Could I finish my answer, please? Okay.	25	assumption is that Canadians look for
		Page 54		Page 56
1	JOHNSON, Q	-	1	investment diversification and they're
2	Q.	I just want to understand. Are you saying	2	-
	×۰	that the 20 percent is only including		producty broadly invested in other market
3			3	IOHNSON OC:
3		1 2 2	3	
4	MD COVNE	institutional investors?	3 4 5	Q. Are you –
4 5	MR. COYNE	institutional investors?	4 5	Q. Are you – MR. COYNE:
4 5 6	MR. COYNE A.	institutional investors? Yes, that's what the—that's what it says in		Q. Are you – MR. COYNE: A. Just as U.S. investors are.
4 5 6 7	А.	institutional investors? Yes, that's what the—that's what it says in the response.	4 5 6 7	Q. Are you – MR. COYNE: A. Just as U.S. investors are. JOHNSON, Q.C.:
4 5 6 7 8	A. JOHNSON, Q	institutional investors? Yes, that's what the—that's what it says in the response. .C.:	4 5 6 7 8	Q. Are you – MR. COYNE: A. Just as U.S. investors are. JOHNSON, Q.C.: Q. Are you aware that Canadian residents hav
4 5 6 7	A. Johnson, Q Q.	institutional investors? Yes, that's what the—that's what it says in the response. .C.: I don't read the response like that.	4 5 6 7	Q. Are you – MR. COYNE: A. Just as U.S. investors are. JOHNSON, Q.C.: Q. Are you aware that Canadian residents hav to pay withholding tax on foreign source
4 5 6 7 8	A. JOHNSON, Q	institutional investors? Yes, that's what the—that's what it says in the response. .C.: I don't read the response like that.	4 5 6 7 8	Q. Are you – MR. COYNE: A. Just as U.S. investors are. JOHNSON, Q.C.: Q. Are you aware that Canadian residents hav to pay withholding tax on foreign source
4 5 6 7 8 9	A. Johnson, Q Q.	institutional investors? Yes, that's what the—that's what it says in the response. .C.: I don't read the response like that.	4 5 6 7 8 9	Q. Are you – MR. COYNE: A. Just as U.S. investors are. JOHNSON, Q.C.: Q. Are you aware that Canadian residents hav to pay withholding tax on foreign source dividends? MR. COYNE:
4 5 6 7 8 9 10	A. JOHNSON, Q Q. MR. COYNE	institutional investors? Yes, that's what the—that's what it says in the response. .C.: I don't read the response like that.	4 5 6 7 8 9 10	Q. Are you – MR. COYNE: A. Just as U.S. investors are. JOHNSON, Q.C.: Q. Are you aware that Canadian residents hav to pay withholding tax on foreign source dividends? MR. COYNE:
4 5 6 7 8 9 10 11	A. JOHNSON, Q Q. MR. COYNE	institutional investors? Yes, that's what the—that's what it says in the response. .C.: I don't read the response like that. Yes. Okay, the second line, "The chart	4 5 6 7 8 9 10 11	Q. Are you – MR. COYNE: A. Just as U.S. investors are. JOHNSON, Q.C.: Q. Are you aware that Canadian residents hav to pay withholding tax on foreign source dividends? MR. COYNE: A. On foreign source dividends?
4 5 6 7 8 9 10 11 12	A. JOHNSON, Q Q. MR. COYNE	institutional investors? Yes, that's what the—that's what it says in the response. .C.: I don't read the response like that. Yes. Okay, the second line, "The chart below shows the percentage of Canadian versus non-Canadian shareholders, including	4 5 6 7 8 9 10 11 12 13	Q. Are you – MR. COYNE: A. Just as U.S. investors are. JOHNSON, Q.C.: Q. Are you aware that Canadian residents hav to pay withholding tax on foreign source dividends? MR. COYNE: A. On foreign source dividends? JOHNSON, Q.C.:
4 5 6 7 8 9 10 11 12 13 14	A. JOHNSON, Q Q. MR. COYNE	institutional investors? Yes, that's what the—that's what it says in the response. .C.: I don't read the response like that. Yes. Okay, the second line, "The chart below shows the percentage of Canadian versus non-Canadian shareholders, including Institutional ownership." So it's	4 5 6 7 8 9 10 11 12 13 14	 Q. Are you – MR. COYNE: A. Just as U.S. investors are. JOHNSON, Q.C.: Q. Are you aware that Canadian residents hav to pay withholding tax on foreign source dividends? MR. COYNE: A. On foreign source dividends? JOHNSON, Q.C.: Q. Right.
4 5 6 7 8 9 10 11 12 13 14 15	A. JOHNSON, Q Q. MR. COYNE	 institutional investors? Yes, that's what the—that's what it says in the response. C.: I don't read the response like that. Yes. Okay, the second line, "The chart below shows the percentage of Canadian versus non-Canadian shareholders, including Institutional ownership." So it's institutional ownership only that Bloomberg 	4 5 6 7 8 9 10 11 12 13 14 15	Q. Are you – MR. COYNE: A. Just as U.S. investors are. JOHNSON, Q.C.: Q. Are you aware that Canadian residents hav to pay withholding tax on foreign source dividends? MR. COYNE: A. On foreign source dividends? JOHNSON, Q.C.: Q. Right. MR. COYNE:
4 5 6 7 8 9 10 11 12 13 14 15 16	A. JOHNSON, Q Q. MR. COYNE	institutional investors? Yes, that's what the—that's what it says in the response. .C.: I don't read the response like that. Yes. Okay, the second line, "The chart below shows the percentage of Canadian versus non-Canadian shareholders, including Institutional ownership." So it's institutional ownership only that Bloomberg reports. They do not have the data on	4 5 6 7 8 9 10 11 12 13 14 15 16	 Q. Are you – MR. COYNE: A. Just as U.S. investors are. JOHNSON, Q.C.: Q. Are you aware that Canadian residents hav to pay withholding tax on foreign source dividends? MR. COYNE: A. On foreign source dividends? JOHNSON, Q.C.: Q. Right. MR. COYNE: A. I believe that's correct.
4 5 6 7 8 9 10 11 12 13 14 15 16 17	A. JOHNSON, Q Q. MR. COYNE A.	 institutional investors? Yes, that's what the—that's what it says in the response. C.: I don't read the response like that. Yes. Okay, the second line, "The chart below shows the percentage of Canadian versus non-Canadian shareholders, including Institutional ownership." So it's institutional ownership only that Bloomberg 	4 5 6 7 8 9 10 11 12 13 14 15 16 17	 Q. Are you – MR. COYNE: A. Just as U.S. investors are. JOHNSON, Q.C.: Q. Are you aware that Canadian residents hav to pay withholding tax on foreign source dividends? MR. COYNE: A. On foreign source dividends? JOHNSON, Q.C.: Q. Right. MR. COYNE: A. I believe that's correct. JOHNSON, Q.C.:
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	A. JOHNSON, Q Q. MR. COYNE A. (9:45 a.m.)	institutional investors? Yes, that's what the—that's what it says in the response. .C.: I don't read the response like that. Yes. Okay, the second line, "The chart below shows the percentage of Canadian versus non-Canadian shareholders, including Institutional ownership." So it's institutional ownership only that Bloomberg reports. They do not have the data on individual investors.	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	 Q. Are you – MR. COYNE: A. Just as U.S. investors are. JOHNSON, Q.C.: Q. Are you aware that Canadian residents hav to pay withholding tax on foreign source dividends? MR. COYNE: A. On foreign source dividends? JOHNSON, Q.C.: Q. Right. MR. COYNE: A. I believe that's correct. JOHNSON, Q.C.: Q. Okay, and are you aware that U.S. resident
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	A. JOHNSON, Q Q. MR. COYNE A. (9:45 a.m.) JOHNSON, Q	institutional investors? Yes, that's what the—that's what it says in the response. .C.: I don't read the response like that. Yes. Okay, the second line, "The chart below shows the percentage of Canadian versus non-Canadian shareholders, including Institutional ownership." So it's institutional ownership only that Bloomberg reports. They do not have the data on individual investors.	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	 Q. Are you – MR. COYNE: A. Just as U.S. investors are. JOHNSON, Q.C.: Q. Are you aware that Canadian residents hav to pay withholding tax on foreign source dividends? MR. COYNE: A. On foreign source dividends? JOHNSON, Q.C.: Q. Right. MR. COYNE: A. I believe that's correct. JOHNSON, Q.C.: Q. Okay, and are you aware that U.S. resident face a withholding tax on Canadian source
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	A. JOHNSON, Q Q. MR. COYNE A. (9:45 a.m.)	 institutional investors? Yes, that's what the—that's what it says in the response. C.: I don't read the response like that. Yes. Okay, the second line, "The chart below shows the percentage of Canadian versus non-Canadian shareholders, including Institutional ownership." So it's institutional ownership only that Bloomberg reports. They do not have the data on individual investors. C.: Well, but Mr. Coyne, if they're saying it 	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	 Q. Are you – MR. COYNE: A. Just as U.S. investors are. JOHNSON, Q.C.: Q. Are you aware that Canadian residents hav to pay withholding tax on foreign source dividends? MR. COYNE: A. On foreign source dividends? JOHNSON, Q.C.: Q. Right. MR. COYNE: A. I believe that's correct. JOHNSON, Q.C.: Q. Okay, and are you aware that U.S. resident face a withholding tax on Canadian source dividends?
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	A. JOHNSON, Q Q. MR. COYNE A. (9:45 a.m.) JOHNSON, Q	 institutional investors? Yes, that's what the—that's what it says in the response. C.: I don't read the response like that. Yes. Okay, the second line, "The chart below shows the percentage of Canadian versus non-Canadian shareholders, including Institutional ownership." So it's institutional ownership only that Bloomberg reports. They do not have the data on individual investors. C.: Well, but Mr. Coyne, if they're saying it includes, including—it doesn't say 	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	 Q. Are you – MR. COYNE: A. Just as U.S. investors are. JOHNSON, Q.C.: Q. Are you aware that Canadian residents hav to pay withholding tax on foreign source dividends? MR. COYNE: A. On foreign source dividends? JOHNSON, Q.C.: Q. Right. MR. COYNE: A. I believe that's correct. JOHNSON, Q.C.: Q. Okay, and are you aware that U.S. resident face a withholding tax on Canadian source dividends?
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	A. JOHNSON, Q Q. MR. COYNE A. (9:45 a.m.) JOHNSON, Q	 institutional investors? Yes, that's what the—that's what it says in the response. C.: I don't read the response like that. Yes. Okay, the second line, "The chart below shows the percentage of Canadian versus non-Canadian shareholders, including Institutional ownership." So it's institutional ownership only that Bloomberg reports. They do not have the data on individual investors. C.: Well, but Mr. Coyne, if they're saying it 	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	 Q. Are you – MR. COYNE: A. Just as U.S. investors are. JOHNSON, Q.C.: Q. Are you aware that Canadian residents hav to pay withholding tax on foreign source dividends? MR. COYNE: A. On foreign source dividends? JOHNSON, Q.C.: Q. Right. MR. COYNE: A. I believe that's correct. JOHNSON, Q.C.: Q. Okay, and are you aware that U.S. resident face a withholding tax on Canadian source dividends? MR. COYNE: A. Yes.
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	A. JOHNSON, Q Q. MR. COYNE A. (9:45 a.m.) JOHNSON, Q	 institutional investors? Yes, that's what the—that's what it says in the response. C.: I don't read the response like that. Yes. Okay, the second line, "The chart below shows the percentage of Canadian versus non-Canadian shareholders, including Institutional ownership." So it's institutional ownership only that Bloomberg reports. They do not have the data on individual investors. C.: Well, but Mr. Coyne, if they're saying it includes, including—it doesn't say 	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	 Q. Are you – MR. COYNE: A. Just as U.S. investors are. JOHNSON, Q.C.: Q. Are you aware that Canadian residents hav to pay withholding tax on foreign source dividends? MR. COYNE: A. On foreign source dividends? JOHNSON, Q.C.: Q. Right. MR. COYNE: A. I believe that's correct. JOHNSON, Q.C.: Q. Okay, and are you aware that U.S. resident face a withholding tax on Canadian source dividends? MR. COYNE: A. Yes.
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. JOHNSON, Q Q. MR. COYNE A. (9:45 a.m.) JOHNSON, Q	 institutional investors? Yes, that's what the—that's what it says in the response. C.: I don't read the response like that. Yes. Okay, the second line, "The chart below shows the percentage of Canadian versus non-Canadian shareholders, including Institutional ownership." So it's institutional ownership only that Bloomberg reports. They do not have the data on individual investors. C.: Well, but Mr. Coyne, if they're saying it includes, including—it doesn't say "including institutional ownership only," does it? 	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	 Q. Are you – MR. COYNE: A. Just as U.S. investors are. JOHNSON, Q.C.: Q. Are you aware that Canadian residents hav to pay withholding tax on foreign source dividends? MR. COYNE: A. On foreign source dividends? JOHNSON, Q.C.: Q. Right. MR. COYNE: A. I believe that's correct. JOHNSON, Q.C.: Q. Okay, and are you aware that U.S. resident face a withholding tax on Canadian source dividends? MR. COYNE: A. Yes. JOHNSON, Q.C.:
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	A. JOHNSON, Q Q. MR. COYNE A. (9:45 a.m.) JOHNSON, Q Q.	 institutional investors? Yes, that's what the—that's what it says in the response. C.: I don't read the response like that. Yes. Okay, the second line, "The chart below shows the percentage of Canadian versus non-Canadian shareholders, including Institutional ownership." So it's institutional ownership only that Bloomberg reports. They do not have the data on individual investors. C.: Well, but Mr. Coyne, if they're saying it includes, including—it doesn't say "including institutional ownership only," does it? 	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	 Q. Are you – MR. COYNE: A. Just as U.S. investors are. JOHNSON, Q.C.: Q. Are you aware that Canadian residents hav to pay withholding tax on foreign source dividends? MR. COYNE: A. On foreign source dividends? JOHNSON, Q.C.: Q. Right. MR. COYNE: A. I believe that's correct. JOHNSON, Q.C.: Q. Okay, and are you aware that U.S. resident face a withholding tax on Canadian source dividends? MR. COYNE: A. Yes. JOHNSON, Q.C.: Q. And are you aware that as a result of these

1utilities that do not pay tax have an1securities cannot be sold in the Un2incentive to invest in dividend paying2States unless they're sold to an exe3shares from their own country?3purchaser or U.S. investors buy th4MR. COYNE:4TSX, is that right?5A.Yes, but that doesn't address then why we5MR. COYNE:6see such tremendous cross border investment6A.U.S. investors buying them on the7that we do. There are tax considerations7The first part of your question?8investing beyond your own borders, but yet8JOHNSON, Q.C.:	empt
2incentive to invest in dividend paying 32States unless they're sold to an exe purchaser or U.S. investors buy th 43purchaser or U.S. investors buy th 43purchaser or U.S. investors buy th 44MR. COYNE:4TSX, is that right?5A.Yes, but that doesn't address then why we see such tremendous cross border investment that we do. There are tax considerations 85MR. COYNE:6A.U.S. investors buying them on the The first part of your question?8investing beyond your own borders, but yet8	empt
3shares from their own country?3purchaser or U.S. investors buy th4MR. COYNE:4TSX, is that right?5A.Yes, but that doesn't address then why we5MR. COYNE:6see such tremendous cross border investment6A.U.S. investors buying them on the7that we do. There are tax considerations7The first part of your question?8investing beyond your own borders, but yet8JOHNSON, Q.C.:	-
4MR. COYNE:4TSX, is that right?5A.Yes, but that doesn't address then why we5MR. COYNE:6see such tremendous cross border investment6A.U.S. investors buying them on the7that we do. There are tax considerations7The first part of your question?8investing beyond your own borders, but yet8JOHNSON, Q.C.:	em on the
5A.Yes, but that doesn't address then why we see such tremendous cross border investment5MR. COYNE:6see such tremendous cross border investment6A.U.S. investors buying them on the7that we do. There are tax considerations7The first part of your question?8investing beyond your own borders, but yet8JOHNSON, Q.C.:	
6see such tremendous cross border investment6A.U.S. investors buying them on the7that we do. There are tax considerations7The first part of your question?8investing beyond your own borders, but yet8JOHNSON, Q.C.:	
 that we do. There are tax considerations investing beyond your own borders, but yet JOHNSON, Q.C.: 	
8 investing beyond your own borders, but yet 8 JOHNSON, Q.C.:	TSX, yes.
9 we see substantial cross border investment 9 Q. Unless they are sold to an exempt	purchaser?
10 certainly between the U.S. and Canada, and 10 MR. COYNE:	
11 certainly between the utilities, they're 11 A. Yeah, I'm not sure what an exemp	t purchaser
12 aggressively pursue investments specifically 12 would mean in that case.	
13 from Canada in the U.S 13 JOHNSON, Q.C.:	
14 JOHNSON, Q.C.: 14 Q. Well, I'm talking about the –	
15 Q. Mr. Coyne, do you think foreign exchange 15 MR. COYNE:	
16risk plays a part in determining where16A.Under the '33 Act?	
17 investors invest? 17 JOHNSON, Q.C.:	
18 MR. COYNE: 18 Q. Yeah.	
19 A. Yes. 19 MR. COYNE:	
20 JOHNSON, Q.C.: 20 A. Well –	
21 Q. Have you – we sent over a cross-aid, but 21 JOHNSON, Q.C.:	
22 there's perhaps no need to reference it 22 Q. You don't know?	
23 unless you're unfamiliar with it. Have you 23 MR. COYNE:	
24 ever heard of the following phrase on a 24 A. No, I don't know the answer to that	it
25 Canadian prospectus, and I just lifted this 25 question.	
Page 58 Page 58	age 60
1 from a recent Fortis prospectus in relation 1 JOHNSON, Q.C.:	
2 to a preference share offering that they 2 Q. Okay.	
3 were making, and it says, "The securities 3 MR. COYNE:	
4 being offered under the short form 4 A. I would stipulate, though, that, y	ves, you do
5 prospectus have not been and will not be 5 need to buy those securities in a	11
6 registered under the United States 6 probability on the TSX and not	in the U.S.
7 Securities Act of 1933, as amended, or any 7 under those restrictions.	
8 state's securities laws, and may not be 8 JOHNSON, Q.C.:	
9 offered or sold within the United States 9 Q. So do you –	
10 unless the securities are registered under 10 MR. COYNE:	
11 the 1933 Act, or an exemption from the 11 A. Which you're able to do so.	
12 registration requirements of the 1933 Act is 12 JOHNSON, Q.C.:	
13 available". Are you aware that that appears 13 Q. Do you think that this is – you k	now, this
14on all Fortis prospectuses?14type of thing, this is on the very	
15MR. COYNE:15page of these prospectuses, right	t, you're
16A.I'm aware of that quote, and it's consistent16aware of that?	
17 with U.S. Securities Regulation. You have 17 MR. COYNE:	
18 to be registered to sell the securities 18 A. I don't know where it is in the p	-
19there. Again that's not to say that you19We could look to see where it is	
20 can't buy the securities through a Canadian 20 JOHNSON, Q.C.:	
21 broker dealer in Canada, but that you must 21 Q. Well, subject to check, would ye	
be registered in order to sell them directly 22 that it's on the very first page at	the top?
23to a U.S. buyer under the '33 Act, yes.23MR. COYNE:	
24JOHNSON, Q.C.:24A.If you say so, I accept that.	
25 Q. So this means, I take it, that these 25 JOHNSON, Q.C.: Discoveries Unlimited Inc. (709)437-5028 Page 5	57 - Page 60

Apri	il 5, 2016				NL Power GRA 2016
		Page 61			Page 63
1	Q.	Okay, I do say so, Cross-Aid 3, just for the	1		the United States. We see significant cross
2		record, and maybe we should refer to it so	2		border flows of Fortis capital into the
3		that it will be formally on the record.	3		U.S
4	MS. GLYNN		4	JOHNSON, Q	.C.:
5	Q.	We'll enter that as Information 23.	5	Q.	Mr. Coyne, just let me talk for a bit about
6	JOHNSON, Q	0.C.:	6		the concept of integrated market for a
7	Q.	Okay.	7		moment. Would an example of a fully
8	MR. COYNE		8		integrated market be, say, for instance, the
9	А.	All right, thanks.	9		gold market? We know worldwide what the
10	JOHNSON, Q	0.C.:	10		cost of an ounce of gold is, right?
11	Q.	Do you see it right up at the top there of	11	MR. COYNE:	
12		the screen, Mr. Coyne? It's very small.	12	А.	There's a global market in gold, yes.
13	MR. COYNE	· · ·	13	JOHNSON, Q	
14	А.	And where are you looking, which paragraph?	14	Q.	That's a fully integrated market, right?
15	JOHNSON, Q		15	MR. COYNE:	
16	Q.	At the very top line. It even appears	16	А.	When you say fully integrated, perhaps you
17		before – there you go, it's up there, part	17		could define that more precisely. I don't
18		way down, "The securities being offered	18		think I've used the term "fully integrated",
19		under the short form prospectus have not	19		so I'm not sure where you're going with
20		been and will not be registered", and you	20		fully integrated for gold.
21		can read it there. That's in relation to a	21	JOHNSON, Q	
22		600 million dollar short form prospectus in	22	Q.	Okay.
23		relation to redeemable fixed preference	23	MR. COYNE:	5
24		shares for Fortis. So do you think, Mr.	24	А.	It's a highly specialized market,
25		Coyne, that this is consistent with a	25		sophisticated traders and large institutions
		Page 62			Page 64
1		completely integrated capital market between	1		and countries, so I don't know if I would
2		the United States and Canada, where Canadian	2		call it fully integrated. It's certainly a
3		and U.S. investors, you know, look at each	3		global market.
4		other's stocks as being equivalent?	4	JOHNSON, Q	-
5	MR. COYNE	•	5	Q.	Would you regard it as highly integrated?
6	A.	Absolutely.	6	MR. COYNE:	
7	JOHNSON, Q		7	А.	When you refer to "integrated" in the
8	Q.	You do?	8		context that I've used it, I'm talking about
9	MR. COYNE		9		between countries, and certainly gold is a
10	A.	Each have their own securities laws that	10		globally traded commodity. In that sense, I
11		have to be adhered to. Each company makes	11		guess you could say so, but I want to see
12		its own decision in terms of where it most	12		where you're going before $I - I$ use the term
13		efficiently raises capital, both debt and	13		"highly integrated". It's a global market
14		equity capital, and if you can have a fully	14		for gold.
15		subscribed issuance within your home market,	15	JOHNSON, Q	•
16		then that's fine; if you need to go more	16	Q.	Okay, but, I mean, utility stocks are priced
17		broadly, you do, but again you can raise	17	٠.	differently in each country, there's
18		capital on your own stock exchange that come	18		different risk free rates, there's different
19		from either domestic sources or foreign	19		currencies, all that sort of thing figures
20		sources. So the amount of $-$ if the issue	20		into it?
$20 \\ 21$		here is the amount of capital flowing in and	21	MR. COYNE:	
$\begin{vmatrix} 21\\22 \end{vmatrix}$		out of the utilities industry across our	22	A.	Yes.
$\begin{vmatrix} 22\\23 \end{vmatrix}$		borders, I would think that that would	23	JOHNSON, Q	
24		certainly not be an issue, especially with	24	Q.	Now can we just turn to Dr. Booth's Report
25		this company which is actively investing in	25	×·	for a moment at page 25. Just on the
1-5		and company million is detriving myesting m	4 I.a.	(700) 427 502	

Page 65Page 651previous page, just to put that chart in1important for this analysis, is what2perspective, at page 24 the question is,2utilities are paying for capital, and my3"What is your forecast for the long Canada3analysis showed that U.S. and Canadia4bond yield for 2016/2017", and Dr. Booth4rated utilities are paying within 11 bass5answers, "The current January 8, 2015 RBC5points of each other for their debt capit6forecast is below", and, of course, RBC6So that's what's really important. The7provides the forecast for both Canada and7credit spreads are higher in Canada the8the United States, are you aware of that?9differential to bring it within 11 basis9MR. COYNE:9differential to bring it within 11 basis10A. Yes.10points.11JOHNSON, Q.C.:11JOHNSON, Q.C.:12Q. Okay, and do you see the fourth quarter of12Q. Yes, 1-1 didn't have a chance to read132015 for the 30 year in Canada?13transcript last night because it wen tim14MR. COYNE:14my junk box, but 1 thought 1 recollecte15A. Ido.15to say that the cost of debt was – there16JOHNSON, Q.C.:18A. Yes.19A. Right.19JOHNSON, Q.C.:20JOHNSON, Q.C.:23A. Higher.23MR. COYNE:23Q. The cost of debt now, how would </th <th>l "A" l. ne you vas</th>	l "A" l. ne you vas
2 perspective, at page 24 the question is, 2 utilities are paying for capital, and my 3 "What is your forecast for the long Canada 3 analysis showed that U.S. and Canadia 4 bond yield for 2016/2017", and Dr. Booth 3 analysis showed that U.S. and Canadia 5 answers, "The current January 8, 2015 RBC 6 So that's what's really important. The 6 forecast is below", and, of course, RBC 7 credit spreads are higher in Canada tha 7 provides the forecast for both Canada and 7 credit spreads are higher in Canada tha 8 the United States, are you aware of that? 8 they are in the U.S., which offsets this 9 MR. COYNE: 9 differential to bring it within 11 basis 10 A. Yes. 11 JOHNSON, Q.C.: 11 12 Q. Okay, and do you see the fourth quarter of 13 transcript last night because it went int 14 MR. COYNE: 14 my junk box, but I thought I recollecte 15 A. I do. 15 to say that the cost of debt now, how would 17 Q. Art 2.16 percent? 17 MR. COYNE: 18 A. Yes.	ne you vas
3 "What is your forecast for the long Canada 4 bond yield for 2016/2017", and Dr. Booth 5 answers, "The current January 8, 2015 RBC 6 forecast is below", and, of course, RBC 7 provides the forecast for both Canada and 8 the United States, are you aware of that? 9 differential to bring it within 11 basis 10 A. Yes. 11 JOHNSON, Q.C.: 12 Q. Okay, and do you see the fourth quarter of 13 2015 for the 30 year in Canada? 14 MR. COYNE: 15 A. I do. 16 JOHNSON, Q.C.: 17 Q. At 2.16 percent? 18 MR. COYNE: 19 A. Right. 10 A. t do. 11 JOHNSON, Q.C.: 12 Q. And the United States 30 year at 3.02 13 Q. Yeah, but the cost of debt now, how would 14 Q. And the United States 30 year at 3.02 12 percent, so significantly higher? 13 Q. Yeah, but the cost of debt now, how would 14 Q. And the United States 30 year at 3.02	ne you vas
4bond yield for 2016/2017", and Dr. Booth4rated utilities are paying within 11 bas5answers, "The current January 8, 2015 RBC5points of each other for their debt capit6forecast is below", and, of course, RBC6So that's what's really important. The7provides the forecast for both Canada and7credit spreads are higher in Canada that8the United States, are you aware of that?9differential to bring it within 11 basis9MR. COYNE:9differential to bring it within 11 basis10A. Yes.10points.11JOHNSON, Q.C.:11JOHNSON, Q.C.:12Q. Okay, and do you see the fourth quarter of12Q. Yes, I - I didn't have a chance to read14MR. COYNE:11JOHNSON, Q.C.:12Q. Yes, I - I didn't have a chance to read15A. I do.13transcript last night because it went int13transcript last night because it went int16JOHNSON, Q.C.:16a higher spread now than in 2012, right17Q. At 2.16 percent?18A. Yes.18MR. COYNE:18A. Yes.19A. Right.19JOHNSON, Q.C.:20DOHNSON, Q.C.:20Q. Yeah, but the cost of debt now, how would21Q. And the United States 30 year at 3.0220Q. Yeah, but the cost of debt now, how would22percent, so significantly higher?22MR. COYNE:23MR. COYNE:23A. Higher.24	ne you vas
4bond yield for 2016/2017", and Dr. Booth4rated utilities are paying within 11 bas5answers, "The current January 8, 2015 RBC5points of each other for their debt capit6forecast is below", and, of course, RBC7credit spreads are higher in Canada that7provides the forecast for both Canada and7credit spreads are higher in Canada that8the United States, are you aware of that?9differential to bring it within 11 bas9MR. COYNE:9differential to bring it within 11 bas10A. Yes.10points.11JOHNSON, Q.C.:11JOHNSON, Q.C.:12Q. Okay, and do you see the fourth quarter of12Q. Yes, I - I didn't have a chance to read14MR. COYNE:11JOHNSON, Q.C.:12Q. Yes, I - I didn't have a chance to read15A. I do.13transcript last night because it went int16JOHNSON, Q.C.:16a higher spread now than in 2012, right17Q. At 2.16 percent?18A. Yes.18MR. COYNE:18A. Yes.19A. Right.19JOHNSON, Q.C.:20JOHNSON, Q.C.:20Q. Yeah, but the cost of debt now, how would21Q. And the United States 30 year at 3.0220Q. Yeah, but the cost of debt now, how would22percent, so significantly higher?23A. Higher.23MR. COYNE:23A. Higher.24A. I do see that.24JOHNSON, Q.C.: <t< td=""><td>ne you vas</td></t<>	ne you vas
5answers, "The current January 8, 2015 RBC 65points of each other for their debt capit 66forecast is below", and, of course, RBC 7provides the forecast for both Canada and the United States, are you aware of that?6So that's what's really important. The credit spreads are higher in Canada tha 89MR. COYNE:9differential to bring it within 11 basis10A.Yes.10points.11JOHNSON, Q.C.:11JOHNSON, Q.C.:12Q.Yes, I – I didn't have a chance to read 1314MR. COYNE:14my junk box, but 1 thought I recollecte to say that the cost of debt was – there 1615to say that the cost of debt was – there 1616JOHNSON, Q.C.:18A.Yes.19JOHNSON, Q.C.:20JOHNSON, Q.C.:20Q. Yeah, but the cost of debt now, how would 21Q.At 2.16 percent?18MR. COYNE:18A.Yes.19JOHNSON, Q.C.:20JOHNSON, Q.C.:20Q. Yeah, but the cost of debt now, how would 2120Q. Yeah, but the cost of debt now, how would 2121Q.And the United States 30 year at 3.02 22percent, so significantly higher?23A.Higher.23MR. COYNE:23A.Higher.24JOHNSON, Q.C.:25Q.And if we go right along the forecast period 21MR. COYNE:25Q.2610Q.And if we go right along the forecast period 21M	l. ne you vas
6forecast is below", and, of course, RBC6So that's what's really important. The7provides the forecast for both Canada and7credit spreads are higher in Canada tha8the United States, are you aware of that?9differential to bring it within 11 basis9MR. COYNE:9differential to bring it within 11 basis10A.Yes.9differential to bring it within 11 basis11JOHNSON, Q.C.:11JOHNSON, Q.C.:1112Q.Okay, and do you see the fourth quarter of12Q.Yes, 1 – I didn't have a chance to read132015 for the 30 year in Canada?13transcript last night because it went int14MR. COYNE:14my junk box, but 1 thought I recollecte15A.I do.15to say that the cost of debt was – there16JOHNSON, Q.C.:17MR. COYNE:1818MR. COYNE:18A.Yes.19A.Right.19JOHNSON, Q.C.:20JOHNSON, Q.C.:20Q.Yeah, but the cost of debt now, how would21Q.And the United States 30 year at 3.0221compare to 2012?22percent, so significantly higher?23A.Higher.23MR. COYNE:23A.Higher.24A.I do see that.24JOHNSON, Q.C.:25Q.And if we go right along the forecast period1MR. COYNE:2from the first quarter of 2016 to	ne you vas
7provides the forecast for both Canada and 87credit spreads are higher in Canada tha 88the United States, are you aware of that?9differential to bring it within 11 basis9MR. COYNE:9differential to bring it within 11 basis10A.Yes.10points.11JOHNSON, Q.C.:11JOHNSON, Q.C.:12Q.12Q.Okay, and do you see the fourth quarter of12Q.Yes, I – I didn't have a chance to read132015 for the 30 year in Canada?13transcript last night because it went int14MR. COYNE:14my junk box, but I thought I recollecte15A.I do.15to say that the cost of debt was – there16JOHNSON, Q.C.:18A.Yes.19A.Right.19JOHNSON, Q.C.:20JOHNSON, Q.C.:20Q.Yeah, but the cost of debt now, how would21Q.And the United States 30 year at 3.0220Q.22percent, so significantly higher?23A.Higher.23MR. COYNE:23A.I do see that.2425JOHNSON, Q.C.:25Q.The cost of debt is higher now, is it?24A.I do see that.25Q.The cost of debt is higher now, is it?25JOHNSON, Q.C.:261MR. COYNE:261Q.And if we go right along the forecast period125Q.And if we	ne you vas
8the United States, are you aware of that?9they are in the U.S., which offsets this9MR. COYNE:9differential to bring it within 11 basis10A.Yes.10points.11JOHNSON, Q.C.:11JOHNSON, Q.C.:12Q.12Q.Okay, and do you see the fourth quarter of12Q.Yes, I - I didn't have a chance to read132015 for the 30 year in Canada?13transcript last night because it went int14MR. COYNE:14my junk box, but I thought I recollecte15A.I do.15to say that the cost of debt was – there16JOHNSON, Q.C.:16a higher spread now than in 2012, right17Q.At 2.16 percent?17MR. COYNE:18MR. COYNE:18A.Yes.19A.Right.19JOHNSON, Q.C.:20JOHNSON, Q.C.:20Q.Yeah, but the cost of debt now, how would21Q.And the United States 30 year at 3.02percent, so significantly higher?23MR. COYNE:23A.Higher.24A.I do see that.24JOHNSON, Q.C.:25JOHNSON, Q.C.:25Q.The cost of debt is higher now, is it?24A.I do see that dong the forecast period1MR. COYNE:25IQ.And if we go right along the forecast period12from the first quarter of 2016 to the fourth3Ibring that up? </td <td>ne you vas</td>	ne you vas
9MR. COYNE:9differential to bring it within 11 basis10A.Yes.10points.11JOHNSON, Q.C.:11JOHNSON, Q.C.:12Q.12Q.Okay, and do you see the fourth quarter of132015 for the 30 year in Canada?13transcript last night because it went int14MR. COYNE:14my junk box, but 1 thought 1 recollecte15A.I do.15to say that the cost of debt was – there16JOHNSON, Q.C.:16a higher spread now than in 2012, right17Q.At 2.16 percent?17MR. COYNE:18MR. COYNE:18A.Yes.19A.Right.19JOHNSON, Q.C.:20JOHNSON, Q.C.:20Q. Yeah, but the cost of debt now, how would21Q.And the United States 30 year at 3.022122percent, so significantly higher?23A.Higher.23MR. COYNE:23A.Higher.24A.I do see that.24JOHNSON, Q.C.:25JOHNSON, Q.C.:25Q.The cost of debt is higher now, is it?Page 661Q.And if we go right along the forecast period2from the first quarter of 2016 to the fourth3quarter of 2017, I think that you'll confirm4that there is a persistent spread between4JOHNSON, Q.C.:	you vas
10A.Yes.10points.11JOHNSON, Q.C.:11JOHNSON, Q.C.:11JOHNSON, Q.C.:12Q.Okay, and do you see the fourth quarter of12Q.Yes, I – I didn't have a chance to read132015 for the 30 year in Canada?13transcript last night because it went int14MR. COYNE:14my junk box, but I thought I recollecte15A.I do.15to say that the cost of debt was – there16JOHNSON, Q.C.:16a higher spread now than in 2012, right17Q.At 2.16 percent?18A.18MR. COYNE:18A.Yes.19A.Right.19JOHNSON, Q.C.:20JOHNSON, Q.C.:20Q.21Q.And the United States 30 year at 3.022122percent, so significantly higher?22MR. COYNE:23MR. COYNE:23A.24A.I do see that.2425JOHNSON, Q.C.:25Q.26Page 6611Q.And if we go right along the forecast period22from the first quarter of 2016 to the fourth33quarter of 2017, I think that you'll confirm4JOHNSON, Q.C.:4that there is a persistent spread between4JOHNSON, Q.C.:	you vas
11JOHNSON, Q.C.:11JOHNSON, Q.C.:12Q.Okay, and do you see the fourth quarter of12Q.Yes, I – I didn't have a chance to read132015 for the 30 year in Canada?13transcript last night because it went int14MR. COYNE:14my junk box, but I thought I recollecte15A.I do.15to say that the cost of debt was – there16JOHNSON, Q.C.:16a higher spread now than in 2012, right17Q.At 2.16 percent?18A.18MR. COYNE:18A.Yes.19A.Right.19JOHNSON, Q.C.:20JOHNSON, Q.C.:20Q.Yeah, but the cost of debt now, how would21Q.And the United States 30 year at 3.0221compare to 2012?22percent, so significantly higher?23A.Higher.24A.I do see that.24JOHNSON, Q.C.:2525JOHNSON, Q.C.:25Q.The cost of debt is higher now, is it?24Ma if we go right along the forecast period1MR. COYNE:225Q.And if we go right along the forecast period2A.Yes, that's what we discussed yesterday3quarter of 2017, I think that you'll confirm3I bring that up?4JOHNSON, Q.C.:	you vas
12Q.Okay, and do you see the fourth quarter of 1312Q.Yes, I – I didn't have a chance to read 13132015 for the 30 year in Canada?13transcript last night because it went int 1414MR. COYNE:14my junk box, but I thought I recollecte 1515A.I do.15to say that the cost of debt was – there 1616JOHNSON, Q.C.:16a higher spread now than in 2012, right17Q.At 2.16 percent?18A.18MR. COYNE:18A.Yes.19A.Right.19JOHNSON, Q.C.:20JOHNSON, Q.C.:20Q. Yeah, but the cost of debt now, how would 2121Q.And the United States 30 year at 3.022222percent, so significantly higher?23A.23MR. COYNE:23A.Higher.24A.I do see that.24JOHNSON, Q.C.:25JOHNSON, Q.C.:25Q.The cost of debt is higher now, is it?19Q.And if we go right along the forecast period 21MR. COYNE:23And if we go right along the forecast period 31MR. COYNE:24Q.And if we go right along the forecast period 31MR. COYNE:24And if we go right along the forecast period 31MR. COYNE:3quarter of 2017, I think that you'll confirm 43I bring that up?4that there is a persistent spread between <td>you vas</td>	you vas
132015 for the 30 year in Canada?13transcript last night because it went int14MR. COYNE:14my junk box, but I thought I recollecte15A.I do.15to say that the cost of debt was – there16JOHNSON, Q.C.:16a higher spread now than in 2012, right17Q.At 2.16 percent?18A.18MR. COYNE:18A.Yes.19A.Right.19JOHNSON, Q.C.:20JOHNSON, Q.C.:20Q.21Q.And the United States 30 year at 3.022122percent, so significantly higher?23MR. COYNE:23MR. COYNE:23A.Higher.24A.I do see that.24JOHNSON, Q.C.:25JOHNSON, Q.C.:25Q.The cost of debt is higher now, is it?Page 661Q.And if we go right along the forecast period2from the first quarter of 2016 to the fourth3quarter of 2017, I think that you'll confirm3quarter of 2017, I think that you'll confirm4JOHNSON, Q.C.:	you vas
14MR. COYNE:14my junk box, but I thought I recollected15A.I do.15to say that the cost of debt was - there16JOHNSON, Q.C.:16a higher spread now than in 2012, righ17Q.At 2.16 percent?17MR. COYNE:18MR. COYNE:18A.Yes.19A.Right.19JOHNSON, Q.C.:2020JOHNSON, Q.C.:20Q. Yeah, but the cost of debt now, how would21Q.And the United States 30 year at 3.022222percent, so significantly higher?23MR. COYNE:23MR. COYNE:23A.24A.I do see that.2425JOHNSON, Q.C.:25Q.26The cost of debt is higher now, is it?Page 661Q.And if we go right along the forecast period2from the first quarter of 2016 to the fourth33quarter of 2017, I think that you'll confirm44that there is a persistent spread between44JOHNSON, Q.C.:4	you vas
15A.I do.15to say that the cost of debt was – there16JOHNSON, Q.C.:16a higher spread now than in 2012, right17Q.At 2.16 percent?17MR. COYNE:18MR. COYNE:18A.Yes.19A.Right.19JOHNSON, Q.C.:20JOHNSON, Q.C.:20Q.Yeah, but the cost of debt now, how would21Q.And the United States 30 year at 3.0220Q.22percent, so significantly higher?23MR. COYNE:2323MR. COYNE:23A.Higher.24A.I do see that.24JOHNSON, Q.C.:2525JOHNSON, Q.C.:25Q.The cost of debt is higher now, is it?Page 661Q.And if we go right along the forecast period12from the first quarter of 2016 to the fourth2A.3quarter of 2017, I think that you'll confirm4JOHNSON, Q.C.:4that there is a persistent spread between4JOHNSON, Q.C.:	vas
16JOHNSON, Q.C.:16a higher spread now than in 2012, right17Q.At 2.16 percent?17MR. COYNE:18MR. COYNE:18A.Yes.19A.Right.19JOHNSON, Q.C.:2020JOHNSON, Q.C.:20Q.Yeah, but the cost of debt now, how would21Q.And the United States 30 year at 3.0220Q.22percent, so significantly higher?21compare to 2012?23MR. COYNE:23A.Higher.24A.I do see that.24JOHNSON, Q.C.:25JOHNSON, Q.C.:25Q.The cost of debt is higher now, is it?Page 661Q.And if we go right along the forecast period2from the first quarter of 2016 to the fourth3quarter of 2017, I think that you'll confirm4that there is a persistent spread between4JOHNSON, Q.C.:	
17Q.At 2.16 percent?17MR. COYNE:18MR. COYNE:18A.Yes.19A.Right.19JOHNSON, Q.C.:1920JOHNSON, Q.C.:20Q.Yeah, but the cost of debt now, how would21Q.And the United States 30 year at 3.0220Q.22percent, so significantly higher?21compare to 2012?23MR. COYNE:23A.Higher.24A.I do see that.24JOHNSON, Q.C.:25JOHNSON, Q.C.:25Q.The cost of debt is higher now, is it?Page 661Q.And if we go right along the forecast period12from the first quarter of 2016 to the fourth3quarter of 2017, I think that you'll confirm4that there is a persistent spread between4JOHNSON, Q.C.:	
18MR. COYNE:18A. Yes.19A. Right.19JOHNSON, Q.C.:20JOHNSON, Q.C.:20Q. Yeah, but the cost of debt now, how would21Q. And the United States 30 year at 3.0220Q. Yeah, but the cost of debt now, how would21Q. And the United States 30 year at 3.0221compare to 2012?22percent, so significantly higher?23A. Higher.23MR. COYNE:23A. Higher.24A. I do see that.24JOHNSON, Q.C.:25JOHNSON, Q.C.:25Q. The cost of debt is higher now, is it?Page 661Q. And if we go right along the forecast period2from the first quarter of 2016 to the fourth33quarter of 2017, I think that you'll confirm44that there is a persistent spread between44JOHNSON, Q.C.:4	
19A.Right.19JOHNSON, Q.C.:20JOHNSON, Q.C.:20Q.Yeah, but the cost of debt now, how would21Q.And the United States 30 year at 3.0220Q.Yeah, but the cost of debt now, how would22percent, so significantly higher?22MR. COYNE:23A.Higher.23MR. COYNE:23A.Higher.24JOHNSON, Q.C.:25Q.The cost of debt is higher now, is it?24A.I do see that.24JOHNSON, Q.C.:25Q.The cost of debt is higher now, is it?25JOHNSON, Q.C.:Page 661MR. COYNE:2A.Yes, that's what we discussed yesterday2from the first quarter of 2016 to the fourth3quarter of 2017, I think that you'll confirm4JOHNSON, Q.C.:4JOHNSON, Q.C.:	
20JOHNSON, Q.C.:20Q. Yeah, but the cost of debt now, how would21Q. And the United States 30 year at 3.0221compare to 2012?22percent, so significantly higher?22MR. COYNE:23MR. COYNE:23A. Higher.24A. I do see that.24JOHNSON, Q.C.:25JOHNSON, Q.C.:25Q. The cost of debt is higher now, is it?Page 661Q. And if we go right along the forecast period2from the first quarter of 2016 to the fourth33quarter of 2017, I think that you'll confirm44that there is a persistent spread between44JOHNSON, Q.C.:4	
21Q.And the United States 30 year at 3.0221compare to 2012?22percent, so significantly higher?22MR. COYNE:2323MR. COYNE:23A.Higher.24A.I do see that.24JOHNSON, Q.C.:2525JOHNSON, Q.C.:25Q.The cost of debt is higher now, is it?Page 66Page 66Page 61Q.And if we go right along the forecast period1MR. COYNE:2from the first quarter of 2016 to the fourth2A.Yes, that's what we discussed yesterday3quarter of 2017, I think that you'll confirm4JOHNSON, Q.C.:4	that
22percent, so significantly higher?22MR. COYNE:23MR. COYNE:23A.Higher.24A.I do see that.24JOHNSON, Q.C.:25JOHNSON, Q.C.:25Q.The cost of debt is higher now, is it?26Page 66Page 66Page 661Q.And if we go right along the forecast period1MR. COYNE:2from the first quarter of 2016 to the fourth2A.Yes, that's what we discussed yesterday3quarter of 2017, I think that you'll confirm3I bring that up?4that there is a persistent spread between4JOHNSON, Q.C.:	inai
23MR. COYNE:23A.Higher.24A.I do see that.24JOHNSON, Q.C.:2525JOHNSON, Q.C.:25Q.The cost of debt is higher now, is it?Page 66Page 66Page 661Q.And if we go right along the forecast period1MR. COYNE:2from the first quarter of 2016 to the fourth2A.Yes, that's what we discussed yesterday3quarter of 2017, I think that you'll confirm3I bring that up?4that there is a persistent spread between4JOHNSON, Q.C.:	
24A.I do see that.24JOHNSON, Q.C.:25JOHNSON, Q.C.:25Q.The cost of debt is higher now, is it?26Page 66Page 66Page 661Q.And if we go right along the forecast period1MR. COYNE:2from the first quarter of 2016 to the fourth2A.Yes, that's what we discussed yesterday3quarter of 2017, I think that you'll confirm3I bring that up?4that there is a persistent spread between4JOHNSON, Q.C.:	
25JOHNSON, Q.C.:25Q.The cost of debt is higher now, is it?Page 66Page 66Page 661Q.And if we go right along the forecast period1MR. COYNE:2from the first quarter of 2016 to the fourth2A.Yes, that's what we discussed yesterday3quarter of 2017, I think that you'll confirm3I bring that up?4that there is a persistent spread between4JOHNSON, Q.C.:	
Page 66Page 661Q.And if we go right along the forecast period1MR. COYNE:2from the first quarter of 2016 to the fourth2A.Yes, that's what we discussed yesterday3quarter of 2017, I think that you'll confirm3I bring that up?4that there is a persistent spread between4JOHNSON, Q.C.:	
1Q.And if we go right along the forecast period1MR. COYNE:2from the first quarter of 2016 to the fourth2A.Yes, that's what we discussed yesterday3quarter of 2017, I think that you'll confirm3I bring that up?4that there is a persistent spread between4JOHNSON, Q.C.:	
2from the first quarter of 2016 to the fourth quarter of 2017, I think that you'll confirm 42A.Yes, that's what we discussed yesterday 33quarter of 2017, I think that you'll confirm that there is a persistent spread between3I bring that up?4JOHNSON, Q.C.:	1
3quarter of 2017, I think that you'll confirm3I bring that up?4that there is a persistent spread between4JOHNSON, Q.C.:	
4 that there is a persistent spread between 4 JOHNSON, Q.C.:	Can
	ĺ
	ĺ
5 the risk free rate in Canada and the risk 5 Q. I see.	
6 free rate in the United States? 6 MR. COYNE:	ĺ
7 MR. COYNE: 7 A. Can I bring up the exhibit?	ĺ
8 A. I see that. 8 JOHNSON, Q.C.:	
9 JOHNSON, Q.C.: 9 Q. No, I –	ĺ
10 Q. And if these markets are integrated to the 10 MR. COYNE:	
11 extent that you're suggesting to the Board, 11 A. Because I think it directly corresponds to	1
12 why is the risk free rate significantly 12 this issue.	ſ
13higher in the United States than in Canada?13JOHNSON, Q.C.:	ľ
14MR. COYNE:14Q.Fair enough, if you want to bring it up.	ſ
15A.In the short term there's a stronger15MR. COYNE:	ſ
16 economic outlook in the U.S. than there is 16 A. If we could go to my rebuttal evidence,	
17 in Canada, and as a result of that there are 17 think that's where I updated the chart.	
18greater inflationary pressures in the short18would be Figure 5 from page 19, if we determine the short	ın do
19 run. We talked about this yesterday, and 19 that, because I think this is where it all	1
20 there's also a dislocation in government 20 comes together. At least, I hope it does	
21 bond markets where central banks are acting 21 This is what utilities are actually paying	
22 to move bond markets in such a way that 22 for debt and it shows in this case a	
23 they're not in equilibrium, and you can see 23 Canadian corporate "A" versus a Canad	
24 this kind of disparity as a result. What we 24 utility "A", and you can see that they	ın
25 looked at yesterday, which I think is 25 bottomed out in and around the period of	an

Apri	15, 2016				NL Power GRA 2016
		Page 69			Page 71
1		last GRA, they went up again, they dipped	1	А.	Right, about a year ago.
2		again in the beginning – end of 2014 and	2	JOHNSON, Q	0.C.:
3		beginning of 2015, and have now come up to	3	Q.	I see.
4		the point where they're higher than they	4	MR. COYNE:	
5		were the last time the company filed its	5	А.	We've seen a lot of – that's about the time
6		GRA. So cost of debt for a Canadian utility	6		when we saw a dislocation in equity markets
7		is higher today than it was then.	7		and debt markets in general. Investors have
8	JOHNSON, Q).C.:	8		grown more weary of investments in all
9	Q.	Where –	9		sources of capital since that period of time
10	MR. COYNE	:	10		both debt and equity. We've seen more
11	А.	If you look on the far end of the chart,	11		volatility in equity markets, and we've seen
12		that number is higher than it was back in	12		the reverberations in debt markets as a
13		September of 2012.	13		result of that, and also, I think, investors
14	JOHNSON, Q).C.:	14		are taking a longer view even as bumpy of a
15	Q.	How many columns or entries over from the	15		road as it's been, they view both Canada -
16		right hand side? What does that right hand	16		the forecasts are for both Canada and the
17		side represent?	17		U.S., to continue to grow out of the
18	MR. COYNE		18		recessionary environment that we have been
19	A.	What is the right hand $-$ it's percent bond	19		in in the past, and resume economic growth
20		yield.	20		over the near term future.
21	JOHNSON, Q	-	21	(10:00 a.m.)	
22	Q.	In terms of the date that you have on the	22	JOHNSON, Q	•
23		2016?	23	Q.	Yes.
24	MR. COYNE		24	MR. COYNE:	
25	А.	I updated the data when I submitted my	25	A.	So as a result of that, expectations are
		Page 70			Page 72
		rebuttal evidence, so it would have been	1		that demand for money is increasing and
$\begin{vmatrix} 2 \\ 2 \end{vmatrix}$		March 18th.	$\begin{vmatrix} 2 \\ 2 \end{vmatrix}$		there's more risk aversion in the market, so
3	JOHNSON, Q	·	3	IOUNICON O	debt costs are up.
4	Q. MR. COYNE	Right.		JOHNSON, Q	•
5	A.	So it's as far as we had the Bloomberg for	5	Q.	Mr. Coyne, we also see, though, that utility recently, like your client, Maritime
6	A.	value curves as of that date.	67		Electric, they agreed on a lower ROE by 40
8	JOHNSON, Q		8		basis points.
9	Q.	So when I see the little valley there in	9	MR. COYNE:	1
10	Q.	bond yields just to the right of the screen,	10	A.	35.
11		what date was that?	11	JOHNSON, Q	
12	MR. COYNE		12	Q.	Was it 35?
13	A.	Well, it's looking to me as though it was	13	MR. COYNE:	
14		January. Which value are you talking about?	14	A.	Yes.
15		Oh, the one back in May?	15	JOHNSON, Q	
16	JOHNSON, Q		16	Q.	And then in Alberta, they had been at 8.75
17	Q.	I see the dip towards the right hand of the	17		on an interim basis back in around 2012, and
18	-	screen, if you could bring the cursor over a	18		then that got adjusted down to 8.3 percent,
19		little bit.	19		so sort of recognition that the cost of
20	MR. COYNE	:	20		equity nevertheless is coming down, would
21	A.	Right, I think that looks to be May,	21		that be right?
22		April/May.	22	MR. COYNE:	
23	JOHNSON, Q	-	23	A.	No. Two issues; one is that reflected, as we
24	Q.	2015?	24		mentioned yesterday, a settlement in
25	MR. COYNE	Dissourcios Unlimits	25		Maritime Electric on a bunch of issues, so

	April	5,	2016	
--	-------	----	------	--

<u> P11</u>	13,2010			NL POWEI GRA 2010
		Page 73		Page 75
1		in their case that settlement did reduce	1	MR. COYNE:
2		their ROE from, I think, 9.7 to 9.35.	2	A. Not based on that piece of evidence, no.
3	JOHNSON, Q		3	JOHNSON, Q.C.:
4	Q.	Yes.	4	Q. Now Mr. Coyne, let's just talk about Dr.
5	MR. COYNE		5	Booth's testimony further to put a few
6	А.	Over a three year period, so my presumption	6	things into perspective in terms of returns
7		is that they settled on a variety of issues	7	that markets can expect, etc, okay. Could
8		and the ROE was part of that package. In	8	we turn to -
9		the case of – we're look at cost of capital	9	MR. COYNE:
10		today, not what the AUC decided for the	10	A. Pardon me, I just want to make a note to
11		prior three years, and there are a host of	11	look at that for you.
12		witnesses before the AUC today to update	12	JOHNSON, Q.C.:
13		that generic cost of capital, and their	13	Q. Okay.
14		recommendations are in the 10s or 10s	14	MR. COYNE:
15		pluses.	15	A. Yes, Dr. Booth's evidence?
16	JOHNSON, Q		16	JOHNSON, Q.C.:
17	Q.	Mr. Coyne, are you familiar with the Fortis	17	Q. Yes, please, page 58. By the way, does your
18		utilities south of the border called Central	18	firm do the cost of capital work for Central
19		Hudson?	19	Hudson?
20	MR. COYNE	:	20	MR. COYNE:
21	А.	Yes.	21	A. We do do work in New York. I don't recall
22	JOHNSON, Q	Q.C.:	22	if we have done it for Central Hudson or
23	Q.	And are you familiar with what's recently	23	not.
24		happened with their return on equity?	24	JOHNSON, Q.C.:
25	MR. COYNE	:	25	Q. Can you undertake to determine whether your
		Page 74		Page 76
1	A.	I am not, no.	1	firm did the cost of capital work for
2	JOHNSON, (Q.C.:	2	Central Hudson in the work leading to the
3	Q.	It's a matter of evidence in this proceeding	3	order of June or July, 2015?
4		that they return on equity in July of 2015	4	MS. GLYNN:
5		was decreased by one full percentage point	5	Q. Is the undertaking accepted?
6		from where it had been set two or three	6	KELLY, Q.C.:
7		years previously. Are you aware of that?	7	Q. Yes.
8	MR. COYNE	2:	8	MS. GLYNN:
9	А.	What number is it now?	9	Q. Noted on the record.
10	JOHNSON, (Q.C.:	10	JOHNSON, Q.C.:
11	Q.	9. It had been 10. You didn't know that,	11	Q. Thank you. Now at page 58 of Dr. Booth's
12		did you?	12	Report, and again just for context, if we go
13	MR. COYNE		13	back to page 57, Samantha, for a moment, and
14	A.	I did not. I could undertake to research if	14	Dr. Booth now is turning to considering any
15		that's correct.	15	other evidence on the validity of these
16	JOHNSON, O	Q.C.:	16	types of expected return estimates that some
17	Q.	Well, I'm just telling you it's factual, but	17	of these models are producing, and then he
18		you can take it subject to check, how is	18	refers to in his answer at the bottom of
19		that?	19	that page, "What's important is that there's
20	MR. COYNE	2:	20	another side to estimating the fair ROE and
21	A.	Yes, and –	21	cost of equity capital. That is the
22	JOHNSON, O	-	22	required rate of return on the part of the
23	Q.	So would that indicate that there's some	23	investor. The cost of equity capital is
24	``	recognition south of the border that return	24	also the expected rate of return", and he
25		on equity is coming down?	25	refers to defined benefit pension funds need
25		on equity is coming down? Discoveries Unlimite		*

<u> </u>	il 5, 2016			NL Power GRA 201
		Page 77		Page 79
1		this expected rate of return to determine	1	of 9 percent by going through a mathematical
2		whether a fund is in deficit or surplus, and	2	calculation process. Do you understand how
3		he refers on the next page to the October	3	he arrives at 9 percent?
4		19, 2012 TD Economics, which produced its	4	MR. COYNE:
5		own analysis of long run returns of the type	5	A. I can't say that I do.
6		needed in defined benefit pension plans. So	6	JOHNSON, Q.C.:
7		Mr. Coyne, I want to ask you a few questions	7	Q. Okay. Well, as I –
8		about this. First of all, I take it you	8	MR. COYNE:
9		will confirm that your understanding is	9	A. He's converting from geometric to
10		similar to ours and Mr. Booth's, that these	10	arithmetic. Okay, I see that, yeah.
11		are financial projections made by TD over	11	JOHNSON, Q.C.:
12		the next decade and they made those back in	12	Q. So would you accept that 7 percent converted
13		2012, right?	13	to arithmetic is around 9 percent?
14	MR. COYNE		14	MR. COYNE:
15	A.	According to Dr. Booth, yes.	15	A. It sounds about right as a conversion.
16	JOHNSON, (16	JOHNSON, Q.C.:
17	Q.	TD Economics is a good source to rely on?	17	Q. Okay. So if we converted that 7 percent
17	Q. MR. COYNE		18	going forward estimate of TD to 9 percent,
			10	
19 20	А.	I'm aware of who they are. I think they're		would you agree with this calculation going
20		reasonable, yes, as a source.	20	from long run compound returns as simple
21	JOHNSON, (21	average returns? We're clear on that,
22	Q.	Okay, and in terms of the numbers that	22	there's no dispute about that?
23		they're showing for the average annual	23	MR. COYNE:
24		returns for cash, bonds, equities in Canada	24	A. I haven't done the math, but it sounds about
25		and the United States, and internationally,	25	right.
1		Page 78 I take it you would agree that these are		Page 80 JOHNSON, Q.C.:
1 2		geometic returns and they would need to be	$\begin{vmatrix} 1\\2 \end{vmatrix}$	
2 3			$\begin{vmatrix} 2\\ 3 \end{vmatrix}$	· ·
		converted to arithmetic returns, is that		report to the bond returns, and to calculate
4		correct?	4	what that spread between the bonds and the
5	MR. COYNE		5	
6	A.			equity is and put it in an arithmetic
_		If they are geometic, yes, they would need	6	fashion, that converts to a 5.6 equity risk
7	LOIDIGOL	to be converted.	7	fashion, that converts to a 5.6 equity risk premium over bonds using the same type of
8	JOHNSON, (to be converted. .C.:	7 8	fashion, that converts to a 5.6 equity risk premium over bonds using the same type of calculation, do you accept that?
8 9	JOHNSON, (Q.	to be converted. And I'm told that these are, in fact,	7 8 9	fashion, that converts to a 5.6 equity risk premium over bonds using the same type of calculation, do you accept that? MR. COYNE:
8 9 10		to be converted. O.C.: And I'm told that these are, in fact, geometric returns, and you'll see that the	7 8 9 10	fashion, that converts to a 5.6 equity risk premium over bonds using the same type of calculation, do you accept that? MR. COYNE: A. This is Dr. Booth's work, it's not my work,
8 9 10 11		to be converted. O.C.: And I'm told that these are, in fact, geometric returns, and you'll see that the simple long run return of the risk premium	7 8 9 10 11	 fashion, that converts to a 5.6 equity risk premium over bonds using the same type of calculation, do you accept that? MR. COYNE: A. This is Dr. Booth's work, it's not my work, so I see what he has done here, I'll go that
8 9 10 11 12		to be converted. O.C.: And I'm told that these are, in fact, geometric returns, and you'll see that the simple long run return of the risk premium of equities over bonds according to TD in	7 8 9 10 11 12	 fashion, that converts to a 5.6 equity risk premium over bonds using the same type of calculation, do you accept that? MR. COYNE: A. This is Dr. Booth's work, it's not my work, so I see what he has done here, I'll go that far. I have not checked his math in that
8 9 10 11 12 13		to be converted. O.C.: And I'm told that these are, in fact, geometric returns, and you'll see that the simple long run return of the risk premium of equities over bonds according to TD in 2012 was 4 percent. So you see the TD	7 8 9 10 11 12 13	 fashion, that converts to a 5.6 equity risk premium over bonds using the same type of calculation, do you accept that? MR. COYNE: A. This is Dr. Booth's work, it's not my work, so I see what he has done here, I'll go that far. I have not checked his math in that regard.
8 9 10 11 12 13 14		to be converted. O.C.: And I'm told that these are, in fact, geometric returns, and you'll see that the simple long run return of the risk premium of equities over bonds according to TD in 2012 was 4 percent. So you see the TD equities, Canada, they're at 7 percent on	7 8 9 10 11 12 13 14	 fashion, that converts to a 5.6 equity risk premium over bonds using the same type of calculation, do you accept that? MR. COYNE: A. This is Dr. Booth's work, it's not my work, so I see what he has done here, I'll go that far. I have not checked his math in that regard. JOHNSON, Q.C.:
8 9 10 11 12 13 14 15		to be converted. Q.C.: And I'm told that these are, in fact, geometric returns, and you'll see that the simple long run return of the risk premium of equities over bonds according to TD in 2012 was 4 percent. So you see the TD equities, Canada, they're at 7 percent on the geometric basis, and the bonds in the	7 8 9 10 11 12 13 14 15	 fashion, that converts to a 5.6 equity risk premium over bonds using the same type of calculation, do you accept that? MR. COYNE: A. This is Dr. Booth's work, it's not my work, so I see what he has done here, I'll go that far. I have not checked his math in that regard. JOHNSON, Q.C.: Q. Okay, but you took no exception to his math
8 9 10 11 12 13 14 15 16		to be converted. O.C.: And I'm told that these are, in fact, geometric returns, and you'll see that the simple long run return of the risk premium of equities over bonds according to TD in 2012 was 4 percent. So you see the TD equities, Canada, they're at 7 percent on the geometric basis, and the bonds in the universe bond index are at 3 percent, so	7 8 9 10 11 12 13 14 15 16	 fashion, that converts to a 5.6 equity risk premium over bonds using the same type of calculation, do you accept that? MR. COYNE: A. This is Dr. Booth's work, it's not my work, so I see what he has done here, I'll go that far. I have not checked his math in that regard. JOHNSON, Q.C.: Q. Okay, but you took no exception to his math when you did your rebuttal, for instance?
8 9 10 11 12 13 14 15 16 17		to be converted. O.C.: And I'm told that these are, in fact, geometric returns, and you'll see that the simple long run return of the risk premium of equities over bonds according to TD in 2012 was 4 percent. So you see the TD equities, Canada, they're at 7 percent on the geometric basis, and the bonds in the universe bond index are at 3 percent, so that's where that 4 percent difference comes	7 8 9 10 11 12 13 14 15 16 17	 fashion, that converts to a 5.6 equity risk premium over bonds using the same type of calculation, do you accept that? MR. COYNE: A. This is Dr. Booth's work, it's not my work, so I see what he has done here, I'll go that far. I have not checked his math in that regard. JOHNSON, Q.C.: Q. Okay, but you took no exception to his math when you did your rebuttal, for instance? MR. COYNE:
8 9 10 11 12 13 14 15 16		to be converted. D.C.: And I'm told that these are, in fact, geometric returns, and you'll see that the simple long run return of the risk premium of equities over bonds according to TD in 2012 was 4 percent. So you see the TD equities, Canada, they're at 7 percent on the geometric basis, and the bonds in the universe bond index are at 3 percent, so that's where that 4 percent difference comes in terms of the premium of equities over	7 8 9 10 11 12 13 14 15 16	 fashion, that converts to a 5.6 equity risk premium over bonds using the same type of calculation, do you accept that? MR. COYNE: A. This is Dr. Booth's work, it's not my work, so I see what he has done here, I'll go that far. I have not checked his math in that regard. JOHNSON, Q.C.: Q. Okay, but you took no exception to his math when you did your rebuttal, for instance? MR. COYNE: A. No, I did not feel the need to do so.
8 9 10 11 12 13 14 15 16 17		to be converted. O.C.: And I'm told that these are, in fact, geometric returns, and you'll see that the simple long run return of the risk premium of equities over bonds according to TD in 2012 was 4 percent. So you see the TD equities, Canada, they're at 7 percent on the geometric basis, and the bonds in the universe bond index are at 3 percent, so that's where that 4 percent difference comes	7 8 9 10 11 12 13 14 15 16 17 18 19	 fashion, that converts to a 5.6 equity risk premium over bonds using the same type of calculation, do you accept that? MR. COYNE: A. This is Dr. Booth's work, it's not my work, so I see what he has done here, I'll go that far. I have not checked his math in that regard. JOHNSON, Q.C.: Q. Okay, but you took no exception to his math when you did your rebuttal, for instance? MR. COYNE:
8 9 10 11 12 13 14 15 16 17 18		to be converted. O.C.: And I'm told that these are, in fact, geometric returns, and you'll see that the simple long run return of the risk premium of equities over bonds according to TD in 2012 was 4 percent. So you see the TD equities, Canada, they're at 7 percent on the geometric basis, and the bonds in the universe bond index are at 3 percent, so that's where that 4 percent difference comes in terms of the premium of equities over bonds. See that?	7 8 9 10 11 12 13 14 15 16 17 18	 fashion, that converts to a 5.6 equity risk premium over bonds using the same type of calculation, do you accept that? MR. COYNE: A. This is Dr. Booth's work, it's not my work, so I see what he has done here, I'll go that far. I have not checked his math in that regard. JOHNSON, Q.C.: Q. Okay, but you took no exception to his math when you did your rebuttal, for instance? MR. COYNE: A. No, I did not feel the need to do so.
8 9 10 11 12 13 14 15 16 17 18 19	Q.	to be converted. O.C.: And I'm told that these are, in fact, geometric returns, and you'll see that the simple long run return of the risk premium of equities over bonds according to TD in 2012 was 4 percent. So you see the TD equities, Canada, they're at 7 percent on the geometric basis, and the bonds in the universe bond index are at 3 percent, so that's where that 4 percent difference comes in terms of the premium of equities over bonds. See that?	7 8 9 10 11 12 13 14 15 16 17 18 19	 fashion, that converts to a 5.6 equity risk premium over bonds using the same type of calculation, do you accept that? MR. COYNE: A. This is Dr. Booth's work, it's not my work, so I see what he has done here, I'll go that far. I have not checked his math in that regard. JOHNSON, Q.C.: Q. Okay, but you took no exception to his math when you did your rebuttal, for instance? MR. COYNE: A. No, I did not feel the need to do so.
8 9 10 11 12 13 14 15 16 17 18 19 20	Q. MR. COYNE	to be converted. D.C.: And I'm told that these are, in fact, geometric returns, and you'll see that the simple long run return of the risk premium of equities over bonds according to TD in 2012 was 4 percent. So you see the TD equities, Canada, they're at 7 percent on the geometric basis, and the bonds in the universe bond index are at 3 percent, so that's where that 4 percent difference comes in terms of the premium of equities over bonds. See that? : Yeah, I see the math.	7 8 9 10 11 12 13 14 15 16 17 18 19 20	 fashion, that converts to a 5.6 equity risk premium over bonds using the same type of calculation, do you accept that? MR. COYNE: A. This is Dr. Booth's work, it's not my work, so I see what he has done here, I'll go that far. I have not checked his math in that regard. JOHNSON, Q.C.: Q. Okay, but you took no exception to his math when you did your rebuttal, for instance? MR. COYNE: A. No, I did not feel the need to do so. JOHNSON, Q.C.: Q. Okay, and so – now can we turn to
8 9 10 11 12 13 14 15 16 17 18 19 20 21	Q. MR. COYNE A.	to be converted. D.C.: And I'm told that these are, in fact, geometric returns, and you'll see that the simple long run return of the risk premium of equities over bonds according to TD in 2012 was 4 percent. So you see the TD equities, Canada, they're at 7 percent on the geometric basis, and the bonds in the universe bond index are at 3 percent, so that's where that 4 percent difference comes in terms of the premium of equities over bonds. See that? : Yeah, I see the math.	7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	 fashion, that converts to a 5.6 equity risk premium over bonds using the same type of calculation, do you accept that? MR. COYNE: A. This is Dr. Booth's work, it's not my work, so I see what he has done here, I'll go that far. I have not checked his math in that regard. JOHNSON, Q.C.: Q. Okay, but you took no exception to his math when you did your rebuttal, for instance? MR. COYNE: A. No, I did not feel the need to do so. JOHNSON, Q.C.: Q. Okay, and so – now can we turn to Newfoundland Power's answer to CA-NP-014.
8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Q. MR. COYNE A. JOHNSON, (to be converted. O.C.: And I'm told that these are, in fact, geometric returns, and you'll see that the simple long run return of the risk premium of equities over bonds according to TD in 2012 was 4 percent. So you see the TD equities, Canada, they're at 7 percent on the geometric basis, and the bonds in the universe bond index are at 3 percent, so that's where that 4 percent difference comes in terms of the premium of equities over bonds. See that? : Yeah, I see the math. O.C.:	7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	 fashion, that converts to a 5.6 equity risk premium over bonds using the same type of calculation, do you accept that? MR. COYNE: A. This is Dr. Booth's work, it's not my work, so I see what he has done here, I'll go that far. I have not checked his math in that regard. JOHNSON, Q.C.: Q. Okay, but you took no exception to his math when you did your rebuttal, for instance? MR. COYNE: A. No, I did not feel the need to do so. JOHNSON, Q.C.: Q. Okay, and so – now can we turn to Newfoundland Power's answer to CA-NP-014.

		Page 81		Page 83
1	MR. COYNE		1	2006. So this would be pretty up to date.
2	A.	Okay. Maybe I don't have that book. Let's	2	Have you had a chance to view this document,
3		see if I have it here. This pertains to	3	Mr. Coyne?
4		Mercer?	4	MR. COYNE:
5	JOHNSON, Q	•	5	A. Let me catch up to it.
6	Q.	Yes.	6	JOHNSON, Q.C.:
7	MR. COYNE		7	Q. Certainly.
8	А.	Right, okay.	8	MR. COYNE:
9	JOHNSON, Q	•	9	A. 269, did you say?
10	Q.	So in this answer, Newfoundland Power is	10	JOHNSON, Q.C.:
11		indicating that – I'm reading from line 10,	11	Q. Yes, sir.
12		"The long term asset mix used by the company	12	MR. COYNE:
13		is 40 percent equities, and 60 percent	13	A. Attachment "B", yeah, I see that.
14		bonds. Target mix of equities and bonds,	14	JOHNSON, Q.C.:
15		together with the expected long term rates	15	Q. Okay. Could we go to page 3 of this,
16		of return, assume in calculating the	16	Samantha, 3 of 28, and I just want to read
17		expected return on assets of 5.75 percent is	17	for the record that this document, they say,
18		shown in Table 1". So you see for equities,	18	"Summarizes AON Hewitt Canada's 10 year
19		they have an expected return of 8.1 percent	19	forward looking capital market assumptions,
20		and for bonds 3.5 percent. I understand	20	CMAs, that are to be used in the
21		that if you convert the 8.1 expected return,	21	determination of strategic portfolio
22		because that's a compound return as I	22	allocations and related modelling or
23		understand it, right -	23	projection studies. The methodology
24	MR. COYNE		24	described herein is also the basis of longer
25	А.	It would probably be so if it's geometric,	25	term 30 year capital market assumptions that
		Page 82		Page 84
1		yes.	1	can be used to determine an expected long
2	JOHNSON, Q	.C.:	2	term portfolio return for the purposes of
	Q.	And if you convert it, that 8.1 becomes a	3	
3	×۰	-	5	performing an actuarial valuation", and then
3	X .	9.6 percent return, okay, after adjustment,	4	performing an actuarial valuation", and then go on to say, "The CMAs, capital market
3 4 5	χ.	-	Ι.	· ·
4	MR. COYNE:	9.6 percent return, okay, after adjustment, would you accept that?	4	go on to say, "The CMAs, capital market assumptions, presented in this document represent AON Hewitt Canada's best estimate
45	MR. COYNE: A.	9.6 percent return, okay, after adjustment, would you accept that?It sounds reasonable.	4 5	go on to say, "The CMAs, capital market assumptions, presented in this document represent AON Hewitt Canada's best estimate view of future economic conditions and are
4 5 6	MR. COYNE:	9.6 percent return, okay, after adjustment, would you accept that?It sounds reasonable.	4 5 6	go on to say, "The CMAs, capital market assumptions, presented in this document represent AON Hewitt Canada's best estimate
4 5 6 7	MR. COYNE: A.	9.6 percent return, okay, after adjustment, would you accept that?It sounds reasonable.	4 5 6 7	go on to say, "The CMAs, capital market assumptions, presented in this document represent AON Hewitt Canada's best estimate view of future economic conditions and are established by a national committee comprised of investment and risk management
4 5 6 7 8	MR. COYNE: A. JOHNSON, Q	9.6 percent return, okay, after adjustment, would you accept that?It sounds reasonable..C.:And I think actually if we turn to CA-NP-269, Attachment "B" – before doing so, if	4 5 6 7 8	go on to say, "The CMAs, capital market assumptions, presented in this document represent AON Hewitt Canada's best estimate view of future economic conditions and are established by a national committee comprised of investment and risk management practitioners. The determination of the CMA
4 5 6 7 8 9	MR. COYNE: A. JOHNSON, Q	 9.6 percent return, okay, after adjustment, would you accept that? It sounds reasonable. .C.: And I think actually if we turn to CA-NP-269, Attachment "B" – before doing so, if you could come down that answer a little bit 	4 5 6 7 8 9	go on to say, "The CMAs, capital market assumptions, presented in this document represent AON Hewitt Canada's best estimate view of future economic conditions and are established by a national committee comprised of investment and risk management practitioners. The determination of the CMA involves a thorough analysis of all
4 5 6 7 8 9 10 11 12	MR. COYNE: A. JOHNSON, Q Q.	 9.6 percent return, okay, after adjustment, would you accept that? It sounds reasonable. C.: And I think actually if we turn to CA-NP-269, Attachment "B" – before doing so, if you could come down that answer a little bit further. 	4 5 6 7 8 9 10 11 12	go on to say, "The CMAs, capital market assumptions, presented in this document represent AON Hewitt Canada's best estimate view of future economic conditions and are established by a national committee comprised of investment and risk management practitioners. The determination of the CMA involves a thorough analysis of all available quantitative and qualitative
4 5 6 7 8 9 10 11	MR. COYNE: A. JOHNSON, Q	 9.6 percent return, okay, after adjustment, would you accept that? It sounds reasonable. C.: And I think actually if we turn to CA-NP-269, Attachment "B" – before doing so, if you could come down that answer a little bit further. 	4 5 6 7 8 9 10 11	go on to say, "The CMAs, capital market assumptions, presented in this document represent AON Hewitt Canada's best estimate view of future economic conditions and are established by a national committee comprised of investment and risk management practitioners. The determination of the CMA involves a thorough analysis of all available quantitative and qualitative resources, including but not limited to in-
4 5 6 7 8 9 10 11 12	MR. COYNE: A. JOHNSON, Q Q.	 9.6 percent return, okay, after adjustment, would you accept that? It sounds reasonable. C.: And I think actually if we turn to CA-NP-269, Attachment "B" – before doing so, if you could come down that answer a little bit further. 	4 5 6 7 8 9 10 11 12	go on to say, "The CMAs, capital market assumptions, presented in this document represent AON Hewitt Canada's best estimate view of future economic conditions and are established by a national committee comprised of investment and risk management practitioners. The determination of the CMA involves a thorough analysis of all available quantitative and qualitative resources, including but not limited to in- house analyses of historical returns,
4 5 6 7 8 9 10 11 12 13	MR. COYNE: A. JOHNSON, Q Q. MR. COYNE:	 9.6 percent return, okay, after adjustment, would you accept that? It sounds reasonable. .C.: And I think actually if we turn to CA-NP-269, Attachment "B" – before doing so, if you could come down that answer a little bit further. I think I have it here, thank you. .C.: 	4 5 6 7 8 9 10 11 12 13 14 15	go on to say, "The CMAs, capital market assumptions, presented in this document represent AON Hewitt Canada's best estimate view of future economic conditions and are established by a national committee comprised of investment and risk management practitioners. The determination of the CMA involves a thorough analysis of all available quantitative and qualitative resources, including but not limited to in- house analyses of historical returns, external analyses of long term historical
4 5 6 7 8 9 10 11 12 13 14	MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A.	 9.6 percent return, okay, after adjustment, would you accept that? It sounds reasonable. C.: And I think actually if we turn to CA-NP-269, Attachment "B" – before doing so, if you could come down that answer a little bit further. I think I have it here, thank you. C.: Yes, I'm sorry, I missed this. In fact, 	4 5 6 7 8 9 10 11 12 13 14	go on to say, "The CMAs, capital market assumptions, presented in this document represent AON Hewitt Canada's best estimate view of future economic conditions and are established by a national committee comprised of investment and risk management practitioners. The determination of the CMA involves a thorough analysis of all available quantitative and qualitative resources, including but not limited to in- house analyses of historical returns, external analyses of long term historical returns, presented and published research
4 5 6 7 8 9 10 11 12 13 14 15	MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q	 9.6 percent return, okay, after adjustment, would you accept that? It sounds reasonable. .C.: And I think actually if we turn to CA-NP-269, Attachment "B" – before doing so, if you could come down that answer a little bit further. I think I have it here, thank you. .C.: 	4 5 6 7 8 9 10 11 12 13 14 15	go on to say, "The CMAs, capital market assumptions, presented in this document represent AON Hewitt Canada's best estimate view of future economic conditions and are established by a national committee comprised of investment and risk management practitioners. The determination of the CMA involves a thorough analysis of all available quantitative and qualitative resources, including but not limited to in- house analyses of historical returns, external analyses of long term historical returns, presented and published research articles, the actual state of the market,
4 5 6 7 8 9 10 11 12 13 14 15 16	MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q	 9.6 percent return, okay, after adjustment, would you accept that? It sounds reasonable. C.: And I think actually if we turn to CA-NP-269, Attachment "B" – before doing so, if you could come down that answer a little bit further. I think I have it here, thank you. C.: Yes, I'm sorry, I missed this. In fact, 	4 5 6 7 8 9 10 11 12 13 14 15 16	go on to say, "The CMAs, capital market assumptions, presented in this document represent AON Hewitt Canada's best estimate view of future economic conditions and are established by a national committee comprised of investment and risk management practitioners. The determination of the CMA involves a thorough analysis of all available quantitative and qualitative resources, including but not limited to in- house analyses of historical returns, external analyses of long term historical returns, presented and published research articles, the actual state of the market, and the good judgment of the National
4 5 6 7 8 9 10 11 12 13 14 15 16 17	MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q	 9.6 percent return, okay, after adjustment, would you accept that? It sounds reasonable. .C.: And I think actually if we turn to CA-NP-269, Attachment "B" – before doing so, if you could come down that answer a little bit further. I think I have it here, thank you. .C.: Yes, I'm sorry, I missed this. In fact, Mercer did indicate that that would convert to a 9.6 percent at line 28. 	4 5 6 7 8 9 10 11 12 13 14 15 16 17	go on to say, "The CMAs, capital market assumptions, presented in this document represent AON Hewitt Canada's best estimate view of future economic conditions and are established by a national committee comprised of investment and risk management practitioners. The determination of the CMA involves a thorough analysis of all available quantitative and qualitative resources, including but not limited to in- house analyses of historical returns, external analyses of long term historical returns, presented and published research articles, the actual state of the market, and the good judgment of the National Assumptions Committee. Additionally, the
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A.	 9.6 percent return, okay, after adjustment, would you accept that? It sounds reasonable. C.: And I think actually if we turn to CA-NP-269, Attachment "B" – before doing so, if you could come down that answer a little bit further. I think I have it here, thank you. C.: Yes, I'm sorry, I missed this. In fact, Mercer did indicate that that would convert to a 9.6 percent at line 28. I see that, yes. 	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	go on to say, "The CMAs, capital market assumptions, presented in this document represent AON Hewitt Canada's best estimate view of future economic conditions and are established by a national committee comprised of investment and risk management practitioners. The determination of the CMA involves a thorough analysis of all available quantitative and qualitative resources, including but not limited to in- house analyses of historical returns, external analyses of long term historical returns, presented and published research articles, the actual state of the market, and the good judgment of the National Assumptions Committee. Additionally, the CMAs reflect the analyses and research done
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q Q. MR. COYNE:	 9.6 percent return, okay, after adjustment, would you accept that? It sounds reasonable. C.: And I think actually if we turn to CA-NP-269, Attachment "B" – before doing so, if you could come down that answer a little bit further. I think I have it here, thank you. C.: Yes, I'm sorry, I missed this. In fact, Mercer did indicate that that would convert to a 9.6 percent at line 28. I see that, yes. 	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	go on to say, "The CMAs, capital market assumptions, presented in this document represent AON Hewitt Canada's best estimate view of future economic conditions and are established by a national committee comprised of investment and risk management practitioners. The determination of the CMA involves a thorough analysis of all available quantitative and qualitative resources, including but not limited to in- house analyses of historical returns, external analyses of long term historical returns, presented and published research articles, the actual state of the market, and the good judgment of the National Assumptions Committee. Additionally, the
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A.	 9.6 percent return, okay, after adjustment, would you accept that? It sounds reasonable. C.: And I think actually if we turn to CA-NP-269, Attachment "B" – before doing so, if you could come down that answer a little bit further. I think I have it here, thank you. C.: Yes, I'm sorry, I missed this. In fact, Mercer did indicate that that would convert to a 9.6 percent at line 28. I see that, yes. 	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	go on to say, "The CMAs, capital market assumptions, presented in this document represent AON Hewitt Canada's best estimate view of future economic conditions and are established by a national committee comprised of investment and risk management practitioners. The determination of the CMA involves a thorough analysis of all available quantitative and qualitative resources, including but not limited to in- house analyses of historical returns, external analyses of long term historical returns, presented and published research articles, the actual state of the market, and the good judgment of the National Assumptions Committee. Additionally, the CMAs reflect the analyses and research done by AON Hewitt investment and risk management colleagues around the globe and are checked
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q	 9.6 percent return, okay, after adjustment, would you accept that? It sounds reasonable. .C.: And I think actually if we turn to CA-NP-269, Attachment "B" – before doing so, if you could come down that answer a little bit further. I think I have it here, thank you. .C.: Yes, I'm sorry, I missed this. In fact, Mercer did indicate that that would convert to a 9.6 percent at line 28. I see that, yes. .C.: 	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	go on to say, "The CMAs, capital market assumptions, presented in this document represent AON Hewitt Canada's best estimate view of future economic conditions and are established by a national committee comprised of investment and risk management practitioners. The determination of the CMA involves a thorough analysis of all available quantitative and qualitative resources, including but not limited to in- house analyses of historical returns, external analyses of long term historical returns, presented and published research articles, the actual state of the market, and the good judgment of the National Assumptions Committee. Additionally, the CMAs reflect the analyses and research done by AON Hewitt investment and risk management
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q	 9.6 percent return, okay, after adjustment, would you accept that? It sounds reasonable. C.: And I think actually if we turn to CA-NP-269, Attachment "B" – before doing so, if you could come down that answer a little bit further. I think I have it here, thank you. C.: Yes, I'm sorry, I missed this. In fact, Mercer did indicate that that would convert to a 9.6 percent at line 28. I see that, yes. C.: So now if we could turn to CA-NP-269, 	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	go on to say, "The CMAs, capital market assumptions, presented in this document represent AON Hewitt Canada's best estimate view of future economic conditions and are established by a national committee comprised of investment and risk management practitioners. The determination of the CMA involves a thorough analysis of all available quantitative and qualitative resources, including but not limited to in- house analyses of historical returns, external analyses of long term historical returns, presented and published research articles, the actual state of the market, and the good judgment of the National Assumptions Committee. Additionally, the CMAs reflect the analyses and research done by AON Hewitt investment and risk management colleagues around the globe and are checked
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q	 9.6 percent return, okay, after adjustment, would you accept that? It sounds reasonable. C.: And I think actually if we turn to CA-NP-269, Attachment "B" – before doing so, if you could come down that answer a little bit further. I think I have it here, thank you. C.: Yes, I'm sorry, I missed this. In fact, Mercer did indicate that that would convert to a 9.6 percent at line 28. I see that, yes. C.: So now if we could turn to CA-NP-269, Attachment "B", and this is a very recent 	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	go on to say, "The CMAs, capital market assumptions, presented in this document represent AON Hewitt Canada's best estimate view of future economic conditions and are established by a national committee comprised of investment and risk management practitioners. The determination of the CMA involves a thorough analysis of all available quantitative and qualitative resources, including but not limited to in- house analyses of historical returns, external analyses of long term historical returns, presented and published research articles, the actual state of the market, and the good judgment of the National Assumptions Committee. Additionally, the CMAs reflect the analyses and research done by AON Hewitt investment and risk management colleagues around the globe and are checked for global consistency". So would you view

Apri	15, 2016		1	NL Power GRA 2016
		Page 85		Page 87
1	A.	I think I would just accept it for what AON	1	what they have said, around 2 percent.
2		Hewitt characterizes it as, for purpose of	2	JOHNSON, Q.C.:
3		performing an actuarial evaluation for its	3	Q. It wouldn't be your understanding that this
4		clients.	4	AON Hewitt forecast for the long Canada bond
5	JOHNSON, Q	~	5	yield, that's not for the forecast test
6	Q.	Well, it –	6	year, is it, it's not for 2016, for
7	MR. COYNE		7	instance?
8	А.	I accept it on face value for how they	8	MR. COYNE:
9		describe it.	9	A. I'm not sure if I understand your question.
10	JOHNSON, Q	•	10	JOHNSON, Q.C.:
11	Q.	So let us just turn to page 8 of AON Hewitt	11	Q. They are not saying that their long term
12		for a moment. So there AON Hewitt has shown	12	target is for the test year 2016?
13		the current and the long term target yield	13	MR. COYNE:
14		curves. This would be on the long Canada	14	A. They have a yield curve that much, or if it
15		bond, I understand. Oh, short to long, all	15	even has – it doesn't have a timeframe to
16		of the bonds, short term, medium term, and	16	it. It just shows maturity and describes
17		long term bonds.	17	long term target. If you go elsewhere in
18	MR. COYNE		18	the report, they do have numbers associated
19	А.	Right, that's a yield curve.	19	with their projections. That's not a
20	JOHNSON, Q	•	20	projection for a specific period in time.
21	Q.	Okay, I'm sorry about that. Now we see that	21	JOHNSON, Q.C.:
22		they have the long Government of Canada	22	Q. Okay.
23		yield curve significantly above what we have	23	MR. COYNE:
24		been experiencing recently. Is this - would	24	A. It's just a yield curve as of – well, as of
25		that be a fair assumption that they're	25	their analysis.
		Page 86		Page 88
1		looking for the long Canada bond yield to	1	JOHNSON, Q.C.:
2		increase about up to 4.8, about 1/8th	2	Q. In January.
3		percent, I think they say on the next page,	3	MR. COYNE:
4		which is just under 2 percent higher than at	4	A. Apparently so.
5		the time of their forecast. Would that be	5	JOHNSON, Q.C.:
6		your understanding of this?	6	Q. Just if we turn to page 19 for a moment. If
7	MR. COYNE		7	you look at they have a summary of their
8	А.	That's what it shows.	8	expected long run returns by asset classes,
9	(10:15 a.m.)		9	and this is, I think you're probably aware,
10	JOHNSON, O	·	10	Mr. Coyne, this is what Dr. Booth has in
11	Q.	Okay. So AON Hewitt, Mr. Coyne, they	11	Schedule 4 to his evidence as well. Are you
12		wouldn't view the current long Canada bond	12	familiar with this material?
13		yields as being sustainable, and, I guess,	13	MR. COYNE:
14		would that be something that you and Dr.	14	A. I'm familiar with what I'm looking at here.
15		Booth would agree on?	15	I'd have to go back to see what's in
16	MR. COYNE		16	Schedule 4 of his evidence. We accept that,
17	A.	I think we agree on that.	17	subject to check.
18	JOHNSON, O		18	JOHNSON, Q.C.:
19	Q.	Okay, and what do you understand by the long	19	Q. No sweat. Do you see that they have an
20		term target, Mr. Coyne?	20	annual average return in the first column,
21	MR. COYNE		21	and then the second is the compound return,
22	A.	Well, in this case I'm not sure if they're	22	right?
23		characterizing the Bank of Canada's long	23	MR. COYNE:
24		term target. It may be, because that would	24	A. Yes, I do see that.
25		be an inflationary target consistent with	25	JOHNSON, Q.C.:

April 5, 2016	
---------------	--

-1/11	13,2010				NL POWEI GRA 2010
		Page 89			Page 91
1	Q.	And so as I understand it, this is the	1	А.	I see that.
2		arithmetic versus the compound return. Is	2	JOHNSON, Q	.C.:
3		that your understanding as well?	3	Q.	Okay, and do you understand why they hedge,
4	MR. COYNE		4		or I should say, make an exchange rate
5	А.	That's right.	5		adjustment to the U.S. returns?
6	JOHNSON, Q	-	6	MR. COYNE:	
7	Q.	Okay. So if we look at the long run equity	7	A.	Due to foreign currency fluctuations and the
8	χ.	returns, AON Hewitt for Canadian equities	8		fact that if you're going to – you pay when
9		has it at 7.1 percent. Do you see that?	9		you want to lock down a return where there's
10	MR. COYNE	* ·	10		an exchange associated with it, and you can
11	A.	Are you on page 19? Yes, and they have 8.3	11		hedge to do so and pay to lock down that
12	11.	for average annual.	12		return, so you're not exposed to whatever
12	JOHNSON, Q	•	12		those deviations might be.
14	· · · · · · · · · · · · · · · · · · ·	*	13	JOHNSON, Q	0
	Q.	Yes, which they convert then to a simple			
15		average or arithmetic return of 8.3 percent?	15	Q.	And would you agree with me that the
16	MR. COYNE		16		exchange rate adjustment reflects different
17	A.	I see that.	17		inflation rate and interest rates in Canada
18	JOHNSON, Q	-	18		than the United States has?
19	Q.	Okay, and they also show average annual	19	MR. COYNE:	
20		standard deviation?	20	A.	I don't know what's included in their hedge
21	MR. COYNE		21		adjustment. I can't speak to that.
22	А.	Right.	22	JOHNSON, Q	
23	JOHNSON, Q	-	23	Q.	Is that what a hedge adjustment would
24	Q.	And that's the stock market volatility of	24		normally adjust for, inflation rate and
25		standard deviation of 17 percent, and I	25		interest rate differences between the two
		Page 90			Page 92
1		*	1		
		Page 90 understand Dr. Booth uses a standard annual		MR. COYNE:	Page 92 countries?
1		Page 90 understand Dr. Booth uses a standard annual deviation of 20 percent. So there's not	1	MR. COYNE: A.	Page 92 countries?
1 2		Page 90 understand Dr. Booth uses a standard annual deviation of 20 percent. So there's not much difference between what Dr. Booth says	1 2		Page 92 countries? There's a market for hedges that include a
1 2 3 4		Page 90 understand Dr. Booth uses a standard annual deviation of 20 percent. So there's not much difference between what Dr. Booth says in that regard and what's here. Is that	1 2 3 4		Page 92 countries? There's a market for hedges that include a host of factors, including the overall
1 2 3 4 5	MR. COYNE	Page 90 understand Dr. Booth uses a standard annual deviation of 20 percent. So there's not much difference between what Dr. Booth says in that regard and what's here. Is that your understanding as well?	1 2 3 4 5		Page 92 countries? There's a market for hedges that include a host of factors, including the overall liquidity in that product. So those would
1 2 3 4 5 6		Page 90 understand Dr. Booth uses a standard annual deviation of 20 percent. So there's not much difference between what Dr. Booth says in that regard and what's here. Is that your understanding as well?	1 2 3 4 5 6		Page 92 countries? There's a market for hedges that include a host of factors, including the overall liquidity in that product. So those would be two of the issues that might be
1 2 3 4 5 6 7	А.	Page 90 understand Dr. Booth uses a standard annual deviation of 20 percent. So there's not much difference between what Dr. Booth says in that regard and what's here. Is that your understanding as well? I would leave that to Dr. Booth.	1 2 3 4 5 6 7		Page 92 countries? There's a market for hedges that include a host of factors, including the overall liquidity in that product. So those would be two of the issues that might be considered, but there's a market for hedges,
1 2 3 4 5 6 7 8	A. JOHNSON, Q	Page 90 understand Dr. Booth uses a standard annual deviation of 20 percent. So there's not much difference between what Dr. Booth says in that regard and what's here. Is that your understanding as well? I would leave that to Dr. Booth. .C.:	1 2 3 4 5 6 7 8		Page 92 countries? There's a market for hedges that include a host of factors, including the overall liquidity in that product. So those would be two of the issues that might be considered, but there's a market for hedges, it's quite liquid in terms of cross border
1 2 3 4 5 6 7 8 9	А.	Page 90 understand Dr. Booth uses a standard annual deviation of 20 percent. So there's not much difference between what Dr. Booth says in that regard and what's here. Is that your understanding as well? I would leave that to Dr. Booth. C.: Okay, and for the United States, U.S.	1 2 3 4 5 6 7 8 9	Α.	Page 92 countries? There's a market for hedges that include a host of factors, including the overall liquidity in that product. So those would be two of the issues that might be considered, but there's a market for hedges, it's quite liquid in terms of cross border currency exchange.
1 2 3 4 5 6 7 8 9 10	A. JOHNSON, Q	Page 90 understand Dr. Booth uses a standard annual deviation of 20 percent. So there's not much difference between what Dr. Booth says in that regard and what's here. Is that your understanding as well? I would leave that to Dr. Booth. .C.: Okay, and for the United States, U.S. equities, we see U.S. equities and then we	1 2 3 4 5 6 7 8 9 10	A. Johnson, Q	Page 92 countries? There's a market for hedges that include a host of factors, including the overall liquidity in that product. So those would be two of the issues that might be considered, but there's a market for hedges, it's quite liquid in terms of cross border currency exchange.
1 2 3 4 5 6 7 8 9 10 11	A. JOHNSON, Q Q.	Page 90 understand Dr. Booth uses a standard annual deviation of 20 percent. So there's not much difference between what Dr. Booth says in that regard and what's here. Is that your understanding as well? I would leave that to Dr. Booth. C.: Okay, and for the United States, U.S. equities, we see U.S. equities and then we see U.S. equities hedged, right, Mr. Coyne?	1 2 3 4 5 6 7 8 9 10	Α.	Page 92 countries? There's a market for hedges that include a host of factors, including the overall liquidity in that product. So those would be two of the issues that might be considered, but there's a market for hedges, it's quite liquid in terms of cross border currency exchange. .C.: So let's put it this way. Without doing a
1 2 3 4 5 6 7 8 9 10 11 12	A. JOHNSON, Q Q. MR. COYNE	Page 90 understand Dr. Booth uses a standard annual deviation of 20 percent. So there's not much difference between what Dr. Booth says in that regard and what's here. Is that your understanding as well? I would leave that to Dr. Booth. C.: Okay, and for the United States, U.S. equities, we see U.S. equities and then we see U.S. equities hedged, right, Mr. Coyne?	1 2 3 4 5 6 7 8 9 10 11 12	A. Johnson, Q	Page 92 countries? There's a market for hedges that include a host of factors, including the overall liquidity in that product. So those would be two of the issues that might be considered, but there's a market for hedges, it's quite liquid in terms of cross border currency exchange. C.: So let's put it this way. Without doing a hedge adjustment, you can't compare a U.S.
1 2 3 4 5 6 7 8 9 10 11 12 13	A. JOHNSON, Q Q. MR. COYNE: A.	Page 90 understand Dr. Booth uses a standard annual deviation of 20 percent. So there's not much difference between what Dr. Booth says in that regard and what's here. Is that your understanding as well? I would leave that to Dr. Booth. C.: Okay, and for the United States, U.S. equities, we see U.S. equities and then we see U.S. equities hedged, right, Mr. Coyne? Yes, I see that.	1 2 3 4 5 6 7 8 9 10 11 12 13	A. Johnson, Q	Page 92 countries? There's a market for hedges that include a host of factors, including the overall liquidity in that product. So those would be two of the issues that might be considered, but there's a market for hedges, it's quite liquid in terms of cross border currency exchange. .C.: So let's put it this way. Without doing a hedge adjustment, you can't compare a U.S. dollar return with a Canadian dollar return,
1 2 3 4 5 6 7 8 9 10 11 12 13 14	A. JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q	Page 90 understand Dr. Booth uses a standard annual deviation of 20 percent. So there's not much difference between what Dr. Booth says in that regard and what's here. Is that your understanding as well? I would leave that to Dr. Booth. C.: Okay, and for the United States, U.S. equities, we see U.S. equities and then we see U.S. equities hedged, right, Mr. Coyne? Yes, I see that. C.:	1 2 3 4 5 6 7 8 9 10 11 12 13 14	A. Johnson, Q Q.	Page 92 countries? There's a market for hedges that include a host of factors, including the overall liquidity in that product. So those would be two of the issues that might be considered, but there's a market for hedges, it's quite liquid in terms of cross border currency exchange. C.: So let's put it this way. Without doing a hedge adjustment, you can't compare a U.S. dollar return with a Canadian dollar return, would that be your understanding?
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15	A. JOHNSON, Q Q. MR. COYNE: A.	Page 90 understand Dr. Booth uses a standard annual deviation of 20 percent. So there's not much difference between what Dr. Booth says in that regard and what's here. Is that your understanding as well? I would leave that to Dr. Booth. C.: Okay, and for the United States, U.S. equities, we see U.S. equities and then we see U.S. equities hedged, right, Mr. Coyne? Yes, I see that. .C.: And so that's where they're trying to make a	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15	A. JOHNSON, Q Q. MR. COYNE:	Page 92 countries? There's a market for hedges that include a host of factors, including the overall liquidity in that product. So those would be two of the issues that might be considered, but there's a market for hedges, it's quite liquid in terms of cross border currency exchange. C.: So let's put it this way. Without doing a hedge adjustment, you can't compare a U.S. dollar return with a Canadian dollar return, would that be your understanding?
$ \begin{array}{c} 1\\2\\3\\4\\5\\6\\7\\8\\9\\10\\11\\12\\13\\14\\15\\16\end{array} $	A. JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q	Page 90 understand Dr. Booth uses a standard annual deviation of 20 percent. So there's not much difference between what Dr. Booth says in that regard and what's here. Is that your understanding as well? I would leave that to Dr. Booth. C.: Okay, and for the United States, U.S. equities, we see U.S. equities and then we see U.S. equities hedged, right, Mr. Coyne? Yes, I see that. C.: And so that's where they're trying to make a conversion taking into account the currency	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	A. Johnson, Q Q.	Page 92 countries? There's a market for hedges that include a host of factors, including the overall liquidity in that product. So those would be two of the issues that might be considered, but there's a market for hedges, it's quite liquid in terms of cross border currency exchange. .C.: So let's put it this way. Without doing a hedge adjustment, you can't compare a U.S. dollar return with a Canadian dollar return, would that be your understanding? Well, they're giving it to us both ways a
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	A. JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q	Page 90 understand Dr. Booth uses a standard annual deviation of 20 percent. So there's not much difference between what Dr. Booth says in that regard and what's here. Is that your understanding as well? I would leave that to Dr. Booth. C.: Okay, and for the United States, U.S. equities, we see U.S. equities and then we see U.S. equities hedged, right, Mr. Coyne? Yes, I see that. C.: And so that's where they're trying to make a conversion taking into account the currency difference between Canada and the United	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	A. JOHNSON, Q Q. MR. COYNE:	Page 92 countries? There's a market for hedges that include a host of factors, including the overall liquidity in that product. So those would be two of the issues that might be considered, but there's a market for hedges, it's quite liquid in terms of cross border currency exchange. C.: So let's put it this way. Without doing a hedge adjustment, you can't compare a U.S. dollar return with a Canadian dollar return, would that be your understanding? Well, they're giving it to us both ways a reason. You can choose to hedge it or not.
$ \begin{array}{c} 1\\2\\3\\4\\5\\6\\7\\8\\9\\10\\11\\12\\13\\14\\15\\16\\17\\18\end{array} $	A. JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q Q.	Page 90 understand Dr. Booth uses a standard annual deviation of 20 percent. So there's not much difference between what Dr. Booth says in that regard and what's here. Is that your understanding as well? I would leave that to Dr. Booth. C.: Okay, and for the United States, U.S. equities, we see U.S. equities and then we see U.S. equities hedged, right, Mr. Coyne? Yes, I see that. C.: And so that's where they're trying to make a conversion taking into account the currency difference between Canada and the United States, would that be right?	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	A. JOHNSON, Q Q. MR. COYNE:	Page 92 countries? There's a market for hedges that include a host of factors, including the overall liquidity in that product. So those would be two of the issues that might be considered, but there's a market for hedges, it's quite liquid in terms of cross border currency exchange. C.: So let's put it this way. Without doing a hedge adjustment, you can't compare a U.S. dollar return with a Canadian dollar return, would that be your understanding? Well, they're giving it to us both ways a reason. You can choose to hedge it or not. Some companies will elect not to hedge;
$ \begin{array}{c} 1\\2\\3\\4\\5\\6\\7\\8\\9\\10\\11\\12\\13\\14\\15\\16\\17\\18\\19\end{array} $	A. JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q Q. MR. COYNE	Page 90 understand Dr. Booth uses a standard annual deviation of 20 percent. So there's not much difference between what Dr. Booth says in that regard and what's here. Is that your understanding as well? I would leave that to Dr. Booth. C.: Okay, and for the United States, U.S. equities, we see U.S. equities and then we see U.S. equities hedged, right, Mr. Coyne? Yes, I see that. C.: And so that's where they're trying to make a conversion taking into account the currency difference between Canada and the United States, would that be right?	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	A. JOHNSON, Q Q. MR. COYNE: A.	Page 92 countries? There's a market for hedges that include a host of factors, including the overall liquidity in that product. So those would be two of the issues that might be considered, but there's a market for hedges, it's quite liquid in terms of cross border currency exchange. .C.: So let's put it this way. Without doing a hedge adjustment, you can't compare a U.S. dollar return with a Canadian dollar return, would that be your understanding? Well, they're giving it to us both ways a reason. You can choose to hedge it or not. Some companies will elect not to hedge; others will.
$ \begin{array}{c} 1\\2\\3\\4\\5\\6\\7\\8\\9\\10\\11\\12\\13\\14\\15\\16\\17\\18\\19\\20\end{array} $	A. JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q Q. MR. COYNE A.	Page 90 understand Dr. Booth uses a standard annual deviation of 20 percent. So there's not much difference between what Dr. Booth says in that regard and what's here. Is that your understanding as well? I would leave that to Dr. Booth. C.: Okay, and for the United States, U.S. equities, we see U.S. equities and then we see U.S. equities hedged, right, Mr. Coyne? Yes, I see that. C.: And so that's where they're trying to make a conversion taking into account the currency difference between Canada and the United States, would that be right? I assume so.	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	A. JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q	Page 92 countries? There's a market for hedges that include a host of factors, including the overall liquidity in that product. So those would be two of the issues that might be considered, but there's a market for hedges, it's quite liquid in terms of cross border currency exchange. .C.: So let's put it this way. Without doing a hedge adjustment, you can't compare a U.S. dollar return with a Canadian dollar return, would that be your understanding? Well, they're giving it to us both ways a reason. You can choose to hedge it or not. Some companies will elect not to hedge; others will. .C.:
$ \begin{array}{c} 1\\2\\3\\4\\5\\6\\7\\8\\9\\10\\11\\12\\13\\14\\15\\16\\17\\18\\19\\20\\21\end{array} $	A. JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q	Page 90 understand Dr. Booth uses a standard annual deviation of 20 percent. So there's not much difference between what Dr. Booth says in that regard and what's here. Is that your understanding as well? I would leave that to Dr. Booth. C.: Okay, and for the United States, U.S. equities, we see U.S. equities and then we see U.S. equities hedged, right, Mr. Coyne? Yes, I see that. C.: And so that's where they're trying to make a conversion taking into account the currency difference between Canada and the United States, would that be right? I assume so. C.:	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	A. JOHNSON, Q Q. MR. COYNE: A.	Page 92 countries? There's a market for hedges that include a host of factors, including the overall liquidity in that product. So those would be two of the issues that might be considered, but there's a market for hedges, it's quite liquid in terms of cross border currency exchange. C.: So let's put it this way. Without doing a hedge adjustment, you can't compare a U.S. dollar return with a Canadian dollar return, would that be your understanding? Well, they're giving it to us both ways a reason. You can choose to hedge it or not. Some companies will elect not to hedge; others will. C.: Mr. Coyne, can we just turn to page 21 where
$ \begin{array}{c} 1\\2\\3\\4\\5\\6\\7\\8\\9\\10\\11\\12\\13\\14\\15\\16\\17\\18\\19\\20\\21\\22\end{array} $	A. JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q Q. MR. COYNE A.	Page 90 understand Dr. Booth uses a standard annual deviation of 20 percent. So there's not much difference between what Dr. Booth says in that regard and what's here. Is that your understanding as well? I would leave that to Dr. Booth. C.: Okay, and for the United States, U.S. equities, we see U.S. equities and then we see U.S. equities hedged, right, Mr. Coyne? Yes, I see that. C.: And so that's where they're trying to make a conversion taking into account the currency difference between Canada and the United States, would that be right? I assume so. C.: And they would have the 10 year compound	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q	Page 92 countries? There's a market for hedges that include a host of factors, including the overall liquidity in that product. So those would be two of the issues that might be considered, but there's a market for hedges, it's quite liquid in terms of cross border currency exchange. .C.: So let's put it this way. Without doing a hedge adjustment, you can't compare a U.S. dollar return with a Canadian dollar return, would that be your understanding? Well, they're giving it to us both ways a reason. You can choose to hedge it or not. Some companies will elect not to hedge; others will. .C.: Mr. Coyne, can we just turn to page 21 where there is a table that AON Hewitt used, and
$ \begin{array}{c} 1\\2\\3\\4\\5\\6\\7\\8\\9\\10\\11\\12\\13\\14\\15\\16\\17\\18\\19\\20\\21\\22\\23\end{array} $	A. JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q	Page 90 understand Dr. Booth uses a standard annual deviation of 20 percent. So there's not much difference between what Dr. Booth says in that regard and what's here. Is that your understanding as well? I would leave that to Dr. Booth. .C.: Okay, and for the United States, U.S. equities, we see U.S. equities and then we see U.S. equities hedged, right, Mr. Coyne? Yes, I see that. .C.: And so that's where they're trying to make a conversion taking into account the currency difference between Canada and the United States, would that be right? I assume so. .C.: And they would have the 10 year compound return at 6.6 and the average arithmetic	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	A. JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q	Page 92 countries? There's a market for hedges that include a host of factors, including the overall liquidity in that product. So those would be two of the issues that might be considered, but there's a market for hedges, it's quite liquid in terms of cross border currency exchange. C.: So let's put it this way. Without doing a hedge adjustment, you can't compare a U.S. dollar return with a Canadian dollar return, would that be your understanding? Well, they're giving it to us both ways a reason. You can choose to hedge it or not. Some companies will elect not to hedge; others will. .C.: Mr. Coyne, can we just turn to page 21 where there is a table that AON Hewitt used, and if we just go up to see the title of this
$ \begin{array}{c} 1\\2\\3\\4\\5\\6\\7\\8\\9\\10\\11\\12\\13\\14\\15\\16\\17\\18\\19\\20\\21\\22\end{array} $	A. JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q	Page 90 understand Dr. Booth uses a standard annual deviation of 20 percent. So there's not much difference between what Dr. Booth says in that regard and what's here. Is that your understanding as well? I would leave that to Dr. Booth. C.: Okay, and for the United States, U.S. equities, we see U.S. equities and then we see U.S. equities hedged, right, Mr. Coyne? Yes, I see that. C.: And so that's where they're trying to make a conversion taking into account the currency difference between Canada and the United States, would that be right? I assume so. C.: And they would have the 10 year compound return at 6.6 and the average arithmetic hedged at 8 percent?	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q	Page 92 countries? There's a market for hedges that include a host of factors, including the overall liquidity in that product. So those would be two of the issues that might be considered, but there's a market for hedges, it's quite liquid in terms of cross border currency exchange. .C.: So let's put it this way. Without doing a hedge adjustment, you can't compare a U.S. dollar return with a Canadian dollar return, would that be your understanding? Well, they're giving it to us both ways a reason. You can choose to hedge it or not. Some companies will elect not to hedge; others will. .C.: Mr. Coyne, can we just turn to page 21 where there is a table that AON Hewitt used, and

Apri	15, 2016				NL Power GRA 2016
		Page 93			Page 95
1		Coyne, is that this is a table that tries to	1	Q.	What's that?
2		get at the level of correlation between	2	MR. COYNE:	
3		selected instruments, debt instruments,	3	А.	I can't tell. I can't tell. You tell me
4		equity instruments, in a variety of places;	4		what you think it is, and I'll accept it.
5		Canada, the United States, global equities,	5		That's an impossible chart to read.
6		etc, and Mr. Coyne, I understand and I don't	6	JOHNSON, Q	.C.:
7		know if you'd agree with this, that what	7	Q.	So U.S. equities or Canadian equities would
8		we're talking about here in terms of	8	-	be equally correlative with the merging – is
9		correlation is the extent to which two	9		it global equities or merging markets as the
10		securities move together. Would you accept	10		U.S. market, is that what AON Hewitt is
11		that?	11		telling us?
12	MR. COYNE		12	MR. COYNE:	
13	А.	Yes, that's the definition of correlation.	13	А.	I see those two correlations as being the
14	JOHNSON, Q	0.C.:	14		same. I don't know what period of time this
15	Q.	Okay, and if you look at Canadian equities,	15		is done over – well, I think they tell us in
16		okay, and U.S if you look at Canadian	16		the front of the report what time it's done
17		equities and you come all the way over,	17		over. The analysis that I did that I showed
18		you'll see a .6, right?	18		in JMC-1 shows that over the past 25 years,
19	MR. COYNE		19		the TSX and S & P 500 have been correlated
20	А.	I see that, yes.	20		by .71, so I accept that based on the
21	JOHNSON, Q	.C.:	21		analysis I know I did. That's not that far
22	Q.	Okay, and if you come down to – do you see	22		off. It tells me they're highly correlated,
23		this table, Mr. Coyne, is indicating that	23		but not perfectly correlated.
24		there's a .6 correlation between Canada and	24	JOHNSON, Q	.C.:
25		U.S. equities?	25	Q.	In this correlation coefficient, I
		Page 94			Page 96
1	MR. COYNE		1		understand that that's part of the beta
2	А.	I see that number, yes.	2		coefficient, is that right?
3	JOHNSON, Q).C.:	3	MR. COYNE:	-
4	Q.	Okay, that's probably the simple way to do	4	А.	No.
5		it, and do you see what the correlation	5	JOHNSON, Q	.C.:
6		between Canadian equities is and a merging	6	Q.	My understanding is that the beta
7		market equities?	7		coefficient is simply the correlation
8	MR. COYNE	:	8		coefficient multiplied by the relative
9	А.	I think that's also .6. These numbers are	9		standard deviations of the security in the
10		quite small.	10		market. Is that correct?
11	JOHNSON, Q	Q.C.:	11	MR. COYNE:	
12	Q.	.6?	12	А.	Yes, that's what beta is trying to measure
13	MR. COYNE	:	13		is the correlation between a specific
14	A.	I can't make it out. Maybe on the screen	14		security in the broader market, yeah.
15		it's better.	15	JOHNSON, Q	.C.:
16	JOHNSON, Q).C.:	16	Q.	And securities with higher correlation
17	Q.	.6 or .7. Do you need to have Samantha	17		coefficients tend to have higher betas, is
18		adjust the screen?	18		that right?
19	MR. COYNE	:	19	MR. COYNE:	
20	A.	It looks like .8.	20	А.	Yes.
21	JOHNSON, Q	Q.C.:	21	JOHNSON, Q	.C.:
22	Q.	.8?	22	Q.	And I'm told that correlation coefficient of
23	MR. COYNE	:	23		1 means the security moves identically with
24	A.	Now it looks like .6.	24		the market and offers no diversification
25	JOHNSON, Q		25		benefits, is that also correct?

<u>p</u>	15,2010			
		Page 97		Page 99
1	MR. COYNE	:	1	bottom of the chart you see real return
2	A.	That's correct.	2	bonds, which are very low, slightly above
3	JOHNSON, O).C.:	3	
4	Q.	And it is this correlation structure, as AON	4	
5		Hewitt shows in this chart, that that would	5	
6		be crucial for modern portfolio theory,	6	
7		would you agree with that?	7	would be about 6 percent, a 10 year average
8	MR. COYNE		8	
9	A.	Crucial in what sense?	9	
10	JOHNSON, (10	ř 1
11	Q.	It would be crucial for modern portfolio	11	MR. COYNE:
12	ν.	theory and institutional investors to know	12	
12		the degree of correlation when they're	13	e
14		building their portfolios?	14	
15	MR. COYNE		15	
16	A.	Investors would like to know the	16	
17	л.	correlations across various equity classes	10	· · · · ·
18		for making investments, yes.	18	
19	JOHNSON, (19	
$\begin{vmatrix} 19\\20 \end{vmatrix}$	Q.	So they can have diversification?	20	
$20 \\ 21$	Q. MR. COYNE	-	20	1
$\begin{vmatrix} 21\\22 \end{vmatrix}$	A.	That's right.	21	· ·
$\begin{vmatrix} 22\\23 \end{vmatrix}$	JOHNSON, (e e	22	
$23 \\ 24$	Q.	Right.	23	
25	MR. COYNE	÷	25	
23			25	Tower 5 full ROE that your expectation is
		Dece 09		Daga 100
	٨	Page 98	1	Page 100
	А.	And they can manage return and risk in the	1	that the TSX market is expected to return
2		And they can manage return and risk in the process of doing so.	2	that the TSX market is expected to return 13.46 percent on an infinite basis, on an
23	JOHNSON, Q	And they can manage return and risk in the process of doing so. .C.:	2 3	that the TSX market is expected to return 13.46 percent on an infinite basis, on an infinite time period for your DCF analysis?
2 3 4		And they can manage return and risk in the process of doing so. P.C.: So that they can know that they've got to be	2 3 4	that the TSX market is expected to return 13.46 percent on an infinite basis, on an infinite time period for your DCF analysis? MR. COYNE:
2 3 4 5	JOHNSON, Q	And they can manage return and risk in the process of doing so. .C.: So that they can know that they've got to be careful that if they invested one basket of	2 3 4 5	that the TSX market is expected to return 13.46 percent on an infinite basis, on an infinite time period for your DCF analysis? MR. COYNE: A. We conducted a forward-looking DCF analysis
2 3 4 5 6	JOHNSON, Q	And they can manage return and risk in the process of doing so. C.: So that they can know that they've got to be careful that if they invested one basket of investments and it moves in a highly	2 3 4 5 6	 that the TSX market is expected to return 13.46 percent on an infinite basis, on an infinite time period for your DCF analysis? MR. COYNE: A. We conducted a forward-looking DCF analysis that yielded that result, yes, based on
2 3 4 5 6 7	JOHNSON, Q	And they can manage return and risk in the process of doing so. .C.: So that they can know that they've got to be careful that if they invested one basket of investments and it moves in a highly correlated fashion with another basket, that	2 3 4 5 6 7	 that the TSX market is expected to return 13.46 percent on an infinite basis, on an infinite time period for your DCF analysis? MR. COYNE: A. We conducted a forward-looking DCF analysis that yielded that result, yes, based on analysts' forecasts.
2 3 4 5 6 7 8	JOHNSON, Q	And they can manage return and risk in the process of doing so. O.C.: So that they can know that they've got to be careful that if they invested one basket of investments and it moves in a highly correlated fashion with another basket, that that's not going to provide diversification.	2 3 4 5 6 7 8	 that the TSX market is expected to return 13.46 percent on an infinite basis, on an infinite time period for your DCF analysis? MR. COYNE: A. We conducted a forward-looking DCF analysis that yielded that result, yes, based on analysts' forecasts. JOHNSON, Q.C.:
2 3 4 5 6 7 8 9	JOHNSON, Q.	And they can manage return and risk in the process of doing so. C.: So that they can know that they've got to be careful that if they invested one basket of investments and it moves in a highly correlated fashion with another basket, that that's not going to provide diversification. That would be my understanding.	2 3 4 5 6 7 8 9	 that the TSX market is expected to return 13.46 percent on an infinite basis, on an infinite time period for your DCF analysis? MR. COYNE: A. We conducted a forward-looking DCF analysis that yielded that result, yes, based on analysts' forecasts. JOHNSON, Q.C.: Q. Okay, and just turn up JMC-5 and I think you
2 3 4 5 6 7 8 9 10	JOHNSON, Q Q. MR. COYNE	And they can manage return and risk in the process of doing so. C.: So that they can know that they've got to be careful that if they invested one basket of investments and it moves in a highly correlated fashion with another basket, that that's not going to provide diversification. That would be my understanding.	2 3 4 5 6 7 8 9 10	 that the TSX market is expected to return 13.46 percent on an infinite basis, on an infinite time period for your DCF analysis? MR. COYNE: A. We conducted a forward-looking DCF analysis that yielded that result, yes, based on analysts' forecasts. JOHNSON, Q.C.: Q. Okay, and just turn up JMC-5 and I think you want JMC-5 of the first part of the report,
2 3 4 5 6 7 8 9 10 11	JOHNSON, Q Q. MR. COYNE A.	And they can manage return and risk in the process of doing so. O.C.: So that they can know that they've got to be careful that if they invested one basket of investments and it moves in a highly correlated fashion with another basket, that that's not going to provide diversification. That would be my understanding.	2 3 4 5 6 7 8 9 10 11	 that the TSX market is expected to return 13.46 percent on an infinite basis, on an infinite time period for your DCF analysis? MR. COYNE: A. We conducted a forward-looking DCF analysis that yielded that result, yes, based on analysts' forecasts. JOHNSON, Q.C.: Q. Okay, and just turn up JMC-5 and I think you want JMC-5 of the first part of the report, Smith, page 1 of 4. So this would be the
2 3 4 5 6 7 8 9 10 11 12	JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q	And they can manage return and risk in the process of doing so. O.C.: So that they can know that they've got to be careful that if they invested one basket of investments and it moves in a highly correlated fashion with another basket, that that's not going to provide diversification. That would be my understanding. I share that. O.C.:	2 3 4 5 6 7 8 9 10 11 12	 that the TSX market is expected to return 13.46 percent on an infinite basis, on an infinite time period for your DCF analysis? MR. COYNE: A. We conducted a forward-looking DCF analysis that yielded that result, yes, based on analysts' forecasts. JOHNSON, Q.C.: Q. Okay, and just turn up JMC-5 and I think you want JMC-5 of the first part of the report, Smith, page 1 of 4. So this would be the Canadian companies that you're referring to
2 3 4 5 6 7 8 9 10 11 12 13	JOHNSON, Q Q. MR. COYNE A.	And they can manage return and risk in the process of doing so. O.C.: So that they can know that they've got to be careful that if they invested one basket of investments and it moves in a highly correlated fashion with another basket, that that's not going to provide diversification. That would be my understanding. I share that. O.C.: Okay, and that's very layman, I'll grant	2 3 4 5 6 7 8 9 10 11 12 13	 that the TSX market is expected to return 13.46 percent on an infinite basis, on an infinite time period for your DCF analysis? MR. COYNE: A. We conducted a forward-looking DCF analysis that yielded that result, yes, based on analysts' forecasts. JOHNSON, Q.C.: Q. Okay, and just turn up JMC-5 and I think you want JMC-5 of the first part of the report, Smith, page 1 of 4. So this would be the Canadian companies that you're referring to in your DCF analysis, in terms of the broad
2 3 4 5 6 7 8 9 10 11 12 13 14	JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q	And they can manage return and risk in the process of doing so. O.C.: So that they can know that they've got to be careful that if they invested one basket of investments and it moves in a highly correlated fashion with another basket, that that's not going to provide diversification. That would be my understanding. I share that. O.C.: Okay, and that's very layman, I'll grant you. So would you agree that a table such	2 3 4 5 6 7 8 9 10 11 12 13 14	 that the TSX market is expected to return 13.46 percent on an infinite basis, on an infinite time period for your DCF analysis? MR. COYNE: A. We conducted a forward-looking DCF analysis that yielded that result, yes, based on analysts' forecasts. JOHNSON, Q.C.: Q. Okay, and just turn up JMC-5 and I think you want JMC-5 of the first part of the report, Smith, page 1 of 4. So this would be the Canadian companies that you're referring to in your DCF analysis, in terms of the broad Canadian market, right?
2 3 4 5 6 7 8 9 10 11 12 13 14 15	JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q	And they can manage return and risk in the process of doing so. C.: So that they can know that they've got to be careful that if they invested one basket of investments and it moves in a highly correlated fashion with another basket, that that's not going to provide diversification. That would be my understanding. I share that. C.: Okay, and that's very layman, I'll grant you. So would you agree that a table such as this with correlation coefficients are	2 3 4 5 6 7 8 9 10 11 12 13 14 15	 that the TSX market is expected to return 13.46 percent on an infinite basis, on an infinite time period for your DCF analysis? MR. COYNE: A. We conducted a forward-looking DCF analysis that yielded that result, yes, based on analysts' forecasts. JOHNSON, Q.C.: Q. Okay, and just turn up JMC-5 and I think you want JMC-5 of the first part of the report, Smith, page 1 of 4. So this would be the Canadian companies that you're referring to in your DCF analysis, in terms of the broad Canadian market, right? MR. COYNE:
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q	And they can manage return and risk in the process of doing so. O.C.: So that they can know that they've got to be careful that if they invested one basket of investments and it moves in a highly correlated fashion with another basket, that that's not going to provide diversification. That would be my understanding. : I share that. O.C.: Okay, and that's very layman, I'll grant you. So would you agree that a table such as this with correlation coefficients are what institutional investors would need to	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	 that the TSX market is expected to return 13.46 percent on an infinite basis, on an infinite time period for your DCF analysis? MR. COYNE: A. We conducted a forward-looking DCF analysis that yielded that result, yes, based on analysts' forecasts. JOHNSON, Q.C.: Q. Okay, and just turn up JMC-5 and I think you want JMC-5 of the first part of the report, Smith, page 1 of 4. So this would be the Canadian companies that you're referring to in your DCF analysis, in terms of the broad Canadian market, right? MR. COYNE: A. This is the forward-looking test we did for
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q Q.	And they can manage return and risk in the process of doing so. O.C.: So that they can know that they've got to be careful that if they invested one basket of investments and it moves in a highly correlated fashion with another basket, that that's not going to provide diversification. That would be my understanding. I share that. O.C.: Okay, and that's very layman, I'll grant you. So would you agree that a table such as this with correlation coefficients are what institutional investors would need to build their portfolios?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	 that the TSX market is expected to return 13.46 percent on an infinite basis, on an infinite time period for your DCF analysis? MR. COYNE: A. We conducted a forward-looking DCF analysis that yielded that result, yes, based on analysts' forecasts. JOHNSON, Q.C.: Q. Okay, and just turn up JMC-5 and I think you want JMC-5 of the first part of the report, Smith, page 1 of 4. So this would be the Canadian companies that you're referring to in your DCF analysis, in terms of the broad Canadian market, right? MR. COYNE: A. This is the forward-looking test we did for the market equity risk premium using analyst
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q Q. MR. COYNE	And they can manage return and risk in the process of doing so. C.: So that they can know that they've got to be careful that if they invested one basket of investments and it moves in a highly correlated fashion with another basket, that that's not going to provide diversification. That would be my understanding. I share that. C.: Okay, and that's very layman, I'll grant you. So would you agree that a table such as this with correlation coefficients are what institutional investors would need to build their portfolios?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	 that the TSX market is expected to return 13.46 percent on an infinite basis, on an infinite time period for your DCF analysis? MR. COYNE: A. We conducted a forward-looking DCF analysis that yielded that result, yes, based on analysts' forecasts. JOHNSON, Q.C.: Q. Okay, and just turn up JMC-5 and I think you want JMC-5 of the first part of the report, Smith, page 1 of 4. So this would be the Canadian companies that you're referring to in your DCF analysis, in terms of the broad Canadian market, right? MR. COYNE: A. This is the forward-looking test we did for the market equity risk premium using analyst forecast to explain, if I can –
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q Q. MR. COYNE A.	And they can manage return and risk in the process of doing so. O.C.: So that they can know that they've got to be careful that if they invested one basket of investments and it moves in a highly correlated fashion with another basket, that that's not going to provide diversification. That would be my understanding. I share that. O.C.: Okay, and that's very layman, I'll grant you. So would you agree that a table such as this with correlation coefficients are what institutional investors would need to build their portfolios?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	 that the TSX market is expected to return 13.46 percent on an infinite basis, on an infinite time period for your DCF analysis? MR. COYNE: A. We conducted a forward-looking DCF analysis that yielded that result, yes, based on analysts' forecasts. JOHNSON, Q.C.: Q. Okay, and just turn up JMC-5 and I think you want JMC-5 of the first part of the report, Smith, page 1 of 4. So this would be the Canadian companies that you're referring to in your DCF analysis, in terms of the broad Canadian market, right? MR. COYNE: A. This is the forward-looking test we did for the market equity risk premium using analyst forecast to explain, if I can – JOHNSON, Q.C.:
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q Q. MR. COYNE A. (10:30 a.m.)	And they can manage return and risk in the process of doing so. O.C.: So that they can know that they've got to be careful that if they invested one basket of investments and it moves in a highly correlated fashion with another basket, that that's not going to provide diversification. That would be my understanding. I share that. O.C.: Okay, and that's very layman, I'll grant you. So would you agree that a table such as this with correlation coefficients are what institutional investors would need to build their portfolios? It's one of the tools they would use.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	 that the TSX market is expected to return 13.46 percent on an infinite basis, on an infinite time period for your DCF analysis? MR. COYNE: A. We conducted a forward-looking DCF analysis that yielded that result, yes, based on analysts' forecasts. JOHNSON, Q.C.: Q. Okay, and just turn up JMC-5 and I think you want JMC-5 of the first part of the report, Smith, page 1 of 4. So this would be the Canadian companies that you're referring to in your DCF analysis, in terms of the broad Canadian market, right? MR. COYNE: A. This is the forward-looking test we did for the market equity risk premium using analyst forecast to explain, if I can – JOHNSON, Q.C.: Q. Sure.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q Q. MR. COYNE A. (10:30 a.m.) JOHNSON, Q	And they can manage return and risk in the process of doing so. C.: So that they can know that they've got to be careful that if they invested one basket of investments and it moves in a highly correlated fashion with another basket, that that's not going to provide diversification. That would be my understanding. I share that. C.: Okay, and that's very layman, I'll grant you. So would you agree that a table such as this with correlation coefficients are what institutional investors would need to build their portfolios? It's one of the tools they would use.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	 that the TSX market is expected to return 13.46 percent on an infinite basis, on an infinite time period for your DCF analysis? MR. COYNE: A. We conducted a forward-looking DCF analysis that yielded that result, yes, based on analysts' forecasts. JOHNSON, Q.C.: Q. Okay, and just turn up JMC-5 and I think you want JMC-5 of the first part of the report, Smith, page 1 of 4. So this would be the Canadian companies that you're referring to in your DCF analysis, in terms of the broad Canadian market, right? MR. COYNE: A. This is the forward-looking test we did for the market equity risk premium using analyst forecast to explain, if I can – JOHNSON, Q.C.: Q. Sure.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q Q. MR. COYNE A. (10:30 a.m.)	And they can manage return and risk in the process of doing so. O.C.: So that they can know that they've got to be careful that if they invested one basket of investments and it moves in a highly correlated fashion with another basket, that that's not going to provide diversification. That would be my understanding. I share that. O.C.: Okay, and that's very layman, I'll grant you. So would you agree that a table such as this with correlation coefficients are what institutional investors would need to build their portfolios? It's one of the tools they would use.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	 that the TSX market is expected to return 13.46 percent on an infinite basis, on an infinite time period for your DCF analysis? MR. COYNE: A. We conducted a forward-looking DCF analysis that yielded that result, yes, based on analysts' forecasts. JOHNSON, Q.C.: Q. Okay, and just turn up JMC-5 and I think you want JMC-5 of the first part of the report, Smith, page 1 of 4. So this would be the Canadian companies that you're referring to in your DCF analysis, in terms of the broad Canadian market, right? MR. COYNE: A. This is the forward-looking test we did for the market equity risk premium using analyst forecast to explain, if I can – JOHNSON, Q.C.: Q. Sure. MR. COYNE: A. This is the forward-looking market equity
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q Q. MR. COYNE A. (10:30 a.m.) JOHNSON, Q	And they can manage return and risk in the process of doing so. O.C.: So that they can know that they've got to be careful that if they invested one basket of investments and it moves in a highly correlated fashion with another basket, that that's not going to provide diversification. That would be my understanding. C.: Okay, and that's very layman, I'll grant you. So would you agree that a table such as this with correlation coefficients are what institutional investors would need to build their portfolios? It's one of the tools they would use. O.C.: Can we turn to page 25 of AON Hewitt, so what they have set out here is the risk	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	 that the TSX market is expected to return 13.46 percent on an infinite basis, on an infinite time period for your DCF analysis? MR. COYNE: A. We conducted a forward-looking DCF analysis that yielded that result, yes, based on analysts' forecasts. JOHNSON, Q.C.: Q. Okay, and just turn up JMC-5 and I think you want JMC-5 of the first part of the report, Smith, page 1 of 4. So this would be the Canadian companies that you're referring to in your DCF analysis, in terms of the broad Canadian market, right? MR. COYNE: A. This is the forward-looking test we did for the market equity risk premium using analyst forecast to explain, if I can – JOHNSON, Q.C.: Q. Sure. MR. COYNE: A. This is the forward-looking market equity risk premium we derive by using the DCF
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q Q. MR. COYNE A. (10:30 a.m.) JOHNSON, Q	And they can manage return and risk in the process of doing so. O.C.: So that they can know that they've got to be careful that if they invested one basket of investments and it moves in a highly correlated fashion with another basket, that that's not going to provide diversification. That would be my understanding. I share that. O.C.: Okay, and that's very layman, I'll grant you. So would you agree that a table such as this with correlation coefficients are what institutional investors would need to build their portfolios? It's one of the tools they would use.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	 that the TSX market is expected to return 13.46 percent on an infinite basis, on an infinite time period for your DCF analysis? MR. COYNE: A. We conducted a forward-looking DCF analysis that yielded that result, yes, based on analysts' forecasts. JOHNSON, Q.C.: Q. Okay, and just turn up JMC-5 and I think you want JMC-5 of the first part of the report, Smith, page 1 of 4. So this would be the Canadian companies that you're referring to in your DCF analysis, in terms of the broad Canadian market, right? MR. COYNE: A. This is the forward-looking test we did for the market equity risk premium using analyst forecast to explain, if I can – JOHNSON, Q.C.: Q. Sure. MR. COYNE: A. This is the forward-looking market equity risk premium we derive by using the DCF analysis in analyst growth forecast and we

Apri	il 5, 2016				NL Power GRA 2016
		Page 101			Page 103
1		utilities, using their current stock prices,	1		utilities, that's the entirety of the TSX,
2		dividend yields and analyst forecasts, and	2		is that your question?
3		we did the same for the U.S., S & P 500, so	3	JOHNSON, Q	.C.:
4		basically what we did is we ran a DCF model	4	Q.	I'm sorry, yes, okay.
5		for each company in each market and then	5	MR. COYNE	
6	;	aggregated them in order to determine what	6	А.	That should just say "TSX".
7	·	the implied forward-looking market return	7	JOHNSON, Q	0.C.:
8		was based on current market prices, dividend	8	Q.	And, I mean, that is a very high expected
9		yields and analyst forecasts. And these are	9	-	return, nearly 13.5 percent. I mean, at
10		five-year analyst forecasts.	10		that rate, an investor is what, doubling
11	JOHNSON, Q.	C.:	11		their money every what, five years or four
12	Q.	They are five-year analyst forecasts?	12		years?
13	MR. COYNE:		13	MR. COYNE	
14	Α.	Right.	14	A.	No, I don't think it's that fast, but it is
15	JOHNSON, Q.	÷	15		an aggressive growth rate.
16		And so you end up with, in column 4,	16	CHAIRMAN:	
17	-	secondary market investor required return of	17	Q.	13 into 72.
18		13.46 percent and that would be the return	18	JOHNSON, Q	0.C.:
19		that, the expectation is that the TSX is to	19	Q.	Yeah, that's right, that's where you double
20		provide?	20		it, isn't that right?
21	MR. COYNE:	•	21	MR. COYNE	-
22	Α.	That's right.	22	А.	It would be about that period of time.
23	JOHNSON, Q.	C.:	23	CHAIRMAN:	-
24	Q	For what period of time is the TSX expected	24	Q.	So five and a half years.
25	-	to provide that return?	25	MR. COYNE	-
		Page 102			Page 104
1	MR. COYNE:	-	1	A.	And that's what is implied by the stock
2	A.	Well these are five-year forecasts, so in	2		prices, dividend yields and expectations
3		essence this is a five-year outlook.	3		billed into those forecasts. What we do
4	JOHNSON, Q.	C.:	4		with that is we use it as, we use it as a
5	Q.	But as I understand the constant growth	5		test of whether or not the historically
6	-	model of DCF that that depends upon an	6		earned market equity risk premium is what
7		assumption of growth at that level on an	7		investors are expecting today. This tells
8		infinite basis, is that my understanding?	8		us this is what investors are expecting
9	MR. COYNE:		9		today based on those assumptions.
10	А.	That's the cost in growth assumption, yes.	10	JOHNSON, Q	C.:
11	JOHNSON, Q.	.C.:	11	Q.	But I don't know if we could find, if you
12	Q.	Right, okay. And just incidentally, we have	12		went out in the Avalon Mall and said, what
13		a whole slew of companies listed in this	13		do you think the prospects are of getting 13
14		exhibit, Sun Life to, you know, and	14		percent, I think people wouldn't know what
15		everybody can read them, Brookfield Asset	15		you're talking about, would they?
16		Management, Saputo, et cetera, et cetera,	16	MR. COYNE:	-
17		and up top you have it called S & P TSX	17	А.	Well I haven't done the research at the
18		Utilities Index, why are you referring to	18		Avalon Mall, but I have researched the stock
19		the TSX Utilities Index there?	19		prices, dividend yields and analyst
20	MR. COYNE:		20		forecasts.
21	А.	Because I'm trying to track—the broadest	21	CHAIRMAN:	
22		indicator I have of the Canadian Stock	22	Q.	You wouldn't have to go to the mall, b'y, on
23		Market and I do the same for the S & P 500	23		that one.
24		for the U.S. market. You're wondering why	24	JOHNSON, Q	C:
25		it says "utilities", it's TSX, it's not	25	\cap	Like, can you, I mean in all honesty, Mr.

	11 5, 2010			NL I UWU UKA 201
		Page 105		Page 107
1		Coyne, can you refer to any independent	1	we did, was with our regression analysis.
2		third party source, like an AON Hewitt or	2	Both of us, both of those would get, as my
3		RBC or TD or a bank of Canada, I mean, I'll	3	
4		let you pick them, who can corroborate this	4	
5		view of the world?	5	
6	MR. COYNE		6	
7	A.	This is what this information is telling us,	7	· · · · · ·
8		this is what these growth rates are	8	
9		providing and the market is providing. What	9	
10		we do with this is we use this and blend it	10	
11		with historic returns to try and come up	11	MR. COYNE:
12		with an indicator of what market	12	
13		participants are thinking about forward	13	
14		returns, that's the extent of it.	14	5,5
15	JOHNSON, Q		15	-
16	Q.	So to answer my question, you cannot point	16	
17	Q.	to any independent third party source that	17	
18		would support this view of the world?	18	
19	MR. COYNE	**	19	
$\frac{1}{20}$	A.	No. What I have done is –	$\frac{1}{20}$	
$20 \\ 21$	JOHNSON, Q		20	MR. COYNE:
$\begin{vmatrix} 21\\22 \end{vmatrix}$	Q.	Is that right, that you can't?	$\frac{21}{22}$	
$\begin{vmatrix} 22\\23 \end{vmatrix}$	MR. COYNE		22	11 , 5 5
23	A.	I cannot, no. What I have done is we	23	1 1 5
25	71.	conducted a regression analysis to look at	25	5
25		conducted a regression and ysis to rook at	45	pension runa returns.
				*
		Page 106	1	Page 108
1		Page 106 the relationship—our premise here is that	1	Page 108 JOHNSON, Q.C.:
2		Page 106 the relationship—our premise here is that just looking backwards at historic equity	1 2 2	Page 108 JOHNSON, Q.C.: Q. I see, so anyway, I guess your evidence is
2 3		Page 106 the relationship—our premise here is that just looking backwards at historic equity market returns will not tell you what market	3	Page 108 JOHNSON, Q.C.: Q. I see, so anyway, I guess your evidence is that this sky high projection which is
2 3 4		Page 106 the relationship—our premise here is that just looking backwards at historic equity market returns will not tell you what market equity returns are in a current very low	3 4	Page 108 JOHNSON, Q.C.: Q. I see, so anyway, I guess your evidence is that this sky high projection which is implied by these forecasts of 13.46, this is
2 3 4 5		Page 106 the relationship—our premise here is that just looking backwards at historic equity market returns will not tell you what market	3 4 5	Page 108 JOHNSON, Q.C.: Q. I see, so anyway, I guess your evidence is that this sky high projection which is implied by these forecasts of 13.46, this is what Newfoundland Power is relying upon in
2 3 4 5 6		Page 106 the relationship—our premise here is that just looking backwards at historic equity market returns will not tell you what market equity returns are in a current very low interest rate environment. So we conducted	3 4 5 6	Page 108 JOHNSON, Q.C.: Q. I see, so anyway, I guess your evidence is that this sky high projection which is implied by these forecasts of 13.46, this is what Newfoundland Power is relying upon in part for its 9.5 percent request from this
2 3 4 5 6 7	JOHNSON, C	Page 106 the relationship—our premise here is that just looking backwards at historic equity market returns will not tell you what market equity returns are in a current very low interest rate environment. So we conducted	3 4 5 6 7	Page 108 JOHNSON, Q.C.: Q. I see, so anyway, I guess your evidence is that this sky high projection which is implied by these forecasts of 13.46, this is what Newfoundland Power is relying upon in part for its 9.5 percent request from this Board?
2 3 4 5 6 7 8	Q.	Page 106 the relationship—our premise here is that just looking backwards at historic equity market returns will not tell you what market equity returns are in a current very low interest rate environment. So we conducted - Q.C.: Just to –	3 4 5 6 7 8	Page 108 JOHNSON, Q.C.: Q. I see, so anyway, I guess your evidence is that this sky high projection which is implied by these forecasts of 13.46, this is what Newfoundland Power is relying upon in part for its 9.5 percent request from this Board? MR. COYNE:
2 3 4 5 6 7 8 9	Q. MR. COYNE	Page 106 the relationship—our premise here is that just looking backwards at historic equity market returns will not tell you what market equity returns are in a current very low interest rate environment. So we conducted - Q.C.: Just to –	3 4 5 6 7 8 9	Page 108 JOHNSON, Q.C.: Q. I see, so anyway, I guess your evidence is that this sky high projection which is implied by these forecasts of 13.46, this is what Newfoundland Power is relying upon in part for its 9.5 percent request from this Board? MR. COYNE: A. Let me go to the—I'll tell you how I have
2 3 4 5 6 7 8 9 10	Q. MR. COYNE A.	Page 106 the relationship—our premise here is that just looking backwards at historic equity market returns will not tell you what market equity returns are in a current very low interest rate environment. So we conducted Q.C.: Just to – :: Can I finish?	3 4 5 6 7 8 9 10	Page 108 JOHNSON, Q.C.: Q. I see, so anyway, I guess your evidence is that this sky high projection which is implied by these forecasts of 13.46, this is what Newfoundland Power is relying upon in part for its 9.5 percent request from this Board? MR. COYNE: A. Let me go to the—I'll tell you how I have relied upon it. I would not—certainly not
2 3 4 5 6 7 8 9 10 11	Q. MR. COYNE A. JOHNSON, (Page 106 the relationship—our premise here is that just looking backwards at historic equity market returns will not tell you what market equity returns are in a current very low interest rate environment. So we conducted - Q.C.: Just to – :: Can I finish? Q.C.:	3 4 5 6 7 8 9 10 11	Page 108 JOHNSON, Q.C.: Q. I see, so anyway, I guess your evidence is that this sky high projection which is implied by these forecasts of 13.46, this is what Newfoundland Power is relying upon in part for its 9.5 percent request from this Board? MR. COYNE: A. Let me go to the—I'll tell you how I have relied upon it. I would not—certainly not put it the way you have. If you go to page
2 3 4 5 6 7 8 9 10 11 12	Q. MR. COYNE A. JOHNSON, C Q.	Page 106 the relationship—our premise here is that just looking backwards at historic equity market returns will not tell you what market equity returns are in a current very low interest rate environment. So we conducted - Q.C.: Just to – : Can I finish? Q.C.: Go ahead.	3 4 5 6 7 8 9 10 11 12	Page 108 JOHNSON, Q.C.: Q. I see, so anyway, I guess your evidence is that this sky high projection which is implied by these forecasts of 13.46, this is what Newfoundland Power is relying upon in part for its 9.5 percent request from this Board? MR. COYNE: A. Let me go to the—I'll tell you how I have relied upon it. I would not—certainly not put it the way you have. If you go to page 29 of my report in Figure 13 that shows you
2 3 4 5 6 7 8 9 10 11 12 13	Q. MR. COYNE A. JOHNSON, Q Q. MR. COYNE	Page 106 the relationship—our premise here is that just looking backwards at historic equity market returns will not tell you what market equity returns are in a current very low interest rate environment. So we conducted - Q.C.: Just to – :: Can I finish? Q.C.: Go ahead.	3 4 5 6 7 8 9 10 11 12 13	Page 108 JOHNSON, Q.C.: Q. I see, so anyway, I guess your evidence is that this sky high projection which is implied by these forecasts of 13.46, this is what Newfoundland Power is relying upon in part for its 9.5 percent request from this Board? MR. COYNE: A. Let me go to the—I'll tell you how I have relied upon it. I would not—certainly not put it the way you have. If you go to page 29 of my report in Figure 13 that shows you my reliance, so what I've done there is
2 3 4 5 6 7 8 9 10 11 12 13 14	Q. MR. COYNE A. JOHNSON, C Q.	Page 106 the relationship—our premise here is that just looking backwards at historic equity market returns will not tell you what market equity returns are in a current very low interest rate environment. So we conducted - 2.C.: Just to – :: Can I finish? 2.C.: Go ahead. : I want to put this in context. So what we	3 4 5 6 7 8 9 10 11 12 13 14	Page 108 JOHNSON, Q.C.: Q. I see, so anyway, I guess your evidence is that this sky high projection which is implied by these forecasts of 13.46, this is what Newfoundland Power is relying upon in part for its 9.5 percent request from this Board? MR. COYNE: A. Let me go to the—I'll tell you how I have relied upon it. I would not—certainly not put it the way you have. If you go to page 29 of my report in Figure 13 that shows you my reliance, so what I've done there is shown that we have estimated—or not
2 3 4 5 6 7 8 9 10 11 12 13 14 15	Q. MR. COYNE A. JOHNSON, Q Q. MR. COYNE	Page 106 the relationship—our premise here is that just looking backwards at historic equity market returns will not tell you what market equity returns are in a current very low interest rate environment. So we conducted - Q.C.: Just to – : Can I finish? Q.C.: Go ahead. : I want to put this in context. So what we did is conducted a regression analysis to	3 4 5 6 7 8 9 10 11 12 13 14 15	Page 108 JOHNSON, Q.C.: Q. I see, so anyway, I guess your evidence is that this sky high projection which is implied by these forecasts of 13.46, this is what Newfoundland Power is relying upon in part for its 9.5 percent request from this Board? MR. COYNE: A. Let me go to the—I'll tell you how I have relied upon it. I would not—certainly not put it the way you have. If you go to page 29 of my report in Figure 13 that shows you my reliance, so what I've done there is shown that we have estimated—or not estimated, relied on the estimates of
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	Q. MR. COYNE A. JOHNSON, Q Q. MR. COYNE	Page 106 the relationship—our premise here is that just looking backwards at historic equity market returns will not tell you what market equity returns are in a current very low interest rate environment. So we conducted - Q.C.: Just to – :: Can I finish? Q.C.: Go ahead. : I want to put this in context. So what we did is conducted a regression analysis to test this relationship between historic	3 4 5 6 7 8 9 10 11 12 13 14 15 16	Page 108 JOHNSON, Q.C.: Q. I see, so anyway, I guess your evidence is that this sky high projection which is implied by these forecasts of 13.46, this is what Newfoundland Power is relying upon in part for its 9.5 percent request from this Board? MR. COYNE: A. Let me go to the—I'll tell you how I have relied upon it. I would not—certainly not put it the way you have. If you go to page 29 of my report in Figure 13 that shows you my reliance, so what I've done there is shown that we have estimated—or not estimated, relied on the estimates of historic market equity risk premiums going
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	Q. MR. COYNE A. JOHNSON, Q Q. MR. COYNE	Page 106 the relationship—our premise here is that just looking backwards at historic equity market returns will not tell you what market equity returns are in a current very low interest rate environment. So we conducted - 2.C.: Just to – :: Can I finish? 2.C.: Go ahead. :: I want to put this in context. So what we did is conducted a regression analysis to test this relationship between historic market equity risk premium that existed	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	Page 108 JOHNSON, Q.C.: Q. I see, so anyway, I guess your evidence is that this sky high projection which is implied by these forecasts of 13.46, this is what Newfoundland Power is relying upon in part for its 9.5 percent request from this Board? MR. COYNE: A. Let me go to the—I'll tell you how I have relied upon it. I would not—certainly not put it the way you have. If you go to page 29 of my report in Figure 13 that shows you my reliance, so what I've done there is shown that we have estimated—or not estimated, relied on the estimates of historic market equity risk premiums going back to, as long as the records have them
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Q. MR. COYNE A. JOHNSON, Q Q. MR. COYNE	Page 106 the relationship—our premise here is that just looking backwards at historic equity market returns will not tell you what market equity returns are in a current very low interest rate environment. So we conducted - Q.C.: Just to – : Can I finish? Q.C.: Go ahead. : I want to put this in context. So what we did is conducted a regression analysis to test this relationship between historic market equity risk premium that existed across a wide range of interest rates and	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Page 108 JOHNSON, Q.C.: Q. I see, so anyway, I guess your evidence is that this sky high projection which is implied by these forecasts of 13.46, this is what Newfoundland Power is relying upon in part for its 9.5 percent request from this Board? MR. COYNE: A. Let me go to the—I'll tell you how I have relied upon it. I would not—certainly not put it the way you have. If you go to page 29 of my report in Figure 13 that shows you my reliance, so what I've done there is shown that we have estimated—or not estimated, relied on the estimates of historic market equity risk premiums going back to, as long as the records have them for both the S & P 500 and the TSX and those
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	Q. MR. COYNE A. JOHNSON, Q Q. MR. COYNE	Page 106 the relationship—our premise here is that just looking backwards at historic equity market returns will not tell you what market equity returns are in a current very low interest rate environment. So we conducted - Q.C.: Just to – :: Can I finish? Q.C.: Go ahead. : I want to put this in context. So what we did is conducted a regression analysis to test this relationship between historic market equity risk premium that existed across a wide range of interest rates and the current very low interest rates, and	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	Page 108 JOHNSON, Q.C.: Q. I see, so anyway, I guess your evidence is that this sky high projection which is implied by these forecasts of 13.46, this is what Newfoundland Power is relying upon in part for its 9.5 percent request from this Board? MR. COYNE: A. Let me go to the—I'll tell you how I have relied upon it. I would not—certainly not put it the way you have. If you go to page 29 of my report in Figure 13 that shows you my reliance, so what I've done there is shown that we have estimated—or not estimated, relied on the estimates of historic market equity risk premiums going back to, as long as the records have them for both the S & P 500 and the TSX and those are the 5.6 percent in Canada and the 7
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	Q. MR. COYNE A. JOHNSON, Q Q. MR. COYNE	Page 106 the relationship—our premise here is that just looking backwards at historic equity market returns will not tell you what market equity returns are in a current very low interest rate environment. So we conducted - 2.C.: Just to – :: Can I finish? 2.C.: Go ahead. :: I want to put this in context. So what we did is conducted a regression analysis to test this relationship between historic market equity risk premium that existed across a wide range of interest rates and the current very low interest rates, and what that shows us is that there's an	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	Page 108 JOHNSON, Q.C.: Q. I see, so anyway, I guess your evidence is that this sky high projection which is implied by these forecasts of 13.46, this is what Newfoundland Power is relying upon in part for its 9.5 percent request from this Board? MR. COYNE: A. Let me go to the—I'll tell you how I have relied upon it. I would not—certainly not put it the way you have. If you go to page 29 of my report in Figure 13 that shows you my reliance, so what I've done there is shown that we have estimated—or not estimated, relied on the estimates of historic market equity risk premiums going back to, as long as the records have them for both the S & P 500 and the TSX and those are the 5.6 percent in Canada and the 7 percent in the U.S. And if we take that
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	Q. MR. COYNE A. JOHNSON, Q Q. MR. COYNE	Page 106 the relationship—our premise here is that just looking backwards at historic equity market returns will not tell you what market equity returns are in a current very low interest rate environment. So we conducted - Q.C.: Just to – : Can I finish? Q.C.: Go ahead. : I want to put this in context. So what we did is conducted a regression analysis to test this relationship between historic market equity risk premium that existed across a wide range of interest rates and the current very low interest rates, and what that shows us is that there's an inverse relationship that's well understood	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	Page 108 JOHNSON, Q.C.: Q. I see, so anyway, I guess your evidence is that this sky high projection which is implied by these forecasts of 13.46, this is what Newfoundland Power is relying upon in part for its 9.5 percent request from this Board? MR. COYNE: A. Let me go to the—I'll tell you how I have relied upon it. I would not—certainly not put it the way you have. If you go to page 29 of my report in Figure 13 that shows you my reliance, so what I've done there is shown that we have estimated—or not estimated, relied on the estimates of historic market equity risk premiums going back to, as long as the records have them for both the S & P 500 and the TSX and those are the 5.6 percent in Canada and the 7 percent in the U.S. And if we take that forward-looking view that we just
$ \begin{array}{c} 2\\3\\4\\5\\6\\7\\8\\9\\10\\11\\12\\13\\14\\15\\16\\17\\18\\19\\20\\21\\22\end{array} $	Q. MR. COYNE A. JOHNSON, Q Q. MR. COYNE	Page 106 the relationship—our premise here is that just looking backwards at historic equity market returns will not tell you what market equity returns are in a current very low interest rate environment. So we conducted - 2.C.: Just to – :: Can I finish? 2.C.: Go ahead. : I want to put this in context. So what we did is conducted a regression analysis to test this relationship between historic market equity risk premium that existed across a wide range of interest rates and the current very low interest rates, and what that shows us is that there's an inverse relationship that's well understood and you would expect in a current low	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Page 108 JOHNSON, Q.C.: Q. I see, so anyway, I guess your evidence is that this sky high projection which is implied by these forecasts of 13.46, this is what Newfoundland Power is relying upon in part for its 9.5 percent request from this Board? MR. COYNE: A. Let me go to the—I'll tell you how I have relied upon it. I would not—certainly not put it the way you have. If you go to page 29 of my report in Figure 13 that shows you my reliance, so what I've done there is shown that we have estimated—or not estimated, relied on the estimates of historic market equity risk premiums going back to, as long as the records have them for both the S & P 500 and the TSX and those are the 5.6 percent in Canada and the 7 percent in the U.S. And if we take that forward-looking view that we just characterized using the DCF analysis and we
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. MR. COYNE A. JOHNSON, Q Q. MR. COYNE	Page 106 the relationship—our premise here is that just looking backwards at historic equity market returns will not tell you what market equity returns are in a current very low interest rate environment. So we conducted - 2.C.: Just to – :: Can I finish? 2.C.: Go ahead. :: I want to put this in context. So what we did is conducted a regression analysis to test this relationship between historic market equity risk premium that existed across a wide range of interest rates and the current very low interest rates, and what that shows us is that there's an inverse relationship that's well understood and you would expect in a current low interest rate environment that the market	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Page 108 JOHNSON, Q.C.: Q. I see, so anyway, I guess your evidence is that this sky high projection which is implied by these forecasts of 13.46, this is what Newfoundland Power is relying upon in part for its 9.5 percent request from this Board? MR. COYNE: A. Let me go to the—I'll tell you how I have relied upon it. I would not—certainly not put it the way you have. If you go to page 29 of my report in Figure 13 that shows you my reliance, so what I've done there is shown that we have estimated—or not estimated, relied on the estimates of historic market equity risk premiums going back to, as long as the records have them for both the S & P 500 and the TSX and those are the 5.6 percent in Canada and the 7 percent in the U.S. And if we take that forward-looking view that we just characterized using the DCF analysis and we deduct from that the forward-looking view,
$ \begin{array}{c} 2\\3\\4\\5\\6\\7\\8\\9\\10\\11\\12\\13\\14\\15\\16\\17\\18\\19\\20\\21\\22\end{array} $	Q. MR. COYNE A. JOHNSON, Q Q. MR. COYNE	Page 106 the relationship—our premise here is that just looking backwards at historic equity market returns will not tell you what market equity returns are in a current very low interest rate environment. So we conducted - 2.C.: Just to – :: Can I finish? 2.C.: Go ahead. : I want to put this in context. So what we did is conducted a regression analysis to test this relationship between historic market equity risk premium that existed across a wide range of interest rates and the current very low interest rates, and what that shows us is that there's an inverse relationship that's well understood and you would expect in a current low	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Page 108 JOHNSON, Q.C.: Q. I see, so anyway, I guess your evidence is that this sky high projection which is implied by these forecasts of 13.46, this is what Newfoundland Power is relying upon in part for its 9.5 percent request from this Board? MR. COYNE: A. Let me go to the—I'll tell you how I have relied upon it. I would not—certainly not put it the way you have. If you go to page 29 of my report in Figure 13 that shows you my reliance, so what I've done there is shown that we have estimated—or not estimated, relied on the estimates of historic market equity risk premiums going back to, as long as the records have them for both the S & P 500 and the TSX and those are the 5.6 percent in Canada and the 7 percent in the U.S. And if we take that forward-looking view that we just characterized using the DCF analysis and we deduct from that the forward-looking view, on the equilibrium bond yield that I have

April	15, 2016		NL Power GRA 2016
	Page 109		Page 111
1	gets you the forward-looking market numbers,	1	Q. Just one further thing, Mr. Coyne, if we
2	the 9.8 percent return and 8.1. I averaged	2	could just go back to AON Hewitt at page 20
3	those together to get a 7.6 percent average	3	to see that asset class risk reward
4	return. If I were to—if I run this	4	relationship and you'll see that they show
5	regression analysis to ask the question	5	Listed Infrastructure or is that the right
6	what's been the historic relationship	6	one?
7	between the market equity risk premium and	7	MR. COYNE:
8	interest rates, which is described on the	8	A. I see Listed Infrastructure, yes.
9	next page, with current interest—with the	9	JOHNSON, Q.C.:
10	current forecast interest rate or you can do	10	Q. And listed, as I understand it, just means
11	it either with the current or the forecast	11	listed on a stock exchange?
12	interest rate, that gets you a 10.09 percent	11	MR. COYNE:
12	current forward-looking market equity risk	12	A. I think they have the definitions in the
13	premium. So you don't have to buy the	13	•
			front of the report.
15	number projected in that forecast to	15	JOHNSON, Q.C.:
16	understand the principal that when interest	16	Q. And would you accept that that's what it
17	rates are very low, equity investors have	17	means, listed –
18	higher equity risk premium, expectations and	18	MR. COYNE:
19	the same is true when rates are higher. You	19	A. Well let's look at the definition.
20	have to try and estimate that some way and	20	JOHNSON, Q.C.:
21	otherwise, you're just relying on a period	21	Q. Okay, sure.
22	of history that's not relevant to where we	22	MR. COYNE:
23	are today and not relevant to the next two	23	A. No, they don't give us a definition. I
24	or three years for this company. You have	24	guess I can accept that.
25	to adjust for it in some way, so what I've	25	(10:45 a.m.)
	Page 110		Page 112
1	done is I've taken the market information	1	JOHNSON, Q.C.:
2	and I've done it one way and then I'll test	2	Q. Okay. Maybe just go to page 19 for a
3	it historically using a regression analysis	3	moment, there you go. Can we just go up,
4	which would point to even a higher number.	4	move the material up the screen for a
5	So I'm not here to say that the TSX is going	5	moment? Keep moving, here we go. Listed
6	to return 13 percent in perpetuity; I don't	6	unhedged infrastructure, 6.8 percent average
7	think that's the case. But the important	7	annual return and would you agree, Mr.
8	principal is that looking backwards for a	8	Coyne, that infrastructure would be quite
9	hundred years of bond income and income	9	akin to and similar to describing
10	returns on equities doesn't give you the	10	transmission and distribution assets?
11	right answer. You have to find some way to	11	MR. COYNE:
12	look forward and this is one way to do it.	11	A. I have no idea what's in that, it could
	JOHNSON, Q.C.:	12	include, it probably does include a host of
13	Q. So that 13.45 number that we've been	13	different type of infrastructure
14	discussing, which of these numbers on your	14	investments.
15	Figure 13 are influenced by that assumption?		JOHNSON, Q.C.:
	MR. COYNE:	16	
		17	Q. Okay, Mr. Coyne, can we turn to page 26 of
18	A. That is the 9.8 and that, again, I have	18	your report? Now this part of your report,
19	weighted that equally with history in order	19	you're starting a discussion around the
20	to come up with the 7.6 which represents the	20	capital asset pricing model which is one of
21	average of them all. And again, that's the	21	the models that you used to arrive, I take
22	number that I tested against that regression	22	it, at a risk premium estimate.
23	analysis that I just described to you. So	23	MR. COYNE:
24	that's the entirety of the context.	24	A. Yes.
0.5		25	JOHNSON, Q.C.:
25	JOHNSON, Q.C.:	25	JOIINBON, Q.C

Apri	15, 2016			NL Power GRA 2016
		Page 113		Page 115
1	Q.	Right. And just to clarify on this,	1	yield are 2.1 for Canada and 2.8 for the
2		yesterday I recall asking you when I was	2	U.S.
3		suggesting to you that your analysis was	3	JOHNSON, Q.C.:
4		two-thirds DCF, that you use DCF as part of	4	Q. For the ten year. Now, as I understand it,
5		your risk premium analysis and you said that	5	if you take a ten year, a forecast for the
6		you did not, as I understand it. Do you	6	ten-year bond in Canada, you then have to
7		recall telling me that?	7	make an adjustment to it to reflect what the
8	MR. COYNE		8	yield will be on the long Canada for that
9	A.	Yes.	9	year, is that right?
10	JOHNSON, Q		10	MR. COYNE:
11	Q.	But in point of fact, don't you actually use	11	A. That's right, that's what we do in Figure 11
12	χ.	a DCF analysis to arrive at your risk	12	on page 27.
13		premium?	13	JOHNSON, Q.C.:
14	MR. COYNE	1	14	Q. So you add 71 basis points?
15	A.	I used a DCF to test the forward-looking	15	MR. COYNE:
16	11.	market equity risk premium that factors into	16	A. That's right. That was the then current 30-
17		it, yes.	17	year estimate as of August 2015, the
18	JOHNSON, Q		18	difference between the 10 and the 30 year.
19	Q.	Okay, thank you. Now, and then you just	19	JOHNSON, Q.C.:
20	بر ،	used straight on DCF again, apart from the	20	Q. But just to understand, you're not using a
21		risk –	20	risk free rate for Newfoundland Power of
21 22	MR. COYNE		21	2.82 percent, which would be your 2.1 10
$\begin{vmatrix} 22\\23 \end{vmatrix}$	A.	I used straight on DCF for utility proxy	23	year Canada, plus your 71 basis point
24	11.	group, yes.	23	adjustment, you're using a different risk
25	JOHNSON, Q		25	free rate for Newfoundland Power, right?
	, voi ii (boi), v	Page 114		Page 116
1	Q.	Okay, thank you. Now critical to these risk	1	MR. COYNE:
2	٧.	premium estimates, I understand, is the risk	2	A. I'm using a three-year average forecast from
$\begin{vmatrix} 2\\ 3 \end{vmatrix}$		free rate?	$\begin{vmatrix} 2\\ 3 \end{vmatrix}$	Consensus Economics for '16, '17 and '18 and
4	MR. COYNE		4	to that, I'm adding the 71 basis points for
5	A.	Yes.	5	Canada or the U.S. to get to the 3.68 or the
6	JOHNSON, Q		6	4.29.
7	Q.	Okay, and Newfoundland Power, as you're	7	JOHNSON, Q.C.:
8	٧.	aware, is on a forward-average test year, is	8	Q. Are you aware of –
9		that your information?	9	MR. COYNE:
10	MR. COYNE	-	10	A. If we could put page 27 up, it might be
11	A.	Yes.	11	helpful for everybody to see that. So just
12	JOHNSON, Q		12	to explain then where the figure is in front
12	Q.	Okay, so the test year for which you're	13	of us, can you just scroll up one more line.
14	۲ ۰	estimating the fair ROE for Newfoundland	14	Thank you. So a three-year outlook from
15		Power at 2016?	15	Consensus Economics gives an average of 2.97
16	MR. COYNE		16	and 3.60 and to those, I'm adding the then
17	A.	Yes.	17	current spread between the 30 and the 10
18	JOHNSON, Q		18	year to get to the 3.68 and the 4.29.
19	Q.	And what is your estimate of the risk free	19	JOHNSON, Q.C.:
$\begin{vmatrix} 1 \\ 20 \end{vmatrix}$	ب	rate to apply to the average 2016 test year?	20	Q. I see. So, Mr. Coyne, are you aware of
$20 \\ 21$	MR. COYNE		20	whether in this jurisdiction we present a
$\begin{vmatrix} 21\\22 \end{vmatrix}$	A.	Well first of all, my understanding is that	21	risk free rate for rate setting purposes and
$\begin{vmatrix} 22\\23 \end{vmatrix}$	<i>i</i> 1,	rates in Newfoundland are typically in place	22	arrive at it in this fashion using a three-
23		for about three years, but for the test year	23	year projection of the rate?
25		2016, the forecast for the ten-year bond	24	MR. COYNE:
		2010, the forecast for the tell-year build	1 4 J	

1A.I'm aware that there's a lot of discussion here, as in elsewhere, in terms of what an equilibrium or forward-looking appropriate 41between Canadian and U.S. utilitie2here, as in elsewhere, in terms of what an equilibrium or forward-looking appropriate 41basis points, so if you factor the 45I'm presenting describes something that gets 6you towards more of an equilibrium risk free 73I don't see that as being a—they w 46you towards more of an equilibrium risk free 7rate and I thought it was an appropriate way 85spread differential on top of this, th 69purposes.9the Canadian, and by doing so, I can c10JOHNSON, Q.C.:10Canadian, and by doing so, I can c11Q.So if we were to ignore the 2017 and 2018 12range, how they compare to each o13free rate, we would be at 2.82 percent for 142016. You can confirm that, right?14Q.Mr. Coyne, if we could just turn ba and the United States.15MR. COYNE:1516A.If you were to ignore it, You can see that 1818those aren't the expectations for forward- 1919looking rates which would be the ones that 2020an equity investor would consider when 2121making this type of investment. I would21making this type of investment. I would	so no, ere down credit ey oply the exy group, I lying it to the ompare the he same ther. ck to
2here, as in elsewhere, in terms of what an equilibrium or forward-looking appropriate 42completely offset that differential, 33equilibrium or forward-looking appropriate 41lasis points, so if you factor the 45I'm presenting describes something that gets 6you towards more of an equilibrium risk free 7spread differential on top of this, th 46you towards more of an equilibrium risk free 7rate and I thought it was an appropriate way 8to present this data information for these 9rus et he U.Swhen I'm using the U.S. pre 810JOHNSON, Q.C.:10Canadian, and by doing so, I can c 11Q.11Q.So if we were to ignore the 2017 and 2018 12forecast that you've built into your risk 12results to see if they're giving me t 1213free rate, we would be at 2.82 percent for 142016. You can confirm that, right?1315MR. COYNE:14Q.Mr. Coyne, if we could just turn ba your Figure 13 Market Risk Premi 1616A.If you were to ignore it, but I don't know 17why you would ignore it. You can see that 18those aren't the expectations for forward- 1919looking rates which would be the ones that 20an equity investor would consider when 21making this type of investment. I would2121making this type of investment. I would21MR. COYNE:	so no, ere down credit ey oply the exy group, I lying it to the ompare the he same ther. ck to
3equilibrium or forward-looking appropriate risk free rate is, so the information that 1 masing the use that as being a—they w 44risk free rate is, so the information that 5I don't see that as being a—they w 45I'm presenting describes something that gets 6spread differential on top of this, th 66you towards more of an equilibrium risk free 7spread differential on top of this, th 67rate and I thought it was an appropriate way 8to present this data information for these 99purposes.710JOHNSON, Q.C.:1011Q.So if we were to ignore the 2017 and 2018 12forecast that you've built into your risk 1312forecast that you've built into your risk 142016. You can confirm that, right?15MR. COYNE:14Q.16A.If you were to ignore it, but I don't know why you would ignore it. You can see that 18those aren't the expectations for forward- 1919looking rates which would be the ones that 20an equity investor would consider when 21making this type of investment. I would3I MR. COYNE:	ere down credit ey oply the xy group, I lying it to the ompare the he same ther. ck to
4risk free rate is, so the information that411 basis points, so if you factor the5I'm presenting describes something that gets5spread differential on top of this, tf6you towards more of an equilibrium risk free6would be nearly identical. And I a7rate and I thought it was an appropriate way7U.S.—when I'm using the U.S. provide the U.S. sample, when I'm app9purposes.9the Canadian companies, I'm using10JOHNSON, Q.C.:10Canadian, and by doing so, I can c11Q.So if we were to ignore the 2017 and 201811results to see if they're giving met12forecast that you've built into your risk12range, how they compare to each o13free rate, we would be at 2.82 percent for13JOHNSON, Q.C.:142016. You can confirm that, right?14Q.Mr. Coyne, if we could just turn ba15MR. COYNE:15your Figure 13 Market Risk Premini16A.If you were to ignore it, but I don't know16and the United States.17why you would ignore it. You can see that18A.Which figure?19looking rates which would be the ones that20Q.Figure 13.20an equity investor would consider when21MR. COYNE:2021making this type of investment. I would21MR. COYNE:21	credit ey oply the xy group, I lying it to the ompare the he same ther. ck to
4risk free rate is, so the information that411 basis points, so if you factor the5I'm presenting describes something that gets5spread differential on top of this, tf6you towards more of an equilibrium risk free6would be nearly identical. And I a7rate and I thought it was an appropriate way7U.S.—when I'm using the U.S. provide the U.S. sample, when I'm app9purposes.9the Canadian companies, I'm using10JOHNSON, Q.C.:10Canadian, and by doing so, I can c11Q.So if we were to ignore the 2017 and 201811results to see if they're giving met12forecast that you've built into your risk12range, how they compare to each o13free rate, we would be at 2.82 percent for13JOHNSON, Q.C.:142016. You can confirm that, right?14Q.Mr. Coyne, if we could just turn ba15MR. COYNE:15your Figure 13 Market Risk Premiz16A.If you were to ignore it, but I don't know16and the United States.17why you would ignore it. You can see that18A.Which figure?19looking rates which would be the ones that20Q.Figure 13.20an equity investor would consider when21MR. COYNE:2021making this type of investment. I would21MR. COYNE:21	credit ey oply the xy group, I lying it to the ompare the he same ther. ck to
5I'm presenting describes something that gets 65spread differential on top of this, th 66you towards more of an equilibrium risk free 77would be nearly identical. And I a 77rate and I thought it was an appropriate way 87U.S.—when I'm using the U.S. pro 88to present this data information for these 99the Canadian companies, I'm using 109purposes.9the Canadian, and by doing so, I can companies, I'm using 1010JOHNSON, Q.C.:10Canadian, and by doing so, I can companies, I'm using 1011Q.So if we were to ignore the 2017 and 2018 1211results to see if they're giving me to 1212forecast that you've built into your risk 13free rate, we would be at 2.82 percent for 1413JOHNSON, Q.C.:142016. You can confirm that, right?14Q.Mr. Coyne, if we could just turn ba your Figure 13 Market Risk Premis 1516A.If you were to ignore it, but I don't know 17why you would ignore it. You can see that 1816A.18those aren't the expectations for forward- 1919JOHNSON, Q.C.:1919looking rates which would be the ones that 2020Q.Figure 13.21making this type of investment. I would21MR. COYNE:21	ey pply the xy group, I lying it to the pompare the he same ther. ck to
6you towards more of an equilibrium risk free6would be nearly identical. And I a7rate and I thought it was an appropriate way7U.S.—when I'm using the U.S. program8to present this data information for these8use the U.S. sample, when I'm app9purposes.9the Canadian companies, I'm using10JOHNSON, Q.C.:10Canadian, and by doing so, I can c11Q.So if we were to ignore the 2017 and 201811results to see if they're giving met12forecast that you've built into your risk13free rate, we would be at 2.82 percent for1313free rate, we would be at 2.82 percent for13JOHNSON, Q.C.:142016. You can confirm that, right?14Q.15MR. COYNE:15your Figure 13 Market Risk Premist16A.If you were to ignore it, but I don't know16and the United States.17why you would ignore it. You can see that17MR. COYNE:18those aren't the expectations for forward-18A.19looking rates which would be the ones that20Q.20an equity investor would consider when21MR. COYNE:21making this type of investment. I would21MR. COYNE:	oply the oxy group, I lying it to the ompare the he same ther. ck to
7rate and I thought it was an appropriate way 87U.S.—when I'm using the U.S. pro- 88to present this data information for these 99use the U.S. sample, when I'm app 99purposes.9the Canadian companies, I'm using 1010JOHNSON, Q.C.:10Canadian, and by doing so, I can companies, I'm using 1011Q.So if we were to ignore the 2017 and 2018 1211results to see if they're giving met 1212forecast that you've built into your risk 13free rate, we would be at 2.82 percent for 1413JOHNSON, Q.C.:142016. You can confirm that, right?14Q.Mr. Coyne, if we could just turn ba your Figure 13 Market Risk Premini 1615MR. COYNE:15your Figure 13 Market Risk Premini 1618those aren't the expectations for forward- 19looking rates which would be the ones that 201721making this type of investment. I would20Q.21Figure 13.21	lying it to the pompare the he same ther. ck to
8to present this data information for these8use the U.S. sample, when I'm app9purposes.9the Canadian companies, I'm using10JOHNSON, Q.C.:10Canadian, and by doing so, I can c11Q.So if we were to ignore the 2017 and 201811results to see if they're giving me t12forecast that you've built into your risk12range, how they compare to each o13free rate, we would be at 2.82 percent for13JOHNSON, Q.C.:142016. You can confirm that, right?14Q.15MR. COYNE:15your Figure 13 Market Risk Premini16A.If you were to ignore it, but I don't know16and the United States.17why you would ignore it. You can see that17MR. COYNE:18those aren't the expectations for forward-19JOHNSON, Q.C.:19looking rates which would be the ones that20Q.20an equity investor would consider when20Q.21making this type of investment. I would21MR. COYNE:	lying it to the ompare the he same ther. ck to
9purposes.9the Canadian companies, I'm using10JOHNSON, Q.C.:10Canadian, and by doing so, I can c11Q.So if we were to ignore the 2017 and 201810Canadian, and by doing so, I can c12forecast that you've built into your risk11results to see if they're giving me t13free rate, we would be at 2.82 percent for13JOHNSON, Q.C.:142016. You can confirm that, right?14Q.15MR. COYNE:15your Figure 13 Market Risk Premis16A.If you were to ignore it, but I don't know1617why you would ignore it. You can see that1718those aren't the expectations for forward-1819looking rates which would be the ones that1920an equity investor would consider when2021making this type of investment. I would21	the ompare the he same ther. ck to
10JOHNSON, Q.C.:10Canadian, and by doing so, I can check11Q.So if we were to ignore the 2017 and 201810results to see if they're giving me they're gi	ompare the he same ther. ck to
11Q.So if we were to ignore the 2017 and 201811results to see if they're giving me to range, how they compare to each of the compar	he same ther. ck to
12forecast that you've built into your risk13free rate, we would be at 2.82 percent for142016. You can confirm that, right?15MR. COYNE:16A.17why you would ignore it, but I don't know18those aren't the expectations for forward-19looking rates which would be the ones that20an equity investor would consider when21making this type of investment. I would	ther. ck to
13free rate, we would be at 2.82 percent for142016. You can confirm that, right?15MR. COYNE:16A.17why you would ignore it, but I don't know17why you would ignore it. You can see that18those aren't the expectations for forward-19looking rates which would be the ones that20an equity investor would consider when21making this type of investment. I would	ck to
142016. You can confirm that, right?14Q.Mr. Coyne, if we could just turn ba15MR. COYNE:15your Figure 13 Market Risk Premis16A.If you were to ignore it, but I don't know16and the United States.17why you would ignore it. You can see that16A.Which figure?18those aren't the expectations for forward-18A.Which figure?19looking rates which would be the ones that19JOHNSON, Q.C.:2020an equity investor would consider when20Q.Figure 13.21making this type of investment. I would21MR. COYNE:	
15MR. COYNE:15your Figure 13 Market Risk Premia16A.If you were to ignore it, but I don't know15and the United States.17why you would ignore it. You can see that16and the United States.18those aren't the expectations for forward-18A.Which figure?19looking rates which would be the ones that19JOHNSON, Q.C.:20an equity investor would consider when20Q.Figure 13.21making this type of investment. I would21MR. COYNE:	
16A.If you were to ignore it, but I don't know16and the United States.17why you would ignore it. You can see that16and the United States.18those aren't the expectations for forward-18A.Which figure?19looking rates which would be the ones that19JOHNSON, Q.C.:20an equity investor would consider when20Q.Figure 13.21making this type of investment. I would21MR. COYNE:	i ioi Canada
17why you would ignore it. You can see that those aren't the expectations for forward- 1917MR. COYNE:19looking rates which would be the ones that 2018A.Which figure?20an equity investor would consider when 2120Q.Figure 13.21making this type of investment. I would21MR. COYNE:	
18those aren't the expectations for forward- looking rates which would be the ones that an equity investor would consider when18A.Which figure?19looking rates which would be the ones that an equity investor would consider when 2118A.Which figure?20an equity investor would consider when making this type of investment. I would20Q.Figure 13.21making this type of investment. I would21MR. COYNE:	
19looking rates which would be the ones that an equity investor would consider when 2119JOHNSON, Q.C.: 2021making this type of investment. I would20Q.Figure 13. 21	
20an equity investor would consider when making this type of investment. I would20Q.Figure 13.21MR. COYNE:	
21 making this type of investment. I would 21 MR. COYNE:	
6 51	
22 wet that all of the end of the Dr. 22 A. Vet	
22 note that all of these were lower than Dr. 22 A. Yes.	
23 Booth's estimate or a risk free rate. 24 JONNSON, Q.C.:	C.1
24 JONNSON, Q.C.: 24 Q. SO this is looking, as you say, part	
25 Q. Just for clarification on the point, though, 25 is the historical is looking at backw	
C I	Page 120
1if we were to ignore, and you can disagree1looking data which shows that the	
2 with whether we should and that's fair, it 2 market risk premium, according	•
3 would lower your risk premium estimates by 3 report, is about 5.6 percent, again	
4 about .86 percent across the board, wouldn't 4 risk free rate, would that be right	
5 it? 5 the U.S. is higher at 7 percent or	
6 MR. COYNE: 6 historic basis, that's your eviden	ce, that's
7 A. Yes, I wouldn't ignore it, but it would do 7 what your report indicates.	
8 so. 8 MR. COYNE:	
9 JOHNSON, Q.C.: 9 A. On a historic basis, yes.	
10 Q. Okay. And I guess you would confirm that 10 JOHNSON, Q.C.:	
11 your United State's interest rate forecast 11 Q. Okay.	
11your United State's interest rate forecast11Q.Okay.12are all higher to the—all higher than the12MR. COYNE:	1
11your United State's interest rate forecast11Q.Okay.12are all higher to the—all higher than the12MR. COYNE:13Canadian forecast by about .6 percent or .6313A.The AON Hewitt report that you	•
11your United State's interest rate forecast11Q.Okay.12are all higher to the—all higher than the12MR. COYNE:13Canadian forecast by about .6 percent or .6313A.The AON Hewitt report that you14percent on average from 2016 to 2018?14through and it shows that the opp	osite true
11your United State's interest rate forecast11Q.Okay.12are all higher to the—all higher than the12MR. COYNE:13Canadian forecast by about .6 percent or .6313A.The AON Hewitt report that you14percent on average from 2016 to 2018?14through and it shows that the op15MR. COYNE:15is true on a going-forward basis	oosite true for
11your United State's interest rate forecast11Q.Okay.12are all higher to the—all higher than the12MR. COYNE:13Canadian forecast by about .6 percent or .6313A.The AON Hewitt report that you14percent on average from 2016 to 2018?14through and it shows that the opp	oosite true for
11your United State's interest rate forecast11Q.Okay.12are all higher to the—all higher than the12MR. COYNE:13Canadian forecast by about .6 percent or .6313A.The AON Hewitt report that you14percent on average from 2016 to 2018?14through and it shows that the op15MR. COYNE:15is true on a going-forward basis	oosite true for uities by
11your United State's interest rate forecast11Q.Okay.12are all higher to the—all higher than the12MR. COYNE:13Canadian forecast by about .6 percent or .6313A.The AON Hewitt report that you14percent on average from 2016 to 2018?14through and it shows that the op15MR. COYNE:15is true on a going-forward basis16A.That's right, consistent with the forecast,16Canadian equities versus U.S. ec	posite true for uities by e is a 70
11your United State's interest rate forecast11Q.Okay.12are all higher to the—all higher than the12MR. COYNE:13Canadian forecast by about .6 percent or .6313A.The AON Hewitt report that you14percent on average from 2016 to 2018?14through and it shows that the op15MR. COYNE:15is true on a going-forward basis16A.That's right, consistent with the forecast,16Canadian equities versus U.S. ex17that's right, at the Government bond yield17about the same difference. There	posite true for uities by e is a 70 ujected
11your United State's interest rate forecast11Q.Okay.12are all higher to the—all higher than the12MR. COYNE:13Canadian forecast by about .6 percent or .6314percent on average from 2016 to 2018?14percent on average from 2016 to 2018?14through and it shows that the op15MR. COYNE:15is true on a going-forward basis16A.That's right, at the Government bond yield17about the same difference. Ther18risk free rate level, that's right.18basis point difference in their pro	posite true for uities by e is a 70 ujected
11your United State's interest rate forecast11Q.Okay.12are all higher to the—all higher than the12MR. COYNE:13Canadian forecast by about .6 percent or .6313A.The AON Hewitt report that you14percent on average from 2016 to 2018?14through and it shows that the op15MR. COYNE:15is true on a going-forward basis16A.That's right, consistent with the forecast,1617that's right, at the Government bond yield17about the same difference. Ther18risk free rate level, that's right.18basis point difference in their pro19JOHNSON, Q.C.:19ten-year average return, with the	posite true for uities by e is a 70 ujected
11your United State's interest rate forecast11Q.Okay.12are all higher to the—all higher than the12MR. COYNE:13Canadian forecast by about .6 percent or .6313A.The AON Hewitt report that you14percent on average from 2016 to 2018?14through and it shows that the op15MR. COYNE:15is true on a going-forward basis16A.That's right, consistent with the forecast,16Canadian equities versus U.S. ec17that's right, at the Government bond yield17about the same difference. Ther18risk free rate level, that's right.18basis point difference in their pro19JOHNSON, Q.C.:19ten-year average return, with the20Q.Is there any reason to think or believe that20return being projected higher.	posite true for uities by e is a 70 ojected Canadian
11your United State's interest rate forecast12are all higher to the—all higher than the13Canadian forecast by about .6 percent or .6314percent on average from 2016 to 2018?15MR. COYNE:16A.17that's right, consistent with the forecast,17that's right, at the Government bond yield18risk free rate level, that's right.19JOHNSON, Q.C.:20Q.21the higher U.S. borrowing costs do not	boosite true for uities by e is a 70 bjected Canadian Is for
11your United State's interest rate forecast11Q.Okay.12are all higher to the—all higher than the13Canadian forecast by about .6 percent or .631412MR. COYNE:13Canadian forecast by about .6 percent or .6314percent on average from 2016 to 2018?13A.The AON Hewitt report that you15MR. COYNE:13A.The AON Hewitt report that you16A.That's right, consistent with the forecast,15is true on a going-forward basis16A.That's right, at the Government bond yield17about the same difference. Ther18risk free rate level, that's right.18basis point difference in their pro19JOHNSON, Q.C.:19ten-year average return, with the20Q.Is there any reason to think or believe that20return being projected higher.21the higher U.S. borrowing costs do not21JOHNSON, Q.C.:2222Q.So let's just start at first principal	boosite true for uities by e is a 70 bjected Canadian ls for premium is

Δ	pril	5	20	16
A	рш	э,	20	10

Apri	15,2016				NL Power GRA 2016
		Page 121			Page 123
1		than bonds, is that right?	1	А.	I think I have that in here. I'm going to
2	MR. COYNE	:	2		say it's 1914 for the U.S. and I think it's
3	А.	That's right.	3		a little later than that for Canada. It
4	JOHNSON, Q	Q.C.:	4		goes back over a very long period of time.
5	Q.	And then that becomes a benchmark that we	5	JOHNSON, Q	.C.:
6		use for judging the required return for low	6	Q.	Can you find out where that is?
7		and risk securities, would that be fair?	7	MR. COYNE	
8	MR. COYNE	:	8	А.	Mr. Chairman, it's five to the hour. Maybe
9	А.	Well in the context of the CAPM-1, yes.	9		he could look for it –
10	JOHNSON, Q).C.:	10	CHAIRMAN:	
11	Q.	So when you estimate the return on the	11	Q.	Sure.
12		equity market, how would you go about	12	MR. COYNE:	
13		calculating it? Let me just put to you a	13	А.	Yes, I can identify that.
14		scenario: if the stock starts at \$100.00	14		(RECESS – 10:57 A.M.)
15		and it pays a \$5.00 dividend and ends the	15		(RETURN – 11:41 A.M.)
16		year at \$105.00. I understand we would	16	CHAIRMAN:	
17		calculate the total return as 10 percent, so	17	Q.	So, Mr. Johnson, we're back to you and I
18		that would be 5 percent for the dividend	18		understand we're going to around 1:15 or so
19		return and another 5 percent for the capital	19		and then we'll hear from Mr. Burry.
20		gain in the stock, would that be your	20	JOHNSON, Q	.C.:
21		understanding?	21	Q.	Thank you.
22	MR. COYNE		22	MR. COYNE:	
23	А.	That's right.	23	А.	If I might complete –
24	JOHNSON, Q).C.:	24	JOHNSON, Q	.C.:
25	Q.	And so how did you calculate, at page 29,	25	Q.	Yes, sir.
		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	-	· · ·	
	<u> </u>			<u> </u>	
1		Page 122	1		Page 124
1 2		Page 122 how did you calculate the rate of return on	1	MR. COYNE:	Page 124
1 2 3	MR. COYNE:	Page 122 how did you calculate the rate of return on Government bonds?	1 2 3	MR. COYNE:	Page 124 A check I was doing for you pertaining to
2		Page 122 how did you calculate the rate of return on Government bonds?	1 2	MR. COYNE:	Page 124 A check I was doing for you pertaining to Central Hudson, I can confirm that they were
2 3 4	MR. COYNE:	Page 122 how did you calculate the rate of return on Government bonds? Well I didn't calculate it, I relied on the	1 2 3 4	MR. COYNE:	Page 124 A check I was doing for you pertaining to Central Hudson, I can confirm that they were awarded a 9 percent return on equity. In a
2 3 4 5	MR. COYNE:	Page 122 how did you calculate the rate of return on Government bonds? Well I didn't calculate it, I relied on the two sources that are used for this purpose,	1 2 3	MR. COYNE:	Page 124 A check I was doing for you pertaining to Central Hudson, I can confirm that they were awarded a 9 percent return on equity. In a decision of June 27, 2015 it was a
2 3 4	MR. COYNE:	Page 122 how did you calculate the rate of return on Government bonds? Well I didn't calculate it, I relied on the	1 2 3 4 5	MR. COYNE:	Page 124 A check I was doing for you pertaining to Central Hudson, I can confirm that they were awarded a 9 percent return on equity. In a decision of June 27, 2015 it was a settlement for three years. They went in
2 3 4 5 6	MR. COYNE: A.	Page 122 how did you calculate the rate of return on Government bonds? Well I didn't calculate it, I relied on the two sources that are used for this purpose, Duff and Phelps or Ibbotson that provides this data.	1 2 3 4 5	MR. COYNE:	Page 124 A check I was doing for you pertaining to Central Hudson, I can confirm that they were awarded a 9 percent return on equity. In a decision of June 27, 2015 it was a settlement for three years. They went in with a settlement at 9 percent and they have
2 3 4 5 6 7	MR. COYNE: A. JOHNSON, Q	Page 122 how did you calculate the rate of return on Government bonds? Well I didn't calculate it, I relied on the two sources that are used for this purpose, Duff and Phelps or Ibbotson that provides this data. .C.:	1 2 3 4 5 6 7	MR. COYNE:	Page 124 A check I was doing for you pertaining to Central Hudson, I can confirm that they were awarded a 9 percent return on equity. In a decision of June 27, 2015 it was a settlement for three years. They went in with a settlement at 9 percent and they have an earning sharing mechanism that kicks in
2 3 4 5 6 7 8 9	MR. COYNE: A.	Page 122 how did you calculate the rate of return on Government bonds? Well I didn't calculate it, I relied on the two sources that are used for this purpose, Duff and Phelps or Ibbotson that provides this data.	1 2 3 4 5 6 7 8	MR. COYNE:	Page 124 A check I was doing for you pertaining to Central Hudson, I can confirm that they were awarded a 9 percent return on equity. In a decision of June 27, 2015 it was a settlement for three years. They went in with a settlement at 9 percent and they have an earning sharing mechanism that kicks in at 9.5 where they share earnings above that
2 3 4 5 6 7 8 9 10	MR. COYNE: A. JOHNSON, Q	Page 122 how did you calculate the rate of return on Government bonds? Well I didn't calculate it, I relied on the two sources that are used for this purpose, Duff and Phelps or Ibbotson that provides this data. .C.: And you refer to them up at page, on the same page up at lines 8 to 10.	1 2 3 4 5 6 7 8 9 10	MR. COYNE:	Page 124 A check I was doing for you pertaining to Central Hudson, I can confirm that they were awarded a 9 percent return on equity. In a decision of June 27, 2015 it was a settlement for three years. They went in with a settlement at 9 percent and they have an earning sharing mechanism that kicks in at 9.5 where they share earnings above that number with customers, and it was on 48
2 3 4 5 6 7 8 9 10 11	MR. COYNE: A. JOHNSON, Q Q. MR. COYNE:	Page 122 how did you calculate the rate of return on Government bonds? Well I didn't calculate it, I relied on the two sources that are used for this purpose, Duff and Phelps or Ibbotson that provides this data. .C.: And you refer to them up at page, on the same page up at lines 8 to 10.	1 2 3 4 5 6 7 8 9 10 11	MR. COYNE:	Page 124 A check I was doing for you pertaining to Central Hudson, I can confirm that they were awarded a 9 percent return on equity. In a decision of June 27, 2015 it was a settlement for three years. They went in with a settlement at 9 percent and they have an earning sharing mechanism that kicks in at 9.5 where they share earnings above that number with customers, and it was on 48 percent equity. We did not provide evidence
2 3 4 5 6 7 8 9 10 11 12	MR. COYNE: A. JOHNSON, Q Q.	Page 122 how did you calculate the rate of return on Government bonds? Well I didn't calculate it, I relied on the two sources that are used for this purpose, Duff and Phelps or Ibbotson that provides this data. .C.: And you refer to them up at page, on the same page up at lines 8 to 10. That's right. Morningstar and Duff and	1 2 3 4 5 6 7 8 9 10 11 12	MR. COYNE: A.	Page 124 A check I was doing for you pertaining to Central Hudson, I can confirm that they were awarded a 9 percent return on equity. In a decision of June 27, 2015 it was a settlement for three years. They went in with a settlement at 9 percent and they have an earning sharing mechanism that kicks in at 9.5 where they share earnings above that number with customers, and it was on 48 percent equity. We did not provide evidence in that proceeding.
2 3 4 5 6 7 8 9 10 11 12 13	MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A.	Page 122 how did you calculate the rate of return on Government bonds? Well I didn't calculate it, I relied on the two sources that are used for this purpose, Duff and Phelps or Ibbotson that provides this data. .C.: And you refer to them up at page, on the same page up at lines 8 to 10. That's right. Morningstar and Duff and Phelps.	1 2 3 4 5 6 7 8 9 10 11 12 13	MR. COYNE: A. JOHNSON, Q	Page 124 A check I was doing for you pertaining to Central Hudson, I can confirm that they were awarded a 9 percent return on equity. In a decision of June 27, 2015 it was a settlement for three years. They went in with a settlement at 9 percent and they have an earning sharing mechanism that kicks in at 9.5 where they share earnings above that number with customers, and it was on 48 percent equity. We did not provide evidence in that proceeding. C.:
2 3 4 5 6 7 8 9 10 11 12 13 14	MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q	Page 122 how did you calculate the rate of return on Government bonds? Well I didn't calculate it, I relied on the two sources that are used for this purpose, Duff and Phelps or Ibbotson that provides this data. .C.: And you refer to them up at page, on the same page up at lines 8 to 10. That's right. Morningstar and Duff and Phelps. .C.:	1 2 3 4 5 6 7 8 9 10 11 12 13 14	MR. COYNE: A.	Page 124 A check I was doing for you pertaining to Central Hudson, I can confirm that they were awarded a 9 percent return on equity. In a decision of June 27, 2015 it was a settlement for three years. They went in with a settlement at 9 percent and they have an earning sharing mechanism that kicks in at 9.5 where they share earnings above that number with customers, and it was on 48 percent equity. We did not provide evidence in that proceeding. C.: They had been under a rate freeze, I think,
2 3 4 5 6 7 8 9 10 11 12 13 14 15	MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A.	Page 122 how did you calculate the rate of return on Government bonds? Well I didn't calculate it, I relied on the two sources that are used for this purpose, Duff and Phelps or Ibbotson that provides this data. .C.: And you refer to them up at page, on the same page up at lines 8 to 10. That's right. Morningstar and Duff and Phelps. .C.: Where you say historical MRP is based on the	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15	MR. COYNE: A. JOHNSON, Q	Page 124 A check I was doing for you pertaining to Central Hudson, I can confirm that they were awarded a 9 percent return on equity. In a decision of June 27, 2015 it was a settlement for three years. They went in with a settlement at 9 percent and they have an earning sharing mechanism that kicks in at 9.5 where they share earnings above that number with customers, and it was on 48 percent equity. We did not provide evidence in that proceeding. C.: They had been under a rate freeze, I think, prior to that year, as part of the deal when
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q	Page 122 how did you calculate the rate of return on Government bonds? Well I didn't calculate it, I relied on the two sources that are used for this purpose, Duff and Phelps or Ibbotson that provides this data. .C.: And you refer to them up at page, on the same page up at lines 8 to 10. That's right. Morningstar and Duff and Phelps. .C.: Where you say historical MRP is based on the arithmetic mean of the equity market	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	MR. COYNE: A. JOHNSON, Q Q.	Page 124 A check I was doing for you pertaining to Central Hudson, I can confirm that they were awarded a 9 percent return on equity. In a decision of June 27, 2015 it was a settlement for three years. They went in with a settlement at 9 percent and they have an earning sharing mechanism that kicks in at 9.5 where they share earnings above that number with customers, and it was on 48 percent equity. We did not provide evidence in that proceeding. C.: They had been under a rate freeze, I think,
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q	Page 122 how did you calculate the rate of return on Government bonds? Well I didn't calculate it, I relied on the two sources that are used for this purpose, Duff and Phelps or Ibbotson that provides this data. .C.: And you refer to them up at page, on the same page up at lines 8 to 10. That's right. Morningstar and Duff and Phelps. .C.: Where you say historical MRP is based on the arithmetic mean of the equity market returns. Okay, so this was not something	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	MR. COYNE: A. JOHNSON, Q Q. MR. COYNE:	Page 124 A check I was doing for you pertaining to Central Hudson, I can confirm that they were awarded a 9 percent return on equity. In a decision of June 27, 2015 it was a settlement for three years. They went in with a settlement at 9 percent and they have an earning sharing mechanism that kicks in at 9.5 where they share earnings above that number with customers, and it was on 48 percent equity. We did not provide evidence in that proceeding. C.: They had been under a rate freeze, I think, prior to that year, as part of the deal when they bought the company?
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q	Page 122 how did you calculate the rate of return on Government bonds? Well I didn't calculate it, I relied on the two sources that are used for this purpose, Duff and Phelps or Ibbotson that provides this data. .C.: And you refer to them up at page, on the same page up at lines 8 to 10. That's right. Morningstar and Duff and Phelps. .C.: Where you say historical MRP is based on the arithmetic mean of the equity market returns. Okay, so this was not something that you calculated, this was something that	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	MR. COYNE: A. JOHNSON, Q Q.	Page 124 A check I was doing for you pertaining to Central Hudson, I can confirm that they were awarded a 9 percent return on equity. In a decision of June 27, 2015 it was a settlement for three years. They went in with a settlement at 9 percent and they have an earning sharing mechanism that kicks in at 9.5 where they share earnings above that number with customers, and it was on 48 percent equity. We did not provide evidence in that proceeding. C.: They had been under a rate freeze, I think, prior to that year, as part of the deal when they bought the company? I don't know, if there were rate freeze
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q Q.	Page 122 how did you calculate the rate of return on Government bonds? Well I didn't calculate it, I relied on the two sources that are used for this purpose, Duff and Phelps or Ibbotson that provides this data. .C.: And you refer to them up at page, on the same page up at lines 8 to 10. That's right. Morningstar and Duff and Phelps. .C.: Where you say historical MRP is based on the arithmetic mean of the equity market returns. Okay, so this was not something that you calculated, this was something that you took from these sources?	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A.	Page 124 A check I was doing for you pertaining to Central Hudson, I can confirm that they were awarded a 9 percent return on equity. In a decision of June 27, 2015 it was a settlement for three years. They went in with a settlement at 9 percent and they have an earning sharing mechanism that kicks in at 9.5 where they share earnings above that number with customers, and it was on 48 percent equity. We did not provide evidence in that proceeding. C.: They had been under a rate freeze, I think, prior to that year, as part of the deal when they bought the company? I don't know, if there were rate freeze provisions, I'm not aware of them.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q Q. MR. COYNE:	Page 122 how did you calculate the rate of return on Government bonds? Well I didn't calculate it, I relied on the two sources that are used for this purpose, Duff and Phelps or Ibbotson that provides this data. .C.: And you refer to them up at page, on the same page up at lines 8 to 10. That's right. Morningstar and Duff and Phelps. .C.: Where you say historical MRP is based on the arithmetic mean of the equity market returns. Okay, so this was not something that you calculated, this was something that you took from these sources?	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q	Page 124 A check I was doing for you pertaining to Central Hudson, I can confirm that they were awarded a 9 percent return on equity. In a decision of June 27, 2015 it was a settlement for three years. They went in with a settlement at 9 percent and they have an earning sharing mechanism that kicks in at 9.5 where they share earnings above that number with customers, and it was on 48 percent equity. We did not provide evidence in that proceeding. C.: They had been under a rate freeze, I think, prior to that year, as part of the deal when they bought the company? I don't know, if there were rate freeze provisions, I'm not aware of them. C.:
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q Q.	Page 122 how did you calculate the rate of return on Government bonds? Well I didn't calculate it, I relied on the two sources that are used for this purpose, Duff and Phelps or Ibbotson that provides this data. .C.: And you refer to them up at page, on the same page up at lines 8 to 10. That's right. Morningstar and Duff and Phelps. .C.: Where you say historical MRP is based on the arithmetic mean of the equity market returns. Okay, so this was not something that you calculated, this was something that you took from these sources? Right, this is the commonly used source for	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q	Page 124 A check I was doing for you pertaining to Central Hudson, I can confirm that they were awarded a 9 percent return on equity. In a decision of June 27, 2015 it was a settlement for three years. They went in with a settlement at 9 percent and they have an earning sharing mechanism that kicks in at 9.5 where they share earnings above that number with customers, and it was on 48 percent equity. We did not provide evidence in that proceeding. C.: They had been under a rate freeze, I think, prior to that year, as part of the deal when they bought the company? I don't know, if there were rate freeze provisions, I'm not aware of them. C.: Okay. Did you find out about the time
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A.	Page 122 how did you calculate the rate of return on Government bonds? Well I didn't calculate it, I relied on the two sources that are used for this purpose, Duff and Phelps or Ibbotson that provides this data. .C.: And you refer to them up at page, on the same page up at lines 8 to 10. That's right. Morningstar and Duff and Phelps. .C.: Where you say historical MRP is based on the arithmetic mean of the equity market returns. Okay, so this was not something that you calculated, this was something that you took from these sources? Right, this is the commonly used source for these purposes.	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q	Page 124 A check I was doing for you pertaining to Central Hudson, I can confirm that they were awarded a 9 percent return on equity. In a decision of June 27, 2015 it was a settlement for three years. They went in with a settlement at 9 percent and they have an earning sharing mechanism that kicks in at 9.5 where they share earnings above that number with customers, and it was on 48 percent equity. We did not provide evidence in that proceeding. C.: They had been under a rate freeze, I think, prior to that year, as part of the deal when they bought the company? I don't know, if there were rate freeze provisions, I'm not aware of them. C.: Okay. Did you find out about the time period you used when you did your market
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q MR. COYNE: A. JOHNSON, Q	Page 122 how did you calculate the rate of return on Government bonds? Well I didn't calculate it, I relied on the two sources that are used for this purpose, Duff and Phelps or Ibbotson that provides this data. .C.: And you refer to them up at page, on the same page up at lines 8 to 10. That's right. Morningstar and Duff and Phelps. .C.: Where you say historical MRP is based on the arithmetic mean of the equity market returns. Okay, so this was not something that you calculated, this was something that you took from these sources? Right, this is the commonly used source for these purposes. .C.:	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q	Page 124 A check I was doing for you pertaining to Central Hudson, I can confirm that they were awarded a 9 percent return on equity. In a decision of June 27, 2015 it was a settlement for three years. They went in with a settlement at 9 percent and they have an earning sharing mechanism that kicks in at 9.5 where they share earnings above that number with customers, and it was on 48 percent equity. We did not provide evidence in that proceeding. C.: They had been under a rate freeze, I think, prior to that year, as part of the deal when they bought the company? I don't know, if there were rate freeze provisions, I'm not aware of them. C.: Okay. Did you find out about the time period you used when you did your market risk premia historical, the historical
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A.	Page 122 how did you calculate the rate of return on Government bonds? Well I didn't calculate it, I relied on the two sources that are used for this purpose, Duff and Phelps or Ibbotson that provides this data. .C.: And you refer to them up at page, on the same page up at lines 8 to 10. That's right. Morningstar and Duff and Phelps. .C.: Where you say historical MRP is based on the arithmetic mean of the equity market returns. Okay, so this was not something that you calculated, this was something that you took from these sources? Right, this is the commonly used source for these purposes. .C.: And what time period was used?	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q	Page 124 A check I was doing for you pertaining to Central Hudson, I can confirm that they were awarded a 9 percent return on equity. In a decision of June 27, 2015 it was a settlement for three years. They went in with a settlement at 9 percent and they have an earning sharing mechanism that kicks in at 9.5 where they share earnings above that number with customers, and it was on 48 percent equity. We did not provide evidence in that proceeding. C.: They had been under a rate freeze, I think, prior to that year, as part of the deal when they bought the company? I don't know, if there were rate freeze provisions, I'm not aware of them. C.: Okay. Did you find out about the time period you used when you did your market

Apri	1 5, 2016			NL Power GRA 2016
		Page 125		Page 127
1		13?	1	MR. COYNE:
2	MR. COYNE		2	
3	А.	Yes, the sources for those are Ibbotson,	3	
4		Morningstar for the U.S. and the dates are	4	
5		1926 to 2014, which were the most recent I	5	5 5 1
6		had available at that time; and they are	6	
7		Duff and Phelps for Canada available from	7	, 5
8		1919 through 2014.	8	
9	JOHNSON, O		9	, , , , , , , , , , , , , , , , , , , ,
10	Q.	1919 to 2014?	10	
11	MR. COYNE		11	
12	A.	Yes.	12	
13	JOHNSON, (~	13	, , ,
14	Q.	For Canada?	14	e ,
15	MR. COYNE		15	8 , 8
16	А.	Right.	16	e
17	JOHNSON, Q	-	17	e
18	Q.	These are obviously the historic figures,	18	5 5
19		okay.	19	5 11
20	MR. COYNE		20	5
21	А.	Right, and their calculation is a difference	21	1 2
22		between equity returns and bond income	22	
23		returns.	23	
24	JOHNSON, (-	24	8
25	Q.	Bond income returns, yes, okay. And that's	25	
		Page 126		Page 128
1		how you're presenting them to the Board in	1	A. To get to the risk free rate, yes.
2		Figure 13 as well, right, you are taking,	2	
3		you are presenting the risk premium over the	3	
4		bond income returns?	4	
5	MR. COYNE:		5	1
6	А.	That's correct.	6	
7	JOHNSON, Q	.C.:	7	Canada and the United States separately,
8	Q.	And I sent over to you a cross-examination	8	e i
9		aid, being Ms. McShane's evidence from the	9	F a -> a F a -> -> ->
10		GRA from 2012. It's cross-aid 6.	10	
11	MS. GLYNN:		11	
12	Q.	And we'll enter that as Information No. 24.	12	
13	JOHNSON, Q		13	,
14	Q.	If you could go to page 64 of Ms. McShane's	14	
15		evidence? Do you have that in front of you,	15	
16		Mr. Coyne?	16	1
17	MR. COYNE:		17	1
18	A.	Yes, I see it.	18	
19	JOHNSON, Q		19	
20	Q.	Okay, now you'll see that she, when she was	20	
1 0 1		providing her evidence, she, in addition to	21	
21		providing the premium, the risk premium over	22	long period of time, the same periods in
22				•••
22 23		the bond income return, which is in the far	23	each case that the risk premium in the
22				each case that the risk premium in the United States, historically, was 6.6 percent

Page 13 Page 13 1 sying that it was 7 percent for the time period that you used? 1 MR-COYNE: 2 asset pricing model and 1'm looking at column 5, your average matker its premium and you will see at the bottom of the yes. 3 Column 5, your average matker its premium, you see at the bottom of the page where your's setting out the average of LOHNSON, Q, C.: 6 maskers, Smantha, source for the your e - 9 average average matker its premium, you see at the bottom of the your e - 9 average of the page, if you could scroll ap a title timy bit here, Smantha, source average of the Duff and Photps Consta historical in respectively. 1 risk premium, 1936 to 2013, and the Duff and fortime, so in the United States, you re using 1926 to 2014, as opposed to Canada, 10 1 MR COYNE: 1 MR COYNE: 1 MR COYNE: 1 MR COYNE: 1 MR COYNE: 1 MR COYNE: 1 MR COYNE: 1 MR COYNE: 1 MR COYNE: 1 MR COYNE: 1 MR COYNE: 1 MR COYNE: 1 MR COYNE: 1 MR COYNE: 21 1 MR COYNE: 1 MR COYNE: 1 MR COYNE: 21 <th></th> <th></th> <th></th> <th>· · · · ·</th> <th></th> <th></th>				· · · · ·		
2 period that you used? 3 asset pricing model and Tm looking all 3 MR. COYNE: 3 column 5, your average market risk premium 4 A. Well 1'm not saying, it's source material, yes. 5 page where you're setting out the average 5 yes. 6 market risk premium, you see at the bottom 7 Q. Right, okay, well that's the material that you're - 9 average market risk premium, you see at the bottom 7 MR. COYNE: 9 average market risk premium, you see at the bottom 10 A. This is lobotson and this is Morningstar, respectively. 1 risk premium, 1966 to 213, and the Duff and 12 JOHNSON, Q.C.: 10 risk premium, 1926 to 213, and the Duff and 14 of time, so in the United States, you're 10 14 16 Q. 1919 to 2014. 15 MR. COYNE: 16 17 MR. COYNE: 21 rike that the average market risk premium, 1926 to 2013, and the Duff and 19 JOHNSON, Q.C.: 19 those, narrecorcile 10 was regressite, so yoosed to Canada, in the orany song regressit and preservessite and yoo an update t	1		Page 129			Page 131
3 MR. COYNE: 3 column 5, your average market risk premium 4 A. Well 1m not saying, it's source material, yes. 3 column 5, your average market risk premium 6 JOHNSON, Q.C.: 6 market risk premium, you see at the bottom of the yage, if you could scroll up a little 7 Q. Right, okay, well that's the material that you're – 6 market risk premium, you see at the bottom of the yage, if you could scroll up a little 9 MR.COYNE: - 9 average market risk premium, 1926 to 2013, so that would appear to be a bit 11 respectively. 11 risk premium, 1926 to 2013, and the Duff and the Duff and the Page, if you could scroll up, so that would appear to be a bit 14 of time, so in the United States, you're 14 different. 15 using 1926 to 2014, so popsed to Canada, istorical 15 that meed to be updated, but i plus called 19 101NSON, Q.C.: 19 that meed to be achieves if 1 can reconcile 101NSON, Q.C.: 11 that meed to be updated, but i plus called to be assume-let me sigt i f 1 can reconcile 101NSON, Q.C.: 10 Q. So should we take from this, because this is 24 Q. Perhaps what youc can do is undertake to provide the datat	1		saying that it was 7 percent for the time	1		JMC-8, page 1 of 1? This is in your capital
3 MR. COYNE: 3 column 5, your average marker risk premium 4 A. Well 1m not saying, it's source material, yes. 5 page where you're setting out the average 6 JOHNSON, Q.C.: 6 marker risk premium, you seat the bottom of the year, if you could scroll up a little 7 Q. Right, okay, well that's the material that you're – 6 marker risk premium, you seat the bottom of the yaer, if you could scroll up a little 9 MR. COYNE: 10 of the Daff and Phelps Canada historical 11 11 respectively. 11 risk premium, 1926 to 2013, so that would appear to be a bit 12 16 1990 to 2014? 14 different. 15 Sincaled, bat 1 just called 17 MR. COYNE: 16 A. Yeah, 1 don't know if those are footnotes 17 MR. COYNE: 16 A. Yeah, 1 don't know if house are footnotes 18 Q. 1919 to 2014. 10 those, 1 assume-let me just double check, 2 19 JOHNSON, Q.C: 20 Veah, 2 don't know if house are footnotes 21 MR. COYNE: 21 Well thave, 1 think that might be a footnote that just <	2		period that you used?	2		asset pricing model and I'm looking at
4 A. Well I'm not saying, it's source material, yes. 4 for—and you will see at the bottom of the sage, if you could scroll the average of DIGHTSON, Q, C:: 7 Q. Right, okay, well that's the material that you're – 5 mater insk premium, you see at the bottom of the sage, if you could scroll the altitom. 8 MR, COYNE: 9 average market risk premium, you're – 9 10 A. This is lbobson and this is Morningstar, in respectively. 1 risk premium, 1926 to 2014, and the Duff and Phelps Canada Instorical Tisk premium, 1926 to 2014, as opposed to Canada, 1900 to 2014? 10 A. Yeah, 1 don't know if those are footnotes the inst of the same contole same contone same control in the control the public 2014, as opposed to Canada, 1900 to 2014. 15 MR.COYNE: 16 A. Yeah, 1 don't know if those are footnotes the inst of the same contone same control in the control the public 2014. 16 1900 to 2014. 18 to confirm, so let mes ceil T ant reconcile the same control the control the same control the control the same control the same control the same control the same control the control the same control the same control the conthe control the same control the same control t	3	MR. COYNE	· ·	3		· · · ·
5 yes. 5 page where you're setting where you're set 5, so has it gone up in that 9 5 Yes, it changes. Yes, it changes. Yes, it changes. Yes, it changes. Yes, it was a simple mean were years where you you're at 5, so has it gone up in that 9 Show you're at 5, so has it gone up in that 9 Yes, they change year to year, that's why we was they you're at 5, so has it gone up in that 9 Yes, they change year to	4	A.	Well I'm not saying, it's source material,	4		
6 JOHNSON, Q.C.: 6 market risk premium, you see at the bottom 7 Q. Right, okay, well that's the material that you're – 7 of the page, if you could seroll up a little 9 MR, COYNE: 9 average market risk premium, you see at the bottom 10 respectively. 9 average market risk premium, you see at the bottom 11 respectively. 10 of the Duff and Phelps Canada historical 12 JOHNSON, Q.C.: 11 risk premium, jou's see at the bottom 13 Q. And you are using slightly different periods 12 Phelps U.S. historical risk premium, jou's the period 16 1990 to 2014? 14 different. 15 16 Q. Prin sorry, J919 to 2014. 18 to confirm, so let mese at lea us to be abit of those. Lassume—let ne just double check, 20 Q. Prin sorry, J919 to 2014. 10 14 to be suprised normally through 2013, I 21 MR. COYNE: 21 think that might be a footnote that just 23 23 JOHNSON, Q.C.: 23 JOHNSON, Q.C.: 23 JOHNSON, Q.C.: 23 JOHNSON, Q.C.: 23<	5			5		-
7 Q. Right, okay, well that's the material that you're – 7 of the page, if you could scroll up a little stry bit three, Samantha, source for the average materials premium. Source average of the Duff and Phelps Canada historical respectively. 10 A. This is Ibbotson and this is Morningstar, respectively. 10 of the Duff and Phelps Canada historical risk premium, 1936 to 2013, and the Duff and Ill substorial risk premium. 1926 to 2013, so that would appear to be a bit of time, so in the United States, you're using 1926 to 2014, as opposed to Canada, istorical risk premium, 1926 to 2013, so that would appear to be a bit of time, so in the United States, you're to confirm, so let me see if I can reconcile the using 1926 to 2014. 18 Q. And you are using slightly different periods of UNHSON, Q.C.: 10 A. Yeah, I don't know if those are footnotes that used to be updated, but I just called to confirm, so let me see if I can reconcile the to confirm, so let me see if I can reconcile use of UNHSON, Q.C.: 19 UOHNSON, Q.C.: 10 Hork COYNE: 21 JOHNSON, Q.C.: 21 JOHNSON, Q.C.: 23 JOHNSON, Q.C.: 23 JOHNSON, Q.C.: 24 Q. So should we take from this, because this is 24 Q. Perhaps what you can do is undertake to provide the data to which you referred. 25 basically a bit of an update to the period 33 are we og ather that the historic risk premium over a so as it gone up in that so the you know, she provides 5 A and 5 I MR.COYNE: <td></td> <td>JOHNSON (</td> <td>5</td> <td></td> <td></td> <td></td>		JOHNSON (5			
8 you're - 8 tiny bit there, Samantha, source for the 9 MR. COYNE: 9 average market risk premium. Source average 10 A. This is lobotson and this is Morningstar, 11 respectively. 11 11 respectively. 11 rike DVT Bit and Phelps Canada historical 13 Q. And you are using slightly different periods 12 Phelps U.S. historical risk premium, 1926 to 14 of time, so in the United States, you're 13 CONNE: 16 15 using 1926 to 2014, as opposed to Canada, 15 MR. COYNE: 16 16 MR. COYNE: 16 N. Veah, I don't know if those are footnotes 17 MR. COYNE: 17 that need to be updated, but J just called 18 Q. This sory, 1919 to 2014. 18 tho confirm, so let me see if L an reconcile 19 JOHNSON, Q.C.: 21 JOHNSON, Q.C.: 23 JOHNSON, Q.C.: 24 Q. So should we take from this, because this is 24 Q. Perhaps what you can do is undertake to 25 busically a bit of an update to the period 25 provide the data to which you refered. 24 A. Westy						
9 MR. COYNE: 9 average market risk premium. Source average 10 A. This is fibbotson and this is Morningstar, respectively. 10 of the Duff and Phelgs Canada historical 11 respectively. 11 risk premium, 1936 to 2013, and the Duff and the Du		×٠		Ċ,		
10 A. This is ibbotson and this is Morningstar, 10 of the Duff and Phelps Canada historical 11 respectively. 11 risk premium, 1936 to 2013, and the Duff and 13 Q. And you are using slightly different periods 13 2013, so that would appear to be a bit 14 of time, so in the United States, you 're 13 2013, so that would appear to be a bit 16 1990 to 2014? 15 MR. COYNE: 17 that need to be updated, but 1 just called 18 Q. 1919 to 2014. 18 to confirm, so let me see if 1 can reconcile 19 JOHNSON, Q.C.: 19 thisk that meight be a footnote that just 20 Q. Firm sorry, 1919 to 2014. 20 Fid be surprised normally through 2013, I 21 MR.COYNE: 21 think that might be a footnote that just 23 JOHNSON, Q.C.: 23 JOHNSON, Q.C.: 24 Q. So should we take from this, because this is 24 Q. Perhaps what you can do is undertake to 25 basically as bit of an update to the period 1 MR. COYNE: 2 A. Well Thave, I think I have already done so 3 are we to gather that the historic risk		MR COVNE	•			•
11 respectively. 11 risk premium, 193 (a 2013, and the Duff and 12 JOHNSON, Q.C.: 12 Phelps U.S. historical risk premium, 1926 to 13 Q. And you are using slightly different periods 13 2013, so that would appear to be a bit 14 of time, so in the United States, you're 14 different. 15 using 1926 to 2014, as opposed to Canada, 16 A. Yeah, I don't know if those are footnotes 16 1990 to 2014. 18 to confirm, so let me see if I can reconcile 19 JOHNSON, Q.C.: 19 thas might be a control that just 22 20 Q. I'm sorry, 1919 to 2014. 20 I'd be surprised normally through 2013, I 21 MR. COYNE: 21 think hat might be a contoot that just 22 23 JOHNSON, Q.C.: 23 JOHNSON, Q.C.: 23 JOHNSON, Q.C.: 24 Q. So should we take from this, because this is 24 Q. Perhaps what you can do is undertake to provide the data to which you refered. 25 basically a bit of an update to the period 25 provide the data to which you refered. 2 last, when she testi						
12 JOHNSON, Q.C.: 12 Phelps U.S. historical risk premium, 1926 to 13 Q. And you are using slightly different periods 13 2013, so that would appear to be a bit 14 of time, so in the United States, you're 14 different. 15 using 1926 to 2014, as opposed to Canada, 16 A. Yeah, I don't know if those are footnotes 16 1990 to 2014? 16 A. Yeah, I don't know if those are footnotes 17 that need to be updated, but 1 just called 18 Q. 1'm sorry, 1919 to 2014. 16 A. Yeah, I don't know if those are footnotes 20 Q. 1'm sorry, 1919 to 2014. 20 1'd the surprised normally through 2013, 1 21 MR. COYNE: 21 think that might be a footnote that just 23 JOHNSON, Q.C.: 20 I'd be surprised normally through 2013, 1 24 Q. So should we take from this, because this is 23 JOHNSON, Q.C.: 24 Q. So should we take from this, because this is 24 Q. Perhaps what you can do is undertake to 25 basically a bit of an update to the period 25 Probaby what you can do is undertake to 26 hat Ms. McShane was referencing in her		л.	-			-
13 Q. And you are using slightly different periods of time, so in the United States, you're using 1926 to 2014, as opposed to Canada, 1990 to 2014? 14 different. 16 1990 to 2014? 15 MR.COYNE: 17 MR, COYNE: 16 A. Yeah, I don't know if those are footnotes 18 Q. 1910 to 2014. 18 to confirm, so let me see if I can reconcile 19 JOHNSON, Q.C.: 19 those. I assume—let me just double check, 20 Q. Fm sorry, 1919 to 2014. 20 Fd be surprised normally through 2013, I 21 MR.COYNE: 20 Fd be surprised normally through 2013, I 21 21 MR.COYNE: 21 think that might be a footnote that just 22 23 JOHNSON, Q.C.: 23 JOHNSON, Q.C.: 24 Q. So should we take from this, because this is 24 Q. Page 130 1 that Ms. McShane was referencing in her 2 A. Well I have, I think I have already done so 3 in responses to, just take a moment, I can 2 last, when she testified at the last GRA, so 3 in responses to. Consumer Advocate 103 and 6 279, Fve actua		IOHNSON (· ·			-
14 of time, so in the United States, you're 14 different. 15 using 1926 to 2014; as opposed to Canada, 15 MR COYNE: 16 1990 to 2014. 16 A. Yeah, I don't know if those are footnotes 17 MR. COYNE: 16 A. Yeah, I don't know if those are footnotes 19 JOHNSON, Q.C: 18 to confirm, so I et me see if I can reconcile 20 Q. T'm sorry, 1919 to 2014. 18 to confirm, so I et me see if I can reconcile 20 Q. T'm sorry, 1919 to 2014. 20 14 think that might be a footnote that just 21 JOHNSON, Q.C: 23 JOHNSON, Q.C: 23 JOHNSON, Q.C: 23 JOHNSON, Q.C: 23 Jota mather that the historic risk 24 Q. So should we take from this, because this is 25 provide the data to which you referred. 2 last, when she testified at the last GRA, so are we to gather that the historic risk 2 A. Well I have, I think I have already done so 3 are we to gather that the historic risk probably do that right here on the stand. 5 In response to, just take a moment, I can 4 probably do that right here on the stand. 5						
15 using 1926 to 2014, as opposed to Canada, 15 MR. COYNE: 16 1990 to 2014? 16 A. Yeah, I don't know if those are footnotes 17 MR. COYNE: 16 A. Yeah, I don't know if those are footnotes 18 Q. 1919 to 2014. 18 to confirm, so let me see if 1 can reconcile 19 JOHNSON, Q.C.: 20 I'd be surprised normally through 2013, 1 21 MR. COYNE: 21 think that might be a footnote that just 23 JOHNSON, Q.C.: 23 JOHNSON, Q.C.: 24 Q. So should we take from this, because this is 24 Q. Perhaps what you can do is undertake to 25 basically a bit of an update to the period 25 provide the data to which you referred. 2 last, when she testified at the last GRA, so 3 in responses to, just take a moment, I can 4 premium now has gone up just over the last 5 In responses to Consumer Advocate 103 and 6 she, you know, she provides 5.4 and 5 7 those numbers for the years that you gave us 10 MR. COYNE: 10 just on the stand.tt time? 11 </td <td></td> <td>Q.</td> <td></td> <td></td> <td></td> <td></td>		Q.				
16 1990 to 2014? 16 A. Yeah, I don't know if those are footnotes 17 MR. COYNE: 17 that need to be updated, but I just called 18 Q. 1919 to 2014. 18 to confirm, so let me see if I can reconcile 19 JOHNSON, Q.C.: 19 those. I assume—let me just double check, 20 Q. I'm sorry, 1919 to 2014. 20 I'd be surprised normally through 2013, I 21 MR. COYNE: 21 wasn't updated. 22 23 JOHNSON, Q.C.: 23 JOHNSON, Q.C.: 23 JOHNSON, Q.C.: 24 Q. So should we take from this, because this is 24 Q. Perhaps what you can do is undertake to 25 basically a bit of an update to the period 25 provide the data to which you referred. 2 last, when she testified at the last GRA, so 3 in response to Consumer Advocate 103 and 3 are we to gather that the historic risk 4 probably do that right here on the stand. 4 premium now has gone up just over the last 5 In response to Consumer Advocate 103 and 7 percent for Canada for those periods and 8<						
17 MR. COYNE: 17 that need to be updated, but I just called 18 Q. 1919 to 2014. 18 to confirm, so let me sec if I can reconcile 19 JOHNSON, Q.C.: 19 those. I assume—let me just double chcck, 20 Q. I'm sorry, 1919 to 2014. 20 I'd be surprised normally through 2013, I 21 MR. COYNE: 21 think that might be a footnote that just 22 A. Right. 22 wasn't updated. 23 JOHNSON, Q.C.: 23 JOHNSON, Q.C.: 23 24 Q. So should we take from this, because this is 24 Q. Perhaps what you can do is undertake to 25 basically a bit of an update to the period 25 provide the data to which you referred. 2 last, when she testified at the last GRA, so 3 in responses to, just take a moment, I can 4 premium now has gone up just over the last 5 In response to Consumer Advocate 103 and 5 few years since she gave evidence? Like, s 1 MR. COYNE: 10 MR. COYNE: 10 just on the stand that time? 11 A.			-			
18 Q. 1919 to 2014. 18 to confirm, so let me see if 1 can reconcile 19 JOHNSON, Q.C.: 20 Q. Fm sorry, 1919 to 2014. 19 those. I assume—let me just double check, 20 Q. Fm sorry, 1919 to 2014. 21 think that might be a footnote that just 21 MR. COYNE: 21 think that might be a footnote that just 23 JOHNSON, Q.C.: 24 Q. Perhaps what you can do is undertake to 25 basically a bit of an update to the period 25 provide the data to which you referred. 24 Q. So should we take from this, because this is 24 Q. Perhaps what you can do is undertake to 25 basically a bit of an update to the period 25 provide the data to which you referred. Page 130 1 that Ms. McShane was referencing in her 1 MR. COYNE: 2 A. Well I have, I think I have already done so 3 are we to gather that the historic risk 4 probably do that right here on the stand. 5 In response to, just take a moment, I can 4 percent for Canada for those periods and 6 279, I've actually provided the data with					А.	-
19 JOHNSON, Q.C.: 19 those. I assume—let me just double check, 20 Q. I'm sorry, 1919 to 2014. 20 I'd be surprised normally through 2013, I 21 MR. COYNE: 20 I'd be surprised normally through 2013, I 23 JOHNSON, Q.C.: 23 JOHNSON, Q.C.: 24 Q. So should we take from this, because this is 24 Q. Perhaps what you can do is undertake to 25 basically a bit of an update to the period 25 provide the data to which you referred. 24 Q. So should we take from this, because this is 24 Q. Perhaps what you can do is undertake to 25 basically a bit of an update to the period 25 provide the data to which you referred. Page 130 7 pare minum now has gone up just over the last 1 MR. COYNE: 2 A. Well I have, I think I have already done so 3 in response to, just take a moment, I can 4 premium now has gone up just over the last 4 probably do that right here on the stand. 5 In response to Consumer Advocate 103 and 6 279, I've actually provided the data with 7 those numbers for the years thatyou gave us <t< td=""><td></td><td></td><td></td><td></td><td></td><td>· · ·</td></t<>						· · ·
20Q.I'm sorry, 1919 to 2014.20I'd be surprised normally through 2013, I21MR. COYNE:21think that might be a footnote that just22A.Right.21think that might be a footnote that just23JOHNSON, Q.C.:23JOHNSON, Q.C.:24Q.So should we take from this, because this is24Q.25basically a bit of an update to the period25provide the data to which you referred.24Q.Pataga 10Page 1301that Ms. McShane was referencing in her1MR. COYNE:2last, when she testified at the last GRA, soare we to gather that the historic risk14premium now has gone up just over the last5In response to, just take a moment, I can5few years since she gave evidence? Like,5In response to Consumer Advocate 103 and6she, you know, she provides 5.4 and 55In response to Consumer Advocate 103 and7percent for Canada for those periods and7those numbers and the years.9Q.The numbers for the years that you gave us10MR. COYNE:1MR. COYNE:12JOHNSON, Q.C.:1MR. COYNE:13Q.And similarly in the United States, it's114gone up to 7 from where it had been and this14Q.15is ignoring completely the risk premium over16A.16bond total returns that Ms. McShane also17matter of a footnote that w						-
21 MR. COYNE: 21 think that might be a footnote that just 22 A. Right. 22 wasn't updated. 23 JOHNSON, Q.C.: 23 JOHNSON, Q.C.: 24 Q. So should we take from this, because this is 24 Q. Perhaps what you can do is undertake to 25 basically a bit of an update to the period 23 JOHNSON, Q.C.: 21 that Ms. McShane was referencing in her 2 25 provide the data to which you referred. 2 last, when she testified at the last GRA, so are we to gather that the historic risk 7 page 130 3 are we to gather that the historic risk 9 A. Well I have, I think I have already done so 4 premium now has gone up just over the last 5 In response to Just take a moment, I can 6 she, you know, she provides 5.4 and 5 5 In response to Consumer Advocate 103 and 7 percent for Canada for those periods and 9 Q. The numbers for the years that you gave us 10 MR. COYNE: 1 MR. COYNE: 12 A. Yes, it changes. 13 JOHNSON, Q.C.: 13 Q. And similarly in the United States, it's <td></td> <td></td> <td>`</td> <td></td> <td></td> <td>-</td>			`			-
22A.Right.22wasn't updated.23JOHNSON, Q.C.:24Q.Perhaps what you can do is undertake to24Q.So should we take from this, because this is24Q.Perhaps what you can do is undertake to25basically a bit of an update to the period25provide the data to which you referred.24Q.Page 130Page 1321that Ms. McShane was referencing in her2A.Well I have, I think I have already done so3are we to gather that the historic risk4premium now has gone up just over the last5fw years since she gave evidence? Like,6she, you know, she provides 5.4 and 57percent for Canada for those periods and4probably do that right here on the stand.7percent for Canada for those periods and9Short period of time?9Q.The numbers for the years that you gave us10MR. COYNE:1MR. COYNE:1MR. COYNE:12JOHNSON, Q.C.:9Q.The numbers for the years that you gave us10mR. cOYNE:11MR. COYNE:1312JOHNSON, Q.C.:14Q.I'll check that.15is ignoring completely the risk premium over16A.But I'll just confirm that that was a simple17presents and just looking at her risk11MR. COYNE:16A.18premium over bond income returns.18I'll still do that but the data that I've19MR. COYNE:	20	-				· · ·
 23 JOHNSON, Q.C.: 24 Q. So should we take from this, because this is basically a bit of an update to the period 24 Q. Perhaps what you can do is undertake to provide the data to which you referred. 25 provide the data to which you referred. 26 Page 130 1 that Ms. McShane was referencing in her a last, when she testified at the last GRA, so are we to gather that the historic risk are we to gather that for those growed by a bit of an update of the period of time? 2 Intersponse to Consumer Advocate 103 and syou're at 5.6, so has it gone up in that syou're at 5.6,	21	MR. COYNE		21		think that might be a footnote that just
24Q.So should we take from this, because this is basically a bit of an update to the period24Q.Perhaps what you can do is undertake to provide the data to which you referred.2Page 1301that Ms. McShane was referencing in her last, when she testified at the last GRA, so are we to gather that the historic risk 4Page 1301MR. COYNE:2last, when she testified at the last GRA, so are we to gather that the historic risk 4in responses to, just take a moment, I can probably do that right here on the stand.2A.Well I have, I think I have already done so in responses to, just take a moment, I can probably do that right here on the stand.5few years since she gave evidence? Like, 6she, you know, she provides 5.4 and 5Few years since she gave evidence?I.MR. COYNE:10MR. COYNE:9Q.The numbers for the years that you gave us 10 MR. COYNE:1011A.Yes, it changes.11MR. COYNE:12JOHNSON, Q.C.:11MR. COYNE:13Q.And similarly in the United States, it's is ignoring completely the risk premium over bond total returns that Ms. McShane also presents and just looking at her risk permium over bond income returns.11MR. COYNE:19MR. COYNE:10A.Yes, they change year to year, that's why we qudate it as the year book comes out. Those are three pretty strong stock market return quest, that's not surprising.11MR. COYNE:13Q.A.Yes, they change year to year, that's why we qudate it as the year book comes out.	22	А.	Right.	22		wasn't updated.
25 basically a bit of an update to the period 25 provide the data to which you referred. Page 130 1 that Ms. McShane was referencing in her 2 1 MR. COYNE: 2 last, when she testified at the last GRA, so are we to gather that the historic risk 1 MR. COYNE: 4 premium now has gone up just over the last 5 few years since she gave evidence? Like, 3 in response to Consumer Advocate 103 and 6 she, you know, she provides 5.4 and 5 6 279, I've actually provided the data with 7 percent for Canada for those periods and 8 you're at 5.6, so has it gone up in that 8 9 short period of time? 9 Q. The numbers for the years that you gave us 10 10 MR. COYNE: 1 MR. COYNE: 11 MR. COYNE: 12 JOHNSON, Q.C.: 12 A Yes, it changes. 11 13 Q. And similarly in the United States, it's 13 JOHNSON, Q.C.: 14 Q. I'll check that. 15 is ignoring completely the risk premium over 16 A. Yes, they change year to year, that's why we 16 A. Yes, they change year to year, that's why we<	23	JOHNSON, O	Q.C.:	23	JOHNSON, Q	.C.:
Page 130Page 130Page 1321that Ms. McShane was referencing in her2last, when she testified at the last GRA, so1MR. COYNE:2last, when she testified at the last GRA, so3in responses to, just take a moment, I can4premium now has gone up just over the last4probably do that right here on the stand.5few years since she gave evidence? Like,5In response to Consumer Advocate 103 and6she, you know, she provides 5.4 and 56279, I've actually provided the data with7percent for Canada for those periods and7those numbers and the years.8you're at 5.6, so has it gone up in that9Q.9short period of time?9Q.10MR. COYNE:9Q.11A.Yes, it changes.1112JOHNSON, Q.C.:12A.13Q.And similarly in the United States, it's1314gone up to 7 from where it had been and this14Q.15is ignoring completely the risk premium over1616bond total returns that Ms. McShane also17matter of a footnote that was a simple17presents and just looking at her risk18I'll still do that but the data that I've19update it as the year book comes out. Those21respectively for those years.21update it as the year book comes out. Those22Q.22 </td <td>24</td> <td>Q.</td> <td>So should we take from this, because this is</td> <td>24</td> <td>Q.</td> <td>Perhaps what you can do is undertake to</td>	24	Q.	So should we take from this, because this is	24	Q.	Perhaps what you can do is undertake to
1that Ms. McShane was referencing in her2last, when she testified at the last GRA, so3are we to gather that the historic risk4premium now has gone up just over the last5few years since she gave evidence? Like,6she, you know, she provides 5.4 and 57percent for Canada for those periods and8you're at 5.6, so has it gone up in that9short period of time?9short period of time?11A. Yes, it changes.12JOHNSON, Q.C.:13Q. And similarly in the United States, it's14gone up to 7 from where it had been and this15is ignoring completely the risk premium over16bond total returns that Ms. McShane also17presents and just looking at her risk18premium over bond income returns.19MR. COYNE:10A. Yes, they change year to year, that's why we2are three pretty strong stock market return2are three pretty strong stock market return2are three pretty strong stock market return2are three pretty strong stock market return2Q. And did you receive—I take it your firm is a2Q. And did you receive—I take it your firm is a3gone up to 7 form stark is not surprising.2Q. And did you receive—I take it your firm is a3gone up to 7 from starket return4yothNSON, Q.C.:2Q. And did you receive—I take it your firm is a3 <td< td=""><td>25</td><td></td><td>basically a bit of an update to the period</td><td>25</td><td></td><td>provide the data to which you referred.</td></td<>	25		basically a bit of an update to the period	25		provide the data to which you referred.
2last, when she testified at the last GRA, so3are we to gather that the historic risk43are we to gather that the historic risk3in responses to, just take a moment, I can4premium now has gone up just over the last5few years since she gave evidence? Like,5few years since she gave evidence? Like,5In response to Consumer Advocate 103 and6she, you know, she provides 5.4 and 56279, I've actually provided the data with7percent for Canada for those periods and7those numbers and the years.8you're at 5.6, so has it gone up in that9Q. The numbers for the years that you gave us9short period of time?9Q. The numbers for the years that you gave us10MR. COYNE:10just on the stand that time?11A. Yes, it changes.11MR. COYNE:1212JOHNSON, Q.C.:13JOHNSON, Q.C.:14gone up to 7 from where it had been and this14Q. I'll check that.15is ignoring completely the risk premium over16A. But I'll just confirm that that was a simple17presents and just looking at her risk17matter of a footnote that wan't updated.18premium over bond income returns.18I'll still do that but the data that I've19update it as the year book comes out. Those21respectively for those years.22are three pretty strong stock market return23Q. And did you receive—I take it your firm is a24			Page 130			Page 132
2last, when she testified at the last GRA, so3are we to gather that the historic risk43are we to gather that the historic risk3in responses to, just take a moment, I can4premium now has gone up just over the last5few years since she gave evidence? Like,5few years since she gave evidence? Like,5In response to Consumer Advocate 103 and6she, you know, she provides 5.4 and 56279, I've actually provided the data with7percent for Canada for those periods and7those numbers and the years.8you're at 5.6, so has it gone up in that9Q. The numbers for the years that you gave us9short period of time?9Q. The numbers for the years that you gave us10MR. COYNE:10just on the stand that time?11A. Yes, it changes.11MR. COYNE:1212JOHNSON, Q.C.:13JOHNSON, Q.C.:14gone up to 7 from where it had been and this14Q. I'll check that.15is ignoring completely the risk premium over16A. But I'll just confirm that that was a simple17presents and just looking at her risk17matter of a footnote that wan't updated.18premium over bond income returns.18I'll still do that but the data that I've19update it as the year book comes out. Those21respectively for those years.22are three pretty strong stock market return23Q. And did you receive—I take it your firm is a24						
3are we to gather that the historic risk3in responses to, just take a moment, I can4premium now has gone up just over the last5few years since she gave evidence? Like,5In response to Consumer Advocate 103 and5few years since she gave evidence? Like,5In response to Consumer Advocate 103 and6she, you know, she provides 5.4 and 56279, I've actually provided the data with7percent for Canada for those periods and7those numbers and the years.8you're at 5.6, so has it gone up in that8JOHNSON, Q.C.:9short period of time?9Q.The numbers for the years that you gave us10MR. COYNE:10just on the stand that time?11A.Yes, it changes.11MR. COYNE:12JOHNSON, Q.C.:11MR. COYNE:1213Q.And similarly in the United States, it's13JOHNSON, Q.C.:14gone up to 7 from where it had been and this15is ignoring completely the risk premium over16bond total returns that Ms. McShane also16A.But I'll just confirm that that was a simple17presents and just looking at her risk18I'll still do that but the data that I've19update it as the year book comes out. Those12respectively for those years.21update it as the year book comes out. Those21respectively for those years.22are three pretty strong stock market return23Q.And did you receive	1		that Ms. McShane was referencing in her	1	MR. COYNE	
4premium now has gone up just over the last few years since she gave evidence? Like, 64probably do that right here on the stand.5few years since she gave evidence? Like, 6she, you know, she provides 5.4 and 55In response to Consumer Advocate 103 and 67percent for Canada for those periods and 8you're at 5.6, so has it gone up in that 95Howsen authors and the years.9short period of time?9Q.The numbers for the years that you gave us10MR. COYNE:10just on the stand that time?11A.Yes, it changes.11MR. COYNE:12JOHNSON, Q.C.:12And similarly in the United States, it's gone up to 7 from where it had been and this is ignoring completely the risk premium over14Q.16bond total returns that Ms. McShane also presents and just looking at her risk premium over bond income returns.18I'll still do that but the data that I've19MR. COYNE:18I'll still do that but the data that I've19MR. COYNE:19used certainly in response to both of those20A.Yes, they change year to year, that's why we update it as the year book comes out. Those are three pretty strong stock market return years, that's not surprising.23Q.And did you receive—I take it your firm is a subscriber to the Duff & Phelps folks?	-			1 2		
5few years since she gave evidence? Like, 65In response to Consumer Advocate 103 and 66she, you know, she provides 5.4 and 56279, I've actually provided the data with 67percent for Canada for those periods and 	2		last, when she testified at the last GRA, so			Well I have, I think I have already done so
6she, you know, she provides 5.4 and 56279, I've actually provided the data with7percent for Canada for those periods and7those numbers and the years.8you're at 5.6, so has it gone up in that9Short period of time?99short period of time?9Q.The numbers for the years that you gave us10MR. COYNE:10just on the stand that time?11A.Yes, it changes.11MR. COYNE:12JOHNSON, Q.C.:12A.Yes.13Q.And similarly in the United States, it's13JOHNSON, Q.C.:14gone up to 7 from where it had been and this14Q.I'll check that.15is ignoring completely the risk premium over16A.But I'll just confirm that that was a simple17presents and just looking at her risk16A.But I'll just confirm that that was a simple17presents and just looking at her risk18I'll still do that but the data that I've19MR. COYNE:19used certainly in response to both of those20A.Yes, they change year to year, that's why we21update it as the year book comes out. Those22are three pretty strong stock market return23Q.And did you receive—I take it your firm is a24JOHNSON, Q.C.:23Q.And did you receive—I take it your firm is a	23		last, when she testified at the last GRA, so are we to gather that the historic risk	3		Well I have, I think I have already done so in responses to, just take a moment, I can
7percent for Canada for those periods and you're at 5.6, so has it gone up in that short period of time?7those numbers and the years.9short period of time?9Q.The numbers for the years that you gave us10MR. COYNE:10just on the stand that time?11A.Yes, it changes.11MR. COYNE:12JOHNSON, Q.C.:12A.Yes.13Q.And similarly in the United States, it's13JOHNSON, Q.C.:14gone up to 7 from where it had been and this14Q.I'll check that.15is ignoring completely the risk premium over16A.But I'll just confirm that that was a simple17presents and just looking at her risk16A.But I'll just confirm that that was a simple17presents and just looking at her risk18I'll still do that but the data that I've19MR. COYNE:19used certainly in response to both of those20A.Yes, they change year to year, that's why we20data requests and that is the 5.6 and the 721update it as the year book comes out. Those22are three pretty strong stock market return23Q.And did you receive—I take it your firm is a23years, that's not surprising.23Q.And did you receive—I take it your firm is a24JOHNSON, Q.C.:24subscriber to the Duff & Phelps folks?	2 3 4 5		last, when she testified at the last GRA, so are we to gather that the historic risk premium now has gone up just over the last	3 4		Well I have, I think I have already done so in responses to, just take a moment, I can probably do that right here on the stand.
8you're at 5.6, so has it gone up in that 98JOHNSON, Q.C.:9short period of time?9Q.The numbers for the years that you gave us10MR. COYNE:10just on the stand that time?11A.Yes, it changes.10Just on the stand that time?12JOHNSON, Q.C.:11MR. COYNE:13Q.And similarly in the United States, it's1314gone up to 7 from where it had been and this14Q.15is ignoring completely the risk premium over1616bond total returns that Ms. McShane also16A.17presents and just looking at her risk1719MR. COYNE:19used certainly in response to both of those20A.Yes, they change year to year, that's why we21update it as the year book comes out. Those22are three pretty strong stock market return23Q.And did you receive—I take it your firm is a23years, that's not surprising.23Q.And did you receive—I take it your firm is a24JOHNSON, Q.C.:24subscriber to the Duff & Phelps folks?	2 3 4 5		last, when she testified at the last GRA, so are we to gather that the historic risk premium now has gone up just over the last few years since she gave evidence? Like,	3 4 5		Well I have, I think I have already done so in responses to, just take a moment, I can probably do that right here on the stand. In response to Consumer Advocate 103 and
9short period of time?9Q.The numbers for the years that you gave us10MR. COYNE:just on the stand that time?11A.Yes, it changes.10just on the stand that time?12JOHNSON, Q.C.:11MR. COYNE:12A.13Q.And similarly in the United States, it's13JOHNSON, Q.C.:14Q.C.14gone up to 7 from where it had been and this14Q.C.11check that.15is ignoring completely the risk premium over16A.But I'll check that.15MR. COYNE:16bond total returns that Ms. McShane also16A.But I'll just confirm that that was a simple17presents and just looking at her risk17matter of a footnote that wasn't updated.18premium over bond income returns.19used certainly in response to both of those20A.Yes, they change year to year, that's why we20data requests and that is the 5.6 and the 721update it as the year book comes out. Those21respectively for those years.22are three pretty strong stock market return23Q.And did you receive—I take it your firm is a24JOHNSON, Q.C.:24subscriber to the Duff & Phelps folks?	2 3 4 5 6		last, when she testified at the last GRA, so are we to gather that the historic risk premium now has gone up just over the last few years since she gave evidence? Like, she, you know, she provides 5.4 and 5	3 4 5 6		Well I have, I think I have already done so in responses to, just take a moment, I can probably do that right here on the stand. In response to Consumer Advocate 103 and 279, I've actually provided the data with
10MR. COYNE:10just on the stand that time?11A.Yes, it changes.11MR. COYNE:12JOHNSON, Q.C.:12A.Yes.13Q.And similarly in the United States, it's13JOHNSON, Q.C.:14gone up to 7 from where it had been and this14Q.I'll check that.15is ignoring completely the risk premium over16MR. COYNE:1616bond total returns that Ms. McShane also16A.But I'll just confirm that that was a simple17presents and just looking at her risk17matter of a footnote that wasn't updated.18premium over bond income returns.19Used certainly in response to both of those20A.Yes, they change year to year, that's why we20data requests and that is the 5.6 and the 721update it as the year book comes out. Those21respectively for those years.22are three pretty strong stock market return23Q.And did you receive—I take it your firm is a23years, that's not surprising.23Q.And did you receive—I take it your firm is a24JOHNSON, Q.C.:24subscriber to the Duff & Phelps folks?	2 3 4 5 6 7		last, when she testified at the last GRA, so are we to gather that the historic risk premium now has gone up just over the last few years since she gave evidence? Like, she, you know, she provides 5.4 and 5 percent for Canada for those periods and	3 4 5 6 7	A.	Well I have, I think I have already done so in responses to, just take a moment, I can probably do that right here on the stand. In response to Consumer Advocate 103 and 279, I've actually provided the data with those numbers and the years.
11A.Yes, it changes.11MR. COYNE:12JOHNSON, Q.C.:12A.Yes.13Q.And similarly in the United States, it's13JOHNSON, Q.C.:14gone up to 7 from where it had been and this14Q.I'll check that.15is ignoring completely the risk premium over16MR. COYNE:16bond total returns that Ms. McShane also16A.But I'll just confirm that that was a simple17presents and just looking at her risk16A.But I'll just confirm that that was a simple17presents and just looking at her risk18I'll still do that but the data that I've19MR. COYNE:19used certainly in response to both of those20A.Yes, they change year to year, that's why we20data requests and that is the 5.6 and the 721update it as the year book comes out. Those21respectively for those years.22are three pretty strong stock market return23Q.And did you receive—I take it your firm is a24JOHNSON, Q.C.:24subscriber to the Duff & Phelps folks?	2 3 4 5 6 7 8		last, when she testified at the last GRA, so are we to gather that the historic risk premium now has gone up just over the last few years since she gave evidence? Like, she, you know, she provides 5.4 and 5 percent for Canada for those periods and you're at 5.6, so has it gone up in that	3 4 5 6 7 8	A. Johnson, Q	Well I have, I think I have already done so in responses to, just take a moment, I can probably do that right here on the stand. In response to Consumer Advocate 103 and 279, I've actually provided the data with those numbers and the years. Q.C.:
12JOHNSON, Q.C.:12A. Yes.13Q. And similarly in the United States, it's13JOHNSON, Q.C.:14gone up to 7 from where it had been and this15is ignoring completely the risk premium over16bond total returns that Ms. McShane also16A. But I'll just confirm that that was a simple17presents and just looking at her risk16A. But I'll just confirm that that was a simple18premium over bond income returns.18I'll still do that but the data that I've19MR. COYNE:19used certainly in response to both of those20A.Yes, they change year to year, that's why we20data requests and that is the 5.6 and the 721update it as the year book comes out. Those21respectively for those years.22are three pretty strong stock market return23Q.And did you receive—I take it your firm is a24JOHNSON, Q.C.:24subscriber to the Duff & Phelps folks?	2 3 4 5 6 7 8 9	MR COYNF	last, when she testified at the last GRA, so are we to gather that the historic risk premium now has gone up just over the last few years since she gave evidence? Like, she, you know, she provides 5.4 and 5 percent for Canada for those periods and you're at 5.6, so has it gone up in that short period of time?	3 4 5 6 7 8 9	A. Johnson, Q	Well I have, I think I have already done so in responses to, just take a moment, I can probably do that right here on the stand. In response to Consumer Advocate 103 and 279, I've actually provided the data with those numbers and the years. C.: The numbers for the years that you gave us
13Q.And similarly in the United States, it's gone up to 7 from where it had been and this is ignoring completely the risk premium over bond total returns that Ms. McShane also presents and just looking at her risk premium over bond income returns.13JOHNSON, Q.C.:16bond total returns that Ms. McShane also presents and just looking at her risk premium over bond income returns.16A.But I'll just confirm that that was a simple matter of a footnote that wasn't updated.18premium over bond income returns.18I'll still do that but the data that I've 1920A.Yes, they change year to year, that's why we update it as the year book comes out. Those are three pretty strong stock market return 2323Q.24JOHNSON, Q.C.:23Q.And did you receive—I take it your firm is a subscriber to the Duff & Phelps folks?	2 3 4 5 6 7 8 9 10		last, when she testified at the last GRA, so are we to gather that the historic risk premium now has gone up just over the last few years since she gave evidence? Like, she, you know, she provides 5.4 and 5 percent for Canada for those periods and you're at 5.6, so has it gone up in that short period of time?	3 4 5 6 7 8 9 10	A. Johnson, Q Q.	Well I have, I think I have already done so in responses to, just take a moment, I can probably do that right here on the stand. In response to Consumer Advocate 103 and 279, I've actually provided the data with those numbers and the years. Q.C.: The numbers for the years that you gave us just on the stand that time?
14gone up to 7 from where it had been and this14Q.I'll check that.15is ignoring completely the risk premium over15MR. COYNE:16bond total returns that Ms. McShane also16A.But I'll just confirm that that was a simple17presents and just looking at her risk16A.But I'll just confirm that that was a simple18premium over bond income returns.18I'll still do that but the data that I've19MR. COYNE:19used certainly in response to both of those20A.Yes, they change year to year, that's why we20data requests and that is the 5.6 and the 721update it as the year book comes out. Those21respectively for those years.22are three pretty strong stock market return23Q.And did you receive—I take it your firm is a24JOHNSON, Q.C.:24subscriber to the Duff & Phelps folks?	2 3 4 5 6 7 8 9 10 11	А.	last, when she testified at the last GRA, so are we to gather that the historic risk premium now has gone up just over the last few years since she gave evidence? Like, she, you know, she provides 5.4 and 5 percent for Canada for those periods and you're at 5.6, so has it gone up in that short period of time? Yes, it changes.	3 4 5 6 7 8 9 10 11	A. JOHNSON, Q Q. MR. COYNE	Well I have, I think I have already done so in responses to, just take a moment, I can probably do that right here on the stand. In response to Consumer Advocate 103 and 279, I've actually provided the data with those numbers and the years. O.C.: The numbers for the years that you gave us just on the stand that time?
15is ignoring completely the risk premium over bond total returns that Ms. McShane also presents and just looking at her risk premium over bond income returns.15MR. COYNE:19MR. COYNE:16A.But I'll just confirm that that was a simple matter of a footnote that wasn't updated.19MR. COYNE:18I'll still do that but the data that I've 1920A.Yes, they change year to year, that's why we update it as the year book comes out. Those 2219used certainly in response to both of those 2123years, that's not surprising.23Q.And did you receive—I take it your firm is a 2424JOHNSON, Q.C.:24subscriber to the Duff & Phelps folks?	2 3 4 5 6 7 8 9 10 11 12	A. JOHNSON, Q	last, when she testified at the last GRA, so are we to gather that the historic risk premium now has gone up just over the last few years since she gave evidence? Like, she, you know, she provides 5.4 and 5 percent for Canada for those periods and you're at 5.6, so has it gone up in that short period of time? : Yes, it changes. Q.C.:	3 4 5 6 7 8 9 10 11 12	A. Johnson, Q Q. MR. Coyne A.	Well I have, I think I have already done so in responses to, just take a moment, I can probably do that right here on the stand. In response to Consumer Advocate 103 and 279, I've actually provided the data with those numbers and the years. C.: The numbers for the years that you gave us just on the stand that time? : Yes.
16bond total returns that Ms. McShane also16A.But I'll just confirm that that was a simple17presents and just looking at her risk16A.But I'll just confirm that that was a simple18premium over bond income returns.17matter of a footnote that wasn't updated.19MR. COYNE:18I'll still do that but the data that I've20A.Yes, they change year to year, that's why we19used certainly in response to both of those20A.Yes, they change year to year, that's why we20data requests and that is the 5.6 and the 721update it as the year book comes out. Those21respectively for those years.22are three pretty strong stock market return23Q.23years, that's not surprising.23Q.24JOHNSON, Q.C.:24subscriber to the Duff & Phelps folks?	2 3 4 5 6 7 8 9 10 11 12 13	A. JOHNSON, Q	last, when she testified at the last GRA, so are we to gather that the historic risk premium now has gone up just over the last few years since she gave evidence? Like, she, you know, she provides 5.4 and 5 percent for Canada for those periods and you're at 5.6, so has it gone up in that short period of time? Yes, it changes. Q.C.: And similarly in the United States, it's	3 4 5 6 7 8 9 10 11 12 13	A. JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q	Well I have, I think I have already done so in responses to, just take a moment, I can probably do that right here on the stand. In response to Consumer Advocate 103 and 279, I've actually provided the data with those numbers and the years. O.C.: The numbers for the years that you gave us just on the stand that time? : Yes. O.C.:
17presents and just looking at her risk17matter of a footnote that wasn't updated.18premium over bond income returns.18I'll still do that but the data that I've19MR. COYNE:19used certainly in response to both of those20A.Yes, they change year to year, that's why we19used certainly in response to both of those20A.Yes, they change year to year, that's why we20data requests and that is the 5.6 and the 721update it as the year book comes out. Those21respectively for those years.22are three pretty strong stock market return23Q.23years, that's not surprising.23Q.24JOHNSON, Q.C.:24subscriber to the Duff & Phelps folks?	2 3 4 5 6 7 8 9 10 11 12 13 14	A. JOHNSON, Q	last, when she testified at the last GRA, so are we to gather that the historic risk premium now has gone up just over the last few years since she gave evidence? Like, she, you know, she provides 5.4 and 5 percent for Canada for those periods and you're at 5.6, so has it gone up in that short period of time? Yes, it changes. Q.C.: And similarly in the United States, it's gone up to 7 from where it had been and this	3 4 5 6 7 8 9 10 11 12 13 14	A. JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q Q.	Well I have, I think I have already done so in responses to, just take a moment, I can probably do that right here on the stand. In response to Consumer Advocate 103 and 279, I've actually provided the data with those numbers and the years. O.C.: The numbers for the years that you gave us just on the stand that time? : Yes. O.C.: I'll check that.
18premium over bond income returns.18I'll still do that but the data that I've19MR. COYNE:18I'll still do that but the data that I've20A.Yes, they change year to year, that's why we19used certainly in response to both of those20A.Yes, they change year to year, that's why we20data requests and that is the 5.6 and the 721update it as the year book comes out. Those21respectively for those years.22are three pretty strong stock market return23JOHNSON, Q.C.:23years, that's not surprising.23Q.And did you receive—I take it your firm is a24JOHNSON, Q.C.:24subscriber to the Duff & Phelps folks?	2 3 4 5 6 7 8 9 10 11 12 13 14 15	A. JOHNSON, Q	last, when she testified at the last GRA, so are we to gather that the historic risk premium now has gone up just over the last few years since she gave evidence? Like, she, you know, she provides 5.4 and 5 percent for Canada for those periods and you're at 5.6, so has it gone up in that short period of time? : Yes, it changes. Q.C.: And similarly in the United States, it's gone up to 7 from where it had been and this is ignoring completely the risk premium over	3 4 5 6 7 8 9 10 11 12 13 14 15	A. JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q Q. MR. COYNE	Well I have, I think I have already done so in responses to, just take a moment, I can probably do that right here on the stand. In response to Consumer Advocate 103 and 279, I've actually provided the data with those numbers and the years. Q.C.: The numbers for the years that you gave us just on the stand that time? : Yes. Q.C.: I'll check that.
19MR. COYNE:19used certainly in response to both of those20A.Yes, they change year to year, that's why we19used certainly in response to both of those21update it as the year book comes out. Those20data requests and that is the 5.6 and the 722are three pretty strong stock market return21respectively for those years.23years, that's not surprising.23Q.24JOHNSON, Q.C.:24subscriber to the Duff & Phelps folks?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	A. JOHNSON, Q	last, when she testified at the last GRA, so are we to gather that the historic risk premium now has gone up just over the last few years since she gave evidence? Like, she, you know, she provides 5.4 and 5 percent for Canada for those periods and you're at 5.6, so has it gone up in that short period of time? Yes, it changes. O.C.: And similarly in the United States, it's gone up to 7 from where it had been and this is ignoring completely the risk premium over bond total returns that Ms. McShane also	3 4 5 6 7 8 9 10 11 12 13 14 15 16	A. JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q Q. MR. COYNE	Well I have, I think I have already done so in responses to, just take a moment, I can probably do that right here on the stand. In response to Consumer Advocate 103 and 279, I've actually provided the data with those numbers and the years. O.C.: The numbers for the years that you gave us just on the stand that time? Yes. O.C.: I'll check that.
20A.Yes, they change year to year, that's why we update it as the year book comes out. Those are three pretty strong stock market return 2320data requests and that is the 5.6 and the 7 2122are three pretty strong stock market return 23years, that's not surprising.22JOHNSON, Q.C.:24JOHNSON, Q.C.:23Q.And did you receive—I take it your firm is a 24	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	A. JOHNSON, Q	last, when she testified at the last GRA, so are we to gather that the historic risk premium now has gone up just over the last few years since she gave evidence? Like, she, you know, she provides 5.4 and 5 percent for Canada for those periods and you're at 5.6, so has it gone up in that short period of time? Yes, it changes. Q.C.: And similarly in the United States, it's gone up to 7 from where it had been and this is ignoring completely the risk premium over bond total returns that Ms. McShane also presents and just looking at her risk	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	A. JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q Q. MR. COYNE	Well I have, I think I have already done so in responses to, just take a moment, I can probably do that right here on the stand. In response to Consumer Advocate 103 and 279, I've actually provided the data with those numbers and the years. O.C.: The numbers for the years that you gave us just on the stand that time? : Yes. O.C.: I'll check that. : But I'll just confirm that that was a simple matter of a footnote that wasn't updated.
21update it as the year book comes out. Those21respectively for those years.22are three pretty strong stock market return22JOHNSON, Q.C.:23years, that's not surprising.23Q.And did you receive—I take it your firm is a24JOHNSON, Q.C.:24subscriber to the Duff & Phelps folks?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	A. JOHNSON, Q Q.	last, when she testified at the last GRA, so are we to gather that the historic risk premium now has gone up just over the last few years since she gave evidence? Like, she, you know, she provides 5.4 and 5 percent for Canada for those periods and you're at 5.6, so has it gone up in that short period of time? : Yes, it changes. Q.C.: And similarly in the United States, it's gone up to 7 from where it had been and this is ignoring completely the risk premium over bond total returns that Ms. McShane also presents and just looking at her risk premium over bond income returns.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	A. JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q Q. MR. COYNE	Well I have, I think I have already done so in responses to, just take a moment, I can probably do that right here on the stand. In response to Consumer Advocate 103 and 279, I've actually provided the data with those numbers and the years. C.: The numbers for the years that you gave us just on the stand that time? Yes. C.: I'll check that. But I'll just confirm that that was a simple matter of a footnote that wasn't updated. I'll still do that but the data that I've
22are three pretty strong stock market return23years, that's not surprising.24JOHNSON, Q.C.:23Q.24Subscriber to the Duff & Phelps folks?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	A. JOHNSON, Q Q. MR. COYNE	last, when she testified at the last GRA, so are we to gather that the historic risk premium now has gone up just over the last few years since she gave evidence? Like, she, you know, she provides 5.4 and 5 percent for Canada for those periods and you're at 5.6, so has it gone up in that short period of time? Yes, it changes. O.C.: And similarly in the United States, it's gone up to 7 from where it had been and this is ignoring completely the risk premium over bond total returns that Ms. McShane also presents and just looking at her risk premium over bond income returns.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	A. JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q Q. MR. COYNE	Well I have, I think I have already done so in responses to, just take a moment, I can probably do that right here on the stand. In response to Consumer Advocate 103 and 279, I've actually provided the data with those numbers and the years. O.C.: The numbers for the years that you gave us just on the stand that time? Yes. O.C.: I'll check that. But I'll just confirm that that was a simple matter of a footnote that wasn't updated. I'll still do that but the data that I've used certainly in response to both of those
23years, that's not surprising.23Q.And did you receive—I take it your firm is a24JOHNSON, Q.C.:24subscriber to the Duff & Phelps folks?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	A. JOHNSON, Q Q. MR. COYNE	last, when she testified at the last GRA, so are we to gather that the historic risk premium now has gone up just over the last few years since she gave evidence? Like, she, you know, she provides 5.4 and 5 percent for Canada for those periods and you're at 5.6, so has it gone up in that short period of time? Yes, it changes. O.C.: And similarly in the United States, it's gone up to 7 from where it had been and this is ignoring completely the risk premium over bond total returns that Ms. McShane also presents and just looking at her risk premium over bond income returns.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	A. JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q Q. MR. COYNE	Well I have, I think I have already done so in responses to, just take a moment, I can probably do that right here on the stand. In response to Consumer Advocate 103 and 279, I've actually provided the data with those numbers and the years. O.C.: The numbers for the years that you gave us just on the stand that time? Yes. O.C.: I'll check that. But I'll just confirm that that was a simple matter of a footnote that wasn't updated. I'll still do that but the data that I've used certainly in response to both of those data requests and that is the 5.6 and the 7
24JOHNSON, Q.C.:24subscriber to the Duff & Phelps folks?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	A. JOHNSON, Q Q. MR. COYNE	last, when she testified at the last GRA, so are we to gather that the historic risk premium now has gone up just over the last few years since she gave evidence? Like, she, you know, she provides 5.4 and 5 percent for Canada for those periods and you're at 5.6, so has it gone up in that short period of time? Yes, it changes. Q.C.: And similarly in the United States, it's gone up to 7 from where it had been and this is ignoring completely the risk premium over bond total returns that Ms. McShane also presents and just looking at her risk premium over bond income returns. Yes, they change year to year, that's why we update it as the year book comes out. Those	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	A. JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q MR. COYNE A.	Well I have, I think I have already done so in responses to, just take a moment, I can probably do that right here on the stand. In response to Consumer Advocate 103 and 279, I've actually provided the data with those numbers and the years. O.C.: The numbers for the years that you gave us just on the stand that time? Yes. O.C.: I'll check that. But I'll just confirm that that was a simple matter of a footnote that wasn't updated. I'll still do that but the data that I've used certainly in response to both of those data requests and that is the 5.6 and the 7 respectively for those years.
	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. JOHNSON, Q Q. MR. COYNE	last, when she testified at the last GRA, so are we to gather that the historic risk premium now has gone up just over the last few years since she gave evidence? Like, she, you know, she provides 5.4 and 5 percent for Canada for those periods and you're at 5.6, so has it gone up in that short period of time? Yes, it changes. Q.C.: And similarly in the United States, it's gone up to 7 from where it had been and this is ignoring completely the risk premium over bond total returns that Ms. McShane also presents and just looking at her risk premium over bond income returns. Yes, they change year to year, that's why we update it as the year book comes out. Those are three pretty strong stock market return	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q MR. COYNE A.	Well I have, I think I have already done so in responses to, just take a moment, I can probably do that right here on the stand. In response to Consumer Advocate 103 and 279, I've actually provided the data with those numbers and the years. Q.C.: The numbers for the years that you gave us just on the stand that time? Yes. Q.C.: I'll check that. But I'll just confirm that that was a simple matter of a footnote that wasn't updated. I'll still do that but the data that I've used certainly in response to both of those data requests and that is the 5.6 and the 7 respectively for those years. Q.C.:
25 Q. Mr. Coyne, could you just turn to Exhibit 25 MR. COYNE:	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	A. JOHNSON, Q Q. MR. COYNE A.	last, when she testified at the last GRA, so are we to gather that the historic risk premium now has gone up just over the last few years since she gave evidence? Like, she, you know, she provides 5.4 and 5 percent for Canada for those periods and you're at 5.6, so has it gone up in that short period of time? Yes, it changes. O.C.: And similarly in the United States, it's gone up to 7 from where it had been and this is ignoring completely the risk premium over bond total returns that Ms. McShane also presents and just looking at her risk premium over bond income returns. Yes, they change year to year, that's why we update it as the year book comes out. Those are three pretty strong stock market return years, that's not surprising.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	A. JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q MR. COYNE A.	Well I have, I think I have already done so in responses to, just take a moment, I can probably do that right here on the stand. In response to Consumer Advocate 103 and 279, I've actually provided the data with those numbers and the years. O.C.: The numbers for the years that you gave us just on the stand that time? Yes. O.C.: I'll check that. But I'll just confirm that that was a simple matter of a footnote that wasn't updated. I'll still do that but the data that I've used certainly in response to both of those data requests and that is the 5.6 and the 7 respectively for those years. O.C.: And did you receive—I take it your firm is a
	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	A. JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q	last, when she testified at the last GRA, so are we to gather that the historic risk premium now has gone up just over the last few years since she gave evidence? Like, she, you know, she provides 5.4 and 5 percent for Canada for those periods and you're at 5.6, so has it gone up in that short period of time? Yes, it changes. Q.C.: And similarly in the United States, it's gone up to 7 from where it had been and this is ignoring completely the risk premium over bond total returns that Ms. McShane also presents and just looking at her risk premium over bond income returns. Yes, they change year to year, that's why we update it as the year book comes out. Those are three pretty strong stock market return years, that's not surprising. Q.C.:	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	A. JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q MR. COYNE A.	Well I have, I think I have already done so in responses to, just take a moment, I can probably do that right here on the stand. In response to Consumer Advocate 103 and 279, I've actually provided the data with those numbers and the years. C.: The numbers for the years that you gave us just on the stand that time? ' Yes. C.: I'll check that. ' But I'll just confirm that that was a simple matter of a footnote that wasn't updated. I'll still do that but the data that I've used certainly in response to both of those data requests and that is the 5.6 and the 7 respectively for those years. C.: And did you receive—I take it your firm is a subscriber to the Duff & Phelps folks?

April 5, 2016	
---------------	--

1 A. Yes. 1 all over the map, certainly more than 4 2 JOHNSON, Q.C.: 2 percent. If you go to my attachment A, 1 4 March that they had made an adjustment to 3 279, if we could look at these in parallel 5 the estimate of the United States market 6 JOHNSON, Q.C.: 7 7 MR, COYNE: 7 Q. Attachment A? 8 8 A. I don't know. 9 A Yes, and this is response to Consumer 10 Q. Okay, and perhaps what we can do is turn you 10 A Yes, and this is response to Consumer 10 Q. Okay, and perhaps what we can do is turn you 11 JOHNSON, Q.C.: 9 A Yes, and this is response to Consumer 11 to Dr. Booth's rebutal evidence at page 11. 12 Q. Okay. 13 Jarger and scroll down a little bit there, 13 MR. COYNE: 14 Samantha. I'm sorry, the other way. This 15 was an except or a little blurb, if you 16 that oth secretor 1'm amazed at how i'm anced at hom you can get there, thank you. So this is in the state the sit form the secretor 3'm anazed at how i'm referring to from 1926 through 2014 12 "puctuations in global, economic and 22 down at the boatton 29 </th <th>Г</th> <th>11 5, 2010</th> <th></th> <th></th> <th>NL I UWEI OKA 20</th>	Г	11 5, 2010			NL I UWEI OKA 20
2 JOHNSON, Q.C.: 2 percent. If you go to my attachment A, 1 3 Q. Okay, and did you receive an advisory in 3 279, if we could look at these in parallel, 4 March that they had made an adjustment to 5 the estimate of the United States market 6 5 the estimate of the United States market 6 IOHNSON, Q.C.: 7 Q. Attachment A? 8 A. I don't know. 9 A. Ses, and this is response to Consumer 10 10 Q. Okay, and perhaps what we can do is turn you 11 10 JOHNSON, Q.C.: 9 A. Yes, and this is response to Consumer 10 Q. Okay, and perhaps what we can do is turn you 11 10 JOHNSON, Q.C.: 11 JOHNSON, Q.C.: 11 to Dr. Booth's rebuttal evidence at page 11. 12 Q. Okay. 13 Iarger and scroll down al lifte bit rher, 13 larger and scroll down al lifte bit rher, 13 MR.COYNE: 14 A. I think this would resolve any confusion 15 smaantha. I'm sorry, the other way. This is indicate Duff and Phelps increases the 18 the data. In this case this is from the 19 recommended United States equity risk 19 <			Page 133		Page 135
3 Q. Okay, and did you receive an advisory in March that they had made an adjustment to the estimate of the United States market risk premium? 3 279, if we could look at these in parallel, 4 5 the estimate of the United States market risk premium? 6 I think this might be informative. This is where I actually provide the data. 6 risk premium? 7 Q. Attachment A? 8 A. I don't know. 9 A. Yes, and this is response to Consumer 10 Q. Okay, and perhaps what we can do is turn you 11 to Dr. Booth's rebuttal evidence at page 11. 12 Q. Okay. 13 larger and scroll down a little bitt here, 14 Samantha. I'm sorry, the other way. This 15 MR. COYNE: 13 MR. COYNE: 14 A. think this might bain formative. 16 that on the screen? I'm amazed at how fi 17 Phelps in March month, I believe, where they 17 17 You can get there, thank you. So this is 18 indicate Duff and Phelps increases the 18 18 the data. In this case this is from the 19 12 down at the bottom of this entire period. 21 "Duff and Phelps regularly review the 22 12 down at the bottom of this entire period. 23 financial market conditions Duff and P	1	А.	Yes.	1	all over the map, certainly more than 4
4 March that they had made an adjustment to 4 I think this might be informative. This is 5 the estimate of the United States market 5 where I actually provide the data. 6 risk premium? 7 Q. Attachment A? 8 A. I don't know. 8 MR. COYNE: 9 JOHNSON, Q.C.: 9 A. Yes, and this is response to Consumer 10 Q. Okay, and perhaps what we can do is turn you 10 Advocate 279. 11 to Dr. Booth's rebuttal evidence at page 11. 12 Q. Okay. 13 larger and scroll down a little bit free, 13 MR. COYNE: 14 Samantha. I'm sorry, the other way. This 13 MR. COYNE: 15 was an excerpt or a little bitr'h gou 16 that on the screen? I'm anazed at low f 16 will, that Dr. Booth received from Dulf and 15 surrounding that. Is it possible to view 18 indicate Dulf and Phelps increases the 19 Hobtoson year book and the is nert eartiol 19 recommended United States equity risk 19 Hobtoson year book and the market risk premiu 21 'Duff and Phelps inconomita ad 22 down at the	2	JOHNSON, O	Q.C.:	2	percent. If you go to my attachment A, pag
5 the estimate of the United States market 6 5 where I actually provide the data. 6 risk premium? 7 MR. COYNE: 7 Q. Attachment A? 8 A. I don't know. 8 MR. COYNE: 9 Attachment A? 9 JOHNSON, Q.C.: 9 A. Ves, and this is response to Consumer 10 Q. Okay, and perhaps what we can do is turn you 10 Advocate 279. 11 to To. Booth's rebuttal evidence at page 11. 11 JOHNSON, Q.C.: 12 I don't know. 8 MR. COYNE: 13 larger and scroll down a little bit there, 13 MR. COYNE: 14 Samantha. Tm sorry, the other way. This 14 A. I think this would resolve any confusion 15 was an excerpt or a little blurb, if you 15 surrounding that. Is it possible to view 16 will, that Dr. Booth received from Duff and 16 that on the scaren? Tm amazed at how f 17 Phelps in March month, I believe, where they 17 you can see that the market risk premiu 18 indicate Duff and Phelps regularly review the 21 you can see that the market risk premiu 24 <t< td=""><td>3</td><td>Q.</td><td>Okay, and did you receive an advisory in</td><td>3</td><td>279, if we could look at these in parallel,</td></t<>	3	Q.	Okay, and did you receive an advisory in	3	279, if we could look at these in parallel,
6 risk premium? 6 JOHNSON, Q.C.: 7 MR. COYNE: 7 Q. Attachment A? 8 A. I don't know. 8 MR. COYNE: 10 Q. Okay, and perhaps what we can do is turn you 10 Advocate 279. 11 to Dr. Booth's rebuttal evidence at page 11. 12 Q. Okay. 12 I don't know. 9 A. Yes, and this is response to Consumer 10 Q. Okay, and perhaps what we can do is turn you 11 JOHNSON, Q.C.: 12 I don't know. 9 A. Yes, and this is response to Consumer 11 to Dr. Booth's rebuttal evidence at page 11. 1 JOHNSON, Q.C.: 12 I don't know. 9 A. Yes, and this is response to Consumer 13 larger and scroll down a little bit there, 13 MR. COYNE: 14 Samantha. Tm sorry, the other way. This 15 surrounding that. Is it possible to view 16 that on the screen? Tm amazed at how f 17 you can get there, thank you. So this is 18 indicate Duff and Phelps increases the 18 the data. In this case, this is from the 20 recommended United States equity	4		March that they had made an adjustment to	4	I think this might be informative. This is
7 MR. COYNE: 7 Q. Attachment A? 8 A. I don't know. 8 MR. COYNE: 9 JOHNSON, Q.C.: 9 A. Yes, and this is response to Consumer 10 Q. Okay, and perhaps what we can do is turn you 10 Advocate 279. 11 to Dr. Booth's rebuttal evidence at page 11. 12 JOHNSON, Q.C.: 13 larger and scroll down a little bit there, 14 Samantha. I'm sorry, the other way. This 14 Samantha. I'm sorry, the other way. This 15 surrounding that. Is it possible to view 16 will, that Dr. Booth received from Duff and 16 that on the screen? I'm amazed at how f 17 Phelps in March month, I believe, where they 17 you can get there, thank you. So this is 18 indicate Duff and Phelps regularly review the 10 Fm referring to from 1926 through 2014 21 "Duff and Phelps regularly review the 21 you can see that the market risk premiun 22 fluctuations in global, economic and 22 down at the bottom of this cattre periodi. 23 financial market conditions Duff and Phelps 1 bond yields are, they range from 3 perce 2 </td <td>5</td> <td></td> <td>the estimate of the United States market</td> <td>5</td> <td>where I actually provide the data.</td>	5		the estimate of the United States market	5	where I actually provide the data.
7 MR. COYNE: 7 Q. Attachment A? 8 A. I don't know. 8 MR. COYNE: 9 JOHNSON, Q.C.: 9 A. Yes, and this is response to Consumer 10 Q. Okay, and perhaps what we can do is turn you 10 Advocate 279. 11 to Dr. Booth's rebuttal evidence at page 11. 12 JOHNSON, Q.C.: 13 larger and scroll down a little bit there, 14 Samantha. I'm sorry, the other way. This 14 Samantha. I'm sorry, the other way. This 15 surrounding that. Is it possible to view 16 will, that Dr. Booth received from Duff and 16 that on the screen? I'm amazed at how f 17 Phelps in March month, I believe, where they 17 you can get there, thank you. So this is 18 indicate Duff and Phelps regularly review the 10 Fm referring to from 1926 through 2014 21 "Duff and Phelps regularly review the 21 you can see that the market risk premiun 22 fluctuations in global, economic and 22 down at the bottom of this cattre periodi. 23 financial market conditions Duff and Phelps 1 bond yields are, they range from 3 perce 2 </td <td>6</td> <td></td> <td>risk premium?</td> <td>6</td> <td>JOHNSON, Q.C.:</td>	6		risk premium?	6	JOHNSON, Q.C.:
8 A. I don't know. 8 MR. COYNE: 9 JOHNSON, Q.C.: 9 A. Yes, and this is response to Consumer 10 Q. Okay, and perhaps what we can do is turn you 10 Advocate 279. 11 to Dr. Booth's rebuttal evidence at page I1. 11 JOHNSON, Q.C.: 11 12 I don't know if we can make that a bit 12 Q. Okay. 13 farger and scroll down a little bit there, 13 MR. COYNE: 14 A. I think this would resolve any confusion 15 was an excerpt or a little blurb, if you 15 surrounding that. Is it possible to view 16 will, that Dr. Booth received from Duff and 16 that on the screen? I'm amazed at how f 19 recommended United States equity risk 19 Ibbotson year book and this is the data th 20 premium from 5 to 5.5 percent and they say 20 I'm referring to from 1926 through 2014 21 "Duff and Phelps regularly review the 21 you can see that the market risk premium 22 equity risk premium, ERP. Based upon the 25 I've used in my table. And you can see I've used in my table. And you can see I's seco	7	MR. COYNE	-	7	Q. Attachment A?
9 JOHNSON, Q.C.: 9 A. Yes, and this is response to Consumer 10 Q. Okay, and perhaps what we can do is turn you 10 Advocate 279. 11 to Dr. Booth's rebuttal evidence at age 11. 11 JOHNSON, Q.C.: 11 12 I don't know if we can make that a bit 12 Q. Okay. 13 larger and scroll down a little bit there, 13 MR. COYNE: 14 Samantha. I'm sorry, the other way. This 14 A. I think this would resolve any confusion 16 wall, that Dr. Booth received from Duff and 16 that on the screen? I'm amazed at how f 17 Phelps in March month, I believe, where they 17 you can get there, thank you. So this is 18 indicate Duff and Phelps increases the 18 the data. In this case this is from the 10 perioditic reasessments of the recommended 20 I'm referring to from 1926 through 2014 21 "Duff and Phelps regularly review the 21 you can see that the market risk premiun 22 fluctuations in global, economic and 22 down at the bottom of this entire period. 23 finanarial market conditions Duff and Phelps <td>8</td> <td></td> <td></td> <td>8</td> <td></td>	8			8	
10 Q. Okay, and perhaps what we can do is turn you 10 Advocate 279. 11 to Dr. Booth's rebuttal evidence at page 11. 11 JOHNSON, Q.C.: 12 I don't know if we can make that a bit 12 Q. Okay. 13 larger and scroll down a little bit there, 13 MR. COVNE: 14 Samantha. I'm sorry, the other way. This 14 A. I think this would resolve any confusion 15 was an excerpt or a little bit there, 14 A. I think this would resolve any confusion 16 will, that Dr. Booth received from Duff and 16 that on the screen? I'm amazed at how f 17 peleps in March month, I believe, where they 18 the data. In this case this is from the 19 recommended United States equity risk 19 Ibotston year book and this is the data it 20 premium from 5 to 5.5 percent and they say 20 I'm referring to from 1926 through 2014 21 "Duff and Phelps regularly review the 21 you can see that the market risk premiun 23 financial market conditions Duff and Phelps 2 I've used in my table. And you can see 1 24 periodic reassessments of the				9	
11 to Dr. Booth's rebuttal evidence at page 11. 11 JOHNSON, Q.C.: 12 I don't know if we can make that a bit 12 Q. Okay. 13 larger and scroll down a little bit there, 13 MR. COYNE: 14 Samantha. I'm sorry, the other way. This 14 A. I think this would resolve any confusion 15 was an excerpt or a little blurb, if you 16 that on the screen? I'm amazed at how f 16 will, that Dr. Booth received from Duff and 16 that on the screen? I'm amazed at how f 17 Phelps in March month, I believe, where they 16 that on the screen? I'm amazed at how f 19 recommended United States equity risk 19 Ibbotson year book and this is the data I 20 premium from 5 to 5.5 percent and they say 20 I'm referring to from 1926 through 2014 21 "Duff and Phelps regularly review the 21 you can see that the market risk premiun 23 financial market conditions that warmat 23 time, this is the U.S. market in this case 24 periodic reassessments of the recommended 24 is 7.01 percent, so that's the number that 25 recommends an increase in the U.S. ERP to <t< td=""><td>10</td><td>-</td><td></td><td></td><td>*</td></t<>	10	-			*
12 I don't know if we can make that a bit 12 Q. Okay. 13 larger and scroll down a little bit there, 13 MR. COYNE: 14 Samantha. I'm sorry, the other way. This 14 A. I think this would resolve any confusion 15 was an excerpt or a little blurb, if you 15 surrounding that. Is it possible to view 16 will, that Dr. Booth received from Duff and 16 that on the screen? I'm amazed at how f 17 Phelps in March month, I believe, where they 17 you can get there, thank you. So this is 18 indicate Duff and Phelps increases the 18 the data. In this case this is from the 19 recommended United States equity risk 19 Ibboson year book and this is the data th 20 premium from 5 to 5.5 percent and they say 20 I'm referring to from 1926 through 2014 21 "Duff and Phelps regularly review the 21 you can see that the market risk premiunt 23 financial market conditions that warrant 23 time, this is the U.S. market in this case, 24 periodic reassesments of the recommended 24 is 7.01 percent, so that's the number that 25 recommends an inc			• • • • •		
13 larger and scroll down a little bit there, 13 MR. COYNE: 14 Samantha. I'm sorry, the other way. This 14 A. I think this would resolve any confusion 15 was an excerpt or a little blurb, if you 15 surrounding that. Is it possible to view 16 will, that Dr. Booth received from Duff and 16 that on the screen? I'm amazed at how for 17 Phelps in March month, I believe, where they 17 you can get there, thank you. So this is 18 indicate Duff and Phelps increases the 18 the data. In this case this is from the 19 recommended United States equity risk 19 Ibbotson year book and this is the data the 20 premium from 5 to 5.5 percent and they say 20 I'm referring to from 1926 through 2014 21 "Duff and Phelps regularly review the 21 you can see that the market risk premiun 23 financial market conditions that warrant 23 time, this is the U.S. market in this case, 24 periodic reassessments of the recommended 24 is 7.01 percent, so that''s the number that 25 recommendes an increase in the U.S. ERP to 2 to 13 percent over this period of time and 3					
14Samantha. I'm sorry, the other way. This14A.I think this would resolve any confusion15was an excerpt or a little blurb, if you15surrounding that. Is it possible to view16will, that Dr. Booth received from Duff and16that on the screen? I'm amazed at how f17Phelps in March month, I believe, where they17you can get there, thank you. So this is18indicate Duff and Phelps increases the18the data. In this case this is from the19recommended United States equity risk19Ibbotson year book and this is the data th20premium from 5 to 5.5 percent and they say20I'm referring to from 1926 through 201421"Duff and Phelps regularly review the21you can see that the market risk premiun22fluctuations in global, economic and22down at the bottom of this entire period23financial market conditions that warrant23time, this is the U.S. market in this case,24periodic reassessments of the recommended24is 7.01 percent, so that's the number that25equity risk premium, ERP. Based upon the25I've used in my table. And you can see that's the important point, is that these35.5 percent when developing discount rates3that's the important point, is that these4as of January 31st, 2016 and threeafter until4risk premia vary considerably over time5further guidance is issued. The prior Duff5relationship to those bond yields and6and Phelps recommended the Unite					
15was an excerpt or a little blurb, if you15surrounding that. Is it possible to view16will, that Dr. Booth received from Duff and16that on the screen? I'm amazed at how f17Phelps in March month, I believe, where they17you can get there, thank you. So this is18indicate Duff and Phelps increases the18the data. In this case this is from the19recommended United States equity risk19Ibotson year book and this is the data f20premium from 5 to 5.5 percent and they say20I'm referring to from 1926 through 201421"Duff and Phelps regularly review the21you can see that the market risk premiun22fluctuations in global, economic and22down at the bottom of this entire period /23financial market conditions that warrant23time, this is the U.S. market in this case,24periodic reassessments of the recommended24is 7.01 percent, so that's the number that25equity risk premium, ERP. Based upon the25I've used in my table. And you can see to1current market conditions Duff and Phelps1bond yields are, they range from 3 perce2recommended an increase in the U.S. ERP to2to 13 percent over this period of time and35.5 percent established as of February7me, I asked to take a look at this to see4as of January 31st, 2016 and thereafter until4risk premia vary considerably over time5further guidance is issued. The prior Duff5relationship to those			•		
16will, that Dr. Booth received from Duff and 1716that on the screen? I'm amazed at how f you can get there, thank you. So this is the data. In this case this is from the 1918indicate Duff and Phelps increases the 1918the data. In this case this is from the 1919recommended United States equity risk 2019Ibbotson year book and this is the data th 2021"Duff and Phelps regularly review the 2221you can see that the market risk premiun 2223financial market conditions that warrant 2323time, this is the U.S. market in this case, 2424periodic reassessments of the recommended 2524is 7.01 percent, so that's the number that 2524periodic reassessments of the recommended 251 've used in my table. And you can see the 2627recommends an increase in the U.S. ERP to 22to 13 percent over this period of time and 335.5 percent when developing discount rates 3sthat's the important point, is that these 44as of January 31st, 2016 and thereafter until 5furthere guidance is issued. The prior Duff 5relationship to those bond yields and 66and Phelps recommended the United States ERP 820result what they were saying and in that same 99measured relative to a normalized yield of 49report they go on to say that "during 109measured relative to a normalized yield of 49report they go on to say that "during 1010percent on 20 year U.S. treasury bonds."11			<u>.</u>		5
17Phelps in March month, I believe, where they indicate Duff and Phelps increases the indicate Duff and Phelps increases the 1917you can get there, thank you. So this is the data. In this case this is from the 1919recommended United States equity risk 20191919191020premium from 5 to 5.5 percent and they say 212017m referring to from 1926 through 2014 212021"Duff and Phelps regularly review the 2221you can see that the market risk premium 222223financial market conditions that warrant 2323time, this is the U.S. market in this case, 2424periodic reassessments of the recommended 2524is 7.01 percent, so that's the number that 2524periodic reassessments of the recommended 2524is 7.01 percent, so that's the number that 252recommends an increase in the U.S. ERP to 22to 13 percent over this period of time and risk premia vary considerably over time as of January 31st, 2016 and thereafter until 4435.5 percent when developing discount rates 3that's the important point, is that these relationship to those bond yields and because of these documents you've prese 76and Phelps recommended the United States ERP 6because of these documents you've prese 77was 5 percent established as of February 9me, I asked to take a look at this to see 8828th, 2013. Both of these ERP estimates were 9measured relative to a normalized yield of 4 99measured			Â		
18 indicate Duff and Phelps increases the 18 the data. In this case this is from the 19 recommended United States equity risk 19 Ibbotson year book and this is the data th 20 premium from 5 to 5.5 percent and they say 20 I'm referring to from 1926 through 2014 21 "Duff and Phelps regularly review the 21 you can see that the market risk premiun 22 fluctuations in global, economic and 22 down at the bottom of this entire period 23 financial market conditions that warrant 23 time, this is the U.S. market in this case, 24 periodic reassessments of the recommended 24 is 7.01 percent, so that's the number that 25 equity risk premium, ERP. Based upon the 25 I've used in my table. And you can see to that any start any stary considerably over time any start any start any star					
19recommended United States equity risk19Ibbotson year book and this is the data th20premium from 5 to 5.5 percent and they say20I'm referring to from 1926 through 201421"Duff and Phelps regularly review the21you can see that the market risk premiun22fluctuations in global, economic and22down at the bottom of this entire period of23financial market conditions that warrant23time, this is the U.S. market in this case,24periodic reassessments of the recommended24is 7.01 percent, so that's the number that25equity risk premium, ERP. Based upon the25I've used in my table. And you can see the2recommends an increase in the U.S. ERP to2to 13 percent over this period of time and35.5 percent when developing discount rates3that's the important point, is that these4as of January 31st, 2016 and thereafter until4risk premia vary considerably over time5further guidance is issued. The prior Duff5relationship to those bond yields and6and Phelps recommended the United States ERP6because of these documents you've press7was 5 percent established as of February7me, I asked to take a look at this to see828th, 2013. Both of these ERP estimates were8what they were saying and in that same9measured relative to a normalized yield of 49report they go on to say that "during10percent on 20 year U.S. treasury bonds."11be abnormally low du			· · · · ·		
20premium from 5 to 5.5 percent and they say 2120I'm referring to from 1926 through 2014 you can see that the market risk premium 2221"Duff and Phelps regularly review the 2321you can see that the market risk premium 2223financial market conditions that warrant 2323time, this is the U.S. market in this case, 2424periodic reassessments of the recommended 2424is 7.01 percent, so that's the number that 2526equity risk premium, ERP. Based upon the 2525I've used in my table. And you can see that 2627recommends an increase in the U.S. ERP to 32to 13 percent over this period of time and 335.5 percent when developing discount rates 4as of January 31st, 2016 and thereafter until 544as of January 31st, 2016 and thereafter until 6and Phelps recommended the United States ERP 6because of these documents you've press 77was 5 percent established as of February 828th, 2013. Both of these ERP estimates were 98what they were saying and in that same 99measured relative to a normalized yield of 4 10percent on 20 year U.S. treasury bonds."10periods in which risk free rates appear to 1112A. Right.12or massive central bank monetary 1313interventions, valuation analysts may wa to consider normalizing the risk free rate 1414Q. Okay, now just to put that into, so we can 1414to consider normalizing the risk free rate tappeart to consider normalizing the risk free r			1		
21"Duff and Phelps regularly review the 2221you can see that the market risk premium 2223financial market conditions that warrant 2323time, this is the U.S. market in this case, 2424periodic reassessments of the recommended 2524is 7.01 percent, so that's the number that 2525equity risk premium, ERP. Based upon the 2525I've used in my table. And you can see that 262recommends an increase in the U.S. ERP to 22to 13 percent over this period of time and 335.5 percent when developing discount rates 4as of January 31st, 2016 and thereafter until 546and Phelps recommended the United States ERP 7was 5 percent established as of February 777was 5 percent over these ERP estimates were 88what they were saying and in that same 99measured relative to a normalized yield of 49report they go on to say that "during 1010percent on 20 year U.S. treasury bonds."11be abnormally low due to flight to qualit 1213JOHNSON, Q.C.:11be abnormally low due to flight to qualit 1414Q.Okay, now just to put that into, so we can 141415understand that, if we go back to—because 1515By normalizing, we mean estimating a ri 16			1 2		5
22fluctuations in global, economic and 2322down at the bottom of this entire period of time, this is the U.S. market in this case, 2424periodic reassessments of the recommended 2524is 7.01 percent, so that's the number that 2525equity risk premium, ERP. Based upon the25I've used in my table. And you can see the 251current market conditions Duff and Phelps 21bond yields are, they range from 3 percent to 13 percent over this period of time and 335.5 percent when developing discount rates 4as of January 31st, 2016 and thereafter until 545further guidance is issued. The prior Duff 6and Phelps recommended the United States ERP 757was 5 percent established as of February 828th, 2013. Both of these ERP estimates were 989measured relative to a normalized yield of 4 109periods in which risk free rates appear to 1110percent on 20 year U.S. treasury bonds."11be abnormally low due to flight to qualit 1013JOHNSON, Q.C.:13interventions, valuation analysts may wa 1414Q.Okay, now just to put that into, so we can 151415understand that, if we go back to—because 1615By normalizing, we mean estimating a ri 16					e e ,
23financial market conditions that warrant 2423time, this is the U.S. market in this case, is 7.01 percent, so that's the number that 2524periodic reassessments of the recommended 2524is 7.01 percent, so that's the number that 2625equity risk premium, ERP. Based upon the25I've used in my table. And you can see the Page 1341current market conditions Duff and Phelps 21bond yields are, they range from 3 percent to 13 percent over this period of time and to 13 percent over this period of time and tat's the important point, is that these tat as of January 31st, 2016 and thereafter until 5further guidance is issued. The prior Duff 5relationship to those bond yields and because of these documents you've press me, I asked to take a look at this to see 87was 5 percent established as of February 9measured relative to a normalized yield of 4 10periods in which risk free rates appear to 1110percent on 20 year U.S. treasury bonds."10periods in which risk free rates appear to 1112A.Right.12or massive central bank monetary 1313JOHNSON, Q.C.:13interventions, valuation analysts may wa to consider normalizing the risk free rate 1514Q.Okay, now just to put that into, so we can 1614to consider normalizing the risk free rate to ranalizing, we mean estimating a ri free rate that more likely reflects the					•
24periodic reassessments of the recommended equity risk premium, ERP. Based upon the24is 7.01 percent, so that's the number that I've used in my table. And you can see to Page 1341current market conditions Duff and Phelps 21bond yields are, they range from 3 percet to 13 percent over this period of time and 335.5 percent when developing discount rates 4as of January 31st, 2016 and thereafter until 4to 13 percent over this period of time and that's the important point, is that these 46and Phelps recommended the United States ERP 7was 5 percent established as of February 828th, 2013. Both of these ERP estimates were 8what they were saying and in that same 99measured relative to a normalized yield of 4 10percent on 20 year U.S. treasury bonds."periods in which risk free rates appear to 1112A.Right.12or massive central bank monetary 13jOHNSON, Q.C.:14Q.Okay, now just to put that into, so we can 16they're saying it's moved from 5 to 5.5,16free rate that more likely reflects the			-		1
25equity risk premium, ERP. Based upon the25I've used in my table. And you can see to Page 1341current market conditions Duff and Phelps1bond yields are, they range from 3 percetor2recommends an increase in the U.S. ERP to2to 13 percent over this period of time and that's the important point, is that these35.5 percent when developing discount rates3that's the important point, is that these4as of January 31st, 2016 and thereafter until4risk premia vary considerably over time5further guidance is issued. The prior Duff5relationship to those bond yields and6and Phelps recommended the United States ERP6because of these documents you've press7was 5 percent established as of February7me, I asked to take a look at this to see828th, 2013. Both of these ERP estimates were8what they were saying and in that same9measured relative to a normalized yield of 49report they go on to say that "during10percent on 20 year U.S. treasury bonds."10periods in which risk free rates appear to11MR. COYNE:11be abnormally low due to flight to qualit12A.Right.12or massive central bank monetary13JOHNSON, Q.C.:13interventions, valuation analysts may wa14Q.Okay, now just to put that into, so we can14to consider normalizing the risk free rate15understand that, if we go back to—because15By normalizing, we mean estima					· · · · · · · · · · · · · · · · · · ·
Page 134Page 1341current market conditions Duff and Phelps1bond yields are, they range from 3 percer2recommends an increase in the U.S. ERP to2to 13 percent over this period of time and35.5 percent when developing discount rates3that's the important point, is that these4as of January 31st, 2016 and thereafter until4risk premia vary considerably over time5further guidance is issued. The prior Duff5relationship to those bond yields and6and Phelps recommended the United States ERP6because of these documents you've press7was 5 percent established as of February7me, I asked to take a look at this to see828th, 2013. Both of these ERP estimates were8what they were saying and in that same9measured relative to a normalized yield of 49report they go on to say that "during10percent on 20 year U.S. treasury bonds."10be abnormally low due to flight to qualit12A.Right.12or massive central bank monetary13JOHNSON, Q.C.:13interventions, valuation analysts may wa14Q.Okay, now just to put that into, so we can14to consider normalizing the risk free rate16they're saying it's moved from 5 to 5.5,16free rate that more likely reflects the			*		-
1current market conditions Duff and Phelps1bond yields are, they range from 3 percet2recommends an increase in the U.S. ERP to2to 13 percent over this period of time and35.5 percent when developing discount rates3that's the important point, is that these4as of January 31st, 2016 and thereafter until4risk premia vary considerably over time5further guidance is issued. The prior Duff5relationship to those bond yields and6and Phelps recommended the United States ERP6because of these documents you've preso7was 5 percent established as of February7me, I asked to take a look at this to see828th, 2013. Both of these ERP estimates were8what they were saying and in that same9measured relative to a normalized yield of 49report they go on to say that "during10percent on 20 year U.S. treasury bonds."10be abnormally low due to flight to qualit12A.Right.12or massive central bank monetary13JOHNSON, Q.C.:13interventions, valuation analysts may wa14Q.Okay, now just to put that into, so we can14to consider normalizing the risk free rate16they're saying it's moved from 5 to 5.5,16free rate that more likely reflects the	25		equity risk premium, ERP. Based upon the	25	I've used in my table. And you can see the
2recommends an increase in the U.S. ERP to 32to 13 percent over this period of time and that's the important point, is that these 435.5 percent when developing discount rates 43that's the important point, is that these 45further guidance is issued. The prior Duff 6and Phelps recommended the United States ERP 76because of these documents you've press 77was 5 percent established as of February 828th, 2013. Both of these ERP estimates were 98what they were saying and in that same 99measured relative to a normalized yield of 4 109report they go on to say that "during periods in which risk free rates appear to 1111MR. COYNE:11be abnormally low due to flight to qualit 1213JOHNSON, Q.C.:13interventions, valuation analysts may wa 1414Q.Okay, now just to put that into, so we can 151415understand that, if we go back to—because 1615By normalizing, we mean estimating a ri free rate that more likely reflects the			Page 134		Page 136
35.5 percent when developing discount rates3that's the important point, is that these4as of January 31st, 2016 and thereafter until4risk premia vary considerably over time5further guidance is issued. The prior Duff5relationship to those bond yields and6and Phelps recommended the United States ERP6because of these documents you've preso7was 5 percent established as of February7me, I asked to take a look at this to see828th, 2013. Both of these ERP estimates were8what they were saying and in that same9measured relative to a normalized yield of 49report they go on to say that "during10percent on 20 year U.S. treasury bonds."10periods in which risk free rates appear to11MR. COYNE:11be abnormally low due to flight to qualit12A.Right.12or massive central bank monetary13JOHNSON, Q.C.:13interventions, valuation analysts may wa14Q.Okay, now just to put that into, so we can14to consider normalizing the risk free rate15understand that, if we go back to—because15By normalizing, we mean estimating ar if16they're saying it's moved from 5 to 5.5,16free rate that more likely reflects the	1		current market conditions Duff and Phelps	1	bond yields are, they range from 3 percent
4as of January 31st, 2016 and thereafter until4risk premia vary considerably over time5further guidance is issued. The prior Duff5relationship to those bond yields and6and Phelps recommended the United States ERP6because of these documents you've prese7was 5 percent established as of February7me, I asked to take a look at this to see828th, 2013. Both of these ERP estimates were8what they were saying and in that same9measured relative to a normalized yield of 49report they go on to say that "during10percent on 20 year U.S. treasury bonds."10periods in which risk free rates appear to11MR. COYNE:11be abnormally low due to flight to qualit12A.Right.12or massive central bank monetary13JOHNSON, Q.C.:13interventions, valuation analysts may wa14Q.Okay, now just to put that into, so we can14to consider normalizing the risk free rate15understand that, if we go back to—because15By normalizing, we mean estimating ar ri16they're saying it's moved from 5 to 5.5,16free rate that more likely reflects the	2		recommends an increase in the U.S. ERP to	2	to 13 percent over this period of time and
5further guidance is issued. The prior Duff5relationship to those bond yields and6and Phelps recommended the United States ERP6because of these documents you've prese7was 5 percent established as of February7me, I asked to take a look at this to see828th, 2013. Both of these ERP estimates were8what they were saying and in that same9measured relative to a normalized yield of 49report they go on to say that "during10percent on 20 year U.S. treasury bonds."10periods in which risk free rates appear to11MR. COYNE:11be abnormally low due to flight to qualit12A.Right.12or massive central bank monetary13JOHNSON, Q.C.:13interventions, valuation analysts may wa14Q.Okay, now just to put that into, so we can14to consider normalizing the risk free rate15understand that, if we go back to—because15By normalizing, we mean estimating a ri16they're saying it's moved from 5 to 5.5,16free rate that more likely reflects the	3		5.5 percent when developing discount rates	3	that's the important point, is that these
6and Phelps recommended the United States ERP was 5 percent established as of February 86because of these documents you've prese me, I asked to take a look at this to see what they were saying and in that same 99measured relative to a normalized yield of 4 109report they go on to say that "during periods in which risk free rates appear to be abnormally low due to flight to qualit 1211MR. COYNE:11be abnormally low due to flight to qualit 1212A.Right.12or massive central bank monetary interventions, valuation analysts may wa to consider normalizing the risk free rate 1514Q.Okay, now just to put that into, so we can 1614to consider normalizing the risk free rate they're saying it's moved from 5 to 5.5,	4		as of January 31st, 2016 and thereafter until	4	risk premia vary considerably over time in
7was 5 percent established as of February 87me, I asked to take a look at this to see 89measured relative to a normalized yield of 4 109report they go on to say that "during 1010percent on 20 year U.S. treasury bonds."10periods in which risk free rates appear to 1111MR. COYNE:11be abnormally low due to flight to qualit 1212A.Right.12or massive central bank monetary13JOHNSON, Q.C.:13interventions, valuation analysts may wa 1414Q.Okay, now just to put that into, so we can 1514to consider normalizing the risk free rate 1516they're saying it's moved from 5 to 5.5,16free rate that more likely reflects the	5		further guidance is issued. The prior Duff	5	relationship to those bond yields and
828th, 2013. Both of these ERP estimates were measured relative to a normalized yield of 48what they were saying and in that same report they go on to say that "during periods in which risk free rates appear to 1010percent on 20 year U.S. treasury bonds."10periods in which risk free rates appear to to go no to say that "during periods in which risk free rates appear to to go no to say that "during periods in which risk free rates appear to the abnormally low due to flight to quality to quality 1212A.Right.1213JOHNSON, Q.C.:1314Q.Okay, now just to put that into, so we can they're saying it's moved from 5 to 5.5,1616they're flects the	6		and Phelps recommended the United States ERP	6	because of these documents you've presente
9measured relative to a normalized yield of 49report they go on to say that "during10percent on 20 year U.S. treasury bonds."10periods in which risk free rates appear to11MR. COYNE:11be abnormally low due to flight to qualit12A.Right.12or massive central bank monetary13JOHNSON, Q.C.:13interventions, valuation analysts may wa14Q.Okay, now just to put that into, so we can14to consider normalizing the risk free rate15understand that, if we go back to—because15By normalizing, we mean estimating a ri16they're saying it's moved from 5 to 5.5,16free rate that more likely reflects the	7		was 5 percent established as of February	7	me, I asked to take a look at this to see
10percent on 20 year U.S. treasury bonds."10periods in which risk free rates appear to11MR. COYNE:11be abnormally low due to flight to qualit12A.Right.12or massive central bank monetary13JOHNSON, Q.C.:13interventions, valuation analysts may wa14Q.Okay, now just to put that into, so we can14to consider normalizing the risk free rate15understand that, if we go back to—because15By normalizing, we mean estimating a ri16they're saying it's moved from 5 to 5.5,16free rate that more likely reflects the	8		28th, 2013. Both of these ERP estimates were	8	what they were saying and in that same
11MR. COYNE:11be abnormally low due to flight to qualit12A.Right.12or massive central bank monetary13JOHNSON, Q.C.:13interventions, valuation analysts may wa14Q.Okay, now just to put that into, so we can14to consider normalizing the risk free rate15understand that, if we go back to—because15By normalizing, we mean estimating a ri16they're saying it's moved from 5 to 5.5,16free rate that more likely reflects the	9		measured relative to a normalized yield of 4	9	report they go on to say that "during
12A.Right.12or massive central bank monetary13JOHNSON, Q.C.:13interventions, valuation analysts may wa14Q.Okay, now just to put that into, so we can14to consider normalizing the risk free rate15understand that, if we go back to—because15By normalizing, we mean estimating a ri16they're saying it's moved from 5 to 5.5,16free rate that more likely reflects the	10		percent on 20 year U.S. treasury bonds."	10	periods in which risk free rates appear to
12A.Right.12or massive central bank monetary13JOHNSON, Q.C.:13interventions, valuation analysts may wa14Q.Okay, now just to put that into, so we can14to consider normalizing the risk free rate15understand that, if we go back to—because15By normalizing, we mean estimating a ri16they're saying it's moved from 5 to 5.5,16free rate that more likely reflects the	11	MR. COYNE:		11	be abnormally low due to flight to quality
13JOHNSON, Q.C.:13interventions, valuation analysts may wa14Q.Okay, now just to put that into, so we can14to consider normalizing the risk free rate15understand that, if we go back to—because15By normalizing, we mean estimating a ri16they're saying it's moved from 5 to 5.5,16free rate that more likely reflects the		A.	Right.		
14Q.Okay, now just to put that into, so we can understand that, if we go back to—because 1614to consider normalizing the risk free rate By normalizing, we mean estimating a ri 1614to consider normalizing the risk free rate 1515By normalizing, we mean estimating a ri 16			0		-
15understand that, if we go back to—because15By normalizing, we mean estimating a ri16they're saying it's moved from 5 to 5.5,16free rate that more likely reflects the			•		
16they're saying it's moved from 5 to 5.5,16free rate that more likely reflects the		¢.	• • •		Č Č
			-		
17 right? 17 sustainable average return of long-term					•
· · · ·		MR. COYNE	-		
20 historic bond yields. 20 the approach that I've used.		. 1,			
21 JOHNSON, Q.C.: 21 JOHNSON, Q.C.:		IOHNSON O	-		11
			•		
		-			× 5 1
1 5					1 5
24A.So the instorte bond yields have ranged from24Inormalized yield of 4 percent on 20-year251 percent to 13, 14 percent and they've been25U.S. treasury bonds?		A.			5 1 5
	23				5

	11 5, 2010				
		Page 137			Page 139
1	MR. COYNE		1		for the bond yield environment you're in.
2	А.	Right, that's what they say.	2	JOHNSON, Q	Q.C.:
3	JOHNSON, O	Q.C.:	3	Q.	Do they report the total return on bonds as
4	Q.	What's the rate that you use for the risk	4		well?
5		free rate for the American companies?	5	MR. COYNE	
6	MR. COYNE		6	А.	I believe you can get both, yes. But again
7	A.	It is lower than that in the Canadian and	7		we're looking for the risk free rate. If I
8		the U.S. it is—here it is, 3.68 for Canada	8		want to use a total return for the bond
9		and 4.29 for the U.S., I'm sorry.	9		yield, then I should do so on a going
10	JOHNSON, O		10		forward bond yield, but I can't do that
11	Q.	Okay, 4.29.	11		because I'm not sure what the appreciation
12	MR. COYNE	÷	12		of the bond, the actual bond instrument is
13	A.	3.68 and 4.29 respectively, yes.	13		going to be. I only know the coupon on
14	JOHNSON, O	· · ·	14		those bonds and the expected yield. And
15	Q.	So, you know, that's, I guess, not a far	15		that's the way that you typically approach a
16	Č.	distance off the 4 percent normalized yield	16		CAPM model is to use only the risk free
17		that they are referring to, right?	17		rate.
18	MR. COYNE		18	JOHNSON, Q	
19	A.	It's close, yeah.	19	Q.	Would you undertake to provide a table in
20	JOHNSON, (20	بر .	the fashion that Ms. McShane has used in
21	Q.	Yeah, so that would be a good independent	20		Table 9 of this cross-aid so that we can see
22	×۰	indicator of what the U.S. equity risk	22		what the risk premium over bond total
23		premium would be by this, you know,	23		returns would be, and as well as the risk
24		reputable outfit?	$\frac{23}{24}$		premium over bond income returns would be,
25	MR. COYNE	÷	25		so we can make the comparison?
20			20		so we can make the comparison:
		Dogo 129			$\mathbf{D}_{\alpha\alpha\alpha} 1 4 0$
	٨	Page 138	1	(12.00 mm)	Page 140
1	А.	Well it's, that's lower than—well, okay,	1	(12:00 p.m.)	_
$\begin{vmatrix} 1\\ 2\\ 2 \end{vmatrix}$	A.	Well it's, that's lower than—well, okay, that's lower than what the history is there	1 2	KELLY, Q.C	
3		Well it's, that's lower than—well, okay, that's lower than what the history is there and –	3	· • •	.: Perhaps the witness first could indicate how
3 4	JOHNSON, Q	Well it's, that's lower than—well, okay, that's lower than what the history is there and – .C.:	I –	KELLY, Q.C	: Perhaps the witness first could indicate how much effort is involved in that so we can
3 4 5	JOHNSON, Q Q.	Well it's, that's lower than—well, okay, that's lower than what the history is there and – .C.: But the history –	3 4 5	KELLY, Q.C	Perhaps the witness first could indicate how much effort is involved in that so we can get some sense as to cost benefit of doing
3 4 5 6	JOHNSON, Q Q. MR. COYNE:	Well it's, that's lower than—well, okay, that's lower than what the history is there and – .C.: But the history –	3 4 5 6	KELLY, Q.C Q.	Perhaps the witness first could indicate how much effort is involved in that so we can get some sense as to cost benefit of doing it?
3 4 5 6 7	JOHNSON, Q Q.	Well it's, that's lower than—well, okay, that's lower than what the history is there and – .C.: But the history – And they say, they go on to say that you	3 4 5 6 7	KELLY, Q.C Q. JOHNSON, C	:: Perhaps the witness first could indicate how much effort is involved in that so we can get some sense as to cost benefit of doing it? Q.C.:
3 4 5 6 7 8	JOHNSON, Q Q. MR. COYNE:	Well it's, that's lower than—well, okay, that's lower than what the history is there and – .C.: But the history – And they say, they go on to say that you need to normalize for the current risk free	3 4 5 6 7 8	KELLY, Q.C Q.	 Perhaps the witness first could indicate how much effort is involved in that so we can get some sense as to cost benefit of doing it? Q.C.: Mr. Coyne just indicated that Duff and
3 4 5 6 7 8 9	JOHNSON, Q Q. MR. COYNE:	Well it's, that's lower than—well, okay, that's lower than what the history is there and – .C.: But the history – And they say, they go on to say that you need to normalize for the current risk free environment, so – restate your question, if	3 4 5 6 7 8 9	KELLY, Q.C Q. JOHNSON, C	 Perhaps the witness first could indicate how much effort is involved in that so we can get some sense as to cost benefit of doing it? Q.C.: Mr. Coyne just indicated that Duff and Phelps provides the data and this is
3 4 5 6 7 8 9 10	JOHNSON, Q Q. MR. COYNE: A.	Well it's, that's lower than—well, okay, that's lower than what the history is there and – .C.: But the history – And they say, they go on to say that you need to normalize for the current risk free environment, so – restate your question, if you would.	3 4 5 6 7 8 9 10	KELLY, Q.C Q. JOHNSON, Q Q.	 Perhaps the witness first could indicate how much effort is involved in that so we can get some sense as to cost benefit of doing it? C.: Mr. Coyne just indicated that Duff and Phelps provides the data and this is alternate version of the data.
3 4 5 6 7 8 9 10 11	JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q	Well it's, that's lower than—well, okay, that's lower than what the history is there and – .C.: But the history – And they say, they go on to say that you need to normalize for the current risk free environment, so – restate your question, if you would. .C.:	3 4 5 6 7 8 9 10 11	KELLY, Q.C Q. JOHNSON, Q Q. MR. COYNE	 Perhaps the witness first could indicate how much effort is involved in that so we can get some sense as to cost benefit of doing it? Q.C.: Mr. Coyne just indicated that Duff and Phelps provides the data and this is alternate version of the data.
3 4 5 6 7 8 9 10 11 12	JOHNSON, Q Q. MR. COYNE: A.	Well it's, that's lower than—well, okay, that's lower than what the history is there and – .C.: But the history – And they say, they go on to say that you need to normalize for the current risk free environment, so – restate your question, if you would. .C.: Well, can we just see the top of that screen	3 4 5 6 7 8 9 10 11 12	KELLY, Q.C Q. JOHNSON, Q Q.	 Perhaps the witness first could indicate how much effort is involved in that so we can get some sense as to cost benefit of doing it? Q.C.: Mr. Coyne just indicated that Duff and Phelps provides the data and this is alternate version of the data. Yeah, I'm not sure if it's contained in the
3 4 5 6 7 8 9 10 11 12 13	JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q Q.	Well it's, that's lower than—well, okay, that's lower than what the history is there and – .C.: But the history – And they say, they go on to say that you need to normalize for the current risk free environment, so – restate your question, if you would. .C.: Well, can we just see the top of that screen that's there now? Okay.	3 4 5 6 7 8 9 10 11 12 13	KELLY, Q.C Q. JOHNSON, Q Q. MR. COYNE	 Perhaps the witness first could indicate how much effort is involved in that so we can get some sense as to cost benefit of doing it? Q.C.: Mr. Coyne just indicated that Duff and Phelps provides the data and this is alternate version of the data. Yeah, I'm not sure if it's contained in the same reports, I can check, but I would
3 4 5 6 7 8 9 10 11 12 13 14	JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q Q. MR. COYNE:	Well it's, that's lower than—well, okay, that's lower than what the history is there and – .C.: But the history – And they say, they go on to say that you need to normalize for the current risk free environment, so – restate your question, if you would. .C.: Well, can we just see the top of that screen that's there now? Okay.	3 4 5 6 7 8 9 10 11 12 13 14	KELLY, Q.C Q. JOHNSON, Q Q. MR. COYNE	 Perhaps the witness first could indicate how much effort is involved in that so we can get some sense as to cost benefit of doing it? Q.C.: Mr. Coyne just indicated that Duff and Phelps provides the data and this is alternate version of the data. Yeah, I'm not sure if it's contained in the same reports, I can check, but I would caution that it's not the risk free rate if
3 4 5 6 7 8 9 10 11 12 13 14 15	JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q Q.	Well it's, that's lower than—well, okay, that's lower than what the history is there and – .C.: But the history – And they say, they go on to say that you need to normalize for the current risk free environment, so – restate your question, if you would. .C.: Well, can we just see the top of that screen that's there now? Okay. It would be ironic for the same firm to be	3 4 5 6 7 8 9 10 11 12 13 14 15	KELLY, Q.C Q. JOHNSON, Q Q. MR. COYNE	 Perhaps the witness first could indicate how much effort is involved in that so we can get some sense as to cost benefit of doing it? C.: Mr. Coyne just indicated that Duff and Phelps provides the data and this is alternate version of the data. Yeah, I'm not sure if it's contained in the same reports, I can check, but I would caution that it's not the risk free rate if you're using the total return, you're only
3 4 5 6 7 8 9 10 11 12 13 14 15 16	JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q Q. MR. COYNE:	Well it's, that's lower than—well, okay, that's lower than what the history is there and – .C.: But the history – And they say, they go on to say that you need to normalize for the current risk free environment, so – restate your question, if you would. .C.: Well, can we just see the top of that screen that's there now? Okay. It would be ironic for the same firm to be saying that you have to normalize for risk	3 4 5 6 7 8 9 10 11 12 13 14 15 16	KELLY, Q.C Q. JOHNSON, Q Q. MR. COYNE	 Perhaps the witness first could indicate how much effort is involved in that so we can get some sense as to cost benefit of doing it? C.: Mr. Coyne just indicated that Duff and Phelps provides the data and this is alternate version of the data. Yeah, I'm not sure if it's contained in the same reports, I can check, but I would caution that it's not the risk free rate if you're using the total return, you're only looking for the income return, but I could
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q Q. MR. COYNE:	Well it's, that's lower than—well, okay, that's lower than what the history is there and – .C.: But the history – And they say, they go on to say that you need to normalize for the current risk free environment, so – restate your question, if you would. .C.: Well, can we just see the top of that screen that's there now? Okay. It would be ironic for the same firm to be saying that you have to normalize for risk free rates and in the interest rate	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	KELLY, Q.C Q. JOHNSON, Q Q. MR. COYNE A.	 Perhaps the witness first could indicate how much effort is involved in that so we can get some sense as to cost benefit of doing it? Q.C.: Mr. Coyne just indicated that Duff and Phelps provides the data and this is alternate version of the data. Yeah, I'm not sure if it's contained in the same reports, I can check, but I would caution that it's not the risk free rate if you're using the total return, you're only looking for the income return, but I could certainly see if it's available.
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q Q. MR. COYNE:	 Well it's, that's lower than—well, okay, that's lower than what the history is there and – C.: But the history – And they say, they go on to say that you need to normalize for the current risk free environment, so – restate your question, if you would. C.: Well, can we just see the top of that screen that's there now? Okay. It would be ironic for the same firm to be saying that you have to normalize for risk free rates and in the interest rate environment that we are now, to have a lower 	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	KELLY, Q.C Q. JOHNSON, Q Q. MR. COYNE A. KELLY, Q.C	 Perhaps the witness first could indicate how much effort is involved in that so we can get some sense as to cost benefit of doing it? C.: Mr. Coyne just indicated that Duff and Phelps provides the data and this is alternate version of the data. Yeah, I'm not sure if it's contained in the same reports, I can check, but I would caution that it's not the risk free rate if you're using the total return, you're only looking for the income return, but I could certainly see if it's available.
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q Q. MR. COYNE:	Well it's, that's lower than—well, okay, that's lower than what the history is there and – .C.: But the history – And they say, they go on to say that you need to normalize for the current risk free environment, so – restate your question, if you would. .C.: Well, can we just see the top of that screen that's there now? Okay. It would be ironic for the same firm to be saying that you have to normalize for risk free rates and in the interest rate environment that we are now, to have a lower risk premium than we've had historically.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	KELLY, Q.C Q. JOHNSON, Q Q. MR. COYNE A.	 Perhaps the witness first could indicate how much effort is involved in that so we can get some sense as to cost benefit of doing it? C.: Mr. Coyne just indicated that Duff and Phelps provides the data and this is alternate version of the data. Yeah, I'm not sure if it's contained in the same reports, I can check, but I would caution that it's not the risk free rate if you're using the total return, you're only looking for the income return, but I could certainly see if it's available. I'll take it as a conditional undertaking,
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q Q. MR. COYNE:	Well it's, that's lower than—well, okay, that's lower than what the history is there and – .C.: But the history – And they say, they go on to say that you need to normalize for the current risk free environment, so – restate your question, if you would. .C.: Well, can we just see the top of that screen that's there now? Okay. It would be ironic for the same firm to be saying that you have to normalize for risk free rates and in the interest rate environment that we are now, to have a lower risk premium than we've had historically. That just wouldn't add up for me. If the	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	KELLY, Q.C Q. JOHNSON, Q Q. MR. COYNE A. KELLY, Q.C	 Perhaps the witness first could indicate how much effort is involved in that so we can get some sense as to cost benefit of doing it? Q.C.: Mr. Coyne just indicated that Duff and Phelps provides the data and this is alternate version of the data. Yeah, I'm not sure if it's contained in the same reports, I can check, but I would caution that it's not the risk free rate if you're using the total return, you're only looking for the income return, but I could certainly see if it's available. I'll take it as a conditional undertaking, Mr. Chairman because I think we need to
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q Q. MR. COYNE:	 Well it's, that's lower than—well, okay, that's lower than what the history is there and – C.: But the history – And they say, they go on to say that you need to normalize for the current risk free environment, so – restate your question, if you would. C.: Well, can we just see the top of that screen that's there now? Okay. It would be ironic for the same firm to be saying that you have to normalize for risk free rates and in the interest rate environment that we are now, to have a lower risk premium than we've had historically. That just wouldn't add up for me. If the history is 7, I would expect something lower 	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	KELLY, Q.C Q. JOHNSON, Q Q. MR. COYNE A. KELLY, Q.C	 Perhaps the witness first could indicate how much effort is involved in that so we can get some sense as to cost benefit of doing it? C.: Mr. Coyne just indicated that Duff and Phelps provides the data and this is alternate version of the data. Yeah, I'm not sure if it's contained in the same reports, I can check, but I would caution that it's not the risk free rate if you're using the total return, you're only looking for the income return, but I could certainly see if it's available. I'll take it as a conditional undertaking, Mr. Chairman because I think we need to understand how much effort is involved in
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q Q. MR. COYNE:	Well it's, that's lower than—well, okay, that's lower than what the history is there and – .C.: But the history – And they say, they go on to say that you need to normalize for the current risk free environment, so – restate your question, if you would. .C.: Well, can we just see the top of that screen that's there now? Okay. It would be ironic for the same firm to be saying that you have to normalize for risk free rates and in the interest rate environment that we are now, to have a lower risk premium than we've had historically. That just wouldn't add up for me. If the history is 7, I would expect something lower than that on a going-forward basis and for	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	KELLY, Q.C Q. JOHNSON, Q Q. MR. COYNE A. KELLY, Q.C	 Perhaps the witness first could indicate how much effort is involved in that so we can get some sense as to cost benefit of doing it? Q.C.: Mr. Coyne just indicated that Duff and Phelps provides the data and this is alternate version of the data. Yeah, I'm not sure if it's contained in the same reports, I can check, but I would caution that it's not the risk free rate if you're using the total return, you're only looking for the income return, but I could certainly see if it's available. I'll take it as a conditional undertaking, Mr. Chairman because I think we need to understand how much effort is involved in that, versus the utility it might be, if
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q Q. MR. COYNE:	 Well it's, that's lower than—well, okay, that's lower than what the history is there and – C.: But the history – And they say, they go on to say that you need to normalize for the current risk free environment, so – restate your question, if you would. C.: Well, can we just see the top of that screen that's there now? Okay. It would be ironic for the same firm to be saying that you have to normalize for risk free rates and in the interest rate environment that we are now, to have a lower risk premium than we've had historically. That just wouldn't add up for me. If the history is 7, I would expect something lower than that on a going-forward basis and for the same report, they say that you need to 	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	KELLY, Q.C Q. JOHNSON, Q Q. MR. COYNE A. KELLY, Q.C Q.	 Perhaps the witness first could indicate how much effort is involved in that so we can get some sense as to cost benefit of doing it? Q.C.: Mr. Coyne just indicated that Duff and Phelps provides the data and this is alternate version of the data. Yeah, I'm not sure if it's contained in the same reports, I can check, but I would caution that it's not the risk free rate if you're using the total return, you're only looking for the income return, but I could certainly see if it's available. I'll take it as a conditional undertaking, Mr. Chairman because I think we need to understand how much effort is involved in that, versus the utility it might be, if any, to the Board.
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q Q. MR. COYNE:	Well it's, that's lower than—well, okay, that's lower than what the history is there and – .C.: But the history – And they say, they go on to say that you need to normalize for the current risk free environment, so – restate your question, if you would. .C.: Well, can we just see the top of that screen that's there now? Okay. It would be ironic for the same firm to be saying that you have to normalize for risk free rates and in the interest rate environment that we are now, to have a lower risk premium than we've had historically. That just wouldn't add up for me. If the history is 7, I would expect something lower than that on a going-forward basis and for	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	KELLY, Q.C Q. JOHNSON, Q Q. MR. COYNE A. KELLY, Q.C	 Perhaps the witness first could indicate how much effort is involved in that so we can get some sense as to cost benefit of doing it? Q.C.: Mr. Coyne just indicated that Duff and Phelps provides the data and this is alternate version of the data. Yeah, I'm not sure if it's contained in the same reports, I can check, but I would caution that it's not the risk free rate if you're using the total return, you're only looking for the income return, but I could certainly see if it's available. I'll take it as a conditional undertaking, Mr. Chairman because I think we need to understand how much effort is involved in that, versus the utility it might be, if any, to the Board.

Page 137 - Page 140

	Decc 141		$D_{a} = 142$
	Page 141		Page 143
	KELLY, Q.C.:		prefer to use the spot yield on U.S.
2	Q. Thank you.	2	Government bonds available in the market as
3	JOHNSON, Q.C.:	3	a proxy for the U.S. risk free rating.
4	Q. So just to conclude, though, the point that	4	However, during times of flight to quality
5	based on the normalized 4 percent yield that	5	and high levels of central bank
6	Duff and Phelps talks about, you're	6	intervention, i.e. mail, those lower
7	indicating that the U.S., instead of 5 to	7	observed yields would apply a lower cost of
8	5.5 percent, you're indicating the U.S. MRP	8	capital, all other factors held the same,
9	is 8.1 percent on a forward-looking basis,	9	just the opposite of what one would except
10	on a 3.96 percent—or on a 4.—what did we say	10	in times of relevant economic distress. So
11	the risk –	11	a normalization adjustment may be considered
12	MR. COYNE:	12	appropriate. By normalization, we mean
12	A. 4.29 percent.	12	estimating a rate that more than likely
13	JOHNSON, Q.C.:	13	
			reflects the sustainable average return of
15	Q. 4.29 percent, that's what you're indicating?	15	long-term risk free rates. If spot yield to
16	MR. COYNE:	16	maturity were used at these times, without
17	A. Yeah, I'm taking the average of those, I'm	17	any other adjustments, one would arrive at
18	using the 7.6 actually is what I'm using.	18	an overall discount rate that is likely
19	JOHNSON, Q.C.:	19	inappropriately low, vis-à-vis the risks
20	Q. Yes, but in terms of the box –	20	currently facing investors" from that same
21	MR. COYNE:	21	report. So, this goes to the relationship
22	A. And I'm using that on a lower—yes.	22	between both the market equity risk premium,
23	JOHNSON, Q.C.:	23	as well as the risk free rate.
24	Q on Figure 13, let's just go there for a	24	JOHNSON, Q.C.:
25	moment, you're saying that the forward-	25	Q. Just so I can understand now, Mr. Coyne,
	Page 142		Page 144
	Page 142 looking U.S. market risk premium is 8.1	1	č
	looking U.S. market risk premium is 8.1	1 2	this is Duff and Phelps sent this out to
2	looking U.S. market risk premium is 8.1 percent and that compares to the 5 to 5.5	$\begin{vmatrix} 1\\ 2\\ 3 \end{vmatrix}$	this is Duff and Phelps sent this out to many, many people, I think Dr. Booth
2 3	looking U.S. market risk premium is 8.1 percent and that compares to the 5 to 5.5 percent that Phelps is reporting on the	3	this is Duff and Phelps sent this out to many, many people, I think Dr. Booth included and I just want to understand the
2 3 4	looking U.S. market risk premium is 8.1 percent and that compares to the 5 to 5.5 percent that Phelps is reporting on the normalized 4 percent yield?		this is Duff and Phelps sent this out to many, many people, I think Dr. Booth included and I just want to understand the reason why you're suggesting that this would
2 3 4 5	looking U.S. market risk premium is 8.1 percent and that compares to the 5 to 5.5 percent that Phelps is reporting on the normalized 4 percent yield? MR. COYNE:	3 4 5	this is Duff and Phelps sent this out to many, many people, I think Dr. Booth included and I just want to understand the reason why you're suggesting that this would not be more persuasive as to what the U.S.
2 3 4 5 6	looking U.S. market risk premium is 8.1percent and that compares to the 5 to 5.5percent that Phelps is reporting on the normalized 4 percent yield?MR. COYNE:A.Well I don't know that they're truly	3 4 5 6	this is Duff and Phelps sent this out to many, many people, I think Dr. Booth included and I just want to understand the reason why you're suggesting that this would not be more persuasive as to what the U.S. equity risk premium is going forward, than
2 3 4 5 6 7	looking U.S. market risk premium is 8.1percent and that compares to the 5 to 5.5percent that Phelps is reporting on the normalized 4 percent yield?MR. COYNE:A.Well I don't know that they're truly comparable, I only have that one excerpt	3 4 5 6 7	this is Duff and Phelps sent this out to many, many people, I think Dr. Booth included and I just want to understand the reason why you're suggesting that this would not be more persuasive as to what the U.S. equity risk premium is going forward, than what you've presented at 8.1 percent. I
2 3 4 5 6 7 8	looking U.S. market risk premium is 8.1 percent and that compares to the 5 to 5.5 percent that Phelps is reporting on the normalized 4 percent yield? MR. COYNE: A. Well I don't know that they're truly comparable, I only have that one excerpt you've given me, but yes, the 7.6 percent is	3 4 5 6 7 8	this is Duff and Phelps sent this out to many, many people, I think Dr. Booth included and I just want to understand the reason why you're suggesting that this would not be more persuasive as to what the U.S. equity risk premium is going forward, than what you've presented at 8.1 percent. I just don't understand that.
2 3 4 5 6 7 8 9	looking U.S. market risk premium is 8.1percent and that compares to the 5 to 5.5percent that Phelps is reporting on the normalized 4 percent yield?MR. COYNE:A.Well I don't know that they're truly comparable, I only have that one excerpt you've given me, but yes, the 7.6 percent is what I'm using.	3 4 5 6 7 8 9	this is Duff and Phelps sent this out to many, many people, I think Dr. Booth included and I just want to understand the reason why you're suggesting that this would not be more persuasive as to what the U.S. equity risk premium is going forward, than what you've presented at 8.1 percent. I just don't understand that. MR. COYNE:
2 3 4 5 6 7 8 9 10	looking U.S. market risk premium is 8.1percent and that compares to the 5 to 5.5percent that Phelps is reporting on the normalized 4 percent yield?MR. COYNE:A.Well I don't know that they're truly comparable, I only have that one excerpt you've given me, but yes, the 7.6 percent is what I'm using.JOHNSON, Q.C.:	3 4 5 6 7 8 9 10	this is Duff and Phelps sent this out to many, many people, I think Dr. Booth included and I just want to understand the reason why you're suggesting that this would not be more persuasive as to what the U.S. equity risk premium is going forward, than what you've presented at 8.1 percent. I just don't understand that. MR. COYNE: A. Well we do our analysis based on a forward
2 3 4 5 6 7 8 9 10 11	looking U.S. market risk premium is 8.1 percent and that compares to the 5 to 5.5 percent that Phelps is reporting on the normalized 4 percent yield? MR. COYNE: A. Well I don't know that they're truly comparable, I only have that one excerpt you've given me, but yes, the 7.6 percent is what I'm using. JOHNSON, Q.C.: Q. Okay, but again –	3 4 5 6 7 8 9 10 11	this is Duff and Phelps sent this out to many, many people, I think Dr. Booth included and I just want to understand the reason why you're suggesting that this would not be more persuasive as to what the U.S. equity risk premium is going forward, than what you've presented at 8.1 percent. I just don't understand that. MR. COYNE: A. Well we do our analysis based on a forward look and historic look and I'm not—they're
2 3 4 5 6 7 8 9 10 11 12	looking U.S. market risk premium is 8.1 percent and that compares to the 5 to 5.5 percent that Phelps is reporting on the normalized 4 percent yield?MR. COYNE:A.Well I don't know that they're truly comparable, I only have that one excerpt you've given me, but yes, the 7.6 percent is what I'm using.JOHNSON, Q.C.: Q.Okay, but again –MR. COYNE:	3 4 5 6 7 8 9 10 11 12	 this is Duff and Phelps sent this out to many, many people, I think Dr. Booth included and I just want to understand the reason why you're suggesting that this would not be more persuasive as to what the U.S. equity risk premium is going forward, than what you've presented at 8.1 percent. I just don't understand that. MR. COYNE: A. Well we do our analysis based on a forward look and historic look and I'm not—they're adding that to what they deemed to be some
2 3 4 5 6 7 8 9 10 11 12 13	looking U.S. market risk premium is 8.1 percent and that compares to the 5 to 5.5 percent that Phelps is reporting on the normalized 4 percent yield? MR. COYNE: A. Well I don't know that they're truly comparable, I only have that one excerpt you've given me, but yes, the 7.6 percent is what I'm using. JOHNSON, Q.C.: Q. Okay, but again – MR. COYNE: A. Duff and Phelps, this is a long report –	3 4 5 6 7 8 9 10 11 12 13	this is Duff and Phelps sent this out to many, many people, I think Dr. Booth included and I just want to understand the reason why you're suggesting that this would not be more persuasive as to what the U.S. equity risk premium is going forward, than what you've presented at 8.1 percent. I just don't understand that. MR. COYNE: A. Well we do our analysis based on a forward look and historic look and I'm not—they're adding that to what they deemed to be some forward-looking sustainable bond yield and
2 3 4 5 6 7 8 9 10 11 12	looking U.S. market risk premium is 8.1 percent and that compares to the 5 to 5.5 percent that Phelps is reporting on the normalized 4 percent yield? MR. COYNE: A. Well I don't know that they're truly comparable, I only have that one excerpt you've given me, but yes, the 7.6 percent is what I'm using. JOHNSON, Q.C.: Q. Okay, but again – MR. COYNE: A. Duff and Phelps, this is a long report – JOHNSON, Q.C.:	3 4 5 6 7 8 9 10 11 12 13 14	 this is Duff and Phelps sent this out to many, many people, I think Dr. Booth included and I just want to understand the reason why you're suggesting that this would not be more persuasive as to what the U.S. equity risk premium is going forward, than what you've presented at 8.1 percent. I just don't understand that. MR. COYNE: A. Well we do our analysis based on a forward look and historic look and I'm not—they're adding that to what they deemed to be some forward-looking sustainable bond yield and that gets them, I guess, to some—I'm not
2 3 4 5 6 7 8 9 10 11 12 13	looking U.S. market risk premium is 8.1 percent and that compares to the 5 to 5.5 percent that Phelps is reporting on the normalized 4 percent yield? MR. COYNE: A. Well I don't know that they're truly comparable, I only have that one excerpt you've given me, but yes, the 7.6 percent is what I'm using. JOHNSON, Q.C.: Q. Okay, but again – MR. COYNE: A. Duff and Phelps, this is a long report – JOHNSON, Q.C.: Q. But again now, Mr. Coyne, you refer to the	3 4 5 6 7 8 9 10 11 12 13	 this is Duff and Phelps sent this out to many, many people, I think Dr. Booth included and I just want to understand the reason why you're suggesting that this would not be more persuasive as to what the U.S. equity risk premium is going forward, than what you've presented at 8.1 percent. I just don't understand that. MR. COYNE: A. Well we do our analysis based on a forward look and historic look and I'm not—they're adding that to what they deemed to be some forward-looking sustainable bond yield and that gets them, I guess, to some—I'm not sure where it gets them, but the sources of
2 3 4 5 6 7 8 9 10 11 12 13 14	looking U.S. market risk premium is 8.1 percent and that compares to the 5 to 5.5 percent that Phelps is reporting on the normalized 4 percent yield? MR. COYNE: A. Well I don't know that they're truly comparable, I only have that one excerpt you've given me, but yes, the 7.6 percent is what I'm using. JOHNSON, Q.C.: Q. Okay, but again – MR. COYNE: A. Duff and Phelps, this is a long report – JOHNSON, Q.C.:	3 4 5 6 7 8 9 10 11 12 13 14	 this is Duff and Phelps sent this out to many, many people, I think Dr. Booth included and I just want to understand the reason why you're suggesting that this would not be more persuasive as to what the U.S. equity risk premium is going forward, than what you've presented at 8.1 percent. I just don't understand that. MR. COYNE: A. Well we do our analysis based on a forward look and historic look and I'm not—they're adding that to what they deemed to be some forward-looking sustainable bond yield and that gets them, I guess, to some—I'm not
2 3 4 5 6 7 8 9 10 11 12 13 14 15	looking U.S. market risk premium is 8.1 percent and that compares to the 5 to 5.5 percent that Phelps is reporting on the normalized 4 percent yield? MR. COYNE: A. Well I don't know that they're truly comparable, I only have that one excerpt you've given me, but yes, the 7.6 percent is what I'm using. JOHNSON, Q.C.: Q. Okay, but again – MR. COYNE: A. Duff and Phelps, this is a long report – JOHNSON, Q.C.: Q. But again now, Mr. Coyne, you refer to the	3 4 5 6 7 8 9 10 11 12 13 14 15	 this is Duff and Phelps sent this out to many, many people, I think Dr. Booth included and I just want to understand the reason why you're suggesting that this would not be more persuasive as to what the U.S. equity risk premium is going forward, than what you've presented at 8.1 percent. I just don't understand that. MR. COYNE: A. Well we do our analysis based on a forward look and historic look and I'm not—they're adding that to what they deemed to be some forward-looking sustainable bond yield and that gets them, I guess, to some—I'm not sure where it gets them, but the sources of
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	 looking U.S. market risk premium is 8.1 percent and that compares to the 5 to 5.5 percent that Phelps is reporting on the normalized 4 percent yield? MR. COYNE: A. Well I don't know that they're truly comparable, I only have that one excerpt you've given me, but yes, the 7.6 percent is what I'm using. JOHNSON, Q.C.: Q. Okay, but again – MR. COYNE: A. Duff and Phelps, this is a long report – JOHNSON, Q.C.: Q. But again now, Mr. Coyne, you refer to the 7.6 that you're using, but your forward 	3 4 5 6 7 8 9 10 11 12 13 14 15 16	 this is Duff and Phelps sent this out to many, many people, I think Dr. Booth included and I just want to understand the reason why you're suggesting that this would not be more persuasive as to what the U.S. equity risk premium is going forward, than what you've presented at 8.1 percent. I just don't understand that. MR. COYNE: A. Well we do our analysis based on a forward look and historic look and I'm not—they're adding that to what they deemed to be some forward-looking sustainable bond yield and that gets them, I guess, to some—I'm not sure where it gets them, but the sources of data they would have used from these
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	 looking U.S. market risk premium is 8.1 percent and that compares to the 5 to 5.5 percent that Phelps is reporting on the normalized 4 percent yield? MR. COYNE: A. Well I don't know that they're truly comparable, I only have that one excerpt you've given me, but yes, the 7.6 percent is what I'm using. JOHNSON, Q.C.: Q. Okay, but again – MR. COYNE: A. Duff and Phelps, this is a long report – JOHNSON, Q.C.: Q. But again now, Mr. Coyne, you refer to the 7.6 that you're using, but your forward looking is 8.1, is it not? 	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	 this is Duff and Phelps sent this out to many, many people, I think Dr. Booth included and I just want to understand the reason why you're suggesting that this would not be more persuasive as to what the U.S. equity risk premium is going forward, than what you've presented at 8.1 percent. I just don't understand that. MR. COYNE: A. Well we do our analysis based on a forward look and historic look and I'm not—they're adding that to what they deemed to be some forward-looking sustainable bond yield and that gets them, I guess, to some—I'm not sure where it gets them, but the sources of data they would have used from these companies reliably tell us what history is,
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	 looking U.S. market risk premium is 8.1 percent and that compares to the 5 to 5.5 percent that Phelps is reporting on the normalized 4 percent yield? MR. COYNE: A. Well I don't know that they're truly comparable, I only have that one excerpt you've given me, but yes, the 7.6 percent is what I'm using. JOHNSON, Q.C.: Q. Okay, but again – MR. COYNE: A. Duff and Phelps, this is a long report – JOHNSON, Q.C.: 	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	 this is Duff and Phelps sent this out to many, many people, I think Dr. Booth included and I just want to understand the reason why you're suggesting that this would not be more persuasive as to what the U.S. equity risk premium is going forward, than what you've presented at 8.1 percent. I just don't understand that. MR. COYNE: A. Well we do our analysis based on a forward look and historic look and I'm not—they're adding that to what they deemed to be some forward-looking sustainable bond yield and that gets them, I guess, to some—I'm not sure where it gets them, but the sources of data they would have used from these companies reliably tell us what history is, I think there are a lot of views on what the forward-looking view is of the marketplace
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	 looking U.S. market risk premium is 8.1 percent and that compares to the 5 to 5.5 percent that Phelps is reporting on the normalized 4 percent yield? MR. COYNE: A. Well I don't know that they're truly comparable, I only have that one excerpt you've given me, but yes, the 7.6 percent is what I'm using. JOHNSON, Q.C.: Q. Okay, but again – MR. COYNE: A. Duff and Phelps, this is a long report – JOHNSON, Q.C.: Q. But again now, Mr. Coyne, you refer to the 7.6 that you're using, but your forward looking is 8.1, is it not? MR. COYNE: A. That's correct. 	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	 this is Duff and Phelps sent this out to many, many people, I think Dr. Booth included and I just want to understand the reason why you're suggesting that this would not be more persuasive as to what the U.S. equity risk premium is going forward, than what you've presented at 8.1 percent. I just don't understand that. MR. COYNE: A. Well we do our analysis based on a forward look and historic look and I'm not—they're adding that to what they deemed to be some forward-looking sustainable bond yield and that gets them, I guess, to some—I'm not sure where it gets them, but the sources of data they would have used from these companies reliably tell us what history is, I think there are a lot of views on what the forward-looking view is of the marketplace and again, I would need to understand what
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	 looking U.S. market risk premium is 8.1 percent and that compares to the 5 to 5.5 percent that Phelps is reporting on the normalized 4 percent yield? MR. COYNE: A. Well I don't know that they're truly comparable, I only have that one excerpt you've given me, but yes, the 7.6 percent is what I'm using. JOHNSON, Q.C.: Q. Okay, but again – MR. COYNE: A. Duff and Phelps, this is a long report – JOHNSON, Q.C.: Q. But again now, Mr. Coyne, you refer to the 7.6 that you're using, but your forward looking is 8.1, is it not? MR. COYNE: A. That's correct. JOHNSON, Q.C.: Q. Right. 	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	 this is Duff and Phelps sent this out to many, many people, I think Dr. Booth included and I just want to understand the reason why you're suggesting that this would not be more persuasive as to what the U.S. equity risk premium is going forward, than what you've presented at 8.1 percent. I just don't understand that. MR. COYNE: A. Well we do our analysis based on a forward look and historic look and I'm not—they're adding that to what they deemed to be some forward-looking sustainable bond yield and that gets them, I guess, to some—I'm not sure where it gets them, but the sources of data they would have used from these companies reliably tell us what history is, I think there are a lot of views on what the forward-looking view is of the marketplace and again, I would need to understand what the basis is for their analysis, what's
$\begin{array}{c} 2\\ 3\\ 4\\ 5\\ 6\\ 7\\ 8\\ 9\\ 10\\ 11\\ 12\\ 13\\ 14\\ 15\\ 16\\ 17\\ 18\\ 19\\ 20\\ 21\\ 22\\ \end{array}$	looking U.S. market risk premium is 8.1 percent and that compares to the 5 to 5.5 percent that Phelps is reporting on the normalized 4 percent yield? MR. COYNE: A. Well I don't know that they're truly comparable, I only have that one excerpt you've given me, but yes, the 7.6 percent is what I'm using. JOHNSON, Q.C.: Q. Okay, but again – MR. COYNE: A. Duff and Phelps, this is a long report – JOHNSON, Q.C.: Q. But again now, Mr. Coyne, you refer to the 7.6 that you're using, but your forward looking is 8.1, is it not? MR. COYNE: A. That's correct. JOHNSON, Q.C.: Q. Right. MR. COYNE:	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	 this is Duff and Phelps sent this out to many, many people, I think Dr. Booth included and I just want to understand the reason why you're suggesting that this would not be more persuasive as to what the U.S. equity risk premium is going forward, than what you've presented at 8.1 percent. I just don't understand that. MR. COYNE: A. Well we do our analysis based on a forward look and historic look and I'm not—they're adding that to what they deemed to be some forward-looking sustainable bond yield and that gets them, I guess, to some—I'm not sure where it gets them, but the sources of data they would have used from these companies reliably tell us what history is, I think there are a lot of views on what the forward-looking view is of the marketplace and again, I would need to understand what the basis is for their analysis, what's behind it, before we would accept that as a
$\begin{array}{c} 2\\ 3\\ 4\\ 5\\ 6\\ 7\\ 8\\ 9\\ 10\\ 11\\ 12\\ 13\\ 14\\ 15\\ 16\\ 17\\ 18\\ 19\\ 20\\ 21\\ 22\\ 23\\ \end{array}$	looking U.S. market risk premium is 8.1 percent and that compares to the 5 to 5.5 percent that Phelps is reporting on the normalized 4 percent yield? MR. COYNE: A. Well I don't know that they're truly comparable, I only have that one excerpt you've given me, but yes, the 7.6 percent is what I'm using. JOHNSON, Q.C.: Q. Okay, but again – MR. COYNE: A. Duff and Phelps, this is a long report – JOHNSON, Q.C.: Q. But again now, Mr. Coyne, you refer to the 7.6 that you're using, but your forward looking is 8.1, is it not? MR. COYNE: A. That's correct. JOHNSON, Q.C.: Q. Right. MR. COYNE: A. If I might, Duff and Phelps in this report	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	 this is Duff and Phelps sent this out to many, many people, I think Dr. Booth included and I just want to understand the reason why you're suggesting that this would not be more persuasive as to what the U.S. equity risk premium is going forward, than what you've presented at 8.1 percent. I just don't understand that. MR. COYNE: A. Well we do our analysis based on a forward look and historic look and I'm not—they're adding that to what they deemed to be some forward-looking sustainable bond yield and that gets them, I guess, to some—I'm not sure where it gets them, but the sources of data they would have used from these companies reliably tell us what history is, I think there are a lot of views on what the forward-looking view is of the marketplace and again, I would need to understand what the basis is for their analysis, what's behind it, before we would accept that as a forward-looking view that's credible.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	looking U.S. market risk premium is 8.1 percent and that compares to the 5 to 5.5 percent that Phelps is reporting on the normalized 4 percent yield? MR. COYNE: A. Well I don't know that they're truly comparable, I only have that one excerpt you've given me, but yes, the 7.6 percent is what I'm using. JOHNSON, Q.C.: Q. Okay, but again – MR. COYNE: A. Duff and Phelps, this is a long report – JOHNSON, Q.C.: Q. But again now, Mr. Coyne, you refer to the 7.6 that you're using, but your forward looking is 8.1, is it not? MR. COYNE: A. That's correct. JOHNSON, Q.C.: Q. Right. MR. COYNE:	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	 this is Duff and Phelps sent this out to many, many people, I think Dr. Booth included and I just want to understand the reason why you're suggesting that this would not be more persuasive as to what the U.S. equity risk premium is going forward, than what you've presented at 8.1 percent. I just don't understand that. MR. COYNE: A. Well we do our analysis based on a forward look and historic look and I'm not—they're adding that to what they deemed to be some forward-looking sustainable bond yield and that gets them, I guess, to some—I'm not sure where it gets them, but the sources of data they would have used from these companies reliably tell us what history is, I think there are a lot of views on what the forward-looking view is of the marketplace and again, I would need to understand what the basis is for their analysis, what's behind it, before we would accept that as a

Apri	il 5, 2016		NL Power GRA 2016
	Page 145		Page 147
1	earlier in connection with another thing,	1	interest rates would be going up?
2	but do you have any independent, like, third	2	MR. COYNE:
3	party corroboration from Duff and Phelps or	3	A. I'm sorry?
4	any other big institution that would say	4	JOHNSON, Q.C.:
5	yes, that 8.1 percent forward-looking U.S.	5	Q. Is that on account of an expectation that
6	risk premium is on the mark?	6	interest rates would be going up?
7	MR. COYNE:	7	MR. COYNE:
8	A. So we went through the AON reports earlier,	8	A. I don't know; I didn't do their work. This
9	I had a chance to look at these over the	9	is just their numbers. This report we spent
10	break and if you take a look, if we can	10	so much time with, this is for pension
11	bring this up, page 19 if we can suffer the	11	return expectations, they're suggesting that
12	indulgence of the Board to go back to that	12	the market equity risk premium there is 7.4
13	document one more time.	13	percent. I mean, the point is there's a lot
14	KELLY, Q.C.:	14	of—I think maybe the point is that there's a
15	Q. Do you have the -	15	lot of uncertainty in terms of what the
16	MR. COYNE:	16	forward-looking market equity risk premium
17	A. Yes, I'm sorry, it's in response to Consumer	17	is, but I think all reasonable parties would
18	Advocate 269 and that was page 19 that we	18	agree that it's higher on a going-forward
19	were referring to earlier, actually page 17	19	basis when bond yields are at abnormal lows.
20	and page 19. Can you go back one to 17? So		We see that in Duff and Phelps, we see that
21	to use this source, they're citing at page	21	implied here, we see that in a forward-
22	17 a long-term Federal bond yield of 0.9	22	looking market analysis that we've done.
23	percent on that page on a 10-year average	23	It's only a matter of how much higher it is.
24	annual return basis. If you flip forward to	24	We've estimated the market, we've estimated
25	page 19, they're citing at 8.3 percent	25	using a regression analysis over a long
	Page 146	+	Page 148
1	Canadian equity return. The difference	1	period of time, so we cannot—none of us can
2	between those two is an implied market	2	say precisely what that forward-looking
3	equity risk premium of 7.4 percent over that	3	market equity risk premium is, but I think
4	bond yield, so that's very close to the 7.6	4	this is a reasonable way to get your hands
5	percent that I have used in my analysis, but	5	around it.
6	I trust the work that was done here, I think	6	JOHNSON, Q.C.:
7	the regression analysis, again, tells us	7	Q. Okay, so earlier when we were talking about
8	that market equity risk premium should be	8	the estimated overall market return for the
9	higher during a period when bond yields are	9	dividend paying firms in one of your
10	very low, so the combination of that work	10	exhibits, 13.46 percent, remember that?
11	tells me that that is a reasonable	11	MR. COYNE:
12	projection of the forward-looking market	12	A. Yes.
13	equity risk premium.	13	JOHNSON, Q.C.:
14	JOHNSON, Q.C.:	14	Q. Now I understand that, I think we've
15	Q. Are you subtracting nominal from nominal or	15	established that that'sthe assumption of
16	real from real here, I just want to	16	the DCF model is that's going to be the
17	understand here now.	17	growth rate that goes on to infinity?
18	MR. COYNE:	18	MR. COYNE:
19	A. These are the average returns, so these are	19	A. In the constant growth version of the model,
20	arithmetic returns, 8.3 in one hand and 0.9	20	yes.
21	on the other hand. The difference between	21	JOHNSON, Q.C.:
22	the two would be their implied market equity	22	Q. In the constant growth version, okay. And
23	risk premium.	23	Dr. Booth would say that that is in fact one
24	JOHNSON, Q.C.:	24	of the assumptions of the model and he would
25	Q. Is that on account of their expectation that	25	also say that that's why this model would
L	Discoveries Unlimit		· ·

Discoveries Unlimited Inc. (709)437-5028

<u></u>	13,2010			INL FOWEI UKA 2010
		Page 149		Page 151
1		only be used for the overall market or very	1	go to JMC-4, page 3 of 3, you see the long-
2		low risk firms. Would that be your	2	run GDP growth for Canadian utilities and
3		understanding as well?	3	Emera Incorporated, under the column 9?
4	MR. COYNE	-	4	^
5	А.	That's how I'd prefer to use it, for very	5	A. Yes, I see that.
6		low risk firms, such as utilities. That's	6	JOHNSON, Q.C.:
7		why I prefer to apply the DCF directly to	7	Q. So that's basically, that would be assuming
8		utility proxy groups, I think that's when it	8	forecast GDP growth into perpetuity?
9		has its greatest value. Dr. Booth, I	9	MR. COYNE:
10		believe is in agreement, along with Dr.	10	A. That is correct, yes.
11		Cleary because that language is in effect in	11	JOHNSON, Q.C.:
12		their textbook that they authored together	12	Q. And I understand that your analysis of the
13		and it has its most value for low risk	13	Canadian TSX would have dividends and
14		firms, such as utilities.	14	earnings growing at basically 10 percent
15	JOHNSON, Q	-	15	forever under the constant growth
16	Q.	Would you feel it is an appropriate tool,	16	assumption, would that be right?
17	٧.	the constant growth model for valuing all	17	MR. COYNE:
18		common equities? I take it you wouldn't?	18	A. Dividends and earnings?
19	MR. COYNE		19	JOHNSON, Q.C.:
$\begin{vmatrix} 1 \\ 20 \end{vmatrix}$	A.	Well, it is used for those purposes. I have	$\frac{1}{20}$	
$ ^{20}_{21}$	11.	greater comfort with it when it comes to	20	MR. COYNE:
$\begin{vmatrix} 21\\22 \end{vmatrix}$		applying it directly to the utility. I use	$\frac{21}{22}$	A. That's right.
$\begin{vmatrix} 22\\23 \end{vmatrix}$		it for perspective of the forward-looking	22	JOHNSON, Q.C.:
$ ^{23}_{24}$		market risk premium. I have much more	23	
25		confidence when I apply it directly to the	25	
120				minib do in fact grow at an average face of
		Page 150		Page 152
1		Page 150 utility proxy group and those growth rate	1	Page 152 10 over time and GDP grows at only 3.94
2		Page 150 utility proxy group and those growth rate estimates.	1 2 2	Page 152 10 over time and GDP grows at only 3.94 percent, what would be the result of that?]
23	JOHNSON, Q	Page 150 utility proxy group and those growth rate estimates. .C.:	3	Page 152 10 over time and GDP grows at only 3.94 percent, what would be the result of that?] MR. COYNE:
$\begin{bmatrix} 2\\ 3\\ 4\\ 5 \end{bmatrix}$		Page 150 utility proxy group and those growth rate estimates. .C.: I noticed in JMC-5, your exhibit, that there	3 4	Page 152 10 over time and GDP grows at only 3.94 percent, what would be the result of that?] MR. COYNE: A. And GDP grows at what rate?
2 3 4 5		Page 150 utility proxy group and those growth rate estimates. .C.: I noticed in JMC-5, your exhibit, that there were firms there that had, like astronomical	3 4 5	Page 152 10 over time and GDP grows at only 3.94 percent, what would be the result of that?] MR. COYNE: A. And GDP grows at what rate? JOHNSON, Q.C.:
2 3 4 5 6		Page 150 utility proxy group and those growth rate estimates. .C.: I noticed in JMC-5, your exhibit, that there were firms there that had, like astronomical growth levels reported for them. You	3 4	Page 152 10 over time and GDP grows at only 3.94 percent, what would be the result of that?] MR. COYNE: A. And GDP grows at what rate? JOHNSON, Q.C.: Q. 3.94 percent.
2 3 4 5 6 7		Page 150 utility proxy group and those growth rate estimates. .C.: I noticed in JMC-5, your exhibit, that there were firms there that had, like astronomical growth levels reported for them. You probably noticed them, like Cameco at 40.9	3 4 5 6 7	Page 152 10 over time and GDP grows at only 3.94 percent, what would be the result of that?] MR. COYNE: A. And GDP grows at what rate? JOHNSON, Q.C.: Q. 3.94 percent. MR. COYNE:
2 3 4 5 6 7 8		Page 150 utility proxy group and those growth rate estimates. .C.: I noticed in JMC-5, your exhibit, that there were firms there that had, like astronomical growth levels reported for them. You probably noticed them, like Cameco at 40.9 percent; Osisko at 50 percent; Pason Systems	3 4 5 6 7 8	Page 152 10 over time and GDP grows at only 3.94 percent, what would be the result of that?] MR. COYNE: A. And GDP grows at what rate? JOHNSON, Q.C.: Q. 3.94 percent. MR. COYNE: A. Well they're growing faster than the economy
2 3 4 5 6 7 8 9	Q.	Page 150 utility proxy group and those growth rate estimates. .C.: I noticed in JMC-5, your exhibit, that there were firms there that had, like astronomical growth levels reported for them. You probably noticed them, like Cameco at 40.9 percent; Osisko at 50 percent; Pason Systems at 52.31 percent; Hudson Bay Minerals at 43	3 4 5 6 7 8 9	Page 152 10 over time and GDP grows at only 3.94 percent, what would be the result of that?] MR. COYNE: A. And GDP grows at what rate? JOHNSON, Q.C.: Q. 3.94 percent. MR. COYNE: A. Well they're growing faster than the economy in that case.
2 3 4 5 6 7 8 9 10	Q.	Page 150 utility proxy group and those growth rate estimates. .C.: I noticed in JMC-5, your exhibit, that there were firms there that had, like astronomical growth levels reported for them. You probably noticed them, like Cameco at 40.9 percent; Osisko at 50 percent; Pason Systems at 52.31 percent; Hudson Bay Minerals at 43 percent.	3 4 5 6 7 8 9 10	Page 152 10 over time and GDP grows at only 3.94 percent, what would be the result of that?] MR. COYNE: A. And GDP grows at what rate? JOHNSON, Q.C.: Q. 3.94 percent. MR. COYNE: A. Well they're growing faster than the economy in that case. JOHNSON, Q.C.:
2 3 4 5 6 7 8 9 10 11	Q. MR. COYNE:	Page 150 utility proxy group and those growth rate estimates. .C.: I noticed in JMC-5, your exhibit, that there were firms there that had, like astronomical growth levels reported for them. You probably noticed them, like Cameco at 40.9 percent; Osisko at 50 percent; Pason Systems at 52.31 percent; Hudson Bay Minerals at 43 percent.	3 4 5 6 7 8 9 10 11	Page 152 10 over time and GDP grows at only 3.94 percent, what would be the result of that?] MR. COYNE: A. And GDP grows at what rate? JOHNSON, Q.C.: Q. 3.94 percent. MR. COYNE: A. Well they're growing faster than the economy in that case. JOHNSON, Q.C.: Q. Right.
2 3 4 5 6 7 8 9 10 11 12	Q. MR. COYNE: A.	Page 150 utility proxy group and those growth rate estimates. .C.: I noticed in JMC-5, your exhibit, that there were firms there that had, like astronomical growth levels reported for them. You probably noticed them, like Cameco at 40.9 percent; Osisko at 50 percent; Pason Systems at 52.31 percent; Hudson Bay Minerals at 43 percent. That's what we see in the broad market, yes.	3 4 5 6 7 8 9 10 11 12	Page 152 10 over time and GDP grows at only 3.94 percent, what would be the result of that?] MR. COYNE: A. And GDP grows at what rate? JOHNSON, Q.C.: Q. 3.94 percent. MR. COYNE: A. Well they're growing faster than the economy in that case. JOHNSON, Q.C.: Q. Right. MR. COYNE:
2 3 4 5 6 7 8 9 10 11 12 13	Q. MR. COYNE: A. JOHNSON, Q	Page 150 utility proxy group and those growth rate estimates. .C.: I noticed in JMC-5, your exhibit, that there were firms there that had, like astronomical growth levels reported for them. You probably noticed them, like Cameco at 40.9 percent; Osisko at 50 percent; Pason Systems at 52.31 percent; Hudson Bay Minerals at 43 percent. That's what we see in the broad market, yes. .C.:	3 4 5 6 7 8 9 10 11 12 13	Page 152 10 over time and GDP grows at only 3.94 percent, what would be the result of that?] MR. COYNE: A. And GDP grows at what rate? JOHNSON, Q.C.: Q. 3.94 percent. MR. COYNE: A. Well they're growing faster than the economy in that case. JOHNSON, Q.C.: Q. Right. MR. COYNE: A. This is not the entirety of the economy,
2 3 4 5 6 7 8 9 10 11 12 13 14	Q. MR. COYNE: A.	Page 150 utility proxy group and those growth rate estimates. .C.: I noticed in JMC-5, your exhibit, that there were firms there that had, like astronomical growth levels reported for them. You probably noticed them, like Cameco at 40.9 percent; Osisko at 50 percent; Pason Systems at 52.31 percent; Hudson Bay Minerals at 43 percent. That's what we see in the broad market, yes. .C.: And on JMC-6, which talked about your U.S.	3 4 5 6 7 8 9 10 11 12 13 14	Page 152 10 over time and GDP grows at only 3.94 percent, what would be the result of that?] MR. COYNE: A. And GDP grows at what rate? JOHNSON, Q.C.: Q. 3.94 percent. MR. COYNE: A. Well they're growing faster than the economy in that case. JOHNSON, Q.C.: Q. Right. MR. COYNE: A. This is not the entirety of the economy, these are the largest corporations in the
2 3 4 5 6 7 8 9 10 11 12 13 14 15	Q. MR. COYNE: A. JOHNSON, Q	Page 150 utility proxy group and those growth rate estimates. .C.: I noticed in JMC-5, your exhibit, that there were firms there that had, like astronomical growth levels reported for them. You probably noticed them, like Cameco at 40.9 percent; Osisko at 50 percent; Pason Systems at 52.31 percent; Hudson Bay Minerals at 43 percent. That's what we see in the broad market, yes. .C.: And on JMC-6, which talked about your U.S. firms, Caterpillar at 21 percent; Under	3 4 5 6 7 8 9 10 11 12 13 14 15	Page 152 10 over time and GDP grows at only 3.94 percent, what would be the result of that?] MR. COYNE: A. And GDP grows at what rate? JOHNSON, Q.C.: Q. 3.94 percent. MR. COYNE: A. Well they're growing faster than the economy in that case. JOHNSON, Q.C.: Q. Right. MR. COYNE: A. This is not the entirety of the economy, these are the largest corporations in the economy, the TSX or the S & P 500. This is
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	Q. MR. COYNE: A. JOHNSON, Q	Page 150 utility proxy group and those growth rate estimates. .C.: I noticed in JMC-5, your exhibit, that there were firms there that had, like astronomical growth levels reported for them. You probably noticed them, like Cameco at 40.9 percent; Osisko at 50 percent; Pason Systems at 52.31 percent; Hudson Bay Minerals at 43 percent. That's what we see in the broad market, yes. .C.: And on JMC-6, which talked about your U.S. firms, Caterpillar at 21 percent; Under Armour at 22.75 percent; Royal Cribbing, I	3 4 5 6 7 8 9 10 11 12 13 14 15 16	Page 152 10 over time and GDP grows at only 3.94 percent, what would be the result of that?] MR. COYNE: A. And GDP grows at what rate? JOHNSON, Q.C.: Q. 3.94 percent. MR. COYNE: A. Well they're growing faster than the economy in that case. JOHNSON, Q.C.: Q. Right. MR. COYNE: A. This is not the entirety of the economy, these are the largest corporations in the economy, the TSX or the S & P 500. This is not the entirety of our economy. These are
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	Q. MR. COYNE: A. JOHNSON, Q	Page 150 utility proxy group and those growth rate estimates. .C.: I noticed in JMC-5, your exhibit, that there were firms there that had, like astronomical growth levels reported for them. You probably noticed them, like Cameco at 40.9 percent; Osisko at 50 percent; Pason Systems at 52.31 percent; Hudson Bay Minerals at 43 percent. That's what we see in the broad market, yes. .C.: And on JMC-6, which talked about your U.S. firms, Caterpillar at 21 percent; Under Armour at 22.75 percent; Royal Cribbing, I think, at 20.54 percent; Cabot Oil at 42.75	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	Page 152 10 over time and GDP grows at only 3.94 percent, what would be the result of that?] MR. COYNE: A. And GDP grows at what rate? JOHNSON, Q.C.: Q. 3.94 percent. MR. COYNE: A. Well they're growing faster than the economy in that case. JOHNSON, Q.C.: Q. Right. MR. COYNE: A. This is not the entirety of the economy, these are the largest corporations in the economy, the TSX or the S & P 500. This is not the entirety of our economy. These are the large publicly traded companies. GDP is
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Q. MR. COYNE: A. JOHNSON, Q	Page 150 utility proxy group and those growth rate estimates. .C.: I noticed in JMC-5, your exhibit, that there were firms there that had, like astronomical growth levels reported for them. You probably noticed them, like Cameco at 40.9 percent; Osisko at 50 percent; Pason Systems at 52.31 percent; Hudson Bay Minerals at 43 percent. That's what we see in the broad market, yes. .C.: And on JMC-6, which talked about your U.S. firms, Caterpillar at 21 percent; Under Armour at 22.75 percent; Royal Cribbing, I think, at 20.54 percent; Cabot Oil at 42.75 percent, just again subject to check, so	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Page 152 10 over time and GDP grows at only 3.94 percent, what would be the result of that?] MR. COYNE: A. And GDP grows at what rate? JOHNSON, Q.C.: Q. 3.94 percent. MR. COYNE: A. Well they're growing faster than the economy in that case. JOHNSON, Q.C.: Q. Right. MR. COYNE: A. This is not the entirety of the economy, these are the largest corporations in the economy, the TSX or the S & P 500. This is not the entirety of our economy. These are the large publicly traded companies. GDP is much larger than that.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	Q. MR. COYNE: A. JOHNSON, Q	Page 150 utility proxy group and those growth rate estimates. .C.: I noticed in JMC-5, your exhibit, that there were firms there that had, like astronomical growth levels reported for them. You probably noticed them, like Cameco at 40.9 percent; Osisko at 50 percent; Pason Systems at 52.31 percent; Hudson Bay Minerals at 43 percent. That's what we see in the broad market, yes. .C.: And on JMC-6, which talked about your U.S. firms, Caterpillar at 21 percent; Under Armour at 22.75 percent; Royal Cribbing, I think, at 20.54 percent; Cabot Oil at 42.75 percent, just again subject to check, so what's the length of time of these	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	Page 152 10 over time and GDP grows at only 3.94 percent, what would be the result of that?] MR. COYNE: A. And GDP grows at what rate? JOHNSON, Q.C.: Q. 3.94 percent. MR. COYNE: A. Well they're growing faster than the economy in that case. JOHNSON, Q.C.: Q. Right. MR. COYNE: A. This is not the entirety of the economy, these are the largest corporations in the economy, the TSX or the S & P 500. This is not the entirety of our economy. These are the large publicly traded companies. GDP is much larger than that. JOHNSON, Q.C.:
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	Q. MR. COYNE: A. JOHNSON, Q Q.	Page 150 utility proxy group and those growth rate estimates. .C.: I noticed in JMC-5, your exhibit, that there were firms there that had, like astronomical growth levels reported for them. You probably noticed them, like Cameco at 40.9 percent; Osisko at 50 percent; Pason Systems at 52.31 percent; Hudson Bay Minerals at 43 percent. That's what we see in the broad market, yes. .C.: And on JMC-6, which talked about your U.S. firms, Caterpillar at 21 percent; Under Armour at 22.75 percent; Royal Cribbing, I think, at 20.54 percent; Cabot Oil at 42.75 percent, just again subject to check, so what's the length of time of these estimates? I mean, how long are they –	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	Page 152 10 over time and GDP grows at only 3.94 percent, what would be the result of that?] MR. COYNE: A. And GDP grows at what rate? JOHNSON, Q.C.: Q. 3.94 percent. MR. COYNE: A. Well they're growing faster than the economy in that case. JOHNSON, Q.C.: Q. Right. MR. COYNE: A. This is not the entirety of the economy, these are the largest corporations in the economy, the TSX or the S & P 500. This is not the entirety of our economy. These are the large publicly traded companies. GDP is much larger than that. JOHNSON, Q.C.: Q. But as I understand it, if we make the
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	Q. MR. COYNE: A. JOHNSON, Q Q. MR. COYNE:	Page 150 utility proxy group and those growth rate estimates. .C.: I noticed in JMC-5, your exhibit, that there were firms there that had, like astronomical growth levels reported for them. You probably noticed them, like Cameco at 40.9 percent; Osisko at 50 percent; Pason Systems at 52.31 percent; Hudson Bay Minerals at 43 percent. That's what we see in the broad market, yes. .C.: And on JMC-6, which talked about your U.S. firms, Caterpillar at 21 percent; Under Armour at 22.75 percent; Royal Cribbing, I think, at 20.54 percent; Cabot Oil at 42.75 percent, just again subject to check, so what's the length of time of these estimates? I mean, how long are they –	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	Page 152 10 over time and GDP grows at only 3.94 percent, what would be the result of that?] MR. COYNE: A. And GDP grows at what rate? JOHNSON, Q.C.: Q. 3.94 percent. MR. COYNE: A. Well they're growing faster than the economy in that case. JOHNSON, Q.C.: Q. Right. MR. COYNE: A. This is not the entirety of the economy, these are the largest corporations in the economy, the TSX or the S & P 500. This is not the entirety of our economy. These are the large publicly traded companies. GDP is much larger than that. JOHNSON, Q.C.: Q. But as I understand it, if we make the assumption that these firms are going to
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Q. MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A.	Page 150 utility proxy group and those growth rate estimates. .C.: I noticed in JMC-5, your exhibit, that there were firms there that had, like astronomical growth levels reported for them. You probably noticed them, like Cameco at 40.9 percent; Osisko at 50 percent; Pason Systems at 52.31 percent; Hudson Bay Minerals at 43 percent. That's what we see in the broad market, yes. .C.: And on JMC-6, which talked about your U.S. firms, Caterpillar at 21 percent; Under Armour at 22.75 percent; Royal Cribbing, I think, at 20.54 percent; Cabot Oil at 42.75 percent, just again subject to check, so what's the length of time of these estimates? I mean, how long are they – As I indicated, those are five-year growth	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Page 152 10 over time and GDP grows at only 3.94 percent, what would be the result of that?] MR. COYNE: A. And GDP grows at what rate? JOHNSON, Q.C.: Q. 3.94 percent. MR. COYNE: A. Well they're growing faster than the economy in that case. JOHNSON, Q.C.: Q. Right. MR. COYNE: A. This is not the entirety of the economy, these are the largest corporations in the economy, the TSX or the S & P 500. This is not the entirety of our economy. These are the large publicly traded companies. GDP is much larger than that. JOHNSON, Q.C.: Q. But as I understand it, if we make the assumption that these firms are going to grow at multiples of GDP growth rate
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A.	Page 150 utility proxy group and those growth rate estimates. .C.: I noticed in JMC-5, your exhibit, that there were firms there that had, like astronomical growth levels reported for them. You probably noticed them, like Cameco at 40.9 percent; Osisko at 50 percent; Pason Systems at 52.31 percent; Hudson Bay Minerals at 43 percent. That's what we see in the broad market, yes. .C.: And on JMC-6, which talked about your U.S. firms, Caterpillar at 21 percent; Under Armour at 22.75 percent; Royal Cribbing, I think, at 20.54 percent; Cabot Oil at 42.75 percent, just again subject to check, so what's the length of time of these estimates? I mean, how long are they – As I indicated, those are five-year growth rate estimates.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Page 152 10 over time and GDP grows at only 3.94 percent, what would be the result of that?] MR. COYNE: A. And GDP grows at what rate? JOHNSON, Q.C.: Q. 3.94 percent. MR. COYNE: A. Well they're growing faster than the economy in that case. JOHNSON, Q.C.: Q. Right. MR. COYNE: A. This is not the entirety of the economy, these are the largest corporations in the economy, the TSX or the S & P 500. This is not the entirety of our economy. These are the large publicly traded companies. GDP is much larger than that. JOHNSON, Q.C.: Q. But as I understand it, if we make the assumption that these firms are going to grow at multiples of GDP growth rate expectations, that profits and the dividends
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Q. MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q	Page 150 utility proxy group and those growth rate estimates. .C.: I noticed in JMC-5, your exhibit, that there were firms there that had, like astronomical growth levels reported for them. You probably noticed them, like Cameco at 40.9 percent; Osisko at 50 percent; Pason Systems at 52.31 percent; Hudson Bay Minerals at 43 percent. That's what we see in the broad market, yes. .C.: And on JMC-6, which talked about your U.S. firms, Caterpillar at 21 percent; Under Armour at 22.75 percent; Royal Cribbing, I think, at 20.54 percent; Cabot Oil at 42.75 percent, just again subject to check, so what's the length of time of these estimates? I mean, how long are they – As I indicated, those are five-year growth rate estimates.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Page 152 10 over time and GDP grows at only 3.94 percent, what would be the result of that?] MR. COYNE: A. And GDP grows at what rate? JOHNSON, Q.C.: Q. 3.94 percent. MR. COYNE: A. Well they're growing faster than the economy in that case. JOHNSON, Q.C.: Q. Right. MR. COYNE: A. This is not the entirety of the economy, these are the largest corporations in the economy, the TSX or the S & P 500. This is not the entirety of our economy. These are the large publicly traded companies. GDP is much larger than that. JOHNSON, Q.C.: Q. But as I understand it, if we make the assumption that these firms are going to grow at multiples of GDP growth rate

April 5, 2016

	15,2016			NL Power GRA 2016
		Page 153		Page 155
1		up in corporate profits, that's where that	1	MR. COYNE:
2		model would take you if you make an	2	A. Yes.
3		assumption of outsize growth over GDP, would	3	JOHNSON, Q.C.:
4		that be fair?	4	Q. And I understand that out in British
5	MR. COYNE:		5	Columbia where you testified very recently,
6	A.	Well there's a lot in your question there.	6	within the last several weeks, that you
7		I would stipulate that these companies are	7	were, in fact, asked to provide a multi-
8		projected to grow faster than the overall	8	stage DCF analysis for these purposes, is
9		economy by these analysts over that period	9	that correct?
10		of time.	10	MR. COYNE:
11	JOHNSON, Q		11	A. I was.
12	Q.	But like DCF relies upon, the DCF	12	JOHNSON, Q.C.:
12	Q.	methodology for constant growth, does it not	12	Q. And you did provide that to the BC Board
13		rely on long-term growth assumptions?	14	after that undertaking?
	MR. COYNE			MR. COYNE:
15			15	A. I did.
16	A.	It does, yes.	16	
17	JOHNSON, Q		17	JOHNSON, Q.C.:
18	Q.	Did you adjust any of these estimates for	18	Q. And could you indicate to us what happens to
19		what's known broadly as analyst optimism or	19	the risk premium when you apply the multi-
20		bias?	20	stage model?
21	MR. COYNE:		21	MR. COYNE:
22	А.	No, I did not.	22	A. Well, you would get – obviously, get a lower
23	JOHNSON, Q	•	23	result. You're now introducing a lower GDP
24	Q.	And I understand as well that you didn't use	24	growth rate into the equation as opposed to
25		multi-stage DCF in presenting the DCF	25	just strictly relying on the analysts'
		6 1 6		Jube builetij terjing on the unurjoto
		Page 154		Page 156
1			1	Page 156 growth rate, so they're much lower. They're
1 2	MR. COYNE:	Page 154 analysis to the Board?		Page 156
	MR. COYNE: A.	Page 154 analysis to the Board?	1	Page 156 growth rate, so they're much lower. They're
2		Page 154 analysis to the Board?	1 2	Page 156 growth rate, so they're much lower. They're lower than the historic market equity risk
23		Page 154 analysis to the Board? No, I applied my multi-stage model when I	1 2 3	Page 156 growth rate, so they're much lower. They're lower than the historic market equity risk premiums, in fact.
2 3 4		Page 154 analysis to the Board? No, I applied my multi-stage model when I estimated the return on equity for the	1 2 3 4	Page 156 growth rate, so they're much lower. They're lower than the historic market equity risk premiums, in fact. JOHNSON, Q.C.:
2 3 4 5	А.	Page 154 analysis to the Board? No, I applied my multi-stage model when I estimated the return on equity for the utilities directly.	1 2 3 4 5	Page 156 growth rate, so they're much lower. They're lower than the historic market equity risk premiums, in fact. JOHNSON, Q.C.: Q. So you actually put this in your rebuttal
2 3 4 5 6	A. (12:15 p.m.)	Page 154 analysis to the Board? No, I applied my multi-stage model when I estimated the return on equity for the utilities directly.	1 2 3 4 5	Page 156 growth rate, so they're much lower. They're lower than the historic market equity risk premiums, in fact. JOHNSON, Q.C.: Q. So you actually put this in your rebuttal evidence, right?
2 3 4 5 6 7	A. (12:15 p.m.) JOHNSON, Q	Page 154 analysis to the Board? No, I applied my multi-stage model when I estimated the return on equity for the utilities directly.	1 2 3 4 5 6 7	Page 156 growth rate, so they're much lower. They're lower than the historic market equity risk premiums, in fact. JOHNSON, Q.C.: Q. So you actually put this in your rebuttal evidence, right? MR. COYNE:
2 3 4 5 6 7 8	A. (12:15 p.m.) JOHNSON, Q	Page 154 analysis to the Board? No, I applied my multi-stage model when I estimated the return on equity for the utilities directly. C.: Okay, but not for the purposes of estimating the risk premium?	1 2 3 4 5 6 7 8	Page 156 growth rate, so they're much lower. They're lower than the historic market equity risk premiums, in fact. JOHNSON, Q.C.: Q. So you actually put this in your rebuttal evidence, right? MR. COYNE: A. Yes, we did.
2 3 4 5 6 7 8 9	A. (12:15 p.m.) JOHNSON, Q Q.	Page 154 analysis to the Board? No, I applied my multi-stage model when I estimated the return on equity for the utilities directly. C.: Okay, but not for the purposes of estimating the risk premium?	1 2 3 4 5 6 7 8 9	Page 156 growth rate, so they're much lower. They're lower than the historic market equity risk premiums, in fact. JOHNSON, Q.C.: Q. So you actually put this in your rebuttal evidence, right? MR. COYNE: A. Yes, we did. JOHNSON, Q.C.:
2 3 4 5 6 7 8 9 10	A. (12:15 p.m.) JOHNSON, Q Q. MR. COYNE:	Page 154 analysis to the Board? No, I applied my multi-stage model when I estimated the return on equity for the utilities directly. C.: Okay, but not for the purposes of estimating the risk premium? No, no.	1 2 3 4 5 6 7 8 9 10	Page 156 growth rate, so they're much lower. They're lower than the historic market equity risk premiums, in fact. JOHNSON, Q.C.: Q. So you actually put this in your rebuttal evidence, right? MR. COYNE: A. Yes, we did. JOHNSON, Q.C.: Q. And that's at page 29 of your rebuttal?
2 3 4 5 6 7 8 9 10 11	A. (12:15 p.m.) JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q	Page 154 analysis to the Board? No, I applied my multi-stage model when I estimated the return on equity for the utilities directly. C.: Okay, but not for the purposes of estimating the risk premium? No, no.	1 2 3 4 5 6 7 8 9 10 11	Page 156 growth rate, so they're much lower. They're lower than the historic market equity risk premiums, in fact. JOHNSON, Q.C.: Q. So you actually put this in your rebuttal evidence, right? MR. COYNE: A. Yes, we did. JOHNSON, Q.C.: Q. And that's at page 29 of your rebuttal? Have I got the right section of where you're
2 3 4 5 6 7 8 9 10 11 12	A. (12:15 p.m.) JOHNSON, Q Q. MR. COYNE: A.	Page 154 analysis to the Board? No, I applied my multi-stage model when I estimated the return on equity for the utilities directly. C.: Okay, but not for the purposes of estimating the risk premium? No, no. C.: Right, and now we asked you to in CA-NP-100,	1 2 3 4 5 6 7 8 9 10 11 12	Page 156 growth rate, so they're much lower. They're lower than the historic market equity risk premiums, in fact. JOHNSON, Q.C.: Q. So you actually put this in your rebuttal evidence, right? MR. COYNE: A. Yes, we did. JOHNSON, Q.C.: Q. And that's at page 29 of your rebuttal? Have I got the right section of where you're saying this?
2 3 4 5 6 7 8 9 10 11 12 13 14	A. (12:15 p.m.) JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q	Page 154 analysis to the Board? No, I applied my multi-stage model when I estimated the return on equity for the utilities directly. C.: Okay, but not for the purposes of estimating the risk premium? No, no. C.: Right, and now we asked you to in CA-NP-100, if we could turn to that – we asked, "In	1 2 3 4 5 6 7 8 9 10 11 12 13 14	Page 156 growth rate, so they're much lower. They're lower than the historic market equity risk premiums, in fact. JOHNSON, Q.C.: Q. So you actually put this in your rebuttal evidence, right? MR. COYNE: A. Yes, we did. JOHNSON, Q.C.: Q. And that's at page 29 of your rebuttal? Have I got the right section of where you're saying this? MR. COYNE: A. Yes.
2 3 4 5 6 7 8 9 10 11 12 13 14 15	A. (12:15 p.m.) JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q	Page 154 analysis to the Board? No, I applied my multi-stage model when I estimated the return on equity for the utilities directly. C.: Okay, but not for the purposes of estimating the risk premium? No, no. C.: Right, and now we asked you to in CA-NP-100, if we could turn to that – we asked, "In terms of your forward looking DCF estimates	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15	Page 156 growth rate, so they're much lower. They're lower than the historic market equity risk premiums, in fact. JOHNSON, Q.C.: Q. So you actually put this in your rebuttal evidence, right? MR. COYNE: A. Yes, we did. JOHNSON, Q.C.: Q. And that's at page 29 of your rebuttal? Have I got the right section of where you're saying this? MR. COYNE: A. Yes. JOHNSON, Q.C.:
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	A. (12:15 p.m.) JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q	Page 154 analysis to the Board? No, I applied my multi-stage model when I estimated the return on equity for the utilities directly. C.: Okay, but not for the purposes of estimating the risk premium? No, no. C.: Right, and now we asked you to in CA-NP-100, if we could turn to that – we asked, "In terms of your forward looking DCF estimates for the market, please confirm these	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	Page 156 growth rate, so they're much lower. They're lower than the historic market equity risk premiums, in fact. JOHNSON, Q.C.: Q. So you actually put this in your rebuttal evidence, right? MR. COYNE: A. Yes, we did. JOHNSON, Q.C.: Q. And that's at page 29 of your rebuttal? Have I got the right section of where you're saying this? MR. COYNE: A. Yes. JOHNSON, Q.C.: Q. So you're indicating – just to go down to
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	A. (12:15 p.m.) JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q	Page 154 analysis to the Board? No, I applied my multi-stage model when I estimated the return on equity for the utilities directly. C.: Okay, but not for the purposes of estimating the risk premium? No, no. C.: Right, and now we asked you to in CA-NP-100, if we could turn to that – we asked, "In terms of your forward looking DCF estimates for the market, please confirm these estimates are based on analysts' forecast,	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	Page 156 growth rate, so they're much lower. They're lower than the historic market equity risk premiums, in fact. JOHNSON, Q.C.: Q. So you actually put this in your rebuttal evidence, right? MR. COYNE: A. Yes, we did. JOHNSON, Q.C.: Q. And that's at page 29 of your rebuttal? Have I got the right section of where you're saying this? MR. COYNE: A. Yes. JOHNSON, Q.C.: Q. So you're indicating – just to go down to the bottom of the previous page for a
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	A. (12:15 p.m.) JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q	Page 154 analysis to the Board? No, I applied my multi-stage model when I estimated the return on equity for the utilities directly. C.: Okay, but not for the purposes of estimating the risk premium? No, no. C.: Right, and now we asked you to in CA-NP-100, if we could turn to that – we asked, "In terms of your forward looking DCF estimates for the market, please confirm these estimates are based on analysts' forecast, provide the source of the analysts'	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Page 156 growth rate, so they're much lower. They're lower than the historic market equity risk premiums, in fact. JOHNSON, Q.C.: Q. So you actually put this in your rebuttal evidence, right? MR. COYNE: A. Yes, we did. JOHNSON, Q.C.: Q. And that's at page 29 of your rebuttal? Have I got the right section of where you're saying this? MR. COYNE: A. Yes. JOHNSON, Q.C.: Q. So you're indicating – just to go down to the bottom of the previous page for a second, you start at line 23, "My analysis
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	A. (12:15 p.m.) JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q	Page 154 analysis to the Board? No, I applied my multi-stage model when I estimated the return on equity for the utilities directly. C.: Okay, but not for the purposes of estimating the risk premium? No, no. C.: Right, and now we asked you to in CA-NP-100, if we could turn to that – we asked, "In terms of your forward looking DCF estimates for the market, please confirm these estimates are based on analysts' forecast, provide the source of the analysts' forecast, and explain why you have not used	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	Page 156 growth rate, so they're much lower. They're lower than the historic market equity risk premiums, in fact. JOHNSON, Q.C.: Q. So you actually put this in your rebuttal evidence, right? MR. COYNE: A. Yes, we did. JOHNSON, Q.C.: Q. And that's at page 29 of your rebuttal? Have I got the right section of where you're saying this? MR. COYNE: A. Yes. JOHNSON, Q.C.: Q. So you're indicating – just to go down to the bottom of the previous page for a second, you start at line 23, "My analysis suggests that the current market risk
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	A. (12:15 p.m.) JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q	Page 154 analysis to the Board? No, I applied my multi-stage model when I estimated the return on equity for the utilities directly. C.: Okay, but not for the purposes of estimating the risk premium? No, no. C.: Right, and now we asked you to in CA-NP-100, if we could turn to that – we asked, "In terms of your forward looking DCF estimates for the market, please confirm these estimates are based on analysts' forecast, provide the source of the analysts' forecast, and explain why you have not used the multi-stage DCF model", and as I	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	Page 156 growth rate, so they're much lower. They're lower than the historic market equity risk premiums, in fact. JOHNSON, Q.C.: Q. So you actually put this in your rebuttal evidence, right? MR. COYNE: A. Yes, we did. JOHNSON, Q.C.: Q. And that's at page 29 of your rebuttal? Have I got the right section of where you're saying this? MR. COYNE: A. Yes. JOHNSON, Q.C.: Q. So you're indicating – just to go down to the bottom of the previous page for a second, you start at line 23, "My analysis suggests that the current market risk premium is above my estimate of 7.6 percent,
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	A. (12:15 p.m.) JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q	Page 154 analysis to the Board? No, I applied my multi-stage model when I estimated the return on equity for the utilities directly. C.: Okay, but not for the purposes of estimating the risk premium? No, no. C.: Right, and now we asked you to in CA-NP-100, if we could turn to that – we asked, "In terms of your forward looking DCF estimates for the market, please confirm these estimates are based on analysts' forecast, provide the source of the analysts' forecast, and explain why you have not used the multi-stage DCF model", and as I understood your answer at line 15 to 16, you	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	Page 156 growth rate, so they're much lower. They're lower than the historic market equity risk premiums, in fact. JOHNSON, Q.C.: Q. So you actually put this in your rebuttal evidence, right? MR. COYNE: A. Yes, we did. JOHNSON, Q.C.: Q. And that's at page 29 of your rebuttal? Have I got the right section of where you're saying this? MR. COYNE: A. Yes. JOHNSON, Q.C.: Q. So you're indicating – just to go down to the bottom of the previous page for a second, you start at line 23, "My analysis suggests that the current market risk premium is above my estimate of 7.6 percent, as indicated by my forward looking MRP of
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. (12:15 p.m.) JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q	Page 154 analysis to the Board? No, I applied my multi-stage model when I estimated the return on equity for the utilities directly. C.: Okay, but not for the purposes of estimating the risk premium? No, no. C.: Right, and now we asked you to in CA-NP-100, if we could turn to that – we asked, "In terms of your forward looking DCF estimates for the market, please confirm these estimates are based on analysts' forecast, provide the source of the analysts' forecast, and explain why you have not used the multi-stage DCF model", and as I understood your answer at line 15 to 16, you said, "A multi-stage analysis would require	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Page 156 growth rate, so they're much lower. They're lower than the historic market equity risk premiums, in fact. JOHNSON, Q.C.: Q. So you actually put this in your rebuttal evidence, right? MR. COYNE: A. Yes, we did. JOHNSON, Q.C.: Q. And that's at page 29 of your rebuttal? Have I got the right section of where you're saying this? MR. COYNE: A. Yes. JOHNSON, Q.C.: Q. So you're indicating – just to go down to the bottom of the previous page for a second, you start at line 23, "My analysis suggests that the current market risk premium is above my estimate of 7.6 percent, as indicated by my forward looking MRP of 9.8 percent for Canada, and 8.1 percent for
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	A. (12:15 p.m.) JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q	Page 154 analysis to the Board? No, I applied my multi-stage model when I estimated the return on equity for the utilities directly. C.: Okay, but not for the purposes of estimating the risk premium? No, no. C.: Right, and now we asked you to in CA-NP-100, if we could turn to that – we asked, "In terms of your forward looking DCF estimates for the market, please confirm these estimates are based on analysts' forecast, provide the source of the analysts' forecast, and explain why you have not used the multi-stage DCF model", and as I understood your answer at line 15 to 16, you said, "A multi-stage analysis would require introducing assumptions concerning second	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Page 156 growth rate, so they're much lower. They're lower than the historic market equity risk premiums, in fact. JOHNSON, Q.C.: Q. So you actually put this in your rebuttal evidence, right? MR. COYNE: A. Yes, we did. JOHNSON, Q.C.: Q. And that's at page 29 of your rebuttal? Have I got the right section of where you're saying this? MR. COYNE: A. Yes. JOHNSON, Q.C.: Q. So you're indicating – just to go down to the bottom of the previous page for a second, you start at line 23, "My analysis suggests that the current market risk premium is above my estimate of 7.6 percent, as indicated by my forward looking MRP of 9.8 percent for Canada, and 8.1 percent for the United States. In a further test of
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. (12:15 p.m.) JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q	Page 154 analysis to the Board? No, I applied my multi-stage model when I estimated the return on equity for the utilities directly. C.: Okay, but not for the purposes of estimating the risk premium? No, no. C.: Right, and now we asked you to in CA-NP-100, if we could turn to that – we asked, "In terms of your forward looking DCF estimates for the market, please confirm these estimates are based on analysts' forecast, provide the source of the analysts' forecast, and explain why you have not used the multi-stage DCF model", and as I understood your answer at line 15 to 16, you said, "A multi-stage analysis would require	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Page 156 growth rate, so they're much lower. They're lower than the historic market equity risk premiums, in fact. JOHNSON, Q.C.: Q. So you actually put this in your rebuttal evidence, right? MR. COYNE: A. Yes, we did. JOHNSON, Q.C.: Q. And that's at page 29 of your rebuttal? Have I got the right section of where you're saying this? MR. COYNE: A. Yes. JOHNSON, Q.C.: Q. So you're indicating – just to go down to the bottom of the previous page for a second, you start at line 23, "My analysis suggests that the current market risk premium is above my estimate of 7.6 percent, as indicated by my forward looking MRP of 9.8 percent for Canada, and 8.1 percent for

1/1	11 5, 2016			NL Power GRA 2016
		Page 157		Page 159
1	t	o derive the forward market equity risk	1	of capital for the utility. If you apply
2	1	premium, forward looking market risk premium	2	the multi-stage model as I did for the
3	-	s lowered to 5.39 percent, and 3.96 percent	3	utility, you can do that directly, you don't
4		for Canada and the United States	4	have to go through that multi-stage logic to
5	I	respectively". So a drastic decrease in the	5	get around to a number you can estimate
6		narket risk premium by putting in what	6	directly using the multi-stage model, using
7		you're terming "a more conservative multi-	7	growth rates for the utilities that are
8	•	stage DCF model"?	8	comparable to Newfoundland Power, and using
9	MR. COYNE:		9	the multi-stage model using the GDP growth
10		Yes. I don't think that's a reliable	10	rate for the back end. So you can do it
11		ndicator of the forward looking view of the	11	directly. There's no reason to do so so
12		narket equity risk premium. Those would be	12	indirectly.
13		ower than the historic ones with a range of	13	JOHNSON, Q.C.:
14		bond yield that look very different from the	14	Q. You then go on to talk about how – you go
15		ones that we have today. So I ran it on	15	on, as you've confirmed here, "That this
16		indertaking as a request, knowing full well	16	yields an anomalous result when indications
17		t would come up here again, given Dr.	17	are the market risk premium is higher than
18		Booth's interest in this matter, but it is	18	historical average and not lower", and then
19		ower and just does not give you reliable	19	you refer to your regression test of the
$\begin{vmatrix} 1 \\ 20 \end{vmatrix}$		Forward looking view of the market equity	20	market risk premium, suggesting that the
$ ^{20}_{21}$		isk premium.	20	market risk premium is much higher, is that
$\begin{vmatrix} 21\\22 \end{vmatrix}$	JOHNSON, Q.	÷	21	right?
$\begin{vmatrix} 22\\23 \end{vmatrix}$		And why?	22	MR. COYNE:
$ ^{23}_{24}$	MR. COYNE:	and wily?	23	A. That's right, yeah.
25		Well, because – well, first of all, it	25	
25	11.		25	
		Page 158	1	Page 160
		doesn't pass the logic test. It's giving us		Q. And where is your regression test? Is that Exhibit JMC-7?
$\begin{vmatrix} 2 \\ 2 \end{vmatrix}$		market equity risk premium that are lower	$\begin{vmatrix} 2 \\ 2 \end{vmatrix}$	MR. COYNE:
		than history, even though we have much lower	3	
4		bond yields. Everything we just discussed	4	A. I believe it is, yes.
5		suggest that that's just not the case. We	5	JOHNSON, Q.C.:
6		don't see any evidence of that in the	6	Q. All right, let's go there for a moment then.
7		marketplace. Secondly, if you want to use	7	If we could try to get that $-$ so this is
8		the tool of the multi-stage – what you're	8	your regression analysis of market risk
9		trying to do here is to take a model that's	9	premium, the Government of Canada long term
10		on crutches in the CAPM, that's disabled by	10	bond yields from '76 to 2014?
1 1 1		the test that you have a risk tree rate that	11	-
11		the fact that you have a risk free rate that		MR. COYNE:
12		we have to try to find an equilibrium on	12	MR. COYNE: A. That's right.
12 13		we have to try to find an equilibrium on because of abnormal bond yields, and we	12 13	MR. COYNE: A. That's right. JOHNSON, Q.C.:
12 13 14		we have to try to find an equilibrium on because of abnormal bond yields, and we argue about beta, we argue about market	12 13 14	MR. COYNE: A. That's right. JOHNSON, Q.C.: Q. Okay.
12 13 14 15		we have to try to find an equilibrium on because of abnormal bond yields, and we argue about beta, we argue about market equity risk premium in this current market	12 13 14 15	MR. COYNE: A. That's right. JOHNSON, Q.C.: Q. Okay. MR. COYNE:
12 13 14 15 16		we have to try to find an equilibrium on because of abnormal bond yields, and we argue about beta, we argue about market equity risk premium in this current market environment. If you want to go to the	12 13 14 15 16	MR. COYNE: A. That's right. JOHNSON, Q.C.: Q. Okay. MR. COYNE: A. And you can see looking at the bond yields
12 13 14 15 16 17		we have to try to find an equilibrium on because of abnormal bond yields, and we argue about beta, we argue about market equity risk premium in this current market environment. If you want to go to the trouble of using the DCF to estimate the	12 13 14 15 16 17	MR. COYNE: A. That's right. JOHNSON, Q.C.: Q. Okay. MR. COYNE: A. And you can see looking at the bond yields on the left hand side, they cover a broad
12 13 14 15 16 17 18		we have to try to find an equilibrium on because of abnormal bond yields, and we argue about beta, we argue about market equity risk premium in this current market environment. If you want to go to the trouble of using the DCF to estimate the market equity using the forward looking	12 13 14 15 16 17 18	MR. COYNE: A. That's right. JOHNSON, Q.C.: Q. Okay. MR. COYNE: A. And you can see looking at the bond yields on the left hand side, they cover a broad range over that period of time. For the
12 13 14 15 16 17 18 19		we have to try to find an equilibrium on because of abnormal bond yields, and we argue about beta, we argue about market equity risk premium in this current market environment. If you want to go to the trouble of using the DCF to estimate the market equity using the forward looking market equity risk premium, using a multi-	12 13 14 15 16 17 18 19	MR. COYNE: A. That's right. JOHNSON, Q.C.: Q. Okay. MR. COYNE: A. And you can see looking at the bond yields on the left hand side, they cover a broad range over that period of time. For the recession period of 2008, I use a dummy
12 13 14 15 16 17 18 19 20		we have to try to find an equilibrium on because of abnormal bond yields, and we argue about beta, we argue about market equity risk premium in this current market environment. If you want to go to the trouble of using the DCF to estimate the market equity using the forward looking market equity risk premium, using a multi- stage model, why don't you apply it directly	12 13 14 15 16 17 18 19 20	MR. COYNE: A. That's right. JOHNSON, Q.C.: Q. Okay. MR. COYNE: A. And you can see looking at the bond yields on the left hand side, they cover a broad range over that period of time. For the recession period of 2008, I use a dummy variable in the regression analysis, knowing
12 13 14 15 16 17 18 19 20 21		we have to try to find an equilibrium on because of abnormal bond yields, and we argue about beta, we argue about market equity risk premium in this current market environment. If you want to go to the trouble of using the DCF to estimate the market equity using the forward looking market equity risk premium, using a multi- stage model, why don't you apply it directly to the utility group which is the purpose of	12 13 14 15 16 17 18 19 20 21	MR. COYNE: A. That's right. JOHNSON, Q.C.: Q. Okay. MR. COYNE: A. And you can see looking at the bond yields on the left hand side, they cover a broad range over that period of time. For the recession period of 2008, I use a dummy variable in the regression analysis, knowing that that caused great dislocation in
12 13 14 15 16 17 18 19 20 21 22		we have to try to find an equilibrium on because of abnormal bond yields, and we argue about beta, we argue about market equity risk premium in this current market environment. If you want to go to the trouble of using the DCF to estimate the market equity using the forward looking market equity risk premium, using a multi- stage model, why don't you apply it directly to the utility group which is the purpose of this exercise to begin with, as opposed to	12 13 14 15 16 17 18 19 20 21 22	MR. COYNE: A. That's right. JOHNSON, Q.C.: Q. Okay. MR. COYNE: A. And you can see looking at the bond yields on the left hand side, they cover a broad range over that period of time. For the recession period of 2008, I use a dummy variable in the regression analysis, knowing that that caused great dislocation in financial markets, to estimate what the
12 13 14 15 16 17 18 19 20 21 22 23		we have to try to find an equilibrium on because of abnormal bond yields, and we argue about beta, we argue about market equity risk premium in this current market environment. If you want to go to the trouble of using the DCF to estimate the market equity using the forward looking market equity risk premium, using a multi- stage model, why don't you apply it directly to the utility group which is the purpose of this exercise to begin with, as opposed to going through that tortured exercise, I	12 13 14 15 16 17 18 19 20 21 22 23	MR. COYNE: A. That's right. JOHNSON, Q.C.: Q. Okay. MR. COYNE: A. And you can see looking at the bond yields on the left hand side, they cover a broad range over that period of time. For the recession period of 2008, I use a dummy variable in the regression analysis, knowing that that caused great dislocation in financial markets, to estimate what the market risk premium would be in relationship
12 13 14 15 16 17 18 19 20 21 22		we have to try to find an equilibrium on because of abnormal bond yields, and we argue about beta, we argue about market equity risk premium in this current market environment. If you want to go to the trouble of using the DCF to estimate the market equity using the forward looking market equity risk premium, using a multi- stage model, why don't you apply it directly to the utility group which is the purpose of this exercise to begin with, as opposed to	12 13 14 15 16 17 18 19 20 21 22	MR. COYNE: A. That's right. JOHNSON, Q.C.: Q. Okay. MR. COYNE: A. And you can see looking at the bond yields on the left hand side, they cover a broad range over that period of time. For the recession period of 2008, I use a dummy variable in the regression analysis, knowing that that caused great dislocation in financial markets, to estimate what the

Page 161 Page 163 1 JOHNSON, Q.C.: Q. And so this is to provide some support for 3 the appropriatess of the forward expected 4 creturn on the overall market of 15.46 Q. Just let's - I think we're going to need to see the right part of the screen for a second, and any out point us out your occertificent estimate on long Canada yields? 5 MR. COYNE: 6 A. That's - I.11. 7 7 A. If's to do two things. It's to look at - at's to test it in terms of whether or not 9 there's a relationship between the market 10 equity risk premium and the long term bond 11 cyletal weet up 1 percent, say, from 4 9 10 A. There's a lot of literature out there that 13 Q. Right, ohay. 10 anusbell, Mr. Coyne, that if Overnment bond 13 yields went up 1 percent, say, from 4 14 MR. COVNE: 10 anusbell, Mr. Coyne, that if Overnment bond 13 yields went up 1 percent, say, from 4 14 MR. COVNE: 10 long Canada yields wert nor lite strengt to magnitude of whet that change would be 10 bend yields were tooking at today. 10 10 HNSON, Q.C.: 21 long Canada yields were tawing a strong 10 percent, at long the available estimated that 12 services and analysis to see what market quity risk 13 permium would be predicted by that. 11 12 MR.COYNE: 24 A. So what 1 di Is 1 estimated that 12 opersent to pheravailable estimates from 13 were really should justify your position? 12 A. Well, that's not expressed logarithinkally, 13 uppersto hold very little predictive	Г	11 5, 2010				NL I OWEI OKA 2010
2 Q. And so this is to provide some support for the appropriateness of the forward expected to expected. 2 see the right part of the screen for a second, and can you point us out you coefficient estimate on long Canada yields? 5 MR. COYNE: 5 MR. COYNE: 5 10 equiry risk premium and the long term bond yield. 10 Q. Right, so it's to the left hand side right 9 where we see the words. "Canada long bond", 10 11 yield. 11 right pert of the screen fisht it's 10 So would this mean in a 12 12 JOHNSON, Q.C: 12 autishell, Mr. Coyne, that if Covernment bond 13 Q. Right, oai; 14 MR. COYNE: 14 percent, so, sy, front 4 15 A. There's a lot of literature out there that 15 second, and tought you were claiming that 16 10 between historic equiry risk premium and 20 bond yields we't looking at today. 20 Q. Okay, so - 21 JOHNSON, Q.C: 20 Q. Okay, and 1 thought you were claiming that 16 18 A 23 NR. COYNE: 23 so would you not consider a -1.11 precent to 16 14 A.			•			6
3 the appropriateness of the forward expected 4 3 second, and can you point us out your 4 4 return on the overall market of 13.46 5 MR. COYNE: 6 A That's -1.11. 6 A. It's to do two things. It's to look at – 7 it's to test it in terms of whether or not 9 there's a relationship between the market 10 equity risk premium and the long term boad 11 yield. 10 equity risk premium and the long term boad 12 JOHNSON, Q.C.: 10 and it's -1.11, okay. It's highlighted 11 11 yield. 12 numbell, Mr. Coyne, that if Gavernment bend 13 Q. Right, okay. 12 JOHNSON, Q.C.: 12 numbell, Mr. Coyne, that if Gavernment bend 13 is free rate. 13 Q. Right, okay. 14 precent, okay, that the market 15 risk premium would go down 1.11 percent, at 14 14 MR. COYNE: 18 A. There's a lot of literature out there that 15 risk premium would go down 1.11 percent, at 16 12 ODNSON, Q.C.: 14 precent of sy premiums, and 17 NR. COYNE: 12 ODNSON, Q.C.: 14 NR. COYNE: 14 Sow	1		-	1	Q.	
4 return on the overall market of 13.46 4 coefficient estimate on long Canada yields? 5 percent, is it? 6 A. That's -1.11, 7 A. It's to do two things. It's to look at - it's to lost it in terms of whether or not the equity risk premium and the long term bond yields. We reason it an an antishell, M.C. Coyne, that if Government bond 11 9 where we see the words, "Canada long bond", unstability there nov. So would this mean in a antishell, M.C. Coyne, that if Government bond 12 10 equity risk premium and the long term bond yields went up 1 percent, asy, from 4 14 percent os 5 percent, osay, from 4 14 MR.COYNE: 13 yields went up 1 percent, asy, from 4 15 A. There's a lot of literature out there that 16 least according to this model? 17 measure it, and then to measure the magnetize equity risk premium and bord yields we're looking at today. 19 10 botty yields we're looking at today. 20 Q. Okay, so - 22 regression, and 1 plugged in the forward 24 A. So what 1 did is 1 estimated that 24 be a fairly small number? 25 MR.COYNE: 25 Q. Okay, so - 22 two and go down by 1.11 percent, at 12 percent to 5 24 A. So what 1 did is 1 estimated that 24 be a fairly small number?	2	Q.		2		
5 percent, is it? 5 MR. COYNE: 6 MR. COYNE: 6 A. Thit's - 1.11. 7 A. Ti's to do two things. It's to look at	3			3		
6 MR. COYNE: 6 A. That's -1.11. 7 A. It's to do two things. It's to look at - 7 JOHNSON, Q.C.: 8 it's to test it in terms of whether or not there's a relationship between the market or quity risk premium and the long term bond yield. 8 Q. Right, okay. 10 and it's -1.11. 7 JOHNSON, Q.C.: 10 and it's -1.11. 7 Canada long bond''. 10 cquity risk premium and the long term bond yield. 10 and it's -1.11. 7 JOHNSON, Q.C.: 10 and it's -1.11. 7 Canada long bond''. 11 optication optitenoptication optication opti	4		return on the overall market of 13.46	4		ę ,
7 A. It's to do two things. It's to look at - 7 JOHNSON, Q.C.: 8 it's to test it in terms of whether or not there's a relationship between the market 8 Q. Right, os it's to the left hand side right 10 equity risk premium and the long term bond yield. 10 and it's -1.11, oksy. It's highlighted 11 yield. 11 right there now. So would this mean in a 12 JOHNSON, Q.C.: 13 yield swent up 1 percent, so sy, from 4 14 MR. COYNE: 14 percent to 5 percent, okay, that the market 17 measure it, and then to measure the 18 A. Ibelieve it would. 18 magnitude of what that change would be 19 JOHNSON, Q.C.: 20 Okay, and I thought you were claiming that 12 JOHNSON, Q.C.: 21 ONNS y, so - 22 negative influence on market risk premiums, so would you not consider a -1.11 percent to 23 MR. COYNE: Page 162 14 Nettrees percent terms, perhaps. 5 24 A. So what I did is I estimated that 24 be a fairly small number? 25 25 MR. COYNE: Page 162 14 <	5		percent, is it?	5	MR. COYNE:	
8 if's to test if in terms of whether or not 8 Q. Right, so if's to the left hand side right 9 there's a relationship between the market 9 where we see the words, "Canada long bond", 10 equity risk, premium and the long term bond 11 right, so if's to the left hand side right 11 yields, ent up 1 percent, say, from 4 11 right, day. 11 12 JOHNSON, Q.C.: 12 mutshell, Mr. Coyne, that if Government bond 16 suggests that there is, and this is to 13 yields went up 1 percent, say, from 4 16 suggests that there is, and this is to 16 least according to this model? 17 measure it, and then to measure the 17 MR. COYNE: 18 magnitude of what that change would be 18 A. I believe it would. 19 between historic equity risk premium and 10 10HNSON, Q.C.: 21 long Canada yields were laxing a strong 24 A. So what I did is I estimated that 24 so would you not consider a -1.11 percent to 25 manalysis is to see what market equity risk appreximum and 3 guess, because they 're both expressed in percent terms, p	6	MR. COYNE	2	6	А.	That's –1.11.
9 there's a relationship between the market 10 9 where we see the words, "Canada long bond", and it's -1.11, okay, 1's highlighted 11 yield, 11 and it's -1.11, okay, 1's highlighted 13 Q. Right, okay. 12 nutshell, Mr. Coyne, that if Government bond 14 MR. COYNE: 12 nutshell, Mr. Coyne, that if Government bond 15 A. There's a lot of literature out there that 16 least according to this model? 16 suggests that there is, and this is to 17 measure it, and than to measure the 18 magnitude of what that change would be 19 NR. COYNE: 12 JOHNSON, Q.C.: 20 Q. Okay, so - 22 Q. Okay, so - 21 long Canada yields were having a strong negative influence on market risk premiums, so would you out consider a -1.11 percent to 24 A. So what I did is I estimated that 25 regression, and I plugged in the forward 25 R. COYNE: 25 JOHNSON, Q.C.: 24 A. So what I did is I estimated that 25 25 Q. So this market risk - this regression analysis to see what market equity risk 3 JOHNSON, Q.C.: 1 A. Well, that's not expressed logarithmically, 14 JOHNSON, Q.C.: 13 Q. Okay, and use this to test whet	7	А.	It's to do two things. It's to look at –	7	JOHNSON, Q	.C.:
10 equity risk premium and the long term bond yield. 10 and it's -1.11, okay. It's highlighted in the row. So would this mean in a nutshell, Mr. Coyne, that if Government bond yields went up 1 percent, say, from 4 13 Q. Right, okay. 13 yields went up 1 percent, say, from 4 14 MR. COYNE: 14 percent to 5 percent, okay, that the market 15 nsk premium would go down 1.11 percent, at 16 16 suggests that there is, and this is to 17 measure it, and then to measure the 18 18 A. I believe it would. 19 between historic equity risk premium and 20 bond yields we're looking at today. 20 Q. Okay, and I thought you were claiming that 21 10HNSON, Q.C: 21 JOHNSON, Q.C.: 23 so would you not consider a -1.11 percent to 24 A. I between historic equity risk 25 regression, and I plugged in the forward 25 25 MR. COYNE: 2 analysis, you're presenting this as opposed 4 JOHNSON, Q.C.: 4 Perecent to you have relationship 3 JOHNSON, Q.C.: 5 JOHNSON, Q.C.: 4 Page 164 4 JOHNSON, Q.C.: 4 percent terms, perhaps. 5 5 Q. So this market risk - this regression 6	8		it's to test it in terms of whether or not	8	Q.	Right, so it's to the left hand side right
11 yield. 11 right there now. So would this mean in a 12 JOHNSON, Q.C.: 12 nutshell, Mr. Coyne, that if Government bond 13 Q. Right, okay. 13 yields went up 1 percent, say, from 4 14 MR. COYNE: 14 percent to 5 percent, okay, that the market 15 A. There's a lot of literature out there that 15 risk premium would go down 1.11 percent, say, from 4 16 suggests that there is, and this is to 16 least according to this model? 17 measure it, and then to measure the 17 MR. COYNE: 19 between historic equity risk premium and 20 Q. Okay, so - 22 Q. Okay, so - 21 long Canada yields were having a strong 23 MR. COYNE: 23 so would you not consider a -1.11 percent to 24 A. So what I did is I estimated that 24 be a fairly small number? 25 regression, and I plugged in the forward 25 MR. COYNE: Page 164 1 looking risk free rate that we used in our analysis, you're presenting this as opposed 5 3	9		there's a relationship between the market	9		where we see the words, "Canada long bond",
12 JOHNSON, Q.C.: 12 mushell, Mr. Coyne, that if Government bond 13 Q. Right, okay. 13 yields went up 1 percent, say, from 4 14 MR. COVNE: 14 percent to 5 percent, okay, that the market 15 A. There's a lot of literature out there that 15 risk premium would go down 1.11 percent, at 16 suggests that there is, and this is to 17 MR. COYNE: 18 magnitude of what that change would be 19 Netween historic equity risk premium and 20 Q. Okay, and I thought you were claiming that long Canada yields were having a strong 21 JOHNSON, Q.C.: 21 long Canada yields were having a strong 22 q. Okay, so - 23 so would you not consider a -1.11 percent to 24 A. So what 1 did is 1 estimated that 24 be a fairly small number? 25 regression, and 1 plugged in the forward 25 MR. COYNE: 3 JOHNSON, Q.C.: 4 Well, that's not expressed logarithmically, agues, because they're both expressed in a percent tors, perhaps. 5 4 JOHNSON, Q.C.: 4 Well, that's not expresse relationship 9 Hetwitt, Mercer,	10		equity risk premium and the long term bond	10		and it's -1.11, okay. It's highlighted
13 Q. Right, okay. 13 yields went up 1 percent, say, from 4 14 MR COYNE: 14 percent to 5 percent, okay, that the market 15 A. There's a lot of literature out there that 15 is uggests that there is, and this is to 16 suggests that there is, and this is to 16 least according to this model? 17 measure it, and then to measure the 17 MR. COYNE: 18 magnitude of what that change would be 19 JOHNSON, Q.C.: 20 botween historic equity risk premium and 19 JOHNSON, Q.C.: 20 O kay, so - 21 long Canada yields were having a strong 22 negative influence on market risk premiums, 23 so would you not consider a -1.11 percent to 24 A. So what I did is 1 estimated that 25 regression, and 1 plugged in the forward 25 25 wells that have used in our 1 A. Well, that's not expressed logarithmically, 2 analysis, sou're presenting this as opposed 5 JOHNSON, QC.: 5 JOHNSON, QC.: 3 JOHNSON, QC.: 13 Q. Okay, okay,	11		yield.	11		right there now. So would this mean in a
13 Q. Right, okay. 13 yields went up 1 percent, say, from 4 14 MR, COYNE: 14 percent to 5 percent, okay, that the market 15 A. There's a lot of literature out there that 15 risk permium would go down 1.11 percent, at 16 suggests that there is, and this is to 16 least according to this model? 17 17 measure it, and then to measure the 18 A. Tobelieve it would. 19 19 between historic equity risk premium and 19 JOHNSON, Q.C.: 20 Q. Okay, so - 22 negative influence on market risk permiums, 23 MR, COYNE: 23 so would you not consider a -1.11 percent to 24 A. So what I did is 1 estimated that 23 so would you not consider a -1.11 percent to 24 A. So what I did is 1 estimated that 23 well hat's not expressed logarithmically, 25 regression, and I plugged in the forward 25 MR. COYNE: 24 A. 3 premium would be predicted by that. 3 guess, because they're both expressed in percent rems, perhaps. 5 JOHNSON, QC.: 6 <td< td=""><td>12</td><td>JOHNSON, Q</td><td>).C.:</td><td>12</td><td></td><td>-</td></td<>	12	JOHNSON, Q).C.:	12		-
14 MR. COYNE: 14 percent to 5 percent, okay, that the market isk premium would go down 1.11 percent, at lost suggests that there is, and this is to magnitude of what that change would be low yields we're looking at today. 15 magnitude of what that change would be low would go down 1.11 percent, at low we're looking at today. 19 between historic equity risk premium and bond yields we're looking at today. 10 17 MR. COYNE: 20 Q. Okay, so - 20 Q. Okay, and 1 thought you were claiming that long Canada yields were having a strong negative influence on market risk premiums, as so would you not consider a -1.11 percent to 24 21 JOHNSON, Q.C.: 21 long Canada yields were having a strong negative influence on market risk premiums, 23 23 MR. COYNE: 23 so would you not consider a -1.11 percent to 24 24 A. So what 1 did is 1 estimated that regression, and 1 plugged in the forward 25 MR. COYNE: 2 analysis, to see what market equity risk premium would be predicted by that. 1 A. Well, that's not expressed logarithmically, it would go down by 1.11 for every - well, 1 3 premium would be predicted by that. 1 A. Well, that's not expressed in 34 4 JOHNSON, Q.C.: 4 percent terms, perhaps. 5 JOHNSON, Q.C.: <	13	Q.	Right, okay.	13		-
15 A. There's a lot of literature out there that 15 risk premium would go down 1.11 percent, at 16 suggests that there is, and this is to 16 least according to this model? 17 measure it, and then to measure the 17 MR. COYNE: 18 magnitude of what that change would be 19 JOHNSON, Q.C.: 20 Okay, and I thought you were claiming that 20 Dot kay, so - 22 negative influence on market risk premiums, 30 23 MR. COYNE: 23 so would you not consider a -1.11 percent to 24 A. So what I did is I estimated that 24 be a fairly small number? 25 regression, and I plugged in the forward 25 MR. COYNE: Page 162 2 analysis to see what market quijt risk 2 it would go down by 1.11 for every - well, I 3 premium would be predicted by that. 4 JOHNSON, Q.C.: 5 JOHNSON, Q.C.: 5 Q. So this market risk, - this regression 5 JOHNSON, Q.C.: 7 4 JOHNSON, Q.C.: 5 JOHNSON, Q.C.: 10 analysis, you're presenting this as opposed 5				14		
16 suggests that there is, and this is to 16 least according to this model? 17 measure it, and then to measure the 17 MR. COYNE: 18 magnitude of what hat change would be between historic equity risk premium and 20 bond yields we're looking at today. 20 Q. Okay, and I hought you were claiming that 21 JOHNSON, Q.C.: 21 long Canada yields were having a strong 23 So what I did is I estimated that 23 so would you not consider a -1.11 percent to 24 A. So what I did is I estimated that 25 regression, and I plugged in the forward 25 MR. COYNE: 25 regression, and I plugged in the forward 25 MR. COYNE: Page 162 Page 164 1 looking risk free rate that we used in our analysis to see what market equity risk premium would be predicted by that. 3 guess, because they're both expressed in 4 JOHNSON, Q.C.: 4 JOHNSON, Q.C.: 5 JOHNSON, Q.C.: 6 Q. Right. 7 7 MR. COYNE: 13 JOHNSON, Q.C.: 13 Q. Okay, okay, okay. 14 appear to hold viery little predictive power?		А.	There's a lot of literature out there that	15		
17 measure it, and then to measure the 17 MR. COYNE: 18 magnitude of what that change would be 18 A. I believe it would. 19 bord yields we're looking at today. 20 Okay, and I thought you were claiming that 21 JOHNSON, Q.C.: 20 Okay, and I thought you were claiming that 22 Q. Okay, so - 22 negative influence on market risk premiums, 23 MR. COYNE: 23 so would you not consider a -1.11 percent to 24 A. So what I did is I estimated that 24 be a fairly small number? 25 regression, and I plugged in the forward 25 MR. COYNE: Page 164 1 looking risk free rate that we used in our analysis to see what market equity risk 1 A. Well, that's not expressed logarithmically, 3 premium would be predicted by that. 3 guess, because they're both expressed in 4 4 JOHNSON, Q.C.: 5 JOHNSON, Q.C.: 5 JOHNSON, Q.C.: 3 JOHNSON, Q.C.: 11 A. It's measuring an inverse relationship 9 Hewitt, Mererer, TD, etc, that this is						· · · ·
18 magnitude of what that change would be 18 A. I believe it would. 19 between historic equity risk premium and 20 Q. Okay, and I thought you were claiming that 21 JOHNSON, Q.C.: 21 Okay, so - 22 negative influence on market risk premiums, 23 MR. COYNE: 23 so would you not consider a -1.11 percent to 24 A. So what I did is I estimated that 24 be a fairly small number? 25 regression, and I plugged in the forward 25 MR. COYNE: Page 162 Page 164 1 looking risk free rate that we used in our 2 analysis to see what market equity risk 2 it would go down by 1.11 for every - well, 1 2 analysis, you're presenting this a sopposed 5 JOHNSON, Q.C.: 5 JOHNSON, Q.C.: 5 JOHNSON, Q.C.: 8 A. It's measuring an inverse relationship 9 Hewitt, Mercer, TD, etc, that this is what 9 between the two, so as the bond yield gees 10 10 MR. COYNE: 13 Q. Okay, and would you agree that that would 14 Q. Okay, okay. 14 <					MR. COYNE:	e e
19 between historic equity risk premium and bond yields we're looking at today. 19 JOHNSON, Q.C.: 20 Okay, so - 20 Okay, and I thought you were claiming that 21 JOHNSON, Q.C.: 20 Okay, and I thought you were claiming that 21 JOHNSON, Q.C.: 21 long Canada yields we're lowing astrong 22 Q. Okay, so - 22 negative influence on market risk premiums, so would you not consider a -1.11 percent to 24 A. So what I did is I estimated that 25 MR. COYNE: Page 162 1 looking risk free rate that we used in our analysis to see what market equity risk premium would be predicted by that. 3 guess, because they're both expressed in percent terms, perhaps. 9 5 Q. So this market risk - this regression 6 Q. Right. 7 to presenting other available estimates from 8 6 A. I's measuring an inverse relationship 9 Hewitt, Mercer, TD, etc, that this is what 10 really should justify your position? 11 and vice versa. 12 JOHNSON, Q.C.: 13 Q. Okay, and use this to test whether or no the 16 A. A. <t< td=""><td></td><td></td><td></td><td></td><td></td><td></td></t<>						
20 bond yields we're looking at today. 20 Q. Okay, and I thought you were claiming that 21 JOHNSON, Q.C.: 21 long Canada yields were having a strong 22 Q. Okay, so – 22 negative influence on market risk premiums, 23 MR. COYNE: 23 so would you not consider a –1.11 percent to 24 A. So what I did is I estimated that 24 be a fairly small number? 25 regression, and I plugged in the forward 25 MR. COYNE: Page 162 1 looking risk free rate that we used in our 1 A. Well, that's not expressed logarithmically, 2 analysis to see what market equity risk premium would be predicted by that. 3 guess, because they're both expressed in 4 JOHNSON, Q.C.: 5 JOHNSON, Q.C.: 6 Q. Right. 7 to presenting other available estimates from 8 A. It's measuring an inverse relationship 9 Hewitt, Mercer, TD, etc, that this is what 10 up, the market equity risk premium goes down 11 MR. COYNE: 12 JOHNSON, Q.C.: 13 Q. Okay, and wo						
21 JOHNSON, Q.C.: 21 long Canada yields were having a strong negative influence on market risk premiums, so would you not consider a -1.11 precent to 24 23 MR. COYNE: 23 so would you not consider a -1.11 precent to 24 24 A. So what I did is I estimated that regression, and I plugged in the forward 25 MR. COYNE: Page 162 1 looking risk free rate that we used in our analysis to see what market equity risk 3 memory analysis to see what market equity risk 4 JOHNSON, Q.C.: Page 164 3 guess, because they 're both expressed logarithmically, analysis, you're presenting this as opposed 7 1 A. Well, that's not expressed logarithmically, 10 6 analysis, you're presenting this as opposed 7 or presenting other available estimates from 8 capital market participants, such as AON 9 Hewitt, Mercer, TD, etc, that this is what 10 7 MR.COYNE: 12 A. This is our analysis, yes. 12 JOHNSON, Q.C.: 13 Q. Okay, and would you agree that that would 14 appear to hold very little predictive power? 15 MR. COYNE: 10 appear to hold very little predictive power? 15 16 A. And I use this to test whether or not the 17 18 <						
22 Q. Okay, so – 22 negative influence on market risk premiums, so would you not consider a –1.11 percent to 24 A. So what I did is I estimated that 23 so would you not consider a –1.11 percent to 24 A. So what I did is I estimated that 24 be a fairly small number? 25 regression, and I plugged in the forward 25 MR. COYNE: Page 162 1 looking risk free rate that we used in our analysis to see what market equity risk 2 it would go down by 1.11 for every – well, I 3 premium would be predicted by that. 3 guesse they're both expressed in 4 JOHNSON, Q.C.: 5 JOHNSON, Q.C.: 6 Q. Right. 7 to presenting other available estimates from 8 A. It's measuring an inverse relationship 9 Hewitt, Mercer, TD, etc, that this is what 9 between the two, so as the bond yield goes 10 really should justify your position? 11 and vice versa. 12 A. This is our analysis, yes. 12 JOHNSON, Q.C.: 13 JOHNSON, Q.C.: 13 Q. Okay,		IOHNSON (X .	
23 MR. COYNE: 23 so would you not consider a -1.11 percent to 24 A. So what I did is I estimated that 24 be a fairly small number? 25 regression, and I plugged in the forward 25 MR. COYNE: Page 162 1 looking risk free rate that we used in our 2 A. Well, that's not expressed logarithmically, 2 analysis to see what market equity risk 3 guess, because they're both expressed in 4 JOHNSON, Q.C.: 5 JOHNSON, Q.C.: 5 JOHNSON, Q.C.: 6 analysis, you're presenting this as opposed 6 Q. Right. 7 7 to presenting other available estimates from 8 A. It's measuring an inverse relationship 9 Hewitt, Mercer, TD, etc, that this is what 9 between the two, so as the bond yield goes 10 really should justify your position? 11 and vice versa. 12 A. This is our analysis, yes. 12 JOHNSON, Q.C.: 13 JOHNSON, Q.C.: 13 Q. Okay, and would you agree that that would 14 Q. Okay,			-			• • • •
24 A. So what I did is I estimated that 24 be a fairly small number? 25 regression, and I plugged in the forward 25 MR. COYNE: Page 162 Page 164 1 looking risk free rate that we used in our 1 A. Well, that's not expressed logarithmically, 2 analysis to see what market equity risk 2 it would go down by 1.11 for every – well, I 3 premium would be predicted by that. 3 guess, because they're both expressed in 4 JOHNSON, Q.C.: 4 percent terms, perhaps. 5 5 Q. So this market risk – this regression 6 Q. Right. 7 to presenting other available estimates from 7 MR. COYNE: 8 A. It's measuring an inverse relationship 9 Hewitt, Mercer, TD, etc, that this is what 9 between the two, so as the bond yield goes 10 up, the market equity risk premium goes down 11 MR. COYNE: 11 and vice versa. 12 JOHNSON, Q.C.: 15 MR. COYNE: 15 MR. COYNE: 15 MR. COYNE: 14 Q. Okay, o						
25 regression, and I plugged in the forward 25 MR. COYNE: Page 162 Page 164 1 looking risk free rate that we used in our analysis to see what market equity risk premium would be predicted by that. 1 A. Well, that's not expressed logarithmically, 2 3 premium would be predicted by that. 3 guess, because they're both expressed in 4 4 JOHNSON, Q.C.: 5 Q. So this market risk – this regression 6 analysis, you're presenting this as opposed 5 JOHNSON, Q.C.: 7 to presenting other available estimates from 8 capital market participants, such as AON 8 A. It's measuring an inverse relationship 9 Hewitt, Mercer, TD, etc, that this is what 10 really should justify your position? 11 and vice versa. 12 JOHNSON, Q.C.: 13 JOHNSON, Q.C.: 13 Q. Okay, and would you agree that that would appear to hold very little predictive power? 15 14 Q. Okay, okay. 13 Q. Okay, and would you agree that that would appear to hold very little predictive power? 15 MR. COYNE: 16 A. Well, the market equity risk premium is 1						•
Page 162Page 1621looking risk free rate that we used in our1A.Well, that's not expressed logarithmically,2analysis to see what market equity risk1A.Well, that's not expressed logarithmically,3premium would be predicted by that.3guess, because they're both expressed in4JOHNSON, Q.C.:3guess, because they're both expressed in5Q.So this market risk – this regression5JOHNSON, Q.C.:6analysis, you're presenting this as opposed7MR. COYNE:8capital market participants, such as AON8A.It's measuring an inverse relationship9Hewitt, Mercer, TD, etc, that this is what9between the two, so as the bond yield goes10really should justify your position?11and vice versa.11A.This is our analysis, yes.12JOHNSON, Q.C.:13JOHNSON, Q.C.:13Q.Okay, and would you agree that that would14Q.Okay, okay.14appear to hold very little predictive power?15MR. COYNE:15MR. COYNE:16A.And I use this to test whether or not the1617forward looking market equity risk premium1718that I'm looking at are reasonable in light1919of these bond yields.2020JOHNSON, Q.C.:2021Q.Okay.22Q.What do you mean by that?23A.So		11.			MR COYNE	-
1looking risk free rate that we used in our analysis to see what market equity risk premium would be predicted by that.1A.Well, that's not expressed logarithmically, it would go down by 1.11 for every – well, I guess, because they're both expressed in percent terms, perhaps.3JOHNSON, Q.C.:3guess, because they're both expressed in percent terms, perhaps.5Q.So this market risk – this regression analysis, you're presenting other available estimates from a capital market participants, such as AON 95JOHNSON, Q.C.:8capital market participants, such as AON really should justify your position?8A.It's measuring an inverse relationship 99Hewitt, Mercer, TD, etc, that this is what 109between the two, so as the bond yield goes10up, the market equity risk premium goes down 1111A.This is our analysis, yes.12A.This is our analysis, yes.13JOHNSON, Q.C.:14Q.Okay, okay.15MR. COYNE:16A.17tell me that not everything that's going on 1818that I'm looking at are reasonable in light of these bond yields.19captured by this regression analysis, nor20JOHNSON, Q.C.:21Q.24N.25JOHNSON, Q.C.:26Q.27What do you mean by that?28A.29What do you mean by that?20Wast do you mean by that?23						
2analysis to see what market equity risk premium would be predicted by that.2it would go down by 1.11 for every – well, I3premium would be predicted by that.3guess, because they're both expressed in percent terms, perhaps.5Q.So this market risk – this regression4percent terms, perhaps.6analysis, you're presenting this as opposed5JOHNSON, Q.C.:7to presenting other available estimates from really should justify your position?7MR. COYNE:9Hewitt, Mercer, TD, etc, that this is what 109between the two, so as the bond yield goes10really should justify your position?10up, the market equity risk premium goes down11MR. COYNE:11and vice versa.12A.This is our analysis, yes.12JOHNSON, Q.C.:13JOHNSON, Q.C.:13Q.Okay, and would you agree that that would14Q.Okay, okay.14appear to hold very little predictive power?15MR. COYNE:15MR. COYNE:16A.MV ent the market equity risk premium is of these bond yields.1919of these bond yields.19captured by this regression analysis, nor20JOHNSON, Q.C.:20was it my intent to do so.21Q.Okay.21JOHNSON, Q.C.:23A.So I'm using this as a test of those 2423MR. COYNE:24numbers.24A.Well, if you look at the "R" square of 44, 	1		e	1	٨	C C
3premium would be predicted by that.3guess, because they're both expressed in4JOHNSON, Q.C.:6percent terms, perhaps.5Q.So this market risk – this regression6analysis, you're presenting this as opposed6analysis, you're presenting this as opposed6Q.Right.7to presenting other available estimates from8A.It's measuring an inverse relationship9Hewitt, Mercer, TD, etc, that this is what9between the two, so as the bond yield goes10really should justify your position?10up, the market equity risk premium goes down11MR. COYNE:11and vice versa.12A.This is our analysis, yes.12JOHNSON, Q.C.:13JOHNSON, Q.C.:13Q.Okay, and would you agree that that would14Q.Okay, okay.14appear to hold very little predictive power?15MR. COYNE:15MR. COYNE:16A.And I use this to test whether or not the forward looking market equity risk premium that I'm looking at are reasonable in light19captured by this regression statistics in total17forward looking market equity risk premium that I'm looking at are reasonable in light19captured by this regression analysis, nor20JOHNSON, Q.C.:21JOHNSON, Q.C.:22Q.What do you mean by that?23A.So I'm using this as a test of those 2423MR. COYNE:23MR. COYNE:23			-	-	11.	
4JOHNSON, Q.C.:4percent terms, perhaps.5Q.So this market risk - this regression5JOHNSON, Q.C.:6analysis, you're presenting this as opposed6Q.Right.7to presenting other available estimates from8A.It's measuring an inverse relationship9Hewitt, Mercer, TD, etc, that this is what9between the two, so as the bond yield goes10really should justify your position?10up, the market equity risk premium goes down11MR. COYNE:11and vice versa.12A.This is our analysis, yes.12JOHNSON, Q.C.:13JOHNSON, Q.C.:13Q.Okay, and would you agree that that would14Q.Okay, okay.14appear to hold very little predictive power?15MR. COYNE:15MR. COYNE:16A.And I use this to test whether or not the forward looking market equity risk premium that I'm looking at are reasonable in light of these bond yields.19captured by this regression statistics in total17forward looking market equity risk premium is19captured by this regression analysis, nor20JOHNSON, Q.C.:22Q.What do you mean by that?23A.So I'm using this as a test of those numbers.23MR. COYNE:24numbers.24A.Well, if you look at the "R" square of 44, 2525JOHNSON, Q.C.:25it tells us that 44 percent of the variation						c
5Q.So this market risk – this regression5JOHNSON, Q.C.:6analysis, you're presenting this as opposed6Q.Right.7to presenting other available estimates from8A.It's measuring an inverse relationship9Hewitt, Mercer, TD, etc, that this is what9between the two, so as the bond yield goes10really should justify your position?10up, the market equity risk premium goes down11MR. COYNE:11and vice versa.12A.This is our analysis, yes.12JOHNSON, Q.C.:13JOHNSON, Q.C.:13Q.Okay, and would you agree that that would14Q.Okay, okay.14appear to hold very little predictive power?15MR. COYNE:15MR. COYNE:16A.And I use this to test whether or not the16A.17forward looking market equity risk premium17tell me that not everything that's going on18that I'm looking at are reasonable in light18with the market equity risk premium is19of these bond yields.19captured by this regression analysis, nor20JOHNSON, Q.C.:20Wast they instruct to do so.21Q.Okay.21JOHNSON, Q.C.:23A.So I'm using this as a test of those2324A.Well, if you look at the "R" square of 44,25JOHNSON, Q.C.:25it tells us that 44 percent of the variation		IOHNSON (· · · ·			
6analysis, you're presenting this as opposed6Q.Right.7to presenting other available estimates from7MR. COYNE:8capital market participants, such as AON8A.It's measuring an inverse relationship9Hewitt, Mercer, TD, etc, that this is what9between the two, so as the bond yield goes10really should justify your position?10up, the market equity risk premium goes down11MR. COYNE:11and vice versa.12A.This is our analysis, yes.12JOHNSON, Q.C.:13JOHNSON, Q.C.:13Q.Okay, and would you agree that that would14Q.Okay, okay.14appear to hold very little predictive power?15MR. COYNE:15MR. COYNE:16A.And I use this to test whether or not the16A.17forward looking market equity risk premium18with the market equity risk premium is19of these bond yields.19captured by this regression analysis, nor20JOHNSON, Q.C.:20was it my intent to do so.21Q.Okay.21JOHNSON, Q.C.:22MR. COYNE:22Q.23A.So I'm using this as a test of those2324N. COYNE:22Q.25it tells us that 44 percent of the variation				4		
7to presenting other available estimates from 87MR. COYNE:8capital market participants, such as AON 9Hewitt, Mercer, TD, etc, that this is what 108A.It's measuring an inverse relationship9Hewitt, Mercer, TD, etc, that this is what 10really should justify your position?9between the two, so as the bond yield goes 1011MR. COYNE:11and vice versa.12A.This is our analysis, yes.12JOHNSON, Q.C.:13JOHNSON, Q.C.:13Q.Okay, and would you agree that that would 1414Q.Okay, okay.14appear to hold very little predictive power?15MR. COYNE:15MR. COYNE:16A.And I use this to test whether or not the 1716A.17forward looking market equity risk premium 18that I'm looking at are reasonable in light1919of these bond yields.19captured by this regression analysis, nor20JOHNSON, Q.C.:21JOHNSON, Q.C.:21Q.Okay.21JOHNSON, Q.C.:23A.So I'm using this as a test of those 2423MR. COYNE:24A.Well, if you look at the "R" square of 44, 252525it tells us that 44 percent of the variation		Q.	-			
8capital market participants, such as AON 98A.It's measuring an inverse relationship9Hewitt, Mercer, TD, etc, that this is what 109between the two, so as the bond yield goes10really should justify your position?10up, the market equity risk premium goes down11MR. COYNE:11and vice versa.12A.This is our analysis, yes.12JOHNSON, Q.C.:13JOHNSON, Q.C.:13Q.Okay, and would you agree that that would14Q.Okay, okay.14appear to hold very little predictive power?15MR. COYNE:15MR. COYNE:16A.And I use this to test whether or not the forward looking market equity risk premium 171618that I'm looking at are reasonable in light19captured by this regression analysis, nor20JOHNSON, Q.C.:20was it my intent to do so.21Q.Okay.21JOHNSON, Q.C.:22MR. COYNE:22Q.What do you mean by that?23A.So I'm using this as a test of those rumbers.23MR. COYNE:24numbers.24A.Well, if you look at the "R" square of 44, 2525JOHNSON, Q.C.:25it tells us that 44 percent of the variation				-		•
9Hewitt, Mercer, TD, etc, that this is what really should justify your position?9between the two, so as the bond yield goes10really should justify your position?10up, the market equity risk premium goes down11MR. COYNE:11and vice versa.12A.This is our analysis, yes.12JOHNSON, Q.C.:13JOHNSON, Q.C.:13Q.Okay, and would you agree that that would14Q.Okay, okay.14appear to hold very little predictive power?15MR. COYNE:15MR. COYNE:16A.And I use this to test whether or not the forward looking market equity risk premium that I'm looking at are reasonable in light16A.19of these bond yields.19captured by this regression analysis, nor20JOHNSON, Q.C.:20was it my intent to do so.21Q.Okay.21JOHNSON, Q.C.:23A.So I'm using this as a test of those numbers.23MR. COYNE:24numbers.24A.Well, if you look at the "R" square of 44, it tells us that 44 percent of the variation			· · ·	l í		
10really should justify your position?10up, the market equity risk premium goes down11MR. COYNE:11and vice versa.12A.This is our analysis, yes.12JOHNSON, Q.C.:13JOHNSON, Q.C.:13Q.Okay, and would you agree that that would14Q.Okay, okay.14appear to hold very little predictive power?15MR. COYNE:15MR. COYNE:16A.And I use this to test whether or not the16A.17forward looking market equity risk premium17tell me that not everything that's going on18that I'm looking at are reasonable in light18with the market equity risk premium is19of these bond yields.19captured by this regression analysis, nor20JOHNSON, Q.C.:20was it my intent to do so.21Q.Okay.21JOHNSON, Q.C.:22MR. COYNE:22Q.What do you mean by that?23A.So I'm using this as a test of those23MR. COYNE:24numbers.24A.Well, if you look at the "R" square of 44,25JOHNSON, Q.C.:25it tells us that 44 percent of the variation					А.	•
11MR. COYNE:11and vice versa.12A.This is our analysis, yes.12JOHNSON, Q.C.:13JOHNSON, Q.C.:13Q.Okay, and would you agree that that would14Q.Okay, okay.14appear to hold very little predictive power?15MR. COYNE:15MR. COYNE:16A.And I use this to test whether or not the16A.17forward looking market equity risk premium17tell me that not everything that's going on18that I'm looking at are reasonable in light19captured by this regression analysis, nor20JOHNSON, Q.C.:20was it my intent to do so.21Q.Okay.21JOHNSON, Q.C.:22MR. COYNE:22Q.23A.So I'm using this as a test of those2324A.Well, if you look at the "R" square of 44,25JOHNSON, Q.C.:25it tells us that 44 percent of the variation				ĺ ĺ		• •
12A.This is our analysis, yes.12JOHNSON, Q.C.:13JOHNSON, Q.C.:13Q.Okay, and would you agree that that would14Q.Okay, okay.14appear to hold very little predictive power?15MR. COYNE:15MR. COYNE:16A.And I use this to test whether or not the16A.17forward looking market equity risk premium17tell me that not everything that's going on18that I'm looking at are reasonable in light18with the market equity risk premium is19of these bond yields.19captured by this regression analysis, nor20JOHNSON, Q.C.:20was it my intent to do so.21Q.Okay.21JOHNSON, Q.C.:23A.So I'm using this as a test of those23MR. COYNE:24numbers.24A.Well, if you look at the "R" square of 44,25JOHNSON, Q.C.:25it tells us that 44 percent of the variation		MD COVNE				
13JOHNSON, Q.C.:13Q.Okay, and would you agree that that would14Q.Okay, okay.14appear to hold very little predictive power?15MR. COYNE:15MR. COYNE:16A.16A.And I use this to test whether or not the16A.Well, the regression statistics in total17forward looking market equity risk premium17tell me that not everything that's going on18that I'm looking at are reasonable in light19captured by this regression analysis, nor20JOHNSON, Q.C.:20was it my intent to do so.21Q.Okay.21JOHNSON, Q.C.:23A.So I'm using this as a test of those23MR. COYNE:24numbers.24A.Well, if you look at the "R" square of 44,25JOHNSON, Q.C.:25it tells us that 44 percent of the variation						
14Q.Okay, okay.14appear to hold very little predictive power?15MR. COYNE:15MR. COYNE:15MR. COYNE:16A.And I use this to test whether or not the16A.Well, the regression statistics in total17forward looking market equity risk premium16A.Well, the regression statistics in total18that I'm looking at are reasonable in light19captured by this regression analysis, nor20JOHNSON, Q.C.:20was it my intent to do so.21Q.Okay.21JOHNSON, Q.C.:23A.So I'm using this as a test of those23MR. COYNE:24numbers.24A.Well, if you look at the "R" square of 44, 2525JOHNSON, Q.C.:25it tells us that 44 percent of the variation						
15MR. COYNE:15MR. COYNE:16A.And I use this to test whether or not the15MR. COYNE:17forward looking market equity risk premium16A.Well, the regression statistics in total18that I'm looking at are reasonable in light19of these bond yields.1619of these bond yields.19captured by this regression analysis, nor20JOHNSON, Q.C.:20was it my intent to do so.21Q.Okay.21JOHNSON, Q.C.:23A.So I'm using this as a test of those24NR. COYNE:24numbers.24A.Well, if you look at the "R" square of 44, 2525JOHNSON, Q.C.:25it tells us that 44 percent of the variation		,			Q.	
16A.And I use this to test whether or not the forward looking market equity risk premium that I'm looking at are reasonable in light16A.Well, the regression statistics in total tell me that not everything that's going on twith the market equity risk premium is18that I'm looking at are reasonable in light17tell me that not everything that's going on tell me that not everything that'		-			MD COMP	appear to note very little predictive power?
17forward looking market equity risk premium17tell me that not everything that's going on18that I'm looking at are reasonable in light17tell me that not everything that's going on19of these bond yields.18with the market equity risk premium is20JOHNSON, Q.C.:20was it my intent to do so.21Q.Okay.21JOHNSON, Q.C.:23A.So I'm using this as a test of those24A.24numbers.24A.Well, if you look at the "R" square of 44, 2525JOHNSON, Q.C.:25it tells us that 44 percent of the variation						Wall the memory statistics is the
18that I'm looking at are reasonable in light18with the market equity risk premium is19of these bond yields.19captured by this regression analysis, nor20JOHNSON, Q.C.:20was it my intent to do so.21Q.Okay.21JOHNSON, Q.C.:22MR. COYNE:22Q.What do you mean by that?23A.So I'm using this as a test of those24A.Well, if you look at the "R" square of 44, 2524JOHNSON, Q.C.:25it tells us that 44 percent of the variation		A.			А.	
19of these bond yields.19captured by this regression analysis, nor20JOHNSON, Q.C.:20was it my intent to do so.21Q.Okay.21JOHNSON, Q.C.:22MR. COYNE:22Q.What do you mean by that?23A.So I'm using this as a test of those24A.Well, if you look at the "R" square of 44,25JOHNSON, Q.C.:25it tells us that 44 percent of the variation						
20JOHNSON, Q.C.:20was it my intent to do so.21Q.Okay.21JOHNSON, Q.C.:22MR. COYNE:22Q.What do you mean by that?23A.So I'm using this as a test of those23MR. COYNE:24numbers.24A.Well, if you look at the "R" square of 44,25JOHNSON, Q.C.:25it tells us that 44 percent of the variation						
21Q.Okay.22MR. COYNE:2123A.So I'm using this as a test of those24numbers.25JOHNSON, Q.C.:26IDHNSON, Q.C.:27Q.28Wat do you mean by that?29Q.20What do you mean by that?21JOHNSON, Q.C.:22Q.23Well, if you look at the "R" square of 44,25JOHNSON, Q.C.:26It tells us that 44 percent of the variation			-			· · · · ·
22MR. COYNE:22Q.What do you mean by that?23A.So I'm using this as a test of those23MR. COYNE:24numbers.24A.Well, if you look at the "R" square of 44,25JOHNSON, Q.C.:25it tells us that 44 percent of the variation			Į.U.:		IOIDICON O	•
23A.So I'm using this as a test of those23MR. COYNE:24numbers.24A.Well, if you look at the "R" square of 44,25JOHNSON, Q.C.:25it tells us that 44 percent of the variation			01			
24numbers.24A.Well, if you look at the "R" square of 44,25JOHNSON, Q.C.:25it tells us that 44 percent of the variation	21	Q.				
25JOHNSON, Q.C.:25it tells us that 44 percent of the variation	21 22	Q. MR. COYNE	:	22	Q.	What do you mean by that?
	21 22 23	Q. MR. COYNE	: So I'm using this as a test of those	22 23	Q. MR. COYNE:	What do you mean by that?
	21 22 23 24	Q. MR. COYNE A.	: So I'm using this as a test of those numbers.	22 23 24	Q. MR. COYNE:	What do you mean by that? Well, if you look at the "R" square of 44,

1 is- 2 JOHNSON, Q.C.: 3 Q. Just point that out on the screen for us, whereabouts is it? 1 percent confidence interval. 2 JOHNSON, Q.C.: 3 Q. Do we observe from what you have here that the "T" stat for Canada yields is -1.49? 6 A. Yeah, the multiple-the R-squared of .19, sorry. G. MR.COYNE: 4 6 A. Yes. 6 MR.COYNE: 10 A. So it tells us that we can account for 20 percent of the variation in marke tequity 13 mark tot? 9 MR.COYNE: 10 A. What was your question? 11 A. So it tells us that we can account for 16 MR.COYNE: 10 A. What was your question? 11 13 MR.COYNE: 13 MR.COYNE: 14 A. It's on the same line that? 12 14 relationship between the Canada hond yields, 15 that ther's So pretent 16 16 10HNSON, QC.: 17 Q. Okay, there you go. So there you see it. 18 17 12 OPTNE: 20 Q. Inderstand, Mr. Coyne that the usual cut 23 O. A. Right, the sine is consistent with the sine 21 10HNSON, QC.: 20HNSON, QC.:		11 5, 2016	D 1(5		NL Power GRA 201
2 JOHNSON, Q.C: 3 Q. Just point that out on the screen for us, whereabouts is it? 3 Q. Do we observe from what you have here that whereabouts is it? 5 MR. COYNE: 5 MR. COYNE: 5 MR. COYNE: 6 A. Yes. 7 JOHNSON, Q.C: 8 Q. Where is that to? 9 9 Q. Okay. 10 A. With a system of the screen of the variation in market equity 11 A. So it tells us that we can account for 201 Percent of the variation in market equity 12 Q. Where is that? 12 Q. Where is that? 13 MR. COYNE: 10 A. With a system of the same line that you looked at, to signify and the relationship there are scount for 201 10 JUNSON, Q.C: 10 A. With a system of the same line that you looked at, to signify and the signify and the signify and the signify and the system of the system of the signify and the system of the			Page 165		Page 167
3 Q. Just point that out on the screen for us, whereabouts is it? 3 Q. Do we observe from what you have here that whereabouts is it? 5 MR. COYNE: 5 MR. COYNE: 6 A. Yeah, the multiplethe R-squared of 1.9, 7 5 MR. COYNE: 7 sorry. 9 Q. Okay. 6 A. Yes. 9 Q. Okay. 9 MR. COYNE: 6 A. Where is that to? 9 Q. Okay. 9 MR.COYNE: 10 A. Where is that? 11 A. So it tells us that we can account for 20 10 A. Where is that? 13 risk premium this way by looking at the 14 relationship between the Canada bond yields, 14 A. It's on the same line that you looked at, 15 16 going on out there that the canada bond yields, 14 A. It's on the same line that you looked at, 16 10/HNSON, Q.C.: 17 in this simple regression 10 MR.COYNE: 10 10 10/HNSON, Q.C.: 18 to estimate a relationship that's a very simple regression 10 A. Right, the sine is consistent wi	1			1	1
4 whereabouts is it? 5 MR. COYNE: 6 A. Yesh, the multiple-the R-squared of J.P, sorry. 7 sorry. 8 JOHINSON, Q.C.: 9 Q. Okay. 10 MR. COYNE: 11 A. So it tells us that we can account for 20 percent of the variation in market cquity 12 percent of the variation in market cquity 13 risk premium this way by looking at the relationship between the Canado bond yields, it and ther's 80 percent 16 going on on there that we can account for 20 omplex one using a very simple regression. So we're trying 18 to estimate a relationship thetween the Canado bond yields, it is -1.49? 19 complex one using a very simple regression. 20 analysis. 21 JOHNSON, Q.C.: 20 analysis. 21 JOHNSON, Q.C.: 22 Q. Lunderstand, Mr. Coyne that the usual cut of T'' statistic on a regression 24 Contada bond yields are statistically 25 statistically significant is around 2, is 26 A. At the 95 percent confidence, yes 4 JOHNSON, Q.C:: 2 A. No. I'd sugges	2	JOHNSON, ().C.:	2	
5 MR. COYNE: 5 MR. COYNE: 6 A. Yeah, the multiplethe R-squared of .19, sorry. 5 MR. COYNE: 7 OBMSON, Q.C.: 8 Q. Where is that to? 9 Q. Okay. 9 MR. COYNE: 10 MR. COYNE: 10 A. What was your question? 11 A. So it tells us that we can account for 20 11 10HNSON, Q.C.: 12 percent of the variation in market equity 13 MR. COYNE: 14 relationship between the Canada bond yields, it the Sing on out there that we can't account for 10 10HNSON, Q.C.: 15 but it tells us that there's 80 percent 16 10HNSON, Q.C.: 16 going on out there that we can't account for 10 16 17 Q. Okay, there you go. So there you see it. 16 us estimate a relationship that's a very 19 MR. COYNE: 20 A. Right, the sine is consistent with the sine 21 JOHNSON, Q.C.: 20 A. Right, the sine is not suggest that the 21 22 JOHNSON, Q.C.: 20 A. No. 1'd suggest that it's significant at the 24 CAnada bond yields are statistically significant is around 2, is <	3	Q.	Just point that out on the screen for us,	3	Q. Do we observe from what you have here that
6A.Yeah, the multiple-the R-squared of .19, sorry.6A.Yes.7JOHNSON, Q.C.:9MR. COYNE:9MR. COYNE:10MR. COYNE:10A.What was your question?1111A.So it tells us that we can account for 2012Q.Where is that?12percent of the variation in market equity13MR. COYNE:10A.13risk premium this way by looking at the14A.It's on the same line that you looked at,14relationship between the Canada bond yields,14A.It's on the same line that you looked at,15but it tells us that there 's 80 percent1510 HINSON, Q.C.:16goring on outherer that we can account for 17in this simple regression,1617in this simple regression,19MR. COYNE:18to estimate a relationship that's a very19MR. COYNE:20Q.I understand, Mr. Coyne that the usual cut21OHNSON, Q.C.:21OHNSON, Q.C.:20A.Right, the sine is consistent with the sine22Q.I understand, Mr. Coyne that the usual cut22JOHNSON, Q.C.:23of value for "I" statistic on a regression24Canada bond yields are statistically24that right?1MR. COYNE:2325statistically significant is around 2, is15Interferiont.26Q.A.That 's significant at the 9027MR. COYNE:<	4		whereabouts is it?	4	the "T" stat for Canada yields is -1.49?
7 sorry. 8 JOHNSON, Q.C.: 8 Q. Where is that to? 9 Q. Okay. 9 MR. COYNE: 10 A. So it tells us that we can account for 20 11 JOHNSON, Q.C.: 10 A. What was your question? 11 A. So it tells us that we can account for 20 11 JOHNSON, Q.C.: 12 Q. Where is that? 13 12 percent of the variation in market equity 13 mike corpuse 14 A. What was your question? 14 relationship between the Canada bond yields, 14 A. What was your question? 17 Q. Okay, there you go. So there you see it. 16 going on out three that we can't account for 16 10 HNSON, Q.C.: 17 Q. Okay, there you go. So there you see it. 17 out string a very simple regression. 20 A. Right, the sine is consistent with the sine 12 JOHNSON, Q.C.: 20 O. Kay, and does this not suggest that the 21 18 that right? Page 166 1 MR. COYNE: 2 A. No. I'd suggest that it's singificant at the 19 JOHNSON, Q.C.: 10 A. That's right. 9 9 We can acce - is that th	5	MR. COYNE	:	5	MR. COYNE:
8 JOHNSON, Q.C.: 8 Q. Where is that to? 9 Q. Okay. 9 MR. COYNE: 11 A. So it tells us that we can account for 20 11 JOHNSON, Q.C.: 12 percent of the variation in market equity 12 Q. Where is that? 13 nsk premium this way by looking at the 13 MR. COYNE: 14 relationship between the Canada bond yields, 15 MR. COYNE: 16 going on out there that we can't account for 17 Q. Okay, there you go. So there you see it. 18 to estimate a relationship that's a very 19 MR. COYNE: 20 A. Right, the sine is consistent with the sine 21 JOHNSON, Q.C.: 20 IIMSON, Q.C.: 20 IMR. COYNE: 20 A. Right, the sine a seconsistent with the sine 23 off value for "T" statistic on a regression 14 MR. COYNE: 20 A. Right, the sine a statisticity 24 coefficient tha would denote it being 25 insignificant as predictors or MRPs? Page 168 1 that right? 1 MR. COYNE: 2	6	A.	Yeah, the multiplethe R-squared of .19,	6	A. Yes.
9 Q. Okay. 9 MR. COYNE: 10 MR, COYNE: 10 A. What was your question? 11 A. So it tells us that we can account for 20 10 JOINSON, Q.C.: 12 percent of the variation in market equity 13 MR. COYNE: 10 13 risk premium this way by looking at the 14 A. It's on the same line that you looked at, 14 relationship between the Canada bond yields, 14 A. It's on the same line that you looked at, 15 but it tells us that there's 80 percent 16 JOINSON, Q.C.: 17 Q. Okay, there you go. So there you see it. 16 complex one using a very simple regression analysis. 20 A. Right, the sine is consistent with the sine 21 JOHNSON, Q.C.: 21 JOHNSON, Q.C.: 23 Q. Okay, and does this not suggest that the 24 coefficient that would denote it being 24 Canada bond yields are statistically 25 statistically significant is around 2, is 2 JOHNSON, Q.C.: 2 MR. COYNE: 2 A. No. I' suggest that it's significant at the 90 <td>7</td> <td></td> <td>SOITY.</td> <td>7</td> <td>JOHNSON, Q.C.:</td>	7		SOITY.	7	JOHNSON, Q.C.:
10 MR. COYNE: 10 A. What was your question? 11 A. So it tells us that we can account for 20 11 JOHNSON, Q.C.: 12 percent of the variation in market equity 13 MR. COYNE: 13 MR. COYNE: 14 relationship between the Canada bond yields. 14 A. It's on the same line that you looked at, the can't account for 15 but it tells us that thee's 50 percent 16 JOHNSON, Q.C.: 17 Q. Okay, there you go. So there you see it. 16 going on out there that we can't account for 18 It's on the same line that you looked at, the you go. So there you go. So ther	8	JOHNSON, O).C.:	8	Q. Where is that to?
10 MR. COYNE: 10 A. What was your question? 11 A. So it tells us that we can account for 20 11 JOHNSON, Q.C.: 12 percent of the variation in market equity 13 MR. COYNE: 13 MR. COYNE: 14 relationship between the Canada bond yield, 14 A. It's on the same line that you looked at, 15 but it tells us that thee's '80 percent 16 JOHNSON, Q.C.: 17 Q. Okay, there you go. So there you see it. 16 going on out there that we can't account for 18 to estimate a relationship between the fast 's a very 19 complex one using a very simple regression 20 A. Right, the sine is consistent with the sine 21 JOHNSON, Q.C.: 21 On the coefficient. 22 JOHNSON, Q.C.: 23 off value for "T' statistic on a regression 23 Q. Okay, and does this not suggest that the 24 coefficient that would denote it being 25 insignificant as predictors or MRPs? 25 Q. Nad, I'm told that it's 1.96, if you want to b be really precise about it, is that righ? 7 MR.COYNE: 2	9	Q.	Okay.	9	MR. COYNE:
11 A. So it tells us that we can account for 20 11 JOHNSON, Q.C.: 12 percent of the variation in market equity 13 MR. COYNE: 14 relationship between the Canada bond yields, 14 A. It's on the same line that you looked at, 15 but it tells us that three's 80 percent 16 going on out there that we can 'a ccount for 20 16 going on out there that we can 'a ccount for 20 analysis. 16 19 complex one using a very simple regression analysis. 17 Q. Okay, there you go. So there you see it. 11 JOHNSON, Q.C.: 20 A. Right, the sine is consistent with the sine 21 OHNSON, Q.C.: 20 Okay, and does this not suggest that the 22 Q. Iunderstand, Mr. Coyne that the usual cut 23 O. Okay, and does this not suggest that the 23 statistically significant is around 2, is 25 insignificant as predictors or MPs? 24 coefficient that would denote it being 24 Canada bond yields are statistically 25 statistically significant is around 2, is 25 insignificant at the 3 A. At the 95 percent confidence, yes 3 80 percent confidence lev	10		•	10	A. What was your question?
12 percent of the variation in market equity 12 Q. Where is that? 13 risk premium this way by looking at the 13 MR. COYNE: 14 relationship between the Canada bond yields, 14 A. It's on the same line that you looked at, 15 but it tells us that there's 80 percent 16 JOHNSON, Q.C.: 17 Q. Okay, there you go. So there you see it. 16 going on out there that we can't account for 17 Q. Okay, there you go. So there you see it. 18 17 understand, Mr. Coyne that the usual cut 20 A. Right, the sine is consistent with the sine 20 Q. funderstand, Mr. Coyne that the usual cut 21 On the coefficient. 21 JOHNSON, Q.C.: 23 Q. Okay, and does this not suggest that the 24 coefficient that would denote it being 25 insignificant as predictors or MRPs? 25 statistically significant is around 2, is 28 Q. Okay, and does this not suggest that the 3 A. A. A. A. A. B. A. 24 JOHNSON, Q.C.: 2 A. </td <td>11</td> <td>A.</td> <td>So it tells us that we can account for 20</td> <td></td> <td>• •</td>	11	A.	So it tells us that we can account for 20		• •
13 risk premium this way by looking at the 13 MR. COYNE: 14 relationship between the Canada bond yields, 14 A. It's on the same line that you looked at, 15 but it tells us that ther's 80 percent. 15 the Canada bond yield line under "T" stat. 16 going on out there that we can't account for 16 JOHNSON, Q.C.: 17 in this simple regression. So estimate a relationship that's a very 19 MR. COYNE: 20 analysis. 20 A. Right, the sine is consistent with the sine 21 JOHNSON, Q.C.: 20 A. Right, the sine is consistent with the sine 23 off value for "T" statistic on a regression 23 Q. Okay, and does it sin ost suggest that the 24 coefficient that would denote it being 25 insignificant as predictors or MRPs? 25 Q. A. At the 95 percent confidence, yes 3 80 percent confidence level. 3 A. At the 95 percent confidence, yes 3 90 UNSON, Q.C.: 6 Q. Okay. Now this model, if we go over to the 5 Q. And I'm told that it's 1.96, if you want to 6	12		percent of the variation in market equity		
14 relationship between the Canada bond yields, 15 14 A. It's on the same line that you looked at, 15 16 going on out there that we can't account for 17 16 16 17 17 in this simple regression, 20 analysis. 18 14 - 1.49? 19 complex one using a very simple regression analysis. 20 A. Right, the sine is consistent with the sine on the coefficient. 21 JOHNSON, Q.C.: 20 A. Right, the sine is consistent with the sine on the coefficient. 23 Q. I understand, Mr. Coyne that the usual cut coefficient that would denote it being 24 23 Q. Okay, and does this not suggest that the 24 25 statistically significant is around 2, is 25 Image la6 1 that right? 1 MR. COYNE: 2 A. No. 1'd suggest that it's significant at the 3 3 80 percent confidence level, not at the 90 4 percent confidence level, not at the 90 potent confidence level, not at the 90 10 5 JOHNSON, Q.C.: 5 JOHNSON, Q.C.: 5 6 be really precise about it, is that right? 6 Q. Okay. Now this model, if					×
15 but it tells us that there's 80 percent 15 the Canada bond yield line under "T" stat. 16 going on out there that we can't account for 16 JOHNSON, Q.C.: 17 in this simple regression 17 Q. Okay, there you go. So there you see it. 18 to estimate a relationship that's a very 19 MR. COYNE: 20 analysis. 20 A. Right, the sine is consistent with the sine 21 JOHNSON, Q.C.: 20 A. Right, the sine is consistent with the sine 23 off value for "T" statistic on a regression 23 Q. Okay, and does this not suggest that the 24 coefficient that would dence it ib being 23 Q. Okay, and does this not suggest that the 25 statistically significant is around 2, is 25 insignificant as predictors or MRPs? 26 A. At the 95 percent confidence, yes 1 MR. COYNE: 2 A. No. I'd suggest that i's significant at the 3 A. At the 95 percent confidence, yes 1 MR. COYNE: 2 A. No. I'd suggest that i's ignificant is or out of "T" statistic al significance, and you would a garger with that number that I've put to you? 5 JOHNSON, Q.C.: 6 Q. Okay. Now this model, if we go over to the			1 0		
16 going on out there that we can't account for 16 JOHNSON, Q.C.: 17 in this simple regression. So we're trying 17 Q. Okay, there you go. So there you see it. 18 to estimate a relationship that's a very 19 MR. COYNE: 20 analysis. 20 A. Right, the sine is consistent with the sine 21 JOHNSON, Q.C.: 20 A. Right, the sine is consistent with the sine 23 Q. Lunderstand, Mr. Coyne that the usual cut 21 JOHNSON, Q.C.: 24 coefficient that would denote it being 25 insignificant as predictors or MRPs? 25 statistically significant is around 2, is 25 insignificant as predictors or MRPs? 25 statistically significant is around 2, is 25 insignificant as predictors or MRPs? 2 MR. COYNE: 2 A. No. I'd suggest that it's significant at the 90 3 A. At the 95 percent confidence, yes 3 80 percent confidence level, not at the 90 4 JOHNSON, Q.C.: 7 left hand side of this screen, we see – go 8 A. That's right. 9 we can see – is that the very top? 1 tis, 10 Q. Okay, so you're familiar,			1		•
17 in this simple regression. So we're trying 17 Q. Okay, there you go. So there you see it. 18 to estimate a relationship that's a very 18 It's -1.49? 19 complex one using a very simple regression 19 MR. COYNE: 20 analysis. 20 A. Right, the sine is consistent with the sine 21 JOHNSON, Q.C.: 20 Okay, and does this not suggest that the 23 off value for "T" statistic on a regression 24 Canada bond yields are statistically 25 statistically significant is around 2, is 25 insignificant as predictors or MRPs? 24 coefficient that would denote it being 24 Canada bond yields are statistically 25 statistically significant is around 2, is 25 insignificant as predictors or MRPs? 2 MR. COYNE: 2 A. No.1'd suggest that it's significant at the 3 A. At the 95 percent confidence, yes 4 percent confidence level, not at the 90 4 JOHNSON, Q.C.: 4 percent confidence level, not at the 90 5 Q. Okay, so you're familiar, obviously, by the 10 is it? Okay, there you so. So we have 10 Q.					-
18 to estimate a relationship that's a very 18 It's -1.49? 19 complex one using a very simple regression 20 A. Right, the sine is consistent with the sine 21 JOHNSON, Q.C.: 21 on the coefficient. 22 JOHNSON, Q.C.: 23 off value for "T" statistic on a regression 23 Q. Okay, and does this not suggest that the 24 coefficient that would denote it being 24 Canada bond yields are statistically 25 statistically significant is around 2, is 25 insignificant as predictors or MRPs? 2 MR. COYNE: 2 A. No. I'd suggest that it's significant at the 3 A. At the 95 percent confidence, yes 3 80 percent confidence level, not at the 90 4 JOHNSON, Q.C.: 5 JOHNSON, Q.C.: 5 JOHNSON, Q.C.: 6 be really precise about it, is that right? 7 left hand side of this screen, we see - go 8 A. That's right. 9 we can see - is that the very top? It is, 10 Q. Okay, so you're familiar, obviously, by the 11 Canada long bond that provide the rates for					
19 complex one using a very simple regression 19 MR. COYNE: 20 analysis. 20 A. Right, the sine is consistent with the sine 21 JOHNSON, Q.C.: 20 A. Right, the sine is consistent with the sine 22 Q. I understand, Mr. Coyne that the usual cut 22 JOHNSON, Q.C.: 23 off value for "T" statistic on a regression 23 Q. Okay, and does this not suggest that the 24 coefficient that would denote it being 24 Canada bond yields are statistically 25 statistically significant is around 2, is 25 insignificant as predictors or MRPs? Page 166 1 that right? 1 MR. COYNE: 2 A. At the 95 percent confidence, yes 3 80 percent confidence level, not at the 90 4 JOHNSON, Q.C.: 5 JOHNSON, Q.C.: 6 Q. Okay. Now this model, if we go over to the 7 MR. COYNE: 8 A. That's right. 9 we can see – is that the very top? It is, 10 Q. Okay, so you're familiar, obviously, by the 10 is it? Okay, there you go					
20 analysis. 20 A. Right, the sine is consistent with the sine 21 JOHNSON, Q.C.: 21 on the coefficient. 22 Q. I understand, Mr. Coyne that the usual cut 23 Q. Okay, and does this not suggest that the 24 coefficient that would denote it being 23 Q. Okay, and does this not suggest that the 25 statistically significant is around 2, is 25 insignificant as predictors or MRPs? 26 Page 166 Page 168 1 MR. COYNE: 2 MR. COYNE: 2 A. No. I'd suggest that it's significant at the 3 A. At the 95 percent confidence, yes 3 80 percent confidence level, not at the 90 4 JOHNSON, Q.C:: 2 A. No. I'd suggest that it's significant at the 7 MR. COYNE: 2 A. No. I'd suggest that it's significant it is the significant; obviously, by the 8 A. That's right. 9 we can see - is that the very too? It is, 10 Q. Okay, so you're familiar, obviously, by the 10 is it? Okay, there you go. So we have 11 sounds of i			1 2		
21 JOHNSON, Q.C.: 21 on the coefficient. 22 Q. I understand, Mr. Coyne that the usual cut 23 off value for "T" statistic on a regression 23 off value for "T" statistic on a regression 23 Q. Okay, and does this not suggest that the 24 canada bond yields are statistically 23 Q. Okay, and does this not suggest that the 24 canada bond yields are statistically 25 insignificant as predictors or MRPs? 25 statistically significant is around 2, is 25 A. No. 1' a suggest that it's significant at the 3 A. A the 95 percent confidence, yes 1 MR. COYNE: 2 A. No. 1' a suggest that it's significant at the 5 Q. And T'm told that it's 1.96, if you want to be really precise about it, is that right? 5 JOHNSON, Q.C.: 5 7 left hand side of this screen, we see - go 8 up a little bit, Samantha, if you could so 9 we can see - is that the very top? It is, 10 is it? Okay, there you go. So we have 11 sounds of it, with this cut off "T" stat for 12 ceach of those years, and then we have in the 13 agree with that number that I've put to you? 13 column a d					
22 Q. I understand, Mr. Coyne that the usual cut off value for "T" statistic on a regression 2 statistically significant is around 2, is 23 Q. Okay, and does this not suggest that the 24 24 coefficient that would denote it being 24 Canada bond yields are statistically 25 statistically significant is around 2, is 25 insignificant as predictors or MRPs? 2 MR. COYNE: 2 A. No. I'd suggest that it's significant at the 3 3 A. At the 95 percent confidence, yes 3 80 percent confidence level, not at the 90 4 JOHNSON, QC.: 5 Q. And I'm told that it's 1.96, if you want to 6 5 JOHNSON, QC.: 6 be really precise about it, is that right? 7 left hand side of this screen, we see - go 8 A. That's right. 9 we can see - is that the very top? It is, 10 Q. Okay, so you're familiar, obviously, by the statistical significance, and you would agree with that number that I've put to you? 13 columna dummy variable, and in the third, 14 MR. COYNE: 15 MR. COYNE: 16 A. Yes. 16 JOHNSON, QC.: 10 each of those years, and then we have			· · · · · · · · · · · · · · · · · · ·		
23 off value for "T" statistic on a regression coefficient that would denote it being statistically significant is around 2, is 23 Q. Okay, and does this not suggest that the Canada bond yields are statistically insignificant as predictors or MRPs? Page 166 Page 168 Page 168 1 that right? 1 MR. COYNE: 2 A. At the 95 percent confidence, yes 3 80 percent confidence level, not at the 90 4 JOHNSON, Q.C.: 5 JOHNSON, Q.C.: 5 JOHNSON, Q.C.: 6 be really precise about it, is that right? 7 left hand side of this screen, we see – go 8 A. That's right. 9 we can see – is that the very top? It is, 10 Q. Okay, so you're familiar, obviously, by the 1 Canada long bond that provide the rates for 12 statistical significance, and you would agree with that number that I've put to you? 1 Canada long bond that provide the rates for 15 A. Yes. 1 MR. COYNE: 1 Canada long bond that provide the rates for 12 statistical significance, and you would agree with that number that I've put to you? 16 A. Yes.		-	-		
24 coefficient that would denote it being statistically significant is around 2, is 24 Canada bond yields are statistically 25 25 insignificant as predictors or MRPs? Page 166 1 that right? 2 MR. COYNE: 2 3 A. At the 95 percent confidence, yes 3 4 JOHNSON, Q.C.: 2 5 Q. And I'm told that it's 1.96, if you want to 6 5 6 be really precise about it, is that right? 7 MR. COYNE: 8 A. That's right. 9 JOHNSON, Q.C.: 7 MR. COYNE: 8 up a little bit, Samantha, if you could so 9 JOHNSON, Q.C.: 10 Q. Okay, so you're familiar, obviously, by the 11 13 agree with this cut off "T" stat for 12 14 maxet risk premium, right? 15 M. Yes. 16 JOHNSON, Q.C.: 18 Q. Okay. Now let's scroll all the way down. 19 A. It's significant at a lower level of 20 19 A. It's significant at a lower level of 20 21 80.		Q.			
25 statistically significant is around 2, is 25 insignificant as predictors or MRPs? Page 166 1 that right? 1 MR. COYNE: 2 A. No. I'd suggest that it's significant at the 3 A. At the 95 percent confidence, yes 3 80 percent confidence level, not at the 90 4 JOHNSON, Q.C.: 2 A. No. I'd suggest that it's significant at the 5 Q. And I'm told that it's 1.96, if you want to 5 JOHNSON, Q.C.: 6 be really precise about it, is that right? 6 Q. Okay. Now this model, if we go over to the 7 left hand side of this screen, we see – go 8 up a little bit, Samantha, if you could so 9 JOHNSON, Q.C.: 9 we can see – is that the very top? It is, 10 Q. Okay, so you're familiar, obviously, by the 11 Canada long bond that provide the rates for 12 statistical significance, and you would 13 column a dummy variable, and in the third, 14 MR. COYNE: 16 A. Yes. 15 M. Yes. 15 MR. COYNE: 16<			•		
Page 1661the second			e e		· · ·
1that right?1MR. COYNE:2MR. COYNE:2A.No. I'd suggest that it's significant at the3A.At the 95 percent confidence, yes380 percent confidence level, not at the 904JOHNSON, Q.C.:4percent confidence level.55Q.And I'm told that it's 1.96, if you want to5JOHNSON, Q.C.:6be really precise about it, is that right?6Q.Okay. Now this model, if we go over to the7MR. COYNE:7left hand side of this screen, we see - go8A.That's right.9we can see - is that the very top? It is,10Q.Okay, so you're familiar, obviously, by the10is it? Okay, there you go. So we have11sounds of it, with this cut off "T" stat for11Canada long bond that provide the rates for12statistical significance, and you would12each of those years, and then we have in the13agree with that number that I've put to you?13column a dummy variable, and in the third,14MR. COYNE:15MR. COYNE:1615JOHNSON, Q.C.:17JOHNSON, Q.C.:1716A.Yes.17JOHNSON, Q.C.:17Q.Okay.17JOHNSON, Q.C.:18Q.Okay. Now let's scroll all the way down.19A.It's significant at a lower level of1920confidence than 95 percent. I think it's20from '76 util we get to 2008, and then we<	25		statistically significant is around 2, is	25	insignificant as predictors or MRPs?
2MR. COYNE:2A.No. I'd suggest that it's significant at the3A.At the 95 percent confidence, yes380 percent confidence level, not at the 904JOHNSON, Q.C.:4percent confidence level.55Q.And I'm told that it's 1.96, if you want to5JOHNSON, Q.C.:6be really precise about it, is that right?6Q.Okay. Now this model, if we go over to the7Ieft hand side of this screen, we see - go8A.That's right.9we can see - is that the very top? It is,10Q.Okay, so you're familiar, obviously, by the1canada long bond that provide the rates for12statistical significance, and you would12each of those years, and then we have in the13agree with that number that I've put to you?13column a dummy variable, and in the third,14MR. COYNE:16A.Yes.15A.Yes.15MR. COYNE:16JOHNSON, Q.C.:18Q.Okay. Now let's scroll all the way down.19A.It's significant at a lower level of19We see dummy variables of 0000 all the way20confidence than 95 percent. I think it's20from '76 until we get to 2008, and then we2180.21have a 1 put in there for the dummy22JOHNSON, Q.C.:24A.Yes, I see that.23Q.So let us see then -23MR. COYNE:24A.Yes, I see that.25			Page 166		Daga 169
3A.At the 95 percent confidence, yes380 percent confidence level, not at the 904JOHNSON, Q.C.:4percent confidence level, not at the 905Q.And I'm told that it's 1.96, if you want to5JOHNSON, Q.C.:6be really precise about it, is that right?6Q.Okay. Now this model, if we go over to the7left hand side of this screen, we see - go8up a little bit, Samantha, if you could so9JOHNSON, Q.C.:9we can see - is that the very top? It is,10Q.Okay, so you're familiar, obviously, by the10is it? Okay, there you go. So we have11sounds of it, with this cut off "T" stat for11Canada long bond that provide the rates for12statistical significance, and you would12each of those years, and then we have in the13agree with that number that I've put to you?13column a dummy variable, and in the third,14MR. COYNE:16A.Yes.15A.Yes.15MR. COYNE:16JOHNSON, Q.C.:18Q.Okay. Now let's scroll all the way down.19A.It's significant at a lower level of19We see dummy variables of 0000 all the way20confidence than 95 percent. I think it's21have a 1 put in there for the dummy2180.21have a 1 put in there for the dummy22JOHNSON, Q.C.:22Variable?23Q.So let us see then -2324 <td< td=""><td></td><td></td><td>1 450 100</td><td></td><td>Page 108</td></td<>			1 450 100		Page 108
4JOHNSON, Q.C.:4percent confidence level.5Q.And I'm told that it's 1.96, if you want to5JOHNSON, Q.C.:6be really precise about it, is that right?6Q.Okay. Now this model, if we go over to the7MR. COYNE:7left hand side of this screen, we see - go8A.That's right.7left hand side of this screen, we see - go9JOHNSON, Q.C.:7we can see - is that the very top? It is,10Q.Okay, so you're familiar, obviously, by the10is it? Okay, there you go. So we have11sounds of it, with this cut off "T" stat for12canada long bond that provide the rates for12statistical significance, and you would13column a dummy variable, and in the third,14MR. COYNE:14the market risk premium, right?15A.Yes.15MR. COYNE:16JOHNSON, Q.C.:16A.17Q.Okay.1718MR. COYNE:18Q.19A.It's significant at a lower level of192180.21have a 1 put in there for the dummy22JOHNSON, Q.C.:22yariable?23Q.So let us see then -2324A.Yes, I see that.25A.Statistically measurable, but not at the 952525JOHNSON, Q.C.:24A.24A.Yes, I see that.	1		-	1	C C
5Q.And I'm told that it's 1.96, if you want to be really precise about it, is that right?5JOHNSON, Q.C.:7MR. COYNE:7left hand side of this screen, we see – go8A.That's right.8up a little bit, Samantha, if you could so9JOHNSON, Q.C.:9we can see – is that the very top? It is,10Q.Okay, so you're familiar, obviously, by the10is it? Okay, there you go. So we have11sounds of it, with this cut off "T" stat for11Canada long bond that provide the rates for12statistical significance, and you would12each of those years, and then we have in the13agree with that number that I've put to you?13column a dummy variable, and in the third,14MR. COYNE:16A.Yes.15A.Yes.15MR. COYNE:16JOHNSON, Q.C.:16A.Yes.17Q.Okay.17JOHNSON, Q.C.:18MR. COYNE:18Q.Okay. Now let's scroll all the way down.19A.It's significant at a lower level of19We see dummy variables of 0000 all the way20confidence than 95 percent. I think it's20from '76 until we get to 2008, and then we2180.21have a 1 put in there for the dummy22JOHNSON, Q.C.:22variable?23Q.So let us see then –23MR. COYNE:24A.Yes, I see that.2525	1 2	MR. COYNE	that right?	1 2	MR. COYNE:
6be really precise about it, is that right?6Q.Okay. Now this model, if we go over to the7MR. COYNE:7left hand side of this screen, we see – go8A.That's right.8up a little bit, Samantha, if you could so9JOHNSON, Q.C.:9we can see – is that the very top? It is,10Q.Okay, so you're familiar, obviously, by the10is it? Okay, there you go. So we have11sounds of it, with this cut off "T" stat for11Canada long bond that provide the rates for12statistical significance, and you would12each of those years, and then we have in the13agree with that number that I've put to you?13column a dummy variable, and in the third,14MR. COYNE:14the market risk premium, right?15A.Yes.15MR. COYNE:16JOHNSON, Q.C.:16A.17Q.Okay.1719A.It's significant at a lower level of1920confidence than 95 percent. I think it's20from '76 until we get to 2008, and then we2180.21have a 1 put in there for the dummy22JOHNSON, Q.C.:22variable?23Q.So let us see then –23MR. COYNE:24MR. COYNE:24A.Yes, I see that.25A.Statistically measurable, but not at the 9525JOHNSON, Q.C.:	1 2 3		that right?		MR. COYNE: A. No. I'd suggest that it's significant at the
7MR. COYNE:7left hand side of this screen, we see - go8A.That's right.8up a little bit, Samantha, if you could so9JOHNSON, Q.C.:9we can see - is that the very top? It is,10Q.Okay, so you're familiar, obviously, by the10is it? Okay, there you go. So we have11sounds of it, with this cut off "T" stat for12each of those years, and then we have in the13agree with that number that I've put to you?13column a dummy variable, and in the third,14MR. COYNE:14the market risk premium, right?15A.Yes.15MR. COYNE:16JOHNSON, Q.C.:16A.Yes.17Q.Okay.17JOHNSON, Q.C.:18MR. COYNE:18Q.Okay. Now let's scroll all the way down.19A.It's significant at a lower level of19We see dummy variables of 0000 all the way20confidence than 95 percent. I think it's20from '76 until we get to 2008, and then we2180.21have a 1 put in there for the dummy22JOHNSON, Q.C.:23Q.So let us see then -23Q.So let us see then -23MR. COYNE:24MR. COYNE:24A.Yes, I see that.25A.Statistically measurable, but not at the 9525JOHNSON, Q.C.:	1 2 3 4	А.	that right? E: At the 95 percent confidence, yes	3	MR. COYNE: A. No. I'd suggest that it's significant at the 80 percent confidence level, not at the 90
8A.That's right.8up a little bit, Samantha, if you could so9JOHNSON, Q.C.:9we can see – is that the very top? It is,10Q.Okay, so you're familiar, obviously, by the10is it? Okay, there you go. So we have11sounds of it, with this cut off "T" stat for11Canada long bond that provide the rates for12statistical significance, and you would12each of those years, and then we have in the13agree with that number that I've put to you?13column a dummy variable, and in the third,14MR. COYNE:14the market risk premium, right?15A.Yes.15MR. COYNE:16JOHNSON, Q.C.:16A.Yes.17Q.Okay.17JOHNSON, Q.C.:18MR. COYNE:18Q.Okay. Now let's scroll all the way down.19A.It's significant at a lower level of19We see dummy variables of 0000 all the way20confidence than 95 percent. I think it's20from '76 until we get to 2008, and then we2180.21have a 1 put in there for the dummy22JOHNSON, Q.C.:22variable?23Q.So let us see then –23MR. COYNE:24MR. COYNE:24A.Yes, I see that.25A.Statistically measurable, but not at the 9525JOHNSON, Q.C.:	4	A. JOHNSON, G	that right? E: At the 95 percent confidence, yes Q.C.:	3 4	MR. COYNE: A. No. I'd suggest that it's significant at the 80 percent confidence level, not at the 90 percent confidence level.
8A.That's right.8up a little bit, Samantha, if you could so9JOHNSON, Q.C.:9we can see – is that the very top? It is,10Q.Okay, so you're familiar, obviously, by the10is it? Okay, there you go. So we have11sounds of it, with this cut off "T" stat for12canada long bond that provide the rates for12statistical significance, and you would12each of those years, and then we have in the13agree with that number that I've put to you?13column a dummy variable, and in the third,14MR. COYNE:14the market risk premium, right?15A.Yes.15MR. COYNE:16JOHNSON, Q.C.:16A.Yes.17Q.Okay.17JOHNSON, Q.C.:18MR. COYNE:18Q.Okay. Now let's scroll all the way down.19A.It's significant at a lower level of19We see dummy variables of 0000 all the way20confidence than 95 percent. I think it's20from '76 until we get to 2008, and then we2180.21have a 1 put in there for the dummy22JOHNSON, Q.C.:22variable?23Q.So let us see then –2324MR. COYNE:24A.25A.Statistically measurable, but not at the 952525JOHNSON, Q.C.:24A.25A.Statistically measurable, but not at the 952525JOHNSON, Q.C.: <td>45</td> <td>A. JOHNSON, G</td> <td>that right? E: At the 95 percent confidence, yes Q.C.: And I'm told that it's 1.96, if you want to</td> <td>3 4 5</td> <td>MR. COYNE: A. No. I'd suggest that it's significant at the 80 percent confidence level, not at the 90 percent confidence level. JOHNSON, Q.C.:</td>	45	A. JOHNSON, G	that right? E: At the 95 percent confidence, yes Q.C.: And I'm told that it's 1.96, if you want to	3 4 5	MR. COYNE: A. No. I'd suggest that it's significant at the 80 percent confidence level, not at the 90 percent confidence level. JOHNSON, Q.C.:
9JOHNSON, Q.C.:9we can see - is that the very top? It is,10Q.Okay, so you're familiar, obviously, by the10is it? Okay, there you go. So we have11sounds of it, with this cut off "T" stat for11Canada long bond that provide the rates for12statistical significance, and you would12each of those years, and then we have in the13agree with that number that I've put to you?13column a dummy variable, and in the third,14MR. COYNE:14the market risk premium, right?15A.Yes.15MR. COYNE:16JOHNSON, Q.C.:16A.Yes.17Q.Okay.17JOHNSON, Q.C.:18MR. COYNE:18Q.Okay. Now let's scroll all the way down.19A.It's significant at a lower level of19We see dummy variables of 0000 all the way20confidence than 95 percent. I think it's20from '76 until we get to 2008, and then we2180.21have a 1 put in there for the dummy22JOHNSON, Q.C.:22variable?23Q.So let us see then -23MR. COYNE:24MR. COYNE:24A.Yes, I see that.25A.Statistically measurable, but not at the 9525JOHNSON, Q.C.:	45	A. JOHNSON, Q.	that right? E: At the 95 percent confidence, yes Q.C.: And I'm told that it's 1.96, if you want to be really precise about it, is that right?	3 4 5 6	MR. COYNE: A. No. I'd suggest that it's significant at the 80 percent confidence level, not at the 90 percent confidence level. JOHNSON, Q.C.: Q. Okay. Now this model, if we go over to the
10Q.Okay, so you're familiar, obviously, by the sounds of it, with this cut off "T" stat for 1210is it? Okay, there you go. So we have11sounds of it, with this cut off "T" stat for 1211Canada long bond that provide the rates for 1212statistical significance, and you would 1312each of those years, and then we have in the 1313agree with that number that I've put to you?13column a dummy variable, and in the third, 1414MR. COYNE:14the market risk premium, right?15A.Yes.15MR. COYNE:16JOHNSON, Q.C.:16A.Yes.17Q.Okay.17JOHNSON, Q.C.:18MR. COYNE:18Q.Okay. Now let's scroll all the way down.19A.It's significant at a lower level of 2019We see dummy variables of 0000 all the way 202180.21have a 1 put in there for the dummy 22JOHNSON, Q.C.:23Q.So let us see then -23MR. COYNE:24MR. COYNE:24A.Yes, I see that.25A.Statistically measurable, but not at the 9525JOHNSON, Q.C.:	4 5 6 7	A. JOHNSON, Q. MR. COYNE	that right? At the 95 percent confidence, yes Q.C.: And I'm told that it's 1.96, if you want to be really precise about it, is that right? E:	3 4 5 6 7	MR. COYNE: A. No. I'd suggest that it's significant at the 80 percent confidence level, not at the 90 percent confidence level. JOHNSON, Q.C.: Q. Okay. Now this model, if we go over to the left hand side of this screen, we see – go
11sounds of it, with this cut off "T" stat for11Canada long bond that provide the rates for12statistical significance, and you would12each of those years, and then we have in the13agree with that number that I've put to you?13column a dummy variable, and in the third,14MR. COYNE:14the market risk premium, right?15A.Yes.15MR. COYNE:16JOHNSON, Q.C.:16A.Yes.17Q.Okay.17JOHNSON, Q.C.:18MR. COYNE:18Q.Okay. Now let's scroll all the way down.19A.It's significant at a lower level of19We see dummy variables of 0000 all the way20confidence than 95 percent. I think it's20from '76 until we get to 2008, and then we2180.21have a 1 put in there for the dummy22JOHNSON, Q.C.:23Q.So let us see then -23Q.So let us see then -23MR. COYNE:24MR. COYNE:24A.Yes, I see that.25A.Statistically measurable, but not at the 9525JOHNSON, Q.C.:	4 5 6 7 8	A. JOHNSON, Q. MR. COYNE A.	that right? At the 95 percent confidence, yes Q.C.: And I'm told that it's 1.96, if you want to be really precise about it, is that right? That's right.	3 4 5 6 7 8	MR. COYNE: A. No. I'd suggest that it's significant at the 80 percent confidence level, not at the 90 percent confidence level. JOHNSON, Q.C.: Q. Okay. Now this model, if we go over to the left hand side of this screen, we see – go up a little bit, Samantha, if you could so
12statistical significance, and you would12each of those years, and then we have in the13agree with that number that I've put to you?13column a dummy variable, and in the third,14MR. COYNE:14the market risk premium, right?15A.Yes.15MR. COYNE:16JOHNSON, Q.C.:16A.Yes.17Q.Okay.17JOHNSON, Q.C.:18MR. COYNE:18Q.Okay. Now let's scroll all the way down.19A.It's significant at a lower level of19We see dummy variables of 0000 all the way20confidence than 95 percent. I think it's20from '76 until we get to 2008, and then we2180.21have a 1 put in there for the dummy22JOHNSON, Q.C.:23Q.So let us see then -24MR. COYNE:24A.Yes, I see that.25A.Statistically measurable, but not at the 9525JOHNSON, Q.C.:	4 5 6 7 8 9	A. JOHNSON, Q. MR. COYNE A. JOHNSON, Q	 that right? At the 95 percent confidence, yes Q.C.: And I'm told that it's 1.96, if you want to be really precise about it, is that right? That's right. Q.C.: 	3 4 5 6 7 8 9	MR. COYNE: A. No. I'd suggest that it's significant at the 80 percent confidence level, not at the 90 percent confidence level. JOHNSON, Q.C.: Q. Okay. Now this model, if we go over to the left hand side of this screen, we see – go up a little bit, Samantha, if you could so we can see – is that the very top? It is,
13agree with that number that I've put to you?13column a dummy variable, and in the third,14MR. COYNE:14the market risk premium, right?15A.Yes.15MR. COYNE:16JOHNSON, Q.C.:16A.Yes.17Q.Okay.16A.Yes.18MR. COYNE:16A.Yes.19A.It's significant at a lower level of19We see dummy variables of 0000 all the way20confidence than 95 percent. I think it's20from '76 until we get to 2008, and then we2180.21have a 1 put in there for the dummy22JOHNSON, Q.C.:22variable?23Q.So let us see then -23MR. COYNE:24MR. COYNE:24A.Yes, I see that.25A.Statistically measurable, but not at the 9525JOHNSON, Q.C.:	4 5 6 7 8 9 10	A. JOHNSON, Q. MR. COYNE A. JOHNSON, Q	 that right? At the 95 percent confidence, yes Q.C.: And I'm told that it's 1.96, if you want to be really precise about it, is that right? That's right. Q.C.: Okay, so you're familiar, obviously, by the 	3 4 5 6 7 8 9 10	MR. COYNE: A. No. I'd suggest that it's significant at the 80 percent confidence level, not at the 90 percent confidence level. JOHNSON, Q.C.: Q. Okay. Now this model, if we go over to the left hand side of this screen, we see – go up a little bit, Samantha, if you could so we can see – is that the very top? It is, is it? Okay, there you go. So we have
14MR. COYNE:14the market risk premium, right?15A.Yes.15MR. COYNE:16JOHNSON, Q.C.:16A.Yes.17Q.Okay.16A.Yes.18MR. COYNE:18Q.Okay. Now let's scroll all the way down.19A.It's significant at a lower level of19We see dummy variables of 0000 all the way20confidence than 95 percent. I think it's20from '76 until we get to 2008, and then we2180.21have a 1 put in there for the dummy22JOHNSON, Q.C.:22variable?23Q.So let us see then -23MR. COYNE:24MR. COYNE:24A.Yes, I see that.25A.Statistically measurable, but not at the 9525JOHNSON, Q.C.:	4 5 6 7 8 9 10 11	A. JOHNSON, Q. MR. COYNE A. JOHNSON, Q	 that right? At the 95 percent confidence, yes Q.C.: And I'm told that it's 1.96, if you want to be really precise about it, is that right? That's right. Q.C.: Okay, so you're familiar, obviously, by the sounds of it, with this cut off "T" stat for 	3 4 5 6 7 8 9 10 11	MR. COYNE: A. No. I'd suggest that it's significant at the 80 percent confidence level, not at the 90 percent confidence level. JOHNSON, Q.C.: Q. Okay. Now this model, if we go over to the left hand side of this screen, we see – go up a little bit, Samantha, if you could so we can see – is that the very top? It is, is it? Okay, there you go. So we have Canada long bond that provide the rates for
15A.Yes.16JOHNSON, Q.C.:15MR. COYNE:17Q.Okay.16A.18MR. COYNE:16A.Yes.19A.It's significant at a lower level of19We see dummy variables of 0000 all the way20confidence than 95 percent. I think it's20from '76 until we get to 2008, and then we2180.21have a 1 put in there for the dummy22JOHNSON, Q.C.:22variable?23Q.So let us see then -23MR. COYNE:24MR. COYNE:24A.Yes, I see that.25A.Statistically measurable, but not at the 9525JOHNSON, Q.C.:	4 5 6 7 8 9 10 11 12	A. JOHNSON, Q. MR. COYNE A. JOHNSON, Q	 that right? At the 95 percent confidence, yes Q.C.: And I'm told that it's 1.96, if you want to be really precise about it, is that right? That's right. Q.C.: Okay, so you're familiar, obviously, by the sounds of it, with this cut off "T" stat for statistical significance, and you would 	3 4 5 6 7 8 9 10 11 12	 MR. COYNE: A. No. I'd suggest that it's significant at the 80 percent confidence level, not at the 90 percent confidence level. JOHNSON, Q.C.: Q. Okay. Now this model, if we go over to the left hand side of this screen, we see – go up a little bit, Samantha, if you could so we can see – is that the very top? It is, is it? Okay, there you go. So we have Canada long bond that provide the rates for each of those years, and then we have in the
16JOHNSON, Q.C.:16A.Yes.17Q.Okay.17JOHNSON, Q.C.:18MR. COYNE:18Q.Okay. Now let's scroll all the way down.19A.It's significant at a lower level of19We see dummy variables of 0000 all the way20confidence than 95 percent. I think it's20from '76 until we get to 2008, and then we2180.21have a 1 put in there for the dummy22JOHNSON, Q.C.:22variable?23Q.So let us see then -23MR. COYNE:24MR. COYNE:24A.Yes, I see that.25A.Statistically measurable, but not at the 9525JOHNSON, Q.C.:	4 5 6 7 8 9 10 11 12 13	A. JOHNSON, Q Q. MR. COYNE A. JOHNSON, Q	 that right? At the 95 percent confidence, yes Q.C.: And I'm told that it's 1.96, if you want to be really precise about it, is that right? That's right. Q.C.: Okay, so you're familiar, obviously, by the sounds of it, with this cut off "T" stat for statistical significance, and you would agree with that number that I've put to you? 	3 4 5 6 7 8 9 10 11 12 13	 MR. COYNE: A. No. I'd suggest that it's significant at the 80 percent confidence level, not at the 90 percent confidence level. JOHNSON, Q.C.: Q. Okay. Now this model, if we go over to the left hand side of this screen, we see – go up a little bit, Samantha, if you could so we can see – is that the very top? It is, is it? Okay, there you go. So we have Canada long bond that provide the rates for each of those years, and then we have in the column a dummy variable, and in the third,
17Q.Okay.17JOHNSON, Q.C.:18MR. COYNE:18Q.Okay. Now let's scroll all the way down.19A.It's significant at a lower level of19We see dummy variables of 0000 all the way20confidence than 95 percent. I think it's20from '76 until we get to 2008, and then we2180.21have a 1 put in there for the dummy22JOHNSON, Q.C.:22variable?23Q.So let us see then -23MR. COYNE:24MR. COYNE:24A.Yes, I see that.25A.Statistically measurable, but not at the 9525JOHNSON, Q.C.:	4 5 6 7 8 9 10 11 12 13 14	A. JOHNSON, Q. MR. COYNE A. JOHNSON, Q. MR. COYNE	 that right? At the 95 percent confidence, yes Q.C.: And I'm told that it's 1.96, if you want to be really precise about it, is that right? That's right. Q.C.: Okay, so you're familiar, obviously, by the sounds of it, with this cut off "T" stat for statistical significance, and you would agree with that number that I've put to you? 	3 4 5 6 7 8 9 10 11 12 13 14	 MR. COYNE: A. No. I'd suggest that it's significant at the 80 percent confidence level, not at the 90 percent confidence level. JOHNSON, Q.C.: Q. Okay. Now this model, if we go over to the left hand side of this screen, we see – go up a little bit, Samantha, if you could so we can see – is that the very top? It is, is it? Okay, there you go. So we have Canada long bond that provide the rates for each of those years, and then we have in the column a dummy variable, and in the third, the market risk premium, right?
18MR. COYNE:18Q.Okay. Now let's scroll all the way down.19A.It's significant at a lower level of19We see dummy variables of 0000 all the way20confidence than 95 percent. I think it's20from '76 until we get to 2008, and then we2180.21have a 1 put in there for the dummy22JOHNSON, Q.C.:22variable?23Q.So let us see then –23MR. COYNE:24MR. COYNE:24A.Yes, I see that.25A.Statistically measurable, but not at the 9525JOHNSON, Q.C.:	4 5 6 7 8 9 10 11 12 13 14 15	A. JOHNSON, Q. MR. COYNE A. JOHNSON, Q. MR. COYNE A.	 that right? At the 95 percent confidence, yes Q.C.: And I'm told that it's 1.96, if you want to be really precise about it, is that right? That's right. Q.C.: Okay, so you're familiar, obviously, by the sounds of it, with this cut off "T" stat for statistical significance, and you would agree with that number that I've put to you? Yes. 	3 4 5 6 7 8 9 10 11 12 13 14 15	 MR. COYNE: A. No. I'd suggest that it's significant at the 80 percent confidence level, not at the 90 percent confidence level. JOHNSON, Q.C.: Q. Okay. Now this model, if we go over to the left hand side of this screen, we see – go up a little bit, Samantha, if you could so we can see – is that the very top? It is, is it? Okay, there you go. So we have Canada long bond that provide the rates for each of those years, and then we have in the column a dummy variable, and in the third, the market risk premium, right?
19A.It's significant at a lower level of confidence than 95 percent. I think it's19We see dummy variables of 0000 all the way from '76 until we get to 2008, and then we 212180.21have a 1 put in there for the dummy22JOHNSON, Q.C.:22variable?23Q.So let us see then -23MR. COYNE:24MR. COYNE:24A.Yes, I see that.25A.Statistically measurable, but not at the 9525JOHNSON, Q.C.:	4 5 6 7 8 9 10 11 12 13 14 15 16	A. JOHNSON, Q. MR. COYNE A. JOHNSON, Q. MR. COYNE A. JOHNSON, Q.	 that right? At the 95 percent confidence, yes Q.C.: And I'm told that it's 1.96, if you want to be really precise about it, is that right? That's right. Q.C.: Okay, so you're familiar, obviously, by the sounds of it, with this cut off "T" stat for statistical significance, and you would agree with that number that I've put to you? Yes. Q.C.: 	3 4 5 6 7 8 9 10 11 12 13 14 15 16	MR. COYNE: A. No. I'd suggest that it's significant at the 80 percent confidence level, not at the 90 percent confidence level. JOHNSON, Q.C.: Q. Okay. Now this model, if we go over to the left hand side of this screen, we see – go up a little bit, Samantha, if you could so we can see – is that the very top? It is, is it? Okay, there you go. So we have Canada long bond that provide the rates for each of those years, and then we have in the column a dummy variable, and in the third, the market risk premium, right? MR. COYNE: A. Yes.
20confidence than 95 percent. I think it's20from '76 until we get to 2008, and then we2180.21have a 1 put in there for the dummy22JOHNSON, Q.C.:22variable?23Q.So let us see then -23MR. COYNE:24MR. COYNE:24A.Yes, I see that.25A.Statistically measurable, but not at the 9525JOHNSON, Q.C.:	4 5 6 7 8 9 10 11 12 13 14 15 16 17	A. JOHNSON, Q. MR. COYNE A. JOHNSON, Q. MR. COYNE A. JOHNSON, Q.	 that right? At the 95 percent confidence, yes Q.C.: And I'm told that it's 1.96, if you want to be really precise about it, is that right? That's right. Q.C.: Okay, so you're familiar, obviously, by the sounds of it, with this cut off "T" stat for statistical significance, and you would agree with that number that I've put to you? Yes. Q.C.: Okay. 	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	MR. COYNE: A. No. I'd suggest that it's significant at the 80 percent confidence level, not at the 90 percent confidence level. JOHNSON, Q.C.: Q. Okay. Now this model, if we go over to the left hand side of this screen, we see – go up a little bit, Samantha, if you could so we can see – is that the very top? It is, is it? Okay, there you go. So we have Canada long bond that provide the rates for each of those years, and then we have in the column a dummy variable, and in the third, the market risk premium, right? MR. COYNE: A. Yes. JOHNSON, Q.C.:
2180.21have a 1 put in there for the dummy22JOHNSON, Q.C.:22variable?23Q.So let us see then -23MR. COYNE:24MR. COYNE:24A.Yes, I see that.25A.Statistically measurable, but not at the 9525JOHNSON, Q.C.:	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	A. JOHNSON, Q. MR. COYNE A. JOHNSON, Q. MR. COYNE A. JOHNSON, Q. Q. MR. COYNE	 that right? At the 95 percent confidence, yes Q.C.: And I'm told that it's 1.96, if you want to be really precise about it, is that right? That's right. Q.C.: Okay, so you're familiar, obviously, by the sounds of it, with this cut off "T" stat for statistical significance, and you would agree with that number that I've put to you? Yes. Q.C.: Okay. Statistical significance 	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	MR. COYNE: A. No. I'd suggest that it's significant at the 80 percent confidence level, not at the 90 percent confidence level. JOHNSON, Q.C.: Q. Okay. Now this model, if we go over to the left hand side of this screen, we see – go up a little bit, Samantha, if you could so we can see – is that the very top? It is, is it? Okay, there you go. So we have Canada long bond that provide the rates for each of those years, and then we have in the column a dummy variable, and in the third, the market risk premium, right? MR. COYNE: A. Yes. JOHNSON, Q.C.: Q. Okay. Now let's scroll all the way down.
22JOHNSON, Q.C.:22variable?23Q.So let us see then -23MR. COYNE:24MR. COYNE:24A.Yes, I see that.25A.Statistically measurable, but not at the 9525JOHNSON, Q.C.:	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	A. JOHNSON, Q. MR. COYNE A. JOHNSON, Q. MR. COYNE A. JOHNSON, Q. Q. MR. COYNE	 that right? At the 95 percent confidence, yes Q.C.: And I'm told that it's 1.96, if you want to be really precise about it, is that right? That's right. Q.C.: Okay, so you're familiar, obviously, by the sounds of it, with this cut off "T" stat for statistical significance, and you would agree with that number that I've put to you? Yes. Q.C.: Okay. It's significant at a lower level of 	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	 MR. COYNE: A. No. I'd suggest that it's significant at the 80 percent confidence level, not at the 90 percent confidence level. JOHNSON, Q.C.: Q. Okay. Now this model, if we go over to the left hand side of this screen, we see – go up a little bit, Samantha, if you could so we can see – is that the very top? It is, is it? Okay, there you go. So we have Canada long bond that provide the rates for each of those years, and then we have in the column a dummy variable, and in the third, the market risk premium, right? MR. COYNE: A. Yes. JOHNSON, Q.C.: Q. Okay. Now let's scroll all the way down. We see dummy variables of 0000 all the way
23Q.So let us see then -23MR. COYNE:24MR. COYNE:24A.Yes, I see that.25A.Statistically measurable, but not at the 9525JOHNSON, Q.C.:	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	A. JOHNSON, Q. MR. COYNE A. JOHNSON, Q. MR. COYNE A. JOHNSON, Q. Q. MR. COYNE	 that right? At the 95 percent confidence, yes Q.C.: And I'm told that it's 1.96, if you want to be really precise about it, is that right? That's right. Q.C.: Okay, so you're familiar, obviously, by the sounds of it, with this cut off "T" stat for statistical significance, and you would agree with that number that I've put to you? Yes. Q.C.: Okay. It's significant at a lower level of confidence than 95 percent. I think it's 	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	 MR. COYNE: A. No. I'd suggest that it's significant at the 80 percent confidence level, not at the 90 percent confidence level. JOHNSON, Q.C.: Q. Okay. Now this model, if we go over to the left hand side of this screen, we see – go up a little bit, Samantha, if you could so we can see – is that the very top? It is, is it? Okay, there you go. So we have Canada long bond that provide the rates for each of those years, and then we have in the column a dummy variable, and in the third, the market risk premium, right? MR. COYNE: A. Yes. JOHNSON, Q.C.: Q. Okay. Now let's scroll all the way down. We see dummy variables of 0000 all the way from '76 until we get to 2008, and then we
24MR. COYNE:24A.Yes, I see that.25A.Statistically measurable, but not at the 9525JOHNSON, Q.C.:	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	A. JOHNSON, Q. MR. COYNE A. JOHNSON, Q. MR. COYNE A. JOHNSON, Q. MR. COYNE A.	 that right? At the 95 percent confidence, yes Q.C.: And I'm told that it's 1.96, if you want to be really precise about it, is that right? That's right. Q.C.: Okay, so you're familiar, obviously, by the sounds of it, with this cut off "T" stat for statistical significance, and you would agree with that number that I've put to you? Yes. Q.C.: Okay. It's significant at a lower level of confidence than 95 percent. I think it's 80. 	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	 MR. COYNE: A. No. I'd suggest that it's significant at the 80 percent confidence level, not at the 90 percent confidence level. JOHNSON, Q.C.: Q. Okay. Now this model, if we go over to the left hand side of this screen, we see – go up a little bit, Samantha, if you could so we can see – is that the very top? It is, is it? Okay, there you go. So we have Canada long bond that provide the rates for each of those years, and then we have in the column a dummy variable, and in the third, the market risk premium, right? MR. COYNE: A. Yes. JOHNSON, Q.C.: Q. Okay. Now let's scroll all the way down. We see dummy variables of 0000 all the way from '76 until we get to 2008, and then we have a 1 put in there for the dummy
25A.Statistically measurable, but not at the 9525JOHNSON, Q.C.:	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. JOHNSON, Q. MR. COYNE A. JOHNSON, Q. MR. COYNE A. JOHNSON, Q. MR. COYNE A.	 that right? At the 95 percent confidence, yes Q.C.: And I'm told that it's 1.96, if you want to be really precise about it, is that right? That's right. Q.C.: Okay, so you're familiar, obviously, by the sounds of it, with this cut off "T" stat for statistical significance, and you would agree with that number that I've put to you? Yes. Q.C.: Okay. It's significant at a lower level of confidence than 95 percent. I think it's 80. Q.C.: 	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	 MR. COYNE: A. No. I'd suggest that it's significant at the 80 percent confidence level, not at the 90 percent confidence level. JOHNSON, Q.C.: Q. Okay. Now this model, if we go over to the left hand side of this screen, we see – go up a little bit, Samantha, if you could so we can see – is that the very top? It is, is it? Okay, there you go. So we have Canada long bond that provide the rates for each of those years, and then we have in the column a dummy variable, and in the third, the market risk premium, right? MR. COYNE: A. Yes. JOHNSON, Q.C.: Q. Okay. Now let's scroll all the way down. We see dummy variables of 0000 all the way from '76 until we get to 2008, and then we have a 1 put in there for the dummy variable?
	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	A. JOHNSON, Q. MR. COYNE A. JOHNSON, Q. MR. COYNE A. JOHNSON, Q. MR. COYNE A. JOHNSON, Q.	 that right? At the 95 percent confidence, yes Q.C.: And I'm told that it's 1.96, if you want to be really precise about it, is that right? That's right. Q.C.: Okay, so you're familiar, obviously, by the sounds of it, with this cut off "T" stat for statistical significance, and you would agree with that number that I've put to you? Yes. Q.C.: Okay. It's significant at a lower level of confidence than 95 percent. I think it's 80. Q.C.: So let us see then – 	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	 MR. COYNE: A. No. I'd suggest that it's significant at the 80 percent confidence level, not at the 90 percent confidence level. JOHNSON, Q.C.: Q. Okay. Now this model, if we go over to the left hand side of this screen, we see – go up a little bit, Samantha, if you could so we can see – is that the very top? It is, is it? Okay, there you go. So we have Canada long bond that provide the rates for each of those years, and then we have in the column a dummy variable, and in the third, the market risk premium, right? MR. COYNE: A. Yes. JOHNSON, Q.C.: Q. Okay. Now let's scroll all the way down. We see dummy variables of 0000 all the way from '76 until we get to 2008, and then we have a 1 put in there for the dummy variable? MR. COYNE: MR. COYNE:
Discoveries Unlimited Inc. (709)437-5028 Page 165 - Page 168	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	A. JOHNSON, Q. MR. COYNE A. JOHNSON, Q. MR. COYNE A. JOHNSON, Q. MR. COYNE A.	 that right? At the 95 percent confidence, yes Q.C.: And I'm told that it's 1.96, if you want to be really precise about it, is that right? That's right. Q.C.: Okay, so you're familiar, obviously, by the sounds of it, with this cut off "T" stat for statistical significance, and you would agree with that number that I've put to you? Yes. Q.C.: Okay. It's significant at a lower level of confidence than 95 percent. I think it's 80. Q.C.: So let us see then – 	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	 MR. COYNE: A. No. I'd suggest that it's significant at the 80 percent confidence level, not at the 90 percent confidence level. JOHNSON, Q.C.: Q. Okay. Now this model, if we go over to the left hand side of this screen, we see – go up a little bit, Samantha, if you could so we can see – is that the very top? It is, is it? Okay, there you go. So we have Canada long bond that provide the rates for each of those years, and then we have in the column a dummy variable, and in the third, the market risk premium, right? MR. COYNE: A. Yes. JOHNSON, Q.C.: Q. Okay. Now let's scroll all the way down. We see dummy variables of 0000 all the way from '76 until we get to 2008, and then we have a 1 put in there for the dummy variable? MR. COYNE: A. Yes, I see that.

Apri	15, 2016		NL Power GRA 2016		
		Page 169		Page 171	
1	Q.	So you inserted that dummy variable in there	1	the results are higher in terms of the	
2		for 2008. Would this be to suggest that	2	predicted market equity risk premium. I	
3		prior to 2008 market experts would have	3	don't recall if it was for that specific	
4		expected a crash in the stock returns that	4	year or not, but my suspicion is it was.	
5		year, and an associated experienced MRP of a	5	JOHNSON, Q.C.:	
6		-35.5 percent?	6	Q. Mr. Coyne, how do you justify including this	
7	MR. COYNE	*	7	information in your model that you're using	
8	A.	They would have – is your question they	8	for predictive purposes if the information,	
9	л.	would have anticipated it?	9	as I understand it, is required to set this	
	JOHNSON, Q	÷	10		
10		•		dummy equal to 1 is not known in advance? MR. COYNE:	
11	Q.	Yes, isn't that what's implied by the dummy	11		
12		variable of 1 being put in this table?	12	A. Two things. When you're trying to explain	
13	MR. COYNE		13	history, that's the common approach to use	
14	A.	No.	14	when you want to isolate the effect of a	
15	JOHNSON, Q	•	15	specific event in this type of regression	
16	Q.	No?	16	analysis. It's a commonly use econometric	
17	MR. COYNE		17	technique. Econometricians use it all the	
18	А.	No.	18	time. We've used it in multiple ways, in	
19	JOHNSON, Q	•	19	multiple analyses for demand forecasting we	
20	Q.	Okay.	20	do for utilities in a number of ways. It's	
21	MR. COYNE		21	a commonly employed technique, and it's	
22	А.	What the dummy variable is there for is to	22	always done – when you do this type of	
23		take – we know that 2008 was an anomalous	23	analysis, you don't have a forward look to	
24		year because of the recession and the	24	be able to run the regression analysis.	
25		dislocation in financial markets, so I want	25	It's always done with history, so what	
		Page 170		Page 172	
1		to remove that relationship from the longer	1	you're trying to do is to isolate – you're	
2		term trend between the market equity risk	2	trying to look at a primary relationship and	
3		premium and the bond yield. It's a way to	3	isolate the effect of something you think is	
4		try to isolate the effects. It's a commonly	4	not representative of entire history. I	
5		used technique in regression analysis.	5	don't think anybody would argue that the	
6	JOHNSON, Q		6	year 2008 was representative of this entire	
7	Q.	In 1980, we see there was a -23.8 percent	7	history. It can blow up your results if you	
8	X.	drop. You have no dummy variable put in	8	have one anomalous year or two anomalous	
9		there for that. Why would that be?	9	years.	
10	MR. COYNE	-	10	JOHNSON, Q.C.:	
11	A.	I'm sorry, in 1980?	11	Q. I understand in regression analysis that an	
12	JOHNSON, Q		12	R-squared of 0 percent would mean that	
12	Q.	1981.	12	there's absolutely no explanatory power	
13	MR. COYNE		14	provided from the regression model. We	
15	A.	I didn't put a dummy variable in for every	14	would agree on that?	
15	л.	year that there was a negative market risk	15	MR. COYNE:	
17		premium. I was trying to capture the effect	17		
17			1/	A. That would be right. JOHNSON, Q.C.:	
1	IOUNGON C	of the largest event in recent history.	18		
19	JOHNSON, Q			Q. And I also understand that if the R-squared	
20	Q.	I see. What would -	20	was 100 percent, that would be complete	
21	MR. COYNE		21	explanatory power?	
22	A.	I think Mr. Booth has queried me on this	22	MR. COYNE:	
23		issue through counsel, I believe, out of	23	A. Yes, it would.	
24		BCUC, and if my recollection serves me well,	24	JOHNSON, Q.C.:	
25		if we add a dummy for that period of time,	25	Q. Okay, and this model is using R-squared of	

Page 169 - Page 172

<u> </u>	11 5, 2010			NL I OWEI OKA 2010
		Page 173		Page 175
1		19 percent?	1	Q. Would that be right?
2	MR. COYNE	- - -	2	MR. COYNE:
3	А.	That's what it calculates, yes.	3	A. That's a very – the R-squared at 0.2, yes,
4	JOHNSON, Q	-	4	is indicating a very low R-squared, but, you
5	Q.	Okay.	5	know, it's there for a reason.
	MR. COYNE			JOHNSON, Q.C.:
$\begin{vmatrix} 6 \\ 7 \end{vmatrix}$			6	
7	A.	And when you say "this model", this is what	7	Q. It would be .003, right?
8		I've used to test this relationship over	8	MR. COYNE:
9		time.	9	A. Well, I will - the number that you have
10	JOHNSON, (10	there is .02, and an adjusted R-squared of
11	Q.	Yes, I understand, and so if we could look	11	.003.
12		at – could we look at what would happen if	12	JOHNSON, Q.C.:
13		we were to exclude this crisis dummy of 1	13	Q. Right.
14		from this regression analysis, and for that	14	MR. COYNE:
15		purpose, if you could look at the cross-aid	15	A. And I will check it.
16		that we passed over having to do with this	16	JOHNSON, Q.C.:
17		regression analysis.	17	Q. Okay. Finally before we turn further, Mr.
18	(12:30 p.m.)		18	Coyne, could you refer back to this
19	MS. GLYNN		19	regression analysis exhibit that you did.
19 20	Q.	That will be entered as Information #25.	20	MR. COYNE:
1				
21	JOHNSON, C		21	A. Yes.
22	Q.	Mr. Coyne, you've seen this cross-aid?	22	JOHNSON, Q.C.:
23	MR. COYNE		23	Q. And if we bring it over a little bit
24	А.	I didn't know what it was, but I have seen	24	further, you see the dummy variable that you
25		it, yes.	25	have there towards the top of this – the mid
				_
		Page 174		Page 176
1	JOHNSON, Q	-	1	Page 176 part of the screen, -45.184734 right there?
1 2	JOHNSON, Q Q.	-	1 2	e e
1 2 3		.C.:	1 2 3	part of the screen, -45.184734 right there?
		.C.: Okay, and essentially if we remove the dummy variable, would you take, subject to check,	2	part of the screen, -45.184734 right there? MR. COYNE: A. Right.
3 4	Q.	.C.: Okay, and essentially if we remove the dummy variable, would you take, subject to check, that your adjusted R-squared is0034?	2 3 4	part of the screen, -45.184734 right there? MR. COYNE: A. Right. JOHNSON, Q.C.:
3 4 5	Q. MR. COYNE:	.C.: Okay, and essentially if we remove the dummy variable, would you take, subject to check, that your adjusted R-squared is0034?	2 3 4 5	part of the screen, -45.184734 right there? MR. COYNE: A. Right. JOHNSON, Q.C.: Q. What's that telling us in relation to what
3 4	Q. MR. COYNE: A.	.C.: Okay, and essentially if we remove the dummy variable, would you take, subject to check, that your adjusted R-squared is0034? Well, I would check that.	2 3 4 5 6	part of the screen, -45.184734 right there? MR. COYNE: A. Right. JOHNSON, Q.C.: Q. What's that telling us in relation to what happened in 2008?
3 4 5 6 7	Q. MR. COYNE: A. JOHNSON, Q	.C.: Okay, and essentially if we remove the dummy variable, would you take, subject to check, that your adjusted R-squared is0034? Well, I would check that. .C.:	2 3 4 5 6 7	part of the screen, -45.184734 right there? MR. COYNE: A. Right. JOHNSON, Q.C.: Q. What's that telling us in relation to what happened in 2008? MR. COYNE:
3 4 5 6 7 8	Q. MR. COYNE: A. JOHNSON, Q Q.	.C.: Okay, and essentially if we remove the dummy variable, would you take, subject to check, that your adjusted R-squared is0034?Well, I would check that..C.: You'd take it subject to check?	2 3 4 5 6 7 8	part of the screen, -45.184734 right there? MR. COYNE: A. Right. JOHNSON, Q.C.: Q. What's that telling us in relation to what happened in 2008? MR. COYNE: A. It tells us that during the great recession
3 4 5 6 7 8 9	Q. MR. COYNE: A. JOHNSON, Q Q. MR. COYNE:	.C.: Okay, and essentially if we remove the dummy variable, would you take, subject to check, that your adjusted R-squared is0034?Well, I would check that..C.: You'd take it subject to check?	2 3 4 5 6 7 8 9	part of the screen, -45.184734 right there? MR. COYNE: A. Right. JOHNSON, Q.C.: Q. What's that telling us in relation to what happened in 2008? MR. COYNE: A. It tells us that during the great recession that we had, it had a considerable impact on
3 4 5 6 7 8 9 10	Q. MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A.	.C.: Okay, and essentially if we remove the dummy variable, would you take, subject to check, that your adjusted R-squared is0034?Well, I would check that..C.: You'd take it subject to check?I will.	2 3 4 5 6 7 8 9 10	part of the screen, -45.184734 right there? MR. COYNE: A. Right. JOHNSON, Q.C.: Q. What's that telling us in relation to what happened in 2008? MR. COYNE: A. It tells us that during the great recession that we had, it had a considerable impact on the relationship between the market equity
3 4 5 6 7 8 9 10 11	Q. MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q	 .C.: Okay, and essentially if we remove the dummy variable, would you take, subject to check, that your adjusted R-squared is0034? Well, I would check that. .C.: You'd take it subject to check? I will. .C.: 	2 3 4 5 6 7 8 9 10 11	part of the screen, -45.184734 right there? MR. COYNE: A. Right. JOHNSON, Q.C.: Q. What's that telling us in relation to what happened in 2008? MR. COYNE: A. It tells us that during the great recession that we had, it had a considerable impact on the relationship between the market equity risk premium and the long term Canada bond
3 4 5 6 7 8 9 10 11 12	Q. MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q Q.	 .C.: Okay, and essentially if we remove the dummy variable, would you take, subject to check, that your adjusted R-squared is0034? Well, I would check that. .C.: You'd take it subject to check? I will. .C.: And – 	2 3 4 5 6 7 8 9 10 11 12	part of the screen, -45.184734 right there? MR. COYNE: A. Right. JOHNSON, Q.C.: Q. What's that telling us in relation to what happened in 2008? MR. COYNE: A. It tells us that during the great recession that we had, it had a considerable impact on the relationship between the market equity risk premium and the long term Canada bond yields.
3 4 5 6 7 8 9 10 11 12 13	Q. MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q Q. MR. COYNE:	 .C.: Okay, and essentially if we remove the dummy variable, would you take, subject to check, that your adjusted R-squared is0034? Well, I would check that. .C.: You'd take it subject to check? I will. .C.: And – 	2 3 4 5 6 7 8 9 10 11 12 13	part of the screen, -45.184734 right there? MR. COYNE: A. Right. JOHNSON, Q.C.: Q. What's that telling us in relation to what happened in 2008? MR. COYNE: A. It tells us that during the great recession that we had, it had a considerable impact on the relationship between the market equity risk premium and the long term Canada bond yields. JOHNSON, Q.C.:
3 4 5 6 7 8 9 10 11 12 13 14	Q. MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q Q.	 .C.: Okay, and essentially if we remove the dummy variable, would you take, subject to check, that your adjusted R-squared is0034? Well, I would check that. .C.: You'd take it subject to check? I will. .C.: And – But the thing is the dummy variable is there 	2 3 4 5 6 7 8 9 10 11 12 13 14	part of the screen, -45.184734 right there? MR. COYNE: A. Right. JOHNSON, Q.C.: Q. What's that telling us in relation to what happened in 2008? MR. COYNE: A. It tells us that during the great recession that we had, it had a considerable impact on the relationship between the market equity risk premium and the long term Canada bond yields. JOHNSON, Q.C.: Q. Did the market equity risk premium go up or
3 4 5 6 7 8 9 10 11 12 13 14 15	Q. MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A.	 .C.: Okay, and essentially if we remove the dummy variable, would you take, subject to check, that your adjusted R-squared is0034? Well, I would check that. .C.: You'd take it subject to check? I will. .C.: And – But the thing is the dummy variable is there for a reason, as we described. 	2 3 4 5 6 7 8 9 10 11 12 13 14 15	part of the screen, -45.184734 right there? MR. COYNE: A. Right. JOHNSON, Q.C.: Q. What's that telling us in relation to what happened in 2008? MR. COYNE: A. It tells us that during the great recession that we had, it had a considerable impact on the relationship between the market equity risk premium and the long term Canada bond yields. JOHNSON, Q.C.: Q. Did the market equity risk premium go up or down?
3 4 5 6 7 8 9 10 11 12 13 14 15 16	Q. MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q MR. COYNE: A.	 .C.: Okay, and essentially if we remove the dummy variable, would you take, subject to check, that your adjusted R-squared is0034? Well, I would check that. .C.: You'd take it subject to check? I will. .C.: And – But the thing is the dummy variable is there for a reason, as we described. .C.: 	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	part of the screen, -45.184734 right there?MR. COYNE:A.A.Right.JOHNSON, Q.C.:Q.Q.What's that telling us in relation to what happened in 2008?MR. COYNE:A.A.It tells us that during the great recession that we had, it had a considerable impact on the relationship between the market equity risk premium and the long term Canada bond yields.JOHNSON, Q.C.:Q.Q.Did the market equity risk premium go up or down?MR. COYNE:
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	Q. MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A.	 .C.: Okay, and essentially if we remove the dummy variable, would you take, subject to check, that your adjusted R-squared is0034? Well, I would check that. .C.: You'd take it subject to check? I will. .C.: And – But the thing is the dummy variable is there for a reason, as we described. .C.: I understand, I understand, but if we were 	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	part of the screen, -45.184734 right there? MR. COYNE: A. Right. JOHNSON, Q.C.: Q. What's that telling us in relation to what happened in 2008? MR. COYNE: A. It tells us that during the great recession that we had, it had a considerable impact on the relationship between the market equity risk premium and the long term Canada bond yields. JOHNSON, Q.C.: Q. Did the market equity risk premium go up or down? MR. COYNE: A. Well, ironically it's showing there that it
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Q. MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q MR. COYNE: A.	 .C.: Okay, and essentially if we remove the dummy variable, would you take, subject to check, that your adjusted R-squared is0034? Well, I would check that. .C.: You'd take it subject to check? I will. .C.: And – But the thing is the dummy variable is there for a reason, as we described. .C.: I understand, I understand, but if we were to remove the dummy variable, and I 	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	part of the screen, -45.184734 right there?MR. COYNE:A.A.Right.JOHNSON, Q.C.:Q.Q.What's that telling us in relation to what happened in 2008?MR. COYNE:A.A.It tells us that during the great recession that we had, it had a considerable impact on the relationship between the market equity risk premium and the long term Canada bond yields.JOHNSON, Q.C.:Q.Q.Did the market equity risk premium go up or down?MR. COYNE:A.MR. COYNE:A.MR. COYNE:A.MR. COYNE:A.MR. COYNE:A.MR. COYNE:A.M.Well, ironically it's showing there that it went down. Indeed anomalous. It's nothing
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	Q. MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q MR. COYNE: A.	 .C.: Okay, and essentially if we remove the dummy variable, would you take, subject to check, that your adjusted R-squared is0034? Well, I would check that. .C.: You'd take it subject to check? I will. .C.: And – But the thing is the dummy variable is there for a reason, as we described. .C.: I understand, I understand, but if we were 	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	part of the screen, -45.184734 right there? MR. COYNE: A. Right. JOHNSON, Q.C.: Q. What's that telling us in relation to what happened in 2008? MR. COYNE: A. It tells us that during the great recession that we had, it had a considerable impact on the relationship between the market equity risk premium and the long term Canada bond yields. JOHNSON, Q.C.: Q. Did the market equity risk premium go up or down? MR. COYNE: A. Well, ironically it's showing there that it
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Q. MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q MR. COYNE: A.	 .C.: Okay, and essentially if we remove the dummy variable, would you take, subject to check, that your adjusted R-squared is0034? Well, I would check that. .C.: You'd take it subject to check? I will. .C.: And – But the thing is the dummy variable is there for a reason, as we described. .C.: I understand, I understand, but if we were to remove the dummy variable, and I 	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	part of the screen, -45.184734 right there?MR. COYNE:A.A.Right.JOHNSON, Q.C.:Q.Q.What's that telling us in relation to what happened in 2008?MR. COYNE:A.A.It tells us that during the great recession that we had, it had a considerable impact on the relationship between the market equity risk premium and the long term Canada bond yields.JOHNSON, Q.C.:Q.Q.Did the market equity risk premium go up or down?MR. COYNE:A.MR. COYNE:A.MR. COYNE:A.M.Well, ironically it's showing there that it went down. Indeed anomalous. It's nothing
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	Q. MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q MR. COYNE: A.	 .C.: Okay, and essentially if we remove the dummy variable, would you take, subject to check, that your adjusted R-squared is0034? Well, I would check that. .C.: You'd take it subject to check? I will. .C.: And – But the thing is the dummy variable is there for a reason, as we described. .C.: I understand, I understand, but if we were to remove the dummy variable, and I understand you say it's there for a reason, a 	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	part of the screen, -45.184734 right there?MR. COYNE:A.A.Right.JOHNSON, Q.C.:Q.Q.What's that telling us in relation to what happened in 2008?MR. COYNE:A.A.It tells us that during the great recession that we had, it had a considerable impact on the relationship between the market equity risk premium and the long term Canada bond yields.JOHNSON, Q.C.:Q.Q.Did the market equity risk premium go up or down?MR. COYNE:A.A.Well, ironically it's showing there that it went down. Indeed anomalous. It's nothing we would expect.
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	Q. MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q MR. COYNE: A.	 .C.: Okay, and essentially if we remove the dummy variable, would you take, subject to check, that your adjusted R-squared is0034? Well, I would check that. .C.: You'd take it subject to check? I will. .C.: And – But the thing is the dummy variable is there for a reason, as we described. .C.: I understand, I understand, but if we were to remove the dummy variable, and I understand you say it's there for a reason, but if we were to remove the dummy variable, and I 	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	part of the screen, -45.184734 right there? MR. COYNE: A. Right. JOHNSON, Q.C.: Q. What's that telling us in relation to what happened in 2008? MR. COYNE: A. It tells us that during the great recession that we had, it had a considerable impact on the relationship between the market equity risk premium and the long term Canada bond yields. JOHNSON, Q.C.: Q. Did the market equity risk premium go up or down? MR. COYNE: A. Well, ironically it's showing there that it went down. Indeed anomalous. It's nothing we would expect. JOHNSON, Q.C.:
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	Q. MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q MR. COYNE: A.	 .C.: Okay, and essentially if we remove the dummy variable, would you take, subject to check, that your adjusted R-squared is0034? Well, I would check that. .C.: You'd take it subject to check? I will. .C.: And – But the thing is the dummy variable is there for a reason, as we described. .C.: I understand, I understand, but if we were to remove the dummy variable, and I understand you say it's there for a reason, but if we were to remove the dummy variable, and I understand you say it's there for a reason, but if we were to remove the dummy variable, this would have absolutely no predictive ability essentially? 	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	part of the screen, -45.184734 right there? MR. COYNE: A. Right. JOHNSON, Q.C.: Q. What's that telling us in relation to what happened in 2008? MR. COYNE: A. A. It tells us that during the great recession that we had, it had a considerable impact on the relationship between the market equity risk premium and the long term Canada bond yields. JOHNSON, Q.C.: Q. Q. Did the market equity risk premium go up or down? MR. COYNE: A. Well, ironically it's showing there that it went down. Indeed anomalous. It's nothing we would expect. JOHNSON, Q.C.: Q. Does that make any sense to you? MR. COYNE:
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A. MR. COYNE:	 .C.: Okay, and essentially if we remove the dummy variable, would you take, subject to check, that your adjusted R-squared is0034? Well, I would check that. .C.: You'd take it subject to check? I will. .C.: And – But the thing is the dummy variable is there for a reason, as we described. .C.: I understand, I understand, but if we were to remove the dummy variable, and I understand you say it's there for a reason, but if we were to remove the dummy variable, this would have absolutely no predictive ability essentially? 	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	part of the screen, -45.184734 right there?MR. COYNE:A.A.Right.JOHNSON, Q.C.:Q.Q.What's that telling us in relation to what happened in 2008?MR. COYNE:A.A.It tells us that during the great recession that we had, it had a considerable impact on the relationship between the market equity risk premium and the long term Canada bond yields.JOHNSON, Q.C.:Q.Q.Did the market equity risk premium go up or down?MR. COYNE:A.A.Well, ironically it's showing there that it went down. Indeed anomalous. It's nothing we would expect.JOHNSON, Q.C.:Q.Does that make any sense to you?MR. COYNE:A.A.That the market equity risk premium would go
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Q. MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A.	 .C.: Okay, and essentially if we remove the dummy variable, would you take, subject to check, that your adjusted R-squared is0034? Well, I would check that. .C.: You'd take it subject to check? I will. .C.: And – But the thing is the dummy variable is there for a reason, as we described. .C.: I understand, I understand, but if we were to remove the dummy variable, and I understand you say it's there for a reason, but if we were to remove the dummy variable, and I understand you say it's there for a reason, but if we were to remove the dummy variable, this would have absolutely no predictive ability essentially? Well, you're – 	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	part of the screen, -45.184734 right there? MR. COYNE: A. Right. JOHNSON, Q.C.: Q. What's that telling us in relation to what happened in 2008? MR. COYNE: A. A. It tells us that during the great recession that we had, it had a considerable impact on the relationship between the market equity risk premium and the long term Canada bond yields. JOHNSON, Q.C.: Q. Q. Did the market equity risk premium go up or down? MR. COYNE: A. Well, ironically it's showing there that it went down. Indeed anomalous. It's nothing we would expect. JOHNSON, Q.C.: Q. Does that make any sense to you? MR. COYNE:

Apri	15, 2016		NL Power GRA 2016		
		Page 177		Page 179	
1	r	easons why I carved it out. It's one of	1	recounting what the AUC said about these	
2	t	he reasons why you take it out of the	2	adjusted betas, and I'll just read it for	
3	3	nalysis, it doesn't make sense, but this is	3	the record from the 2009 proceeding, "The	
4		what happened, this is the measurement, and	4	Commission is persuaded by the empirical	
5		ve called it – the reason for that is we had	5	analysis of Dr. Kryzanowski and Roberts that	
6	3	crash in stock market prices and we didn't	6		
7		n bond yields, and that's why you take it	7	use of adjusted betas for Canadian utilities	
8		but of the analysis. It's a non-sensible	8	if the purpose of the adjustment is to	
9		esult.	9	adjust betas towards 1, and, therefore, beta	
10	JOHNSON, Q.O		10	should not be adjusted towards 1. Therefore,	
11		But that's the result that gives you the R-	11	the Commission rejects Mr. Coyne's beta	
12		squared in your regression model, right?	12	results as unreasonably high because he	
12	MR. COYNE:	quarea în your regression model, right.	12	adjusted his beta estimates on the	
14		By taking it out.	14	assumption that they would revert to 1. In	
15	JOHNSON, Q.(· ·	15	other words, his analysis assumes that in	
16		Now can we turn to your beta estimates on	16	time utilities would be as risky as the	
17		bage 28. So you're recording these beta	17	market as a whole". So they rejected your	
18	-	estimates in Figure 12, and all well above	18	betas. Are you doing the same thing here as	
10		where Dr. Booth would certainly have them;	10	you did in Alberta?	
20		J.S. electric utility group at .76, North	20	MR. COYNE:	
20		American electric utility group at .76	20	A. The betas that I'm using here are adjusted	
$21 \\ 22$		according to Value Line, and Bloomberg would	21 22	by Bloomberg and Value Line in the same way	
22			22		
23		have those two respectively at .70 and .69,	23	as used there. I am not adjusting them so	
24		and the Canadian group at .64. Now if we	24	that they're going to revert to 1. This	
23	(could just turn to Dr. Booth's surrebuttal	23	adjustment methodology, which is the	
		Page 178		Page 180	
		evidence at page – before we go there, I'm		Bloomberg adjustment methodology is the	
2		sorry. Just to confirm, these would have	2	standard way of adjusting raw betas, and it	
3		been considered adjusted betas, is that	3	weights them 2/3rd according to the raw	
4		right?		estimated beta, and 1/3rd according to the	
5	MR. COYNE:		5	market beta, which is 1. So it moves them	
6	A.	These are called adjusted betas, yes, from	6	towards 1. You never get towards 1. That's	
7		those sources.	7	why you get the betas that I have -	
8	JOHNSON, Q		8	JOHNSON, Q.C.:	
9	Q.	And you've used these adjusted betas	9	Q. Mr. Coyne -	
10		previously before Canadian boards, right?	10	MR. COYNE:	
11	MR. COYNE:		11	A. Excuse me, .76, .70, .76, and .69. Those	
12	A.	Yes.	12	are not 1. That's 2/3rd the raw, and 1/3rd	
13	JOHNSON, Q		13	the market equity risk premium. That's the	
14	Q.	In the fashion that you're adjusting them	14	standard approach.	
15		here now?	15	JOHNSON, Q.C.:	
16	MR. COYNE:		16	Q. Just so that we don't lose people	
17	A.	These are the standard adjustments to betas	17	completely, is what you're doing here the	
18	IOID ICOL A	that are used for such purposes.	18	same as what you did in Alberta that got	
19	JOHNSON, Q		19	rejected?	
20	Q.	That you say they're standard, right?	20	MR. COYNE:	
21	MR. COYNE:		21	A. What I'm doing here is relying on the same	
22	A.	They are, yes.	22	sources for updated betas, and they treat	
23	JOHNSON, Q		23	them in the same way, yes. What the	
24	Q.	Okay, just turn to page 12 of Dr. Booth's	24	Commission perhaps did not understand is I'm	
25		surrebuttal. At line 17, Mr. Booth is	25	not assuming that they're going to revert to	

Apri	il 5, 2016			NL Power GRA 2016
		Page 181		Page 183
1		1. These are not 1's that I'm using, and	1	152?
2		I'm not sure in 2009 that the AUC had fully	2	JOHNSON, Q.C.:
3		come to grips with that concept based on the	3	Q. CA-NP-152.
4		cite that you read. I think up until that	4	MR. COYNE:
5		period of time in Canada, the CAPM model as	5	A. Okay. That would be helpful, thank you.
6		I had seen it, was largely deployed using	6	(12:45 p.m.)
7		judgmental estimates of beta, but there's no	7	JOHNSON, Q.C.:
8		reason to do so. That was done using	8	Q. It should be actually page 49 of 247.
9		Canadian samples because you didn't have	9	MR. COYNE:
10		enough publicly traded companies to derive	10	A. Yes, I see that.
11		those betas for. When you go to broad	11	JOHNSON, Q.C.:
12		markets like the U.S., you can derive market	12	Q. Now you're indicating here in your
13		estimated betas this way from broad samples	13	discussion of beta starting from line 1,
14		of utilities and you can estimate the CAPM	14	you're saying, "I recognize that the BCUC
15		that way, as opposed to using judgment to	15	expressed some reservation regarding the
16		say where I think beta is. We can estimate	16	reversion of beta to the market mean in its
17		it this way statistically using a very	17	2013 generic cost of capital decision, and
18		standard adjustment methodology. So these	18	adopted what it characterized as
19		are the betas that an investor would pull to	19	intermediate beta. I, therefore, provided an
20		look at their analysis. When we do analysis	20	alternative specification of beta that
21		for companies, and we do analysis in cost of	21	reverts to the midpoint of the market mean
22		capital, these are the only ones that we use	22	and a utility industry indexed".
23		and these are the only ones that are used	23	MR. COYNE:
24		broadly in the industry for these purposes.	24	A. What page are you on? I see a different
25	JOHNSON, Q	0.C.:	25	page on the screen than I'm looking at in
		Page 182		Page 184
1	Q.	So you're suggesting that the AUC, an expert	1	the text here.
2		tribunal, misinterpreted what you were	2	JOHNSON, Q.C.:
3		putting before them, is that -	3	Q. I think it's page 44 of your report, but
4	MR. COYNE	· · ·	4	it's page 49 of 247 of this attachment.
5	А.	I'm not sure that they understood the entire	5	MR. COYNE:
6		context at that point in time because at	6	A. I see. Yes, okay, I now see it.
7		that point in time moving to U.S. samples	7	JOHNSON, Q.C.:
8		for this type of data was a new concept for	8	Q. Okay, and so then you go on to say, "Based
9		them. They were trying to come to grips with	9	on the strength of academic literature
10		that, and I think it's been the course of	10	practiced before regulatory commissions on
11		the last decade more Canadian regulators	11	such matters, and broader practice among
12		understand this data, and they understand	12	financial analysts, I relied on market
13		where it's coming from.	13	adjusted betas for my primary analysis. I
14	JOHNSON, Q).C.:	14	present the alternative CAPM as a point of
15	Q.	You had been just giving cost of capital	15	reference in the event the Commission
16		evidence for two years at that point, right?	16	determines that an alternative specification
17	MR. COYNE	:	17	warrants any weight". So when you're
18	A.	Yes.	18	setting out your betas adjusted to market
19	JOHNSON, Q	Q.C.:	19	mean, which would be your primary analysis,
20	Q.	Now could we turn to what you did before the	20	that's the one you normally use all the time
21		BCUC recently, CA-NP-152, and if you could	21	-
22		turn up page 44 of your report.	22	MR. COYNE:
23	MR. COYNE	:	23	A. Yes.
24	A.	I think I will need that attachment. Well,	24	JOHNSON, Q.C.:
25		let's see what we have here. Did you say	25	Q. Okay, where you're reporting the Canadian
		Discoveries Unlimite	1.7	Page 181 - Page 184

Apri	15, 2016				NL Power GRA 2016
		Page 185			Page 187
1		group at .65, and your U.S. group at .78,	1		recall whether or not they had expressed it
2		and these appear to be lower than what	2		in the same way that the BC Commission had,
3		you're putting forward in this matter. We	3		so I don't know the answer to your question.
4		have a Canadian group at .64, I understand	4	JOHNSON, Q.	С.:
5		in this proceeding, but in any event -	5		I guess, the Board is interested in your
6	MR. COYNE	· · ·	6	-	expert opinion, so are you tailoring your
7	A.	Well, they're different proxy groups. We	7		views – is it a tailoring exercise that
8		measure the betas for the specific companies	8		you're going through?
9		that we're analyzing.	9	MR. COYNE:	
10	JOHNSON, (Q.C.:	10	А.	There is a – I'm concerned with the
11	Q.	And then you go on to say – you present an	11		magnitude of this testimony whenever I
12		adjusted to average of industry average and	12		present it, and, yes, depending upon the
13		market mean. That's the alternative	13		Commission I'm before, if I think there's a
14		analysis which drops the beta, right?	14		specific issue that asked to see, then I
15	MR. COYNE		15		will try to provide them evidence that is
16	A.	Yes.	16		responsive to whatever those prior decisions
17	JOHNSON, (17		have been. I view it as our job to give
18	Q.	Okay, and this was evidence that you	18		them the information they need to make an
19		prepared two weeks before filing evidence	19		informed decision, but I'm also looking at
20		for Newfoundland Power?	20		specific concerns that may have been
21	MR. COYNE		21		addressed in a prior decision.
22	A.	That's about right, yeah.	22	JOHNSON, Q.	C.:
23	JOHNSON, O	Q.C.:	23	Q.	You've decided not to put forward this
24	Q.	I guess the first question would be why in	24		information before the Board in this
25		that case did you report betas adjusted to	25		proceeding obviously?
		Page 186			Page 188
1		the market being adjusted to 1, and also	1	MR. COYNE:	Ç
2		betas adjusted to the industry mean, whereas	2	A.	Yes, this is a shorter piece of testimony
3		in this evidence you have dropped the	3		than I provided in BC. The BC testimony also
4		adjustment to the industry mean values?	4		serves as a benchmark piece of testimony, so
5	MR. COYNE:		5		it's highly contested and the record there
6	А.	Well, I was reporting – I didn't utilize it	6		tends to build.
7		in my estimates, but the Commission in its	7	JOHNSON, Q.	C.:
8		prior decision had expressed a specific	8	Q.	Okay, so –
9		concern on this issue, so I thought I would	9	MR. COYNE:	-
10		provide it some context around the issue in	10	A.	So I was trying to – knowing this was going
11		case that concern continued.	11		to come up as an issue, I was trying to be
12	JOHNSON, Q	.C.:	12		responsive to the Commission to give it to
13	Q.	Okay, so you thought that the BCUC would not	13		them in advance.
14		accept betas adjusted to the market?	14	JOHNSON, Q	C.:
15	MR. COYNE:		15	Q.	So we certainly do see that there's a
16	A.	No, they had expressed – they had indicated	16		significant difference in beta when you
17		that they wanted to see more evidence on	17		start adjusting to the average of the
18		this issue, so I wanted to provide them with	18		industry?
19		some additional context.	19	MR. COYNE:	
20	JOHNSON, Q		20	А.	Yes, I did not do so, but I show those
21	Q.	Have you checked previous decisions of this	21		results, yes.
22		Board to see whether they have ever accepted	22	JOHNSON, Q	
23		betas adjusted to the market?	23		And can you confirm that it will be a
24	MR. COYNE:		24		similar difference for your Canadian sample
25	A.	I've looked at prior decisions. I don't	25		and similarly for your U.S. sample in this

Discoveries Unlimited Inc. (709)437-5028

Page 18 Page 19 1 case if you did such an adjustment? 1 Q. NP-154. 2 MR. COYNE; 3 A. 154. Right. 3 A. 1 expect it would. 3 A. 154. Right. 4 JOHINSON, QC:: 5 Q. And about 08 in each instance of a relaction? 6 7 MR. COYNE: 7 A Yes. So what I did there is the Regie had also expressed a concern around this issue, 9 close enough to start with. 1 the the just 10 10 have to do the analysis to see what the 12 each ad blas what that. 59 represented 11 10 Hook that. Well, directionally so. 1'd 10 mark that. S9 represented 11 11 have to do the analysis to see what the 12 each ad blas what that. 59 represented 11 13 JOHINSON, QC:: 13 the kind of adjustment that would be 12 14 Q. Would you accept that. 16 adjustment for other models that the Regie 17 16 MC.OYNE: 16 adjustment was, and in this case 15 17 A. Yes, I would accept that. 17 inder feed on adjustment was, and in this case 16 19 Q. An	Apri	11 5, 2016				NL Power GRA 2016
2 MR. COYNE: 2 MR. COYNE: 3 A. I expect it would. 3 A. 154. Right. 4 JOHNSON, Q.C.: 5 Q. And about. 08 in each instance of a reduction? 5 Q. So you used it, right? 6 reduction? A. 154. Right. 4 JOHNSON, Q.C.: 7 MR. COYNE: 7 A. Yes, because if you adjust – I think they're 8 also expressed a concern around this issue, 9 close enough to start with. Let me just 10 look at that. Well, directionally so. 1'd 10 10 hok at that. Well, directionally so. 1'd 10 the grand mean of the utility wetsis the 12 exact adjustment would be. 11 the kind of adjustment frow utoid he 12 13 JOHNSON, Q.C.: 10 10 the kind of adjustment frow utoid he 12 14 Q. Would you accept that. 10 10 the kind of adjustment frow utoid he 12 15 to it? A. Yes, I would accept that. 13 14 required to gut and this its.? 16 16 MR.COYNE: 2			Page 189			Page 191
3 A. 154. Right. 4 JOHNSON, Q.C.: 5 Q. So you used it, right? 6 reduction? 5 Q. So you used it, right? 7 MR. COYNE: 5 Q. So you used it, right? 8 A. Yes, because if you adjust – 1 think they're 6 MR. COYNE: 9 close at that. 9 and a desire to look at that. 9 10 look at that. 9 and a desire to look at that. 9 11 have to do the analysis to see what the 12 the grand mean of the utility versus the 12 cexact adjustment would be. 13 the kind of adjustment that would be 13 JOHNSON, Q.C.: 16 adjustment for other models that the Regie 17 A. Yes, I would accept that. 17 had relied on in the past in ordet to 18 DHNSON, Q.C.: 18 recourcier ceusits from these models and what 20 TransEnergic testimony that for a sample of 10 the start is 5.9 21 primarily T & D U.S. utilities, you used a 20 the other model estimates. 23 <td>1</td> <td></td> <td>case if you did such an adjustment?</td> <td>1</td> <td>Q.</td> <td>NP-154.</td>	1		case if you did such an adjustment?	1	Q.	NP-154.
4 JOHNSON, Q.C.: 4 JOHNSON, Q.C.: 5 Q. And about.08 in each instance of a reduction? 5 7 MR.COYNE: 7 A. Yes, because if you adjust – 1 think they're a close enough to start with. Let me just 10 10 10 at that. Well, directionally so. 1/4 7 A. Yes. So you used it, right? 7 MR.COYNE: 7 A. Yes. So what I did there is the Regie had a lose expressed a concern around this issue, 9 10 look at that. Well, directionally so. 1/4 9 and a desire to look at betas reversiting to 10 11 have to do the analysis to see what the 12 exact adjustment towold be 12 the kind of adjustment that were sub the grain mean of the utility were sub the 12 13 JOHNSON, Q.C.: 11 the kind of adjustment that be Regie had in the color at the Regie had in the color at the regiment of a duitstment for other models and what 19 Q. And we've noted earlier in your HQTD and 19 a reasonable return was, and in this case 10 12 primarity T & D U.S. utilities, you used at 22 required to get that CAPN to within the grain of the other model estimates. 23 JOHNSON, Q.C.: 24 MR.COYNE: 24 Q. Okay. 25 3 Q. Would you acceept that is '5.9, subject to check the 9 <td>2</td> <td>MR. COYNE</td> <td></td> <td>2</td> <td>MR. COYNE:</td> <td></td>	2	MR. COYNE		2	MR. COYNE:	
5 Q. And about 08 in each instance of a reduction? 5 Q. So you used it, right? 6 MR. COYNE: 6 MR. COYNE: 7 A. Yes, So what I did there is the Regie had also expressed a concern around this issue, 9 and a desire to look at betas reverting to 10 10 the grand mean of the utility versus the 11 market, and thar's what that 59 represented 12 13 JOHNSON, Q.C.: 13 the kind of adjustment that would be 14 required if you used hose assumptions for 15 the CAPM, and that is the .75 percent 16 16 MR. COYNE: 16 adjustment that would be 14 required if you used hose assumptions for 15 17 A. Yes, I would accept that. 19 a reasonable return was, and that is case 10 20 18 JOHNSON, Q.C.: 10 the kind of adjustment that would be 18 JOHNSON, Q.C.: 23 JOHNSON, Q.C.: 23 JOHNSON, Q.C.: 24 A. Yes, I will accept that, subject to check. 7 A. So you have to look at those things 2 2 JOHNSON, Q.C.: 2 Yes I was the used in Mydro Quebec? I reaoncild 3 JOHNSON, Q.C.: 2 Q. Okay, an	3	А.	I expect it would.	3	А.	154. Right.
6 reduction? 7 MR. COYNE: 8 A. Yes, because if you adjust – I think they're 9 and a desire to look at the Regie had 8 A. Yes, because if you adjust – I think they're 9 and a desire to look at thetas revering to 10 look at that. Well, directionally so. I'd 11 have to do the analysis to see what the 12 exact adjustment would be. 13 JOHNSON, Q.C.: 14 Q. Would you accept 08 as being fairly close 16 MR. COYNE: 17 A. Yes, I would accept that. 19 Q. And we've noted earlier in your HQTD and 19 Q. And we've noted earlier in your HQTD and 10 the arcsonable return was, and in this case 21 primarily T & D U.S. utilities, you used a 23 from yesterday? 24 MR. COYNE: 25 A. I recall what the beta was. 2 JOHNSON, Q.C.: 24 Q. Okay. 25 MR. COYNE: 2 A. Yes, I will accept that, subject to check. 9 Well, did luse that beta, is that wh	4	JOHNSON, Q).C.:	4	JOHNSON, Q	.C.:
6 reduction? 6 MR. COYNE: 7 MR. COYNE: 7 A. Yes, So what I did there is the Regie had also expressed a concern around this issue, and a desire to look at base reverting to look at that. 9 Look at that. Well, directionally so. I'd look at that. 10 the grand mean of the utility versus the line what I did is illustrated that swhat that. So prepresented the required if you used those assumptions for to it? 13 JOHINSON, Q.C.: 13 the kind of adjustment that would be. 14 Q. Would you accept .08 as being fairly close to it? 14 the kind of adjustment that would be. 14 Q. Would you accept that. 15 the CAPM, and that is the Regie 16 MR.COYNE: 16 adjustment the Regie 7 18 JOHINSON, Q.C.: 18 required if you used those assumptions for the rodels that the Regie 21 primarily T & D U.S. utilities, you used a 21 required to ther model stimates. 23 23 form yesterday? 23 JOHNSON, Q.C.: 23 JOHNSON, Q.C.: 24 Q. Okay. 24 Q. Okay. 24 Q. Okay. 24 Q. Okay. <	5	Q.	And about .08 in each instance of a	5	Q.	So you used it, right?
8 A. Yes, because if you adjust – 1 think they're close enough to start with. Let me just processed a concern around this issue, and a closine to look at that Well, directionally so. T4 9 and a closine to look at that serverting to 10 10 look at that. Well, directionally so. T4 11 market, and thar's what that 59 represented 12 12 exact adjustment would be. 12 there, and than what 1 did is illustrated 14 14 Q. Would you accept. 08 as being fairly close to it? 14 the Kind of adjustment funt would be 15 the XCOYNE: 15 the CAPM, and that is the .75 percent 16 16 MR. COYNE: 16 adjustment fund ro other models and what is 21 primarily T & D US. utilities, you used 1 20 TransEnergie testimony that for a sample of 21 required to get that CAPM to within the 22 range of the other model simates. 21 primarily T & D US. utilities, you used at the veloce. 1 don't 25 MR. COYNE: 25 A. recall what the beta was: 2 JOHNSON, Q.C.: 3 Q. Would you accept that, subject to check. 4 Q. So the .59 beta used in Quebec, you're comfortable with that approach? 7 4 Q. Would you accept that, subject to check: 9 JOHNSON,	6	-	reduction?	6	MR. COYNE:	
8 A. Yes, because if you adjust –1 think hey're close enough to start with. Let me just 10 8 and a desire to look at betas reverting to 10 10 look at that. Well, directionally so. 1'd 11 have to do the analysis to see what the exact adjustment would be. 10 the grand mean of the utility versus the 11 12 exact adjustment would be. 12 there, and thar 's what that. 59 represented 12 14 Q. Would you accept .08 as being fairly close 15 14 the Kind of adjustment for other models that the Regie 13 16 MR. COYNE: 16 adjustment for other models that the Regie 17 A. Yes, I would accept that. 18 JOHNSON, Q.C.: 18 reconcile results from these models and what 20 ransinergie testimony that for a sample of 21 20 that. 75 percent adjustment is what's 21 10HNSON, Q.C.: 24 MR. COYNE: 23 JOHNSON, Q.C.: 24 Q. Okay. 25 A. I recall what the beta was. 2 JOHNSON, Q.C.: 24 Q. Okay. 24 JOHNSON, Q.C.: 24 Q. Okay. 22 together, not in isolation. 23 JOHNSON, Q.C.: 3 JOHNSON, Q.C.:	7	MR. COYNE		7	А.	Yes. So what I did there is the Regie had
9 close enough to start with. Let me just 10 9 and a desire to look at betas reverting to the grand mean of the tuility versus the market, and that's what that. SP represented 11 10 have to ot the analysis to see what the exact adjustment would be. 10 the grand mean of the tuility versus the market, and that's what that. SP represented 13 13 JOHNSON, Q.C.: 13 the kind of adjustment that would be 14 required if you used those assumptions for required if you used those assumptions for 15 the kind of adjustment that would be 14 required on in the past in order to 16 16 MR. COYNE: 16 adjustment for other models that the Regie 17 n. Yes, I would accept that. 19 Q. And we've noted earlier in your HQTD and 19 a reasonable return was, and in this case 10 10 20 TransEnergie testimony that for a sample of 10 10 that. TS percent adjustment is what's 12 11 21 primarily T & D U.S. utilities, you used a 22 20 JOHNSON, Q.C.: 23 20 Page 190 23 JOHNSON, Q.C.: 24 MR. COYNE: 24 Q. So the .59 beta used in Quebec, you're 25 24 MR. COYNE: 20 Naw at that used in Hydro Quebec? 1 can do 30 30 JOHNSON, Q.C.: 30 24 MR. COYNE: 7 A. I was taking guidance from the Regie. No, my 30 30 35 O. Okay, and that would be	8	А.	Yes, because if you adjust – I think they're	8		-
10 look at that. Well, directionally so. I'd 10 the grand mean of the utility versus the 11 have to do the analysis to see what the 11 market, and that's what that. 59 represented 12 exact adjustment would be. 12 there, and then what I did is illustrated 13 JOHNSON, Q.C.: 13 the kind of adjustment that would be 14 Q. Would you accept.08 as being fairly close the Kind of adjustment that would be 15 to it? 15 the Kind of adjustment that would be 16 MR. COYNE: 16 adjustment for other models that the Regie 17 had relied on in the past in order to 18 18 recourcite results from these models and what 20 20 TransFnergie testimony that for a sample of 20 that.75 percent adjustment is what's 21 primarily 'R to U S. Millies, you used a 21 required to get that CAPM to within the 22 beta of 5.9. Do you recall that evidence 12 24 Q. Okay. 23 JOHNSON, Q.C.: 24 Q. Okay. 25 A. I recall what the beta was. 1 A. So you have to look at those things 29 <t< td=""><td>9</td><td></td><td></td><td>9</td><td></td><td></td></t<>	9			9		
11 have to do the analysis to see what the 11 market, and that's what that. 59 represented 12 exact adjustment would be. 12 there, and then what I did is illustrated 13 JOHNSON, Q.C.: 13 the kind of adjustment that would be 14 Q. Would you accept .08 as being fairly close 14 required if you used those assumptions for 15 to it? 16 ACOYNE: 16 adjustment for other models that the Regie 17 A. Yes, I would accept that. 17 had relied on in the past in order to 18 JOHNSON, Q.C.: 18 reconcile results from these models and what 20 TransFnergie testimony that for a sample of 20 that .75 percent adjustment is what's 21 primarily T & D U.S. utilities, you used a 22 required to get that CAPM to within the 23 from yesterday? 24 Q. Okay. 25 A. I recall what the beta was. 2 JOHNSON, Q.C.: 3 Q. Would you accept that it's .59, subject to check. 3 JOHNSON, Q.C.: 3 JOHNSON, Q.C.: 4 check? Kmc COYNE:				10		-
12 exact adjustment would be. 12 there, and then what I did is illustrated 13 JOHNSON, Q.C.: 13 the kind of adjustment that would be 14 Q. Would you accept .08 as being fairly close to it? 13 the kind of adjustment for outset modes assumptions for 15 MR. COYNE: 16 adjustment for outset modes assumptions for 17 A. Yes, I would accept that. 17 had relied on in the past in order to 18 JOHNSON, Q.C.: 18 reconcile results from these models and what 20 TransEnergie testimony that for a sample of 20 that .75 percent adjustment is what's 21 primarily T & D U.S. utilities, you used a 21 required to get that CAPM to within the 22 beta of .59. Do you recall that evidence. I don't 23 JOHNSON, Q.C.: 24 Q. Okay. 24 MR. COYNE: 24 Q. Okay. 25 MR. COYNE: 1 A. So you have to look at those things 2 JOHNSON, Q.C.: 4 Q. So the.59 beta used in Quebee, you're 5 comfort able with that approach? 6 A. Yes, I will accept that, subject to check. 7 A.						-
13 JOHNSON, Q.C.: 13 the kind of adjustment that would be 14 Q. Would you accept. 08 as being fairly close 14 required if you used those assumptions for 15 to i? 15 the kind of adjustment that would be 16 MR. COYNE: 16 adjustment for other models that the Regie 17 A. Yes, I would accept that. 17 had relied on in the past in order to 18 JOHNSON, Q.C.: 18 reconcile results from these models and what 20 And we've noted earlier in your HQITD and 19 a reasonable return was, and in this case 21 primarily T & D U.S. utilities, you used a 21 required to get that CAPM to within the 23 from yesterday? 23 JOHNSON, Q.C.: 23 24 MR. COYNE: 24 Q. Okay. 25 25 A. Trecall what the beta was. 2 together, not in isolation. 3 2 JOHNSON, Q.C.: 2 MR. COYNE: 3 JOHNSON, Q.C.: 3 Q. Waud you accept that, subject to check. 7 A. I was taking guidance from the Regic. No, my 5 MR. COYNE: 7 <			-			
14 Q. Would you accept .08 as being fairly close to it? 14 required if you used those assumptions for the CAPM, and that is the .75 percent 16 MR. COYNE: 15 the CAPM, and that is the .75 percent 17 A. Yes, I would accept that. 17 18 OHNSON, Q.C.: 18 reconcile results from these models and what a reasonable return was, and in this case 10 TransEnergie testimony that for a sample of from yesterday? 20 that .75 percent adjustment is what's required to get that CAPM to within the 22 23 form yesterday? 24 Q. Okay. 24 MR. COYNE: 23 JOHNSON, Q.C.: Page 192 1 recall what the beta was. 1 A. So you have to look at those things 2 JOHNSON, Q.C.: 3 JOHNSON, Q.C.: 3 JOHNSON, Q.C.: 7 Well, did l use that beat, is that what 8 you go to check that. 7 A. I was taking guidance from the Regie. No, my 8 10 so, g. Well, did l use that beat, is that what 8 7 A. I was taking guidance from the Regie. No, my 9 10 Q. Kay, and that would be at CA-NP-154 when 13 <td></td> <td>JOHNSON (</td> <td>-</td> <td></td> <td></td> <td>-</td>		JOHNSON (-			-
15 to it? 15 the CAPM, and that is the .75 percent 16 MR, COYNE: 16 adjustment for other models that the Regie 17 A. Yes, I would accept that. 17 18 JOHNSON, Q.C.: 18 reaconable return was, and in this case 20 TransEnergie testimony that for a sample of 20 that75 percent adjustment is what's 21 primarily 7 & D. U.S. utilities, you used a a reasonable return was, and in this case 23 from yesterday? 23 JOHNSON, Q.C.: 23 24 MR, COYNE: 24 Q. Okay. 25 A. recall what the beta was. 20 required to get that CAPM to within the 2 JOHNSON, Q.C.: 24 Q. Okay. 25 3 Q. Would you accept that it's .59, subject to 3 JOHNSON, Q.C.: 4 Q. So the .59 beta used in Quebec, you're 5 MR. COYNE: 7 Well, did I use that beta, is that what 7 A. I was taking guidance from the Regie. No, my 8 you're saying? You want me to check the 9 JOHNSON, Q.C.:						
16 MR. COYNE: 16 adjustment for other models that the Regie 17 A. Yes, I would accept that. 17 had relied on in the past in order to 18 JOHNSON, Q.C.: 18 reconcile results from these models and what 19 Q. And we've noted earlier in your HQTD and 19 a reasonable return was, and in this case 20 TransEnergie testimony that for a sample of 20 that .75 percent adjustment is what's 21 primarily T & D U.S. utilities, you used a 21 required to get that CAPM to within the 22 beta of .59. Do you recall that evidence. 100'. 23 JOHNSON, Q.C.: 24 MR. COYNE: 24 Q. Okay. 25 25 A. I recall what the beta was. 1 A. So you have to look at those things 2 2 JOHNSON, Q.C.: 4 Q. So the .59 beta used in Quebec, you're 5 6 A. Yes, I will accept that, subject to check. 7 A. I was taking guidance from the Regie. No, my 8 you're saying? You want me to check the 9 JOHNSON, Q.C.: 10 Q. Anything that would lead us to believe - 11 JOHNSON, Q.C.: 10 Q		ν.				
17 A. Yes, I would accept that. 17 had relied on in the past in order to 18 JOHNSON, Q.C.: 18 reconcile results from these models and what 19 Q. And we've noted earlier in your HQTD and 19 a reasonable return was, and in this case 20 TransEnergic testimony that for a sample of 20 that75 percent adjustment is what's 21 primarily T & D U.S. utilities, you used a 21 required to get that CAPM to within the 22 beta of .59. Do you recall that evidence 1 don't 25 JOHNSON, Q.C.: 24 MR. COYNE: 24 Q. Okay. 25 25 A. I recall what the beta was. 1 A. So you have to look at those things 2 JOHNSON, Q.C.: 1 A. So you have to look at those things 2 JOHNSON, Q.C.: 3 JOHNSON, Q.C.: 4 Q. So the .59 beta used in Quebec, you're 5 sconfortable with that approach? 6 MR. COYNE: 6 MR. COYNE: 6 A. Yes, I will accept that, subject to check. 7 A. I was taking guidance from the Regie. No, my 9 JOHNSON, Q.C.: 11 JOHNSON, Q.C.: 10 <td></td> <td>MR COYNE</td> <td></td> <td></td> <td></td> <td></td>		MR COYNE				
18 JOHNSON, Q.C.: 18 reconcile results from these models and what 19 Q. And we've noted earlier in your HQTD and 19 a reasonable return was, and in this case 20 TransEnergie testimony that for a sample of 20 that .75 percent adjustment is what's 21 primarily T & D U.S. utilities, you used a 21 required to get that CAPM to within the 22 beta of .59. Do you recall that evidence 23 JOHNSON, Q.C.: 23 24 MR. COYNE: 23 JOHNSON, Q.C.: 24 Q. 2 recall what the beta was. 25 MR. COYNE: Page 190 1 A. So you have to look at those things 2 JOHNSON, Q.C.: 3 JOHNSON, Q.C.: 3 JOHNSON, Q.C.: 3 Q. Would you accept that it's .59, subject to 4 Q. So to .59 beta used in Quebec, you're 5 MR. COYNE: 6 MR. COYNE: 6 MR. COYNE: 7 A. I was taking guidance from the Regie, No, my 8 you re saying? You want me to check the 9 JOHNSON, Q.C.: 10 Q. Anyuting that would lead us to believe - 11						•
19Q.And we've noted earlier in your HQTD and TransEnergie testimony that for a sample of 2019a reasonable return was, and in this case that. 75 percent adjustment is what's 2121primarily T & D U.S. utilities, you used a 2220that. 75 percent adjustment is what's 2123from yesterday?23JOHNSON, Q.C.:24MR. COYNE:24Q.Okay.25A.I recall we had that evidence. I don't25MR. COYNE:Page 190Page 1921recall what the beta was.1A.So you have to look at those things 22JOHNSON, Q.C.:3JOHNSON, Q.C.:4Q.So the: 59 beta used in Quebec, you're 53Q.Would you accept that it's .59, subject to check?6MR. COYNE:3JOHNSON, Q.C.:6A.Yes, T will accept that, subject to check. 7Well, did I use that beta, is that what 87A.I was taking guidance from the Regie. No, my 89beta that I used in Hydro Quebee? I cando 100Q.Anything that would lead us to believe - 11911JOHNSON, Q.C.:10Q.Anything that would lead us to believe - 1110Q.14MR. COYNE:12lead us to believe that the betas has 1313increased for tuilities from 2013 to when 1414MR. COYNE:15MR. COYNE:15MR. COYNE:15A.1 recall that in Hydro Quebee, I reconciled 1616 <td< td=""><td></td><td></td><td>-</td><td></td><td></td><td>-</td></td<>			-			-
20 TransEnergie testimony that for a sample of 20 that .75 percent adjustment is what's 21 primarily T & D U.S. utilities, you used a 21 required to get that CAPM to within the 22 beta of .59. Do you recall that evidence 23 range of the other model estimates. 23 from yesterday? 23 JOHNSON, Q.C.: 24 MR. COYNE: 24 Q. Okay. 25 A. 1 recall what the beta was. 2 Together, not in isolation. 3 Q. Would you accept that, is's.59, subject to check. 7 A. So you have to look at those things 2 JOHNSON, Q.C.: 3 JOHNSON, Q.C.: 4 Q. So the .59 beta used in Quebec, you're 5 MR. COYNE: 6 A. Yes, I will accept that, subject to check. 7 A. I was taking guidance from the Regie. No, my 8 you're saying? You want me to check the 9 JOHNSON, Q.C.: 1 O. Anything that would lead us to believe - 11 JOHNSON, Q.C.: 1 you fre asying? You want me to check the 9 JOHNSON, Q.C.: 12 Q. Okay, and that			~			
21 primarily T & D U.S. utilities, you used a 21 required to get that CAPM to within the 22 beta of .59. Do you recall that evidence range of the other model estimates. 23 from yesterday? 23 JOHNSON, Q.C.: 24 MR. COYNE: 24 Q. Okay. 25 A. 1 recall what the beta was. 25 MR. COYNE: 2 recall what the beta was. 20 Nould you accept that it's .59, subject to 4 A. So you have to look at those things 2 JOHNSON, Q.C.: 3 JOHNSON, Q.C.: 4 Q. So the .59 beta used in Quebee, you're 5 MR. COYNE: 6 A. Yes, I will accept that, subject to check. 7 A. I was taking guidance from the Regie. No, my 8 you're saying? You want me to check the 9 beta that I used in Hydro Quebee? I can do 10 Q. Anything that would lead us to believe - 11 JOHNSON, Q.C.: 11 your fled your evidence in 2013. Anything to 12 lead us to believe that the betas has 13 you go to check that. 13 increased for utilities from 2013 to when 14 MR. COYN		Q.	• •			
22 beta of .59. Do you recall that evidence 22 range of the other model estimates. 23 from yesterday? 23 JOHNSON, Q.C.: 24 Q. Okay. 25 A. I recall we had that evidence. I don't 25 MR. COYNE: 24 Q. Okay. 2 JOHNSON, Q.C.: 24 Q. Okay. 25 MR. COYNE: 2 JOHNSON, Q.C.: 2 together, not in isolation. 3 3 Q. Would you accept that it's .59, subject to 4 A. So you have to look at those things 2 6 A. Yes, I will accept that, subject to check. 4 Q. So the .59 beta used in Quebec, you're 5 6 MR. COYNE: 6 MR. COYNE: 6 MR. COYNE: 1 JOHNSON, Q.C.: 10 so. 9 JOHNSON, Q.C.: 10 so. 9 JOHNSON, Q.C.: 10 Q. Anything that would lead us to believe - 11 JOHNSON, Q.C.: 10 Q. Anything that would lead us to believe - 11 12 Q. Okay, and that would be at CA-NP-154 when 13 increased for utilities from 2013 to when 14 you filed your evidence in 2015? <td></td> <td></td> <td>• • •</td> <td></td> <td></td> <td>· ·</td>			• • •			· ·
23 from yesterday? 23 JOHNSON, Q.C.: 24 MR. COYNE: 24 Q. Okay. 25 A. 1 recall we had that evidence. 1 don't 25 MR. COYNE: 9 Page 190 Page 190 Page 190 1 recall what the beta was. 1 A. So you have to look at those things 3 Q. Would you accept that it's .59, subject to 4 A. So the .59 beta used in Quebec, you're 5 MR. COYNE: 4 Q. So the .59 beta used in Quebec, you're 6 A. Yes, I will accept that, subject to check. 6 MR. COYNE: 6 A. Yes, I will accept that, subject to check. 6 MR. COYNE: 7 Well, did I use that beta, is that what 8 you're saying? You want me to check the 9 beta that I used in Hydro Quebec? I can do 9 JOHNSON, Q.C.: 11 JOHNSON, Q.C.: 10 Q. Anything that would lead us to believe - 11 JOHNSON, Q.C.: 14 you go to check that. 13 14 MR. COYNE: 15 MR. COYNE: 15 MR. COYNE: 15 A. I recall that in Hydro Quebec, I reconciled						
24 MR. COYNE: 24 Q. Okay. 25 A. I recall we had that evidence. I don't 25 MR. COYNE: Page 190 recall what the beta was. 25 MR. COYNE: Page 192 1 recall what the beta was. 1 A. So you have to look at those things 2 JOHNSON, Q.C.: 3 JOHNSON, Q.C.: 3 JOHNSON, Q.C.: 4 check? 4 Q. So the .59 beta used in Quebec, you're 5 MR. COYNE: 6 A. Yes, I will accept that, subject to check. 7 A. I was taking guidance from the Regie. No, my 8 you're saying? You want me to check the 9 beta that I used in Hydro Quebec? I can do 9 JOHNSON, Q.C.: 10 so. 10 Q. Anything that would lead us to believe - 11 JOHNSON, Q.C.: 10 Q. Has textis from the Regie. No, my 12 Q. Okay, and that would be at CA-NP-154 when 12 lead us to believe that the betas has 13 you go to check that. 13 increased for utilities from 2013 to when 14 MR. COY			-		IOUNSON O	0
25A.I recall we had that evidence. I don't25MR. COYNE:Page 1901recall what the beta was.1A.So you have to look at those things2JOHNSON, Q.C.:3Q.Would you accept that it's .59, subject to1A.So you have to look at those things3Q.Would you accept that it's .59, subject to4Q.So the .59 beta used in Quebec, you're4check?4Q.So the .59 beta used in Quebec, you're5MR. COYNE:6A.Yes, I will accept that, subject to check.7Well, did I use that beta, is that what7A.I was taking guidance from the Regie. No, my8you're saying? You want me to check the9beta that I used in Hydro Quebee? I can do910so.10Q.Anything that would lead us to believe -11JOHNSON, Q.C.:10Q.Anything that would lead us to believe -12Q.Okay, and that would be at CA-NP-154 when12lead us to believe that the betas has13you go to check that.13increased for utilities from 2013 to when14MR. COYNE:14you filed your evidence in 2015?15A.I recall that in Hydro Quebee, I reconciled1616the results from that CAPM model to the DCF1719JOHNSON, Q.C.:18Q.19JOHNSON, Q.C.:1810Q.Why don't we just bring it up, CA-NP-154,21and I think it's page 1		MP COVNE				
Page 190Page 1901recall what the beta was.1A. So you have to look at those things2JOHNSON, Q.C.:3O. Would you accept that it's .59, subject to check?3JOHNSON, Q.C.:4check?4Q. So the .59 beta used in Quebec, you're comfortable with that approach?6A. Yes, I will accept that, subject to check.4Q. So the .59 beta used in Quebec, you're7Well, did I use that beta, is that what 87A. I was taking guidance from the Regie. No, my comfort is with the standard betas.9beta that I used in Hydro Quebec? I can do so.9JOHNSON, Q.C.:10so.10Q. Anything that would lead us to believe - 1111JOHNSON, Q.C.:10Q. Anything that would lead us to believe - 1112Q. Okay, and that would be at CA-NP-154 when 1312lead us to believe that the betas has 1313you go to check that.13increased for utilities from 2013 to when 1414MR. COYNE:15MR. COYNE:15A. I recall that in Hydro Quebec, I reconciled the results from that CAPM model to the DCF 171618recommendations, but I will check the beta.1819JOHNSON, Q.C.:1919filing and this filing?20Q. Why don't we just bring it up, CA-NP-154, 21and I hink it's page 13. Just come down a 12222that period of time or not. I could check 2324A. What was the number again, CA -2424 <t< td=""><td></td><td></td><td></td><td></td><td></td><td>Okay.</td></t<>						Okay.
1recall what the beta was.1A.So you have to look at those things2JOHNSON, Q.C.:together, not in isolation.3Q.Would you accept that it's .59, subject to check?JOHNSON, Q.C.:4COYNE:JOHNSON, Q.C.:6A.Yes, I will accept that, subject to check.47Well, did I use that beta, is that what 8you're saying? You want me to check the 96MR. COYNE:7Well, did I use that beta, is that what 8you're saying? You want me to check the 97A.I was taking guidance from the Regie. No, my 88you're saying? You want me to check the 9beta that I used in Hydro Quebec? I can do so.9JOHNSON, Q.C.:10so.10Q.Anything that would lead us to believe - 1111JOHNSON, Q.C.:10Q.Anything that would lead us to believe - 1113you go to check that.11your HQ testimony was in 2013. Anything to 1214MR. COYNE:14you filed your evidence in 2015?15A.I recall that in Hydro Quebec, I reconciled 16the results from that CAPM model to the DCF 1718recommendations, but I will check the beta.15MR. COYNE:19JOHNSON, Q.C.:18Q.19JOHNSON, Q.C.:1820Q.Why don't we just bring it up, CA-NP-154, 21821and I think it's page 13. Just come down a 221422that period of time or not. I coul	20	11.		23	MIC COTICE.	Daga 102
2JOHNSON, Q.C.:2together, not in isolation.3Q.Would you accept that it's .59, subject to check?3JOHNSON, Q.C.:4COYNE:4Q.So the .59 beta used in Quebec, you're tomothele with that approach?6A.Yes, I will accept that, subject to check.4Q.So the .59 beta used in Quebec, you're7Well, did I use that beta, is that what you're saying? You want me to check the 			-	1		C C
3Q.Would you accept that it's .59, subject to check?3JOHNSON, Q.C.:4Q.So the .59 beta used in Quebec, you're comfortable with that approach?6A.Yes, I will accept that, subject to check.4Q.So the .59 beta used in Quebec, you're7Well, did I use that beta, is that what you're saying? You want me to check the beta that I used in Hydro Quebec? I can do6MR. COYNE:10so.10Q.Anything that would lead us to believe - 10911JOHNSON, Q.C.:10Q.Anything that would lead us to believe - 1112Q.Okay, and that would be at CA-NP-154 when 1312lead us to believe the betas has13you go to check that.13increased for utilities from 2013. Anything to 1214MR. COYNE:14you filed your evidence in 2015?15A.I recall that in Hydro Quebec, I reconciled the results from that CAPM model to the DCF1616the results from that CAPM model to the DCF1617models in order to get to the return recommendations, but I will check the beta.1819JOHNSON, Q.C.:1820Q.Why don't we just bring it up, CA-NP-154, 21and I think it's page 13. Just come down a little bit, please, Samantha.1824A.What was the number again, CA -24JOHNSON, Q.C.:						
4check?4Q.So the .59 beta used in Quebec, you're5MR. COYNE:5comfortable with that approach?6A.Yes, I will accept that, subject to check.6MR. COYNE:7Well, did I use that beta, is that what7A.I was taking guidance from the Regie. No, my8you're saying? You want me to check the9beta that I used in Hydro Quebec? I can do910so.10Q.Anything that would lead us to believe -11JOHNSON, Q.C.:10Q.Anything that would lead us to believe -12Q.Okay, and that would be at CA-NP-154 when12lead us to believe that the betas has13you go to check that.13increased for utilities from 2013 to when14MR. COYNE:14you filed your evidence in 2015?15A.I recall that in Hydro Quebec, I reconciled1516the results from that CAPM model to the DCF16A.17models in order to get to the return15MR. COYNE:18recommendations, but I will check the beta.18Q.19JOHNSON, Q.C.:19filing and this filing?20Q.Why don't we just bring it up, CA-NP-154, and I think it's page 13. Just come down a little bit, please, Samantha.23that.24A.What was the number again, CA -24JOHNSON, Q.C.:						-
5MR. COYNE:5comfortable with that approach?6A.Yes, I will accept that, subject to check.6MR. COYNE:7Well, did I use that beta, is that what7A.I was taking guidance from the Regie. No, my8you're saying? You want me to check the9beta that I used in Hydro Quebec? I can do99beta that I used in Hydro Quebec? I can do9JOHNSON, Q.C.:10so.10Q.Anything that would lead us to believe -11JOHNSON, Q.C.:10Q.Anything that would lead us to believe -12Q.Okay, and that would be at CA-NP-154 when12lead us to believe that the betas has13you go to check that.12lead us to believe that the betas has14MR. COYNE:14you filed your evidence in 2015?15A.I recall that in Hydro Quebec, I reconciled1516the results from that CAPM model to the DCF16A.17models in order to get to the return17JOHNSON, Q.C.:18recommendations, but I will check the beta.18Q.19JOHNSON, Q.C.:19filing and this filing?20Q.Why don't we just bring it up, CA-NP-154, and I think it's page 13.20MR. COYNE:21and I think it's page 13.Just come down a little bit, please, Samantha.21A.I don't know if they have increased over23MR. COYNE:23that.24JOHNSON, Q.C.: <td>· · ·</td> <td></td> <td></td> <td></td> <td>, (</td> <td></td>	· · ·				, (
6A.Yes, I will accept that, subject to check.6MR. COYNE:7Well, did I use that beta, is that what you're saying? You want me to check the 96MR. COYNE:9beta that I used in Hydro Quebec? I can do9JOHNSON, Q.C.:10so.10Q.Anything that would lead us to believe -11JOHNSON, Q.C.:10Q.Anything that would lead us to believe -12Q.Okay, and that would be at CA-NP-154 when12lead us to believe that the betas has13you go to check that.13increased for utilities from 2013 to when14MR. COYNE:14you filed your evidence in 2015?15A.I recall that in Hydro Quebec, I reconciled15MR. COYNE:16the results from that CAPM model to the DCF16A.Has decreased?17models in order to get to the return17JOHNSON, Q.C.:18recommendations, but I will check the beta.18Q.Has increased in the interim between your HQ19JOHNSON, Q.C.:19filing and this filing?20Q.Why don't we just bring it up, CA-NP-154, 2120MR. COYNE:21and I think it's page 13. Just come down a 2221A.I don't know if they have increased over23MR. COYNE:23that24JOHNSON, Q.C.:			check?	-		
7Well, did I use that beta, is that what 87A.I was taking guidance from the Regie. No, my 88you're saying? You want me to check the 9beta that I used in Hydro Quebec? I can do 108comfort is with the standard betas.9beta that I used in Hydro Quebec? I can do 109JOHNSON, Q.C.:11JOHNSON, Q.C.:10Q.Anything that would lead us to believe - 1112Q.Okay, and that would be at CA-NP-154 when you go to check that.12lead us to believe that the betas has 1313you go to check that.13increased for utilities from 2013 to when 1414MR. COYNE:14you filed your evidence in 2015?15A.I recall that in Hydro Quebec, I reconciled the results from that CAPM model to the DCF 161616the results from that CAPM model to the DCF 1716A.18recommendations, but I will check the beta.18Q.19JOHNSON, Q.C.:19filing and this filing?20Q.Why don't we just bring it up, CA-NP-154, 2120MR. COYNE:21and I think it's page 13. Just come down a 2211I don't know if they have increased over 2223MR. COYNE:23that24A.What was the number again, CA -2424A.What was the number again, CA -24			Vag I will account that which to shock			comfortable with that approach?
8you're saying? You want me to check the8comfort is with the standard betas.9beta that I used in Hydro Quebec? I can do9JOHNSON, Q.C.:10so.10Q.Anything that would lead us to believe -11JOHNSON, Q.C.:11your HQ testimony was in 2013. Anything to12Q.Okay, and that would be at CA-NP-154 when12lead us to believe that the betas has13you go to check that.13increased for utilities from 2013 to when14MR. COYNE:14you filed your evidence in 2015?15A.I recall that in Hydro Quebec, I reconciled1516the results from that CAPM model to the DCF16A.17models in order to get to the return1719JOHNSON, Q.C.:18Q.19JOHNSON, Q.C.:1920Q.Why don't we just bring it up, CA-NP-154,2021and I think it's page 13. Just come down a21A.I don't know if they have increased over22little bit, please, Samantha.22that period of time or not. I could check23MR. COYNE:23that.24A.What was the number again, CA -24JOHNSON, Q.C.:		А.	· · ·	Ť		
9beta that I used in Hydro Quebec? I can do9JOHNSON, Q.C.:10so.10Q.Anything that would lead us to believe -11JOHNSON, Q.C.:10Q.Anything that would lead us to believe -12Q.Okay, and that would be at CA-NP-154 when12lead us to believe that the betas has13you go to check that.12lead us to believe that the betas has14MR. COYNE:14you filed your evidence in 2013 to when15A.I recall that in Hydro Quebec, I reconciled1516the results from that CAPM model to the DCF16A.17models in order to get to the return1718recommendations, but I will check the beta.18Q.19JOHNSON, Q.C.:19filing and this filing?20Q.Why don't we just bring it up, CA-NP-154,20MR. COYNE:21and I think it's page 13. Just come down a21A.I don't know if they have increased over22little bit, please, Samantha.22that period of time or not. I could check23MR. COYNE:23that.24A.What was the number again, CA -24JOHNSON, Q.C.:	1					
10so.10Q.Anything that would lead us to believe -11JOHNSON, Q.C.:11your HQ testimony was in 2013. Anything to12Q.Okay, and that would be at CA-NP-154 when12lead us to believe that the betas has13you go to check that.13increased for utilities from 2013 to when14MR. COYNE:14you filed your evidence in 2015?15A.I recall that in Hydro Quebec, I reconciled15MR. COYNE:16the results from that CAPM model to the DCF16A.Has decreased?17models in order to get to the return17JOHNSON, Q.C.:1819JOHNSON, Q.C.:19filing and this filing?20Q.Why don't we just bring it up, CA-NP-154,20MR. COYNE:21and I think it's page 13. Just come down a21A.I don't know if they have increased over22little bit, please, Samantha.22that period of time or not. I could check23MR. COYNE:23that.24A.What was the number again, CA -24JOHNSON, Q.C.:						
11JOHNSON, Q.C.:11your HQ testimony was in 2013. Anything to12Q.Okay, and that would be at CA-NP-154 when12lead us to believe that the betas has13you go to check that.13increased for utilities from 2013 to when14MR. COYNE:14you filed your evidence in 2015?15A.I recall that in Hydro Quebec, I reconciled14you filed your evidence in 2015?16the results from that CAPM model to the DCF16A.Has decreased?17models in order to get to the return18Q.Has increased in the interim between your HQ19JOHNSON, Q.C.:19filing and this filing?20Q.Why don't we just bring it up, CA-NP-154,20MR. COYNE:21and I think it's page 13. Just come down a21A.I don't know if they have increased over23MR. COYNE:23that period of time or not. I could check24A.What was the number again, CA -24JOHNSON, Q.C.:			• •			
12Q.Okay, and that would be at CA-NP-154 when you go to check that.12lead us to believe that the betas has increased for utilities from 2013 to when13you go to check that.13increased for utilities from 2013 to when14MR. COYNE:14you filed your evidence in 2015?15A.I recall that in Hydro Quebec, I reconciled14you filed your evidence in 2015?16the results from that CAPM model to the DCF16A.Has decreased?17models in order to get to the return17JOHNSON, Q.C.:18Q.19JOHNSON, Q.C.:19filing and this filing?20Q.Why don't we just bring it up, CA-NP-154, 2120MR. COYNE:21A.I don't know if they have increased over22little bit, please, Samantha.21A.I don't know if they have increased over22that period of time or not. I could check23MR. COYNE:23that.24A.What was the number again, CA -24JOHNSON, Q.C.:			80	i 10	11	
13you go to check that.13increased for utilities from 2013 to when14MR. COYNE:14you filed your evidence in 2015?15A.I recall that in Hydro Quebec, I reconciled14you filed your evidence in 2015?16the results from that CAPM model to the DCF16A.Has decreased?17models in order to get to the return17JOHNSON, Q.C.:16A.Has increased in the interim between your HQ19JOHNSON, Q.C.:19filing and this filing?20Q.Why don't we just bring it up, CA-NP-154,20MR. COYNE:21and I think it's page 13.Just come down a21A.I don't know if they have increased over23MR. COYNE:23that23that.24A.What was the number again, CA -24JOHNSON, Q.C.:24						· ·
14MR. COYNE:14you filed your evidence in 2015?15A.I recall that in Hydro Quebec, I reconciled15MR. COYNE:16the results from that CAPM model to the DCF16A.Has decreased?17models in order to get to the return17JOHNSON, Q.C.:16A.18recommendations, but I will check the beta.18Q.Has increased in the interim between your HQ19JOHNSON, Q.C.:19filing and this filing?20Q.Why don't we just bring it up, CA-NP-154,20MR. COYNE:21and I think it's page 13. Just come down a21A.I don't know if they have increased over22little bit, please, Samantha.22that period of time or not. I could check23MR. COYNE:23that.24A.What was the number again, CA -24JOHNSON, Q.C.:	110		.C.:	11		your HQ testimony was in 2013. Anything to
 A. I recall that in Hydro Quebec, I reconciled the results from that CAPM model to the DCF models in order to get to the return recommendations, but I will check the beta. JOHNSON, Q.C.: Q. Why don't we just bring it up, CA-NP-154, and I think it's page 13. Just come down a little bit, please, Samantha. MR. COYNE: MR. COYNE: A. Has decreased? JOHNSON, Q.C.: MR. COYNE: MR. COYNE: A. What was the number again, CA - MR. COYNE: 			.C.: Okay, and that would be at CA-NP-154 when	11 12		your HQ testimony was in 2013. Anything to lead us to believe that the betas has
16the results from that CAPM model to the DCF16A.Has decreased?17models in order to get to the return17JOHNSON, Q.C.:1718recommendations, but I will check the beta.18Q.Has increased in the interim between your HQ19JOHNSON, Q.C.:18Q.Has increased in the interim between your HQ20Q.Why don't we just bring it up, CA-NP-154,19filing and this filing?21and I think it's page 13.Just come down a21A.I don't know if they have increased over22little bit, please, Samantha.22that period of time or not. I could check2324A.What was the number again, CA -24JOHNSON, Q.C.:	13	Q.	.C.: Okay, and that would be at CA-NP-154 when	11 12 13		your HQ testimony was in 2013. Anything to lead us to believe that the betas has increased for utilities from 2013 to when
17models in order to get to the return17JOHNSON, Q.C.:18recommendations, but I will check the beta.18Q.Has increased in the interim between your HQ19JOHNSON, Q.C.:18Q.Has increased in the interim between your HQ20Q.Why don't we just bring it up, CA-NP-154,19filing and this filing?21and I think it's page 13. Just come down a21A.I don't know if they have increased over22little bit, please, Samantha.22that period of time or not. I could check23MR. COYNE:23that.24A.What was the number again, CA -24JOHNSON, Q.C.:	13 14	Q. MR. COYNE:	C.: Okay, and that would be at CA-NP-154 when you go to check that.	11 12 13 14		your HQ testimony was in 2013. Anything to lead us to believe that the betas has increased for utilities from 2013 to when
18recommendations, but I will check the beta.18Q.Has increased in the interim between your HQ19JOHNSON, Q.C.:19filing and this filing?20Q.Why don't we just bring it up, CA-NP-154,19filing and this filing?21and I think it's page 13. Just come down a21A.I don't know if they have increased over22little bit, please, Samantha.22that period of time or not. I could check23MR. COYNE:23that.24A.What was the number again, CA -24JOHNSON, Q.C.:	13 14 15	Q. MR. COYNE:	C.: Okay, and that would be at CA-NP-154 when you go to check that. I recall that in Hydro Quebec, I reconciled	11 12 13 14 15	MR. COYNE:	your HQ testimony was in 2013. Anything to lead us to believe that the betas has increased for utilities from 2013 to when you filed your evidence in 2015?
19JOHNSON, Q.C.:19filing and this filing?20Q.Why don't we just bring it up, CA-NP-154,20MR. COYNE:21and I think it's page 13. Just come down a22little bit, please, Samantha.21A.I don't know if they have increased over23MR. COYNE:22that period of time or not. I could check23that.24A.What was the number again, CA -24JOHNSON, Q.C.:24	13 14 15 16	Q. MR. COYNE: A.	C.: Okay, and that would be at CA-NP-154 when you go to check that. I recall that in Hydro Quebec, I reconciled the results from that CAPM model to the DCF	11 12 13 14 15 16	MR. COYNE: A.	your HQ testimony was in 2013. Anything to lead us to believe that the betas has increased for utilities from 2013 to when you filed your evidence in 2015? Has decreased?
20Q.Why don't we just bring it up, CA-NP-154, and I think it's page 13. Just come down a little bit, please, Samantha.20MR. COYNE:21A.I don't know if they have increased over 221 don't know if they have increased over 2223MR. COYNE:20MR. COYNE:24A.What was the number again, CA -24JOHNSON, Q.C.:	13 14 15 16 17	Q. MR. COYNE: A.	C.: Okay, and that would be at CA-NP-154 when you go to check that. I recall that in Hydro Quebec, I reconciled the results from that CAPM model to the DCF models in order to get to the return	11 12 13 14 15 16 17	MR. COYNE: A. JOHNSON, Q	your HQ testimony was in 2013. Anything to lead us to believe that the betas has increased for utilities from 2013 to when you filed your evidence in 2015? Has decreased? C.:
21and I think it's page 13. Just come down a21A.I don't know if they have increased over22little bit, please, Samantha.22that period of time or not. I could check23MR. COYNE:23that.24A.What was the number again, CA -24JOHNSON, Q.C.:	13 14 15 16 17 18	Q. MR. COYNE: A.	C.: Okay, and that would be at CA-NP-154 when you go to check that. I recall that in Hydro Quebec, I reconciled the results from that CAPM model to the DCF models in order to get to the return recommendations, but I will check the beta.	11 12 13 14 15 16 17 18	MR. COYNE: A. JOHNSON, Q Q.	your HQ testimony was in 2013. Anything to lead us to believe that the betas has increased for utilities from 2013 to when you filed your evidence in 2015? Has decreased? C.: Has increased in the interim between your HQ
22little bit, please, Samantha.22that period of time or not. I could check23MR. COYNE:23that.24A.What was the number again, CA -24JOHNSON, Q.C.:	13 14 15 16 17 18 19	Q. MR. COYNE: A. JOHNSON, Q	C.: Okay, and that would be at CA-NP-154 when you go to check that. I recall that in Hydro Quebec, I reconciled the results from that CAPM model to the DCF models in order to get to the return recommendations, but I will check the beta. .C.:	11 12 13 14 15 16 17 18 19	MR. COYNE: A. JOHNSON, Q Q.	your HQ testimony was in 2013. Anything to lead us to believe that the betas has increased for utilities from 2013 to when you filed your evidence in 2015? Has decreased? C.: Has increased in the interim between your HQ
23MR. COYNE:23that.24A.What was the number again, CA -24JOHNSON, Q.C.:	13 14 15 16 17 18 19 20	Q. MR. COYNE: A. JOHNSON, Q	C.: Okay, and that would be at CA-NP-154 when you go to check that. I recall that in Hydro Quebec, I reconciled the results from that CAPM model to the DCF models in order to get to the return recommendations, but I will check the beta. .C.: Why don't we just bring it up, CA-NP-154,	11 12 13 14 15 16 17 18 19 20	MR. COYNE: A. JOHNSON, Q Q. MR. COYNE:	your HQ testimony was in 2013. Anything to lead us to believe that the betas has increased for utilities from 2013 to when you filed your evidence in 2015? Has decreased? C.: Has increased in the interim between your HQ filing and this filing?
24A.What was the number again, CA -24JOHNSON, Q.C.:	13 14 15 16 17 18 19 20 21	Q. MR. COYNE: A. JOHNSON, Q	 .C.: Okay, and that would be at CA-NP-154 when you go to check that. I recall that in Hydro Quebec, I reconciled the results from that CAPM model to the DCF models in order to get to the return recommendations, but I will check the beta. .C.: Why don't we just bring it up, CA-NP-154, and I think it's page 13. Just come down a 	11 12 13 14 15 16 17 18 19 20 21	MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A.	your HQ testimony was in 2013. Anything to lead us to believe that the betas has increased for utilities from 2013 to when you filed your evidence in 2015? Has decreased? C.: Has increased in the interim between your HQ filing and this filing? I don't know if they have increased over
	13 14 15 16 17 18 19 20 21 22	Q. MR. COYNE: A. JOHNSON, Q Q.	C.: Okay, and that would be at CA-NP-154 when you go to check that. I recall that in Hydro Quebec, I reconciled the results from that CAPM model to the DCF models in order to get to the return recommendations, but I will check the beta. C.: Why don't we just bring it up, CA-NP-154, and I think it's page 13. Just come down a little bit, please, Samantha.	11 12 13 14 15 16 17 18 19 20 21 22	MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A.	your HQ testimony was in 2013. Anything to lead us to believe that the betas has increased for utilities from 2013 to when you filed your evidence in 2015? Has decreased? C.: Has increased in the interim between your HQ filing and this filing? I don't know if they have increased over that period of time or not. I could check
25JOHNSON, Q.C.:25Q.I'm not asking you to.I was just wondering	13 14 15 16 17 18 19 20 21 22 23	Q. MR. COYNE: A. JOHNSON, Q Q. MR. COYNE:	C.: Okay, and that would be at CA-NP-154 when you go to check that. I recall that in Hydro Quebec, I reconciled the results from that CAPM model to the DCF models in order to get to the return recommendations, but I will check the beta. C.: Why don't we just bring it up, CA-NP-154, and I think it's page 13. Just come down a little bit, please, Samantha.	11 12 13 14 15 16 17 18 19 20 21 22 23	MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A.	your HQ testimony was in 2013. Anything to lead us to believe that the betas has increased for utilities from 2013 to when you filed your evidence in 2015? Has decreased? C.: Has increased in the interim between your HQ filing and this filing? I don't know if they have increased over that period of time or not. I could check that.
	13 14 15 16 17 18 19 20 21 22 23 24	Q. MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A.	C.: Okay, and that would be at CA-NP-154 when you go to check that. I recall that in Hydro Quebec, I reconciled the results from that CAPM model to the DCF models in order to get to the return recommendations, but I will check the beta. C.: Why don't we just bring it up, CA-NP-154, and I think it's page 13. Just come down a little bit, please, Samantha. What was the number again, CA -	11 12 13 14 15 16 17 18 19 20 21 22 23 24	MR. COYNE: A. JOHNSON, Q Q. MR. COYNE: A. JOHNSON, Q	your HQ testimony was in 2013. Anything to lead us to believe that the betas has increased for utilities from 2013 to when you filed your evidence in 2015? Has decreased? C.: Has increased in the interim between your HQ filing and this filing? I don't know if they have increased over that period of time or not. I could check that. C.:

Page 189 - Page 192

	11 5, 2010		<u> </u>		
		Page 193			Page 195
1		if you thought that they had.	1		risk premium. Are you aware of that – I'm
2	MR. COYNE		2		advised that that's been rejected.
3	А.	There's something else that I would point to	3	MR. COYNE:	
4		here, if I might, because I think it would	4	А.	I would have to see the – I'm not aware of
5		be informative for the Board. I refer to	5		whatever rejection you may be referring to,
6		CA-NP-094.	6		but this is – this should be fairly
7	JOHNSON, Q).C.:	7		straightforward. What I'm trying to show
8	Q.	Uh-hm.	8		here is that if you look at the betas for
9	MR. COYNE	:	9		these companies, you would have taken
10	А.	I wanted to test this issue here as I did in	10		adjusted betas and/or raw betas, and tried
11		BC as to whether or not betas really do need	11		to predict the actual returns for utilities
12		to be adjusted, and whether or not even	12		or this decade, both of them would have been
13		adjusted betas could predict the returns for	13		too low in terms of predicting the actual
14		Canadian utilities, and at the bottom of –	14		return for the TSX utilities companies. So
15		there should be a graph in that CA-NP-094.	15		it reinforces to me what we know from the
16		Yes, okay, there's the chart. So what this	16		empirical literature, and that is that betas
17		shows is that if you go back over the period	17		for low risk companies, such as utilities,
18		of time from 2005 through 2014, and you look	18		underestimate those returns.
19		at the actual return, the actual returns for	19	JOHNSON, Q	.C.:
20		Canadian utilities versus those that would	20	Q.	Okay.
21		have been predicted by the bond yield at the	21	MR. COYNE:	•
22		time, the market equity – the historic	22	Α.	And that's why this is the standard
23		market equity risk premium, and either raw	23		methodology. That's why everyone that would
24		or adjusted betas, the lines you see below	24		be coming out of a Finance Class 101 in a
25		show that neither one of them could get to	25		basic university would be using these betas
		Page 194			Page 196
1		the actual returns that were earned by these	1		to inform their models, certainly if they
$\begin{vmatrix} 1\\2 \end{vmatrix}$		utilities during that period of time. So	$\begin{vmatrix} 1\\2 \end{vmatrix}$		were coming out of a U.S. college. It's the
$\begin{vmatrix} 2\\ 3 \end{vmatrix}$		that says that not only are these adjusted	$\begin{vmatrix} 2\\ 3 \end{vmatrix}$		standard that's used in the industry when
4		betas conservative to get what these	4		you start to do this type of financial
5		companies actually earned during that period	5		analysis and it's the standard that's used –
5		of time, that they're too low.			it's the standard to estimate the cost of
$\begin{vmatrix} 6 \\ 7 \end{vmatrix}$	JOHNSON, (•	6 7		
0		·			capital when you are using a CAPM model and
8	Q.	The actual return methodology, I understand,	8		before every regulators in the U.S., these
ĺ ĺ		has been rejected by the AUC as an approach to the beta?	9		are the betas that are presented, and I'm not aware of any regulator in the U.S.
10	MR. COYNE		10		that's rejected that. This is only a
11			11		· ·
12	А.	As an approach to the beta?	12		Canadian discussion that in my experience
12	IOINGON (73	13		when it comes to whether or not these
13	JOHNSON, O		14		
14	JOHNSON, Q.	As an approach to estimating the risk	14		adjustments to betas are indeed necessary or
14 15	Q.	As an approach to estimating the risk premium?	15		not. That's the only place that I've
14 15 16	Q. MR. COYNE	As an approach to estimating the risk premium?	15 16	IOINSON O	not. That's the only place that I've experienced it.
14 15 16 17	Q.	As an approach to estimating the risk premium? : The Alberta – well, there have been many	15 16 17	JOHNSON, Q	not. That's the only place that I've experienced it. .C.:
14 15 16 17 18	Q. MR. COYNE	As an approach to estimating the risk premium? The Alberta – well, there have been many decisions before the Alberta decision. If	15 16 17 18	JOHNSON, Q Q.	not. That's the only place that I've experienced it. .C.: Well, it's pretty significant, though, don't
14 15 16 17 18 19	Q. MR. COYNE	As an approach to estimating the risk premium? : The Alberta – well, there have been many decisions before the Alberta decision. If it's comparable earnings, yes, they rejected	15 16 17 18 19		not. That's the only place that I've experienced it. .C.: Well, it's pretty significant, though, don't you think, that it's a Canadian discussion,
14 15 16 17 18 19 20	Q. MR. COYNE	As an approach to estimating the risk premium? The Alberta – well, there have been many decisions before the Alberta decision. If it's comparable earnings, yes, they rejected that approach. I'm not estimating a	15 16 17 18 19 20		not. That's the only place that I've experienced it. .C.: Well, it's pretty significant, though, don't you think, that it's a Canadian discussion, and excuse me, we're in Canada at a
14 15 16 17 18 19 20 21	Q. MR. COYNE A.	As an approach to estimating the risk premium? The Alberta – well, there have been many decisions before the Alberta decision. If it's comparable earnings, yes, they rejected that approach. I'm not estimating a comparable earnings model.	15 16 17 18 19 20 21	Q.	not. That's the only place that I've experienced it. .C.: Well, it's pretty significant, though, don't you think, that it's a Canadian discussion, and excuse me, we're in Canada at a regulatory proceeding.
14 15 16 17 18 19 20 21 22	Q. MR. COYNE A. JOHNSON, O	As an approach to estimating the risk premium? : The Alberta – well, there have been many decisions before the Alberta decision. If it's comparable earnings, yes, they rejected that approach. I'm not estimating a comparable earnings model. Q.C.:	15 16 17 18 19 20 21 22	Q. MR. COYNE:	not. That's the only place that I've experienced it. .C.: Well, it's pretty significant, though, don't you think, that it's a Canadian discussion, and excuse me, we're in Canada at a regulatory proceeding.
14 15 16 17 18 19 20 21 22 23	Q. MR. COYNE A.	As an approach to estimating the risk premium? The Alberta – well, there have been many decisions before the Alberta decision. If it's comparable earnings, yes, they rejected that approach. I'm not estimating a comparable earnings model. Q.C.: No, I don't believe this has anything to do	15 16 17 18 19 20 21 22 23	Q.	not. That's the only place that I've experienced it. .C.: Well, it's pretty significant, though, don't you think, that it's a Canadian discussion, and excuse me, we're in Canada at a regulatory proceeding. I understand – I've done a lot of work on
14 15 16 17 18 19 20 21 22	Q. MR. COYNE A. JOHNSON, O	As an approach to estimating the risk premium? : The Alberta – well, there have been many decisions before the Alberta decision. If it's comparable earnings, yes, they rejected that approach. I'm not estimating a comparable earnings model. Q.C.:	15 16 17 18 19 20 21 22	Q. MR. COYNE:	not. That's the only place that I've experienced it. .C.: Well, it's pretty significant, though, don't you think, that it's a Canadian discussion, and excuse me, we're in Canada at a regulatory proceeding.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15	analysis, I hope, serves that purpose, but if you use raw betas or if you use judgmental betas, I don't think you have much to really hang your hat on because you can't repeat that analysis from time to time. We're pulling these from Bloomberg or from Value Line or from Merrill Lynch, who always do it the way, and that way you have reliable numbers, and as the markets move, you can take market based information to form your analysis, as opposed to guessing what beta is from any one given period of time. It's well known that betas change as market circumstances change, and this allows you to estimate how the markets are	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15	able to see what we have here versus the Newfoundland Power evidence because it's impossible to flick back and forth. So, the JMC 8 of the Newfoundland Power evidence would be helpful as a guide. Mr. Coyne, I see in B.C., what we have up on the screen here, that we've got a risk free rate of 3.68 percent right on down through for the U.S. proxy group and the Canadian proxy group. MR. COYNE: A. Right. JOHNSON, Q.C.: Q. That's the Canadian risk free rate? MR. COYNE:
16	impacting required returns for all	16	A. Yes.
17	companies, let alone utilities.	17	JOHNSON, Q.C.:
18	JOHNSON, Q.C.:	18	Q. Okay. And do you have the –
19	Q. If we could turn up JMC-8, page 1, for a	19	MR. COYNE:
20	moment. That's where you have your betas.	20	A. I'm sorry, yes, it is.
21 22	Now we see that you report Bloomberg and Value Line betas for each of the proxy group	21 22	JOHNSON, Q.C.: Q. Yes, and do you have your JMC 5, Schedule 2
$\begin{vmatrix} 22\\23 \end{vmatrix}$	firms, but not what you would term "raw	$\begin{vmatrix} 22\\23 \end{vmatrix}$	Q. Yes, and do you have your JMC 5, Schedule 2 up with you, or one second now, it would be
$23 \\ 24$	betas", is that right?	24	JMC 8 of your Newfoundland Power evidence.
25	-	25	MR. COYNE:
	Page 198		Page 200
1	A. Yes, these are the standard betas we pull	1	A. Yes, I see that.
2	from those sources.	2	JOHNSON, Q.C.:
3	JOHNSON, Q.C.:	3	Q. Do you notice anything different about risk
4	Q. And the raw betas would be simply the	4	free rate?
5	unadjusted betas?	5	MR. COYNE:
6	MR. COYNE:	6	A. Yeah, it seems like in that case, the
7	A. Yes. JOHNSON, Q.C.:	7	Canadian one is being use with the U.S.
8	Q. Could we just pull up CA-NP-152, and at page	9	group, whereas I typically use the U.S. with the U.S. and the Canadian with the Canadian
10	240 of 247. This is your JMC-5, Schedule 2,	10	one. That was in this alternative
11	that you filed in the BC proceeding.	11	analysis, let me just check my primary
12	MR. COYNE:	12	analysis. No, I recorded them both on that
12 13	MR. COYNE: A. I think I have it here. On which page?		
		12	analysis. No, I recorded them both on that same sheet, yeah. JOHNSON, Q.C.:
13	A. I think I have it here. On which page?JOHNSON, Q.C.:Q. It's 240 of 247. This is what you would	12 13	analysis. No, I recorded them both on that same sheet, yeah. JOHNSON, Q.C.: Q. I wonder would we be—in Newfoundland Power's
13 14 15 16	 A. I think I have it here. On which page? JOHNSON, Q.C.: Q. It's 240 of 247. This is what you would have filed in B.C. a couple of weeks prior 	12 13 14 15 16	analysis. No, I recorded them both on that same sheet, yeah. JOHNSON, Q.C.: Q. I wonder would we be—in Newfoundland Power's case, why would we be using an American risk
13 14 15 16 17	 A. I think I have it here. On which page? JOHNSON, Q.C.: Q. It's 240 of 247. This is what you would have filed in B.C. a couple of weeks prior to the Newfoundland Power's case. 	12 13 14 15 16 17	analysis. No, I recorded them both on that same sheet, yeah. JOHNSON, Q.C.: Q. I wonder would we be—in Newfoundland Power's case, why would we be using an American risk free rate in the capital asset pricing
13 14 15 16 17 18	A. I think I have it here. On which page? JOHNSON, Q.C.: Q. It's 240 of 247. This is what you would have filed in B.C. a couple of weeks prior to the Newfoundland Power's case. MR. COYNE:	12 13 14 15 16 17 18	analysis. No, I recorded them both on that same sheet, yeah. JOHNSON, Q.C.: Q. I wonder would we be—in Newfoundland Power's case, why would we be using an American risk free rate in the capital asset pricing model. We should be using the Canadian risk
13 14 15 16 17 18 19	A. I think I have it here. On which page? JOHNSON, Q.C.: Q. It's 240 of 247. This is what you would have filed in B.C. a couple of weeks prior to the Newfoundland Power's case. MR. COYNE: A. Yes, I see it.	12 13 14 15 16 17 18 19	analysis. No, I recorded them both on that same sheet, yeah. JOHNSON, Q.C.: Q. I wonder would we be—in Newfoundland Power's case, why would we be using an American risk free rate in the capital asset pricing model. We should be using the Canadian risk free rate.
13 14 15 16 17 18 19 20	A. I think I have it here. On which page? JOHNSON, Q.C.: Q. It's 240 of 247. This is what you would have filed in B.C. a couple of weeks prior to the Newfoundland Power's case. MR. COYNE: A. Yes, I see it. JOHNSON, Q.C.:	12 13 14 15 16 17 18 19 20	analysis. No, I recorded them both on that same sheet, yeah. JOHNSON, Q.C.: Q. I wonder would we be—in Newfoundland Power's case, why would we be using an American risk free rate in the capital asset pricing model. We should be using the Canadian risk free rate. MR. COYNE:
13 14 15 16 17 18 19 20 21	 A. I think I have it here. On which page? JOHNSON, Q.C.: Q. It's 240 of 247. This is what you would have filed in B.C. a couple of weeks prior to the Newfoundland Power's case. MR. COYNE: A. Yes, I see it. JOHNSON, Q.C.: Q. Okay. At this point, if we could keep that 	12 13 14 15 16 17 18 19 20 21	analysis. No, I recorded them both on that same sheet, yeah. JOHNSON, Q.C.: Q. I wonder would we be—in Newfoundland Power's case, why would we be using an American risk free rate in the capital asset pricing model. We should be using the Canadian risk free rate. MR. COYNE: A. No, I typically apply the risk free rate
13 14 15 16 17 18 19 20 21 22	A.I think I have it here. On which page?JOHNSON, Q.C.:Q.Q.It's 240 of 247. This is what you would have filed in B.C. a couple of weeks prior to the Newfoundland Power's case.MR. COYNE:A.Yes, I see it.JOHNSON, Q.C.:Q.Q.Okay. At this point, if we could keep that on the screen, for anybody who has a paper	12 13 14 15 16 17 18 19 20 21 22	analysis. No, I recorded them both on that same sheet, yeah. JOHNSON, Q.C.: Q. I wonder would we be—in Newfoundland Power's case, why would we be using an American risk free rate in the capital asset pricing model. We should be using the Canadian risk free rate. MR. COYNE: A. No, I typically apply the risk free rate that's appropriate for the country that I'm
13 14 15 16 17 18 19 20 21	 A. I think I have it here. On which page? JOHNSON, Q.C.: Q. It's 240 of 247. This is what you would have filed in B.C. a couple of weeks prior to the Newfoundland Power's case. MR. COYNE: A. Yes, I see it. JOHNSON, Q.C.: Q. Okay. At this point, if we could keep that 	12 13 14 15 16 17 18 19 20 21 22 23	analysis. No, I recorded them both on that same sheet, yeah. JOHNSON, Q.C.: Q. I wonder would we be—in Newfoundland Power's case, why would we be using an American risk free rate in the capital asset pricing model. We should be using the Canadian risk free rate. MR. COYNE: A. No, I typically apply the risk free rate that's appropriate for the country that I'm deriving the proxy group from and I don't
13 14 15 16 17 18 19 20 21 22 23	 A. I think I have it here. On which page? JOHNSON, Q.C.: Q. It's 240 of 247. This is what you would have filed in B.C. a couple of weeks prior to the Newfoundland Power's case. MR. COYNE: A. Yes, I see it. JOHNSON, Q.C.: Q. Okay. At this point, if we could keep that on the screen, for anybody who has a paper copy of Mr. Coyne's exhibit in the 	12 13 14 15 16 17 18 19 20 21 22 23	analysis. No, I recorded them both on that same sheet, yeah. JOHNSON, Q.C.: Q. I wonder would we be—in Newfoundland Power's case, why would we be using an American risk free rate in the capital asset pricing model. We should be using the Canadian risk free rate. MR. COYNE: A. No, I typically apply the risk free rate that's appropriate for the country that I'm

Page 197

April 5, 2016

NL Power GRA 2016

Page 199

Apri	15, 2016		-		NL Power GRA 2016
		Page 201			Page 203
1		it should have been the same as used here	1	MR. COYNE:	
2		and that is the 4.29. I think that was an	2	А.	So, I'm deriving U.S. data for the U.S.
3		oversight on my part.	3		companies, U.S./Canadian Data for the
4	JOHNSON, Q	9.C.:	4		Canadian companies. Where I mix them is in
5	Q.	Did you prepare this, Mr. Coyne, in both	5		terms of the market equity risk premium
6		B.C. and Newfoundland?	6		which I am amalgamating to create one. So,
7	MR. COYNE:		7		that's the common entry across both of the
8	А.	Well, I have analysts that help me prepare	8		CAPMs. But the risk free rates I typically
9		these and I oversee them, yes.	9		hold separately.
10	JOHNSON, Q	•	10	JOHNSON, Q	
11	Q.	What were –	11	Q.	And are you familiar with or do you know of
12	MR. COYNE:		12		any Canadian regulator that has accepted the
13	А.	My greater concern right now is why I didn't	13		use of an American risk free rate in a CAPM
14		have the U.S. numbers in there for B.C. as I	14		analysis in Canada?
15		did here. That may have been an oversight.	15	MR. COYNE:	TI 4 (4) ' 4 4 4 (
16	JOHNSON, Q	•	16	А.	I know that this is the way that we
17	Q.	Just to confirm for the record that your	17		typically present risk free rates and this
18		evidence would be that it's appropriate to use an American interest rate here in	18		is for the CAPM model. When I use the DCF
19 20		Canada?	19 20	JOHNSON, Q	model, of course, you don't need to do this. C
$\begin{vmatrix} 20 \\ 21 \end{vmatrix}$	MR. COYNE:		20	Q.	Well, that's not what I asked you.
$ ^{21}_{22}$	A.	The risk free rate that I use for the U.S.	$\frac{21}{22}$	MR. COYNE:	wen, that s not what I asked you.
$\begin{vmatrix} 22\\23 \end{vmatrix}$	л.	proxy sample is the U.S. risk free rate and	22	A.	Yes.
$\frac{23}{24}$		I do the same for the Canadian sample.	23	JOHNSON, Q	
25	JOHNSON, Q	*	25	Q.	Answer my question, please.
	von (2011), Q	Page 202		X ·	Page 204
1	Q.	But you're applying it to a firm in Canada.	1	MR. COYNE	C C
$\begin{vmatrix} 1\\2 \end{vmatrix}$	MR. COYNE:		2	A.	My experience in Canada is usually that the
$\begin{vmatrix} 2\\ 3 \end{vmatrix}$	A.	That's correct.	$\begin{vmatrix} 2\\ 3 \end{vmatrix}$	11.	Board looks at evidence from a variety of
4	JOHNSON, Q		4		different experts pertaining to the risk
5	Q.	And that's fine?	5		free rate and then they determine on the sum
6	MR. COYNE:		6		body of that evidence what that risk free
7	A.	As we talked about it, it's the risk free	7		rate should be.
8		rate, remember we talked about the credit	8	JOHNSON, Q	
9		spreads being bigger in Canada than they are	9	Q.	Is that a long and about way of saying that
10		in the U.S. and this is in the capita model,	10		you're not aware of any Canadian board that
11		right. That's the risk free portion of the	11		has ever accepted this type of approach?
12		rate. We're trying to get at the equity	12	MR. COYNE	
13		return.	13	А.	I've presented it this way in every case.
14	JOHNSON, Q	0.C.:	14		We use—we keep it separate.
15	Q.	But how can we have two risk free rates in	15	JOHNSON, Q	.C.:
16		Canada?	16	Q.	Well, you don't do it every case; you didn't
17	MR. COYNE:		17		present it like it in B.C
18	А.	We don't have two risk free rates. We have	18	MR. COYNE	
19		a risk free rate for the U.S. proxy group	19	А.	Well, a bit of an oversight in that
20		and we have another one for the Canadian	20		particular case for that group.
21		proxy group which match the market equity,	21	JOHNSON, Q	
22		risk premium that I've used that marks the	22	Q.	So, if an American board was considering
23	IOIDIGON O	betas that I've used for these companies.	23		evidence of a Canadian utilities return,
24	JOHNSON, Q	•	24		let's say that they looked North, would you
25	Q.	Did you just say – Discoveries Unlimite	25		expect them to use a Canadian risk free rate

	Page 205		Page 207
1	in their analysis?	1	encourage people from outside of the Avalon
2	MR. COYNE:	2	to come to those hearings. I feel
3	A. It wouldn't be necessary because there they	3	surrounded by townies and mainlanders here
4	have the capital market information that	4	today. I know the Telegram, for example, is
5	they need to derive from a U.S. sample. So,	5	discontinued in our area; we don't even get
6	I'm not aware of a U.S. regulator that	6	it anymore. That happened recently. So,
7	requires or asks for U.S. samples in order	7	maybe the Board should consider, like maybe,
8	to do so. You could rely on strictly the	8	contacting large municipalities like
9	Canadian CAPM model that I presented to this	9	Clarenville, Gander and Grand Falls and some
10	Board for that purpose. I try to keep them	10	of those and give them a heads up that these
11	separate so I have a Canadian risk free	11	hearings are going ahead and suggest that
12	rate, Canadian betas and the appropriate	12	maybe half a dozen could have their way
13	market equity risk premium. So, I like to	13	paid, say, a night at a hotel and meals
14	keep them separate and then I like to	14	because otherwise they're just not going to
15	present the entirety of the results for the	15	come here and spend their own dime and
16	U.S. sample and the Canadian sample; in this	16	travel several hundreds of miles and so on,
17	case, the North American sample.	17	right. So, that's just a suggestion that
18	JOHNSON, Q.C.:	18	maybe in the future it would be more of a
19	Q. So this makes sense to you?	19	balanced approach; you'd get more
$\frac{1}{20}$	MR. COYNE:	20	Newfoundlanders from across the Province
$\begin{vmatrix} 20\\ 21 \end{vmatrix}$	A. Yes.	20	participating in hearings like this.
$\begin{vmatrix} 21\\22 \end{vmatrix}$	JOHNSON, Q.C.:	21	As I say, we were on our way to
$\begin{vmatrix} 22\\23 \end{vmatrix}$	Q. Okay. I've got nothing further for today if	22	Florida and I got this enclosure with our
23	you want to get Mr. Burry underway.	23	light and I was very interested and I think
24	CHAIRMAN:	24	more should be done here in this province.
23		23	*
			Dama 200
	Page 206	1	Page 208
1	Q. Okay, we'll just take a few minutes.	1	I know you go to a Kent's store one day or
2	Q. Okay, we'll just take a few minutes. (1:15 P.M BREAK)	1 2 2	I know you go to a Kent's store one day or you go to Walmart the next day and
2 3	Q. Okay, we'll just take a few minutes. (1:15 P.M BREAK) (1:20 P.M RESUME)	3	I know you go to a Kent's store one day or you go to Walmart the next day and Newfoundland Power with Newfoundland Hydro
2 3 4	Q. Okay, we'll just take a few minutes. (1:15 P.M BREAK) (1:20 P.M RESUME) CHAIRMAN:		I know you go to a Kent's store one day or you go to Walmart the next day and Newfoundland Power with Newfoundland Hydro has a special on a certain LED bulb and you
2 3 4 5	Q. Okay, we'll just take a few minutes. (1:15 P.M BREAK) (1:20 P.M RESUME) CHAIRMAN: Q. Okay, Mr. Burry, there's no need to swear	3 4 5	I know you go to a Kent's store one day or you go to Walmart the next day and Newfoundland Power with Newfoundland Hydro has a special on a certain LED bulb and you go and the next week and it's gone; every
2 3 4 5 6	Q. Okay, we'll just take a few minutes. (1:15 P.M BREAK) (1:20 P.M RESUME) CHAIRMAN: Q. Okay, Mr. Burry, there's no need to swear you in, sir, this is not a—in the nature of	3 4 5 6	I know you go to a Kent's store one day or you go to Walmart the next day and Newfoundland Power with Newfoundland Hydro has a special on a certain LED bulb and you go and the next week and it's gone; every move—they've got it gone to a different—so,
2 3 4 5 6 7	 Q. Okay, we'll just take a few minutes. (1:15 P.M BREAK) (1:20 P.M RESUME) CHAIRMAN: Q. Okay, Mr. Burry, there's no need to swear you in, sir, this is not a—in the nature of evidence. So, I guess we'll turn the 	3 4 5 6 7	I know you go to a Kent's store one day or you go to Walmart the next day and Newfoundland Power with Newfoundland Hydro has a special on a certain LED bulb and you go and the next week and it's gone; every move—they've got it gone to a different—so, it's very spotty what's done here in terms
2 3 4 5 6 7 8	 Q. Okay, we'll just take a few minutes. (1:15 P.M BREAK) (1:20 P.M RESUME) CHAIRMAN: Q. Okay, Mr. Burry, there's no need to swear you in, sir, this is not a—in the nature of evidence. So, I guess we'll turn the proceedings over to you. 	3 4 5 6 7 8	I know you go to a Kent's store one day or you go to Walmart the next day and Newfoundland Power with Newfoundland Hydro has a special on a certain LED bulb and you go and the next week and it's gone; every move—they've got it gone to a different—so, it's very spotty what's done here in terms of improvements that way. Because with the
2 3 4 5 6 7 8 9	Q. Okay, we'll just take a few minutes. (1:15 P.M BREAK) (1:20 P.M RESUME) CHAIRMAN: Q. Okay, Mr. Burry, there's no need to swear you in, sir, this is not a—in the nature of evidence. So, I guess we'll turn the proceedings over to you. MR. BURRY:	3 4 5 6 7 8 9	I know you go to a Kent's store one day or you go to Walmart the next day and Newfoundland Power with Newfoundland Hydro has a special on a certain LED bulb and you go and the next week and it's gone; every move—they've got it gone to a different—so, it's very spotty what's done here in terms of improvements that way. Because with the rates going up and up all the time and, of
2 3 4 5 6 7 8 9 10	Q. Okay, we'll just take a few minutes. (1:15 P.M BREAK) (1:20 P.M RESUME) CHAIRMAN: Q. Okay, Mr. Burry, there's no need to swear you in, sir, this is not a—in the nature of evidence. So, I guess we'll turn the proceedings over to you. MR. BURRY: Q. Good afternoon, my name is Terry Burry and	3 4 5 6 7 8 9 10	I know you go to a Kent's store one day or you go to Walmart the next day and Newfoundland Power with Newfoundland Hydro has a special on a certain LED bulb and you go and the next week and it's gone; every move—they've got it gone to a different—so, it's very spotty what's done here in terms of improvements that way. Because with the rates going up and up all the time and, of course, this 2.5 is only going to be like a
2 3 4 5 6 7 8 9 10 11	 Q. Okay, we'll just take a few minutes. (1:15 P.M BREAK) (1:20 P.M RESUME) CHAIRMAN: Q. Okay, Mr. Burry, there's no need to swear you in, sir, this is not a—in the nature of evidence. So, I guess we'll turn the proceedings over to you. MR. BURRY: Q. Good afternoon, my name is Terry Burry and I'm from Glovertown out in Central 	3 4 5 6 7 8 9 10 11	I know you go to a Kent's store one day or you go to Walmart the next day and Newfoundland Power with Newfoundland Hydro has a special on a certain LED bulb and you go and the next week and it's gone; every move—they've got it gone to a different—so, it's very spotty what's done here in terms of improvements that way. Because with the rates going up and up all the time and, of course, this 2.5 is only going to be like a mini stroke when we get to the Muskrat Falls
2 3 4 5 6 7 8 9 10 11 12	 Q. Okay, we'll just take a few minutes. (1:15 P.M BREAK) (1:20 P.M RESUME) CHAIRMAN: Q. Okay, Mr. Burry, there's no need to swear you in, sir, this is not a—in the nature of evidence. So, I guess we'll turn the proceedings over to you. MR. BURRY: Q. Good afternoon, my name is Terry Burry and I'm from Glovertown out in Central Newfoundland. First of all I'd like to 	3 4 5 6 7 8 9 10 11 12	I know you go to a Kent's store one day or you go to Walmart the next day and Newfoundland Power with Newfoundland Hydro has a special on a certain LED bulb and you go and the next week and it's gone; every move—they've got it gone to a different—so, it's very spotty what's done here in terms of improvements that way. Because with the rates going up and up all the time and, of course, this 2.5 is only going to be like a mini stroke when we get to the Muskrat Falls later on. So, we have to be conscious of
2 3 4 5 6 7 8 9 10 11 12 13	 Q. Okay, we'll just take a few minutes. (1:15 P.M BREAK) (1:20 P.M RESUME) CHAIRMAN: Q. Okay, Mr. Burry, there's no need to swear you in, sir, this is not a—in the nature of evidence. So, I guess we'll turn the proceedings over to you. MR. BURRY: Q. Good afternoon, my name is Terry Burry and I'm from Glovertown out in Central Newfoundland. First of all I'd like to apologize for the short notice that I gave 	3 4 5 6 7 8 9 10 11 12 13	I know you go to a Kent's store one day or you go to Walmart the next day and Newfoundland Power with Newfoundland Hydro has a special on a certain LED bulb and you go and the next week and it's gone; every move—they've got it gone to a different—so, it's very spotty what's done here in terms of improvements that way. Because with the rates going up and up all the time and, of course, this 2.5 is only going to be like a mini stroke when we get to the Muskrat Falls later on. So, we have to be conscious of our consumption because the rates are going
2 3 4 5 6 7 8 9 10 11 12 13 14	 Q. Okay, we'll just take a few minutes. (1:15 P.M BREAK) (1:20 P.M RESUME) CHAIRMAN: Q. Okay, Mr. Burry, there's no need to swear you in, sir, this is not a—in the nature of evidence. So, I guess we'll turn the proceedings over to you. MR. BURRY: Q. Good afternoon, my name is Terry Burry and I'm from Glovertown out in Central Newfoundland. First of all I'd like to apologize for the short notice that I gave the Board for this hearing. What sort of 	3 4 5 6 7 8 9 10 11 12 13 14	I know you go to a Kent's store one day or you go to Walmart the next day and Newfoundland Power with Newfoundland Hydro has a special on a certain LED bulb and you go and the next week and it's gone; every move—they've got it gone to a different—so, it's very spotty what's done here in terms of improvements that way. Because with the rates going up and up all the time and, of course, this 2.5 is only going to be like a mini stroke when we get to the Muskrat Falls later on. So, we have to be conscious of our consumption because the rates are going to go up anyway. That's inevitable, it
2 3 4 5 6 7 8 9 10 11 12 13 14 15	 Q. Okay, we'll just take a few minutes. (1:15 P.M BREAK) (1:20 P.M RESUME) CHAIRMAN: Q. Okay, Mr. Burry, there's no need to swear you in, sir, this is not a—in the nature of evidence. So, I guess we'll turn the proceedings over to you. MR. BURRY: Q. Good afternoon, my name is Terry Burry and I'm from Glovertown out in Central Newfoundland. First of all I'd like to apologize for the short notice that I gave the Board for this hearing. What sort of triggered my interest is when I saw Mr. 	3 4 5 6 7 8 9 10 11 12 13 14 15	I know you go to a Kent's store one day or you go to Walmart the next day and Newfoundland Power with Newfoundland Hydro has a special on a certain LED bulb and you go and the next week and it's gone; every move—they've got it gone to a different—so, it's very spotty what's done here in terms of improvements that way. Because with the rates going up and up all the time and, of course, this 2.5 is only going to be like a mini stroke when we get to the Muskrat Falls later on. So, we have to be conscious of our consumption because the rates are going to go up anyway. That's inevitable, it seems to me, right. So, as I say, Duke
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	 Q. Okay, we'll just take a few minutes. (1:15 P.M BREAK) (1:20 P.M RESUME) CHAIRMAN: Q. Okay, Mr. Burry, there's no need to swear you in, sir, this is not a—in the nature of evidence. So, I guess we'll turn the proceedings over to you. MR. BURRY: Q. Good afternoon, my name is Terry Burry and I'm from Glovertown out in Central Newfoundland. First of all I'd like to apologize for the short notice that I gave the Board for this hearing. What sort of triggered my interest is when I saw Mr. Johnson on NTV last week doing a little 	3 4 5 6 7 8 9 10 11 12 13 14 15 16	I know you go to a Kent's store one day or you go to Walmart the next day and Newfoundland Power with Newfoundland Hydro has a special on a certain LED bulb and you go and the next week and it's gone; every move—they've got it gone to a different—so, it's very spotty what's done here in terms of improvements that way. Because with the rates going up and up all the time and, of course, this 2.5 is only going to be like a mini stroke when we get to the Muskrat Falls later on. So, we have to be conscious of our consumption because the rates are going to go up anyway. That's inevitable, it seems to me, right. So, as I say, Duke Energy, they have \$150.00 back on attic
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	 Q. Okay, we'll just take a few minutes. (1:15 P.M BREAK) (1:20 P.M RESUME) CHAIRMAN: Q. Okay, Mr. Burry, there's no need to swear you in, sir, this is not a—in the nature of evidence. So, I guess we'll turn the proceedings over to you. MR. BURRY: Q. Good afternoon, my name is Terry Burry and I'm from Glovertown out in Central Newfoundland. First of all I'd like to apologize for the short notice that I gave the Board for this hearing. What sort of triggered my interest is when I saw Mr. Johnson on NTV last week doing a little piece, a blip on this hearing. And we were 	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	I know you go to a Kent's store one day or you go to Walmart the next day and Newfoundland Power with Newfoundland Hydro has a special on a certain LED bulb and you go and the next week and it's gone; every move—they've got it gone to a different—so, it's very spotty what's done here in terms of improvements that way. Because with the rates going up and up all the time and, of course, this 2.5 is only going to be like a mini stroke when we get to the Muskrat Falls later on. So, we have to be conscious of our consumption because the rates are going to go up anyway. That's inevitable, it seems to me, right. So, as I say, Duke Energy, they have \$150.00 back on attic insulation; \$200.00 back on upgrades to
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	 Q. Okay, we'll just take a few minutes. (1:15 P.M BREAK) (1:20 P.M RESUME) CHAIRMAN: Q. Okay, Mr. Burry, there's no need to swear you in, sir, this is not a—in the nature of evidence. So, I guess we'll turn the proceedings over to you. MR. BURRY: Q. Good afternoon, my name is Terry Burry and I'm from Glovertown out in Central Newfoundland. First of all I'd like to apologize for the short notice that I gave the Board for this hearing. What sort of triggered my interest is when I saw Mr. Johnson on NTV last week doing a little piece, a blip on this hearing. And we were on our way to Florida and also in my light 	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	I know you go to a Kent's store one day or you go to Walmart the next day and Newfoundland Power with Newfoundland Hydro has a special on a certain LED bulb and you go and the next week and it's gone; every move—they've got it gone to a different—so, it's very spotty what's done here in terms of improvements that way. Because with the rates going up and up all the time and, of course, this 2.5 is only going to be like a mini stroke when we get to the Muskrat Falls later on. So, we have to be conscious of our consumption because the rates are going to go up anyway. That's inevitable, it seems to me, right. So, as I say, Duke Energy, they have \$150.00 back on attic insulation; \$200.00 back on upgrades to windows; heat pump, \$800.00 back; efficiency
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	 Q. Okay, we'll just take a few minutes. (1:15 P.M BREAK) (1:20 P.M RESUME) CHAIRMAN: Q. Okay, Mr. Burry, there's no need to swear you in, sir, this is not a—in the nature of evidence. So, I guess we'll turn the proceedings over to you. MR. BURRY: Q. Good afternoon, my name is Terry Burry and I'm from Glovertown out in Central Newfoundland. First of all I'd like to apologize for the short notice that I gave the Board for this hearing. What sort of triggered my interest is when I saw Mr. Johnson on NTV last week doing a little piece, a blip on this hearing. And we were on our way to Florida and also in my light bill with Duke Energy there was some 	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	I know you go to a Kent's store one day or you go to Walmart the next day and Newfoundland Power with Newfoundland Hydro has a special on a certain LED bulb and you go and the next week and it's gone; every move—they've got it gone to a different—so, it's very spotty what's done here in terms of improvements that way. Because with the rates going up and up all the time and, of course, this 2.5 is only going to be like a mini stroke when we get to the Muskrat Falls later on. So, we have to be conscious of our consumption because the rates are going to go up anyway. That's inevitable, it seems to me, right. So, as I say, Duke Energy, they have \$150.00 back on attic insulation; \$200.00 back on upgrades to windows; heat pump, \$800.00 back; efficiency in windows, I think, is \$400.00 and so on.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	 Q. Okay, we'll just take a few minutes. (1:15 P.M BREAK) (1:20 P.M RESUME) CHAIRMAN: Q. Okay, Mr. Burry, there's no need to swear you in, sir, this is not a—in the nature of evidence. So, I guess we'll turn the proceedings over to you. MR. BURRY: Q. Good afternoon, my name is Terry Burry and I'm from Glovertown out in Central Newfoundland. First of all I'd like to apologize for the short notice that I gave the Board for this hearing. What sort of triggered my interest is when I saw Mr. Johnson on NTV last week doing a little piece, a blip on this hearing. And we were on our way to Florida and also in my light bill with Duke Energy there was some information about getting your home free 	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	I know you go to a Kent's store one day or you go to Walmart the next day and Newfoundland Power with Newfoundland Hydro has a special on a certain LED bulb and you go and the next week and it's gone; every move—they've got it gone to a different—so, it's very spotty what's done here in terms of improvements that way. Because with the rates going up and up all the time and, of course, this 2.5 is only going to be like a mini stroke when we get to the Muskrat Falls later on. So, we have to be conscious of our consumption because the rates are going to go up anyway. That's inevitable, it seems to me, right. So, as I say, Duke Energy, they have \$150.00 back on attic insulation; \$200.00 back on upgrades to windows; heat pump, \$800.00 back; efficiency in windows, I think, is \$400.00 and so on. On March 24 I attended the Nalcor AGM and I
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	 Q. Okay, we'll just take a few minutes. (1:15 P.M BREAK) (1:20 P.M RESUME) CHAIRMAN: Q. Okay, Mr. Burry, there's no need to swear you in, sir, this is not a—in the nature of evidence. So, I guess we'll turn the proceedings over to you. MR. BURRY: Q. Good afternoon, my name is Terry Burry and I'm from Glovertown out in Central Newfoundland. First of all I'd like to apologize for the short notice that I gave the Board for this hearing. What sort of triggered my interest is when I saw Mr. Johnson on NTV last week doing a little piece, a blip on this hearing. And we were on our way to Florida and also in my light bill with Duke Energy there was some information about getting your home free evaluation done, a list of improvements and 	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	I know you go to a Kent's store one day or you go to Walmart the next day and Newfoundland Power with Newfoundland Hydro has a special on a certain LED bulb and you go and the next week and it's gone; every move—they've got it gone to a different—so, it's very spotty what's done here in terms of improvements that way. Because with the rates going up and up all the time and, of course, this 2.5 is only going to be like a mini stroke when we get to the Muskrat Falls later on. So, we have to be conscious of our consumption because the rates are going to go up anyway. That's inevitable, it seems to me, right. So, as I say, Duke Energy, they have \$150.00 back on attic insulation; \$200.00 back on upgrades to windows; heat pump, \$800.00 back; efficiency in windows, I think, is \$400.00 and so on. On March 24 I attended the Nalcor AGM and I asked three questions of Mr. Martin, the CEO
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	 Q. Okay, we'll just take a few minutes. (1:15 P.M BREAK) (1:20 P.M RESUME) CHAIRMAN: Q. Okay, Mr. Burry, there's no need to swear you in, sir, this is not a—in the nature of evidence. So, I guess we'll turn the proceedings over to you. MR. BURRY: Q. Good afternoon, my name is Terry Burry and I'm from Glovertown out in Central Newfoundland. First of all I'd like to apologize for the short notice that I gave the Board for this hearing. What sort of triggered my interest is when I saw Mr. Johnson on NTV last week doing a little piece, a blip on this hearing. And we were on our way to Florida and also in my light bill with Duke Energy there was some information about getting your home free evaluation done, a list of improvements and efficiencies and all that. So that kind of 	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	I know you go to a Kent's store one day or you go to Walmart the next day and Newfoundland Power with Newfoundland Hydro has a special on a certain LED bulb and you go and the next week and it's gone; every move—they've got it gone to a different—so, it's very spotty what's done here in terms of improvements that way. Because with the rates going up and up all the time and, of course, this 2.5 is only going to be like a mini stroke when we get to the Muskrat Falls later on. So, we have to be conscious of our consumption because the rates are going to go up anyway. That's inevitable, it seems to me, right. So, as I say, Duke Energy, they have \$150.00 back on attic insulation; \$200.00 back on upgrades to windows; heat pump, \$800.00 back; efficiency in windows, I think, is \$400.00 and so on. On March 24 I attended the Nalcor AGM and I asked three questions of Mr. Martin, the CEO and never got any straight answers, because
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	 Q. Okay, we'll just take a few minutes. (1:15 P.M BREAK) (1:20 P.M RESUME) CHAIRMAN: Q. Okay, Mr. Burry, there's no need to swear you in, sir, this is not a—in the nature of evidence. So, I guess we'll turn the proceedings over to you. MR. BURRY: Q. Good afternoon, my name is Terry Burry and I'm from Glovertown out in Central Newfoundland. First of all I'd like to apologize for the short notice that I gave the Board for this hearing. What sort of triggered my interest is when I saw Mr. Johnson on NTV last week doing a little piece, a blip on this hearing. And we were on our way to Florida and also in my light bill with Duke Energy there was some information about getting your home free evaluation done, a list of improvements and efficiencies and all that. So that kind of sparked my interest to come here today, 	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	I know you go to a Kent's store one day or you go to Walmart the next day and Newfoundland Power with Newfoundland Hydro has a special on a certain LED bulb and you go and the next week and it's gone; every move—they've got it gone to a different—so, it's very spotty what's done here in terms of improvements that way. Because with the rates going up and up all the time and, of course, this 2.5 is only going to be like a mini stroke when we get to the Muskrat Falls later on. So, we have to be conscious of our consumption because the rates are going to go up anyway. That's inevitable, it seems to me, right. So, as I say, Duke Energy, they have \$150.00 back on attic insulation; \$200.00 back on upgrades to windows; heat pump, \$800.00 back; efficiency in windows, I think, is \$400.00 and so on. On March 24 I attended the Nalcor AGM and I asked three questions of Mr. Martin, the CEO and never got any straight answers, because we know this is around the corner, Muskrat
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	 Q. Okay, we'll just take a few minutes. (1:15 P.M BREAK) (1:20 P.M RESUME) CHAIRMAN: Q. Okay, Mr. Burry, there's no need to swear you in, sir, this is not a—in the nature of evidence. So, I guess we'll turn the proceedings over to you. MR. BURRY: Q. Good afternoon, my name is Terry Burry and I'm from Glovertown out in Central Newfoundland. First of all I'd like to apologize for the short notice that I gave the Board for this hearing. What sort of triggered my interest is when I saw Mr. Johnson on NTV last week doing a little piece, a blip on this hearing. And we were on our way to Florida and also in my light bill with Duke Energy there was some information about getting your home free evaluation done, a list of improvements and efficiencies and all that. So that kind of 	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	I know you go to a Kent's store one day or you go to Walmart the next day and Newfoundland Power with Newfoundland Hydro has a special on a certain LED bulb and you go and the next week and it's gone; every move—they've got it gone to a different—so, it's very spotty what's done here in terms of improvements that way. Because with the rates going up and up all the time and, of course, this 2.5 is only going to be like a mini stroke when we get to the Muskrat Falls later on. So, we have to be conscious of our consumption because the rates are going to go up anyway. That's inevitable, it seems to me, right. So, as I say, Duke Energy, they have \$150.00 back on attic insulation; \$200.00 back on upgrades to windows; heat pump, \$800.00 back; efficiency in windows, I think, is \$400.00 and so on. On March 24 I attended the Nalcor AGM and I asked three questions of Mr. Martin, the CEO and never got any straight answers, because

April 5, 2010			NL FOWEI UKA 2010
	Page 209		Page 211
1	much in nominal dollars to build as the	1	wind turbine, solar panels, small hydro,
2	Upper Churchill. If you do the math with	2	mass bio-generators and so on. And, of
3	1/6 of the power produced at Muskrat Falls,	3	course, requires, I understand, a bio-
4	you're talking about 60 times more higher	4	directional meter such that in July maybe
5	costs than the Upper Churchill. Even if you	5	you can send some power back to the grid.
6	convert that to 1970 dollars, it's still	6	And maybe at the end of the year your light
7	going to be over 550 percent more for that	7	bill would be—the net light bill would
8	project. So, this 2.5, what we're dealing	8	probably be 10, 15, 20 percent lower than it
9	with today is only going to be very minor on	9	would be without that bio-directional meter.
10	the scale. And also, you know, I'm	10	So, basically my recommendation is, here
11	concerned about the Muskrat Falls 825	11	today, is that any increases granted to
12	megawatts at Riverside, minus 20 percent to	12	Newfoundland Power be tied to a beefed up
13	Nova Scotia, minus 450 megawatt offline to	12	rebate program on home improvements for
14	replace Holyrood, minus the line loss, I	14	energy efficiency and an attractable subsidy
15	think it's about 10 percent on that 1200	15	to the home owner such that it would
	kilometre transmission line into Soldier's	15	
16			encourage the homeowner to go out and buy
17	Pond. So, I'm thinking that maybe Muskrat	17	more LED lights, to probably consider to put
18	Falls is going to be less than 100 megawatts	18	a heat pump in, maybe to put extra
19	that's going to be available by the time you	19	insulation in the attic and that sort of
20	get the take home pay cheque out of it. And	20	thing. There has to be an incentive large
21	also a recent report came out that this	21	enough for the home owner to get them on
22	winter 67 percent more expensive to heat	22	board and do those things. I understand
23	your home with electricity than with furnace	23	there's been some spotty things done over
24	oil. So, now what does that say, if you go	24	the last few years, but not near enough.
25	ahead five or ten years from now, in terms	25	And the last one is the net metering.
	Page 210		Page 212
1	of—with the rate increases that's going to	1	Before any more rates are, increases are
2	be given today or when this hearing	2	granted in rates more needs to be done in
3	concludes and with Muskrat Falls coming on	3	terms of the net metering program because I
4	stream?	4	think we're stuck with the rates going up,
5	The third item I wanted to talk about	5	pretty much. So, the only way to get our
6	is the net metering. I understand that the	6	light bill lower, I think, is through a
7	Newfoundland government back in 2014, they	7	lower consumption. Anyway, sorry, I never
8	did some kind of a study on net metering	8	had more to present because I only found out
9	through a company in Toronto called	9	about it a few days ago. If I had more
10	Navigate, I think it was called. Now, I	10	time, I would have probably have more to say
11	understand as well that Ontario, B.C., Nova	11	on those topics, but that's about all I got
12	Scotia, New Brunswick, other provinces allow	12	to say for today. If there's any questions,
13	for net metering and has been doing so for	13	you can ask me questions.
14	some time. Now, last year I think the then	14	CHAIRMAN:
15	zenie unie, nen, met jeur i uning the them		
16	minister of Natural Resources announced a	רון	() Does anybody in the Applicant or the
1 1 1	minister of Natural Resources announced a new net metering policy framework but I'm	15 16	Q. Does anybody in the Applicant or the Intervenor have any –
	new net metering policy framework, but I'm	16	Intervenor have any –
17	new net metering policy framework, but I'm not sure where that's to now; if that's	16 17	Intervenor have any – JOHNSON, Q.C.:
17 18	new net metering policy framework, but I'm not sure where that's to now; if that's stuck somewhere, unless they had it from	16 17 18	Intervenor have any – JOHNSON, Q.C.: Q. No questions.
17 18 19	new net metering policy framework, but I'm not sure where that's to now; if that's stuck somewhere, unless they had it from reading the report (phonetic). The Board is	16 17 18 19	Intervenor have any – JOHNSON, Q.C.: Q. No questions. KELLY, Q.C.:
17 18 19 20	new net metering policy framework, but I'm not sure where that's to now; if that's stuck somewhere, unless they had it from reading the report (phonetic). The Board is supposed to be involved as well as the other	16 17 18 19 20	Intervenor have any – JOHNSON, Q.C.: Q. No questions. KELLY, Q.C.: Q. No questions, thank you, Mr. Burry.
17 18 19 20 21	new net metering policy framework, but I'm not sure where that's to now; if that's stuck somewhere, unless they had it from reading the report (phonetic). The Board is supposed to be involved as well as the other players in terms of fleshing out this net	16 17 18 19 20 21	Intervenor have any – JOHNSON, Q.C.: Q. No questions. KELLY, Q.C.: Q. No questions, thank you, Mr. Burry. CHAIRMAN:
17 18 19 20 21 22	new net metering policy framework, but I'm not sure where that's to now; if that's stuck somewhere, unless they had it from reading the report (phonetic). The Board is supposed to be involved as well as the other players in terms of fleshing out this net metering policy to completion. And in Nova	16 17 18 19 20 21 22	Intervenor have any – JOHNSON, Q.C.: Q. No questions. KELLY, Q.C.: Q. No questions, thank you, Mr. Burry. CHAIRMAN: Q. Thank you, sir.
17 18 19 20 21 22 23	new net metering policy framework, but I'm not sure where that's to now; if that's stuck somewhere, unless they had it from reading the report (phonetic). The Board is supposed to be involved as well as the other players in terms of fleshing out this net metering policy to completion. And in Nova Scotia, I understand net metering services	16 17 18 19 20 21 22 23	Intervenor have any – JOHNSON, Q.C.: Q. No questions. KELLY, Q.C.: Q. No questions, thank you, Mr. Burry. CHAIRMAN: Q. Thank you, sir. MR. BURRY:
17 18 19 20 21 22	new net metering policy framework, but I'm not sure where that's to now; if that's stuck somewhere, unless they had it from reading the report (phonetic). The Board is supposed to be involved as well as the other players in terms of fleshing out this net metering policy to completion. And in Nova	16 17 18 19 20 21 22	Intervenor have any – JOHNSON, Q.C.: Q. No questions. KELLY, Q.C.: Q. No questions, thank you, Mr. Burry. CHAIRMAN: Q. Thank you, sir.

NL Power GRA 2016

A Ability - 34:14, 34:25, 46:5, 48:15, 174:22 Able - 24:16, 25:7, 31:4, 31:17, 32:17, 33:16, 60:11, 171:24, 199:1 Abnormal - 147:19, 158:13 Abnormally - 136:11 Above - 40:22, 85:23, 99:2, 124:9, 156:20, 158:24, 177:18 Academic - 184:9 Accept - 49:12, 60:24, 79:12, 80:8, 82:5, 85:1, 85:8, 88:16, 93:10, 95:4, 95:20, 99:10, 111:16, 111:24, 144:22, 186:14, 189:14, 189:17, 190:3, 190:6 Accepted - 76:5, 186:22, 203:12, 204:11 Access - 11:17, 34:7, 48:16 According - 14:20, 39:2, 77:15, 78:12, 120:2, 163:16, 177:22, 180:3, 180:4 Account - 90:16, 146:25, 147:5, 165:11, 165:16 Accounting - 25:7 Accurate - 38:7 Achieve - 28:23 Across - 14:12, 15:9, 15:10, 15:15, 15:25, 16:3, 19:3, 34:6, 50:18, 62:22, 97:17, 106:18, 118:4, 203:7, 207:20 Act - 58:7, 58:11, 58:12, 58:23, 59:16 Acting - 66:21 Actively - 62:25 Activity - 18:25 Actual - 37:22, 84:17, 139:12, 193:19, 194:1, 194:8, 194:25, 195:10, 15:13 Actuaria - 84:3	107:24 Add - 10:4, 115:14, 127:13, 138:20, 170:25 Adding - 116:4, 116:16, 144:12 Address - 32:14, 57:5 Addressed - 187:21 Adhered - 62:11 Adjourned - 213:1 Adjust - 91:24, 94:18, 109:25, 153:18, 179:9, 189:8 Adjusted - 72:18, 174:4, 175:10, 178:3, 178:6, 178:9, 179:2, 179:7, 179:10, 179:13, 179:21, 184:13, 184:18, 185:12, 185:25, 186:1, 186:2, 186:14, 186:23, 193:12, 193:13, 193:24, 194:3, 195:10 Adjusting - 178:14, 179:23, 180:2, 188:17 Adjustment - 80:2, 82:4, 91:5, 91:16, 91:21, 91:23, 92:12, 115:7, 115:24, 133:4, 143:11, 179:8, 179:25, 180:1, 181:18, 186:4, 189:1, 189:12, 191:13, 191:16, 191:20 Adjustments - 143:17, 178:17, 196:14 Adopted - 183:18 Advance - 171:10, 188:13 Advised - 195:2 Advisory - 133:3, 136:23 Advocate - 132:5, 135:10, 145:18 Afternon - 206:10 Against - 110:22 Agencies - 10:25, 34:17	101:6 Aggressive - 103:15 Aggressively - 57:12 AGM - 208:20 Agree - 13:1, 22:19, 31:2, 31:9, 53:9, 55:16, 78:1, 79:19, 86:15, 86:17, 91:15, 93:7, 97:7, 98:14, 112:7, 147:18, 150:25, 164:13, 166:13, 172:15 Agreed - 72:7 Agreement - 149:10 Ahead - 106:12, 207:11, 209:25 Ahern - 8:20, 9:15, 10:15 Aid - 6:10, 13:9, 46:23, 57:21, 61:1, 126:9, 126:10, 139:21, 173:15, 173:22 Akin - 112:9 Alberta - 72:16, 179:19, 180:18, 194:17, 194:18 ALLETE - 14:3 Allocations - 83:22 Allow - 210:12 Allowed - 5:5, 5:12, 14:10, 14:19, 15:11, 15:16, 15:18, 15:25, 16:8, 18:7, 18:8, 19:4, 19:9, 22:1, 22:15, 23:21, 24:7, 25:11, 25:24, 27:22, 28:13, 28:15, 28:17, 29:10, 31:15, 33:10, 33:17 Allows - 197:14 Alone - 197:17 Alternate - 140:10 Atternative - 183:20, 184:14, 184:16, 185:13, 200:10 Amalgamating - 203:6 Amazed - 135:16 Amended - 58:7 America - 51:5 America - 51:5	204:22, 205:17 Among - 10:23, 184:11 Amount - 62:20, 62:21 Analyses - 84:14, 84:15, 84:20, 171:19 Analyst - 100:17, 100:24, 101:2, 101:9, 101:10, 101:12, 104:19, 153:19 Analysts - 21:14, 136:13, 153:9, 184:12, 201:8 Analysts' - 100:7, 154:17, 154:18, 155:25 Analyzing - 185:9 And/Or - 38:6, 195:10 Annalists - 17:3 Announced - 210:15 Annual - 10:22, 25:13, 77:23, 88:20, 89:12, 89:19, 90:1, 99:8, 112:7, 145:24 Annually - 28:20 Anomalous - 159:16, 169:23, 172:8, 176:18 Anticipated - 169:9 Anymore - 207:6 Anyway - 7:25, 55:2, 108:2, 208:14, 212:7 AON - 82:24, 83:18, 84:6, 84:21, 85:1, 85:11, 85:12, 86:11, 87:4, 89:8, 92:22, 95:10, 97:4, 98:22, 99:14, 105:2, 107:8, 107:19, 111:2, 120:13, 145:8, 162:8 Apologize - 12:10 Apologize - 206:13 Apparently - 9:15, 22:19, 88:4 Appear - 131:13, 136:10, 164:14, 185:2 Appears - 5:8, 16:5, 27:14, 58:13, 61:16 Apples - 4:23,	Applicant - 212:15 Applied - 154:3 Apply - 99:15, 114:20, 119:6, 143:7, 149:7, 149:25, 155:19, 158:20, 159:1, 200:21 Applying - 119:8, 149:22, 202:1 Appreciation - 127:19, 139:11 Approach - 136:20, 139:15, 156:25, 171:13, 180:14, 192:5, 194:9, 194:12, 194:14, 194:20, 204:11, 207:19 Approaching - 99:16 Appropriate - 38:7, 117:3, 117:7, 143:12, 149:16, 200:22, 201:18, 205:12 Appropriateness - 161:3 April - 6:11, 46:24, 46:25 April/May - 70:22 Area - 207:5 Aren't - 20:17, 52:1, 53:18, 117:18 Argue - 158:14, 158:24, 172:5 Arithmetic - 78:3, 79:10, 79:13, 80:5, 89:2, 89:15, 90:23, 122:16, 146:20 Arithmetically - 99:9 Armour - 150:16 Arrive - 112:21, 113:12, 116:23, 143:17 Arrives - 79:3 Articles - 84:17 Assertion - 29:23, 44:8 Asset - 81:12, 88:8, 98:24, 102:15, 111:3, 112:20, 131:2, 200:17 Assets - 52:9, 52:12, 81:17, 112:10 Associated - 16:20, 87:18,
195:11, 195:13 Actuarial - 84:3, 85:3, 107:13,	-		Apples - 4:23, 19:6, 21:16	16:20, 87:18, 91:10, 169:5

Т

L

Association - 48:2	22:14, 24:9, 24:10,	Bank - 86:23,	181:16, 183:13,	Board - 20:23,
Assumption -	28:14, 28:16,	105:3, 136:12,	183:16, 183:19,	21:23, 22:3, 22:25,
55:25, 85:25,	29:24, 36:20,	143:5	183:20, 185:14,	23:18, 41:12,
102:7, 102:10,	36:23, 42:21,	Bankrupt - 2:15	188:16, 189:22,	45:12, 66:11, 108:7,
110:16, 148:15,	77:23, 78:25,	Banks - 66:21	190:1, 190:7,	118:4, 126:1, 127:6,
151:16, 152:21,	79:21, 88:20,	Based - 17:21,	190:9, 190:18,	140:23, 145:12,
153:3, 179:14	89:12, 89:15,	18:13, 23:25, 33:5,	192:4, 194:10,	154:1, 155:13,
Assumptions -	89:19, 90:23, 99:7,	48:22, 75:2, 95:20,	194:12, 197:12	186:22, 187:5,
82:24, 83:19,	109:3, 110:21,	100:6, 101:8,	Betas - 96:17,	187:24, 193:5,
83:25, 84:5, 84:19,	112:6, 114:8,	104:9, 122:15,	178:3, 178:6,	204:3, 204:10,
104:9, 148:24, 153:14, 154:23,	114:20, 116:2, 116:15, 118:14,	133:25, 141:5, 144:10, 154:17,	178:9, 178:17, 179:2, 179:7,	204:22, 205:10, 206:14, 207:7,
191:14	120:19, 131:3,	181:3, 184:8,	179:9, 179:18,	210:19, 211:22
Astronomical -	131:5, 131:9,	197:10	179:21, 180:2,	Boards - 178:10
150:5	136:17, 141:17,	Basic - 195:25	180:7, 180:22,	Board's - 3:18, 9:4
Attachment - 3:19,	143:14, 145:23,	Basis - 10:22,	181:11, 181:13,	Body - 204:6
37:7, 37:13, 38:16,	146:19, 151:25,	21:15, 67:4, 67:9,	181:19, 184:13,	Bonds - 77:24,
82:10, 82:23,	159:18, 185:12,	72:8, 72:17, 78:15,	184:18, 185:8,	78:12, 78:15,
83:13, 135:2,	188:17	83:24, 100:2,	185:25, 186:2,	78:19, 80:4, 80:7,
135:7, 182:24,	Averaged - 109:2	102:8, 115:14,	186:14, 186:23,	81:14, 81:20,
184:4 Attended - 208:20	Averages - 18:12	115:23, 116:4,	191:9, 192:8,	85:16, 85:17, 99:2,
Attended - 208:20 Attic - 208:16,	Aversion - 72:2 Awarded - 124:4	119:4, 120:6, 120:9, 120:15, 120:18,	192:12, 193:11, 193:13, 193:24,	121:1, 122:2, 134:10, 136:25,
211:19	Awarded - 124.4 Aware - 11:3, 12:4,	138:22, 141:9,	194:4, 195:8,	139:3, 139:14,
Attorneys - 11:1	27:20, 28:4, 29:19,	144:21, 145:24,	195:10, 195:16,	143:2
Attractable -	39:12, 40:12,	147:19	195:25, 196:9,	Book - 17:9, 18:23,
211:14	46:14, 46:16,	Basket - 98:5, 98:7	196:14, 197:2,	19:10, 19:11, 25:16,
Attractive - 53:7	46:18, 51:4, 51:22,	Bay - 150:9	197:3, 197:13,	81:2, 130:21,
AUC - 73:10,	55:2, 55:3, 55:9,	BC - 48:3, 155:13,	197:20, 197:22,	135:19
73:12, 179:1,	55:11, 56:8, 56:18,	187:2, 188:3,	197:24, 198:1,	Books - 80:23
181:2, 182:1, 194:9 August - 115:17	56:24, 58:13, 58:16, 60:16, 65:8,	193:11, 198:11 BCC - 200:25	198:4, 198:5, 202:23, 205:12	Booth - 6:23, 13:8, 65:4, 76:14, 77:15,
AUS - 6:5, 6:21,	74:7, 77:19, 88:9,	BCUC - 6:25,	Betting - 30:22	78:23, 86:15,
7:1, 7:25, 8:4, 8:21,	114:8, 116:8,	47:16, 170:24,	Bias - 153:20	88:10, 90:1, 90:3,
9:15, 10:1, 10:9,	116:20, 117:1,	182:21, 183:14,	Big - 27:7, 29:22,	90:7, 107:9,
10:17, 10:23, 12:3,	124:19, 195:1,	186:13	34:24, 51:23, 145:4	133:16, 144:2,
13:6, 13:18, 16:7,	195:4, 196:10,	Becomes - 82:3,	Bill - 206:19, 211:7,	148:23, 149:9,
35:9	204:10, 205:6	121:5 Beefed - 211:12	212:6 Billed - 104:3	170:22, 177:19, 178:25
Auspice - 8:4 Authored - 149:12	В	Beforehand -	Bills - 99:3	Booth's - 64:24,
Authoritative -		32:15	Bio - 211:2, 211:3,	75:5, 75:15, 76:11,
12:25, 84:24	Back - 1:15, 3:13,	Behind - 32:23,	211:9	77:10, 80:10,
Authorization -	13:9, 15:10, 15:24, 30:24, 35:9, 48:16,	32:24, 144:22	Bit - 8:18, 13:10,	117:23, 133:11,
18:13	53:12, 69:12,	Believes - 30:15	13:14, 14:17,	157:18, 177:25,
Authorized - 4:2,	70:15, 72:17,	Below - 15:22,	15:15, 63:5, 70:19,	178:24
5:2	76:13, 77:12,	30:15, 40:20,	82:11, 129:25, 131:8, 131:13,	Border - 57:6,
Authorizing - 18:15	88:15, 107:5,	42:10, 43:10, 48:17, 54:12, 65:6,	133:12, 133:13,	57:9, 63:2, 73:18, 74:24, 92:8
Available - 17:19,	108:17, 111:2,	193:24	168:8, 175:23,	Borders - 57:8,
17:23, 18:21,	119:14, 123:4,	Benchmark -	190:22, 204:19	62:23
48:21, 48:24,	123:17, 134:15, 145:12, 145:20,	121:5, 188:4	Blend - 105:10	Borrow - 3:18
58:13, 84:12,	159:10, 175:18,	Benefit - 76:25,	Blip - 206:17	Borrowing -
107:19, 125:6,	193:17, 199:3,	77:6, 140:5	Bloomberg -	118:21
125:7, 140:17, 143:2, 162:7,	208:16, 208:17,	Benefits - 96:25 Bet - 30:16	48:22, 48:23, 49:11,	Both - 4:14, 34:4,
209:19	208:18, 210:7,	Beta - 96:1, 96:6,	53:19, 54:15, 70:6, 177:22, 179:22,	52:4, 52:12, 62:13, 65:7, 71:10, 71:15,
Avalon - 104:12,	211:5 Declaration	96:12, 158:14,	180:1, 197:6,	71:16, 92:16,
104:18, 207:1	Backwards -	177:16, 177:17,	197:21	100:25, 107:2,
Average - 4:1, 5:4,	106:2, 110:8, 119:25	179:9, 179:11,	Blow - 172:7	108:18, 132:19,
5:14, 6:1, 17:20,	Balance - 19:2	179:13, 180:4,	Blundon - 6:11	134:8, 139:6,
17:21, 18:18, 19:3,	Balanced - 207:19	180:5, 181:7,	Blurb - 133:15	143:22, 164:3,

L

L

NL Power GRA 2016

195:12, 200:12, 201:5, 203:7 Bottom - 35:21, 35:22, 76:18, 99:1, 131:4, 131:6, 135:22, 156:17, 193:14 Bottomed - 68:25 Bought - 124:16 Boundaries - 50:18 Box - 67:14, 141:20 Break - 12:12, 145:10, 206:2 Brief - 8:19 British - 155:4, 156:24 Broad - 34:3, 100:13, 150:12, 160:17, 181:11, 181:13 Broader - 51:2, 96:14, 184:11 Broadest - 102:21 Broadly - 44:24, 46:5, 50:8, 56:2, 62:17, 153:19, 181:24 Broken - 49:4 Broker - 58:21 Brokerage - 10:25 Brookfield - 102:15 Brought - 22:8 Brunswick - 210:12 Bs - 35:20, 35:21 Build - 98:17, 188:6, 209:1 Build - 20:20, 20:22, 97:14 Build - 117:12 Bub - 208:4 Built - 117:14 Bub - 208:4 Built - 117:14 Bub - 208:4 Built - 117:14 Bub - 208:4 Built - 117:14 Bub - 208:4 Bub	$\begin{tabular}{ c c c c c c c c c c c c c c c c c c c$	203:18, 205:9 Capms - 203:8 Capture - 170:17 Captured - 164:19 Careful - 98:5 Carefully - 43:1 Carved - 177:1 Case - 4:10, 19:15, 21:20, 22:6, 59:12, 68:22, 73:1, 73:9, 86:22, 110:7, 128:23, 135:18, 135:23, 152:9, 158:5, 185:25, 186:11, 189:1, 191:19, 198:17, 198:24, 200:6, 200:16, 200:25, 204:13, 204:16, 200:16, 200:25, 204:13, 204:16, 200:16, 200:25, 204:13, 204:16, 200:20, 205:17 Cases - 25:15, 33:18 Cash - 77:24 Catch - 83:5 Category - 36:4 Caterpillar - 150:15 Caused - 2:10, 2:11, 160:21 Caution - 140:14 Central - 66:21, 73:18, 75:18, 75:22, 76:2, 124:3, 136:12, 143:5, 206:11 Centre - 18:13 CEO - 208:21 Certain - 13:12, 208:4 Certainly - 23:1, 28:24, 38:9, 43:13, 57:10, 57:11, 62:24, 64:2, 64:9, 83:7, 108:10, 132:19, 135:1, 140:17, 177:19, 188:15, 196:1 Cetera - 10:2, 102:16 CHAIRMAN - 1:2, 1:9, 1:13, 1:14, 9:10, 103:16, 103:23, 104:21, 123:8, 123:10, 123:16, 140:20, 205:25, 206:4, 212:14, 212:21	Change - 130:20, 161:18, 197:13, 197:14 Changes - 130:11 Chapter - 2:16 Characterized - 108:22, 183:18 Characterizes - 85:2 Characterizing - 86:23 Chart - 3:15, 4:25, 5:8, 5:10, 48:17, 54:11, 65:1, 68:17, 69:11, 95:5, 97:5, 99:1, 99:21, 193:16 Check - 60:21, 74:18, 88:17, 124:2, 131:19, 132:14, 140:13, 150:18, 174:3, 174:6, 174:8, 175:15, 190:4, 190:6, 190:8, 190:13, 190:18, 192:22, 200:11 Checked - 80:12, 84:22, 186:21 Cheque - 209:20 Choose - 92:17 Churchill - 209:2, 209:5 Circumstances - 142:25, 197:14 Cite - 181:4 Citing - 145:21, 145:25 Claiming - 163:20 Clarenville - 207:9 Clarification - 117:25 Claiffy - 113:1 Class - 98:24, 111:3, 195:24 Classes - 88:8, 97:17 Cleary - 149:11 Clients - 33:20, 34:4, 85:4 Close - 137:19, 146:4, 189:9, 189:14 CMA - 84:10 Cmas - 83:20, 84:4, 84:20 Coefficient - 95:25, 96:2, 96:7, 96:8	Colleagues - 84:22 College - 196:2 Columbia - 155:5, 156:24 Column - 14:13, 14:21, 15:13, 19:20, 19:23, 35:10, 35:15, 88:20, 101:16, 126:24, 131:3, 151:3, 168:13 Columns - 69:15 Combination - 10:20, 13:19, 15:22, 35:23, 146:10 Come - 8:9, 13:14, 14:17, 15:9, 16:3, 30:24, 33:18, 62:18, 69:3, 82:11, 93:17, 93:22, 105:11, 110:20, 157:17, 181:3, 182:9, 188:11, 190:21, 206:23, 207:2, 207:15 Comes - 68:20, 78:17, 130:21, 149:21, 196:13 Comfort - 149:21, 192:8, 196:25 Comfortable - 192:5 Comfortable - 192:5 Comment - 38:6 Comments - 28:4 Commission - 7:1, 18:15, 18:19, 179:4, 179:11, 180:24, 184:15, 186:7, 187:2, 187:13, 188:12 Commissioners - 23:18 Commissions - 1:20, 10:24, 184:10 Commissions - 1:20, 10:24, 184:10 Commissions - 1:20, 10:24, 184:10 Commissions - 1:20, 10:24, 184:10 Commodity - 64:10 Commodity - 64:10 Commodity - 64:10 Commodity - 64:10 Commodity - 64:10
38:4 Buy - 58:20, 59:3, 60:5, 109:14,	162:8, 181:22, 182:15, 183:17, 196:7, 200:17, 205:4	103:23, 104:21, 123:8, 123:10, 123:16, 140:20,	CMA - 84:10 Cmas - 83:20, 84:4, 84:20	64:10 Common - 14:21, 16:1, 17:9, 17:19,

i					
	122:21, 170:4, 171:16, 171:21 Companies - 4:3, 4:4, 4:6, 4:11, 4:16, 4:22, 5:2, 13:15, 13:20, 16:7, 18:10, 18:12, 18:16, 20:25, 21:13, 21:24, 22:22, 23:20, 24:18, 25:4, 27:1, 35:22, 43:1, 45:4, 51:23, 51:24, 92:18, 100:12, 102:13, 119:9, 137:5, 144:17, 152:17, 153:7, 181:10, 181:21, 185:8, 194:5, 195:9, 195:14, 195:17, 197:17, 202:23, 203:3, 203:4 Company - 2:2, 10:5, 14:5, 15:7, 15:8, 15:23, 17:24, 18:3, 19:2, 19:11, 19:12, 20:8, 20:10, 21:15, 24:21, 24:22, 25:9, 27:7, 29:6, 41:3, 43:3, 45:18, 62:11, 62:25, 69:5, 81:12, 101:5, 109:24, 124:16, 210:9 Company's - 24:25 Comparel - 30:4, 67:21, 92:12, 119:10, 119:12 Compare - 30:4, 67:21, 92:12, 119:10, 119:12 Compares - 142:2	Comprised - 84:9 Concept - 45:23, 63:6, 181:3, 182:8 Concern - 186:9, 186:11, 191:8, 201:13 Concerned - 23:19, 187:10, 209:11 Concerning - 154:23 Concerns - 53:20, 187:20 Conclude - 141:4 Concludes - 210:3 Conclusion - 29:4, 29:17, 213:2 Conclusions - 30:20 Conditional - 140:19 Conditions - 84:7, 133:23, 134:1 Conducted - 100:5, 105:25, 106:5, 106:15 Confidence - 149:25, 166:3, 166:20, 167:1, 168:3, 168:4 Confirm - 4:25, 5:3, 16:4, 66:3, 77:9, 117:14, 118:10, 124:3, 131:18, 132:16, 154:16, 178:2, 188:23, 201:17 Confirmed - 3:3, 159:15 Confusion - 135:14 Conscious -	38:22, 92:7, 143:11, 178:3 Considering - 76:14, 204:22 Consistency - 84:23 Consistent - 21:15, 58:16, 61:25, 86:25, 118:16, 127:17, 136:18, 136:19, 167:20 Consistently - 21:4 Consolidated - 2:2 Constant - 55:14, 102:5, 148:19, 148:22, 149:17, 151:15, 153:13 Consultants - 8:21, 9:16, 12:4 Consulting - 10:2, 26:4, 29:22 Consumer - 132:5, 135:9, 145:17 Consumers - 48:3 Consumption - 208:13, 212:7 Contacting - 207:8 Contained - 140:12 CONT'd - 1:18 Contested - 188:5 Context - 64:8, 76:12, 106:14, 110:24, 121:9, 182:6, 186:10, 186:19 Continue - 71:17 Continued - 186:11 Continuously - 11:1 Contradict - 13:2 Controversy - 24:14 Conversion - 79:15, 90:16, 99:10 Convert - 78:23,	Correlated - 95:19, 95:22, 95:23, 98:7 Correlation - 93:2, 93:9, 93:13, 93:24, 94:5, 95:25, 96:7, 96:13, 96:16, 96:22, 97:4, 97:13, 98:15 Correlations - 92:25, 95:13, 97:17 Correlative - 95:8 Correspondence - 26:12, 26:23 Corresponds - 68:11 Corroborate - 105:4 Corroboration - 145:3 Cost - 7:11, 11:19, 24:1, 28:9, 44:13, 44:14, 45:19, 63:10, 67:15, 67:20, 67:25, 69:6, 72:19, 73:9, 73:13, 75:18, 76:1, 76:21, 76:23, 102:10, 118:22, 140:5, 143:7, 158:25, 181:21, 182:15, 183:17, 196:6, 208:25 Costs - 31:4, 34:15, 34:25, 43:17, 72:3, 118:21, 209:5 Counsel - 6:25, 170:23 Count - 7:13 Countries - 64:1, 64:9, 92:1 Country - 57:3, 64:17, 200:22 Couple - 15:17, 198:16	42:21, 43:2, 45:5, 55:4, 67:7, 118:25, 119:4, 202:8 Cribbing - 150:16 Crisis - 173:13 Criteria - 2:7 Critical - 114:1 CROSS - 1:17, 6:4, 6:10, 13:9, 26:7, 46:23, 57:6, 57:9, 57:21, 61:1, 63:1, 92:8, 126:8, 126:10, 139:21, 173:15, 173:22 CRRA - 9:15 Crucial - 97:6, 97:9, 97:11 Crutches - 158:10 Currencies - 64:19 Currency - 90:16, 91:7, 92:9 Current - 65:5, 85:13, 86:12, 101:1, 101:8, 106:4, 106:19, 106:22, 109:9, 109:10, 109:11, 109:13, 115:16, 116:17, 134:1, 138:8, 156:19, 158:15 Currently - 1:12, 143:20 Cursor - 70:18 Curve - 85:19, 85:23, 87:14, 87:24 Curves - 70:7, 85:14 Customers - 124:10 Cut - 38:1, 165:22, 166:11 D
			-		
					-
				-	
	Company's - 24:25				
		-			-
			-		
	22:23	145:1	79:15, 90:16, 99:10	Couple - 15:17,	D
			-		Darn - 34:18
	Comparing - 4:10,	208:12	81:21, 82:3, 82:17,	Coupon - 139:13	Data - 7:8, 7:11,
	19:6, 20:17 Comparison -	Consensus - 116:3, 116:15	89:14, 99:9, 209:6 Converted - 78:3,	Course - 4:10, 65:6, 182:10,	7:13, 10:18, 12:3,
	4:23, 139:25	Conservative -	78:7, 79:12, 79:17	203:19, 208:10,	16:25, 24:17, 25:7,
	Complete - 123:23,	156:25, 157:7,	Converting - 79:9	211:3	25:10, 25:16, 29:6,
	172:20	194:4	Converts - 80:6	Courses - 107:9	29:7, 30:13, 48:21,
	Completely - 62:1,	Consider - 117:20,	Copies - 12:11	Cover - 160:17	48:24, 49:16, 54:16, 54:25,
	119:2, 130:15,	136:14, 163:23,	Copy - 6:4, 198:23	Coyne's - 179:11,	69:25, 117:8, 120:1,
	180:17	207:7, 211:17	Copyrighted -	198:23	122:7, 127:9,
	Completion - 210:22	Considerable - 176:9	27:13 Corner - 208:23	Crash - 169:4, 177:6	131:25, 132:6,
	Complex - 165:19	Considerably -	Corporate - 68:23,	Create - 203:6	132:18, 132:20,
	Compound -	136:4	153:1	Credible - 144:23	135:5, 135:18,
	79:20, 81:22,	Considerations -	Corporation - 52:3	Credit - 2:10,	135:19, 140:9, 140:10, 144:16,
	88:21, 89:2, 90:22,	57:7	Corporations -	34:16, 37:4, 37:5,	182:8, 182:12,
	99:6	Considered - 36:4,	152:14	40:17, 42:16,	203:2, 203:3
					,

NL Power GRA 2016

April 5, 2016				NL Power GRA 2016
April 5, 2016 Databases - 11:16 Date - 18:14, 18:17, 48:21, 69:22, 70:7, 70:11, 83:1 Dates - 125:4 Day - 30:12, 33:11, 99:3, 208:1, 208:2 Days - 50:15, 212:9 DBRS - 39:17 DCF - 20:18, 20:21, 20:23, 21:12, 100:3, 100:5, 100:13, 100:23, 101:4, 102:6, 108:22, 113:4, 113:12, 113:15,	Demand - 72:1, 171:19 Denote - 165:24 Deployed - 181:6 Derive - 4:15, 100:23, 157:1, 181:10, 181:12, 205:5 Derived - 18:18, 18:24 Deriving - 200:23, 203:2 Describe - 85:9 Described - 29:8, 83:24, 109:8, 110:23, 174:15 Describes - 87:16,	119:2, 119:5 Differentiate - 43:8 Differentiation - 44:25 Differently - 64:17 Difficult - 28:23 Dig - 17:3 Dime - 207:15 Dip - 70:17 Dipped - 69:1 Directional - 211:4, 211:9 Directionally - 189:10 Directly - 58:22, 68:11, 149:7, 149:22, 149:25,	21:10, 41:23, 53:16, 54:21, 57:5, 87:15, 110:10, 158:1, 177:3 Dollar - 61:22, 92:13 Dollars - 209:1, 209:6 Domestic - 62:19 Double - 36:9, 42:1, 103:19, 131:19 Doubling - 103:10 Dozen - 207:12 Dr - 6:23, 13:7, 64:24, 65:4, 75:4, 75:15, 76:11, 76:14,	NL Power GRA 2016 67:5, 101:5, 119:12, 128:23, 168:12, 189:5, 197:22 Earlier - 118:25, 142:25, 145:1, 145:8, 145:19, 148:7, 189:19 Early - 107:6 Earn - 22:1, 22:14, 24:7, 28:13, 28:15, 28:17, 31:5, 31:14, 33:16, 34:15, 46:6 Earned - 4:1, 5:12, 15:18, 16:1, 16:4, 16:8, 17:14, 19:9, 21:11, 23:20, 24:19, 25:11, 25:13, 25:23,
113:20, 113:23,	117:5	154:5, 158:20,	77:15, 78:23,	29:10, 104:6,
148:16, 149:7,	Describing - 10:8,	159:3, 159:6,	80:10, 86:14,	194:1, 194:5
153:12, 153:25,	112:9	159:11	88:10, 90:1, 90:3,	Earning - 23:21,
154:15, 154:20,	Determination -	Disabled - 158:10	90:7, 107:9, 117:22,	30:21, 124:8
155:8, 156:25,	17:13, 19:13, 21:5,	Disagree - 118:1	133:11, 133:16,	Earnings - 22:21,
157:8, 158:17,	83:21, 84:10	Discontinued -	144:2, 148:23,	28:25, 30:18,
190:16, 203:18	Determinations -	207:5	149:9, 149:10,	124:9, 151:14,
Deal - 124:15 Dealer - 58:21 Dealing - 209:8 Debt - 44:13, 44:14, 62:13, 67:5, 67:15, 67:20, 67:25, 68:22, 69:6, 71:7, 71:10, 71:10	30:14 Determine - 20:21, 39:25, 75:25, 77:1, 84:1, 101:6, 194:25, 204:5 Determines - 184:16 Determines	Discount - 134:3, 143:18 Discussing - 110:15 Dislocation - 66:20, 71:6, 160:21, 169:25 Disperite	157:17, 177:19, 177:25, 178:24, 179:5 Drastic - 157:5 Drop - 170:8 Dropped - 186:3 Drops - 185:14	151:18, 194:19, 194:21, 194:24 Earns - 31:13 Econometric - 171:16 Econometricians - 171:17
71:7, 71:10, 71:12,	Determining -	Disparity - 66:24	DSF - 20:21	Economic - 66:16,
72:3, 93:3	29:9, 57:16	Dispute - 79:22	Due - 91:7, 136:11	71:19, 84:7,
Decade - 77:12,	Developing - 134:3	Distance - 137:16	Duff - 122:6,	133:22, 143:10
182:11, 195:12	Deviation - 89:20,	Distress - 143:10	122:12, 125:7,	Economics - 77:4,
December - 47:15	89:25, 90:2	Distribute - 12:11	131:10, 131:11,	77:17, 116:3,
Decided - 2:1, 2:3,	Deviations - 91:13,	Distribution -	132:24, 133:16,	116:15
73:10, 187:23	96:9	10:16, 112:10	133:18, 133:21,	Economy - 152:8,
Decision - 62:12,	Didn't - 2:12, 5:4,	Diversification -	134:1, 134:5,	152:13, 152:15,
124:5, 183:17,	7:12, 67:12, 74:11,	50:18, 55:23, 56:1,	136:22, 140:8,	152:16, 153:9
186:8, 187:19,	122:4, 127:5,	96:24, 97:20, 98:8	141:6, 142:13,	Edison - 2:2, 2:4,
187:21, 194:18	147:8, 153:24,	Divide - 19:10	142:23, 144:1,	2:5
Decisions -	170:15, 173:24,	Divided - 17:19	145:3, 147:20	Effect - 149:11,
186:21, 186:25,	177:6, 181:9,	Dividend - 55:4,	Duke - 13:17,	170:17, 171:14,
187:16, 194:18	186:6, 201:13,	55:7, 57:2, 101:2,	15:23, 206:19,	172:3
Decrease - 157:5	204:16	101:8, 104:2,	208:15	Effects - 170:4
Decreased - 74:5,	Difference - 44:13,	104:19, 121:15,	Dummy - 160:19,	Efficiencies -
192:16	78:17, 90:3, 90:17,	121:18, 148:9	168:13, 168:19,	206:22
Deduct - 108:23,	115:18, 120:17,	Dividends - 56:10,	168:21, 169:1,	Efficiency -
108:25	120:18, 125:21,	56:12, 56:20,	169:11, 169:22,	208:18, 211:14
Deemed - 144:12	146:1, 146:21,	151:13, 151:18,	170:8, 170:15,	Efficiently - 62:13
Deficit - 77:2	188:16, 188:24	152:23	170:25, 171:10,	Effort - 140:4,
Define - 63:17	Differences - 91:25	Dividing - 21:9	173:13, 174:2,	140:21
Defined - 16:7,	Different - 18:20,	Document - 8:19,	174:14, 174:18,	Elect - 92:18
76:25, 77:6	18:25, 19:5, 64:18,	9:8, 9:17, 12:10,	174:20, 175:24	Electric - 10:19,
Definition - 93:13,	91:16, 112:14,	14:20, 26:3, 27:12,	E Each - 5:13, 24:24, 38:3, 48:6, 62:3, 62:10, 62:11, 64:17,	10:20, 13:19,
111:19, 111:23	115:24, 129:13,	28:3, 83:2, 83:17,		13:20, 15:23, 16:6,
Definitions -	131:14, 157:14,	84:5, 84:24, 145:13		43:6, 72:7, 72:25,
111:13	183:24, 185:7,	Documents - 26:7,		177:20, 177:21
Degree - 97:13	200:3, 204:4, 208:6	136:6		Electricity - 209:23
Deliver - 27:18	Differential - 67:9,	Doesn't - 5:10,		Electrics - 35:24

ĺ					
	Electronically -	174:2, 174:22	91:16, 92:9,	164:3, 183:15,	Filed - 47:14, 69:5,
	11:17	Established - 84:8,	100:25, 111:11	186:8, 186:16,	192:14, 198:11,
	Elsewhere - 87:17,	134:7, 148:15	Exchanges - 20:20	187:1, 191:8	198:16
	117:2	Estimate - 79:18,	Exclude - 173:13	Expresses - 5:14,	Filing - 185:19,
	Emera - 151:3	84:6, 109:20,	Exempt - 59:2,	128:6	192:19
	Empirical - 179:4,	112:22, 114:19,	59:9, 59:11	Extended - 55:5	Finally - 15:21,
	195:16	115:17, 117:23,	Exemption - 58:11	Extent - 66:11,	16:2, 175:17
	Employed - 171:21	121:11, 133:5,	Exercise - 158:22,	93:9, 105:14	Finance - 195:24
	Enbridge - 52:4	156:20, 158:17,	158:23, 187:7	External - 84:15	Financial - 10:18,
	Enclosure - 207:23	158:25, 159:5,	Exhibit - 68:7,	Extra - 120:24,	11:2, 18:25, 50:13,
	Encourage - 207:1,	160:22, 163:4,	102:14, 130:25,	211:18	77:11, 133:23,
	211:16	165:18, 181:14,	150:4, 160:2,		160:22, 169:25,
	Ending - 17:22	181:16, 196:6,	175:19, 198:23	F	184:12, 196:4
	Ends - 121:15,	197:15	Exhibits - 148:10		Financials - 2:11
	152:25	Estimated -	Existed - 106:17	Face - 55:6, 56:19,	Find - 12:24, 12:25,
	Energy - 15:14,	108:14, 108:15,	Expanded - 210:25	85:8	13:1, 17:7, 23:16,
	47:15, 206:19,	147:24, 148:8,	Expect - 39:18,	Facing - 143:20	50:17, 53:6, 104:11,
	208:16, 211:14	154:4, 161:24,	40:3, 75:7, 106:22,	Factors - 92:4,	110:11, 123:6,
	Engineering - 8:13	180:4, 181:13	138:21, 176:19,	113:16, 143:8	124:21, 158:12
	Enhance - 210:25	Estimates - 20:21,	189:3, 204:25	Fair - 68:14, 76:20,	Fine - 33:2, 62:16,
	Enter - 12:16, 47:8,	76:16, 78:24,	Expectation -	85:25, 99:25,	202:5
	61:5, 126:12	108:15, 114:2,	99:25, 101:19,	114:14, 118:2,	Firm - 8:13, 12:2,
	Entered - 1:4, 6:13,	118:3, 134:8, 150:2,	146:25, 147:5	121:7, 153:4	26:4, 33:23, 34:5,
	26:13, 173:20	150:20, 150:23,	Expectations -	Fairly - 27:14,	75:18, 76:1,
	Entire - 36:13,	153:18, 154:15,	71:25, 104:2,	163:24, 189:14,	132:23, 138:15,
	45:7, 135:22,	154:17, 162:7,	109:18, 117:18,	195:6	202:1
	172:4, 172:6, 182:5	177:16, 177:18,	147:11, 152:23	Fairness - 23:12	Firms - 10:25,
	Entirety - 103:1,	179:13, 181:7,	Expected - 76:16,	Falls - 207:9,	148:9, 149:2,
	110:24, 152:13,	186:7, 191:22	76:24, 77:1, 81:15,	208:11, 208:24,	149:6, 149:14,
	152:16, 205:15	Estimating - 45:19,	81:17, 81:19,	208:25, 209:3,	150:5, 150:15,
	Entries - 69:15	76:20, 114:14,	81:21, 84:1, 88:8,	209:11, 209:18,	151:25, 152:21,
	Entry - 203:7	136:15, 143:13,	100:1, 101:24,	210:3	197:23
	Environment -	154:8, 194:14,	103:8, 139:14,	Far - 53:12, 69:11,	First - 28:14, 48:4,
	71:18, 106:5,	194:20	161:3, 169:4	70:6, 80:12, 95:21,	52:22, 59:7, 60:22,
	106:23, 138:9,	Et - 10:2, 102:16	Expecting - 104:7,	126:23, 137:15	66:2, 77:8, 88:20,
	138:18, 138:25,	Evaluation - 85:3,	104:8	Fashion - 6:25,	100:10, 114:22,
	139:1, 158:16	206:21	Expense - 28:23	80:6, 98:7, 116:23,	120:22, 140:3,
	Equal - 171:10	Eversource -	Expenses - 28:19	139:20, 178:14	157:25, 185:24,
	Equally - 95:8,	13:18, 16:3	Expensive -	Fast - 103:14,	206:12, 206:24
	110:19	Everybody -	209:22	135:16	Five - 49:18,
	Equation - 155:24	102:15, 116:11	Experience -	Faster - 152:8,	101:10, 101:12,
	Equilibrium -	Everyone - 195:23	22:15, 196:12,	153:8	102:2, 102:3,
	66:23, 108:24,	Everything -	204:2	February - 134:7	103:11, 103:24,
	117:3, 117:6,	127:23, 152:25,	Experienced -	Federal - 10:24, 145:22	123:8, 150:22,
	158:12	158:4, 164:17	107:4, 169:5,		209:25
	Equities - 77:24,	Evident - 16:5	196:16	Feel - 2:12, 33:16, 80:18, 149:16,	Fixed - 61:23
	78:12, 78:14,	Evidently - 34:10	Experiencing -		Fleshing - 210:21
	78:18, 81:13,	EXAMINATION -	85:24	207:2	Flick - 199:3
	81:14, 81:18, 89:8,	1:17, 6:4, 26:7,	Expert - 55:12,	FEI - 48:15	Flight - 136:11,
	90:10, 90:11, 93:5,	126:8	182:1, 187:6	Fenced - 40:14,	143:4
	93:15, 93:17,	Examine - 45:6,	Experts - 169:3,	40:16, 40:24	Flip - 37:21, 145:24
	93:25, 94:6, 94:7,	45:13	204:4	Figure - 68:18,	Flipped - 28:3
	95:7, 95:9, 99:15,	Example - 63:7,	Explain - 100:18,	108:12, 110:16,	Florida - 206:18,
	99:16, 99:20,	207:4	116:12, 154:19,	115:11, 116:12,	207:23
	110:10, 120:16,	Except - 143:9	171:12	119:15, 119:18,	Flowing - 62:21
	120:25, 149:18	Exception - 80:15	Explanatory -	119:20, 124:25,	Flows - 63:2
	Equivalent - 62:4	Excerpt - 133:15,	172:13, 172:21	126:2, 141:24,	Fluctuations -
	ERP - 133:25,	142:7	Exposed - 91:12	177:18	91:7, 133:22
	134:2, 134:6, 134:8	Exchange - 14:4,	Express - 23:1	Figures - 18:24,	Focus - 28:8
	Essence - 102:3	51:8, 51:16, 57:15,	Expressed - 6:1,	64:19, 124:24, 125:18	Focussed - 45:4
	Essentially - 8:16,	62:18, 91:4, 91:10,	128:6, 164:1,	File - 24:16, 25:12	Folks - 132:24
				1 110 - 24.10, 20.12	
1					

· · · · · · · · · · · · · · · · · · ·				
Following - 38:2,	Full - 11:17, 74:5,	Gets - 109:1,	Good - 1:20, 1:23,	149:17, 150:1,
57:24	157:16	109:12, 117:5,	7:25, 10:7, 31:18,	150:6, 150:22,
Footnote - 131:21,	Fully - 31:9, 62:14,	144:14, 144:15	45:11, 77:17, 84:18,	151:2, 151:8,
132:17	63:7, 63:14, 63:16,	Give - 19:15,	137:21, 206:10	151:15, 152:22,
Footnotes - 16:20,	63:18, 63:20, 64:2,	34:21, 40:13,	Got - 8:17, 9:5,	153:3, 153:13,
17:7, 131:16	181:2	40:17, 110:10,	47:11, 72:18, 98:4,	153:14, 154:24,
Forecast - 65:3,	Fund - 27:7, 77:2,	111:23, 157:19,	156:11, 180:18,	155:24, 156:1,
65:6, 65:7, 66:1,	107:17, 107:25	187:17, 188:12,	199:7, 205:23,	159:7, 159:9
86:5, 87:4, 87:5,	Funds - 56:25,	196:24, 207:10	207:23, 208:6,	Guess - 1:15,
100:18, 100:24,	76:25	Given - 16:19,	208:22, 212:11	31:24, 64:11, 86:13,
109:10, 109:11,	Furnace - 209:23	18:17, 31:13,	Government -	108:2, 111:24,
109:15, 114:25,	Further - 13:14,	31:16, 32:15, 33:5,	66:20, 85:22,	118:10, 127:4,
115:5, 116:2,	14:18, 75:5, 82:12,	142:8, 157:17,	118:17, 122:2,	137:15, 144:14,
117:12, 118:11,	111:1, 134:5,	197:12, 210:2	143:2, 160:9,	164:3, 185:24,
118:13, 118:16,	156:23, 175:17,	Gives - 116:15,	163:12, 210:7	187:5, 206:7
151:8, 154:17,	175:24, 205:23	177:11	GRA - 47:16, 69:1,	Guessing - 197:11
154:19	Future - 28:25,	Global - 51:2,	69:6, 126:10, 130:2	Guidance - 134:5,
Forecasting -	71:20, 84:7, 207:18	63:12, 64:3, 64:13,	Grade - 34:17,	192:7
171:19		84:23, 93:5, 95:9,	38:23	Guide - 199:5
Forecasts - 71:16,	G	99:15, 133:22	Grand - 191:10,	
100:7, 101:2,		Globally - 50:15,	207:9	Н
101:9, 101:10,	Gain - 121:20	64:10	Grant - 98:13	
101:12, 102:2,	Gander - 207:9	Globe - 84:22	Granted - 211:11,	Half - 103:24,
104:3, 104:20,	Gas - 10:20, 13:19,	Glovertown -	212:2	207:12
108:4	15:23, 35:23	206:11	Graph - 44:12,	Hand - 69:16,
Foreign - 50:6,	Gave - 32:20,	GLYNN - 1:5, 3:20,	193:15	69:19, 70:17,
50:15, 53:5, 55:15,	130:5, 132:9,	6:12, 12:8, 12:15,	Graphed - 38:20	146:20, 146:21,
56:9, 56:12, 57:15,	206:13	12:20, 26:11, 26:17,	Greater - 66:18,	160:17, 163:8,
	GDP - 21:14,			168:7
62:19, 91:7	151:2, 151:8,	26:21, 47:3, 47:7,	149:21, 201:13	Hands - 148:4
Forever - 151:15	152:1, 152:4,	61:4, 76:4, 76:8,	Greatest - 149:9	Hang - 197:4
Form - 58:4, 61:19,	152:17, 152:22,	126:11, 140:24,	Grid - 30:16, 211:5	Hat - 197:4
61:22, 197:11	152:24, 153:3,	173:19	Grips - 181:3,	Haven't - 32:15,
Formally - 10:9,	155:23, 159:9	Going - 3:13, 9:10,	182:9	79:24, 104:17
61:3	General - 28:20,	13:8, 13:17, 23:12,	Group - 3:7, 4:2,	Hear - 123:19
Forth - 199:3	71:7	24:23, 35:23,	4:5, 4:11, 4:17,	Heard - 10:10,
Fortis - 39:11,	Generally - 55:11	63:19, 64:12, 79:1,	29:22, 42:22,	26:25, 27:5, 27:10,
40:4, 40:8, 46:8,	Generates - 127:24	79:18, 79:19, 91:8,	45:14, 51:6, 113:24,	57:24
48:5, 52:18, 58:1,	Generators - 211:2	98:8, 107:5,	119:7, 150:1,	
58:14, 61:24, 63:2,		108:16, 110:5,	158:21, 177:20,	Hearing - 37:25,
73:17	Generic - 73:13,	120:15, 123:1,	177:21, 177:24,	206:14, 206:17,
Fortisbc - 47:4,	183:17	123:18, 138:22,	185:1, 185:4,	210:2
47:15	Geographic -	139:9, 139:13,	197:22, 199:9,	Hearings - 207:2,
Fortnightly - 8:3,	50:18	144:6, 147:1,	199:10, 200:8,	207:11, 207:21
8:7	Geometic - 78:2,	147:6, 147:18,	200:23, 202:19,	Heat - 208:18,
Found - 212:8	78:6	148:16, 152:21,	202:21, 204:20	209:22, 211:18
Foundation - 27:17	Geometric - 78:10,	158:23, 158:24,	Groups - 21:25,	Hedge - 91:3,
Four - 5:3, 9:5,	78:15, 79:9, 81:25	163:1, 164:17,	42:17, 149:8, 185:7	91:11, 91:20, 91:23,
38:22, 103:11	Get - 55:4, 93:2,	165:16, 179:24,	Grow - 27:18,	92:12, 92:17, 92:18
Fourth - 65:12,	107:2, 109:3, 116:5,	180:25, 187:8,	71:17, 151:25,	Hedged - 90:11,
	116:18, 127:13,			90:24
66:2	128:1, 135:17,	188:10, 207:11,	152:22, 153:8	Hedges - 92:3,
Framework -	139:6, 140:5,	207:14, 208:9,	Growing - 151:14,	92:7
210:16	148:4, 152:25,	208:10, 208:13,	152:8	Held - 143:8
Frankly - 200:24	155:22, 159:5,	209:7, 209:9,	Grown - 71:8	Help - 201:8
Freeze - 124:14,	160:7, 168:20,	209:18, 209:19,	Grows - 152:1,	Helpful - 116:11,
124:18	180:6, 180:7,	210:1, 212:4	152:4	183:5, 199:5
Front - 27:15,	190:17, 191:21,	Gold - 63:9, 63:10,	Growth - 21:13,	Herein - 83:24
60:14, 95:16,	193:25, 194:4,	63:12, 63:20, 64:9,	71:19, 100:24,	He's - 79:9
111:14, 116:12,	202:12, 205:24,	64:14	102:5, 102:7,	Hewitt - 82:24,
126:15	207:5, 207:19,	Gone - 130:4,	102:10, 103:15,	83:18, 84:6, 84:21,
Fuel - 28:18	207.5, 207.19, 208:11, 209:20,	130:8, 130:14,	105:8, 148:17,	85:2, 85:11, 85:12,
Fulfilled - 1:7	211:21, 212:5	208:5, 208:6	148:19, 148:22,	86:11, 87:4, 89:8,
	CTT.CT, CTC.D			00.11, 07.4, 09.0,
		1		1

00.00 05.10 07.5	10.0 10.1 10.0	147.01 100.11	101.04 100.00	206:15 206:00
92:22, 95:10, 97:5,	18:3, 19:1, 19:2,	147:21, 169:11	181:24, 183:22,	206:15, 206:23
98:22, 99:14,	19:10, 19:12, 20:8,	Important - 17:7,	185:12, 186:2,	Interim - 72:17,
105:2, 107:8,	20:10, 20:25,	22:20, 31:16, 67:1,	186:4, 188:18,	192:18
107:19, 111:2,	21:15, 23:20,	67:6, 76:19, 110:7,	196:3	Intermediate -
120:13, 162:9	24:18, 24:21, 25:9,	136:3	Inevitable - 208:14	183:19
High - 103:8,	29:6, 56:25	Impossible - 95:5,	Infinite - 100:2,	International - 2:4,
108:3, 143:5,	Holdings - 48:23	199:3	100:3, 102:8	2:6
179:12	Holyrood - 209:14	Improve - 28:21,	Infinity - 148:17	Internationally -
Higher - 40:3, 40:8,	Home - 62:15,	28:25	Inflation - 91:17,	77:25
40:17, 43:17,	206:20, 209:20,	Improvements -	91:24	Interval - 167:1
65:22, 66:13, 67:7,	209:23, 211:13,	206:21, 208:8,	Inflationary -	Intervenor - 212:16
67:16, 67:23,	211:15, 211:21	211:13	66:18, 86:25	Intervention -
67:25, 69:4, 69:7,	Homeowner -	Inappropriately -	Influence - 163:22	143:6
69:12, 86:4, 96:16,	211:16	143:19	Influenced -	Interventions -
96:17, 106:24,	Honesty - 104:25	Inc - 40:4, 40:8,	110:16	136:13
107:3, 109:18,	Hope - 68:20,	47:15	Informative -	Introducing -
109:19, 110:4,	197:1	Incentive - 55:15,	45:12, 45:21,	154:23, 155:23
118:12, 118:21,	Host - 73:11, 92:4,	57:2, 211:20	135:4, 193:5	Inverse - 106:21,
118:22, 120:5,	112:13	Incidentally -	Informed - 187:19	164:8
120:20, 146:9,	Hotel - 207:13	102:12	Infrastructure -	Invest - 53:5, 57:2,
147:18, 147:23,	Hour - 123:8	Income - 17:18,	99:17, 99:18, 111:5,	57:17
		,		
159:17, 159:21,	House - 84:14	19:10, 55:7, 110:9,	111:8, 112:6, 112:8,	Invested - 56:2,
171:1, 209:4	HQ - 192:11,	125:22, 125:25,	112:14	98:5
Highlighted -	192:18	126:4, 126:23,	Inserted - 169:1	Investing - 57:8,
163:10	HQTD - 3:14,	127:10, 127:21,	Insignificant -	62:25, 120:25
Highly - 34:18,	189:19	127:24, 130:18,	25:5, 25:20, 167:25	Investment -
35:2, 63:24, 64:5,	Hudson - 73:19,	139:24, 140:16	Insisted - 41:12	55:23, 56:1, 57:6,
64:13, 95:22, 98:6,	75:19, 75:22, 76:2,	Incorporated -	Institution - 145:4	57:9, 84:9, 84:21,
188:5	124:3, 150:9	151:3	Institutional -	117:21
Hill - 7:21	Huge - 52:9	Increase - 86:2,	48:19, 53:14,	Investments -
Histogram - 38:2,	Human - 27:8	134:2, 152:24	53:16, 54:4, 54:14,	53:6, 53:7, 57:12,
38:5, 38:9, 38:11	Hundred - 110:9	Increased -	54:15, 54:22,	71:8, 97:18, 98:6,
Historic - 105:11,	Hundreds - 207:16	192:13, 192:18,	97:12, 98:16,	112:15
106:2, 106:16,	Hydro - 22:7, 30:2,	192:21	107:20	Investor - 27:19,
108:16, 109:6,	190:9, 190:15,	Increases - 133:18,	Institutions - 63:25	41:14, 41:17,
120:6, 120:9,	208:3, 211:1	210:1, 211:11,	Instrument -	41:19, 42:8, 42:9,
125:18, 130:3,		212:1	139:12	43:5, 43:6, 44:18,
134:20, 134:24,		Increasing - 72:1	Instruments - 93:3,	44:23, 76:23,
144:11, 156:2,		Indeed - 176:18,	93:4	101:17, 103:10,
157:13, 161:19,	Ibbotson - 122:6,	196:14	Insufficient - 179:6	117:20, 181:19
193:22	125:3, 129:10,	Index - 78:16,	Insulated - 41:7	Investors - 50:15,
Historical - 84:14,	135:19	102:18, 102:19	Insulation -	53:5, 53:17, 54:4,
84:15, 119:25,	l'd - 23:2, 88:15,	Indexed - 183:22	208:17, 211:19	54:17, 56:6, 57:17,
122:15, 124:23,	131:20, 149:5,	Indicated - 140:8,	Integrated - 50:13,	59:3, 59:6, 62:3,
128:16, 131:10,	168:2, 189:10,	150:22, 156:21,	51:1, 62:1, 63:6,	71:7, 71:13, 97:12,
131:12, 159:18	206:12	186:16, 208:24	63:8, 63:14, 63:16,	97:16, 98:16,
Historically -	Identical - 119:6	Indicating - 23:17,	63:18, 63:20, 64:2,	104:7, 104:8,
104:5, 107:4, 110:3,	Identically - 96:23	81:11, 93:23, 141:7,	64:5, 64:7, 64:13,	107:20, 109:17,
	Ignoring - 130:15		66:10	
127:18, 128:24, 138:19	I'll - 12:14, 23:16,	141:8, 141:15,		120:24, 143:20 Involves - 84:11
History - 22:21,	38:1, 80:11, 95:4,	156:16, 175:4, 183:12	Integration - 45:23,	Involves - 84.11 Ironic - 138:15
	98:13, 105:3,		50:23	
23:21, 109:22,	108:9, 110:2,	Indications -	Intent - 164:20	Ironically - 176:17
110:19, 138:2,	132:14, 132:16,	159:16	Interest - 91:17,	Isn't - 8:4, 103:20,
138:5, 138:21,	132:18, 140:19,	Indicator - 102:22,	91:25, 106:5,	107:19, 169:11
144:17, 158:3,	179:2	105:12, 137:22,	106:18, 106:19,	Isolate - 170:4,
170:18, 171:13,	Illustrated - 191:12	157:11	106:23, 109:8,	171:14, 172:1,
171:25, 172:4,	Impact - 176:9	Indirectly - 159:12	109:9, 109:10,	172:3
172:7	Impacting - 197:16	Indulgence - 9:4,	109:12, 109:16,	Isolation - 192:2
Hold - 23:4, 55:15,	Implied - 101:7,	145:12	118:11, 138:17,	Issuance - 62:15
164:14, 203:9	104:1, 108:4,	Industry - 7:7,	147:1, 147:6,	Issue - 24:14,
Holding - 17:23,	146:2, 146:22,	7:23, 11:3, 62:22,	157:18, 201:19,	24:21, 24:22,

			_	
62:20, 62:24,	140:18, 141:1,	Limit - 40:21	Lose - 180:16	98:1
68:12, 170:23,	145:14, 212:19	Limited - 84:13	Loss - 209:14	Management -
186:9, 186:10,	Kent's - 208:1	Line - 15:9, 37:25,	Lot - 12:2, 34:7,	28:9, 28:22, 31:17,
186:18, 187:14,	Kicks - 124:8	54:11, 61:16, 81:11,	35:20, 71:5, 117:1,	31:18, 84:9, 84:21,
188:11, 191:8,	Kilometre - 209:16	82:18, 116:13,	144:18, 147:13,	102:16
193:10, 196:24	Knowing - 157:16,	154:21, 156:18,	147:15, 153:6,	Managers - 52:18
Issued - 18:19,	160:20, 188:10	167:14, 167:15,	161:15, 196:23	Managing - 8:21,
134:5	Known - 153:19,	177:22, 178:25,	Low - 50:21, 99:2,	9:25, 10:1
Issues - 17:8,	171:10, 197:13	179:22, 183:13,	99:20, 106:4,	Many - 10:24,
72:23, 72:25, 73:7,	Kryzanowski -	197:7, 197:22,	106:19, 106:22,	18:21, 33:20,
92:6	179:5	209:14, 209:16	109:17, 121:6,	38:10, 69:15,
Item - 6:10, 15:14,	17 0.0	Lines - 15:17,	136:11, 143:19,	144:2, 194:17,
46:25, 210:5	L	48:14, 122:10,	146:10, 149:2,	210:24
ltems - 206:24		193:24	149:6, 149:13,	Map - 135:1
	Language - 149:11	Liquid - 92:8		
l've - 63:18, 64:8,	Large - 36:2,		175:4, 194:6,	March - 32:21,
108:13, 109:25,	63:25, 152:17,	Liquidity - 92:5	195:13, 195:17	70:2, 133:4,
110:1, 110:2, 132:6,	207:8, 211:20	List - 48:4, 206:21	Lower - 41:15,	133:17, 208:20
132:18, 135:25,	Largely - 181:6	Listed - 46:12,	43:17, 55:6, 72:7,	Maritime - 72:6,
136:19, 136:20,	Larger - 133:13,	46:13, 51:7, 51:15,	117:22, 118:3,	72:25
166:13, 173:8,	152:18	51:24, 52:5, 99:17,	137:7, 138:1,	Mark - 145:6
186:25, 196:15,	Largest - 7:22,	102:13, 111:5,	138:2, 138:18,	Marketplace -
196:23, 202:22,	152:14, 170:18	111:8, 111:10,	138:21, 141:22,	144:19, 158:7
202:23, 204:13,	Late - 8:18, 9:6	111:11, 111:17,	143:6, 143:7,	Markets - 50:13,
205:23	Later - 123:3,	112:5	155:22, 155:23,	51:2, 56:2, 66:10,
	208:12	Listing - 52:19	156:1, 156:2,	66:21, 66:22, 71:6,
J		Lists - 13:18	157:13, 157:19,	71:7, 71:11, 71:12,
	Layman - 98:13	Literature - 161:15,	158:2, 158:3,	75:7, 95:9, 160:22,
JAMES - 1:17	Lead - 192:10,	184:9, 195:16	159:18, 166:19,	169:25, 181:12,
January - 6:4,	192:12	Lock - 91:9, 91:11	185:2, 211:8, 212:6,	197:9, 197:15
65:5, 70:14, 82:25,	Leading - 76:2	Logarithmically -	212:7	Marks - 202:22
88:2, 134:4	Leave - 90:7,	164:1	Lowered - 157:3	Marsh - 27:1, 30:5
JMC - 95:18, 100:9,	107:14	Logic - 158:1,	Lowers - 38:11	Martin - 208:21
100:10, 131:1,	Leaving - 46:4	159:4	Lows - 147:19	Mass - 211:2
150:4, 150:14,	LED - 208:4,	Long - 24:24,	Lynch - 197:7	Massive - 136:12
151:1, 160:2,	211:17	28:24, 65:3, 77:5,		Match - 202:21
197:19, 198:10,	Left - 42:6, 160:17,	78:11, 78:24, 79:20,	M	Material - 12:25,
198:24, 199:4,	163:8, 168:7	81:12, 81:15, 84:1,		21:23, 88:12, 112:4,
199:22, 199:24	Length - 150:19	84:15, 85:13,	Magnitude -	129:4, 129:7
Job - 187:17	Let's - 9:14, 12:7,	85:14, 85:15,	161:18, 187:11	Math - 78:21,
JONNSON - 117:24	12:23, 18:7, 37:1,	85:17, 85:22, 86:1,	Mail - 143:6	79:24, 80:12,
Judging - 121:6	45:23, 52:21, 75:4,		Mainlanders -	
Judgment - 84:18,	81:2, 92:11, 111:19,	86:12, 86:19,	207:3	80:15, 208:25,
181:15	120:22, 141:24,	86:23, 87:4, 87:11,	Mainly - 13:20	209:2
Judgmental -	144:25, 160:6,	87:17, 88:8, 89:7,	Maintenance -	Mathematical -
181:7, 197:3	163:1, 168:18,	108:17, 115:8,	28:19	79:1
July - 74:4, 76:3,	182:25, 204:24	123:4, 128:22,	Major - 48:3	Matters - 184:11
211:4	Letter - 6:10	136:17, 142:13,	Make - 17:13,	Maturity - 87:16,
June - 76:3, 124:5	Level - 4:17, 17:24,	143:15, 145:22,	19:12, 19:14, 21:5,	143:16
Junk - 67:14	18:3, 18:8, 19:11,	147:25, 150:20,	25:17, 27:21,	Mcgraw - 7:21
Jurisdiction -	19:12, 21:16,	151:1, 153:14,	29:24, 30:14,	Mclennan - 27:1,
116:21	24:25, 25:10, 93:2,	160:9, 160:24,	32:17, 75:10,	27:7, 30:5
Jurisdictions -	102:7, 118:18,	161:10, 163:4,	90:15, 91:4, 94:14,	Mcshane - 38:2,
18:11, 18:17, 19:4,	166:19, 168:3,	163:9, 163:21,	115:7, 133:12,	130:1, 130:16,
34:6	168:4	168:11, 176:11,	139:25, 152:20,	139:20
Justify - 162:10,	Levels - 143:5,	204:9	153:2, 176:21,	Mcshane's - 38:8,
171:6	150:6	Longer - 10:4,	177:3, 187:18	126:9, 126:14
	Lifted - 57:25	38:6, 71:14, 83:24,	Making - 21:5,	Meals - 207:13
K	Light - 162:18,	170:1	25:19, 44:8, 44:24,	Means - 19:13,
	206:18, 207:24,	Looked - 29:8,	58:3, 97:18, 117:21	58:25, 96:23,
KELLY - 1:11, 9:9,	211:6, 211:7, 212:6	30:1, 42:5, 45:18,	Mall - 104:12,	111:10, 111:17
14:22, 23:11, 47:10,	Lights - 211:17	66:25, 167:14,	104:18, 104:22	Measurable -
76:6, 140:2,	Likewise - 15:2	186:25, 204:24	Manage - 31:4,	166:25
1				1

April 3, 2010				
Measure - 96:12,	158:20, 159:2,	171:18, 171:19	- 207:20	0
161:17, 185:8	159:6, 159:9,	Multiples - 152:22	News - 11:12	
Measured - 134:9,	163:16, 168:6,	Multiplied - 17:20,	Night - 17:3, 67:13,	Objection - 9:8,
136:23, 160:25	171:7, 172:14,	96:8	207:13	9:11
Measurement -	172:25, 173:7,	Municipalities -	Nominal - 146:15,	Observe - 167:3
177:4	177:12, 181:5,	207:8	209:1	Observed - 143:7
Measuring - 164:8	190:16, 191:22,	Muskrat - 208:11,	Non - 28:18, 48:5,	Obtained - 48:21
Mechanism - 124:8	194:21, 196:7,	208:23, 208:25,	48:18, 49:5, 49:19,	October - 77:3
Median - 5:22	200:18, 202:10,	209:3, 209:11,	50:22, 52:17,	Odd - 7:20, 41:14
Medium - 85:16	203:18, 203:19,	209:17, 210:3	54:13, 55:5, 55:8,	Offered - 58:4,
Meet - 5:4	205:9	200.17,210.0	177:8	58:9, 61:18, 210:24
Megawatt - 209:13	Modelling - 83:22	N	Nor - 5:22, 51:5,	Offering - 58:2
Megawatts -	Models - 76:17,		164:19	Offers - 96:24
209:12, 209:18	112:21, 190:17,	Nalcor - 208:20	Normalization -	Offline - 209:13
Mercer - 81:4,	191:16, 191:18,	Names - 13:15	143:11, 143:12	Offset - 119:2
82:17, 162:9	196:1	NASDAQ - 51:8,	Normalize - 138:8,	Offsets - 67:8
Merging - 94:6,	Modern - 97:6,	51:24	138:16, 138:24	OGE - 15:13, 15:14
95:8, 95:9	97:11	National - 84:8,	Normalized -	Oil - 150:17,
Merrill - 197:7	Modified - 21:14	84:18	134:9, 136:24,	209:24
Met - 2:6	Monetary - 136:12	Natural - 10:20,	137:16, 141:5,	Oliver - 26:4, 27:5,
Meter - 211:4,	Money - 72:1,	210:15	142:4	27:9, 27:12, 27:16,
211:9	103:11	Navigate - 210:10	Normalizing -	29:15, 29:21,
		Near - 30:19,	136:14, 136:15	30:15, 30:24, 31:25
Metering - 210:6,	Month - 17:22,	71:20, 211:24		Ones - 117:19,
210:8, 210:13,	18:25, 133:17	NEB - 37:25	Normally - 91:24,	157:13, 157:15,
210:16, 210:22,	Monthly - 10:22,	Necessary - 45:3,	131:20, 184:20	181:22, 181:23
210:23, 210:25,	13:6, 35:9, 92:24	51:14, 158:25,	North - 27:19,	Ontario - 210:11
211:25, 212:3	Moody's - 34:24 Morning - 1:20,	196:14, 205:3	177:20, 204:24, 205:17	Onwards - 48:24
Methodology - 82:25, 83:23,	1:23	Necessity - 4:16	Note - 75:10,	Operating - 4:3,
127:6, 153:13,		Needed - 77:6	117:22	4:6, 4:12, 4:22, 5:1,
179:25, 180:1,	Morningstar - 122:12, 125:4,	Neither - 51:5,	Noted - 76:9,	5:12, 18:10, 18:16,
	129:10	193:25	140:25, 189:19	24:22, 24:24, 28:19
181:18, 194:8, 195:23	Move - 12:9, 66:22,	Net - 210:6, 210:8,	Notice - 200:3,	Opinion - 187:6
Midpoint - 183:21	93:10, 112:4, 197:9,	210:13, 210:16,	206:13	Opposed - 129:15,
Miles - 207:16	208:6	210:21, 210:23,	Nova - 209:13,	155:24, 158:22,
Million - 61:22	Moved - 134:16	210:25, 211:7,	210:11, 210:22	162:6, 181:15,
Minerals - 150:9	Moves - 96:23,	211:25, 212:3	November - 17:5,	197:11
Mini - 208:11	98:6, 180:5	Nevertheless -	17:6	Opposite - 120:14,
Minister - 210:15	Moving - 17:22,	72:20	NP - 3:4, 3:16,	143:9
Minor - 209:9	112:5, 182:7	New - 14:4, 27:15,	37:1, 37:17, 80:21,	Optimism - 153:19
Minus - 35:21,	MRP - 122:15,	30:16, 30:17, 51:7,	82:9, 82:22,	Option - 33:17
35:22, 35:23,	141:8, 156:21,	51:15, 75:21,	154:13, 182:21,	Oranges - 21:16
36:24, 39:2, 39:12,	169:5	182:8, 210:12,	183:3, 190:12,	Order - 18:15,
42:22, 43:11, 45:1,	Mrps - 167:25	210:16	190:20, 191:1,	22:7, 31:4, 40:17,
209:12, 209:13,	Much - 87:14, 90:3,	Newfoundland -	193:6, 193:15,	58:22, 76:3, 101:6,
209:14	140:4, 140:21,	1:6, 2:13, 4:11,	198:9	110:19, 190:17,
Misinterpreted -	147:10, 147:23,	7:11, 9:7, 20:18,	NTV - 206:16	191:17, 205:7
182:2	149:24, 152:18,	20:24, 22:22,	Numbers - 21:12,	Orders - 18:19
Missed - 82:16	156:1, 158:3,	34:15, 34:18, 37:6,	43:10, 50:22,	Osisko - 150:8
Mix - 81:12, 81:14,	159:21, 197:4,	39:16, 39:23, 46:7,	77:22, 87:18, 94:9,	Other's - 62:4
203:4	209:1, 212:5	80:21, 81:10,	109:1, 110:15,	Otherwise - 2:6,
Mixing - 21:16	Multi - 153:25,	99:24, 108:5, 114:7,	132:7, 132:9,	25:15, 40:20,
Model - 99:8,	154:3, 154:20,	114:14, 114:23,	136:19, 147:9,	109:21, 207:14
101:4, 102:6,	154:22, 155:7,	115:21, 115:25,	162:24, 197:9,	Ounce - 63:10
112:20, 131:2,	155:19, 156:25,	159:8, 185:20,	201:14	Ours - 77:10
139:16, 148:16,	157:7, 158:8,	198:17, 198:24,	Numerically -	Outfit - 137:24
148:19, 148:24,	158:19, 159:2,	199:2, 199:4,	38:21	Outlook - 66:16,
148:25, 149:17,	159:4, 159:6, 159:9	199:24, 200:15,	Nutshell - 163:12	102:3, 116:14
153:2, 154:3,	Multiple - 18:10,	201:6, 206:12,	NYSE - 51:24	Outsize - 153:3
154:20, 155:20,	18:16, 18:19,	208:3, 210:7,		Outstanding - 1:8,
157:8, 158:9,	44:15, 165:6,	211:12		1:12
,		Newfoundlanders		Oversee - 201:9
	1			1

			1	
Oversight - 201:3,	Performing - 84:3,	Pipeline - 52:9	Predictive -	206:8
201:15, 204:19	85:3	Place - 114:23,	164:14, 171:8,	Proceeds - 78:23
Owed - 8:6	Perhaps - 6:24,	196:15	174:21	Produced - 77:4,
Own - 57:3, 57:8,	12:24, 55:22,	Places - 44:15,	Predictors -	209:3
62:10, 62:12,	57:22, 63:16,	93:4	167:25	Producing - 76:17
62:18, 77:5, 207:15	131:24, 133:10,	Plains - 15:3, 15:8	Prefer - 143:1,	Product - 92:5
Owned - 7:20,	140:3, 164:4,	Plans - 77:6	149:5, 149:7	Production - 10:16
8:12, 41:14, 41:17,	180:24	Plants - 7:21	Preference - 58:2,	Profits - 152:23,
41:19, 42:8, 42:9,	Period - 5:23, 5:24,	Platform - 30:18	61:23	153:1
43:6	17:23, 24:24,		Premia - 119:15,	Program - 210:25,
		Players - 210:21	-	
Owner - 211:15,	49:19, 66:1, 68:25,	Plays - 57:16	124:23, 136:4	211:13, 212:3
211:21	71:9, 73:6, 87:20,	Plugged - 161:25	Premise - 106:1	Project - 209:8
Ownership - 48:20,	95:14, 100:3,	Pluses - 73:15	Premiums -	Projected - 21:13,
49:19, 50:7, 53:14,	101:24, 103:22,	Pointed - 136:22	108:16, 156:3,	109:15, 120:18,
53:15, 53:16,	109:21, 122:24,	Points - 67:5,	163:22	120:20, 153:8
53:17, 54:14,	123:4, 124:22,	67:10, 72:8, 115:14,	Prepare - 201:5,	Projection - 83:23,
54:15, 54:22	128:5, 128:9,	116:4, 119:4	201:8	87:20, 108:3,
	128:22, 129:2,	Policy - 210:16,	Prepared - 185:19	116:24, 146:12
Р	129:25, 130:9,	210:22	Preparing - 11:19	Projections -
Package - 73:8	135:22, 136:2,	Pond - 209:17	Present - 116:21,	77:11, 87:19
Paid - 207:13	146:9, 148:1,	Populating - 21:25	117:8, 124:24,	Proper - 30:13
Panels - 211:1	153:9, 160:18,	Portfolio - 83:21,	127:4, 127:5,	Properly - 41:7
	160:19, 170:25,	84:2, 97:6, 97:11	184:14, 185:11,	Prospects - 104:13
Parallel - 135:3	176:25, 181:5,	Portfolios - 97:14,	187:12, 203:17,	Prospectus -
Parent - 40:21,	192:22, 193:17,	98:17	204:17, 205:15,	57:25, 58:1, 58:5,
41:7	194:2, 194:5,	Portion - 127:21,	212:8	60:18, 61:19, 61:22
Participants -	197:12	202:11	Presented - 38:21,	Prospectuses -
105:13, 162:8	Periodic - 133:24	Posed - 37:23	84:5, 84:16, 136:6,	58:14, 60:15
Participate - 27:18	Periods - 19:1,	Position - 162:10	144:7, 196:9,	Provide - 98:8,
Participating -	19:5, 128:22,	Power - 1:6, 2:13,	204:13, 205:9	101:20, 101:25,
207:21	129:13, 130:7,	4:11, 9:7, 22:22,	Presenting - 117:5,	124:11, 131:25,
Parties - 147:17	136:10	34:15, 34:18, 37:6,	126:1, 126:3,	135:5, 139:19,
Party - 105:2,	Perpetuity - 110:6,	39:16, 46:7, 48:3,	153:25, 162:6,	154:18, 155:7,
105:17, 145:3	151:8	81:10, 108:5, 114:7,	162:7	155:13, 161:2,
Pason - 150:8	Perry - 22:19	114:15, 115:21,	Presents - 24:1,	168:11, 186:10,
Pass - 8:19, 158:1	Persimmons -	115:25, 159:8,	130:17	186:18, 187:15
Passed - 6:3, 8:17,	19:6, 21:20	164:14, 172:13,	Pressures - 66:18	Provided - 11:2,
26:3, 173:16	Persistent - 66:4	172:21, 185:20,	Presumption -	13:7, 17:4, 22:5,
Past - 71:19, 95:18,	Perspective -	198:24, 199:2,	73:6	22:6, 38:2, 126:24,
191:17	47:14, 65:2, 75:6,	199:4, 199:24,	Previous - 65:1,	132:6, 172:14,
Pauline - 8:20	149:23	208:3, 209:3, 211:5,	156:17, 186:21	183:19, 188:3
Pay - 43:17, 56:9,	Persuaded - 179:4	211:12	PREVIOUSLY -	Provider - 7:22
57:1, 91:8, 91:11,	Persuasive - 144:5	Power's - 7:11,		
209:20	Persuasive - 144.3 Phelps - 122:6,	20:24, 80:21,	1:17, 74:7, 178:10	Providers - 7:6 Provides - 10:17,
Paying - 57:2,	•		Priced - 64:16	24:17, 65:7, 122:6,
67:2, 67:4, 68:21,	122:13, 125:7,	99:25, 198:17,	Prices - 101:1,	
148:9	131:10, 131:12,	200:15	101:8, 104:2,	130:6, 140:9
Pays - 121:15	132:24, 133:17,	PP&L - 19:16, 20:4	104:19, 177:6	Providing - 105:9,
Pension - 27:7,	133:18, 133:21,	Practice - 10:2,	Pricing - 112:20,	126:21, 126:22
56:25, 76:25, 77:6,	134:1, 134:6,	184:11	131:2, 200:17	Province - 207:20,
107:16, 107:25,	136:23, 140:9,	Practiced - 184:10	Principal - 8:21,	207:25
147:10	141:6, 142:3,	Practices - 31:18	9:25, 109:16, 110:8	Provinces - 210:12
People - 12:1,	142:13, 142:23,	Practitioners -	Principals - 120:22	Provisions -
12:24, 30:11, 30:12,	144:1, 145:3,	84:10	Prior - 22:7, 53:13,	124:19
104:14, 144:2,	147:20	Precise - 166:6	73:11, 124:15,	Proxy - 2:3, 3:6,
180:16, 207:1	Phrase - 57:24	Precisely - 20:25,	134:5, 169:3,	4:2, 4:5, 4:11, 4:17,
Percentage - 48:5,	Pick - 15:23, 105:4	63:17, 148:2	186:8, 186:25,	21:25, 42:17,
48:18, 50:6, 54:12,	Piece - 47:13, 75:2,	Predict - 193:13,	187:16, 187:21,	42:22, 45:13, 51:6,
74:5	188:2, 188:4,	195:11	198:16	113:23, 119:7,
Perfectly - 95:23	206:17	Predicted - 162:3,	Privacy - 53:20	143:3, 149:8,
Performance -	PIERCEY - 13:11	171:2, 193:21	Probability - 60:6	150:1, 185:7,
28:22	Pinnacle - 15:17	Predicting - 195:13	Proceedings -	197:22, 199:9,

NL Power GRA 2016

i	April 3, 2010			I	
	200:23, 201:23, 202:19, 202:21 Public - 4:16, 8:6, 10:19, 36:7 Publicly - 48:22, 152:17, 181:10 Publics - 41:21, 41:23, 41:25 Published - 8:2, 84:16 Publisher - 10:8 Publishing - 10:16 Pull - 181:19, 198:1, 198:9 Pulling - 197:6 Pump - 208:18, 211:18 Purchaser - 59:3, 59:9, 59:11 Pursue - 57:12 Putting - 157:6, 182:3, 185:3 Q Qualifications - 8:20 Qualitative - 84:12 Quality - 136:11, 143:4 Quarter - 65:12, 66:2, 66:3 Quarterly - 10:22 Quebec - 22:7, 30:2, 190:9, 190:15, 192:4 Queried - 170:22 Quote - 58:16,	64:18, 81:15, 91:17, 105:8, 106:18, 106:19, 109:8, 109:17, 109:19, 114:23, 117:19, 134:3, 136:10, 138:17, 143:15, 147:1, 147:6, 154:24, 159:7, 168:11, 202:15, 202:18, 203:8, 203:17, 208:9, 208:13, 212:1, 212:2, 212:4 Rather - 7:20, 120:25 Rating - 2:10, 25:19, 34:17, 35:16, 37:4, 37:5, 38:4, 39:11, 39:17, 39:18, 39:21, 39:25, 40:3, 40:18, 42:17, 42:21, 143:3 Ratings - 40:13, 43:2, 45:5 Ratios - 10:18 Raw - 180:2, 180:3, 180:12, 193:23, 195:10, 197:2, 197:23, 198:4 RBC - 65:5, 65:6, 105:3 Reach - 29:4, 29:17 Reaction - 29:1 Reason - 2:5, 22:5, 92:17, 118:20,	18:8, 27:12, 27:14, 48:20, 58:1, 82:23, 125:5, 170:18, 209:21 Recently - 29:20, 72:6, 73:23, 85:24, 155:5, 182:21, 207:6, 210:24 Recession - 160:19, 169:24, 176:8 Recognition - 72:19, 74:24 Recognize - 47:22, 183:14 Recollected - 67:14 Recommendation - 211:10 Recommended - 133:19, 133:24, 134:6 Reconcile - 133:19, 133:24, 134:2 Reconcile - 131:18, 191:18 Reconcile - 130:15 Recording - 177:17 Records - 107:5, 108:17 Recounting - 177:17	Registered - 58:6, 58:10, 58:18, 58:22, 61:20 Registration - 58:12 Regression - 105:25, 106:15, 107:1, 109:5, 110:3, 110:22, 146:7, 147:25, 159:19, 160:1, 160:8, 160:20, 161:25, 162:5, 164:16, 164:19, 165:17, 165:19, 165:23, 170:5, 171:15, 171:24, 172:11, 172:14, 173:14, 173:17, 175:19, 177:12 Regular - 34:22 Regularly - 133:21 Regulated - 19:8, 19:14, 20:4, 25:16 Regulation - 58:17 Regulator - 196:10, 203:12, 205:6 Regulators - 182:11, 196:8, 196:24 Regulatory - 10:24, 184:10, 196:21 Reinforces - 195:15 Rejected - 179:17, 180:19, 194:9, 194:19, 195:2,	Relied - 7:7, 108:10, 108:15, 122:4, 184:12, 191:17 Relies - 153:12 Rely - 7:2, 12:2, 12:3, 25:14, 34:12, 77:17, 153:14, 205:8 Relying - 108:5, 109:21, 155:25, 180:21 Remove - 170:1, 174:2, 174:18, 174:20 Replace - 209:14 Report - 13:6, 16:20, 17:2, 18:8, 18:14, 25:9, 29:20, 30:25, 32:24, 34:10, 35:9, 64:24, 76:12, 80:3, 87:18, 95:16, 100:10, 108:12, 111:14, 112:18, 120:3, 120:7, 120:13, 136:9, 138:23, 139:3, 142:13, 142:23, 143:21, 147:9, 182:22, 184:3, 185:25, 197:21, 209:21, 210:19 Reportable - 48:23 Reported - 15:12, 18:14, 18:15, 18:18, 53:18, 150:6 Reporting - 142:3, 184:25, 186:6
	Quote - 58:16, 142:24 Raise - 51:14, 62:17 Raised - 9:7 Raises - 62:13 Ran - 101:4, 157:15 Range - 35:25, 36:24, 38:10, 99:5, 106:18, 119:12, 136:1, 157:13, 160:18, 191:22 Ranged - 134:24 Ranges - 152:24 Rank - 35:2, 40:13 Ranked - 43:17 Ranking - 34:21 Rated - 67:4 Rates - 21:13,		Recounting - 179:1 Recover - 34:15, 34:25 Redeemable - 61:23 Reduce - 28:18, 73:1 Reduction - 28:23, 189:6 Referencing - 130:1 Referred - 131:25 Refers - 76:18, 76:25, 77:3 Reflect - 53:16, 84:20, 115:7 Reflected - 72:23 Reflects - 91:16, 136:16, 143:14 Regie - 22:7, 191:7, 191:16, 192:7	194:19, 195:2, 196:11 Rejection - 195:5 Rejects - 179:11 Relation - 58:1, 61:21, 61:23, 176:5 Relationship - 98:24, 106:1, 106:16, 106:21, 109:6, 111:4, 136:5, 143:21, 160:23, 161:9, 164:8, 165:14, 165:18, 170:1, 172:2, 173:8, 176:10 Relative - 38:10, 96:8, 134:9, 136:23 Relatively - 50:21 Reliable - 19:7, 25:7, 157:10, 157:19, 197:9 Reliably - 144:17 Reliance - 108:13	

ſ	-				
	197:16	40:16, 40:24	163:2, 165:3,	50:22, 54:13	129:13
	Requirements -	Riskier - 43:22	168:7, 176:1,	Shareholdings -	Slip - 44:5
	58:12	Risks - 143:19	183:25, 198:22,	49:4	Small - 34:24,
	Requires - 205:7,	Risky - 179:16	199:6	Shares - 46:12,	37:13, 61:12,
	211:3	Riverside - 209:12	Screened - 37:4,	57:3, 61:24	94:10, 163:24,
	Research - 22:9,	Road - 71:15	42:16	Sharing - 124:8	211:1
	24:8, 24:23, 32:3,	Roberts - 179:5	Screening - 2:7	Sheet - 19:16,	Smaller - 152:25
	32:13, 74:14,	ROE - 4:2, 5:3,	Scroll - 116:13,	200:13	Smart - 30:16
	84:16, 84:20,	16:1, 16:9, 17:14,	131:7, 133:13,	Sheets - 19:3	Smattering - 35:24
	104:17	18:7, 18:8, 18:9,	168:18	She's - 10:4, 10:8	Smith - 100:11
	Researched - 22:5,	18:13, 18:18, 19:9,	Second - 9:17,	Shift - 42:6	SNL - 7:6, 7:10,
	104:18	20:24, 72:7, 73:2,	54:11, 88:21,	Shorter - 188:2	7:13
	Reservation -	73:8, 76:20, 99:25,	154:23, 156:18,	Show - 89:19,	Solar - 211:1
	183:15	114:14	163:3, 199:23	111:4, 188:20,	Sold - 58:9, 59:1,
	Residents - 52:17,	Roes - 18:16, 19:4	Secondary -	193:25, 195:7	59:2, 59:9
	55:4, 55:5, 55:6,	Royal - 150:16	101:17	Showed - 22:10,	Soldier's - 209:16
	56:8, 56:18	Rule - 2:1, 2:3	Secondly - 158:7	67:3, 95:17	Solely - 16:6
	Resolve - 135:14	Ruled - 2:5	Securities - 58:3,	Showing - 4:1,	Solid - 27:17,
	Resources - 27:8,	Rules - 40:12	58:7, 58:8, 58:10,	15:11, 21:12, 38:9,	34:21
	84:13, 210:15	Run - 66:19, 77:5,	58:17, 58:18,	44:12, 77:23,	Sophisticated -
	Respective - 38:4	78:11, 78:24, 79:20,	58:20, 59:1, 60:5,	176:17	63:25
	Respectively -	88:8, 89:7, 109:4,	61:18, 62:10,	Shown - 5:4,	Sound - 31:17
	128:11, 128:25,	151:2, 171:24	93:10, 96:16, 121:7	14:20, 81:18,	Sounds - 79:15,
	129:11, 132:21,	- ,	Security - 96:9,	85:12, 108:14,	79:24, 82:7, 99:12,
	137:13, 157:5,	S	96:14, 96:23	124:25	166:11
	177:23		Seen - 6:20, 71:5,	Shows - 19:16,	Source - 49:10,
	Respond - 23:2	S&P - 35:15, 36:4,	71:10, 71:11,	22:10, 24:8, 48:17,	49:11, 56:9, 56:12,
	Response - 48:14,	38:23, 39:3, 39:11,	173:22, 173:24,	54:12, 68:22, 86:8,	56:19, 77:17,
	54:7, 54:9, 132:5,	39:19, 39:21, 40:12	181:6	87:16, 95:18, 97:5,	77:20, 105:2,
	132:19, 135:9,	Samantha - 13:9,	Select - 92:24	106:20, 108:12,	105:17, 122:21,
	145:17	14:18, 15:7, 15:19,	Selected - 93:3	120:1, 120:14,	129:4, 131:8,
	Responses - 132:3	76:13, 83:16,	Sell - 58:18, 58:22	193:17	131:9, 145:21,
	Responsible -	94:17, 131:8,	Sensible - 177:8	Side - 69:16, 69:17,	154:18
	10:1, 10:15	133:14, 168:8,	Sent - 32:20,	76:20, 160:17,	Sources - 62:19,
	Responsive -	190:22	46:24, 57:21,	163:8, 168:7	62:20, 71:9,
	187:16, 188:12	Sample - 2:3, 16:8,	126:8, 144:1	Significance -	107:10, 107:12,
	Restrictions - 60:7	119:8, 188:24,	Separate - 204:14,	166:12	107:14, 122:5,
	Result - 56:24,	188:25, 189:20,	205:11, 205:14	Significant - 24:23,	122:19, 125:3,
	66:17, 66:24,	201:23, 201:24,	Separately - 128:7,	63:1, 165:25,	144:15, 178:7,
	71:13, 71:25,	205:5, 205:16,	203:9	166:19, 168:2,	180:22, 198:2
	100:6, 152:2,	205:17	September - 69:13	188:16, 196:18	South - 73:18,
	155:23, 159:16,	Samples - 181:9,	Serves - 170:24,	Significantly -	74:24
	177:9, 177:11	181:13, 182:7,	188:4, 197:1	65:22, 66:12, 85:23	Space - 29:16
	Results - 119:11,	205:7	Services - 210:23	Similar - 6:24,	Sparked - 206:23
	156:24, 171:1,	Saputo - 102:16	Set - 74:6, 98:23,	77:10, 112:9,	Special - 208:4
	172:7, 179:12,	Saw - 9:2, 71:6,	171:9	188:24	Specialized - 63:24
	188:21, 190:16,	206:15	Setting - 116:22,	Similarly - 5:10,	Specific - 28:4,
	191:18, 205:15	Scale - 209:10	131:5, 184:18	130:13, 188:25	87:20, 96:13,
	Resume - 71:19,	Scenario - 121:14	Settled - 73:7	Simple - 25:8,	171:3, 171:15,
I	206:3	Schedule - 88:11,	Settlement - 72:24,	78:11, 79:20, 89:14,	185:8, 186:8,
	Retrospective -	88:16, 198:10,	73:1, 124:6, 124:7	94:4, 132:16,	187:14, 187:20
I	24:6	199:22	Seven - 11:20	165:17, 165:19,	Specification -
	Reverberations -	Scope - 154:25	Seventy - 41:14	208:24	183:20, 184:16
	71:12	Scores - 38:5	Several - 155:6,	Simply - 96:7,	Specify - 34:2
	Reversion - 183:16	Scotia - 209:13,	207:16	198:4	Speculation -
	Revert - 179:14,	210:12, 210:23	Share - 18:22,	Sine - 167:20	40:10
	179:24, 180:25	Screen - 3:25,	22:23, 23:5, 58:2,	Single - 42:1	Spend - 207:15
	Reverting - 191:9	15:10, 15:25,	98:11, 124:9,	Sky - 108:3	Spent - 147:9
	Reverts - 183:21	19:16, 43:1, 61:12,	152:24	Slam - 31:22	Spot - 143:1,
	Reward - 111:3	70:10, 70:18,	Shareholders -	Slew - 102:13	143:15
	Ring - 40:14,	94:14, 94:18, 112:4,	48:6, 48:19, 49:6,	Slightly - 99:2,	Spotty - 208:7,
		135:16, 138:12,		-	
1		1	1	1	1

211:23	121:14, 121:20,	Suppose - 107:22	165:11, 165:15,	36:2, 40:21, 57:22,
Spread - 66:4,	130:22, 169:4,	Supposed - 210:20	176:8	63:12, 64:17,
67:16, 80:4, 116:17,	177:6	Surplus - 77:2	Ten - 5:24, 11:22,	64:18, 66:15,
119:5	Stocks - 55:16,	Surprised - 131:20	28:20, 28:22,	66:20, 72:2, 74:23,
Spreads - 67:7,	62:4, 64:16	Surprising -	114:25, 115:4,	76:19, 79:22, 90:2,
118:25, 202:9	Store - 208:1	130:23	115:5, 115:6,	91:9, 92:3, 92:7,
Square - 164:24	Straight - 113:20,	Surrebuttal -	120:19, 208:25,	93:24, 106:20,
Squared - 165:6,	113:23, 208:22	177:25, 178:25	209:25	117:1, 147:13,
172:12, 172:19,	Straightforward -	Surrounded -	Tended - 22:19	147:14, 153:6,
172:25, 174:4,	195:7	207:3	Term - 30:19,	159:11, 161:9,
175:3, 175:4,	Strategic - 83:21	Surrounding -	63:18, 64:12,	161:15, 165:15,
175:10, 177:12	Stream - 210:4	135:15	66:15, 71:20,	172:13, 179:6,
Stage - 153:25,	Strength - 184:9	Suspicion - 171:4	81:12, 81:15,	181:7, 187:13,
154:3, 154:20,	Strictly - 155:25,	Sustain - 28:24	83:25, 84:2, 84:15,	188:15, 193:3,
154:22, 154:24,	205:8	Sustainable -	85:13, 85:16,	193:16, 206:5,
155:8, 155:20,	Strike - 50:11	86:13, 136:17,	85:17, 86:20,	211:23, 212:12
156:25, 157:8,	Strikes - 50:8	143:14, 144:13	86:24, 87:11, 87:17,	They'd - 17:3
		,		
158:8, 158:20,	Stroke - 208:11	Swear - 206:5	136:17, 143:15,	They've - 11:1,
159:2, 159:4,	Strong - 27:18,	Sweat - 88:19	145:22, 153:14,	29:4, 29:17, 32:13,
159:6, 159:9	30:18, 130:22,	SWORN - 1:17	160:9, 161:10,	32:16, 98:4,
Stakeholders -	163:21	Systems - 150:8	170:2, 176:11,	134:25, 208:6
196:25	Stronger - 66:15		197:23	Third - 9:21, 105:2,
Stand - 28:21,	Structure - 97:4	Т	Terming - 157:7	105:17, 145:2,
1 1				
132:4, 132:10	Stuck - 210:18,	Table - 15:22,	Terms - 29:19,	154:24, 168:13,
Standard - 89:20,	212:4	81:18, 92:22,	34:14, 36:1, 62:12,	210:5
89:25, 90:1, 96:9,	Studies - 83:23		69:22, 75:6, 77:22,	Thirds - 113:4
178:17, 178:20,	Study - 210:8	92:24, 93:1, 93:23,	78:18, 92:8, 93:8,	THOMAS - 1:18
180:2, 180:14,	Submitted - 6:24,	98:14, 128:5,	100:13, 117:2,	Thorough - 84:11
181:18, 192:8,	69:25	135:25, 139:19,	128:4, 141:20,	Three - 73:6, 73:11,
		139:21, 169:12		
195:22, 196:3,	Subs - 4:12	Tailoring - 187:6,	147:15, 154:15,	74:6, 109:24,
196:5, 196:6, 198:1	Subscribe - 11:16,	187:7	161:8, 164:4,	114:24, 116:2,
Standpoint -	17:1		171:1, 195:13,	116:14, 116:23,
55:18, 55:22, 55:24	Subscribed - 62:15	Taking - 71:14,	203:5, 208:7,	124:6, 130:22,
Start - 120:22,	Subscriber -	90:16, 126:2,	209:25, 210:21,	208:21
· ·	132:24	141:17, 177:14,	212:3	Tied - 211:12
156:18, 188:17,		192:7		
189:9, 196:4	Subscribers -	Target - 45:18,	Terry - 206:10	Timeframe - 87:15
Starting - 112:19,	10:23	81:14, 85:13,	Test - 87:5, 87:12,	Times - 18:20,
183:13	Subsidiaries -		100:16, 104:5,	143:4, 143:10,
Starts - 121:14	40:14	86:20, 86:24,	106:16, 106:25,	143:16, 208:25,
Stat - 166:11,	Subsidiary - 4:6,	86:25, 87:12, 87:17	110:2, 113:15,	209:4
167:4, 167:15	7:21, 40:16	Task - 25:5, 25:20	114:8, 114:13,	Tiny - 131:8
		Tax - 55:4, 55:6,		
State - 7:22, 10:24,	Subsidy - 211:14	55:11, 55:18, 55:22,	114:20, 114:24,	Title - 92:23
18:8, 84:17	Substantial -	56:9, 56:19, 57:1,	156:23, 158:1,	Today - 69:7,
State's - 58:8,	52:12, 57:9	57:7	159:19, 160:1,	73:10, 73:12,
118:11	Subtracting -	Taxes - 56:25	161:8, 162:16,	104:7, 104:9,
Statistic - 165:23	146:15		162:23, 173:8,	109:23, 157:15,
Statistical - 166:12	Suffer - 145:11	TD - 77:4, 77:11,	193:10	161:20, 205:23,
		77:17, 78:12,		
Statistically -	Suggested - 53:1	78:13, 79:18,	Tested - 110:22	206:23, 207:4,
165:25, 166:25,	Suggestion -	105:3, 107:8, 162:9	Testimony - 75:5,	209:9, 210:2,
167:24, 181:17	207:17	Team - 12:1, 30:11,	187:11, 188:2,	211:11, 212:12
Statistics - 11:2,	Suggests - 30:17,		188:3, 188:4,	Took - 3:6, 80:15,
164:16	53:11, 156:19,	31:17	189:20, 192:11	122:19
Steady - 49:17	161:16	Technique - 170:5,	Text - 184:1	Tool - 149:16,
Stipulate - 60:4,	Sum - 204:5	171:17, 171:21	Textbook - 149:12	158:8
		Telegram - 207:4		
153:7	Summarize - 31:24	Telephone - 10:21	Thanks - 47:11,	Tools - 98:19
Stock - 14:4,	Summarizes -	Telling - 74:17,	61:9	Top - 60:22, 61:11,
20:20, 51:8, 51:15,	83:18	95:11, 105:7, 113:7,	Theory - 97:6,	61:16, 99:5, 99:21,
62:18, 89:24,	Summary - 88:7		97:12	102:17, 119:5,
100:25, 101:1,	Sun - 102:14	176:5	Therefore - 179:9,	134:19, 138:12,
102:22, 104:1,				
		Tells - 95:22,		
	Support - 105:18,	lells - 95:22, 104:7, 146:7,	179:10, 183:19	168:9, 175:25
104:18, 111:11,		-		

Toronto - 210:9	37:1, 44:11, 46:23,	59.0 50.1 62.2	100:17, 100:23,	Variables - 168:19
		58:9, 59:1, 62:2,		
Tortured - 158:23	49:3, 64:24, 75:8,	63:1, 65:8, 65:21,	101:1, 108:22,	Variation - 164:25,
Total - 18:23,	80:20, 82:9, 82:22,	66:6, 66:13, 77:25,	110:3, 115:20,	165:12
53:21, 121:17,	85:11, 88:6, 92:21,	90:9, 90:17, 91:18,	115:24, 116:2,	Variety - 73:7,
126:25, 127:18,	98:22, 100:9,	93:5, 118:11,	116:23, 119:7,	93:4, 98:25, 204:3
130:16, 139:3,	112:17, 119:14,	119:16, 124:25,	119:9, 127:12,	Vary - 136:4
139:8, 139:22,	130:25, 133:10,	128:7, 128:24,	129:13, 129:15,	Versa - 164:11
140:15, 164:16	154:14, 175:17,	129:14, 130:13,	140:15, 141:18,	Version - 3:18,
Towards - 70:17,	177:16, 177:25,	133:5, 133:19,	141:22, 142:9,	17:6, 82:25,
117:6, 175:25,	178:24, 182:20,	134:6, 156:23,	142:16, 147:25,	140:10, 148:19,
179:9, 179:10,	182:22, 197:19,	157:4	156:24, 158:17,	148:22
180:6	206:7	Units - 2:15	158:18, 158:19,	Versus - 4:2,
Townies - 207:3	Turner - 10:9,	Universe - 36:1,	159:6, 159:8,	15:16, 15:21,
Track - 7:1, 22:21,	10:11	36:6, 36:14, 42:5,	159:9, 162:23,	43:10, 46:6, 48:18,
23:21, 102:21	Turning - 76:14	43:6, 44:19, 45:7,	165:19, 171:7,	49:5, 54:13, 55:8,
Traded - 4:16,	Two - 30:20, 52:21,	78:16	172:25, 179:21,	68:23, 89:2,
14:4, 64:10,	72:23, 74:6, 91:25,	University - 195:25	181:1, 181:6,	120:16, 140:22,
1 <i>i i</i>				
152:17, 181:10	92:6, 93:9, 95:13,	Unless - 40:24,	181:8, 181:15,	191:10, 193:20,
Traders - 63:25	109:23, 113:4,	57:23, 58:10, 59:2,	181:17, 194:25,	199:1
Trading - 46:12,	122:5, 146:2,	59:9, 210:18	195:25, 196:7,	Vice - 164:11
46:13	146:22, 161:7,	Unreasonably -	200:16, 200:18	View - 22:23, 23:6,
Transcanada -	164:9, 171:12,	179:12	Utility - 6:5, 6:21,	23:8, 23:18, 25:22,
52:3	172:8, 177:23,			71:14, 71:15, 83:2,
		Unregulated - 2:9,	7:25, 10:9, 10:10,	
Transcript - 23:13,	182:16, 185:19,	2:18	10:11, 10:17, 11:2,	84:7, 84:23, 86:12,
23:17, 67:13	202:15, 202:18,	Unusual - 50:3,	19:8, 19:14, 20:4,	105:5, 105:18,
Transenergie -	206:24	50:9, 50:11	21:10, 25:11, 25:17,	108:21, 108:23,
189:20	Types - 30:14,	Update - 38:5,	28:15, 29:9, 31:13,	135:15, 144:19,
Translate - 118:22	76:16	73:12, 129:25,	33:20, 36:20,	144:23, 157:11,
Transmission -		130:21	36:23, 40:22, 50:4,	
	Typically - 24:14,			157:20, 187:17
10:21, 112:10,	25:23, 27:21,	Updated - 38:11,	53:7, 55:16, 64:16,	Views - 46:5,
209:16	114:23, 127:9,	68:17, 69:25,	68:24, 69:6, 72:5,	144:18, 187:7
Travel - 207:16	139:15, 200:8,	131:17, 131:22,	113:23, 118:23,	Vis - 143:19
Treasuries -	200:21, 203:8,	132:17, 180:22	140:22, 149:8,	Volatility - 71:11,
136:18	203:17	Upgrades - 208:17	149:22, 150:1,	89:24
Treasury - 99:3,		Upper - 209:2,	158:21, 159:1,	Volume - 99:20
134:10, 136:25	U	209:5	159:3, 177:20,	Volume 00.20
				w
Treat - 180:22	Unadjusted - 198:5	Used - 11:15,	177:21, 183:22,	
Tremendous - 57:6	Unattractive -	63:18, 64:8, 81:12,	191:10	Walmart - 208:2
Trend - 170:2	52:16	83:20, 84:1, 92:22,	Utilize - 186:6	Warrant - 133:23
Tribunal - 182:2		112:21, 113:15,	Utilized - 108:25	
Tries - 93:1	Uncertainty -	113:20, 113:23,		Warrants - 184:17
Triggered - 206:15	147:15	122:5, 122:21,	V	Wasn't - 45:6,
	Underestimate -	122:24, 124:22,		131:22, 132:17
Triple - 35:20,	195:18	1 122.24, 124.22,		
35:21, 36:8, 41:15,	195.10		Validity - 76:15	Water - 10:21
41:25, 42:10,		129:2, 132:19,	Validity - 76:15 Valley - 70:9	
	Understood -	129:2, 132:19, 135:25, 136:19,	Valley - 70:9	Ways - 4:14, 92:16,
43:10, 44:13	Understood - 106:21, 154:21,	129:2, 132:19,	Valley - 70:9 Valuation - 84:3,	Ways - 4:14, 92:16, 171:18, 171:20
	Understood - 106:21, 154:21, 182:5	129:2, 132:19, 135:25, 136:19,	Valley - 70:9 Valuation - 84:3, 136:13	Ways - 4:14, 92:16, 171:18, 171:20 Weary - 71:8
43:10, 44:13 Trouble - 158:17	Understood - 106:21, 154:21, 182:5 Undertake - 74:14,	129:2, 132:19, 135:25, 136:19, 136:20, 139:20, 143:16, 144:16,	Valley - 70:9 Valuation - 84:3, 136:13 Value - 17:9, 18:23,	Ways - 4:14, 92:16, 171:18, 171:20 Weary - 71:8 Week - 206:16,
43:10, 44:13 Trouble - 158:17 Troubled - 2:9	Understood - 106:21, 154:21, 182:5 Undertake - 74:14, 75:25, 131:24,	129:2, 132:19, 135:25, 136:19, 136:20, 139:20, 143:16, 144:16, 146:5, 149:1,	Valley - 70:9 Valuation - 84:3, 136:13 Value - 17:9, 18:23, 19:11, 52:19, 70:7,	Ways - 4:14, 92:16, 171:18, 171:20 Weary - 71:8 Week - 206:16, 208:5
43:10, 44:13 Trouble - 158:17 Troubled - 2:9 Truly - 142:6	Understood - 106:21, 154:21, 182:5 Undertake - 74:14,	129:2, 132:19, 135:25, 136:19, 136:20, 139:20, 143:16, 144:16, 146:5, 149:1, 149:20, 154:19,	Valley - 70:9 Valuation - 84:3, 136:13 Value - 17:9, 18:23,	Ways - 4:14, 92:16, 171:18, 171:20 Weary - 71:8 Week - 206:16,
43:10, 44:13 Trouble - 158:17 Troubled - 2:9 Truly - 142:6 Trust - 146:6	Understood - 106:21, 154:21, 182:5 Undertake - 74:14, 75:25, 131:24, 139:19	129:2, 132:19, 135:25, 136:19, 136:20, 139:20, 143:16, 144:16, 146:5, 149:1, 149:20, 154:19, 162:1, 170:5,	Valley - 70:9 Valuation - 84:3, 136:13 Value - 17:9, 18:23, 19:11, 52:19, 70:7, 70:14, 85:8, 149:9,	Ways - 4:14, 92:16, 171:18, 171:20 Weary - 71:8 Week - 206:16, 208:5 Weeks - 155:6,
43:10, 44:13 Trouble - 158:17 Troubled - 2:9 Truly - 142:6 Trust - 146:6 TSX - 59:4, 59:6,	Understood - 106:21, 154:21, 182:5 Undertake - 74:14, 75:25, 131:24, 139:19 Undertaking -	129:2, 132:19, 135:25, 136:19, 136:20, 139:20, 143:16, 144:16, 146:5, 149:1, 149:20, 154:19, 162:1, 170:5, 171:18, 173:8,	Valley - 70:9 Valuation - 84:3, 136:13 Value - 17:9, 18:23, 19:11, 52:19, 70:7, 70:14, 85:8, 149:9, 149:13, 165:23,	Ways - 4:14, 92:16, 171:18, 171:20 Weary - 71:8 Week - 206:16, 208:5 Weeks - 155:6, 185:19, 198:16
43:10, 44:13 Trouble - 158:17 Troubled - 2:9 Truly - 142:6 Trust - 146:6	Understood - 106:21, 154:21, 182:5 Undertake - 74:14, 75:25, 131:24, 139:19 Undertaking - 24:17, 76:5,	129:2, 132:19, 135:25, 136:19, 136:20, 139:20, 143:16, 144:16, 146:5, 149:1, 149:20, 154:19, 162:1, 170:5,	Valley - 70:9 Valuation - 84:3, 136:13 Value - 17:9, 18:23, 19:11, 52:19, 70:7, 70:14, 85:8, 149:9, 149:13, 165:23, 177:22, 179:22,	Ways - 4:14, 92:16, 171:18, 171:20 Weary - 71:8 Week - 206:16, 208:5 Weeks - 155:6, 185:19, 198:16 Weight - 184:17
43:10, 44:13 Trouble - 158:17 Troubled - 2:9 Truly - 142:6 Trust - 146:6 TSX - 59:4, 59:6,	Understood - 106:21, 154:21, 182:5 Undertake - 74:14, 75:25, 131:24, 139:19 Undertaking - 24:17, 76:5, 140:19, 155:14,	129:2, 132:19, 135:25, 136:19, 136:20, 139:20, 143:16, 144:16, 146:5, 149:1, 149:20, 154:19, 162:1, 170:5, 171:18, 173:8,	Valley - 70:9 Valuation - 84:3, 136:13 Value - 17:9, 18:23, 19:11, 52:19, 70:7, 70:14, 85:8, 149:9, 149:13, 165:23, 177:22, 179:22, 197:7, 197:22	Ways - 4:14, 92:16, 171:18, 171:20 Weary - 71:8 Week - 206:16, 208:5 Weeks - 155:6, 185:19, 198:16 Weight - 184:17 Weighted - 110:19
43:10, 44:13 Trouble - 158:17 Troubled - 2:9 Truly - 142:6 Trust - 146:6 TSX - 59:4, 59:6, 60:6, 95:19, 100:1, 100:25, 101:19,	Understood - 106:21, 154:21, 182:5 Undertake - 74:14, 75:25, 131:24, 139:19 Undertaking - 24:17, 76:5, 140:19, 155:14, 157:16	129:2, 132:19, 135:25, 136:19, 136:20, 139:20, 143:16, 144:16, 146:5, 149:1, 149:20, 154:19, 162:1, 170:5, 171:18, 173:8, 178:9, 178:18, 179:23, 181:23,	Valley - 70:9 Valuation - 84:3, 136:13 Value - 17:9, 18:23, 19:11, 52:19, 70:7, 70:14, 85:8, 149:9, 149:13, 165:23, 177:22, 179:22, 197:7, 197:22 Values - 186:4	Ways - 4:14, 92:16, 171:18, 171:20 Weary - 71:8 Week - 206:16, 208:5 Weeks - 155:6, 185:19, 198:16 Weight - 184:17 Weighted - 110:19 Weights - 180:3
43:10, 44:13 Trouble - 158:17 Troubled - 2:9 Truly - 142:6 Trust - 146:6 TSX - 59:4, 59:6, 60:6, 95:19, 100:1, 100:25, 101:19, 101:24, 102:17,	Understood - 106:21, 154:21, 182:5 Undertake - 74:14, 75:25, 131:24, 139:19 Undertaking - 24:17, 76:5, 140:19, 155:14, 157:16 Undertakings -	129:2, 132:19, 135:25, 136:19, 136:20, 139:20, 143:16, 144:16, 146:5, 149:1, 149:20, 154:19, 162:1, 170:5, 171:18, 173:8, 178:9, 178:18, 179:23, 181:23, 189:21, 190:9,	Valley - 70:9 Valuation - 84:3, 136:13 Value - 17:9, 18:23, 19:11, 52:19, 70:7, 70:14, 85:8, 149:9, 149:13, 165:23, 177:22, 179:22, 197:7, 197:22 Values - 186:4 Valuing - 149:17	Ways - 4:14, 92:16, 171:18, 171:20 Weary - 71:8 Week - 206:16, 208:5 Weeks - 155:6, 185:19, 198:16 Weight - 184:17 Weighted - 110:19 Weights - 180:3 We'll - 8:9, 30:4,
43:10, 44:13 Trouble - 158:17 Troubled - 2:9 Truly - 142:6 Trust - 146:6 TSX - 59:4, 59:6, 60:6, 95:19, 100:1, 100:25, 101:19, 101:24, 102:17, 102:19, 102:25,	Understood - 106:21, 154:21, 182:5 Undertake - 74:14, 75:25, 131:24, 139:19 Undertaking - 24:17, 76:5, 140:19, 155:14, 157:16	129:2, 132:19, 135:25, 136:19, 136:20, 139:20, 143:16, 144:16, 146:5, 149:1, 149:20, 154:19, 162:1, 170:5, 171:18, 173:8, 178:9, 178:18, 179:23, 181:23, 189:21, 190:9, 191:5, 191:14,	Valley - 70:9 Valuation - 84:3, 136:13 Value - 17:9, 18:23, 19:11, 52:19, 70:7, 70:14, 85:8, 149:9, 149:13, 165:23, 177:22, 179:22, 197:7, 197:22 Values - 186:4	Ways - 4:14, 92:16, 171:18, 171:20 Weary - 71:8 Week - 206:16, 208:5 Weeks - 155:6, 185:19, 198:16 Weight - 184:17 Weighted - 110:19 Weights - 180:3
43:10, 44:13 Trouble - 158:17 Troubled - 2:9 Truly - 142:6 Trust - 146:6 TSX - 59:4, 59:6, 60:6, 95:19, 100:1, 100:25, 101:19, 101:24, 102:17, 102:19, 102:25, 103:1, 103:6,	Understood - 106:21, 154:21, 182:5 Undertake - 74:14, 75:25, 131:24, 139:19 Undertaking - 24:17, 76:5, 140:19, 155:14, 157:16 Undertakings -	129:2, 132:19, 135:25, 136:19, 136:20, 139:20, 143:16, 144:16, 146:5, 149:1, 149:20, 154:19, 162:1, 170:5, 171:18, 173:8, 178:9, 178:18, 179:23, 181:23, 189:21, 190:9, 191:5, 191:14, 192:4, 196:3,	Valley - 70:9 Valuation - 84:3, 136:13 Value - 17:9, 18:23, 19:11, 52:19, 70:7, 70:14, 85:8, 149:9, 149:13, 165:23, 177:22, 179:22, 197:7, 197:22 Values - 186:4 Valuing - 149:17	Ways - 4:14, 92:16, 171:18, 171:20 Weary - 71:8 Week - 206:16, 208:5 Weeks - 155:6, 185:19, 198:16 Weight - 184:17 Weighted - 110:19 Weights - 180:3 We'll - 8:9, 30:4,
43:10, 44:13 Trouble - 158:17 Troubled - 2:9 Truly - 142:6 Trust - 146:6 TSX - 59:4, 59:6, 60:6, 95:19, 100:1, 100:25, 101:19, 101:24, 102:17, 102:19, 102:25, 103:1, 103:6, 108:18, 110:5,	Understood - 106:21, 154:21, 182:5 Undertake - 74:14, 75:25, 131:24, 139:19 Undertaking - 24:17, 76:5, 140:19, 155:14, 157:16 Undertakings - 1:3, 1:7, 1:13 Underway - 205:24	129:2, 132:19, 135:25, 136:19, 136:20, 139:20, 143:16, 144:16, 146:5, 149:1, 149:20, 154:19, 162:1, 170:5, 171:18, 173:8, 178:9, 178:18, 178:9, 178:18, 179:23, 181:23, 189:21, 190:9, 191:5, 191:14, 192:4, 196:3, 196:5, 201:1,	Valley - 70:9 Valuation - 84:3, 136:13 Value - 17:9, 18:23, 19:11, 52:19, 70:7, 70:14, 85:8, 149:9, 149:13, 165:23, 177:22, 179:22, 197:7, 197:22 Values - 186:4 Valuing - 149:17 Variable - 160:20, 168:13, 168:22,	Ways - 4:14, 92:16, 171:18, 171:20 Weary - 71:8 Week - 206:16, 208:5 Weeks - 155:6, 185:19, 198:16 Weight - 184:17 Weighted - 110:19 Weights - 180:3 We'll - 8:9, 30:4, 47:8, 61:5, 123:19, 126:12, 206:1,
43:10, 44:13 Trouble - 158:17 Troubled - 2:9 Truly - 142:6 Trust - 146:6 TSX - 59:4, 59:6, 60:6, 95:19, 100:1, 100:25, 101:19, 101:24, 102:17, 102:19, 102:25, 103:1, 103:6, 108:18, 110:5, 151:13, 152:15,	Understood - 106:21, 154:21, 182:5 Undertake - 74:14, 75:25, 131:24, 139:19 Undertaking - 24:17, 76:5, 140:19, 155:14, 157:16 Undertakings - 1:3, 1:7, 1:13 Underway - 205:24 Unfamiliar - 57:23	129:2, 132:19, 135:25, 136:19, 136:20, 139:20, 143:16, 144:16, 146:5, 149:1, 149:20, 154:19, 162:1, 170:5, 171:18, 173:8, 178:9, 178:18, 179:23, 181:23, 189:21, 190:9, 191:5, 191:14, 192:4, 196:3, 196:5, 201:1, 202:22, 202:23	Valley - 70:9 Valuation - 84:3, 136:13 Value - 17:9, 18:23, 19:11, 52:19, 70:7, 70:14, 85:8, 149:9, 149:13, 165:23, 177:22, 179:22, 197:7, 197:22 Values - 186:4 Valuing - 149:17 Variable - 160:20, 168:13, 168:22, 169:1, 169:12,	Ways - 4:14, 92:16, 171:18, 171:20 Weary - 71:8 Week - 206:16, 208:5 Weeks - 155:6, 185:19, 198:16 Weight - 184:17 Weighted - 110:19 Weights - 180:3 We'll - 8:9, 30:4, 47:8, 61:5, 123:19, 126:12, 206:1, 206:7
43:10, 44:13 Trouble - 158:17 Troubled - 2:9 Truly - 142:6 Trust - 146:6 TSX - 59:4, 59:6, 60:6, 95:19, 100:1, 100:25, 101:19, 101:24, 102:17, 102:19, 102:25, 103:1, 103:6, 108:18, 110:5,	Understood - 106:21, 154:21, 182:5 Undertake - 74:14, 75:25, 131:24, 139:19 Undertaking - 24:17, 76:5, 140:19, 155:14, 157:16 Undertakings - 1:3, 1:7, 1:13 Underway - 205:24 Unfamiliar - 57:23 Unhedged - 112:6	129:2, 132:19, 135:25, 136:19, 136:20, 139:20, 143:16, 144:16, 146:5, 149:1, 149:20, 154:19, 162:1, 170:5, 171:18, 173:8, 178:9, 178:18, 178:9, 178:18, 179:23, 181:23, 189:21, 190:9, 191:5, 191:14, 192:4, 196:3, 196:5, 201:1,	Valley - 70:9 Valuation - 84:3, 136:13 Value - 17:9, 18:23, 19:11, 52:19, 70:7, 70:14, 85:8, 149:9, 149:13, 165:23, 177:22, 179:22, 197:7, 197:22 Values - 186:4 Valuing - 149:17 Variable - 160:20, 168:13, 168:22, 169:1, 169:12, 169:22, 170:8,	Ways - 4:14, 92:16, 171:18, 171:20 Weary - 71:8 Week - 206:16, 208:5 Weeks - 155:6, 185:19, 198:16 Weight - 184:17 Weighted - 110:19 Weights - 180:3 We'll - 8:9, 30:4, 47:8, 61:5, 123:19, 126:12, 206:1, 206:7 We're - 1:15, 4:10,
43:10, 44:13 Trouble - 158:17 Troubled - 2:9 Truly - 142:6 Trust - 146:6 TSX - 59:4, 59:6, 60:6, 95:19, 100:1, 100:25, 101:19, 101:24, 102:17, 102:19, 102:25, 103:1, 103:6, 108:18, 110:5, 151:13, 152:15, 195:14	Understood - 106:21, 154:21, 182:5 Undertake - 74:14, 75:25, 131:24, 139:19 Undertaking - 24:17, 76:5, 140:19, 155:14, 157:16 Undertakings - 1:3, 1:7, 1:13 Underway - 205:24 Unfamiliar - 57:23 Unhedged - 112:6 United - 45:24,	129:2, 132:19, 135:25, 136:19, 136:20, 139:20, 143:16, 144:16, 146:5, 149:1, 149:20, 154:19, 162:1, 170:5, 171:18, 173:8, 178:9, 178:18, 179:23, 181:23, 189:21, 190:9, 191:5, 191:14, 192:4, 196:3, 196:5, 201:1, 202:22, 202:23 Uses - 90:1, 107:9	Valley - 70:9 Valuation - 84:3, 136:13 Value - 17:9, 18:23, 19:11, 52:19, 70:7, 70:14, 85:8, 149:9, 149:13, 165:23, 177:22, 179:22, 197:7, 197:22 Values - 186:4 Valuing - 149:17 Variable - 160:20, 168:13, 168:22, 169:1, 169:12, 169:22, 170:8, 170:15, 174:3,	Ways - 4:14, 92:16, 171:18, 171:20 Weary - 71:8 Week - 206:16, 208:5 Weeks - 155:6, 185:19, 198:16 Weight - 184:17 Weighted - 110:19 Weights - 180:3 We'll - 8:9, 30:4, 47:8, 61:5, 123:19, 126:12, 206:1, 206:7 We're - 1:15, 4:10, 4:14, 5:1, 10:7,
43:10, 44:13 Trouble - 158:17 Troubled - 2:9 Truly - 142:6 Trust - 146:6 TSX - 59:4, 59:6, 60:6, 95:19, 100:1, 100:25, 101:19, 101:24, 102:17, 102:19, 102:25, 103:1, 103:6, 108:18, 110:5, 151:13, 152:15, 195:14 Turbine - 211:1	Understood - 106:21, 154:21, 182:5 Undertake - 74:14, 75:25, 131:24, 139:19 Undertaking - 24:17, 76:5, 140:19, 155:14, 157:16 Undertakings - 1:3, 1:7, 1:13 Underway - 205:24 Unfamiliar - 57:23 Unhedged - 112:6 United - 45:24, 46:3, 46:5, 52:5,	129:2, 132:19, 135:25, 136:19, 136:20, 139:20, 143:16, 144:16, 146:5, 149:1, 149:20, 154:19, 162:1, 170:5, 171:18, 173:8, 178:9, 178:18, 179:23, 181:23, 189:21, 190:9, 191:5, 191:14, 192:4, 196:3, 196:5, 201:1, 202:22, 202:23 Uses - 90:1, 107:9 Using - 21:2, 21:4,	Valley - 70:9 Valuation - 84:3, 136:13 Value - 17:9, 18:23, 19:11, 52:19, 70:7, 70:14, 85:8, 149:9, 149:13, 165:23, 177:22, 179:22, 197:7, 197:22 Values - 186:4 Valuing - 149:17 Variable - 160:20, 168:13, 168:22, 169:1, 169:12, 169:22, 170:8, 170:15, 174:3, 174:14, 174:18,	Ways - 4:14, 92:16, 171:18, 171:20 Weary - 71:8 Week - 206:16, 208:5 Weeks - 155:6, 185:19, 198:16 Weight - 184:17 Weighted - 110:19 Weights - 180:3 We'll - 8:9, 30:4, 47:8, 61:5, 123:19, 126:12, 206:1, 206:7 We're - 1:15, 4:10, 4:14, 5:1, 10:7, 13:8, 13:17, 73:9,
43:10, 44:13 Trouble - 158:17 Troubled - 2:9 Truly - 142:6 Trust - 146:6 TSX - 59:4, 59:6, 60:6, 95:19, 100:1, 100:25, 101:19, 101:24, 102:17, 102:19, 102:25, 103:1, 103:6, 108:18, 110:5, 151:13, 152:15, 195:14	Understood - 106:21, 154:21, 182:5 Undertake - 74:14, 75:25, 131:24, 139:19 Undertaking - 24:17, 76:5, 140:19, 155:14, 157:16 Undertakings - 1:3, 1:7, 1:13 Underway - 205:24 Unfamiliar - 57:23 Unhedged - 112:6 United - 45:24,	129:2, 132:19, 135:25, 136:19, 136:20, 139:20, 143:16, 144:16, 146:5, 149:1, 149:20, 154:19, 162:1, 170:5, 171:18, 173:8, 178:9, 178:18, 179:23, 181:23, 189:21, 190:9, 191:5, 191:14, 192:4, 196:3, 196:5, 201:1, 202:22, 202:23 Uses - 90:1, 107:9	Valley - 70:9 Valuation - 84:3, 136:13 Value - 17:9, 18:23, 19:11, 52:19, 70:7, 70:14, 85:8, 149:9, 149:13, 165:23, 177:22, 179:22, 197:7, 197:22 Values - 186:4 Valuing - 149:17 Variable - 160:20, 168:13, 168:22, 169:1, 169:12, 169:22, 170:8, 170:15, 174:3,	Ways - 4:14, 92:16, 171:18, 171:20 Weary - 71:8 Week - 206:16, 208:5 Weeks - 155:6, 185:19, 198:16 Weight - 184:17 Weighted - 110:19 Weights - 180:3 We'll - 8:9, 30:4, 47:8, 61:5, 123:19, 126:12, 206:1, 206:7 We're - 1:15, 4:10, 4:14, 5:1, 10:7,

April 5, 2016				NL Power GRA 2016
123:17, 123:18,	12:4, 27:8, 27:9,	193:21	0000 - 168:19	126 - 37:1, 37:17,
127:14, 139:7,	29:3, 29:11, 29:16,	Yielded - 100:6	003 - 175:7, 175:11	37:19
161:20, 163:1,	33:9, 33:10, 34:3,	Yields - 70:10,	003 - 173.7, 173.11 0034 - 174:4	13 - 15:18, 103:17,
		-	014 - 80:21, 80:25	
165:17, 185:9,	75:18, 75:21, 76:1,	86:13, 101:2,	,	104:13, 108:12,
196:20, 197:6,	76:2, 80:10, 146:6,	101:9, 104:2,	02 - 175:10	110:6, 110:16,
202:12, 209:8,	146:10, 147:8,	104:19, 134:20,	08 - 189:5, 189:14	119:15, 119:20,
212:4, 213:1	196:23	134:24, 136:1,	094 - 193:6, 193:15	125:1, 126:2,
Weren't - 11:3	Works - 34:5	136:5, 143:7,		134:25, 136:2,
Westar - 15:20	World - 105:5,	146:9, 147:19,	1	141:24, 190:21
We've - 13:7,	105:18	158:4, 158:13,	1.11 - 163:6,	13.45 - 110:14
23:25, 24:8, 71:5,	Worldwide - 63:9	159:16, 160:10,	163:10, 163:15,	13.46 - 100:2,
71:10, 71:11, 107:4,	Worthy - 2:13	160:16, 161:20,	163:23, 164:2	101:18, 108:4,
110:14, 138:19,	Wouldn't - 40:8,	162:19, 163:4,	-	148:10, 161:4
147:22, 147:24,	45:12, 45:20,	163:13, 163:21,	1.49 - 167:4,	13.5 - 103:9
148:14, 171:18,	86:12, 87:3,	165:14, 167:4,	167:18	14 - 16:2, 16:3,
189:19, 199:7	104:14, 104:22,	167:24, 176:12,	1.96 - 166:5	134:25
What's - 28:25,	118:4, 118:7,	177:7	1/3rd - 180:4,	15 - 154:21, 211:8
31:15, 32:24, 67:6,	138:20, 149:18,	York - 14:4, 51:7,	180:12	152 - 182:21,
73:23, 76:19,	205:3	51:15, 75:21	1/6 - 209:3	183:1, 183:3, 198:9
, ,	203.3 Write - 8:1	-	1/8th - 86:2	154 - 3:16, 3:21,
88:15, 90:4, 91:20,		You'd - 13:1, 93:7,	1:15 - 123:18,	<i>, , ,</i>
95:1, 109:6, 112:12,	Wyman - 26:4,	174:8, 207:19	206:2	190:12, 190:20,
137:4, 144:21,	27:5, 27:10, 27:13,	You'll - 13:17, 66:3,	1:20 - 206:3	191:1, 191:3
150:19, 153:19,	27:16, 29:15,	78:10, 93:18, 111:4,	1:30 - 213:2	159 - 3:4
158:25, 169:11,	29:21, 30:15, 30:24	126:20	10 - 28:7, 28:8,	16 - 154:21
176:5, 191:20,	Wyman's - 32:1	You've - 11:19,	74:11, 81:11, 83:18,	17 - 89:25, 145:19,
208:7		16:19, 30:1, 32:14,	90:22, 99:7, 115:18,	145:20, 145:22,
Whereabouts -	Y	33:5, 52:21, 117:12,		178:25
165:4	Veere E:4 11:00	136:6, 136:22,	115:22, 116:17,	18 - 15:19, 35:15,
Whereas - 186:2,	Years - 5:4, 11:20,	142:8, 144:7,	121:17, 122:10,	49:18
200:8	11:22, 73:11, 74:7,	159:15, 173:22,	145:23, 151:14,	18th - 47:15, 70:2
Whole - 98:25,	95:18, 103:11,	178:9, 187:23	152:1, 209:15,	19 - 6:14, 35:10,
102:13, 179:17	103:12, 103:24,	,	211:8	68:18, 77:4, 88:6,
Wide - 106:18	109:24, 110:9,	•	10.09 - 109:12	89:11, 112:2,
Widely - 11:15	114:24, 124:6,		10.17 - 16:1	145:11, 145:18,
Will - 6:13, 12:11,	130:5, 130:23,	'16 - 116:3	10.20 - 15:20	145:20, 145:25,
12:16, 28:24,	132:7, 132:9,	'17 - 116:3	10.64 - 14:11,	165:6, 173:1
30:17, 58:5, 61:3,	132:21, 168:12,	'18 - 116:3	14:19	1900s - 107:6
	172:9, 182:16,	'33 - 58:23, 59:16	10:00 - 71:21	19005 - 107.0
61:20, 77:9, 92:18,	209:25, 210:24,	'76 - 160:10,	10:15 - 86:9	
92:19, 106:3, 115:8,	211:24	168:20	10:30 - 98:20	1919 - 125:8,
131:4, 133:16,	Yesterday - 8:18,		10:45 - 111:25	125:10, 129:18,
152:24, 173:20,	25:5, 33:15, 66:19,	#	10:57 - 123:14	129:20
174:10, 175:9,	66:25, 68:2, 72:24,		100 - 17:20,	1924 - 128:5, 128:9
175:15, 182:24,	113:2, 189:23	#25 - 173:20	154:13, 172:20,	1926 - 125:5,
187:15, 188:23,	Yield - 65:4, 69:20,		209:18	129:15, 131:12,
190:6, 190:18,	85:13, 85:19,	\$	101 - 195:24	135:20
208:25	85:23, 86:1, 87:5,	\$100.00 - 121:14	103 - 132:5	1930 - 11:3
Wind - 211:1	87:14, 87:24,	\$105.00 - 121:14	105 - 73:14	1933 - 58:7, 58:11,
Windows - 208:18,		\$150.00 - 208:16		58:12
208:19	108:24, 115:1,		11 - 2:16, 15:14,	1936 - 131:11
Winter - 209:22	115:8, 118:17,	\$200.00 - 208:17	15:18, 15:24,	1947 - 128:9
Wishes - 22:3,	127:20, 127:21,	\$400.00 - 208:19	26:12, 26:22, 67:4,	1970 - 209:6
22:25	128:10, 134:9,	\$5.00 - 121:15	67:9, 115:11, 119:4,	1980 - 170:7,
Withholding -	134:19, 136:24,	\$800.00 - 208:18	133:11	170:11
56:9, 56:19	137:16, 139:1,	· · · · · · · · · · · · · · · · · · ·	11:41 - 123:15	1981 - 170:13
Witness - 7:12,	139:9, 139:10,	/	11:45 - 128:2	1990 - 129:16
	139:14, 141:5,	/ Canadian - 203:3	12 - 17:22, 18:25,	
7:16, 23:12, 140:3	142:4, 143:1,	/ Canadian - 200.0	177:18, 178:24	1's - 181:1
Witnesses - 73:12	143:15, 144:13,		12:00 - 140:1	1st - 6:11, 46:25
Word - 31:25, 32:8	145:22, 146:4,	0	12:15 - 154:6	
Words - 163:9,	157:14, 160:24,	0.2 - 175:3	12:30 - 173:18	2
179:15	161:11, 164:9,	0.9 - 145:22,	12:45 - 183:6	2.1 - 115:1, 115:22
Work - 11:15, 12:2,	167:15, 170:3,	146:20	1200 - 209:15	2.16 - 65:17
	,			