

- 1 **Q. Is Mr. Coyne aware of the Credit Suisse annual by Dimson et al that looks at**
2 **market risk premiums around the world and shows that they are all quite similar in**
3 **developed markets even in the presence of large barriers to capital flows and that**
4 **this is nothing to do with “integration” per se? If not please explain why not and if**
5 **he agrees please explain the value of averaging the US and Canada, rather than all**
6 **the developed markets included in the Credit Suisse Annual.**
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- 8 A. Yes, Mr. Coyne is aware of the referenced report from Credit Suisse. He disagrees that
9 the report shows that market risk premiums are all quite similar in developed markets.
10 Further, Mr. Coyne sees no valid reason to use an average market risk premium for all
11 developed markets around the world rather than averaging the values for the Canadian
12 and U.S. markets. As explained in the Concentric *Cost of Capital* report, there is a high
13 degree of integration in the economies and capital markets of Canada and the U.S., and a
14 substantial amount of trade occurs between the two countries. Furthermore, the
15 regulation of public utilities is similar in Canada and the U.S.