

1 **Q. Can Mr. Coyne confirm that Atco Electric and Maritime electric are both smaller**
2 **than Newfoundland Power, but they are allowed 37% and 40% common equity**
3 **respectively. How would this square with Mr. Coyne’s judgment that size equates to**
4 **risk?**

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6 A. Mr. Coyne agrees that ATCO Electric and Maritime Electric both have fewer electric
7 utility customers than Newfoundland Power.

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9 In addition, small size is one risk factor among many that Mr. Coyne considers in
10 evaluating the business and financial risk of Newfoundland Power. As discussed on
11 pages 57-67 of Concentric’s report, the other key risk factors for Newfoundland Power
12 include: (1) economic and demographic trends in Newfoundland and Labrador that are
13 among the weakest of any Canadian province; (2) weather-related service disruptions due
14 to a service territory that is characterized by the most severe ice and wind storms in the
15 populated regions of Canada; (3) changes in the power supply of Newfoundland Power;
16 and (4) alternative fuel risk.