

1 **Q. Reference: *Fair Return for Newfoundland Power (NP)*, Evidence of**
 2 **Laurence D. Booth, September 28, 2021, Schedule 3 – US. Electric UHC**
 3 **ROEs.**

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- 5 a) **Please provide the source and source data in Excel format with all**
 6 **formulas and links intact.**
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- 8 b) **Please explain the relevance of the calculated earned ROEs for this group**
 9 **of electric utility holding companies to the proxy group companies used in**
 10 **Mr. Coyne’s analysis of Newfoundland Power.**
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- 12 c) **Has Dr. Booth researched the earned versus allowed ROEs for any**
 13 **operating companies in this group? If so, please provide that analysis.**

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- 15 **A. a) The data was taken directly from the Quantitative Equity Report on Duke and**
 16 **Dr. Booth has made no calculations or formulae in Excel as none are needed.**
 17 **An example for Duke Energy for the ten year historical summary is below and**
 18 **the full report attached as NP-CA-056 Attachment 1.**

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Financials as of 27 Aug 2021 (Fiscal Year End 31 Dec 2019)												
2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	YTD	Fiscal	
15	18	23	23	22	23	24	25	25	24	12		Revenue (Bil)
3,104	3,567	5,269	4,913	5,154	5,193	5,879	5,176	5,705	5,527	2,748		Operating Income (Mil)
21.36	19.91	23.15	21.83	23.04	22.83	24.95	21.11	22.75	23.16	23.08		Operating Margin (%)
1,706	1,768	2,665	1,883	2,816	2,152	3,059	2,666	3,707	1,270	1,703		Net Income (Mil)
3.83	3.07	3.76	2.66	4.05	3.11	4.36	3.76	5.06	1.72	2.21		Diluted Earnings/Share
3,672	5,244	6,382	6,586	6,700	6,863	6,624	7,186	8,209	8,856	3,873		Operating Cash Flow (Mil)
-4.36	-5.50	-5.53	-5.38	-6.77	-7.90	-8.05	-9.39	-11.12	-9.91	-4.64		Capital Spending (Bil)
-691	-257	856	1,202	-66	-1,038	-1,428	-2,203	-2,913	-1,051	-763		Free Cash Flow (Mil)
444	575	706	707	694	691	700	708	729	738	769		Avg Shares Outstand(Mil)
2.97	3.03	3.09	3.15	3.24	3.36	3.49	3.64	3.74	3.82	3.94		Dividend Per Share

Valuation as of 27 Aug 2021												
2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Current	Calendar	
1.01	0.95	0.96	1.10	0.95	1.00	1.02	0.99	1.07	0.97	1.04		Price/Fair Value [Ⓢ]
2.00	1.87	2.02	2.29	2.11	2.30	2.52	2.51	2.64	2.78	3.24		Price/Sales
15.94	21.20	20.98	18.99	20.75	19.55	21.62	21.00	19.04	33.42	27.47		Price/Earnings
7.55	7.03	7.79	9.00	7.32	7.79	9.49	8.30	9.24	7.20	8.43		Price/Cash Flow
1.28	1.10	1.18	1.43	1.23	1.34	1.41	1.46	1.50	1.60	1.74		Price/Book

Operating Performance as of 27 Aug 2021 (Fiscal Year End 31 Dec 2019)												
2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Q3	Fiscal (%)	
2.81	2.0	2.33	1.6	2.33	1.7	2.26	1.88	2.44	0.79	0.45		Return on Assets
7.53	5.56	6.48	4.58	6.99	5.33	7.39	6.23	8.36	2.8	1.6		Return on Equity
5.44	4.18	4.51	3.4	4.67	3.97	4.78	4.48	5.36	2.6	1.02		Rtn on Invested Capital

- 1 a) These are the UHCs for which betas are calculated as proxies for NP so it is
2 important to understand how they are valued by the stock market.
3 b) No, since the betas for the operating companies are not used as comparators for
4 NP as there is, by definition, no stock market data.