

1 **Reference: Volume 3, Cost of Capital Report by James Coyne**  
2

3 **Q. Volume 3, Cost of Capital Report by James Coyne, page 29, lines 3-12. The**  
4 **Canadian proxy group is composed of six companies, compared to four in Mr.**  
5 **Coyne’s June 1, 2018 report for Newfoundland Power in its 2019/2020 General Rate**  
6 **Application and includes three additional companies from 2018 and the elimination**  
7 **of one. Please explain the basis for the changes in the Canadian proxy group since**  
8 **2018.**  
9

10 **A.** The following company was included in Mr. Coyne’s 2018 Canadian proxy group, but  
11 not in 2021:

12  
13 Valener (now known as Energir) was not included in Mr. Coyne’s 2021 Canadian proxy  
14 group because it is no longer publicly traded, which means that market data is not  
15 available for Valener.  
16

17 The following three companies were not included in Mr. Coyne’s 2018 Canadian proxy  
18 group, but are included in 2021:

19  
20 Algonquin Power and Utilities Company was not included in 2018 because it was a  
21 relatively new company that did not have sufficient analyst coverage (i.e., EPS growth  
22 rate estimates) or trading history (i.e., stock prices, beta coefficient) to perform an ROE  
23 analysis.  
24

25 AltaGas Inc. was not included in 2018 because it was engaged in the acquisition of WGL  
26 Holdings, Inc., which was a significant transaction that might have affected the stock  
27 price of AltaGas.  
28

29 Hydro One Ltd. was not included in 2018 because it was engaged in the proposed  
30 acquisition of Avista Corporation, a U.S. based public utility holding company. Also,  
31 there was very limited public data available to investors on Hydro One Ltd. at that time  
32 because it had been primarily owned by the Province of Ontario in prior years and analyst  
33 coverage was limited.