

- 1 **Q. (Application Volume 1, page 3-37) It is stated “Newfoundland Power is a relatively**  
2 **small-sized, investor-owned utility.” In the May 2020 EY report (included with NP’s**  
3 **2021 Capital Budget Application) titled *Customer information system – Assessment***  
4 ***results and planning recommendations* it is stated (page 4) “Newfoundland Power is**  
5 ***the last remaining mid-to-large size Canadian utility operating a legacy CIS***  
6 ***application...”***
- 7 **a) Is NP a small-, mid- or large-size utility?**  
8 **b) Mr. Coyne includes a peer group of utilities in his evidence (Volume 3 of**  
9 **Application). Provide a comparison of the utilities included in Mr. Coyne’s**  
10 **peer groups to NP showing that these utilities are likewise “small-sized”.**
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- 12 **A. a) Newfoundland Power is a relatively small-sized utility compared to its peers.<sup>1</sup>**  
13 **This has been acknowledged by the Board and is one of the key factors supporting**  
14 **its common equity ratio of 45%.<sup>2</sup>**
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- 16 **b) The Cost of Capital Report prepared by Concentric Energy Advisors, Inc.**  
17 **(the “Concentric Report”) identifies 3 proxy groups: (i) the Canadian Proxy**  
18 **Group; (ii) the U.S. Electric Proxy group; and (iii) the North American Electric**  
19 **Proxy Group, which is comprised of the 4 Canadian investor-owned utilities**  
20 **included in the Canadian Proxy Group that are primarily engaged in the provision**  
21 **of electricity, plus the U.S. Electric Proxy Group.<sup>3</sup> These proxy groups are**  
22 **limited to companies that are publically traded.<sup>4</sup> As a result, companies in the**  
23 **proxy groups generally have more customers and assets than Newfoundland**  
24 **Power.<sup>5</sup>**
- 25
- 26 The Concentric Report also includes an analysis of Newfoundland Power’s capital  
27 structure and business risk. This includes a comparison of Newfoundland  
28 Power’s size to other investor-owned electric utilities in Canada and the United  
29 States.<sup>6</sup> It shows that Newfoundland Power continues to have fewer retail  
30 customers and less net property, plant, and equipment than most investor-owned  
31 electric utilities in Canada and the operating companies in the U.S. Electric Proxy  
32 Group.

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<sup>1</sup> See the 2022/2023 General Rate Application, Volume 1, Application, Company Evidence and Exhibits, Section 3: Finance, page 3-37.

<sup>2</sup> Order No. P.U. 18 (2016), page 24.

<sup>3</sup> See the 2022/2023 General Rate Application, Volume 3, Expert Evidence, Cost of Capital: Mr. James Coyne, pages 29-31.

<sup>4</sup> Ibid., Section IV. Selection of Proxy Companies.

<sup>5</sup> Ibid., Exhibit JMC-3.

<sup>6</sup> Ibid., pages 58 to 61.