

1 **Reference: Volume 3, Cost of Capital Report by James Coyne**
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3 **Q. Volume 3, Cost of Capital Report by James Coyne, page 34, line 7 to page 38, line 5.**
4 **Has there been a decision by a Canadian regulator since 2016 that in setting the fair**
5 **return for a utility considered the use of the Constant Growth DCF method, with no**
6 **adjustment for analysts' bias in projected growth rates? If yes provide a copy of the**
7 **decision.**
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9 A. The Island Regulatory and Appeals Commission's ("IRAC") 2019 decision (provided as
10 PUB-NP-069, Attachment C) authorized an ROE of 9.35% for Maritime Electric. The
11 decision does not specifically indicate what models the IRAC considered in arriving at its
12 decision. However, the approved ROE was based on the recommendation of the
13 company witness, who employed both a Constant Growth and Multi-Stage form of the
14 DCF model, along with the CAPM.