

Volume 2: Cost of Capital: Expert Opinion of James Coyne-Return on Equity

Q. Please confirm that C&T filed a report in Eastward Energy (EE)’s 2023 general rate application with the following summary results, and confirm that the equivalent results on page 3 of their current report indicates a range of 10.03% - 10.19% for a minor drop in their estimates of the fair ROE.

Appendix 4 - Eastward Cost of Capital

JAMES M. COYNE
 COST OF CAPITAL REPORT
 PREPARED FOR EASTWARD ENERGY

Figure 1: Summary of Mean Results¹

	CANADIAN UTILITY PROXY GROUP	U.S. GAS PROXY GROUP	NORTH AMERICAN UTILITY PROXY GROUP
CONSTANT GROWTH DCF	11.81%	9.99%	10.44%
MULTI-STAGE DCF	10.16%	8.74%	9.12%
CAPM	10.41%	10.22%	10.22%
RISK PREMIUM MODEL ²		10.12%	10.12%
AVERAGE	10.8%	9.8%	10.0%
RISK PREMIUM RANGE		1.0-2.5%	
RECOMMENDATION		10.8-11.3%	

A. Not confirmed. The table cited is from Direct Testimony filed by Mr. Coyne on behalf of Eastward Energy before the Nova Scotia Utilities and Review Board on December 19, 2022. That analysis relied on a combination of gas proxy groups, whereas the Newfoundland Power analysis relies on a combination of electric proxy groups. Differences in the proxy groups aside, the current analytical results for Newfoundland Power, as shown in Figure 1 of Volume 2 (which is the equivalent summary table for purposes of comparison to the above summary for Eastward, but not the one used by Concentric to support its recommended ROE for Newfoundland Power), are higher for two of the three proxy groups when the risk premium for Eastward’s small size is excluded.

- 1 See Figure 1 from the 2025/2026 General Rate Application, Volume 2, Tab B: Expert
2 Evidence, Cost of Capital, page 3.

Figure 1: Summary of Results¹

	CANADIAN UTILITY PROXY GROUP	U.S. ELECTRIC PROXY GROUP	NORTH AMERICAN ELECTRIC PROXY GROUP
CONSTANT GROWTH DCF	10.03%	10.44%	10.07%
MULTI-STAGE DCF	10.17%	9.38%	9.42%
AVERAGE CAPM	10.09%	10.68%	10.37%
RISK PREMIUM		10.26%	10.26%
AVERAGE	10.10%	10.19%	10.03%