

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

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Q. Mr. Coyne’s summary in his report on Newfoundland Power in 2021 (page 3) follows. Mr. Coyne stated that a reasonable range for the estimates was 9.44% to 10.56% with an average of 10.0% from which he recommended a fair ROE for Newfoundland Power of 9.8%. Is it fair to say that C&T’s average estimates from the Canadian regulated sample are now 1.20% lower than Mr. Coyne’s 2021 average, 0.19% lower for the US electric sample and somehow 0.03% higher for the North American sample?



COST OF CAPITAL REPORT
PREPARED FOR NEWFOUNDLAND POWER INC.

Figure 1: Summary of Results¹

	Canadian Regulated Utilities	US Electric Utilities	North American Electric Utilities	Average
CAPM	10.43%	10.91%	10.56%	10.6%
Constant Growth DCF	12.47%	9.82%	10.02%	10.8%
Multi-Stage DCF	10.86%	9.48%	9.44%	9.9%
Risk Premium		9.74%		
Average	11.3%	10.0%	10.0%	10.4%

10 A. No, that would not be a correct characterization. The tables below from Concentric’s
11 current evidence, Volume 2, show the results for all three proxy groups using all
12 methodologies (Figure 1) and the Alternative Methodologies (Figure 2) on which we
13 place primary reliance. Compared to Mr. Coyne’s 2021 report for Newfoundland Power,
14 Figure 1 shows the Canadian Proxy group results are 1.2% lower, the U.S. proxy group
15 results are 0.19% higher, and the North American proxy group average is 0.03% higher.
16 The proxy group results are all lower in the Alternative Results (Figure 2).

1 See Figure 1 and Figure 2 from the 2025/2026 General Rate Application, Volume 2, Tab
2 B: Expert Evidence, Cost of Capital, pages 3-4.

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%

Figure 2: Summary of Alternative Results

	CANADIAN UTILITY PROXY GROUP	U.S. ELECTRIC PROXY GROUP	NORTH AMERICAN ELECTRIC PROXY GROUP
MULTI-STAGE DCF	10.17%	9.38%	9.42%
HISTORICAL CAPM	9.57%	10.15%	9.86%
RISK PREMIUM		10.26%	10.26%
AVERAGE	9.87%	9.93%	9.85%