

1 **Volume 2: Cost of Capital: Expert Opinion of James Coyne- Capital Structure and Risk**  
2 **Profile**

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4 **Q. Please confirm that the AUC in 2018 specifically rejected Mr. Coyne’s forward**  
5 **looking market risk premium estimates since the growth rates were unrealistically**  
6 **too high.**

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8 A. Confirmed. However, the Federal Energy Regulatory Commission has specifically  
9 adopted a forward-looking market risk premium in the U.S. where it determines the  
10 allowed ROEs for a large number of regulated public utilities, and Concentric recognizes  
11 the merits of this approach. However, as explained in Concentric’s *Cost of Capital* report,  
12 Volume 2, Concentric’s CAPM analysis uses a historical market risk premium for  
13 Canada and the U.S. published by Kroll. See also the response to PUB-NP-119.