

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

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4 **Q. C&T adds 0.50% for an issue cost and financial flexibility adjustment. Please**
5 **provide all data relied on to estimate the costs that Newfoundland Power actually**
6 **bears in raising equity capital from its parent Fortis. Is such an adjustment needed**
7 **for Newfoundland Power when it is not raising equity capital, but instead returning**
8 **it to its parent Fortis as dividend payments?**

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10 A. Concentric did not rely on any specific costs that Newfoundland Power bears in raising
11 equity capital. Rather, the 50 basis points adjustment for flotation costs and financial
12 flexibility has been approved previously by the PUB as reasonable, as well as by most
13 other utility regulators in Canada. See also the response to Request for Information
14 PUB-NP-120.