

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 Enbridge like TC Energy is primarily a pipeline and is not a**
5 **utility regulated on a cost of service basis like Newfoundland Power. Please confirm**
6 **that in its 1994 decision that set common equity ratios the National Energy Board**
7 **allowed the mainline gas transmission utilities a 30% common equity ratio and the**
8 **oil pipelines, like Enbridge, 45% due to their higher business risk.**
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10 A. Enbridge Inc. derives the majority of its revenues and operating income from gas and oil
11 pipeline operations, both of which are regulated services. Enbridge derives about 16-17%
12 its operating income from regulated gas distribution service in Ontario. Concentric has
13 included Enbridge Inc. in the Canadian proxy group, but Enbridge Inc. is not included in
14 the North American Electric proxy group that Concentric used to estimate the cost of
15 equity for Newfoundland Power. Confirmed as to the 1994 decision of the National
16 Energy Board regarding the equity ratio for gas and oil pipelines.