

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

3
4 **Q. Please explain why Newfoundland Power’s parent Fortis is not included in the**
5 **Canadian sample and whether or not it would be included in a C&T Canadian**
6 **regulated sample in a report for another Canadian utility.**

7
8 A. As explained on page 29 of Concentric’s report, Fortis Inc. has been excluded from the
9 Canadian proxy group because it is the parent company of Newfoundland Power. It is
10 Concentric’s common practice to exclude the parent company from the proxy group due
11 to concerns over circularity. Concentric typically includes Fortis Inc. in the Canadian
12 proxy group when estimating the cost of equity for operating companies not affiliated
13 with Fortis.