

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 (page 32) states that Canadian regulators have “accepted” the use of US data**
5 **and proxy groups to estimate the allowed ROE for Canadian firms. Please provide**
6 **statements from Canadian decisions that have used US estimates without any**
7 **statement of the need for adjustments or judgment in determining the fair ROE for**
8 **a Canadian regulated utility. That is, while this Board has consistently downward**
9 **adjusted ROE evidence from US utilities, has any Board explicitly stated that no**
10 **adjustment is needed when using estimates from the US?**

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12 A. Please see the response to Request for Information PUB-NP-115. Concentric’s ROE
13 recommendation for Newfoundland Power is based on the average results for a North
14 American proxy group consisting of both Canadian and U.S. utilities. Both the British
15 Columbia Utilities Commission (September 2023) and the Alberta Utilities Commission
16 (October 2023) have recently set the authorized ROE for regulated utilities under their
17 jurisdictions based on a North American proxy group without making a downward
18 adjustment for return estimates for U.S. companies. Concentric further notes that the last
19 litigated case where this Board made an adjustment was in 2016. The two subsequent
20 cases have been settled.