

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

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4 **Q. Is C&T aware of the Credit Suisse annual by Dimson et. al. that looks at market**  
5 **risk premiums around the world and shows that they are all quite similar in**  
6 **developed markets even in the presence of large barriers to capital flows and that**  
7 **this is nothing to do with “integration” per se? If not please explain why not and if**  
8 **they agree please explain the value of averaging the US and Canada, rather than all**  
9 **the developed markets included in the Credit Suisse Annual as similar estimates**  
10 **from different markets.**

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12 A. Yes, Mr. Coyne is aware of the referenced report from Credit Suisse. He disagrees that  
13 the report shows that market risk premiums are all quite similar in developed markets.  
14 Further, Mr. Coyne sees no valid reason to use an average market risk premium for all  
15 developed markets around the world rather than averaging the values for the Canadian  
16 and U.S. markets. As explained in Concentric’s *Cost of Capital* report, there is a high  
17 degree of integration in the economies and capital markets of Canada and the U.S., and a  
18 substantial amount of trade occurs between the two countries. Furthermore, the regulation  
19 of public utilities is similar in Canada and the U.S.