

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

3
4 **Q. Concerning the discussion about Newfoundland Power’s business risk mirroring**
5 **that of the company:**

6 **a) Please indicate the timing of the meetings that took place between Concentric**
7 **and Newfoundland Power staff (both face and by conference call).**

8 **b) Please provide copies of all materials that Newfoundland Power passed to**
9 **Concentric to brief them on Newfoundland Power’s business risk that are not**
10 **already filed.**

11 **c) Please indicate any substantive differences in the judgement of Newfoundland**
12 **Power and C&T in terms of Newfoundland Power’s business risk.**

13 **d) Please indicate any substantive changes since Mr. Coyne’s 2015 business risk**
14 **evidence on Newfoundland Power.**

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16 A. a) Newfoundland Power objects to this question being put to Concentric Energy
17 Advisors as it is not necessary for a satisfactory understanding of the matters to be
18 considered in this application as required by Section 14 of the *Board of*
19 *Commissioners of Public Utilities Regulations, 1996.*

20
21 b) Newfoundland Power objects to this question being put to Concentric Energy
22 Advisors as it is not necessary for a satisfactory understanding of the matters to be
23 considered in this application as required by Section 14 of the *Board of*
24 *Commissioners of Public Utilities Regulations, 1996.*

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26 c) There are no substantive differences in the judgment of Newfoundland Power and
27 Concentric with regard to the Company’s business risk. Concentric relied on this
28 information to supplement its knowledge of the Company’s business and operating
29 risks, and compared these risks to the proxy group companies, as discussed in
30 Section VI of Concentric’s *Cost of Capital* report, Volume 2.

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32 d) Concentric did not conduct a comparative risk assessment to 2015 as a basis for its
33 recommendations. There have been two settlements on ROE and capital structure
34 since then (in 2019 and 2022) and Concentric approaches its risk assessment based on
35 a current and prospective view from an investor’s standpoint. In section VI.B of
36 Concentric’s *Cost of Capital* report, Concentric notes that its risk analysis compares
37 the business and financial risk of Newfoundland Power to the proxy groups and to
38 circumstances at the time of the Company’s 2022/2023 general rate application filing.
39 One notable change in Newfoundland that affects the Company and all ratepayers in
40 the province is the final cost for Muskrat Falls which has increased substantially from
41 approximately \$9 billion in 2015 to a final cost of \$13.5 billion.