

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.**

15
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.***

25
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.**

31
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.**