

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

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4 **Q. Please confirm that Mr. Coyne’s risk assessment of Newfoundland Power is based**  
5 **on an assessment for the test years 2025 and 2026 and nowhere in this discussion of**  
6 **Newfoundland Power’s business and regulatory risk have they analysed**  
7 **Newfoundland Power’s ability to earn its allowed ROE, which is ranked as the most**  
8 **important factor by Moody’s in their credit rating.**

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10 A. Concentric has not analyzed Newfoundland Power ability to earn its authorized ROE;  
11 however, Concentric has compared the key credit ratios of Newfoundland Power to those  
12 for the companies in the Canadian and U.S. electric proxy groups, and they have assessed  
13 the relative business risk of Newfoundland Power to other operating utility companies in  
14 the Canadian and U.S. electric proxy groups. Please see the discussion of business and  
15 financial risks in Concentric’s *Cost of Capital* report at pages 52-82.