Q. Reference CA-NP-238

At Figure 39 C&T compare residential electric bills across six Canadian jurisdictions:

a) Why were these specific locations chosen? Why for example are Ontario and Quebec ignored?

b) It appears from Figure 39 that electricity is cheaper in NL than the comparators. Have C&T estimated or been provided by Newfoundland Power with a demand study indicating how high electricity prices can go before Newfoundland Power loses a significant number of customers and experiences an inability to recover its costs?

c) It appears from Figure 39 that Newfoundland Power's residential rates could increase by 63% before reaching Fortis Alberta's level, where Fortis Alberta is currently allowed a 37% common equity ratio by the AUC. On what basis is Newfoundland Power riskier than Fortis Alberta when it is larger, residential users have lower electricity costs reducing the stranded asset risk, and faces no competition risk from natural gas?

d) C&T did not fully answer the question. Did C&T perform an independent risk analysis to assess how high electricity prices could go in NL before it experiences an inability to recover its costs? If the answer is no, does this reflect C&T's judgment that there is limited or non-existent long run stranded asset recovery risk and most of Newfoundland Power's risk is its short run ability to earn its allowed ROE?

e) Please confirm that Mr. Coyne appeared in the 2023 Alberta Utilities Commission hearing and recommended a 40% common equity ratio for Enmax (decision Table 7) where the AUC allowed 37%. Also please confirm that according to the Hydro Quebec report (page 28) made available in CA-NP-076, Calgary (served by Enmax) has the most expensive electricity for residential customers (page 28) of any of the Canadian cities surveyed by Hydro Quebec with costs more than double those of Newfoundland Power. Was C&T aware of that when they recommended a 40% equity ratio for Enmax and 45% for Newfoundland Power? What other factors did C&T factor in to recommend a lower common equity ratio for Enmax?

f) Have C&T appeared before US regulators for electricity companies serving Boston, NYC, and San Francisco where costs are at least twice as high as in St. John's and sometimes at least four times as high?

A. d) No, Concentric did not perform an analysis of how electricity prices in Newfoundland and Labrador affect Newfoundland Power's ability to recover its costs, and we do not discuss stranded asset recovery risk for the Company in our cost of capital report, Volume 2. Concentric's assessment of business and financial risk is contained in Section VI of our report. The information in Section VI provides the basis for our conclusions regarding the appropriate capital structure for Newfoundland Power.

e) Yes, Mr. Coyne and Mr. Trogonoski appeared in the 2023 AUC hearing on the generic cost of capital in Alberta. Concentric recommended a 40% common equity ratio for ENMAX, and the AUC approved a deemed equity ratio of 37%. Concentric is aware of the referenced Hydro Quebec report on electricity rates for residential customers in Canada, but we provided our own comparison of electricity rates by province in Figure 39 of our cost of capital report, Volume 2. One important difference that supports a higher equity ratio for Newfoundland Power is that Alberta's regulated electric and gas utilities have an authorized ROE of 9.28% in 2024, as compared with Newfoundland Power's current authorized ROE of 8.50%. Another differentiating factor is that Newfoundland Power is an integrated utility, whereas the Alberta utilities do not have supply responsibility.

f) Neither Mr. Coyne nor Mr. Trogonoski has provided cost of capital testimony for U.S. electric distribution utilities serving Boston, New York City, or San Francisco.