

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

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 4 **Q. Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**
 5 **December 12, 2023, vol. 2, Expert Evidence, “Cost of Capital,” Concentric Energy**
 6 **Advisors Inc., November 7, 2023, ch. VI(B)(2)(e), p. 66/12–19.**

7 **Cost of Capital Report states:**

8 **One of the most important operating risks for Newfoundland Power is**
 9 **weather-related service disruptions. As described in the Company’s risk**
 10 **evidence, Newfoundland Power’s service territory is characterized by the**
 11 **most severe ice and wind conditions in the populated regions of Canada. The**
 12 **need to address service disruptions caused by severe weather conditions**
 13 **involves unanticipated and potentially volatile capital and operating costs.**
 14 **Newfoundland Power’s capital structure and allowed ROE should provide**
 15 **the Company with the financial flexibility necessary to respond to unforeseen**
 16 **capital and operating costs in order to restore electric service promptly to**
 17 **customers.**

18 **a) Please provide storm-related costs, Operating and Capital, since 2010 and**
 19 **explanations per year of how these costs impacted the company’s ability to earn**
 20 **a fair return. Please include a listing of applicable storm dates and data.**

21 **b) Are there any storm-related costs built into Newfoundland Power’s 2025/2026**
 22 **Test Year Forecast?**

23 **c) Has Newfoundland Power ever applied to the Board of Commissioners of Public**
 24 **Utilities to defer significant storm-related operating costs? Would applying to**
 25 **defer for future recovery be an option to alleviate this risk, if significant**
 26 **operating costs occurred? Why or why not?**

27
 28 **A. a) See the response to Request for Information PUB-NP-070 for the requested**
 29 **storm-related costs and how those costs impacted the Company’s financial position.**

30
 31 Table 1 provides a listing of major events for 2010 to 2012. For a listing of major
 32 events since 2013, see the response to Request for Information CA-NP-053.

Table 1:
Major Events
2010 to 2012

Year	Event	Start Date	Duration
2010	Sleet Storm	4-Mar	7 days
2010	Hurricane Igor	20-Sep	5 days
2011	Wind Storm	8-Dec	2 days
2012	Tropical Storm Leslie	11-Sep	5 days

- 1 b) See the response to Request for Information PUB-NP-070.
2
3 c) Newfoundland Power is not aware of having applied to the Board to defer significant
4 storm-related operating costs in the past. See the response to Request for Information
5 PUB-NP-070 for details on how the Company manages costs related to restoring
6 service to customers following severe weather conditions.
7
8 Outside of an extraordinary event, Newfoundland Power would not anticipate
9 applying for a deferral for future recovery of operating costs as a result of severe
10 weather conditions.¹ As such, exposure to storm-related costs continues to be a risk
11 for the Company.

¹ For example, in Order No. UE22-8, the Island Regulatory and Appeals Commission approved, on an interim basis, an application by Maritime Electric to defer costs associated with Hurricane Fiona of approximately \$35.9 million.