

1 **Volume 2: Cost of Capital: Expert Opinion of Mr. James Coyne – Return on Equity**
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3 **Q. Volume 2, Cost of Capital Report, page 39, lines 29-30. Please explain why Mr.**
4 **Coyne relied on forecasts from Value Line, Zacks, S&P Capital IQ and First Call in**
5 **his estimate of earnings growth for the near-term stage of the Multi-Stage DCF**
6 **method. In the response include what other available sources are, why they weren't**
7 **selected and if the use of these sources for estimates of future growth have been**
8 **accepted by other regulators.**
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10 A. Concentric has relied on the same sources of earnings per share (“EPS”) growth rates as
11 in prior cases for Newfoundland Power, as well as elsewhere across Canada. Concentric
12 typically relies on multiple sources of projected EPS growth rates to provide a reasonable
13 degree of coverage of the companies in its proxy groups. One challenge is that not all
14 sources have projected EPS growth rates for each company, especially for Canadian
15 utility companies. The growth rates from Zacks, First Call and S&P Capital IQ are
16 consensus estimates based on the views of multiple equity analysts who cover each of the
17 companies. Value Line is also a well-respected source of financial information that is
18 relied on by investors, but its projected growth rates are the views of a single analyst
19 rather than a consensus estimate. Bloomberg is another source of EPS growth rates,
20 although it does not have extensive coverage of Canadian companies. The broadest
21 analyst coverage in Canada is provided in financial data published by Thomson First Call
22 and S&P Capital IQ.