

- 1 **Q. Figure 22 on page 45 reports the Allowed Equity Ratios for 6 Canadian Utilities.**  
2  
3 **a) Please explain why Mr. Coyne did NOT also include the Allowed Equity Ratios**  
4 **for ENMAX (37%), EPCOR (37%), HydroQuebec Distribution (35%) and**  
5 **Saskatchewan Power Corporation (40%).**  
6 **b) Please confirm that if these four utilities were included, the average Allowed**  
7 **Equity Ratio would be 38.05% and not 38.6%, while the median would be**  
8 **37.25%. If not confirmed, please provide the resulting average and median as**  
9 **calculated by Mr. Coyne.**  
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11 **A. a) As explained on pages 45-46 of Concentric’s report, Mr. Coyne assessed the**  
12 **reasonableness of the common equity ratio for Newfoundland Power based on a**  
13 **comparison to the equity ratio of other investor-owned electric utilities in Canada and**  
14 **the U.S. at the operating company level because that is the level at which a regulated**  
15 **capital structure is established based on an evaluation of the business risk of the**  
16 **utility and related factors. Figure 22 presents the deemed common equity ratio for**  
17 **Canadian investor-owned electric operating utilities in 2018. Mr. Coyne did not**  
18 **include the four Canadian electric utilities listed in the RFI because they are either**  
19 **crown corporations or municipally-owned utilities. Investor-owned utilities must**  
20 **compete for capital with other companies in capital markets, and in Mr. Coyne’s**  
21 **view, investor-owned utilities have different risk profiles than crown corporations or**  
22 **municipally-owned utilities. For those reasons, only investor-owned utilities were**  
23 **included in Figure 22.**  
24  
25 **b) Confirmed.**