

1 **Reference: Volume 3, Cost of Capital Report by James Coyne**
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3 **Q. Volume 3, Cost of Capital Report by James Coyne, page 30, lines 5-7. The U.S.**
4 **electric proxy group is composed of nine U.S. electric utility companies, compared**
5 **to ten in Mr. Coyne's June 1, 2018 report for Newfoundland Power in its 2019/2020**
6 **General Rate Application and includes additional companies and the elimination of**
7 **others. Please explain the basis for the changes in the U.S. electric proxy group since**
8 **2018.**
9

10 A. Mr. Coyne's U.S. Electric proxy group is based on the application of the same six
11 screening criteria in 2018 and 2021. The composition of the resulting proxy group has
12 changed slightly since 2018. Exhibit JMC-3 shows that each company in the U.S. proxy
13 group meets the screening criteria described on pages 29-30 of Concentric's *Cost of*
14 *Capital* report.
15

16 The following companies were included in 2018, but did not pass the screens in 2021:
17

- 18 1) ALLETE, Inc. – credit rating is BBB
- 19 2) Edison International – credit rating is BBB
- 20 3) Eversource – percentage of regulated electric operating income less than 90%
- 21 4) PNM Resources – being acquired by AVANGRID
- 22 5) Southern Co. – percentage of regulated electric operating income less than 90%
- 23

24 The following companies were included in 2021, but did not pass the screens in 2018:
25

- 26 1) Entergy, Inc. – percentage of regulated operating income was less than 70%
- 27 2) Exelon Corp. – credit rating was BBB
- 28 3) Evergy, Inc. – was engaged in the merger of Great Plains Energy and Westar
- 29 4) Portland General Electric Company – credit rating was BBB