

1 Q. In Ms McShane's pre-filed testimony (p.17 lines 24-26) she indicates that
2 debt rating agencies are concerned with NLH's financial parameters on a
3 consolidated basis and she notes that NLH's debt ratio has been under 70%
4 since 1996. Does NLH agree that its ability to achieve and maintain a sound
5 credit rating in world financial markets is determined by its financial
6 parameters on a consolidated basis?

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9 A. Yes. However, the fair return for the regulated utility should be based on the
10 regulated utility business risk and capital structure.