

1 Q. In reference to lines 6-7 at page 18 of the Cost of Capital evidence, is it the
2 view of Ms. McShane that NLH has been operating as self-supporting
3 commercial enterprise, and, if so, for how long has it been so operating?
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6 A. Yes. In its most recent rating report on the Province of Newfoundland and
7 Labrador (June 19, 2002), S&P refers to Hydro's debt as "self-supporting".
8 To Ms. McShane's knowledge, Hydro's debt has always been viewed as self-
9 supporting by S&P (since incorporation). During that period, the company's
10 revenues have been sufficient to meet its expenses; its financial performance
11 has been adequate to allow it to raise debt capital without pressure on the
12 Provincial debt rating.