

1 Q. In Hydro's opinion, what is the required range of interest coverage necessary
2 to maintain Hydro's creditworthiness in the capital markets?

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5 A. Hydro has not identified a specific range of interest coverage ratios, given the
6 existence of the debt guarantee. However, according to DBRS, "The
7 Canadian Electric Industry in 2002", February 2003 provided in response to
8 PUB-73 NLH, the typical interest coverage ratio of Provincially-owned and
9 guaranteed electric utilities has been 1.4 times, as per Ms. McShane's
10 Schedule I, and has noted that coverage ratios at this level are "generally
11 weak due to high debt levels" (page 63).