

1 Q. Does Hydro generally have the flexibility to issue new debt at those times  
2 during the year that it considers to be the most favourable?  
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5 A. Yes, Hydro has flexibility in the timing of new debt issues, although that  
6 flexibility is limited by the following factors:  
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- 8 • Hydro's long-term borrowing program must receive the approval of the  
9 Lieutenant Governor in Council and the Newfoundland and Labrador  
10 Board of Commissioners of Public Utilities. These approval processes  
11 take a period of time, and Hydro does not normally have all approvals in  
12 place until around the end of the first quarter of the issuance year.
- 13 • Issuance timing must allow for a consideration of market receptivity.  
14 Market conditions can impact on the success of a given issue. A sudden  
15 move to lower interest rates does not necessarily mean that there will be  
16 buyers for the bonds at that point in time.
- 17 • The borrowing program of the Provincial Government must be considered  
18 in order to ensure the most effective execution of both programs.
- 19 • The issuance of long-term debt too far in advance of the actual funding  
20 requirement can result in unnecessary carrying costs.