

- 1 **Q. In terms of NP's credit metrics at 4-42 please explain why with the continued**
2 **decline in NP's embedded debt cost (4-12) from 7.06% to a forecast 6.11% in 2016**
3 **NP's credit metrics would not improve with a continuation of the current 8.80%**
4 **allowed ROE and 45% common equity ratio?**
5
6 A. The credit metrics shown in Table 4-16 at page 4-42 indicate eroding credit metrics *under*
7 *existing customer rates*. This erosion is primarily the effect of increases in the
8 Company's rate base.
9
10 Please refer to the response to Request for Information CA-NP-023.