

- 1 **Q. Would NP judge that targeting a particular bond or credit rating is a useful part of**
2 **fair rate of return regulation? In particular, are there alternative ways of achieving**
3 **financial market access than rewarding the equity holders with a higher ROE?**
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- 5 A. *Section 3 (a) (iii) of the Electrical Power Control Act, 1994* indicates, in effect, that rates
6 approved by the Board should yield sufficient revenues to enable a utility "... to earn a
7 just and reasonable return as construed under the *Public Utilities Act* so that it is able to
8 achieve and maintain a sound credit rating in the financial markets of the world..." Based
9 upon this requirement, targeting a particular credit rating can be a useful part of fair rate
10 of return regulation.
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12 Please see the response to request for information PUB-NP-051.