

- 1 **Q. Reference: CA-NP-07**
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3 **NP was asked to provide monthly yields on its outstanding debt which it could not**
4 **do since they are not traded. Instead it provided a “monthly expression of its**
5 **embedded debt cost”**
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7 **a) Please confirm if this is its monthly interest cost divided by the average**
8 **monthly book value of its debt, if not provide an example calculation.**
9 **b) Please indicate for how long NP has estimated a fair value calculation for its**
10 **outstanding debt and report all estimates of this value with the book value**
11 **and the associated implied debt cost (interest cost used to value the debt)**
12 **calculated since 2005.**
13 **c) Please report the yield on each long term debt issue with the associated**
14 **equivalent maturity long Canada yield for each issue since 2005.**
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16 **A. (a) Not confirmed. It is not equal to the monthly interest costs divided by the average**
17 **monthly book value. The monthly equivalent long term yield is calculated based**
18 **on the formula as provided in response to Request for Information CA-NP-007,**
19 **footnote 1.**
20
21 **(b) Newfoundland Power has been estimating and reporting its long term debt on a**
22 **fair value basis since 1996. Table 1 provides the carrying value, fair value and**
23 **interest for Newfoundland Power’s long term debt for 2005 to 2014.**
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Table 1
Fair Value of Long Term Debt
2005-2014
(\$000’s)

<u>Year</u>	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Interest¹</u>
2005	384.3	517.2	-
2006	380.1	505.9	-
2007	413.6	512.5	-
2008	409.1	505.1	535.7
2009	468.9	582.0	579.8
2010	463.7	581.3	544.0
2011	458.5	626.3	510.0
2012	453.3	660.9	477.3
2013	483.6	638.1	524.3
2014	548.1	705.8	488.0

¹ This is the interest used in the calculation of the fair value of debt. Interest used in the calculation of the fair value of debt for 2005 through 2007 is unavailable.

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(c) Table 2 shows each of Newfoundland Power’s long term debt issues since 2005 along with the applicable yield and the corresponding Long Canada Yield.

Table 2
Long Term Debt Issues
2005-2015

<u>Series</u>	<u>Year Issued</u>	<u>Yield</u>	<u>Long Canada Yield</u>
AK	2005	5.441%	4.38%
AL	2007	5.901%	4.50%
AM	2009	6.606%	3.86%
AN	2013	4.805%	3.11%
AO	2015	4.446%	2.30%