

- 1 **Q. Reference: On page 47 Grant Thornton explains the recalculation of income tax**  
2 **expense and indicates that income before tax were \$53.422 million in 2013 and**  
3 **\$56.030 million in 2014. Please explain what recalculations Grant Thornton made on**  
4 **Page 47, showing the interest coverage ratio that results, both before and after, with**  
5 **a full explanation of income before tax, income tax, interest charges and net income.**  
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- 8 A. As noted in our report, the recalculations made on Page 47 were as follows “Our review  
9 of income tax expense included a recalculation of income taxes based on substantively  
10 enacted corporate income tax rates for Federal and Provincial jurisdictions and an  
11 assessment of reasonableness based on forecast income and substantively enacted rates  
12 for 2013 and 2014 actuals, the 2015 forecast and proposed forecast for 2016 and 2017.”  
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- 14 As described in CA-PUB-01, no interest coverage calculation exists from Newfoundland  
15 Power for Grant Thornton to comment on which uses the income before tax presented on  
16 Page 47. Please see CA-PUB-05 for a reconciliation provided by Newfoundland Power  
17 that compares the income before taxes, presented on Page 47 of our report, to the income  
18 before taxes presented in the interest coverage calculation provided by Newfoundland  
19 Power on Page 25 of our report.