Q. Page 32: Dr. Cleary states that the data in Exhibit 3 of Newfoundland Power's Application was used to construct the base case for 2013-2017 shown in Table 13. Please provide the calculations to demonstrate how the Exhibit 3 data was used in the derivation of Table 13 numbers.

A. All of the data and calculations are provided in the excel file labelled "Appendix C – Table 13 data and calculations."

For ease of reference, and as also noted in the excel file:

1. The revenue and earnings figures in rows 5-20 of the file are copied from NP's Exhibit 3, page 1.
2. The finance charges in rows 22-28 are copied from NP Exhibit 3, page 7.
3. CFO-PreWC and CFO Total in rows 31 and 32 are copied from Exhibit 3, page 4.
4. The debt, common equity and preferred shares figures in rows 33-35 are copied from Exhibit 3, page 6.
5. The deferred income taxes figures in row 45 are copied from Exhibit 3, page 3.
6. The common share dividends figures in row 46 are copied from Exhibit 3, page 2.
7. All Moody's and DBRS ratios are calculated using the figures noted above, and using the ratio definitions provided by Moody's (included in the "Moody's Methodology Report 2013," provided in NP's response to CA-NP-028, Attachment A), and by DBRS (included in the "October 2015 DBRS Methodology Report," provided in NP's response to CA-NP-029, Attachment A). The formulas used to calculate these ratios can be found in the cells in rows 50-68 of the excel spreadsheet (Appendix C).

   In particular (making reference to the relevant row(s) in Appendix C):

   (a) Moody's ratios:

(i) (CFO pre-WC + Interest)/Interest – calculated as CFO pre-WC (from row 31) + interest (the sum of interest expense items in rows 23 and 24), divided by this interest figure.

(ii) CFO pre-WC/Debt – calculated as CFO pre-WC (row 31) divided by debt figure (row 33).

(iii) (CFO pre-WC - Dividends) /Debt – calculated as CFO pre-WC (row 31) minus total dividends (row 19 preferred dividends + row 46 common dividends) divided by debt (row 33).

(iv) Debt/Capitalization – calculated as debt (row 33) divided by the of debt (row 33), common equity (row 34), preferred equity (row 35) and deferred taxes (row 45). Deferred taxes are added to calculate the Moody's ratio, since they indicate this is how they calculate total capitalization.

(b) DBRS ratios:

(i) Cash flow to debt – calculated as CFO pre-WC (row 31) divided by debt (row 33) – note this is the same as Moody's ratio (ii) above.

(ii) Debt to Capital – calculated as debt (row 33) divided by the sum of debt (row 33), common equity (row 34) and preferred equity (row 35). Unlike Moody's, DBRS does not add deferred taxes to the total capital figure used in the denominator of this ratio.

(iii) EBIT to Interest – calculated as EBIT (which is calculated as earnings before income taxes (row 16) plus interest (sum of rows 23 and 24)), divided by interest expense (sum of rows 22 and 23).