

1 **Q. Page 4-34, lines 4-6: Please provide the First Mortgage Bond issue spreads at the**
2 **time of Newfoundland Power's 2013/2014 rate case.**

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4 A. An *issue spread* for First Mortgage Bonds is the amount over the 30-year Canada bond
5 yield that is reflected in the First Mortgage Bond coupon rate at the time of pricing.
6 Newfoundland Power's 2013/2014 General Rate Application was filed in September
7 2012 and the Board approved customer rates effective July 1st, 2013.

8
9 Newfoundland Power did not issue or price First Mortgage Bonds in the September 2012
10 to July 2013 period. However, in November 2013, Newfoundland Power priced and
11 issued its Series AN First Mortgage Bonds with an issue spread of 1.70%.¹

12
13 In September 2015, one month prior to filing its 2016/2017 General Rate Application,
14 Newfoundland Power priced and issued its Series AO First Mortgage Bonds with an
15 issue spread of 2.15%.²

16
17 The issue spread for Newfoundland Power's First Mortgage Bond issue in 2015 increased
18 by 0.45% over the issue spread for the previous issue in 2013. This is an increase of
19 approximately 26% over the 2 year period.³

¹ This issue spread is referred to in Table 4-14 at page 4-33 of the *Company Evidence, Section 4: Finance*.

² This issue spread is referred to in Table 4-14 at page 4-33 of the *Company Evidence, Section 4: Finance*.

³ $0.45/1.70 = 0.26$.