

- 1 **Q. Page 4-42, lines 1-4: Please explain why Newfoundland Power would have a limited**  
2 **ability to issue First Mortgage Bonds in 2017 under existing rates given that its**  
3 **forecast interest coverage of 2.1 times is above its 2.0 times requirement.**  
4
- 5 A. Newfoundland Power's trust deed which secures the First Mortgage Bonds requires, in  
6 effect, an earnings test interest coverage of 2.0 times or higher for the Company to issue  
7 additional bonds.  
8
- 9 The forecast earnings test interest coverage for 2017 is 2.06 times under existing rates.  
10 The proximity to the minimum requirement introduces significant forecast risk, including  
11 changes in interest rates, which could restrict the ability for the Company to issue first  
12 mortgage bonds under the trust deed.