

Q. Reference: Transcript March 30, 2016
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Provide information on Newfoundland Power's financial position at 1% reduced intervals in the equity component at ROEs of 9.5% to 8.3% as provided in Exhibit JP-1.

A. Tables 1, 2 and 3 are matrices which respectively show *pro forma* (1) pre-tax interest coverage, (2) cash flow interest coverage and (3) cash flow to debt coverage for Newfoundland Power for 2017 for a range of equity ratios between 40% and 45% and a range of allowed returns on equity between 9.5% and 8.3%.

Table 1
Pre-tax Interest Coverage (times)

	9.50%	9.00%	8.80%	8.50%	8.30%
45	2.5	2.4	2.4	2.3	2.3
44	2.5	2.4	2.4	2.3	2.3
43	2.4	2.3	2.3	2.2	2.2
42	2.4	2.3	2.2	2.2	2.2
41	2.3	2.2	2.2	2.2	2.1
40	2.3	2.2	2.2	2.1	2.1

Table 2
Cash Flow Interest Coverage (times)

	9.50%	9.00%	8.80%	8.50%	8.30%
45	4.0	4.0	3.9	3.9	3.9
44	4.0	3.9	3.9	3.8	3.8
43	3.9	3.8	3.8	3.8	3.7
42	3.8	3.8	3.7	3.7	3.7
41	3.8	3.7	3.7	3.7	3.6
40	3.7	3.7	3.7	3.6	3.6

Table 3
Cash Flow to Debt Coverage

	9.50%	9.00%	8.80%	8.50%	8.30%
45	18.2%	17.9%	17.7%	17.5%	17.4%
44	18.0%	17.7%	17.5%	17.3%	17.1%
43	17.5%	17.2%	17.0%	16.8%	16.6%
42	16.9%	16.6%	16.5%	16.3%	16.2%
41	16.2%	16.0%	15.8%	15.7%	15.6%
40	15.6%	15.3%	15.2%	15.1%	15.0%

Table 4 is a matrix which shows *pro forma* earnings test interest coverage calculation which is required for Newfoundland Power to issue First Mortgage Bonds in 2017 for a range of equity ratios between 45% and 40% and a range of allowed returns on equity between 9.5% and 8.3%.

Table 4
Earnings Test Interest Coverage (times)

	9.50%	9.00%	8.80%	8.50%	8.30%
45	2.33	2.24	2.21	2.15	2.12
44	2.30	2.22	2.18	2.13	2.10
43	2.20	2.13	2.10	2.05	2.02
42	2.17	2.10	2.07	2.02	1.99
41	2.14	2.07	2.04	1.99	1.96
40	2.11	2.04	2.01	1.96	1.93