

1 **Q. Reference Evidence of Newfoundland Power, pages 1-2: Would the company accept**
2 **that the cost of its long term debt has fallen since the 2010 GRA that set the allowed**
3 **ROE at 9.0%?**
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5 A. It is the Company's view that its market cost of long-term debt has fallen since December
6 2009 when Newfoundland Power's ratemaking return on equity was set at 9%.

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8 However, Newfoundland Power's actual, or book, cost of debt has not fallen appreciably
9 since December 2009. Newfoundland Power's embedded cost of debt was 7.67% in
10 2009; 7.63% in 2010 and 7.66% in 2011.