

1 **Q. Reference Evidence of Newfoundland power, pages 22-23: Is it the company's view**
2 **that its own cost of debt has not changed with the significant decline in the cost of**
3 **corporate debt?**
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5 A. It is the Company's view that its market cost of debt will change depending upon changes
6 in financial market conditions.
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8 However, Newfoundland Power's actual, or book, cost of debt reflects outstanding long-
9 term debt issues and will not necessarily reflect the "...significant decline..." in the cost
10 of corporate debt as suggested by the question. In its 2010 General Rate Application,
11 Newfoundland Power forecast a 2010 cost of debt of 7.64%. The Company's actual costs
12 of debt for 2010 and 2011 were 7.63% and 7.66%, respectively.