

1 **Q. Evidence of Ms. McShane Capital Structure principles Pages 9 – 11: Please indicate**  
2 **any Canadian utility that was unable to raise financing on fair reasonable terms**  
3 **during the financial crisis and provide full details.**  
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5 A. Utilities maintain regular contact with their debt capital market advisors. It is Ms.  
6 McShane's understanding, based on her conversations with Canadian utilities that during  
7 the financial crisis, these advisors indicated that investors were avoiding all but the safest  
8 of credits, and that for those transactions that did get completed, credit spreads and new  
9 issue concessions had increased dramatically compared to earlier periods. Based on Ms.  
10 McShane's review of new utility issues over the period between the end of August 2008  
11 and early February 2009, no regulated company issued debt with a term greater than 10  
12 years. The treasurer of Emera told Ms. McShane that, at the time of Nova Scotia Power's  
13 five year debt issue in December 2008, issued at a 400 basis point spread over the five-  
14 year benchmark Canada bond, Nova Scotia Power could not have raised debt with a term  
15 of 10 years or more. Around the same time, AltaLink had planned to issue long-term  
16 debt pursuant to AUC Order No. U2008-317, but in December 2008 informed the Alberta  
17 Utilities Commission that it had been advised by its lead dealer that it was highly likely  
18 that the proposed long-term debt offering could not be successfully marketed until early  
19 2009. Also of note is that during the period June 11, 2008 to January 29, 2009 inclusive  
20 there was not a single issuer without at least one "A" credit rating who was able to issue  
21 long-term debt on any terms in the public Canadian debt market.