

1 **Q. Evidence of Ms. McShane, bond ratings/credit metrics, Pages 18-23: Please confirm**
2 **that DBRS' opinion of NP's debt was made (January 24, 2012) with the full**
3 **knowledge of the drop in long Canada interest rates and their impact on NP.**
4

5 A. Yes. In its report, DBRS noted that the regulated ROE of 8.38% for 2011 was set by
6 automatic adjustment mechanism, that the 8.38% was among the lowest regulatory ROEs
7 in the country and that the PUB had approved Newfoundland Power's request to suspend
8 the adjustment formula in 2012 and that the approved ROE and return on rate base in
9 2012 are on an interim basis awaiting the full cost of capital review in 2012.