

1 **Q. In its Credit Opinion of 19 July 2011 on Newfoundland Power Inc., Moody's states,**

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3 **"All of NPI's operations are located in Canada whose regulatory and**
4 **business environments we consider to be supportive relative to those**
5 **in other jurisdictions. Further, we consider the PUB to be one of the**
6 **more supportive regulators in Canada. Notwithstanding that NPI's**
7 **2011 allowed ROE of 8.38% is currently one of the lowest in Canada,**
8 **its 45% deemed equity is one of the highest in Canada and the PUB's**
9 **decisions tend to be timely and balanced. We believe that the PUB's**
10 **review and approval of NPI's capital spending plans and long term**
11 **debt issuances significantly reduces the risk of cost allowances or the**
12 **inability to fully recover costs on a timely basis. NPI submits a**
13 **proposed capital plan for PUB approval annually. Furthermore, NPI**
14 **is required to obtain PUB pre-approval for the issuance of any First**
15 **Mortgage Bonds (FMB) on the incurrence of credit facilities with**
16 **maturities exceeding one year."**

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18 **Does Dr. Vander Weide know why Moody's considers Canada's regulatory and**
19 **business environments to be supportive relative to those in other jurisdictions,**
20 **which the Consumer Advocate takes to include the U.S.? Does Dr. Vander Weide**
21 **agree with Moody's opinion? If not, why not?**

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23 **A. Moody's states its reasons for its opinions in the quotation cited in the interrogatory. Dr.**
24 **Vander Weide disagrees with Moody's opinion as it applies to equity investors. Please**
25 **see response to CA NP 292.**