

1 **Q. Vander Weide Evidence – Does Dr. Vander Weide agree with Moody’s statement in**
2 **its 19 July 2011 opinion, “that the PUB’s review and approval of NPI’s capital**
3 **spending plans and long term debt issuances significantly reduces the risk of cost**
4 **disallowances or the inability to fully recover costs on a timely basis.” If not, why**
5 **not?**

6
7 A. Yes. However, Dr. Vander Weide is also aware that U.S. regulatory commissions
8 generally review a utility’s capital spending plans and long-term debt issuances, and that
9 these reviews reduce the risk of cost disallowances and the risk that the utility will be
10 unable to recover costs on a timely basis. In addition, Dr. Vander Weide recognizes that
11 Moody’s statement is taken from the point of view of bond investors, who are only
12 concerned with the risk that the company’s ROE will be insufficient to cover the interest
13 payments on the company’s debt. Please also see response to CA-NP-189 and CA-NP-
14 190.