

1 **Q. McShane Evidence – In P.U. 43 (2009), p. 17 (lines 11-25) the Board stated:**

2  
3 **“The Board heard evidence that the rating agencies consider U.S. companies to be**  
4 **peers for Newfoundland Power but the Board does not conclude from this that they**  
5 **are the same. Moody’s comments acknowledge the differences in operations in the**  
6 **U.S. and Canada:**

7  
8 **‘NPI’s Baa1 issuer rating reflects the fact that the company’s operations are**  
9 **exclusively based in Canada, a jurisdiction where regulatory and business**  
10 **environments in general are relatively more supportive than those of other**  
11 **international jurisdictions such as the United States, in Moody’s view.’**  
12 **(Application, 1st Revision, Exhibit 4 – Moody’s Credit Opinion, August 3, 2009)**

13  
14 **The Board notes that the rating agencies make their own “adjustments” in these**  
15 **comparisons by considering the lower credit metrics to be “offsetting” factors. The**  
16 **Board notes that neither Ms. McShane nor Mr. Cicchetti made any adjustments to**  
17 **reflect differences between the U.S. and Canadian market.”**

18  
19 **Please confirm that as was the case in 2009, Ms. McShane is still not making any**  
20 **adjustments to reflect differences between the U.S. and Canadian markets in her**  
21 **evidence in this proceeding? Why not?**

22  
23 **A. Confirmed. Please see lines 1702 to 1750 of Ms. McShane’s testimony with respect to**  
24 **comparability of the equity markets generally and lines 1456 to 1499 with respect to**  
25 **utilities specifically, as well as the response to CA-NP-284. Please see also the response**  
26 **to CA-NP-323.**