

1 **Q. McShane Evidence – Please explain the role that credit ratings play in Ms.**  
2 **McShane’s opinion as to comparing the risk of Newfoundland Power Inc. to that of**  
3 **the companies in her sample.**  
4

5 A. As Newfoundland Power is not a publicly traded company, it does not have equity  
6 market data that permit any quantifiable estimation of how equity investors would  
7 perceive its equity risk. Its issuer rating represents an objective measure of how investors  
8 view its relative total risk.