

1 **Q. McShane Evidence – Can Ms. McShane confirm that Ms. McShane’s for comparing**
2 **the risk of the companies in her sample to Newfoundland Power Inc. is their**
3 **respective credit/debt rating rating?**
4

5 A. Not confirmed. Ms. McShane examined multiple factors to establish the comparability of
6 overall risk of Newfoundland Power to the sample of U.S. utilities, as detailed in
7 Appendix B, including utility specific data related to its operating characteristics (e.g.
8 states of operation, regulated assets, customers by type), regulatory environment (e.g. test
9 year, allowed return on equity, allowed equity ratio, deferral accounts) and financial
10 ratios (actual credit metrics). Ms. McShane also compared multiple objective risk
11 measures for the selected U.S. sample to those of publicly-traded utilities in Canada,
12 which are of reasonably comparable total risk to Newfoundland Power, as detailed in her
13 testimony at page 58, lines 1462 through page 59, line 1499. However, as noted in
14 response to CA-NP-322, since Newfoundland Power is not a publicly traded company, it
15 does not have equity market data that permit any quantifiable estimation of how equity
16 investors would perceive its equity risk. Its issuer rating represents an objective measure
17 of how equity investors would view its relative total risk.