

1 **Q. Reference: page 80, lines 10-17**

2
3 **Dr. Booth recommends that 5% in common equity be replaced with preferred shares**
4 **and states that “At the end of September 2012 BMO estimated the yield on**
5 **retractable preferred at about 3.41%. These preferreds generally have a retraction**
6 **feature where the investor can retract or demand payment every five years so they**
7 **sell on yields relative to mid-term Canada bonds. However, unlike bonds these are**
8 **similar to equity and paid out of after tax income so they therefore support the credit**
9 **rating, as they do not add fixed interest.”**

10
11 **Please provide Dr. Booth’s estimate of what Newfoundland Power’s Moody’s**
12 **preferred share rating would be if the Company were required to replace 5% of its**
13 **common shares with preferred shares, along with all support for that conclusion.**

14
15 **A. Pfd-2, which is NP’s existing preferred share rating and Dr. Booth does not see a material**
16 **change in NP’s credit metrics.**