

1 **Q. Reference: Transcript January 15, 2013**

2 **Page 153, Line 25 to Page 154, Line 13**

3
4 **Please provide the most recent presentations Newfoundland Power gave to DBRS**
5 **and Moody's in 2011?**

6
7 **A.** Please see Attachments A and B for copies of the presentations Newfoundland Power
8 gave to DBRS and Moody's, respectively, in February 2011.

Attachment A

Presentation to DBRS

February 2011



Confidentiality Notice



The information contained in this document is confidential and proprietary to Newfoundland Power. It is provided for the sole purpose of assisting the recipient in its determination of Newfoundland Power's credit rating and rating outlook.



In consideration of receipt of this document, the recipient agrees that the information contained herein shall be used only for the stated purpose, shall be maintained in confidence, shall not be reproduced and shall not be disclosed to any person outside the group directly responsible for its evaluation.



Copyright

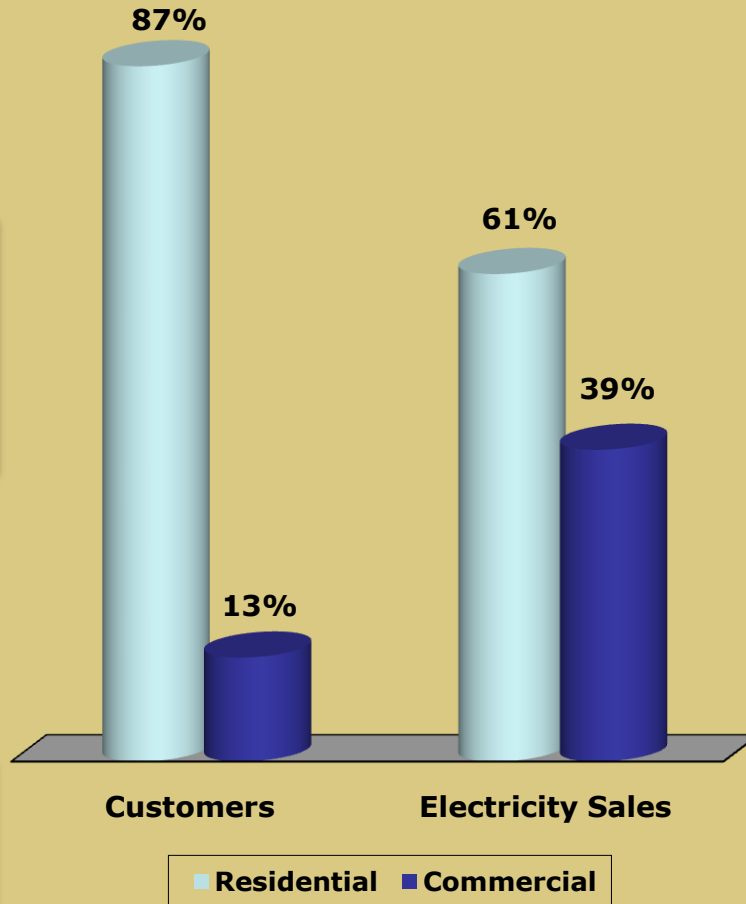
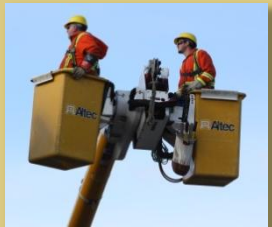
© 2011, Newfoundland Power Inc. All rights reserved.

Company Overview



- Primarily electric distribution utility
- Over 243,000 customers - 86% of all customers in the Province
- Approximately 570 full-time employees
- 2011 forecast rate base - \$882 million (average)

Customers & Electricity Sales



Customers & Electricity Sales

- 87% of total customers are residential customers
- 61% of electricity sales are to residential customers

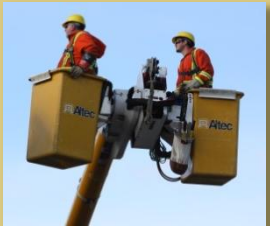
Other Key Indicators

- 90% of new home construction installed electric heat in 2010
- 85% of commercial electricity sales are to customers in the service sector
- Over 62% of customers utilize electric space heating; leads to fairly strong seasonal pattern

2010 at a Glance



- Storm response
- 9.21% regulated return
- Changes to employee future benefits
- New joint use agreement



Operational Performance

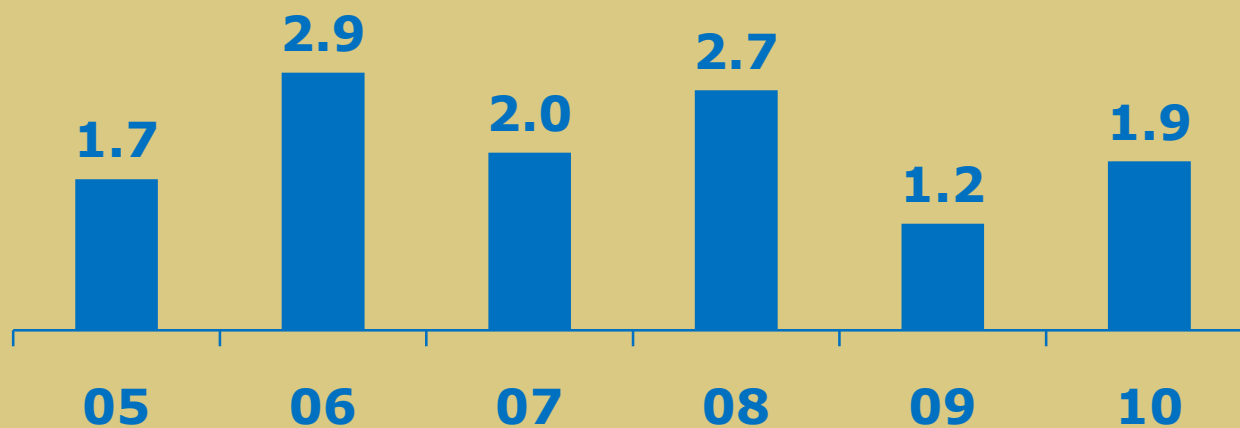


- Safety
- Reliability
- Customer satisfaction
- Operating costs per customer

Safety



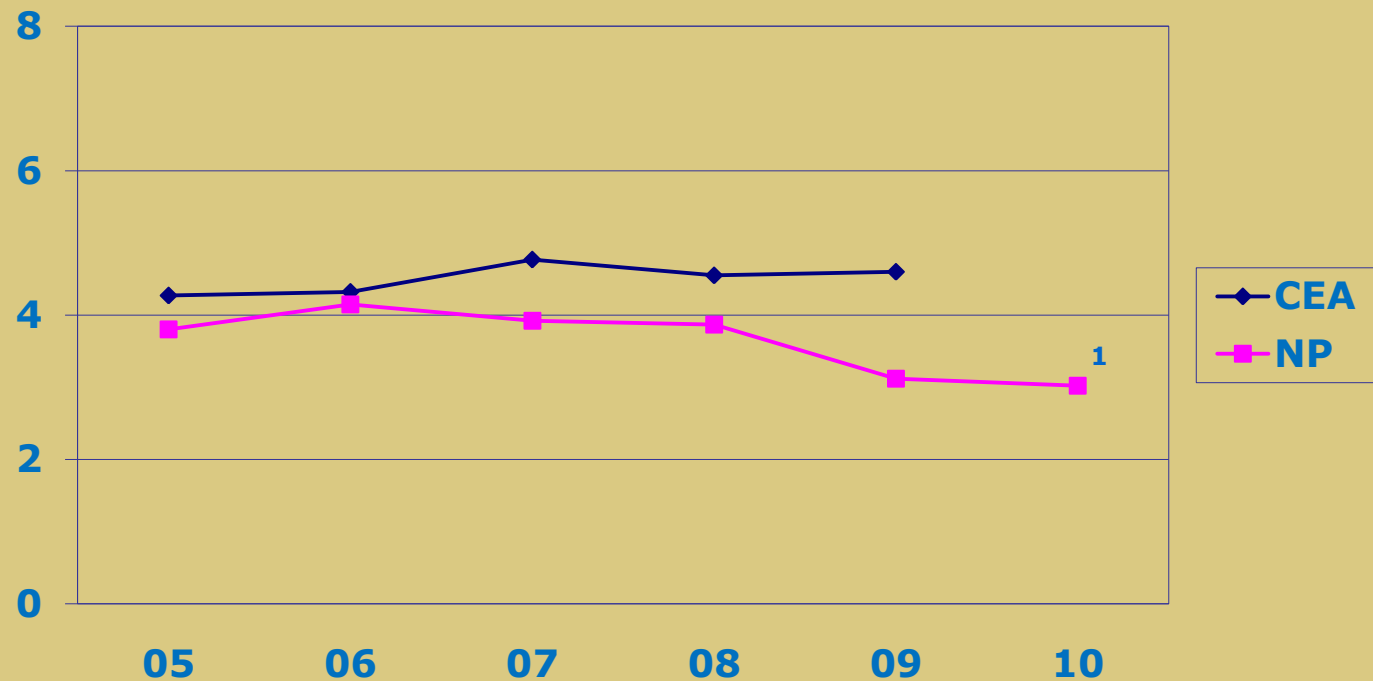
Injury Frequency Rate
(# of Injuries per 200,000 Hours)



Reliability



**Outage Hours per Customer
(Rolling 5 year Average)**

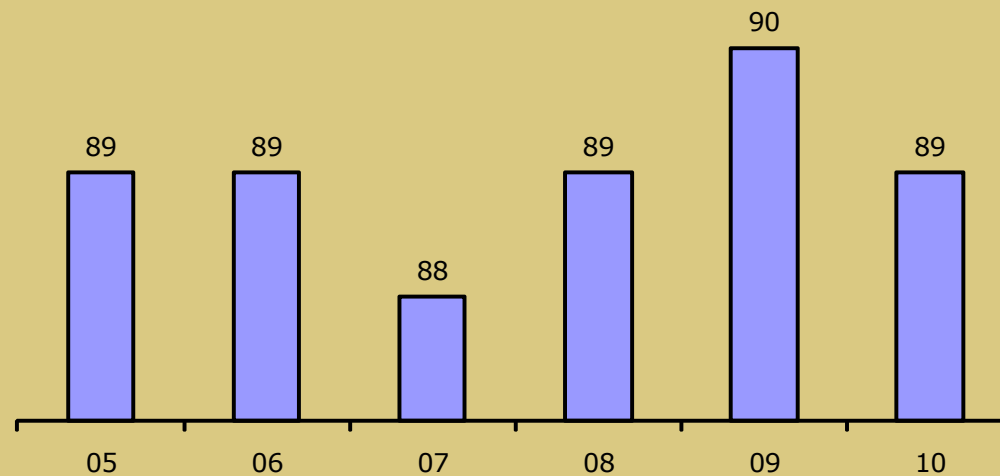


¹ Excludes Hurricane Igor and March 2010 sleet storm.

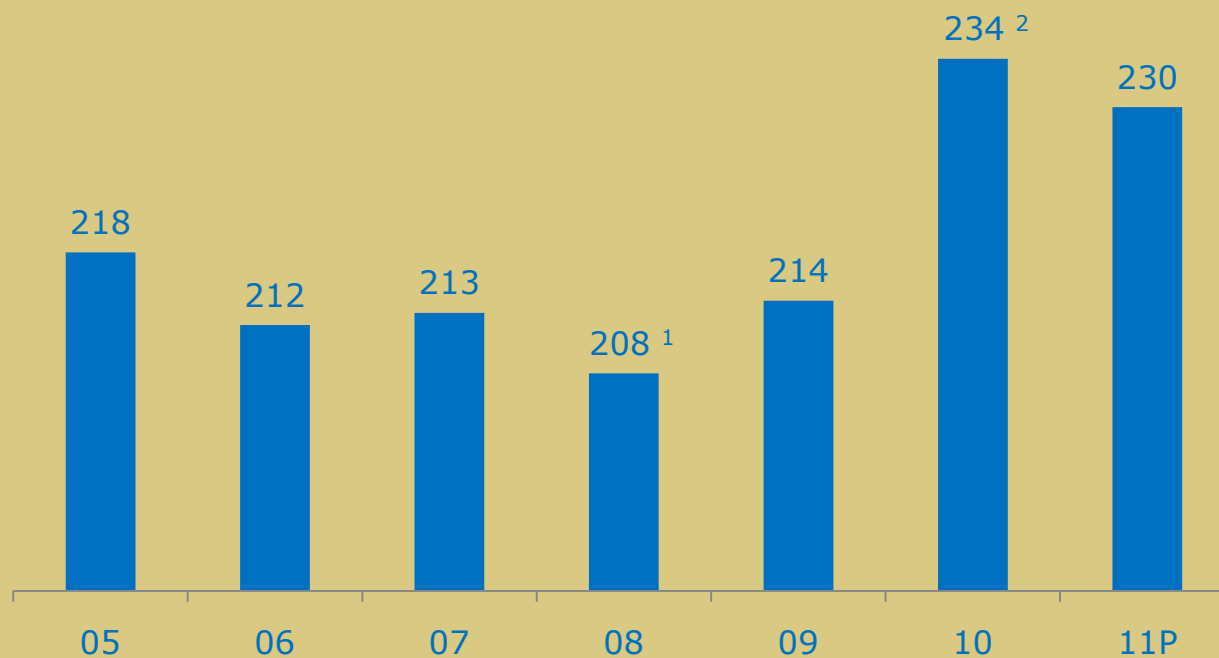
Customer Satisfaction



Satisfaction Rating (%)



Operating Costs per Customer (\$)



¹ 2008 costs would be \$212 in the absence of a one-time adjustment for PUB assessments.

² Effective 2010, operating costs include conservation programming. The 2010 operating costs also include Hurricane Igor and the March 2010 sleet storm.

Regulation



- Cost of Service Regulation



- Capital structure composed of 55% debt and 45% equity

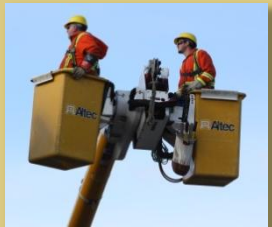


- The formula. 8.38% regulated ROE for 2011



- Operational and financial independence

Regulated Returns (%)



Rate-setting

ROE

Earned

ROE

Difference

2011	8.38	-	-
2010	9.00	9.21	0.21
2009	8.95	8.96	0.01
2008	8.95	9.13	0.18
2007	8.60	8.66	0.06
2006	9.24	9.46	0.22



Outlook

Provincial Economy



- Over the past 10 years, the Provincial economy has increased at an average annual growth rate of 3.1% per year



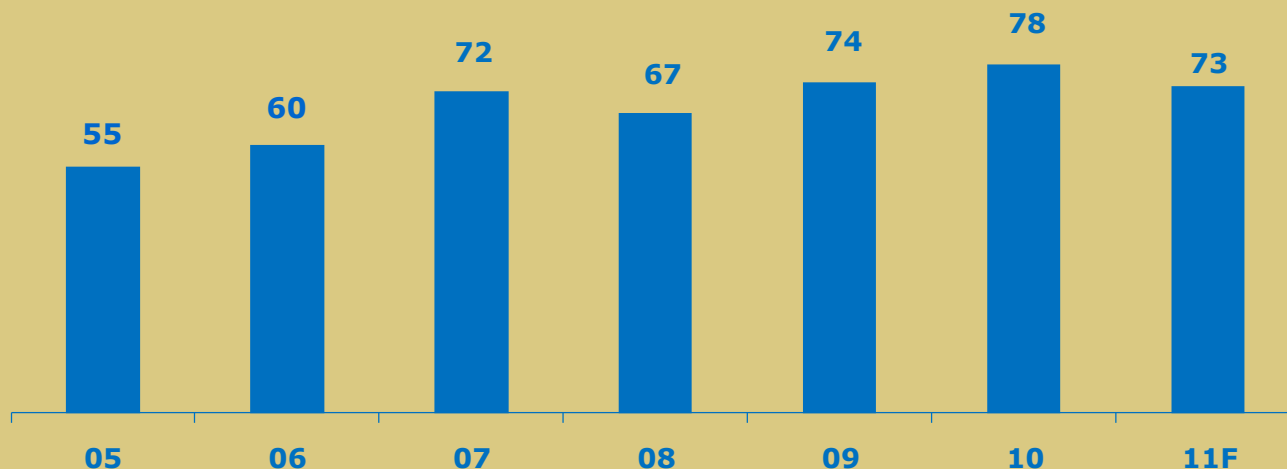
- Service sector GDP forecast to grow 1.9% in 2011



- 2010 electricity sales increased by 2.3%
- Electricity sales forecast to grow 1% - 2% in 2011



Capital Program (\$millions)



- 2010 capital program includes restoration of 2 major storms
- Approximately half of expenditures relates to replacement and maintenance of electricity system
- Approximately 38% relates to customer driven work

Employee Future Benefits



- Changes to employee future benefits plan



- Accrual accounting



- Regulatory deferral mechanisms



Sale of Joint-Use Poles



- New Support Structure Agreement for 2011



- Bell Aliant to buy back 40% of all joint-use poles. Purchase price approximately \$46M



- Transaction is subject to PUB approval



- Uncertainty regarding operational & financial impacts beyond 2011

Electricity Supply



- On-Island energy supply
 - Thermal and other 36% / Hydro 64%



- NP cost of power components
 - 93% purchased from NL Hydro / 7% internally
 - Purchased power cost risk substantially mitigated



- Energy supply outlook

People



- Retirements



- Skills development



- Craft & Clerical contracts expire Sept. 2011



Future Accounting Standards



- Granted 1-year deferral from IFRS until January 1, 2012



- No IFRS guidance on rate regulated activities



- Considering adoption of US GAAP in 2012



Credit Facilities



- Syndicated \$100 million committed credit facility
 - \$14 million utilized (January 2011)
 - Matures August 2013
 - 1 to 2 year extension
- \$20 million uncommitted demand facility
 - Undrawn



Capital Structure



- Dividend policy based on 45% common equity



- Long-term debt
 - First mortgage sinking fund bonds
 - Annual sinking fund obligations \$5.2 million
 - Next bond maturity is 2014
 - Next bond issue expected late 2013



Financial Highlights



- Strong balance sheet



- Stable earnings history



- Ample short-term liquidity afforded by credit facilities



- Currently assessing requirement to file for 2012 rates

Financial Highlights

(\$millions)



	<u>2008</u>	<u>2009</u>	<u>2010</u>	⁽¹⁾ <u>2011F</u>	⁽¹⁾ <u>2012F</u>
Capital Assets/Intangibles	775	803	836	830	861
Debt	438	479	476	474	486
Capital Expenditures	67	74	78	73	74
Earnings	32	33	35	32	32
Operating Cash Flow	85	59	95	74	82
Common Share Dividends	15	25	16	40	24

¹ 2011 & 2012 based upon the Company's current ROE for rate-setting purposes of 8.38%. The New Support Structure Agreement with Bell Aliant assumed to close May 2011.

Financial Highlights

Credit Metrics



	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011F</u>	<u>2012F</u>
Pre-Tax Interest Coverage (times)	2.5	2.4	2.4	2.3	2.3
CFO Interest Coverage (times)	3.1	3.1	3.4	3.2	3.3
CFO Debt Coverage (%)	16.0	15.0	17.6	16.3	16.6

Summary



- History of strong operational & financial performance

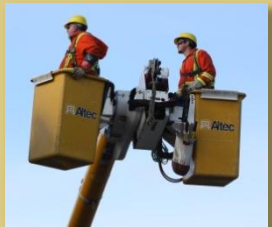


- Independence from parent & affiliates



- Stable regulatory environment

- Mature market with limited competition



Appendices



- Statements of earnings



- Balance sheets



- Statements of cash flows



Statement of Earnings

(\$millions)



	2008	2009	2010	2011F	2012F ¹
Revenues	516.9	527.2	555.0	560.1	572.6
Purchased Power and Operating Costs	386.8	397.7	420.7	433.5	445.2
EBITDA	130.1	129.5	134.3	126.6	127.4
Amortization	44.5	45.7	47.2	43.0	44.7
EBIT	85.6	83.8	87.1	83.6	82.7
Interest & Preferred Dividends	34.1	35.1	36.2	36.3	36.5
Income Taxes	19.2	16.1	15.9	15.4	14.3
Earnings	32.3	32.6	35.0	31.9	31.9

¹ Based on a regulated ROE of 8.38%. Currently assessing requirement to file for rates for 2012.

Balance Sheets

(\$millions)



	2008	2009	2010	2011F	2012F
Current Assets	75.9	85.1	79.7	81.7	83.3
Capital Assets/Intangibles	775.0	803.3	836.4	830.2	861.2
Accrued Pension	93.2	97.8	97.8	95.9	96.0
Regulatory and Other Assets	57.8	179.0	177.2	175.7	172.7
	1,001.9	1,165.2	1,191.1	1,183.5	1,213.2
Current Liabilities	79.6	73.9	71.8	69.1	71.6
Long-Term Debt	438.2	479.3	475.5	473.6	486.4
Regulatory & Other Liabilities	101.0	221.7	234.2	239.9	247.0
Shareholders' Equity	383.1	390.3	409.6	400.9	408.2
	1,001.9	1,165.2	1,191.1	1,183.5	1,213.2

Statements of Cash Flows

(\$millions)



	2008	2009	2010	2011F	2012F
Cash From (Used In)					
Operating Activities	85.1	59.4	94.6	74.1	81.6
Investing Activities	(64.1)	(69.6)	(75.4)	(26.7)	(70.4)
Financing Activities	(21.5)	14.9	(20.3)	(51.6)	(11.2)
(Decrease) Increase in Cash	(0.5)	4.7	(1.1)	(4.2)	0.0
Cash, Beginning of Year	1.1	0.6	5.3	4.2	0.0
Cash, End of Year	0.6	5.3	4.2	0.0	0.0



Newfoundland Power Inc.

Attachment B

Presentation to Moody's

February 2011



Confidentiality Notice



The information contained in this document is confidential and proprietary to Newfoundland Power. It is provided for the sole purpose of assisting the recipient in its determination of Newfoundland Power's credit rating and rating outlook.



In consideration of receipt of this document, the recipient agrees that the information contained herein shall be used only for the stated purpose, shall be maintained in confidence, shall not be reproduced and shall not be disclosed to any person outside the group directly responsible for its evaluation.



Copyright

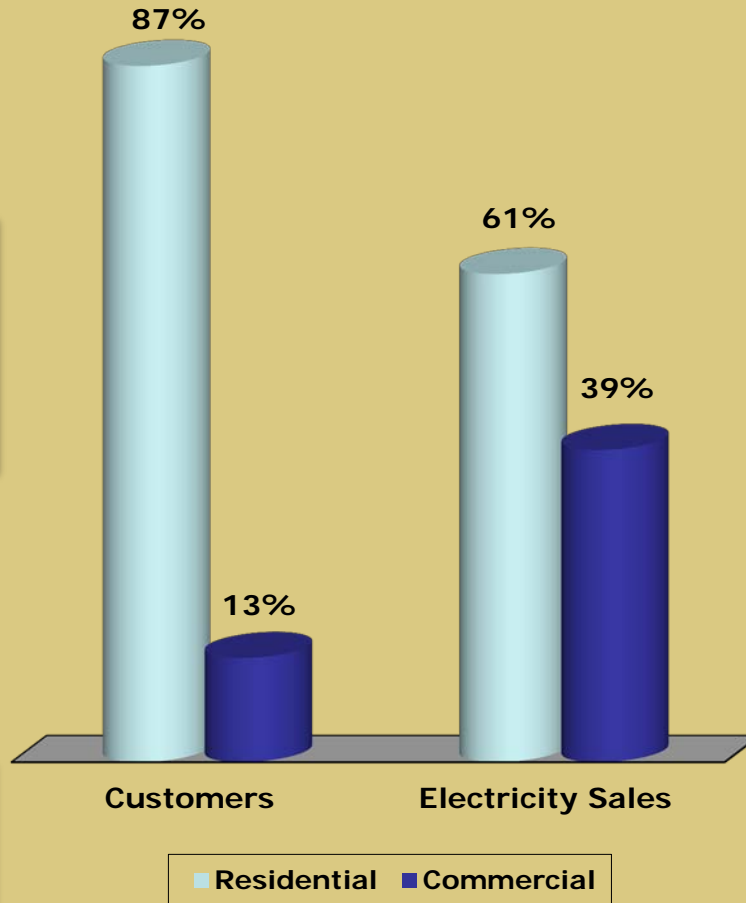
© 2011, Newfoundland Power Inc. All rights reserved.

Company Overview



- Primarily electric distribution utility
- Over 243,000 customers - 86% of all customers in the Province
- Approximately 570 full-time employees
- 2011 forecast rate base - \$882 million (average)

Customers & Electricity Sales



Customers & Electricity Sales

- 87% of total customers are residential customers
- 61% of electricity sales are to residential customers

Other Key Indicators

- 90% of new home construction installed electric heat in 2010
- 85% of commercial electricity sales are to customers in the service sector
- Over 62% of customers utilize electric space heating; leads to fairly strong seasonal pattern



2010 at a Glance



- Storm response
- 9.21% regulated return
- Changes to employee future benefits
- New joint use agreement



Operational Performance



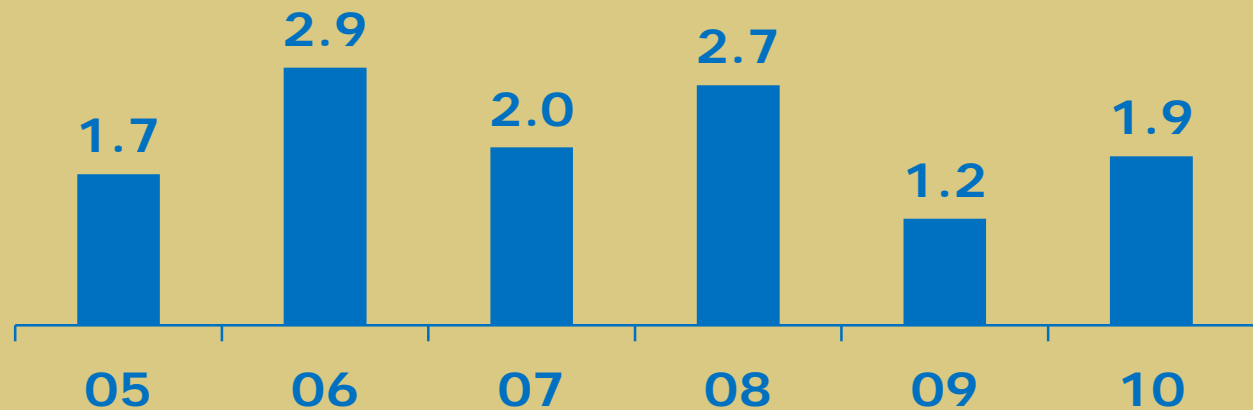
- Safety
- Reliability
- Customer satisfaction
- Operating costs per customer



Safety



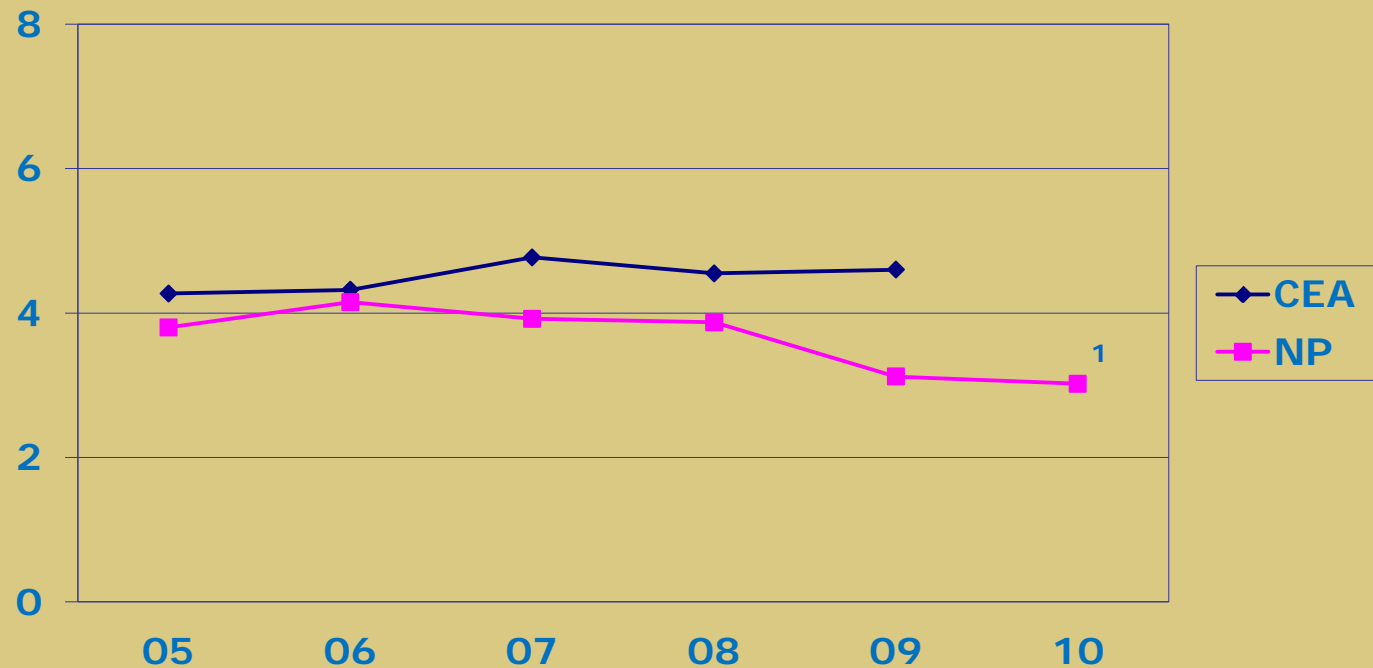
Injury Frequency Rate
(# of Injuries per 200,000 Hours)



Reliability



Outage Hours per Customer
(Rolling 5 year Average)



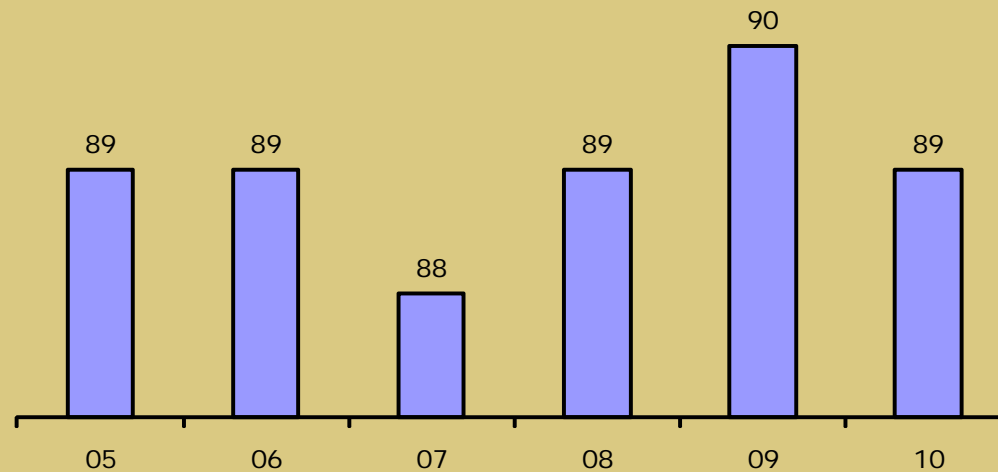
¹ Excludes Hurricane Igor and March 2010 sleet storm.



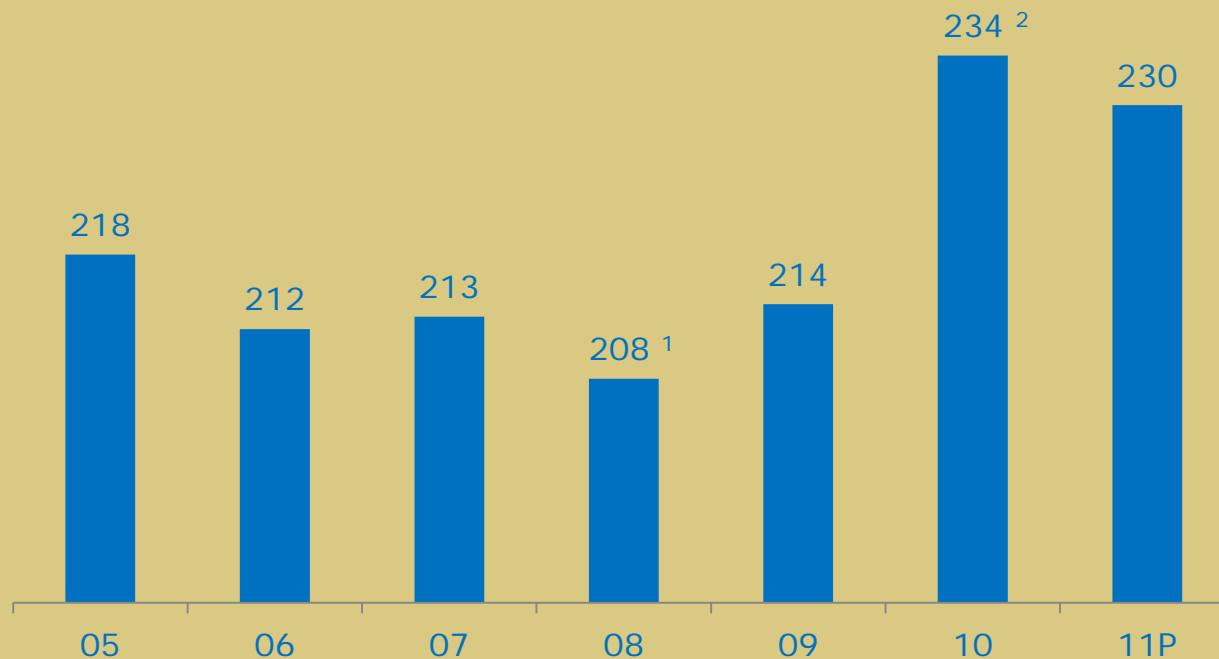
Customer Satisfaction



Satisfaction Rating (%)



Operating Costs per Customer (\$)



¹ 2008 costs would be \$212 in the absence of a one-time adjustment for PUB assessments.

² Effective 2010, operating costs include conservation programming. The 2010 operating costs also include Hurricane Igor and the March 2010 sleet storm.

Regulation



- Cost of Service Regulation



- Capital structure composed of 55% debt and 45% equity



- The formula. 8.38% regulated ROE for 2011



- Operational and financial independence

Regulated Returns (%)



Rate-setting

Earned

	<u>ROE</u>	<u>ROE</u>	<u>Difference</u>
2011	8.38	-	-
2010	9.00	9.21	0.21
2009	8.95	8.96	0.01
2008	8.95	9.13	0.18
2007	8.60	8.66	0.06
2006	9.24	9.46	0.22



Outlook

Provincial Economy



- Over the past 10 years, the Provincial economy has increased at an average annual growth rate of 3.1% per year



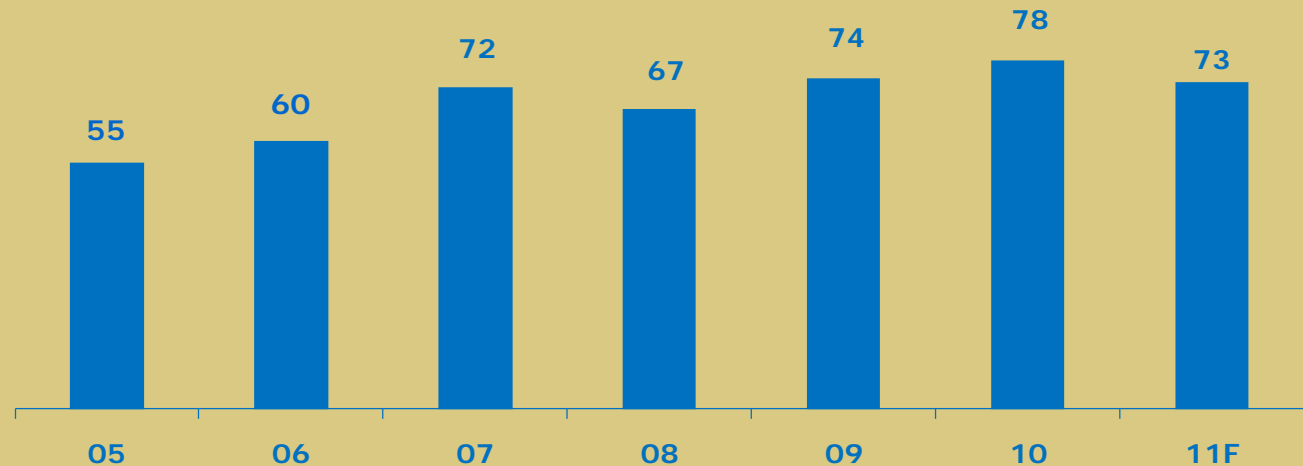
- Service sector GDP forecast to grow 1.9% in 2011



- 2010 electricity sales increased by 2.3%
- Electricity sales forecast to grow 1% - 2% in 2011



Capital Program (\$millions)



- 2010 capital program includes restoration of 2 major storms
- Approximately half of expenditures relates to replacement and maintenance of electricity system
- Approximately 38% relates to customer driven work

Employee Future Benefits



- Changes to employee future benefits plan



- Accrual accounting



- Regulatory deferral mechanisms



Sale of Joint-Use Poles



- New Support Structure Agreement for 2011



- Bell Aliant to buy back 40% of all joint-use poles. Purchase price approximately \$46M



- Transaction is subject to PUB approval



- Uncertainty regarding operational & financial impacts beyond 2011

Electricity Supply



- On-Island energy supply
 - Thermal and other 36% / Hydro 64%



- NP cost of power components
 - 93% purchased from NL Hydro / 7% internally
 - Purchased power cost risk substantially mitigated



- Energy supply outlook



People



- Retirements



- Skills development



- Craft & Clerical contracts expire Sept. 2011



Future Accounting Standards



- Granted 1-year deferral from IFRS until January 1, 2012



- No IFRS guidance on rate regulated activities



- Considering adoption of US GAAP in 2012



Credit Facilities



- Syndicated \$100 million committed credit facility
 - \$14 million utilized (January 2011)
 - Matures August 2013
 - 1 to 2 year extension



- \$20 million uncommitted demand facility
 - Undrawn



Capital Structure



- Dividend policy based on 45% common equity



- Long-term debt
 - First mortgage sinking fund bonds
 - Annual sinking fund obligations \$5.2 million
 - Next bond maturity is 2014
 - Next bond issue expected late 2013



Financial Highlights



- Strong balance sheet



- Stable earnings history



- Ample short-term liquidity afforded by credit facilities



- Currently assessing requirement to file for 2012 rates

Financial Highlights

(\$millions)



	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011F</u> ⁽¹⁾	<u>2012F</u> ⁽¹⁾
Capital Assets/Intangibles	775	803	836	830	861
Debt	438	479	476	474	486
Capital Expenditures	67	74	78	73	74
Earnings	32	33	35	32	32
Operating Cash Flow	85	59	95	74	82
Common Share Dividends	15	25	16	40	24

¹ 2011 & 2012 based upon the Company's current ROE for rate-setting purposes of 8.38% . The New Support Structure Agreement with Bell Aliant assumed to close May 2011.

Financial Highlights

Credit Metrics



	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011F</u>	<u>2012F</u>
Pre-Tax Interest Coverage (times)	2.5	2.4	2.4	2.3	2.3
CFO Interest Coverage (times)	3.1	3.1	3.4	3.2	3.3
CFO Debt Coverage (%)	16.0	15.0	17.6	16.3	16.6

Summary



- History of strong operational & financial performance



- Independence from parent & affiliates

- Stable regulatory environment



- Mature market with limited competition



Appendices



- Statements of earnings



- Balance sheets



- Statements of cash flows



Statement of Earnings

(\$millions)



	2008	2009	2010	2011F	2012F ¹
Revenues	516.9	527.2	555.0	560.1	572.6
Purchased Power and Operating Costs	386.8	397.7	420.7	433.5	445.2
EBITDA	130.1	129.5	134.3	126.6	127.4
Amortization	44.5	45.7	47.2	43.0	44.7
EBIT	85.6	83.8	87.1	83.6	82.7
Interest & Preferred Dividends	34.1	35.1	36.2	36.3	36.5
Income Taxes	19.2	16.1	15.9	15.4	14.3
Earnings	32.3	32.6	35.0	31.9	31.9

¹ Based on a regulated ROE of 8.38%. Currently assessing requirement to file for rates for 2012.

Balance Sheets

(\$millions)



	2008	2009	2010	2011F	2012F
Current Assets	75.9	85.1	79.7	81.7	83.3
Capital Assets/Intangibles	775.0	803.3	836.4	830.2	861.2
Accrued Pension	93.2	97.8	97.8	95.9	96.0
Regulatory and Other Assets	57.8	179.0	177.2	175.7	172.7
	1,001.9	1,165.2	1,191.1	1,183.5	1,213.2
Current Liabilities	79.6	73.9	71.8	69.1	71.6
Long-Term Debt	438.2	479.3	475.5	473.6	486.4
Regulatory & Other Liabilities	101.0	221.7	234.2	239.9	247.0
Shareholders' Equity	383.1	390.3	409.6	400.9	408.2
	1,001.9	1,165.2	1,191.1	1,183.5	1,213.2

Statements of Cash Flows

(\$millions)



	2008	2009	2010	2011F	2012F
Cash From (Used In)					
Operating Activities	85.1	59.4	94.6	74.1	81.6
Investing Activities	(64.1)	(69.6)	(75.4)	(26.7)	(70.4)
Financing Activities	(21.5)	14.9	(20.3)	(51.6)	(11.2)
(Decrease) Increase in Cash	(0.5)	4.7	(1.1)	(4.2)	0.0
Cash, Beginning of Year	1.1	0.6	5.3	4.2	0.0
Cash, End of Year	0.6	5.3	4.2	0.0	0.0



Newfoundland Power Inc.