

1 **Volume 1, Section 3 – Finance**

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3 **Q. (Section 3.2.5: Financing Charges) Please provide (a) the call/redemption provisions**  
4 **and (b) the sinking fund and/or mandatory debt repurchase or retirement**  
5 **provisions for each of the Company’s outstanding debt and preference share issues.**

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7 **A. *First Mortgage Sinking Fund Bonds***

8 The call provisions for each of the Company’s first mortgage sinking fund bond issues, as  
9 recorded in the Deed of Trust and Mortgage, are as follows.

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11 The bonds will be redeemable, at the Company’s option, in whole at any time or in  
12 part from time to time, on not less than 30 days prior notice, at the Applicable  
13 Redemption Price, together with accrued and unpaid interest to the date fixed for  
14 redemption. The “Applicable Redemption Price” shall be the higher of the Canada  
15 Yield Price (as defined below) and the principal amount.

16  
17 The “Canada Yield Price” shall mean, in effect, a price equal to the price of the Series  
18 Bonds calculated to provide a yield to maturity equal to the Government of Canada  
19 Yield<sup>1</sup> plus a pre-determined percentage on the business day preceding the date of the  
20 resolution of the Board of Directors of the Company authorizing the redemption.

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22 Table 1 shows the pre-determined percentages for each of the Series.

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**Table 1**  
**Pre-determined Percentage by Series**

<b>Series</b>	<b>Percentage</b>
AC	0.75%
AD	0.50%
AE	0.50%
AF	0.375%
AG	0.30%
AH	0.20%
AI	0.30%
AJ	0.46%
AK	0.26%

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27 The Company’s First Mortgage Bonds are also subject to annual sinking fund provisions  
28 under the Deed of Trust and Mortgage. Sinking fund payments equal to 1% of the

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<sup>1</sup> Government of Canada Yield on any date means the estimated yield to maturity compounded semi-annually which a non-callable Government of Canada Bond would carry if issued in Canadian dollars in Canada at 100% of its principal amount on that date with a term to maturity equal to the remaining term to maturity of the Series Bond.

1 original principal balance of all outstanding debt issues, together with accrued and unpaid  
2 interest are due to the Trustee on October 1<sup>st</sup> each year. The Trustee in turn selects bonds  
3 for redemption equal to 1% of the original principal balance, and issues the appropriate  
4 notice of redemption to the Company's bondholders, in accordance with the Deed of  
5 Trust and Mortgage.  
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8 ***First Preference Shares***

9 Newfoundland Power's Series A and B Preference Shares are currently redeemable at the  
10 option of the Company at par value plus a premium of 5% (the Series A & B redemption  
11 prices), together with accrued and unpaid dividends calculated to the date of redemption.  
12

13 Newfoundland Power's Series D Preference Shares are currently redeemable at the  
14 option of the Company at par value plus a premium of 2%, together with accrued and  
15 unpaid dividends calculated to the date of redemption.  
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17 Newfoundland Power's Series G Preference Shares are currently redeemable at the  
18 option of the Company at par value without any additional premium, plus accrued and  
19 unpaid dividends calculated to the date of redemption.  
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21 Series D and G First Preference Shares are also subject to the operation of purchase  
22 funds, and the Company has the right to purchase limited amounts of Series D (up to  
23 10,000 shares) and Series G (up to 18,000 shares) First Preference Shares at or below  
24 par.