

1 **Volume 1, Section 3 – Finance**

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3 **Q. Please explain why in June, 2006 NP discontinued the use of Standard & Poors' as a**
4 **rating agency for its First Mortgage Bonds and explain the role that Standard &**
5 **Poors' linkage of Fortis Inc.'s credit rating to that of NP played in this**
6 **discontinuation.**

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8 A. In June 2006, Newfoundland Power had investment grade credit ratings from Dominion
9 Bond Rating Service, Moody's Investors Services and Standard & Poor's. It is
10 Newfoundland Power's view that 2 investment grade credit ratings are sufficient to
11 maintain capital market access and, accordingly, the Company decided to discontinue the
12 use of Standard & Poor's.

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14 For further information on Standard & Poors' linkage of Fortis Inc.'s credit rating to that
15 of Newfoundland Power Inc., please refer to CA-NP-147 and CA-NP-155.