

1 **Volume 1, Section 3 – Finance**

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3 **Q. Following NP’s 2004 review of its stand-alone credit status and its filing of “A**
4 **Report on the Stand-Alone Credit of Newfoundland Power” and “A 2nd**
5 **Supplementary Report on the Stand-Alone Credit of Newfoundland Power” did NP**
6 **seek the opinion of Standard & Poors as to whether it would assess NP to be**
7 **operationally independent of Fortis Inc. and rate NP’s credit as investment grade**
8 **on a stand-alone basis? If yes, what opinion was received? If not, why not?**
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10 A. As part of the rating of the credit of Newfoundland Power, credit rating agencies are
11 informed of all material matters affecting the credit of the Company including the matters
12 described in *A Report on the Stand-Alone Credit of Newfoundland Power* and *A 2nd*
13 *Supplementary Report on the Stand-Alone Credit of Newfoundland Power*.
14

15 During its credit rating relationship with Standard & Poor’s, Newfoundland Power
16 discussed the matter of Standard & Poor’s practice of *linking* holding company and
17 operating company credit ratings. Standard & Poor’s has never indicated it was prepared
18 to consider deviating from its industry-wide practice for Newfoundland Power’s rating.