

- 1 **Q. Reference: CA-NP-147: please provide NP's assessment of how "Ring Fencing"**
2 **could be accomplished, assuming it were necessary, in the Fortis/NP circumstance.**
3
- 4 A. In Newfoundland Power's view, *ring fencing* is accomplished by ensuring that a
5 subsidiary entity is independent from its parent.
6
- 7 A detailed assessment of the financial independence of Newfoundland Power from Fortis
8 Inc. is contained in *A Report on the Stand-Alone Credit of Newfoundland Power* which is
9 Attachment A to the response to CA-NP-147.
10
- 11 Exhibit 6 to the Company's pre-filed evidence contains the current credit ratings reports
12 of the Company from Dominion Bond Rating Service ("DBRS") and Moody's Investors
13 Services ("Moody's"). Both DBRS and Moody's assess that Newfoundland Power
14 operates independently from Fortis Inc. Newfoundland Power's credit is rated by both
15 DBRS and Moody's on a stand-alone basis.
16
- 17 Newfoundland Power's current assessment is that, as a result of the actions taken in
18 response to the Board's directions in Order No. P.U. 19 (2003) and outlined at p. 93 *et. seq.*
19 of the Company evidence, it is financially and operationally independent from Fortis Inc.
20 This assessment is supported by the credit ratings of DBRS and Moody's.