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Q: Reference: Page 29, Lines 4-5, Page 31, Lines 12-14 and Page 53, Lines 14-15

Please confirm that at Dr. Cannon’s forecast long-term Canada bond yield of 4.75% to 5.0% for 2008 and the credit spread of 130 basis points, the cost of new 30-year debt for Newfoundland Power in 2008 would be 6.05% to 6.30%.

A: The referenced 130 bps credit spread for NP’s longer-term bonds applied to the market conditions extant at the time Dr. Cannon prepared his evidence and for the latter half of 2007. Dr. Cannon did not testify that the 130 bps credit spread would also apply throughout the test year. Nor did Dr. Cannon provide any forecast of the likely new-issue cost for a long-term bond issue by NP during 2008.

Consequently, Dr. Cannon cannot confirm that the cost of new 30-year debt for NP for 2008 would be 6.05% to 6.30%.