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Q: On page 72 of Dr. Cannon’s testimony, please identify the amount of additional first mortgage bonds that NP could issue at Dr. Cannon’s proposed return on equity and keep the earnings interest coverage ratio above the 2.0 times minimum threshold.

A: The answer to this question depends, of course, on the interest rate attached to the additional first mortgage bonds (FMBs). Dr. Cannon has assumed two average rates – 5.00% and 5.90% – and used the template provided by NP in its Response to CA-NP-126 to do his calculations.

Allowed ROCE	7.4%	7.4%	7.8%	7.8%
Average Rate on Additional FMBs	5.0%	5.9%	5.0%	5.9%
Maximum Additional FMBs (in \$ millions)	118.3	100.2	140.5	119.1