

1 **Reference: Section 3: Finance**
2

3 **Q. Volume 1. Provide information on Newfoundland Power’s financial position at 1%**
4 **reduced intervals in the equity component from 45% to 37% at returns on equity of**
5 **8.25%, 8.5%, 8.75%, 9.0%, 9.25%, 9.5% and 9.8% in the same format as in PUB-**
6 **NP-034 in Newfoundland Power’s 2019/2020 General Rate Application.**
7

8 A. Tables 1, 2 and 3 are matrices which respectively show *pro forma* (1) pre-tax interest
9 coverage, (2) cash flow interest coverage, and (3) cash flow to debt coverage for
10 Newfoundland Power for 2023 as requested.¹ In addition to affecting cash flow credit
11 metrics, Newfoundland Power’s debt-to-total capitalization ratio is its own factor
12 assessed by credit rating agencies when rating the Company’s financial strength.²

Table 1:
Pre-tax Interest Coverage (times)
2023 Pro Forma

	9.80%	9.50%	9.25%	9.00%	8.75%	8.50%	8.25%
45%	2.9	2.8	2.7	2.7	2.6	2.6	2.5
44%	2.8	2.7	2.7	2.6	2.6	2.5	2.4
43%	2.7	2.6	2.6	2.5	2.5	2.4	2.4
42%	2.6	2.6	2.5	2.5	2.4	2.4	2.3
41%	2.5	2.5	2.4	2.4	2.3	2.3	2.2
40%	2.5	2.4	2.4	2.3	2.3	2.2	2.2
39%	2.4	2.3	2.3	2.3	2.2	2.2	2.1
38%	2.3	2.3	2.2	2.2	2.2	2.1	2.1
37%	2.3	2.2	2.2	2.1	2.1	2.1	2.0

¹ See response to Request for Information PUB-NP-031 for *pro forma* earnings test interest coverage calculations for 2023 as required for Newfoundland Power to issue First Mortgage Bonds.

² See, for example, the 2022/2023 General Rate Application, Volume 1, Application, Company Evidence and Exhibits, Exhibit 4, Moody’s Investors Service Credit Rating Report, page 8.

Table 2:
Cash Flow Interest Coverage (times)
2023 Pro Forma

	9.80%	9.50%	9.25%	9.00%	8.75%	8.50%	8.25%
45%	4.9	4.8	4.8	4.8	4.7	4.7	4.6
44%	4.8	4.7	4.7	4.7	4.6	4.6	4.6
43%	4.7	4.6	4.6	4.6	4.5	4.5	4.5
42%	4.6	4.5	4.5	4.5	4.4	4.4	4.4
41%	4.5	4.4	4.4	4.4	4.3	4.3	4.3
40%	4.4	4.3	4.3	4.3	4.3	4.2	4.2
39%	4.3	4.2	4.2	4.2	4.2	4.1	4.1
38%	4.2	4.2	4.1	4.1	4.1	4.1	4.0
37%	4.1	4.1	4.0	4.0	4.0	4.0	4.0

Table 3:
Cash Flow Debt Coverage (%)
2023 Pro Forma

	9.80%	9.50%	9.25%	9.00%	8.75%	8.50%	8.25%
45%	18.4	18.2	17.9	17.7	17.5	17.3	17.1
44%	17.9	17.7	17.4	17.2	17.0	16.8	16.6
43%	17.4	17.2	17.0	16.8	16.6	16.4	16.2
42%	17.0	16.7	16.5	16.4	16.2	16.0	15.8
41%	16.5	16.3	16.1	15.9	15.7	15.6	15.4
40%	16.1	15.9	15.7	15.5	15.3	15.2	15.0
39%	15.7	15.5	15.3	15.1	15.0	14.8	14.6
38%	15.3	15.1	14.9	14.7	14.6	14.4	14.3
37%	14.9	14.7	14.5	14.4	14.2	14.1	13.9

1 See response to Request for Information PUB-NP-030 for further information on how
2 these *pro forma* credit metrics could impact the Company's creditworthiness and ability
3 to maintain a sound credit rating.