

1 **Section 3: Finance/Fair Return**
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3 **Q. (Section 3) Please discuss any instances where Newfoundland Power has**
4 **approached its investment bankers since 2000 and been advised that the bond**
5 **markets were not receptive to an issue by Newfoundland Power and how**
6 **Newfoundland Power arranged alternative financing.**
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8 A. Generally, Newfoundland Power has not experienced issues in raising capital since 2000.
9 However, in March 2020 as a result of the COVID-19 pandemic, the Company was
10 advised by its investment banker that bond investors were not receptive to a bond issue
11 by Newfoundland Power at that time.¹
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13 The relatively small size of the Company's bond issues inherently limits the number of
14 investors that have participated in, or would be likely to participate in, Newfoundland
15 Power bond offerings. The Company issues long-term first mortgage bonds in series of
16 \$100 million or less and these bonds are typically purchased by a small number of
17 investors.² Over the past 10 years, issuances were purchased by an average of five
18 investors.³ The general capital market requirement for inclusion in widely traded bond
19 indices is \$100 million and a minimum of 10 investors.⁴ Issuances below this threshold
20 reduce the number of potential debt investors for the Company.

¹ Subsequently, in April 2020 the Company issued \$100 million Series AQ First Mortgage Bonds. See response to Request for Information CA-NP-067.

² See the *2025/2026 General Rate Application, Volume 1, Application, Company Evidence and Exhibits, Section 3.3.2: Risk Assessment*, page 3-36.

³ Ibid.

⁴ Ibid.