

CREDIT OPINION

30 April 2024

Update

Send Your Feedback

RATINGS

Newfoundland Power Inc.

Domicile	St. John's, Newfoundland, Canada
Long Term Rating	Baa1
Type	LT Issuer Rating - Dom Curr
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

Contacts

Gavin MacFarlane +1.416.214.3864  
VP-Sr Credit Officer  
gavin.macfarlane@moodys.com

Yifei Qin +1.647.417.6291  
Ratings Associate  
yifei.qin@moodys.com

Michael G. Haggarty +1.212.553.7172  
Associate Managing Director  
michael.haggarty@moodys.com

CLIENT SERVICES

Americas 1-212-553-1653

Asia Pacific 852-3551-3077

Japan 81-3-5408-4100

EMEA 44-20-7772-5454

Newfoundland Power Inc.

Update to credit analysis

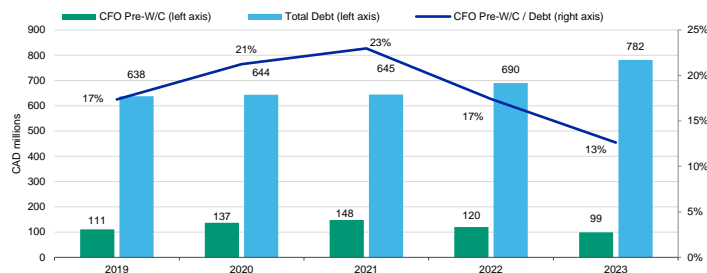
Summary

Newfoundland Power Inc.'s (NPI) credit profile reflects the company's low business risk as a primarily electric transmission and distribution cost-of-service regulated utility with no unregulated businesses. Approximately 93% of NPI's power requirements are purchased from provincially owned Newfoundland & Labrador Hydro (NL Hydro, not rated), the cost of which is passed through to ratepayers. We view the Newfoundland and Labrador Board of Commissioners of Public Utilities (PUB) as one of the more supportive regulators in Canada because decisions are timely and balanced, deferral accounts generally reduce risks from factors beyond management's control and NPI's 45% equity capital is among the highest authorized levels in Canada. NPI has pending regulatory filings requesting rate increases and we expect regulatory decisions will continue to provide the company with an opportunity to recover its costs in a timely fashion and earn its allowed returns, as it has in the past.

The credit profile has been negatively affected by temporarily weak financial metrics including a CFO pre-W/C to debt ratio falling to 12.6% at 31 December 2023, primarily caused by the under-recovery of power costs in 2023. We expect the company to fully recover these costs based on established cost recovery mechanisms starting on 1 July 2024. Significant upward pressure on rates can be attributed to NL Hydro's completion of the Muskrat Falls hydro-electric generating station and related projects with a cost of CAD13.5 billion, with only a fraction of these costs currently reflected in rates. NPI's senior secured first mortgage bonds (FMB) rating reflects the first mortgage security over NPI's property, plant and equipment and a floating charge on all other assets.

Exhibit 1

Historical CFO Pre-W/C, Total Debt and CFO Pre-W/C to Debt



All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.

Periods are fiscal year-end unless indicated.

Source: Moody's Financial Metrics™

## Credit strengths

- » Low risk regulated utility, primarily transmission and distribution, with 93% purchased power from provincial generators
- » Supportive regulatory environment
- » Track record of earning allowed returns

## Credit challenges

- » Growth in power costs deferrals
- » Weak cash flow metrics forecast to improve
- » Increased risks of delayed cost recovery as costs associated with Muskrat Falls and related projects add to rate pressure

## Rating outlook

The stable outlook reflects our expectation that the company will continue to recover its costs and earn its allowed returns in a timely fashion, and that the current rate pressure it is experiencing will not result in any decline in regulatory or political support. We forecast that CFO pre-W/C to debt ratios will recover from recently low levels to the 16-18% range inclusive of power cost recoveries, which would be supportive of the current ratings.

## Factors that could lead to upgrade

- » An upgrade is unlikely without further clarity on the timing, size and implications of the increases in electricity rates related to Muskrat Falls.
- » NPI's rating could be upgraded if CFO pre-W/C to debt is forecast to be sustained above 18% or if the company sees an improvement in its regulatory framework.

## Factors that could lead to downgrade

- » A decline in regulatory support including for example delays in recovering costs or an inability to earn allowed returns.
- » CFO pre-W/C to debt adjusted for power cost recoveries sustained below 14%.

## Key indicators

Exhibit 2

### Newfoundland Power Inc.

	2019	2020	2021	2022	2023
CFO Pre-W/C + Interest / Interest	4.0x	4.7x	5.2x	4.4x	3.6x
CFO Pre-W/C / Debt	17.4%	21.3%	23.0%	17.4%	12.6%
CFO Pre-W/C – Dividends / Debt	13.0%	14.0%	17.8%	13.2%	11.7%
Debt / Capitalization	48.1%	48.2%	47.6%	48.5%	49.6%

All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.

Periods are fiscal year-end unless indicated.

Source: Moody's Financial Metrics™

## Profile

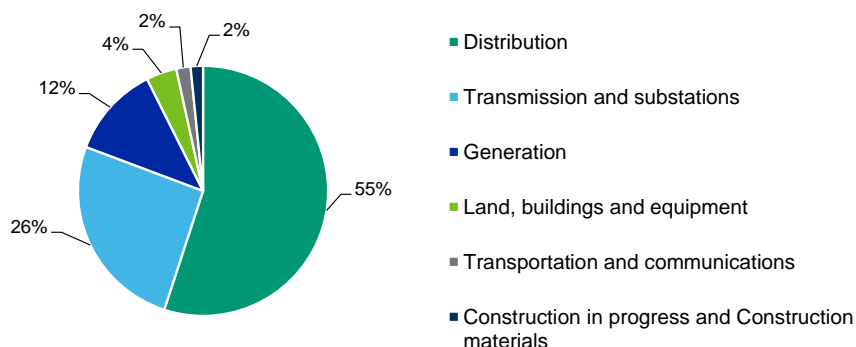
Headquartered in St. John's, Newfoundland and Labrador, NPI is primarily an electric transmission distribution utility serving a customer base of approximately 275,000. NPI operates under cost of service regulation and is regulated by the PUB under the Public

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody's.com> for the most updated credit rating action information and rating history.

Utilities Act (the Act). NPI purchases the majority of its power from NL Hydro which is indirectly held, but wholly owned by the Province of Newfoundland and Labrador. NPI's installed generating capacity is 137 MW, including 98 MW of hydro. NPI is a wholly-owned subsidiary of Fortis Inc. (FTS: Baa3 stable), which is primarily a diversified electric and gas utility holding company also based in St. John's.

Exhibit 3

### Net Property, Plant and Equipment by segment As of 31 December 2023



Source: Company filings

## Detailed credit considerations

### Low-risk business model

NPI's credit profile reflects the company's low business risk as a cost of service regulated utility. NPI owns and operates a transmission and distribution system located on the island portion of the province of Newfoundland and Labrador and dominates that market, which is geographically isolated and effectively protected from potential competition. NPI serves roughly 87% of the province's electricity customers. Growth in rate base over time has not historically taxed NPI either operationally or financially due to relatively timely recovery of capital and operating costs.

NPI owns some generation assets that are regulated and represent only 12% of NPI's net property, plant and equipment at year-end 2023. The majority of generation assets are low risk, small scale hydro electric generation. Accordingly, we consider the business risk of NPI to be similar to that of a transmission and distribution utility rather than that of a typical vertically integrated utility, which is often directly exposed to commodity price risk and the operational, financial and environmental risks associated with electricity generation.

### Supportive regulatory environment

NPI's operations benefit from a well-developed regulatory framework that we consider credit supportive. The PUB's regulation of NPI is credit supportive primarily because of a track record of reasonably timely and balanced decisions that has led to a lengthy history of NPI earning its allowed ROE. The company has thus far not been subject to political interference despite increasing rate pressure related primarily to power generation costs. We expect NPI to continue to recover its costs in a timely fashion in an increasing rate environment. In addition, NPI has access to the courts to address disputes with the PUB although the company has not pursued legal remedies in at least 20 years.

The PUB's annual review and approval of NPI's capital spending plans and long-term debt issuances significantly reduce the risk of cost disallowances and support NPI's ability to fully recover costs on a timely basis. NPI submits a proposed capital plan for PUB approval annually before the next fiscal year with the most recent plan approved on 18 January 2024 allowing capex of CAD114 million in 2024. NPI is required to obtain PUB pre-approval for the issuance of any FMB's or the incurrence of credit facilities with maturities exceeding one year, which we see as reducing risk of cost disallowances related to these activities. As a result of increasing rate base and higher debt costs, on 23 November 2023, the company filed a 2024 return on rate base application requesting a 1.5% increase on 1 July 2024 that incorporates approved 2024 capital expenditures.

Several other cost recovery mechanisms reduce NPI's exposure to unexpected costs due to variations in purchased power costs, weather, pension and other post-employment benefit (OPEB) costs and are recovered in the Rate Stabilization Account (RSA). While NPI foregoes some upside (and downside) potential, the stability and predictability of its cash flows are enhanced by these mechanisms.

For example, the RSA facilitates recovery of purchased power costs in excess of those forecasted for ratemaking purposes. This is particularly important since the marginal cost of power that NPI obtains from NL Hydro exceeds the average supply costs embedded in customer rates. The RSA provides for the amortization of the under or over collection over a 12 month period. The RSA also captures fluctuations in NL Hydro's rate stabilization plan which is a pass through for NPI. While the company has not yet filed an RSA adjustment for 1 July 2024, there are likely to be increases in customer rates based on growth in the RSA at FYE 2023. We have assumed the company will recover these costs over the following 12 months in line with precedent. NL Hydro's Project Cost Recovery Rider began to recover some of the costs of Muskrat Falls from customers on 1 July 2022. The resulting 6.1% increase in rates largely offset a 6.4% decline in rates that would have otherwise occurred at that time due to the annual RSA adjustment.

Other mechanisms included in the RSA include a Demand Management Incentive Account (which limits NPI's exposure to variations in purchased power costs to 1% of demand costs reflected in the test year for ratemaking purposes).

NPI is allowed to file a rate application based on a forward test year and forecast rate base. We view these mechanisms positively because they reduce revenue lag associated with the capital program. In November 2023, NPI filed a general rate case for 2025/26 seeking a 5.5% rate increase effective 1 July 2025. Key areas of focus that are consistent with the sector include productivity improvements, cost increases driven by inflation, and the allowed ROE given the inflationary and interest rate environment. More unique to NPI is the re-basing of supply costs and the demand forecast, which currently add significant volatility to financial metrics. In its last rate case, the company reached a settlement on 22 November 2021 for the period 2022-2023 and it was approved by the PUB in the first quarter of 2022. NPI's allowed ROE of 8.5% for the period 2022-2024 remains unchanged. While the ROE remains relatively low, it is mitigated by one of the highest deemed equity levels in Canada that remains unchanged at 45%.

Exhibit 4

#### Historical Approved ROE, Approved Equity thickness and Rate Base Newfoundland Power Inc.

	2017	2018	2019	2020	2021	2022	2023
Approved Return on Equity (ROE)	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
Approved Equity thickness	45%	45%	45%	45%	45%	45%	45%
Midyear Rate base, CAD billion	1.1	1.1	1.2	1.2	1.2	1.2	1.3

Source: Company filings

#### Rate pressure creates recovery uncertainty

NPI faces uncertainties due to the timing and size of expected rate increases associated with the cost of power purchased from NL Hydro. The inability to recover any expenses, or the lengthy deferral of cost recovery at NPI, would be credit negative.

The total cost of Muskrat Falls and associated transmission in Newfoundland and Labrador increased to about CAD13.5 billion, up from an initial cost estimate of CAD7.4 billion. The size of the project and associated rate increases are exacerbated by the relatively small size of NPI and the Newfoundland and Labrador economy. The 824 MW hydro electric project was completed in November 2021, although the Labrador Island Link (LIL) a key transmission project, was only fully commissioned in April 2023. Given some operational challenges on LIL, the 490 MW Holyrood thermal generation may remain operational through the end of the decade as backup generation which would also add to customer rate pressures.

The Province has not yet finalized rate mitigation plans which already includes federal support and rate increases may not be fully known until rate mitigation plans are finalized and NL Hydro files its next rate case. Rate structure and design also has implications for NPI and the timeliness with which it recovers power costs from customers. One of the rate mitigation actions in 2023 included the provincial government providing CAD190.4 million of rate mitigation to NL Hydro to offset energy supply cost increases. The federal government has provided support that includes but is not limited to guarantees for billions of dollars of debt related to the project.

NPI is allowed to pass through the increase in power supply costs to customers. The increase in rates from the project may lead to lower electricity demand resulting in lower revenues and cash flow, although the difference is expected to be temporary in nature as we expect power supply costs to remain a pass through.

### Weak financial metrics expected to improve

Financial metrics declined significantly last year from previous levels, with CFO pre-W/C to debt falling to 12.6% at 31 December 2023, well below our expectations, from 17.4% in 2022. We forecast that CFO pre-W/C to debt ratios will recover from recent low levels to the 16-18% range inclusive of power cost recoveries, a level that is consistent with the current credit rating. We will add power cost recoveries, that are included in working capital on the cash flow statement, to our CFO pre-W/C to debt calculations.

Changes in regulatory assets and liabilities added volatility to CFO pre-W/C, although we expect all of these costs to be recovered from rate payers. Regulatory assets grew rapidly in 2023 as power sales exceeded forecasts. Exacerbating the situation, the marginal cost of power purchased from NL Hydro was greater than the average price of power charged to customers. This reversed the growth in regulatory liabilities in 2020 and 2021 that was in part due to marginally lower demand than forecast and the same marginal power pricing dynamics led to over-recoveries from customers and growth in the company's regulatory liabilities. Rate mitigation, an NL Hydro rate case and changes in rate structure may all have significant implications for the volatility of the power costs that NPI recovers from its customers with higher volatility viewed as credit negative and vice versa.

Aside from these variable costs that we expect NPI to recover, we expect the company to continue to generate predictable cash flow, a key credit strength. Driving this stability, the company's net income is a function of its allowed return on equity, its deemed capital structure (equity thickness) and rate base. The other large component of its predictable cash flow is depreciation and amortization. We expect funds from operations to remain in the 16-18% range consistent with the past several years.

The company forecasts annual capital investments of about CAD140 million over the period 2024 to 2028 and we expect it to continue to file regular cost of service rate applications to ensure timely recovery of costs. The steady growth in the company's rate base drives growth in cash flow and a proportionate growth in debt. Primarily as a result of changes in working capital and long term regulatory assets and liabilities outlined above, the company had a CAD94 million free cash flow shortfall in 2023. In an effort to reduce pressure on the balance sheet, the company did not pay dividends in the last 3 quarters of 2023, which highlights a credit benefit of being part of a much larger corporate entity, which is not reliant on quarterly distributions from its smaller subsidiaries.

Exhibit 5

### Historical Moody's-adjusted CFO Pre-W/C reconciliation Newfoundland Power Inc.

(in CAD millions)	2019	2020	2021	2022	2023
<b>Net Income</b>	<b>42.3</b>	<b>43.6</b>	<b>43.8</b>	<b>45.7</b>	<b>46.0</b>
Depreciation	64.6	67.3	69.7	73.7	76.9
Amortization of Investments	3.6	4.1	4.5	4.7	5.7
Deferred income taxes and itc	5.2	(5.1)	0.9	(3.1)	14.7
Other	(2.3)	2.9	3.5	(3.8)	(7.3)
<b>Funds from Operations</b>	<b>113.5</b>	<b>112.8</b>	<b>122.4</b>	<b>117.2</b>	<b>136.0</b>
Changes in Other Oper. Assets & Liabilities - LT	(2.8)	24.0	25.7	2.9	(37.3)
<b>CFO Pre-W/C</b>	<b>110.7</b>	<b>136.8</b>	<b>148.1</b>	<b>120.1</b>	<b>98.7</b>

All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.

Periods are fiscal year-end unless indicated.

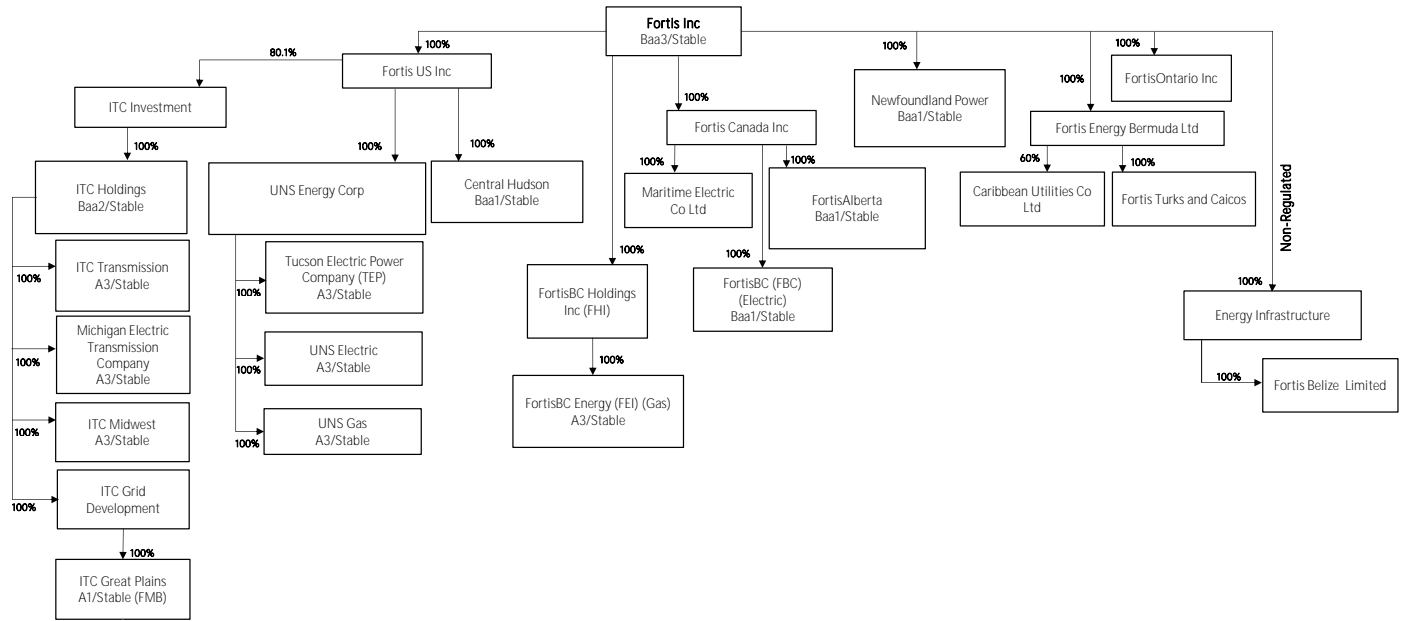
Source: Moody's Financial Metrics™

### NPI is independent of parent Fortis Inc.

We consider NPI to be operationally and financially independent of ultimate parent FTS. FTS has consistently demonstrated good management and support of its subsidiaries and we view NPI's access to the executive and strategic support of FTS to be a credit positive. However, FTS has very high leverage and material holding company debt that adds financial risk across the entire FTS corporate family. FTS is dependent upon its many subsidiaries, including NPI, to make distributions to service its obligations. Despite this leverage, we view FTS ownership as generally credit positive for NPI since it benefits from access to a large and diversified parent that may facilitate streamlining operations and costs and provides strong access to capital markets.

NPI may periodically rely on its parent for equity injections to maintain its capital structure in line with the regulator's established parameters, or reduce or eliminate dividends as NPI did in the last 3 quarters of 2023. We expect that FTS would provide extraordinary support to NPI, if required, provided that the parent had the economic incentive to do so. We believe that the parent will continue to have sufficient resources to provide support, if required. As of 31 December 2023, FTS had about CAD1.5 billion of unused committed revolving credit facility at the FTS corporate level. Our view of parent FTS does not constrain the credit profile of NPI.

Exhibit 6  
Fortis Inc's organizational structure

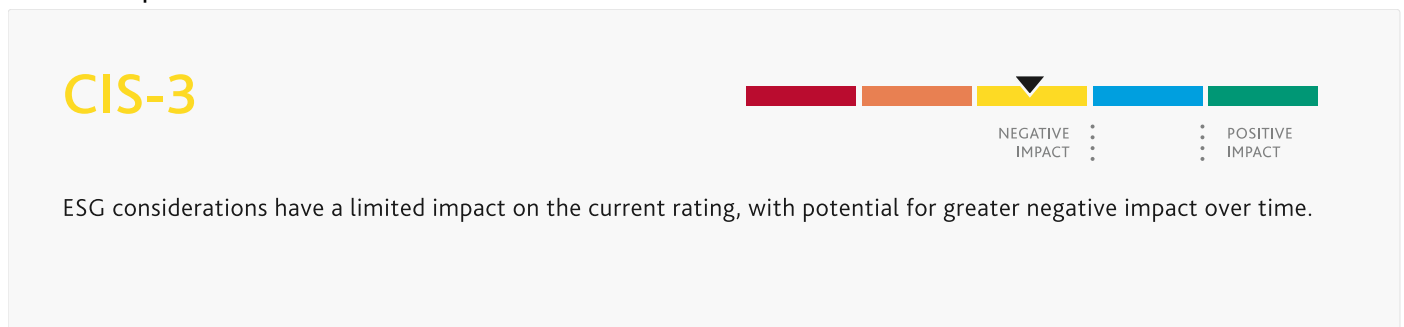


Source: Moody's Financial Metrics™ and Company filings

### ESG considerations

#### Newfoundland Power Inc.'s ESG credit impact score is CIS-3

Exhibit 7  
ESG credit impact score

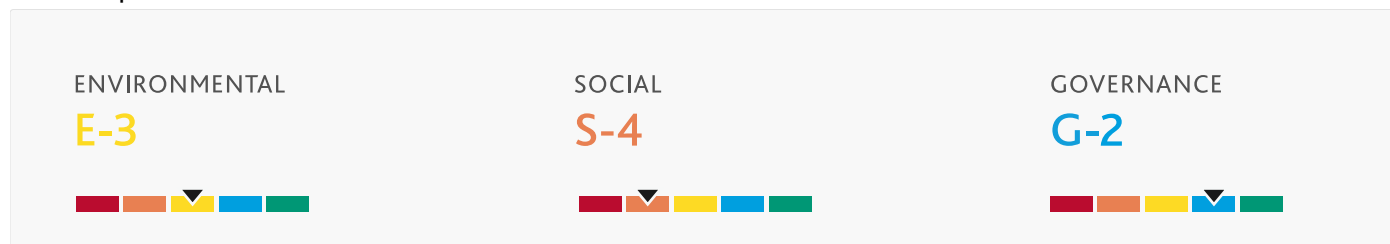


Source: Moody's Ratings

NPI's **CIS-3** indicates that ESG considerations have a limited impact on the current credit rating with potential for greater negative impact over time, resulting from exposure to social risks stemming from the potential rapid increase in power costs and environmental risks related to physical climate risks.

Exhibit 8

## ESG issuer profile scores



Source: Moody's Ratings

### Environmental

NPI's **E-3** score is driven primarily by its exposure to physical climate risks, mostly in the form of extreme weather events including storms which is a challenge for the sector. NPI has low exposure to carbon transition risks since 93% of its power is purchased from NLH and just 13% of its PP&E is comprised of generation assets, the majority of which are small hydro.

### Social

NPI's **S-4** score is driven by its exposure to demographic and social trends stemming from rate pressures from Muskrat Falls and the potential impact it may have on demand for electricity and on the company's cash flow when it is reflected in rates the company charges its customers.

### Governance

NPI's **G-2** score is driven by that of its parent FTS. NPI's governance risk is broadly in line with other utilities and does not pose a particular risk. This is supported by a key financial policy to maintain the capital structure established by the regulator with reductions in dividends paid to the parent in an effort to maintain the target capital structure. NPI's management credibility and track record also support the low risk governance outcome.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click [here](#) to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

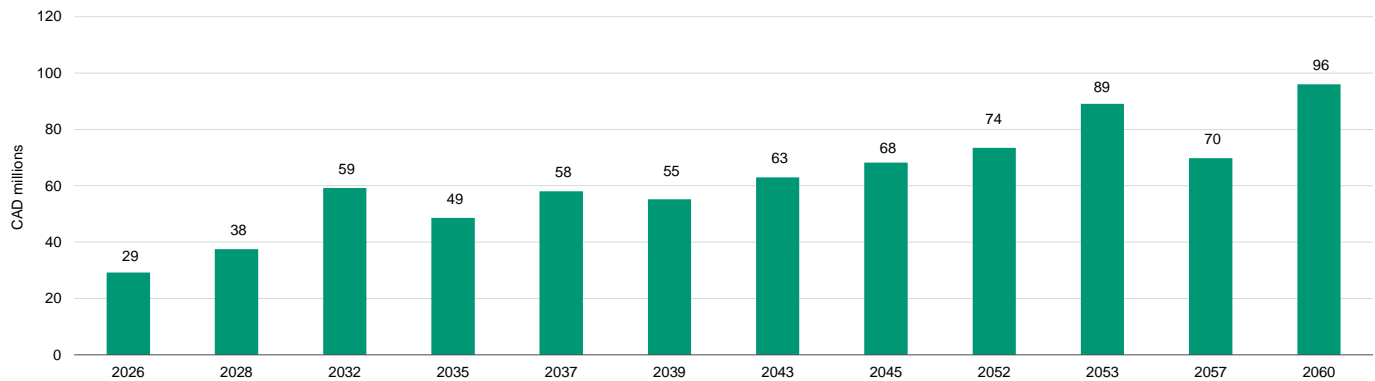
### Liquidity analysis

We consider NPI's liquidity arrangements to be adequate.

NPI plans to spend around CAD130 million on capital expenditures in 2024 (inclusive of 2023 carry-overs) and pay dividends (if any) in amounts commensurate with maintaining the 45% deemed equity layer. With estimated cash flow from operations to be in the range of CAD90-100 million, we expect that any free cash flow shortfall will be funded through NPI's bank credit facilities and adjustments to dividends paid.

The company's core liquidity facility is a CAD100 million committed revolving credit facility that matures in August 2028. While the credit agreement contains a covenant that NPI maintain its debt to capitalization ratio at or below 65%, it does not include a material adverse change (MAC) clause or representation and warranty declaration prior to drawdown. There was \$32 million drawn under the committed facility at 31 December 2023. The company does not have a significant debt maturity until 2026.

Exhibit 9

**Newfoundland Power Inc's long-term debt maturity profile as of 31 December 2023**

NPI's debt consists of first mortgage sinking fund bonds.

Periods are fiscal year-end unless indicated.

Source: Company filings

### Structural considerations

NPI's senior secured FMB rating reflects the first mortgage security over NPI's property, plant and equipment and a floating charge on all other assets. The A2 rating for these bonds is consistent with the two notch differential between senior secured debt ratings and senior unsecured debt ratings of investment-grade regulated utilities operating in North America.



## Rating methodology and scorecard factors

We use our global Regulated Electric and Gas Utilities rating methodology as the primary methodology for analyzing NPI.

Exhibit 10

### Methodology scorecard factors

Newfoundland Power Inc.

Regulated Electric and Gas Utilities Industry Scorecard	Current FY Dec-23		Moody's 12-18 month forward view	
	Measure	Score	Measure	Score
<b>Factor 1 : Regulatory Framework (25%)</b>				
a) Legislative and Judicial Underpinnings of the Regulatory Framework	A	A	A	A
b) Consistency and Predictability of Regulation	A	A	A	A
<b>Factor 2 : Ability to Recover Costs and Earn Returns (25%)</b>				
a) Timeliness of Recovery of Operating and Capital Costs	A	A	A	A
b) Sufficiency of Rates and Returns	Baa	Baa	Baa	Baa
<b>Factor 3 : Diversification (10%)</b>				
a) Market Position	Ba	Ba	Ba	Ba
b) Generation and Fuel Diversity	na	na	na	na
<b>Factor 4 : Financial Strength (40%)</b>				
a) CFO pre-WC + Interest / Interest (3 Year Avg)	4.4x	Baa	4.0x - 5.0x	A
b) CFO pre-WC / Debt (3 Year Avg)	17.3%	Baa	16.0% - 18.0%	Baa
c) CFO pre-WC – Dividends / Debt (3 Year Avg)	14.0%	Baa	10.0% - 13.0%	Baa
d) Debt / Capitalization (3 Year Avg)	48.6%	A	46.0% - 49.0%	A
<b>Rating:</b>				
Scorecard-Indicated Outcome Before Notching Adjustment		Baa1		Baa1
HoldCo Structural Subordination Notching		0		0
a) Scorecard-Indicated Outcome		Baa1		Baa1
b) Actual Rating Assigned		Baa1		Baa1

All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.

Moody's forecasts are Moody's opinion and do not represent the views of the issuer.

Source: Moody's Financial Metrics™ and Moody's Ratings forecasts

## Appendix

Exhibit 11

### Peer comparison

Newfoundland Power Inc.

(In CAD millions)	Newfoundland Power Inc. Baa1 Stable			Hydro One Inc. A3 Stable			FortisAlberta Inc. Baa1 Stable		
	FY	FY	FY	FY	FY	FY	FY	FY	FY
	Dec-21	Dec-22	Dec-23	Dec-21	Dec-22	Dec-23	Dec-21	Dec-22	Dec-23
Revenue	713	736	774	7,185	7,740	7,799	708	750	814
CFO Pre-W/C	148	120	99	2,039	2,185	2,160	366	386	419
Total Debt	645	690	782	15,010	14,766	15,329	2,409	2,567	2,765
CFO Pre-W/C + Interest / Interest	5.2x	4.4x	3.6x	4.8x	4.9x	4.4x	4.4x	4.5x	4.3x
CFO Pre-W/C / Debt	23.0%	17.4%	12.6%	13.6%	14.8%	14.1%	15.2%	15.0%	15.2%
CFO Pre-W/C – Dividends / Debt	17.8%	13.2%	11.7%	9.4%	10.3%	9.5%	11.6%	11.1%	11.4%
Debt / Capitalization	47.6%	48.5%	49.6%	56.5%	54.5%	54.0%	54.5%	55.1%	55.8%

All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.

Source: Moody's Financial Metrics™

Exhibit 12

**Moody's-adjusted cash flow metrics**

Newfoundland Power Inc.

(In CAD millions)	2019	2020	2021	2022	2023
FFO	113.5	112.8	122.4	117.2	136.0
+/- Other	(2.8)	24.0	25.7	2.9	(37.3)
CFO Pre-W/C	110.7	136.8	148.1	120.1	98.7
+/- ΔWC	13.2	9.0	(6.9)	(12.1)	(34.9)
CFO	123.9	145.8	141.2	108.0	63.8
- Div	27.7	46.4	33.5	28.9	7.3
- Capex	112.9	101.8	119.4	127.0	150.2
FCF	(16.7)	(2.4)	(11.6)	(47.8)	(93.7)
(CFO Pre-W/C) / Debt	17.4%	21.3%	23.0%	17.4%	12.6%
(CFO Pre-W/C - Dividends) / Debt	13.0%	14.0%	17.8%	13.2%	11.7%
FFO / Debt	17.8%	17.5%	19.0%	17.0%	17.4%
RCF / Debt	13.5%	10.3%	13.8%	12.8%	16.5%
Revenue	684.0	718.6	713.3	735.8	773.9
Interest Expense	36.5	37.3	35.4	35.7	38.3
Net Income	40.0	44.1	43.5	39.9	40.9
Total Assets	1,703.4	1,719.7	1,764.4	1,813.9	1,950.2
Total Liabilities	1,188.0	1,204.1	1,238.0	1,270.0	1,367.6
Total Equity	515.4	515.7	526.4	543.9	582.6

All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.

Periods are fiscal year-end unless indicated.

Source: Moody's Financial Metrics™

Exhibit 13

**Moody's-adjusted debt reconciliation**

Newfoundland Power Inc.

(in CAD millions)	2019	2020	2021	2022	2023
<b>As reported debt</b>	<b>570.3</b>	<b>638.2</b>	<b>639.2</b>	<b>684.5</b>	<b>776.4</b>
Pensions	5.6	5.6	5.4	5.4	5.4
Hybrid Securities	8.8	-	-	-	-
Non-Standard Adjustments	52.9	-	-	-	-
<b>Moody's adjusted debt</b>	<b>637.7</b>	<b>643.8</b>	<b>644.6</b>	<b>689.9</b>	<b>781.8</b>

All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.

Periods are fiscal year-end unless indicated.

Source: Moody's Financial Metrics™

**Ratings**

Exhibit 14

Category	Moody's Rating
<b>NEWFOUNDLAND POWER INC.</b>	
Outlook	Stable
Issuer Rating -Dom Curr	Baa1
First Mortgage Bonds -Dom Curr	A2
<b>PARENT: FORTIS INC.</b>	
Outlook	Stable
Issuer Rating -Dom Curr	Baa3
Senior Unsecured	Baa3

Source: Moody's Ratings

© 2024 Moody's Corporation, Moody's Investors Service, Inc., Moody's Analytics, Inc. and/or their licensors and affiliates (collectively, "MOODY'S"). All rights reserved. CREDIT RATINGS ISSUED BY MOODY'S CREDIT RATINGS AFFILIATES ARE THEIR CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND MATERIALS, PRODUCTS, SERVICES AND INFORMATION PUBLISHED OR OTHERWISE MADE AVAILABLE BY MOODY'S (COLLECTIVELY, "MATERIALS") MAY INCLUDE SUCH CURRENT OPINIONS. MOODY'S DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT OR IMPAIRMENT. SEE APPLICABLE MOODY'S RATING SYMBOLS AND DEFINITIONS PUBLICATION FOR INFORMATION ON THE TYPES OF CONTRACTUAL FINANCIAL OBLIGATIONS ADDRESSED BY MOODY'S CREDIT RATINGS. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS, NON-CREDIT ASSESSMENTS ("ASSESSMENTS"), AND OTHER OPINIONS INCLUDED IN MOODY'S MATERIALS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. MOODY'S MATERIALS MAY ALSO INCLUDE QUANTITATIVE MODEL-BASED ESTIMATES OF CREDIT RISK AND RELATED OPINIONS OR COMMENTARY PUBLISHED BY MOODY'S ANALYTICS, INC. AND/OR ITS AFFILIATES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND MATERIALS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND MATERIALS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND MATERIALS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MOODY'S ISSUES ITS CREDIT RATINGS, ASSESSMENTS AND OTHER OPINIONS AND PUBLISHES OR OTHERWISE MAKES AVAILABLE ITS MATERIALS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS, AND MATERIALS ARE NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS AND INAPPROPRIATE FOR RETAIL INVESTORS TO USE MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS OR MATERIALS WHEN MAKING AN INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT. FOR CLARITY, NO INFORMATION CONTAINED HEREIN MAY BE USED TO DEVELOP, IMPROVE, TRAIN OR RETRAIN ANY SOFTWARE PROGRAM OR DATABASE, INCLUDING, BUT NOT LIMITED TO, FOR ANY ARTIFICIAL INTELLIGENCE, MACHINE LEARNING OR NATURAL LANGUAGE PROCESSING SOFTWARE, ALGORITHM, METHODOLOGY AND/OR MODEL.

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND MATERIALS ARE NOT INTENDED FOR USE BY ANY PERSON AS A BENCHMARK AS THAT TERM IS DEFINED FOR REGULATORY PURPOSES AND MUST NOT BE USED IN ANY WAY THAT COULD RESULT IN THEM BEING CONSIDERED A BENCHMARK.

All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources MOODY'S considers to be reliable including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the credit rating process or in preparing its Materials.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability to any person or entity for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular credit rating assigned by MOODY'S.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any contingency within or beyond the control of, MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY CREDIT RATING, ASSESSMENT, OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

Moody's Investors Service, Inc., a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by Moody's Investors Service, Inc. have, prior to assignment of any credit rating, agreed to pay to Moody's Investors Service, Inc. for credit ratings opinions and services rendered by it. MCO and Moody's Investors Service also maintain policies and procedures to address the independence of Moody's Investors Service credit ratings and credit rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold credit ratings from Moody's Investors Service, Inc. and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at [www.moody's.com](http://www.moody's.com) under the heading "Investor Relations — Corporate Governance — Charter Documents - Director and Shareholder Affiliation Policy."

Moody's SF Japan K.K., Moody's Local AR Agente de Calificación de Riesgo S.A., Moody's Local BR Agência de Classificação de Risco LTDA, Moody's Local MX S.A. de C.V., I.C.V., Moody's Local PE Clasificadora de Riesgo S.A., and Moody's Local PA Clasificadora de Riesgo S.A. (collectively, the "Moody's Non-NRSRO CRAs") are all indirectly wholly-owned credit rating agency subsidiaries of MCO. None of the Moody's Non-NRSRO CRAs is a Nationally Recognized Statistical Rating Organization.

Additional terms for Australia only: Any publication into Australia of this document is pursuant to the Australian Financial Services License of MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657AFSL 336969 and/or Moody's Analytics Australia Pty Ltd ABN 94 105 136 972 AFSL 383569 (as applicable). This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001. MOODY'S credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail investors.

Additional terms for India only: Moody's credit ratings, Assessments, other opinions and Materials are not intended to be and shall not be relied upon or used by any users located in India in relation to securities listed or proposed to be listed on Indian stock exchanges.

Additional terms with respect to Second Party Opinions (as defined in Moody's Investors Service Rating Symbols and Definitions): Please note that a Second Party Opinion ("SPO") is not a "credit rating". The issuance of SPOs is not a regulated activity in many jurisdictions, including Singapore. JAPAN: In Japan, development and provision of SPOs fall under the category of "Ancillary Businesses", not "Credit Rating Business", and are not subject to the regulations applicable to "Credit Rating Business" under the Financial Instruments and Exchange Act of Japan and its relevant regulation. PRC: Any SPO: (1) does not constitute a PRC Green Bond Assessment as defined under any relevant PRC laws or regulations; (2) cannot be included in any registration statement, offering circular, prospectus or any other documents submitted to the PRC regulatory authorities or otherwise used to satisfy any PRC regulatory disclosure requirement; and (3) cannot be used within the PRC for any regulatory purpose or for any other purpose which is not permitted under relevant PRC laws or regulations. For the purposes of this disclaimer, "PRC" refers to the mainland of the People's Republic of China, excluding Hong Kong, Macau and Taiwan.

## CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454