

1 **Section 3: Finance/Fair Return**  
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3 **Q. (Section 3, page 3-14) In Table 3-11 Newfoundland Power reports its credit metrics**  
4 **for 2022 and forecast out to 2026. Are these reported in the same manner as DBRS**  
5 **and Moody's or would there be any material differences if calculated by either of**  
6 **them? Please provide the historical values back to 2010.**  
7

8 A. Table 3-11 shows the pre-tax interest coverage and cash flow credit metrics for 2022 to  
9 2026 forecast under existing rates.<sup>1</sup>  
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11 The calculation of pre-tax interest coverage is based on the historical Standard & Poor's  
12 methodology.<sup>2</sup> This metric has been used by the Board in past general rate applications in  
13 assessing Newfoundland Power's creditworthiness.<sup>3</sup>  
14

15 The calculations of cash flow interest coverage and cash flow to debt are based on  
16 Moody's methodology. While the calculations have similarities, DBRS and Moody's  
17 credit metrics are based on their individual proprietary rating methodologies.<sup>4</sup>  
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19 See response to Request for Information CA-NP-077 for historical credit metrics.

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<sup>1</sup> See the *2025/2026 General Rate Application, Volume 1, Application, Company Evidence and Exhibits, Section 3.2.8: Credit Metrics*, page 3-14.

<sup>2</sup> Newfoundland Power maintained an investment grade credit rating from Standard & Poor's until 2005.

<sup>3</sup> For example, the Board found that a reasonable range of interest coverage was between 2.4 and 2.7 times. See Order No. P.U. 16 (1998-99), page 41, lines 16 to 17.

<sup>4</sup> See the responses to Requests for Information CA-NP-081 and CA-NP-082 for the most recent Moody's and DBRS rating methodologies, respectively, for regulated utilities.