

1 **Section 3: Finance/Fair Return**
2

3 **Q. (Section 3, Footnote 25) Newfoundland Power notes its Moody's rating as Baa1.**
4 **Please confirm that Moody's has both an issuer rating as well as an issue rating,**
5 **where the latter is the rating through which Newfoundland Power accesses the bond**
6 **market. Please provide the current bond ratings for Nova Scotia Power.**
7

8 A. Moody's issuer rating for Newfoundland Power is 'Baa1.'¹ Moody's also provides the
9 first mortgage bond rating for the Company of 'A2.'² The rating reflects the first
10 mortgage security over the Company's property, plant and equipment and floating charge
11 on all other assets. Moody's states that:
12

13 *"The A2 rating for these bonds is consistent with the two notch differential*
14 *between most senior secured debt ratings and senior unsecured debt ratings of*
15 *investment-grade regulated utilities operating in North America."*³
16

17 Nova Scotia Power is rated by DBRS and Standard & Poor's ("S&P").⁴ The current
18 ratings for its senior unsecured debt are 'BBB (high)' by DBRS and 'BBB-' by S&P.⁵
19 Newfoundland Power observes that in November and December 2022 both S&P and
20 DBRS, respectively, downgraded Nova Scotia Power's unsecured debt ratings. Nova
21 Scotia Power provided the following commentary in its Annual Information Form for the
22 year ended December 31, 2022:⁶
23

24 *"The 2022 downgrades from both S&P and DBRS were attributed to their view of*
25 *the enactment of Bill 212, "Public Utilities Act (Amended)," as a political*
26 *intervention in the regulatory process that has resulted in an increase in political*
27 *risk and a reduction in the stability and predictability of NSPI's regulatory*
28 *environment. Further political intervention could result in additional credit rating*
29 *downgrades which may negatively impact NSPI's ability to access cost-effective*
30 *capital."*

¹ See Newfoundland Power's 2025/2026 General Rate Application, Volume I, Application, Company Evidence and Exhibits, Exhibit 4, Credit Ratings Reports: Moody's, page 11.

² Ibid.

³ Ibid., page 8.

⁴ See Nova Scotia Power's Annual Information Form for the year ended December 31, 2022, page 14.

⁵ Ibid.

⁶ Ibid., page 15.