

1 **Section 2: Customer Operations/Operating Costs**

2  
3 **Q. Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
4 **December 12, 2023, vol. 1, Exhibits, exh. 3, p. 9/27–29.**

5 **How was the coupon rate of 5.50% derived for the forecasted debt issuance in**  
6 **March 2026? Please provide calculations and backup, including the sources and**  
7 **assumptions used.**

8  
9 A. Newfoundland Power’s coupon rate for its forecast 2026 debt issuance was calculated  
10 based on a combination of Consensus Economics forecast, an observed three-year spread  
11 from the Bank of Canada, and a forecast spread based on the Company’s recent bond  
12 issuances.

13  
14 Table 1 provides the calculations used in the determination of the forecast interest rate for  
15 the 2026 debt issuance.

**Table 1:**  
**Forecast Long-Term Rate Based on**  
**Consensus Forecasts**  
**2026 Coupon Rate**

<b>10-Year Rate<sup>1</sup></b>	<b>10-30 Spread<sup>2</sup></b>	<b>NP Spread<sup>3</sup></b>	<b>Total Forecast Rate</b>
3.5	0.2	1.8	5.5

---

<sup>1</sup> Based on the October 2023 Consensus Economics forecast.

<sup>2</sup> Estimate based on observed three-year spread from the Bank of Canada website.

<sup>3</sup> The 2026 estimate is based on average corporate spread of three of the Company’s recent bond issues (Series AP, Series AR and Series AS). Series AQ, issued in 2020, was excluded as the corporate spread was higher than historical pricing range.