

**Q. Please provide NP's policy or approach with respect to short-term and long-term debt management.**

A. Newfoundland Power finances day-to-day cash flow needs through short-term financing facilities. Short-term borrowing facilities are typically in the form of established lines of credit and Bankers' Acceptances and are based on competitive pricing.

When short-term borrowings reach a consistent level at which a long-term debt issue can be undertaken on an economic basis, a bond issue will be considered. The timing of a long-term debt issue will then depend on an assessment of market conditions. The interest rate associated with such a financing will depend on the prevailing capital market conditions at the time of issue.

Newfoundland Power typically issues first mortgage sinking fund bonds with a 30-year term to maturity. The 30-year term roughly corresponds to the expected life of the capital assets that form the underlying security for the bonds.