

- Q. Please confirm that Dr. Kalymon is recommending a return on equity and capital structure that would result in an interest coverage ratio for Newfoundland Power that would be significantly below the range of 2.4 to 2.7 times determined to be appropriate by the Board in Order No. P.U. 16 (1998 – 99).
- A. **The interest coverage ratio for Newfoundland Power which would result from Dr. Kalymon's recommended return on equity and capital structure would be below the range of 2.4 to 2.7. However, this decrease is not significant with respect to the bond ratings and the financial viability of Newfoundland Power as the coverage would fall well within the range of coverage ratios observed for comparable companies and, in particular, Fortis.**