

- 1 **Q. Provide information on Newfoundland Power's financial position at 1% reduced**  
 2 **intervals in the equity component at ROE's of 9.5%, 9.25%, 9.00% and 8.75% in**  
 3 **the same format as in Undertaking U-4 in the Newfoundland Power's 2016/2017**  
 4 **General Rate Application.**  
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 6 A. Tables 1, 2 and 3 are matrices which respectively show *pro forma* (1) pre-tax interest  
 7 coverage, (2) cash flow interest coverage, and (3) cash flow to debt coverage for  
 8 Newfoundland Power for 2020. These include a range of equity ratios between 40% and  
 9 45% and a range of allowed returns on equity between 8.5% and 9.5%.

**Table 1**  
**Pre-tax Interest Coverage (times)**

	<b>9.50%</b>	<b>9.25%</b>	<b>9.00%</b>	<b>8.75%</b>	<b>8.50%</b>
<b>45</b>	2.6	2.6	2.5	2.5	2.4
<b>44</b>	2.6	2.5	2.5	2.4	2.4
<b>43</b>	2.5	2.4	2.4	2.3	2.3
<b>42</b>	2.4	2.4	2.3	2.3	2.3
<b>41</b>	2.4	2.3	2.3	2.2	2.2
<b>40</b>	2.3	2.3	2.2	2.2	2.2

**Table 2**  
**Cash Flow Interest Coverage (times)**

	<b>9.50%</b>	<b>9.25%</b>	<b>9.00%</b>	<b>8.75%</b>	<b>8.50%</b>
<b>45</b>	4.1	4.1	4.0	4.0	4.0
<b>44</b>	4.0	4.0	4.0	4.0	3.9
<b>43</b>	4.0	3.9	3.9	3.9	3.8
<b>42</b>	3.9	3.9	3.8	3.8	3.8
<b>41</b>	3.9	3.8	3.8	3.8	3.7
<b>40</b>	3.8	3.8	3.7	3.7	3.7

**Table 3**  
**Cash Flow to Debt Coverage**

	<b>9.50%</b>	<b>9.25%</b>	<b>9.00%</b>	<b>8.75%</b>	<b>8.50%</b>
<b>45</b>	17.8%	17.6%	17.4%	17.2%	17.0%
<b>44</b>	17.6%	17.4%	17.2%	17.0%	16.8%
<b>43</b>	17.5%	17.3%	17.1%	16.9%	16.7%
<b>42</b>	17.3%	17.1%	16.9%	16.7%	16.5%
<b>41</b>	17.1%	16.9%	16.7%	16.6%	16.4%
<b>40</b>	16.9%	16.7%	16.6%	16.4%	16.2%

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Table 4 is a matrix which shows *pro forma* earnings test interest coverage calculation which is required for Newfoundland Power to issue First Mortgage Bonds in 2020. This includes a range of equity ratios between 45% and 40% and a range of allowed returns on equity between 8.5% and 9.5%.

**Table 4**  
**Earnings Test Interest Coverage (times)**

	<b>9.50%</b>	<b>9.25%</b>	<b>9.00%</b>	<b>8.75%</b>	<b>8.50%</b>
<b>45</b>	2.48	2.43	2.38	2.34	2.29
<b>44</b>	2.37	2.32	2.28	2.23	2.19
<b>43</b>	2.26	2.22	2.18	2.14	2.10
<b>42</b>	2.24	2.20	2.16	2.12	2.08
<b>41</b>	2.21	2.17	2.13	2.09	2.06
<b>40</b>	2.18	2.14	2.11	2.07	2.03