Credit Rating Reports:
Moody's and DBRS

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CREDIT OPINION

31 March 2023

Update

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RATINGS

Newfoundland Power Inc.	
Domicile	St. John's, Newfoundland, Canada
Long Term Rating	Baa1
Type	LT Issuer Rating - Dom Curr
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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Newfoundland Power Inc.

Update to credit analysis

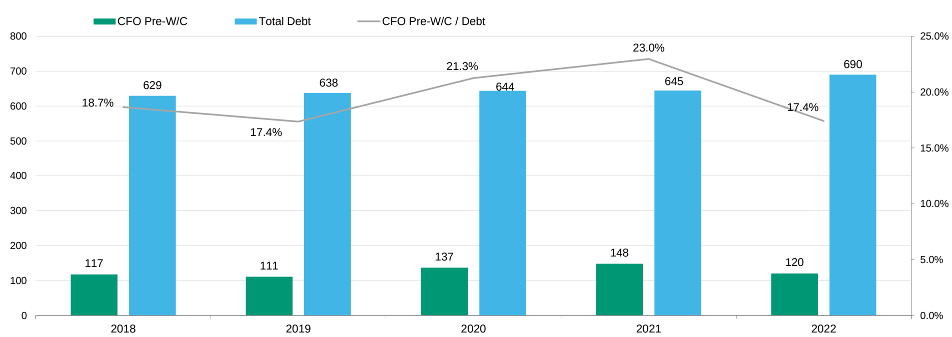
Summary

Newfoundland Power Inc.'s (NPI, Baa1 stable) credit profile reflects the company's low business risk as a primarily electric transmission and distribution cost-of-service regulated utility with no unregulated business activities. Approximately 93% of NPI's power requirements are purchased from provincially owned Newfoundland & Labrador Hydro (NL Hydro), the cost of which is passed through to ratepayers. We view the Newfoundland and Labrador Board of Commissioners of Public Utilities (PUB) as one of the more supportive regulators in Canada because regulatory decisions are timely and balanced, deferral accounts reduce risks from factors beyond management's control and NPI's 45% equity capital is among the highest authorized levels in Canada. A February 2022 PUB order on the company's General Rate Application maintained the company's allowed Return on Equity (ROE) at 8.5% and 45% equity capital for the period 2022-2024.

The credit profile is negatively impacted by the risk of future cost recovery associated with the Province of Newfoundland and Labrador's sizeable Muskrat Falls hydroelectric project. This politically sensitive project is large relative to the provincial economy and may place significant upward pressure on the future electricity rates of NPI, a credit negative.

NPI's senior secured first mortgage bonds (FMB) rating reflects the first mortgage security over NPI's property, plant and equipment and a floating charge on all other assets.

Exhibit 1
Historical CFO Pre-WC, Total Debt and CFO Pre-WC to Debt (CAD million)



Source: Moody's Financial Metrics™

Credit strengths

» Low risk regulated utility, primarily transmission and distribution, with 93% purchased power from provincial generators

» Supportive regulatory environment

» Stable cash flow coverage metrics

Credit challenges

» Upward pressure on rates due to the Muskrat Falls project

» Increased risks of delayed cost recovery upon full completion of Muskrat Falls and related projects expected in 2023

Rating outlook

The stable outlook reflects the PUB's regulation of NPI which we consider credit supportive. We expect the regulatory environment to remain supportive, with the company maintaining a suite of timely recovery mechanisms, along with our view that relatively stable cash flow generation and the capital structure of NPI will generate sustained CFO pre-WC to debt in the 16-18% range.

Factors that could lead to an upgrade

NPI's rating could be upgraded if CFO pre-WC to debt is forecast to be sustained above 18%. An upgrade of NPI's rating is unlikely without further clarity on the timing, size and implications of the increases in electricity rates related to the Muskrat Falls hydroelectric project.

Factors that could lead to a downgrade

NPI's rating could be downgraded if there is a meaningful reduction in the level of regulatory support combined with a sustained deterioration in NPI's financial metrics such as CFO pre-WC to debt falling below 14%.

Key indicators

Exhibit 2

Newfoundland Power Inc. [1]

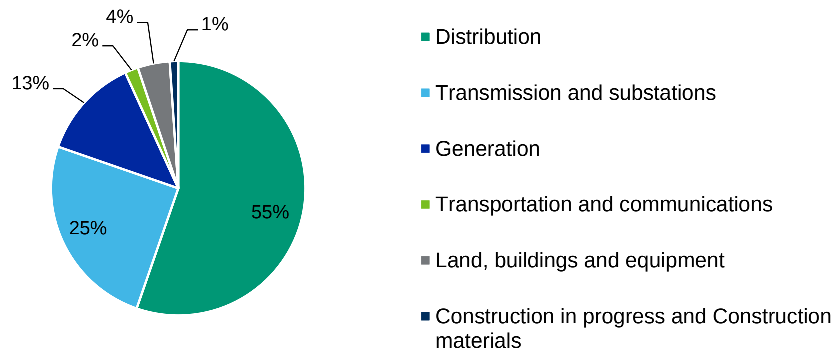
	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22
CFO Pre-W/C + Interest / Interest	4.2x	4.0x	4.7x	5.2x	4.4x
CFO Pre-W/C / Debt	18.7%	17.4%	21.3%	23.0%	17.4%
CFO Pre-W/C – Dividends / Debt	14.3%	13.0%	14.0%	17.8%	13.2%
Debt / Capitalization	48.8%	48.1%	48.2%	47.6%	48.5%

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
Source: Moody's Financial Metrics™

Profile

Headquartered in St. John's, Newfoundland and Labrador, NPI is primarily an electric transmission distribution utility serving a customer base of approximately 274,000. NPI operates under cost of service regulation and is regulated by the PUB under the Public Utilities Act (the Act). NPI purchases the majority of its power from NL Hydro (not rated) which is indirectly held, but wholly owned by the Province of Newfoundland and Labrador. NPI's installed generating capacity is 143 MW, including 97 MW of hydro. NPI is a wholly-owned subsidiary of Fortis Inc. (FTS: Baa3 stable), which is primarily a diversified electric and gas utility holding company also based in St. John's.

Exhibit 3
2022 Net Property, Plant and Equipment by segment
Newfoundland Power Inc.



Source: NPI's 2022 MD&A

Detailed credit considerations

Low-risk business model

NPI's credit profile reflects the company's low business risk as a cost of service regulated utility. NPI owns and operates a transmission and distribution system located on the island portion of the province of Newfoundland and Labrador and dominates that market, which is geographically isolated and effectively protected from potential competition. NPI serves roughly 87% of the province's electricity customers. The market is mature and NPI's electricity sales have tended to be relatively stable, although at times they have been below forecast as electricity sales declined from 2016 to 2021 before increasing 1.2% in 2022. Growth in rate base over this time has not taxed NPI either operationally or financially due to relatively timely recovery of capital and operating costs.

NPI owns some generation assets that are regulated and represent only 13% of NPI's net property, plant and equipment at year-end 2022. The majority of generation assets are low risk small scale hydro electric generation. Accordingly, we consider the business risk of NPI to be similar to that of a transmission and distribution utility rather than that of a typical vertically integrated utility, which is often directly exposed to commodity price risk and the operational, financial and environmental risks associated with electricity generation.

NPI faces uncertainties due to the timing and size of expected rate increases associated with the Province's Muskrat Falls hydroelectric project. The total cost of Muskrat Falls and associated transmission in Newfoundland and Labrador has increased to about CAD13.4 billion and this may increase. The size of the project and associated rate increases are exacerbated by the relatively small size of NPI and the Newfoundland and Labrador economy. The 824 MW hydro electric project was completed in November 2021, however the Labrador Island Link (LIL) a key transmission project, is still not yet fully commissioned although it is transmitting some power. The LIL has not passed high power testing that would enable it to operate at its design capacity. The entire project, including the LIL, needs to be fully commissioned before it goes into rates. Nonetheless, NL Hydro's Project Cost Recovery Rider began to recover some of the costs of Muskrat Falls from customers on 1 July 2022. This 6.1% increase in rates largely offset a 6.4% decline in rates that would have otherwise occurred at that time due to the normal functioning of the Rate Stabilization Plan (RSP).

NL Hydro continues to work with the Province towards a rate mitigation plan that will clearly include ongoing federal government support. While NPI is allowed to pass through the increase in power supply costs to customers, the utility remains exposed to volume risk. The increase in rates from the project may lead to lower electricity demand resulting in lower revenues and cash flow. Rate impacts from the project will likely begin to impact bills in a more pronounced manner about a year after the project is fully commissioned, although if the project is fully commissioned in the next few weeks then the NL Hydro Project Cost Recovery Rider would grow significantly on 1 July 2023. Key areas of analytical focus include details of the rate mitigation plan as well as rate structure and design. For context, inclusive of potential investments to improve reliability, rates could grow to about 20 cents/kWh from about 13 cents/kWh within 10 years.

Supportive regulatory environment

NPI's operations benefit from a well-developed regulatory framework and business environment that we consider credit supportive. The PUB's regulation of NPI is credit supportive primarily because of a track record of reasonably timely and balanced decisions that enable NPI to generate stable and predictable cash flow and earn its allowed ROE. The company has not been subject to political interference. NPI has access to the courts to address disputes with the PUB although the company has not pursued legal remedies in at least 20 years.

The PUB's review and approval of NPI's capital spending plans and long-term debt issuances significantly reduce the risk of cost disallowances and support NPI's ability to fully recover costs on a timely basis. NPI submits a proposed capital plan for PUB approval annually before the next fiscal year with the most recent plan approved on 20 December 2022 allowing capex of CAD123 million in 2023. Furthermore, NPI is required to obtain PUB pre-approval for the issuance of any FMB or the incurrence of credit facilities with maturities exceeding one year, which we see as credit positives.

Several other cost recovery mechanisms reduce NPI's exposure to unexpected costs due to variations in purchased power costs, weather, pension and other post-employment benefit (OPEB) costs. While NPI foregoes some upside potential, the stability and predictability of its cash flows are increased. For example, the Rate Stabilization Account (RSA) facilitates timely recovery of purchased power costs in excess of those forecasted for ratemaking purposes. This is particularly important since the marginal cost of power that NPI obtains from Hydro exceeds the average supply costs embedded in customer rates. The RSA provides for the amortization of the under or over collection over a 12 month period. Other mechanisms include the Weather Normalization Account, Conservation and Demand Management Deferral and the Demand Management Incentive Account (which limits NPI's exposure to variations in purchased power costs to 1% of demand costs reflected in the test year for ratemaking purposes).

NPI is allowed to file a rate application based on a forward test year and forecast rate base. We view these mechanisms positively because they reduce revenue lag associated with the capital program. The company reached a rate case settlement on 22 November 2021 for the period 2022-2023 and it was approved by the PUB in the first quarter of 2022. NPI's allowed ROE of 8.5% for the period 2022-2023 remains unchanged. While the ROE remains relatively low, it is mitigated by one of the highest deemed equity levels in Canada that remains unchanged at 45%.

Exhibit 4

Historical Approved ROE, Approved Equity thickness and Rate Base

Newfoundland Power Inc.

	2016	2017	2018	2019	2020	2021	2022	2023F
Approved Return on Equity (ROE)	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
Approved Equity thickness	45%	45%	45%	45%	45%	45%	45%	45%
Midyear Rate base, CAD billion	1.1	1.1	1.1	1.2	1.2	1.2	1.2	1.3

Source: Fortis Inc's presentations, NPI's 2022-2023 rate application

Stable cash flow coverage metrics

We expect the company to continue to generate predictable cash flow, a key credit strength. Driving this stability, the company's net income is a function of its allowed return on equity, its deemed capital structure (equity thickness) and rate base. The other large component of its predictable cash flow is depreciation and amortization. Following the rate case we continue to forecast CFO pre-W/C to debt in the 16-18% range, consistent with the current credit profile. Financial metrics may fluctuate, however the variability is primarily a function of changes in long term regulatory assets and liabilities that is unlikely to be sustained over time, as shown in the table below. The company forecasts annual capital investments of about CAD130 million over the period 2023 to 2027 and we expect the company to continue to file regular cost of service rate applications to ensure timely recovery of costs.

Exhibit 5
Historical CFO Pre-W/C Breakdown
Newfoundland Power Inc.

(in CN$ Millions)	FYE Dec-17	FYE Dec-18	FYE Dec-19	FYE Dec-20	FYE Dec-21	FYE Dec-22
As Adjusted						
Net Income	**41.0**	**41.2**	**42.3**	**43.6**	**43.8**	**45.7**
Depreciation	59.9	62.0	64.6	67.3	69.7	73.7
Amortization of Investments	3.3	3.4	3.6	4.1	4.5	4.7
Deferred income taxes and itc	2.3	(2.9)	5.2	(5.1)	0.9	(3.1)
Other	2.6	2.7	(2.3)	2.9	3.5	(3.8)
Funds from Operations	**109.0**	**106.4**	**113.5**	**112.8**	**122.4**	**117.2**
Changes in Other Oper. Assets & Liabilities - LT	0.5	11.0	(2.8)	24.0	25.7	2.9
CFO Pre-W/C	**109.6**	**117.4**	**110.7**	**136.8**	**148.1**	**120.1**

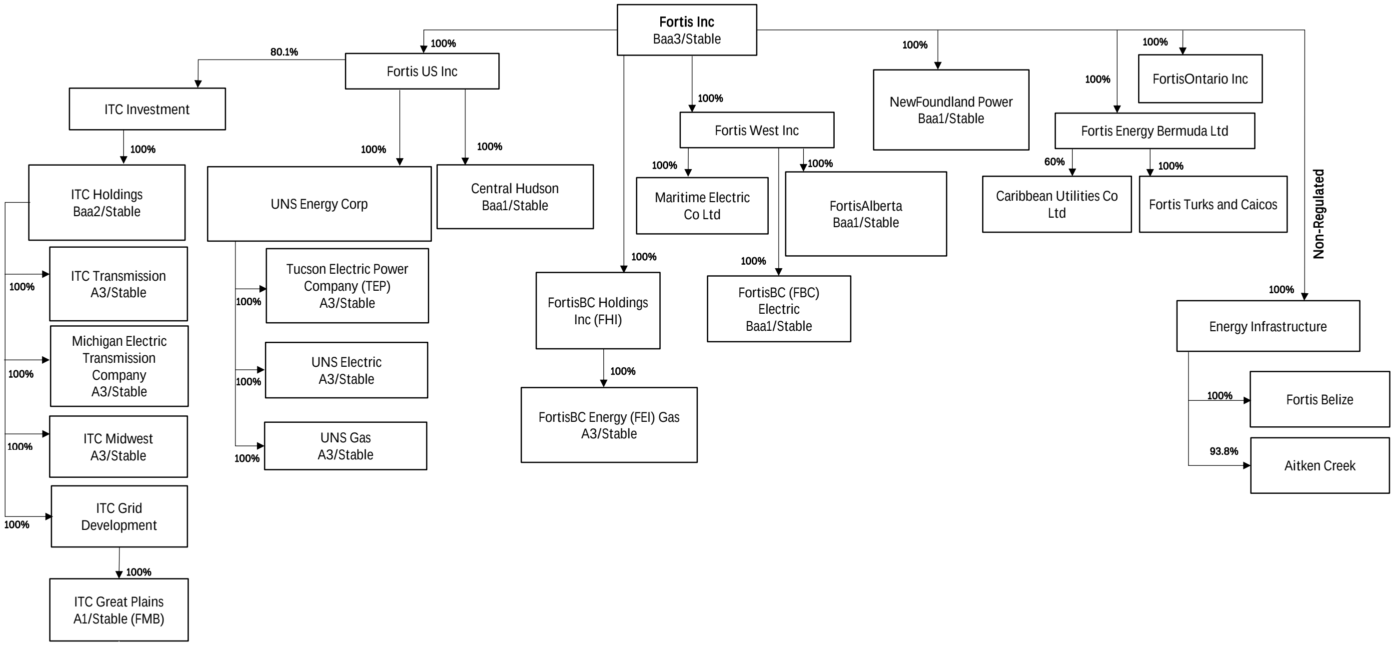
All figures & ratios calculated using Moody's estimates & standard adjustments. FYE = Financial Year-End. LTM = Last Twelve Months.
Source: Moody's Financial Metrics™

Regulatory liabilities in 2020 and 2021 grew in part due to marginally lower demand than forecast. The marginal cost of power that NPI obtains from Hydro exceeds the average supply costs embedded in customer rates. Sales were below forecast and the supply cost embedded in customer rates exceeded the price at which NPI purchases power, which led to growth in the company's regulatory liabilities. These pricing dynamics may change following the in-service of Muskrat Falls.

NPI is independent of Fortis Inc.

We consider NPI to be operationally and financially independent of ultimate parent FTS. FTS has consistently demonstrated good management and support of its subsidiaries and we view NPI's access to the executive and strategic support of FTS to be a credit positive. However, FTS has very high leverage and material holding company debt that adds financial risk across the entire FTS corporate family. FTS is dependent upon its many subsidiaries, including NPI, to make distributions to service its obligations. Despite this leverage, we view FTS ownership as generally credit positive for NPI since it benefits from access to a large and diversified parent that may facilitate streamlining operations and costs and provides strong access to capital markets. The company may periodically rely on its parent for equity injections to maintain its capital structure in line with the regulator's established parameters. We expect that FTS would provide extraordinary support to NPI, if required, provided that the parent had the economic incentive to do so. We believe that the parent will continue to have sufficient resources to provide support, if required. As of 31 December 2022, FTS had about CAD1.3 billion unused committed revolving credit facility at the FTS corporate level. Our view of parent FTS does not constrain the credit profile of NPI.

Exhibit 6
Fortis Inc's organizational structure



Source: Fortis Inc.

ESG considerations

NPI's ESG Credit Impact Score is Moderately Negative CIS-3

Exhibit 7
ESG Credit Impact Score

CIS-3

Moderately Negative

For an issuer scored CIS-3 (Moderately Negative), its ESG attributes are overall considered as having a limited impact on the current rating, with greater potential for future negative impact over time. The negative influence of the overall ESG attributes on the rating is more pronounced compared to an issuer scored CIS-2.

Source: Moody's Investors Service

NPI's ESG credit impact score is moderately negative (**CIS-3**), indicating that its ESG attributes are considered to be having an overall limited impact on the current rating, with potential for future negative impact over time. The scores reflect a combination of moderately negative exposure to environmental risks, highly negative exposure to social risks and neutral to low exposure to governance risks.

Exhibit 8
ESG Issuer Profile Scores

Source: Moody's Investors Service

Environmental
NPI's moderately negative environmental risk (**E-3** issuer profile score) is driven primarily by its exposure to physical climate risks, mostly in the form of extreme weather events including storms which is a challenge for the sector. NPI has neutral to low exposure to carbon transition risks since 93% of its power is purchased from NL Hydro and just 13% of its PP&E is comprised of generation assets, the majority of which are small hydro. The company has neutral-to-low exposure to natural capital and waste and pollution risks.

Social
NPI's exposure to social risks is highly negative (**S-4** issuer profile score). The company is exposed to increased social risks, mostly in the form of demographic and social trends. This relates to potential issues of rate shock related to the full commissioning of Muskrat Falls and the potential impact it may have on demand for electricity and on the company's cash flow.

Governance
NPI's governance is driven by that of its parent FTS. NPI's governance risk is broadly in line with other utilities and does not pose a particular risk (**G-2** issuer profile score). This is supported by a key financial policy to maintain the capital structure established by the regulator with any dividends paid to the parent offset by sufficient equity injections to maintain the target capital structure. NPI's management credibility and track record also support the low risk governance outcome. NPI's governance is driven by that of its parent FTS.

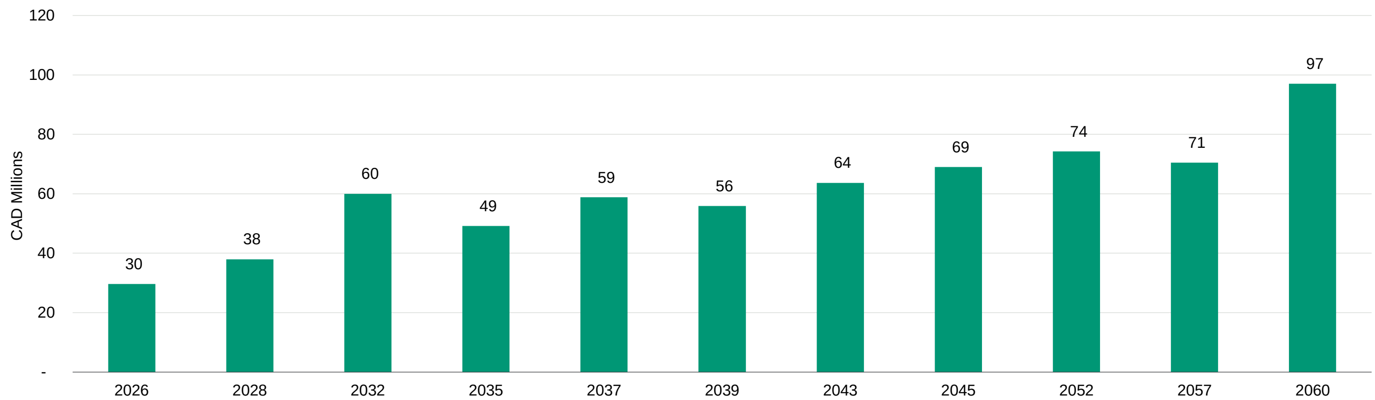
ESG Issuer Profile Scores and Credit Impact Scores for NPI are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for NPI on MDC and view the ESG Scores section.

Liquidity analysis
We consider, NPI's liquidity arrangements to be adequate in the context of its relatively stable cash flow and funding requirements.

NPI plans to spend around CAD123 million on capital expenditures in 2023 and NPI plans to pay dividends in amounts commensurate with maintaining the 45% deemed equity layer. With estimated cash flow from operations to be in the range of CAD110-120 million, we expect that any modest free cash flow shortfall will be funded through NPI's bank credit facilities and adjustments to dividends paid.

The company's core liquidity facility is a CAD100 million committed revolving credit facility that matures in August 2027. While the credit agreement contains a covenant that NPI maintain its debt to capitalization ratio at or below 65%, it does not include a material adverse change (MAC) clause or representation and warranty declaration prior to drawdown. There was $20 million drawn under the committed facility at 31 December 2022. The company does not have significant debt maturity in 2023.

Exhibit 9
Long-term Debt Maturity as of 31 December 2022
Newfoundland Power Inc.



NPI's debt consists of first mortgage sinking fund bonds.
Source: NPI's financial statements, FactSet

Structural considerations

NPI's senior secured FMB rating reflects the first mortgage security over NPI's property, plant and equipment and floating charge on all other assets. The A2 rating for these bonds is consistent with the two notch differential between most senior secured debt ratings and senior unsecured debt ratings of investment-grade regulated utilities operating in North America. The differential is based on our analysis of the history of regulated utility defaults, which indicates that regulated utilities have experienced lower loss given default rates (higher recovery rates) than non-financial, non-utility corporate issuers, particulary with regard to first mortgage bonds.

Rating methodology and scorecard factors

Exhibit 10

Methodology Scorecard Factors

Newfoundland Power Inc.

Regulated Electric and Gas Utilities Industry Scorecard[1][2]	Current FY 12/31/2022		Moody's 12-18 Month Forward View As of Date Published [3]	
Factor 1 : Regulatory Framework (25%)	**Measure**	**Score**	**Measure**	**Score**
a) Legislative and Judicial Underpinnings of the Regulatory Framework	A	A	A	A
b) Consistency and Predictability of Regulation	A	A	A	A
Factor 2 : Ability to Recover Costs and Earn Returns (25%)				
a) Timeliness of Recovery of Operating and Capital Costs	A	A	A	A
b) Sufficiency of Rates and Returns	Baa	Baa	Baa	Baa
Factor 3 : Diversification (10%)				
a) Market Position	Ba	Ba	Ba	Ba
b) Generation and Fuel Diversity	N/A	N/A	N/A	N/A
Factor 4 : Financial Strength (40%)				
a) CFO pre-WC + Interest / Interest (3 Year Avg)	4.7x	A	4x - 5x	A
b) CFO pre-WC / Debt (3 Year Avg)	20.5%	A	16% - 18%	Baa
c) CFO pre-WC – Dividends / Debt (3 Year Avg)	15.0%	Baa	10% - 13%	Baa
d) Debt / Capitalization (3 Year Avg)	48.1%	A	46% - 49%	A
Rating:				
Scorecard-Indicated Outcome Before Notching Adjustment		A3		Baa1
HoldCo Structural Subordination Notching		0		0
a) Scorecard-Indicated Outcome		A3		Baa1
b) Actual Rating Assigned		Baa1		Baa1

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
[2] As of 12/31/2022;
[3] This represents Moody's forward view; not the view of the issuer; and unless noted in the text, does not incorporate significant acquisitions and divestitures.
Source: Moody's Financial Metrics™

Appendix

Exhibit 11
Cash Flow and Credit Metrics [1]

CF Metrics	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22
As Adjusted					
FFO	**106**	**113**	**113**	**122**	**117**
+/- Other	11	-3	24	26	3
CFO Pre-WC	**117**	**111**	**137**	**148**	**120**
+/- ΔWC	-5	13	9	-7	-12
CFO	**113**	**124**	**146**	**141**	**108**
- Div	27	28	46	33	29
- Capex	101	113	102	119	127
FCF	**-16**	**-17**	**-2**	**-12**	**-48**
(CFO Pre-W/C) / Debt	18.7%	17.4%	21.3%	23.0%	17.4%
(CFO Pre-W/C - Dividends) / Debt	14.3%	13.0%	14.0%	17.8%	13.2%
FFO / Debt	16.9%	17.8%	17.5%	19.0%	17.0%
RCF / Debt	12.6%	13.5%	10.3%	13.8%	12.8%
Revenue	664	684	719	713	736
Interest Expense	37	37	37	35	36
Net Income	26	40	44	43	40
Total Assets	1,628	1,703	1,720	1,764	1,814
Total Liabilities	1,128	1,188	1,204	1,238	1,270
Total Equity	500	515	516	526	544

[1] All figures and ratios are calculated using Moody's estimates and standard adjustments. Periods are Financial Year-End unless indicated. LTM=Last Twelve Months
Source: Moody's Financial Metrics™

Exhibit 12
Peer Comparison Table [1]

	Newfoundland Power Inc. Baa1 (Stable)			FortisAlberta Inc. Baa1 (Stable)			Hydro One Inc. A3 (Stable)		
(In CAD millions)	FYE Dec-20	FYE Dec-21	FYE Dec-22	FYE Dec-20	FYE Dec-21	FYE Dec-22	FYE Dec-20	FYE Dec-21	LTM Sep-22
Revenue	719	713	736	653	708	751	7,250	7,185	7,657
CFO Pre-W/C	137	148	120	394	366	386	1,874	2,039	2,230
Total Debt	644	645	690	2,391	2,409	2,568	15,644	15,010	14,911
CFO Pre-W/C + Interest / Interest	4.7x	5.2x	4.4x	4.8x	4.4x	4.5x	4.5x	4.8x	5.1x
CFO Pre-W/C / Debt	21.3%	23.0%	17.4%	16.5%	15.2%	15.0%	12.0%	13.6%	15.0%
CFO Pre-W/C – Dividends / Debt	14.0%	17.8%	13.2%	13.1%	11.6%	11.1%	8.1%	9.4%	10.6%
Debt / Capitalization	48.2%	47.6%	48.5%	55.4%	54.5%	55.1%	58.9%	56.5%	54.9%

[1] All figures & ratios calculated using Moody's estimates & standard adjustments. FYE = Financial Year-End. LTM = Last Twelve Months. RUR* = Ratings under Review, where UPG = for upgrade and DNG = for downgrade
Source: Moody's Financial Metrics™

Exhibit 13
Newfoundland Power Inc. Moody's - Adjusted Debt Breakdown

(CAD Millions)	FYE Dec-17	FYE Dec-18	FYE Dec-19	FYE Dec-20	FYE Dec-21	FYE Dec-22
As Reported Debt	**597.3**	**612.3**	**570.3**	**638.2**	**639.2**	**684.5**
Pensions	6.3	5.5	5.6	5.6	5.4	5.4
Hybrid Securities	8.9	8.9	8.8	0.0	0.0	0.0
Non-Standard Adjustments	2.8	2.6	52.9	0.0	0.0	0.0
Moody's Adjusted Debt	**615.3**	**629.3**	**637.7**	**643.8**	**644.6**	**689.9**

Based on consolidated financial data of Newfoundland Power Inc. All figures are calculated using Moody's estimates and standard adjustments.
Source: Moody's Financial Metrics™

Ratings

Exhibit 14

Category	Moody's Rating
NEWFOUNDLAND POWER INC.	
Outlook	Stable
Issuer Rating -Dom Curr	Baa1
First Mortgage Bonds -Dom Curr	A2
PARENT: FORTIS INC.	
Outlook	Stable
Issuer Rating -Dom Curr	Baa3
Senior Unsecured	Baa3

Source: Moody's Investors Service

REPORT NUMBER 1351115

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Japan	81-3-5408-4100
EMEA	44-20-7772-5454

MOODY'S INVESTORS SERVICE

Rating Report
Newfoundland Power Inc.

DBRS Morningstar
October 13, 2023

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Credit Ratings

Debt	Credit Rating	Credit Rating Action	Trend
Issuer Rating	A	Confirmed	Stable
First Mortgage Bonds	A	Confirmed	Stable

Credit Rating Update

On October 4, 2023, DBRS Limited (DBRS Morningstar) confirmed Newfoundland Power Inc.'s (Newfoundland Power or the Company) Issuer Rating and First Mortgage Bonds credit rating at "A." All trends remain Stable. The confirmations are based on the Company's stable regulated electricity operations, mainly consisting of electricity distribution, and the reasonable regulatory framework under the Board of Commissioners of Public Utilities (PUB). The Stable trends reflect Newfoundland Power's key credit metrics, which have been steady and in line with the "A" credit rating range.

There have been no material changes to Newfoundland Power's business risk assessment since the most recent review a year ago. The Company operates under a cost-of-service (COS) framework where it can recover all prudent expenditures. DBRS Morningstar continues to consider the greatest uncertainty for Newfoundland Power to be the potential rate shock from Newfoundland and Labrador Hydro's (Hydro; 100% owned by the Province of Newfoundland and Labrador; both rated "A" with a Stable trend by DBRS Morningstar) Muskrat Falls Project (Muskrat Falls). While the generating units were completed in 2021 and the associated Labrador-Island Link (LIL) transmission line was officially commissioned in April 2023, the impact on customer rates remains subject to Hydro's future general rate applications (GRAs). Should the upward pressure on rates affect the Company's ability to pass on costs, this would negatively affect its credit profile. DBRS Morningstar will continue to monitor the situation and treat a potential rate shock as an event risk.

Newfoundland Power's financial risk assessment has remained stable, with all key credit metrics supportive of the current credit rating. DBRS Morningstar expects the Company to continue managing any free cash flow deficits from the capital expenditures (capex) program and dividends in a prudent manner in order to maintain leverage in line with the regulatory capital structure of 55% debt. A positive credit rating action is unlikely because of the weaker franchise area and uncertainty regarding the rate impact from Muskrat Falls. A negative credit rating action is also unlikely, but if ratepayers' ability to pay bills or Newfoundland Power's ability to fully pass on costs is negatively affected, a multinotch downgrade may occur.

Financial Information

	12 mos. ended June 30	For the year ended December 31				
	2023	2022	2021	2020	2019	2018
Total debt in capital structure (%)	57.4	55.7	54.8	55.3	54.1	54.5
Cash flow/total debt (%)	17.5	17.1	19.1	17.7	18.4	17.5
EBIT gross interest coverage (times (x))	2.61	2.50	2.67	2.60	2.54	2.58
(Cash flow + interest)/(interest + sinking fund payment)	3.80	3.50	3.73	3.32	3.46	3.32

Issuer Description

Newfoundland Power is a regulated utility that primarily distributes but also generates and transmits electricity to approximately 275,000 customers throughout the island portion of Newfoundland and Labrador. The Company is a subsidiary of Fortis Inc. (rated A (low) with a Stable trend by DBRS Morningstar).

Credit Rating Considerations

Strengths

1. Stable and supportive regulatory environment

Newfoundland Power operates in a stable and supportive regulatory environment that is based on COS regulation. The PUB allows for the pass-through of purchased power costs, and a Rate Stabilization Account (RSA) is in place to primarily absorb fluctuations in purchased power costs. Furthermore, the Company also has a Weather Normalization Reserve (WNR) to reduce earnings volatility due to variability in weather conditions.

2. Solid financial profile

Newfoundland Power has maintained a solid financial profile, underpinned by its reasonable financial leverage and stable cash flow. For the last 12 months ended June 30, 2023 (LTM 2023), Newfoundland Power's key credit metrics were in line with the current credit rating range, with total debt in the capital structure at 57.4%, the cash flow-to-debt ratio at 17.5%, and EBIT interest coverage at 2.61x.

3. Stable customer base

Newfoundland Power has a stable customer base with power sales consisting solely of those to residential and commercial customers. As such, the Company is somewhat less sensitive to economic cycles than utilities with exposure to industrial customers, and it has relatively more stable throughputs year over year.

Challenges

1. Uncertainty about rate shock from the Muskrat Falls project

The Muskrat Falls project is an 824-megawatt hydroelectric generating facility developed by Hydro. All four generating units were commissioned and released in service in 2021, with the LIL officially commissioned in April 2023. DBRS Morningstar notes the final impact on customer rates, as well as the timing of the rate change, from Muskrat Falls remains uncertain and will be subject to future GRAs by Hydro and the completion of the Government of Newfoundland and Labrador's rate mitigation plan.

Should the upward pressure on rates affect Newfoundland Power's ability to pass on costs, this would negatively affect its credit profile. DBRS Morningstar continues to monitor the situation and treats a potential rate shock as an event risk.

2. Weak economic outlook and limited population growth

DBRS Morningstar views weak provincial economic conditions with high dependence on volatile commodity prices as another challenge because it could significantly affect the affordability for Newfoundland Power's customers. While the Province's fiscal outlook has improved since the Coronavirus Disease (COVID-19) pandemic and low oil prices, economic and fiscal performance continues to depend heavily on the resource sector. Additionally, electricity consumption growth in the province is largely driven by growth in the customer base, which depends on population growth. Over the years, population growth in the province has been relatively flat, limited by the province's geographic isolation.

3. Reliance on one major power supplier

Newfoundland Power relies heavily on Hydro for its power supply, sourcing approximately 93% of its power requirements from one provider. As the province experiences relatively extreme weather, including winter storms, there have been instances in the past where infrastructure malfunctions for Hydro led to widespread blackouts. DBRS Morningstar notes that since the Muskrat Falls project is commissioned, approximately 35% to 40% of the peak demand will be served from Labrador via the LIL. As a result, the LIL's reliability is very critical for the Company's power supply. DBRS Morningstar also notes there are currently reliability concerns of the LIL as Hydro is proposing additional generating capacity on the island as well as extending the life of the Holyrood Thermal Generating Station, which could lead to further rate implications. This is currently under review by the PUB.

Earnings and Outlook

	12 mos. ended June 30	For the year ended December 31				
(CAD millions where applicable)	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**
Net revenues	264	256	252	250	239	237
EBITDA	177	169	170	169	162	160
EBIT	96	91	96	98	94	95
Gross interest expense	37	36	36	38	37	37
Earnings before taxes	62	57	55	55	54	54
Net income before nonrecurring items	49	46	44	44	43	42
Reported net income	49	46	44	44	43	42
Actual return on equity (%)	9.0	8.5	8.4	8.4	8.3	8.3
Regulated rate base	n/a	1,230	1,203	1,182	1,154	1,117

2022 Summary

- EBITDA was largely flat for 2022, reflecting the stable nature of Newfoundland Power's operations.

- Overall, the Company's net income has consistently increased modestly year over year, reflecting the growing rate base.

2023 Summary/Outlook

- DBRS Morningstar expects relatively stable financial performance in 2023 because Newfoundland Power operates a critical infrastructure.
- The Company's earnings were modestly higher in LTM 2023 primarily due to the implementation of the 2022 GRA Order and higher electricity sales. This was partly offset by higher financing costs.

Financial Profile

	12 mos. ended June 30	For the year ended December 31				
(CAD millions where applicable)	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**
Net income before nonrecurring items	49	46	44	44	43	42
Depreciation & amortization	81	78	74	71	68	65
Other noncash operating items[1]	3	(7)	4	(2)	3	(0)
Cash flow from operations	**133**	**117**	**122**	**113**	**114**	**107**
Dividends paid	(22)	(29)	(33)	(46)	(28)	(28)
Capex	(126)	(124)	(117)	(100)	(105)	(99)
Free cash flow (before working capital changes)	**(15)**	**(36)**	**(28)**	**(33)**	**(19)**	**(20)**
Changes in noncash working capital items	(52)	(9)	19	33	10	6
Net free cash flow	**(67)**	**(45)**	**(9)**	**(0)**	**(8)**	**(14)**
Net equity change	0	0	0	(9)	(0)	(0)
Net debt change	68	46	9	10	8	15
Other investing & financing	(0)	(1)	(0)	(0)	(0)	(1)
Change in cash	**0**	**0**	**0**	**0**	**(0)**	**0**
Total debt	755	685	639	638	621	612
Total debt in capital structure (%)	57.4	55.7	54.8	55.3	54.1	54.5
Cash flow/total debt (%)	17.5	17.1	19.1	17.7	18.4	17.5
EBIT gross interest coverage (x)	2.61	2.50	2.67	2.60	2.54	2.58
Dividend payout ratio (%)	44.2	63.3	76.5	106.5	65.8	66.6

1 Excluding cash change because of regulatory mechanism.

2022 Summary

- Newfoundland Power's key credit metrics remained supportive of the “A” credit ratings.
- Cash flow from operations decreased because of changes in employee future benefit costs and deferred income taxes partially offset by higher revenues associated with the impementation of the 2022 GRA Order.
- Similar to previous years, the majority of capex in 2022 was maintenance capex.
- The Company paid dividends in accordance with its policy of maintaining the debt-to-capital ratio in line with the regulatory capital structure as approved by the PUB for rate-setting purposes.

2023 Summary/Outlook

- Newfoundland Power's key credit metrics were stable for LTM 2023.
- Cash flow from operations increased, reflecting an increase in deferred taxes and higher net income for the period related to the implementation of the 2022 GRA Order.
- The PUB approved a capital plan of $122.9 million for 2023, with approximately 46% of capex for renewing the electricity system.
- DBRS Morningstar expects Newfoundland Power to continue to maintain its approved capital structure through dividend management and debt financing.

Long-Term Debt Maturities and Liquidity

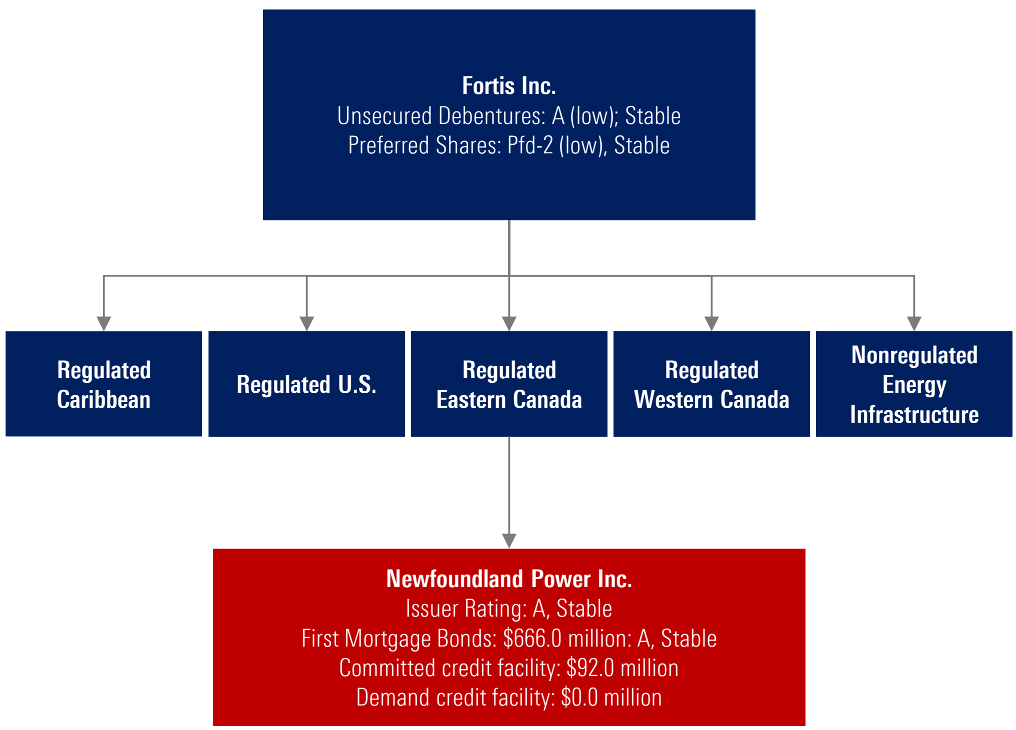
(CAD millions as at June 30, 2023)	**2023–24**	**2024–25**	**2026–27**	**Thereafter**	**Total**
First mortgage sinking fund bonds	7.6	43.5	14.3	600.6	**666.0**
Credit facilities (unsecured)	92.0	0.0	0.0	0.0	**92.0**
Demand facility (uncommitted)	0.0	0.0	0.0	0.0	**0.0**
Total	**99.6**	**43.5**	**14.3**	**600.6**	**758.0**

- Newfoundland Power has a $100.0 million committed revolving unsecured credit facility maturing August 2028 ($92.0 million outstanding as at June 30, 2023) and a $20.0 million uncommitted demand facility (undrawn as at June 30, 2023).
- The credit facilities contain customary covenants, including maintaining a debt-to-capitalization ratio at or below 65%. The Company was in compliance with all covenants as at June 30, 2023.
- The debt repayment schedule is modest in the near term to the medium term.

Debt Outstanding (CAD millions as at June 30, 2023)	**Rate (%)**	**Amount**
First mortgage sinking fund bonds		
$40 million Series AH, due 2026	8.900	29.6
$50 million Series AI, due 2028	6.800	38.0
$75 million Series AJ, due 2032	7.520	60.0
$60 million Series AK, due 2035	5.441	49.2
$70 million Series AL, due 2037	5.901	58.8
$65 million Series AM, due 2039	6.606	55.9
$70 million Series AN, due 2043	4.805	63.7
$75 million Series AO, due 2045	4.446	69.0
$75 million Series AP, due 2057	3.815	70.5
$100 million Series AQ, due 2060	3.608	97.0
$75 million Series AR, due 2052	4.198	74.3
		666.0
Credit & demand facilities		92.0
		758.0
Less: current portion		(99.6)
		658.4

- In August 2023, the Company issued $90 million Series AS First Mortgage Sinking Fund Bonds due 2053 at 5.122%. The proceeds were primarily used to repay amounts owing under the Company's committed credit facility.
- The First Mortgage Bonds are secured by a first fixed and specific charge on properties, plants, and equipment owned or to be acquired by the Company and by a floating charge on all other assets.
- The Company must meet an Earnings Test, whereby the net earnings are at least twice the annual interest charges on all bonds outstanding after any proposed additional bond issue. Net earnings are considered in a period of any 12 consecutive months, terminating within 24 months preceding the delivery of such additional bonds.
- The Company must also meet the Additional Property Test, whereby the additional bonds must not exceed 60% of the fair value of the additional property.
- Given the availability of funds under the credit facilities and stable cash flow from operations, the Company's liquidity remains adequate to fund both working capital requirements and cash flow deficits.

Organizational Structure



As at June 30, 2023.

Regulation

Regulatory Overview

- Newfoundland Power is regulated by the PUB, which is responsible for setting electricity rates, approving capex, and deciding on the appropriate capital structure and return on equity (ROE) for rate-setting purposes. Rates are set based on a COS methodology.

- On November 22, 2021, the Company and intervenors reached a full Settlement Agreement regarding the Company's 2022/2023 GRA. As a result of the 2022/2023 GRA, effective March 1, 2022, electricity rates decreased by 1.1% as a result of the order. The order resulted in minor changes in deferral accounts, which were not material.
- Effective July 1, 2023, the PUB issued an order approving a 6.9% increase in customer electricity rates. This was the result of a 3.9% increase reflecting Hydro's updated wholesale rate adjustment and a 3.0% increase because of the annual operation of Hydro's Rate Stabilization Plan and the Company's RSA.
- In December 2022, the PUB approved Newfoundland Power's 2023 capital plan of $122.9 million.
- On June 22, 2023, the Company filed an application with the PUB requesting approval of its 2024 capital plan totalling $115.3 million. The application is currently under review by the PUB.

Regulator-Approved Accounts

Deferral accounts are used to smooth the impact of realized expenses and events differing from the forecast.

- **WNR:** The WNR reduces earnings volatility by adjusting electricity purchases and sales to eliminate the variance between normal weather conditions, based on long-term averages, and actual realized weather conditions.
- **RSA:** The RSA allows Newfoundland Power to pass through costs related to changes in the price and quantity of fuel charged by Hydro to the end consumer. On July 1 of each year, customer rates are recalculated to amortize the balance in the RSA as of March 31 of the current year over the subsequent 12 months. In the absence of rate regulation, these transactions would be accounted for in a similar manner; however, the amount and timing of the recovery would not be subject to PUB approval. To the extent that actual electricity sales in any period exceed forecast electricity sales used to set customer rates, marginal purchased power expenses will exceed related revenue. Effective January 1, 2008, the PUB ordered that variations in purchased power expenses caused by differences between the actual unit cost of energy and the cost reflected in customer rates be recovered from (refunded to) customers through the RSA.
- **Demand Management Incentive Account (DMIA):** Through the DMIA, variations in the unit cost of purchased power related to demand are limited, at the discretion of the PUB, to 1.0% of demand costs reflected in customer rates. Balances in this account are recorded as a regulatory asset or regulatory liability on Newfoundland Power's balance sheet. The final balance of regulatory assets and liabilities is determined by the PUB, which considers the merits of the Company's conservation efforts and demand-management activities.
- **Pension Expense Variance Deferral Account (PEVDA):** The PEVDA is used when differences exist between the defined benefit pension expense calculated in accordance with designated accounting standards and the pension expense approved by the PUB for rate-setting purposes.
- **Other Postemployment Benefits (OPEB):** The OPEB cost deferral account is used when differences exist between the OPEB expenses calculated in accordance with designated accounting standards and the OPEB expenses approved by the PUB for rate-setting purposes.
- **Excess Earnings Account (EEA):** Any earnings that exceed the upper limit of the allowed range of return on rate base set by the PUB are credited to the Company's EEA. Amounts credited to the EEA are subject to further order of the PUB.

Assessment of Regulatory Framework

Criteria	Score	Analysis
1. Deemed Equity	Excellent **Good** Satisfactory Below Average Poor	The PUB has approved a deemed equity of 45% for Newfoundland Power.
2. Allowed ROE	Excellent Good **Satisfactory** Below Average Poor	The PUB has approved an ROE of 8.5% for 2023, unchanged from previous years.
3. Energy Cost Recovery	Excellent Good Satisfactory **Below Average** Poor	Newfoundland Power can fully pass on fuel costs, with an RSA used to pass through costs related to changes in the price and quantity of fuel charged by Hydro. However, this is done on an annual basis.
4. Capital and Operating Cost Recovery	Excellent **Good** Satisfactory Below Average Poor	The PUB preapproves capex through an annual capital application, and it is added to the rate base following the completion of a project. Rate applications use forecast test years, reducing regulatory lag.
5. COS Versus Incentive Rate Mechanism	Excellent **Good** Satisfactory Below Average Poor	Newfoundland Power operates under a COS mechanism, typically filing an application every three years. The Company is allowed to file more frequently if needed though.
6. Political Interference	Excellent Good **Satisfactory** Below Average Poor	The government plays a large role in the regulated electricity sector in Newfoundland as it owns Hydro, a vertically integrated utility that is also the primary source of electricity for the province. There has not been any adverse regulation affecting the recovery of costs for Newfoundland Power.
7. Stranded Cost Recovery	Excellent **Good** Satisfactory Below Average Poor	Minimal stranded costs exist.
8. Rate Freeze	**Excellent** Good Satisfactory Below Average Poor	Newfoundland has not experienced a rate freeze in the past decade.

Environmental, Social, and Governance (ESG) Credit Risk Considerations

Environmental

There were no environmental factors that had a relevant or significant effect on the credit analysis. DBRS Morningstar notes that regulated utilities can be exposed to severe weather events. In the event that a severe weather event occurs, DBRS Morningstar expects that the increased cost will be recovered through the rate base. Newfoundland and Labrador has experienced storms and adverse weather conditions that have impacted normal operations.

Social

There were no social factors that had a relevant or significant effect on the credit analysis. DBRS Morningstar notes, however, Newfoundland Power provides an essential service and the potential of a rate shock from the Muskrat Falls project could force the Company to continue servicing customers even if it cannot fully pass on the cost of energy.

Governance

There were no governance factors that had a relevant or significant effect on the credit analysis. For more details about which governance factors could have an effect on the credit analysis, please refer to the following checklist.

A description of how DBRS Morningstar considers ESG factors within the DBRS Morningstar analytical framework can be found in *DBRS Morningstar Criteria: Approach to Environmental, Social, and Governance Risk Factors in Credit Ratings* at https://www.dbrsmorningstar.com/research/416784.

ESG Factor		ESG Credit Consideration Applicable to the Credit Analysis: Y/N		Extent of the Effect on the ESG Factor on the Credit Analysis: Relevant (R) or Significant (S)*
Environmental		**Overall:**	**N**	**N**
	Emissions, Effluents, and Waste	Do we consider that the costs or risks for the issuer or its clients result, or could result, in changes to an issuerÆs financial, operational, and/or reputational standing?	**N**	**N**
	Carbon and GHG Costs	Does the issuer face increased regulatory pressure relating to the carbon impact of its or its clients' operations resulting in additional costs and/or will such costs increase over time affecting the long-term credit profile?	**N**	**N**
	Resource and Energy Management	Does the scarcity of sourcing key resources hinder the production or operations of the issuer, resulting in lower productivity and therefore revenues?	**N**	**N**
	Land Impact and Biodiversity	Is there a financial risk to the issuer for failing to effectively manage land conversion, rehabilitation, land impact, or biodiversity activities?	**N**	**N**
	Climate and Weather Risks	In the near term, will climate change and adverse weather events potentially disrupt issuer or client operations, causing a negative financial impact? In the long term, will the issuer's or client's business activities and infrastructure be materially affected financially under key IPCC climate scenarios up to a 2°C rise in temperature by 2050?	**N**	**N**
Social		**Overall:**	**N**	**N**
	Social Impact of Products and Services	Do we consider that the social impact of the issuer's products and services could pose a financial or regulatory risk to the issuer?	**N**	**N**
	Human Capital and Human Rights	Is the issuer exposed to staffing risks, such as the scarcity of skilled labour, uncompetitive wages, or frequent labour relations conflicts, that could result in a material financial or operational impact?	**N**	**N**
		Do violations of rights create a potential liability that can negatively affect the issuer's financial wellbeing or reputation?	**N**	**N**
		Human Capital and Human Rights:	**N**	**N**
	Product Governance	Does failure in delivering quality products and services cause damage to customers and expose the issuer to financial and legal liability?	**N**	**N**
	Data Privacy and Security	Has misuse or negligence in maintaining private client or stakeholder data resulted, or could it result, in financial penalties or client attrition to the issuer?	**N**	**N**
	Occupational Health and Safety	Would the failure to address workplace hazards have a negative financial impact on the issuer?	**N**	**N**
	Community Relations	Does engagement, or lack of engagement, with local communities pose a financial or reputational risk to the issuer?	**N**	**N**
	Access to Basic Services	Does a failure to provide or protect with respect to essential products or services have the potential to result in any significant negative financial impact on the issuer?	**N**	**N**
Governance		**Overall:**	**N**	**N**
	Bribery, Corruption, and Political Risks	Do alleged or actual illicit payments pose a financial or reputational risk to the issuer?	**N**	**N**
		Are there any political risks that could impact the issuer's financial position or its reputation?	**N**	**N**
		Bribery, Corruption, and Political Risks:	**N**	**N**
	Business Ethics	Do general professional ethics pose a financial or reputational risk to the issuer?	**N**	**N**
	Corporate / Transaction Governance	Does the issuer's corporate structure limit appropriate board and audit independence?	**N**	**N**
		Have there been significant governance failures that could negatively affect the issuer's financial wellbeing or reputation?	**N**	**N**
		Corporate / Transaction Governance:	**N**	**N**
		Consolidated ESG Criteria Output:	**N**	**N**

Balance Sheet

(CAD millions)	June 30	Dec. 31	Dec. 31		June 30	Dec. 31	Dec. 31
Assets	2023	2022	2021	**Liabilities & Equity**	2023	2022	2021
Cash & equivalents	0	0	0	Short-term borrowings	0	1	15
Accounts receivable	70	70	73	Accounts payable	61	96	90
Regulatory assets	5	5	8	Current portion long-term debt	100	28	35
Other current assets	9	7	5	Other current liabilities	12	26	29
Total current assets	**84**	**82**	**85**	**Total current liabilities**	**173**	**151**	**170**
Net fixed assets	1,351	1,333	1,284	Long-term debt	656	656	589
Future income tax assets	245	244	235	Provisions	275	268	278
Intangibles	54	48	36	Deferred income taxes	199	189	184
Regulatory assets	87	66	53	Other long-term liabilities	1	6	18
Other long-term assets	44	42	71	Shareholders' equity	560	544	526
Total assets	**1,864**	**1,814**	**1,764**	**Total liabilities & equity**	**1,864**	**1,814**	**1,764**

Ratios

	12 mos. ended June 30	For the year ended December 31				
Balance Sheet & Liquidity & Capital Ratios	2023	2022	2021	2020	2019	2018
Current ratio (x)	0.48	0.54	0.50	0.84	0.53	0.71
Total debt in capital structure (%)	57.4	55.7	54.8	55.3	54.1	54.5
Cash flow/total debt (%)	17.5	17.1	19.1	17.7	18.4	17.5
(Cash flow-dividends)/capex (x)	0.88	0.71	0.76	0.67	0.82	0.80
Dividend payout ratio (%)	44.2	63.3	76.5	106.5	65.8	66.6
Coverage Ratios (x)						
EBIT gross interest coverage	2.61	2.50	2.67	2.60	2.54	2.58
EBITDA gross interest coverage	4.78	4.66	4.74	4.49	4.38	4.36
Fixed-charge coverage	2.61	2.50	2.67	2.56	2.49	2.53
Profitability Ratios (%)						
EBITDA margin	66.9	66.0	67.3	67.7	67.8	67.5
EBIT margin	36.5	35.5	37.9	39.2	39.4	40.0
Profit margin	18.6	17.8	17.4	17.4	17.9	17.6
ROE	9.0	8.5	8.4	8.4	8.3	8.3
Return on capital	5.9	5.9	5.9	6.0	6.0	6.0

Operating Statistics	For the year ended December 31				
Electricity Sales - Breakdown (GWh)	**2022**	**2021**	**2020**	**2019**	**2018**
Residential	3,548	3,504	3,547	3,560	3,593
General service	2,237	2,211	2,182	2,287	2,283
Total sales	**5,785**	**5,715**	**5,729**	**5,847**	**5,876**
Growth in volume throughputs (%)	1.2	-0.2	-2.0	-0.5	-0.8
Customers					
Residential	238,353	236,796	235,260	234,132	233,104
Commercial	35,411	35,258	35,025	34,913	34,891
Total	**273,764**	**272,054**	**270,285**	**269,045**	**267,995**
Energy Generated and Purchased (GWh)					
Energy generated	437	435	439	431	435
Energy purchased	5,650	5,567	5,604	5,742	5,769
Energy generated + purchased	**6,087**	**6,002**	**6,043**	**6,173**	**6,204**
Less: transmission losses + internal use	302	287	314	327	328
Total sales	**5,785**	**5,715**	**5,729**	**5,847**	**5,876**
System losses and internal use (%)	5.2%	5.0%	5.5	5.6	5.6
Installed Generation Capacity (MW)					
Hydroelectric	97	97	97	97	97
Gas turbine	41	41	41	37	37
Diesel	5	5	5	5	5
Total	**143**	**143**	**143**	**139**	**139**
Native peak demand (MW)	1,254	1,251	1,356	1,458	1,385
Rate base (CAD millions)	1,239	1,206	1,182	1,154	1,117
Growth in rate base (%)	2.7	2.0	2.4	3.3	2.3

Credit Rating History

	Current	2022	2021	2020	2019	2018
Issuer Rating	A	A	A	A	A	A
First Mortgage Bonds	A	A	A	A	A	A
Preferred Shares – cumulative, redeemable	Discontinued	Discontinued	Discontinued	Pfd-2	Pfd-2	Pfd-2

Previous Action

- "DBRS Morningstar Assigns Rating of "A" With a Stable Trend to Newfoundland Power Inc.'s $90 Million First Mortgage Sinking Fund Bonds," August 11, 2023.
- "DBRS Morningstar Confirms Newfoundland Power Inc. at "A" with Stable Trends," October 4, 2022.

Previous Report

- Newfoundland Power Inc.: Rating Report, October 28, 2022.

Notes:
All figures are in Canadian dollars unless otherwise noted.

For the definition of Issuer Rating, please refer to Rating Definitions under Rating Policy on www.dbrsmorningstar.com.

Generally, Issuer Ratings apply to all senior unsecured obligations of an applicable issuer, except when an issuer has a significant or unique level of secured debt.

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DBRS Morningstar is a full-service global credit ratings business with approximately 700 employees around the world. We're a market leader in Canada, and in multiple asset classes across the U.S. and Europe.

We rate more than 4,000 issuers and nearly 60,000 securities worldwide, providing independent credit ratings for financial institutions, corporate and sovereign entities, and structured finance products and instruments. Market innovators choose to work with us because of our agility, transparency, and tech-forward approach.

DBRS Morningstar is empowering investor success as the go-to source for independent credit ratings. And we are bringing transparency, responsiveness, and leading-edge technology to the industry.

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