

1 **Q. Reference: Dr. Cleary's Evidence, Page 29, Table 11**

2
3 **Please provide the same information regarding the rating methodology used**
4 **by Moody's Investors Service to rate regulated utilities. Is Moody's rating**
5 **based entirely on credit metrics, or does Moody's also consider other factors?**
6

7 A. Dr. Cleary is well aware that credit metrics are only a part of what debt rating agencies
8 consider in determining their ratings. For example, Dr. Cleary notes the following rating
9 grid which is provided on page 6 of The Moody's 2013 Methodology Report provided in
10 the response to CA-NP-028 from the 2016 NP Rate proceedings, which summarizes the
11 factors that Moody's consider, and the weightings they attach to the various factors:
12

Factor / Sub-Factor Weighting - Regulated Utilities

Broad Rating Factors	Broad Rating Factor Weighting
Regulatory Framework	25%
Ability to Recover Costs and Earn Returns	25%
Diversification	10%
Financial Strength, Key Financial Metrics	40%

13 Pages 6-31 of the Moody's Methodology report provide details in terms of how they
14 assess utilities according to the factors in the grid provided above.