

- Q. (Re: p. 13)
Why have you not prepared this table on an ATWACC basis as proposed by Dr. Vilbert?
- A. I have used an approach to the cost of capital which is well know to regulatory boards in Canada and which I have consistently applied over many years. The table on page 13 is not dissimilar to the approach used by Dr. Vilbert but focuses more directly on the return required on the rate base (without introduction of taxes which are not of direct relevance in the Hydro case). I might further add that Dr. Vilbert provides no independent assessment of the cost of capital and merely illustrates the impact of a changing level of leverage on rate base returns.