

1 Q. What does Hydro view as the differences, if any, between the way Hydro  
2 is intended to operate and the manner in which an investor-owned utility  
3 operates (WEW, page 6, lines 20-22)?  
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5 A. Hydro views the following as the main differences between the way Hydro  
6 is intended to operate and the manner in which an investor-owned utility  
7 operates:

- 8 • As a Crown Corporation Hydro may receive directions from its  
9 shareholder, the Government of Newfoundland and Labrador,  
10 which reflects social or public policy considerations, not in conflict  
11 with legislation, which Hydro will implement.
- 12 • Hydro's ability to borrow and its borrowing program is influenced by  
13 the fact its debt is guaranteed by the Province. By having its debt  
14 guaranteed by the Province, Hydro is able to access capital  
15 markets under virtually all conditions and to borrow at a lower cost,  
16 which results in a lesser cost to customers.
- 17 • As a Crown Corporation, Hydro is not subject to corporate income  
18 taxes.