

1 Q. Explain how the change from cost of debt to weighted average cost of capital
2 impacts the forecast 2002 carrying charges for the RSP and CWIP. (JCR,
3 page 8, line 8).

4

5 A. The embedded cost of debt, calculated on a consistent basis as prior years
6 would have been 8%. As this is higher than the 7.4% weighted average cost
7 of capital for 2002, the carrying charges for the RSP on CWIP are lower than
8 they would otherwise have been.

9

	<u>7.4%</u>	<u>8.0%</u>	<u>Difference</u>	
			(\$thousands)	
10				
11				
12				
13	RSP	6,646	7,185	539
14	CWIP	8,504	9,190	686