

Q. In reference to page 13 in the report of Grant Thornton LLP on Newfoundland & Labrador Hydro's 2001 Rate Hearing, provide the calculation of the 1.09 times interest coverage when the profit contribution from the Hydro Quebec recall is excluded from net income. For both the numerator and the denominator, provide a reconciliation of the numbers used to produce the 1.36 interest coverage presented on page 13.

A. Interest coverage calculation excluding profit contribution from Hydro Quebec recall:

Net income per page 13	\$ 36,481
Less: Hydro Quebec Recall profit contribution	<u>(27,020)</u>
	9,461
Add: Gross interest	<u>102,150</u>
Adjusted income	<u>\$ 111,611</u>
Gross interest	<u>\$ 102,150</u>
Interest coverage	1.09