

1 **Q. (Re: Financial Consulting Report on 2003 GRA, page 36, line 15-16)**
2

3 **Grant Thornton states that Hydro uses a calculation called the targeted weighted**
4 **average term to maturity to determine when a bond issue is necessary. Would**
5 **Grant Thornton agree that this method is a principle determinant in the decision as**
6 **to the term for an intended debt issue, and that the decision to issue long-term debt**
7 **is driven by considerations as to our outstanding promissory note position?**
8
9

10 **A.** It is our understanding that decisions relating to timing of long term debt issues are
11 primarily driven by Hydro's outstanding promissory note position, which in turn has been
12 largely driven by the rate stabilization plan and capital expenditures. We agree that the
13 targeted weighted average term to maturity is the method used by Hydro to determine the
14 term of an intended long term debt (bond) issue.