

1    Q.    The pre-filed evidence of C.F. Osler and P. Bowman (page 67) indicates that  
2           it is not apparent that Hydro's weighted cost of capital is the appropriate rate  
3           to charge to RSP balances. Please provide Hydro's position on this issue.

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6    A.    Hydro believes that the weighted average cost of capital is the appropriate  
7           rate to charge to RSP balances. Hydro believes that all of its assets are  
8           financed proportionally with the elements of its capital structure and that it is  
9           inappropriate to suggest that any piece of debt was incurred exclusively to  
10          finance any particular asset.