

1 Q. What does the credit balanced related to unamortized debt premium and
2 financing costs represent (Finance and Corporate Services evidence,
3 Schedule VIII) and why is it not factored into the calculation of Rate Base
4 shown in Finance and Corporate Services evidence Schedule III, page 1 of 3.

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7 A. The credit balance of unamortized debt premium and financing costs
8 represents the net amount of the unamortized balances of debt discounts and
9 premiums that arose upon issuance of Hydro's long-term bonds.

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11 Balances of unamortized debt discount or premiums are netted against, or
12 added to, the face value of long-term debt in determining the capital structure
13 (Schedule V, J.C. Roberts). To also include it in the calculation of ratebase
14 would result in double-counting.