

**Newfoundland and Labrador Hydro**  
Impact of a Decrease in the Embedded Cost of Debt from 8.26% to 8.21%

	<u>Cost Rate</u>	<u>Ratio</u>	<u>Weighting</u>
Debt	8.21%	83.58%	6.86%
Employee future benefits	0.00%	2.42%	0.00%
Retained Earnings	4.47%	<u>14.00%</u>	<u>0.63%</u>
Weighted Average Cost of Capital		<u>100.00%</u>	<u>7.49%</u>

		(\$ millions)		
	<u>Assets</u>	<u>Weighted Avg Cost of Debt</u>	<u>Weighted Avg Cost of Capital</u>	<u>Allowed Return</u>
Rural Interconnected and Isolated Assets	\$ 212.0	6.86%		\$ 14.5
Other Ratebase Assets	<u>\$ 1,277.3</u>		7.49%	<u>\$ 95.6</u>
Total Assets	<u>\$ 1,489.3</u>			\$ 110.2
Allowed Return on Rate Base - December 2006 Filing				<u>\$ 110.7</u>
Estimated Impact				<u><u>\$ 0.6</u></u>
Total 2007 Revenue Requirement				\$ 431.1
Estimated Impact as a Percentage of Revenue Requirement				0.14%