

1 Q. Reference: Corporate Finance: Evidence, p. 8 (lines 2-13) notes that Hydro
2 is currently in the process of determining how it should be structured in the
3 future to most effectively service and finance its regulated and non-regulated
4 business activities. Hydro states that this work is ongoing and “*will involve a*
5 *considerable amount of analysis and consultation with financial and legal*
6 *advisors, credit rating agencies, and the Shareholder.*” Please specifically
7 explain how this considerable amount of analysis, consultation and attention
8 which will occupy Hydro personnel has been taken into account in
9 forecasting Hydro’s salary and fringe benefits expenses in the 2007 Test
10 Year.

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13 A. This work will be conducted primarily by the Vice President Finance and
14 Chief Financial Officer and the Corporate Controller and Treasurer,
15 supported by external legal and financial advisors. This work on potential
16 restructuring has been taken into account in determining the appropriate
17 allocation of salaries to non-regulated activities. Please see response to CA
18 90 NLH. The costs for external advisors have been budgeted directly in the
19 non-regulated business unit.