

1 Q. Please provide a detailed summary of the sinking fund investments held by
2 Hydro, and the forecast earnings on these respective investments. Please
3 provide any policies or regulations that govern the scope of investments
4 Hydro is allowed to make in respect of its sinking funds.

5
6

7 A. Sinking fund investments held by Hydro and forecast earnings are as follows:

(\$ Thousands)						
Sinking Fund	Beginning Book Value	Average Yield	Annual Contrib.	Average Balance O/S	Forecast Earnings	Ending Book Value
2006						
10.50% Series V	71,652	6.64%	0	74,077	4,920	76,572
10.25% Series X	36,796	6.25%	1,500	38,668	2,417	40,713
8.40% Series Y	32,176	5.95%	2,400	35,270	2,100	36,676
6.65% Series AB	11,681	5.57%	3,000	13,163	733	15,414
5.70% Series AD	2,649	5.71%	1,250	3,311	189	4,088
	154,954	6.30%	8,150	164,489	10,359	173,463
2007						
10.50% Series V	76,572	6.68%	0	79,188	5,288	81,860
10.25% Series X	40,713	6.27%	1,500	42,719	2,680	44,893
8.40% Series Y	36,676	5.97%	2,400	39,912	2,384	41,460
6.65% Series AB	15,414	5.64%	3,000	17,011	959	19,373
5.70% Series AD	4,088	5.60%	1,250	4,788	268	5,606
	173,463	6.31%	8,150	183,618	11,579	193,192

8 Sinking Fund investments are limited to securities issued or guaranteed by
9 the Government of Canada or securities issued or guaranteed by any
10 Province of Canada.