

1 Q. With reference to page 18, lines 1-10 of the evidence of Mr. Bradbury,
2 provide the respective detailed calculations of Hydro's cost of debt, capital
3 structure and weighted average cost of capital for both prior to and following
4 the removal of the impacts associated with non-regulated activities.

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A. Please see below.

Cost of Debt

(\$000's)

	<u>Avg Debt</u>	<u>Interest</u>	<u>Cost of Debt</u>
As filed	1,267,020	106,300	8.39%
Adjusted for non-regulated impact	1,361,283	112,978	8.30%

Weighted Average Cost of Capital (As Filed)

	Balance	Balance	Average	Weight	Financing	Weighted
	31-Dec-06	31-Dec-07			Costs	Avg. Cost
						of Capital
Debt	1,290,370	1,243,669	1,267,020	83.51%	8.39%	7.00%
Employee Future Benefits	35,158	38,152	36,655	2.42%	0.00%	0.00%
Retained Earnings	209,385	217,716	213,551	14.08%	5.20%	0.73%
	1,534,913	1,499,537	1,517,225			7.74%

Weighted Average Cost of Capital (Including Non-Regulated Debt)

	Balance	Balance	Average	Weight	Financing	Weighted
	31-Dec-06	31-Dec-07			Costs	Avg. Cost
						of Capital
Debt	1,361,537	1,361,028	1,361,283	84.47%	8.30%	7.01%
Employee Future Benefits	35,158	38,152	36,655	2.27%	0.00%	0.00%
Retained Earnings	209,385	217,716	213,551	13.25%	5.20%	0.69%
	1,606,080	1,616,896	1,611,488			7.70%