

- 1 Q. (a) Please complete the following tables pertaining to CF(L) Co. Share  
2 Purchase Debt:

**Table 1(A)**

	2005	2006	2007
Debt balance, beginning of the year	•	•	•
Plus/Minus:			
Preferred and common share dividends paid to Hydro	•	•	•
Dividends paid by Hydro to the province	•	•	•
Other (itemize and explain)	•	•	•
Debt balance, end of the year	<u>\$ •</u>	<u>\$ 19.4</u>	<u>\$ 16.6</u>

**Table 1(B)**

	2005	2006	2007
Average debt balance, Table 1(A)	•	•	•
Plus/Minus: adjustments (itemize and explain)	•	•	•
Equals: average debt balance for calculation of interest	•	•	•
Multiply by: interest rate	•	•	•
Equals: CF(L) Co. Share Purchase Debt interest	<u>\$ •</u>	<u>\$ •</u>	<u>\$ 1.2</u>

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**Table 1 (C)**

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Provide the calculation of the interest rates shown in Table 1(B).

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- (b) Please complete the following tables pertaining to Recall Power:

**Table 2(A)**

	<b>2005</b>	<b>2006</b>	<b>2007</b>
Balance, beginning of the year	•	•	•
Plus/Minus:			
Export sales of recall power	•	•	•
Related purchased power costs	•	•	•
Dividends paid to the province	•	•	•
Other (itemize and explain)	•	•	•
Balance, end of the year	<u>\$ •</u>	<u>\$ 43.6</u>	<u>\$ 54.3</u>

**Table 2(B)**

	<b>2005</b>	<b>2006</b>	<b>2007</b>
Average balance, Table 2(A)	•	•	•
Plus/Minus: adjustments (itemize and explain)	•	•	•
Equals: average debt balance for calculation of interest	•	•	•
Multiply by: interest rate	•	•	•
Equals: Recall Power interest	<u>\$ •</u>	<u>\$ •</u>	<u>\$ 3.8</u>

**Table 2 (C)**

Provide the calculation of the interest rates shown in Table 2 (B).

(c) Please complete the following tables pertaining to the Lower Churchill debt:

**Table 3 (A)**

	<b>2005</b>	<b>2006</b>	<b>2007</b>
Debt balance, beginning of the year	•	•	•
Plus/Minus:			
Costs incurred	•	•	•
Financing costs	•	•	•
Other (itemize and explain)	•	•	•
Debt balance, end of the year	<u>\$ •</u>	<u>\$ 95.1</u>	<u>\$154.8</u>

1 **Table 3 (B)**

2 Provide the calculation of the financing costs shown in Table 3(A), showing  
3 the interest rates used, and on a monthly basis.

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5 **Table 3 (C)**

6 Provide the calculation of the interest rates shown in Table 3 (B).

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9 A. Please see the attached sheets.

**Table 1 (A) CF(L)Co Share Purchase Debt**  
**(\$ Thousands)**

	<u>2005</u>	<u>2006</u>	<u>2007</u>
Debt balance, beginning of year	\$ 29,515	\$ 28,473	\$ 19,624
Plus / (Minus):			
Preferred and common share dividends paid to Hydro	(11,732)	(10,597)	(11,274)
Dividends paid by Hydro to the Province	8,437	-	7,316
Guarantee Fee	295	-	-
Interest on Debt	<u>1,958</u>	<u>1,748</u>	<u>1,230</u>
Debt balance, end of year	<u><u>\$ 28,473</u></u>	<u><u>\$ 19,624</u></u>	<u><u>\$ 16,896</u></u>

**Table 1 (B) CF(L)Co Share Purchase Debt**  
**(\$ Thousands)**

	<u>2005</u>	<u>2006</u>	<u>2007</u>
Average debt balance, Table 1 (A)	\$ 28,994	24,049	18,260
Plus / (Minus):			
Adjustments (see note)	<u>(3,122)</u>	<u>(951)</u>	<u>(2,362)</u>
Equals:			
Average debt balance for calculation of interest	\$ 25,872	23,098	15,898
Multiply by:			
Interest rate	<u>7.568%</u>	<u>7.568%</u>	<u>7.737%</u>
Equals:			
CF(L)Co Share Purchase Debt interest	<u><u>\$ 1,958</u></u>	<u><u>\$ 1,748</u></u>	<u><u>\$ 1,230</u></u>

Note: Average balance calculation for purposes of interest calculation on debt is not simply the average of the opening and closing balances for the year. The average balances and interest are calculated monthly based on monthly cashflows. Therefore, the average balances appearing in Table 1 (B) are a function of the total interest for the year divided by the annual interest rate.

**Table 1 (C) CF(L)Co Share Purchase Debt**

For years 2005 and 2006, refer to Hydro's May 28, 2004 submission to the PUB re PU 14 2004

**Weighted Average Cost of Capital (As Filed) for 2007**  
**(\$ Thousands)**

	<b>Balance</b>	<b>Balance</b>	<b>Average</b>	<b>Weight</b>	<b>Financing</b>	<b>Weighted</b>
	<b>31-Dec-06</b>	<b>31-Dec-07</b>			<b>Costs</b>	<b>Avg. Cost</b>
						<b>of Capital</b>
<b>Debt</b>	1,290,370	1,243,669	1,267,020	83.51%	8.39%	7.005%
<b>Employee Future Benefits</b>	35,158	38,152	36,655	2.42%	0.00%	0.000%
<b>Retained Earnings</b>	<u>209,385</u>	<u>217,716</u>	<u>213,551</u>	<u>14.08%</u>	<u>5.20%</u>	<u>0.732%</u>
	1,534,913	1,499,537	1,517,225	100.00%		<b>7.737%</b>

**Table 2 (A) Recall Power**  
**(\$ Thousands)**

	<u>2005</u>	<u>2006</u>	<u>2007</u>
Balance, beginning of year	\$ -	\$ -	\$ 43,565
Plus / (Minus):			
Export sales of recall power	49,337	51,310	49,533
Related purchased power costs	(3,593)	(3,669)	(3,471)
Dividends paid to the Province	(45,631)	(5,246)	(39,094)
Interest and admin costs	(113)	(90)	(58)
Interest avoided	-	1,259	3,840
	<u>-</u>	<u>1,259</u>	<u>3,840</u>
Balance, end of year	<u>\$ -</u>	<u>\$ 43,565</u>	<u>\$ 54,315</u>

**Table 2 (B) Recall Power**  
**(\$ Thousands)**

	<u>2005</u>	<u>2006</u>	<u>2007</u>
Average balance, Table 2 (A)	\$ -	\$ 21,782	\$ 48,940
Plus /Minus:			
Adjustments (see note)	-	(5,146)	692
Equals:			
Average debt balance for calculation of interest	\$ -	\$ 16,636	\$ 49,632
Multiply by:			
Interest rate	7.568%	7.568%	7.737%
Equals:			
Recall Power interest	<u>\$ -</u>	<u>\$ 1,259</u>	<u>\$ 3,840</u>

Note: Average balance calculation for purposes of interest calculation on debt is not simply the average of the opening and closing balances for the year. The average balances and interest are calculated monthly based on monthly cashflows. Therefore, the average balances appearing in Table 2 (B) are a function of the total interest for the year divided by the annual interest rate.

**Table 2 (C) Recall Power**

For years 2005 and 2006, refer to Hydro's May 28, 2004 submission to the PUB re PU 14 2004

**Weighted Average Cost of Capital (As Filed) for 2007**

Please refer to Table 1 ( C )

**Table 3 (A) Lower Churchill Debt**  
**(\$ Thousands)**

	<u>2005</u>	<u>2006</u>	<u>2007</u>
Debt balance, beginning of year	\$ 49,404	\$ 54,707	\$ 95,108
Plus / (Minus):			
Costs incurred	1,525	34,592	50,382
Interest on debt	<u>3,778</u>	<u>5,809</u>	<u>9,288</u>
Balance, end of year	<u><u>\$ 54,707</u></u>	<u><u>95,108</u></u>	<u><u>\$ 154,778</u></u>

**Table 3 (B) Lower Churchill Debt**  
**(\$ Thousands)**

	<u>2005</u>	<u>2006</u>	<u>2007</u>
Average balance, Table 3 (A)	\$ 52,056	\$ 74,908	\$ 124,943
Plus / (Minus):			
Adjustments (see note)	<u>(2,131)</u>	<u>1,849</u>	<u>(4,896)</u>
Equals:			
Average debt balance for calculation of interest	\$ 49,925	\$ 76,757	\$ 120,047
Multiply by:			
Interest rate	<u>7.568%</u>	<u>7.568%</u>	<u>7.737%</u>
Equals:			
Lower Churchill interest	<u><u>\$ 3,778</u></u>	<u><u>\$ 5,809</u></u>	<u><u>\$ 9,288</u></u>

Note: Average balance calculation for purposes of interest calculation on debt is not simply the average of the opening and closing balances for the year. The average balances and interest are calculated monthly based on monthly cashflows. Therefore, the average balances appearing in Table 3 (B) are a function of the total interest for the year divided by the annual interest rate.

**Table 3 (C) Lower Churchill Debt**

For years 2005 and 2006, refer to Hydro's May 28, 2004 submission to the PUB re PU 14 2004

**Weighted Average Cost of Capital (As Filed) for 2007**

Please refer to Table 1 ( C )