

1 Q. Provide an explanation of the iterative process used to determine the debt
2 balances and interest associated with the non-regulated debt pools showing
3 how these totals are removed from Hydro's regulated cost of debt, capital
4 structure and weighted average cost of capital. (Finance and Accounting
5 Evidence, page 18, lines 1 to 10)
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8 A. Please refer to CA 91 NLH for a description of Hydro's approach to the
9 removal of non-regulated debt from Hydro's regulated cost of debt, capital
10 structure and weighted average cost of capital.
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12 The iterative process referred to relates to Hydro's approach to the
13 determination of its forecast debt costs. Successive revenue and interest
14 runs are performed until the resultant revenue requirement no longer impacts
15 on the weighted average cost of capital.