

- 1 Q. Provide the detailed calculations of the actual embedded cost of debt by year
2 for the period 2003 to 2007 forecast in the format of Schedule IV, Finance
3 and Accounting Evidence, page 1 of 1. (Finance and Accounting Evidence,
4 Schedule I, page 4 of 10, line 22)
5
6
7 A. Please see schedules attached.

Newfoundland and Labrador Hydro
Actual Average Cost of Debt
As At December 31
(000s)

	Interest	Year of	Year of	Actual	Actual
Series	Rate %	Issue	Maturity	2002	2003
AC	5.05	2001	2006	200.0	200.0
AA	5.50	1998	2008	200.0	200.0
V	10.50	1989	2014	125.0	125.0
X	10.25	1992	2017	150.0	150.0
Y	8.40	1996	2026	300.0	300.0
AB	6.65	2001	2031	300.0	300.0
AD	5.70	2003	2033	0.0	125.0
Total debentures				1,275.0	1,400.0
Gov't Canada Loans				25.1	18.8
Capital Leases				3.0	2.2
Total long-term debt				1,303.1	1,421.0
Promissory notes				190	160
Less: Sinking funds				(94.7)	(113.9)
CF(L)Co. Share purchase debt				(28.5)	(27.8)
Non-regulated debt pool				0.0	0.0
Unamortized Debt discount & financing				(3.7)	(4.4)
Total Debt				1,365.8	1,434.5
Average Debt					<u>1,400.2</u>
Embedded Cost of Debt (\$)					
Gross Interest		106.1			
Amortization of debt issue expenses		0.9			
Amortization of foreign exchange losses		2.2			
Guarantee fee		13.9			
CF(L)Co. Share Purchase interest		(2.2)			
Non-regulated Debt pool interest		0.0			
Sinking fund interest		<u>(10.5)</u>			<u>110.4</u>
Embedded Cost of Debt (%)					<u>7.888%</u>

Newfoundland and Labrador Hydro
Forecast Average Cost of Debt - 2004 Test Year
As At December 31
(000s)

		Interest	Year of	Year of	Forecast	Test Year
	Series	Rate %	Issue	Maturity	2003	2004
3	AC	5.05	2001	2006	200.0	200.0
4	AA	5.50	1998	2008	200.0	200.0
5	V	10.50	1989	2014	125.0	125.0
6	X	10.25	1992	2017	150.0	150.0
7	Y	8.40	1996	2026	300.0	300.0
8	AB	6.65	2001	2031	300.0	300.0
9	AD	5.70	2003	2033	125.0	125.0
10	Total debentures				1,400.0	1,400.0
11	Gov't Canada Loans				18.8	16.4
12	Capital Leases				2.2	1.2
13	Total long-term debt				1,421.0	1,417.6
14						
15	Promissory notes				188.9	181.9
16						
17	Less: Sinking funds				(111.8)	(130.4)
18	CF(L)Co. Share purchase debt				(27.5)	(27.2)
19	Non-regulated debt pool				0.0	0.0
20	Unamortized Debt discount & financing				(4.4)	(3.5)
21						
22	Total Debt				1,466.1	1,438.5
23						
24	Average Debt					1,452.3
25						
26	Embedded Cost of Debt (\$)					
27	Gross Interest		108.4			
28	Amortization of debt issue expenses		0.9			
29	Amortization of foreign exchange losses		2.2			
30	Guarantee fee		15.0			
31	CF(L)Co. Share Purchase interest		(2.3)			
32	Non-regulated Debt pool interest		0.0			
33	Sinking fund interest		(8.5)			115.7
34						
35	Embedded Cost of Debt (%)					7.967%

Newfoundland and Labrador Hydro
Actual Average Cost of Debt
As At December 31 - 2004 Actual
(000s)

		Interest	Year of	Year of	Actual	Actual
	Series	Rate %	Issue	Maturity	2003	2004
3	AC	5.05	2001	2006	200.0	200.0
4	AA	5.50	1998	2008	200.0	200.0
5	V	10.50	1989	2014	125.0	125.0
6	X	10.25	1992	2017	150.0	150.0
7	Y	8.40	1996	2026	300.0	300.0
8	AB	6.65	2001	2031	300.0	300.0
9	AD	5.70	2003	2033	125.0	125.0
10	Total debentures				1,400.0	1,400.0
11	Gov't Canada Loans				18.8	16.4
12	Capital Leases				2.2	1.2
13	Total long-term debt				1,421.0	1,417.6
14						
15	Promissory notes				160	166
16						
17	Less: Sinking funds				(113.9)	(135.5)
18	CF(L)Co. Share purchase debt				(27.8)	(29.5)
19	Non-regulated debt pool				0.0	0.0
20	Unamortized Debt discount & financing				(4.4)	(3.4)
21						
22	Total Debt				1,434.5	1,415.2
23						
24	Average Debt					1,424.9
25						
26	Embedded Cost of Debt (\$)					
27	Gross Interest		107.2			
28	Amortization of debt issue expenses		1.0			
29	Amortization of foreign exchange losses		2.2			
30	Guarantee fee		14.6			
31	CF(L)Co. Share Purchase interest		(2.3)			
32	Non-regulated Debt pool interest		0.0			
33	Sinking fund interest		(11.5)			111.1
34						
35	Embedded Cost of Debt (%)					7.799%

Newfoundland and Labrador Hydro
Actual Average Cost of Debt
As At December 31 - 2005 Actual
(000s)

		Interest	Year of	Year of	Actual	Actual
	Series	Rate %	Issue	Maturity	2004	2005
3	AC	5.05	2001	2006	200.0	200.0
4	AA	5.50	1998	2008	200.0	200.0
5	V	10.50	1989	2014	125.0	125.0
6	X	10.25	1992	2017	150.0	150.0
7	Y	8.40	1996	2026	300.0	300.0
8	AB	6.65	2001	2031	300.0	300.0
9	AD	5.70	2003	2033	125.0	125.0
10	Total debentures				1,400.0	1,400.0
11	Gov't Canada Loans				16.4	0.1
12	Capital Leases				1.2	0.6
13	Total long-term debt				1,417.6	1,400.7
14						
15	Promissory notes				166	159
16						
17	Less: Sinking funds				(135.5)	(155.0)
18	CF(L)Co. Share purchase debt				(29.5)	(28.5)
19	Non-regulated debt pool				0.0	0.0
20	Unamortized Debt discount & financing				(3.4)	(2.5)
21						
22	Total Debt				1,415.2	1,373.9
23						
24	Average Debt					1,394.5
25						
26	Embedded Cost of Debt (\$)					
27	Gross Interest		106.9			
28	Amortization of debt issue expenses		0.9			
29	Amortization of foreign exchange losses		2.3			
30	Guarantee fee		14.4			
31	CF(L)Co. Share Purchase interest		(2.3)			
32	Non-regulated Debt pool interest		0.0			
33	Sinking fund interest		(9.4)			112.8
34						
35	Embedded Cost of Debt (%)					8.087%

Newfoundland and Labrador Hydro
Forecast Average Cost of Debt
As At December 31 - 2006 Forecast
(000s)

	Interest	Year of	Year of	Actual	Forecast
Series	Rate %	Issue	Maturity	2005	2006
AC	5.05	2001	2006	200.0	-
AA	5.50	1998	2008	200.0	200.0
V	10.50	1989	2014	125.0	125.0
X	10.25	1992	2017	150.0	150.0
Y	8.40	1996	2026	300.0	300.0
AB	6.65	2001	2031	300.0	300.0
AD	5.70	2003	2033	125.0	125.0
	5.00	2006	2016	-	225.0
Total debentures				1,400.0	1,425.0
Gov't Canada Loans				0.1	-
Capital Leases				0.6	0.5
Total long-term debt				1,400.7	1,425.5
Promissory notes				159.1	113.0
Less: Sinking funds				(155.0)	(173.5)
CF(L)Co. Share purchase debt				(28.5)	(19.4)
Non-regulated debt pool				0.0	(51.8)
Unamortized Debt discount & financing				(2.5)	(3.5)
Total Debt				1,373.9	1,290.4
Average Debt					<u>1,332.1</u>
Embedded Cost of Debt (\$)					
Gross Interest		109.1			
Amortization of debt issue expenses		0.9			
Amortization of foreign exchange losses		2.2			
Guarantee fee		14.0			
CF(L)Co. Share Purchase interest		(1.7)			
Non-regulated Debt pool interest		(4.5)			
Sinking fund interest		(10.4)			
					<u>109.5</u>
Embedded Cost of Debt (%)					<u>8.221%</u>

Newfoundland and Labrador Hydro
Forecast Average Cost of Debt
As At December 31 - 2007 Forecast
(000s)

		Interest	Year of	Year of	Forecast	Proposed
	Series	Rate %	Issue	Maturity	2006	2007
1						
2						
3	AC	5.05	2001	2006		
4	AA	5.50	1998	2008	200.0	200.0
5	V	10.50	1989	2014	125.0	125.0
6	X	10.25	1992	2017	150.0	150.0
7	Y	8.40	1996	2026	300.0	300.0
8	AB	6.65	2001	2031	300.0	300.0
9	AD	5.70	2003	2033	125.0	125.0
10		5.00	2006	2016	225.0	225.0
11	Total debentures				1,425.0	1,425.0
12	Capital Leases				0.5	0.3
13	Total long-term debt				1,425.5	1,425.3
14						
15	Promissory notes				113.0	131.7
16						
17	Less: Sinking funds				(173.5)	(193.2)
18	CF(L)Co. Share purchase debt				(19.4)	(16.6)
19	Non-regulated debt pool				(51.8)	(100.7)
20	Unamortized Debt discount & financing				(3.5)	(2.9)
21						
22	Total Debt				1,290.4	1,243.7
23						
24	Average Debt					1,267.0
25						
26	Embedded Cost of Debt (\$)					
27	Gross Interest		108.1			
28	Amortization of debt issue expenses		0.6			
29	Amortization of foreign exchange losses		2.2			
30	Guarantee fee		13.6			
31	CF(L)Co. Share Purchase interest		(1.2)			
32	Non-regulated Debt pool interest		(5.4)			
33	Sinking fund interest		(11.6)			106.3
34						
35	Embedded Cost of Debt (%)					8.388%