

1 Q. Please confirm that the COS study indicates a 2013 Rate Base of \$1.564 billion,
2 financed by 70.101% debt, for a total \$1.096 billion in calculated debt financing of
3 rate base. Please confirm that this exceeds Hydro's average long-debt balance of
4 \$0.97 billion per Finance Schedule IV.

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7 A. Hydro confirms the portion of the average rate base indicated in the COS as
8 financed by debt exceeds net debt in Finance Schedule IV. The difference arises
9 because rate base and capital structure are not equal due to exclusion of the
10 balance in the Rate Stabilization Plan from the capital structure and timing and
11 measurement differences. The inclusion of the Rate Stabilization Plan in the capital
12 structure would not result in a change in Hydro's revenue requirement due to the
13 corresponding inclusion of the interest expense in embedded cost of debt.