

1 Q. **Reference: Section 3: Finance, Schedule I: Balance Sheet.**

2 Please provide Hydro's sinking fund investment policy, and indicate the
3 performance of the sinking funds in net financial performance since the 2006 GRA.

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6 A. Sinking fund investments are limited to fixed income investments issued, or
7 guaranteed by, the Government of Canada or any province of Canada or any
8 Chartered Bank in Canada. Investments are held to maturity.

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10 Hydro makes an annual cash contribution to each sinking fund on the anniversary of
11 the underlying bond issue according to the following schedule:

Underlying Bond Issue	Contribution Date	Contribution (\$)
Series X	July 14	\$1,500,000
Series Y	February 27	\$2,400,000
Series AB	August 27	\$3,000,000
Series AD	July 14	\$1,250,000

12 A history of annual sinking fund earnings since 2006 is included below.

Year	Actual/Forecast	Annual Earnings (\$ million)
2006	Actual	10.4
2007	Actual	11.4
2008	Actual	12.6
2009	Actual	13.9
2010	Actual	15.2
2011	Actual	16.6
2012	Actual	18.0
2013	Forecast	19.3