

- 1     Q.     Further to response to Request for Information NP-NLH-020:
- 2             Please provide a detailed calculation of the Weighted Average Cost of Capital
- 3             (WACC) for each year from 2014 to 2017 shown on Page 3 of 6 of Attachment 1.
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- 5
- 6     A.     Please refer to NP-NLH-021 Attachment 1, Page 3 of 6, for the detailed calculation
- 7             of the Weighted Average Cost of Capital for each year from 2014 to 2017. As
- 8             additional support, please refer to NP-NLH-251 Attachment 1, Page 1 of 1, for the
- 9             detailed calculation of the Embedded Cost of Debt for each year from 2014 to 2017.

Newfoundland and Labrador Hydro  
Forecast Average Cost of Debt  
(\$millions)

NP-NLH-251, Attachment 1  
Page 1 of 1, NLH 2013 GRA

Series	Interest Rate	Year of Issue	Year of Maturity	Forecast 2014	Forecast 2015	Forecast 2016	Forecast 2017
1 Series V	10.50%	1989	2014				
2 Series X	10.25%	1992	2017	150	150	150	
3 Series Y	8.40%	1996	2026	300	300	300	300
4 Series AB	6.65%	2001	2031	300	300	300	300
5 Series AD	5.70%	2003	2033	125	125	125	125
6 Series AE	4.30%	2006	2016	225	225		
7 New Issue	4.25%	2014		150	150	150	150
8 New Issue	4.40%	2015			300	300	300
9 New Issue	4.65%	2016				300	300
10							
11 Total debentures				1,250.0	1,550.0	1,625.0	1,475.0
12							
13 Promissory notes				156.8	90.6	120.8	191.3
14 Less:							
15 Sinking funds				(235.5)	(257.2)	(280.1)	(202.6)
16 Non-regulated debt pool				(8.5)	(8.5)	(8.5)	(8.5)
17 Unamortized debt discount and financing				(1.7)	(1.2)	(0.7)	(0.5)
18							
19 <b>Total debt</b>				<u>1,161.1</u>	<u>1,373.6</u>	<u>1,456.5</u>	<u>1,454.7</u>
20							
21 <b>Average debt</b>				<u>1,041.3</u>	<u>1,267.3</u>	<u>1,415.0</u>	<u>1,455.6</u>
22							
23 <b>Embedded cost of debt</b>							
24 Long-term debt				87.1	89.4	98.7	95.7
25 Accretion of long-term debt				0.5	0.5	0.5	0.3
26 Amortization of foreign exchange losses				2.2	2.2	2.2	2.2
27 Debt guarantee fee				4.4	4.6	5.5	5.8
28 Other interest				0.3	2.8	3.5	6.0
29 Interest on sinking fund				(15.9)	(13.5)	(14.8)	(13.1)
30							
31				<u>78.5</u>	<u>85.9</u>	<u>95.5</u>	<u>96.8</u>
32							
33							
34 <b>Embedded cost of debt</b>				<u>7.5%</u>	<u>6.8%</u>	<u>6.8%</u>	<u>6.7%</u>