

1 Q. Please provide a revised response to SIR-IIC-NLH-13 assuming the approach set out
2 in SIR-IIC-NLH-15 is adopted.

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5 A. Should the approach set out in Hydro's response to SIR-IC-NLH-015 be adopted,
6 there would be no change to the financing charges in 2014 related to the
7 Segregated Load Balance. The Segregated Load Balance would be transferred back
8 into the respective NP and IC Load Balances and the related financing charges
9 calculated accordingly. The table provided in SIR-IC-NLH-013 has been revised as
10 indicated below. As the financing costs related to current balances were not
11 requested, the interest amount shown below are less than provided in SIR-IC-NLH-
12 013.

2014 Estimated Net Income Effects of RSP Financing

(\$000s)	Base Case			Proposed ¹		
	RSP Interest ²	Short-term Financing ³	Net Income Impact ⁴	RSP Interest ²	Short-term Financing ³	Net Income Impact ⁴
Hydraulic ⁵	4,599.5	638.0	3,961.5	4,599.5	638.0	3,961.5
Industrial RSP Surplus ⁶	793.8	110.1	683.6	563.0	78.1	484.9
Utility RSP Surplus	8,683.2	1,170.2	7,512.9	8,683.2	1,170.2	7,512.9
Segregated Load Balance	1,409.4	191.0	1,218.5	0.0	0.0	0.0
Total	15,485.9	2,109.3	13,376.5	13,845.7	1,886.4	11,959.3

1 Proposed case reflects Second Interim Rates Application.

2 Financing in the RSP is based upon 2007 Test Year Weighted Average Cost of Capital (WACC) of 7.529% per annum.

3 Estimated short-term borrowing rate of 1.01% per annum.

4 A positive impact results in a reduction to net income.

5 Proposal is to transfer \$29.4 million at December 31, 2014 therefore there is no difference in financing costs.

6 Base Case assumes no drawdown of IC RSP Surplus other than Teck RSP adj rate of (11.11) mills/kWh.