

1    Q.    Further to the response to PUB-NLH-38, in relation to Table 1 Pro Forma Revenue  
2           Requirement 2012-2016, confirm that interest expense associated with the capital  
3           expenditures is included.

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6    A.    Yes, interest expense is included in the Pro Forma Revenue Requirement for 2012-  
7           2016 provided in the response to PUB-NLH-38. Recovery of interest expense on in-  
8           service assets is factored into the revenue requirement as Return on Debt. The  
9           Return on Debt applied to rate base was calculated assuming the 2007 Test Year  
10          capital structure and rates. The forecast annual capital expenditures incorporated  
11          in rate base include Interest During Construction (IDC).