

Requests for Information

1 **Volume 1, Section 3 – Finance**

2
3 **Q. (page 50)**

4
5 **a. What evidence or information did the Company rely on to set the forecasted cost**
6 **rate assumption for its short-term borrowings during 2007 and 2008?**

7
8 **b. Does the Company expect that it will have to revise its short-term borrowing**
9 **cost rate assumptions for 2007 and 2008 on account of the post-mid-May run up**
10 **in short-term interest rates? Please explain.**

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12 A. (a) The Company relies on forecast 3-month Government of Canada Treasury Bill rates
13 as provided by 5 major Canadian chartered banks, and the pricing grid under its
14 Committed Credit Facility, to forecast its short-term borrowing rates for 2007 and
15 2008. Attachment A provides the calculated forecast of the short-term borrowing
16 rates assumed in the Company's prefiled evidence.

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18 (b) 

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20 Attachment A is the revised forecast short-term borrowing rates for 2008 based on the
21 August interest rate forecasts provided by the 5 major Canadian chartered banks.
22 Attachment A shows that based on the August, 2007 interest rate forecasts and the
23 pricing grid under its Committed Credit Facility, the revised 2008 forecast short-term
24 borrowing rate is 5.75%.

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26 The short-term borrowing rates for 2007 did not change from the Application.

**Forecast Short Term Interest Rates
2007-2008**

Forecast 3 Month T-Bill Rates

	RBC	BMO	Scotia	CIBC	TD	Average	Spread and/or Fees	All-in Interest Rate
Q1 2007 F	4.17%	4.17%	4.15%	4.18%	4.20%	4.17%	0.85%	5.02%
Q2 2007 F	4.15%	4.17%	4.20%	3.95%	4.20%	4.13%	0.85%	4.98%
Q3 2007 F	4.20%	4.17%	3.90%	3.50%	4.25%	4.00%	0.85%	4.85%
Q4 2007 F	4.25%	4.17%	3.65%	3.35%	4.25%	3.93%	0.85%	4.78%
							Avg.	4.91%

Forecast 3 Month T-Bill Rates

	RBC¹	BMO²	Scotia³	CIBC⁴	TD⁵	Average	Spread and/or Fees	All-in Interest Rate
Q1 2008 F	5.20%	4.75%	4.85%	4.40%	4.65%	4.77%	0.85%	5.62%
Q2 2008 F	5.30%	4.76%	4.95%	4.40%	4.70%	4.82%	0.85%	5.67%
Q3 2008 F	5.30%	4.77%	5.05%	4.40%	4.70%	4.84%	0.85%	5.69%
Q4 2008 F	5.30%	4.78%	5.10%	4.45%	4.70%	4.87%	0.85%	5.72%
							Avg.	5.68%

¹ Based on August 2007 report.

² Based on August, 2007 report.

³ Based on July, 2007 report.

⁴ Based on August, 2007 report.

⁵ Based on August 2007 report.

⁶ Rounded to 5.75%.