

1 Q. **General Topics**

2 With the reference to Schedule 4-IV Page 1 of 1, please explain year over year
 3 changes in promissory notes.

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6 A. Hydro uses promissory notes to fulfill its short-term funding requirements. The
 7 main variables that influence Hydro's short term funding requirements from 2015
 8 through 2019 are indicated in Table 1.

Table 1 Change in Promissory Notes (\$000s)

| | Actual 2015 | Actual 2016 | Forecast 2017 | Test Year 2018 | Test Year 2019 |
|--|----------------|----------------|------------------|-------------------|-------------------|
| Opening Promissory Note Balance | (53,000) | (97,000) | (435,000) | (234,954) | (129,361) |
| Net Operating Cash Flow Variations¹ | 89,320 | 99,119 | (20,518) | 80,617 | 136,786 |
| Refund of RSP Surplus | | | (130,199) | (14,502) | |
| Long Term Debt Repayment² | - | (225,100) | (135,881) | - | - |
| Long Term Debt Issuances | - | - | 782,483 | 250,000 | - |
| Sinking Funds Contributions | (8,150) | (8,150) | (6,650) | (6,650) | (6,650) |
| Sinking Funds Disposals upon Maturity of Related Long-Term Debt | - | - | 81,006 | - | - |
| Additions to Property, Plant, and Equipment³ | (125,170) | (203,869) | (370,195) | (203,872) | (148,994) |
| Ending Promissory Note Balance | (97,000) | (435,000) | (234,954) | (129,361) | (148,219) |

Notes:

¹ Operating Cash Flow Variations include variations in cash position, working capital, non-regulated promissory notes and deferred credits.

² In 2016, Hydro's Series AE Debentures matured and were repaid. In 2017, Hydro's Series X Debentures matured and were repaid.

³ Additions are net of deferred capital contributions.