

1 Q. Re: Pre-filed Testimony of Mr. P. Bowman, page 29, lines 20-28:

2 "Second, the 2018 shortfall is a short-term asset for Hydro, proposed to be
3 collected within 20 months. As such, it does not require financing by long-term
4 bond offerings, for example. Third, Hydro is at effectively no risk of recovering
5 the balance. It is expected that the balance should be collected within the
6 timeframes proposed, but in the event it is not, Hydro would plan (and expect)
7 to maintain any shortfall rider for a longer period of time as necessary.
8 Therefore, the 2018 shortfall is not an item that requires financing by risk
9 capital such as equity...

10 ...A clear alternative exists, with sound regulatory precedent. Hydro can
11 instead be directed to finance the 2018 shortfall using only short-term debt
12 (e.g., promissory notes)."

13 Please confirm that Hydro pays interest at WACC on short-term balances
14 owing to customers inside the Rate Stabilization Plan, such as the load and
15 fuel price variation components. Please reconcile this with the proposal noted
16 above.

17 A. Please see NLH-IC-005.