

1 Q. Column E “Capital Cost Recovery” of the Net Present Value Analysis in Appendix A of Schedule 1
2 includes financing of the capital costs at 5.3% (Hydro’s incremental weighted average cost of
3 capital) over a seven year period. Is Hydro proposing that this financing cost would also be
4 deferred and recovered from customers over a seven year period?

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7 A. No, Newfoundland and Labrador Hydro (“Hydro”) is not proposing to defer financing costs for
8 recovery from customers. Inclusion of the incremental weighted average cost of capital in its net
9 present value analysis reflects the inclusion of the balance of Hydro’s proposed Electrification,
10 Conservation and Demand Management Cost Deferral Account in rate base.