

1 Q. **2013 General Rate Application, Intercompany Transaction Costing Guidelines –**
2 **Exhibit 8**

3 Page 9, lines 17-20 – What are the short-term financing rates used on invoices
4 owed by Hydro?

5

6

7 A. Finance charges are calculated by applying a rate to the intercompany balance(s)
8 that is equal to the cost of short-term financing for the Company to which the
9 balance is owed.

10

11 Short-term financing charges on intercompany invoices are not included in the
12 proposed 2013 Test Year embedded cost of debt calculation.