

1 Q. Reference: Exhibit 2, Appendix B, page B-4, line 30 and Exhibit 13,
2 page 2, line 15:

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4 Please provide a reconciliation between the regulated average equity of 21.23%
5 shown in Exhibit 2 and the 21.275% regulated average equity shown in Exhibit 13.

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8 A. The requested reconciliation is as follows:

Line No.	Particulars	Exhibit 13	Exhibit 2	Variance
1	Capital Structure: Percent of Debt	74.210%	74.225%	-0.015%
2	Return	<u>6.469%</u>	<u>6.472%</u>	<u>-0.003%</u>
3	Weighted Average Return: Debt	4.801%	4.804%	-0.003%
4	Capital Structure: Percent of Equity	21.275%	21.234%	0.041%
5	Return	<u>8.500%</u>	<u>8.500%</u>	<u>0.000%</u>
6	Weighted Average Return: Equity	1.808%	1.805%	0.003%
7	Weighted Average Cost of Capital	<u>6.609%</u>	<u>6.609%</u>	<u>0.000%</u>

9 While there are differences between Exhibits 13 and 2, the total Weighted Average
10 Cost of Capital of 6.609% is identical. Were Exhibit 13 to be updated to match
11 Exhibit 2, Hydro's return on rate base would decrease by approximately \$5,000.