

Financial Assumptions for Revenue Requirement Impact Analysis (Table 6-2)

| Line No. | Financial Assumption | Source |
|----------|---|--|
| | (a) | (b) |
| 1 | Return on Equity (ROE) | F2007 Approved ROE, BCUC Order G-17-07 |
| 2 | CDN Long Term Interest Rate | Business Planning Common Rates issued 27 July 2007 by the BC Ministry of Finance |
| 3 | CDN Short Term Interest Rate | Business Planning Common Rates issued 27 July 2007 by the BC Ministry of Finance |
| 4 | Blended Interest Rate (64% LT; 36% ST) | BC Hydro Finance has provided the percentages relating to the blend of Long Term and Short Term Financing rates |
| 5 | Overhead Rate | BCTC's Forecast |
| 6 | Interest During Construction Rate | BC Hydro Common Planning Rates as at 27 August 2007 |
| 7 | Equity | 1-Line 8 |
| 8 | Debt | 2006 Integrated Electricity Plan and 2006 Long Term Acquisition Plan Decision, 11 May 2007, page 202. |
| 9 | Retained Earnings | Special Direction HC2, 3(a) indicates that BC Hydro's dividend payment is 85% of its distributable surplus. Therefore $1 - .85 = 15\%$ |
| 10 | Discount Rate - Nominal | BC Hydro Common Planning Rates as at 27 August 2007. Based on the direction (page 203) from the Commission Decision on BC Hydro's 2006 Integrated Electricity Plan and 2006 Long Term Acquisition Plan issued 11 May 2007. |
| 11 | Inflation | BC Hydro Common Planning Rates as at 27 August 2007 (BC CPI) |
| 12 | Discount Rate - Real | Line 10 - Line 11 |
| 13 | 2006 Average Plant Gate Price (\$/MW.h) | BC Hydro Report on the CFT Process, page 2. Submitted to the BCUC 31 August 2006 |