

Newfoundland and Labrador Hydro 2001 Rate Hearing
Calculation of Average Regulated Capital Structure

Exhibit 1

		1998	1999	2000	2001	2002
Debt per non-consolidated financial statements	A	\$ 1,104,800	\$ 1,068,570	\$ 1,118,817	\$ 1,241,105	\$ 1,395,962
Less: debt related to CF(L)co share purchase		(15,083)	(4,461)	(26,780)	(27,546)	(25,609)
Less: unamortized debt discount and issue expenses		(13,959)	(12,695)	(11,555)	(12,195)	(13,541)
Add: Notional adjustment to promissory notes re: cash flow from recall power sales		24,400	48,800	32,100	23,712	24,138
"Regulated debt"	B	<u>\$ 1,100,158</u>	<u>\$ 1,100,214</u>	<u>\$ 1,112,582</u>	<u>\$ 1,225,076</u>	<u>\$ 1,380,950</u>
Average "regulated debt"	C	<u>\$ 1,101,400</u>	<u>\$ 1,100,200</u>	<u>\$ 1,106,400</u>	<u>\$ 1,168,800</u>	<u>\$ 1,303,000</u>
Employee Future Benefits				<u>\$ 22,850</u>	<u>\$ 23,554</u>	<u>\$ 25,123</u>
Average Employee Future Benefits	D			<u>\$ 11,425</u>	<u>\$ 23,200</u>	<u>\$ 24,340</u>
Equity per non-consolidated financial statements	E	\$ 591,650	\$ 626,300	\$ 568,600	\$ 569,100	\$ 518,400
Less: Contributed capital						
- Lower Churchill Development		(15,400)	(15,400)	(15,400)	(15,400)	(15,400)
- Muskrat Falls Project		(2,200)	(2,200)	(2,200)	(2,200)	(2,200)
Share capital issued to finance investment in CF(L)Co.		(22,500)	(22,500)	(22,500)	(22,500)	(22,500)
Net retained earnings attributable to CF(L)Co. (income recorded minus dividends flowed through to government)		(232,800)	(247,700)	(228,500)	(234,600)	(244,200)
Non-regulated expenses					200	300
Net retained earnings attributable to the sale of recall power to Hydro Quebec (income recorded minus allocation of dividends)		(24,400)	(48,800)	(32,100)	(25,200)	(25,600)
"Regulated Equity"	F	<u>\$ 294,350</u>	<u>\$ 289,700</u>	<u>\$ 267,900</u>	<u>\$ 269,400</u>	<u>\$ 208,800</u>
Average "regulated equity"	G	<u>\$ 286,900</u>	<u>\$ 292,000</u>	<u>\$ 278,800</u>	<u>\$ 268,650</u>	<u>\$ 239,100</u>
Average total regulated capital (C+D+G)	H	<u>\$ 1,388,300</u>	<u>\$ 1,392,200</u>	<u>\$ 1,396,625</u>	<u>\$ 1,460,650</u>	<u>\$ 1,566,440</u>
Average Regulated Capital Structure						
Debt	C/H	79.3%	79.0%	79.2%	80.0%	83.2%
Employee Future Benefits	D/H	0.0%	0.0%	0.8%	1.6%	1.6%
Equity	G/H	20.7%	21.0%	20.0%	18.4%	15.3%
		<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>