

- 1 Q. Regarding the testimony of William Wells, Discussion Paper page 5
2 and 6 provide a copy of the output of Hydro's long-term financial model.
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5 A. A copy of the output from the long-term financial model is attached. It is
6 important to note that the financial information in William Wells Discussion
7 Paper was compiled prior to the finalization of the May 16, 2003 filing.

NEWFOUNDLAND AND LABRADOR HYDRO
Balance Sheet

Attachment to IC-321 NLH
2003 NLH General Rate Application
Page 1 of 144

Payout of 75% and 3% ROR

	2004	2005	2006	2007	2008
As at December 31 (\$ 000)					
Assets					
Fixed Assets					
Fixed assets at cost	1,876,251	1,917,975	1,953,397	2,053,251	2,154,099
Accumulated depreciation	497,358	530,421	569,401	611,444	653,140
Net fixed assets	1,378,893	1,387,554	1,383,996	1,441,807	1,500,959
Current Assets					
Accounts receivable	48,821	49,600	51,847	54,081	56,885
Fuel	44,461	43,962	45,832	49,695	56,416
Prepaid expenses	2,554	2,592	2,636	2,681	2,726
Total current assets	95,836	96,154	100,316	106,457	116,027
Sinking Funds	63,685	72,781	82,533	92,873	103,939
Investment in CF(L)Co	305,358	316,812	329,519	344,530	355,750
Investment in LCDC	15,400	15,400	15,400	15,400	15,400
RSP	98,756	70,254	43,955	17,611	58
Deferred Charges	81,755	78,702	75,652	73,069	70,667
Total Assets	<u>2,039,682</u>	<u>2,037,656</u>	<u>2,031,371</u>	<u>2,091,747</u>	<u>2,162,800</u>
Liabilities and Shareholder's Equity					
Long-Term Debt	1,325,210	1,113,442	1,200,961	1,087,731	1,273,604
Current Liabilities					
Accounts payable	30,645	31,104	31,633	32,171	32,718
Accrued interest	31,422	30,602	32,250	33,221	33,090
Promissory notes	123,623	117,841	202,966	152,937	218,223
Long-term debt due in one year	3,609	202,672	2,729	202,890	3,061
Total current liabilities	189,300	382,220	269,577	421,218	287,091
Unrealized Foreign Exchange Loss	-	-	-	-	-
Employee Future Benefits	27,528	28,772	30,016	31,260	32,504
Shareholder's Equity					
Share capital	22,504	22,504	22,504	22,504	22,504
LCDC capital	15,400	15,400	15,400	15,400	15,400
Muskrat Falls capital	2,165	2,165	2,165	2,165	2,165
Retained earnings	457,576	473,154	490,748	511,469	529,533
Total shareholder's equity	497,645	513,223	530,817	551,538	569,601
Total Liabilities and Equity	<u>2,039,682</u>	<u>2,037,657</u>	<u>2,031,371</u>	<u>2,091,748</u>	<u>2,162,801</u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Income Statement

Payout of 75% and 3% ROR

	2004	2005	2006	2007	2008
For the years ended December 31 (\$ 000)					
Revenue					
Energy Sales	395,991	402,310	420,538	438,653	461,403
Recovery of Costs in RSP	35,654	34,509	30,477	28,758	18,060
Total Revenue	431,645	436,819	451,015	467,412	479,463
Expenses					
Operating and Admin	93,211	94,609	96,218	97,853	99,517
Fuels	90,157	89,145	92,938	100,771	114,398
Amortization of RSP	35,654	34,509	30,477	28,758	18,060
Power Purchases	36,989	37,206	37,309	37,422	36,975
Depreciation	34,022	36,557	40,816	42,921	46,850
Interest and Guarantee Fee	104,266	101,544	107,010	110,232	109,798
Extraordinary Loss	500	500	500	500	500
Total Expenses	394,799	394,071	405,267	418,458	426,098
Income Before Other	36,846	42,748	45,748	48,954	53,365
Other Revenue					
Equity in CF(L)Co Net Income	11,619	16,060	17,972	20,276	21,750
Preferred Dividends CF(L)Co	7,537	9,106	10,106	11,261	11,693
Deduct:					
Interest on Share Purchase Debt	2,280	2,194	2,115	2,001	1,921
Other Revenue	16,877	22,971	25,964	29,535	31,522
Net Income	53,723	65,720	71,711	78,489	84,887
Retained Earnings, beginning	447,957	457,576	473,154	490,748	511,469
Deduct:					
Dividends	44,104	50,142	54,117	57,767	66,823
Retained Earnings, ending	457,576	473,154	490,748	511,469	529,533

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Cash Flows

Payout of 75% and 3% ROR

	2004	2005	2006	2007	2008
For the years ended December 31 (\$ 000)					
Operating Activities					
Net Income	53,723	65,720	71,711	78,489	84,887
Items not involving a cash flow					
Depreciation	34,022	36,557	40,816	42,921	46,850
Amortization	3,053	3,053	3,050	2,583	2,402
Employee benefits provision	1,244	1,244	1,244	1,244	1,244
Deduct:					
Equity in CF(L)Co	11,619	16,060	17,972	20,276	21,750
Rate stabilization plan	7,978	6,007	4,178	2,415	507
Adjusted Net Income	72,444	84,506	94,671	102,547	113,126
Net change in other wc items	4,875	679	1,986	4,632	9,154
Benefits cash	-	-	-	-	-
Cash provided by operations	67,569	83,827	92,685	97,914	103,972
Rate Stabilization Plan					
Utility	26,223	26,919	23,512	21,820	10,741
Industrial	9,431	7,590	6,965	6,939	7,320
Cash provided by RSP	35,654	34,509	30,477	28,758	18,060
Dividends Paid	44,104	50,142	54,117	57,767	66,823
Financing					
Long-term debt issued	-	-	100,000	100,000	200,000
Long-term debt retired	(3,210)	(3,609)	(202,672)	(2,729)	(202,890)
Cash provided by financing	(3,210)	(3,609)	(102,672)	97,271	(2,890)
Investments					
Increase in sinking funds	(16,995)	(18,192)	(19,504)	(20,679)	(22,132)
Increase in deferred charges	0	-	-	-	-
Change in fixed assets	20,635	(45,218)	(37,258)	(100,732)	(106,002)
Dividends from CF(L)Co	4,607	4,607	5,265	5,265	10,530
Cash used for investing	8,247	(58,804)	(51,497)	(116,147)	(117,605)
Net Decrease (Increase) in Debt	64,156	5,782	(85,124)	50,029	(65,285)
Promissory Notes, beginning	187,779	123,623	117,841	202,966	152,937
Promissory Notes, ending	123,623	117,841	202,966	152,937	218,223

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Financial Ratios

Payout of 75% and 3% ROR					
	2004	2005	2006	2007	2008
As at December 31					
Rate of Return (Percent)					
ROR Equity	3.2	6.2	7.5	8.9	10.8
Recapture ROR Equity	18.3	21.0	22.1	23.2	24.7
Overall ROR Equity	10.9	13.0	13.7	14.5	15.1
Debt (Percent)					
Debt Equity Ratio	87	87	86	86	86
Debt Capital Ratio	86	85	84	84	84
Corp Debt Capital Ratio	73	72	70	70	70
Corp Equity Capital Ratio	26	27	28	29	29
Interest Coverage					
Overall Int Cov Ratio	1.06	1.12	1.14	1.17	1.20
Recapture Int Cov Ratio	1.35	1.41	1.42	1.44	1.46
Regulated Int Cov Ratio	1.05	1.11	1.13	1.16	1.19
Dividend Payout (Percent)					
Hydro Payout Ratio	75	75	75	75	75
Dividend Payout Ratio	82	76	75	74	79

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Energy Sales Summary

Payout of 75% and 3% ROR

	2004	2005	2006	2007	2008
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For the years ended December 31 (\$ 000)					
Island Interconnected					
Newfoundland Power	248,681	253,518	268,440	282,439	302,701
Island Industrial	51,280	51,505	53,620	55,967	59,544
Island Rural Interconnected	33,208	33,436	33,247	33,868	31,295
Total Island	<u>333,168</u>	<u>338,459</u>	<u>355,306</u>	<u>372,273</u>	<u>393,540</u>
Labrador Interconnected					
Iron Ore Company of Canada	4,384	4,434	4,509	4,586	4,664
Department of National Defense	2,799	2,942	2,825	2,782	2,809
Labrador Industrial	7,183	7,376	7,334	7,368	7,473
Labrador Rural Interconnected	11,590	12,361	13,521	14,442	15,656
Total Labrador	<u>18,773</u>	<u>19,737</u>	<u>20,855</u>	<u>21,809</u>	<u>23,129</u>
Rural Isolated	<u>8,654</u>	<u>8,931</u>	<u>9,266</u>	<u>9,575</u>	<u>9,881</u>
Sundry					
Miscellaneous	1,083	1,099	1,118	1,137	1,156
Gross Recapture Revenue	<u>34,313</u>	<u>34,084</u>	<u>33,993</u>	<u>33,859</u>	<u>33,697</u>
Sundry Revenue	<u>35,396</u>	<u>35,183</u>	<u>35,111</u>	<u>34,996</u>	<u>34,853</u>
Total Energy Sales	<u><u>395,991</u></u>	<u><u>402,310</u></u>	<u><u>420,538</u></u>	<u><u>438,653</u></u>	<u><u>461,403</u></u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Load

Payout of 75% and 3% ROR

	2004	2005	2006	2007	2008
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For the years ended December 31 (GWh)					
Island Interconnected					
Newfoundland Power	4,741.4	4,766.6	4,829.3	4,902.4	4,928.8
Island Industrial	1,368.6	1,367.2	1,364.5	1,367.4	1,366.5
Island Rural Interconnected	406.3	405.7	397.2	398.6	363.2
Total Island	<u>6,516.3</u>	<u>6,539.5</u>	<u>6,591.0</u>	<u>6,668.4</u>	<u>6,658.5</u>
Labrador Interconnected					
Iron Ore Company of Canada	247.7	246.8	246.8	246.8	246.8
Department of National Defense	<u>77.2</u>	<u>82.8</u>	<u>79.6</u>	<u>78.6</u>	<u>77.1</u>
Labrador Industrial	324.9	329.6	326.4	325.4	323.9
Labrador Rural Interconnected	<u>479.1</u>	<u>485.3</u>	<u>491.4</u>	<u>497.6</u>	<u>502.6</u>
Total Labrador	<u>804.0</u>	<u>814.9</u>	<u>817.8</u>	<u>823.0</u>	<u>826.5</u>
Rural Isolated	<u>63.7</u>	<u>65.2</u>	<u>66.6</u>	<u>67.8</u>	<u>69.0</u>
Recapture	<u>1,435.7</u>	<u>1,426.1</u>	<u>1,422.3</u>	<u>1,416.7</u>	<u>1,409.9</u>
Total Load	<u><u>8,819.7</u></u>	<u><u>8,845.7</u></u>	<u><u>8,897.7</u></u>	<u><u>8,975.9</u></u>	<u><u>8,963.9</u></u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Average Mill Rates

Payout of 75% and 3% ROR

	2004	2005	2006	2007	2008
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For the years ended December 31 (Mills Per KWh)					
Island Interconnected					
Newfoundland Power	52.4	53.2	55.6	57.6	61.4
Island Industrial	37.5	37.7	39.3	40.9	43.6
Island Rural Interconnected	81.7	82.4	83.7	85.0	86.2
Average Island	<u>51.1</u>	<u>51.8</u>	<u>53.9</u>	<u>55.8</u>	<u>59.1</u>
Labrador Interconnected					
Labrador Industrial Firm	17.7	18.0	18.3	18.6	18.9
Labrador Industrial Secondary	36.3	35.5	35.5	35.4	36.4
Labrador Industrial	22.1	22.4	22.5	22.6	23.1
Labrador Rural Interconnected	24.2	25.5	27.5	29.0	31.2
Average Labrador	<u>23.3</u>	<u>24.2</u>	<u>25.5</u>	<u>26.5</u>	<u>28.0</u>
Rural Isolated	<u>135.8</u>	<u>137.0</u>	<u>139.1</u>	<u>141.2</u>	<u>143.2</u>
Recapture	<u>23.9</u>	<u>23.9</u>	<u>23.9</u>	<u>23.9</u>	<u>23.9</u>
Overall Average	<u><u>44.9</u></u>	<u><u>45.5</u></u>	<u><u>47.3</u></u>	<u><u>48.9</u></u>	<u><u>51.5</u></u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Average Mill Rate Changes

Payout of 75% and 3% ROR

	2004	2005	2006	2007	2008
<hr/>					
For the years ended December 31 (Percentage)					
Island Interconnected					
Newfoundland Power	9.5	1.4	4.5	3.6	6.6
Island Industrial	11.7	0.5	4.3	4.2	6.5
Island Rural Interconnected	(6.4)	0.8	1.6	1.5	1.4
Average Island	<u>8.5</u>	<u>1.2</u>	<u>4.2</u>	<u>3.6</u>	<u>5.9</u>
Labrador Interconnected					
Labrador Industrial Firm	1.4	1.5	1.7	1.7	1.7
Labrador Industrial Secondary	(16.6)	(2.0)	(0.1)	(0.3)	2.9
Labrador Industrial	(6.3)	1.2	0.4	0.8	1.9
Labrador Rural Interconnected	(2.3)	5.3	8.0	5.5	7.3
Average Labrador	<u>(3.8)</u>	<u>3.7</u>	<u>5.3</u>	<u>3.9</u>	<u>5.6</u>
Rural Isolated	<u>9.7</u>	<u>0.8</u>	<u>1.6</u>	<u>1.5</u>	<u>1.4</u>
Recapture	<u>7.5</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Overall Average	<u><u>8.2</u></u>	<u><u>1.3</u></u>	<u><u>3.9</u></u>	<u><u>3.4</u></u>	<u><u>5.3</u></u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Dividends Declared

Payout of 75% and 3% ROR					
	2004	2005	2006	2007	2008
For the years ended December 31 (\$ 000)					
Hydro Dividends					
Income Before Other	36,846	42,748	45,748	48,954	53,365
Deduct:					
Recapture	30,421	30,249	30,199	30,110	29,989
Hydro Dividend Income Base	6,425	12,499	15,549	18,844	23,376
Payout Target	0.75	0.75	0.75	0.75	0.75
Hydro Dividends	4,818	9,374	11,662	14,133	17,532
CF(L)Co Dividends					
Share of Common Dividends	4,607	4,607	5,265	5,265	10,530
Preferred Dividends Received	7,537	9,106	10,106	11,261	11,693
Deduct:					
Interest on Share Purchase Debt	2,280	2,194	2,115	2,001	1,921
Principal Payment	1,000	1,000	1,000	1,000	1,000
CF(L)Co Dividends	8,864	10,518	12,256	13,524	19,302
Other Dividends					
Recapture Dividends	30,421	30,249	30,199	30,110	29,989
Extra Dividends	-	-	-	-	-
Other Dividends	30,421	30,249	30,199	30,110	29,989
Total Dividends	44,104	50,142	54,117	57,767	66,823
Hydro Dividend Disallowance					
Hydro Dividends	4,818	9,374	11,662	14,133	17,532
Allowable Hydro Dividend	4,818	9,374	11,662	14,133	17,532
Hydro Dividend Disallowance	-	-	-	-	-
WACC	0.0728	0.0747	0.0798	0.0829	0.0843
Hydro Interest Disallowance	-	-	-	-	-

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Return on Rate Base Calculation

Payout of 75% and 3% ROR

	2004	2005	2006	2007	2008
For the years ended December 31 (\$ 000)					
Rate Base					
Average Net Book Value	1,371,190	1,370,918	1,377,542	1,392,859	1,406,192
Working Capital Allowance	3,700	3,747	3,798	3,849	3,885
Average Fuels and Supplies	38,941	40,474	41,101	43,726	48,570
Deferred Foreign Exchange Loss	80,886	78,729	76,572	74,415	72,258
Deduct:					
Disallowances	2,010	2,010	2,010	2,010	2,010
Rate Base (A)	<u>1,492,706</u>	<u>1,491,857</u>	<u>1,497,003</u>	<u>1,512,838</u>	<u>1,528,894</u>
Rural Rate Base					
Average Net Book Value	199,557	198,892	199,254	199,848	200,321
Working Capital Allowance	495	504	514	522	532
Average Fuels and Supplies	3,021	3,179	3,320	3,375	3,434
Deferred Foreign Exchange Loss	11,734	11,423	11,041	10,625	10,271
Adjustments	-	-	-	-	-
Rural Rate Base (B)	<u>214,807</u>	<u>213,999</u>	<u>214,129</u>	<u>214,369</u>	<u>214,557</u>
Other Rate Base (A-B)	<u>1,277,899</u>	<u>1,277,859</u>	<u>1,282,874</u>	<u>1,298,469</u>	<u>1,314,337</u>
Return on Rate Base					
Rural Return					
Rural Rate Base	214,807	213,999	214,129	214,369	214,557
WACD (D)	0.0696	0.0714	0.0764	0.0795	0.0809
Rural Return (B*D)	<u>14,960</u>	<u>15,286</u>	<u>16,365</u>	<u>17,037</u>	<u>17,357</u>
Other Return					
Other Rate Base	1,277,899	1,277,859	1,282,874	1,298,469	1,314,337
WACC (E)	0.0728	0.0747	0.0798	0.0829	0.0843
Other Return ((A-B)*E)	<u>92,993</u>	<u>95,416</u>	<u>102,352</u>	<u>107,655</u>	<u>110,850</u>
Return on Rate Base	<u>107,954</u>	<u>110,701</u>	<u>118,716</u>	<u>124,692</u>	<u>128,207</u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Weighted Average Cost of Capital

Payout of 75% and 3% ROR

	2004	2005	2006	2007	2008
As at December 31 (\$ 000)					
Weighted Average Calculations					
Average Regulated Debt (A)	1,434,774	1,380,876	1,350,642	1,347,262	1,382,232
Average Total Debt (B)	1,462,302	1,409,648	1,380,658	1,378,522	1,414,736
Average RE (C)	170,027	170,668	174,071	178,252	183,395
Regulated Cost of Debt (D)	0.0792	0.0817	0.0880	0.0918	0.0935
ROR Target (E)	0.0300	0.0300	0.0300	0.0300	0.0300
WACD ((A/(B+C))*D)	0.0696	0.0714	0.0764	0.0795	0.0809
WACE ((C/(B+C))*E)	0.0031	0.0032	0.0034	0.0034	0.0034
WACC	<u>0.0728</u>	<u>0.0747</u>	<u>0.0798</u>	<u>0.0829</u>	<u>0.0843</u>
Forecast WACC	<u>0.0726</u>	<u>0.0728</u>	<u>0.0747</u>	<u>0.0798</u>	<u>0.0829</u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Debt to Capital Ratio

Payout of 75% and 3% ROR

	2004	2005	2006	2007	2008
As at December 31 (\$ 000)					
Total Hydro Debt					
Total Long Term Debt	1,392,504	1,388,895	1,286,223	1,383,494	1,380,604
Add:					
Promissory Notes	123,623	117,841	202,966	152,937	218,223
Deduct:					
Sinking Funds	63,685	72,781	82,533	92,873	103,939
Hydro Bonds	63,685	72,781	82,533	92,873	103,939
CF(L)Co Debt	26,934	25,934	24,934	23,934	22,934
Total Hydro Debt (A)	<u>1,361,824</u>	<u>1,335,240</u>	<u>1,299,188</u>	<u>1,326,751</u>	<u>1,368,015</u>
Employee Benefits (B)	<u>27,528</u>	<u>28,772</u>	<u>30,016</u>	<u>31,260</u>	<u>32,504</u>
Hydro Retained Earnings					
Retained Earnings	457,576	473,154	490,748	511,469	529,533
Deduct:					
Share of CF(L)Co RE	<u>255,920</u>	<u>268,373</u>	<u>282,081</u>	<u>298,092</u>	<u>310,312</u>
Hydro Retained Earnings (C)	<u>201,656</u>	<u>204,780</u>	<u>208,667</u>	<u>213,377</u>	<u>219,221</u>
Debt to Capital Ratio (A/(A+B+C))* 100	<u>86</u>	<u>85</u>	<u>84</u>	<u>84</u>	<u>84</u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Regulated Income Calculation

Payout of 75% and 3% ROR

	2004	2005	2006	2007	2008
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For the years ended December 31 (\$ 000)					
Income Before Other	36,846	42,748	45,748	48,954	53,365
Add:					
Recapture Power Purchases	3,734	3,710	3,700	3,685	3,667
Recapture Interest	157	125	94	64	40
Labrador Industrial Firm Purchases	630	628	628	628	628
Labrador Industrial Share of COS	1,708	1,708	1,747	1,758	1,789
Regulated O&M Adjustment	1,902	1,931	1,963	1,997	2,031
Deduct:					
Gross Recapture	34,313	34,084	33,993	33,859	33,697
Labrador Industrial Firm Sales	4,384	4,434	4,509	4,586	4,664
Regulated Interest Adjustment	743	736	734	733	729
Regulated Income	<u>5,536</u>	<u>11,595</u>	<u>14,643</u>	<u>17,907</u>	<u>22,430</u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Production

Payout of 75% and 3% ROR

	2004	2005	2006	2007	2008
<hr/>					
For the years ended December 31 (GWh)					
Hydraulic					
Bay D'Espoir	2,905.0	2,905.0	2,905.0	2,905.0	2,822.2
Hinds Lake	354.0	354.0	354.0	354.0	340.0
Upper Salmon	578.0	578.0	578.0	578.0	552.0
Cat Arm	731.0	731.0	731.0	731.0	735.0
Paradise River	37.0	37.0	37.0	37.0	38.9
Mini Hydro	7.2	7.2	7.2	7.2	7.2
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Hydraulic	4,612.2	4,612.2	4,612.2	4,612.2	4,495.3
Thermal					
Holyrood Thermal	1,760.3	1,784.3	1,837.3	1,916.8	2,038.9
Holyrood Gas	1.2	1.4	1.5	1.8	4.2
Stephenville Gas	1.2	1.2	1.2	1.2	18.2
Hardwoods Gas	0.2	0.2	0.2	0.2	13.0
HVGB Gas	0.6	0.6	0.6	0.6	0.6
GNP Diesels	0.4	0.4	0.4	0.4	2.2
Rural Diesels	51.9	52.9	53.9	54.6	55.5
Other	-	-	-	-	0.1
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Thermal	1,815.8	1,841.0	1,895.1	1,975.6	2,132.7
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Production	<u>6,428.0</u>	<u>6,453.2</u>	<u>6,507.3</u>	<u>6,587.8</u>	<u>6,628.0</u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Annual Coincident Peak

Payout of 75% and 3% ROR

	2004	2005	2006	2007	2008
<hr/>					
For the years ended December 31 (MW)					
Island Interconnected					
NF Power					
Gross NF Power MW (A)	1,084.0	1,100.2	1,109.4	1,123.8	1,125.9
NP Peak Factor (B)	0.9850	0.9850	0.9850	0.9850	0.9850
NP Native Load Adj (C)	47.0	47.0	47.0	47.0	47.0
NP Peak Credit (D)	120.5	120.5	120.5	120.5	120.5
((A*B)+C)-D)	994.2	1,010.2	1,019.2	1,033.4	1,035.5
Island Industrial					
Gross Island Industrial MW (E)	182.0	182.0	182.0	182.0	203.6
Compensation MW (F)	4.0	4.0	4.0	4.0	8.0
Interruptible MW (G)	-	-	-	-	17.6
Industrial Peak Factor (H)	0.9130	0.9130	0.9130	0.9130	0.9130
((E-F-G)*H)	162.5	162.5	162.5	162.5	162.5
Island Rural Interconnected					
Gross Island Rural Intc MW (I)	89.0	89.0	87.5	87.7	88.3
Rural Peak Factor (J)	0.9780	0.9780	0.9780	0.9780	0.9780
(I*J)	87.0	87.0	85.6	85.8	86.4
Total Island	1,243.8	1,259.7	1,267.3	1,281.7	1,284.3
Labrador Interconnected					
Labrador Industrial Firm	62.0	62.0	62.0	62.0	62.0
Labrador Industrial Secondary	-	-	-	-	-
Labrador Industrial	62.0	62.0	62.0	62.0	62.0
Labrador Rural Interconnected	123.4	125.0	126.7	128.3	129.6
Total Labrador	185.4	187.0	188.7	190.3	191.6
Rural Isolated	18.5	18.9	19.3	19.6	19.9
Total MW	1,447.7	1,465.6	1,475.3	1,491.6	1,495.8

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Key Financial Assumptions

Payout of 75% and 3% ROR

	2004	2005	2006	2007	2008
For the years ended December 31					
NF Power Rate Increases					
Wholesale Increase	0.5674	0.5674	0.5674	0.5674	0.5674
Fuel Prices					
Bunker C (\$ per Barrel)	29.20	28.20	28.95	30.40	31.45
Gas Turbine Fuel (\$ per Gallon)	1.5126	1.4824	1.4804	1.4764	1.5198
Rural Diesel (\$ per Gallon)	1.5126	1.4824	1.4804	1.4764	1.5198
Other Diesel (\$ per Gallon)	1.5126	1.4824	1.4804	1.4764	1.5198
Interest Rates					
Short-Term	0.0521	0.0520	0.0520	0.0521	0.0521
Existing Debt	0.0822	0.0695	0.0714	0.0778	0.0754
New Long-Term	0.0716	0.0715	0.0715	0.0703	0.0703
Sinking Funds	0.0716	0.0715	0.0715	0.0703	0.0703
CF(L)Co Pool	0.0716	0.0715	0.0715	0.0703	0.0703
Guarantee Fee	0.0100	0.0100	0.0100	0.0100	0.0100
Escalation Rates					
Inflation Rate	0.0140	0.0150	0.0170	0.0170	0.0170
Operating Cost Escalator	0.0140	0.0150	0.0170	0.0170	0.0170
Capital Expenditure Escalator	0.0140	0.0150	0.0170	0.0170	0.0170

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Balance Sheet

Attachment to IC-321 NLH
2003 NLH General Rate Application
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Payout of 50% and 3% ROR

	2004	2005	2006	2007	2008
As at December 31 (\$ 000)					
Assets					
Fixed Assets					
Fixed assets at cost	1,876,251	1,917,975	1,953,397	2,053,251	2,154,099
Accumulated depreciation	497,358	530,421	569,401	611,444	653,140
Net fixed assets	1,378,893	1,387,554	1,383,996	1,441,807	1,500,959
Current Assets					
Accounts receivable	48,818	49,588	51,821	53,927	56,712
Fuel	44,461	43,962	45,832	49,695	56,416
Prepaid expenses	2,554	2,592	2,636	2,681	2,726
Total current assets	95,833	96,142	100,289	106,304	115,854
Sinking Funds	63,685	72,781	82,533	92,873	103,939
Investment in CF(L)Co	305,358	316,812	329,519	344,530	355,750
Investment in LCDC	15,400	15,400	15,400	15,400	15,400
RSP	98,756	70,253	43,952	17,607	53
Deferred Charges	81,755	78,702	75,652	73,069	70,667
Total Assets	<u>2,039,680</u>	<u>2,037,644</u>	<u>2,031,341</u>	<u>2,091,589</u>	<u>2,162,622</u>
Liabilities and Shareholder's Equity					
Long-Term Debt	1,325,210	1,113,442	1,200,961	987,731	1,273,604
Current Liabilities					
Accounts payable	30,645	31,104	31,633	32,171	32,718
Accrued interest	31,410	30,548	32,131	32,750	32,522
Promissory notes	122,016	113,097	194,290	239,614	198,893
Long-term debt due in one year	3,609	202,672	2,729	202,890	3,061
Total current liabilities	187,679	377,421	260,784	507,425	267,193
Unrealized Foreign Exchange Loss	-	-	-	-	-
Employee Future Benefits	27,528	28,772	30,016	31,260	32,504
Shareholder's Equity					
Share capital	22,504	22,504	22,504	22,504	22,504
LCDC capital	15,400	15,400	15,400	15,400	15,400
Muskrat Falls capital	2,165	2,165	2,165	2,165	2,165
Retained earnings	459,194	477,940	499,512	525,104	549,251
Total shareholder's equity	499,263	518,009	539,581	565,173	589,320
Total Liabilities and Equity	<u>2,039,680</u>	<u>2,037,644</u>	<u>2,031,341</u>	<u>2,091,589</u>	<u>2,162,621</u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Income Statement

Payout of 50% and 3% ROR

	2004	2005	2006	2007	2008
For the years ended December 31 (\$ 000)					
Revenue					
Energy Sales	395,971	402,216	420,324	437,411	459,995
Recovery of Costs in RSP	35,654	34,509	30,476	28,756	18,055
Total Revenue	431,626	436,726	450,800	466,166	478,050
Expenses					
Operating and Admin	93,211	94,609	96,218	97,853	99,517
Fuels	90,157	89,145	92,938	100,771	114,398
Amortization of RSP	35,654	34,509	30,476	28,756	18,055
Power Purchases	36,989	37,206	37,309	37,422	36,975
Depreciation	34,022	36,557	40,816	42,921	46,850
Interest and Guarantee Fee	104,224	101,364	106,617	108,670	107,913
Extraordinary Loss	500	500	500	500	500
Total Expenses	394,757	393,890	404,873	416,893	424,208
Income Before Other	36,869	42,835	45,927	49,274	53,842
Other Revenue					
Equity in CF(L)Co Net Income	11,619	16,060	17,972	20,276	21,750
Preferred Dividends CF(L)Co	7,537	9,106	10,106	11,261	11,693
Deduct:					
Interest on Share Purchase Debt	2,280	2,194	2,115	2,001	1,921
Other Revenue	16,877	22,971	25,964	29,535	31,522
Net Income	53,745	65,807	71,891	78,809	85,364
Retained Earnings, beginning	447,957	459,194	477,940	499,512	525,104
Deduct:					
Dividends	42,509	47,060	50,319	53,216	61,218
Retained Earnings, ending	459,194	477,940	499,512	525,104	549,251

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Cash Flows

Payout of 50% and 3% ROR

	2004	2005	2006	2007	2008
For the years ended December 31 (\$ 000)					
Operating Activities					
Net Income	53,745	65,807	71,891	78,809	85,364
Items not involving a cash flow					
Depreciation	34,022	36,557	40,816	42,921	46,850
Amortization	3,053	3,053	3,050	2,583	2,402
Employee benefits provision	1,244	1,244	1,244	1,244	1,244
Deduct:					
Equity in CF(L)Co	11,619	16,060	17,972	20,276	21,750
Rate stabilization plan	7,978	6,006	4,175	2,411	502
Adjusted Net Income	72,467	84,594	94,853	102,871	113,609
Net change in other wc items	4,885	712	2,035	4,858	9,231
Benefits cash	-	-	-	-	-
Cash provided by operations	67,581	83,883	92,818	98,013	104,378
Rate Stabilization Plan					
Utility	26,223	26,919	23,512	21,817	10,737
Industrial	9,431	7,590	6,965	6,938	7,318
Cash provided by RSP	35,654	34,509	30,476	28,756	18,055
Dividends Paid	42,509	47,060	50,319	53,216	61,218
Financing					
Long-term debt issued	-	-	100,000	-	300,000
Long-term debt retired	(3,210)	(3,609)	(202,672)	(2,729)	(202,890)
Cash provided by financing	(3,210)	(3,609)	(102,672)	(2,729)	97,110
Investments					
Increase in sinking funds	(16,995)	(18,192)	(19,504)	(20,679)	(22,132)
Increase in deferred charges	0	-	-	-	-
Change in fixed assets	20,635	(45,218)	(37,258)	(100,732)	(106,002)
Dividends from CF(L)Co	4,607	4,607	5,265	5,265	10,530
Cash used for investing	8,247	(58,804)	(51,497)	(116,147)	(117,605)
Net Decrease (Increase) in Debt	65,763	8,919	(81,194)	(45,324)	40,721
Promissory Notes, beginning	187,779	122,016	113,097	194,290	239,614
Promissory Notes, ending	122,016	113,097	194,290	239,614	198,893

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Financial Ratios

Payout of 50% and 3% ROR					
	2004	2005	2006	2007	2008
As at December 31					
Rate of Return (Percent)					
ROR Equity	3.2	6.1	7.4	8.6	10.2
Recapture ROR Equity	18.3	20.8	21.5	22.2	23.1
Overall ROR Equity	10.9	12.9	13.6	14.3	14.8
Debt (Percent)					
Debt Equity Ratio	87	86	86	85	85
Debt Capital Ratio	85	85	84	84	83
Corp Debt Capital Ratio	72	71	70	69	69
Corp Equity Capital Ratio	26	27	29	29	30
Interest Coverage					
Overall Int Cov Ratio	1.06	1.12	1.14	1.17	1.21
Recapture Int Cov Ratio	1.35	1.41	1.42	1.44	1.47
Regulated Int Cov Ratio	1.05	1.11	1.14	1.16	1.20
Dividend Payout (Percent)					
Hydro Payout Ratio	50	50	50	50	50
Dividend Payout Ratio	79	72	70	68	72

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Energy Sales Summary

Payout of 50% and 3% ROR

	2004	2005	2006	2007	2008
<hr/>					
For the years ended December 31 (\$ 000)					
Island Interconnected					
Newfoundland Power	248,666	253,447	268,277	281,490	301,618
Island Industrial	51,277	51,493	53,591	55,799	59,355
Island Rural Interconnected	33,206	33,431	33,236	33,807	31,233
Total Island	<u>333,150</u>	<u>338,370</u>	<u>355,104</u>	<u>371,095</u>	<u>392,207</u>
Labrador Interconnected					
Iron Ore Company of Canada	4,384	4,434	4,509	4,586	4,664
Department of National Defense	2,799	2,942	2,825	2,782	2,809
Labrador Industrial	7,183	7,376	7,334	7,368	7,473
Labrador Rural Interconnected	11,589	12,357	13,512	14,394	15,601
Total Labrador	<u>18,772</u>	<u>19,733</u>	<u>20,846</u>	<u>21,761</u>	<u>23,074</u>
Rural Isolated	<u>8,653</u>	<u>8,930</u>	<u>9,263</u>	<u>9,558</u>	<u>9,861</u>
Sundry					
Miscellaneous	1,083	1,099	1,118	1,137	1,156
Gross Recapture Revenue	34,313	34,084	33,993	33,859	33,697
Sundry Revenue	35,396	35,183	35,111	34,996	34,853
Total Energy Sales	<u>395,971</u>	<u>402,216</u>	<u>420,324</u>	<u>437,411</u>	<u>459,995</u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Load

Payout of 50% and 3% ROR

	2004	2005	2006	2007	2008
<hr/>					
For the years ended December 31 (GWh)					
Island Interconnected					
Newfoundland Power	4,741.4	4,766.6	4,829.3	4,902.4	4,928.8
Island Industrial	1,368.6	1,367.2	1,364.5	1,367.4	1,366.5
Island Rural Interconnected	406.3	405.7	397.2	398.6	363.2
Total Island	<u>6,516.3</u>	<u>6,539.5</u>	<u>6,591.0</u>	<u>6,668.4</u>	<u>6,658.5</u>
Labrador Interconnected					
Iron Ore Company of Canada	247.7	246.8	246.8	246.8	246.8
Department of National Defense	77.2	82.8	79.6	78.6	77.1
Labrador Industrial	324.9	329.6	326.4	325.4	323.9
Labrador Rural Interconnected	479.1	485.3	491.4	497.6	502.6
Total Labrador	<u>804.0</u>	<u>814.9</u>	<u>817.8</u>	<u>823.0</u>	<u>826.5</u>
Rural Isolated	<u>63.7</u>	<u>65.2</u>	<u>66.6</u>	<u>67.8</u>	<u>69.0</u>
Recapture	<u>1,435.7</u>	<u>1,426.1</u>	<u>1,422.3</u>	<u>1,416.7</u>	<u>1,409.9</u>
Total Load	<u><u>8,819.7</u></u>	<u><u>8,845.7</u></u>	<u><u>8,897.7</u></u>	<u><u>8,975.9</u></u>	<u><u>8,963.9</u></u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Average Mill Rates

Payout of 50% and 3% ROR

	2004	2005	2006	2007	2008
<hr/>					
For the years ended December 31 (Mills Per KWh)					
Island Interconnected					
Newfoundland Power	52.4	53.2	55.6	57.4	61.2
Island Industrial	37.5	37.7	39.3	40.8	43.4
Island Rural Interconnected	81.7	82.4	83.7	84.8	86.0
Average Island	<u>51.1</u>	<u>51.7</u>	<u>53.9</u>	<u>55.6</u>	<u>58.9</u>
Labrador Interconnected					
Labrador Industrial Firm	17.7	18.0	18.3	18.6	18.9
Labrador Industrial Secondary	36.3	35.5	35.5	35.4	36.4
Labrador Industrial	22.1	22.4	22.5	22.6	23.1
Labrador Rural Interconnected	24.2	25.5	27.5	28.9	31.0
Average Labrador	<u>23.3</u>	<u>24.2</u>	<u>25.5</u>	<u>26.4</u>	<u>27.9</u>
Rural Isolated	<u>135.8</u>	<u>137.0</u>	<u>139.1</u>	<u>141.0</u>	<u>142.9</u>
Recapture	<u>23.9</u>	<u>23.9</u>	<u>23.9</u>	<u>23.9</u>	<u>23.9</u>
Overall Average	<u><u>44.9</u></u>	<u><u>45.5</u></u>	<u><u>47.2</u></u>	<u><u>48.7</u></u>	<u><u>51.3</u></u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Average Mill Rate Changes

Payout of 50% and 3% ROR

	2004	2005	2006	2007	2008
<hr/>					
For the years ended December 31 (Percentage)					
Island Interconnected					
Newfoundland Power	9.5	1.4	4.5	3.4	6.6
Island Industrial	11.7	0.5	4.3	3.9	6.4
Island Rural Interconnected	(6.4)	0.8	1.5	1.4	1.4
Average Island	<u>8.5</u>	<u>1.2</u>	<u>4.1</u>	<u>3.3</u>	<u>5.8</u>
Labrador Interconnected					
Labrador Industrial Firm	1.4	1.5	1.7	1.7	1.7
Labrador Industrial Secondary	(16.6)	(2.0)	(0.1)	(0.3)	2.9
Labrador Industrial	(6.3)	1.2	0.4	0.8	1.9
Labrador Rural Interconnected	(2.3)	5.3	8.0	5.2	7.3
Average Labrador	<u>(3.8)</u>	<u>3.7</u>	<u>5.3</u>	<u>3.7</u>	<u>5.6</u>
Rural Isolated	<u>9.7</u>	<u>0.8</u>	<u>1.5</u>	<u>1.4</u>	<u>1.4</u>
Recapture	<u>7.5</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Overall Average	<u><u>8.2</u></u>	<u><u>1.3</u></u>	<u><u>3.9</u></u>	<u><u>3.2</u></u>	<u><u>5.3</u></u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Dividends Declared

Payout of 50% and 3% ROR					
	2004	2005	2006	2007	2008
For the years ended December 31 (\$ 000)					
Hydro Dividends					
Income Before Other	36,869	42,835	45,927	49,274	53,842
Deduct:					
Recapture	30,421	30,249	30,199	30,110	29,989
Hydro Dividend Income Base	6,447	12,586	15,728	19,163	23,853
Payout Target	0.50	0.50	0.50	0.50	0.50
Hydro Dividends	3,224	6,293	7,864	9,582	11,927
CF(L)Co Dividends					
Share of Common Dividends	4,607	4,607	5,265	5,265	10,530
Preferred Dividends Received	7,537	9,106	10,106	11,261	11,693
Deduct:					
Interest on Share Purchase Debt	2,280	2,194	2,115	2,001	1,921
Principal Payment	1,000	1,000	1,000	1,000	1,000
CF(L)Co Dividends	8,864	10,518	12,256	13,524	19,302
Other Dividends					
Recapture Dividends	30,421	30,249	30,199	30,110	29,989
Extra Dividends	-	-	-	-	-
Other Dividends	30,421	30,249	30,199	30,110	29,989
Total Dividends	42,509	47,060	50,319	53,216	61,218
Hydro Dividend Disallowance					
Hydro Dividends	3,224	6,293	7,864	9,582	11,927
Allowable Hydro Dividend	3,224	6,293	7,864	9,582	11,927
Hydro Dividend Disallowance	-	-	-	-	-
WACC	0.0728	0.0746	0.0797	0.0821	0.0835
Hydro Interest Disallowance	-	-	-	-	-

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Return on Rate Base Calculation

Payout of 50% and 3% ROR

	2004	2005	2006	2007	2008
For the years ended December 31 (\$ 000)					
Rate Base					
Average Net Book Value	1,371,190	1,370,918	1,377,542	1,392,859	1,406,192
Working Capital Allowance	3,700	3,747	3,798	3,849	3,885
Average Fuels and Supplies	38,941	40,474	41,101	43,726	48,570
Deferred Foreign Exchange Loss	80,886	78,729	76,572	74,415	72,258
Deduct:					
Disallowances	2,010	2,010	2,010	2,010	2,010
Rate Base (A)	<u>1,492,706</u>	<u>1,491,857</u>	<u>1,497,003</u>	<u>1,512,838</u>	<u>1,528,894</u>
Rural Rate Base					
Average Net Book Value	199,557	198,892	199,254	199,848	200,321
Working Capital Allowance	495	504	514	522	532
Average Fuels and Supplies	3,021	3,179	3,320	3,375	3,434
Deferred Foreign Exchange Loss	11,734	11,423	11,041	10,625	10,271
Adjustments	-	-	-	-	-
Rural Rate Base (B)	<u>214,807</u>	<u>213,999</u>	<u>214,129</u>	<u>214,369</u>	<u>214,557</u>
Other Rate Base (A-B)	<u>1,277,899</u>	<u>1,277,859</u>	<u>1,282,874</u>	<u>1,298,469</u>	<u>1,314,337</u>
Return on Rate Base					
Rural Return					
Rural Rate Base	214,807	213,999	214,129	214,369	214,557
WACD (D)	0.0696	0.0713	0.0762	0.0785	0.0797
Rural Return (B*D)	<u>14,955</u>	<u>15,261</u>	<u>16,310</u>	<u>16,820</u>	<u>17,100</u>
Other Return					
Other Rate Base	1,277,899	1,277,859	1,282,874	1,298,469	1,314,337
WACC (E)	0.0728	0.0746	0.0797	0.0821	0.0835
Other Return ((A-B)*E)	<u>92,979</u>	<u>95,346</u>	<u>102,191</u>	<u>106,618</u>	<u>109,687</u>
Return on Rate Base	<u>107,934</u>	<u>110,607</u>	<u>118,500</u>	<u>123,438</u>	<u>126,787</u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Weighted Average Cost of Capital

Payout of 50% and 3% ROR

	2004	2005	2006	2007	2008
As at December 31 (\$ 000)					
Weighted Average Calculations					
Average Regulated Debt (A)	1,433,970	1,377,699	1,343,932	1,336,263	1,365,905
Average Total Debt (B)	1,461,498	1,406,471	1,373,948	1,367,523	1,398,409
Average RE (C)	170,835	173,870	180,846	189,451	200,071
Regulated Cost of Debt (D)	0.0793	0.0818	0.0881	0.0914	0.0933
ROR Target (E)	0.0300	0.0300	0.0300	0.0300	0.0300
WACD ((A/(B+C))*D)	0.0696	0.0713	0.0762	0.0785	0.0797
WACE ((C/(B+C))*E)	0.0031	0.0033	0.0035	0.0037	0.0038
WACC	<u>0.0728</u>	<u>0.0746</u>	<u>0.0797</u>	<u>0.0821</u>	<u>0.0835</u>
Forecast WACC	<u>0.0726</u>	<u>0.0728</u>	<u>0.0746</u>	<u>0.0797</u>	<u>0.0821</u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Debt to Capital Ratio

Payout of 50% and 3% ROR					
	2004	2005	2006	2007	2008
As at December 31 (\$ 000)					
Total Hydro Debt					
Total Long Term Debt	1,392,504	1,388,895	1,286,223	1,283,494	1,380,604
Add:					
Promissory Notes	122,016	113,097	194,290	239,614	198,893
Deduct:					
Sinking Funds	63,685	72,781	82,533	92,873	103,939
Hydro Bonds	63,685	72,781	82,533	92,873	103,939
CF(L)Co Debt	26,934	25,934	24,934	23,934	22,934
Total Hydro Debt (A)	<u>1,360,216</u>	<u>1,330,495</u>	<u>1,290,513</u>	<u>1,313,429</u>	<u>1,348,685</u>
Employee Benefits (B)	<u>27,528</u>	<u>28,772</u>	<u>30,016</u>	<u>31,260</u>	<u>32,504</u>
Hydro Retained Earnings					
Retained Earnings	459,194	477,940	499,512	525,104	549,251
Deduct:					
Share of CF(L)Co RE	<u>255,920</u>	<u>268,373</u>	<u>282,081</u>	<u>298,092</u>	<u>310,312</u>
Hydro Retained Earnings (C)	<u>203,274</u>	<u>209,567</u>	<u>217,431</u>	<u>227,012</u>	<u>238,939</u>
Debt to Capital Ratio (A/(A+B+C))* 100	<u>85</u>	<u>85</u>	<u>84</u>	<u>84</u>	<u>83</u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Regulated Income Calculation

Payout of 50% and 3% ROR

	2004	2005	2006	2007	2008
<hr/>					
For the years ended December 31 (\$ 000)					
Income Before Other	36,869	42,835	45,927	49,274	53,842
Add:					
Recapture Power Purchases	3,734	3,710	3,700	3,685	3,667
Recapture Interest	157	125	94	64	40
Labrador Industrial Firm Purchases	630	628	628	628	628
Labrador Industrial Share of COS	1,708	1,708	1,745	1,747	1,777
Regulated O&M Adjustment	1,902	1,931	1,963	1,997	2,031
Deduct:					
Gross Recapture	34,313	34,084	33,993	33,859	33,697
Labrador Industrial Firm Sales	4,384	4,434	4,509	4,586	4,664
Regulated Interest Adjustment	743	736	734	733	729
Regulated Income	<u>5,559</u>	<u>11,682</u>	<u>14,820</u>	<u>18,216</u>	<u>22,896</u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Production

Payout of 50% and 3% ROR

	2004	2005	2006	2007	2008
<hr/>					
For the years ended December 31 (GWh)					
Hydraulic					
Bay D'Espoir	2,905.0	2,905.0	2,905.0	2,905.0	2,822.2
Hinds Lake	354.0	354.0	354.0	354.0	340.0
Upper Salmon	578.0	578.0	578.0	578.0	552.0
Cat Arm	731.0	731.0	731.0	731.0	735.0
Paradise River	37.0	37.0	37.0	37.0	38.9
Mini Hydro	7.2	7.2	7.2	7.2	7.2
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Hydraulic	4,612.2	4,612.2	4,612.2	4,612.2	4,495.3
Thermal					
Holyrood Thermal	1,760.3	1,784.3	1,837.3	1,916.8	2,038.9
Holyrood Gas	1.2	1.4	1.5	1.8	4.2
Stephenville Gas	1.2	1.2	1.2	1.2	18.2
Hardwoods Gas	0.2	0.2	0.2	0.2	13.0
HVGB Gas	0.6	0.6	0.6	0.6	0.6
GNP Diesels	0.4	0.4	0.4	0.4	2.2
Rural Diesels	51.9	52.9	53.9	54.6	55.5
Other	-	-	-	-	0.1
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Thermal	1,815.8	1,841.0	1,895.1	1,975.6	2,132.7
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Production	<u>6,428.0</u>	<u>6,453.2</u>	<u>6,507.3</u>	<u>6,587.8</u>	<u>6,628.0</u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Annual Coincident Peak

Payout of 50% and 3% ROR

	2004	2005	2006	2007	2008
<hr/>					
For the years ended December 31 (MW)					
Island Interconnected					
NF Power					
Gross NF Power MW (A)	1,084.0	1,100.2	1,109.4	1,123.8	1,125.9
NP Peak Factor (B)	0.9850	0.9850	0.9850	0.9850	0.9850
NP Native Load Adj (C)	47.0	47.0	47.0	47.0	47.0
NP Peak Credit (D)	120.5	120.5	120.5	120.5	120.5
(((A*B)+C)-D)	994.2	1,010.2	1,019.2	1,033.4	1,035.5
Island Industrial					
Gross Island Industrial MW (E)	182.0	182.0	182.0	182.0	203.6
Compensation MW (F)	4.0	4.0	4.0	4.0	8.0
Interruptible MW (G)	-	-	-	-	17.6
Industrial Peak Factor (H)	0.9130	0.9130	0.9130	0.9130	0.9130
((E-F-G)*H)	162.5	162.5	162.5	162.5	162.5
Island Rural Interconnected					
Gross Island Rural Intc MW (I)	89.0	89.0	87.5	87.7	88.3
Rural Peak Factor (J)	0.9780	0.9780	0.9780	0.9780	0.9780
(I*J)	87.0	87.0	85.6	85.8	86.4
Total Island	1,243.8	1,259.7	1,267.3	1,281.7	1,284.3
Labrador Interconnected					
Labrador Industrial Firm	62.0	62.0	62.0	62.0	62.0
Labrador Industrial Secondary	-	-	-	-	-
Labrador Industrial	62.0	62.0	62.0	62.0	62.0
Labrador Rural Interconnected	123.4	125.0	126.7	128.3	129.6
Total Labrador	185.4	187.0	188.7	190.3	191.6
Rural Isolated	18.5	18.9	19.3	19.6	19.9
Total MW	1,447.7	1,465.6	1,475.3	1,491.6	1,495.8

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Key Financial Assumptions

Payout of 50% and 3% ROR					
	2004	2005	2006	2007	2008
For the years ended December 31					
NF Power Rate Increases					
Wholesale Increase	0.5674	0.5674	0.5674	0.5674	0.5674
Fuel Prices					
Bunker C (\$ per Barrel)	29.20	28.20	28.95	30.40	31.45
Gas Turbine Fuel (\$ per Gallon)	1.5126	1.4824	1.4804	1.4764	1.5198
Rural Diesel (\$ per Gallon)	1.5126	1.4824	1.4804	1.4764	1.5198
Other Diesel (\$ per Gallon)	1.5126	1.4824	1.4804	1.4764	1.5198
Interest Rates					
Short-Term	0.0521	0.0520	0.0520	0.0521	0.0521
Existing Debt	0.0822	0.0695	0.0714	0.0752	0.0769
New Long-Term	0.0716	0.0715	0.0715	0.0703	0.0703
Sinking Funds	0.0716	0.0715	0.0715	0.0703	0.0703
CF(L)Co Pool	0.0716	0.0715	0.0715	0.0703	0.0703
Guarantee Fee	0.0100	0.0100	0.0100	0.0100	0.0100
Escalation Rates					
Inflation Rate	0.0140	0.0150	0.0170	0.0170	0.0170
Operating Cost Escalator	0.0140	0.0150	0.0170	0.0170	0.0170
Capital Expenditure Escalator	0.0140	0.0150	0.0170	0.0170	0.0170

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

**NEWFOUNDLAND AND LABRADOR HYDRO
Balance Sheet**

**Attachment to IC-321 NLH
2003 NLH General Rate Application
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Payout of 25% and 3% ROR

	2004	2005	2006	2007	2008
As at December 31 (\$ 000)					
Assets					
Fixed Assets					
Fixed assets at cost	1,876,251	1,917,975	1,953,397	2,053,251	2,154,099
Accumulated depreciation	497,358	530,421	569,401	611,444	653,140
Net fixed assets	1,378,893	1,387,554	1,383,996	1,441,807	1,500,959
Current Assets					
Accounts receivable	48,816	49,577	51,794	53,881	56,643
Fuel	44,461	43,962	45,832	49,695	56,416
Prepaid expenses	2,554	2,592	2,636	2,681	2,726
Total current assets	95,831	96,131	100,263	106,258	115,785
Sinking Funds	63,685	72,781	82,533	92,873	103,939
Investment in CF(L)Co	305,358	316,812	329,519	344,530	355,750
Investment in LCDC	15,400	15,400	15,400	15,400	15,400
RSP	98,756	70,252	43,948	17,602	51
Deferred Charges	81,755	78,702	75,652	73,069	70,667
Total Assets	<u>2,039,678</u>	<u>2,037,632</u>	<u>2,031,311</u>	<u>2,091,539</u>	<u>2,162,551</u>
Liabilities and Shareholder's Equity					
Long-Term Debt	1,325,210	1,113,442	1,200,961	987,731	1,273,604
Current Liabilities					
Accounts payable	30,645	31,104	31,633	32,171	32,718
Accrued interest	31,397	30,493	32,011	32,547	32,215
Promissory notes	120,397	108,296	185,468	225,839	178,896
Long-term debt due in one year	3,609	202,672	2,729	202,890	3,061
Total current liabilities	186,048	372,566	251,841	493,447	246,891
Unrealized Foreign Exchange Loss	-	-	-	-	-
Employee Future Benefits	27,528	28,772	30,016	31,260	32,504
Shareholder's Equity					
Share capital	22,504	22,504	22,504	22,504	22,504
LCDC capital	15,400	15,400	15,400	15,400	15,400
Muskrat Falls capital	2,165	2,165	2,165	2,165	2,165
Retained earnings	460,823	482,782	508,423	539,031	569,483
Total shareholder's equity	500,892	522,852	548,493	579,101	609,553
Total Liabilities and Equity	<u>2,039,678</u>	<u>2,037,632</u>	<u>2,031,311</u>	<u>2,091,539</u>	<u>2,162,552</u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Income Statement

Payout of 25% and 3% ROR

	2004	2005	2006	2007	2008
For the years ended December 31 (\$ 000)					
Revenue					
Energy Sales	395,952	402,123	420,108	437,037	459,434
Recovery of Costs in RSP	35,654	34,509	30,476	28,753	18,051
Total Revenue	431,606	436,632	450,583	465,790	477,485
Expenses					
Operating and Admin	93,211	94,609	96,218	97,853	99,517
Fuels	90,157	89,145	92,938	100,771	114,398
Amortization of RSP	35,654	34,509	30,476	28,753	18,051
Power Purchases	36,989	37,206	37,309	37,422	36,975
Depreciation	34,022	36,557	40,816	42,921	46,850
Interest and Guarantee Fee	104,181	101,181	106,218	107,997	106,896
Extraordinary Loss	500	500	500	500	500
Total Expenses	394,715	393,708	404,474	416,217	423,187
Income Before Other	36,891	42,924	46,110	49,573	54,298
Other Revenue					
Equity in CF(L)Co Net Income	11,619	16,060	17,972	20,276	21,750
Preferred Dividends CF(L)Co	7,537	9,106	10,106	11,261	11,693
Deduct:					
Interest on Share Purchase Debt	2,280	2,194	2,115	2,001	1,921
Other Revenue	16,877	22,971	25,964	29,535	31,522
Net Income	53,768	65,895	72,074	79,108	85,820
Retained Earnings, beginning	447,957	460,823	482,782	508,423	539,031
Deduct:					
Dividends	40,903	43,936	46,433	48,500	55,368
Retained Earnings, ending	460,823	482,782	508,423	539,031	569,483

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Cash Flows

Payout of 25% and 3% ROR

	2004	2005	2006	2007	2008
For the years ended December 31 (\$ 000)					
Operating Activities					
Net Income	53,768	65,895	72,074	79,108	85,820
Items not involving a cash flow					
Depreciation	34,022	36,557	40,816	42,921	46,850
Amortization	3,053	3,053	3,050	2,583	2,402
Employee benefits provision	1,244	1,244	1,244	1,244	1,244
Deduct:					
Equity in CF(L)Co	11,619	16,060	17,972	20,276	21,750
Rate stabilization plan	7,978	6,006	4,172	2,407	500
Adjusted Net Income	72,489	84,684	95,039	103,174	114,066
Net change in other wc items	4,896	745	2,085	4,921	9,312
Benefits cash	-	-	-	-	-
Cash provided by operations	67,594	83,939	92,954	98,253	104,754
Rate Stabilization Plan					
Utility	26,223	26,919	23,511	21,815	10,735
Industrial	9,431	7,590	6,965	6,938	7,316
Cash provided by RSP	35,654	34,509	30,476	28,753	18,051
Dividends Paid	40,903	43,936	46,433	48,500	55,368
Financing					
Long-term debt issued	-	-	100,000	-	300,000
Long-term debt retired	(3,210)	(3,609)	(202,672)	(2,729)	(202,890)
Cash provided by financing	(3,210)	(3,609)	(102,672)	(2,729)	97,110
Investments					
Increase in sinking funds	(16,995)	(18,192)	(19,504)	(20,679)	(22,132)
Increase in deferred charges	0	-	-	-	-
Change in fixed assets	20,635	(45,218)	(37,258)	(100,732)	(106,002)
Dividends from CF(L)Co	4,607	4,607	5,265	5,265	10,530
Cash used for investing	8,247	(58,804)	(51,497)	(116,147)	(117,605)
Net Decrease (Increase) in Debt	67,382	12,099	(77,172)	(40,371)	46,942
Promissory Notes, beginning	187,779	120,397	108,296	185,468	225,839
Promissory Notes, ending	120,397	108,296	185,468	225,839	178,896

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Financial Ratios

Payout of 25% and 3% ROR					
	2004	2005	2006	2007	2008
As at December 31					
Rate of Return (Percent)					
ROR Equity	3.2	6.0	7.2	8.3	9.7
Recapture ROR Equity	18.2	20.5	20.9	21.2	21.7
Overall ROR Equity	10.9	12.9	13.5	14.0	14.4
Debt (Percent)					
Debt Equity Ratio	87	86	85	84	84
Debt Capital Ratio	85	84	83	83	82
Corp Debt Capital Ratio	72	71	69	68	68
Corp Equity Capital Ratio	26	27	29	30	31
Interest Coverage					
Overall Int Cov Ratio	1.06	1.12	1.15	1.18	1.21
Recapture Int Cov Ratio	1.35	1.41	1.43	1.45	1.48
Regulated Int Cov Ratio	1.05	1.11	1.14	1.17	1.21
Dividend Payout (Percent)					
Hydro Payout Ratio	25	25	25	25	25
Dividend Payout Ratio	76	67	64	61	65

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Energy Sales Summary

Payout of 25% and 3% ROR

	2004	2005	2006	2007	2008
<hr/>					
For the years ended December 31 (\$ 000)					
Island Interconnected					
Newfoundland Power	248,651	253,375	268,111	281,203	301,186
Island Industrial	51,275	51,480	53,562	55,749	59,281
Island Rural Interconnected	33,205	33,426	33,225	33,789	31,208
Total Island	<u>333,131</u>	<u>338,281</u>	<u>354,899</u>	<u>370,741</u>	<u>391,675</u>
Labrador Interconnected					
Iron Ore Company of Canada	4,384	4,434	4,509	4,586	4,664
Department of National Defense	2,799	2,942	2,825	2,782	2,809
Labrador Industrial	7,183	7,376	7,334	7,368	7,473
Labrador Rural Interconnected	11,588	12,353	13,504	14,379	15,579
Total Labrador	<u>18,771</u>	<u>19,729</u>	<u>20,838</u>	<u>21,747</u>	<u>23,052</u>
Rural Isolated	<u>8,653</u>	<u>8,929</u>	<u>9,260</u>	<u>9,553</u>	<u>9,854</u>
Sundry					
Miscellaneous	1,083	1,099	1,118	1,137	1,156
Gross Recapture Revenue	34,313	34,084	33,993	33,859	33,697
Sundry Revenue	35,396	35,183	35,111	34,996	34,853
Total Energy Sales	<u>395,952</u>	<u>402,123</u>	<u>420,108</u>	<u>437,037</u>	<u>459,434</u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Load

Payout of 25% and 3% ROR

	2004	2005	2006	2007	2008
<hr/>					
For the years ended December 31 (GWh)					
Island Interconnected					
Newfoundland Power	4,741.4	4,766.6	4,829.3	4,902.4	4,928.8
Island Industrial	1,368.6	1,367.2	1,364.5	1,367.4	1,366.5
Island Rural Interconnected	406.3	405.7	397.2	398.6	363.2
Total Island	<u>6,516.3</u>	<u>6,539.5</u>	<u>6,591.0</u>	<u>6,668.4</u>	<u>6,658.5</u>
Labrador Interconnected					
Iron Ore Company of Canada	247.7	246.8	246.8	246.8	246.8
Department of National Defense	77.2	82.8	79.6	78.6	77.1
Labrador Industrial	324.9	329.6	326.4	325.4	323.9
Labrador Rural Interconnected	479.1	485.3	491.4	497.6	502.6
Total Labrador	<u>804.0</u>	<u>814.9</u>	<u>817.8</u>	<u>823.0</u>	<u>826.5</u>
Rural Isolated	<u>63.7</u>	<u>65.2</u>	<u>66.6</u>	<u>67.8</u>	<u>69.0</u>
Recapture	<u>1,435.7</u>	<u>1,426.1</u>	<u>1,422.3</u>	<u>1,416.7</u>	<u>1,409.9</u>
Total Load	<u><u>8,819.7</u></u>	<u><u>8,845.7</u></u>	<u><u>8,897.7</u></u>	<u><u>8,975.9</u></u>	<u><u>8,963.9</u></u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Average Mill Rates

Payout of 25% and 3% ROR

	2004	2005	2006	2007	2008
<hr/>					
For the years ended December 31 (Mills Per KWh)					
Island Interconnected					
Newfoundland Power	52.4	53.2	55.5	57.4	61.1
Island Industrial	37.5	37.7	39.3	40.8	43.4
Island Rural Interconnected	81.7	82.4	83.6	84.8	85.9
Average Island	<u>51.1</u>	<u>51.7</u>	<u>53.8</u>	<u>55.6</u>	<u>58.8</u>
Labrador Interconnected					
Labrador Industrial Firm	17.7	18.0	18.3	18.6	18.9
Labrador Industrial Secondary	36.3	35.5	35.5	35.4	36.4
Labrador Industrial	22.1	22.4	22.5	22.6	23.1
Labrador Rural Interconnected	24.2	25.5	27.5	28.9	31.0
Average Labrador	<u>23.3</u>	<u>24.2</u>	<u>25.5</u>	<u>26.4</u>	<u>27.9</u>
Rural Isolated	<u>135.8</u>	<u>136.9</u>	<u>139.0</u>	<u>140.9</u>	<u>142.8</u>
Recapture	<u>23.9</u>	<u>23.9</u>	<u>23.9</u>	<u>23.9</u>	<u>23.9</u>
Overall Average	<u><u>44.9</u></u>	<u><u>45.5</u></u>	<u><u>47.2</u></u>	<u><u>48.7</u></u>	<u><u>51.3</u></u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Average Mill Rate Changes

Payout of 25% and 3% ROR

	2004	2005	2006	2007	2008
<hr/>					
For the years ended December 31 (Percentage)					
Island Interconnected					
Newfoundland Power	9.5	1.4	4.4	3.3	6.5
Island Industrial	11.7	0.5	4.3	3.9	6.4
Island Rural Interconnected	(6.4)	0.8	1.5	1.3	1.4
Average Island	<u>8.5</u>	<u>1.2</u>	<u>4.1</u>	<u>3.3</u>	<u>5.8</u>
Labrador Interconnected					
Labrador Industrial Firm	1.4	1.5	1.7	1.7	1.7
Labrador Industrial Secondary	(16.6)	(2.0)	(0.1)	(0.3)	2.9
Labrador Industrial	(6.3)	1.2	0.4	0.8	1.9
Labrador Rural Interconnected	(2.3)	5.2	8.0	5.2	7.3
Average Labrador	<u>(3.8)</u>	<u>3.7</u>	<u>5.2</u>	<u>3.7</u>	<u>5.6</u>
Rural Isolated	<u>9.7</u>	<u>0.8</u>	<u>1.5</u>	<u>1.3</u>	<u>1.4</u>
Recapture	<u>7.5</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Overall Average	<u>8.2</u>	<u>1.3</u>	<u>3.9</u>	<u>3.1</u>	<u>5.3</u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Dividends Declared

Payout of 25% and 3% ROR					
	2004	2005	2006	2007	2008
For the years ended December 31 (\$ 000)					
Hydro Dividends					
Income Before Other	36,891	42,924	46,110	49,573	54,298
Deduct:					
Recapture	30,421	30,249	30,199	30,110	29,989
Hydro Dividend Income Base	6,470	12,675	15,911	19,463	24,309
Payout Target	0.25	0.25	0.25	0.25	0.25
Hydro Dividends	1,617	3,169	3,978	4,866	6,077
CF(L)Co Dividends					
Share of Common Dividends	4,607	4,607	5,265	5,265	10,530
Preferred Dividends Received	7,537	9,106	10,106	11,261	11,693
Deduct:					
Interest on Share Purchase Debt	2,280	2,194	2,115	2,001	1,921
Principal Payment	1,000	1,000	1,000	1,000	1,000
CF(L)Co Dividends	8,864	10,518	12,256	13,524	19,302
Other Dividends					
Recapture Dividends	30,421	30,249	30,199	30,110	29,989
Extra Dividends	-	-	-	-	-
Other Dividends	30,421	30,249	30,199	30,110	29,989
Total Dividends	40,903	43,936	46,433	48,500	55,368
Hydro Dividend Disallowance					
Hydro Dividends	1,617	3,169	3,978	4,866	6,077
Allowable Hydro Dividend	1,617	3,169	3,978	4,866	6,077
Hydro Dividend Disallowance	-	-	-	-	-
WACC	0.0727	0.0746	0.0795	0.0819	0.0831
Hydro Interest Disallowance	-	-	-	-	-

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Return on Rate Base Calculation

Payout of 25% and 3% ROR

	2004	2005	2006	2007	2008
For the years ended December 31 (\$ 000)					
Rate Base					
Average Net Book Value	1,371,190	1,370,918	1,377,542	1,392,859	1,406,192
Working Capital Allowance	3,700	3,747	3,798	3,849	3,885
Average Fuels and Supplies	38,941	40,474	41,101	43,726	48,570
Deferred Foreign Exchange Loss	80,886	78,729	76,572	74,415	72,258
Deduct:					
Disallowances	2,010	2,010	2,010	2,010	2,010
Rate Base (A)	<u>1,492,706</u>	<u>1,491,857</u>	<u>1,497,003</u>	<u>1,512,838</u>	<u>1,528,894</u>
Rural Rate Base					
Average Net Book Value	199,557	198,892	199,254	199,848	200,321
Working Capital Allowance	495	504	514	522	532
Average Fuels and Supplies	3,021	3,179	3,320	3,375	3,434
Deferred Foreign Exchange Loss	11,734	11,423	11,041	10,625	10,271
Adjustments	-	-	-	-	-
Rural Rate Base (B)	<u>214,807</u>	<u>213,999</u>	<u>214,129</u>	<u>214,369</u>	<u>214,557</u>
Other Rate Base (A-B)	<u>1,277,899</u>	<u>1,277,859</u>	<u>1,282,874</u>	<u>1,298,469</u>	<u>1,314,337</u>
Return on Rate Base					
Rural Return					
Rural Rate Base	214,807	213,999	214,129	214,369	214,557
WACD (D)	0.0696	0.0712	0.0759	0.0780	0.0791
Rural Return (B*D)	<u>14,949</u>	<u>15,236</u>	<u>16,254</u>	<u>16,726</u>	<u>16,962</u>
Other Return					
Other Rate Base	1,277,899	1,277,859	1,282,874	1,298,469	1,314,337
WACC (E)	0.0727	0.0746	0.0795	0.0819	0.0831
Other Return ((A-B)*E)	<u>92,965</u>	<u>95,276</u>	<u>102,027</u>	<u>106,335</u>	<u>109,259</u>
Return on Rate Base	<u>107,914</u>	<u>110,512</u>	<u>118,281</u>	<u>123,060</u>	<u>126,221</u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Weighted Average Cost of Capital

Payout of 25% and 3% ROR

	2004	2005	2006	2007	2008
As at December 31 (\$ 000)					
Weighted Average Calculations					
Average Regulated Debt (A)	1,433,160	1,374,490	1,337,121	1,324,965	1,349,020
Average Total Debt (B)	1,460,688	1,403,262	1,367,137	1,356,225	1,381,524
Average RE (C)	171,650	177,106	187,723	200,870	217,151
Regulated Cost of Debt (D)	0.0793	0.0819	0.0883	0.0917	0.0937
ROR Target (E)	0.0300	0.0300	0.0300	0.0300	0.0300
WACD ((A/(B+C))*D)	0.0696	0.0712	0.0759	0.0780	0.0791
WACE ((C/(B+C))*E)	0.0032	0.0034	0.0036	0.0039	0.0041
WACC	<u>0.0727</u>	<u>0.0746</u>	<u>0.0795</u>	<u>0.0819</u>	<u>0.0831</u>
Forecast WACC	<u>0.0726</u>	<u>0.0727</u>	<u>0.0746</u>	<u>0.0795</u>	<u>0.0819</u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Debt to Capital Ratio

Payout of 25% and 3% ROR					
	2004	2005	2006	2007	2008
As at December 31 (\$ 000)					
Total Hydro Debt					
Total Long Term Debt	1,392,504	1,388,895	1,286,223	1,283,494	1,380,604
Add:					
Promissory Notes	120,397	108,296	185,468	225,839	178,896
Deduct:					
Sinking Funds	63,685	72,781	82,533	92,873	103,939
Hydro Bonds	63,685	72,781	82,533	92,873	103,939
CF(L)Co Debt	26,934	25,934	24,934	23,934	22,934
Total Hydro Debt (A)	1,358,597	1,325,695	1,281,691	1,299,653	1,328,689
Employee Benefits (B)	27,528	28,772	30,016	31,260	32,504
Hydro Retained Earnings					
Retained Earnings	460,823	482,782	508,423	539,031	569,483
Deduct:					
Share of CF(L)Co RE	255,920	268,373	282,081	298,092	310,312
Hydro Retained Earnings (C)	204,903	214,409	226,343	240,940	259,172
Debt to Capital Ratio (A/(A+B+C))* 100	85	84	83	83	82

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Regulated Income Calculation

Payout of 25% and 3% ROR

	2004	2005	2006	2007	2008
<hr/>					
For the years ended December 31 (\$ 000)					
Income Before Other	36,891	42,924	46,110	49,573	54,298
Add:					
Recapture Power Purchases	3,734	3,710	3,700	3,685	3,667
Recapture Interest	157	125	94	64	40
Labrador Industrial Firm Purchases	630	628	628	628	628
Labrador Industrial Share of COS	1,707	1,707	1,743	1,744	1,772
Regulated O&M Adjustment	1,902	1,931	1,963	1,997	2,031
Deduct:					
Gross Recapture	34,313	34,084	33,993	33,859	33,697
Labrador Industrial Firm Sales	4,384	4,434	4,509	4,586	4,664
Regulated Interest Adjustment	743	736	734	733	729
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Regulated Income	<u>5,581</u>	<u>11,770</u>	<u>15,001</u>	<u>18,512</u>	<u>23,347</u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Production

Payout of 25% and 3% ROR

	2004	2005	2006	2007	2008
<hr/>					
For the years ended December 31 (GWh)					
Hydraulic					
Bay D'Espoir	2,905.0	2,905.0	2,905.0	2,905.0	2,822.2
Hinds Lake	354.0	354.0	354.0	354.0	340.0
Upper Salmon	578.0	578.0	578.0	578.0	552.0
Cat Arm	731.0	731.0	731.0	731.0	735.0
Paradise River	37.0	37.0	37.0	37.0	38.9
Mini Hydro	7.2	7.2	7.2	7.2	7.2
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Hydraulic	4,612.2	4,612.2	4,612.2	4,612.2	4,495.3
Thermal					
Holyrood Thermal	1,760.3	1,784.3	1,837.3	1,916.8	2,038.9
Holyrood Gas	1.2	1.4	1.5	1.8	4.2
Stephenville Gas	1.2	1.2	1.2	1.2	18.2
Hardwoods Gas	0.2	0.2	0.2	0.2	13.0
HVGB Gas	0.6	0.6	0.6	0.6	0.6
GNP Diesels	0.4	0.4	0.4	0.4	2.2
Rural Diesels	51.9	52.9	53.9	54.6	55.5
Other	-	-	-	-	0.1
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Thermal	1,815.8	1,841.0	1,895.1	1,975.6	2,132.7
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Production	<u>6,428.0</u>	<u>6,453.2</u>	<u>6,507.3</u>	<u>6,587.8</u>	<u>6,628.0</u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Annual Coincident Peak

Payout of 25% and 3% ROR

	2004	2005	2006	2007	2008
<hr/>					
For the years ended December 31 (MW)					
Island Interconnected					
NF Power					
Gross NF Power MW (A)	1,084.0	1,100.2	1,109.4	1,123.8	1,125.9
NP Peak Factor (B)	0.9850	0.9850	0.9850	0.9850	0.9850
NP Native Load Adj (C)	47.0	47.0	47.0	47.0	47.0
NP Peak Credit (D)	120.5	120.5	120.5	120.5	120.5
((A*B)+C)-D)	994.2	1,010.2	1,019.2	1,033.4	1,035.5
Island Industrial					
Gross Island Industrial MW (E)	182.0	182.0	182.0	182.0	203.6
Compensation MW (F)	4.0	4.0	4.0	4.0	8.0
Interruptible MW (G)	-	-	-	-	17.6
Industrial Peak Factor (H)	0.9130	0.9130	0.9130	0.9130	0.9130
((E-F-G)*H)	162.5	162.5	162.5	162.5	162.5
Island Rural Interconnected					
Gross Island Rural Intc MW (I)	89.0	89.0	87.5	87.7	88.3
Rural Peak Factor (J)	0.9780	0.9780	0.9780	0.9780	0.9780
(I*J)	87.0	87.0	85.6	85.8	86.4
Total Island	1,243.8	1,259.7	1,267.3	1,281.7	1,284.3
Labrador Interconnected					
Labrador Industrial Firm	62.0	62.0	62.0	62.0	62.0
Labrador Industrial Secondary	-	-	-	-	-
Labrador Industrial	62.0	62.0	62.0	62.0	62.0
Labrador Rural Interconnected	123.4	125.0	126.7	128.3	129.6
Total Labrador	185.4	187.0	188.7	190.3	191.6
Rural Isolated	18.5	18.9	19.3	19.6	19.9
Total MW	1,447.7	1,465.6	1,475.3	1,491.6	1,495.8

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Key Financial Assumptions

Payout of 25% and 3% ROR					
	2004	2005	2006	2007	2008
For the years ended December 31					
NF Power Rate Increases					
Wholesale Increase	0.5674	0.5674	0.5674	0.5674	0.5674
Fuel Prices					
Bunker C (\$ per Barrel)	29.20	28.20	28.95	30.40	31.45
Gas Turbine Fuel (\$ per Gallon)	1.5126	1.4824	1.4804	1.4764	1.5198
Rural Diesel (\$ per Gallon)	1.5126	1.4824	1.4804	1.4764	1.5198
Other Diesel (\$ per Gallon)	1.5126	1.4824	1.4804	1.4764	1.5198
Interest Rates					
Short-Term	0.0521	0.0520	0.0520	0.0521	0.0521
Existing Debt	0.0822	0.0695	0.0715	0.0754	0.0772
New Long-Term	0.0716	0.0715	0.0715	0.0703	0.0703
Sinking Funds	0.0716	0.0715	0.0715	0.0703	0.0703
CF(L)Co Pool	0.0716	0.0715	0.0715	0.0703	0.0703
Guarantee Fee	0.0100	0.0100	0.0100	0.0100	0.0100
Escalation Rates					
Inflation Rate	0.0140	0.0150	0.0170	0.0170	0.0170
Operating Cost Escalator	0.0140	0.0150	0.0170	0.0170	0.0170
Capital Expenditure Escalator	0.0140	0.0150	0.0170	0.0170	0.0170

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

**NEWFOUNDLAND AND LABRADOR HYDRO
Balance Sheet**

**Attachment to IC-321 NLH
2003 NLH General Rate Application
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Payout of 75% and 8% ROR

	2004	2005	2006	2007	2008
As at December 31 (\$ 000)					
Assets					
Fixed Assets					
Fixed assets at cost	1,876,251	1,917,975	1,953,397	2,053,251	2,154,099
Accumulated depreciation	497,358	530,421	569,401	611,444	653,140
Net fixed assets	1,378,893	1,387,554	1,383,996	1,441,807	1,500,959
Current Assets					
Accounts receivable	49,566	50,391	52,684	54,856	57,698
Fuel	44,461	43,962	45,832	49,695	56,416
Prepaid expenses	2,554	2,592	2,636	2,681	2,726
Total current assets	96,581	96,945	101,152	107,233	116,840
Sinking Funds	63,685	72,781	82,533	92,873	103,939
Investment in CF(L)Co	305,358	316,812	329,519	344,530	355,750
Investment in LCDC	15,400	15,400	15,400	15,400	15,400
RSP	99,337	71,108	44,804	18,126	142
Deferred Charges	81,755	78,702	75,652	73,069	70,667
Total Assets	2,041,008	2,039,303	2,033,056	2,093,038	2,163,697
Liabilities and Shareholder's Equity					
Long-Term Debt	1,325,210	1,113,442	1,200,961	987,731	1,273,604
Current Liabilities					
Accounts payable	30,645	31,104	31,633	32,171	32,718
Accrued interest	31,239	30,454	32,101	32,802	32,681
Promissory notes	123,469	116,244	199,587	247,513	210,407
Long-term debt due in one year	3,609	202,672	2,729	202,890	3,061
Total current liabilities	188,962	380,474	266,050	515,376	278,866
Unrealized Foreign Exchange Loss	-	-	-	-	-
Employee Future Benefits	27,528	28,772	30,016	31,260	32,504
Shareholder's Equity					
Share capital	22,504	22,504	22,504	22,504	22,504
LCDC capital	15,400	15,400	15,400	15,400	15,400
Musktrat Falls capital	2,165	2,165	2,165	2,165	2,165
Retained earnings	459,239	476,545	495,960	518,602	538,653
Total shareholder's equity	499,308	516,614	536,029	558,671	578,722
Total Liabilities and Equity	2,041,008	2,039,302	2,033,056	2,093,038	2,163,697

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Income Statement

Payout of 75% and 8% ROR

	2004	2005	2006	2007	2008
For the years ended December 31 (\$ 000)					
Revenue					
Energy Sales	402,033	408,729	427,322	444,947	467,996
Recovery of Costs in RSP	35,678	34,680	30,830	29,310	18,543
Total Revenue	437,711	443,409	458,153	474,257	486,539
Expenses					
Operating and Admin	93,211	94,609	96,218	97,853	99,517
Fuels	90,157	89,145	92,938	100,771	114,398
Amortization of RSP	35,678	34,680	30,830	29,310	18,543
Power Purchases	36,989	37,206	37,309	37,422	36,975
Depreciation	34,022	36,557	40,816	42,921	46,850
Interest and Guarantee Fee	103,657	101,052	106,517	108,845	108,441
Extraordinary Loss	500	500	500	500	500
Total Expenses	394,214	393,750	405,128	417,622	425,224
Income Before Other	43,497	49,659	53,025	56,635	61,315
Other Revenue					
Equity in CF(L)Co Net Income	11,619	16,060	17,972	20,276	21,750
Preferred Dividends CF(L)Co	7,537	9,106	10,106	11,261	11,693
Deduct:					
Interest on Share Purchase Debt	2,280	2,194	2,115	2,001	1,921
Other Revenue	16,877	22,971	25,964	29,535	31,522
Net Income	60,374	72,631	78,989	86,170	92,837
Retained Earnings, beginning	447,957	459,239	476,545	495,960	518,602
Deduct:					
Dividends	49,092	55,325	59,575	63,528	72,786
Retained Earnings, ending	459,239	476,545	495,960	518,602	538,653

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Cash Flows

Payout of 75% and 8% ROR

	2004	2005	2006	2007	2008
For the years ended December 31 (\$ 000)					
Operating Activities					
Net Income	60,374	72,631	78,989	86,170	92,837
Items not involving a cash flow					
Depreciation	34,022	36,557	40,816	42,921	46,850
Amortization	3,053	3,053	3,050	2,583	2,402
Employee benefits provision	1,244	1,244	1,244	1,244	1,244
Deduct:					
Equity in CF(L)Co	11,619	16,060	17,972	20,276	21,750
Rate stabilization plan	8,583	6,452	4,526	2,633	558
Adjusted Net Income	78,491	90,973	101,601	110,010	121,026
Net change in other wc items	5,804	690	2,031	4,841	9,182
Benefits cash	-	-	-	-	-
Cash provided by operations	72,687	90,282	99,570	105,168	111,843
Rate Stabilization Plan					
Utility	26,247	27,043	23,786	22,251	11,044
Industrial	9,431	7,637	7,045	7,059	7,499
Cash provided by RSP	35,678	34,680	30,830	29,310	18,543
Dividends Paid	49,092	55,325	59,575	63,528	72,786
Financing					
Long-term debt issued	-	-	100,000	-	300,000
Long-term debt retired	(3,210)	(3,609)	(202,672)	(2,729)	(202,890)
Cash provided by financing	(3,210)	(3,609)	(102,672)	(2,729)	97,110
Investments					
Increase in sinking funds	(16,995)	(18,192)	(19,504)	(20,679)	(22,132)
Increase in deferred charges	0	-	-	-	-
Change in fixed assets	20,635	(45,218)	(37,258)	(100,732)	(106,002)
Dividends from CF(L)Co	4,607	4,607	5,265	5,265	10,530
Cash used for investing	8,247	(58,804)	(51,497)	(116,147)	(117,605)
Net Decrease (Increase) in Debt	64,309	7,226	(83,343)	(47,926)	37,105
Promissory Notes, beginning	187,779	123,469	116,244	199,587	247,513
Promissory Notes, ending	123,469	116,244	199,587	247,513	210,407

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Financial Ratios

Payout of 75% and 8% ROR					
	2004	2005	2006	2007	2008
As at December 31					
Rate of Return (Percent)					
ROR Equity	6.5	9.4	10.8	12.2	14.0
Recapture ROR Equity	21.6	24.1	25.1	26.1	27.3
Overall ROR Equity	12.2	14.3	15.0	15.7	16.3
Debt (Percent)					
Debt Equity Ratio	87	86	86	86	86
Debt Capital Ratio	86	85	84	84	84
Corp Debt Capital Ratio	72	71	70	70	69
Corp Equity Capital Ratio	26	27	28	29	29
Interest Coverage					
Overall Int Cov Ratio	1.12	1.19	1.21	1.24	1.27
Recapture Int Cov Ratio	1.41	1.48	1.49	1.51	1.54
Regulated Int Cov Ratio	1.11	1.18	1.20	1.23	1.27
Dividend Payout (Percent)					
Hydro Payout Ratio	75	75	75	75	75
Dividend Payout Ratio	81	76	75	74	78

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Energy Sales Summary

Payout of 75% and 8% ROR

	2004	2005	2006	2007	2008
<hr/>					
For the years ended December 31 (\$ 000)					
Island Interconnected					
Newfoundland Power	253,206	258,329	273,540	287,172	307,706
Island Industrial	52,161	52,433	54,593	56,866	60,482
Island Rural Interconnected	33,538	33,788	33,613	34,213	31,614
Total Island	<u>338,905</u>	<u>344,551</u>	<u>361,746</u>	<u>378,251</u>	<u>399,802</u>
Labrador Interconnected					
Iron Ore Company of Canada	4,384	4,434	4,509	4,586	4,664
Department of National Defense	2,799	2,942	2,825	2,782	2,809
Labrador Industrial	7,183	7,376	7,334	7,368	7,473
Labrador Rural Interconnected	11,822	12,606	13,777	14,674	15,902
Total Labrador	<u>19,005</u>	<u>19,982</u>	<u>21,111</u>	<u>22,042</u>	<u>23,375</u>
Rural Isolated	<u>8,727</u>	<u>9,012</u>	<u>9,354</u>	<u>9,659</u>	<u>9,967</u>
Sundry					
Miscellaneous	1,083	1,099	1,118	1,137	1,156
Gross Recapture Revenue	<u>34,313</u>	<u>34,084</u>	<u>33,993</u>	<u>33,859</u>	<u>33,697</u>
Sundry Revenue	<u>35,396</u>	<u>35,183</u>	<u>35,111</u>	<u>34,996</u>	<u>34,853</u>
Total Energy Sales	<u><u>402,033</u></u>	<u><u>408,729</u></u>	<u><u>427,322</u></u>	<u><u>444,947</u></u>	<u><u>467,996</u></u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Load

Payout of 75% and 8% ROR

	2004	2005	2006	2007	2008
<hr/>					
For the years ended December 31 (GWh)					
Island Interconnected					
Newfoundland Power	4,741.4	4,766.6	4,829.3	4,902.4	4,928.8
Island Industrial	1,368.6	1,367.2	1,364.5	1,367.4	1,366.5
Island Rural Interconnected	406.3	405.7	397.2	398.6	363.2
Total Island	<u>6,516.3</u>	<u>6,539.5</u>	<u>6,591.0</u>	<u>6,668.4</u>	<u>6,658.5</u>
Labrador Interconnected					
Iron Ore Company of Canada	247.7	246.8	246.8	246.8	246.8
Department of National Defense	77.2	82.8	79.6	78.6	77.1
Labrador Industrial	324.9	329.6	326.4	325.4	323.9
Labrador Rural Interconnected	479.1	485.3	491.4	497.6	502.6
Total Labrador	<u>804.0</u>	<u>814.9</u>	<u>817.8</u>	<u>823.0</u>	<u>826.5</u>
Rural Isolated	<u>63.7</u>	<u>65.2</u>	<u>66.6</u>	<u>67.8</u>	<u>69.0</u>
Recapture	<u>1,435.7</u>	<u>1,426.1</u>	<u>1,422.3</u>	<u>1,416.7</u>	<u>1,409.9</u>
Total Load	<u><u>8,819.7</u></u>	<u><u>8,845.7</u></u>	<u><u>8,897.7</u></u>	<u><u>8,975.9</u></u>	<u><u>8,963.9</u></u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Average Mill Rates

Payout of 75% and 8% ROR

	2004	2005	2006	2007	2008
<hr/>					
For the years ended December 31 (Mills Per KWh)					
Island Interconnected					
Newfoundland Power	53.4	54.2	56.6	58.6	62.4
Island Industrial	38.1	38.4	40.0	41.6	44.3
Island Rural Interconnected	82.5	83.3	84.6	85.8	87.0
Average Island	<u>52.0</u>	<u>52.7</u>	<u>54.9</u>	<u>56.7</u>	<u>60.0</u>
Labrador Interconnected					
Labrador Industrial Firm	17.7	18.0	18.3	18.6	18.9
Labrador Industrial Secondary	36.3	35.5	35.5	35.4	36.4
Labrador Industrial	22.1	22.4	22.5	22.6	23.1
Labrador Rural Interconnected	24.7	26.0	28.0	29.5	31.6
Average Labrador	<u>23.6</u>	<u>24.5</u>	<u>25.8</u>	<u>26.8</u>	<u>28.3</u>
Rural Isolated	<u>137.0</u>	<u>138.2</u>	<u>140.5</u>	<u>142.5</u>	<u>144.4</u>
Recapture	<u>23.9</u>	<u>23.9</u>	<u>23.9</u>	<u>23.9</u>	<u>23.9</u>
Overall Average	<u><u>45.6</u></u>	<u><u>46.2</u></u>	<u><u>48.0</u></u>	<u><u>49.6</u></u>	<u><u>52.2</u></u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Average Mill Rate Changes

Payout of 75% and 8% ROR

	2004	2005	2006	2007	2008
<hr/>					
For the years ended December 31 (Percentage)					
Island Interconnected					
Newfoundland Power	11.5	1.5	4.5	3.4	6.6
Island Industrial	13.6	0.6	4.3	3.9	6.4
Island Rural Interconnected	(5.5)	0.9	1.6	1.4	1.4
Average Island	<u>10.3</u>	<u>1.3</u>	<u>4.2</u>	<u>3.3</u>	<u>5.9</u>
Labrador Interconnected					
Labrador Industrial Firm	1.4	1.5	1.7	1.7	1.7
Labrador Industrial Secondary	(16.6)	(2.0)	(0.1)	(0.3)	2.9
Labrador Industrial	(6.3)	1.2	0.4	0.8	1.9
Labrador Rural Interconnected	(0.3)	5.3	7.9	5.2	7.3
Average Labrador	<u>(2.6)</u>	<u>3.7</u>	<u>5.3</u>	<u>3.7</u>	<u>5.6</u>
Rural Isolated	<u>10.6</u>	<u>0.9</u>	<u>1.6</u>	<u>1.4</u>	<u>1.4</u>
Recapture	<u>7.5</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Overall Average	<u><u>9.8</u></u>	<u><u>1.4</u></u>	<u><u>3.9</u></u>	<u><u>3.2</u></u>	<u><u>5.3</u></u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Dividends Declared

Payout of 75% and 8% ROR					
	2004	2005	2006	2007	2008
For the years ended December 31 (\$ 000)					
Hydro Dividends					
Income Before Other	43,497	49,659	53,025	56,635	61,315
Deduct:					
Recapture	30,421	30,249	30,199	30,110	29,989
Hydro Dividend Income Base	13,076	19,410	22,826	26,524	31,326
Payout Target	0.75	0.75	0.75	0.75	0.75
Hydro Dividends	9,807	14,558	17,120	19,893	23,495
CF(L)Co Dividends					
Share of Common Dividends	4,607	4,607	5,265	5,265	10,530
Preferred Dividends Received	7,537	9,106	10,106	11,261	11,693
Deduct:					
Interest on Share Purchase Debt	2,280	2,194	2,115	2,001	1,921
Principal Payment	1,000	1,000	1,000	1,000	1,000
CF(L)Co Dividends	8,864	10,518	12,256	13,524	19,302
Other Dividends					
Recapture Dividends	30,421	30,249	30,199	30,110	29,989
Extra Dividends	-	-	-	-	-
Other Dividends	30,421	30,249	30,199	30,110	29,989
Total Dividends	49,092	55,325	59,575	63,528	72,786
Hydro Dividend Disallowance					
Hydro Dividends	9,807	14,558	17,120	19,893	23,495
Allowable Hydro Dividend	9,807	14,558	17,120	19,893	23,495
Hydro Dividend Disallowance	-	-	-	-	-
WACC	0.0776	0.0798	0.0852	0.0880	0.0896
Hydro Interest Disallowance	-	-	-	-	-

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Return on Rate Base Calculation

Payout of 75% and 8% ROR

	2004	2005	2006	2007	2008
For the years ended December 31 (\$ 000)					
Rate Base					
Average Net Book Value	1,371,190	1,370,918	1,377,542	1,392,859	1,406,192
Working Capital Allowance	3,700	3,747	3,798	3,849	3,885
Average Fuels and Supplies	38,941	40,474	41,101	43,726	48,570
Deferred Foreign Exchange Loss	80,886	78,729	76,572	74,415	72,258
Deduct:					
Disallowances	2,010	2,010	2,010	2,010	2,010
Rate Base (A)	<u>1,492,706</u>	<u>1,491,857</u>	<u>1,497,003</u>	<u>1,512,838</u>	<u>1,528,894</u>
Rural Rate Base					
Average Net Book Value	199,557	198,892	199,254	199,848	200,321
Working Capital Allowance	495	504	514	522	532
Average Fuels and Supplies	3,021	3,179	3,320	3,375	3,434
Deferred Foreign Exchange Loss	11,734	11,423	11,041	10,625	10,271
Adjustments	-	-	-	-	-
Rural Rate Base (B)	<u>214,807</u>	<u>213,999</u>	<u>214,129</u>	<u>214,369</u>	<u>214,557</u>
Other Rate Base (A-B)	<u>1,277,899</u>	<u>1,277,859</u>	<u>1,282,874</u>	<u>1,298,469</u>	<u>1,314,337</u>
Return on Rate Base					
Rural Return					
Rural Rate Base	214,807	213,999	214,129	214,369	214,557
WACD (D)	0.0692	0.0710	0.0760	0.0785	0.0800
Rural Return (B*D)	<u>14,873</u>	<u>15,203</u>	<u>16,278</u>	<u>16,827</u>	<u>17,159</u>
Other Return					
Other Rate Base	1,277,899	1,277,859	1,282,874	1,298,469	1,314,337
WACC (E)	0.0776	0.0798	0.0852	0.0880	0.0896
Other Return ((A-B)*E)	<u>99,179</u>	<u>101,975</u>	<u>109,283</u>	<u>114,214</u>	<u>117,699</u>
Return on Rate Base	<u>114,052</u>	<u>117,178</u>	<u>125,561</u>	<u>131,040</u>	<u>134,858</u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Weighted Average Cost of Capital

Payout of 75% and 8% ROR

	2004	2005	2006	2007	2008
As at December 31 (\$ 000)					
Weighted Average Calculations					
Average Regulated Debt (A)	1,434,696	1,379,999	1,348,154	1,342,860	1,375,611
Average Total Debt (B)	1,462,224	1,408,771	1,378,170	1,374,120	1,408,115
Average RE (C)	170,858	173,195	178,372	184,423	191,522
Regulated Cost of Debt (D)	0.0788	0.0814	0.0878	0.0911	0.0930
ROR Target (E)	0.0800	0.0800	0.0800	0.0800	0.0800
WACD ((A/(B+C))*D)	0.0692	0.0710	0.0760	0.0785	0.0800
WACE ((C/(B+C))*E)	0.0084	0.0088	0.0092	0.0095	0.0096
WACC	<u>0.0776</u>	<u>0.0798</u>	<u>0.0852</u>	<u>0.0880</u>	<u>0.0896</u>
Forecast WACC	<u>0.0780</u>	<u>0.0776</u>	<u>0.0798</u>	<u>0.0852</u>	<u>0.0880</u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Debt to Capital Ratio

Payout of 75% and 8% ROR

	2004	2005	2006	2007	2008
As at December 31 (\$ 000)					
Total Hydro Debt					
Total Long Term Debt	1,392,504	1,388,895	1,286,223	1,283,494	1,380,604
Add:					
Promissory Notes	123,469	116,244	199,587	247,513	210,407
Deduct:					
Sinking Funds	63,685	72,781	82,533	92,873	103,939
Hydro Bonds	63,685	72,781	82,533	92,873	103,939
CF(L)Co Debt	26,934	25,934	24,934	23,934	22,934
Total Hydro Debt (A)	<u>1,361,669</u>	<u>1,333,642</u>	<u>1,295,810</u>	<u>1,321,327</u>	<u>1,360,199</u>
Employee Benefits (B)	<u>27,528</u>	<u>28,772</u>	<u>30,016</u>	<u>31,260</u>	<u>32,504</u>
Hydro Retained Earnings					
Retained Earnings	459,239	476,545	495,960	518,602	538,653
Deduct:					
Share of CF(L)Co RE	<u>255,920</u>	<u>268,373</u>	<u>282,081</u>	<u>298,092</u>	<u>310,312</u>
Hydro Retained Earnings (C)	<u>203,319</u>	<u>208,172</u>	<u>213,879</u>	<u>220,510</u>	<u>228,342</u>
Debt to Capital Ratio (A/(A+B+C))* 100	<u>86</u>	<u>85</u>	<u>84</u>	<u>84</u>	<u>84</u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Regulated Income Calculation

Payout of 75% and 8% ROR

	2004	2005	2006	2007	2008
<hr/>					
For the years ended December 31 (\$ 000)					
Income Before Other	43,497	49,659	53,025	56,635	61,315
Add:					
Recapture Power Purchases	3,734	3,710	3,700	3,685	3,667
Recapture Interest	157	125	94	64	40
Labrador Industrial Firm Purchases	630	628	628	628	628
Labrador Industrial Share of COS	1,765	1,768	1,809	1,813	1,846
Regulated O&M Adjustment	1,902	1,931	1,963	1,997	2,031
Deduct:					
Gross Recapture	34,313	34,084	33,993	33,859	33,697
Labrador Industrial Firm Sales	4,384	4,434	4,509	4,586	4,664
Regulated Interest Adjustment	743	736	734	733	729
Regulated Income	<u>12,245</u>	<u>18,566</u>	<u>21,982</u>	<u>25,643</u>	<u>30,438</u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Production

Payout of 75% and 8% ROR

	2004	2005	2006	2007	2008
<hr/>					
For the years ended December 31 (GWh)					
Hydraulic					
Bay D'Espoir	2,905.0	2,905.0	2,905.0	2,905.0	2,822.2
Hinds Lake	354.0	354.0	354.0	354.0	340.0
Upper Salmon	578.0	578.0	578.0	578.0	552.0
Cat Arm	731.0	731.0	731.0	731.0	735.0
Paradise River	37.0	37.0	37.0	37.0	38.9
Mini Hydro	7.2	7.2	7.2	7.2	7.2
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Hydraulic	4,612.2	4,612.2	4,612.2	4,612.2	4,495.3
Thermal					
Holyrood Thermal	1,760.3	1,784.3	1,837.3	1,916.8	2,038.9
Holyrood Gas	1.2	1.4	1.5	1.8	4.2
Stephenville Gas	1.2	1.2	1.2	1.2	18.2
Hardwoods Gas	0.2	0.2	0.2	0.2	13.0
HVGB Gas	0.6	0.6	0.6	0.6	0.6
GNP Diesels	0.4	0.4	0.4	0.4	2.2
Rural Diesels	51.9	52.9	53.9	54.6	55.5
Other	-	-	-	-	0.1
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Thermal	1,815.8	1,841.0	1,895.1	1,975.6	2,132.7
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Production	<u>6,428.0</u>	<u>6,453.2</u>	<u>6,507.3</u>	<u>6,587.8</u>	<u>6,628.0</u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Annual Coincident Peak

Payout of 75% and 8% ROR

	2004	2005	2006	2007	2008
<hr/>					
For the years ended December 31 (MW)					
Island Interconnected					
NF Power					
Gross NF Power MW (A)	1,084.0	1,100.2	1,109.4	1,123.8	1,125.9
NP Peak Factor (B)	0.9850	0.9850	0.9850	0.9850	0.9850
NP Native Load Adj (C)	47.0	47.0	47.0	47.0	47.0
NP Peak Credit (D)	120.5	120.5	120.5	120.5	120.5
((A*B)+C)-D)	994.2	1,010.2	1,019.2	1,033.4	1,035.5
Island Industrial					
Gross Island Industrial MW (E)	182.0	182.0	182.0	182.0	203.6
Compensation MW (F)	4.0	4.0	4.0	4.0	8.0
Interruptible MW (G)	-	-	-	-	17.6
Industrial Peak Factor (H)	0.9130	0.9130	0.9130	0.9130	0.9130
((E-F-G)*H)	162.5	162.5	162.5	162.5	162.5
Island Rural Interconnected					
Gross Island Rural Intc MW (I)	89.0	89.0	87.5	87.7	88.3
Rural Peak Factor (J)	0.9780	0.9780	0.9780	0.9780	0.9780
(I*J)	87.0	87.0	85.6	85.8	86.4
Total Island	1,243.8	1,259.7	1,267.3	1,281.7	1,284.3
Labrador Interconnected					
Labrador Industrial Firm	62.0	62.0	62.0	62.0	62.0
Labrador Industrial Secondary	-	-	-	-	-
Labrador Industrial	62.0	62.0	62.0	62.0	62.0
Labrador Rural Interconnected	123.4	125.0	126.7	128.3	129.6
Total Labrador	185.4	187.0	188.7	190.3	191.6
Rural Isolated	18.5	18.9	19.3	19.6	19.9
Total MW	1,447.7	1,465.6	1,475.3	1,491.6	1,495.8

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Key Financial Assumptions

Payout of 75% and 8% ROR

	2004	2005	2006	2007	2008
For the years ended December 31					
NF Power Rate Increases					
Wholesale Increase	0.5674	0.5674	0.5674	0.5674	0.5674
Fuel Prices					
Bunker C (\$ per Barrel)	29.20	28.20	28.95	30.40	31.45
Gas Turbine Fuel (\$ per Gallon)	1.5126	1.4824	1.4804	1.4764	1.5198
Rural Diesel (\$ per Gallon)	1.5126	1.4824	1.4804	1.4764	1.5198
Other Diesel (\$ per Gallon)	1.5126	1.4824	1.4804	1.4764	1.5198
Interest Rates					
Short-Term	0.0521	0.0520	0.0520	0.0521	0.0521
Existing Debt	0.0822	0.0695	0.0714	0.0752	0.0768
New Long-Term	0.0716	0.0715	0.0715	0.0703	0.0703
Sinking Funds	0.0716	0.0715	0.0715	0.0703	0.0703
CF(L)Co Pool	0.0716	0.0715	0.0715	0.0703	0.0703
Guarantee Fee	0.0100	0.0100	0.0100	0.0100	0.0100
Escalation Rates					
Inflation Rate	0.0140	0.0150	0.0170	0.0170	0.0170
Operating Cost Escalator	0.0140	0.0150	0.0170	0.0170	0.0170
Capital Expenditure Escalator	0.0140	0.0150	0.0170	0.0170	0.0170

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

**NEWFOUNDLAND AND LABRADOR HYDRO
Balance Sheet**

**Attachment to IC-321 NLH
2003 NLH General Rate Application
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Payout of 50% and 8% ROR

	2004	2005	2006	2007	2008
As at December 31 (\$ 000)					
Assets					
Fixed Assets					
Fixed assets at cost	1,876,251	1,917,975	1,953,397	2,053,251	2,154,099
Accumulated depreciation	497,358	530,421	569,401	611,444	653,140
Net fixed assets	1,378,893	1,387,554	1,383,996	1,441,807	1,500,959
Current Assets					
Accounts receivable	49,569	50,398	52,695	54,873	57,722
Fuel	44,461	43,962	45,832	49,695	56,416
Prepaid expenses	2,554	2,592	2,636	2,681	2,726
Total current assets	96,583	96,952	101,163	107,250	116,864
Sinking Funds	63,685	72,781	82,533	92,873	103,939
Investment in CF(L)Co	305,358	316,812	329,519	344,530	355,750
Investment in LCDC	15,400	15,400	15,400	15,400	15,400
RSP	99,337	71,111	44,810	18,133	144
Deferred Charges	81,755	78,702	75,652	73,069	70,667
Total Assets	<u>2,041,011</u>	<u>2,039,311</u>	<u>2,033,073</u>	<u>2,093,061</u>	<u>2,163,723</u>
Liabilities and Shareholder's Equity					
Long-Term Debt	1,325,210	1,113,442	1,200,961	987,731	1,273,604
Current Liabilities					
Accounts payable	30,645	31,104	31,633	32,171	32,718
Accrued interest	31,213	30,353	31,898	32,479	32,213
Promissory notes	120,175	107,984	185,349	226,165	180,502
Long-term debt due in one year	3,609	202,672	2,729	202,890	3,061
Total current liabilities	185,642	372,113	251,609	493,704	248,494
Unrealized Foreign Exchange Loss	-	-	-	-	-
Employee Future Benefits	27,528	28,772	30,016	31,260	32,504
Shareholder's Equity					
Share capital	22,504	22,504	22,504	22,504	22,504
LCDC capital	15,400	15,400	15,400	15,400	15,400
Muskkrat Falls capital	2,165	2,165	2,165	2,165	2,165
Retained earnings	462,562	484,915	510,417	540,296	569,051
Total shareholder's equity	502,631	524,984	550,486	580,365	609,120
Total Liabilities and Equity	<u>2,041,011</u>	<u>2,039,311</u>	<u>2,033,073</u>	<u>2,093,061</u>	<u>2,163,722</u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Income Statement

Payout of 50% and 8% ROR

	2004	2005	2006	2007	2008
For the years ended December 31 (\$ 000)					
Revenue					
Energy Sales	402,056	408,783	427,412	445,083	468,188
Recovery of Costs in RSP	35,678	34,680	30,831	29,314	18,549
Total Revenue	437,734	443,463	458,244	474,397	486,737
Expenses					
Operating and Admin	93,211	94,609	96,218	97,853	99,517
Fuels	90,157	89,145	92,938	100,771	114,398
Amortization of RSP	35,678	34,680	30,831	29,314	18,549
Power Purchases	36,989	37,206	37,309	37,422	36,975
Depreciation	34,022	36,557	40,816	42,921	46,850
Interest and Guarantee Fee	103,571	100,716	105,845	107,770	106,890
Extraordinary Loss	500	500	500	500	500
Total Expenses	394,128	393,414	404,457	416,551	423,679
Income Before Other	43,606	50,049	53,787	57,846	63,058
Other Revenue					
Equity in CF(L)Co Net Income	11,619	16,060	17,972	20,276	21,750
Preferred Dividends CF(L)Co	7,537	9,106	10,106	11,261	11,693
Deduct:					
Interest on Share Purchase Debt	2,280	2,194	2,115	2,001	1,921
Other Revenue	16,877	22,971	25,964	29,535	31,522
Net Income	60,483	73,020	79,751	87,381	94,580
Retained Earnings, beginning	447,957	462,562	484,915	510,417	540,296
Deduct:					
Dividends	45,878	50,667	54,249	57,502	65,826
Retained Earnings, ending	462,562	484,915	510,417	540,296	569,051

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Cash Flows

Payout of 50% and 8% ROR

	2004	2005	2006	2007	2008
For the years ended December 31 (\$ 000)					
Operating Activities					
Net Income	60,483	73,020	79,751	87,381	94,580
Items not involving a cash flow					
Depreciation	34,022	36,557	40,816	42,921	46,850
Amortization	3,053	3,053	3,050	2,583	2,402
Employee benefits provision	1,244	1,244	1,244	1,244	1,244
Deduct:					
Equity in CF(L)Co	11,619	16,060	17,972	20,276	21,750
Rate stabilization plan	8,583	6,454	4,530	2,638	560
Adjusted Net Income	78,600	91,360	102,358	111,216	122,767
Net change in other wc items	5,832	769	2,137	4,968	9,333
Benefits cash	-	-	-	-	-
Cash provided by operations	72,767	90,590	100,221	106,247	113,434
Rate Stabilization Plan					
Utility	26,247	27,043	23,786	22,255	11,048
Industrial	9,431	7,637	7,045	7,060	7,501
Cash provided by RSP	35,678	34,680	30,831	29,314	18,549
Dividends Paid	45,878	50,667	54,249	57,502	65,826
Financing					
Long-term debt issued	-	-	100,000	-	300,000
Long-term debt retired	(3,210)	(3,609)	(202,672)	(2,729)	(202,890)
Cash provided by financing	(3,210)	(3,609)	(102,672)	(2,729)	97,110
Investments					
Increase in sinking funds	(16,995)	(18,192)	(19,504)	(20,679)	(22,132)
Increase in deferred charges	0	-	-	-	-
Change in fixed assets	20,635	(45,218)	(37,258)	(100,732)	(106,002)
Dividends from CF(L)Co	4,607	4,607	5,265	5,265	10,530
Cash used for investing	8,247	(58,804)	(51,497)	(116,147)	(117,605)
Net Decrease (Increase) in Debt	67,604	12,191	(77,366)	(40,817)	45,663
Promissory Notes, beginning	187,779	120,175	107,984	185,349	226,165
Promissory Notes, ending	120,175	107,984	185,349	226,165	180,502

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Financial Ratios

Payout of 50% and 8% ROR					
	2004	2005	2006	2007	2008
As at December 31					
Rate of Return (Percent)					
ROR Equity	6.5	9.4	10.6	11.8	13.2
Recapture ROR Equity	21.4	23.7	24.2	24.6	25.2
Overall ROR Equity	12.2	14.2	14.8	15.5	15.9
Debt (Percent)					
Debt Equity Ratio	87	86	85	84	84
Debt Capital Ratio	85	84	83	83	82
Corp Debt Capital Ratio	72	71	69	68	68
Corp Equity Capital Ratio	26	28	29	30	31
Interest Coverage					
Overall Int Cov Ratio	1.12	1.19	1.22	1.25	1.29
Recapture Int Cov Ratio	1.41	1.48	1.50	1.52	1.56
Regulated Int Cov Ratio	1.12	1.18	1.21	1.24	1.28
Dividend Payout (Percent)					
Hydro Payout Ratio	50	50	50	50	50
Dividend Payout Ratio	76	69	68	66	70

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Energy Sales Summary

Payout of 50% and 8% ROR

	2004	2005	2006	2007	2008
<hr/>					
For the years ended December 31 (\$ 000)					
Island Interconnected					
Newfoundland Power	253,223	258,369	273,606	287,271	307,847
Island Industrial	52,164	52,443	54,609	56,890	60,517
Island Rural Interconnected	33,539	33,791	33,617	34,219	31,622
Total Island	<u>338,927</u>	<u>344,603</u>	<u>361,832</u>	<u>378,381</u>	<u>399,985</u>
Labrador Interconnected					
Iron Ore Company of Canada	4,384	4,434	4,509	4,586	4,664
Department of National Defense	2,799	2,942	2,825	2,782	2,809
Labrador Industrial	7,183	7,376	7,334	7,368	7,473
Labrador Rural Interconnected	11,823	12,608	13,780	14,678	15,908
Total Labrador	<u>19,006</u>	<u>19,984</u>	<u>21,114</u>	<u>22,046</u>	<u>23,381</u>
Rural Isolated	<u>8,727</u>	<u>9,013</u>	<u>9,355</u>	<u>9,660</u>	<u>9,970</u>
Sundry					
Miscellaneous	1,083	1,099	1,118	1,137	1,156
Gross Recapture Revenue	<u>34,313</u>	<u>34,084</u>	<u>33,993</u>	<u>33,859</u>	<u>33,697</u>
Sundry Revenue	<u>35,396</u>	<u>35,183</u>	<u>35,111</u>	<u>34,996</u>	<u>34,853</u>
Total Energy Sales	<u><u>402,056</u></u>	<u><u>408,783</u></u>	<u><u>427,412</u></u>	<u><u>445,083</u></u>	<u><u>468,188</u></u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Load

Payout of 50% and 8% ROR

	2004	2005	2006	2007	2008
<hr/>					
For the years ended December 31 (GWh)					
Island Interconnected					
Newfoundland Power	4,741.4	4,766.6	4,829.3	4,902.4	4,928.8
Island Industrial	1,368.6	1,367.2	1,364.5	1,367.4	1,366.5
Island Rural Interconnected	406.3	405.7	397.2	398.6	363.2
Total Island	<u>6,516.3</u>	<u>6,539.5</u>	<u>6,591.0</u>	<u>6,668.4</u>	<u>6,658.5</u>
Labrador Interconnected					
Iron Ore Company of Canada	247.7	246.8	246.8	246.8	246.8
Department of National Defense	<u>77.2</u>	<u>82.8</u>	<u>79.6</u>	<u>78.6</u>	<u>77.1</u>
Labrador Industrial	324.9	329.6	326.4	325.4	323.9
Labrador Rural Interconnected	<u>479.1</u>	<u>485.3</u>	<u>491.4</u>	<u>497.6</u>	<u>502.6</u>
Total Labrador	<u>804.0</u>	<u>814.9</u>	<u>817.8</u>	<u>823.0</u>	<u>826.5</u>
Rural Isolated	<u>63.7</u>	<u>65.2</u>	<u>66.6</u>	<u>67.8</u>	<u>69.0</u>
Recapture	<u>1,435.7</u>	<u>1,426.1</u>	<u>1,422.3</u>	<u>1,416.7</u>	<u>1,409.9</u>
Total Load	<u><u>8,819.7</u></u>	<u><u>8,845.7</u></u>	<u><u>8,897.7</u></u>	<u><u>8,975.9</u></u>	<u><u>8,963.9</u></u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Average Mill Rates

Payout of 50% and 8% ROR

	2004	2005	2006	2007	2008
<hr/>					
For the years ended December 31 (Mills Per KWh)					
Island Interconnected					
Newfoundland Power	53.4	54.2	56.7	58.6	62.5
Island Industrial	38.1	38.4	40.0	41.6	44.3
Island Rural Interconnected	82.5	83.3	84.6	85.8	87.1
Average Island	<u>52.0</u>	<u>52.7</u>	<u>54.9</u>	<u>56.7</u>	<u>60.1</u>
Labrador Interconnected					
Labrador Industrial Firm	17.7	18.0	18.3	18.6	18.9
Labrador Industrial Secondary	36.3	35.5	35.5	35.4	36.4
Labrador Industrial	22.1	22.4	22.5	22.6	23.1
Labrador Rural Interconnected	24.7	26.0	28.0	29.5	31.7
Average Labrador	<u>23.6</u>	<u>24.5</u>	<u>25.8</u>	<u>26.8</u>	<u>28.3</u>
Rural Isolated	<u>137.0</u>	<u>138.2</u>	<u>140.5</u>	<u>142.5</u>	<u>144.5</u>
Recapture	<u>23.9</u>	<u>23.9</u>	<u>23.9</u>	<u>23.9</u>	<u>23.9</u>
Overall Average	<u><u>45.6</u></u>	<u><u>46.2</u></u>	<u><u>48.0</u></u>	<u><u>49.6</u></u>	<u><u>52.2</u></u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Average Mill Rate Changes

Payout of 50% and 8% ROR

	2004	2005	2006	2007	2008
<hr/>					
For the years ended December 31 (Percentage)					
Island Interconnected					
Newfoundland Power	11.5	1.5	4.5	3.4	6.6
Island Industrial	13.6	0.6	4.3	4.0	6.4
Island Rural Interconnected	(5.5)	0.9	1.6	1.4	1.4
Average Island	<u>10.3</u>	<u>1.3</u>	<u>4.2</u>	<u>3.4</u>	<u>5.9</u>
Labrador Interconnected					
Labrador Industrial Firm	1.4	1.5	1.7	1.7	1.7
Labrador Industrial Secondary	(16.6)	(2.0)	(0.1)	(0.3)	2.9
Labrador Industrial	(6.3)	1.2	0.4	0.8	1.9
Labrador Rural Interconnected	(0.3)	5.3	7.9	5.2	7.3
Average Labrador	<u>(2.6)</u>	<u>3.7</u>	<u>5.3</u>	<u>3.8</u>	<u>5.6</u>
Rural Isolated	<u>10.6</u>	<u>0.9</u>	<u>1.6</u>	<u>1.4</u>	<u>1.4</u>
Recapture	<u>7.5</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Overall Average	<u><u>9.8</u></u>	<u><u>1.4</u></u>	<u><u>3.9</u></u>	<u><u>3.2</u></u>	<u><u>5.3</u></u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Dividends Declared

Payout of 50% and 8% ROR					
	2004	2005	2006	2007	2008
For the years ended December 31 (\$ 000)					
Hydro Dividends					
Income Before Other	43,606	50,049	53,787	57,846	63,058
Deduct:					
Recapture	30,421	30,249	30,199	30,110	29,989
Hydro Dividend Income Base	13,185	19,800	23,588	27,735	33,069
Payout Target	0.50	0.50	0.50	0.50	0.50
Hydro Dividends	6,592	9,900	11,794	13,868	16,535
CF(L)Co Dividends					
Share of Common Dividends	4,607	4,607	5,265	5,265	10,530
Preferred Dividends Received	7,537	9,106	10,106	11,261	11,693
Deduct:					
Interest on Share Purchase Debt	2,280	2,194	2,115	2,001	1,921
Principal Payment	1,000	1,000	1,000	1,000	1,000
CF(L)Co Dividends	8,864	10,518	12,256	13,524	19,302
Other Dividends					
Recapture Dividends	30,421	30,249	30,199	30,110	29,989
Extra Dividends	-	-	-	-	-
Other Dividends	30,421	30,249	30,199	30,110	29,989
Total Dividends	45,878	50,667	54,249	57,502	65,826
Hydro Dividend Disallowance					
Hydro Dividends	6,592	9,900	11,794	13,868	16,535
Allowable Hydro Dividend	6,592	9,900	11,794	13,868	16,535
Hydro Dividend Disallowance	-	-	-	-	-
WACC	0.0776	0.0799	0.0853	0.0882	0.0899
Hydro Interest Disallowance	-	-	-	-	-

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Return on Rate Base Calculation

Payout of 50% and 8% ROR

	2004	2005	2006	2007	2008
For the years ended December 31 (\$ 000)					
Rate Base					
Average Net Book Value	1,371,190	1,370,918	1,377,542	1,392,859	1,406,192
Working Capital Allowance	3,700	3,747	3,798	3,849	3,885
Average Fuels and Supplies	38,941	40,474	41,101	43,726	48,570
Deferred Foreign Exchange Loss	80,886	78,729	76,572	74,415	72,258
Deduct:					
Disallowances	2,010	2,010	2,010	2,010	2,010
Rate Base (A)	<u>1,492,706</u>	<u>1,491,857</u>	<u>1,497,003</u>	<u>1,512,838</u>	<u>1,528,894</u>
Rural Rate Base					
Average Net Book Value	199,557	198,892	199,254	199,848	200,321
Working Capital Allowance	495	504	514	522	532
Average Fuels and Supplies	3,021	3,179	3,320	3,375	3,434
Deferred Foreign Exchange Loss	11,734	11,423	11,041	10,625	10,271
Adjustments	-	-	-	-	-
Rural Rate Base (B)	<u>214,807</u>	<u>213,999</u>	<u>214,129</u>	<u>214,369</u>	<u>214,557</u>
Other Rate Base (A-B)	<u>1,277,899</u>	<u>1,277,859</u>	<u>1,282,874</u>	<u>1,298,469</u>	<u>1,314,337</u>
Return on Rate Base					
Rural Return					
Rural Rate Base	214,807	213,999	214,129	214,369	214,557
WACD (D)	0.0692	0.0708	0.0756	0.0778	0.0790
Rural Return (B*D)	<u>14,862</u>	<u>15,157</u>	<u>16,184</u>	<u>16,676</u>	<u>16,946</u>
Other Return					
Other Rate Base	1,277,899	1,277,859	1,282,874	1,298,469	1,314,337
WACC (E)	0.0776	0.0799	0.0853	0.0882	0.0899
Other Return ((A-B)*E)	<u>99,215</u>	<u>102,077</u>	<u>109,470</u>	<u>114,502</u>	<u>118,106</u>
Return on Rate Base	<u>114,077</u>	<u>117,234</u>	<u>125,654</u>	<u>131,178</u>	<u>135,052</u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Weighted Average Cost of Capital

Payout of 50% and 8% ROR

	2004	2005	2006	2007	2008
As at December 31 (\$ 000)					
Weighted Average Calculations					
Average Regulated Debt (A)	1,433,049	1,374,222	1,336,904	1,325,067	1,349,985
Average Total Debt (B)	1,460,577	1,402,994	1,366,920	1,356,327	1,382,489
Average RE (C)	172,520	179,042	189,786	202,499	217,567
Regulated Cost of Debt (D)	0.0788	0.0815	0.0880	0.0915	0.0936
ROR Target (E)	0.0800	0.0800	0.0800	0.0800	0.0800
WACD ((A/(B+C))*D)	0.0692	0.0708	0.0756	0.0778	0.0790
WACE ((C/(B+C))*E)	0.0085	0.0091	0.0098	0.0104	0.0109
WACC	<u>0.0776</u>	<u>0.0799</u>	<u>0.0853</u>	<u>0.0882</u>	<u>0.0899</u>
Forecast WACC	<u>0.0780</u>	<u>0.0776</u>	<u>0.0799</u>	<u>0.0853</u>	<u>0.0882</u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Debt to Capital Ratio

Payout of 50% and 8% ROR					
	2004	2005	2006	2007	2008
<hr/>					
As at December 31 (\$ 000)					
Total Hydro Debt					
Total Long Term Debt	1,392,504	1,388,895	1,286,223	1,283,494	1,380,604
Add:					
Promissory Notes	120,175	107,984	185,349	226,165	180,502
Deduct:					
Sinking Funds	63,685	72,781	82,533	92,873	103,939
Hydro Bonds	63,685	72,781	82,533	92,873	103,939
CF(L)Co Debt	26,934	25,934	24,934	23,934	22,934
Total Hydro Debt (A)	<u>1,358,375</u>	<u>1,325,382</u>	<u>1,281,572</u>	<u>1,299,979</u>	<u>1,330,294</u>
Employee Benefits (B)	<u>27,528</u>	<u>28,772</u>	<u>30,016</u>	<u>31,260</u>	<u>32,504</u>
Hydro Retained Earnings					
Retained Earnings	462,562	484,915	510,417	540,296	569,051
Deduct:					
Share of CF(L)Co RE	<u>255,920</u>	<u>268,373</u>	<u>282,081</u>	<u>298,092</u>	<u>310,312</u>
Hydro Retained Earnings (C)	<u>206,642</u>	<u>216,542</u>	<u>228,336</u>	<u>242,204</u>	<u>258,739</u>
Debt to Capital Ratio (A/(A+B+C))* 100	<u>85</u>	<u>84</u>	<u>83</u>	<u>83</u>	<u>82</u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Regulated Income Calculation

Payout of 50% and 8% ROR

	2004	2005	2006	2007	2008
<hr/>					
For the years ended December 31 (\$ 000)					
Income Before Other	43,606	50,049	53,787	57,846	63,058
Add:					
Recapture Power Purchases	3,734	3,710	3,700	3,685	3,667
Recapture Interest	157	125	94	64	40
Labrador Industrial Firm Purchases	630	628	628	628	628
Labrador Industrial Share of COS	1,765	1,769	1,810	1,815	1,848
Regulated O&M Adjustment	1,902	1,931	1,963	1,997	2,031
Deduct:					
Gross Recapture	34,313	34,084	33,993	33,859	33,697
Labrador Industrial Firm Sales	4,384	4,434	4,509	4,586	4,664
Regulated Interest Adjustment	743	736	734	733	729
Regulated Income	<u>12,354</u>	<u>18,956</u>	<u>22,746</u>	<u>26,856</u>	<u>32,183</u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Production

Payout of 50% and 8% ROR

	2004	2005	2006	2007	2008
<hr/>					
For the years ended December 31 (GWh)					
Hydraulic					
Bay D'Espoir	2,905.0	2,905.0	2,905.0	2,905.0	2,822.2
Hinds Lake	354.0	354.0	354.0	354.0	340.0
Upper Salmon	578.0	578.0	578.0	578.0	552.0
Cat Arm	731.0	731.0	731.0	731.0	735.0
Paradise River	37.0	37.0	37.0	37.0	38.9
Mini Hydro	7.2	7.2	7.2	7.2	7.2
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Hydraulic	4,612.2	4,612.2	4,612.2	4,612.2	4,495.3
Thermal					
Holyrood Thermal	1,760.3	1,784.3	1,837.3	1,916.8	2,038.9
Holyrood Gas	1.2	1.4	1.5	1.8	4.2
Stephenville Gas	1.2	1.2	1.2	1.2	18.2
Hardwoods Gas	0.2	0.2	0.2	0.2	13.0
HVGB Gas	0.6	0.6	0.6	0.6	0.6
GNP Diesels	0.4	0.4	0.4	0.4	2.2
Rural Diesels	51.9	52.9	53.9	54.6	55.5
Other	-	-	-	-	0.1
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Thermal	1,815.8	1,841.0	1,895.1	1,975.6	2,132.7
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Production	<u>6,428.0</u>	<u>6,453.2</u>	<u>6,507.3</u>	<u>6,587.8</u>	<u>6,628.0</u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Annual Coincident Peak

Payout of 50% and 8% ROR

	2004	2005	2006	2007	2008
<hr/>					
For the years ended December 31 (MW)					
Island Interconnected					
NF Power					
Gross NF Power MW (A)	1,084.0	1,100.2	1,109.4	1,123.8	1,125.9
NP Peak Factor (B)	0.9850	0.9850	0.9850	0.9850	0.9850
NP Native Load Adj (C)	47.0	47.0	47.0	47.0	47.0
NP Peak Credit (D)	120.5	120.5	120.5	120.5	120.5
((A*B)+C)-D)	994.2	1,010.2	1,019.2	1,033.4	1,035.5
Island Industrial					
Gross Island Industrial MW (E)	182.0	182.0	182.0	182.0	203.6
Compensation MW (F)	4.0	4.0	4.0	4.0	8.0
Interruptible MW (G)	-	-	-	-	17.6
Industrial Peak Factor (H)	0.9130	0.9130	0.9130	0.9130	0.9130
((E-F-G)*H)	162.5	162.5	162.5	162.5	162.5
Island Rural Interconnected					
Gross Island Rural Intc MW (I)	89.0	89.0	87.5	87.7	88.3
Rural Peak Factor (J)	0.9780	0.9780	0.9780	0.9780	0.9780
(I*J)	87.0	87.0	85.6	85.8	86.4
Total Island	1,243.8	1,259.7	1,267.3	1,281.7	1,284.3
Labrador Interconnected					
Labrador Industrial Firm	62.0	62.0	62.0	62.0	62.0
Labrador Industrial Secondary	-	-	-	-	-
Labrador Industrial	62.0	62.0	62.0	62.0	62.0
Labrador Rural Interconnected	123.4	125.0	126.7	128.3	129.6
Total Labrador	185.4	187.0	188.7	190.3	191.6
Rural Isolated	18.5	18.9	19.3	19.6	19.9
Total MW	1,447.7	1,465.6	1,475.3	1,491.6	1,495.8

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Key Financial Assumptions

Payout of 50% and 8% ROR					
	2004	2005	2006	2007	2008
For the years ended December 31					
NF Power Rate Increases					
Wholesale Increase	0.5674	0.5674	0.5674	0.5674	0.5674
Fuel Prices					
Bunker C (\$ per Barrel)	29.20	28.20	28.95	30.40	31.45
Gas Turbine Fuel (\$ per Gallon)	1.5126	1.4824	1.4804	1.4764	1.5198
Rural Diesel (\$ per Gallon)	1.5126	1.4824	1.4804	1.4764	1.5198
Other Diesel (\$ per Gallon)	1.5126	1.4824	1.4804	1.4764	1.5198
Interest Rates					
Short-Term	0.0521	0.0520	0.0520	0.0521	0.0521
Existing Debt	0.0822	0.0695	0.0715	0.0754	0.0772
New Long-Term	0.0716	0.0715	0.0715	0.0703	0.0703
Sinking Funds	0.0716	0.0715	0.0715	0.0703	0.0703
CF(L)Co Pool	0.0716	0.0715	0.0715	0.0703	0.0703
Guarantee Fee	0.0100	0.0100	0.0100	0.0100	0.0100
Escalation Rates					
Inflation Rate	0.0140	0.0150	0.0170	0.0170	0.0170
Operating Cost Escalator	0.0140	0.0150	0.0170	0.0170	0.0170
Capital Expenditure Escalator	0.0140	0.0150	0.0170	0.0170	0.0170

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

**NEWFOUNDLAND AND LABRADOR HYDRO
Balance Sheet**

**Attachment to IC-321 NLH
2003 NLH General Rate Application
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Payout of 25% and 8% ROR

	2004	2005	2006	2007	2008
As at December 31 (\$ 000)					
Assets					
Fixed Assets					
Fixed assets at cost	1,876,251	1,917,975	1,953,397	2,053,251	2,154,099
Accumulated depreciation	497,358	530,421	569,401	611,444	653,140
Net fixed assets	1,378,893	1,387,554	1,383,996	1,441,807	1,500,959
Current Assets					
Accounts receivable	49,572	50,405	52,707	54,891	57,641
Fuel	44,461	43,962	45,832	49,695	56,416
Prepaid expenses	2,554	2,592	2,636	2,681	2,726
Total current assets	96,586	96,959	101,175	107,267	116,783
Sinking Funds	63,685	72,781	82,533	92,873	103,939
Investment in CF(L)Co	305,358	316,812	329,519	344,530	355,750
Investment in LCDC	15,400	15,400	15,400	15,400	15,400
RSP	99,337	71,113	44,816	18,140	146
Deferred Charges	81,755	78,702	75,652	73,069	70,667
Total Assets	2,041,014	2,039,321	2,033,091	2,093,086	2,163,645
Liabilities and Shareholder's Equity					
Long-Term Debt	1,325,210	1,113,442	1,200,961	987,731	1,173,604
Current Liabilities					
Accounts payable	30,645	31,104	31,633	32,171	32,718
Accrued interest	31,187	30,249	31,688	32,137	31,442
Promissory notes	116,824	99,465	170,452	203,514	248,482
Long-term debt due in one year	3,609	202,672	2,729	202,890	3,061
Total current liabilities	182,264	363,491	236,502	470,712	315,703
Unrealized Foreign Exchange Loss	-	-	-	-	-
Employee Future Benefits	27,528	28,772	30,016	31,260	32,504
Shareholder's Equity					
Share capital	22,504	22,504	22,504	22,504	22,504
LCDC capital	15,400	15,400	15,400	15,400	15,400
Muskrat Falls capital	2,165	2,165	2,165	2,165	2,165
Retained earnings	465,943	493,547	525,542	563,313	601,765
Total shareholder's equity	506,012	533,616	565,611	603,382	641,834
Total Liabilities and Equity	2,041,014	2,039,320	2,033,091	2,093,086	2,163,645

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Income Statement

Payout of 25% and 8% ROR

	2004	2005	2006	2007	2008
For the years ended December 31 (\$ 000)					
Revenue					
Energy Sales	402,081	408,840	427,509	445,228	467,534
Recovery of Costs in RSP	35,678	34,681	30,833	29,319	18,555
Total Revenue	437,758	443,520	458,341	474,546	486,090
Expenses					
Operating and Admin	93,211	94,609	96,218	97,853	99,517
Fuels	90,157	89,145	92,938	100,771	114,398
Amortization of RSP	35,678	34,681	30,833	29,319	18,555
Power Purchases	36,989	37,206	37,309	37,422	36,975
Depreciation	34,022	36,557	40,816	42,921	46,850
Interest and Guarantee Fee	103,484	100,372	105,146	106,637	104,331
Extraordinary Loss	500	500	500	500	500
Total Expenses	394,040	393,070	403,759	415,423	421,126
Income Before Other	43,718	50,451	54,582	59,123	64,964
Other Revenue					
Equity in CF(L)Co Net Income	11,619	16,060	17,972	20,276	21,750
Preferred Dividends CF(L)Co	7,537	9,106	10,106	11,261	11,693
Deduct:					
Interest on Share Purchase Debt	2,280	2,194	2,115	2,001	1,921
Other Revenue	16,877	22,971	25,964	29,535	31,522
Net Income	60,595	73,422	80,546	88,658	96,486
Retained Earnings, beginning	447,957	465,943	493,547	525,542	563,313
Deduct:					
Dividends	42,609	45,818	48,551	50,888	58,035
Retained Earnings, ending	465,943	493,547	525,542	563,313	601,765

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Cash Flows

Payout of 25% and 8% ROR

	2004	2005	2006	2007	2008
For the years ended December 31 (\$ 000)					
Operating Activities					
Net Income	60,595	73,422	80,546	88,658	96,486
Items not involving a cash flow					
Depreciation	34,022	36,557	40,816	42,921	46,850
Amortization	3,053	3,053	3,050	2,583	2,402
Employee benefits provision	1,244	1,244	1,244	1,244	1,244
Deduct:					
Equity in CF(L)Co	11,619	16,060	17,972	20,276	21,750
Rate stabilization plan	8,583	6,457	4,535	2,643	562
Adjusted Net Income	78,712	91,759	103,148	112,488	124,671
Net change in other wc items	5,862	851	2,248	5,105	9,664
Benefits cash	-	-	-	-	-
Cash provided by operations	72,850	90,908	100,900	107,383	115,006
Rate Stabilization Plan					
Utility	26,247	27,043	23,787	22,258	11,052
Industrial	9,431	7,637	7,045	7,060	7,503
Cash provided by RSP	35,678	34,681	30,833	29,319	18,555
Dividends Paid	42,609	45,818	48,551	50,888	58,035
Financing					
Long-term debt issued	-	-	100,000	-	200,000
Long-term debt retired	(3,210)	(3,609)	(202,672)	(2,729)	(202,890)
Cash provided by financing	(3,210)	(3,609)	(102,672)	(2,729)	(2,890)
Investments					
Increase in sinking funds	(16,995)	(18,192)	(19,504)	(20,679)	(22,132)
Increase in deferred charges	0	-	-	-	-
Change in fixed assets	20,635	(45,218)	(37,258)	(100,732)	(106,002)
Dividends from CF(L)Co	4,607	4,607	5,265	5,265	10,530
Cash used for investing	8,247	(58,804)	(51,497)	(116,147)	(117,605)
Net Decrease (Increase) in Debt	70,955	17,358	(70,988)	(33,062)	(44,968)
Promissory Notes, beginning	187,779	116,824	99,465	170,452	203,514
Promissory Notes, ending	116,824	99,465	170,452	203,514	248,482

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Financial Ratios

Payout of 25% and 8% ROR					
	2004	2005	2006	2007	2008
As at December 31					
Rate of Return (Percent)					
ROR Equity	6.5	9.3	10.4	11.4	12.6
Recapture ROR Equity	21.3	23.2	23.3	23.2	23.3
Overall ROR Equity	12.2	14.1	14.7	15.2	15.5
Debt (Percent)					
Debt Equity Ratio	87	85	84	83	82
Debt Capital Ratio	85	84	82	81	80
Corp Debt Capital Ratio	72	70	68	67	66
Corp Equity Capital Ratio	26	28	30	31	32
Interest Coverage					
Overall Int Cov Ratio	1.13	1.19	1.23	1.27	1.32
Recapture Int Cov Ratio	1.41	1.49	1.51	1.54	1.59
Regulated Int Cov Ratio	1.12	1.19	1.22	1.26	1.31
Dividend Payout (Percent)					
Hydro Payout Ratio	25	25	25	25	25
Dividend Payout Ratio	70	62	60	57	60

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Energy Sales Summary

Payout of 25% and 8% ROR

	2004	2005	2006	2007	2008
<hr/>					
For the years ended December 31 (\$ 000)					
Island Interconnected					
Newfoundland Power	253,241	258,411	273,676	287,376	307,337
Island Industrial	52,168	52,453	54,626	56,917	60,437
Island Rural Interconnected	33,540	33,794	33,622	34,226	31,593
Total Island	<u>338,950</u>	<u>344,657</u>	<u>361,924</u>	<u>378,519</u>	<u>399,367</u>
Labrador Interconnected					
Iron Ore Company of Canada	4,384	4,434	4,509	4,586	4,664
Department of National Defense	2,799	2,942	2,825	2,782	2,809
Labrador Industrial	7,183	7,376	7,334	7,368	7,473
Labrador Rural Interconnected	11,824	12,610	13,783	14,682	15,881
Total Labrador	<u>19,007</u>	<u>19,986</u>	<u>21,117</u>	<u>22,050</u>	<u>23,354</u>
Rural Isolated	<u>8,728</u>	<u>9,014</u>	<u>9,357</u>	<u>9,662</u>	<u>9,960</u>
Sundry					
Miscellaneous	1,083	1,099	1,118	1,137	1,156
Gross Recapture Revenue	<u>34,313</u>	<u>34,084</u>	<u>33,993</u>	<u>33,859</u>	<u>33,697</u>
Sundry Revenue	<u>35,396</u>	<u>35,183</u>	<u>35,111</u>	<u>34,996</u>	<u>34,853</u>
Total Energy Sales	<u><u>402,081</u></u>	<u><u>408,840</u></u>	<u><u>427,509</u></u>	<u><u>445,228</u></u>	<u><u>467,534</u></u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Load

Payout of 25% and 8% ROR

	2004	2005	2006	2007	2008
<hr/>					
For the years ended December 31 (GWh)					
Island Interconnected					
Newfoundland Power	4,741.4	4,766.6	4,829.3	4,902.4	4,928.8
Island Industrial	1,368.6	1,367.2	1,364.5	1,367.4	1,366.5
Island Rural Interconnected	406.3	405.7	397.2	398.6	363.2
Total Island	<u>6,516.3</u>	<u>6,539.5</u>	<u>6,591.0</u>	<u>6,668.4</u>	<u>6,658.5</u>
Labrador Interconnected					
Iron Ore Company of Canada	247.7	246.8	246.8	246.8	246.8
Department of National Defense	77.2	82.8	79.6	78.6	77.1
Labrador Industrial	324.9	329.6	326.4	325.4	323.9
Labrador Rural Interconnected	479.1	485.3	491.4	497.6	502.6
Total Labrador	<u>804.0</u>	<u>814.9</u>	<u>817.8</u>	<u>823.0</u>	<u>826.5</u>
Rural Isolated	<u>63.7</u>	<u>65.2</u>	<u>66.6</u>	<u>67.8</u>	<u>69.0</u>
Recapture	<u>1,435.7</u>	<u>1,426.1</u>	<u>1,422.3</u>	<u>1,416.7</u>	<u>1,409.9</u>
Total Load	<u><u>8,819.7</u></u>	<u><u>8,845.7</u></u>	<u><u>8,897.7</u></u>	<u><u>8,975.9</u></u>	<u><u>8,963.9</u></u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Average Mill Rates

Payout of 25% and 8% ROR

	2004	2005	2006	2007	2008
<hr/>					
For the years ended December 31 (Mills Per KWh)					
Island Interconnected					
Newfoundland Power	53.4	54.2	56.7	58.6	62.4
Island Industrial	38.1	38.4	40.0	41.6	44.2
Island Rural Interconnected	82.6	83.3	84.6	85.9	87.0
Average Island	<u>52.0</u>	<u>52.7</u>	<u>54.9</u>	<u>56.8</u>	<u>60.0</u>
Labrador Interconnected					
Labrador Industrial Firm	17.7	18.0	18.3	18.6	18.9
Labrador Industrial Secondary	36.3	35.5	35.5	35.4	36.4
Labrador Industrial	22.1	22.4	22.5	22.6	23.1
Labrador Rural Interconnected	24.7	26.0	28.0	29.5	31.6
Average Labrador	<u>23.6</u>	<u>24.5</u>	<u>25.8</u>	<u>26.8</u>	<u>28.3</u>
Rural Isolated	<u>137.0</u>	<u>138.2</u>	<u>140.5</u>	<u>142.5</u>	<u>144.4</u>
Recapture	<u>23.9</u>	<u>23.9</u>	<u>23.9</u>	<u>23.9</u>	<u>23.9</u>
Overall Average	<u><u>45.6</u></u>	<u><u>46.2</u></u>	<u><u>48.0</u></u>	<u><u>49.6</u></u>	<u><u>52.2</u></u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Average Mill Rate Changes

Payout of 25% and 8% ROR

	2004	2005	2006	2007	2008
<hr/>					
For the years ended December 31 (Percentage)					
Island Interconnected					
Newfoundland Power	11.5	1.5	4.5	3.4	6.4
Island Industrial	13.6	0.6	4.4	4.0	6.3
Island Rural Interconnected	(5.5)	0.9	1.6	1.4	1.3
Average Island	<u>10.3</u>	<u>1.3</u>	<u>4.2</u>	<u>3.4</u>	<u>5.7</u>
Labrador Interconnected					
Labrador Industrial Firm	1.4	1.5	1.7	1.7	1.7
Labrador Industrial Secondary	(16.6)	(2.0)	(0.1)	(0.3)	2.9
Labrador Industrial	(6.3)	1.2	0.4	0.8	1.9
Labrador Rural Interconnected	(0.3)	5.3	8.0	5.2	7.1
Average Labrador	<u>(2.6)</u>	<u>3.7</u>	<u>5.3</u>	<u>3.8</u>	<u>5.5</u>
Rural Isolated	<u>10.6</u>	<u>0.9</u>	<u>1.6</u>	<u>1.4</u>	<u>1.3</u>
Recapture	<u>7.5</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Overall Average	<u><u>9.9</u></u>	<u><u>1.4</u></u>	<u><u>4.0</u></u>	<u><u>3.2</u></u>	<u><u>5.2</u></u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Dividends Declared

Payout of 25% and 8% ROR					
	2004	2005	2006	2007	2008
For the years ended December 31 (\$ 000)					
Hydro Dividends					
Income Before Other	43,718	50,451	54,582	59,123	64,964
Deduct:					
Recapture	30,421	30,249	30,199	30,110	29,989
Hydro Dividend Income Base	13,297	20,201	24,383	29,013	34,975
Payout Target	0.25	0.25	0.25	0.25	0.25
Hydro Dividends	3,324	5,050	6,096	7,253	8,744
CF(L)Co Dividends					
Share of Common Dividends	4,607	4,607	5,265	5,265	10,530
Preferred Dividends Received	7,537	9,106	10,106	11,261	11,693
Deduct:					
Interest on Share Purchase Debt	2,280	2,194	2,115	2,001	1,921
Principal Payment	1,000	1,000	1,000	1,000	1,000
CF(L)Co Dividends	8,864	10,518	12,256	13,524	19,302
Other Dividends					
Recapture Dividends	30,421	30,249	30,199	30,110	29,989
Extra Dividends	-	-	-	-	-
Other Dividends	30,421	30,249	30,199	30,110	29,989
Total Dividends	42,609	45,818	48,551	50,888	58,035
Hydro Dividend Disallowance					
Hydro Dividends	3,324	5,050	6,096	7,253	8,744
Allowable Hydro Dividend	3,324	5,050	6,096	7,253	8,744
Hydro Dividend Disallowance	-	-	-	-	-
WACC	0.0777	0.0800	0.0855	0.0884	0.0896
Hydro Interest Disallowance	-	-	-	-	-

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Return on Rate Base Calculation

Payout of 25% and 8% ROR

	2004	2005	2006	2007	2008
For the years ended December 31 (\$ 000)					
Rate Base					
Average Net Book Value	1,371,190	1,370,918	1,377,542	1,392,859	1,406,192
Working Capital Allowance	3,700	3,747	3,798	3,849	3,885
Average Fuels and Supplies	38,941	40,474	41,101	43,726	48,570
Deferred Foreign Exchange Loss	80,886	78,729	76,572	74,415	72,258
Deduct:					
Disallowances	2,010	2,010	2,010	2,010	2,010
Rate Base (A)	<u>1,492,706</u>	<u>1,491,857</u>	<u>1,497,003</u>	<u>1,512,838</u>	<u>1,528,894</u>
Rural Rate Base					
Average Net Book Value	199,557	198,892	199,254	199,848	200,321
Working Capital Allowance	495	504	514	522	532
Average Fuels and Supplies	3,021	3,179	3,320	3,375	3,434
Deferred Foreign Exchange Loss	11,734	11,423	11,041	10,625	10,271
Adjustments	-	-	-	-	-
Rural Rate Base (B)	<u>214,807</u>	<u>213,999</u>	<u>214,129</u>	<u>214,369</u>	<u>214,557</u>
Other Rate Base (A-B)	<u>1,277,899</u>	<u>1,277,859</u>	<u>1,282,874</u>	<u>1,298,469</u>	<u>1,314,337</u>
Return on Rate Base					
Rural Return					
Rural Rate Base	214,807	213,999	214,129	214,369	214,557
WACD (D)	0.0691	0.0706	0.0751	0.0770	0.0774
Rural Return (B*D)	<u>14,850</u>	<u>15,110</u>	<u>16,086</u>	<u>16,517</u>	<u>16,597</u>
Other Return					
Other Rate Base	1,277,899	1,277,859	1,282,874	1,298,469	1,314,337
WACC (E)	0.0777	0.0800	0.0855	0.0884	0.0896
Other Return ((A-B)*E)	<u>99,251</u>	<u>102,182</u>	<u>109,665</u>	<u>114,807</u>	<u>117,795</u>
Return on Rate Base	<u>114,102</u>	<u>117,292</u>	<u>125,751</u>	<u>131,324</u>	<u>134,393</u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Weighted Average Cost of Capital

Payout of 25% and 8% ROR

	2004	2005	2006	2007	2008
As at December 31 (\$ 000)					
Weighted Average Calculations					
Average Regulated Debt (A)	1,431,374	1,368,288	1,325,197	1,306,294	1,322,650
Average Total Debt (B)	1,458,902	1,397,060	1,355,213	1,337,554	1,355,154
Average RE (C)	174,210	185,048	201,665	221,570	245,432
Regulated Cost of Debt (D)	0.0789	0.0816	0.0883	0.0920	0.0936
ROR Target (E)	0.0800	0.0800	0.0800	0.0800	0.0800
WACD ((A/(B+C))*D)	0.0691	0.0706	0.0751	0.0770	0.0774
WACE ((C/(B+C))*E)	0.0085	0.0094	0.0104	0.0114	0.0123
WACC	<u>0.0777</u>	<u>0.0800</u>	<u>0.0855</u>	<u>0.0884</u>	<u>0.0896</u>
Forecast WACC	<u>0.0780</u>	<u>0.0777</u>	<u>0.0800</u>	<u>0.0855</u>	<u>0.0884</u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Debt to Capital Ratio

Payout of 25% and 8% ROR					
	2004	2005	2006	2007	2008
<hr/>					
As at December 31 (\$ 000)					
Total Hydro Debt					
Total Long Term Debt	1,392,504	1,388,895	1,286,223	1,283,494	1,280,604
Add:					
Promissory Notes	116,824	99,465	170,452	203,514	248,482
Deduct:					
Sinking Funds	63,685	72,781	82,533	92,873	103,939
Hydro Bonds	63,685	72,781	82,533	92,873	103,939
CF(L)Co Debt	26,934	25,934	24,934	23,934	22,934
Total Hydro Debt (A)	<u>1,355,024</u>	<u>1,316,864</u>	<u>1,266,675</u>	<u>1,277,329</u>	<u>1,298,274</u>
Employee Benefits (B)	<u>27,528</u>	<u>28,772</u>	<u>30,016</u>	<u>31,260</u>	<u>32,504</u>
Hydro Retained Earnings					
Retained Earnings	465,943	493,547	525,542	563,313	601,765
Deduct:					
Share of CF(L)Co RE	<u>255,920</u>	<u>268,373</u>	<u>282,081</u>	<u>298,092</u>	<u>310,312</u>
Hydro Retained Earnings (C)	<u>210,023</u>	<u>225,174</u>	<u>243,461</u>	<u>265,221</u>	<u>291,453</u>
Debt to Capital Ratio (A/(A+B+C))* 100	<u>85</u>	<u>84</u>	<u>82</u>	<u>81</u>	<u>80</u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Regulated Income Calculation

Payout of 25% and 8% ROR

	2004	2005	2006	2007	2008
<hr/>					
For the years ended December 31 (\$ 000)					
Income Before Other	43,718	50,451	54,582	59,123	64,964
Add:					
Recapture Power Purchases	3,734	3,710	3,700	3,685	3,667
Recapture Interest	157	125	94	64	40
Labrador Industrial Firm Purchases	630	628	628	628	628
Labrador Industrial Share of COS	1,766	1,769	1,811	1,817	1,844
Regulated O&M Adjustment	1,902	1,931	1,963	1,997	2,031
Deduct:					
Gross Recapture	34,313	34,084	33,993	33,859	33,697
Labrador Industrial Firm Sales	4,384	4,434	4,509	4,586	4,664
Regulated Interest Adjustment	743	736	734	733	729
Regulated Income	<u>12,466</u>	<u>19,359</u>	<u>23,542</u>	<u>28,135</u>	<u>34,084</u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Production

Payout of 25% and 8% ROR

	2004	2005	2006	2007	2008
<hr/>					
For the years ended December 31 (GWh)					
Hydraulic					
Bay D'Espoir	2,905.0	2,905.0	2,905.0	2,905.0	2,822.2
Hinds Lake	354.0	354.0	354.0	354.0	340.0
Upper Salmon	578.0	578.0	578.0	578.0	552.0
Cat Arm	731.0	731.0	731.0	731.0	735.0
Paradise River	37.0	37.0	37.0	37.0	38.9
Mini Hydro	7.2	7.2	7.2	7.2	7.2
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Hydraulic	4,612.2	4,612.2	4,612.2	4,612.2	4,495.3
Thermal					
Holyrood Thermal	1,760.3	1,784.3	1,837.3	1,916.8	2,038.9
Holyrood Gas	1.2	1.4	1.5	1.8	4.2
Stephenville Gas	1.2	1.2	1.2	1.2	18.2
Hardwoods Gas	0.2	0.2	0.2	0.2	13.0
HVGB Gas	0.6	0.6	0.6	0.6	0.6
GNP Diesels	0.4	0.4	0.4	0.4	2.2
Rural Diesels	51.9	52.9	53.9	54.6	55.5
Other	-	-	-	-	0.1
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Thermal	1,815.8	1,841.0	1,895.1	1,975.6	2,132.7
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Production	<u>6,428.0</u>	<u>6,453.2</u>	<u>6,507.3</u>	<u>6,587.8</u>	<u>6,628.0</u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Annual Coincident Peak

Payout of 25% and 8% ROR

	2004	2005	2006	2007	2008
<hr/>					
For the years ended December 31 (MW)					
Island Interconnected					
NF Power					
Gross NF Power MW (A)	1,084.0	1,100.2	1,109.4	1,123.8	1,125.9
NP Peak Factor (B)	0.9850	0.9850	0.9850	0.9850	0.9850
NP Native Load Adj (C)	47.0	47.0	47.0	47.0	47.0
NP Peak Credit (D)	120.5	120.5	120.5	120.5	120.5
((A*B)+C)-D)	994.2	1,010.2	1,019.2	1,033.4	1,035.5
Island Industrial					
Gross Island Industrial MW (E)	182.0	182.0	182.0	182.0	203.6
Compensation MW (F)	4.0	4.0	4.0	4.0	8.0
Interruptible MW (G)	-	-	-	-	17.6
Industrial Peak Factor (H)	0.9130	0.9130	0.9130	0.9130	0.9130
((E-F-G)*H)	162.5	162.5	162.5	162.5	162.5
Island Rural Interconnected					
Gross Island Rural Intc MW (I)	89.0	89.0	87.5	87.7	88.3
Rural Peak Factor (J)	0.9780	0.9780	0.9780	0.9780	0.9780
(I*J)	87.0	87.0	85.6	85.8	86.4
Total Island	1,243.8	1,259.7	1,267.3	1,281.7	1,284.3
Labrador Interconnected					
Labrador Industrial Firm	62.0	62.0	62.0	62.0	62.0
Labrador Industrial Secondary	-	-	-	-	-
Labrador Industrial	62.0	62.0	62.0	62.0	62.0
Labrador Rural Interconnected	123.4	125.0	126.7	128.3	129.6
Total Labrador	185.4	187.0	188.7	190.3	191.6
Rural Isolated	18.5	18.9	19.3	19.6	19.9
Total MW	1,447.7	1,465.6	1,475.3	1,491.6	1,495.8

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Key Financial Assumptions

Payout of 25% and 8% ROR					
	2004	2005	2006	2007	2008
For the years ended December 31					
NF Power Rate Increases					
Wholesale Increase	0.5674	0.5674	0.5674	0.5674	0.5674
Fuel Prices					
Bunker C (\$ per Barrel)	29.20	28.20	28.95	30.40	31.45
Gas Turbine Fuel (\$ per Gallon)	1.5126	1.4824	1.4804	1.4764	1.5198
Rural Diesel (\$ per Gallon)	1.5126	1.4824	1.4804	1.4764	1.5198
Other Diesel (\$ per Gallon)	1.5126	1.4824	1.4804	1.4764	1.5198
Interest Rates					
Short-Term	0.0521	0.0520	0.0520	0.0521	0.0521
Existing Debt	0.0822	0.0696	0.0716	0.0757	0.0748
New Long-Term	0.0716	0.0715	0.0715	0.0703	0.0703
Sinking Funds	0.0716	0.0715	0.0715	0.0703	0.0703
CF(L)Co Pool	0.0716	0.0715	0.0715	0.0703	0.0703
Guarantee Fee	0.0100	0.0100	0.0100	0.0100	0.0100
Escalation Rates					
Inflation Rate	0.0140	0.0150	0.0170	0.0170	0.0170
Operating Cost Escalator	0.0140	0.0150	0.0170	0.0170	0.0170
Capital Expenditure Escalator	0.0140	0.0150	0.0170	0.0170	0.0170

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

**NEWFOUNDLAND AND LABRADOR HYDRO
Balance Sheet**

**Attachment to IC-321 NLH
2003 NLH General Rate Application
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Payout of 75% and 10.75% ROR	2004	2005	2006	2007	2008
As at December 31 (\$ 000)					
Assets					
Fixed Assets					
Fixed assets at cost	1,876,251	1,917,975	1,953,397	2,053,251	2,154,099
Accumulated depreciation	497,358	530,421	569,401	611,444	653,140
Net fixed assets	1,378,893	1,387,554	1,383,996	1,441,807	1,500,959
Current Assets					
Accounts receivable	49,978	50,836	53,160	55,368	58,238
Fuel	44,461	43,962	45,832	49,695	56,416
Prepaid expenses	2,554	2,592	2,636	2,681	2,726
Total current assets	96,993	97,390	101,629	107,744	117,380
Sinking Funds	63,685	72,781	82,533	92,873	103,939
Investment in CF(L)Co	305,358	316,812	329,519	344,530	355,750
Investment in LCDC	15,400	15,400	15,400	15,400	15,400
RSP	99,657	71,583	45,280	18,420	193
Deferred Charges	81,755	78,702	75,652	73,069	70,667
Total Assets	<u>2,041,741</u>	<u>2,040,221</u>	<u>2,034,009</u>	<u>2,093,843</u>	<u>2,164,288</u>
Liabilities and Shareholder's Equity					
Long-Term Debt	1,325,210	1,113,442	1,200,961	987,731	1,273,604
Current Liabilities					
Accounts payable	30,645	31,104	31,633	32,171	32,718
Accrued interest	31,138	30,371	32,017	32,719	32,601
Promissory notes	123,382	115,355	197,698	244,370	205,887
Long-term debt due in one year	3,609	202,672	2,729	202,890	3,061
Total current liabilities	188,774	379,503	264,078	512,150	274,267
Unrealized Foreign Exchange Loss	-	-	-	-	-
Employee Future Benefits	27,528	28,772	30,016	31,260	32,504
Shareholder's Equity					
Share capital	22,504	22,504	22,504	22,504	22,504
LCDC capital	15,400	15,400	15,400	15,400	15,400
Muskrat Falls capital	2,165	2,165	2,165	2,165	2,165
Retained earnings	460,160	478,436	498,886	522,634	543,845
Total shareholder's equity	500,229	518,505	538,955	562,703	583,914
Total Liabilities and Equity	<u>2,041,741</u>	<u>2,040,222</u>	<u>2,034,010</u>	<u>2,093,844</u>	<u>2,164,289</u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Income Statement

Payout of 75% and 10.75% ROR	2004	2005	2006	2007	2008
For the years ended December 31 (\$ 000)					
Revenue					
Energy Sales	405,379	412,334	431,188	449,095	472,373
Recovery of Costs in RSP	35,690	34,775	31,027	29,620	18,818
Total Revenue	441,070	447,108	462,215	478,715	491,190
Expenses					
Operating and Admin	93,211	94,609	96,218	97,853	99,517
Fuels	90,157	89,145	92,938	100,771	114,398
Amortization of RSP	35,690	34,775	31,027	29,620	18,818
Power Purchases	36,989	37,206	37,309	37,422	36,975
Depreciation	34,022	36,557	40,816	42,921	46,850
Interest and Guarantee Fee	103,322	100,777	106,238	108,568	108,177
Extraordinary Loss	500	500	500	500	500
Total Expenses	393,891	393,569	405,045	417,655	425,235
Income Before Other	47,179	53,539	57,170	61,060	65,956
Other Revenue					
Equity in CF(L)Co Net Income	11,619	16,060	17,972	20,276	21,750
Preferred Dividends CF(L)Co	7,537	9,106	10,106	11,261	11,693
Deduct:					
Interest on Share Purchase Debt	2,280	2,194	2,115	2,001	1,921
Other Revenue	16,877	22,971	25,964	29,535	31,522
Net Income	64,055	76,510	83,134	90,595	97,478
Retained Earnings, beginning	447,957	460,160	478,436	498,886	522,634
Deduct:					
Dividends	51,853	58,235	62,684	66,847	76,266
Retained Earnings, ending	460,160	478,436	498,886	522,634	543,845

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Cash Flows

Payout of 75% and 10.75% ROR	2004	2005	2006	2007	2008
For the years ended December 31 (\$ 000)					
Operating Activities					
Net Income	64,055	76,510	83,134	90,595	97,478
Items not involving a cash flow					
Depreciation	34,022	36,557	40,816	42,921	46,850
Amortization	3,053	3,053	3,050	2,583	2,402
Employee benefits provision	1,244	1,244	1,244	1,244	1,244
Deduct:					
Equity in CF(L)Co	11,619	16,060	17,972	20,276	21,750
Rate stabilization plan	8,915	6,701	4,724	2,760	591
Adjusted Net Income	81,839	94,604	105,548	114,308	125,633
Net change in other wc items	6,317	704	2,065	4,876	9,207
Benefits cash	-	-	-	-	-
Cash provided by operations	75,522	93,900	103,483	109,432	116,426
Rate Stabilization Plan					
Utility	26,260	27,111	23,938	22,494	11,218
Industrial	9,431	7,663	7,089	7,126	7,600
Cash provided by RSP	35,690	34,775	31,027	29,620	18,818
Dividends Paid	51,853	58,235	62,684	66,847	76,266
Financing					
Long-term debt issued	-	-	100,000	-	300,000
Long-term debt retired	(3,210)	(3,609)	(202,672)	(2,729)	(202,890)
Cash provided by financing	(3,210)	(3,609)	(102,672)	(2,729)	97,110
Investments					
Increase in sinking funds	(16,995)	(18,192)	(19,504)	(20,679)	(22,132)
Increase in deferred charges	0	-	-	-	-
Change in fixed assets	20,635	(45,218)	(37,258)	(100,732)	(106,002)
Dividends from CF(L)Co	4,607	4,607	5,265	5,265	10,530
Cash used for investing	8,247	(58,804)	(51,497)	(116,147)	(117,605)
Net Decrease (Increase) in Debt	64,397	8,027	(82,343)	(46,670)	38,483
Promissory Notes, beginning	187,779	123,382	115,355	197,699	244,370
Promissory Notes, ending	123,382	115,355	197,698	244,370	205,887

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Financial Ratios

Payout of 75% and 10.75% ROR	2004	2005	2006	2007	2008
As at December 31					
Rate of Return (Percent)					
ROR Equity	8.3	11.2	12.6	14.0	15.7
Recapture ROR Equity	23.3	25.8	26.8	27.7	28.8
Overall ROR Equity	13.0	15.0	15.7	16.4	17.0
Debt (Percent)					
Debt Equity Ratio	87	86	86	85	85
Debt Capital Ratio	85	85	84	84	84
Corp Debt Capital Ratio	72	71	70	69	69
Corp Equity Capital Ratio	26	27	29	29	29
Interest Coverage					
Overall Int Cov Ratio	1.16	1.22	1.25	1.28	1.31
Recapture Int Cov Ratio	1.44	1.51	1.53	1.55	1.58
Regulated Int Cov Ratio	1.15	1.22	1.24	1.27	1.31
Dividend Payout (Percent)					
Hydro Payout Ratio	75	75	75	75	75
Dividend Payout Ratio	81	76	75	74	78

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Energy Sales Summary

Payout of 75% and 10.75% ROR	2004	2005	2006	2007	2008
For the years ended December 31 (\$ 000)					
Island Interconnected					
Newfoundland Power	255,712	261,032	276,448	290,298	311,034
Island Industrial	52,648	52,954	55,147	57,455	61,101
Island Rural Interconnected	33,721	33,986	33,821	34,436	31,822
Total Island	342,082	347,973	365,415	382,189	403,956
Labrador Interconnected					
Iron Ore Company of Canada	4,384	4,434	4,509	4,586	4,664
Department of National Defense	2,799	2,942	2,825	2,782	2,809
Labrador Industrial	7,183	7,376	7,334	7,368	7,473
Labrador Rural Interconnected	11,951	12,744	13,924	14,828	16,066
Total Labrador	19,134	20,120	21,258	22,196	23,539
Rural Isolated	8,768	9,058	9,404	9,714	10,025
Sundry					
Miscellaneous	1,083	1,099	1,118	1,137	1,156
Gross Recapture Revenue	34,313	34,084	33,993	33,859	33,697
Sundry Revenue	35,396	35,183	35,111	34,996	34,853
Total Energy Sales	405,379	412,334	431,188	449,095	472,373

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Load

Payout of 75% and 10.75% ROR	2004	2005	2006	2007	2008
<hr/>					
For the years ended December 31 (GWh)					
Island Interconnected					
Newfoundland Power	4,741.4	4,766.6	4,829.3	4,902.4	4,928.8
Island Industrial	1,368.6	1,367.2	1,364.5	1,367.4	1,366.5
Island Rural Interconnected	406.3	405.7	397.2	398.6	363.2
Total Island	<u>6,516.3</u>	<u>6,539.5</u>	<u>6,591.0</u>	<u>6,668.4</u>	<u>6,658.5</u>
Labrador Interconnected					
Iron Ore Company of Canada	247.7	246.8	246.8	246.8	246.8
Department of National Defense	77.2	82.8	79.6	78.6	77.1
Labrador Industrial	324.9	329.6	326.4	325.4	323.9
Labrador Rural Interconnected	479.1	485.3	491.4	497.6	502.6
Total Labrador	<u>804.0</u>	<u>814.9</u>	<u>817.8</u>	<u>823.0</u>	<u>826.5</u>
Rural Isolated	<u>63.7</u>	<u>65.2</u>	<u>66.6</u>	<u>67.8</u>	<u>69.0</u>
Recapture	<u>1,435.7</u>	<u>1,426.1</u>	<u>1,422.3</u>	<u>1,416.7</u>	<u>1,409.9</u>
Total Load	<u><u>8,819.7</u></u>	<u><u>8,845.7</u></u>	<u><u>8,897.7</u></u>	<u><u>8,975.9</u></u>	<u><u>8,963.9</u></u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Average Mill Rates

Payout of 75% and 10.75% ROR	2004	2005	2006	2007	2008
<hr/>					
For the years ended December 31 (Mills Per KWh)					
Island Interconnected					
Newfoundland Power	53.9	54.8	57.2	59.2	63.1
Island Industrial	38.5	38.7	40.4	42.0	44.7
Island Rural Interconnected	83.0	83.8	85.1	86.4	87.6
Average Island	<u>52.5</u>	<u>53.2</u>	<u>55.4</u>	<u>57.3</u>	<u>60.7</u>
Labrador Interconnected					
Labrador Industrial Firm	17.7	18.0	18.3	18.6	18.9
Labrador Industrial Secondary	36.3	35.5	35.5	35.4	36.4
Labrador Industrial	22.1	22.4	22.5	22.6	23.1
Labrador Rural Interconnected	24.9	26.3	28.3	29.8	32.0
Average Labrador	<u>23.8</u>	<u>24.7</u>	<u>26.0</u>	<u>27.0</u>	<u>28.5</u>
Rural Isolated	<u>137.6</u>	<u>138.9</u>	<u>141.2</u>	<u>143.3</u>	<u>145.3</u>
Recapture	<u>23.9</u>	<u>23.9</u>	<u>23.9</u>	<u>23.9</u>	<u>23.9</u>
Overall Average	<u><u>46.0</u></u>	<u><u>46.6</u></u>	<u><u>48.5</u></u>	<u><u>50.0</u></u>	<u><u>52.7</u></u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Average Mill Rate Changes

Payout of 75% and 10.75% ROR	2004	2005	2006	2007	2008
<hr/>					
For the years ended December 31 (Percentage)					
Island Interconnected					
Newfoundland Power	12.6	1.5	4.5	3.4	6.6
Island Industrial	14.7	0.7	4.3	4.0	6.4
Island Rural Interconnected	(5.0)	0.9	1.6	1.5	1.4
Average Island	<u>11.4</u>	<u>1.4</u>	<u>4.2</u>	<u>3.4</u>	<u>5.9</u>
Labrador Interconnected					
Labrador Industrial Firm	1.4	1.5	1.7	1.7	1.7
Labrador Industrial Secondary	(16.6)	(2.0)	(0.1)	(0.3)	2.9
Labrador Industrial	(6.3)	1.2	0.4	0.8	1.9
Labrador Rural Interconnected	0.7	5.3	7.9	5.2	7.3
Average Labrador	<u>(2.0)</u>	<u>3.7</u>	<u>5.3</u>	<u>3.8</u>	<u>5.6</u>
Rural Isolated	<u>11.2</u>	<u>0.9</u>	<u>1.6</u>	<u>1.5</u>	<u>1.4</u>
Recapture	<u>7.5</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Overall Average	<u>10.8</u>	<u>1.4</u>	<u>4.0</u>	<u>3.2</u>	<u>5.3</u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Dividends Declared

Payout of 75% and 10.75% ROR	2004	2005	2006	2007	2008
For the years ended December 31 (\$ 000)					
Hydro Dividends					
Income Before Other	47,179	53,539	57,170	61,060	65,956
Deduct:					
Recapture	30,421	30,249	30,199	30,110	29,989
Hydro Dividend Income Base	16,757	23,290	26,971	30,949	35,967
Payout Target	0.75	0.75	0.75	0.75	0.75
Hydro Dividends	12,568	17,467	20,228	23,212	26,975
CF(L)Co Dividends					
Share of Common Dividends	4,607	4,607	5,265	5,265	10,530
Preferred Dividends Received	7,537	9,106	10,106	11,261	11,693
Deduct:					
Interest on Share Purchase Debt	2,280	2,194	2,115	2,001	1,921
Principal Payment	1,000	1,000	1,000	1,000	1,000
CF(L)Co Dividends	8,864	10,518	12,256	13,524	19,302
Other Dividends					
Recapture Dividends	30,421	30,249	30,199	30,110	29,989
Extra Dividends	-	-	-	-	-
Other Dividends	30,421	30,249	30,199	30,110	29,989
Total Dividends	51,853	58,235	62,684	66,847	76,266
Hydro Dividend Disallowance					
Hydro Dividends	12,568	17,467	20,228	23,212	26,975
Allowable Hydro Dividend	12,568	17,467	20,228	23,212	26,975
Hydro Dividend Disallowance	-	-	-	-	-
WACC	0.0803	0.0827	0.0883	0.0912	0.0929
Hydro Interest Disallowance	-	-	-	-	-

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Return on Rate Base Calculation

Payout of 75% and 10.75% ROR	2004	2005	2006	2007	2008
<hr/>					
For the years ended December 31 (\$ 000)					
Rate Base					
Average Net Book Value	1,371,190	1,370,918	1,377,542	1,392,859	1,406,192
Working Capital Allowance	3,700	3,747	3,798	3,849	3,885
Average Fuels and Supplies	38,941	40,474	41,101	43,726	48,570
Deferred Foreign Exchange Loss	80,886	78,729	76,572	74,415	72,258
Deduct:					
Disallowances	2,010	2,010	2,010	2,010	2,010
Rate Base (A)	<u>1,492,706</u>	<u>1,491,857</u>	<u>1,497,003</u>	<u>1,512,838</u>	<u>1,528,894</u>
Rural Rate Base					
Average Net Book Value	199,557	198,892	199,254	199,848	200,321
Working Capital Allowance	495	504	514	522	532
Average Fuels and Supplies	3,021	3,179	3,320	3,375	3,434
Deferred Foreign Exchange Loss	11,734	11,423	11,041	10,625	10,271
Adjustments	-	-	-	-	-
Rural Rate Base (B)	<u>214,807</u>	<u>213,999</u>	<u>214,129</u>	<u>214,369</u>	<u>214,557</u>
Other Rate Base (A-B)	<u>1,277,899</u>	<u>1,277,859</u>	<u>1,282,874</u>	<u>1,298,469</u>	<u>1,314,337</u>
Return on Rate Base					
Rural Return					
Rural Rate Base	214,807	213,999	214,129	214,369	214,557
WACD (D)	<u>0.0690</u>	<u>0.0708</u>	<u>0.0758</u>	<u>0.0783</u>	<u>0.0798</u>
Rural Return (B*D)	<u>14,826</u>	<u>15,157</u>	<u>16,229</u>	<u>16,778</u>	<u>17,115</u>
Other Return					
Other Rate Base	1,277,899	1,277,859	1,282,874	1,298,469	1,314,337
WACC (E)	<u>0.0803</u>	<u>0.0827</u>	<u>0.0883</u>	<u>0.0912</u>	<u>0.0929</u>
Other Return ((A-B)*E)	<u>102,606</u>	<u>105,661</u>	<u>113,235</u>	<u>118,446</u>	<u>122,157</u>
Return on Rate Base	<u>117,431</u>	<u>120,818</u>	<u>129,463</u>	<u>135,225</u>	<u>139,272</u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Weighted Average Cost of Capital

Payout of 75% and 10.75% ROR	2004	2005	2006	2007	2008
<hr/>					
As at December 31 (\$ 000)					
Weighted Average Calculations					
Average Regulated Debt (A)	1,434,653	1,379,512	1,346,766	1,340,345	1,371,781
Average Total Debt (B)	1,462,181	1,408,284	1,376,782	1,371,605	1,404,285
Average RE (C)	171,318	174,600	180,781	187,903	196,133
Regulated Cost of Debt (D)	0.0786	0.0813	0.0877	0.0911	0.0931
ROR Target (E)	0.1075	0.1075	0.1075	0.1075	0.1075
WACD ((A/(B+C))*D)	0.0690	0.0708	0.0758	0.0783	0.0798
WACE ((C/(B+C))*E)	0.0113	0.0119	0.0125	0.0130	0.0132
WACC	<u>0.0803</u>	<u>0.0827</u>	<u>0.0883</u>	<u>0.0912</u>	<u>0.0929</u>
Forecast WACC	<u>0.0810</u>	<u>0.0803</u>	<u>0.0827</u>	<u>0.0883</u>	<u>0.0912</u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Debt to Capital Ratio

Payout of 75% and 10.75% ROR	2004	2005	2006	2007	2008
As at December 31 (\$ 000)					
Total Hydro Debt					
Total Long Term Debt	1,392,504	1,388,895	1,286,223	1,283,494	1,380,604
Add:					
Promissory Notes	123,382	115,355	197,698	244,370	205,887
Deduct:					
Sinking Funds	63,685	72,781	82,533	92,873	103,939
Hydro Bonds	63,685	72,781	82,533	92,873	103,939
CF(L)Co Debt	26,934	25,934	24,934	23,934	22,934
Total Hydro Debt (A)	<u>1,361,582</u>	<u>1,332,754</u>	<u>1,293,921</u>	<u>1,318,184</u>	<u>1,355,679</u>
Employee Benefits (B)	<u>27,528</u>	<u>28,772</u>	<u>30,016</u>	<u>31,260</u>	<u>32,504</u>
Hydro Retained Earnings					
Retained Earnings	460,160	478,436	498,886	522,634	543,845
Deduct:					
Share of CF(L)Co RE	<u>255,920</u>	<u>268,373</u>	<u>282,081</u>	<u>298,092</u>	<u>310,312</u>
Hydro Retained Earnings (C)	<u>204,240</u>	<u>210,062</u>	<u>216,805</u>	<u>224,542</u>	<u>233,533</u>
Debt to Capital Ratio (A/(A+B+C))* 100	<u>85</u>	<u>85</u>	<u>84</u>	<u>84</u>	<u>84</u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Regulated Income Calculation

Payout of 75% and 10.75% ROR	2004	2005	2006	2007	2008
<hr/>					
For the years ended December 31 (\$ 000)					
Income Before Other	47,179	53,539	57,170	61,060	65,956
Add:					
Recapture Power Purchases	3,734	3,710	3,700	3,685	3,667
Recapture Interest	157	125	94	64	40
Labrador Industrial Firm Purchases	630	628	628	628	628
Labrador Industrial Share of COS	1,797	1,802	1,844	1,850	1,884
Regulated O&M Adjustment	1,902	1,931	1,963	1,997	2,031
Deduct:					
Gross Recapture	34,313	34,084	33,993	33,859	33,697
Labrador Industrial Firm Sales	4,384	4,434	4,509	4,586	4,664
Regulated Interest Adjustment	743	736	734	733	729
Regulated Income	<u>15,958</u>	<u>22,479</u>	<u>26,163</u>	<u>30,105</u>	<u>35,117</u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Production

Payout of 75% and 10.75% ROR	2004	2005	2006	2007	2008
<hr/>					
For the years ended December 31 (GWh)					
Hydraulic					
Bay D'Espoir	2,905.0	2,905.0	2,905.0	2,905.0	2,822.2
Hinds Lake	354.0	354.0	354.0	354.0	340.0
Upper Salmon	578.0	578.0	578.0	578.0	552.0
Cat Arm	731.0	731.0	731.0	731.0	735.0
Paradise River	37.0	37.0	37.0	37.0	38.9
Mini Hydro	7.2	7.2	7.2	7.2	7.2
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Hydraulic	4,612.2	4,612.2	4,612.2	4,612.2	4,495.3
Thermal					
Holyrood Thermal	1,760.3	1,784.3	1,837.3	1,916.8	2,038.9
Holyrood Gas	1.2	1.4	1.5	1.8	4.2
Stephenville Gas	1.2	1.2	1.2	1.2	18.2
Hardwoods Gas	0.2	0.2	0.2	0.2	13.0
HVGB Gas	0.6	0.6	0.6	0.6	0.6
GNP Diesels	0.4	0.4	0.4	0.4	2.2
Rural Diesels	51.9	52.9	53.9	54.6	55.5
Other	-	-	-	-	0.1
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Thermal	1,815.8	1,841.0	1,895.1	1,975.6	2,132.7
Total Production	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	6,428.0	6,453.2	6,507.3	6,587.8	6,628.0

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Annual Coincident Peak

Payout of 75% and 10.75% ROR	2004	2005	2006	2007	2008
<hr/>					
For the years ended December 31 (MW)					
Island Interconnected					
NF Power					
Gross NF Power MW (A)	1,084.0	1,100.2	1,109.4	1,123.8	1,125.9
NP Peak Factor (B)	0.9850	0.9850	0.9850	0.9850	0.9850
NP Native Load Adj (C)	47.0	47.0	47.0	47.0	47.0
NP Peak Credit (D)	120.5	120.5	120.5	120.5	120.5
$((A*B)+C)-D$	994.2	1,010.2	1,019.2	1,033.4	1,035.5
Island Industrial					
Gross Island Industrial MW (E)	182.0	182.0	182.0	182.0	203.6
Compensation MW (F)	4.0	4.0	4.0	4.0	8.0
Interruptible MW (G)	-	-	-	-	17.6
Industrial Peak Factor (H)	0.9130	0.9130	0.9130	0.9130	0.9130
$((E-F-G)*H)$	162.5	162.5	162.5	162.5	162.5
Island Rural Interconnected					
Gross Island Rural Intc MW (I)	89.0	89.0	87.5	87.7	88.3
Rural Peak Factor (J)	0.9780	0.9780	0.9780	0.9780	0.9780
$(I*J)$	87.0	87.0	85.6	85.8	86.4
Total Island	1,243.8	1,259.7	1,267.3	1,281.7	1,284.3
Labrador Interconnected					
Labrador Industrial Firm	62.0	62.0	62.0	62.0	62.0
Labrador Industrial Secondary	-	-	-	-	-
Labrador Industrial	62.0	62.0	62.0	62.0	62.0
Labrador Rural Interconnected	123.4	125.0	126.7	128.3	129.6
Total Labrador	185.4	187.0	188.7	190.3	191.6
Rural Isolated	18.5	18.9	19.3	19.6	19.9
Total MW	1,447.7	1,465.6	1,475.3	1,491.6	1,495.8

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Key Financial Assumptions

Payout of 75% and 10.75% ROR	2004	2005	2006	2007	2008
For the years ended December 31					
NF Power Rate Increases					
Wholesale Increase	0.5674	0.5674	0.5674	0.5674	0.5674
Fuel Prices					
Bunker C (\$ per Barrel)	29.20	28.20	28.95	30.40	31.45
Gas Turbine Fuel (\$ per Gallon)	1.5126	1.4824	1.4804	1.4764	1.5198
Rural Diesel (\$ per Gallon)	1.5126	1.4824	1.4804	1.4764	1.5198
Other Diesel (\$ per Gallon)	1.5126	1.4824	1.4804	1.4764	1.5198
Interest Rates					
Short-Term	0.0521	0.0520	0.0520	0.0521	0.0521
Existing Debt	0.0822	0.0695	0.0714	0.0752	0.0768
New Long-Term	0.0716	0.0715	0.0715	0.0703	0.0703
Sinking Funds	0.0716	0.0715	0.0715	0.0703	0.0703
CF(L)Co Pool	0.0716	0.0715	0.0715	0.0703	0.0703
Guarantee Fee	0.0100	0.0100	0.0100	0.0100	0.0100
Escalation Rates					
Inflation Rate	0.0140	0.0150	0.0170	0.0170	0.0170
Operating Cost Escalator	0.0140	0.0150	0.0170	0.0170	0.0170
Capital Expenditure Escalator	0.0140	0.0150	0.0170	0.0170	0.0170

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

**NEWFOUNDLAND AND LABRADOR HYDRO
Balance Sheet**

**Attachment to IC-321 NLH
2003 NLH General Rate Application
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Payout of 50% and 10.75% ROR

	2004	2005	2006	2007	2008
As at December 31 (\$ 000)					
Assets					
Fixed Assets					
Fixed assets at cost	1,876,251	1,917,975	1,953,397	2,053,251	2,154,099
Accumulated depreciation	497,358	530,421	569,401	611,444	653,140
Net fixed assets	1,378,893	1,387,554	1,383,996	1,441,807	1,500,959
Current Assets					
Accounts receivable	49,988	50,864	53,212	55,449	58,353
Fuel	44,461	43,962	45,832	49,695	56,416
Prepaid expenses	2,554	2,592	2,636	2,681	2,726
Total current assets	97,003	97,418	101,681	107,825	117,495
Sinking Funds	63,685	72,781	82,533	92,873	103,939
Investment in CF(L)Co	305,358	316,812	329,519	344,530	355,750
Investment in LCDC	15,400	15,400	15,400	15,400	15,400
RSP	99,657	71,588	45,296	18,438	200
Deferred Charges	81,755	78,702	75,652	73,069	70,667
Total Assets	2,041,750	2,040,255	2,034,077	2,093,943	2,164,410
Liabilities and Shareholder's Equity					
Long-Term Debt	1,325,210	1,113,442	1,200,961	987,731	1,273,604
Current Liabilities					
Accounts payable	30,645	31,104	31,633	32,171	32,718
Accrued interest	31,105	30,243	31,764	32,320	32,032
Promissory notes	119,142	105,086	180,215	218,335	169,640
Long-term debt due in one year	3,609	202,672	2,729	202,890	3,061
Total current liabilities	184,501	369,105	246,342	485,716	237,451
Unrealized Foreign Exchange Loss	-	-	-	-	-
Employee Future Benefits	27,528	28,772	30,016	31,260	32,504
Shareholder's Equity					
Share capital	22,504	22,504	22,504	22,504	22,504
LCDC capital	15,400	15,400	15,400	15,400	15,400
Muskkrat Falls capital	2,165	2,165	2,165	2,165	2,165
Retained earnings	464,442	488,867	516,689	549,166	580,782
Total shareholder's equity	504,511	528,936	556,758	589,235	620,851
Total Liabilities and Equity	2,041,750	2,040,255	2,034,077	2,093,943	2,164,410

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Income Statement

Payout of 50% and 10.75% ROR

	2004	2005	2006	2007	2008
For the years ended December 31 (\$ 000)					
Revenue					
Energy Sales	405,456	412,561	431,609	449,753	473,309
Recovery of Costs in RSP	35,690	34,775	31,030	29,632	18,835
Total Revenue	441,147	447,336	462,639	479,385	492,144
Expenses					
Operating and Admin	93,211	94,609	96,218	97,853	99,517
Fuels	90,157	89,145	92,938	100,771	114,398
Amortization of RSP	35,690	34,775	31,030	29,632	18,835
Power Purchases	36,989	37,206	37,309	37,422	36,975
Depreciation	34,022	36,557	40,816	42,921	46,850
Interest and Guarantee Fee	103,211	100,352	105,400	107,244	106,288
Extraordinary Loss	500	500	500	500	500
Total Expenses	393,781	393,144	404,210	416,343	423,363
Income Before Other	47,366	54,192	58,428	63,042	68,781
Other Revenue					
Equity in CF(L)Co Net Income	11,619	16,060	17,972	20,276	21,750
Preferred Dividends CF(L)Co	7,537	9,106	10,106	11,261	11,693
Deduct:					
Interest on Share Purchase Debt	2,280	2,194	2,115	2,001	1,921
Other Revenue	16,877	22,971	25,964	29,535	31,522
Net Income	64,242	77,163	84,392	92,577	100,303
Retained Earnings, beginning	447,957	464,442	488,867	516,689	549,166
Deduct:					
Dividends	47,758	52,739	56,570	60,100	68,687
Retained Earnings, ending	464,442	488,867	516,689	549,166	580,782

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Cash Flows

Payout of 50% and 10.75% ROR

	2004	2005	2006	2007	2008
For the years ended December 31 (\$ 000)					
Operating Activities					
Net Income	64,242	77,163	84,392	92,577	100,303
Items not involving a cash flow					
Depreciation	34,022	36,557	40,816	42,921	46,850
Amortization	3,053	3,053	3,050	2,583	2,402
Employee benefits provision	1,244	1,244	1,244	1,244	1,244
Deduct:					
Equity in CF(L)Co	11,619	16,060	17,972	20,276	21,750
Rate stabilization plan	8,915	6,707	4,738	2,774	596
Adjusted Net Income	82,026	95,250	106,792	116,275	128,453
Net change in other wc items	6,360	817	2,213	5,051	9,411
Benefits cash	-	-	-	-	-
Cash provided by operations	75,667	94,433	104,580	111,224	119,042
Rate Stabilization Plan					
Utility	26,260	27,112	23,940	22,504	11,228
Industrial	9,431	7,663	7,090	7,128	7,607
Cash provided by RSP	35,690	34,775	31,030	29,632	18,835
Dividends Paid	47,758	52,739	56,570	60,100	68,687
Financing					
Long-term debt issued	-	-	100,000	-	300,000
Long-term debt retired	(3,210)	(3,609)	(202,672)	(2,729)	(202,890)
Cash provided by financing	(3,210)	(3,609)	(102,672)	(2,729)	97,110
Investments					
Increase in sinking funds	(16,995)	(18,192)	(19,504)	(20,679)	(22,132)
Increase in deferred charges	0	-	-	-	-
Change in fixed assets	20,635	(45,218)	(37,258)	(100,732)	(106,002)
Dividends from CF(L)Co	4,607	4,607	5,265	5,265	10,530
Cash used for investing	8,247	(58,804)	(51,497)	(116,147)	(117,605)
Net Decrease (Increase) in Debt	68,637	14,056	(75,129)	(38,120)	48,695
Promissory Notes, beginning	187,779	119,142	105,086	180,215	218,335
Promissory Notes, ending	119,142	105,086	180,215	218,335	169,640

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Financial Ratios

Payout of 50% and 10.75% ROR					
	2004	2005	2006	2007	2008
As at December 31					
Rate of Return (Percent)					
ROR Equity	8.3	11.2	12.4	13.6	14.9
Recapture ROR Equity	23.2	25.3	25.7	26.0	26.4
Overall ROR Equity	12.9	14.9	15.5	16.2	16.6
Debt (Percent)					
Debt Equity Ratio	87	86	84	84	83
Debt Capital Ratio	85	84	83	82	81
Corp Debt Capital Ratio	72	71	69	68	67
Corp Equity Capital Ratio	26	28	29	30	31
Interest Coverage					
Overall Int Cov Ratio	1.16	1.23	1.26	1.30	1.34
Recapture Int Cov Ratio	1.45	1.52	1.54	1.57	1.61
Regulated Int Cov Ratio	1.15	1.22	1.25	1.29	1.34
Dividend Payout (Percent)					
Hydro Payout Ratio	50	50	50	50	50
Dividend Payout Ratio	74	68	67	65	68

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Energy Sales Summary

Payout of 50% and 10.75% ROR

	2004	2005	2006	2007	2008
<hr/>					
For the years ended December 31 (\$ 000)					
Island Interconnected					
Newfoundland Power	255,770	261,202	276,762	290,792	311,741
Island Industrial	52,660	52,989	55,212	57,555	61,243
Island Rural Interconnected	33,725	33,998	33,841	34,468	31,863
Total Island	<u>342,155</u>	<u>348,189</u>	<u>365,815</u>	<u>382,815</u>	<u>404,846</u>
Labrador Interconnected					
Iron Ore Company of Canada	4,384	4,434	4,509	4,586	4,664
Department of National Defense	2,799	2,942	2,825	2,782	2,809
Labrador Industrial	7,183	7,376	7,334	7,368	7,473
Labrador Rural Interconnected	11,953	12,752	13,939	14,851	16,100
Total Labrador	<u>19,137</u>	<u>20,128</u>	<u>21,273</u>	<u>22,219</u>	<u>23,573</u>
Rural Isolated	<u>8,769</u>	<u>9,061</u>	<u>9,410</u>	<u>9,723</u>	<u>10,037</u>
Sundry					
Miscellaneous	1,083	1,099	1,118	1,137	1,156
Gross Recapture Revenue	<u>34,313</u>	<u>34,084</u>	<u>33,993</u>	<u>33,859</u>	<u>33,697</u>
Sundry Revenue	<u>35,396</u>	<u>35,183</u>	<u>35,111</u>	<u>34,996</u>	<u>34,853</u>
Total Energy Sales	<u><u>405,456</u></u>	<u><u>412,561</u></u>	<u><u>431,609</u></u>	<u><u>449,753</u></u>	<u><u>473,309</u></u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Load

Payout of 50% and 10.75% ROR

	2004	2005	2006	2007	2008
<hr/>					
For the years ended December 31 (GWh)					
Island Interconnected					
Newfoundland Power	4,741.4	4,766.6	4,829.3	4,902.4	4,928.8
Island Industrial	1,368.6	1,367.2	1,364.5	1,367.4	1,366.5
Island Rural Interconnected	406.3	405.7	397.2	398.6	363.2
Total Island	<u>6,516.3</u>	<u>6,539.5</u>	<u>6,591.0</u>	<u>6,668.4</u>	<u>6,658.5</u>
Labrador Interconnected					
Iron Ore Company of Canada	247.7	246.8	246.8	246.8	246.8
Department of National Defense	77.2	82.8	79.6	78.6	77.1
Labrador Industrial	324.9	329.6	326.4	325.4	323.9
Labrador Rural Interconnected	479.1	485.3	491.4	497.6	502.6
Total Labrador	<u>804.0</u>	<u>814.9</u>	<u>817.8</u>	<u>823.0</u>	<u>826.5</u>
Rural Isolated	<u>63.7</u>	<u>65.2</u>	<u>66.6</u>	<u>67.8</u>	<u>69.0</u>
Recapture	<u>1,435.7</u>	<u>1,426.1</u>	<u>1,422.3</u>	<u>1,416.7</u>	<u>1,409.9</u>
Total Load	<u><u>8,819.7</u></u>	<u><u>8,845.7</u></u>	<u><u>8,897.7</u></u>	<u><u>8,975.9</u></u>	<u><u>8,963.9</u></u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Average Mill Rates

Payout of 50% and 10.75% ROR

	2004	2005	2006	2007	2008
<hr/>					
For the years ended December 31 (Mills Per KWh)					
Island Interconnected					
Newfoundland Power	53.9	54.8	57.3	59.3	63.2
Island Industrial	38.5	38.8	40.5	42.1	44.8
Island Rural Interconnected	83.0	83.8	85.2	86.5	87.7
Average Island	<u>52.5</u>	<u>53.2</u>	<u>55.5</u>	<u>57.4</u>	<u>60.8</u>
Labrador Interconnected					
Labrador Industrial Firm	17.7	18.0	18.3	18.6	18.9
Labrador Industrial Secondary	36.3	35.5	35.5	35.4	36.4
Labrador Industrial	22.1	22.4	22.5	22.6	23.1
Labrador Rural Interconnected	24.9	26.3	28.4	29.8	32.0
Average Labrador	<u>23.8</u>	<u>24.7</u>	<u>26.0</u>	<u>27.0</u>	<u>28.5</u>
Rural Isolated	<u>137.7</u>	<u>139.0</u>	<u>141.3</u>	<u>143.4</u>	<u>145.5</u>
Recapture	<u>23.9</u>	<u>23.9</u>	<u>23.9</u>	<u>23.9</u>	<u>23.9</u>
Overall Average	<u><u>46.0</u></u>	<u><u>46.6</u></u>	<u><u>48.5</u></u>	<u><u>50.1</u></u>	<u><u>52.8</u></u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Average Mill Rate Changes

Payout of 50% and 10.75% ROR

	2004	2005	2006	2007	2008
<hr/>					
For the years ended December 31 (Percentage)					
Island Interconnected					
Newfoundland Power	12.6	1.6	4.6	3.5	6.6
Island Industrial	14.7	0.7	4.4	4.0	6.5
Island Rural Interconnected	(5.0)	1.0	1.7	1.5	1.4
Average Island	<u>11.4</u>	<u>1.4</u>	<u>4.2</u>	<u>3.4</u>	<u>5.9</u>
Labrador Interconnected					
Labrador Industrial Firm	1.4	1.5	1.7	1.7	1.7
Labrador Industrial Secondary	(16.6)	(2.0)	(0.1)	(0.3)	2.9
Labrador Industrial	(6.3)	1.2	0.4	0.8	1.9
Labrador Rural Interconnected	0.8	5.3	8.0	5.2	7.3
Average Labrador	<u>(2.0)</u>	<u>3.8</u>	<u>5.3</u>	<u>3.8</u>	<u>5.6</u>
Rural Isolated	<u>11.2</u>	<u>1.0</u>	<u>1.7</u>	<u>1.5</u>	<u>1.4</u>
Recapture	7.5	-	-	-	-
Overall Average	<u>10.8</u>	<u>1.5</u>	<u>4.0</u>	<u>3.3</u>	<u>5.4</u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Dividends Declared

Payout of 50% and 10.75% ROR					
	2004	2005	2006	2007	2008
For the years ended December 31 (\$ 000)					
Hydro Dividends					
Income Before Other	47,366	54,192	58,428	63,042	68,781
Deduct:					
Recapture	30,421	30,249	30,199	30,110	29,989
Hydro Dividend Income Base	16,944	23,943	28,230	32,931	38,792
Payout Target	0.50	0.50	0.50	0.50	0.50
Hydro Dividends	8,472	11,971	14,115	16,466	19,396
CF(L)Co Dividends					
Share of Common Dividends	4,607	4,607	5,265	5,265	10,530
Preferred Dividends Received	7,537	9,106	10,106	11,261	11,693
Deduct:					
Interest on Share Purchase Debt	2,280	2,194	2,115	2,001	1,921
Principal Payment	1,000	1,000	1,000	1,000	1,000
CF(L)Co Dividends	8,864	10,518	12,256	13,524	19,302
Other Dividends					
Recapture Dividends	30,421	30,249	30,199	30,110	29,989
Extra Dividends	-	-	-	-	-
Other Dividends	30,421	30,249	30,199	30,110	29,989
Total Dividends	47,758	52,739	56,570	60,100	68,687
Hydro Dividend Disallowance					
Hydro Dividends	8,472	11,971	14,115	16,466	19,396
Allowable Hydro Dividend	8,472	11,971	14,115	16,466	19,396
Hydro Dividend Disallowance	-	-	-	-	-
WACC	0.0804	0.0829	0.0887	0.0919	0.0939
Hydro Interest Disallowance	-	-	-	-	-

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Return on Rate Base Calculation

Payout of 50% and 10.75% ROR

	2004	2005	2006	2007	2008
For the years ended December 31 (\$ 000)					
Rate Base					
Average Net Book Value	1,371,190	1,370,918	1,377,542	1,392,859	1,406,192
Working Capital Allowance	3,700	3,747	3,798	3,849	3,885
Average Fuels and Supplies	38,941	40,474	41,101	43,726	48,570
Deferred Foreign Exchange Loss	80,886	78,729	76,572	74,415	72,258
Deduct:					
Disallowances	2,010	2,010	2,010	2,010	2,010
Rate Base (A)	<u>1,492,706</u>	<u>1,491,857</u>	<u>1,497,003</u>	<u>1,512,838</u>	<u>1,528,894</u>
Rural Rate Base					
Average Net Book Value	199,557	198,892	199,254	199,848	200,321
Working Capital Allowance	495	504	514	522	532
Average Fuels and Supplies	3,021	3,179	3,320	3,375	3,434
Deferred Foreign Exchange Loss	11,734	11,423	11,041	10,625	10,271
Adjustments	-	-	-	-	-
Rural Rate Base (B)	<u>214,807</u>	<u>213,999</u>	<u>214,129</u>	<u>214,369</u>	<u>214,557</u>
Other Rate Base (A-B)	<u>1,277,899</u>	<u>1,277,859</u>	<u>1,282,874</u>	<u>1,298,469</u>	<u>1,314,337</u>
Return on Rate Base					
Rural Return					
Rural Rate Base	214,807	213,999	214,129	214,369	214,557
WACD (D)	0.0689	0.0706	0.0752	0.0774	0.0786
Rural Return (B*D)	<u>14,811</u>	<u>15,099</u>	<u>16,111</u>	<u>16,592</u>	<u>16,855</u>
Other Return					
Other Rate Base	1,277,899	1,277,859	1,282,874	1,298,469	1,314,337
WACC (E)	0.0804	0.0829	0.0887	0.0919	0.0939
Other Return ((A-B)*E)	<u>102,698</u>	<u>105,949</u>	<u>113,777</u>	<u>119,297</u>	<u>123,362</u>
Return on Rate Base	<u>117,509</u>	<u>121,048</u>	<u>129,888</u>	<u>135,889</u>	<u>140,217</u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Weighted Average Cost of Capital

Payout of 50% and 10.75% ROR

	2004	2005	2006	2007	2008
As at December 31 (\$ 000)					
Weighted Average Calculations					
Average Regulated Debt (A)	1,432,533	1,372,257	1,332,889	1,318,586	1,340,640
Average Total Debt (B)	1,460,061	1,401,029	1,362,905	1,349,846	1,373,144
Average RE (C)	173,460	181,958	194,898	210,070	227,867
Regulated Cost of Debt (D)	0.0786	0.0814	0.0879	0.0916	0.0938
ROR Target (E)	0.1075	0.1075	0.1075	0.1075	0.1075
WACD ((A/(B+C))*D)	0.0689	0.0706	0.0752	0.0774	0.0786
WACE ((C/(B+C))*E)	0.0114	0.0124	0.0134	0.0145	0.0153
WACC	<u>0.0804</u>	<u>0.0829</u>	<u>0.0887</u>	<u>0.0919</u>	<u>0.0939</u>
Forecast WACC	<u>0.0810</u>	<u>0.0804</u>	<u>0.0829</u>	<u>0.0887</u>	<u>0.0919</u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Debt to Capital Ratio

Payout of 50% and 10.75% ROR					
	2004	2005	2006	2007	2008
<hr/>					
As at December 31 (\$ 000)					
Total Hydro Debt					
Total Long Term Debt	1,392,504	1,388,895	1,286,223	1,283,494	1,380,604
Add:					
Promissory Notes	119,142	105,086	180,215	218,335	169,640
Deduct:					
Sinking Funds	63,685	72,781	82,533	92,873	103,939
Hydro Bonds	63,685	72,781	82,533	92,873	103,939
CF(L)Co Debt	26,934	25,934	24,934	23,934	22,934
Total Hydro Debt (A)	<u>1,357,342</u>	<u>1,322,485</u>	<u>1,276,438</u>	<u>1,292,150</u>	<u>1,319,432</u>
Employee Benefits (B)	<u>27,528</u>	<u>28,772</u>	<u>30,016</u>	<u>31,260</u>	<u>32,504</u>
Hydro Retained Earnings					
Retained Earnings	464,442	488,867	516,689	549,166	580,782
Deduct:					
Share of CF(L)Co RE	<u>255,920</u>	<u>268,373</u>	<u>282,081</u>	<u>298,092</u>	<u>310,312</u>
Hydro Retained Earnings (C)	<u>208,522</u>	<u>220,494</u>	<u>234,608</u>	<u>251,074</u>	<u>270,470</u>
Debt to Capital Ratio (A/(A+B+C))* 100	<u>85</u>	<u>84</u>	<u>83</u>	<u>82</u>	<u>81</u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Regulated Income Calculation

Payout of 50% and 10.75% ROR

	2004	2005	2006	2007	2008
<hr/>					
For the years ended December 31 (\$ 000)					
Income Before Other	47,366	54,192	58,428	63,042	68,781
Add:					
Recapture Power Purchases	3,734	3,710	3,700	3,685	3,667
Recapture Interest	157	125	94	64	40
Labrador Industrial Firm Purchases	630	628	628	628	628
Labrador Industrial Share of COS	1,798	1,804	1,848	1,856	1,893
Regulated O&M Adjustment	1,902	1,931	1,963	1,997	2,031
Deduct:					
Gross Recapture	34,313	34,084	33,993	33,859	33,697
Labrador Industrial Firm Sales	4,384	4,434	4,509	4,586	4,664
Regulated Interest Adjustment	743	736	734	733	729
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Regulated Income	<u>16,146</u>	<u>23,134</u>	<u>27,425</u>	<u>32,093</u>	<u>37,951</u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Production

Payout of 50% and 10.75% ROR

	2004	2005	2006	2007	2008
<hr/>					
For the years ended December 31 (GWh)					
Hydraulic					
Bay D'Espoir	2,905.0	2,905.0	2,905.0	2,905.0	2,822.2
Hinds Lake	354.0	354.0	354.0	354.0	340.0
Upper Salmon	578.0	578.0	578.0	578.0	552.0
Cat Arm	731.0	731.0	731.0	731.0	735.0
Paradise River	37.0	37.0	37.0	37.0	38.9
Mini Hydro	7.2	7.2	7.2	7.2	7.2
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Hydraulic	4,612.2	4,612.2	4,612.2	4,612.2	4,495.3
Thermal					
Holyrood Thermal	1,760.3	1,784.3	1,837.3	1,916.8	2,038.9
Holyrood Gas	1.2	1.4	1.5	1.8	4.2
Stephenville Gas	1.2	1.2	1.2	1.2	18.2
Hardwoods Gas	0.2	0.2	0.2	0.2	13.0
HVGB Gas	0.6	0.6	0.6	0.6	0.6
GNP Diesels	0.4	0.4	0.4	0.4	2.2
Rural Diesels	51.9	52.9	53.9	54.6	55.5
Other	-	-	-	-	0.1
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Thermal	1,815.8	1,841.0	1,895.1	1,975.6	2,132.7
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Production	<u>6,428.0</u>	<u>6,453.2</u>	<u>6,507.3</u>	<u>6,587.8</u>	<u>6,628.0</u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Annual Coincident Peak

Payout of 50% and 10.75% ROR

	2004	2005	2006	2007	2008
<hr/>					
For the years ended December 31 (MW)					
Island Interconnected					
NF Power					
Gross NF Power MW (A)	1,084.0	1,100.2	1,109.4	1,123.8	1,125.9
NP Peak Factor (B)	0.9850	0.9850	0.9850	0.9850	0.9850
NP Native Load Adj (C)	47.0	47.0	47.0	47.0	47.0
NP Peak Credit (D)	120.5	120.5	120.5	120.5	120.5
((A*B)+C)-D)	994.2	1,010.2	1,019.2	1,033.4	1,035.5
Island Industrial					
Gross Island Industrial MW (E)	182.0	182.0	182.0	182.0	203.6
Compensation MW (F)	4.0	4.0	4.0	4.0	8.0
Interruptible MW (G)	-	-	-	-	17.6
Industrial Peak Factor (H)	0.9130	0.9130	0.9130	0.9130	0.9130
((E-F-G)*H)	162.5	162.5	162.5	162.5	162.5
Island Rural Interconnected					
Gross Island Rural Intc MW (I)	89.0	89.0	87.5	87.7	88.3
Rural Peak Factor (J)	0.9780	0.9780	0.9780	0.9780	0.9780
(I*J)	87.0	87.0	85.6	85.8	86.4
Total Island	1,243.8	1,259.7	1,267.3	1,281.7	1,284.3
Labrador Interconnected					
Labrador Industrial Firm	62.0	62.0	62.0	62.0	62.0
Labrador Industrial Secondary	-	-	-	-	-
Labrador Industrial	62.0	62.0	62.0	62.0	62.0
Labrador Rural Interconnected	123.4	125.0	126.7	128.3	129.6
Total Labrador	185.4	187.0	188.7	190.3	191.6
Rural Isolated	18.5	18.9	19.3	19.6	19.9
Total MW	1,447.7	1,465.6	1,475.3	1,491.6	1,495.8

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Key Financial Assumptions

Payout of 50% and 10.75% ROR					
	2004	2005	2006	2007	2008
For the years ended December 31					
NF Power Rate Increases					
Wholesale Increase	0.5674	0.5674	0.5674	0.5674	0.5674
Fuel Prices					
Bunker C (\$ per Barrel)	29.20	28.20	28.95	30.40	31.45
Gas Turbine Fuel (\$ per Gallon)	1.5126	1.4824	1.4804	1.4764	1.5198
Rural Diesel (\$ per Gallon)	1.5126	1.4824	1.4804	1.4764	1.5198
Other Diesel (\$ per Gallon)	1.5126	1.4824	1.4804	1.4764	1.5198
Interest Rates					
Short-Term	0.0521	0.0520	0.0520	0.0521	0.0521
Existing Debt	0.0822	0.0695	0.0715	0.0755	0.0773
New Long-Term	0.0716	0.0715	0.0715	0.0703	0.0703
Sinking Funds	0.0716	0.0715	0.0715	0.0703	0.0703
CF(L)Co Pool	0.0716	0.0715	0.0715	0.0703	0.0703
Guarantee Fee	0.0100	0.0100	0.0100	0.0100	0.0100
Escalation Rates					
Inflation Rate	0.0140	0.0150	0.0170	0.0170	0.0170
Operating Cost Escalator	0.0140	0.0150	0.0170	0.0170	0.0170
Capital Expenditure Escalator	0.0140	0.0150	0.0170	0.0170	0.0170

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

**NEWFOUNDLAND AND LABRADOR HYDRO
Balance Sheet**

**Attachment to IC-321 NLH
2003 NLH General Rate Application
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Payout of 25% and 10.75% ROR

	2004	2005	2006	2007	2008
As at December 31 (\$ 000)					
Assets					
Fixed Assets					
Fixed assets at cost	1,876,251	1,917,975	1,953,397	2,053,251	2,154,099
Accumulated depreciation	497,358	530,421	569,401	611,444	653,140
Net fixed assets	1,378,893	1,387,554	1,383,996	1,441,807	1,500,959
Current Assets					
Accounts receivable	49,997	50,893	53,267	55,537	58,374
Fuel	44,461	43,962	45,832	49,695	56,416
Prepaid expenses	2,554	2,592	2,636	2,681	2,726
Total current assets	97,012	97,447	101,735	107,913	117,516
Sinking Funds	63,685	72,781	82,533	92,873	103,939
Investment in CF(L)Co	305,358	316,812	329,519	344,530	355,750
Investment in LCDC	15,400	15,400	15,400	15,400	15,400
RSP	99,657	71,594	45,313	18,458	207
Deferred Charges	81,755	78,702	75,652	73,069	70,667
Total Assets	<u>2,041,760</u>	<u>2,040,290</u>	<u>2,034,149</u>	<u>2,094,050</u>	<u>2,164,438</u>
Liabilities and Shareholder's Equity					
Long-Term Debt	1,325,210	1,113,442	1,200,961	987,731	1,173,604
Current Liabilities					
Accounts payable	30,645	31,104	31,633	32,171	32,718
Accrued interest	31,071	30,110	31,498	31,892	31,137
Promissory notes	114,806	94,381	161,626	190,113	229,753
Long-term debt due in one year	3,609	202,672	2,729	202,890	3,061
Total current liabilities	180,131	358,267	227,487	457,065	296,669
Unrealized Foreign Exchange Loss	-	-	-	-	-
Employee Future Benefits	27,528	28,772	30,016	31,260	32,504
Shareholder's Equity					
Share capital	22,504	22,504	22,504	22,504	22,504
LCDC capital	15,400	15,400	15,400	15,400	15,400
Muskrat Falls capital	2,165	2,165	2,165	2,165	2,165
Retained earnings	468,822	499,740	535,615	577,923	621,591
Total shareholder's equity	508,891	539,809	575,684	617,992	661,660
Total Liabilities and Equity	<u>2,041,760</u>	<u>2,040,290</u>	<u>2,034,148</u>	<u>2,094,049</u>	<u>2,164,438</u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Income Statement

Payout of 25% and 10.75% ROR

	2004	2005	2006	2007	2008
For the years ended December 31 (\$ 000)					
Revenue					
Energy Sales	405,535	412,797	432,054	450,463	473,477
Recovery of Costs in RSP	35,690	34,775	31,033	29,644	18,853
Total Revenue	441,225	447,572	463,087	480,107	492,330
Expenses					
Operating and Admin	93,211	94,609	96,218	97,853	99,517
Fuels	90,157	89,145	92,938	100,771	114,398
Amortization of RSP	35,690	34,775	31,033	29,644	18,853
Power Purchases	36,989	37,206	37,309	37,422	36,975
Depreciation	34,022	36,557	40,816	42,921	46,850
Interest and Guarantee Fee	103,098	99,911	104,517	105,823	103,319
Extraordinary Loss	500	500	500	500	500
Total Expenses	393,668	392,704	403,331	414,934	420,412
Income Before Other	47,557	54,869	59,756	65,173	71,918
Other Revenue					
Equity in CF(L)Co Net Income	11,619	16,060	17,972	20,276	21,750
Preferred Dividends CF(L)Co	7,537	9,106	10,106	11,261	11,693
Deduct:					
Interest on Share Purchase Debt	2,280	2,194	2,115	2,001	1,921
Other Revenue	16,877	22,971	25,964	29,535	31,522
Net Income	64,434	77,840	85,720	94,708	103,441
Retained Earnings, beginning	447,957	468,822	499,740	535,615	577,923
Deduct:					
Dividends	43,569	46,922	49,845	52,400	59,773
Retained Earnings, ending	468,822	499,740	535,615	577,923	621,591

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Cash Flows

Payout of 25% and 10.75% ROR

	2004	2005	2006	2007	2008
For the years ended December 31 (\$ 000)					
Operating Activities					
Net Income	64,434	77,840	85,720	94,708	103,441
Items not involving a cash flow					
Depreciation	34,022	36,557	40,816	42,921	46,850
Amortization	3,053	3,053	3,050	2,583	2,402
Employee benefits provision	1,244	1,244	1,244	1,244	1,244
Deduct:					
Equity in CF(L)Co	11,619	16,060	17,972	20,276	21,750
Rate stabilization plan	8,915	6,713	4,751	2,789	602
Adjusted Net Income	82,218	95,921	108,106	118,391	131,585
Net change in other wc items	6,404	936	2,371	5,246	9,811
Benefits cash	-	-	-	-	-
Cash provided by operations	75,815	94,985	105,735	113,145	121,774
Rate Stabilization Plan					
Utility	26,260	27,112	23,943	22,513	11,239
Industrial	9,431	7,663	7,090	7,131	7,614
Cash provided by RSP	35,690	34,775	31,033	29,644	18,853
Dividends Paid	43,569	46,922	49,845	52,400	59,773
Financing					
Long-term debt issued	-	-	100,000	-	200,000
Long-term debt retired	(3,210)	(3,609)	(202,672)	(2,729)	(202,890)
Cash provided by financing	(3,210)	(3,609)	(102,672)	(2,729)	(2,890)
Investments					
Increase in sinking funds	(16,995)	(18,192)	(19,504)	(20,679)	(22,132)
Increase in deferred charges	0	-	-	-	-
Change in fixed assets	20,635	(45,218)	(37,258)	(100,732)	(106,002)
Dividends from CF(L)Co	4,607	4,607	5,265	5,265	10,530
Cash used for investing	8,247	(58,804)	(51,497)	(116,147)	(117,605)
Net Decrease (Increase) in Debt	72,973	20,426	(67,246)	(28,487)	(39,640)
Promissory Notes, beginning	187,779	114,806	94,381	161,626	190,113
Promissory Notes, ending	114,806	94,381	161,626	190,113	229,753

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Financial Ratios

Payout of 25% and 10.75% ROR					
	2004	2005	2006	2007	2008
As at December 31					
Rate of Return (Percent)					
ROR Equity	8.3	11.1	12.2	13.1	14.2
Recapture ROR Equity	23.0	24.7	24.6	24.4	24.3
Overall ROR Equity	12.9	14.8	15.4	15.9	16.2
Debt (Percent)					
Debt Equity Ratio	86	85	83	82	80
Debt Capital Ratio	85	83	82	80	79
Corp Debt Capital Ratio	72	70	68	66	65
Corp Equity Capital Ratio	27	28	30	32	33
Interest Coverage					
Overall Int Cov Ratio	1.16	1.24	1.28	1.32	1.38
Recapture Int Cov Ratio	1.45	1.53	1.56	1.60	1.65
Regulated Int Cov Ratio	1.15	1.23	1.27	1.31	1.37
Dividend Payout (Percent)					
Hydro Payout Ratio	25	25	25	25	25
Dividend Payout Ratio	68	60	58	55	58

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Energy Sales Summary

Payout of 25% and 10.75% ROR

	2004	2005	2006	2007	2008
<hr/>					
For the years ended December 31 (\$ 000)					
Island Interconnected					
Newfoundland Power	255,828	261,378	277,095	291,325	311,857
Island Industrial	52,672	53,026	55,280	57,663	61,281
Island Rural Interconnected	33,729	34,010	33,863	34,503	31,870
Total Island	<u>342,229</u>	<u>348,413</u>	<u>366,238</u>	<u>383,490</u>	<u>405,009</u>
Labrador Interconnected					
Iron Ore Company of Canada	4,384	4,434	4,509	4,586	4,664
Department of National Defense	2,799	2,942	2,825	2,782	2,809
Labrador Industrial	7,183	7,376	7,334	7,368	7,473
Labrador Rural Interconnected	11,956	12,761	13,955	14,877	16,104
Total Labrador	<u>19,140</u>	<u>20,137</u>	<u>21,289</u>	<u>22,244</u>	<u>23,576</u>
Rural Isolated	<u>8,769</u>	<u>9,064</u>	<u>9,416</u>	<u>9,732</u>	<u>10,039</u>
Sundry					
Miscellaneous	1,083	1,099	1,118	1,137	1,156
Gross Recapture Revenue	<u>34,313</u>	<u>34,084</u>	<u>33,993</u>	<u>33,859</u>	<u>33,697</u>
Sundry Revenue	<u>35,396</u>	<u>35,183</u>	<u>35,111</u>	<u>34,996</u>	<u>34,853</u>
Total Energy Sales	<u><u>405,535</u></u>	<u><u>412,797</u></u>	<u><u>432,054</u></u>	<u><u>450,463</u></u>	<u><u>473,477</u></u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Load

Payout of 25% and 10.75% ROR

	2004	2005	2006	2007	2008
For the years ended December 31 (GWh)					
Island Interconnected					
Newfoundland Power	4,741.4	4,766.6	4,829.3	4,902.4	4,928.8
Island Industrial	1,368.6	1,367.2	1,364.5	1,367.4	1,366.5
Island Rural Interconnected	406.3	405.7	397.2	398.6	363.2
Total Island	<u>6,516.3</u>	<u>6,539.5</u>	<u>6,591.0</u>	<u>6,668.4</u>	<u>6,658.5</u>
Labrador Interconnected					
Iron Ore Company of Canada	247.7	246.8	246.8	246.8	246.8
Department of National Defense	<u>77.2</u>	<u>82.8</u>	<u>79.6</u>	<u>78.6</u>	<u>77.1</u>
Labrador Industrial	324.9	329.6	326.4	325.4	323.9
Labrador Rural Interconnected	<u>479.1</u>	<u>485.3</u>	<u>491.4</u>	<u>497.6</u>	<u>502.6</u>
Total Labrador	<u>804.0</u>	<u>814.9</u>	<u>817.8</u>	<u>823.0</u>	<u>826.5</u>
Rural Isolated	<u>63.7</u>	<u>65.2</u>	<u>66.6</u>	<u>67.8</u>	<u>69.0</u>
Recapture	<u>1,435.7</u>	<u>1,426.1</u>	<u>1,422.3</u>	<u>1,416.7</u>	<u>1,409.9</u>
Total Load	<u><u>8,819.7</u></u>	<u><u>8,845.7</u></u>	<u><u>8,897.7</u></u>	<u><u>8,975.9</u></u>	<u><u>8,963.9</u></u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Average Mill Rates

Payout of 25% and 10.75% ROR

	2004	2005	2006	2007	2008
<hr/>					
For the years ended December 31 (Mills Per KWh)					
Island Interconnected					
Newfoundland Power	54.0	54.8	57.4	59.4	63.3
Island Industrial	38.5	38.8	40.5	42.2	44.8
Island Rural Interconnected	83.0	83.8	85.3	86.6	87.7
Average Island	<u>52.5</u>	<u>53.3</u>	<u>55.6</u>	<u>57.5</u>	<u>60.8</u>
Labrador Interconnected					
Labrador Industrial Firm	17.7	18.0	18.3	18.6	18.9
Labrador Industrial Secondary	36.3	35.5	35.5	35.4	36.4
Labrador Industrial	22.1	22.4	22.5	22.6	23.1
Labrador Rural Interconnected	25.0	26.3	28.4	29.9	32.0
Average Labrador	<u>23.8</u>	<u>24.7</u>	<u>26.0</u>	<u>27.0</u>	<u>28.5</u>
Rural Isolated	<u>137.7</u>	<u>139.0</u>	<u>141.4</u>	<u>143.5</u>	<u>145.5</u>
Recapture	<u>23.9</u>	<u>23.9</u>	<u>23.9</u>	<u>23.9</u>	<u>23.9</u>
Overall Average	<u><u>46.0</u></u>	<u><u>46.7</u></u>	<u><u>48.6</u></u>	<u><u>50.2</u></u>	<u><u>52.8</u></u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Average Mill Rate Changes

Payout of 25% and 10.75% ROR

	2004	2005	2006	2007	2008
<hr/>					
For the years ended December 31 (Percentage)					
Island Interconnected					
Newfoundland Power	12.7	1.6	4.6	3.6	6.5
Island Industrial	14.7	0.8	4.5	4.1	6.3
Island Rural Interconnected	(5.0)	1.0	1.7	1.5	1.4
Average Island	<u>11.4</u>	<u>1.4</u>	<u>4.3</u>	<u>3.5</u>	<u>5.8</u>
Labrador Interconnected					
Labrador Industrial Firm	1.4	1.5	1.7	1.7	1.7
Labrador Industrial Secondary	(16.6)	(2.0)	(0.1)	(0.3)	2.9
Labrador Industrial	(6.3)	1.2	0.4	0.8	1.9
Labrador Rural Interconnected	0.8	5.4	8.0	5.3	7.2
Average Labrador	<u>(2.0)</u>	<u>3.8</u>	<u>5.3</u>	<u>3.8</u>	<u>5.5</u>
Rural Isolated	<u>11.2</u>	<u>1.0</u>	<u>1.7</u>	<u>1.5</u>	<u>1.4</u>
Recapture	<u>7.5</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Overall Average	<u>10.8</u>	<u>1.5</u>	<u>4.1</u>	<u>3.4</u>	<u>5.2</u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Dividends Declared

Payout of 25% and 10.75% ROR					
	2004	2005	2006	2007	2008
For the years ended December 31 (\$ 000)					
Hydro Dividends					
Income Before Other	47,557	54,869	59,756	65,173	71,918
Deduct:					
Recapture	30,421	30,249	30,199	30,110	29,989
Hydro Dividend Income Base	17,136	24,619	29,557	35,063	41,930
Payout Target	0.25	0.25	0.25	0.25	0.25
Hydro Dividends	4,284	6,155	7,389	8,766	10,482
CF(L)Co Dividends					
Share of Common Dividends	4,607	4,607	5,265	5,265	10,530
Preferred Dividends Received	7,537	9,106	10,106	11,261	11,693
Deduct:					
Interest on Share Purchase Debt	2,280	2,194	2,115	2,001	1,921
Principal Payment	1,000	1,000	1,000	1,000	1,000
CF(L)Co Dividends	8,864	10,518	12,256	13,524	19,302
Other Dividends					
Recapture Dividends	30,421	30,249	30,199	30,110	29,989
Extra Dividends	-	-	-	-	-
Other Dividends	30,421	30,249	30,199	30,110	29,989
Total Dividends	43,569	46,922	49,845	52,400	59,773
Hydro Dividend Disallowance					
Hydro Dividends	4,284	6,155	7,389	8,766	10,482
Allowable Hydro Dividend	4,284	6,155	7,389	8,766	10,482
Hydro Dividend Disallowance	-	-	-	-	-
WACC	0.0804	0.0831	0.0891	0.0926	0.0943
Hydro Interest Disallowance	-	-	-	-	-

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Return on Rate Base Calculation

Payout of 25% and 10.75% ROR

	2004	2005	2006	2007	2008
For the years ended December 31 (\$ 000)					
Rate Base					
Average Net Book Value	1,371,190	1,370,918	1,377,542	1,392,859	1,406,192
Working Capital Allowance	3,700	3,747	3,798	3,849	3,885
Average Fuels and Supplies	38,941	40,474	41,101	43,726	48,570
Deferred Foreign Exchange Loss	80,886	78,729	76,572	74,415	72,258
Deduct:					
Disallowances	2,010	2,010	2,010	2,010	2,010
Rate Base (A)	<u>1,492,706</u>	<u>1,491,857</u>	<u>1,497,003</u>	<u>1,512,838</u>	<u>1,528,894</u>
Rural Rate Base					
Average Net Book Value	199,557	198,892	199,254	199,848	200,321
Working Capital Allowance	495	504	514	522	532
Average Fuels and Supplies	3,021	3,179	3,320	3,375	3,434
Deferred Foreign Exchange Loss	11,734	11,423	11,041	10,625	10,271
Adjustments	-	-	-	-	-
Rural Rate Base (B)	<u>214,807</u>	<u>213,999</u>	<u>214,129</u>	<u>214,369</u>	<u>214,557</u>
Other Rate Base (A-B)	<u>1,277,899</u>	<u>1,277,859</u>	<u>1,282,874</u>	<u>1,298,469</u>	<u>1,314,337</u>
Return on Rate Base					
Rural Return					
Rural Rate Base	214,807	213,999	214,129	214,369	214,557
WACD (D)	0.0689	0.0703	0.0747	0.0765	0.0767
Rural Return (B*D)	<u>14,796</u>	<u>15,038</u>	<u>15,987</u>	<u>16,392</u>	<u>16,450</u>
Other Return					
Other Rate Base	1,277,899	1,277,859	1,282,874	1,298,469	1,314,337
WACC (E)	0.0804	0.0831	0.0891	0.0926	0.0943
Other Return ((A-B)*E)	<u>102,792</u>	<u>106,248</u>	<u>114,351</u>	<u>120,214</u>	<u>123,938</u>
Return on Rate Base	<u>117,588</u>	<u>121,286</u>	<u>130,338</u>	<u>136,606</u>	<u>140,388</u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Weighted Average Cost of Capital

Payout of 25% and 10.75% ROR

	2004	2005	2006	2007	2008
As at December 31 (\$ 000)					
Weighted Average Calculations					
Average Regulated Debt (A)	1,430,365	1,364,737	1,318,242	1,295,180	1,306,585
Average Total Debt (B)	1,457,893	1,393,509	1,348,258	1,326,440	1,339,089
Average RE (C)	175,650	189,584	209,798	233,912	262,650
Regulated Cost of Debt (D)	0.0787	0.0815	0.0882	0.0921	0.0940
ROR Target (E)	0.1075	0.1075	0.1075	0.1075	0.1075
WACD ((A/(B+C))*D)	0.0689	0.0703	0.0747	0.0765	0.0767
WACE ((C/(B+C))*E)	0.0116	0.0129	0.0145	0.0161	0.0176
WACC	<u>0.0804</u>	<u>0.0831</u>	<u>0.0891</u>	<u>0.0926</u>	<u>0.0943</u>
Forecast WACC	<u>0.0810</u>	<u>0.0804</u>	<u>0.0831</u>	<u>0.0891</u>	<u>0.0926</u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Debt to Capital Ratio

Payout of 25% and 10.75% ROR					
	2004	2005	2006	2007	2008
As at December 31 (\$ 000)					
Total Hydro Debt					
Total Long Term Debt	1,392,504	1,388,895	1,286,223	1,283,494	1,280,604
Add:					
Promissory Notes	114,806	94,381	161,626	190,113	229,753
Deduct:					
Sinking Funds	63,685	72,781	82,533	92,873	103,939
Hydro Bonds	63,685	72,781	82,533	92,873	103,939
CF(L)Co Debt	26,934	25,934	24,934	23,934	22,934
Total Hydro Debt (A)	<u>1,353,006</u>	<u>1,311,779</u>	<u>1,257,849</u>	<u>1,263,927</u>	<u>1,279,545</u>
Employee Benefits (B)	<u>27,528</u>	<u>28,772</u>	<u>30,016</u>	<u>31,260</u>	<u>32,504</u>
Hydro Retained Earnings					
Retained Earnings	468,822	499,740	535,615	577,923	621,591
Deduct:					
Share of CF(L)Co RE	<u>255,920</u>	<u>268,373</u>	<u>282,081</u>	<u>298,092</u>	<u>310,312</u>
Hydro Retained Earnings (C)	<u>212,902</u>	<u>231,367</u>	<u>253,535</u>	<u>279,832</u>	<u>311,279</u>
Debt to Capital Ratio (A/(A+B+C))* 100	<u>85</u>	<u>83</u>	<u>82</u>	<u>80</u>	<u>79</u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Regulated Income Calculation

Payout of 25% and 10.75% ROR

	2004	2005	2006	2007	2008
<hr/>					
For the years ended December 31 (\$ 000)					
Income Before Other	47,557	54,869	59,756	65,173	71,918
Add:					
Recapture Power Purchases	3,734	3,710	3,700	3,685	3,667
Recapture Interest	157	125	94	64	40
Labrador Industrial Firm Purchases	630	628	628	628	628
Labrador Industrial Share of COS	1,798	1,806	1,852	1,863	1,896
Regulated O&M Adjustment	1,902	1,931	1,963	1,997	2,031
Deduct:					
Gross Recapture	34,313	34,084	33,993	33,859	33,697
Labrador Industrial Firm Sales	4,384	4,434	4,509	4,586	4,664
Regulated Interest Adjustment	743	736	734	733	729
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Regulated Income	16,338	23,813	28,757	34,231	41,091
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Production

Payout of 25% and 10.75% ROR

	2004	2005	2006	2007	2008
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For the years ended December 31 (GWh)					
Hydraulic					
Bay D'Espoir	2,905.0	2,905.0	2,905.0	2,905.0	2,822.2
Hinds Lake	354.0	354.0	354.0	354.0	340.0
Upper Salmon	578.0	578.0	578.0	578.0	552.0
Cat Arm	731.0	731.0	731.0	731.0	735.0
Paradise River	37.0	37.0	37.0	37.0	38.9
Mini Hydro	7.2	7.2	7.2	7.2	7.2
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Hydraulic	4,612.2	4,612.2	4,612.2	4,612.2	4,495.3
Thermal					
Holyrood Thermal	1,760.3	1,784.3	1,837.3	1,916.8	2,038.9
Holyrood Gas	1.2	1.4	1.5	1.8	4.2
Stephenville Gas	1.2	1.2	1.2	1.2	18.2
Hardwoods Gas	0.2	0.2	0.2	0.2	13.0
HVGB Gas	0.6	0.6	0.6	0.6	0.6
GNP Diesels	0.4	0.4	0.4	0.4	2.2
Rural Diesels	51.9	52.9	53.9	54.6	55.5
Other	-	-	-	-	0.1
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Thermal	1,815.8	1,841.0	1,895.1	1,975.6	2,132.7
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Production	<u>6,428.0</u>	<u>6,453.2</u>	<u>6,507.3</u>	<u>6,587.8</u>	<u>6,628.0</u>

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Annual Coincident Peak

Payout of 25% and 10.75% ROR

	2004	2005	2006	2007	2008
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For the years ended December 31 (MW)					
Island Interconnected					
NF Power					
Gross NF Power MW (A)	1,084.0	1,100.2	1,109.4	1,123.8	1,125.9
NP Peak Factor (B)	0.9850	0.9850	0.9850	0.9850	0.9850
NP Native Load Adj (C)	47.0	47.0	47.0	47.0	47.0
NP Peak Credit (D)	120.5	120.5	120.5	120.5	120.5
((A*B)+C)-D)	994.2	1,010.2	1,019.2	1,033.4	1,035.5
Island Industrial					
Gross Island Industrial MW (E)	182.0	182.0	182.0	182.0	203.6
Compensation MW (F)	4.0	4.0	4.0	4.0	8.0
Interruptible MW (G)	-	-	-	-	17.6
Industrial Peak Factor (H)	0.9130	0.9130	0.9130	0.9130	0.9130
((E-F-G)*H)	162.5	162.5	162.5	162.5	162.5
Island Rural Interconnected					
Gross Island Rural Intc MW (I)	89.0	89.0	87.5	87.7	88.3
Rural Peak Factor (J)	0.9780	0.9780	0.9780	0.9780	0.9780
(I*J)	87.0	87.0	85.6	85.8	86.4
Total Island	1,243.8	1,259.7	1,267.3	1,281.7	1,284.3
Labrador Interconnected					
Labrador Industrial Firm	62.0	62.0	62.0	62.0	62.0
Labrador Industrial Secondary	-	-	-	-	-
Labrador Industrial	62.0	62.0	62.0	62.0	62.0
Labrador Rural Interconnected	123.4	125.0	126.7	128.3	129.6
Total Labrador	185.4	187.0	188.7	190.3	191.6
Rural Isolated	18.5	18.9	19.3	19.6	19.9
Total MW	1,447.7	1,465.6	1,475.3	1,491.6	1,495.8

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.

NEWFOUNDLAND AND LABRADOR HYDRO
Key Financial Assumptions

Payout of 25% and 10.75% ROR					
	2004	2005	2006	2007	2008
For the years ended December 31					
NF Power Rate Increases					
Wholesale Increase	0.5674	0.5674	0.5674	0.5674	0.5674
Fuel Prices					
Bunker C (\$ per Barrel)	29.20	28.20	28.95	30.40	31.45
Gas Turbine Fuel (\$ per Gallon)	1.5126	1.4824	1.4804	1.4764	1.5198
Rural Diesel (\$ per Gallon)	1.5126	1.4824	1.4804	1.4764	1.5198
Other Diesel (\$ per Gallon)	1.5126	1.4824	1.4804	1.4764	1.5198
Interest Rates					
Short-Term	0.0521	0.0520	0.0520	0.0521	0.0521
Existing Debt	0.0822	0.0696	0.0717	0.0758	0.0750
New Long-Term	0.0716	0.0715	0.0715	0.0703	0.0703
Sinking Funds	0.0716	0.0715	0.0715	0.0703	0.0703
CF(L)Co Pool	0.0716	0.0715	0.0715	0.0703	0.0703
Guarantee Fee	0.0100	0.0100	0.0100	0.0100	0.0100
Escalation Rates					
Inflation Rate	0.0140	0.0150	0.0170	0.0170	0.0170
Operating Cost Escalator	0.0140	0.0150	0.0170	0.0170	0.0170
Capital Expenditure Escalator	0.0140	0.0150	0.0170	0.0170	0.0170

Notes:

1. 2001 is based on actual results.
2. 2002 and 2003 are based on the latest forecast and budget respectively.