

1 Q. Please explain why accounts receivables are forecast to increase from
2 \$42,452,000 in 2003 to \$48,137,000 in 2004 (Finance and Corporate
3 Services, Schedule VIII). Also, provide the forecasting methodology for the
4 estimates.

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7 A. Customer accounts receivable balances are forecast in relation to revenue.
8 Specifically, for Newfoundland Power and the Industrial Customers NLH
9 estimates that the forecast revenue for December will be receivable at year-
10 end. With respect to Rural Customers, NLH estimates that approximately 40
11 days sales will be outstanding at year-end.

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13 Other miscellaneous accounts receivable are assumed to be relatively
14 constant from year to year.