

1 Q. Please provide all studies, documents, data, calculations and workpapers  
2 used in calculating the Total Amount of Cash Working Capital, Inventory/  
3 Supplies, Deferred Charges for each of the systems as shown on Schedule  
4 2.6 (A, B, C, D, and E) of Exhibit RDG-1.

5  
6  
7 A. See pages 2 - 5 attached for Cash Working Capital calculations.

8  
9 See page 6 attached for Supplies Inventory calculations. NLH projected  
10 2004 Supplies Inventory balances based on 2001 - 2002 balance sheet  
11 averages, having taken into consideration the 13 month average balance for  
12 2002.

13  
14 See page 7 attached for Deferred Charges calculations.

15  
16 Cash working capital and deferred charges are allocated across systems  
17 based on each system's average net book value. The allocation basis and  
18 the allocation are found on page 2 of Exhibit RDG-1. Inventory/supplies is  
19 allocated across systems based on each system's plant in service, Schedule  
20 2.2 (A, B, C, D and E). The allocation basis and the allocation are shown in  
21 the following table:

			Allocation	Inventory/ Supplies Allocation
	Allocation Basis - Plant in Service		Ratio	
Island Interconnected	Sch. 2.2 A, page 24, col 2, line 40	1,744,795,617	91%	17,679,828
Island Isolated	Sch. 2.2 B, page 41, col 2, line 23	19,903,086	1%	201,676
Labrador Isolated	Sch. 2.2 C, page 57, col 2, line 23	52,354,274	3%	530,500
L'Anse au Loup	Sch. 2.2 D, page 73, col 2, line 23	11,687,177	1%	118,425
Labrador Interconnected	Sch. 2.2 E, page 89, col 2, line 24	84,533,748	4%	856,571
		<b>1,913,273,902</b>	<b>100%</b>	<b>19,387,000</b>

Newfoundland and Labrador Hydro  
Working Capital Calculation

Line #		2004 Forecast
1	Revenue Lag	39.38
2	less: Expense Lag	20.29
3	Net Lag (days)	19.09
4		
5	divide by 365 days	5.23%
6		
7		2004
8		
9	Regulated O&M	\$ 93,048,680
10		
11	Power Purchases	37,102,276
12	less: for Export sales	3,787,400
13		33,314,876
14		
15	Regulated O&M and Power Purchases	126,363,556
16		
17		
18	Working Capital - @ 5.23%	6,608,814
19		
20	Less: HST Adjustment	3,533,589
21		
22	Net Working Capital Required	\$ 3,075,225
23		
24	<b>Notes:</b>	
25	1. Lead/lag analysis was performed on the actual revenue and expenditure	
26	streams during 2000.	
27	Those leads and lags were then applied to the distribution of revenues and	
28	expenditures forecast to occur in 2003 and 2004 to project the anticipated	
29	working capital requirement for those years.	

Newfoundland and Labrador Hydro  
Revenue 2004

Line #	Customer	\$ 000's	%	LAG			Total Lag	Weighted Average
				Service	Billing	Collection		
1	NP	258,880	68.86%	15.2	7.6	13	35.8	24.65
2	Industry							
3	Corner Brook	16,927	4.50%	15.2	7.6	16.8	39.6	1.78
4	Deer Lake		0.00%	15.2	7.6	16.8	39.6	0.00
5	Abitibi - S	21,162	5.63%	15.2	7.6	15.4	38.2	2.15
6	Abitibi - GF	5,188	1.38%	15.2	7.6	14.3	37.1	0.51
7	North Atlantic	9,109	2.42%	15.2	7.6	14	36.8	0.89
8	CFB - Goose Bay	3,014	0.80%	15.2	7.6	17.9	40.7	0.33
9	Iron Ore CC	2,655	0.71%	15.2	7.6	16.1	38.9	0.27
10								
11	Rural	57,105	15.19%	15.2	7.0	34.7	56.9	8.64
12								
13	Other	1,932	0.51%	-15.2	6.0	38.8	29.59	0.15
14	TOTAL	375,972	100.00%					39.38

**Newfoundland and Labrador Hydro  
Operating Expenses 2004**

Line #	\$ 000s	%	# days	Weighted Average
Salaries & Benefits	57,773	45.72%	12.6	5.76
Materials Maintenance	17,419	13.79%	45.5	6.27
Professional Services	4,503	3.56%	-8.7	-0.31
Miscellaneous	4,151	3.29%	0.9	0.03
Travel	2,139	1.69%	45.0	0.76
Transportation	2,044	1.62%	45.0	0.73
Office Supplies	1,913	1.51%	45.0	0.68
Equipment rentals	1,636	1.29%	45.0	0.58
Insurance	2,019	1.60%	-182.5	-2.92
Property rentals	894	0.71%	-30.0	-0.21
Customer costs	334	0.26%	0.0	0.00
<b>Subtotal</b>	<b>94,825</b>	<b>75.04%</b>		<b>11.37</b>
<b>CF(L)Co Recoveries</b>	<b>-1,777</b>	<b>-1.41%</b>	<b>30</b>	<b>-0.42</b>
<b>Power Purchases</b>	<b>33,315</b>	<b>26.36%</b>	<b>35.4</b>	<b>9.34</b>
<b>Total Cash outflow</b>	<b>126,364</b>	<b>100.00%</b>		<b>20.29</b>

NOTE: 45 days is used as estimate where no detailed analysis performed

HST Payable	2004 Forecast	Est. HST payable	Lag # days	\$
Revenue	371,566.9	55,735.0	31.3	4,776.4
O&M	93,048.7	13,957.3	(15.2)	(581.2)
less: Salaries	57,773.0	8,665.9	15.2	360.9
Misc (Write-offs, taxes )	2,595.0	389.3	15.2	16.2
Insurance	2,019.0	302.9	15.2	12.6
Customer costs	334.0	50.1	15.2	2.1
Fuel - No. 6	80,300.0	5,621.0	(30.4)	(468.2)
Diesel, GT, etc	8,004.0	1,200.6	(15.2)	(50.0)
Power Purchases, less export	33,314.9	4,997.2	(25.4)	(347.8)
Capital - 2004 Budget	36,080.0	5,412.0	(15.2)	(225.4)
less: Cap. Salaries/OH	5,464.0	819.6	15.2	34.1
AFUDC	604.0	90.6	15.2	3.8
		<u>97,241.5</u>		<u>3,533.6</u>

Revenue - accrual basis	375,972.0
less: Dec 2004 Ind&Utility	33,832.1
plus: Dec 2003 " "	29,427.0
Revenue - billed basis	371,566.9



**Newfoundland and Labrador Hydro  
Ratebase 2004  
Supplies Inventory Balances**

Line #		Dec-01	Jan-02	Feb-02	Mar-02	Apr-02	May-02	Jun-02	Jul-02	Aug-02	Sep-02	Oct-02	Nov-02	Dec-02	13 Month Average	Balance Sheet Average
1	<b>Inventory</b>	19,221,060	19,368,882	19,472,493	19,394,330	19,353,103	19,278,512	19,170,749	18,930,304	18,889,904	18,762,113	18,885,802	18,908,007	17,709,678	19,026,534	18,465,369
2	<b>Returnables</b>	319,075	318,919	319,169	322,189	323,905	327,009	329,699	326,469	328,464	344,652	348,163	347,103	301,559	327,413	310,317
3	<b>Aggregates</b>	612,154	612,154	612,154	612,154	612,154	612,154	612,154	612,154	612,154	612,154	612,154	612,154	609,685	611,964	610,920
5		20,152,289	20,299,955	20,403,816	20,328,673	20,289,162	20,217,675	20,112,602	19,868,927	19,830,522	19,718,919	19,846,119	19,867,264	18,620,922	19,965,911	19,386,606

<b>Newfoundland and Labrador Hydro</b> <b>Ratebase 2004</b> <b>Deferred Charges Balances</b> <b>(\$thousands)</b>			
<b>Line #</b>		<b>2004</b>	<b>Notes</b>
1	<b><u>Deferred Foreign Exchange</u></b>		
2	Opening Balance	81,964	
3	less: Amortization	2,157	=(96278-10000)/40 years
4	Ending Balance	<u>79,807</u>	
5	Average	80,886	
6			
7	<b><u>PUB costs</u></b>		
8	Opening Balance	1,200	
9	less: Amortization	400	=1200/3 years
10	Ending Balance	<u>800</u>	
11	Average	1,000	
12			
13	<b>TOTAL</b>	<u><u>81,886</u></u>	