Newfoundland and Labrador Hydro Projected Balance Sheet (Excluding CF(L)Co., LCDC and Contributed Capital - Muskrat Falls)

As at December 31 (thousands of dollars)

		2003	2004		
	August	October	August	October	
ASSETS					
Capital assets					
Capital assets in service	1,836,023	1,835,700	1,859,189	1,852,523	
Less accumulated depreciation	465,334	464,334	497,452	494,881	
•	1,370,689	1,371,366	1,361,737	1,357,642	
Construction in progress	55,403	55,893	69,299	66,530	
1 3	1,426,092	1,427,259	1,431,036	1,424,172	
Current assets					
Accounts receivable	42,452	42,817	47,974	48,219	
Fuels and supplies at average cost	35,817	37,003	31,621	33,453	
Prepaid expenses	2,056	2,488	1,958	2,607	
	80,325	82,308	81,553	84,279	
Rate stabilization plans	161,109	167,060	131,330	134,225	
Unamortized debt premium and financing			,		
expense	(5,896)	4,382	(6,446)	3,465	
Unamortized foreign exchange loss	81,964	81,964	79,807	79,807	
Unamortized PUB costs	1,200	1,200	800	800	
	1,744,794	1,764,173	1,718,080	1,726,748	
		<u> </u>	<u>.</u>	<u> </u>	
LIABILITIES AND SHAREHOLDER'S EQUITY					
Long-term debt	1,265,437	1,265,786	1,247,939	1,243,557	
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Current liabilities					
Accounts payable and accrued liabilities	41,603	31,887	35,473	22,260	
Accrued interest	27,955	30,200 ¹	29,705	30,080 ⁻¹	
Long-term debt due within one year	15,841	15,841	16,393	16,393	
Promissory notes	166,075	188,880	153,364	175,733	
	251,474	266,808	234,935	244,466	
Employee future benefits	27,464	27,464	29,941	29,941	
Shareholder's equity	-	-		·	
Retained earnings	<u>200,41</u> 9	204,115	205,265	208,784	
	1,744,794	1,764,173	1,718,080	1,726,748	

¹The revised Projected Balance sheet reflects an increase in accrued interest for 2003 and 2004 with an offsetting decrease in accounts payable. These changes affect the balance sheet only and have no impact on the calculation of revenue requirement or interest expense.

¹ (cont'd.)

The details of the calculation of the accrued interest on the new issue that shows the variance between the August and October revised filing are as follows:

	2003			2004		
	October			October		
(\$ thousands)	August	Rev.	Variance	August	Rev.	Variance
Value of Bond	100,000	125,000	25,000	125,000	125,000	0
Coupon Rate	6.15%	5.70%	-0.45%	6.65%	5.70%	-0.95%
Annual Interest	6,150	7,125	975	8,313	7,125	(1,188)
Prorate annual interest	x 2/12	x 5.5/12		x 4.18/12	x 5.5/12	
Variance in 2003 issue	1,025	3,266	2,241	2,891	3,266	374
Variance in IBM lease		_	4		_	1
Total Variance			2,245			375
Accrued interest per August and October filings		-	27,955		-	29,705
Accrued interest per October revised filing		=	30,200		-	30,080

For 2003, the accrued interest on the new issue was based on a face value of \$100,000,000 for the August and October filings and \$125,000,000 for the October revised filing. The coupon rate on the bond was reduced from a forecast of 6.15% to an actual of 5.70%. The issue date of the bond changed from a forecast of November 1 (2 months accrual) to an actual of July 14 (5.5 months accrual). This increase in face value and the earlier issue date resulted in an increase in accrued interest that was partially offset by the decrease resulting from the lower coupon rate.

For 2004, the accrued interest on the new issue was based on a face value of \$125,000,000 for both filings. The coupon rate on the bond was reduced from a forecast of 6.65% in August and October filings to an actual of 5.70% in the October revised filing. The issue date of the bond changed from a forecast date of August 27 (4.18 months accrual) to an actual date of July 14 (5.5 months accrual). This earlier issue date resulted in an increase in accrued interest that was partially offset by the decrease resulting from the lower coupon rate.