

1 Q. Bradbury Schedule 1, page 5: Please provide all calculations in support of
2 the cash working capital allowance for each year shown in the table. Please
3 provide similar data and calculations in respect of 2004 final test year
4 amounts.

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7 A. Please refer to the attached tables.

Working Capital Calculation

	2002 Actual	2003 Actual	2004 Actual	2005 Actual	2006 Forecast	2007 Budget
Revenue Lag (Days)	39.57	39.41	39.38	39.32	39.43	39.14
minus: Expense Lag (Days)	19.09	20.31	21.28	22.13	21.14	21.13
Net Lag Days	20.48	19.10	18.09	17.19	18.29	18.01
divide by 365 days	5.61%	5.23%	4.96%	4.71%	5.01%	4.93%
	2002A	2003	2004	2005	2006	2007
O&M	91,639,116	89,788,513	88,977,746	93,284,455	94,105,502	100,403,501
less: non-regulated expenses	411,529	-10,945	249,546	293,164	2,207,584	1,799,446
	91,227,587	89,799,457	88,728,200	92,991,291	91,897,918	98,604,055
Power Purchases	19,890,778	30,209,634	40,150,541	39,895,194	41,464,211	41,875,909
less: for Export sales	4,009,717	4,145,548	4,807,916	3,704,487	3,748,642	3,527,635
	15,881,061	26,064,086	35,342,625	36,190,707	37,715,569	38,348,274
Regulated O&M and Power Purchases	107,108,647	115,863,543	124,070,825	129,181,998	129,613,487	136,952,329
Working Capital	6,008,795	6,059,663	6,153,913	6,084,472	6,493,636	6,751,750
Less: HST Adjustment	2,429,489	2,603,956	3,208,503	3,373,310	2,832,820	3,695,480
Net Working Capital Required	3,579,306	3,455,708	2,945,410	2,711,162	3,660,815	3,056,270
	3.34%	2.98%	2.37%	2.10%	2.82%	2.23%

Notes:

- Lead/lag analysis was performed on the actual revenue and expenditure streams during 2000. Those leads and lags were then applied to the distribution of actual revenues and expenditures or forecasts, as applicable to project the anticipated working capital requirement for the test year.

Revenue 2002 - Actual

Customer	\$ 000's	%	LAG			Total Lag	Weighted Average
			Service	Billing	Collection		
NP	210,916	67.49%	15.2	7.6	13	35.8	24.16
Industry							
Corner Brook	15,221	4.87%	15.2	7.6	16.8	39.6	1.93
Deer Lake	11	0.00%	15.2	7.6	16.8	39.6	0.00
Abitibi - S	16,167	5.17%	15.2	7.6	15.4	38.2	1.98
Abitibi - GF	5,429	1.74%	15.2	7.6	14.3	37.1	0.64
North Atlantic	7,571	2.42%	15.2	7.6	14	36.8	0.89
CFB - Goose Bay	2,918	0.93%	15.2	7.6	17.9	40.7	0.38
Iron Ore CC	2,728	0.87%	15.2	7.6	16.1	38.9	0.34
Rural	49,983	15.99%	15.2	7.0	34.7	56.9	9.10
Other	1,589	0.51%	-15.2	6.0	38.8	29.59	0.15
TOTAL	312,532	100.00%					39.57

Operating Expenses - 2002 Actual

	\$ 000s	%	# days	Weighted Average
Salaries & Benefits	56,443	52.70%	12.6	6.64
Materials Maintenance	17,176	16.04%	45.5	7.30
Professional Services	5,318	4.97%	-8.7	-0.43
Miscellaneous	3,632	3.39%	0.9	0.03
Travel	2,315	2.16%	45.0	0.97
Transportation	1,979	1.85%	45.0	0.83
Office Supplies	1,857	1.73%	45.0	0.78
Equipment rentals	1,372	1.28%	45.0	0.58
Insurance	1,198	1.12%	-182.5	-2.04
Property rentals	900	0.84%	-30.0	-0.25
Customer costs	1,043	0.97%	0.0	0.00
Subtotal	93,234	87.05%		14.40
CF(L)Co Recoveries	-2,006	-1.87%	30	-0.56
Power Purchases	15,881	14.83%	35.4	5.26
Total Cash outflow	107,109	100.00%		19.09

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

HST Payable	2002 Actual	Est. HST payable	Lag # days	\$
Revenue	316,561	47,484	31.28	4,069
O&M	91,228	13,684	-15.2	-570
less: Salaries	56,443	8,466	15.2	353
Misc (Don., Write-offs, taxes)	2,667	400	15.2	17
Insurance	955	143	15.2	6
Customer costs	318	48	15.2	2
Fuel - No. 6	114,622	8,024	-30.4	-668
Diesel etc	7,550	1,133	-15.2	-47
Power Purchases, less export	15,881	2,382	-25.4	-166
Capital	103,197	15,480	-15.2	-645
less: Cap. Salaries/OH	8,116	1,217	15.2	51
IDC	4,477	672	15.2	28
		<u>99,132</u>		<u>2,429</u>

Revenue - accrual basis	319,973
less: Dec 2002 Ind&Utility	30,335
plus: Dec 2001 " "	26,922
Revenue - billed basis	316,561

Power Purchases: 14.5%
2002 Actual

	2002 Actual	Less Export	Purchaes for Reg. Sales	Weight	Service	Bill	Payment	Total	Wtd Days
Star Lake	9,616,981		9,616,981	63.7%	15.2	3.4	19	37.6	23.95
CF(L)Co	5,968,326	3,742,173	2,226,153	14.7%	15.2	1	14	30.2	4.45
Abitibi	1,297,200		1,297,200	8.6%	15.2		20	35.2	3.02
Rattle Brook	1,096,884		1,096,884	7.3%	15.2	6.2	10.4	31.8	2.31
Fogo + Others	471,254		471,254	3.1%	15.2		20	35.2	1.10
3rd & 4th Expansion O&M	185,912		185,912	1.2%	15.2		20	35.2	0.43
CF(L)Co Interest	426,702	267,544	159,158	1.1%	15.2	1	14	30.2	0.32
L'Anse-au-Loup	731,346		731,346	4.8%	15.2		20	35.2	1.70
Deer Lake	96,174		96,174	0.6%	15.2		20	35.2	0.22
TOTAL	19,890,778	4,009,717	15,881,061	105.17%				37.51	

Notes:

1. Total power purchases are adjusted for export sales to HQ (59.6% of purchases from CF(L)Co (1409/2362)).
2. Payment terms: CF(L)Co. - 15th of month
Others - 20th or next business day

Revenue 2003

Customer	\$ 000's	%	LAG			Total Lag	Weighted Average
			Service	Billing	Collection		
NP	222,248	68.11%	15.2	7.6	13	35.8	24.38
Industry							
Corner Brook	15,460	4.74%	15.2	7.6	16.8	39.6	1.88
Deer Lake		0.00%	15.2	7.6	16.8	39.6	0.00
Abitibi - S	17,250	5.29%	15.2	7.6	15.4	38.2	2.02
Abitibi - GF	4,968	1.52%	15.2	7.6	14.3	37.1	0.56
North Atlantic	8,264	2.53%	15.2	7.6	14	36.8	0.93
CFB - Goose Bay	3,085	0.95%	15.2	7.6	17.9	40.7	0.38
Iron Ore CC	2,914	0.89%	15.2	7.6	16.1	38.9	0.35
Rural	49,865	15.28%	15.2	7.0	34.7	56.9	8.70
Other	2,256	0.69%	-15.2	6.0	38.8	29.59	0.20
TOTAL	<u>326,310</u>	<u>100.00%</u>					<u>39.41</u>

Operating Expenses - 2003

	2003			Weighted		
	Actuals	non reg	\$ 000s	%	# days	Average
Salaries & Benefits	55,294.903	297.622	54,997	47.47%	12.6	5.98
Materials Maintenance	18,211.797	177.250	18,035	15.57%	45.5	7.08
Professional Services	4,490.157	-	4,490	3.88%	-8.7	-0.34
Miscellaneous	3,689.372	174.823	3,515	3.03%	0.9	0.03
Travel	2,255.701	22.654	2,233	1.93%	45.0	0.87
Transportation	1,914.143	67.092	1,847	1.59%	45.0	0.72
Office Supplies	1,984.914	63.054	1,922	1.66%	45.0	0.75
Equipment rentals	1,458.307	5.020	1,453	1.25%	45.0	0.56
Insurance	1,655.105	-	1,655	1.43%	-182.5	-2.61
Property rentals	855.576	5.983	850	0.73%	-30.0	-0.22
Customer costs	676.895	-	677	0.58%	0.0	0.00
Subtotal	92,486.870	813.498	91,673	79.12%		12.82
CF(L)Co Recoveries	(2,698.357)	(824.443)	-1,874	-1.62%	30	-0.49
Power Purchases			26,064	22.50%	35.5	7.98
Total Cash outflow	89,788.513	(10.945)	115,864	100.00%		20.31

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

HST Payable	2003 Forecast	Est. HST payable	Lag # days	\$
Revenue	325,528	48,829	31.28	4,184.6
O&M	89,799	13,470	-15.2	-560.9
less: Salaries	54,997	8,250	15.2	343.5
Misc (Write-offs, taxes)	2,592	389	15.2	16.2
Insurance	1,655	248	15.2	10.3
Customer costs	677	102	15.2	4.2
Fuel - No. 6	129,138	9,040	-30.4	-752.9
Diesel, GT, etc	7,359	1,104	-15.2	-46.0
Power Purchases, less export	26,064	3,910	-25.4	-272.1
Capital - 2003 Budget	63,413	9,512	-15.2	-396.1
less: Cap. Salaries/OH	7,913	1,187	15.2	49.4
IDC	3,780	567	15.2	23.6
		96,606		2,604.0

Revenue - accrual basis	326,310
less: Dec 2003 Ind&Utility	29,734
plus: Dec 2002 " "	28,952
Revenue - billed basis	325,528

	2003 Forecast	Less Export	Purchaes for Reg. Sales	Weight	Service	Bill	Payment	Total	Wtd Days
Star Lake	9,983,617		9,983,617	38.3%	15.2	3.4	19	37.6	14.40
CF(L)Co	5,968,327	3,636,079	2,332,248	8.9%	15.2	1	14	30.2	2.70
Abitibi	3,855,422	324,300	3,531,122	13.5%	15.2		20	35.2	4.77
Rattle Brook	855,363		855,363	3.3%	15.2	6.2	10.4	31.8	1.04
Fogo + Others	331,268		331,268	1.3%	15.2		20	35.2	0.45
3rd & 4th Expansion O&M	116,480		116,480	0.4%	15.2		20	35.2	0.16
CF(L)Co Interest	288,939	185,169	127,327	0.5%	15.2	1	14	30.2	0.15
L'Anse-au-Loup	795,570		795,570	3.1%	15.2		20	35.2	1.07
CB P&P CoGen	8,014,648		8,014,648	30.7%	15.2		20	35.2	10.82
TOTAL	30,209,634	4,145,548	26,064,086	100.09%					35.57

Notes:

Payment terms: CF(L)Co. - 15th of month
Others - 20th or next business day

Revenue 2004

Customer	\$ 000's	%	LAG			Total Lag	Weighted Average
			Service	Billing	Collection		
NP	234,938	67.89%	15.2	7.6	13	35.8	24.30
Industry							
Corner Brook	19,046	5.50%	15.2	7.6	16.8	39.6	2.18
Deer Lake		0.00%	15.2	7.6	16.8	39.6	0.00
Abitibi - S	19,247	5.56%	15.2	7.6	15.4	38.2	2.12
Abitibi - GF	5,230	1.51%	15.2	7.6	14.3	37.1	0.56
North Atlantic	8,693	2.51%	15.2	7.6	14	36.8	0.92
CFB - Goose Bay	3,449	1.00%	15.2	7.6	17.9	40.7	0.41
Iron Ore CC net	1,216	0.35%	15.2	7.6	16.1	38.9	0.14
Rural	52,019	15.03%	15.2	7.0	34.7	56.9	8.55
Other	2,240	0.65%	-15.2	6.0	38.8	29.59	0.19
TOTAL	346,078	100.00%					39.38

Operating Expenses - 2004

		non reg	\$ 000s	%	# days	Weighted Average
Salaries & Benefits	56,520.745	398.379	56,122	45.23%	12.6	5.70
Materials Maintenance	17,415.725	72.392	17,343	13.98%	45.5	6.36
Professional Services	3,651.607	3.468	3,648	2.94%	-8.7	-0.26
Miscellaneous	3,783.468	225.320	3,558	2.87%	0.9	0.02
Travel	2,243.413	36.910	2,207	1.78%	45.0	0.80
Transportation	1,808.404	127.086	1,681	1.36%	45.0	0.61
Office Supplies	1,857.843	12.000	1,846	1.49%	45.0	0.67
Equipment rentals	1,274.312	4.846	1,269	1.02%	45.0	0.46
Insurance	1,682.155	-	1,682	1.36%	-182.5	-2.47
Property rentals	774.794	23.084	752	0.61%	-30.0	-0.18
Customer costs	811.122	-	811	0.65%	0.0	0.00
Subtotal	91,823.588	903.485	90,920	73.28%		11.71
CF(L)Co Recoveries	(2,845.842)	(653.939)	-2,192	-1.77%	30	-0.53
Power Purchases			35,343	28.49%	35.5	10.10
Total Cash outflow	88,977.746	249.546	124,071	100.00%		21.28

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

HST Payable	2004 Forecast	Est. HST payable	Lag # days	\$
Revenue	341,469	51,220	31.28	4,389.5
O&M	88,728	13,309	-15.2	-554.2
less: Salaries	56,122	8,418	15.2	350.6
Misc (Write-offs, taxes)	2,448	367	15.2	15.3
Insurance	1,682	252	15.2	10.5
Customer costs	811	122	15.2	5.1
Fuel - No. 6	80,845	5,659	-30.4	-471.3
Diesel, GT, etc	8,198	1,230	-15.2	-51.2
Power Purchases, less export	35,343	5,301	-25.4	-368.9
Capital - 2004 Budget-r expenditures for actual	27,984	4,198	-15.2	-174.8
less: Cap. Salaries/OH	9,029	1,354	15.2	56.4
IDC	266	40	15.2	1.7
		91,471		3,208.5

Revenue - accrual basis	346,078
less: Dec 2004 Ind&Utility	31,658
plus: Dec 2003 " "	27,049
Revenue - billed basis	341,469

	2004 Forecast	Less Export	Purchaes for Reg. Sales	Weight	Service	Bill	Payment	Total	Wtd Days
Star Lake	10,319,133		10,319,133	29.2%	15.2	3.4	19	37.6	10.98
CF(L)Co	5,985,279	3,689,301	2,295,978	6.5%	15.2	1	14	30.2	1.96
Abitibi	12,856,674	972,900	11,883,774	33.6%	15.2		20	35.2	11.84
Rattle Brook	975,419		975,419	2.8%	15.2	6.2	10.4	31.8	0.88
Fogo + Others	565,055		565,055	1.6%	15.2		20	35.2	0.56
3rd & 4th Expansion O&M	201,177		201,177	0.6%	15.2		20	35.2	0.20
CF(L)Co Interest	226,398	145,715	80,683	0.2%	15.2	1	14	30.2	0.07
L'Anse-au-Loup	973,799		973,799	2.8%	15.2		20	35.2	0.97
CB P&P CoGen	8,047,607		8,047,607	22.8%	15.2		20	35.2	8.02
TOTAL	40,150,541	4,807,916	35,342,625	100.00%					35.47

Notes:

Payment terms:

CF(L)Co. - 15th of month

Others - 20th or next business day

Revenue 2005

Customer	\$ 000's	%	LAG			Total Lag	Weighted Average
			Service	Billing	Collection		
NP	244,780	69.14%	15.2	7.6	13.0	35.8	24.75
Industry							
Corner Brook	16,668	4.71%	15.2	7.6	16.8	39.6	1.86
Deer Lake	0	0.00%	15.2	7.6	16.8	39.6	0.00
Wabush	6	0.00%	15.2	7.6	16.1	38.9	0.00
Abitibi - S	17,959	5.07%	15.2	7.6	15.4	38.2	1.94
Abitibi - GF	4,700	1.33%	15.2	7.6	14.3	37.1	0.49
North Atlantic	8,477	2.39%	15.2	7.6	14.0	36.8	0.88
CFB - Goose Bay	4,653	1.31%	15.2	7.6	17.9	40.7	0.53
Iron Ore CC net	1,866	0.53%	15.2	7.6	16.1	38.9	0.20
Aur Resources	0	0.00%	15.2	7.6	15.1	37.9	0.00
Rural	52,653	14.87%	15.2	7.0	34.7	56.9	8.46
Other	2,253	0.64%	-15.2	6.0	38.8	29.59	0.19
TOTAL	354,014	100.00%					39.32

Operating Expenses - 2005

		non reg	\$ 000s	%	# days	Weighted Average
Salaries & Benefits	56,077.185	1,088.992	54,988	42.57%	12.6	5.36
Materials Maintenance	21,552.085	200.635	21,351	16.53%	45.5	7.52
Professional Services	4,270.906	30.062	4,241	3.28%	-8.7	-0.29
Miscellaneous	3,751.242	237.853	3,513	2.72%	0.9	0.02
Travel	2,394.496	26.604	2,368	1.83%	45.0	0.82
Transportation	1,659.768	50.253	1,610	1.25%	45.0	0.56
Office Supplies	1,952.071	3.786	1,948	1.51%	45.0	0.68
Equipment rentals	1,129.447	0.600	1,129	0.87%	45.0	0.39
Insurance	1,678.308	3.708	1,675	1.30%	-182.5	-2.37
Property rentals	785.252	7.182	778	0.60%	-30.0	-0.18
Customer costs	842.043	-	842	0.65%	0.0	0.00
Subtotal	96,092.803	1,649.675	94,443	73.11%		12.53
Recoveries						
CF(L)Co Recoveries	(2,193.683)	(745.119)	(1,449)	-1.12%	30	-0.34
External Recoveries	(614.665)	(611.392)	(3)	0.00%	30	0.00
NBD Admin Fee	-	-	0	0.00%	30	0.00
Power Purchases			36,191	28.02%	35.5	9.94
Total Cash outflow	93,284.455	293.164	129,182	100.00%		22.13

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

HST Payable	2005 Actual	Est. HST payable	Lag # days	\$
Revenue	356,806	53,521	31.28	4,586.7
O&M	92,995	13,949	-15.2	-580.9
less: Salaries	54,988	8,248	15.2	343.5
Misc (Write-offs, taxes)	2,490	374	15.2	15.6
Insurance	1,675	251	15.2	10.5
Customer costs	842	126	15.2	5.3
Fuel - No. 6	80,305	5,621	-30.4	-468.2
Diesel, GT, etc	4,232	635	-15.2	-26.4
Power Purchases, less export	36,191	5,429	-25.4	-377.8
Capital - 2005 Budget expenditures to PUB	33,952	5,093	-15.2	-212.1
less: Cap. Salaries/OH	11,850	1,778	15.2	74.0
IDC	518	78	15.2	3.2
		95,102		3,373.3

Revenue - accrual basis	354,014
less: Dec 2005 Ind&Utility	28,866
plus: Dec 2004 " "	31,658
Revenue - billed basis	356,806

	2005 Actual	Less Export	Purchaes for Reg. Sales	Weight	Service	Bill	Payment	Total	Wtd Days
Star Lake	10,295,536		10,295,536	28.4%	15.2	3.4	19	37.6	10.70
CF(L)Co	5,968,327	3,592,884	2,375,443	6.6%	15.2	1	14	30.2	1.98
Abitibi	12,136,172	0	12,136,172	33.5%	15.2		20	35.2	11.80
Rattle Brook	1,133,633		1,133,633	3.1%	15.2	6.2	10.4	31.8	1.00
Fogo + Others	543,331		543,331	1.5%	15.2		20	35.2	0.53
3rd & 4th Expansion O&M	291,785		291,785	0.8%	15.2		20	35.2	0.28
CF(L)Co Interest	177,189	111,603	65,586	0.2%	15.2	1	14	30.2	0.05
L'Anse-au-Loup	1,307,395		1,307,395	3.6%	15.2		20	35.2	1.27
CB P&P CoGen	8,041,826		8,041,826	22.2%	15.2		20	35.2	7.82
TOTAL	39,895,194	3,704,487	36,190,707	100.00%					35.44

Notes:

Payment terms: CF(L)Co. - 15th of month
Others - 20th or next business day

Revenue 2006

Customer	\$ 000's	%	LAG			Total Lag	Weighted Average
			Service	Billing	Collection		
NP	250,073	71.73%	15.2	7.6	13.0	35.8	25.68
Industry							
Corner Brook	16,211	4.65%	15.2	7.6	16.8	39.6	1.84
Deer Lake	0	0.00%	15.2	7.6	16.8	39.6	0.00
Wabush	0	0.00%	15.2	7.6	16.1	38.9	0.00
Abitibi - S	3,950	1.13%	15.2	7.6	15.4	38.2	0.43
Abitibi - GF	4,560	1.31%	15.2	7.6	14.3	37.1	0.49
North Atlantic	8,889	2.55%	15.2	7.6	14.0	36.8	0.94
CFB - Goose Bay	4,692	1.35%	15.2	7.6	17.9	40.7	0.55
Iron Ore CC net	2,286	0.66%	15.2	7.6	16.1	38.9	0.26
Aur Resources	1,078	0.31%	15.2	7.6	15.1	37.9	0.12
Rural	54,927	15.76%	15.2	7.0	34.7	56.9	8.97
Other	1,940	0.56%	-15.2	6.0	38.8	29.59	0.16
TOTAL	348,607	100.00%					39.43

Operating Expenses - 2006

		non reg	\$ 000s	%	# days	Weighted Average
Salaries & Benefits	56,894.966	983.138	55,912	43.14%	12.6	5.43
Materials Maintenance	18,565.924	-	18,566	14.32%	45.5	6.52
Professional Services	5,892.291	300.000	5,592	4.31%	-8.7	-0.38
Miscellaneous	4,150.422	265.000	3,885	3.00%	0.9	0.03
Travel	2,455.074	-	2,455	1.89%	45.0	0.85
Transportation	2,047.182	-	2,047	1.58%	45.0	0.71
Office Supplies	2,143.244	40.000	2,103	1.62%	45.0	0.73
Equipment rentals	1,240.199	-	1,240	0.96%	45.0	0.43
Insurance	1,849.574	-	1,850	1.43%	-182.5	-2.60
Property rentals	910.544	-	911	0.70%	-30.0	-0.21
Customer costs	910.750	575.000	336	0.26%	0.0	0.00
Subtotal	97,060.170	2,163.138	94,897	73.22%		11.51
Recoveries						
CF(L)Co Recoveries	(2,154.668)	-	(2,155)	-1.66%	30	-0.50
External Recoveries	(800.000)	-	(800)	-0.62%	30	-0.19
NBD Admin Fee	-	44.446	(44)	-0.03%	30	-0.01
Power Purchases			37,716	29.10%	35.5	10.32
Total Cash outflow	94,105.502	2,207.584	129,613	100.00%		21.14

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

HST Payable	2006 Forecast	Est. HST payable	Lag # days	\$
Revenue	343,055	49,743	31.28	4,262.9
O&M	91,898	13,325	-15.2	-554.9
less: Salaries	55,912	8,107	15.2	337.6
Misc (Write-offs, taxes)	2,527	366	15.2	15.3
Insurance	1,850	268	15.2	11.2
Customer costs	336	49	15.2	2.0
Fuel - No. 6	90,356	6,777	-30.4	-564.4
Diesel, GT, etc	11,674	1,693	-15.2	-70.5
Power Purchases, less export	37,716	5,469	-25.4	-380.6
Capital - 2006 Budget expenditures to PUB	48,922	7,094	-15.2	-295.4
less: Cap. Salaries/OH	10,503	1,523	15.2	63.4
IDC	1,031	149	15.2	6.2
		<u>94,563</u>		<u>2,832.8</u>
Revenue - accrual basis	348,607			
less: Dec 2006 Ind&Utility	34,418			
plus: Dec 2005 " "	28,866			
Revenue - billed basis	343,055			

	2006 Forecast	Less Export	Purchaes for Reg. Sales	Weight	Service	Bill	Payment	Total	Wtd Days
Star Lake	10,528,827		10,528,827	27.9%	15.2	3.4	19	37.6	10.50
CF(L)Co	5,968,330	3,663,406	2,304,924	6.1%	15.2	1	14	30.2	1.85
Abitibi	11,595,925	0	11,595,925	30.7%	15.2		20	35.2	10.82
Rattle Brook	1,164,620		1,164,620	3.1%	15.2	6.2	10.4	31.8	0.98
Fogo + Others	582,597		582,597	1.5%	15.2		20	35.2	0.54
3rd & 4th Expansion O&M	405,323		405,323	1.1%	15.2		20	35.2	0.38
CF(L)Co Interest	139,766	85,236	54,530	0.1%	15.2	1	14	30.2	0.04
L'Anse-au-Loup	1,523,665		1,523,665	4.0%	15.2		20	35.2	1.42
CB P&P CoGen	9,555,158		9,555,158	25.3%	15.2		20	35.2	8.92
TOTAL	41,464,211	3,748,642	37,715,569	100.00%					35.45

Notes:

Payment terms: CF(L)Co. - 15th of month
Others - 20th or next business day

Revenue 2007

Customer	\$ 000's	%	LAG			Total Lag	Weighted Average
			Service	Billing	Collection		
NP	330,015	73.58%	15.2	7.6	13.0	35.8	26.34
Industry							
Corner Brook	22,265	4.96%	15.2	7.6	16.8	39.6	1.97
Deer Lake	0	0.00%	15.2	7.6	16.8	39.6	0.00
Wabush	0	0.00%	15.2	7.6	16.1	38.9	0.00
Abitibi - S	481	0.11%	15.2	7.6	15.4	38.2	0.04
Abitibi - GF	6,661	1.49%	15.2	7.6	14.3	37.1	0.55
North Atlantic	11,962	2.67%	15.2	7.6	14.0	36.8	0.98
CFB - Goose Bay	4,549	1.01%	15.2	7.6	17.9	40.7	0.41
Iron Ore CC net	2,283	0.51%	15.2	7.6	16.1	38.9	0.20
Aur Resources	3,424	0.76%	15.2	7.6	15.1	37.9	0.29
Rural	64,831	14.46%	15.2	7.0	34.7	56.9	8.23
Other	2,021	0.45%	-15.2	6.0	38.8	29.59	0.13
TOTAL	448,492	100.00%					39.14

Operating Expenses - 2007

		non reg	\$ 000s	%	# days	Weighted Average
Salaries & Benefits	60,475.528	340.000	60,136	43.91%	12.6	5.53
Materials Maintenance	20,834.476	35.000	20,799	15.19%	45.5	6.91
Professional Services	5,167.465	500.000	4,667	3.41%	-8.7	-0.30
Miscellaneous	4,693.435	265.000	4,428	3.23%	0.9	0.03
Travel	2,499.356	-	2,499	1.82%	45.0	0.82
Transportation	2,028.890	-	2,029	1.48%	45.0	0.67
Office Supplies	2,149.262	40.000	2,109	1.54%	45.0	0.69
Equipment rentals	1,524.108	-	1,524	1.11%	45.0	0.50
Insurance	2,122.914	-	2,123	1.55%	-182.5	-2.83
Property rentals	850.735	-	851	0.62%	-30.0	-0.19
Customer costs	912.000	575.000	337	0.25%	0.0	0.00
Subtotal	103,258.169	1,755.000	101,503	74.12%		11.84
Recoveries						
CF(L)Co Recoveries	(2,154.668)	-	(2,154.668)	-1.57%	30	-0.47
External Recoveries	(700.000)	-	(700)	-0.51%	30	-0.15
NBD Admin Fee	-	44.446	(44)	-0.03%	30	-0.01
Power Purchases			38,348	28.00%	35.5	9.93
Total Cash outflow	100,403.501	1,799.446	136,952	100.00%		21.13

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

HST Payable	2007 Budget	Est. HST payable	Lag # days	\$
Revenue	436,252	61,075	31.28	5,234.1
O&M	98,604	13,805	-15.2	-574.9
less: Salaries	60,136	8,419	15.2	350.6
Misc (Write-offs, taxes)	2,577	361	15.2	15.0
Insurance	2,123	297	15.2	12.4
Customer costs	337	47	15.2	2.0
Fuel - No. 6	142,488	8,549	-30.4	-712.0
Diesel, GT, etc	13,164	1,843	-15.2	-76.8
Power Purchases, less export	38,348	5,369	-25.4	-373.6
Capital - 2007 Budget expenditures to PUB	41,798	5,852	-15.2	-243.7
less: Cap. Salaries/OH	9,920	1,389	15.2	57.8
IDC	786	110	15.2	4.6
		107,116		3,695.5

Revenue - accrual basis	448,492
less: Dec 2007 Ind&Utility	46,658
plus: Dec 2006 " "	34,418
Revenue - billed basis	436,252

	2007 Budget	Less Export	Purchase for Reg. Sales	Weight	Service	Bill	Payment	Total	Wtd Days
Star Lake	10,431,752		10,431,752	27.2%	15.2	3.4	19	37.6	10.23
CF(L)Co	5,968,330	3,471,256	2,497,074	6.5%	15.2	1	14	30.2	1.97
Abitibi	11,458,906	0	11,458,906	29.9%	15.2		20	35.2	10.52
Rattle Brook	1,127,676		1,127,676	2.9%	15.2	6.2	10.4	31.8	0.94
Fogo + Others	608,828		608,828	1.6%	15.2		20	35.2	0.56
3rd & 4th Expansion O&M	555,403		555,403	1.4%	15.2		20	35.2	0.51
CF(L)Co Interest	97,100	56,379	40,721	0.1%	15.2	1	14	30.2	0.03
L'Anse-au-Loup	1,478,316		1,478,316	3.9%	15.2		20	35.2	1.36
CB P&P CoGen	10,149,598		10,149,598	26.5%	15.2		20	35.2	9.32
TOTAL	41,875,909	3,527,635	38,348,274	100.00%					35.42

Notes:

Payment terms: CF(L)Co. - 15th of month
Others - 20th or next business day

Working Capital Calculation

	2004
	Forecast
Revenue Lag	39.39
minus: Expense Lag	20.53
Net Lag	18.86
divide by 365 days	5.17%
	2004
O&M	90,810,576
less: non-regulated expenses	216,365
Muskrat Falls	
	90,594,211
Power Purchases	37,343,225
less: for Export sales	3,749,053
	33,594,172
Regulated O&M and Power Purchases	124,188,383
Working Capital - %	6,420,539
Less: HST Adjustment	3,370,161
Net Working Capital Required	3,050,378
	2.46%

Notes:

1. Lead/lag analysis was performed on the actual revenue and expenditure streams during 2000. Those leads and lags were then applied to the distribution of revenues and expenditures forecast to occur in 2004 to project the anticipated working capital requirement for the test year.

Revenue 2004

Customer	\$ 000's	%	LAG			Total Lag	Weighted Average
			Service	Billing	Collection		
NP	249,803	69.05%	15.2	7.6	13	35.8	24.72
Industry							
Corner Brook	16,483	4.56%	15.2	7.6	16.8	39.6	1.80
Deer Lake		0.00%	15.2	7.6	16.8	39.6	0.00
Abitibi - S	19,336	5.34%	15.2	7.6	15.4	38.2	2.04
Abitibi - GF	5,021	1.39%	15.2	7.6	14.3	37.1	0.51
North Atlantic	8,697	2.40%	15.2	7.6	14	36.8	0.88
CFB - Goose Bay	2,633	0.73%	15.2	7.6	17.9	40.7	0.30
Iron Ore CC net	2,619	0.72%	15.2	7.6	16.1	38.9	0.28
Rural	55,253	15.27%	15.2	7.0	34.7	56.9	8.69
Other	1,928	0.53%	-15.2	6.0	38.8	29.59	0.16
TOTAL	<u>361,773</u>	<u>100.00%</u>					<u>39.39</u>

Operating Expenses - 2004

	\$ 000s	%	# days	Weighted Average
Salaries & Benefits	55,638	44.80%	12.6	5.64
Materials Maintenance	17,440	14.04%	45.5	6.39
Professional Services	4,453	3.59%	-8.7	-0.31
Miscellaneous	3,851	3.10%	0.9	0.03
Travel	2,395	1.93%	45.0	0.87
Transportation	1,759	1.42%	45.0	0.64
Office Supplies	1,913	1.54%	45.0	0.69
Equipment rentals	1,756	1.41%	45.0	0.64
Insurance	2,019	1.63%	-182.5	-2.97
Property rentals	894	0.72%	-30.0	-0.22
Customer costs	334	0.27%	0.0	0.00
Subtotal	92,452	74.45%		11.40
CF(L)Co Recoveries	-1,858	-1.50%	30	-0.45
Power Purchases	33,594	27.05%	35.4	9.58
Total Cash outflow	124,188	100.00%		20.53

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

HST Payable	2004 Forecast	Est. HST payable	Lag # days	\$
Revenue	357,555	53,633	31.28	4,596.3
O&M	90,594	13,589	-15.2	-565.9
less: Salaries	55,638	8,346	15.2	347.5
Misc (Write-offs, taxes)	2,595	389	15.2	16.2
Insurance	2,019	303	15.2	12.6
Customer costs	334	50	15.2	2.1
Fuel - No. 6	79,599	5,572	-30.4	-464.1
Diesel, GT, etc	7,476	1,121	-15.2	-46.7
Power Purchases, less exp	33,594	5,039	-25.4	-350.7
Capital - 2004 Budget	33,979	5,097	-15.2	-212.3
less: Cap. Salaries/OH	5,204	781	15.2	32.5
IDC	400	60	15.2	2.5
		<u>93,980</u>		<u>3,370.2</u>

Revenue - accrual basis	361,773
less: Dec 2004 Ind&Utility	33,951
plus: Dec 2003 " "	29,734
Revenue - billed basis	357,555

	2004 Forecast	Less Export	Purchaes for Reg. Sales	Weight	Service	Bill	Payment	Total	Wtd Days
Star Lake	9,974,361		9,974,361	29.7%	15.2	3.4	19	37.6	11.16
CF(L)Co	5,985,282	3,607,967	2,377,315	7.1%	15.2	1	14	30.2	2.14
Abitibi	10,550,370		10,550,370	31.4%	15.2		20	35.2	11.05
Rattle Brook	1,161,102		1,161,102	3.5%	15.2	6.2	10.4	31.8	1.10
Fogo + Others	437,526		437,526	1.3%	15.2		20	35.2	0.46
3rd & 4th Expansion O&M	438,019		438,019	1.3%	15.2		20	35.2	0.46
CF(L)Co Interest	235,500	141,086	94,414	0.3%	15.2	1	14	30.2	0.08
L'Anse-au-Loup	736,139		736,139	2.2%	15.2		20	35.2	0.77
CB P&P CoGen	7,824,926		7,824,926	23.3%	15.2		20	35.2	8.20
TOTAL	37,343,225	3,749,053	33,594,172	100.00%					35.43

Notes:

Payment terms: CF(L)Co. - 15th of month
Others - 20th or next business day