Q. Please update NP-5, IC-405 and IC-406 from the 2003 GRA for the 2007 test year.

A. Please see IC 118 NLH for update of NP-5.

	($thousands)
Following is an update of IC-405 from the 2003 GRA:	
Ratebase Return on Debt (Exhibit RDG-1, page 2 of 108)	
$1,491,183 x 83.51% x 8.387%	$ 104,454
Return on Debt on average balance of:	
Work in Progress $3,246 x 83.51% x 8.387%	227
Rate Stabilization Plan $13,582 x 83.51% x 8.387%	951
Excess of capital structure over assets	
($1,517,228 - $1,508,011) x 83.51% x 8.387%	646
Gross Interest (Average Debt x Cost of Debt)	
$1,267,020 x 8.387%	106,278
Total Return on average balance of	
Work in Progress $5,246 x 7.737%	(251)
Rate Stabilization Plan $1,3582 x 7.737%	(1,051)
Interest earned on overdue accounts	(493)
Differences due to timing[1]	(768)
Corrected Net Interest expense (refer to NP 29 NLH),	
Schedule 1, M. Bradbury	$ 103,715

[1] Actual allowance for funds used during construction (AFUDC) related to the CWIP and actual financing charges in the RSP will vary from that derived by multiplying the average balance by the WACC to the extent that the timing of related cash flows are not precisely at mid-year.

Following is an update of IC-406 from the 2003 GRA:

Reconciliation of Earning Assets to Capital ($thousands)

	Balance Sheet				
	2006	**2007**	**Average**	**Ratebase**	**Diff.**
Fuel & Supplies	41,371	37,833	39,602	44,382	4,780
Accounts Receivable	58,015	65,754			
Prepaid Expenses	2,071	2,160			
Accounts Payable	(16,920)	(14,441)			
Accrued Interest	(31,270)	(31,267)			
Net 'Cash' Working Capital	11,896	22,206	17,051	3,056	(13,995)
					(9,215)

Average total earning assets exceed the balance sheet average capital structure because fuel and supplies balances in the rate base are based on 13 month averages, rather than balance sheet averages, and cash working capital requirements are based on a lead lag study rather than balance sheet averages.