

1 Q. Why has interest earned declined by over \$2,700,000 in the 2007 forecast
2 over the 2006 forecast? Provide a detailed breakdown of interest earned by
3 year for the period 2004 to 2007 forecast. (Finance and Accounting
4 Evidence, Schedule I, page 6 of 10, line 9)

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7 A. Details of changes in interest earned are outlined below.

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	<u>(\$000's)</u>			
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<u>Interest Earned</u>				
Sinking Funds	11,557	9,462	10,358	11,579
Rate Stabilization Plan	10,538	8,459	4,483	1,035
Investments	43	48	566	-
Rural Past Due Accounts	386	482	526	493
Miscellaneous	<u>32</u>	<u>12</u>	<u>-</u>	<u>-</u>
	22,556	18,463	15,932	13,107

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11 The total interest earned as filed was overstated and included interest earned
12 on a non-regulated asset. Accordingly, regulated interest earned as filed
13 should have been reduced by \$940,000 and \$1,035,000 in each of 2006 and
14 2007, respectively. This reduction has been reflected in the above totals.
15 Please refer also to NP 23 NLH.