

1 **Q. CA 14.0 NP**

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3 **Reference:** Company Evidence, p. 28 (section 3.3.1 Asset Rate Base Method
4 **("ARBM")**

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6 **Preamble:** NP states: "The working capital included in rate base is an allowance
7 based upon a study that examines timing differences between receipt
8 of revenue and payment of expenses [footnote: Commonly referred to
9 as a lead/lag study]."

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11 **Does NP intend to undertake a lead/lag study as the basis for determining the cash**
12 **working capital requirement in the future? If so, does NP intend to complete a**
13 **lead/lag study prior to the next rate case?**

14
15 **A.** Yes. Newfoundland Power intends to complete an updated lead/lag study prior to its next
16 general rate proceeding.

17
18 The outcome of this lead/lag study will determine whether any change will be proposed
19 to the cash working capital allowance factor used in calculating the cash working capital
20 allowance for inclusion in rate base for 2007 and subsequent years.