

1 **Volume 2, Tab 2 – Cash Working Capital Lead/Lag Study**
23 **Q. Please provide a calculation showing the impact on the CWC Factor, the CWC**
4 **allowance, and the 2008 revenue requirement of:**
56 **a. A one day reduction in the revenue lag**7 **b. A one day increase in the expense lag**
89 **A. Table 1 below shows the impact of the requested change to the revenue and expense lags.**
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Table 1
Pro forma Impacts of Changes
to Revenue and Expense Lags

	Proposed ¹	One Day Reduction in Revenue Lag	One Day Increase in Expense Lag
CWC Factor			
Revenue Lag Days	39.34	38.34	39.34
Expense Lag Days	<u>(31.61)</u>	<u>(31.61)</u>	<u>(32.61)</u>
Net Lag Days	<u>7.73</u>	<u>6.73</u>	<u>6.73</u>
CWC Factor (Net Lag Days/365)	<u>2.1%</u>	<u>1.8%</u>	<u>1.8%</u>
CWC Allowance (\$000s, except %)			
Cash Operating Expenses	407,634	407,634	407,634
CWC Factor	<u>x 2.1%</u>	<u>x 1.8%</u>	<u>x 1.8%</u>
	8,560	7,337	7,337
HST Adjustment	<u>780</u>	<u>598²</u>	<u>665³</u>
CWC Allowance	<u>9,340</u>	<u>7,935</u>	<u>8,002</u>
Increase (Decrease) in Revenue Requirement			
Versus Proposed (\$000s)			
Rate Base Effects	-	(124)	(118)
Tax Effects	<u>-</u>	<u>(30)</u>	<u>(29)</u>
	<u>-</u>	<u>(154)</u>	<u>(147)</u>

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14 *See notes on page 2.*

Requests for Information

1 Notes

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3 ¹ See Exhibit 2 *Cash Working Capital Lead/Lag Study* in Newfoundland Power's pre-filed evidence.

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	<u>HST</u> <u>(\$000's)</u>	<u>Net</u> <u>(Lead) Lag</u> <u>Days</u>	<u>CWC</u> <u>Allowance</u> <u>(\$000's)</u>
Consumer Billings	(71,569)	(23.54)	(4,616)
Other Billings	(1,410)	45.75	177
Purchased Power	45,596	40.43	5,035
Operating Expenses	2,247	0.42	2
			<u>598</u>

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	<u>HST</u> <u>(\$000's)</u>	<u>Net</u> <u>(Lead) Lag</u> <u>Days</u>	<u>CWC</u> <u>Allowance</u> <u>(\$000's)</u>
Consumer Billings	(71,569)	(22.54)	(4,437)
Other Billings	(1,410)	46.75	180
Purchased Power	45,596	39.43	4,926
Operating Expenses	2,247	(0.58)	(4)
			<u>665</u>

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