

1 Q. (Re: CA-NLH-126) Please provide a copy of the Lead/Lag study to support the
2 calculation of the Net Lag days used in this calculation.

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5 A. Please see CA-NLH-188 Attachment 1, Pages 1-3.

Working Capital Calculation

	2013 Proposed	
Revenue Lag (Days)	40.41	See Page 2
Minus: Expense Lag (Days)	23.45	See Page 2
Net Lag Days	16.95	
Divide by 365 days	4.64%	
	\$ 000s	
Operating Expenses	115,928	See Page 2
Power Purchases	58,674	See Page 2
Regulated Operating Costs and Power Purchases	174,602	
Working Capital	8,102	
Less: HST Adjustment	2,766	See Page 3
Net Working Capital Required	5,336	

Note A

The lead/lag analysis was performed on the actual revenue and expenditure streams during 2000. The analysis was then updated for new customers, vendors and the weighted average of revenue and expenditures.

Those lead and lags were then applied to the distribution of revenues and expenditures forecast to occur in 2013 to project the anticipated working capital requirement for the test year.

Revenue Lag:

Customer	\$ 000's	%	LAG			Total Lag	Weighted Average
			Service	Billing	Collection		
NP	453,010	79.45%	15.2	7.6	14.8	37.6	29.87
Industry							
Corner Brook	6,966	1.22%	15.2	7.6	21.2	44.0	0.54
North Atlantic	13,863	2.43%	15.2	7.6	22.3	45.1	1.10
CFB - Goose Bay	877	0.15%	15.2	7.6	13.7	36.5	0.06
IOCC cost recovery - Note A	2,108	0.37%	15.2	7.6	17.7	40.5	0.15
Teck (Aur Resources)	4,689	0.82%	15.2	7.6	27.5	50.3	0.41
Praxair	570	0.10%	15.2	7.6	19.8	42.6	0.04
Vale Inco	2,864	0.50%	15.2	7.6	19.8	42.6	0.21
Rural	82,898	14.54%	15.2	7.0	32.1	54.3	7.89
Other	2,350	0.41%	-15.2	6.0	40.7	31.5	0.13
TOTAL	570,195	100.00%					40.41
Wabush cost	-						
IOCC costs	(2,108)						
Proposed Revenue per FS	568,087						

Note A

The cost recovery is included in the revenue since it is a recovery of IOC costs incurred; the excess (Rev - Cos) is non regulated.

Operating Expenses 2013 - Proposed

	\$ 000s	%	# days	Average
Salaries & Benefits	77,241	44.24%	11.8	5.22
Materials Maintenance	21,495	12.31%	60.9	7.50
Professional Services	7,022	4.02%	(8.7)	-0.35
Miscellaneous	6,254	3.58%	0.9	0.03
Travel	3,156	1.81%	45.0	0.81
Transportation	2,273	1.30%	45.0	0.59
Office Supplies	2,571	1.47%	45.0	0.66
Equipment rentals	1,731	0.99%	45.0	0.45
Insurance	2,211	1.27%	(182.5)	-2.31
Property rentals	1,070	0.61%	(30.0)	-0.18
Customer costs	126	0.07%	-	0.00
Subtotal	125,150	71.68%		12.41
Recoveries				
CF(L)Co Recoveries	(2,044)	-1.17%	30.0	-0.35
External Recoveries	(585)	-0.34%	30.0	-0.10
CDM Program deferral	(2,632)	-1.51%	-	0.00
Interco fixed fee	4	0.00%	30.0	0.00
NBD Admin Fee	(3,965)	-2.27%	30.0	-0.68
Subtotal	(9,222)	-5.28%		-1.13
Power Purchases	58,674	33.60%	36.2	12.17
Total Cash outflow	174,602	100.00%		23.45

Reconcile Operating Expenses:

Operating Expenses as above	125,150
Less: Cost recoveries	(9,222)
	115,928
Less: IOC Recovery	(2,108)
Adjusted Operating Costs	113,820
Per FS	113,820

HST Payable

	Proposed 2013	13.00% Est. HST payable	Lag # days	\$
Revenue billed (Note B)	555,713	72,243	31.28	6,191
O&M	(115,928)	(15,071)		
less: Salaries	77,241	10,041		
Misc (Write-offs, taxes, amort of deferred charges)	3,745	487		
Insurance	2,211	287		
Customer costs	126	16		
Net O&M	(32,605)	(4,239)	15.2	(177)
Fuel - No. 6	(200,315)	(26,041)	30.4	(2,169)
Diesel, GT, etc	(19,160)	(2,491)	15.2	(104)
Power Purchases	(58,674)	(7,628)	25.4	(531)
Capital - 2013 Actual expenditures to PUB	(104,982)	(13,648)		
less: Cap. Salaries/OH	19,342	2,514		
less: IDC	3,158	411		
Net capital	(82,482)	(10,723)	15.2	(447)
		<u>21,122</u>		<u>2,765</u>
		As per Summary		<u>2,766</u>

Note B

Revenue - accrual basis	570,195	Page 2
less: Dec 2013 Total Revenue Dec-Nov variance	(68,003)	
plus: Dec 2012 Total Revenue Dec-Nov variance	<u>53,521</u>	
Revenue - billed basis	555,713	