

- 1 • the three most important elements of revenue lags i.e., service, billing and collections;
 2 • the most important elements of expense lead such as payroll and benefits, operations,
 3 maintenance, administration expenses, cost of power, taxes and interest;

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Table 1
Distribution Net Cash Working Capital Requirement
(All Data in \$M Except Lead/Lag Days)

	Revenue Lag (Days)	Expense Lag (Days)	Net Lag (Lead) (Days)	2008 Test Year Amount
	(A)	(B)	(C)	(D)
<u>Expenses</u>				
Cost of Power	68.41	32.96	35.45	1,959.3
OM&A Expenses	68.41	16.87	51.54	477.7
Removal Costs	68.41	15.69	52.72	22.8
Environment Costs	68.41	15.69	52.72	7.9
Interest on Long-term Debt	68.41	74.66	(6.25)	132.9
Income & Capital Tax	68.41	15.61	52.8	50.2
Total				2,650.8
GST (See Table 2)				37.7
TOTAL AMOUNTS PAID / ACCRUED				\$2,688.6
<u>Working Capital Required</u>				
(Calculations based on above values, for each expense category, calculated using the following formula: Col (D)*Col (C)/366)				
Cost of Power				189.8
OM&A Expenses				67.3
Removal Costs				3.3
Environment Costs				1.1
Interest on Long-term Debt				(2.3)
Income & Capital Tax				7.2
Total				266.4
GST (See Table 2)				6.8
NET WORKING CASH REQUIRED				\$273.2

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Table 2
Distribution Summary of GST Cash Working Capital Requirement
(All Data in \$M Except Lead-Lag Days)

<u>GST Category</u>	<u>2008 Test Year</u>	<u>6% GST Projection</u>
	(A)	(B)
Revenue	3,026.1	181.6
Cost of Power	(1,959.3)	(117.6)
OM&A Expenses	(187.8)	(11.3)
Removal Cost	(22.8)	(1.4)
Environmental Cost	(7.9)	(0.5)
Capital	(219.1)	(13.1)
TOTAL		\$37.7
<u>GST (Benefit) Cost</u>	<u>Expense Leads (Days)</u>	<u>GST Amounts</u>
	(C)	(D)
The values shown in the Col (D) labeled "GST Amounts" are calculated using the expense leads shown in Col (C) divided by 366 and multiplied by the 6% GST projected amount in Col (B)		
Revenue	20.20	10.0
Cost of Power	43.08	(13.8)
OM&A Expenses	36.88	(1.1)
Removal Cost	44.50	(0.2)
Environmental Cost	44.50	(0.1)
Capital	44.50	(1.6)
TOTAL		(\$6.8)

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