

PART III - SUMMARY OF RECOMMENDATIONS

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1. That Hydro's Cost of Service Study be of the embedded type and that the methodological objective be to allocate costs to rate classes in a fair and equitable manner based on causal responsibility for cost incurrence.
 2. That the structure adopted by Hydro for cost of service purposes comprising one study for the Island Interconnected System, one for the Labrador Interconnected System and one for all Isolated Rural Systems be approved.
 3. That the Howley-Cat Arm transmission line be treated as common.
 4. That transmission lines dedicated to the service of Hydro Rural rate classes be included in a sub-transmission function, and the costs attributed thereto be allocated exclusively to such classes.
 5. That the methodology indicated in Recommendation 4 be applied in the case of transmission serving both NP and IC but not the Rural classes, provided the costs total at least 2% of total transmission costs.
 6. That with the exception of the plant affected by Recommendations 4 and 5, Hydro's method of functionalization be approved.