

1 Q. Provide a table showing the allocation of NLH's 300MW in recall power  
2 among (i) regulated sales, (ii) unregulated sales in Labrador and (iii) sales to  
3 Hydro-Quebec for each year since 1998.

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6 A. The allocation of Recall energy purchase costs between Export and Labrador  
7 sales is based on energy purchases at the border. Please refer to the  
8 following table for the energy splits.

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**Allocation of Recall Energy**  
**Split between Export and Labrador Use**

	Recall Available at Border	Export at Border		Purchased for Labrador at Border	
	GWh	GWh	Percent	GWh	Percent
<b>Jan. 1 - March 8, 1998</b>	239.33	0	0.00%	205.80	100.00%
<b>March 9 - Dec 31, 1998</b>	1,957.34	1,343.60	68.64%	613.74	31.36%
<b>1999</b>	2,362.00	1,731.08	73.29%	630.92	26.71%
<b>2000</b>	2,362.00	1,493.63	63.24%	868.37	36.76%
<b>2001</b>	2,362.00	1,558.10	65.97%	803.90	34.03%
<b>2002</b>	2,362.00	1,480.99	62.70%	881.01	37.30%

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11 The allocation of costs between the unregulated and regulated sales in  
12 Labrador is performed within the Cost of Service Study. The 2002 allocation  
13 is based on the methodology approved by Board Order No. P.U.7 (2002-  
14 2003). The allocations for 1999-2001 are based on the Interim Methodology  
15 approved for use in those years. For 1999-2001, the purchased power was  
16 classified evenly between demand and energy, while for 2002 the  
17 classification was based on the system load factor.

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19 The allocation of costs is presented in the following table.

**Allocation of Recall Costs**

	<b>Total Cost</b>	<b>Export</b>	<b>Labrador Interconnected System</b>	<b>Unregulated Labrador Interconnected System</b>	<b>Regulated Labrador Interconnected System</b>
<b>1998</b>	\$6,361,769	\$4,030,198	\$2,331,571		
<b>1999</b>	\$7,016,462	\$5,142,276	\$1,874,186	\$353,659	\$1,520,527
<b>2000</b>	\$6,996,087	\$4,424,025	\$2,572,062	\$854,696	\$1,717,366
<b>2001</b>	\$6,756,057	\$4,456,665	\$2,299,392	\$720,055	\$1,579,337
<b>2002</b>	\$6,395,028	\$4,009,717	\$2,385,311	\$887,321	\$1,497,990

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There is no Cost of Service Study available for 1998. During 1998 there was a complete reorganization of the corporation into business units.

Simultaneously, Hydro began a phased implementation of a new integrated accounting system. Because the recording of operating expenses by business unit was not standardized for 1998, it is not practical to perform the analysis required for Cost of Service purposes.