

1 Q. With respect to forecast 2003 and 2004 Specifically Assigned Charges,
2 provide a breakdown of the component parts of each of those forecast
3 Specifically Assigned Charges for each of the Industrial Customers and
4 identify any Specifically Assigned Charges proposed to be included or
5 excluded in 2003 and/or 2004 Specifically Assigned Charges which
6 have/have not been charged in previous years and the dollar amount of and
7 rationale for each proposed change.

8

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10 A. A breakdown of the component parts of the industrial specifically assigned
11 charges for 2003 and 2004 is attached as page 4. The amounts for 2004
12 have been revised to reflect corrections to the calculations on Schedule 3.3
13 of the Cost of Service, filed as Exhibit RDG-1. Corrections are required in
14 two areas, as follows:

15 (1) The customer proration for Other Transmission O&M was incorrectly
16 allocated between transmission lines and terminal stations and included
17 in the column 3 and 4 allocations. This amount has now been separately
18 prorated to customers in column 6; and

19 (2) The allocation basis for the general plant component of depreciation
20 expense was revised from direct depreciation to direct operating and
21 maintenance expenses.

22 These changes are shown on a revised Schedule 3.3, attached as page 5,
23 and will be incorporated in the final Test Year Cost of Service.

24

25 There are no proposed changes to the 2003 specifically assigned charges.
26 The following changes are proposed for 2004:

27

Corner Brook Pulp and Paper:

New asset - Rewind Frequency Converter Transformer

Capital cost of \$465,600

Specifically assigned charge impact of \$85,503.

This asset does not reflect a change in assignment, but rather additional costs associated with the existing assignment.

The remainder of the increase in specifically assigned charges is primarily associated with the change in allocation for general plant depreciation expense.

ACCC – Stephenville:

New asset – Replace UHF Radio Link

Capital Cost of \$89,100

Specifically assigned charge impact of \$21,521.

This asset does not reflect a change in assignment, but rather additional costs associated with the existing assignment.

ACCC – Grand Falls:

Under Order No. P.U. 7 (2002-2003), assets associated with the Grand Falls Frequency Converter were specifically assigned to Abitibi GF. However, for the purpose of establishing rates effective September 1, 2003, these assets were removed from service and were excluded from the 2002 Final Cost of Service Study. These assets continue to be excluded from Hydro's 2004 Forecast Test Year COS.

The 230 kV transmission line from Stony Brook Terminal Station to Abitibi Consolidated – Grand Falls and the equipment at Abitibi Consolidated – Grand Falls owned by Hydro have had their assignment changed from

1 specifically assigned in the 2002 test year to common transmission in the
2 2004 test year due to the interconnection of the Exploit River Hydro
3 Partnership generation. In the 2002 Test Year Cost of Service, \$10,260 was
4 included in the specifically assigned charge for these assets.

5
6 **North Atlantic Refining:**

7 New asset – Chain Link Fencing, Come by Chance

8 Capital cost of \$65,739

9 Specifically assigned charge impact of \$10,094.

10 This asset does not reflect a change in assignment, but rather additional
11 costs associated with the existing assignment.

NEWFOUNDLAND AND LABRADOR HYDRO
Specifically Assigned Charges (\$)

	Corner Brook Pulp & Paper	Abitibi Consolidated		North Atlantic	
		S'veille	Grand Falls	Refining	Total
2003	91,322	88,847	12,165	173,455	365,789
2004	191,100	111,392	2,166	186,885	491,543
2003 Components:					
Operating and Maintenance	77,168	27,479	4,247	54,591	163,485
Depreciation	2,113	19,877	1,565	55,467	79,022
Gain/Loss on Disposal of Fixed Assets	117	401	61	614	1,194
Return on Debt	11,182	38,260	5,856	58,506	113,804
Return on Equity	861	2,945	451	4,503	8,759
Revenue Credit	(119)	(116)	(16)	(226)	(476)
Total	91,322	88,847	12,165	173,455	365,789
2004 Components:					
Operating and Maintenance	99,281	27,311	796	58,169	185,557
Depreciation	36,705	30,070	281	54,979	122,036
Gain/Loss on Disposal of Fixed Assets	243	238	5	325	812
Return on Debt	46,392	45,459	916	62,064	154,832
Return on Equity	8,494	8,323	168	11,363	28,347
Revenue Credit	(16)	(9)	(0)	(15)	(41)
Total	191,100	111,392	2,166	186,885	491,543

NEWFOUNDLAND & LABRADOR HYDRO

2004 Forecast Cost of Service: May Submission w/ Revised Spec Assigned Calculations

Island Interconnected

Allocation of Specifically Assigned Amounts to Classes of Service

Line No.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
			OM&A				Depreciation				Expense Credits							
			Transmission		Administrative &		Transmission		Telecontrol &		Rental							
	Description	Total	Lines	Terminals	General	Other	Lines	Terminals	Feasibility Study	General	Income	Other	Gains/Losses	Subtotal	Return on	Return on	Subtotal	
		Amount	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	Excluding	Debt	Equity	Excl Rev	Revenue
		(\$)	(Plant)	(Plant)	(C3 & C4)	(C3 & C4)	(Direct)	(Direct)	(Direct)	(Exp C3,4,6)	(Plant)	(C4 + C5)	(NBV)	Return	(NBV)	(NBV)	Related	Related
Basis of Allocation - Amounts																		
1	Newfoundland Power		4,839,976	9,447,648	14,287,624	14,287,624	-	-	-	314,600	9,447,648	28,575,248	9,320,850	-	9,320,850	9,320,850	-	-
	Industrial																	
2	Abitibi Consolidated - S'ville		122,926	489,197	612,123	612,123	-	-	-	14,282	489,197	1,224,245	557,787	-	557,787	557,787	-	-
3	Abitibi Consolidated - GF		-	17,148	17,148	17,148	-	-	-	433	17,148	34,295	11,236	-	11,236	11,236	-	-
4	Corner Brook P& P - CB		-	2,117,396	2,117,396	2,117,396	-	-	-	53,453	2,117,396	4,234,793	547,549	-	547,549	547,549	-	-
5	Corner Brook P& P - DL		-	23,100	23,100	23,100	-	-	-	583	23,100	46,200	21,686	-	21,686	21,686	-	-
6	North Atlantic Refining Limited		-	1,251,577	1,251,577	1,251,577	-	-	-	31,596	1,251,577	2,503,155	761,531	-	761,531	761,531	-	-
7	Subtotal Industrial		122,926	3,898,418	4,021,344	4,021,344	-	-	-	100,348	3,898,418	8,042,687	1,899,789	-	1,899,789	1,899,789	-	-
8	Total		4,962,902	13,346,066	18,308,968	18,308,968	-	-	-	414,948	13,346,066	36,617,935	11,220,639	-	11,220,639	11,220,639	-	-
Basis of Allocation - Ratios																		
9	Newfoundland Power		0.9752	0.7079	0.7804	0.7804	-	-	-	0.7582	0.7079	0.7804	0.8307	-	0.8307	0.8307	-	-
	Industrial																	
11	Abitibi Consolidated - S'ville		0.0248	0.0367	0.0334	0.0334	-	-	-	0.0344	0.0367	0.0334	0.0497	-	0.0497	0.0497	-	-
12	Abitibi Consolidated - GF		-	0.0013	0.0009	0.0009	-	-	-	0.0010	0.0013	0.0009	0.0010	-	0.0010	0.0010	-	-
13	Corner Brook P& P - CB		-	0.1587	0.1156	0.1156	-	-	-	0.1288	0.1587	0.1156	0.0488	-	0.0488	0.0488	-	-
14	Corner Brook P& P - DL		-	0.0017	0.0013	0.0013	-	-	-	0.0014	0.0017	0.0013	0.0019	-	0.0019	0.0019	-	-
15	North Atlantic Refining Ltd.		-	0.0938	0.0684	0.0684	-	-	-	0.0761	0.0938	0.0684	0.0679	-	0.0679	0.0679	-	-
16	Subtotal Industrial		0.0248	0.2921	0.2196	0.2196	-	-	-	0.2418	0.2921	0.2196	0.1693	-	0.1693	0.1693	-	-
17	Total		1.0000	1.0000	1.0000	1.0000	-	-	-	1.0000	1.0000	1.0000	1.0000	-	1.0000	1.0000	-	-
Amounts Allocated																		
18	Newfoundland Power	2,248,868	60,911	208,864	303,302	44,825	226,143	413,353	-	88,265	(53)	(3,227)	3,984	1,346,368	759,646	139,076	2,245,090	3,779
	Industrial																	
19	Abitibi Consolidated - S'ville	111,402	1,547	10,815	12,994	1,920	1,449	15,704	8,910	4,007	(3)	(138)	238	57,444	45,459	8,323	111,227	175
20	Abitibi Consolidated - GF	2,166	-	379	364	54	-	160	-	121	(0)	(4)	5	1,079	916	168	2,163	3
21	Corner Brook P& P - CB	187,570	-	46,810	44,949	6,643	-	21,337	-	14,997	(12)	(478)	234	134,480	44,625	8,170	187,275	295
22	Corner Brook P& P - DL	3,545	-	511	490	72	-	208	-	164	(0)	(5)	9	1,449	1,767	324	3,540	6
23	North Atlantic Refining Ltd.	186,900	-	27,669	26,569	3,927	-	46,114	-	8,865	(7)	(283)	325	113,179	62,064	11,363	186,606	294
24	Subtotal Industrial	491,584	1,547	86,184	85,366	12,616	1,449	83,523	8,910	28,154	(22)	(908)	812	307,632	154,832	28,347	490,811	773
25	Total	2,740,452	62,458	295,049	388,669	57,442	227,592	496,876	8,910	116,419	(74)	(4,135)	4,796	1,654,000	914,478	167,423	2,735,900	4,551