

U Hydro #14  
GNP Transmission Costs

Changes to customer costs, after deficit allocation, are summarized in the first column in the table below. These costs were derived by comparing the following two Cost of Service studies:

- Hydro's 2004 Cost of Service filed in May 2003, wherein transmission assets associated with the GNP are allocated as Rural Transmission; and
- the 2004 Cost of Service, adjusted to allocate the transmission assets on the GNP required to connect GNP generation to the grid, as Common Transmission.

For comparative purposes, we have included the results reported at Hydro's 2001 General Rate Application (IC-180 Rev.1).

	(1)	(2)	(3)	(4)
	\$ 000			
	<u>GNP Allocated Common</u>		<u>Difference</u>	
	2003 GRA	2001 GRA		
	U-Hydro	IC-180 Rev.1	\$ 000	% of 2004 Rev Reqmt
<b>Customer Cost Increase (Decrease):</b>				
Newfoundland Power	508	(10)	518	0.2%
Island Industrial	1,109	1,458	(349)	-0.7%

While customer differences between the two rate applications are significant, additional analysis is difficult due to differences associated with changes to operating cost allocations, plant data and plant ratios, load allocation ratios, revenue requirements, and cost of service methodology changes for general plant systemization and allocation.