

1 Q. For the Island Interconnected System, please provide a summary of any
2 changes to the classification, assignments or allocations used in the 2007
3 cost-of-service study (relative to the 2004 COSS). Please describe the
4 reason for the change as well as the impact on each customer class.
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7 A. Hydro is not proposing any changes to the functional classifications and
8 allocations used in the 2007 Cost of Service study from those previously
9 approved by the Board. As well, there are no changes to asset assignments
10 from the 2004 Cost of Service study. The inclusion of specifically assigned
11 transmission assets for Aur Resources is in keeping with existing guidelines
12 for asset assignment.
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14 Hydro has changed its treatment of Group Insurance and Employee Future
15 Benefits costs, from an indirect Administrative and General expense to a
16 direct expense. Customer impacts have been provided in response to CA 47
17 NLH.
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19 Other proposed changes which affect the Cost of Service study results are:

- 20 - Hydro's proposed treatment of NP's allocated share of the CFB Goose
21 Bay Revenue Credit: NP's costs are increased by \$2.8 million, with a
22 corresponding forecast credit through the RSP (see page 3 of the 2007
23 Cost of Service Study); and
24 - Stone & Webster's proposed changes to the credit provided to NP for its
25 generation: Customer impacts are provided in Stone & Webster's report,
26 filed as Exhibit RDG-2. This change is not included in the 2007 COS.