

1 Q. Please provide an update for the 2007 test year to the response to IC-24  
2 NLH from the 2003 General Rate Application.

3  
4  
5 A. IC 24 NLH from Hydro's 2003 GRA reads:

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

13  
14 A breakdown of the component parts of the industrial Specifically Assigned  
15 Charges for 2006 and 2007 is attached as page 3. The amounts for 2007  
16 have been revised to reflect a correction to the calculations on Schedule 3.3  
17 of the Cost of Service, filed as Exhibit RDG-1. The allocation basis of  
18 General Plant Depreciation for Aur Resources (Column 10, Line 7) was  
19 incorrect. This change is shown on a revised Schedule 3.3, attached as  
20 page 4, and will be incorporated in the final Test Year Cost of Service.

21  
22 The only change to the 2006 Specifically Assigned Charges was the addition  
23 of Aur Resources Inc. of \$150,000, in accordance with Order No. P.U. 1  
24 (2006).

25  
26 The proposed Specifically Assigned Charges for 2007 reflect the results of  
27 the asset record review undertaken by Hydro, as well as several asset  
28 additions.

1 The asset record review identified a number of assets which were retired  
2 and, as well, it matched accounting records with physical assets, producing  
3 several customer allocation changes. For each Industrial Customer, these  
4 asset changes are summarized on page 5.

5  
6 Information related to asset additions is as follows:

7  
8 **Corner Brook Pulp and Paper:**

9 Asset: Frequency converter and facility upgrades – 2006

10 Capital Cost: \$556,272 (Total cost of \$616,400, less forecast retirements of  
11 \$60,128)

12 Specifically Assigned Charge Impact: \$85,324  
13

14 Asset: Frequency converter and facility upgrades – 2007

15 Capital Cost: \$1,320,200

16 Specifically Assigned Charge Impact: \$93,469

17 For 2007, the impact on specifically assigned charges is based on average  
18 capital costs and reflects one-half of the asset additions.

19  
20 The justification for both of these upgrades is addressed in Hydro's report  
21 *Engineering Condition Assessment of the Corner Brook Frequency*  
22 *Converter*", dated April 7, 2005, filed as part of Hydro's 2007 Capital Budget  
23 Application, in response to PUB 44.0 NLH.

24  
25 **Abitibi Consolidated – Stephenville:**

26 Asset: Two motor operators for existing disconnect switches

27 Capital Cost: \$29,436

28 Specifically Assigned Charge Impact: \$4,215

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

3

4        **Aur Resources:**

5        Asset: Transmission line and related terminal station equipment

6        Capital Cost: \$5,455,000 (fully contributed)

7        Specifically Assigned Charge Impact: \$191,099

8        These are new assets used solely to provide service to a new industrial  
9        customer.

**NEWFOUNDLAND AND LABRADOR HYDRC**  
**Specifically Assigned Charges (\$)**

	Corner Brook Pulp & Paper	Abitibi Consolidated S'veille	Grand Falls	North Atlantic Refining	Aur Resources	Total
2006	176,442	103,019	1,968	174,011	150,000	605,439
2007	354,404	106,651	1,271	153,196	190,949	806,471

**2006 Components:**

Operating and Maintenance	91,828	25,430	744	54,348		172,350
Depreciation	37,957	29,816	261	54,441		122,475
Gain/Loss on Disposal of Fixed Assets	487	499	10	681		1,678
Return on Debt	41,781	42,779	862	58,405		143,827
Return on Equity	4,389	4,494	91	6,135		15,109
Revenue Credit	0	0	0	0		0
Board Order P.U.1(2006)					150,000	150,000
<b>2006 Annual Amounts</b>	<b>176,442</b>	<b>103,019</b>	<b>1,968</b>	<b>174,011</b>	<b>150,000</b>	<b>605,439</b>

**2007 Components:**

Operating and Maintenance	142,403	27,190	507	47,655	166,841	384,595
Depreciation	59,301	33,090	179	60,600	24,258	177,429
Gain/Loss on Disposal of Fixed Assets	2,355	715	9	694	0	3,772
Return on Debt	136,368	41,410	522	40,168	0	218,469
Return on Equity	14,256	4,329	55	4,199	0	22,839
Revenue Credit	(278)	(84)	(1)	(120)	(150)	(632)
<b>2007 Annual Amounts</b>	<b>354,404</b>	<b>106,651</b>	<b>1,271</b>	<b>153,196</b>	<b>190,949</b>	<b>806,471</b>

NEWFOUNDLAND & LABRADOR HYDRO

2007 Forecast Cost of Service: July 06 Submission w/ Revised Spec Assigned Calculations

Island Interconnected

Allocation of Specifically Assigned Amounts to Classes of Service

			OM&A				Depreciation				Expense Credits			Subtotal			Subtotal	
Line			Transmission	Administrative &		Transmission	Telecontrol &		Rental				Excluding	Return on	Return on	Excl Rev	Revenue	
No.	Description	Total	Lines	Terminals	General	Lines	Terminals	Feasibility Study	General	Income	Other	Gains/Losses	Return	Debt	Equity	Related	Related	
		Amount	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	
		(\$)	(Plant)	(Plant)	(C3 & C4)	(Direct)	(Direct)	(Direct)	(Exp C3,4,6)	(Plant)	( C6 )	(NBV)		(NBV)	(NBV)			
Basis of Allocation - Amounts																		
1	Newfoundland Power Industrial		21,938,901	10,211,033	32,149,934	32,149,934	-	-	-	558,708	32,149,934	32,149,934	24,024,410	-	24,024,410	24,024,410	-	
2	Abitibi Consolidated - S'ville		122,926	551,111	674,037	674,037	-	-	-	17,205	674,037	674,037	526,255	-	526,255	526,255	-	
3	Abitibi Consolidated - GF		-	11,728	11,728	11,728	-	-	-	334	11,728	11,728	6,633	-	6,633	6,633	-	
4	Corner Brook P& P - CB		-	3,271,616	3,271,616	3,271,616	-	-	-	93,228	3,271,616	3,271,616	1,714,194	-	1,714,194	1,714,194	-	
5	Corner Brook P& P - DL		-	22,005	22,005	22,005	-	-	-	627	22,005	22,005	18,832	-	18,832	18,832	-	
6	North Atlantic Refining Limited		-	1,101,024	1,101,024	1,101,024	-	-	-	31,375	1,101,024	1,101,024	510,477	-	510,477	510,477	-	
7	Aur Resources		4,200,000	1,255,000	5,455,000	5,455,000	-	-	-	87,018	5,455,000	5,455,000	-	-	-	-	-	
8	Subtotal Industrial		4,322,926	6,212,484	10,535,410	10,535,410	-	-	-	229,787	10,535,410	10,535,410	2,776,392	-	2,776,392	2,776,392	-	
9	Total		26,261,827	16,423,517	42,685,344	42,685,344	-	-	-	788,494	42,685,344	42,685,344	26,800,802	-	26,800,802	26,800,802	-	
Basis of Allocation - Ratios																		
11	Newfoundland Power Industrial		0.8354	0.6217	0.7532	0.7532	-	-	-	0.7086	0.7532	0.7532	0.8964	-	0.8964	0.8964	-	
12	Abitibi Consolidated - S'ville		0.0047	0.0336	0.0158	0.0158	-	-	-	0.0218	0.0158	0.0158	0.0196	-	0.0196	0.0196	-	
13	Abitibi Consolidated - GF		-	0.0007	0.0003	0.0003	-	-	-	0.0004	0.0003	0.0003	0.0002	-	0.0002	0.0002	-	
14	Corner Brook P& P - CB		-	0.1992	0.0766	0.0766	-	-	-	0.1182	0.0766	0.0766	0.0640	-	0.0640	0.0640	-	
15	Corner Brook P& P - DL		-	0.0013	0.0005	0.0005	-	-	-	0.0008	0.0005	0.0005	0.0007	-	0.0007	0.0007	-	
16	North Atlantic Refining Ltd.		-	0.0670	0.0258	0.0258	-	-	-	0.0398	0.0258	0.0258	0.0190	-	0.0190	0.0190	-	
17	Aur Resources		0.1599	0.0764	0.1278	0.1278	-	-	-	0.1104	0.1278	0.1278	-	-	-	-	-	
18	Subtotal Industrial		0.1646	0.3783	0.2468	0.2468	-	-	-	0.2914	0.2468	0.2468	0.1036	-	0.1036	0.1036	-	
19	Total		1.0000	1.0000	1.0000	1.0000	-	-	-	1.0000	1.0000	1.0000	1.0000	-	1.0000	1.0000	-	
Amounts Allocated																		
20	Newfoundland Power Industrial	4,186,825	178,810	249,587	475,277	130,310	555,765	320,745	-	155,754	-	(6,484)	32,641	2,092,407	1,890,431	197,627	4,180,464	
21	Abitibi Consolidated - S'ville	106,734	1,002	13,471	9,964	2,732	1,954	17,046	9,294	4,796	-	(136)	715	60,839	41,410	4,329	106,577	
22	Abitibi Consolidated - GF	1,272	-	287	173	48	-	86	-	93	-	(2)	9	693	522	55	1,270	
23	Corner Brook P& P - CB	351,602	-	79,968	48,365	13,261	-	32,845	-	25,990	-	(660)	2,329	202,097	134,886	14,101	351,085	
24	Corner Brook P& P - DL	3,081	-	538	325	89	-	291	-	175	-	(4)	26	1,439	1,482	155	3,076	
25	North Atlantic Refining Ltd.	153,317	-	26,912	16,277	4,463	-	51,854	-	8,747	-	(222)	694	108,723	40,168	4,199	153,091	
26	Aur Resources	191,099	34,232	30,676	80,642	22,110	-	-	-	24,258	-	(1,100)	-	190,818	-	-	190,818	
27	Subtotal Industrial	807,104	35,234	151,851	155,747	42,702	1,954	102,122	9,294	64,059	-	(2,125)	3,772	564,610	218,469	22,839	805,917	
28	Total	4,993,928	214,044	401,438	631,024	173,012	557,719	422,866	9,294	219,813	-	(8,608)	36,413	2,657,017	2,108,900	220,465	4,986,381	

Newfoundland and Labrador Hydro  
2007 Changes to Industrial Specifically Assigned Plant  
Original Cost Values (\$)

	CBPP	Abitibi Consolidated		North Atlantic	Aur
		S'ville	Grand Falls	Refining	Resources
Assets retired	(29,791)	(65)	(9,756)	(27,922)	
Assets transferred to Common	(4,505)	(283)	(236)	(136,193)	
Assets transferred to NP	(4,568)				
Assets transferred from Common	1,232	32,829		13,560	
Difference in forecast capital proposals	(4,233)	3,843			
Subtotal	(41,865)	36,323	(9,992)	(150,555)	0
Asset additions	1,876,472	29,436			5,455,000
Net Customer Change	<b>1,834,607</b>	<b>65,759</b>	<b>(9,992)</b>	<b>(150,555)</b>	<b>5,455,000</b>