

1 Q. Describe in detail the treatment of conservation and demand management
2 expenses in the 2007 Cost of Service Study. (Cost of Service Evidence,
3 Exhibit RDG-1)
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6 A. Please see response to IC 143 NLH.
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8 Cost allocations for the Energy Conservation Program of \$500,000 are as
9 follows. The allocated values form part of the Cost of Service referenced
10 amounts. The 1% allocation to Rural customers is prorated among the
11 systems based on the number of customers.

	Allocation		Cost of Service Reference
	Pct	Amount	
Island Interconnected			
Generation	50%	250,000	Sch. 2.4A, Line 6
Transmission	48%	240,000	Sch. 2.4A, Line 10
Labrador Interconnected			
Generation	1%	5,000	
System-wide Rural Customers	1%	5,000	
Island Interconnected		3,110	Sch. 2.4A, Line 16
Island Isolated		120	Sch. 2.4B, Line 11
Labrador Isolated		360	Sch. 2.4C, Line 11
L'Anse au Loup		135	Sch. 2.4D, Line 12
Labrador Interconnected		1,275	Sch. 2.4E, Line 12

1 The Hydrowise Program cost of \$100,000 is fully allocated to Rural
2 customers. This allocation is prorated among the systems based on the
3 number of customers.

	<u>Allocation</u>		Cost of Service Reference
	Pct	Amount	
System-wide Rural Customers	100%	100,000	
Island Interconnected		62,200	Sch. 2.4A, Line 16
Island Isolated		2,400	Sch. 2.4B, Line 11
Labrador Isolated		7,200	Sch. 2.4C, Line 11
L'Anse au Loup		2,700	Sch. 2.4D, Line 12
Labrador Interconnected		25,500	Sch. 2.4E, Line 12