

1    Q.    **Re: General**

2            For each of the projects under Tab B (\$500,000 and over) indicate what amount of  
3            each project will give rise to assets which will be assigned to Rural Operations and  
4            what amount will be assigned to the Island Interconnected System.

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7    A.    Plant is assigned to Rural Customers based on both system and function. Island  
8            Interconnected assets functionalized to distribution are 100 percent rural. Rural  
9            Customers are assigned a portion of common assets, based upon the established  
10           allocation factors in the approved Cost of Service methodology. Please see the  
11           attached schedule for the listing of projects and the system, function and  
12           percentage of allocation to rural for each project.

PROJECT DESCRIPTION	System	Function	Rural Allocation <sup>1</sup>
<b>GENERATION</b>			
Upgrade Gas Turbine Plant Life Extension - Hardwoods	Island Interconnected	Gas Turbine Generation	6.25 to 6.43 %
Replace and Purchase Stator Windings - Bay d'Espoir	Island Interconnected	Hydraulic Generation	6.25 to 6.43 %
Replace Programmable Logic Controllers - Holyrood	Island Interconnected	Thermal Generation	6.25 to 6.43 %
Purchase Spare Stator Winding Units 2 - Bay d'Espoir	Island Interconnected	Hydraulic Generation	6.25 to 6.43 %
Refurbish Fuel Storage Facility - Holyrood	Island Interconnected	Thermal Generation	6.25 to 6.43 %
Condition Assessment and Life Extension Study - Holyrood	Island Interconnected	Thermal Generation	6.25 to 6.43 %
Upgrade Plant Access Road - Bay d'Espoir	Island Interconnected	Hydraulic Generation	6.25 to 6.43 %
Replace Pump House Motor Control Centers - Holyrood	Island Interconnected	Thermal Generation	6.25 to 6.43 %
Upgrade Glycol Systems - Stephenville	Island Interconnected	Gas Turbine Generation	6.25 to 6.43 %
Replace Steam Seal Regulator Unit 1 - Holyrood	Island Interconnected	Thermal Generation	6.25 to 6.43 %
<b>TRANSMISSION AND RURAL OPERATIONS</b>			
New 25 kV Terminal Station - Labrador City	Labrador Interconnected	Terminal Stations	100%
Voltage Conversion - Labrador City	Labrador Interconnected	Distribution Secondary	100%
Upgrade Distribution Systems - All Service Areas	Various	Distribution	100%
Upgrade Line 2 Distribution Feeder - Glenburnie	Island Interconnected	Distribution Secondary	100%
Provide Service Extensions - All Service Areas	Various	Distribution	100%
Perform Wood Pole Line Management Program - Various Sites	Island Interconnected	Transmission	6.25 to 6.43 %
Upgrade Transmission Line TL-212 - Sunnyside to Linton Lake	Island Interconnected	Transmission	6.25 to 6.43 %
Replace Diesel Units - Norman Bay, Postville and Paradise River	Labrador Isolated	Diesel Generation	100%
Upgrade Distribution Lines - Various Sites	Various	Distribution Primary	100%
Upgrade Line TL-244 - Plum Point to Bear Cove	Island Interconnected	Transmission	6.25 to 6.43 %
Replace Poles - Various Sites	Island Interconnected/ Labrador Interconnected	Distribution Secondary	100%
Construct Transmission Line Equipment Off-Loading Areas - Various Sites	Island Interconnected	General Plant	6.25 to 6.43 %
Increase Generation Capacity - L'Anse au Loup	L'Anse au Loup	Diesel Generation	100%
Upgrade Power Transformers - Various Sites	Island Interconnected	Terminal Stations	6.25 to 6.43 %
Replace Off Road Track Vehicles - Whitbourne and Bishop's Falls	Island Interconnected	General Plant	6.25 to 6.43 %
Replace Diesel Unit 2001 and Engine 566 - Francois	Island Isolated	Diesel Generation	100%
Replace Recloser Control Panels - Various Sites	Island Interconnected	Distribution Substations	100%
Upgrade Line 2 Voltage Conversion to 25 kV - Gaultois	Island Isolated	Distribution Secondary	100%
Replace Light Duty Mobile Equipment - Various Sites	Island Interconnected	General Plant	6.25 to 6.43 %
Perform Grounding Upgrades - Various Sites	Island Interconnected	Terminal Stations	6.25 to 6.43 %
<b>GENERAL PROPERTIES</b>			
Replace Vehicles and Aerial Devices - Various Sites	Island Interconnected	General Plant	6.25 to 6.43 %
Upgrade System Security - Various Sites	Island Interconnected	General Plant	6.25 to 6.43 %
Replace Stationary Battery Banks and Chargers - Various Sites	Island Interconnected	General Plant/ Terminal Station	6.25 to 6.43 %
Install Fibre Optic Cable - Hind's Lake	Island Interconnected	General Plant	6.25 to 6.43 %
Corporate Application Environment - Upgrade Microsoft Products	Island Interconnected	General Plant	6.25 to 6.43 %

(1) The rural allocation is based on the 2007 Test Year allocation factors of 6.25% to 6.43 % for common assets (Generation, Transmission and General