

**ALLOCATION OF THE COST OF SERVICE
TEST YEAR 2004**

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Table 1 - Summary of the Transmitter's cost of service by function - 2004 (M\$)

Functions	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Assets as of December 31				Return on the rate base (note 2)	Expenditure necessary to the provision of the service				Required revenues (4 + 7)
	Specific	JRC and CT (note 1)	Support (note 1)	Total		Specific	JRC and CT (note 3)	Support (note 3)	Total	
Power station connections	1 601,3	20,9	45,6	1 667,8	116,1	79,3	18,1	30,1	127,5	243,6
Departure stations	1 292,3	16,8	36,8	1 346,0	93,7	67,6	14,6	24,3	106,4	200,2
Connection lines	309,0	4,0	8,8	321,8	22,4	11,7	3,5	5,8	21,0	43,4
Network	9 867,1	128,6	280,8	10 276,5	715,7	602,6	111,3	185,6	899,5	1 615,2
Very high voltage	6 653,0	86,7	189,3	6 929,0	482,6	409,0	75,1	125,1	609,2	1 091,7
450 kV	817,2	10,6	23,3	851,1	59,3	26,4	9,2	15,4	51,0	110,3
High voltage	2 397,0	31,2	68,2	2 496,4	173,9	167,2	27,0	45,1	239,3	413,2
Customer connections	1 828,6	23,8	52,0	1 904,5	132,6	206,8	20,6	34,4	261,8	394,5
Step-down stations	1 554,7	20,3	44,2	1 619,2	112,8	183,8	17,5	29,2	230,6	343,4
High voltage customer connections	273,9	3,6	7,8	285,3	19,9	23,0	3,1	5,2	31,2	51,1
Interconnections	827,8	10,8	23,6	862,2	60,0	82,5	9,3	15,6	107,4	167,4
Churchill Falls	199,4	2,6	5,7	207,6	14,5	17,4	2,2	3,7	23,4	37,8
Others	628,5	8,2	17,9	654,6	45,6	65,1	7,1	11,8	84,0	129,6
Total	14 124,9	184,1	402,0	14 711,0	1 024,5	971,1	159,4	265,7	396,2	2 420,7

Note 1: allocation of the assets of the functions JRC, CT and Support in proportion to the specific assets as of December 31.

Note 2: allocation of the return on the rate base (HQT-6, document 2 revised 08-04-2005) in proportion to the assets as of December 31.

Note 3: Allocation of the necessary expenditure for the provision of the service of the functions JRC, CT and Support in proportion to the specific assets as of December 31.

Table 2 - Allocation by function of the assets of the Transmitter – as of December 31, 2004 (k\$)

(1) Heading	(2) (3) (4) Connections of the power stations			(5) (6) (7) (8) Network				(9) (10) (11) Customer connections			(12) (13) (14) Interconnections			(15) JRC and CT	(16) Support	(17) Total
	Departure Stations	Connection lines	Total	Very high voltage	450 kV	High voltage	Total	Step-down Stations	Customer Connections	Total	Churchill Falls	Others	Total			
1 Fixed assets in operation																
2 Original Costs																
3 Stations	1 614 849		1 614 849	5 009 428	37 423	1 152 526	6 199 377	2 370 362	235 680	2 606 042	208 552	730 095	938 647			11 358 916
4 Lines		372 743	372 743	3 800 923	879 553	1 947 560	6 628 037		127 544	127 544	95 345	118 710	214 055			7 342 379
5 Other network assets						14 640	14 640					74	74	249 648	158 311	422 673
6 Supporting assets															716 986	716 986
7 Total	1 614 849	372 743	1 987 593	8 810 351	916 977	3 114 726	12 842 054	2 370 362	363 224	2 733 586	303 897	848 880	1152 776	249 648	875 297	19 840 954
8 Net Depreciation																
9 Stations	333 369		333 369	1 398 180	14 636	413 612	1 826 428	848 536	83 442	931 977	62 036	211 830	273 867			3 365 641
10 Lines		70 066	70 066	954 271	128 989	523 211	1 606 471		23 702	23 702	44 947	28 223	73 170			1 773 409
11 Other network assets						3 973	3 973					74	74	182 547	102 912	289 505
12 Supporting assets															429 628	429 628
13 Total	333 369	70 066	403 435	2 352 451	143 625	940 796	3 436 872	848 536	107 143	955 679	106 983	240 127	347 111	182 547	532 540	5 858 183
14 Net value																
15 Stations	1 281 480		1 281 480	3 611 248	22 787	738 914	4 372 949	1 521 827	152 239	1 674 065	146 515	518 265	664 780			7 993 274
16 Lines		302 677	302 677	2 846 652	750 564	1 424 349	5 021 565		103 842	103 842	50 398	90 487	140 885			5 568 970
17 Other network assets						10 667	10 667							67 101	55 400	133 168
18 Supporting assets															287 358	287 358
19 Total	1 281 480	302 677	1 584 158	6 457 900	773 352	2 173 930	9 405 182	1 521 827	256 081	1 777 907	196 913	608 752	805 665	67 101	342 757	13 982 770
20 Intangible assets																
21 Original Costs	41	3 079	3 120	103 553	41 864	198 445	343 862	1 722	9 983	11 705	208	9 925	10 133	175 443	86 541	630 804
22 Net Depreciation	38	1 177	1 216	20 677	4 823	50 174	75 673	464	2 976	3 440	84	2 091	2 175	83 087	59 292	224 884
23 Net value	3	1 902	1 905	82 876	37 041	148 271	268 189	1 259	7 006	8 265	124	7 834	7 958	92 356	27 248	405 920
24 Non-depreciated expenditures and other assets																
25 Future benefits - Asset	3 220	445	3 665	26 914	261	17 027	44 202	23 846	2 634	26 480	1 173	3 686	4 859	26 646	31 024	136 876
26 Future benefits - Liability	-1 669	-230	-1 899	-13 948	-135	-8 824	-22 908	-12 358	-1 365	-13 723	-608	-1 910	-2 518	-13 809	-16 078	-70 936
27 Manpower reduction measures	2	0	3	20	0	12	32	17	2	19	1	3	4	19	23	100
28 Development expenses	711	169	880	3 629	450	1288	5 367	845	146	991	109	342	451	88	205	7 983
29 Government Refund		2 162	2 162	47 001	1 602	44 628	93 231		6 773	6 773		4 731	4 731			106 897
30 Total	2 265	2 545	4 810	63 616	2 177	54 132	119 925	12 350	8 190	20 540	675	6 852	7 527	12 945	15 174	180 920
31 Working capital																
32 Cash	1 538	207	1 745	12 609	120	7 845	20 574	10 888	1 210	12 098	560	1 650	2 210	10 792	14 769	62 189
33 Materials, Fuels and supplies	7 054	1 677	8 730	36 003	4 461	12 782	53 245	8 384	1 448	9 832	1 085	3 394	4 478	878	2 037	79 200
34 Total	8 592	1 883	10 475	48 611	4 581	20 627	73 819	19 271	2 658	21 930	1 645	5 044	6 689	11 670	16 806	141 389
35 Total as of December 31	1 292 339	309 008	1 601 348	6 653 003	817 151	2 396 960	9 867 114	1 554 707	273 935	1 828 642	199 357	628 482	827 839	184 072	401 986	14 711 000

Table 3 – Allocation by function of the expenditure necessary to the provision of the service of the Transmitter – 2004 (M\$)

(1) Heading	(2) Power station connections			(5) Network				(9) Customer connections			(12) Interconnections			(15) JRC and CT	(16) Support	(17) Total
	(2) Departure stations	(3) Connection lines	(4) Total	(5) Very high voltage	(6) 450 kV	(7) High voltage	(8) Total	(9) Step-down stations	(10) HV customers	(11) Total	(12) Church-ill Falls	(13) Others	(14) Total			
1 Net operational expenses	14,5	2,1	16,6	116,4	1,3	73,0	190,7	99,7	11,1	110,8	5,4	14,8	20,2	123,7	184,6	646,5
2 Direct gross expenses	10,4	1,4	11,8	85,2	0,8	53,0	139,0	73,5	8,2	81,7	3,8	11,1	14,9	72,9	99,8	420,0
3 Divided service expenses	7,6	0,9	8,5	53,4	0,5	30,3	84,2	41,4	4,8	46,2	2,1	6,3	8,4	78,1	107,9	333,3
4 Output of suppliers	0,4	0,1	0,4	3,5		2,3	5,8	3,2	0,4	3,5	0,2	0,5	0,7	11,1	1,5	23,1
5 Capitalized Costs	-3,4	-0,1	-3,5	-20,4		-8,9	-29,3	-13,2	-1,3	-14,5	-0,5	-1,2	-1,8	-15,2	-14,9	-79,2
6 Emitted internal invoices	-0,5	-0,1	-0,7	-5,3	-0,1	-3,7	-9,1	-5,2	-0,9	-6,1	-0,2	-1,9	-2,1	-23,2	-9,7	-50,8
7 Other expenses	50,3	9,1	59,4	282,3	23,6	93,1	399,1	81,5	11,8	93,4	11,6	49,4	61,0	35,6	80,5	728,9
8 Transmission services purchases												21,4	21,4			21,4
9 Electricity purchases															7,5	7,5
10 Depreciation and decommissioning	34,6	5,4	40,0	202,3	13,7	64,7	280,7	62,9	8,6	71,5	9,2	20,4	29,6	33,6	57,2	512,7
11 Taxes	15,7	3,7	19,4	80,0	9,9	28,4	118,3	18,6	3,2	21,8	2,4	7,5	10,0	2,0	15,8	187,3
12 Corporate expenses	2,8	0,7	3,4	14,0	1,7	4,7	20,4	3,3	0,6	3,9	0,4	1,3	1,7	0,1	0,7	30,3
13 Interest related to government refund		-0,2	-0,2	-3,4	-0,1	-3,3	-6,8		-0,5	-0,5		-0,3	-0,3			-7,8
14 External invoicing				-0,4		-0,4	-0,7	-0,7		-0,7					-0,1	-1,7
15 Expenses necessary for the provision of the service	67,6	11,7	79,3	409,0	26,4	167,2	602,6	183,8	23,0	206,8	17,4	65,1	82,5	159,4	265,7	1396,2

Table 4 - Description of the assets' allocation factors

Heading	Criterion	Description of the factor
All headings	Corporate rules	The principal units of the Transmitter include the Vice-President of Installation Operation (VPIO) as well as other units. The VPIO includes the Office of the VPIO, the Support and interconnection of the transmission stations units, the telecontrol directorate and four territorial directorates. With regard to the other units of the Transmitter, these are the Office of the President of Hydro-Quebec TransÉnergie as well as the Planning and management control directorate, Human resources, Commercialization, Assets and regulatory affairs planning, Energy dispatch control and Transmission expertise and technical support.
Stations	Direct assignment	The stations are allotted directly to the functions concerned.
Lines	Direct assignment	The lines are allotted directly to the functions concerned.
Other network assets	Direct assignment	The other network assets are allotted directly to the functions concerned.
Supporting Assets	Direct assignment	The support assets are allotted directly to the functions concerned.
Future benefits – Assets	Wage bill	The future Welfare benefits – Assets are allotted various functions according to the wage bill.

Table 4 – Description of the assets' allocation factors (continued)

Heading	Criterion	Description of the factor
Future benefits – Liability	Wage bill	The future benefits – Liability are allotted to various functions according to the wage bill.
Manpower reduction measures	Wage bill	Manpower reduction measures are allotted various functions according to the wage bill.
Development expenses	Net fixed assets and net intangible assets	The development expenses are allotted to the various functions according to net fixed assets' of the year in question.
Governmental refunding	Net fixed assets of the overhead lines of the Southern Territory	Governmental refunding is allotted to the various functions on the basis of net fixed asset of the overhead lines of the southern Territory of the concerned year.
Cash regulation	Gross direct loads	Cash regulation is allotted according to gross direct loads to the various functions.
Materials, fuels and supplies	Net fixed assets and net intangible assets	The materials, fuels and supplies are allotted to the various functions according to net fixed assets of the year in question.

Table 5 - Diagram relating to the allocation of the assets

Rubrique	Centres de coûts								Racc. centrales		Réseau			Racc. clients		Interconnexions		CCR et CT	Soutien	Critère de classement
	Corpo.		VP Exploitation						Postes élévateurs	Lignes de racc.	Très haute tension	450 kV	Haute tension	Postes abaisseurs	Racc. clients HT	Churchill Falls	Autres			
	Sup.	CME	Sup.	Télec.	Terr. N	Terr. S	Terr. E	Terr. O												
Immobilisations en exploitation																				
Postes					•		•		•		•		•		•		•		Affectation directe	
						•		•		•		•		•		•		•	Affectation directe	
							•		•		•		•		•		•		Affectation directe	
								•		•		•		•		•		•	Affectation directe	
Lignes					•		•		•		•		•		•		•		Affectation directe	
						•		•		•		•		•		•		•	Affectation directe	
							•		•		•		•		•		•		Affectation directe	
								•		•		•		•		•		•	Affectation directe	
Autres actifs de réseau	•																		Affectation directe	
		•																	Affectation directe	
			•																Affectation directe	
				•															Affectation directe	
					•														Affectation directe	
						•													Affectation directe	
							•												Affectation directe	
Actifs de soutien	•																		Affectation directe	
		•																	Affectation directe	
			•																Affectation directe	
Actifs incorporels	•																		Affectation directe	
		•																	Affectation directe	
			•																Affectation directe	
				•															Affectation directe	
					•														Affectation directe	
						•													Affectation directe	
							•												Affectation directe	
								•											Affectation directe	
									•										Affectation directe	
Avantages sociaux futurs - Actif	•																		Masse salariale	
Avantages sociaux futurs - Passif	•																		Masse salariale	
Mesures de réduction de l'effectif	•																		Masse salariale	
Frais de développement et autres frais reportés	•																		Immo. nettes + actifs incorpo. nets	
Remboursement gouvernemental	•																		Immo. nettes lignes aériennes Terr. Su	
Encaisse	•																		Charges brutes directes	
Matériaux, combustibles et fournitures	•																		Immo. nettes + actifs incorpo. nets	

Table 6 - Description of the factors of distribution of the expenditure necessary to the service of the service

Heading	Criterion	Description of the factor
All headings	Corporate rules	The principal units of the Transmitter include the Vice-President of Installation Operation (VPIO) as well as other units. The VPIO includes the Office of the VPIO, the Support and interconnection of the transmission stations unit, the telecontrol directorate and four territorial directorates. With regard to the other units of the Transmitter, these are the Office of the President of Hydro-Quebec TransÉnergie as well as the Planning and management control directorates, human Resources, Commercialization, Assets and regulatory affairs planning, Energy dispatch control and Transmission expertise and technical support.
Gross direct expenses	Direct assignment	The amounts relating to this heading for the other units of the Transmitter, except for Energy dispatch control directorate, are allotted directly to the Support function.
Gross direct expenses	Direct assignment	The amounts relating to this heading for the Energy dispatch control directorate are allotted directly to the function JRC and CT.
Gross direct expenses	Maintenance hours	For the Office of the VPIO and the Support and interconnection of the transmission installations unit, the amounts related to this heading are distributed according to the maintenance hours of the director of the VPIO.
Gross direct expenses	Direct assignment	The amounts relating to Telecontrol Management are allotted directly to the function JRC and CT.
Gross direct expenses	Maintenance hours	For the territorial directorates of the VPIO, the amounts relating to this heading are allotted according to maintenance hours of each territory.

Table 6 - Description of the allocation factors of the expenditures necessary for the provision of the service (continued)

Heading	Criterion	Description of the factor
Shared services expenses	Direct assignment	The amounts relating to this heading or the other units of the Transmitter, except for the Energy dispatch control directorate, are allotted directly to the Support function.
Shared services expenses	Direct assignment	The amounts relating to this heading for the Energy dispatch control directorate are allotted directly to the JRC and CT functions.
Shared services expenses	Maintenance hours	For the Office of the VPIO and the Support and interconnection of the transmission stations unit, the amounts relative to this heading are allotted according to the maintenance hours of the directorates of the VPIO.
Shared services expenses	Direct assignment	The amounts relating to the Telecontrol directorate are allotted directly to the function JRC and CT.
Shared services expenses	Maintenance hours	For the territorial directorates of the VPIO, the amounts relating to this heading are allotted according to maintenance hours of each territory.
Return of the supplier Shared services centre	Direct assignment	The amount relating to this heading for the other units of the Transmitter, except for the Energy dispatch control directorate, is allotted directly to the Support function.

Table 6 - Description of the allocation factors of the expenditures necessary for the provision of the service (continued)

Heading	Criterion	Description of the factor
Return of the supplier Shared services centre	Direct assignment	The amount relating to this heading for the Energy dispatch control directorate is allotted directly to the function JRC and CT.
Return of the supplier Shared services centre	Maintenance hours	For the Office of the VPIO and the Support and interconnection of the transmission installations unit, the amounts relating to this heading are distributed according to maintenance hours of the director of the VPIO.
Return of the supplier Shared services centre	Direct assignment	The amount relating to the Telecontrol directorate is allotted directly to the function JRC and CT.
Return of the supplier Shared services centre	Maintenance hours	For the territorial directorates of the VPIO, the amounts relating to this heading are allotted according to maintenance hours of each territory.

Table 6 - Description of the allocation factors of the expenditures necessary for the provision of the service (continued)

Heading	Criterion	Description of the factor
Return of the supplier Hydro-Quebec TransÉnergie Telecom (transmission network)	Direct assignment	The amount relating to this heading for the other units of the Transmitter, except for the Energy dispatch control directorate, is allotted directly to the Support function.
Return of the supplier Hydro-Quebec TransÉnergie Telecom (transmission network)	Direct assignment	The amount relating to this heading for the Energy dispatch control directorate is allotted directly to the function JRC and CT.
Return of the supplier Hydro-Quebec TransÉnergie Telecom (transmission network)	Maintenance hours	For the Office of the VPIO and the Support and interconnection of the transmission stations unit, the amounts relating to this heading are distributed according to maintenance hours of the directors of the VPIO.
Return of the supplier Hydro-Quebec TransÉnergie Telecom (transmission network)	Direct assignment	The amount relating to the Telecontrol directorate is allotted directly to the function JRC and CT.

Table 6 - Description of the allocation factors of the expenditures necessary to the provision of the service (continued)

Heading	Criterion	Description of the factor
Return of the supplier Hydro-Quebec TransÉnergie Telecom (transmission network)	Maintenance hours	For the territorial directorates of the VPIO, the amounts relating to this heading are allotted according to maintenance hours of each Territory.
Capitalized costs	Direct assignment	The amount relating to this heading for the other units of the Transmitter, except for the Energy dispatch control directorate, is allotted directly to the Support function.
Capitalized costs	Direct assignment	The amount relating to this heading for the Energy dispatch control directorate is allotted directly to the function JRC and CT.
Capitalized costs	Investment hours	For the Office of the VPIO and the Support and interconnection of the transmission stations unit, the amounts relating to this heading are distributed according to investment hours of the VPIO.
Capitalized costs	Direct assignment	The amounts relating to Telecontrol Directorate are allotted directly to the function JRC and CT.
Capitalized costs	Investment hours	For the territorial directorates of the VPIO, the amounts relating to this heading are allotted according to investment hours of each territory.
Internal invoices issued	Direct assignment	The amount relating to this heading for the other units of the Transmitter, except for the Energy dispatch control directorate, is allotted directly to the Support function.

Table 6 - Description of the allocation factors of the expenditures necessary to the provision of the service (continued)

Heading	Criterion	Description of the factor
Internal Invoices issued	Direct assignment	The amount relating to this heading for the Energy dispatch control directorate is allotted directly to the function JRC and CT.
Internal Invoices issued	Direct assignment	The amounts relating to the Telecontrol directorate are allotted directly to the function JRC and CT.
Internal Invoices issued	Maintenance hours	For the territorial directorates of the VPIO, the amounts relating to this heading are allotted according to maintenance hours of each territory.
Transmission service purchases	Direct assignment	The amounts relating to this heading are allotted directly to the function various interconnections.
Electricity purchases	Direct assignment	The amounts relating to this heading are allotted directly to the Support function.
Depreciation and decommissioning	Direct assignment	The amounts relating to the depreciation of the fixed operational assets are allotted directly to the functions.
Depreciation and decommissioning	Net fixed assets and Net intangible assets	The amounts relating to depreciation other than those mentioned previously are allotted to the various functions according to net fixed assets of the year in question.
Municipal and school taxes	Direct assignment	The amounts relating to this heading are allotted directly to the Support function.

Table 6 - Description of the allocation factors of the expenditures necessary to the provision of the service (continued)

Heading	Criterion	Description of the factor
Other taxes	Net fixed assets and net intangible assets	The amounts relating to this heading are allotted to the various functions according to the net fixed assets of the year in question.
Corporate expenses	50 % gross direct expenses 50 % net fixed assets	The amount is distributed between the functions according to the corporate rule, i.e. in a proportion of 50 % according to gross direct loads and 50 % according to net fixed assets.
Interest related to the Government refund	Net fixed assets of the overhead lines of the Southern Territory	The amount relating to this heading is allotted to the various functions according to net fixed assets of the overhead lines of the Southern Transport directorate of the year in question.
External invoicing	Direct assignment	The amount relating to this heading for the other units of the Transmitter, except for the Energy dispatch control directorate, is allotted directly to the Support function.
External invoicing	Direct assignment	For the Office of the VPIO and the Support and interconnection of the transmission stations unit, the amounts relating to this heading are distributed according to maintenance hours of the directorates of the VPIO.
External invoicing	Net fixed assets and net intangible assets	For the territorial directions of the VPIO, the amounts relating to this heading are allotted according to the net fixed assets and net intangible assets of each territory.

Table 7 - Diagram relating to the allocation of the expenditures necessary to the provision of the service

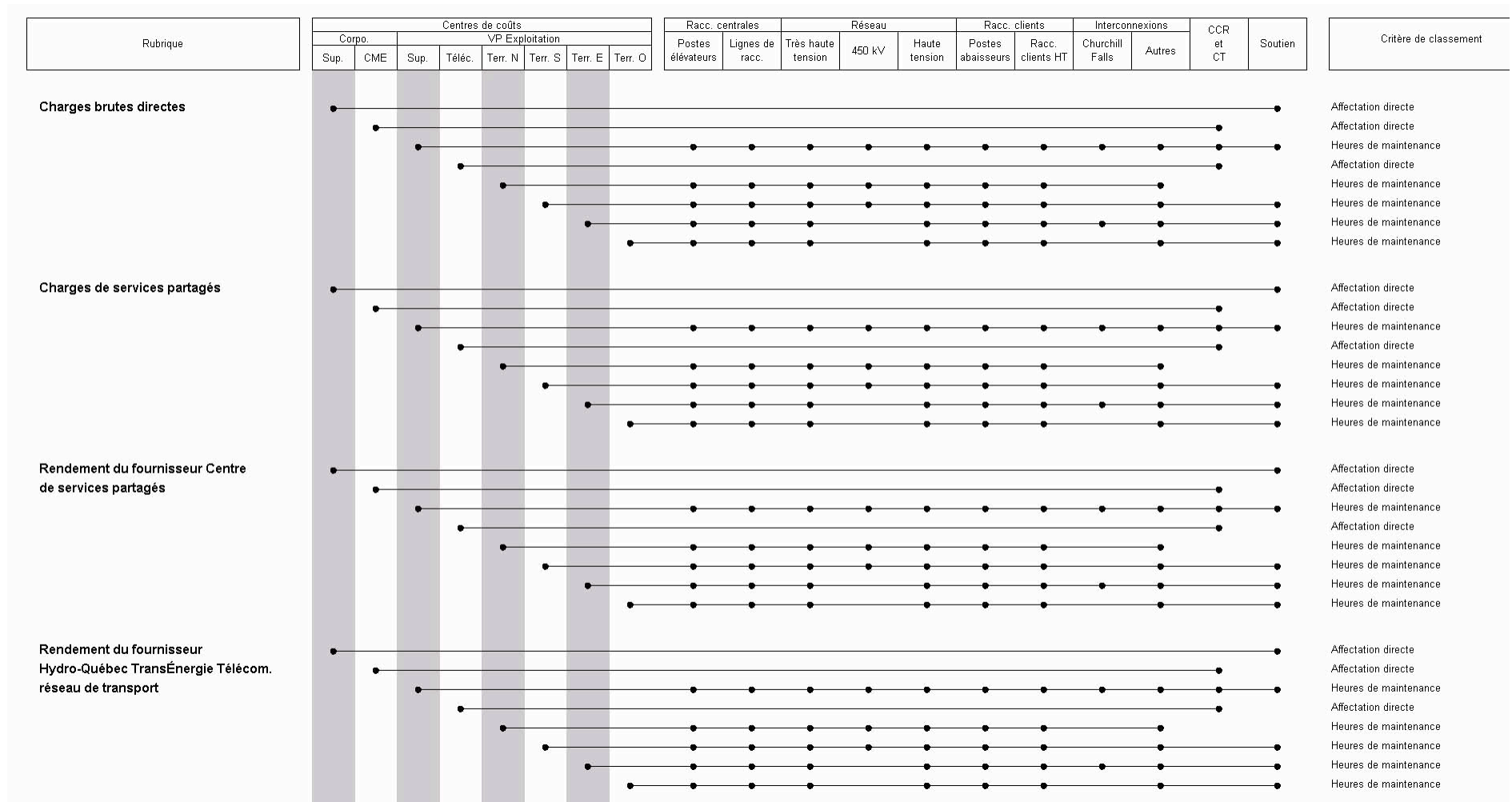


Table 7 - Diagram relating to the allocation of the expenditures necessary to the provision of the service (continued)

Rubrique	Centres de coûts							Racc. centrales		Réseau			Racc. clients		Interconnexions		CCR et CT	Soutien	Critère de classement
	Corpo.		VP Exploitation					Postes éleveurs	Lignes de racc.	Très haute tension	450 kV	Haute tension	Postes abaisseurs	Racc. clients HT	Churchill Falls	Autres			
	Sup.	CME	Sup.	Télec.	Terr. N	Terr. S	Terr. E												
Coûts capitalisés	•																	Affectation directe	
		•																	Affectation directe
			•																Heures aux investissements
				•															Affectation directe
					•														Heures aux investissements
						•													Heures aux investissements
Facturation interne émise	•																		Affectation directe
				•															Affectation directe
					•														Heures de maintenance
						•													Heures de maintenance
Achats de services de transport	•																		Affectation directe
Achats d'électricité	•																		Affectation directe
Amortissement et déclassement Immobilisations en exploitation et actifs incorporels	•																		Affectation directe
		•																	Affectation directe
			•																Affectation directe
				•															Affectation directe
					•														Affectation directe
						•													Affectation directe
Amortissement et déclassement Autres	•																		Immo. nettes + actifs incorpo. nets

Table 7 - Diagram relating to the allocation of the expenditures necessary to the provision of the service (continued)

Rubrique	Centres de coûts								Racc. centrales		Réseau			Racc. clients		Interconnexions		CCR et CT	Soutien	Critère de classement
	Corpo.		VP Exploitation						Postes élévateurs	Lignes de racc.	Très haute tension	450 kV	Haute tension	Postes abaisseurs	Racc. clients HT	Churchill Falls	Autres			
	Sup.	CME	Sup.	Télec.	Terr. N	Terr. S	Terr. E	Terr. O												
Taxes municipales et scolaires	•																			Affectation directe
Taxes autres	•							•	•	•	•	•	•	•	•	•	•	•	•	Immo. nettes + actifs incorpo. nets
Frais corporatifs	•							•	•	•	•	•	•	•	•	•	•	•	•	50% charges brutes et 50% immo. net
Intérêts reliés au remboursement gouv.	•							•	•	•	•	•	•	•	•	•	•	•	•	Immo. nettes lignes aériennes Terr. Su
Facturation externe	•							•	•	•	•	•	•	•	•	•	•	•	•	Affectation directe
		•						•	•	•	•	•	•	•	•	•	•	•	•	Heures de maintenance
			•					•	•	•	•	•	•	•	•	•	•	•	•	Heures de maintenance
				•				•	•	•	•	•	•	•	•	•	•	•	•	Heures de maintenance
					•			•	•	•	•	•	•	•	•	•	•	•	•	Heures de maintenance

Table 8 - Description of the allocation factors of the cost of service by service

Heading	Criterion	Description of the factor
Departure stations	Simultaneous annual peak	The amount for this heading is divided in direct proportion to the power demand during the simultaneous annual peak for the service of the local load (excluding Churchill Falls) and for the long-term point-to-point service.
Connection lines	Simultaneous annual peak	The amount for this heading is divided in direct proportion to the power demand during the simultaneous annual peak for the service of the local load (by excluding Churchill Falls) and for the long-term point-to-point service.
Very high voltage	Simultaneous annual peak	The amount for this heading is divided in direct proportion to the power demand during the simultaneous annual peak for the service of the local load (including Churchill Falls) and for the long-term point-to-point service.
450 kV	Simultaneous annual peak	The amount for this heading is divided in direct proportion to the power demand during the simultaneous annual peak for the service of the local load (including Churchill Falls) and for the long-term point-to-point service.
High voltage	Simultaneous annual peak	The amount for this heading is divided in direct proportion to the power demand during the simultaneous annual peak for the service of the local load (including Churchill Falls) and for the long-term point-to-point service.
Step-down stations	Direct assignment	The amount for this heading is directly affected to the service of the local load.
HV customer connections	Direct assignment	The amount for this heading is directly affected to the service of the local load.

Table 8 - Description of the allocation factors of the cost of service by service (continued)

Heading	Criterion	Description of the factor
Churchill Falls	Simultaneous annual peak	The amount for this heading is divided in direct proportion to the power demand during the simultaneous annual peak for the service of the local load (including Churchill Falls) and for the long-term point-to-point service.
Other interconnections	Transmission capacity	The amount for this heading is distributed proportionally to the transmission capacities in importing the service of the local load and proportionally to the transmission capacities in export for the long-term point-to-point service.

Table 9 – 2004 allocation of the cost of service of the sub-function *Other Interconnections*

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Heading	Other Interconnections					
	HQ-OH	Brascan	HQ-NY	HQ-NE	HQ-NB	Total
2004 Transmission capacity						
1 (MW)						
2 Import	670	380	1 000	1 870	785	4 705
3 Export	1 270	250	2 125	2 305	1 200	7 150
4 Total	1 940	630	3 125	4 175	1 985	11 855
5 2004 Fixed assets (M\$)	34	8	204	292	90	628
6 2004 Required revenues (M\$)						
7 Local load	2,4	1,0	13,5	27,0	7,3	51,2
8 Point-to-point	4,6	0,6	28,7	33,3	11,2	78,4
9 Total	7,0	1,6	42,1	60,3	18,5	129,6

Table 10 – 2004 transmission service cost allocation

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
Functions	Allocation by function						Allocation by component				Allocation by service					
	Specific attributes	JRC and CT	Support	Sub-total	Return on the rate base	Total Cost of the service	% Energy	% Power	Energy	Power	% Charges local	% Point-to-point	Allocation factor †	Local load	Point-to-point	Total Cost of the service
1 Power station connections	79,3	18,1	30,1	127,5	116,1	243,6			0	243,6				240,3	3,3	243,6
2 Departure stations	67,6	14,6	24,3	106,4	93,7	200,2	0,00%	100,00%	0	200,2	98,63%	1,37%	A	197,4	2,7	200,2
3 Connection lines	11,7	3,5	5,8	21,0	22,4	43,4	0,00%	100,00%	0	43,4	98,63%	1,37%	A	42,8	0,6	43,4
4 Network	602,6	111,3	185,6	899,5	715,7	1 615,2			0	1 615,2				1 596,3	18,9	1 615,2
5 Very high voltage	409,0	75,1	125,1	609,2	482,6	1 091,7	0,00%	100,00%	0	1 091,7	98,83%	1,17%	B	1 079,0	12,7	1 091,7
6 450 kV	26,4	9,2	15,4	51,0	59,3	110,3	0,00%	100,00%	0	110,3	98,83%	1,17%	B	109,0	1,3	110,3
7 High voltage	167,2	27,0	45,1	239,3	173,9	413,2	0,00%	100,00%	0	413,2	98,83%	1,17%	B	408,4	4,8	413,2
8 Customer connections	206,8	20,6	34,4	261,8	132,6	394,5			0	394,5				394,5	0,0	394,5
9 Step-down stations	183,8	17,5	29,2	230,6	112,8	343,4	0,00%	100,00%	0	343,4	100,00%	0,00%	C	343,4	0,0	343,4
10 HV customer connections	23,0	3,1	5,2	31,2	19,9	51,1	0,00%	100,00%	0	51,1	100,00%	0,00%	C	51,1	0,0	51,1
11 Interconnections	82,5	9,3	15,6	107,4	60,0	167,4			0	167,4				88,6	78,8	167,4
12 Churchill Falls	17,4	2,2	3,7	23,4	14,5	37,8	0,00%	100,00%	0	37,8	98,83%	1,17%	B	37,4	0,4	37,8
13 Others	65,1	7,1	11,8	84,0	45,6	129,6	0,00%	100,00%	0	129,6	39,52%	60,48%	D	51,2	78,4	129,6
14 Total	971,1	159,4	265,7	1 396,2	1 024,5	2 420,7			0	2 420,7				2 319,7	101,0	2 420,7

† (A) Power portion excluding Churchill Falls: Local load = 29 141 MW, point-to-point Service LT = 405 MW.
 (B) Power portion including Churchill Falls: Local load = 34 295 MW, point-to-point Service LT = 405 MW.
 (C) Direct allocation to the local load
 (D) Transmission capacity: Local load = Imports, point-to-point Service = Exports