

**ALLOCATION OF THE COST OF SERVICE
PROJECTED PILOT YEAR 2005**

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Table 1 - Summary of the Transmitter's cost of service by function - 2005 (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	1 724,8	19,3	50,5	1 794,7	147,9	78,0	19,1	30,6	127,7	275,6
Departure stations	1 388,4	15,5	40,7	1 444,6	119,0	66,2	15,4	24,6	106,2	225,3
Connection lines	336,5	3,8	9,9	350,1	28,8	11,7	3,7	6,0	21,4	50,3
Network	9 859,3	110,3	288,9	10 258,5	845,3	596,4	109,4	174,8	880,6	1 725,9
Very high voltage	6 669,8	74,6	195,4	6 939,8	571,9	409,6	74,0	118,2	601,9	1 173,7
450 kV	812,3	9,1	23,8	845,2	69,6	25,4	9,0	14,4	48,8	118,5
High voltage	2 377,2	26,6	69,6	2 473,5	203,8	161,3	26,4	42,1	229,8	433,7
Customer connections	1 863,4	20,9	54,6	1 938,9	159,8	203,3	20,7	33,0	257,0	416,8
Step-down stations	1 592,2	17,8	46,6	1 656,6	136,5	181,6	17,7	28,2	227,5	364,0
High voltage customer connections	271,3	3,0	7,9	282,2	23,3	21,6	3,0	4,8	29,5	52,7
Interconnections	815,5	9,1	23,9	848,5	69,9	79,4	9,0	14,5	102,9	172,8
Churchill Falls	194,0	2,2	5,7	201,8	16,6	16,2	2,2	3,4	21,8	38,4
Others	621,6	7,0	18,2	646,7	53,3	63,2	6,9	11,0	81,1	134,4
Total	14 263,1	159,6	417,9	14 840,6	1 222,9	957,0	158,3	252,8	1 368,1	2 591,0

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, 2005 (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	1 740 313		1 740 313	5 186 593	37 804	1 168 961	6 393 357	2 465 633	243 223	2 708 856	211 057	741 151	952 208			11 794 734
4 Lines		404 897	404 897	3 824 953	885 934	1 971 515	6 682 402		128 425	128 425	95 760	119 475	215 235			7430 958
5 Other network assets						16 465	16 465					74	74	259 270	177 565	453 373
6 Supporting assets															739 586	739 586
7 Total	1 740 313	404 897	2 145 209	9 011 545	923 738	3 156 941	13 092 225	2 465 633	371 648	2 837 281	306 817	860 700	1 167 517	259 270	917 150	20 418 651
8 Net Depreciation																
9 Stations	363 046		363 046	1 520 249	16 084	439 141	1 975 474	904 695	91 929	996 624	67 919	228 097	296 015			3 631 160
10 Lines		74 732	74 732	1 012 646	139 121	552 172	1 703 939		24 329	25 329	47 169	29 992	77 161			1 881 162
11 Other network assets						6 966	6 966					74	74	209 183	124 654	340 877
12 Supporting assets															464 149	464 149
13 Total	363 046	74 732	437 779	2 532 896	155 205	998 279	3 686 379	904 695	117 258	1 021 953	115 088	258 163	373 250	209 183	588 804	6 317 348
14 Net Value																
15 Stations	1 377 266		1 377 266	3 666 343	21 720	729 820	4 417 883	1 560 938	151 294	1 712 232	143 138	513 054	656 193			8 163 574
16 Lines		330 164	330 164	2 812 306	746 813	1 419 343	4 978 463		103 095	103 095	48 591	89 483	138 074			5 549 796
17 Other network assets						9 499	9 499							50 087	52 910	112 496
18 Supporting assets															275 437	275 437
19 Total	1 377 266	330 164	1 707 431	6 478 650	768 533	2 158 663	9 405 845	1 560 938	254 389	1 815 327	191 729	602 537	794 266	50 087	328 347	14 101 303
20 Intangible assets																
21 Original Costs	41	3 079	3 120	103 553	41 864	198 415	343 833	1 716	10 018	11 734	208	9 925	10 133	188 943	120 480	678 244
22 Net depreciation	38	1 177	1 216	20 677	4 823	50 150	75 650	463	3 006	3 469	84	2 100	2 184	101 466	61 937	245 921
23 Net value	3	1 902	1 905	82 876	37 041	148 265	268 183	1 253	7 012	8 265	124	7 825	7 949	87 478	58 543	432 322
Non-depreciated expenditures and other assets																
24 Future benefits - Asset	2 690	400	3 090	27 022	212	16 202	43 436	23 082	2 304	25 386	1 014	3 535	4 549	25 711	32 814	134 986
26 Future benefits - Liability	-1 529	-227	-1 757	-15 361	-121	-9 210	-24 692	-13 121	-1 310	-14 431	-576	-2 010	-2 586	-14 615	-18 653	-76 734
27 Manpower reduction measures																
28 Development expenses	993	239	1 233	4 732	581	1 664	6 976	1 127	189	1 315	138	440	579	99	279	10 481
29 Government Refund		1 966	1 966	42 967	1 458	41 560	85 986		6 187	6 187		4 295	4 295			98 433
30 Total	2 154	2 378	4 532	59 360	2 130	50 216	111 707	11 087	7 369	18 457	576	6 261	6 837	11 194	14 439	167 166
31 Working capital																
32 Cash	1 241	178	1 419	12 247	95	7 204	19 546	10 179	1 024	11 203	468	1 530	1 997	10 063	14 392	58 619
33 Materials, Fuels and supplies	7 695	1 855	9 550	36 660	4 501	12 889	54 049	8 728	1 460	10 188	1 072	3 410	4 482	769	2 162	81 200
34 Total	8 936	2 034	10 969	48 907	4 595	20 093	73 595	18 907	2 484	21 391	1 540	4 940	6 479	10 831	16 553	139 819
35 Total as of December 31	1 388 359	336 478	1 724 837	6 669 793	812 300	2 377 237	9 859 330	1 592 186	271 255	1 863 441	193 969	621 563	815 531	159 590	417 882	14 840 611

**Table 3 - Allocation by function of the expenditure necessary to the provision of the service of the Transmitter - 2005
(M\$)**

(1) Heading	(2) Power station connections			(3) Network				(4) Customer connections			(5) Interconnections			(6) JRC and CT	(7) Support	(8) Total
	(9) Departure stations	(10) Connec-tion lines	(11) Total	(12) Very high voltage	(13) 450 kV	(14) High voltage	(15) Total	(16) Step-down stations	(17) HV customers	(18) Total	(19) Churchill Falls	(20) Others	(21) Total			
1 Net operational expenses	12,1	1,9	14,0	120,7	1,1	69,1	190,8	98,1	10,0	108,2	4,7	14,7	19,4	121,0	187,6	640,9
2 Direct gross expenses	9,0	1,3	10,3	88,7	0,7	52,2	141,6	73,7	7,4	81,1	3,4	11,1	14,5	72,9	104,2	424,6
3 Divided service expenses	6,2	0,8	6,9	53,5	0,4	28,9	82,7	40,0	4,2	44,2	1,8	6,1	7,9	74,3	104,4	320,5
4 Return of the suppliers	0,2	0,0	0,3	2,5	0,0	1,5	4,0	2,1	0,2	2,3	0,1	0,4	0,5	7,0	1,4	15,5
5 Capitalized Costs	-2,9	-0,1	-3,0	-19,2		-10,3	-29,6	-13,6	-1,2	-14,8	-0,4	-1,4	-1,9	-15,2	-14,8	-79,2
6 Internal invoices issued	-0,4	-0,1	-0,5	-4,8	-0,1	-3,0	-7,9	-4,1	-0,6	-4,7	-0,2	-1,5	-1,6	-18,0	-7,7	-40,5
7 Other expenses	51,1	9,3	60,4	278,3	22,8	91,0	392,1	80,8	11,6	92,3	11,0	47,6	58,6	37,1	64,6	705,2
8 Transmission services purchases												20,7	20,7			20,7
9 Electricity purchases															7,5	7,5
10 Amortization and downgrading	35,4	5,5	40,9	203,2	13,6	64,6	281,3	62,9	8,6	71,5	8,8	19,9	28,7	35,6	40,1	498,0
11 Taxes	15,8	3,8	19,6	75,1	9,2	26,4	110,8	17,9	3,0	20,9	2,2	7,0	9,2	1,6	17,0	179,0
12 Corporate expenses	3,0	0,7	3,7	14,2	1,7	4,7	20,5	3,4	0,6	4,0	0,4	1,3	1,7	0,1	0,7	30,8
Interest related to the																
13 government refund		-0,1	-0,1	-3,1	-0,1	-3,0	-6,3		-0,5	-0,5		-0,3	-0,3			-7,2
14 External invoicing	0,0	0,0	0,0	-0,3	0,0	-0,4	-0,7	-0,7	0,0	-0,7		-0,1	-0,1		-0,1	-1,6
Expenses necessary for the																
15 provision of the service	66,2	11,7	78,0	409,6	25,4	161,3	596,4	181,6	21,6	203,3	16,2	63,2	79,4	158,3	252,8	1368,1

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.	Téléc.	Terr. N	Terr. S	Terr. E												
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
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

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												
Charges brutes directes	•																		Affectation directe	
		•																	Affectation directe	
			•						•	•	•	•	•	•	•	•	•	•	Heures de maintenance	
				•															Affectation directe	
					•														Heures de maintenance	
						•													Heures de maintenance	
Charges de services partagés	•																		Affectation directe	
		•																	Affectation directe	
			•						•	•	•	•	•	•	•	•	•	•	Heures de maintenance	
				•															Affectation directe	
					•														Heures de maintenance	
						•													Heures de maintenance	
Rendement du fournisseur Centre de services partagés	•																		Affectation directe	
		•																	Affectation directe	
			•						•	•	•	•	•	•	•	•	•	•	Heures de maintenance	
				•															Heures de maintenance	
					•														Heures de maintenance	
						•													Heures de maintenance	
Rendement du fournisseur Hydro-Québec TransÉnergie Télécom. réseau de transport	•																		Affectation directe	
		•																	Affectation directe	
			•						•	•	•	•	•	•	•	•	•	•	Heures de maintenance	
				•															Heures de maintenance	
					•														Heures de maintenance	
						•													Heures de maintenance	

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	Terr. O													
Taxes municipales et scolaires	•																			Affectation directe	
Taxes autres	•							•	•	•	•	•	•	•	•	•	•	•	•	Immo. nettes + actifs incorp. 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	

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 – 2005 allocation of the cost of service of the sub-function *Other Interconnections*

(1) Heading	(2)	(3)	(4)	(5)	(6)	(7)
	Other Interconnections					Total
	HQ-OH	Brascan	HQ-NY	HQ-NE	HQ-NB	
2005 Transmission capacity (MW)						
1						
2 Import	720	330	1 000	1 870	785	4 705
3 Export	1 295	215	2 125	2 305	1 200	7 140
4 Total	2 015	545	3 125	4 175	1 985	11 845
2005 Fixed assets (M\$)						
5	34	8	203	289	88	622
2005 Required revenues (M\$)						
6						
7 Local load	2,6	1,0	14,1	28,0	7,5	53,2
8 Point-to-point	4,7	0,7	29,9	34,5	11,5	81,2
9 Total	7,3	1,7	43,9	62,4	19,1	134,4

Table 10 – 2005 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	78,0	19,1	30,6	127,7	147,9	275,6			0	275,6				271,8	3,8	275,6
2 Departure stations	66,2	15,4	24,6	106,2	119,0	225,3	0,00%	100,00%	0	225,3	98,62%	1,38%	A	222,2	3,1	225,3
3 Connection lines	11,7	3,7	6,0	21,4	28,8	50,3	0,00%	100,00%	0	50,3	98,62%	1,38%	A	49,6	0,7	50,3
4 Network	596,4	109,4	174,8	880,6	845,3	1 725,9			0	1 725,9				1 705,6	20,3	1 725,9
5 Very high voltage	409,6	74,0	118,2	601,9	571,9	1 173,7	0,00%	100,00%	0	1 173,7	98,82%	1,18%	B	1 159,9	13,8	1 173,7
6 450 kV	25,4	9,0	14,4	48,8	69,6	118,5	0,00%	100,00%	0	118,5	98,82%	1,18%	B	117,1	1,4	118,5
7 High voltage	161,3	26,4	42,1	229,8	203,8	433,7	0,00%	100,00%	0	433,7	98,82%	1,18%	B	428,6	5,1	433,7
8 Customer connections	203,3	20,7	33,0	257,0	159,8	416,8			0	416,8				416,8	0,0	416,8
9 Step-down stations	181,6	17,7	28,2	227,5	136,5	364,0	0,00%	100,00%	0	364,0	100,00%	0,00%	C	364,0	0,0	364,0
10 HV customer connections	21,6	3,0	4,8	29,5	23,3	52,7	0,00%	100,00%	0	52,7	100,00%	0,00%	C	52,7	0,0	52,7
11 Interconnections	79,4	9,0	14,5	102,9	69,9	172,8			0	172,8				91,1	81,7	172,8
12 Churchill Falls	16,2	2,2	3,4	21,8	16,6	38,4	0,00%	100,00%	0	38,4	98,82%	1,18%	B	37,9	0,5	38,4
13 Others	63,2	6,9	11,0	81,1	53,3	134,4	0,00%	100,00%	0	134,4	39,57%	60,43%	D	53,2	81,2	134,4
14 Total	957,0	158,3	252,8	1 368,1	1 222,9	2 591,0			0	2 591,0				2 485,2	105,8	2 591,0

† (A) Power portion excluding Churchill Falls: Local load = 28 965 MW, point-to-point Service LT = 405 MW.
 (B) Power portion including Churchill Falls: Local load = 34 060 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