

1 Q. (Summary Report – Additional Cost of Service Information, page 9, lines 8 to 13) It is
2 stated that the forecast power purchase costs include “*the forecast charges to*
3 *Hydro for use of the Labrador-Island Link and the Labrador Transmission Assets for*
4 *2018 and 2019.*” In light of OC2013-043 which prohibits recovery of Muskrat Falls
5 costs until the project is commissioned or near commissioning, has Hydro obtained
6 a legal opinion indicating that recovery of LIL/LTA O&M costs in 2018 and 2019 is
7 allowed? If so, please provide the legal opinion. If not, please provide Hydro’s
8 justification for including these costs for recovery in 2018 and 2019 rates.

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11 A. Hydro believes that this Request for Information was intended to refer to OC2013-
12 343 and responds accordingly.

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14 Any legal opinions prepared for Hydro are solicitor-client privileged and,
15 accordingly, Hydro objects to their production.

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17 Hydro included these costs in the Expected Supply Scenario for developing Test
18 Year revenue requirements as directed by the Board in Order No. P.U. 2(2018). In
19 Hydro’s Deferral Account Scenario, Hydro has not proposed that the Labrador-
20 Island Link (LIL) and the Labrador Transmission Assets (LTA) operating and
21 maintenance costs be recovered in 2018 and 2019 rates. Rather, Hydro has
22 proposed that such costs be treated as deferred regulatory expenses to be charged
23 to the Off-Island Purchases Deferral Account. Please refer to Hydro’s 2017 GRA,
24 Volume 1, page 6.5.