

1 Q. **LAB-NLH-70: Re: LAB-NLH-051**

2

3 **Citation:**

4 For the purpose of the determining the cost of service for customers on the  
5 Labrador Interconnected System, the Labrador Interconnected System does not  
6 include loads on the Labrador-Island Link (LIL) or the Labrador Transmission Assets  
7 (LTA). LIL and LTA are parts of the Muskrat Falls Project and, in accordance with  
8 OC2013-343, the costs associated with those assets are required to be recovered in  
9 Island Interconnected rates. Therefore, any transmitting of energy over LIL and LTA  
10 to the Island will not be reflected in column 5 of Schedule 3.1 E in the Labrador  
11 Interconnected Cost of Service Study, as the load transmitted over LIL and LTA to  
12 the Island will not impact allocation of transmission demand costs on the Labrador  
13 Interconnected system.

14

15 Please indicate whether or not the transmitting of energy over LIL and LTA to the  
16 Island is reflected in column 5 of Schedule 3.1 A in the Island Interconnected Cost of  
17 Service Study.

18

19

20 A. Hydro is proposing that its 2018 and 2019 Test Year revenue requirements, and  
21 resulting rates, reflect the costs of the continued supply of power to the Island  
22 Interconnected System from existing Island generation. Consistent with this  
23 approach, Hydro's 2018 and 2019 Test Year cost of service studies used in the  
24 development of Hydro's rate proposals do not reflect the use of Labrador-Island  
25 Link (LIL) and Labrador Transmission Assets (LTA) in 2018 and 2019.

- 1 Hydro has proposed that the costs associated with using the LIL and the LTA prior to
- 2 full commissioning of the Muskrat Falls Project be included in the Off-Island
- 3 Purchases Deferral Account.