Q. Further to the response to Request for Information CA-NLH-043 and the Edison Electric Institute report, Alternative Regulation for Emerging Utility Challenges: 2015 Update (the "EEI Report"):

Hydro refers to the EEI Report as support of "…the inclusion, in current revenue requirement, of costs related to capital projects that are not yet in service." Specifically, Hydro quotes the EEI Report as stating "Capital cost trackers have been used in lieu of frequent rate cases to obtain CWIP recovery."

However, the EEI Report indicates "Capital cost trackers typically address the accumulating depreciation, return on asset value and taxes that result from capex."

How, in Hydro's view, should the Board treat the fact that Nalcor Energy, the entity that is incurring all costs associated with the Muskrat Falls development and the Labrador Island Link, is not a regulated entity in consideration of Hydro's proposed Off-Island Purchases Deferral Account?[1]

A. In accordance with OC2013-343, regulated ratepayers are responsible for all costs associated with the Muskrat Falls Project. Therefore, Hydro does not consider the party that is initially incurring all costs to be relevant to the discussion of rate mitigation proposals.

[1] See page 6.

Please refer to paragraph 3 on page 59 of the EEI report in CA-NLH-043, Attachment 1, whereby the report concluded that no single approach is right for every situation and regulators may need to make adjustment to reflect new situations that arise.