

1 **Q.** Will any portion of the BST Program costs not included in Hydro's 52.6% be passed on to
2 Hydro's customers through other charges such as, for example, recovery of O&M costs
3 related to the Muskrat Falls project? If yes, please comment on the impact of including
4 these other costs in the economic evaluation of the alternatives. If not, why not?
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7 **A.** In accordance with OC2013-343, Newfoundland and Labrador Hydro ("Hydro") is required
8 to pay all costs related to the Lower Churchill Project.¹ Therefore, subject to rate mitigation
9 impacts, Hydro expects the costs of the Business Systems Transformation Program
10 allocated to the Lower Churchill Project to be included in the charges paid by Hydro's Island
11 Interconnected Customers.
12

13 If Hydro and the Lower Churchill Project each had to acquire and implement their own
14 separate business systems, the duplication of effort would result in higher costs to Hydro's
15 customers than participation in a shared services approach. Hydro believes that the
16 efficiencies resulting from a single program for all Nalcor affiliates will provide a lower
17 overall cost.

¹ Lower Churchill Project includes the Muskrat Falls Generating Station, the Labrador-Island Link, and the Labrador Transmission Assets.