

2018 Capital Budget Application – Revised Information pursuant to Order P.U. 43(2017) –  
Muskrat Falls to Happy Valley Interconnection Project

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- 1 Q. Based on current rates and policies, please disclose:
- 2 a. the total capital cost of the Muskrat Falls to Happy Valley Interconnection;
- 3 b. the amount that data centre customers in Labrador East will have contributed
- 4 to the capital cost of the Muskrat Falls to Happy Valley Interconnection over a
- 5 two year period;
- 6 c. the amount of capital cost that would remain to be paid by other customers if
- 7 the data centre customers are no longer customers in two years;
- 8 d. the rate impact on other customers (residential, general service, industrial)
- 9 should the data centre customers no longer be customers in two years.
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- 12 A. The information requested is as follows:
- 13 a. The current forecast capital cost of the Muskrat Falls to Happy Valley
- 14 Interconnection is approximately \$20.0 million.
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- 16 b. Hydro notes that *current* rates reflect a revenue requirement from Hydro’s 2013
- 17 Amended General Rate Application and therefore, do not collect any amounts
- 18 associated with the Muskrat Falls to Happy Valley Interconnection capital
- 19 project.
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- 21 The Muskrat Falls to Happy Valley Interconnection increases Hydro’s 2019 Test
- 22 Year revenue requirement by approximately \$1.6 million, of which
- 23 approximately \$0.7 million is allocated for recovery from domestic and general
- 24 service customers. Based on current forecast loads, current data centre
- 25 customers would contribute approximately \$60,000 per year towards this
- 26 revenue requirement, or \$120,000 over two years. This “contribution” includes

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1           both depreciation as well as return on the Muskrat Falls to Happy Valley  
2           Interconnection capital asset.

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4           c. Hydro forecasts the net book value of the Muskrat Falls to Happy Valley  
5           Interconnection at the end of 2020 to be approximately \$19.1 million.

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7           d. Assuming forecast customer load requirements and the Labrador  
8           Interconnected System's revenue requirement remains unchanged, except for  
9           the loss of data centre customers, an additional \$60,000 per year in revenue  
10          requirement would need to be collected from the remaining customers on the  
11          Labrador Interconnected System. This would require approximately 0.3% higher  
12          customer rates for domestic and general service customers.