

**2018 Capital Budget Application – Muskrat Falls to Happy Valley Interconnection Project**

1 Q. **Re: Labrador Expansion Study, p. 42 (pdf)**

2 Citation:

3 9 Customer Rate Impacts

4 There is significant uncertainty with respect to specific customer rate  
5 impacts associated with the expansion of the transmission system in  
6 Labrador. As presented in Section 7, the size and timing of customer  
7 requests will have a significant impact on expansion requirements. Further,  
8 the application of the Network Addition Policy has the potential to impact  
9 cost allocations to ensure fairness. It is only by performing a detailed  
10 system impact study in response to a specific customer request that such  
11 rate calculations can be performed.

12

13 For the purposes of this Expansion Study, Figure 6 has been provided as a  
14 basis for the generic calculation of forecast rate impacts for rural and  
15 industrial customers in Labrador as a function of the capital costs of a  
16 transmission system expansion.

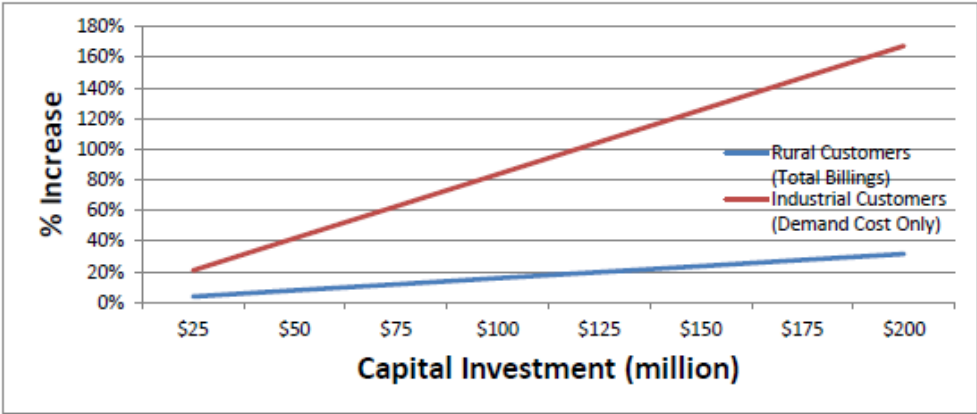


Figure 6: Projected Rate Increase vs. Capital Investment

1 Preamble:

2 Figure 6 suggests a linear relationship between capital investment and rate  
3 increases. However, given that the transmission expansion projects  
4 selected in the study are large and “lumpy”, the relationship between load  
5 increases and rate impacts does not follow a straight line.

6

7 Please present graphs, separately for Labrador East and Labrador West, that  
8 indicate:

9 a) On the x-axis, peak load,

10 b) On the left y-axis, capital expenditures for transmission infrastructure required  
11 to meet the peak load on the x-axis, and

12 c) On the right y-axis, the % rate increase for rural and industrial customers  
13 resulting from those investments.

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16 A. Questions relating to the “Labrador Interconnected System Transmission Expansion  
17 Study” and the “Network Additions Policy,” filed by Newfoundland and Labrador  
18 Hydro on October 31, 2018 and December 14, 2018 respectively, are not relevant  
19 for this proceeding. The Board of Commissioners of Public Utilities has indicated by  
20 letter dated November 20, 2018 and email dated December 20, 2018, both of which  
21 were received by all intervenors, that a separate process will be established in  
22 relation to those two filings.