

1 Q. **Reference: Supply Cost Accounting Application, Evidence page 6 (p. 21 pdf)**

2 Citation:

3 The initial Muskrat Falls generation capital costs are collected by way of Base
4 Block Capital Costs Recovery payments through the Muskrat Falls PPA.¹¹ These
5 payment amounts do not provide for the recovery of operation and
6 maintenance (“O&M”) costs or the investment required for sustaining capital
7 for the assets over the 50-year supply period reflected in the contract.¹² The
8 Muskrat Falls PPA requires Hydro to contribute the funding for the sustaining
9 capital costs for the Muskrat Falls generating facility and the LTA as these costs
10 are not reflected in the Base Block Capital Costs Recovery amounts.

11 Note 12: Schedule 1 of the Muskrat Falls PPA will be updated to reflect the costs
12 as of the in-service date of the Muskrat Falls Project. The Generation
13 Interconnection Agreement (“GIA”) also includes a Schedule 1 providing the
14 original capital cost recovery schedule for charges from LTA to Muskrat Falls
15 Corporation for the LTA. The GIA, Schedule 1 will also be updated to reflect new
16 cost information.

17 a. Please provide a copy of the Generation Interconnection Agreement.

18 b. Please provide Hydro’s most recent estimate of the capital cost recovery schedule for the
19 LTA.

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22 A. a. A copy of the Generation Interconnection Agreement can be found on the Lower Churchill
23 Project website.¹

24 b. Please refer to LAB-NLH-002, Attachment 1 for a schedule of capital cost recovery based on
25 December 2020 estimates for the Labrador Transmissions Assets.

¹ “Generator Interconnection Agreement,” November 29, 2013, <https://muskratfalls.nalcorenergy.com/wp-content/uploads/2013/03/Generator-Interconnection-Agreement_29Nov2013.pdf>

Capital Cost Recovery Schedule for Labrador Transmission Assets
(\$ Millions)

Year	Capital Cost Recovery	PPA/GIA Adjustments	Operating Costs	Sustaining Capital	Revenue Requirement ¹
2021	18.1	-	2	-	20.2
2022	38.8	6.7	7.8	2.7	56
2023	45.8	(0.9)	7.8	2.8	55.6
2024	48.5	(4)	7.5	1.8	53.7
2025	52.2	(2.7)	7.5	-	56.9
2026	55.9	-	7.7	-	63.6
2027	59	-	7.9	-	66.8
2028	62.1	-	8.1	-	70.2
2029	65.3	-	8.3	10	83.6
2030	68.7	-	8.5	-	77.2
2031	74.5	-	8.7	-	83.2
2032	80.4	-	8.9	-	89.4
2033	84.2	-	9.2	-	93.4
2034	88.1	-	9.4	-	97.5
2035	92.1	-	9.6	-	101.8
2036	96.3	-	9.9	-	106.2
2037	100.6	-	10.1	-	110.7
2038	105	-	10.4	0.6	115.9
2039	109.5	-	10.6	17.7	137.9
2040	114.2	-	10.9	9.6	134.7
2041	119	-	11.2	0.6	130.8
2042	124	-	11.5	-	135.5
2043	129.1	-	11.8	-	140.9
2044	135.2	-	12.1	-	147.2
2045	140.3	-	12.4	-	152.6
2046	145.2	-	12.7	3.7	161.6
2047	150.2	-	13	7.2	170.4
2048	155.4	-	13.3	8.6	177.4
2049	160.2	-	13.7	8.9	182.8
2050	163.4	-	14	9.2	186.7
2051	166.7	-	14.4	12.4	193.4
2052	170	-	14.8	19.6	204.4
2053	173.4	-	15.1	11.8	200.3
2054	176.9	-	15.5	13.1	205.5
2055	180.4	-	15.9	13.5	209.8
2056	194.6	-	16.3	12.7	223.6
2057	200.3	-	16.7	13	230
2058	206.2	-	17.1	4.5	227.9
2059	212.2	-	17.6	34	263.8
2060	218.4	-	18	20.7	257.1
2061	224.8	-	18.5	1	244.3

Year	Capital Cost Recovery	PPA/GIA Adjustments	Operating Costs	Sustaining Capital	Revenue Requirement ¹
2062	231.3	-	19	-	250.3
2063	238	-	19.4	-	257.5
2064	244.9	-	19.9	-	264.8
2065	252	-	20.4	-	272.4
2066	259.2	-	21	-	280.2
2067	266.6	-	21.5	-	288.1
2068	274.3	-	22	-	296.3
2069	282.1	-	22.6	69.4	374.1
2070	290.1	-	23.2	-	313.3
2071	223.1	-	17.8	-	240.9

¹ Revenue Requirement net of PPA/GIA Adjustments.