

1 Q. **Reference: Response to Request for Information NP-NLH-019.**

2 The response to Request for Information NP-NLH-019 provides that Item A, the Actual
3 Purchased Power Expense from Muskrat Falls PPA Charges, excludes Generation
4 Interconnection Agreement (“GIA”) Payments. Article B of the GIA defines the LTA payments as
5 including LTA Capital Recovery and Estimated O&M Costs. The GIA defines O&M Costs as
6 including the costs of O&M Activities which include sustaining activities.

7 Please explain whether or not it is intended to exclude LTA Capital Recovery and O&M costs
8 from the operation of the Muskrat Falls Project Cost Variances. If necessary, please provide an
9 updated definition that can be used in the Proposed Supply Cost Variance Deferral Account
10 Definition for “Actual Purchased Power Expense from Muskrat Falls PPA Charges” and “Actual
11 Purchased Power Expense from TFA Charges”.

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14 A. The Labrador Transmission Assets (“LTA”) Capital Cost Recovery and operations and
15 maintenance costs will be included in the operation of the Muskrat Falls Project Cost Variances.

16 The Generator Interconnection Agreement payments referenced in Newfoundland and Labrador
17 Hydro’s (“Hydro”) response to NP-NLH-019 were intended to include payments defined by the
18 LTA Capital Costs Recovery Adjustment¹ and the Muskrat Falls Base Block Capital Costs Recovery
19 Adjustment.² Hydro is required to make additional payments under these terms to the Muskrat
20 Falls Corporation when the LTA Capital Costs Recovery or Base Block Capital Costs Recovery is
21 projected to be insufficient to enable the entity to meet all of its obligations under the
22 applicable financing documents. The funds will be reimbursed to Hydro, including accrued
23 interest, subject to availability of funds and to the provisions of the financing documents. These

¹ “Generator Interconnection Agreement,” Newfoundland and Labrador Hydro and Muskrat Falls Corporation and Labrador Transmission Corporation, November 29, 2013, sch. 1, sec. 4, <https://muskratfalls.nalcorenergy.com/wp-content/uploads/2013/03/Generator-Interconnection-Agreement_29Nov2013.pdf>.

² “Power Purchase Agreement,” Newfoundland and Labrador Hydro and Muskrat Falls Corporation, November 29, 2013, sch. 1, sec. 4, <https://muskratfalls.nalcorenergy.com/wp-content/uploads/2013/03/Power-Purchase-Agreement_29Nov2013.pdf>.

1 transactions will be recorded by Hydro as an affiliate loan and will not affect the expense to be
2 recovered from customers.