

1 Q. **Reference:** Non-Firm Rate Application, page 18

2 Citation:

To reliably meet projected customer non-firm load requirements in the Happy Valley-Goose Bay area, the system needs to be upgraded, which would likely include a new terminal station and new transmission line. On the basis of preliminary estimates, these upgrades could cost in excess of \$17 million. Given the magnitude of these upgrades and the high cost and time frame required to construct them, Hydro is also studying the feasibility of connecting non-firm customers at a location outside the town of Happy Valley-Goose Bay and closer to the Muskrat Falls Terminal Station. The non-firm applicants have been informed of Hydro's approach and are in support of this additional analysis. (underlining added)

3 a) Please explain why Hydro would choose to implement upgrades to its transmission
4 system "to reliably meet projected customer non-firm load requirements". Doesn't the
5 very notion of a non-firm rate imply that there is no commitment to reliable service?
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8 A. a) All assets supplying non-firm service would be maintained to the same level of standards as
9 firm service assets; in many cases these are likely the same assets. Newfoundland and
10 Labrador Hydro ("Hydro") intends to provide reliable service to non-firm customers from
11 the perspective of utility grade asset management programs; however, non-firm service will
12 be curtailed at times when there are system constraints or emergency conditions preventing
13 delivery, per Hydro's response to PUB-NLH-010 of this proceeding.

14 Costs incurred for any upgrades implemented by Hydro to its transmission system that
15 strictly supply non-firm customers would be paid for by non-firm customers. Hydro provided
16 high-level options to the non-firm proponents in Labrador East to offer insight on
17 requirements for providing this service. Labrador East does not have the same transmission
18 infrastructure as does Labrador West and therefore buildout would be required.