

- 1 Q. Schedule 2, Order-in-Council OC2013-343 states that the costs must be included in Hydro's cost
2 of service calculation in any rate application and rate setting process and that the costs should
3 be recovered in full in Island interconnected rates charged to the appropriate customers.
- 4 a) Please confirm that the Order-in-Council allows Hydro to now commence recovery of the
5 total costs of Muskrat Falls and the LTA, not just the portion of the costs that has been
6 proposed.
- 7 b) Does this provision give Hydro the discretion to decide the amount of the costs to be
8 recovered this point in time?
- 9 c) Is it Hydro's position that the Order-in-Council prohibits the Board from changing the
10 amount of the cost recovery proposed by Hydro at this time and, if so, on what basis?
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- 13 A. a) Newfoundland and Labrador Hydro ("Hydro") confirms that the amendment to Order-in-
14 Council OC2013-343 permits Hydro to commence recovery of the total costs incurred under
15 the Muskrat Falls Power Purchase Agreement ("Muskrat Falls PPA") associated with the
16 commissioning of the Muskrat Falls Hydroelectric Generating Facility and the Labrador
17 Transmission Assets.
- 18 b) While Order-in-Council OC2013-343, as amended by Order-in-Council OC2022-120, allows
19 Hydro to commence recovery of the total costs incurred under the Muskrat Falls PPA, it
20 does not stipulate that Hydro must immediately pursue full recovery. The Order-in-Council
21 does not contain any stipulations regarding the timing of the recovery, only that the
22 recovery be "in full" and of all costs without reduction or modification. Provided that the
23 costs are recovered in full, the timing of that recovery is subject to application by Hydro
24 pursuant to reasonable and prudent regulatory principles regarding allocation and timing
25 and method of collection, and related legislative rights and obligations.
- 26 c) Hydro's position is that the Board of Commissioners of Public Utilities ("Board") has the
27 discretion to review Hydro's proposal for recovery of Muskrat Falls Project costs. Although
28 the Order-in-Council stipulates that the recovery be "in full" and of all costs without

1 reduction or modification, as noted in Hydro's response to part b), Hydro believes that the
2 Board would have discretion with respect to Hydro's proposal for partial recovery. However,
3 Hydro's position is that its proposal for partial recovery promotes the principles of rate
4 stability and predictability, intergenerational equity, and regulatory efficiency. Please refer
5 to part a) of Hydro's response to PUB-NLH-009 of this proceeding for more detail.