

1 **Q. At footnote 63 of page 4-29 of the Financial Evidence of the Company stated that. . .**  
2 **“Nor is it certain how export sales from Muskrat Falls will be treated from a cost of**  
3 **service perspective.” Please confirm that the Premier’s mandate letter to the**  
4 **Minister of Natural Resources dated December 14, 2015 directs the Minister to**  
5 **“direct Nalcor to sell surplus power generated from the Muskrat Falls Project and**  
6 **use revenue to mitigate potential increases in electricity rates and ratepayers’ bills.”**

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8 A. It is confirmed.

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10 However, the final costs Nalcor Energy’s Muskrat Falls project and the Labrador-Island  
11 transmission link (collectively, the “Muskrat Falls project”) are uncertain. The degree to  
12 which recoveries from export sales will serve to reduce the costs of the Muskrat Falls  
13 project to be borne by Newfoundland Power’s customers is similarly uncertain.

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15 Newfoundland Power also notes that in preparation for the implementation of customer  
16 rates reflecting the costs of the Muskrat Falls project, Newfoundland and Labrador Hydro  
17 is required to file (i) a marginal cost study; (ii) a cost of service methodology report and;  
18 (iii) a report on the Rate Stabilization Plan and supply cost recovery mechanisms within  
19 the first six months of 2016. Following receipt of these reports, Hydro will be required to  
20 file a generic cost of service hearing.<sup>1</sup>

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22 Please see the response to Request for Information CA-NP-245.

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<sup>1</sup> See the *Newfoundland and Labrador Hydro – Amended General Rate Application – Parties’ Settlement Agreement*, August 21, 2015, Item 23, pages 4-5, filed in relation to Hydro’s *2013 Amended General Rate Application*.