

1 Q. (Reference 2017 GRA Volume I, page 5.4) It is stated (lines 4 to 7) “*Government*
2 *direction (Order in Council (OC) 2013-343) requires near or full commissioning of the*
3 *Muskrat Falls Project prior to Hydro being able to recover from customers the costs*
4 *associated with the Labrador-Island Link (LIL), Labrador Transmission Assets (LTA),*
5 *and Muskrat Falls generation.*” Is it appropriate to separate the Labrador-Island Link
6 from the Muskrat Falls project since customers will benefit from the link through
7 reduced fuel costs as soon as the Link is placed in service and prior to the in-service
8 date for Muskrat Falls generation? Would this not better address the reciprocity
9 requirements discussed on page 5.5 lines 2 to 6, and be more consistent with inter-
10 generational equity concerns discussed on page 5.6. lines 1 to 2? Has Hydro
11 approached the Government in an effort to have OC 2013-343 amended?

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14 A. In Hydro’s view, its proposal in the present Application for the Board to establish a
15 deferral account is consistent with inter-generational equity and is within the
16 Board’s ratemaking powers to order. Further, because Hydro will not be recovering
17 amounts in rates from customers with respect to these assets until after the
18 commissioning of the Muskrat Falls generating station project, Hydro believes that
19 its proposal is not contrary to OC2013-343. In Hydro’s view, its proposal for a
20 deferral account does not pose problems with respect to open access or reciprocity.

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22 Hydro has had discussions with government with respect to OC2013-343.