

1 Q. (Summary Report – Additional Cost of Service Information, page 9, lines 8 to 13) It is
2 stated that the forecast power purchase costs include “*the forecast charges to*
3 *Hydro for use of the Labrador-Island Link and the Labrador Transmission Assets for*
4 *2018 and 2019.*” Are the charges included for the Labrador-Island Link and the
5 Labrador Transmission Assets applied in a manner that is consistent with the open
6 access transmission tariff filing? Please explain.

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9 A. The forecast charges to Hydro for use of the Labrador-Island Link (LIL) and the
10 Labrador Transmission Assets (LTA) for 2018 and 2019 are reflected in Hydro’s Test
11 Year revenue requirements under the Expected Supply Scenario. The transmission
12 tariff is based on Hydro’s Test Year costs of its 230 kV common transmission assets
13 and the operating and maintenance charges for use of the LIL and the LTA.

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15 Hydro, as a transmission customer, will pay the approved transmission tariff to the
16 Newfoundland and Labrador System Operator (NLSO), which includes the costs of
17 the LIL and the LTA when Hydro begins to receive service over the LIL.¹ However,
18 Hydro, as a transmission provider, will receive a credit for its tariff payments which
19 ensures Hydro’s customers are not required to pay twice for transmission costs.

20 This approach is consistent with the open-access transmission tariff filing.

¹ Hydro’s native load customers, including Newfoundland Power, are not required to pay the published transmission tariff to the NLSO. Transmission-related costs are recovered through Hydro’s approved Schedule of Rates, Rules and Regulations.