

1 **Q. With reference to page 15 lines 21 through page 16 line 5 of the Pre-Filed**
2 **Evidence of C. Douglas Bowman (August 5, 2019), in Mr. Bowman's view**
3 **would it be reasonable to consider functionalizing the LTA to transmission if**
4 **it is transferring power in both directions?**
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7 **A.** It would be reasonable to consider functionalizing the LTA as network transmission
8 when it is providing benefits to many customers, rather than only a few customers;
9 i.e., Muskrat Falls generation, and perhaps, Churchill Falls generation. The LIL and
10 LTA transmission assets were constructed to evacuate power produced by Muskrat
11 Falls generation enabling transport of this power to the market via the transmission
12 network. It would not be possible to transport Muskrat Falls generation to the market
13 in the absence of the LIL and LTA transmission assets. If Muskrat Falls generation
14 were not part of the Muskrat Falls project, the LIL and LTA assets would provide
15 very little benefit to consumers and would not have been constructed because the
16 benefits, if any, would not have justified the costs. When a generator is removed
17 from service, the generator lead provides little or no value to customers. On the
18 other hand, when a generator is removed from service, a transmission network
19 facility continues to provide value, and in fact its value may increase because it
20 enables re-dispatch of generation to supply the load. Mr. Bowman believes that cost
21 causation is best reflected by basing the cost of service study inputs on why the
22 assets were committed for construction and how they will *predominantly* be
23 operated. Actual or forecast operation of facilities should be reflected in the cost of
24 service study rather than “*possible*” operating patterns, or operating patterns that are
25 expected to rarely occur. The LTA and LIL transmission assets will predominantly
26 be operated to deliver Muskrat Falls generation to the Island Interconnected System.
27 They benefit only Muskrat Falls generation, and to a lesser extent, Churchill Falls
28 generation. For this reason, Mr. Bowman supports Hydro’s proposal that the LIL
29 and LTA assets be considered part of Muskrat Falls generation and treated on the
30 same basis with functionalization as generation and classification using the
31 equivalent peaker approach.