
1 Q. At page 1 of Schedule 1 of the 2018 COS Methodology Review Report, lines 6-9, it is noted
2 that “upon commissioning of the Muskrat Falls Project, supply cost payments to cover the
3 cost of transmission and generation assets will commence under the Transmission Funding
4 Agreement (“TFA”) and Muskrat Falls Power Purchase Agreement (“PPA”)”

5

6 Please provide details of how the COS study relies on these facts, including the approximate
7 relative share of the “supply cost payments” noted by Hydro as either fixed or variable.

8

9

10 A. The Muskrat Falls Project Transmission Funding Agreement and the Power Purchase
11 Agreement require Newfoundland and Labrador Hydro to make supply cost payments
12 during the life of the contracts. The forecast payments included in the Cost of Service study
13 equal the payments by entity as provided in LAB-NLH-021. These costs are effectively fixed
14 in nature with some expected variability in annual operations and maintenance costs.