

1 Q. **Reference: 2018 Cost of Service Methodology Review Report, Appendix A, Cost of Service**
2 **Methodology Review, Christensen Associates Energy Consulting (CAEC), Nov. 15, 2018,**
3 **page 30 (86 pdf)**

4
5 Citation:

6 Marginal cost-based allocation can be used in the Labrador Interconnected system
7 as well, following the Muskrat Falls in-service date. This would require that
8 projections of marginal cost for Labrador be developed, presumably based on a
9 process similar to that used for the Island Interconnected system.

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11 Please elaborate on the implications for Labrador rates if marginal cost-based allocation
12 were used.

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15 A. This response has been provided by Christensen Associates Energy Consulting.

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17 Christensen Associates Energy Consulting has not developed marginal costs or a marginal
18 cost-based cost allocation for Labrador, and thus does not have an evidentiary basis for
19 describing the cost allocative or rates implications of such analysis.