

1 **Q: Order in Council OC2013-343 requires that the cost of supply from the**
2 **Muskrat Falls Project (including the LIL and the LTA) be recovered in full**
3 **through Island Interconnected rates charged to the appropriate classes of**
4 **ratepayers. In Brattle's view, what implications does OC2013-343 have with**
5 **regards to Hydro's Cost of Service and the inclusion of costs of the LIL and**
6 **LTA in Hydro's Open Access Transmission Tariff?**
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8 A. First, the cost of service studies aims at assigning costs to rate classes on the basis
9 of cost causality. How that cost of service is translated into rates is not an issue that
10 Brattle has been asked to opine on. The cost of service only binds the rate designer
11 to a particular rate design and level to the extent that the rate designer hews to the
12 principle of cost causality in the rate design. Second, our recommendation for
13 including the LIL and LTA in Hydro's OATT results from the practice for most
14 utilities and for all ISOs/RTOs in the U.S. that lines of their size and type are
15 inherently part of the transmission system. See also our responses to NP-PUB-009
16 and LAB-PUB-001.