

1 Q. **Re: LWHN-NLH-006**

2 The RFI asked if, for new mining developments in Labrador, “all the incremental
3 capital cost to the system [will] be paid by these new users”. The response quotes a
4 Government Backgrounder to state: “transmission service and rates would be fully
5 regulated by the PUB beginning in 2015 based on the cost of service principles
6 currently in use of the Island.”

7 Do the cost of service principles currently in use on the Island require that new
8 industrial customers pay all the incremental capital cost of transmission
9 infrastructure required to provide service?

10 More generally, please describe the Board’s approach to costs related to
11 transmission upgrades required to service new industrial customers, making
12 reference to Board decisions as appropriate.

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15 A. The Cost of Service principles currently in use require that new Industrial Customers
16 pay costs of assets which are of benefit to only that customer. Board Order No.
17 P.U. 7(2002-2003), pages 110-113 discusses common costs versus specifically
18 assigned costs. In footnote 13, on page 110 of that Order, the Board states:

19 *Specifically assigned costs are costs associated with services or*
20 *products that are of benefit to a single customer or class of customers.*
21 *This implies that the facilities can be considered entirely apart from the*
22 *integrated system. Costs associated with services or products that are*
23 *of joint benefit to all customers or classes of customers are referred to*
24 *as common costs.*