

1 Q. **Lab West**

2 **IN-NLH-046, Att. 1 and IN-NLH-046, Att. 1, Rev. 1**

3 Please explain the following modifications between the original and revised
4 versions of the Attachment:

5 • 2016, Labrador Interconnected:

6 o Addition of Lab West Transmission Project (\$328 million)

7 o Changes to "Purchase Misc Tools and Equipment" — increase of 200%

8 • 2017, Labrador Isolated:

9 o Addition Load Growth — Lab South Interconnection (\$13.4 million) —
10 deferred from 2016 in original. Please provide details regarding this
11 project;

12 • 2018, Labrador Isolated:

13 o PHS New Mega Diesel Plant (\$14.8 million), deferred from 2017 in
14 original;

15 Please provide details regarding this project.

16

17

18 A. The modifications between the original and revised versions of the Attachment are
19 as follows:

20

21 2016, Labrador Interconnected:

22 • **The addition of the Labrador West Transmission Project (\$328 million)**

23 In 2014, the Provincial Government directed Hydro to proceed with the
24 construction of the third transmission line in Labrador to help supply power for
25 planned new developments in Labrador West, such as Alderon's Kami Iron Ore
26 Project, and improve reliability for all customers in the region. It is noted that

work on this project is presently suspended until the completion of Alderon's financing plan.

- **Purchase miscellaneous tools and equipment – increase of 200%**

While the increase of 200% is large, the increase from \$43,200 to \$151,500 in miscellaneous tools and equipment is relatively small in relation to Hydro's five-year capital plan, which averages approximately \$200,000,000 annually. For budget items such as tools and equipment, it is not unusual to see refinements to estimates, which were, at one time, two to four years into the future, and are now next year's budget.

2017 and 2018, Labrador Isolated:

- **The Labrador South Interconnection (\$13.4 million)**

This is a project to connect the isolated power systems of Port Hope Simpson, Mary's Harbour, Charlottetown and St. Lewis to each other. This will allow generation resources and reserve to be shared among the four systems, eventually leading to less generation assets having to be maintained.

- **Port Hope Simpson (PHS) New Mega Diesel Plant (\$14.8 million)**

In conjunction with the Labrador South Interconnection project, options other than the existing four diesel plants on four separate systems to provide power to the interconnected system are under consideration. These include building a large diesel plant at Port Hope Simpson or possibly developing one or two small hydroelectric sites in the area.

Both of these projects have been deferred as the studies on the alternatives have not yet been completed.