

1 Q. **Re: IN-NLH-274**

2 The table indicates that, were there to be rate adjustments in each year, the
3 projected annual rate changes for 2016 and 2017 for the Labrador Interconnected
4 System would be 5% and 11%, respectively.

5 Please indicate what these percentages would be if work on the Labrador West
6 Transmission Project were to recommence immediately, with a hypothetical in-
7 service date in 2017.

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9 A. In 2014, the Provincial Government directed Hydro to proceed with the
10 construction of the third transmission line in Labrador to help supply power for
11 planned new developments in Labrador West, such as Alderon's Kami Iron Ore
12 Project, and improve reliability for all customers in the region. Subsequently work
13 on this project was suspended until the completion of Alderon's financing plan,
14 which remains outstanding. Given the current suspension of work on this project, at
15 this time, Hydro has excluded this significant expenditure from its 2016 and 2017
16 estimates filed in Hydro's response to IN-NLH-274.

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18 Given that Hydro's Amended Application is based on a 2015 Test Year, Hydro
19 believes this present Request for Information that hypothesizes work on the
20 Labrador West Transmission Project recommencing immediately, with a
21 hypothetical in-service date in 2017, is not necessary for an understanding of the
22 present matters before the Board. Given the materiality of the capital expenditure
23 for this project, the cost allocation would be subject to a review by the Board in
24 determining the cost sharing approach among customers. Approval of the
25 allocation of costs on the Labrador Interconnected system is within the Board's
26 jurisdiction. Hydro is not presently in a position to propose alternatives to the
27 Board on this matter.