

1 Q. If there are new mining developments in Labrador and if their construction or
2 operation uses the Labrador Interconnected System then will all the incremental
3 capital cost to the system be paid by these new users? What will NL Hydro's policies
4 be in this regard?

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7 A. Please see Hydro's response to LWHN-NLH-007 which contains a Government of
8 Newfoundland and Labrador News Release and Backgrounder. The Backgrounder
9 contains this passage:

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11 *In addition to charges for generation, industrial customers will pay an additional*
12 *amount based on the costs of required transmission. Under the recommended*
13 *policy, transmission service and rates would be fully regulated by the PUB*
14 *beginning in 2015 based on the cost of service principles currently in use on the*
15 *Island. Transmission owners would be entitled to recover costs and collect a rate*
16 *of return on their assets in Labrador.*