

1 Q. Please explain why the cost of this generation should be borne by ratepayers now  
2 instead of being a capital expenditure of the thermal component to the Labrador  
3 Infeed Option.

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6 A. This generating project is not being built as part of the Labrador Infeed Option;  
7 rather it is being built as a component of Hydro's generation portfolio to meet  
8 customers' needs both before and after the Labrador Infeed comes into service and  
9 would have been constructed in either the Island Isolated or Labrador Infeed  
10 Option cases. This generating asset will give reliability and system security benefits  
11 to customers immediately upon commissioning and therefore it would be  
12 inappropriate to delay the recovery of costs until a later time.