

1 Q. In the supplemental projects in reference to the Labrador West transmission
2 project for the construction of the third transmission line in Labrador, the Applicant
3 states that all project costs incurred to date are covered by the security Alderon has
4 already provided and that construction will proceed through additional funding to
5 be secured.

6 (a) Is there a time limit on the 2014 approval re this Labrador West
7 transmission line?

8 (b) What is the form of security Alderon has provided and what is the value of
9 that security. How is that security held and with whom? Has Alderon
10 requested a return of that security?

11 (c) What is the amount that Alderon will pay based on a \$329,592,000 cost?

12 (d) How will cost overruns be handled?

13 (e) How many megawatts will Alderon require?

14 (f) Where will the power to supply Alderon come from?

15 (g) Will Alderon pay completely for this transmission line?

16 (h) How will the net costs be recovered from ratepayers in future rate setting?

17 (i) What percentage of the cost will be attributed to Alderon?

18 (j) What costs will be attributed to Labrador ratepayers?

19 (k) What costs will be attributed to ratepayers on the island?
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22 A. (a) Hydro was made exempt from the Board's jurisdiction with regard to the
23 approval of the construction of this project by O.C. 2014-033. There is no time limit
24 expressed in the Order in Council; however, construction has ceased and there are
25 no present plans to build this line.

1 (b) Pursuant to the terms of a Security Agreement, Kami Mine LP¹ agreed to
2 provide letters of credit, in tranches that would, in aggregate, total \$65 million as
3 the project progressed. To the time that construction ceased, Kami Mine LP had
4 provided the first tranche under that letter of credit in the amount of \$21 million.
5 Kami Mine LP had requested return of the letter of credit, which became the
6 subject of a dispute that has been resolved.

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8 (c) Subject to the terms of a Settlement Agreement for resolution of the
9 dispute, Kami Mine LP will pay \$9.5 million to reimburse Hydro for expenses
10 incurred on transmission line design and construction prior to the suspension of the
11 project.

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13 (d) The issue of treatment of cost overruns is moot since there are no present
14 plans to resume construction.

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16 (e) Kami Mine LP's anticipated load was 63 MW.

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18 (f) Essentially all power and energy used in the Labrador Interconnected
19 System is generated by, and purchased by Hydro from, Churchill Falls (Labrador)
20 Corporation Limited. The power for this supply would also have come from this
21 supply source.

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23 (g) Please see the response to CA-NLH-001 (c), above.

¹ This is the correct name of the party involved in this matter. Alderon is one of the partners.

1 (h) Under the Security Agreement, if Kami Mine had, within a specified a period
2 of time, commenced mining operations, the letter of security was to be returned. If
3 the transmission line had been constructed, under usual practice in this jurisdiction
4 the costs of the line would then be expected to be collected through customer rates
5 from all Labrador Interconnected customers. However, as the line has not been
6 constructed, the issue of cost recovery has not come before the Board for a
7 determination.

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9 (i) Please see the response to CA-NLH-001 (c), above.

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11 (j) Please see the responses to CA-NLH-001 (c) and (h), above.

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13 (k) Please see the responses to CA-NLH-001 (c) and (h), above.