

1 Q. With respect to the Muskrat Falls project:

2 a) What is the actual/forecast in-service date for each component of the Muskrat Falls project?

3 b) What is the most recent cost estimate for the Muskrat Falls project?

4 c) What is the latest information concerning government rate mitigation?

5 d) What is the average rate on the Island System assumed in Hydro's load forecast and what is
6 the basis for this assumption?

7 e) Has Hydro considered a load forecast scenario without government rate mitigation, and if
8 so, how is the load forecast impacted?

9 f) When does Hydro expect to file its next GRA?

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12 A. a) As previously communicated to the Board of Commissioners of Public Utilities ("Board"), the
13 Muskrat Falls Hydroelectric Generating Facility is considered commissioned. Pursuant to
14 commercial and financial agreements, Newfoundland and Labrador Hydro ("Hydro") was
15 required to commence payments under the Muskrat Falls Power Purchase Agreement on
16 November 25, 2021.¹

17 As reported in the latest update to the Board,² the Final Commissioning of the Labrador-
18 Island Link ("LIL") will be delayed until the remaining high-power tests can be successfully
19 performed. GE Canada ("GE") has advised that it is working to release a new version of the
20 software and complete high-power testing in the first quarter of 2023. Hydro is working
21 with GE to plan for the completion of the high-power tests required for Final
22 Commissioning.

¹ "Muskrat Falls Project Asset Update," Newfoundland and Labrador Hydro, November 29, 2021.

² "Reliability and Resource Adequacy Study Review – Labrador-Island Link Monthly Update – January 2023," Newfoundland and Labrador Hydro, February 2, 2023.

- 1 Confirmation of acceptance of Final Commissioning requirements are being worked with
2 financing partners, including the Government of Canada.
- 3 **b)** As shared in the project cost update,³ the forecasted total project cost for the Lower
4 Churchill Project is \$13.37 billion CDN.
- 5 **c)** The finalization of the \$1 billion federal loan guarantee and capital restructuring for the
6 Muskrat Falls and Labrador Transmission Assets was announced by Hydro on
7 March 31, 2022.⁴ Hydro is meeting with government on an ongoing basis regarding the
8 development and finalization of the rate mitigation plan. The outstanding actions related to
9 the finalization of the details of the rate mitigation plan include confirmation of the
10 mechanism by which rate mitigation will be provided to customers and confirmation of the
11 amount and timing of those payments by the government to Hydro.
- 12 **d)** Please refer to Hydro’s response to PUB-NLH-236 of this proceeding.
- 13 **e)** No, Hydro has not considered utilizing a load forecast in system planning without reflecting
14 the provision of rate mitigation by the provincial government.
- 15 **f)** As communicated in the most recent update to the Board, the timeline for filing Hydro’s
16 next general rate application (“GRA”) is unknown at this time.
- 17 Hydro estimates that it would require approximately nine months to prepare its next GRA.
18 With the restructuring of the Muskrat Falls and Labrador Transmission Assets now finalized,⁵
19 this timeline would begin once Hydro has certainty related to the commissioning of the LIL
20 and the finalization of the details of the government’s rate mitigation plan.

³ News Release: “Project Cost Updated as Progress as Made on the Labrador Island Link,” Newfoundland and Labrador Hydro, June 17, 2022,

<<https://nlhydro.com/news-release-project-cost-updated-as-progress-is-made-on-the-labrador-island-link/>>.

⁴ “Financial Restructuring Agreement for the Third Federal Loan Guarantee and LIL Investment Finalized,” Newfoundland and Labrador Hydro, March 31, 2022,

<<https://nlhydro.com/financial-restructuring-agreement-for-third-federal-loan-guarantee-and-lil-investment-finalized/>>.

⁵ Ibid.