

1 Q. On page 9 of Schedule 1: Evidence of the Application Hydro notes that “Hydro will pay for
2 sustaining capital under the TFA through its monthly bill payments which will include
3 depreciation and financing costs associated with the sustaining capital.”

4 What are the “financing” costs Hydro referred to? Do they include return on equity and cost of
5 debt?

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8 A. Under the Transmission Funding Agreement, the sustaining capital is financed by the Labrador-
9 Island Link Operating Corporation, and the costs billed to Newfoundland and Labrador Hydro
10 includes financing costs incurred by the Labrador-Island Link Operating Corporation. It is
11 confirmed that the financing costs with respect to sustaining capital include a return on equity
12 and the cost of debt for the asset owner.