

1 Q. **Reference: Appendix D – Summary of Proposed Regulatory Accounting for Muskrat Falls**
2 **Project Charges**

3 The definition of the proposed Sustaining Capital Deferral Account includes Hydro’s funding of
4 sustaining capital for the Muskrat Falls Plant and the LTA. In Appendix D, page 1 of 2, included in
5 the Muskrat Falls PPA O&M costs, there are descriptions of the regulatory mechanisms for the
6 Muskrat Falls Plant sustaining capital costs and the LTA sustaining costs. The description of the
7 mechanisms appears to be different. Please explain the difference between the two descriptions
8 provided in the table and whether these costs will be treated differently for regulatory
9 purposes.

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12 A. While the description of Muskrat Falls and Labrador Transmission Assets (“LTA”) sustaining
13 capital differ in Appendix D, the mechanisms for the treatment of Muskrat Falls and LTA
14 sustaining capital costs are intended to operate in the same manner. The costs will be
15 transferred to a deferral account for which the disposition will be subject to approval of the
16 Board of Commissioners of Public Utilities. Newfoundland and Labrador Hydro will present
17 evidence in its next general rate application supporting a proposal to treat the Muskrat Falls
18 Power Purchase Agreement sustaining capital consistent with its own property, plant and
19 equipment.

20 The sustaining capital for both the Muskrat Falls Plant and LTA are proposed to be included in
21 the same deferral account, as provided in the application.¹

¹ “Supply Cost Accounting Application,” Newfoundland and Labrador Hydro, July 29, 2021, sch. 1, app. C, p. 1 of 1.