

1 Q. Further to response to Request for Information NP-NLH-120:

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3 Please explain whether the Interconnection Costs for 2017F, 2018T and 2019T are
4 primarily related to importing electricity from off-island sources and, if so, whether
5 it is appropriate to defer these costs through the *Off-Island Purchases Deferral*
6 *Account*. Please consider any revisions resulting from NP-NLH-209 in this response.

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9 A. The interconnection costs provided in Hydro's response to NP-NLH-120 for the 2017
10 Forecast, and the 2018 and 2019 Test Years, are not primarily related to importing
11 electricity from off-island sources. These costs are required to be incurred in
12 preparation for long-term interconnection with the North American grid. Please
13 refer to footnotes 2, 3, and 4 in Hydro's response to NP-NLH-120.

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15 Hydro sees no benefit from deferring these costs through the Off-Island Purchases
16 Deferral Account. These costs are not directly related to off-island purchases and
17 deferring these costs would only reduce the net savings available to provide rate
18 mitigation for the Muskrat Falls Project.