

1 Q. **Off Island Purchases**

2 Page 1.10, lines 19-26 – Explain how the proposed recovery of transmission costs
3 through the proposed deferral account is consistent with OC2013-343 which states
4 that costs are not to be recovered until “the project is commissioned or near
5 commissioning” and Hydro is ‘receiving services from such project”. In the response
6 provide Hydro’s interpretation of “commissioned”, “near commissioning”,
7 “receiving services” and “project”.

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10 A. The recovery of transmission costs through the deferral account is consistent with
11 OC2013-343. That Order in Council prohibits the recovery of costs from the
12 transmission facilities of the Labrador Transmission Assets (LTA) or from the
13 Labrador-Island Link (LIL), each of which is a named project, until such time as each
14 of those projects is commissioned or nearing commissioning. Hydro proposes to use
15 these transmission facilities for the purposes of gaining access to the recapture
16 energy and other off-island sources of energy. This transmission will require
17 significant transmission loading, but it will be at loads which are less than the full
18 loads anticipated upon the commissioning of the Muskrat Falls Generation Project.
19 This transmission service will take place during the transmission facilities’
20 commissioning stage (while they are “nearing commissioning”) and these
21 transmission facilities will be used to transmit energy economically to the island,
22 thereby Hydro will be receiving services from these transmission projects.

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24 Hydro believes that its proposal is not contrary to OC2013-343 because Hydro will
25 not be recovering amounts in rates from customers with respect to these assets
26 until after commissioning of the Muskrat Falls generating station project.