

Q. [Response to Request for Information NP-NLH-402] Hydro has stated that the marginal costs of supply for the Labrador interconnected system will be similar to the marginal costs of supply for the Island interconnected system once the Labrador-Island interconnection is complete. Does Dr. Feehan agree with Hydro's assessment? Please explain your reasoning in detail.

9 A. My report deals with the allocation of the rural deficit, which is unrelated to the marginal cost of
10 power in the Labrador Interconnected System and in the Island Interconnected System. I have
11 not examined the issue of the marginal cost of power nor Hydro's marginal cost methodology. I
12 do note that the Muskrat Falls project, which will result in the interconnection of the two systems,
13 will not be completed until June 2018 according to Nalcor's current schedule.