

1 Q. **Reference: Application, Holyrood Thermal Generating Station Overview, page 14**

2 It is stated *"Decommissioning costs are not included in the capital plan and are assumed to be*  
3 *funded by an Asset Retirement Obligation ("ARO") budget."* Please elaborate on the ARO  
4 budget and how it is funded.

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7 A. A study on the Holyrood Thermal Generating Station Asset Retirement Obligation ("ARO") was  
8 completed in 2016 and revised in December 2023 to provide updated estimates of the asset  
9 decommissioning costs and cashflows. If it is possible to estimate the fair value of the cost of  
10 removing the assets at the time the ARO is identified, a decommissioning liability for those  
11 assets is recognized. The original and revised studies were used to estimate the timing and  
12 cashflows used to calculate the decommissioning liability and the ARO recorded in  
13 Newfoundland and Labrador Hydro's ("Hydro") financial records. Each year the ARO is reviewed  
14 to reflect current year dollars as well as any known cashflow changes. With regard to how the  
15 ARO is funded; the costs associated with the ARO are included in Hydro's revenue requirement  
16 as part of its general rate application.