Q. **Reference: Volume 1, table 4-4, page 4.10**

Hydro provides (table 4-4) a table which summarizes the sub-components of the Labrador Transmission Assets Payments from 2024 Actual to the 2027 Test Year - with the LTA Capital Costs Recovery representing approximately 80% ($39.7 M/$49.4 M) of the total costs for the 2027 Test Year. Hydro states (lines 3 to 4 of page 4.10) "The Labrador Transmission Assets Payments ensure the full recovery of the Labrador Transmission Assets from Muskrat Falls Corporation under the Generator Interconnection Agreement…"

a) Provide the calculations of the LTA Capital Costs Recovery that were used to derive the amounts for 2024 Actual to the 2027 Test Year in table 4-4.

b) Extend table 4-4 to include 2028 Forecast to 2030 Forecast and provide the calculations of the LTA Capital Costs Recovery to derive the forecast amounts.

A. **a)** The calculation of the Labrador Transmission Assets ("LTA") Capital Costs Recovery for 2024–2027 is presented in Table 1.

Table 1: LTA Capital Costs Recovery 2024–2027

	2024 Actual	**2025 Actual**	**2026 Forecast**	**2027 Test Year**
LTA Supply Price ($/GWh)	16,164.14	16,487.43	16,817.17	17,153.52
GWh for Operating Year	2,024	2,132	2,241	2,317
LTA Capital Cost Recovery ($ Millions)	**32.7**	**35.2**	**37.7**	**39.7**

The LTA Supply Price is a derived price that allows for an 8.4% rate of return on equity used to fund the development costs of the LTA up to the original budget at sanction, and a 3.0% rate of return on equity used to fund development costs of the LTA in excess of the original budget.

The GWh used to calculate the LTA Capital Cost Recovery is the Base Block Energy from Schedule 2 of the Muskrat Falls Power Purchase Agreement.

b) Table 4-4 extended to include the 2028–2030 forecast is presented in Table 2.

Table 2: LTA Payments 2024–2030 ($ Millions)[1]

	2024 Actual	2025 Actual	2026 Forecast	2027 Test Year	2028 Forecast	2029 Forecast	2030 Forecast
LTA Capital Cost Recovery	**32.7**	**35.2**	**37.7**	**39.7**	**41.9**	**44.0**	**46.7**
Other Costs							
Operating Costs	4.9	5.5	6.6	6.3	6.6	6.8	6.9
LTA Sustaining Capital Costs	10.5	4.3	15.3	3.2	2.8	1.2	0.7
Other	(0.1)	-	0.1	0.2	0.1	0.1	0.1
Total Other Costs	**15.3**	**9.8**	**22.0**	**9.7**	**9.5**	**8.2**	**7.8**
Total LTA Payments	**48.0**	**45.0**	**59.7**	**49.4**	**51.4**	**52.2**	**54.5**

The calculation of the LTA Capital Cost Recovery for 2028–2030 is presented in Table 3.

Table 3: LTA Capital Cost Recovery 2028–2030

	2028 Forecast	2029 Forecast	2030 Forecast
LTA Supply Price ($/GWh)	17,496.59	17,846.52	18,203.45
GWh for Operating Year	2,392	2,468	2,544
LTA Capital Cost Recovery ($ Millions)	41.9	44.0	46.3
LTA Capital Cost Recovery Adjustment Interest ($ Millions)[2]	-	-	0.4
Total LTA Capital Cost Recovery ($ Millions)	**41.9**	**44.0**	**46.7**

[1] Numbers may not add due to rounding.
[2] The LTA Capital Cost Recovery Adjustment is an adjustment applied monthly, as required, to allow Labrador Transmission Corporation to meet its debt servicing obligations for that month. The LTA Capital Cost Recovery Adjustment accrues interest at a rate equal to Newfoundland and Labrador Hydro's ("Hydro") prevailing regulated weighted average cost of capital. The LTA Capital Cost Recovery Adjustment is recorded as a related party receivable by Hydro and is not included as part of the Muskrat Falls supply costs. Muskrat Falls will reimburse Hydro for the LTA Capital Cost Recovery Adjustment as funds are available.