Q. **Reference: Volume 1, table 5-5, page 5.7**

Hydro provides (table 5-5) a table which compares components of other revenue requirement adjustments for the 2019 Test Year and 2027 Test Year. Hydro states (lines 3 to 10) "…other adjustments… increased by approximately $57.7 million in comparison to the 2019 Test Year...the primary driver of the increase is net export revenue of $40.2 million…also contributing to the variance is an increase in transmission tariff revenue of $18.3 million…involves payment of a "point-to-point" transmission tariff by the transmission customer."

a) Explain who the transmission customer is that pays transmission tariff revenues to Hydro.

b) Extend table 5-5 to include 2028 Forecast to 2030 Forecast of other adjustments and comment on the reasons for changes in projected other adjustments.

A. **a)** The $18.3 million transmission tariff revenue included in the 2027 Test Year relates to point-to-point transmission service provided to Nalcor Energy Marketing Corporation ("Energy Marketing"). To export energy from the Muskrat Falls generation assets over the Maritime Link, Energy Marketing is required to obtain transmission service from the Newfoundland and Labrador System Operator ("NLSO") over Newfoundland and Labrador Hydro's ("Hydro") transmission system. As the transmission customer, Energy Marketing pays point-to-point transmission tariff charges to the NLSO. Given the tariff is related to Hydro's transmission on the Island Interconnected System, the tariffs are included in Hydro's transmission tariff revenues. The transmission rates were approved on an interim basis in Board of Commissioners of Public Utilities ("Board") Order No. P.U. 3(2018) pursuant to Order in Council OC2017-380. Amendments to the pro-forma Transmission Service Agreements, the Newfoundland and Labrador Transmission Policies and Procedures, and the Transmission Rates and Rates Methodology were approved in Board Order No. P.U. 3(2021) with further approval in Board Order No. P.U. 11(2023) to implement interim post-commissioning rates for the Labrador-Island Link and Labrador Transmission Assets, effective May 1, 2023.

b) Please refer to Table 1 for Table 5-5 from Hydro's 2026 General Rate Application, extended to include 2028–2030 Forecast.

Table 1: Other Adjustments 2019TY, 2027TY, 2028F–2030F ($ Millions) [1,2,3,4]

	2019TY	2027TY	2028F	2029F	2030F
CIAC Revenue	(1.8)	(2.3)	(2.3)	(2.3)	(2.3)
Other Revenue	(2.1)	(3.4)	(3.4)	(3.4)	(3.4)
Transmission Tariff Revenue	-	(18.3)	(19.5)	(19.7)	(19.9)
Net Export Revenue	-	(40.2)	(43.5)	(34.6)	(29.7)
Capital Asset Cost of Service Exclusions	(3.1)	(0.4)	(0.4)	(0.4)	(0.4)
Total Other Adjustments	**(7.0)**	**(64.7)**	**(69.1)**	**(60.4)**	**(55.7)**

The decrease in the 2029 and 2030 Forecasts from the 2027 Test Year and 2028 Forecast is due to a decrease in Net Export Revenue, primarily resulting from a decrease in revenue associated with monetized NLH Deferred Energy due to lower price and volume. Please refer to Hydro's response to CA-NLH-043 of this proceeding for further information on forecast monetized NLH Deferred Energy.

[1] Forecast balances are estimates at a point in time; actual results may differ.
[2] Forecast 2028–2030 excludes the impact of any variance deferral mechanisms.
[3] CIAC Revenue, Other Revenue, and Capital Asset Cost of Service Exclusions not forecast for 2028-2030 for the purpose of this analysis due to the materiality of the balances, assumed to be consistent with the 2027 Test Year.
[4] Numbers may not add due to rounding.