

1 Q. **Reference: PUB-NLH-061; Specifically Assigned Assets Report**

2 For each existing Island Industrial customer, please identify the remaining unrecovered capital
3 cost associated with specifically assigned plant and identify the amount that would be
4 recoverable through applicable liquidated-damages, termination or other contractual provisions
5 if the customer permanently ceased operations. As part of the response, please also identify any
6 residual unrecovered specifically assigned cost that could remain following application of those
7 provisions and explain how Hydro would propose to recover that amount.

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10 A. Newfoundland and Labrador Hydro's ("Hydro") remaining unrecovered capital cost for
11 specifically assigned plant is represented by the applicable assets' net book value, adjusted for
12 any customer contributions in aid of construction. The average net book value forecast to be
13 outstanding at the end of 2027 is approximately \$2.9 million.¹ This amount will continue to
14 decrease since customer contributions are now required in advance for applicable Island
15 Industrial assets. The exact amount to be recoverable through liquidated damages depends on
16 the timing of such an event and salvage proceeds, if applicable.

17 The amount payable upon the specified abandonment, bankruptcy or liquidation events
18 includes:

$$\begin{aligned} & (0.85 \times \text{Then-Current Billing Demand for Firm Power} \times \text{Firm Power Demand Charge} \times 24) \\ & + \text{Remaining Net Book Value of Specifically Assigned Plant} - \text{Salvage Value} \\ & - \text{Customer Contributions} \end{aligned}$$

22 Accordingly, where the customer is able to satisfy its contractual obligation, the unrecovered
23 specifically assigned capital cost, net of salvage value and customer contributions, would be

¹ Please refer to IIC-NLH-012, Attachment 2, page 2 of 10 of this proceeding.

1 recoverable directly from that customer. The applicable demand-related component is separate
2 from, and additional to, the specifically assigned plant component.

3 If a residual unrecovered balance remained following application of all applicable contractual
4 remedies, Hydro would assess the appropriate treatment based on the circumstances existing at
5 that time, including the continued usefulness of the assets in serving other customers and
6 available salvage proceeds.