

Q. **Reference: 2026 GRA – Volume 1, Section 6.9.1 Rate Structure, p. 203 pdf**

Follow-up to IOC-NLH-001 (Attachment #1) and LAB-NLH-029 and LAB-NLH-030

Preamble:

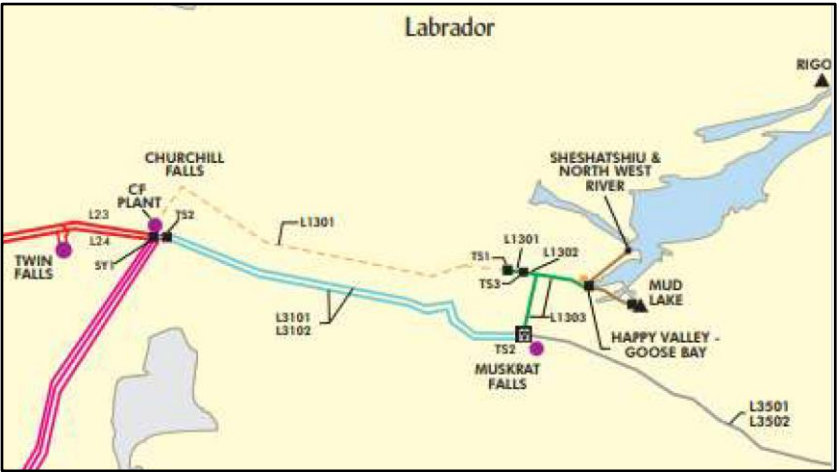
Table 1 summarizes the information provided by NLH by location in response to IOC-NLH-001 and LAB-NLH-029:

Table 1: Summary Table – Capital Additions Labrador Interconnected System (\$)

Location	Asset Count	NBV Average	Depreciation	Original Capital Cost
Wabush Substation	9	18,128,439	354,391	18,713,989
Wabush Terminal Station	156	30,868,855	759,788	34,314,654
Happy Valley-Goose Bay Terminal Station	47	7,615,996	184,967	8,531,057
Muskrat Falls Terminal Station 2	28	3,177,322	76,626	3,778,820
Various	2	(24,317)	0	(1,075,266)
Transmission Line 1303	32	1,948,989	42,643	2,266,108
Terminal Station	4	595,851	14,417	745,885
Muskrat Falls Terminal Station 1	11	613,012	13,291	675,064
Transmission Line 1302	2	385,834	8,049	426,089
Churchill Falls Switchyard	13	1,282,843	27,825	1,429,934
N/A	1	121,308	0	0
Happy Valley-Goose Bay	2	77,082	5,502	110,045
Churchill Falls Terminal Station	2	60,096	2,114	73,924
Total	309	64,851,310	1,489,613	69,990,303

In response to LAB-NLH-030, NLH attached the NLSO 2026 Annual Planning Assessment that includes system maps (Appendix A) dated February 2025. Figure 1 illustrates the system in Labrador East.

Figure 1: Provincial Generation and Transmission Grid Labrador East



Based on the system configuration in Figure 1, TS1 appears to be behind TS3, and appears to service only an out of service (and soon to be decommissioned) L1301. TS3 appears on the system map of the LIS but is not listed among Capital Additions Labrador Interconnected System in response to IOC-NLH-001. The system maps contained in the NLSO 2026 Annual Planning Assessment are not sufficiently detailed (and potentially inaccurate) for determining which system assets are part of the LIS (and in the LIS rate base) and which part of the Labrador Transmission Assets (and in the IIS rate base).

- a) Please list, describe and define the purpose of all primary network components (generators, circuits, substations, breakers, transformers, etc.) including voltage, capacities and system asset id numbers of:

a. the Muskrat Falls Project;

b. the Labrador Transmission Assets;

c. the Labrador Interconnected System.
- b) Please provide a sufficiently detailed and up-to-date single line diagram of the LIS, showing the primary network components identified in part a)

c) Please confirm that Table 1 in the Preamble is correct or provide a similar summary table by the locations listed in the Capital Additions Labrador Interconnected System provided in response to IOC-NLH-001.

- d)** Please clarify whether Muskrat Falls Terminal Station 1 in Capital Additions Labrador Interconnected System filed in IOC-NLH-001 refers to the terminal station labelled in Figure 1 as “TS1” at the eastern terminus of L1301 and, if not, to what it refers.
- e)** Please indicate whether NLH intends to decommission TS1 shown in Figure 1 as part of the decommissioning of L1301 and, if not, why not.
- f)** Please confirm that the ~\$0.675 million capital costs of Muskrat Falls Terminal Station 1 in Capital Additions Labrador Interconnected System filed in IOC-NLH-001 represent the entirety of the capital costs of this asset. If not, indicate which other portions are contained in the Labrador Transmission Assets, in Muskrat Falls or elsewhere.
- g)** Please clarify whether Muskrat Falls Terminal Station 2 in Capital Additions Labrador Interconnected System filed in IOC-NLH-001 refers to the terminal station labelled in Figure 1 as “TS2” adjacent to the CF Plant generating station, to the terminal station labelled in Figure 1 as “TS2” adjacent to the Muskrat Falls generating station, to both, or to something else.
- h)** Please confirm that the ~\$3.8 million capital costs of Muskrat Falls Terminal Station 2 in Capital Additions Labrador Interconnected System filed in IOC-NLH-001 represent the entirety of the capital costs of this asset. If not, indicate which other portions are contained in the Labrador Transmission Assets, Muskrat Falls or elsewhere.
- i)** Please indicate whether TS3 exists on the LIS and, if it is on the LIS, explain why no capital costs are allocated to it in Capital Additions Labrador Interconnected System filed in IOC-NLH-001.
- j)** Please list all assets that were decommissioned a) in relation to the decommissioning of Line L1301 and b) for any other reason, since the last GRA. For each, please provide:
- a.** The book value prior to decommissioning,
 - b.** The reason for the decommissioning, and
 - c.** The accounting treatment of the residual value.

- 1 **A.** **a)** Newfoundland and Labrador Hydro (“Hydro”) has thousands of primary network
2 components on the Labrador Interconnected System, including the Muskrat Falls Assets.
3 Providing a listing as requested would not offer material value to the evidentiary record and,
4 in Hydro’s opinion, is not required for a satisfactory understanding of the 2026 General Rate
5 Application (“GRA”).
- 6 **b)** Providing a line diagram of each network component on the Labrador Interconnected
7 System, including the Muskrat Falls Assets, would not offer material value to the evidentiary
8 record.
- 9 **c)** It is confirmed.
- 10 **d)** Muskrat Falls Terminal Station 1 in Capital Additions Labrador Interconnected System filed
11 in Hydro’s response to IOC-NLH-001 of this proceeding refers to the terminal station labelled
12 in Figure 1 as “TS1”.
- 13 **e)** No, Hydro does not intend to decommission MFA TS1 as there are still assets in service that
14 are supplied from this terminal station.
- 15 **f)** It is confirmed.
- 16 **g)** Muskrat Falls Terminal Station 2 is TS2 adjacent to the Muskrat Falls Hydroelectric
17 Generating Station.
- 18 **h)** It is confirmed.
- 19 **i)** TS3 is part of the Labrador Interconnected System but was constructed for the supply of
20 construction power to Muskrat Falls and so is included in Muskrat Falls costs for which
21 Hydro is 100% responsible. No costs are allocated to the Labrador Interconnected System
22 because OC2013-343 directs that all such costs *"shall be included as costs, expenses or*
23 *allowances, without disallowance, reduction or alteration of those amounts, in*
24 *Newfoundland and Labrador Hydro’s cost of service calculation in any rate application and*
25 *rate setting process, so that those costs, expenses or allowances shall be recovered in full by*
26 *Newfoundland and Labrador Hydro in Island interconnected rates."*

1 j) Please refer to Hydro's response to LAB-NLH-042, Attachment 1, provided in Excel format,
2 for a list of all assets that were decommissioned in relation to the decommissioning of Line
3 L1301. No other assets included in the Labrador Interconnected System have been
4 decommissioned since the last GRA, as Hydro has not sought Board of Commissioners of
5 Public Utilities approval to abandon any assets other than those associated with Line L1301.

- 6 a. The book value prior to decommissioning is outlined in LAB-NLH-042, Attachment 1.
- 7 b. Line L1301 was decommissioned because it was no longer required by the system,
8 as two 315 kV transmission lines were constructed between Churchill Falls and
9 Muskrat Falls as part of the Muskrat Falls Project.

10 The new 315 kV transmission lines provide greater reliability to customers due to
11 new design code requirements and redundant infrastructure. Maintaining Line
12 L1301 provided no operational benefit to Hydro, as the new 315 kV transmission
13 lines can supply sufficient power to Labrador East.

14 A cost-benefit analysis was completed to compare future operation and
15 maintenance costs against removal and decommissioning costs, and it was
16 determined decommissioning on Line L1301 was the least cost alternative.

- 17 c. When these assets were decommissioned, the net book value was removed from
18 property, plant and equipment and the balance was recorded in the retirement
19 asset pool deferral account. The total original cost of the asset is debited to the
20 retirement pool account and credited to the asset cost account and the total
21 accumulated depreciation is credited to the retirement pool account and debited to
22 the asset accumulated depreciation account. No gain or loss is recognized in the
23 statement of profit and loss.