

**In reference to the 2002 Capital Expenditure status Reports and Items 1, 2, 3 and 10:**

**Q. Please advise as to the total cost of this project.**

A. The total cost of this project in 2002 is forecast to be \$2,209,000. An additional \$623,000 will be required to complete the project in 2003. The projected total cost of the project is \$2,832,000, an increase of \$576,000 over the 2002 budget number.

The increase is related to higher than anticipated costs for modifications to the New-Wes-Valley Substation to accommodate the relocated gas turbine (as outlined in Note 10 in the *2002 Capital Expenditure Status Report* filed with the Company's 2003 Capital Budget Application). As well, the decision to delay relocating the gas turbine pending upgrades to the Burin Peninsula electrical system has resulted in additional costs due to the project being completed over a longer timeframe.