

1 Q. What consideration has Hydro given to possible contingencies that may result in a
2 change of the Cumulative Present Worth amount calculated?

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5 A. As indicated in Hydro's response to DG-PUB-NLH-005, there are a number of
6 contingencies that may result in a change of the Cumulative Present Worth (CPW)
7 amount calculated. Hydro has considered these possible contingencies, as noted
8 below:

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10 1) Muskrat Falls and/or the Labrador Island Link are delayed or are in-service
11 sooner than expected.

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13 Even if delays occurred or the Muskrat Falls project is in-service sooner than
14 expected, this would not significantly change the period of time that the
15 diesels are required.

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17 2) As noted in the report to this Application, up to approximately \$200,000
18 may have to be spent on environmental permitting and potential resulting
19 mitigating issues.

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21 As noted in the sensitivities in Hydro's response to DG-PUB-NLH-004, even if
22 \$200,000 was spent on environmental permitting issues, the CPW would
23 only increase by \$200,000.

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25 3) Changes in the US/Canadian dollar exchange rate could increase or decrease
26 the resale value of the diesels in 2020.

1 As noted in the sensitivities in Hydro's response to DG-PUB-NLH-004, this
2 could modify the CPW either positive or negative.

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4 4) Fuel savings could increase or decrease over the next two years, depending
5 on changes in the price of fuel.

6 As noted in the sensitivities in Hydro's response to DG-PUB-NLH-004, even if
7 the fuel savings decreased by 25%, the CPW would only increase by
8 \$151,000.

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10 5) Very low hydrological conditions, as low as historical firm.

11 This could change fuel savings as well, if, under low hydrological conditions,
12 the stand-by generation (gas turbines and diesels) had to be run for energy.

13 As there could be many different levels of operation, the actual possible
14 change in fuel savings was not calculated, but to take it to the extreme, in
15 there were no fuel savings at all, the CPW would increase by \$606,000.