



Manitoba
HYDRO INTERNATIONAL

31 January 2012

Ms. Cheryl Blundon
Director of Corporate Services and Board Secretary
Board of Commissioners of Public Utilities - Newfoundland and Labrador
120 Torbay Road
St. John's
Newfoundland A1A 5B2
Canada

Dear Ms. Blundon,

**Subject: Manitoba Hydro International's (MHI) Report on Two
Generation Expansion Alternatives for the Island
Interconnected Electrical System**

Please find enclosed twenty-five (25) copies of the subject Report Volume 2: Studies for your distribution (Volume 1 already provided). This Report is provided as required in our contract with you effective July 4th, 2011.

There were a number of challenges encountered in the execution of our review and the writing of this Report which had a significant impact on the overall schedule and cost. The following points are noted:

- MHI understood that all relevant information would be available for review in early July 2011. In fact, receipt of this information spanned several months. For example, Nalcor's Exhibit 106, a major document related to system reliability, was not filed by Nalcor until November 10th, 2011.
- Nalcor's responses to MHI's Requests for Information (RFI) took anywhere from five to a maximum of 119 days to receive with an average of 22 days. Responses to the Board's RFIs took from six to a maximum of 113 days with an average of 42 days. A number of these responses came as late as January 13, 2012.
- A number of documents were unavailable for review. For example, at Decision Gate 2, one would normally expect that ac system integration studies would be complete, that the transmission line design criteria would be prepared as part of the design basis for the transmission line, and that the relevant single line diagrams for the HVdc converter station equipment would be available. These

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types of documents are required to determine inputs for the base cost estimate.

- Nalcor's final submission to the Board was anticipated in July 2011; however, this was delayed until November 10, 2011 again adding significant delays to the overall review process.

These factors made a comprehensive analysis difficult and time consuming and are the predominant reason why the release of this report by the original scheduled date of September 15th, 2011 was impossible.

It is noted that meetings held with Nalcor staff were very insightful and greatly assisted MHI in conducting our review.

We thank the Board for the opportunity to participate and apply our expert utility knowledge on this important project.

Yours Truly,



Paul Wilson, P. Eng.
Managing Director, Subsidiary Operations
Manitoba Hydro International Ltd.

plw / Document Transmittal - Final Report V2 - C. Blundon - 31 January 2012