

1 Q. Please provide a detailed schedule by year for Fuel Costs, O&M Costs, and a further
2 breakdown of Fixed Charges for each capital project identified on pages 1 and 2 of
3 Exhibit 14. The breakdown of Fixed Charges should identify AFUDC and escalation
4 as separate line items. Where escalation is being applied, please identify the year
5 for which the base dollar cost estimates were derived. Identify the specific
6 debt/equity ratio and interest rates used in determining AFUDC. Please
7 demonstrate in an Excel workbook how provided cost values in Exhibit 14 result in
8 the individual PCW line-item totals in the left-most column for Fixed Charges, Fuel
9 Costs, and O&M Costs, for both options.

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12 A. Fuel cost schedules are attached as follows:

13 Island Isolated alternative: MHI-Nalcor-49.1(a), pp. 1-4

14 Labrador Interconnection alternative: MHI-Nalcor-49.1(b), pp. 1-4.

15
16 Operating cost schedules are attached as follows:

17 Island Isolated alternative: MHI-Nalcor-49.2(a), pp. 1-25

18 Labrador Interconnection alternative: MHI-Nalcor-49.2(b), pp. 1-12

19
20 Power purchase cost schedules are attached as MHI-Nalcor-49.2(c).

21 Labrador power purchase cost schedules are attached as MHI-Nalcor-49.2(d).

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23 Schedules for AFUDC and escalation are attached as MHI-Nalcor-49.3. Unless
24 otherwise noted, base estimates are in 2010\$. Please refer to Exhibit 5 Summary
25 for Direct 2010 costs.
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The AFUDC rate used is 7.53%, and is based on Hydro's approved weighted average cost of capital:

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|------------------------------------|--------|
| Capital Structure: Percent of Debt | 83.59% |
| Return | 8.260% |
| Weighted Average Return: Debt | 6.905% |

| | |
|--------------------------------------|--------|
| Capital Structure: Percent of Equity | 13.99% |
| Return | 4.465% |
| Weighted Average Return: Equity | 0.625% |

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|----------------------------------|-------|
| Weighted Average Cost of Capital | 7.53% |
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Please refer to MHI-Nalcor-1 for supporting calculations of the cumulative present worth of each option.

The following Excel files are also attached:

MHI-Nalcor-49.1 Fuel Costs

MHI-Nalcor-49.2 Operating and PPA costs

MHI-Nalcor-49.3 AFUDC and Escalation