

1 Q. Please clarify what percentage of the total capital costs for each of the major cost elements
2 in the MF/HVDC Project are being allocated to the calculation of the CPW in Exhibit 14, and
3 what is the basis for determining those percentages? If the allocation is over an extended
4 period, please elaborate.

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7 A. 100% of the capital costs for each of the major cost elements in the MF/HVdc
8 Project have been allocated for the calculation of the CPW in Exhibit 14.

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10 This methodology was used to confirm that even with 100% allocation of costs to
11 Island interconnected customers and with no revenue derived from sales of surplus
12 energy, the Labrador Interconnection alternative was forecasted to have a lower
13 CPW than the Isolated Island alternative. If costs are allocated to export sales or to
14 customers other than Island Interconnected customers, then the CPW of the
15 Labrador Interconnection alternative will be improved beyond that forecasted, and
16 the CPW preference of the Labrador Interconnection alternative over the Isolated
17 Island alternative becomes all the greater.