

1 Q. Have the exchange rates in the CPW analysis been revised from those initially used
2 in the base year of the input document. For example, Table 4.1a of Exhibit #5(h)
3 (Holyrood) indicated \$1.50 CAD=\$1.00 USD.

4

5

6 A. The applicable exchange rate used for each input was considered, and where
7 material, inputs used in the analysis were adjusted accordingly. As the major driver
8 in the Isolated Scenario, the exchange rate applicable for pricing oil-based thermal
9 fuels (No. 6 and No. 2) for the 2010 CPW analysis was consistent with Nalcor 2010
10 corporate data assumptions, with 1 CAD \$ -> USD = 0.964 as per Conference Board
11 of Canada long run exchange rate forecast at January 2010.

12

13 The capital cost estimate for Muskrat Falls and the Labrador Island Transmission
14 Link incorporated an exchange rate of 1 CAD\$ -> USD = 0.95, and escalation
15 considers the impact of foreign exchange fluctuations on purchased items.