Q. With reference to pg. 13 of Exhibit 106, should the phrase *"0.38 and 4.9 pole outages per year"* be *"0.16 and 4.9 pole outages per year"*?

A. Nalcor believes the phrase "0.38 and 4.9 pole outages per year" to be appropriate. Table 5 from the CIGRE report[1] discussed in Exhibit 106 is reproduced below (emphasis added):

(B) 2 Terminal Systems - 1 Converter per Pole

System	2007				2008				Average to 2008				
	Pole		Bipole		Pole		Bipole		Years	Pole		Bipole	
	f_p	d_p	f_b	d_b	f_p	d_p	f_b	d_b		f_p	d_p	f_b	d_b
Skagerrak 1 & 2	1.25	3.1	0.00	0.0	2.00	3.8	0.50	1.0	20	1.54	17.1	0.13	1.03
Skagerrak 3 (1)	1.00	1503.2	-	-	0.50	4360.4	-	-	15	1.53	484.2	-	-
Square Butte	1.00	4.1	1.50	0.3	5.25	0.8	0.00	0.0	18	2.85	6.2	0.42	2.27
CU	0.50	23.8	0.00	0.0	1.25	58.5	0.00	0.0	20	1.71	4.6	0.28	1.66
Gotland 2 & 3	0.25	0.8	0.00	0.0	0.50	46.6	0.00	0.0	20	0.38	35.8	0.20	1.49
Fennoskan (1)	2.00	14.2	-	-	1.50	46.4	-	-	19	2.26	10.1	-	-
SACOI (3)	3.33	1.7	-	-	1.67	2.5	-	-	16	4.90	2.6	-	-
New Zealand Pole 2 (3)	2.50	4.3	-	-	0.50	0.7	-	-	17	1.65	2.7	-	-
Kontek (1)	0.50	2.7	-	-	1.00	32.0	-	-	7	0.86	15.7	-	-
SwePol (1)	0.50	2.4	-	-	2.00	1.7	-	-	8	3.56	21.0	-	-
Kii Channel	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	8	0.16	99.6	0.00	0.00
Grita (1)	4.00	42.2	-	-	4.5	9.3	-	-	5	2.70	17.1	-	-

The Kii Channel system has demonstrated excellent performance during the eight years of operation reported in Table 5, and while the table indicates a pole outage rate ranging between 0.16 and 4.9 outages per year, Nalcor is of the opinion that operating experience from systems with longer operating history may be a better indicator of long-term performance. For systems with 15 or more years of operating history, the range is between 0.38 and 4.90 outages per year.

[1] CIGRE B4_2009_2010 "A Survey of the Reliability of HVdc Systems Throughout the World During 2007 – 2008", by M.G. Bennett, N.S. Dhaliwal, A. Leirbukt, CIGRE 2010

Please note Nalcor compared the upper end of the pole outage range (9.8 pole outages on a bipole system) to the rule of thumb of one pole outage per 100 km per year, but has not relied on the lower end of the range in its analysis.