Q. Pg. 32, last paragraph of Exhibit 106 states: *"While it may appear desirable to increase the return period for the Labrador-Island Link, the entire 230 kV grid east of Bay d'Espoir would need to be upgraded to a similar return period in order to achieve the desired reliability improvement."*

Please explain the basis for this statement given that the HVdc line is approximately 1,100 km long and a weather related loading in excess of the 1:50 year return period could occur at any point in the line.

A. The above statement is based on the 230 kV system generally having a lower design return period than the Labrador Island Transmission Link. Unless the return period of the 230 kV system is improved, 230 kV failures will be more likely than HVdc failures.

Upgrading the 230 kV transmission system east of Bay d'Espoir will have a more significant improvement to reliability than increasing the design return period for the HVdc link, since more outages are expected in a given period on the 230 kV system than on the HVdc link.