

1 Q. With reference to Nalcor's presentation to Board staff, the Consumer Advocate and
2 Manitoba Hydro International Ltd. on July 18, 2011, the following information was
3 provided:

- 4 • Slide 18 – Total Capex for the Isolated Island Scenario is \$3.2 billion before
5 adding fuel expense and sustaining capital.
- 6 • Slide 19 – Capex de-escalated to 2010 is \$8.074 billion and CPW of revenue
7 requirement is \$12.272 billion.

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9 Please identify and describe the detailed cost categories and corresponding costs
10 which are included in each of these figures for the Isolated Island Option.

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13 A. The \$3.2 billion referred to in Slide 18 represents the cumulative incremental
14 generation expansion capital of the isolated alternative up to and including 2036.
15 The projects represented by this capital are as identified in Exhibit 14 and more
16 specifically with respect to individual in-service costs as per MHI-Nalcor-1. MHI-
17 Nalcor-1 also identifies provisions for Holyrood upgrade capital that would not have
18 been included in the \$3.2 billion.

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20 On Slide 19, the reference to CPW revenue requirement of \$12.272 billion is
21 sourced to Hydro's long-term financial projections that derive its overall wholesale
22 revenue requirement by combining the generation expansion plans, which
23 represent incremental costs, with the existing rate base. Thus the isolated
24 generation expansion CPW of \$8.810 million is included in the total utility revenue
25 requirement CPW of \$12.272 billion.

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1 The reference to \$8.074 billion (2010\$) represents all revenue requirement capital
2 associated with the isolated alternative inclusive of generation expansion and
3 Hydro's ongoing underlying annual capital program for system maintenance and
4 reliability. Starting from nominal annual dollars, these values are de-escalated for
5 general inflation to 2010\$ and totaled to derive the \$8.074 billion.