

From: mkast@[REDACTED] on behalf of
Mack Kast <mkast@[REDACTED]>
Sent: Wednesday, August 15, 2012 8:42 AM
To: Rick Horocholyn <rhoro@mhi.mb.ca>
Cc: Paul Wilson <plwilson@mhi.ca>; 'Allen Snyder' <amsnyder@[REDACTED]>
Subject: Nfld - DG3
Attach: PLF12 Iter1 CPW Analysis 2012Aug1.xlsx; Draft for CPW Section of Report.docx

Morning Rick

My trip to St. Johns has been aborted; nonetheless work on the Report continues.

Several of the Nalcor folks spent the day in Wpg yesterday, on short notice reviewing the technical sections of the Report.

I took the opportunity to request further information pertaining to the CPW section of the report.

I am hoping you are back in Wpg and can spend a bit of time looking at:

- The CPW section that I have drafted thus far (copy attached) – it has not been shared with anyone yet. (The CPW section is limited to 8 pages).
- The CPW excel spreadsheets prepared by Nalcor (copy attached). You can check them for integrity etc. Nalcor indicated they were put together in the same fashion as DG2.
- Exhibit CE4 (which is the same as CE31) – on Sharepoint
- Exhibit RE50 – Estimate Accuracy Analysis – on Sharepoint

Some of the info which I am waiting on from Nalcor includes:

1. Basis for loss factor of 5.15%
2. PIRA fuel forecast – May 2012
3. Derivation of new PPA of \$65.38/MWh
4. Basis for discount rate of 7.0%
5. Basis for AFUDC rate of 6.25%
6. Basis for 7.0% Return on Rate Base
7. Substantiation of project definition of 45%
8. Basis for Fixed Cost rate (2012 \$)
9. Basis for Variable Cost rate (2012\$)
10. Basis for 2.5% escalation factor
11. Support for LIL CPW of \$2,188,620,000

I included reference to Exhibit RE50 (on Sharepoint) as you expressed interest in looking at the Contingency Allowance. As a side note, our report is to focus on DG3 and have only minimal reference to DG2 (ie. This is not about comparing DG3 to DG2).

If you are think of any tangents, let me, Paul or Al know, as the Terms of Reference for the DG3 review are fairly tight. I will be here at MHI for the day – but do have a Nigeria team meeting set up for this afternoon so will be involved with it from 2:00 onwards.

Thx. Mack.