

**Date : 11/14/2008 8:51:37 AM**  
**From : "Paddon, Terry"**  
**To : "Myrden, Paul" , "Constantine, Robert"**  
**Subject : RE: Questions from S&P (Lower Churchill Power Project)**  
 I'd be surprised if they release anything substantive.

-----Original Message-----

From: Myrden, Paul  
 Sent: Friday, November 14, 2008 8:48 AM  
 To: Constantine, Robert  
 Cc: Paddon, Terry  
 Subject: RE: Questions from S&P (Lower Churchill Power Project)

FYI - I talked to Mark on this yesterday and he's going to run it up the line to see what level of information they would be prepared to release, if any. [REDACTED]  
 [REDACTED] I'll let you know what Mark comes back with.

-----Original Message-----

From: Constantine, Robert  
 Sent: Thursday, November 13, 2008 3:53 PM  
 To: Myrden, Paul  
 Subject: FW: Questions from S&P (Lower Churchill Power Project)

Here's your instructions.

Bob Constantine  
 Assistant Deputy Minister  
 Taxation and Fiscal Policy  
 Department of Finance  
 Tel: 709-729-2944  
 Fax: 709-729-2070

-----Original Message-----

From: Paddon, Terry  
 Sent: November 13, 2008 2:04 PM  
 To: Constantine, Robert  
 Subject: RE: Questions from S&P (Lower Churchill Power Project)

I don't believe we can give any information at this time. We do not have a project profile as of yet so we are not in a position to speculate on costs.

-----Original Message-----

From: Constantine, Robert  
 Sent: Thursday, November 13, 2008 1:55 PM  
 To: Paddon, Terry  
 Cc: Myrden, Paul  
 Subject: FW: Questions from S&P (Lower Churchill Power Project)

Are we able to release this information? If not, is there some way to provide a sanitized amount, i.e., a range?

Bob Constantine  
 Assistant Deputy Minister  
 Taxation and Fiscal Policy  
 Department of Finance  
 Tel: 709-729-2944  
 Fax: 709-729-2070

-----Original Message-----

From: Sharpe, Dennis  
 Sent: November 13, 2008 9:55 AM  
 To: Hurley, Brian; Constantine, Robert  
 Subject: RE: Questions from S&P (Lower Churchill Power Project)

Bob,

Lower Churchill Power Project Capital Costs:

The capital costs are much higher than previous estimates. Muskrat Falls is not part of the project mix, at this time. Total capital costs depend upon market scenario. The two market scenarios are shown below:

Scenario 1: Export

	Excludes IDC *	Includes IDC
Gull Island Site and Transmission:	\$5.4 b Cdn	\$6.6 b Cdn
Island Infeed:	\$3.7 b Cdn	\$4.8 b Cdn
Maritime Link:	\$2.8 b Cdn	\$3.3 b Cdn
Total Project:	\$11.9 b Cdn	\$14.8 b Cdn

\* IDC = Interest During construction (and fees)

Scenario 2: Domestic (assuming aluminum smelter)

	Excludes IDC *	Includes IDC
Gull Island Site and Transmission:	\$5.4 b Cdn	\$6.6 b Cdn
Island Infeed:	\$3.7 b Cdn	\$4.8 b Cdn
Total Project:	\$9.1 b Cdn	\$11.4 b Cdn

Source: NLH Investment Evaluation Sep 2008

Regards,  
Dennis

-----Original Message-----

From: Hurley, Brian  
Sent: November 13, 2008 8:41 AM  
To: Sharpe, Dennis  
Subject: FW: Questions from S&P

Dennis  
Do we have an estimate of these costs?

-----Original Message-----

From: Constantine, Robert  
Sent: November 12, 2008 10:55 AM  
To: Norris, Roseanne; Hurley, Brian  
Subject: FW: Questions from S&P

Roseanne:  
Could you please prepare a reply to question 1

Brian:  
Can you provide an answer to me on question 4.

Bob Constantine  
Assistant Deputy Minister  
Taxation and Fiscal Policy  
Department of Finance  
Tel: 709-729-2944  
Fax: 709-729-2070

-----Original Message-----

From: Myrden, Paul  
Sent: November 12, 2008 9:37 AM  
To: Brewer, Donna; Constantine, Robert  
Subject: FW: Questions from S&P

Additional questions from S&P. I'm not in today but should be back tomorrow. I can answer 2 and 3 but will defer to you guys on 1. The exhibit he's referring to is the same one we gave all the agencies. If you don't have a copy, Tom Lawlor can provide one. I've got nothing on 4, Bob do you have anything? And even if you do, would we want to provide it or would we want to respond in a very general way, perhaps with a \$ range but qualified as to still a number of options on table, imprecise amounts, depends on timing, etc.

-----Original Message-----

From: Judson, Paul [[mailto:Paul\\_Judson@](mailto:Paul_Judson@)]  
Sent: Tue 11/11/2008 11:57  
To: Myrden, Paul  
Subject: Questions from S&P

Hi Paul,

I am hoping these are the final questions/requests I need to complete our review. Please let me know if you need any clarification and thank you very much for your help.

1. A few questions regarding the information package you provided us during our meeting in August. In Exhibit II, 'Summary of Cash Requirements':

\* Does total current revenue (third row down) include non-cash revenue from the '05 Atlantic Accord?

\* Does total current expenditure (tenth row down) include amortization of tangible capital assets?

\* For '05 Atlantic Accord Rec'd In Advance (sixth row from the bottom), why is there no entry in fiscal 2006-07? The province's fiscal 2007-08 Estimates states Atlantic Accord 2005 revenues of \$219.2M in fiscal 2006-07.

2. Break down of the province's sinking fund assets into the following (the most recent break down you have readily available):

- \* Unrestricted cash;
- \* Government bonds/money market instruments;
- \* Corporate bonds/money market instruments rated investment grade (BBB- or higher);
- \* Corporate bonds/money market instruments rated non investment grade (BBB- or below); and
- \* Equities listed on a major stock exchange.

3. Does the province have a committed bank line? If so, how large is the facility, what bank provides it, and is there currently an outstanding drawn balance?

4. Estimated cost of developing the Gull Island and Muskrat Falls sites of the Lower Churchill River (in our report last year, we included estimates of C\$6 billion and C\$9 billion. Are these still valid?).

Kind regards,

Paul Judson, CFA

Associate Director

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