

Date : 11/16/2010 11:59:25 PM

From : "Thompson, Robert"

To : "LeonaBarrington@nalcenergy.com"

Cc : "Morrissey, Ken" , "Bown, Charles W."

Subject : Questions

Attachment : ATT415643.jpg;

Leona: would you please track down answers for these )or comments as appropriate).

What will be peak employment (actual jobs) on the project, and in what year? Is it 2700 workers in 2013

Is the following accurate:

- Total transmission systems (the Labrador-Island Link plus Maritime Link) will be majority owned by Nalcor Energy (51 per cent) and minority owned by Emera Inc. (49 per cent); this ownership structure will be assigned to assets as follows: [Nalcor will hold 75 per cent of the Labrador-Island Link, while Emera will hold 25% of the Labrador-Island Link and 100% of the Maritime Link];

Is Emera's additional investment estimated to be \$540m?

What capacity for transmission will Nalcor acquire in NS and NB?

Provide comment on the following

Without this development and based on international projections of the price of oil, electricity costs to consumers in Newfoundland and Labrador will rise dramatically. It is projected that in 20 years the costs of staying with an isolated island system would be an extra [3.5 cents] per kilowatt hour on the electrical bill of every household. A household using 1000 kwh every month would pay an extra \$420 per year.

: Provide comment on the following

- ☐ The cost of building Muskrat Falls and associated transmission will be approximately \$160/mwh. This cost will be blended into the existing lower cost rate base for the province. The power we provide to Nova Scotia from Muskrat Falls will be delivered at a lower price, approximately \$120/mwh. The reason why the price for Muskrat power is lower in Nova Scotia is because it is the maximum Emera was willing to pay as an alternative to building other sources of renewable power such as wind power. But make no mistake, the \$120/mwh is still a tremendous price. By comparison, right now we sell the Upper Churchill power to Quebec for \$2/mwh. Similarly, the Grimes deal would have garnered approx \$35.50/mwh for this power at the Labrador border. Profiting from the sale of power to Nova Scotia is much better than allowing the water to be spilled and wasted.

What will be the net cash flow to Nalcor from this project on an annual basis?