

Date : 5/17/2011 12:34:48 PM

From : "Thompson, Robert"

To : "Brown, Milly" , "Taylor, Brian W." , "Dunderdale, Kathy"

Subject : RE: Answers to Premier's questions on MF

Q5: Residential rate regulation in Labrador from Upper Churchill power

The PUB regulates residential electricity rates in Labrador (Happy Valley-Goose Bay and Labrador West). The provincial government has not ordered PUB to apply any rate-setting policies and thus PUB follows normal regulatory practices when setting rates.

However, the PUB does not regulate the rates for other usages of Upper Churchill power.

From: Thompson, Robert

Sent: Tuesday, May 17, 2011 12:30 PM

To: Brown, Milly; Taylor, Brian W.; Dunderdale, Kathy

Subject: Answers to Premier's questions on MF

(four below; one more to follow)

Q1: List of projects not subject to PUB oversight:

- Rattle Brook (Algonguin Power) –
- Star Lake (ENEL) –
- Rose Blanche (Newfoundland Power) - due to its size it did not trigger PUB scrutiny, so no exemption required.
- NLH's Granite Canal project; December 14, 2000
- Labrador Hydro Project – December 14, 2000
- Exploits River incremental energy project at Grand Falls and Bishop's Falls - Abitibi and Fortis; July 9, 2002
- Corner Brook Pulp and Paper thermal co-generation project; October 31, 2000
- Additionally, the decision to develop two of the largest generation developments in the province's history, Bay d'Espoir (670MW) and Holyrood (500MW), were approved by Cabinet and were not subject to regulatory review.

Q2: Emera share of Transmission – Labrador Island Link – 29%

Q3: Rate Impact of Loan Guarantee

If the loan guarantee causes a 2% reduction in the interest rate for the project, it will produce value that will translate into an estimated 6% reduction in consumer electricity rates in 2017. In other words, the loan guarantee will cause consumer rates to be 6% lower than if the loan guarantee was not in place.

Q4: Utility Rate of Return

The forecast cost of common equity as designated by the PUB for 2011 is 8.38%. This type of determination would be a benchmark for the rate provided to Emera.