

\$75.82 (\$2010) represents a supply price assuming capital employed is 100% equity. Employing debt financing will reduce this cost as equity is the most expensive form of capital. The amount of debt capital available, and the terms and conditions attached to it including the interest rate and other costs, will be determined during the finance raising process later this year. Accordingly, the supply price based on 100% equity presents the most conservative view of the cost.

Cost Out Analysis	
245	
Muskrat	
Reference : PWC S245	
Costout 11% on firm power	
Case Specification: Spill case	Muskrat Island Link HVDC Lite 900 only. NO recall. Sales to Island, remainder spilled. Average power increment sold to Island only as demand requires.
Base Date	1-Jan-10
Full Power Date	1-Jul-17
Cost-out pricing (\$/MWh as at Full Power, in 2010\$) ²	
Island , shared	N/A
Island, incremental	N/A
Busbar, no spill	\$75.82
Recall purchased from Nalcor	\$0
Blended LCP bus plus recall	\$75.82
New Brunswick PPA via HQTE	\$0
Nova Scotia PPA via HQTE	\$0
Ontario PPA via HQTE	\$0
NYISO peak via HQTE, firm TX booking	\$0
NEISO peak via HQTE, firm TX booking	\$0
NYISO off peak via HQTE, firm TX booking	\$0
NEISO off peak via HQTE, firm TX booking	\$0
Nova Scotia PPA via Maritime Link	\$0
New Brunswick PPA via Maritime Link	\$0
NEISO via Maritime Link, peak	\$0
NEISO via Maritime Link, Off peak	\$0
US market off peak via nonfirm hourly TX booking (NYISO via HQTE)	\$0
Market comparatives (\$/MWh 2010C\$)	
Isolated Island - Shared	from Nalcor
Isolated Island - less 15%	
Island Load - assumed sold at economic cost at busbar	\$75.82 Based on no spill
<u>Domestic Markets - equivalent level escalating, in 2010\$</u>	
Nova Scotia and New Brunswick 7 x 16	
Avoided Cost CCGT Reference	\$0
above less 15%	\$0
Ontario 5 x 16	
Nalcor corporate assumptions, discounted	\$0
<u>US Export Markets - Energy pricing - 2020 price de-escalated to 2010</u>	
NYISO in market via HQT, peak	\$0
CAGR over projection period	
NYISO in market via HQT, off peak	\$0
CAGR over projection period	
NEISO in market via HQT, peak	\$0
CAGR over projection period	
NEISO in market via HQT, off peak	\$0
CAGR over projection period	
NEISO in market via NB, peak	\$0
CAGR over projection period	
NEISO in market via NB, off peak	\$0
CAGR over projection period	
US market via nonfirm TX (use NYISO off peak)	\$0
CAGR over projection period	
Recall netback to bus	\$0
CAGR over projection period	

key numbers	245 WP In
In-service capex	\$2,869
Equity requirement	\$2,901
Dividends 50 years	\$27,152
Dividends/equity	9.36
NPV 7.5	\$527
IRR	8.42%

Cost Out Analysis 245		Muskrat	
		Reference : PWC S245	
		Costout 11% on firm power	
Case Specification: Spill case		Muskrat Island Link HVDC Lite 900 only. NO recall. Sales to Island, remainder spilled. Average power increment sold to Island only as demand requires.	
Base Date		1-Jan-10	
Full Power Date		1-Jul-17	
Capex and Financing (based on cost-out analysis)			
Direct capex (\$2010,MM)		\$0	
Generation		\$0	
Island Tx (from Nalcor)		\$0	
500 MW Maritime Tx applicable NS upgrades		\$0	
Island CCGT offset associated with Maritime Link		\$0	
HQT Upgrades		\$0	
ON intertie		\$0	
Upgrades at QC/NB border		\$0	
Direct capex (escalated nominal \$MM)		\$2,869	
Generation		\$2,869	
Island Tx (from Nalcor)		\$0	
500 MW Maritime Tx applicable NS upgrades		\$0	
Island CCGT offset associated with Maritime Link		\$0	
HQT Upgrades		\$0	
ON intertie		\$0	
Upgrades at QC/NB border		\$0	
In-service capex (nominal \$MM)¹		\$2,869	
Generation		\$2,869	
Island Tx (from Nalcor)		\$0	
500 MW Maritime Tx applicable NS upgrades		\$0	
Island CCGT offset associated with Maritime Link		\$0	
HQT Upgrades		\$0	
ON intertie		\$0	
Upgrades at QC/NB border		\$0	
Equity requirement (nominal \$MM, based on cost-out analysis)		\$2,901	
Generation		\$2,901	
Island Tx (from Nalcor)		\$0	
500 MW Maritime Tx applicable NS upgrades		\$0	
Island CCGT offset associated with Maritime Link		\$0	
HQT upgrades		\$0	
ON intertie		\$0	
Upgrades at QC/NB border		\$0	
Equity requirement before Financial Close (nominal \$MM)		\$137	

¹ Includes interest during construction, financing fees, and debt service reserve.

² As at Full Commercial Power, normalized to even escalation at CPI, de-escalated to January 2010\$ at CPI = 2%

Cost Out Analysis 245	
Muskrat	
Reference : PWC S245	
Costout 11% on firm power	
Case Specification: Spill case	Muskrat Island Link HVDC Lite 900 only. NO recall. Sales to Island, remainder spilled. Average power increment sold to Island only as demand requires.
Base Date	1-Jan-10
Full Power Date	1-Jul-17
	245 WP In
	Costout 11% on firm power
Equity Required prior to Financial Close - Detail (based on cost-out analysis) \$ Nominal MM	
Generation	\$137
Upgrades at QC/NB border	\$0
ML	\$0
CCGT offset	\$0
Island Link	\$0
HQT upgrades	\$0
ON intertie	\$0
Total	\$137

SHAREHOLDER RETURNS, MARKET IN

SUMMARY	
\$ millions (All Figures Post-Innu)	245 WP In Costout 11% on firm power
Equity IRR, Generation, Average Power	8.42%
NPV to equity, Generation, Average Power, 7.3%, \$MM	\$527
Dividends rec'd over 50 years, Average Power, nominal \$MM	\$27,152
Debt Service Coverage Ratio on Firm Power	0.00

Dividends Full Power Plus 50 years - Detail (Post-Innu)

Generation - Average Power, Nominal \$MM	\$27,152
Upgrades at QC/NB border	
Maritime Link	
ON intertie	
HQT upgrades	
Island Link (before net consideration of Isolated Island dividends)	
Total - Average Power	\$27,152

ANNUAL FIGURES (Net Cash Flow Analy

	7/1/2018	7/1/2019	7/1/2020	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025	7/1/2026	7/1/2027	7/1/2028	7/1/2029	7/1/2030
Calculation Proof	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23	6/30/24	6/30/25	6/30/26	6/30/27	6/30/28	6/30/29	6/30/30	6/30/31
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Equity	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends (Post Innu)	152.00	162.06	171.57	189.14	204.21	224.94	236.53	247.38	261.13	275.70	294.97	323.88	338.94
Nominal Equity Return (Post-Innu)	152.00	162.06	171.57	189.14	204.21	224.94	236.53	247.38	261.13	275.70	294.97	323.88	338.94

Discount Rate (Annual)

Discount Rate (Monthly)

NPV (as at 1/1/2010)

Add Equity Return Pre 1/1/2010

IRR

ANNUAL FIGURES (Net Cash Flow Analy

	7/1/2031	7/1/2032	7/1/2033	7/1/2034	7/1/2035	7/1/2036	7/1/2037	7/1/2038	7/1/2039	7/1/2040	7/1/2041	7/1/2042	7/1/2043
Calculation Proof	6/30/32	6/30/33	6/30/34	6/30/35	6/30/36	6/30/37	6/30/38	6/30/39	6/30/40	6/30/41	6/30/42	6/30/43	6/30/44
	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
Equity	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends (Post Innu)	354.23	369.88	386.12	402.85	419.17	434.85	435.50	452.15	470.10	487.49	505.43	523.87	542.89
Nominal Equity Return (Post-Innu)	354.23	369.88	386.12	402.85	419.17	434.85	435.50	452.15	470.10	487.49	505.43	523.87	542.89

Discount Rate (Annual)
Discount Rate (Monthly)
NPV (as at 1/1/2010)
Add Equity Return Pre 1/1/2010

IRR

ANNUAL FIGURES (Net Cash Flow Analy

	7/1/2044	7/1/2045	7/1/2046	7/1/2047	7/1/2048	7/1/2049	7/1/2050	7/1/2051	7/1/2052	7/1/2053	7/1/2054	7/1/2055	7/1/2056
Calculation Proof	6/30/45	6/30/46	6/30/47	6/30/48	6/30/49	6/30/50	6/30/51	6/30/52	6/30/53	6/30/54	6/30/55	6/30/56	6/30/57
	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056
Equity	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends (Post Innu)	562.36	582.49	603.18	611.03	632.80	655.37	677.27	699.79	722.73	746.51	770.23	794.64	819.52
Nominal Equity Return (Post-Innu)	562.36	582.49	603.18	611.03	632.80	655.37	677.27	699.79	722.73	746.51	770.23	794.64	819.52

Discount Rate (Annual)

Discount Rate (Monthly)

NPV (as at 1/1/2010)

Add Equity Return Pre 1/1/2010

IRR

ANNUAL FIGURES (Net Cash Flow Analy

	7/1/2057	7/1/2058	7/1/2059	7/1/2060	7/1/2061	7/1/2062	7/1/2063	7/1/2064	7/1/2065	7/1/2066	7/1/2067
Calculation Proof	6/30/58	6/30/59	6/30/60	6/30/61	6/30/62	6/30/63	6/30/64	6/30/65	6/30/66	6/30/67	6/30/68
	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067
Equity	-	-	-	-	-	-	-	-	-	-	-
Dividends (Post Innu)	841.56	858.33	875.40	892.56	910.31	928.33	946.79	965.35	984.54	1,004.12	1,024.30
Nominal Equity Return (Post-Innu)	841.56	858.33	875.40	892.56	910.31	928.33	946.79	965.35	984.54	1,004.12	1,024.30

Discount Rate (Annual)

Discount Rate (Monthly)

NPV (as at 1/1/2010)

Add Equity Return Pre 1/1/2010

IRR