Q. **Re 2011 Capital Plan - Individual Capital Projects:**
Provide the complete detail of the assumptions and calculations for the CBA and CPWs provided by Hydro at Volume I, Tab 2, pages 14-16, section 4.3 and at Volume I, Tab 9, pages 10-11, section 4.3, and to be provided by Hydro in response to the above requests for information.

A. Regarding Volume 1, Tab 2 (Upgrade Stack Breeching, Unit 1). This proposal will be revised. Please refer to IC-NLH-16 for an explanation.

The following assumptions were made during preparation of the CBA and CPW provided by Hydro in the report filed under Volume 1, Tab 9 (Upgrade Forced Draft Fan Ductwork Unit 1) on pages 14-16 of Section 4.3:

<u>Alternative 1 (Upgrade Unit 1 Fan Ductwork):</u>

1. There is an anticipated energy saving of 16 percent per fan based on a commercial proposal titled “FD Fan Inlet & Discharge Ductwork Modification To Eliminate Flow Induced Vibration and Capacity Bottleneck” provided by M&I Power Technology located in Appendix B of the Volume 1, Tab 9 report. The savings were calculated using the January 2010 Nalcor Energy/NLH Thermal Fuel Oil Price Forecast for No.6, 0.7 percent sulphur fuel with a PUB approved conversion factor of 630 kwh/bbl.
2. The annual operating and maintenance (O&M) cost is estimated to be $1,000 per year.

Alternative 2 (Status Quo):

1. The average O&M cost was estimated to be $7,000 per year based on the maintenance history.

2. A forced outage occurred on Unit 1's East FD fan in 2008 due to a failure of the fan intake guide vanes. The repair cost during this occurrence in 2008 was $330,000. It was assumed in the CBA that a similar occurrence would occur again in 2018 and was included in the O&M cost.

3. With reference to the M&I proposal located in Appendix B of the Volume 1, Tab 9 report, the CFD analysis (Item #1) was escalated based on an engineering review.