

1 Q. What steps has the company taken to ensure that the capital costs do not
2 negatively impact the payback period?

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5 A. The steps that Hydro has taken to date to ensure Capital Costs do not
6 negatively impact the payback period involve the engineering and
7 environment components of the project.

8 Following its normal practice, Hydro conducted a detailed line routing
9 investigation and defined the exact route for the line. This detailed site
10 investigation enabled Hydro to estimate the project costs to sufficient
11 accuracy such that the cost variations should be minimal unless there are
12 unanticipated site conditions or changes in the market place affecting the
13 costs for materials or construction contracts.

14 Hydro also commenced the environmental assessment process and
15 collected site-specific environmental information along the selected route for
16 the line. The project registration was submitted to the Minister of
17 Environment and Conservation in August. It is anticipated that the project
18 will be released from further assessment. However, if further assessment is
19 required, Hydro will have sufficient time to address these concerns, submit
20 the required documentation and obtain approval prior to project release.