Q. Further to Exhibit 43, please provide a sensitivity assuming fuel costs are reduced by 20% and the capital costs of Muskrat Falls and the HVdc Labrador-Island Link are increased by 20% each. Compare this sensitivity to the Isolated Island and Labrador Interconnection Base Cases shown on Exhibit 43.

A. The requested sensitivity and comparison to the base cases is shown below:

	Cumulative Present Worth (2010 $million)		
	Isolated Island	Interconnected Island	Difference
Reference Case (October 2010):			
Fixed charges	1,402	1,750	(348)
Fuel	6,049	1,170	4,879
Power purchases	743	3,358	(2,615)
Operating	616	374	242
	8,810	6,652	2,158
Fuel Costs Decreased by 20%; Muskrat Falls and LIL Capital Costs Inceased by +20%			
Fixed charges	1,402	2,068	(666)
Fuel	4,839	936	3,903
Power purchases	743	3,839	(3,096)
Operating	616	374	242
	7,600	7,217	383

Annual fuel costs for both scenarios were reduced by 20%. The in-service capital cost for the Labrador-Island Link was increased by 20%. The 20% increase in Muskrat Falls capital costs resulted in an increase for the power purchase rate for the Island from the $2010 escalating supply rate of $76/MWh, used for the reference case, to approximately $89/MWh.

The result of this sensitivity analysis is that there continues to be a CPW preference for the Labrador Interconnection alternative where oil prices are 20 percent less, and capital costs for the Lower Churchill Project are 20 percent higher, relative to

the reference case. The CPW preference however is reduced by $1,775 million relative to the reference case.