

1. The Coles Associates' updated opinion on probable costs remains based upon a Class "C" estimate. Class C estimates are typically used by industry as ballpark estimates in preliminary discussions of feasibility. The expected precision variance of a Class C estimate can be anywhere from -15% to +25% or more. Please advise if Summerside intends to provide a more precise estimate of the probable costs of construction.
2. Please advise as to whether the "Peer Review" by Mr. Blaine K. Irving is also a Class C estimate.
3. Has COS reconciled the differences between the two estimates? If so, please provide the details.
4. Please provide a copy of all quotations, pricings and correspondence relevant to the estimation of the proposed facilities by Coles Associates and Mr. Blaine Irving as well as any draft opinions provided by them.
5. Please provide an up to date site plan for the COS substation and details regarding the placement of the proposed facilities.
6. Please provide an updated single line diagram of the proposed facilities, including the interconnections at the Bedeque and COS substations that shows the planned breakers, switches, transformers, revenue metering and protection and control equipment.
7. Mr. Irving's estimate does not include 138 kV metering equipment requirements. Why is that? Was there no consultation as to these requirements between COS and Mr. Irving?
8. Please provide the supporting calculations for Mr. Irving's \$80,000/km average cost for 138 kV transmission line construction including joint use construction. Please identify the conductor used in the transmission line estimates.
9. With respect to the proposed transmission line, are joint use construction standards (shorter distances between poles and taller poles for clearance purposes) intended? Is COS planning to attach a fibre optic cable to this line to facilitate the required protection, teleprotection and control communication functions?
10. Please confirm that COS is not intending to install a 138 kV circuit breaker in the Ottawa Street Substation and that the existing 69 kV circuit breaker at the Ottawa Street Substation would be used to clear any faults associated with the new 30/40/50 MVA transformer or on the new transmission line.
11. The revised cost estimate does not reference equipment spares, specifically for the proposed 30/40/50 MVA transformer which references only spare parts. Please confirm that the loss of the 30/40/50 MVA transformer would be COS' largest outage contingency. As COS would no longer be a transmission customer, reliance on MECL and the continued use of transmission line T11 would not be appropriate as MECL would be under no obligation to reserve the

required transmission capacity for COS. That said, MECL would continue to assist COS whenever requested and to the degree possible. Please advise what COS would do in the event of a failure of this unit.

12. Mr. Irving has identified the need for equipment, spares, vehicles and training relating to the maintenance of transmission facilities. Has the revised Coles estimate factored this into its estimates? If yes, please provide the details. If not, why not?
13. The proposed facilities would add to the workload of COS electrical department staff. Does COS anticipate that additional staff/expertise would be required?
14. What experience does COS staff have with 138 kV equipment?
15. According to the revised proposal the land acquired for the original project proposal is no longer needed. Is it not reasonable to assume that the original cost of this property (\$70,000?) had been paid for by COS customers and that the proceeds from the future sale of this property would be an offset rather than a credit to COS customers?
16. In the updated evidence, COS advises that environmental studies have not yet been undertaken. What is the basis for the cost estimate provided by COS for environmental approval?
17. COS' Application has been outstanding for some time and has involved extensive legal proceedings both at IRAC and the Court of Appeal. Expert evidence has also been required. All of these "soft costs" are part of the overall cost of the proposed project. As such, please provide a detailed breakdown of all of these soft costs incurred to date.
18. According to COS, the proposed facilities result in future revenue requirement reductions for its electricity customers. Please provide a detailed description as to how those reductions would be passed on to COS electricity customers. Is COS still intending to implement MECL rates in the future?
19. Please provide all documentation relating to the determination of the discount rate of 3.85%.
20. Why did COS not obtain a quote for a 40 year financing term?
21. What is the City of Summerside's credit rating?
22. The risk of curtailment has been stated as an issue which requires COS to take either Network Service or Long Term Firm transmission service, yet COS' actions have been to take a combination of monthly firm and hourly non-firm transmission service rather than to use Network or Long Term Firm Transmission Service. Please confirm that COS has been taking a combination of firm and non-firm transmission service from MECL since March 2002. Please explain COS' rationale for its current usage of transmission service. Does COS generation provide a backstop for curtailment?

23. If COS were to be assigned a share of the government owned submarine cable interconnection facilities, would COS' concern regarding curtailment on these facilities be substantively addressed? If so, would the rationale for basing its economic feasibility on network service no longer apply?
24. Please provide a schedule that lists the date, time and duration of transmission service curtailments by MECL and highlight those that could have been avoided if network or long-term transmission service had been chosen by COS.
25. Has COS anticipated the continued operation of T11 in its plans? If yes, please provide the details and costs associated with the continued operation of T11?
26. The table on page 4 of the revised cost update lists 11 years of operating expense data from 2000 to 2010. The values presented increase substantially with time. Maintenance requirements typically increase as assets age. Why does COS project its operating expenses to effectively decrease from its 2005 – 2010 levels? Would it not be a more realistic approach to trend the data for a 40 year period, escalating to reflect aging assets, and then use those values in determining representative maintenance percentages? Please confirm that the majority of COS' current assets are contained within a concentrated geographic area and that the proposed facilities would be more costly to maintain due to travel time and longer troubleshooting time.
27. The updated Coles estimate states that the incremental operation and maintenance expenses for the proposed facilities will be \$35,000 per year, yet the table on page 24 states the incremental operation and maintenance expenses to be \$50,000. Please specify which amount is being used in the business case.
28. How was the \$40,000 annual cost of COS' share of the operation and maintenance costs of the submarine cables and any other annual charges of MECL that might be payable determined? Please provide detail.