

**Reference from the Lieutenant-governor in Council  
On the Muskrat Falls Project  
(the “Muskrat Falls Review”)  
REQUESTS FOR INFORMATION**

- 1
- 2 CA/KPL-Nalcor-227 Consumer Question: Do other partners in the Muskrat Falls project
- 3 share in overrun costs or does Newfoundland and Labrador pick-up the
- 4 total cost of the overruns?
- 5
- 6 CA/KPL-Nalcor-228 Consumer Question: Has there been any environmental study done on
- 7 the impacts of mega-electrical transmission along the ocean floor or even
- 8 along the shoreline of other provinces?
- 9
- 10 CA/KPL-Nalcor-229 Consumer Question: In the event that both ocean floor and coastline
- 11 transmission fail environmental concerns and with billions of dollars
- 12 invested, will Newfoundland Labrador be over the barrel of having to
- 13 transmit the power through Quebec?
- 14
- 15 CA/KPL-Nalcor-230 Consumer Question: Has the Government of Newfoundland Labrador
- 16 researched the potential of alternative micro-energy generation that falls
- 17 outside of either Muskrat Falls or wind turbines (ie. waterflow energy
- 18 generation WFEG)?
- 19
- 20 CA/KPL-Nalcor-231 Consumer Question: How much of the total investment and cost of
- 21 Muskrat Falls will go to the province of Quebec?
- 22
- 23 CA/KPL-Nalcor-232 Consumer Question: Would the low interest rates available now be
- 24 subject to possible interest rate hikes or are they fixed long-term for the
- 25 life of the repayment terms?
- 26
- 27 CA/KPL-Nalcor-233 Consumer Question: Could repayment terms cause penalties and higher
- 28 interest rates in the event of an economy down-turn that could impair NL's

1 ability of repayment?

2  
3 CA/KPL-Nalcor-234 Consumer Question: Given the investment not including interest, costing  
4 every man, woman and child of this province anywhere from 12-18  
5 thousand dollars, shouldn't doing the project be put to a referendum or  
6 plebiscite?

7  
8 CA/KPL-Nalcor-235 Consumer Question: What is the total cost of Muskrat Falls including  
9 interest?

10  
11 CA/KPL-Nalcor-236 Consumer Question: Please provide the likely capital structure for  
12 the Muskrat Falls generation project which was used to examine the  
13 Bruce power type rate profile, over time, with foregone equity income  
14 matched with higher future returns, in order to prevent rate shock and to  
15 create lower rates than would apply under cost of service?

16  
17 CA/KPL-Nalcor-237 Consumer Question: Please show a year by year schedule of rates  
18 and the corresponding shortfall in equity income for each year and the  
19 subsequent year by year equity income flowing to the shareholder?

20  
21 CA/KPL-Nalcor-238 Consumer Question: Can the shareholder commit future legislatures to  
22 maintaining the cycle of equity investment return, sacrifice and  
23 recoupment and the corresponding time profile of rates, allowing for  
24 subsidies or foregone earnings in early years to be offset in later years  
25 by a surcharge to recoup income foregone in earlier years?

26  
27 CA/KPL-Nalcor-239 Consumer Question: Does this Bruce power arrangement impose a  
28 burden on future generations?

29  
30 CA/KPL-Nalcor-240 Consumer Question: Re: Fuel Price Forecasts: The MHI study  
31 explains (vol. II, p. 204-205) that PIRA provides four forecast scenarios  
32 (reference price, low price, high price and expected price), where the  
33 expected price represents a weighted average of the other three  
34 scenarios. MHI states that,

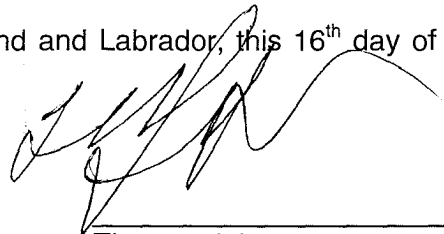
1  
2 *"PIRA also estimates the discrete probability of occurrence for each of*  
3 *the ... scenarios. The relative probabilities assigned to each scenario can*  
4 *vary sharply from one forecast to the next."*  
5

6 Note 244 refers to Exhibit 4, the NLH Thermal Fuel Oil Reference  
7 Forecast.  
8

9 What are the probabilities identified by PIRA for the high and low  
10 scenarios in the forecast used by Nalcor?  
11

12 CA/KPL-Nalcor-241 Consumer Question: Nalcor has used a CPW approach which uses  
13 costs only to compare the 2 options over a 50 year period. The costs  
14 of the MF site have been kept artificially low in the early years by Nalcor  
15 by use of the PPA method for MF sales to Hydro ( which is then used in  
16 the CPW). At p.185, vol. 2, MHI states, "Other types of analysis that are  
17 commonly used include Net Present Value (NPV) and internal rate of  
18 return (IRR)". The NPV & the IRR method use both revenue & costs.  
19 (a) Has Nalcor used the NPV & IRR method to compare to the CPW result  
20 of \$2.2B?  
21 (b) If not, can Nalcor prepare the NPV & IRR method-uses revenue &  
22 costs to compare to the CPW (costs only)?  
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25  
26 Dated at St. John's in the Province of Newfoundland and Labrador, this 16<sup>th</sup> day of February,  
27 2012.  
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