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

CA/KPL-Nalcor-269 Consumer Question: In the reply to CA/KPL-Nalcor-120, it states that for purposes of its DG2 analysis, Muskrat Falls was assumed to be financed with 100% equity. The reply goes on to state that with the successful conclusion on negotiations with the Government of Canada, the "capital structure (debt/equity) rates for the Muskrat Falls Facility will be established so as to take advantage of the benefit from the loan guarantee while maintaining acceptable debt service coverage for lenders." Please fully explain how the CPU for the infeed option would be impacted from the reference case assuming that a debt/equity ratio of 75:25 were used as is being assumed for the LIL.

CA/KPL-Nalcor-270 Consumer Question: This relates to the relative cost (as compared to the isolated island option or the muskrat falls option) of building a transmission line through Labrador and into Newfoundland in such a way that we could purchase the additional power needed from Quebec Hydro. Such an option may prove viable without the cost of developing Muskrat Falls. The transmission line could be used in the future should development be a viable option. Would Nalcor please comment on this option?

Dated at St. John's in the Province of Newfoundland and Labrador, this 22th day of February, 2012.

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