

1 Q. Consumer Question: Nalcor has used a CPW approach which uses costs only to compare  
2 the 2 options over a 50 year period. The costs of the MF site have been kept artificially  
3 low in the early years by Nalcor by use of the PPA method for MF sales to Hydro ( which  
4 is then used in the CPW). At p.185, vol. 2, MHI states, "Other types of analysis that are  
5 commonly used include Net Present Value (NPV) and internal rate of return (IRR)". The  
6 NPV & the IRR method use both revenue & costs. Has MHI used the NPV &IRR  
7 method to compare to the CPW result of \$2.2B?

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9 A. MHI did not use in its report the NPV or IRR method to compare to the CPW result of  
10 \$2.2B as the consideration of revenues was outside the scope of the review. As stated in  
11 Vol. 1, pg. 84 of MHI's report, MHI is satisfied that the CPW approach is reasonable for  
12 the purpose intended, that being to identify the least cost choice between the two Options.