

1 Q. Consumer Question: With reference to CA/KPL-Nalcor-132, how is the "present
2 value of output" priced. Value implies price. How is the price calculated?

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5 A. The definition of a LUEC is that price, which when multiplied by output, and the
6 resulting revenue stream discounted, equals the present value of the all capital and
7 operational related costs. In algebraic terms, the LUEC can be equivalently stated as
8 the "present value of costs" divided by the "present value of output". In each case,
9 both cost and energy amounts are discounted by the discount rate used in the
10 analysis.