Q. Consumer Question: With reference to CA/KPL-Nalcor-135, if the 7.7 cents per kWh is based on total plant capability, namely 4.9 TWh, then, if the Island is going to use only 2.0 TWh initially, will the cost be proportionately higher on the basis of energy actually used?

A. As indicated in Nalcor's response to CA/KPL-Nalcor-135, the 7.7 cent per kWh LUEC referred to in CA/KPL-Nalcor-135 is not applicable for Nalcor's Decision Gate 2 analysis regarding the price of Muskrat Falls energy.

The escalating supply price for Muskrat Falls energy of $76 /MWh ($2010, escalating at 2% annually) is the correct price with respect to the supply required by the Island. This supply price generates a revenue stream based on sales to the Island that recovers all of the costs associated with the Muskrat Falls investment and operation, inclusive of a utility grade return on equity for the shareholder.