

1 Q. Consumer Question: Please show a year by year schedule of rates and
2 corresponding shortfall in equity income for each year and the subsequent year by
3 year equity income flowing to the shareholder?
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6 A. Please see Nalcor's response to PUB-Nalcor-60. Please note there is no "shortfall in
7 equity income" as suggested in the question above. Under a cost based pricing
8 approach based on a targeted internal rate of return, the cash flow for equity
9 return is collected in a different manner to what would otherwise be collected
10 under an administered cost of service framework.
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12 The PPA approach, which is based on an internal rate of return methodology, will
13 be essentially equal on a present value basis to a cost of service approach for
14 pricing when the cost of capital and the cash flow timing differences are properly
15 accounted for.