Q. 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 [sic] 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.

A. Nalcor has undertaken a sensitivity analysis on the cumulative present worth (CPW) results incorporating a debt guarantee fee for both the Muskrat Falls investment and the Labrador Island Transmission Link. As shown in Table 29, Revision 1, page 126 of Nalcor's Submission, the availability of the Federal Loan guarantee will increase the preference for the Interconnected Island alternative by approximately $600 million ($2010, present value).

For further details, please refer to Nalcor's response to CA/KPL-Nalcor-193.