

1 Q. Consumer Question: Mr. Philip Raphals, in his testimony of February 23, 2012  
2 referred to a table GRK-3, based on a table contained in the response to CA-KPL-27  
3 Rev 1, referred to in the transcript), concerning the difference from cost of service  
4 (COS) pricing and pricing based on a power purchase agreement (PPA). Would  
5 Nalcor review the table and confirm the numbers are correct? If the numbers are  
6 not correct would Nalcor provide the correct information?

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9 A. Nalcor has reviewed the spreadsheet submitted by Mr. Philip Raphals as GRK-3, and  
10 notes that some of his highlighted numbers are incorrect. In reviewing Exhibit GRK-  
11 3, Nalcor understands the columns not highlighted in yellow are extracted from  
12 Nalcor's response to CA/KPL-Nalcor-27 Revision 1.

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14 Nalcor notes that columns 5a) and 5b) are correct. These columns represent the  
15 actual incremental unit costs that would be subsequently blended into the utility's  
16 overall total revenue requirement. Column 5a) is PPA the payment for Muskrat Falls  
17 power expressed at Soldiers Pond after losses. Nalcor notes that columns 6a) and  
18 6b) are also correct.

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20 Nalcor notes that columns 7b) and 7c) are incorrect, as they incorrectly derive  
21 payment amounts for Muskrat Falls power from a combined equivalent real LUEC  
22 (column 7) instead of the actual annual payments shown in column 3. The actual  
23 incremental unit cost for Muskrat Falls is 5a).

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25 Nalcor is of the view, however, that the attempt to derive a cost of service analysis  
26 for the Muskrat Falls facility provided by Mr. Raphals does not assist consideration

- 1 of the Reference Question. Nalcor will not be using a cost of service model for the
- 2 reasons provided in Exhibit 36 and in its response to PUB-Nalcor-46.