

1 Q. In reference to CE-45, RFI-49.3 and Exhibit 3, the calculated weighted average
2 composite escalation rates from 2011-2017 result in different rates. Please explain
3 which escalation rates were used in the Strategist software for the CPW Analysis.

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6 A. The escalation rates used in Strategist can be found in MHI-Nalcor-49.3 on lines 12-
7 17 on the first two worksheets in the Excel file. As noted in this response on Note 2;

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9 “Used single escalation factor for all years by project, as required by Strategist. This
10 number represents the CAGR of the escalation series over the study period.”

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12 Escalation for the Lower Churchill project components (Muskrat Falls and Labrador
13 Island Link) is undertaken outside of Strategist.