

1 Q. The response to PUB-Nalcor-46 states that the purchase price paid by Hydro to
2 Nalcor for the power and energy from the Muskrat Falls Plant escalates evenly over
3 time and is applied only to power actually used by rate payers. PUB-Nalcor-90
4 states that changes in energy volumes would not affect the internal rate of return.
5 Is the purchase price for power and energy to be paid by Hydro to be on a take-or-
6 pay basis, that is, the price paid does not change depending on volumes taken or
7 used?

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10 A. Once the annual payments based on forecasted energy deliveries have been
11 established for a defined shareholder return, reduced energy deliveries will not
12 change the annual payments. Therefore, for the purpose of Nalcor's DG2 analysis,
13 the purchase price for power and energy paid by Hydro would be consistent with a
14 take or pay arrangement.