

1 Q. The response to PUB-Nalcor-46 pg. 2 lines 4-5 states that the power purchase price
2 paid by Hydro to Nalcor for power and energy from the Muskrat Falls project is an
3 escalating price that is subject to escalation at CPI. The response to PUB-Nalcor-48
4 lines 8-10 states that a 2% general inflation escalator was applied to the power
5 purchase price. Please describe how the power purchase price was escalated in the
6 analysis and how it will be treated in the PPA.

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9 A. The power purchase price to be paid by Hydro for Muskrat Falls power and energy
10 has been escalated at an annual rate of 2% in Nalcor's analysis, a rate consistent
11 with Nalcor's assumption for long-term CPI in this analysis.

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13 Nalcor expects the escalator to be treated in the PPA in the same manner as in its
14 analysis.