

1 Q. Please provide a CPW analysis for the Interconnected Island Option assuming a full
2 Cost of Service methodology is used to determine the power purchase price of
3 Muskrat Falls power and energy to be paid by Hydro to Nalcor over the period 2017
4 to 2067 rather than the PPA approach.

5

6

7 A. Whether the pricing for Muskrat Falls energy follows a cost of service approach or
8 an escalating PPA approach, the CPW result for the Interconnected Island
9 alternative will be the same. As noted in PUB-Nalcor-46, the financial parameters in
10 the annual cost of service model were set to provide return on rate base of 8.4% in
11 order to be comparable to the PPA pricing approach. As a result, the present values
12 of the Muskrat Falls revenue streams under either case are the same.