

1 Q. In its letter of July 12, 2011 the Board requested a copy of the report supporting the  
2 purchase price of Muskrat Falls power and energy by Hydro. No report was  
3 provided in response to this request. Exhibit 36 does not refer to a report or a  
4 study but does say Nalcor had undertaken "*a supply pricing analysis for Muskrat*  
5 *Falls power*". Was a report or study completed to determine the purchase price? If  
6 so, provide it.

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9 A. No report or study was completed to determine the purchase price for Muskrat  
10 Falls power. As provided in PUB-Nalcor-48, a supply pricing analysis in the form of  
11 an excel worksheet model was undertaken for the Muskrat Falls project in order to  
12 estimate its economic cost of production given the capital and operating cost  
13 estimates, financial hurdles, and output levels. This initial supply price was  
14 subsequently applied to the Island sales to derive a project return of 8.4%.