Q. Provide a copy of the entire supply pricing analysis undertaken by Nalcor referred to in Exhibit 36.

A. Confidential Exhibit CE-61provides an excel worksheet model framework prepared by PWC for Nalcor. This model was used to originally estimate the economic cost of production for the Muskrat Falls project. This supply price was a function of capital and operating costs, firm energy output of 4.5 TWh, and an 11 percent return to capital. The escalating supply price was calculated to be $76/MWh in 2010$, with an annual 2% general inflation escalator applied to it thereafter.

Once the escalating supply price of $76 /MWh had been estimated, the next step was to use this price to derive project revenue, cash flows and shareholder returns for Muskrat Falls assuming that the Island was the only firm market and that the remainder of the production potential for the plant would be spilled. The return to capital generated by the Island sales profile, coupled with the escalating supply price, was calculated to be 8.4%. (The excel workbook analysis for this step has been previously provided in Exhibit 15 with additional detail provided in MHI-Nalcor-58 (including Confidential Exhibit CE-53) and MHI-Nalcor-117.) Nalcor deemed this return to be acceptable for the Muskrat Falls investment. While the 8.4% return is currently below the long run forecast of return on equity for utilities, it was recognized that Muskrat Falls would have opportunities to realize additional revenues for the operational period before Island requirements fully utilized Muskrat Falls’ production potential.