

**From:** [REDACTED]  
**Sent:** February 29, 2012 3:23 PM  
**To:** PUB Muskrat Falls Review  
**Cc:** NL Public Utilities Board  
**Subject:** Feb 29,2012 Submission to PUB Muskrat Falls Hearing re the 2% CPI escalator rate used by Nalcor from 2010 -2067

Submission to the PUB : Nalcor Uses a 2% CPI Escalator Assumption From 2010 -2067 ( 57 year projection )

In PUB-Nalcor #150 Nalcor states

" The power purchase price to be paid by Hydro for Muskrat Falls power and energy has been escalated at an annual rate of **2 %**

in Nalcor's analysis , a rate consistent with Nalcor's assumption for long -term CPI in this analysis.

Nalcor expects the escalator to be treated in the PPA in the same manner as in its analysis "

The **2% Nalcor** CPI per year escalator increase for the **57** year period from 2010 to 2067 is **very low** based upon past CPI history .

For the **98** years from 1914-2012 the average annual CPI increase was **3.11 % per year**  
For the **50** years from 1962 -2012 the average annual CPI increase was **4.16 % per year**

The PUB should measure the impact on the CPW (\$2,158) if the **2%** CPI escalator used by Nalcor was changed to **3.11 %** and **4.16 %** per year

The PUB should also measure the impact on the PPA .

Brian J.Grant

see The Bank of Canada has an inflation calculator using monthly CPI data from 1914 to the present  
<http://www.bankofcanada.ca/rates/related/inflation-calculator/>