

Nalcor/Hydro Finance Panel

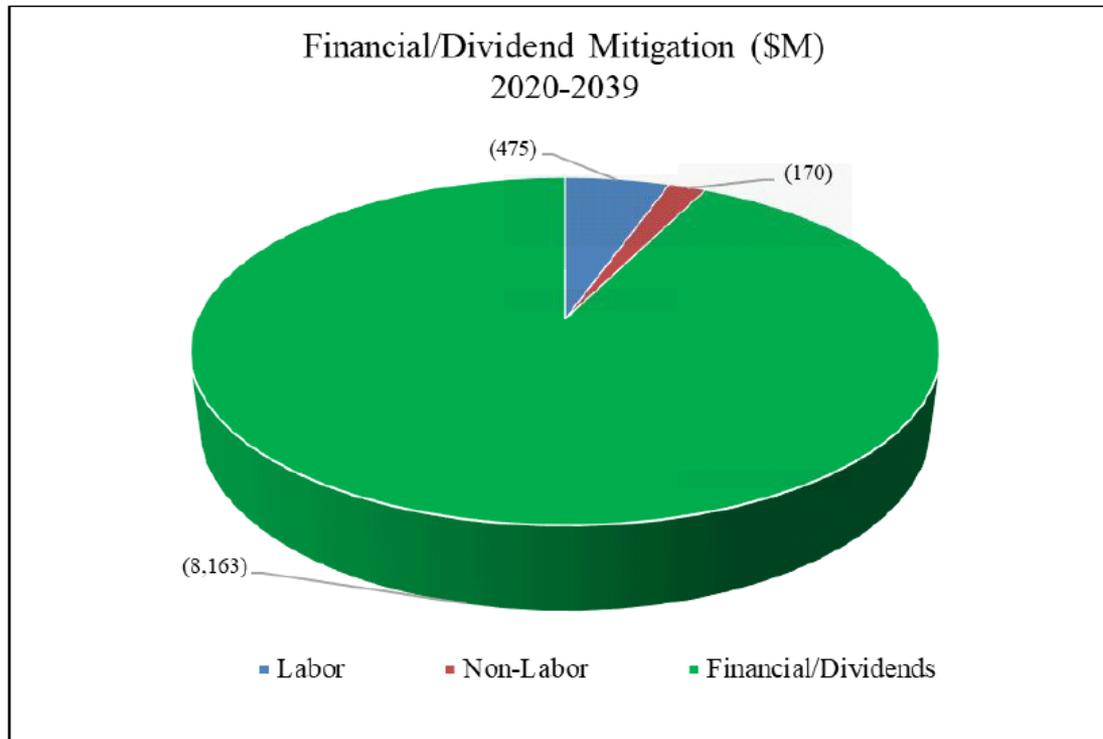
Presentation to Board of Commissioners of
Public Utilities of Newfoundland & Labrador

Financial Mitigation Opportunities

- Nalcor generally agrees with Liberty's analysis that the combined financial mitigation opportunities have the potential to materially reduce revenue requirements
 - Represents the largest source of funds available – \$8.2 billion or 93% over the 2020-2039 period
 - Liberty estimates approximately \$165 million per year beginning in 2021, over \$500 million by 2030, and around \$700 million by 2039
- This includes:
 - Dividends from LCP, CF (Preferred) and Hydro
 - Excess MF energy sales
 - MF and CF water power rental fees

Total Mitigation by Source

Figure VII.16: Total Mitigation by Source (2020-39)



Source: The Liberty Consulting Group Final Report on Phase Two of Muskrat Falls Project Potential Rate Mitigation Opportunities

Implementation Considerations

- How much rate subsidization and how it is implemented are both policy decisions for the Province
 - Once decision made, it effectively becomes a taxpayer vs. electricity customer issue
- As part of implementation, consideration must be given to the following:
 - Impact on the Province's financial position (eg. credit ratings, use of consolidated revenues)
 - Involvement of external Stakeholders in financing/commercial arrangements (eg. Government of Canada, Emera, Innu Nation)
 - MF Project legislative framework
 - Technical and accounting issues (eg. Impairment, debt consolidation)
- Requires fulsome evaluation to ensure no unintended consequences

Bio

Jim Meaney, Vice President Finance, Power Supply, Nalcor Energy

Jim serves as the Vice President Finance, Power Supply, having accountability for all aspects of financial accounting and reporting, strategic planning, risk management, treasury, commercial, financial planning and internal financial control areas for Nalcor's Power Supply division which includes the Muskrat Falls Project, Churchill Falls and Energy Marketing businesses.

Jim joined Nalcor Energy in 2010 as the Assistant Treasurer and moved into the roles of Corporate Treasurer & CRO in 2011, General Manager, Finance - Lower Churchill Project in 2013, General Manager, Finance - Business Units in 2016 and then Vice President Finance, Power Supply in 2017.

Prior to joining Nalcor Energy, Jim worked in a number of investment banking and senior corporate development roles in both Canada and United States with accountabilities that included mergers and acquisitions, new location expansion, divestitures, debt and equity financing, restructuring and strategic planning.

A Memorial University graduate, Jim has a Bachelor of Commerce (Co-Op) with a concentration in Finance, and holds a Chartered Financial Analyst designation.

Bio

Lisa Hutchens, Vice President, Financial Services, NL Hydro

Lisa Hutchens serves as Vice President, Newfoundland and Labrador Hydro having accountability for all aspects of Hydro's financial accounting, reporting and controls, treasury, regulatory finance, commercial, risk management, corporate planning, supply chain management (procurement and inventory), and Hydro place operations. A Chartered Professional Accountant with over 20 years of senior financial and leadership experience, Lisa joined Hydro in January 2017.

Prior to this, she served as Secretary-Treasurer and CEO of Petroleum Research Newfoundland and Labrador and Vice President, Finance and Chief Financial Officer of Newfoundland Power. In these senior roles, Lisa was responsible for leading corporate strategy development as well as a broad range of finance and administrative functional areas. Lisa has a demonstrated ability in facilitating and managing change, industry leadership, utilizing financial information and technology to improve business results, and effectively communicating with employees, stakeholders, and business partners.

A Memorial University Graduate, Lisa holds a Bachelor of Commerce (Co-op) Honours, and Chartered Professional Accountant (CPA, CA) designation.

Bio

Auburn Warren, General Manager, Commercial, Treasury & Risk, Nalcor Energy

Auburn serves as the General Manager, Commercial, Treasury & Risk having accountability for all aspects of long-term financial planning and modelling, risk management, treasury, commercial, and corporate insurance program for Nalcor Energy.

Auburn joined Nalcor Energy in 2010 as the Manager, Financial Planning & Investment Analysis and moved into the role Manager, Investment Evaluation in 2011, and then General Manager, Commercial, Treasury & Risk in 2014.

Prior to joining Nalcor Energy, Auburn worked in a number of senior finance roles with private and publicly-traded entities based both locally and globally with accountabilities that included budgeting, long term financial planning, mergers and acquisitions, debt and equity financing, and strategic planning.

A Memorial University graduate, Auburn has a Bachelor of Commerce (Co-Op) Honours with a concentration in Finance, and holds a Chartered Professional Accountant (CPA, CA) designation.