



South Dam

Intake/Powerhouse

Transition Dam

Spillway

North Dam

Rock Knoll

Tailrace

OWN Muskrat Falls

- **The PAST is the PAST. What's Done is Done. There's nothing we can do about it.**
- **What can we do about the FUTURE? Lots.**
- **The Muskrat Falls Project has produced the biggest debt this NL has ever owed.**
- **At least \$ 30 Billion , perhaps 40, or more, that no one wants to say aloud.**

OWN Muskrat Falls

The Problem

- Project Cost (2019) $P = \$12.7 \text{ Billion}$
- Interest Rate $i = 3.5\%$
- Term $n = 57 \text{ years}$
- **Annual Payments** $A = \underline{\$576 \text{ Million}}$
- Total to be Repaid $\$576\text{M} \times 57 \text{ yrs.} = \29.4 Billion

- Market value of Energy 6 cents/ kw-hr.
- or, say $\$60\text{M} / \text{tw-hr.}$

- **Annual Revenue (after Emera's share)** $3.92 \times \$60 \text{ M} = \underline{\$ 235.2 \text{ M}}$
- or, (is Emera 25%or 33%) $3.27 \times \$60 \text{ M} = \underline{\$ 196 \text{ M}}$

- **Annual Shortfall starts at** $\underline{\$341 \text{ M to } \$ 380 \text{ Million}}$

OWN Muskrat Falls

Since the revenue cannot be increased,

The Solution is, **Decrease the Debt!!!**

- **Sell the PowerHouse, for \$5 Billion, cash, right now, to 50,000 new shareholders (citizens)**
- **PowerHouse will include dams, control structures, turbines, generators, building, up to the point where the conductors exit through the bushings**
- **Transmission Line (LIL and LTA, conductor, switch yards, transformers, converter stations, towers, and submarine crossing) remains with NL Hydro**

OWN Muskrat Falls

With **\$ 7.7 Billion debt remaining**, the
Transmission Line mortgage should be repaid
in 25 years (not 57 years)

$P = \$ 7.7 \text{ Billion}$

$i = 3.5\%$

$n = 25 \text{ years}$

Annual payment = \$467 Million

Total repaid \$467M x 25 yrs. = \$11.675 Billion

OWN Muskrat Falls

- **In Year 1, repayment shortfall is \$240 Million, instead of \$350 Million**
- **The shortfall will decrease each year, and can be made up by NL Hydro profits from existing facilities, or as others have already proposed here**
- **By Year 15, with the modest 3% annual increase in electricity value, the revenue will meet the mortgage**
- **And by Year 20, the revenue = \$550 Million per year,**
- **Exceeding the mortgage by \$83 Million per year**

OWN Muskrat Falls

- **So, how will the shareholders be repaid?**
- **For first ten years, no dividends paid out.** NL Hydro uses all revenue toward Transmission Line debt
- **Next ten years, dividends paid at 3.5%, accumulated on books, but not paid out;** loaned to NL Hydro, which uses it toward Transmission Lines
- **Next ten years, (to Year 30), 50/50 split on gross revenue**
- **Reminder of project life, split to be negotiated, every twenty years, while share value increases**

OWN Muskrat Falls

- **Where's the Advantage?**
- **Instead of repaying \$29.4 Billion to Banks**
- **Ratepayers pay \$11.7 Billion to Banks
for a \$12.7 Billion Project**
- **Savings \$17.7 Billion**
- **At the same time, ratepayers will have paid
other ratepayers, who own almost 50% of the
project**

OWN Muskrat Falls

- **WHA-A-T ????? No dividends for ten years??**
- **RRSP's converted to RIF's;**
- **If you went to the bank today, to withdraw \$100,000 of your RRSP, they would give you \$70,000, at most**
- **At least 30% tax on your \$100,000**
- **If you died today, your heirs would net even less**

OWN Muskrat Falls

- If you converted your \$100,000 to a RIF, over ten years, or more, tax would still be the same
- So, my proposal:
- Put the full \$100,000 towards Muskrat Falls Power House
- With 50,000 shareholders
- Equals \$5 Billion, and no debt to repay on the Power House
- **Initially, 100% of Power House revenue is directed to repayment of Transmission Line loans**

OWN Muskrat Falls

- **How can shareholders OWN Muskrat Falls Power House?**
- **Set up a Co-op under existing NL Co-op rules**
- **Article 5 “*a society that has as its objective the promotion of the economic or social interests of its members....*”**
- **NL Hydro would continue to legally own the facility, but the Co-op would be the owner of its assets (like the bank owns your house, but in your name, until repaid)**

OWN Muskrat Falls

- **The Co-op would be set up like CFLCo (3 shareholders own Churchill Falls, NL Hydro is one of them)**
- **The Co-op could be called MFLCo-op (the legislation says Co-op must appear in its name) with 50,000 shareholders**
- **Its own Board of Directors (like CFLCO)**
- **Its own Constitution, its objective, to “bail out” NL gov’t. (social) and profit its members**
- **Future Government decisions about the Power House would have to include the Co-op. Accountability !!!!**

OWN Muskrat Falls

- **Why would a person invest his RRSP?**
- The majority of RRSP annuities are not spent in the owner's lifetime.. They are left as taxable inheritances
- RRSP investment would be restricted to no more than 25% (say) of one's total holdings (Feds could control that)
- (Investment outside RRSP's would also be welcome.)
- The value of the dividends will continue to increase, for "our children and grandchildren
- After 25 years, or so, the gov't or Hydro, can begin to buy back shares, at current value, from any who want to sell
- Shareholders would also be able buy and sell their shares to new shareholders
- Remaining shareholders continue to collect profit, at the same rate as NL Hydro

OWN Muskrat Falls

- **Q ...How will you find 50,000 shareholders ???**
- **Answer...TAKE CHARGE !!!!!**
- **NF Power monthly utility bill (and probably every other utility in Canada) includes an insert, with all kinds of information**
- **Promote the **OWN Muskrat Falls** idea with a professional 'prospectus' of the plan as an insert of utility bill (Fortis shares were promoted same way 30 years ago)**
- **Change the negative doom and gloom Muskrat Falls thinking to a positive one**
- **Will need a new way of thinking**
- **Sell the investment idea to our own ratepayers !!!!**