

1 Q. Please provide a detailed schedule of the forecast revenue requirement for the
2 Muskrat Falls Project from 2020 to 2039, including the assumptions used to prepare
3 the forecast.

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6 A. The revenue requirement for 2020 to 2039 for each of the major components of
7 the Muskrat Falls Project is presented in Table 1 below.

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9 The Muskrat Falls and Labrador Transmission Assets annual revenue requirement is
10 determined as per the terms of the Power Purchase Agreement and the Generator
11 Interconnection Agreement respectively. The Labrador-Island Link revenue
12 requirement is determined as per the terms of the Transmission Funding
13 Agreement. These agreements have been provided in Nalcor's response to PUB-
14 Nalcor-016.

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16 Other major assumptions associated with the forecast revenue requirement are
17 noted in Nalcor's response to PUB-Nalcor-030.

Table 1

Nalcor Energy's Projection of Revenue Requirement - Muskrat Falls, Labrador Transmission Assets, and Labrador-Island Link																					
Muskrat¹	(\$millions)	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
Energy Sales		102.0	244.7	261.8	277.4	298.2	319.6	337.0	355.0	373.6	392.7	425.7	459.8	481.4	503.7	526.7	550.4	574.8	600.1	626.0	652.8
PPA/GIA Adjustments		0.0	(0.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating Costs ²		8.7	27.1	27.7	28.4	29.1	29.8	30.6	31.3	32.1	32.9	33.7	34.5	35.4	36.3	37.2	38.1	39.0	40.4	50.0	46.9
Water Power Rental		5.1	15.6	15.9	16.2	16.5	16.9	17.2	17.6	17.9	18.3	18.7	19.1	19.4	19.8	20.2	20.7	21.1	21.5	22.0	22.4
IBA		1.9	5.8	5.9	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Revenue Requirement		117.7	293.0	311.4	328.1	349.8	372.3	390.8	409.9	429.6	450.0	484.1	519.4	542.3	565.9	590.2	615.2	641.0	668.0	704.1	728.1
LTA¹		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
Energy Sales		19.4	37.5	43.0	45.6	49.0	52.5	55.3	58.3	61.3	64.5	69.9	75.5	79.0	82.7	86.5	90.4	94.4	98.5	102.8	107.2
PPA/GIA Adjustments		0.0	5.1	(0.9)	(3.8)	(1.3)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating Costs ²		3.1	10.3	10.6	10.8	11.1	11.4	11.7	11.9	12.2	12.5	12.9	13.2	13.5	13.8	14.2	14.5	14.9	15.3	16.2	24.7
Water Power Rental		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IBA		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Revenue Requirement		22.5	52.9	52.7	52.6	58.8	63.8	67.0	70.2	73.6	77.0	82.7	88.7	92.5	96.5	100.6	104.9	109.3	113.8	119.0	131.8
LIL¹		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
Return on Equity		41.8	125.2	123.5	121.8	120.4	118.4	116.7	115.0	113.6	111.6	109.9	108.2	106.8	104.8	102.2	98.8	96.7	94.1	91.7	89.4
Net Interest Expense		40.3	119.1	116.9	114.7	112.3	110.0	107.8	105.6	103.4	101.4	99.0	96.6	94.4	89.5	85.7	84.1	82.2	80.6	78.9	77.0
Depreciation		32.3	97.0	97.0	97.0	97.0	97.0	97.0	97.0	97.0	97.0	97.0	97.0	97.0	97.0	97.0	97.0	97.0	97.0	97.0	97.0
Operating Costs ²		12.4	38.6	39.5	40.5	41.5	42.6	43.6	44.7	45.8	49.6	48.1	49.3	50.5	53.0	54.3	55.6	57.0	57.1	66.0	85.5
Taxes		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.7
Revenue Requirement		126.7	379.9	376.9	374.0	371.3	367.9	365.1	362.3	359.8	359.6	354.0	351.0	348.6	344.2	339.2	335.5	332.8	328.7	333.5	351.6
Total Annual LCP Revenue Requirement		266.9	725.8	741.0	754.7	779.9	804.1	822.9	842.4	863.0	886.6	920.9	959.1	983.5	1,006.6	1,030.0	1,055.6	1,083.1	1,110.5	1,156.6	1,211.5
Less:																					
NLH Net Export Revenue ³		(50.1)	(57.2)	(48.8)	(46.4)	(50.0)	(53.9)	(58.6)	(61.8)	(70.1)	(73.4)	(81.2)	(87.1)	(91.9)	(95.1)	(99.8)	(103.6)	(110.8)	(113.8)	(116.5)	(119.9)
Net LCP Revenue Requirement used for Rate Mitigation		216.8	668.6	692.2	708.2	729.9	750.1	764.4	780.7	792.9	813.1	839.7	872.0	891.6	911.5	930.2	952.0	972.4	996.7	1,040.0	1,091.6

Amounts may not add due to rounding.

1. LCP Revenue Requirement presented in this response does not include any consideration or adjustment for the impact of Export values to reduce/mitigate this information.
2. Operating costs include a provision for estimated Sustaining Capital.
3. NLH Net Export Revenue includes the net revenue from the sale of Schedule 2 energy and Recall energy that is in excess of its domestic needs.