

- 1 Q. Regarding the MFLTA forecasts for dividends, please provide the calculations of the
2 following components of the “Cash Inflow” for each year from 2020-2039. Please
3 also provide specific references in agreements for the revenues/costs calculated.
- 4 a. Revenues, including the Base Block Capital Costs Recovery, Schedule 2 Base
5 Block Energy and other Revenues components;
 - 6 b. “Operating Costs”;
 - 7 c. “WPR”;
 - 8 d. “IBA”;
 - 9 e. “Interest Earned”; and
 - 10 f. Sustaining Capital
- 11
12
- 13 A. The information provided in this response is based on Nalcor’s January 2019
14 forecast. PUB-Nalcor-201, Attachment 1 provides the detail components of the cash
15 available for dividends for each year from 2020 to 2039. With respect to the specific
16 provisions that pertain to each component in PUB-Nalcor-201, Attachment 1, it is
17 important to note that in most cases there is no single provision that is
18 determinative but that the agreements must be looked at in totality. While the
19 agreements referenced below are the primary source for each of the individual
20 components required in determining the MFLTA dividends, consideration must be
21 given to all agreements as provided in Nalcor’s responses to PUB-Nalcor-016 to
22 PUB-Nalcor-019, as well as the other relevant agreements noted below, in order to
23 obtain a fulsome understanding of factors considered in determining cash available
24 for dividends in any given year.
- 25
- 26 a. Refer to PUB-Nalcor-201, Attachment 1. The Revenues represent the Base Block
27 Capital Costs Recovery (BBCCR) amounts as per Schedule 1 of the Power

- 1 Purchase Agreement (PPA), provided in Nalcor's response to PUB-Nalcor-016,
2 and the energy entitled to Hydro as per Schedule 2 of the PPA.
3
- 4 b. Refer to PUB-Nalcor-201, Attachment 1. The forecasted Operating Costs (O&M)
5 are a flow through of cost to Hydro per Section 4.2(b) of the PPA.
6
- 7 c. Refer to PUB-Nalcor-201, Attachment 1. The Water Power Rental amounts are
8 calculated as per Section 10 of the Water Power Lease Agreement, as provided
9 in Nalcor's response to PUB-Nalcor-185.
10
- 11 d. Refer to PUB-Nalcor-201, Attachment 1. The IBA payments are calculated as per
12 the Section 7.5 of the Lower Churchill Innu Impacts and Benefit Agreement
13 (IBA), as provided in Nalcor's response to PUB-Nalcor-186.
14
- 15 e. Refer to PUB-Nalcor-201, Attachment 1. The interest earned is comprised of the
16 following:
- 17 1) Interest income on Sinking Fund as per Section 8.17 of the Second
18 Amended and Restated MF/LTA Project Finance Agreement (MF/LTA
19 PFA) whereby the cash balance is invested based on the criteria as per
20 Schedule Z of the MF/LTA PFA.
 - 21 2) Interest income on Liquidity Reserve Account (LRA) as per Section 8.15
22 of the Second Amended and Restated MF/LTA PFA.
 - 23 3) Interest income on Debt Service Reserve Account (DSRA) as per Section
24 8.14 of the Second Amended and Restated MF/LTA PFA.
 - 25 4) Interest income on Debt Service Escrow Account (DSEA) as per Sections
26 8.18 and 8.20 of the Second Amended and Restated MF/LTA PFA.

- 1 f. Refer to PUB-Nalcor-201, Attachment 1. Sustaining Capital is included as part of
2 the forecasted O&M as per Section 4.2 (b) of the PPA and as further defined in
3 the Definition Section of the PPA under “O&M Activities”.

PUB-Nalcor-201, Attachment 1

Rate Mitigation Options and Impacts Reference, Page 1 of 1

MFLTA Dividend Detail Breakdown in response to PUB-Nalcor-201 and PUB-Nalcor-202
Based on the January 2019 Nalcor Forecast

	Total	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
In Response to:																					
Cash inflow																					
PUB-Nalcor-201 (a) Revenues	9,732	97	307	305	323	347	372	392	413	435	457	495	535	560	586	613	640	669	698	728	760
PUB-Nalcor-201 (b) Operating Costs	905	12	37	38	39	40	41	42	43	44	45	47	48	49	50	51	53	54	55	57	58
PUB-Nalcor-201 (c) WPR	362	5	16	16	16	17	17	17	18	18	18	19	19	19	20	20	21	21	22	22	22
PUB-Nalcor-201 (d) IBA	116	2	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6
PUB-Nalcor-201 (e) Interest earned	407	2	8	10	12	15	17	19	21	24	30	116	10	13	15	18	21	24	14	8	11
PUB-Nalcor-201 (f) Sustaining capital	23	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0	10	13
Total cash inflow	11,546	118	374	375	397	424	453	477	501	527	557	683	618	647	678	709	741	774	795	830	870
In Response to:																					
PUB-Nalcor-201 (b) Operating Costs	(905)	(12)	(37)	(38)	(39)	(40)	(41)	(42)	(43)	(44)	(45)	(47)	(48)	(49)	(50)	(51)	(53)	(54)	(55)	(57)	(58)
PUB-Nalcor-201 (c) WPR	(362)	(5)	(16)	(16)	(16)	(17)	(17)	(17)	(18)	(18)	(18)	(19)	(19)	(19)	(20)	(20)	(21)	(21)	(22)	(22)	(22)
PUB-Nalcor-201 (d) IBA	(116)	(2)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)
PUB-Nalcor-201 (f) Sustaining capital	(23)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0)	(10)	(13)
PUB-Nalcor-202 (a) DSEA coupon contributions	(2,478)	(54)	(155)	(154)	(153)	(152)	(151)	(150)	(149)	(148)	(133)	(122)	(120)	(119)	(117)	(116)	(114)	(112)	(96)	(83)	(81)
PUB-Nalcor-202 (b) DSEA principal contributions	(2,556)	(65)	(112)	(113)	(113)	(114)	(115)	(116)	(117)	(118)	(126)	(132)	(133)	(134)	(136)	(137)	(138)	(140)	(157)	(169)	(171)
PUB-Nalcor-202 (c) DSRA incremental funding	(5)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(5)	-	-
Total cash outflow	(6,447)	(138)	(326)	(327)	(328)	(329)	(330)	(331)	(333)	(334)	(328)	(325)	(326)	(328)	(329)	(330)	(332)	(333)	(341)	(347)	(352)
CF available for dividend before Adjustments	5,099	(20)	48	48	69	95	123	145	169	193	228	358	292	320	349	378	409	440	455	484	518
PUB-Nalcor-202 (d) PPA\GIA adjustments (repayments)	(2)	24	(19)	(0)	(3)	(3)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Available for Dividends	5,097	4	29	48	65	92	123	145	169	193	228	358	292	320	349	378	409	440	455	484	518