

1 Q. Further to PUB-Nalcor-201, MFLTA forecast for dividends, please provide the “delta
2 impact” on revenue requirements and on dividends for the 2019-2039 forecasts for
3 MFLTA, assuming that none of the Water Power Rental payments are made to the
4 Province. Please also give an explanation of how this change specifically impacts the
5 calculation of revenue requirements and dividends for MFLTA and LIL (if any for
6 LIL).

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9 A. The information and “delta impact” provided in this response is based on Nalcor’s
10 January 2019 forecast, as aligned to the information provided in Nalcor’s response
11 to PUB-Nalcor-201.

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13 For the “delta impact” on revenue requirements and dividends for the 2020-2039
14 forecasts, assuming that none of the Water Power Rental payments are made to
15 the Province, refer to PUB-Nalcor-263, Attachment 1.

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17 The Water Power Rental payments as described above are the “payments pursuant
18 to the Water Lease” included in the “O&M costs” as defined in the definitions
19 section of the Power Purchase Agreement (PPA) and are a direct flow through cost
20 to Hydro as per Section 4.2(b) of the PPA. Based on the treatment of the O&M costs
21 for MFLTA as defined in the PPA, any change in the Water Power Rental payments,
22 in any year, will have a direct corresponding impact on the revenue requirement to
23 Hydro in that year. As a result of this flow through treatment, any change in the
24 Water Power Rental payments will have no net impact on the calculation of
25 dividends for MFLTA in any given year.

- 1 As Water Power Rental payments are not made by LIL, the elimination of such
- 2 payments would have no impact on the forecast for dividends or revenue
- 3 requirement of LIL.

PUB-Nacor-263, Attachment 1

Rate Mitigation Options and Impacts Reference, Page 1 of 1

MFLTA Revenue Requirement and Dividends Impact
Based on the January 2019 Nalcor Forecast

		\$ Millions																				
		Total	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
In Response to:																						
Revenue Requirement																						
PUB-Nalcor-201 (a) & PUB-Nalcor-202 (d)	Energy Sales ⁽¹⁾	9,729	121	288	304	319	344	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)	Water Power Rentals	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
Revenue Requirement		11,137	140	346	364	381	407	436	458	480	503	527	567	608	635	662	690	720	750	781	823	860
Revenue Requirement Impacts																						
Removal of Water Power Rentals		(362)	(5)	(16)	(16)	(16)	(17)	(17)	(17)	(18)	(18)	(18)	(19)	(19)	(19)	(20)	(20)	(21)	(21)	(22)	(22)	(22)
Adjusted Revenue Requirement		10,775	135	331	348	365	390	419	440	462	485	508	548	589	615	642	670	699	729	760	801	837
Dividend Impacts																						
Dividends as per PUB-Nalcor-201		5,097	4	29	48	65	92	123	145	169	193	228	358	292	320	349	378	409	440	455	484	518
Removal of Water Power Rentals		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted Dividends		5,097	4	29	48	65	92	123	145	169	193	228	358	292	320	349	378	409	440	455	484	518

(1) Includes Revenues and PPA/GIA adjustments (repayments) as stated in PUB-Nalcor-201 Attachment 1.