

1 Q. **Reference: 2018 Cost of Service Methodology Review Report, p. 20 (31 pdf)**

2

3 Citation:

4 The key financial forecast assumptions included in the 2021 illustrative revenue
5 requirement are: ...

6 (ii) The TFA and PPA payments estimated for 2021 have been determined
7 consistent with a Nalcor long-term financial plan prepared in September
8 2018;

9

10 a) Please explain why and how the TFA and PPA payments depend on a Nalcor long-term
11 financial plan.

12

13 b) Please provide a copy of the referenced Nalcor long-term financial plan.

14

15

16 A. a) The Nalcor long-term financial plan contains the forecast financial statements for the
17 Lower Churchill Project entities which determines the revenue requirement forming
18 the basis of the amounts that Newfoundland and Labrador Hydro is obligated to pay
19 under the Power Purchase Agreements.

20

21 b) The relevant portion of the Nalcor long-term financial plan, containing the revenue
22 requirement due from Newfoundland and Labrador Hydro, is included in Table 1.

**Table 1: Lower Churchill Project Revenue Requirements
 (\$000)**

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Labrador-Island Link	126,749	379,849	376,941	374,033	371,278	367,886	365,111	362,265	359,811	359,578	353,995
Muskrat Falls	117,685	293,022	311,350	328,101	349,849	372,339	390,842	409,939	429,647	449,982	484,111
Labrador Transmission Assets	22,503	52,887	52,692	52,557	58,768	63,848	66,990	70,232	73,576	77,027	82,746
GIA/PPA Adjustment¹	(24,437)	19,073	512	3,587	1,265						
	242,499	744,831	741,495	758,277	781,160	804,073	822,943	842,436	863,035	886,588	920,852

¹ Power Purchase net of the interest earned on the Generation Interconnection Power Purchase Agreement.