

1 Q. Regarding the LIL forecasts for dividends, please provide the calculations of the
2 following components of the “Cash Outflow- Flow thru” and “Sinking Funds and
3 Principal and Release of DSRA” for each year from 2020-2039. Please also provide
4 specific references in agreements for the costs calculated.

5 a. “Net Interest Expense” ;

6 b. “Sinking Funds and Principal Payments”; and

7 c. “Release of DSRA”.

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10 A. The information provided in this response is based on Nalcor’s January 2019
11 forecast. Please refer to Attachment 1 of Nalcor’s response to PUB-Nalcor-203 that
12 provides the detail components of the cash available for dividends for each year
13 from 2020 to 2039. With respect to the specific provisions that pertain to each
14 component of PUB-Nalcor-203, Attachment 1, it is important to note that in most
15 cases there is no single provision that is determinative but that the agreements
16 must be looked at in totality. While the agreements referenced below are the
17 primary source for each of the individual components required in determining the
18 LIL dividends, consideration must be given to all agreements as provided in Nalcor’s
19 responses to PUB-Nalcor-016 to PUB-Nalcor-019, as well as the other relevant
20 agreements noted below, in order to obtain a fulsome understanding of factors
21 considered in determining cash available for dividends in any given year.

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23 a. Refer to PUB-Nalcor-203, Attachment 1 for response. Net Interest expense is
24 the combination of the “Interest Earned” and “Coupon Payments” as provided
25 in Nalcor’s response to PUB-Nalcor-203(b) and (c) respectively. Please refer to
26 these responses for the relevant agreement references.

1 b. Refer to PUB-Nalcor-203, Attachment 1 for response. The obligation to make
2 Sinking Fund and Principal payments is defined by Section 8.10 and 2.6
3 respectively of the Second Amended and Restated LIL Project Finance
4 Agreement (LIL PFA).

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6 c. Refer to PUB-Nalcor-203, Attachment 1 for response. The operating period
7 incremental Debt Service Reserve Account (DSRA) funding, or release of DSRA, is
8 as per Section 8.3 of the LIL PFA, Section 4.16 of the Federal Loan Guarantee
9 Agreement (FLG Term Sheet), and Section 5.16 of the Additional Federal Loan
10 Guarantee Agreement (FLG2 Term Sheet).