

- 1 Q. Further to PUB-Nalcor-201 and PUB-Nalcor-203, MFLTA and LIL forecasts for
2 dividends, please provide the “delta impact” on revenue requirements and on
3 dividends for the 2019-2039 forecasts for each MFLTA and LIL, assuming:
- 4 a) The base operating costs (which includes O&M and Environmental costs, but
5 not Water Power Rentals and IBA costs) increase by 10% and 20% over the
6 base cases.
- 7 b) The base operating costs (which includes O&M and Environmental costs, but
8 not Water Power Rentals and IBA costs) decrease by 10% and 20% from the
9 base cases.

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11 Please also give an explanation of how these changes specifically impact the
12 calculation of revenue requirements and dividends for each MFLTA and for LIL.

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- 15 A. The information and “delta impact” provided in this response is based on Nalcor’s
16 January 2019 forecast, as aligned to the information provided in Nalcor’s responses
17 to PUB-Nalcor-201 and PUB-Nalcor-203.

18 a) For the “delta impact” on revenue requirements and dividends for the 2020-
19 2039 forecasts, assuming a 10% and 20% **increase** to the base operating
20 costs as described above, for MFLTA, refer to PUB-Nalcor-262, Attachment
21 1, and for LIL, refer to PUB-Nalcor-262, Attachment 2.

22 b) For the “delta impact” on revenue requirements and dividends for the 2020-
23 2039 forecasts, assuming a 10% and 20% **decrease** to the base operating
24 costs as described above, for MFLTA, refer to PUB-Nalcor-262, Attachment
25 1, and for LIL, refer to PUB-Nalcor-262, Attachment 2.

1 For MFLTA, the base operating costs as described above are part of the “O&M
2 costs” as defined in the definitions section of the Power Purchase Agreement
3 (PPA) and are a direct flow through cost to Hydro as per Section 4.2(b) of the
4 PPA. For LIL, the base operating costs as described above are part of the
5 “Operating and Maintenance costs” as defined in the definitions section of the
6 Transmission Funding Agreement (TFA) and are a direct flow through cost to
7 Hydro as part of the “TFA Payments” as per Section 3.1 of the TFA. Based on
8 the treatment of the operating costs for both MFLTA and LIL as defined in the
9 PPA and TFA, any change in the base operating costs, in any year, will have a
10 direct corresponding impact on the revenue requirement to Hydro in that year.
11 As a result of this flow through treatment, any change in the base operating
12 costs will have no net impact on the calculations of dividends for MFLTA or LIL in
13 any given year.

PUB-Nalcor-262, Attachment 1

Rate Migration 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)	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
	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																						
PUB-Nalcor-262 (a)	10% Operating Cost Increase	10%	1	4	4	4	4	4	4	4	4	5	5	5	5	5	5	5	5	6	6	6
	Adjusted Revenue Requirement	11,227	141	350	368	385	411	440	462	484	507	531	571	613	639	667	696	725	755	787	828	865
PUB-Nalcor-262 (a)	20% Operating Cost Increase	20%	2	7	8	8	8	8	9	9	9	9	10	10	10	10	11	11	11	11	11	12
	Adjusted Revenue Requirement	11,318	143	354	372	389	415	444	466	489	512	536	576	617	644	672	701	730	761	792	834	871
PUB-Nalcor-262 (b)	10% Operating Cost Decrease	-10%	(1)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(6)	(6)	(6)
	Adjusted Revenue Requirement	11,046	139	343	361	377	403	432	453	476	499	522	562	603	630	657	685	714	745	776	817	854
PUB-Nalcor-262 (b)	20% Operating Cost Decrease	-20%	(2)	(7)	(8)	(8)	(8)	(8)	(9)	(9)	(9)	(9)	(10)	(10)	(10)	(10)	(11)	(11)	(11)	(11)	(11)	(12)
	Adjusted Revenue Requirement	10,956	138	339	357	373	399	428	449	471	494	518	557	598	625	652	680	709	739	770	811	848
⁽¹⁾ Includes Revenues and PPA/GIA adjustments (repayments) as stated in PUB-Nalcor-201 Attachment 1																						
Dividend Impacts																						
PUB-Nalcor-262	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
	A (+10% & +20%) & B (-10% & -20%)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Adjusted Dividends	5,097	4	29	48	65	92	123	145	169	193	228	358	292	320	349	378	409	440	455	484	518

PUB-Nalcor-262, Attachment 2

Rate Migration Options and Impacts Reference, Page 1 of 1

LIL Revenue Requirement and Dividends Impact
Based on the Nalcor January 2019 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-203 (a)	Return on Equity	2,108	42	125	123	122	120	118	117	115	113	111	110	108	107	105	102	99	97	94	92	89
PUB-Nalcor-203 (b)	Interest Earned	(229)	(1)	(5)	(7)	(8)	(10)	(12)	(14)	(16)	(17)	(19)	(21)	(22)	(24)	(12)	(4)	(5)	(6)	(7)	(8)	(9)
PUB-Nalcor-203 (c)	Coupon Payments	2,129	41	124	124	123	123	122	122	121	121	120	120	119	118	102	90	89	88	88	87	86
PUB-Nalcor-203 (d)	Depreciation	1,874	32	97	97	97	97	97	97	97	97	97	97	97	97	97	97	97	97	97	97	97
PUB-Nalcor-203 (e)	Operating Costs	933	12	39	40	40	41	43	44	45	46	47	48	49	50	52	53	54	56	57	58	60
PUB-Nalcor-203 (f)	Sustaining Capital	41	-	-	-	-	-	-	-	-	-	3	-	-	-	1	1	1	1	-	7	26
PUB-Nalcor-203 (g)	Taxes	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2
	Revenue Requirement	6,858	127	380	377	374	371	368	365	362	360	359	354	351	348	344	339	335	333	328	333	351
Revenue Requirement Impacts																						
PUB-Nalcor-262 (a)	10% Operating Cost Increase	10%	93	1	4	4	4	4	4	4	4	5	5	5	5	5	5	5	5	6	6	6
	Adjusted Revenue Requirement	6,594	6,951	128	383	381	378	375	372	369	367	364	364	359	356	353	349	344	341	338	334	357
PUB-Nalcor-262 (a)	20% Operating Cost Increase	20%	187	2	8	8	8	8	9	9	9	9	10	10	10	10	11	11	11	11	12	12
	Adjusted Revenue Requirement	6,682	7,045	129	387	385	382	379	376	374	371	369	369	363	361	358	354	350	346	344	340	363
PUB-Nalcor-262 (b)	10% Operating Cost Decrease	-10%	(93)	(1)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(6)	(6)	(6)	(6)
	Adjusted Revenue Requirement	6,420	6,765	125	376	373	370	367	363	361	358	355	355	349	346	343	339	334	330	327	323	345
PUB-Nalcor-262 (b)	20% Operating Cost Decrease	-20%	(187)	(2)	(8)	(8)	(8)	(9)	(9)	(9)	(9)	(9)	(10)	(10)	(10)	(10)	(11)	(11)	(11)	(11)	(12)	(12)
	Adjusted Revenue Requirement	6,332	6,671	124	372	369	366	363	359	356	353	350	350	344	341	338	334	328	324	322	317	339
Dividend Impacts																						
	Dividends as per PUB-Nalcor-203	2,540	17	145	144	142	141	139	137	135	134	132	130	129	127	129	148	127	125	122	120	118
PUB-Nalcor-262	A (+10% & +20%) & B (-10% & -20%)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Adjusted Dividends	2,540	17	145	144	142	141	139	137	135	134	132	130	129	127	129	148	127	125	122	120	118