

1 Q. **Reference: Supply Cost Accounting Application, paragraph 16.**

2 Please provide Hydro's statement of regulated net income for 2021 forecast. Please state all
3 assumptions, including providing detail on any amounts in the net income statement for (i)
4 forecast payment requirements described in paragraphs 5 and 6 in the Application ("Muskrat
5 Falls Contractual Payments") and (ii) forecast amounts received for rate mitigation, transmission
6 tariffs and performance credits ("Muskrat Falls Related Revenues").

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9 A. Please refer to NP-NLH-001, Attachment 1 for Newfoundland and Labrador Hydro's 2021
10 Forecast Regulated Income Statement. Please note the forecast does not include amounts for
11 rate mitigation.

Newfoundland and Labrador Hydro 2021 Forecast Regulated Income Statement¹
 (\$ Millions)

Revenue	
Energy Sales	572.9
Other Revenue	18.8
Total Revenue	591.7
Expenses	
Operating Expenses	130.7
Other Income and Expense	0.5
Accounting Deviation Deferral	(1.0)
Supply Cost Deferral	-
Foreign Exchange	2.2
Fuels	131.6
Transmission and Fees	8.3
Purchased Power ²	326.4
Depreciation & Amortization	86.3
Accretion of Asset Retirement Obligation	0.1
Interest	87.8
Total Expenses	772.8
Net Loss	(181.1)

¹ Net loss for 2021 is based on the July forecast which reflects the impact of the existing Energy Supply Deferrals, including the Rate Stabilization Plan; however, it assumes the Supply Cost Variance Deferral Account and the IFRS Deviation Deferral Account for the power purchase costs relating to the delivery of post-commissioning energy in accordance with the commercial terms of the Muskrat Falls Power Purchase Agreement and Transmission Funding Agreement are not approved.

² Power purchase expense the costs of domestic power purchases of Muskrat Falls related costs of \$259M, Domestic and other of \$67M for a total of \$326M.

2021 Forecast Muskrat Falls Related Costs and Associated Revenues
(\$ Millions)

	<u>2021 Forecast</u>
Forecast Muskrat Falls Related Revenue	
Net Export Revenues ³	(5.9)
Tariff Revenues ⁴	(4.8)
Performance Credits ⁵	(1.3)
Fuel Savings	<u>(31.2)</u>
Subtotal	(43.2)
Forecast Muskrat Falls Related Costs	
Muskrat Falls Power Purchase Agreement ("Muskrat Falls PPA") ⁶	99.2
Transmission Funding Agreement ("TFA") ⁷	36.0
IFRS Deviation deferral:	
Muskrat Falls PPA	128.7
TFA	<u>(5.2)</u>
Subtotal	258.7
Total Net Muskrat Falls Costs	<u>215.5</u>

³ Net export revenues assumed to commence upon commissioning of the Labrador-Island Link ("LIL").

⁴ Total tariff revenue for the year is \$7.9M. However, only tariff revenue forecasted subsequent to the proposed supply cost deferral implementation date, approximately \$4.8M, would be included in the deferral.

⁵ Total performance credit revenue forecasted for the year is \$3.3M. However, only performance credits forecasted subsequent to the proposed supply cost deferral implementation date, approximately \$1.3M, would be included in the deferral.

⁶ The Muskrat Falls PPA contractual payments to commence upon commissioning of the Muskrat Falls generating assets which is assumed to be September 30, 2021.

⁷ The TFA contractual payments to commence upon commissioning of the LIL which is assumed to be November 15, 2021.