

- 1 Q. Consumer Question: See Revisions to Nalcor Submission of November 10, 2011,  
2 Table 29, p. 126 of 158, revision 1, now referred to as Table 1, Summary of CPW  
3 Sensitivity Analysis with Respect to Reference Case And Preference (present value  
4 2010 \$ millions). The reference case shows a CPW preference for the  
5 interconnected island of \$2,158 with the Federal Loan Guarantee this is \$2,758, an  
6 increase of \$600m.
- 7 (a) Can Nalcor provide a schedule by year out to the end of 2067 showing the actual  
8 amount saved by year?
- 9 (b) What interest rate was used prior to the FED guarantee?
- 10 (c) What is the interest rate with the FED guarantee?
- 11 (d) What debt / equity ratio was used?
- 12 (e) What in service capital costs were used for the MF site &for the TL to produce  
13 this \$600m saving?
- 14 (f) Was IDC included on the MF site to get the benefit of the FED Guarantee?
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- 17 A. (a) Please see attached page 3 showing interest-related savings by year. The DG2  
18 federal loan guarantee (FLG) value of \$600 million was derived from a  
19 combination of high-level assumptions with regard to the Labrador-Island  
20 Transmission Link and detailed project finance modeling for Muskrat Falls. In  
21 order to quantify the value of the FLG for the Muskrat Falls investment itself,  
22 the analysis necessarily moved outside of the DG2 framework by introducing  
23 debt to the generation project. The resulting estimate for the total value of the  
24 FLG was \$626 million, which was then conservatively reported as \$600 million.
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- 26 (b) The interest rate used prior to the FLG was 7.3%.

1 (c) The interest rate used with the FLG was 5.3%.

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3 (d) The debt equity ratio used in the FLG analysis for the Labrador Island  
4 Transmission Link was 75:25 debt:equity. The debt:equity ratio used in the FLG  
5 analysis for the Muskrat Falls investment was 66:34 debt:equity.

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7 (e) To produce the FLG \$600 million estimate the in-service capital cost for the  
8 Labrador Island Transmission Link was \$2,553 million, while for the Muskrat  
9 Falls plant the in-service capital cost, following debt leverage, was \$3,398  
10 million.

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12 (f) As indicated in section (e) above, interest during construction (IDC) was  
13 included in the Muskrat Falls investment analysis in order to derive the value of  
14 the FLG.

DG2 Estimated Value of Federal Loan Guarantee (\$000)

	Discount	Lab-Island Link	Muskrat Falls	Total
2010 CPW	8%	224,917	401,406	626,323
2010		0	0	0
2011		0	0	0
2012		0	0	0
2013		0	0	0
2014		0	0	0
2015		0	0	0
2016		0	0	0
2017		37,916	25,210	63,125
2018		37,150	26,652	63,802
2019		36,384	28,274	64,658
2020		35,618	29,817	65,435
2021		34,852	31,857	66,708
2022		34,086	33,987	68,073
2023		33,320	37,273	70,593
2024		32,554	39,121	71,675
2025		31,788	40,851	72,639
2026		31,022	43,036	74,058
2027		30,256	45,402	75,657
2028		29,490	48,614	78,104
2029		28,724	53,390	82,114
2030		27,958	55,857	83,815
2031		27,192	58,405	85,597
2032		26,426	61,028	87,454
2033		25,660	63,732	89,392
2034		24,894	66,521	91,415
2035		24,128	69,240	93,368
2036		23,362	71,874	95,236
2037		22,596	72,016	94,613
2038		21,830	74,851	96,681
2039		21,064	77,845	98,909
2040		20,298	80,747	101,046
2041		19,532	82,362	101,894
2042		18,766	84,009	102,776
2043		18,000	85,690	103,690
2044		17,234	87,403	104,638
2045		16,468	89,152	105,620
2046		15,702	90,935	106,637
2047		14,936	92,753	107,690
2048		14,170	94,608	108,779
2049		13,404	96,500	109,905
2050		12,639	98,430	111,069
2051		11,873	100,399	112,272
2052		11,107	122,362	133,469
2053		10,341	126,333	136,674
2054		9,575	130,304	139,879
2055		8,809	134,381	143,190
2056		8,043	138,574	146,617
2057		7,277	142,259	149,536
2058		6,511	145,104	151,615
2059		5,745	148,006	153,751
2060		4,979	150,966	155,945
2061		4,213	153,986	158,199
2062		3,447	157,065	160,512
2063		2,681	160,207	162,888
2064		1,915	163,411	165,326
2065		1,149	166,679	167,828
2066		383	170,013	170,396
2067			173,413	173,413