Nalcor Energy
Lower Churchill Project - Financing
Derivation of $75.82 Escalating Supply Price Assuming all Firm Output is Sold with IRR Hurdle=11%

			Year beginning July 1																
		Total	**Prior**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Capital Expenditures		(2,869.2)	(33.8)	(60.0)	(268.0)	(638.4)	(790.2)	(508.8)	(423.0)	(147.0)	-	-	-	-	-	-	-	-	-
Revenues		[redacted]																	
Operating costs	O&M																		
	WPR/WM																		
	Total																		
Working capital																			
Innu payments																			
Dividends																			
Proof																			
Cash flow to equity		28,137.4	(33.8)	(60.0)	(272.0)	(643.9)	(795.7)	(514.4)	(428.7)	(152.9)	352.4	373.2	380.6	388.1	395.8	403.3	411.0	418.6	426.7
	IRR	**11.00%**																	
Firm output GWH											4,506.0	4,506.0	4,506.0	4,506.0	4,506.0	4,506.0	4,506.0	4,506.0	4,506.0
Indicated cost, $/MWh if all firm power sold											$ 89.03	$ 90.81	$ 92.63	$ 94.48	$ 96.37	$ 98.30	$ 100.26	$ 102.27	$ 104.31
Adjustment for power-before-full*											98.8%	98.8%	98.8%	98.8%	98.8%	98.8%	98.8%	98.8%	98.8%
Adjusted cost, $/MWh				$ 76.58	$ 78.11	$ 79.67	$ 81.26	$ 82.89	$ 84.55	$ 86.24	$ 87.96	$ 89.72	$ 91.52	$ 93.35	$ 95.21	$ 97.12	$ 99.06	$ 101.04	$ 103.06
First year cost in 2010$				**$ 75.82**															

* Power-before-full adjustment: Muskrat produces and sells power in the year preceding full power and commencement of financial returns.
These revenues are used to defray construction costs, thereby reducing the required revenue. The 98.80% was derived over numerous precedent Muskrat models

Required revenue series, $millions:
Escalating 2% annually
0-100 DER
11% IRR
DG2 capex and opex
Innu, WPR, WM in
Generation and CF Link

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		Total	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
Capital Expenditures		(2,869.2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revenues																			
Operating costs	O&M																		
	WPR/WM																		
	Total																		
Working capital																			
Innu payments																			
Dividends																			
Proof																			
Cash flow to equity		28,137.4	434.9	443.3	451.8	460.5	469.3	478.4	487.5	497.0	506.5	516.3	526.2	536.4	546.8	557.4	568.0	579.1	590.2
	IRR	**11.00%**																	
	Firm output GWH		4,506.0	4,506.0	4,506.0	4,506.0	4,506.0	4,506.0	4,506.0	4,506.0	4,506.0	4,506.0	4,506.0	4,506.0	4,506.0	4,506.0	4,506.0	4,506.0	4,506.0
	Indicated cost, $/MWh if all firm power sold		$ 106.40	$ 108.53	$ 110.70	$ 112.91	$ 115.17	$ 117.47	$ 119.82	$ 122.22	$ 124.66	$ 127.16	$ 129.70	$ 132.29	$ 134.94	$ 137.64	$ 140.39	$ 143.20	$ 146.06
	Adjustment for power-before-full*		98.8%	98.8%	98.8%	98.8%	98.8%	98.8%	98.8%	98.8%	98.8%	98.8%	98.8%	98.8%	98.8%	98.8%	98.8%	98.8%	98.8%
	Adjusted cost, $/MWh		$ 105.12	$ 107.23	$ 109.37	$ 111.56	$ 113.79	$ 116.06	$ 118.39	$ 120.75	$ 123.17	$ 125.63	$ 128.14	$ 130.71	$ 133.32	$ 135.99	$ 138.71	$ 141.48	$ 144.31
	First year cost in 2010$																		

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		Total	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059
Capital Expenditures		(2,869.2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revenues																			
Operating costs	O&M																		
	WPR/WM																		
	Total																		
Working capital																			
Innu payments																			
Dividends																			
Proof																			
Cash flow to equity		28,137.4	601.7	613.2	625.2	637.3	636.1	648.6	661.4	674.5	688.0	701.4	715.4	729.5	744.0	758.6	773.7	789.0	804.7
	IRR	**11.00%**																	
	Firm output GWH		4,506.0	4,506.0	4,506.0	4,506.0	4,506.0	4,506.0	4,506.0	4,506.0	4,506.0	4,506.0	4,506.0	4,506.0	4,506.0	4,506.0	4,506.0	4,506.0	4,506.0
	Indicated cost, $/MWh if all firm power sold		$ 148.99	$ 151.97	$ 155.00	$ 158.10	$ 161.27	$ 164.49	$ 167.78	$ 171.14	$ 174.56	$ 178.05	$ 181.61	$ 185.24	$ 188.95	$ 192.73	$ 196.58	$ 200.51	$ 204.53
	Adjustment for power-before-full*		98.8%	98.8%	98.8%	98.8%	98.8%	98.8%	98.8%	98.8%	98.8%	98.8%	98.8%	98.8%	98.8%	98.8%	98.8%	98.8%	98.8%
	Adjusted cost, $/MWh		$ 147.20	$ 150.14	$ 153.14	$ 156.21	$ 159.33	$ 162.52	$ 165.77	$ 169.08	$ 172.47	$ 175.91	$ 179.43	$ 183.02	$ 186.68	$ 190.42	$ 194.22	$ 198.11	$ 202.07
	First year cost in 2010$																		

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		Total	2060	2061	2062	2063	2064	2065	2066	2067
Capital Expenditures		(2,869.2)	-	-	-	-	-	-	-	-
Revenues		[redacted]								
Operating costs	O&M									
	WPR/WM									
	Total									
Working capital										
Innu payments										
Dividends										
Proof										
Cash flow to equity		28,137.4	820.4	836.7	853.3	870.2	887.3	904.9	922.9	941.4
	IRR	**11.00%**								
	Firm output GWH		4,506.0	4,506.0	4,506.0	4,506.0	4,506.0	4,506.0	4,506.0	4,506.0
	Indicated cost, $/MWh if all firm power sold		$ 208.62	$ 212.79	$ 217.04	$ 221.38	$ 225.81	$ 230.33	$ 234.94	$ 239.63
	Adjustment for power-before-full*		98.8%	98.8%	98.8%	98.8%	98.8%	98.8%	98.8%	98.8%
	Adjusted cost, $/MWh		$ 206.11	$ 210.23	$ 214.44	$ 218.73	$ 223.10	$ 227.56	$ 232.12	$ 236.76
	First year cost in 2010$									