Date : 12/18/2007 11:59:18 AM
From : "Sharpe, Dennis"
To : "Rob Hull (robhull@nlh.nl.ca)" , "Steve Goudie (sgoudie@nlh.nl.ca)"
Cc : "Hurley, Brian" , "Constantine, Robert" , "Paddon, Terry"
Subject : LCP Scenario 1 Results
Attachment : S(1)-Results-FIN.xls;

<<S(1)-Results-FIN.xls>> Rob,

The results for market scenario 1 is attached for your comments and questions. The other 4 scenarios will be presented this way and should be completed by the end of the week.

The various physical and financial components incorporated into the analysis of scenario 1 are:

Gull Island generation and transmission construction and operating costs.
Labrador HVDC Infeed construction and operating costs.
Maritime HVDC Link construction and operating costs.
Displaced thermal generation construction costs.
NL Gov annual equity contributions and bond issues [redacted]
Energy Corp dividend payments to NL Gov.
Energy Corp accumulation of retained earnings.
NL consumer surplus/deficit.

Dennis

Lower Churchill Power Project

NL Economic Impacts

Scenario 1:
Gull Island, Labrador HVDC Infeed,
Displaced Thermal Generation Expansion,
Maritime HVDC Link

December 17, 2007

$Millions Cdn Nominal

	Total 2007-2049	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
NL Government Cashflows															
Revenue:															
Direct Revenue from Energy Corporation of NL															
Dividend Payments	17,155	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	252.4	100.4	143.3	188.5	235.9	224.8
Oil and Gas Royalties	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Corporate Income Tax	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	17,155	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	252.4	100.4	143.3	188.5	235.9	224.8
Personal Income Tax (Direct, Indirect & Induced)	418	5.5	2.8	6.2	33.4	48.9	51.4	23.5	8.1	0.6	1.9	4.9	5.0	5.1	5.3
Other Taxes	144	2.1	1.2	2.5	12.3	18.1	19.4	8.5	2.9	0.1	0.6	1.7	1.8	1.8	1.8
Total Revenue	17,717	7.6	4.0	8.7	45.7	67.0	70.7	31.9	11.1	253.0	103.0	149.9	195.3	242.8	231.9
Equity Financing Costs [Economic Cashflow]:															
Equity Contributions to Energy Corporation of NL	-2,207	-29.9	-21.7	-109.5	-307.3	-587.6	-667.6	-349.2	-130.4	-4.0	0.0	0.0	0.0	0.0	0.0
Bond Interest Payments	-1,104	0.0	-1.5	-2.6	-8.1	-23.4	-52.8	-86.2	-103.6	-110.2	-110.4	-110.4	-108.9	-107.8	-102.3
Total Equity Financing Costs	-3,311	-29.9	-23.2	-112.1	-315.4	-611.0	-720.4	-435.4	-234.0	-114.2	-110.4	-110.4	-108.9	-107.8	-102.3
Total Revenue, Equity Financing Costs and Payments [1]	14,662	-22.3	-19.2	-103.4	-269.6	-544.0	-649.7	-403.4	-222.9	138.9	-4.1	45.1	94.3	145.5	139.4
Accumulated Revenue, Equity Financing Costs and Payments		-22.3	-41.5	-145.0	-414.6	-958.6	-1,608.3	-2,011.8	-2,234.7	-2,095.8	-2,099.9	-2,054.8	-1,960.5	-1,815.0	-1,675.6
Energy Corporation of NL Retained Earnings															
Changes to Retained Earnings	1,329	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.9	5.2	3.4	1.4	-0.8
Accumulated Retained Earnings		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.9	12.1	15.5	16.9	16.1

Lower Churchill Power Project

NL Economic Impacts

Scenario 1:
Gull Island, Labrador HVDC Infeed,
Displaced Thermal Generation Expansion,
Maritime HVDC Link

December 17, 2007

$Millions Cdn Nominal

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
NL Government Cashflows															
Revenue:															
Direct Revenue from Energy Corporation of NL															
Dividend Payments	243.5	262.8	282.7	303.4	324.9	347.1	370.2	394.2	419.2	445.3	472.4	500.8	530.3	561.3	593.6
Oil and Gas Royalties	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Corporate Income Tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	243.5	262.8	282.7	303.4	324.9	347.1	370.2	394.2	419.2	445.3	472.4	500.8	530.3	561.3	593.6
Personal Income Tax (Direct, Indirect & Induced)	5.4	5.5	5.6	5.7	5.0	3.5	6.2	6.3	6.5	6.6	6.8	6.9	7.1	7.2	7.4
Other Taxes	1.8	1.9	1.9	1.9	1.7	1.1	2.1	2.1	2.1	2.2	2.2	2.3	2.3	2.4	2.4
Total Revenue	250.7	270.1	290.3	311.1	331.6	351.7	378.4	402.6	427.8	454.1	481.4	509.9	539.7	570.9	603.4
Equity Financing Costs [Economic Cashflow]:															
Equity Contributions to Energy Corporation of NL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Bond Interest Payments	-86.9	-57.6	-24.2	-6.7	-0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Equity Financing Costs	-86.9	-57.6	-24.2	-6.7	-0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Revenue, Equity Financing Costs and Payments [1]	174.6	224.4	274.8	312.9	339.9	360.3	387.0	411.2	436.4	462.6	489.9	518.5	548.3	579.4	612.0
Accumulated Revenue, Equity Financing Costs and Payments	-1,501.0	-1,276.6	-1,001.8	-688.9	-348.9	11.3	398.3	809.5	1,245.9	1,708.5	2,198.5	2,716.9	3,265.2	3,844.6	4,456.6
Energy Corporation of NL Retained Earnings															
Changes to Retained Earnings	-3.2	-5.8	-8.7	-11.8	-15.2	-18.9	-23.0	-27.4	-32.2	-37.3	-43.0	-49.1	-55.7	-62.8	-70.6
Accumulated Retained Earnings	12.9	7.1	-1.6	-13.4	-28.6	-47.6	-70.6	-97.9	-130.1	-167.4	-210.4	-259.5	-315.1	-378.0	-448.5

Lower Churchill Power Project

NL Economic Impacts

Scenario 1:
Gull Island, Labrador HVDC Infeed,
Displaced Thermal Generation Expansion,
Maritime HVDC Link

December 17, 2007

$Millions Cdn Nominal

	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049
NL Government Cashflows														
Revenue:														
Direct Revenue from Energy Corporation of NL														
Dividend Payments	627.5	555.1	371.9	371.7	375.4	379.2	383.2	387.1	753.2	1,112.2	1,131.1	1,150.3	1,169.9	1,189.9
Oil and Gas Royalties	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Corporate Income Tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	627.5	555.1	371.9	371.7	375.4	379.2	383.2	387.1	753.2	1,112.2	1,131.1	1,150.3	1,169.9	1,189.9
Personal Income Tax (Direct, Indirect & Induced)	7.6	7.7	7.9	8.1	8.3	8.5	8.7	8.9	9.1	9.3	9.5	9.7	10.0	10.2
Other Taxes	2.4	2.5	2.5	2.6	2.6	2.7	2.7	2.8	2.8	2.9	3.0	3.0	3.1	3.1
Total Revenue	637.6	565.3	382.4	382.4	386.3	390.4	394.6	398.8	765.1	1,124.4	1,143.6	1,163.1	1,183.0	1,203.3
Equity Financing Costs [Economic Cashflow]:														
Equity Contributions to Energy Corporation of NL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Bond Interest Payments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Equity Financing Costs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Revenue, Equity Financing Costs and Payments [1]	646.1	573.9	390.9	391.0	394.9	399.0	403.1	407.3	773.7	1,133.0	1,143.6	1,163.1	1,183.0	1,203.3
Accumulated Revenue, Equity Financing Costs and Payments	5,102.7	5,676.6	6,067.5	6,458.5	6,853.3	7,252.3	7,655.4	8,062.8	8,836.4	9,969.4	11,113.0	12,276.1	13,459.1	14,662.3
Energy Corporation of NL Retained Earnings														
Changes to Retained Earnings	-78.9	27.9	259.5	305.6	351.3	400.4	453.5	510.7	191.4	-128.8	-128.8	-128.8	-128.8	-128.8
Accumulated Retained Earnings	-527.5	-499.5	-240.0	65.6	416.9	817.3	1,270.8	1,781.6	1,973.0	1,844.2	1,715.5	1,586.7	1,457.9	1,329.2

Lower Churchill Power Project

NL Economic Impacts

Scenario 1:
Gull Island, Labrador HVDC Infeed,
Displaced Thermal Generation Expansion,
Maritime HVDC Link

December 17, 2007

$Millions Cdn Nominal

	Total 2007-2049	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020

Note 1: Equalization losses are not included in this analysis.

Lower Churchill Power Project

NL Economic Impacts

Scenario 1:
Gull Island, Labrador HVDC Infeed,
Displaced Thermal Generation Expansion,
Maritime HVDC Link

December 17, 2007

$Millions Cdn Nominal

2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035

Lower Churchill Power Project

NL Economic Impacts

Scenario 1:
Gull Island, Labrador HVDC Infeed,
Displaced Thermal Generation Expansion,
Maritime HVDC Link

December 17, 2007

$Millions Cdn Nominal

2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049

Lower Churchill Power Project

NL Economic Impacts

Scenario 1:
Gull Island, Labrador HVDC Infeed,
Displaced Thermal Generation Expansion,
Maritime HVDC Link

December 17, 2007

$Millions Cdn Nominal

	Total 2007-2049	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
NL Economy Impacts															
NL Gov Revenue, Equity Financing Costs and Payments	14,662	-22.3	-19.2	-103.4	-269.6	-544.0	-649.7	-403.4	-222.9	138.9	-4.1	45.1	94.3	145.5	139.4
NL Labour Net Income Benefit (Direct, Indirect & Induced)	3,633	49.0	24.9	55.3	299.7	438.1	457.9	209.4	72.5	5.0	17.3	43.6	44.5	45.4	46.3
NL Business Profit after Tax (Indirect & Induced)	197	2.9	1.9	3.8	15.7	23.9	26.7	10.5	3.8	-0.1	0.7	2.3	2.4	2.4	2.5
NL Consumer Surplus/(Deficit) [2]	13,782	0.0	0.0	-0.2	-5.6	-8.9	-20.7	-21.6	-49.4	-88.3	-40.2	-1.8	21.2	42.6	59.3
Total NL Economy Impact	32,921	29.6	7.6	-44.5	40.2	-90.9	-185.9	-205.1	-196.1	68.8	-24.3	91.2	164.3	237.8	249.4
NL Employment Impacts (PYE)															
Direct:															
Capital	6,668	245	68	199	1,597	2,146	2,060	790	188	-276	-179	0	0	0	0
Operating	6,511	0	0	0	0	0	0	0	70	185	184	184	184	184	184
Total	13,179	245	68	199	1,597	2,146	2,060	790	258	-91	5	184	184	184	184
Indirect	11,087	301	296	473	991	1,680	2,240	450	201	-76	1	145	144	144	144
Induced	14,113	271	136	294	1,554	2,224	2,273	1,027	345	22	75	187	187	186	186
Total Employment	38,379	817	500	966	4,142	6,050	6,573	2,267	804	-145	81	516	515	514	514

Note 2: A Labrador HVDC Infeed will affect NL consumer electrical rates causing a consumer surplus or (deficit) when compared to an Isolated Island scenario.

Department of Finance

Lower Churchill Power Project

NL Economic Impacts

Scenario 1:
Gull Island, Labrador HVDC Infeed,
Displaced Thermal Generation Expansion,
Maritime HVDC Link

December 17, 2007

$Millions Cdn Nominal

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
NL Economy Impacts															
NL Gov Revenue, Equity Financing Costs and Payments	174.6	224.4	274.8	312.9	339.9	360.3	387.0	411.2	436.4	462.6	489.9	518.5	548.3	579.4	612.0
NL Labour Net Income Benefit (Direct, Indirect & Induced)	47.2	48.2	49.2	49.9	44.0	30.5	53.4	54.5	55.7	56.8	58.0	59.2	60.4	61.7	63.0
NL Business Profit after Tax (Indirect & Induced)	2.5	2.6	2.6	2.7	2.3	1.4	2.9	2.9	3.0	3.0	3.1	3.2	3.2	3.3	3.4
NL Consumer Surplus/(Deficit) [2]	79.0	102.8	138.0	161.1	192.2	222.0	250.6	279.2	307.8	336.4	365.0	393.6	422.2	450.8	479.4
Total NL Economy Impact	305.3	380.0	470.8	534.0	586.9	623.9	704.8	760.1	816.4	873.8	932.4	992.3	1,053.6	1,116.3	1,180.5
NL Employment Impacts (PYE)															
Direct:															
Capital	0	0	0	-2	-43	-125	0	0	0	0	0	0	0	0	0
Operating	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184
Total	184	184	184	182	141	59	184	184	184	184	184	184	184	184	184
Indirect	144	143	143	141	109	43	142	142	142	142	142	141	141	141	141
Induced	185	185	185	183	158	106	184	183	183	183	182	182	182	181	181
Total Employment	513	512	512	506	408	208	510	509	509	509	508	507	507	506	506

Lower Churchill Power Project

NL Economic Impacts

Scenario 1:
Gull Island, Labrador HVDC Infeed,
Displaced Thermal Generation Expansion,
Maritime HVDC Link

December 17, 2007

$Millions Cdn Nominal

	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049
NL Economy Impacts														
NL Gov Revenue, Equity Financing Costs and Payments	646.1	573.9	390.9	391.0	394.9	399.0	403.1	407.3	773.7	1,133.0	1,143.6	1,163.1	1,183.0	1,203.3
NL Labour Net Income Benefit (Direct, Indirect & Induced)	64.3	65.6	67.0	68.4	69.8	71.2	72.7	74.2	75.8	77.4	79.0	80.6	82.3	84.0
NL Business Profit after Tax (Indirect & Induced)	3.5	3.5	3.6	3.7	3.8	3.8	3.9	4.0	4.1	4.2	4.2	4.3	4.4	4.5
NL Consumer Surplus/(Deficit) [(2)]	508.0	536.6	565.3	593.9	622.5	651.1	679.7	708.3	736.9	765.5	794.1	822.7	851.3	879.9
Total NL Economy Impact	1,246.4	1,200.3	1,037.8	1,067.9	1,102.1	1,136.5	1,171.1	1,205.7	1,621.5	2,030.0	2,080.4	2,131.2	2,182.5	2,234.3
NL Employment Impacts (PYE)														
Direct:														
Capital	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Operating	184	184	184	184	184	184	184	184	184	184	184	184	184	184
Total	184	184	184	184	184	184	184	184	184	184	184	184	184	184
Indirect	141	141	140	140	140	140	140	140	139	139	139	139	139	139
Induced	181	180	180	180	180	179	179	179	178	178	178	177	177	177
Total Employment	506	505	504	504	504	503	503	503	501	501	501	500	500	500