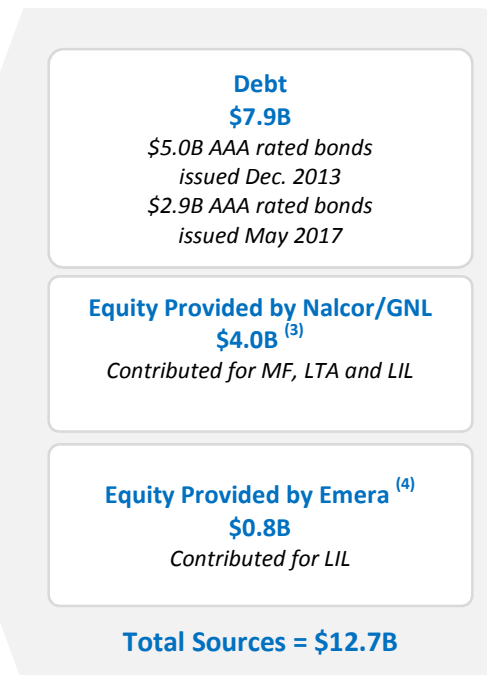


## Muskrat Falls Project Development Cost – Sources & Uses of Funds (\$Billions)

### PROJECT COSTS (Uses)



### SOURCES OF FUNDS TO BUILD & FINANCE THE PROJECT



#### **Notes:**

(1) IDC (or capitalized interest) is the interest cost on a loan incurred during the construction period that is capitalized to the asset along with the direct capital costs. IDC is capitalized until the project begins to generate revenue and/or when the company financing the project begins to service its debts. AFUDC is a component of the capitalized costs representing the estimated costs of debt and equity necessary to finance the construction of facilities. AFUDC is capitalized until the project is placed into service or operation.

Capitalized costs are incurred when building or financing fixed assets. Capitalized costs are not expensed in the period they are incurred, but recognized over a period of time. Since the Muskrat Falls Project has long-life assets, their costs will be amortized over a long period.

(2) Includes cash reserves that are set aside at in-service as part of the financing arrangements, but refunded over the debt repayment period.

(3) Includes \$0.2 billion in AFUDC on Nalcor/NL contributed equity for LIL.

(4) Includes \$0.2 billion in AFUDC on Emera contributed equity for LIL.

Updated: August 2017