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

PROJECT COSTS (Uses)

Facilities Costs \$10.1B

Facilities cost estimate for MF, LTA and LIL, as of June 2017

Interest During Construction (IDC)/Allowance for Funds Used During Construction (AFUDC) (1) \$1.8B

Other Financing Amounts and Other⁽²⁾ \$0.8B

Includes other costs required as part of the project's financing and any other costs incurred prior to in-service

Total Uses = \$12.7B

SOURCES OF FUNDS TO BUILD & FINANCE THE PROJECT

Debt \$7.9B

\$5.0B AAA rated bonds issued Dec. 2013 \$2.9B AAA rated bonds issued May 2017

Equity Provided by Nalcor/GNL \$4.0B (3)

Contributed for MF, LTA and LIL

Equity Provided by Emera ⁽⁴⁾ \$0.8B

Contributed for LIL

Total Sources = \$12.7B

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

