

From: David Buffett <DBuffett@bensonbuffett.com>
Sent: Saturday, March 23, 2019 10:12 AM
To: Morry, Kirsten <KirstenMorry@MuskratFallsInquiry.ca>
Subject: FW: Potential for CAPEX re-allocation from LCP phase 1 to Phase 2

Hi Kirsten

Mr. Sturge believes the emails hereby forwarded and the deck referenced in one of them are what you are referring to.

From: DSturge@nalcoreenergy.com <DSturge@nalcoreenergy.com>
Sent: March-23-19 10:00 AM
To: David Buffett <DBuffett@bensonbuffett.com>
Subject: Fw: Potential for CAPEX re-allocation from LCP phase 1 to Phase 2



Derrick Sturge
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----- Forwarded by Derrick Sturge/NLHydro on 03/23/2019 09:59 AM -----

From: James Meaney/NLHydro
To: Derrick Sturge/NLHydro@NLHydro, Auburn Warren/NLHydro
Date: 11/26/2015 04:16 PM
Subject: Fw: Potential for CAPEX re-allocation from LCP phase 1 to Phase 2

FYI....Ed made a brief comment about this in one of the LCP Board meetings yesterday, and I wasn't sure what he was talking about.

I found out this morning. Another one along the lines of the discussion around the recall revenue over the LIL before MF comes online....we can discuss further sometime over the next few days.

James Meaney
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You owe it to yourself, and your family, to make it home safely every day. What have you done today so that nobody gets hurt?

----- Forwarded by James Meaney/NLHydro on 11/26/2015 04:06 PM -----

From: Paul Harrington/NLHydro
To: Brian Crawley/NLHydro@NLHydro, Lance Clarke/NLHydro@NLHydro, James Meaney/NLHydro@NLHYDRO, Gilbert

Bennett/NLHydro@NLHydro, Ed Martin/NLHydro@NLHydro
Cc: Jason Kean/NLHydro@NLHydro
Date: 11/26/2015 02:58 PM
Subject: Potential for CAPEX re-allocation from LCP phase 1 to Phase 2

As discussed, pls find a deck which lays out the potential for the re-allocation of CAPEX from LCP Phase 1 to Phase 2. Obviously this will mean a lot more discussion and thought but it could have the legs
Paul

Paul Harrington

Project Director

PROJECT DELIVERY TEAM

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You owe it to yourself, and your family, to make it home safely every day. What have you done today so that nobody gets hurt?

Lower Churchill

Re-allocation of LTA costs from MF CAPEX to
Gull CAPEX

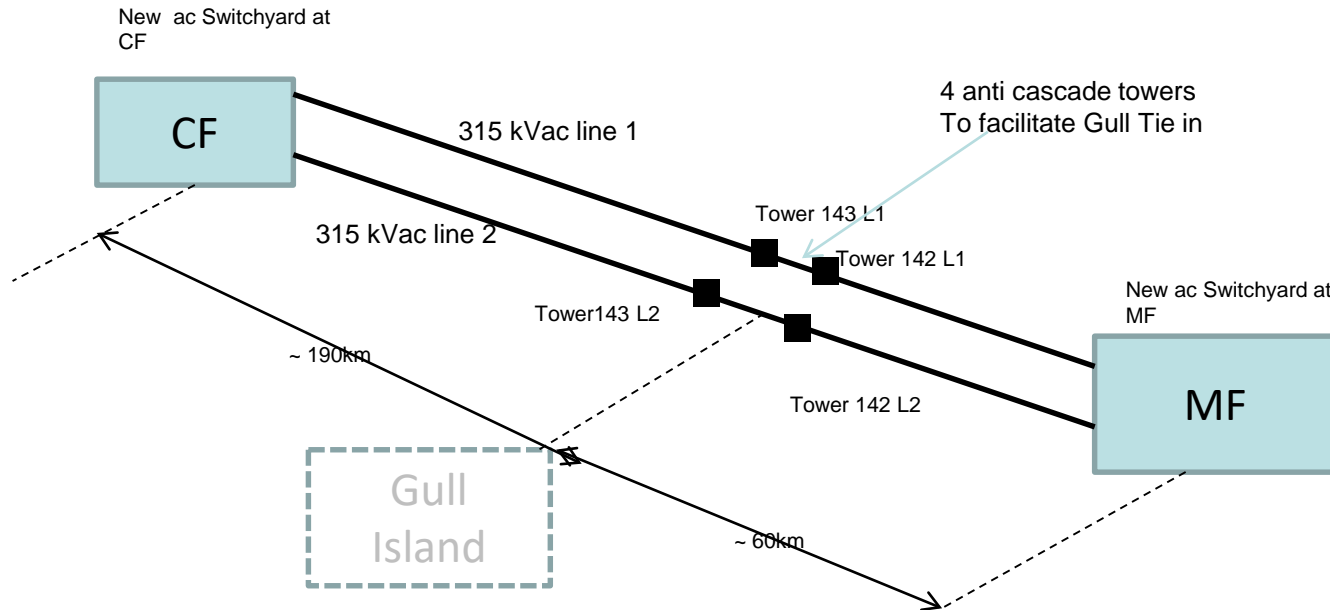
November 25 2015

Boundless Energy



Current arrangement

Current arrangement and cost allocation



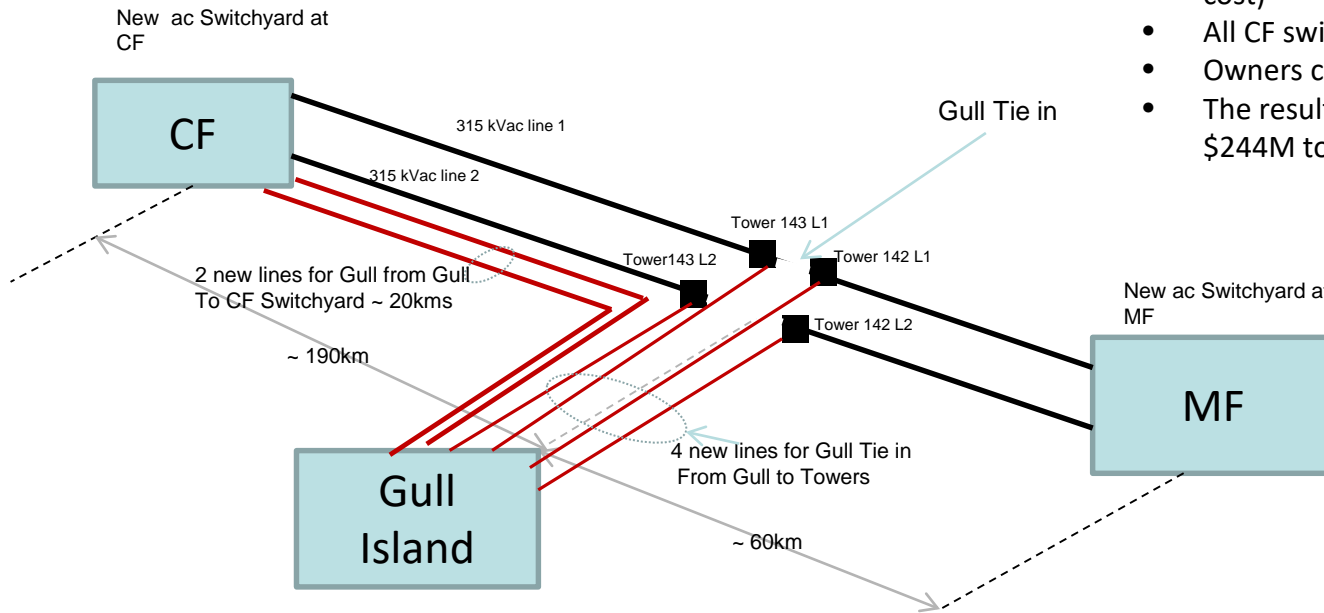
Currently all CAPEX is allocated to LTA i.e. \$878M

With Gull- assuming the 315kVac solution

With Gull – assuming the 315kVac solution

Allocation of CAPEX would include

- 100% cost of 2 new lines from GI to CF and associated switchgear
- Re-allocate LTA costs as follows: (see attached cost breakdown)
 - 76% of LTA transmission build costs (i.e 190 of the 250 kms to Gull cost and 60kms to MF cost)
 - All CF switchyard costs to Gull Island
 - Owners costs to be prorated
 - The result is \$634M to Gull Project and \$244M to MF project



Summary

- At DG3 all LTA transmission costs were allocated to MF Project – current AFE is \$878M
- However when Gull comes on stream there would be a re-allocation of LTA costs to Gull Project in addition to the new build of transmission and switchyards required for Gull
- Using the length of the transmission line From CF to Gull and allocating those costs to Gull and allocating to MF the costs of the transmission line from Gull to MF, this results in a 76% allocation of LTA transmission costs to Gull and 24% allocation to MF. The CF switchyard costs would be attributed to Gull Project also. Result is \$634M to Gull Project and \$244M to MF

Advantages

- Legitimate reduction in LCP Phase 1 CAPEX by ~\$634M
- Legitimate reduction in costs to ratepayer of ~\$634M
- Demonstrates commitment to Gull Island Development
- Secures “Start of Construction” for Gull Island and protects IBA and EA validity
- Should be acceptable to Canada because it protects the ratepayer from Gull Project costs
- Should be acceptable to GNL because it does not involve any new Equity contribution, rather a reallocation of existing Equity



Sharing our ideas in an open and supportive manner to achieve excellence.

Teamwork

Open Communication

Fostering an environment where information moves freely in a timely manner.

Honesty and Trust

Being sincere in everything we say and do.

Relentless commitment to protecting ourselves, our colleagues, and our community.

Safety

Respect and Dignity

Appreciating the individuality of others by our words and actions.

Leadership

Empowering individuals to help, guide and inspire others.

Holding ourselves responsible for our actions and performance.

Accountability