

**From:** Simmons, Daniel  
**To:** [Collins, Michael](#)  
**Cc:** [Admin](#); [Martin, Dana](#)  
**Subject:** [Potential Junk/Spam] FW: [External] FW: \$300 million savings  
**Date:** Monday, April 15, 2019 4:48:52 PM  
**Attachments:** [ATT00002.jpg](#)  
[Waterfall analysis dr5 26Oct13.xlsx](#)

---

Michael,

Please see the attached file and Auburn Warren's explanation below for the origins of the \$300 million in savings.

We continue to work on the other items.

Regards,  
Dan

**Daniel Simmons** Q.C.  
Partner  
McInnes Cooper

tel +1 (709) 570 7328 | fax +1 (709) 722 1763

**From:** AuburnWarren@nalcoreenergy.com <AuburnWarren@nalcoreenergy.com>  
**Sent:** Monday, April 15, 2019 4:16 PM  
**To:** Simmons, Daniel <daniel.simmons@mcinnescooper.com>  
**Cc:** Martin, Dana <Dana.Martin@mcinnescooper.com>; Deanne Fisher (deannefisher@nalcoreenergy.com) <deannefisher@nalcoreenergy.com>; Peter Hickman (phickman@nalcoreenergy.com) <phickman@nalcoreenergy.com>; DSturge@nalcoreenergy.com  
**Subject:** Re: [External] FW: \$300 million savings

Hi Dan,

Further to my email below that Mr. Buffett forwarded to Commission, I have worked with Tom Garner and Gord Alexander to try and locate support for the outstanding piece related to the \$162 NPV savings for MFLTA of the total \$300 million estimated RFF process savings. In our review, we have located the following file.

H:\Investment Evaluation\\_BR Copy\RFF\RFF 2013 OLD FILES\RFF Bid Evaluation\RFF 24 Oct 2013\Waterfall\Backup\From PwC\Waterfall2\Waterfall analysis dr5 26Oct13.xlsx

In this file, on the "V3" worksheet, cell V15 has a total Jul 1-2012 NPV reduction of \$293.7 million - this reflects **total** reduction from DG3 model. This would include impact of non-RFF **and** RFF process changes - Tom completed a number of steps to determine the non-RFF changes which is reflected in the summation of cells V9 to V13 (this totals \$124.5 million). Thus the **net** savings that Tom Garner calculates at that point in time related to the financing process was \$169.1 million (sum of cells V9 to V13 and cell V15 = \$293.7 - \$124.5 million).

This \$169.1 million is slightly higher than the \$162 million used in the file quoted below (thus the \$300 million savings would have been a bit higher). The minor difference is likely due to minor differences in files used when the overall number was developed and files we are now able to locate. Does not change

the overall estimate of \$300 million - and as I noted below at this point in time PwC (Tom) and Nalcor modeling team (Gord et al) were both located in the same location and working very closely so that a minor change in PwC's underlying models may have been updated to Nalcor and the updated final tweak saved.

Regards,  
Auburn



**Auburn Warren, CPA, CA**  
General Manager (Financial Planning, Treasury & Risk Management)  
Nalcor Energy  
t. 709-737-1256 c. 709-725-1141  
e. [AuburnWarren@nalcorenergy.com](mailto:AuburnWarren@nalcorenergy.com)  
w. [nalcorenergy.com](http://nalcorenergy.com)

**From:** Collins, Michael <[MichaelCollins@muskratfallsinquiry.ca](mailto:MichaelCollins@muskratfallsinquiry.ca)>  
**Sent:** Wednesday, April 3, 2019 1:48 PM  
**To:** Simmons, Daniel <[daniel.simmons@mcinnescooper.com](mailto:daniel.simmons@mcinnescooper.com)>  
**Cc:** Martin, Dana <[Dana.Martin@mcinnescooper.com](mailto:Dana.Martin@mcinnescooper.com)>; Morry, Kirsten <[KirstenMorry@MuskratFallsInquiry.ca](mailto:KirstenMorry@MuskratFallsInquiry.ca)>; Muzychka, Irene <[IreneMuzychka@MuskratFallsInquiry.ca](mailto:IreneMuzychka@MuskratFallsInquiry.ca)>  
**Subject:** FW: \$300 million savings

Mimecast Attachment Protection has deemed this file to be safe, but always exercise caution when opening files.

---

Dan,

Mr. Buffett forwarded us this email and these sheets.

I should have clarified in the previous email that I am interested in the \$100 million of additional export sales as well as the \$300 million of financing savings.

Michael

Michael Collins  
**Associate Counsel**  
**Direct: 709-729-6016**

---

### Commission of Inquiry Respecting the Muskrat Falls Project

5<sup>th</sup> Floor, Suite 502, Beothuck Building  
20 Crosbie Place  
St. John's, NL A1B 3Y8

Tel: (709) 729-6076  
Toll Free: 1-833-235-7702  
Fax: (709) 729-6070

**From:** Morry, Kirsten <[KirstenMorry@MuskratFallsInquiry.ca](mailto:KirstenMorry@MuskratFallsInquiry.ca)>  
**Sent:** Tuesday, April 2, 2019 10:10 AM  
**To:** Collins, Michael <[MichaelCollins@muskratfallsinquiry.ca](mailto:MichaelCollins@muskratfallsinquiry.ca)>  
**Subject:** FW: \$300 million savings

**From:** "Auburn Warren" <[AuburnWarren@nalcenergy.com](mailto:AuburnWarren@nalcenergy.com)>  
**Date:** March 24, 2019 at 12:07:11 PM NDT  
**To:** "Derrick Sturge" <[DSturge@nalcenergy.com](mailto:DSturge@nalcenergy.com)>  
**Subject:** \$300 million savings

Hi Derrick,

Here is what I've pieced together thus far on the above referenced item...

(1) \$300 million discussed in email entitled "Latest materials" dated 10/28/2013 02:52 AM to Ed Martin, Derrick Sturge, Rob Hull, James Meaney, Craig Hippern, Martis\_Xeno and copied to "Bown, Charles W.", "Morris, Paul J." - In this email is updated materials on the RFF decision package - mainly geared towards selecting / updating the RFF process. But in it, I note:

*Also, the team has worked on teasing out the nominal \$ impact of the \$300 million CPW (in 2012\$) savings over DG3 from the RFF process. As we can all appreciate translating NPVs into nominal basis can prove difficult at times. And this would be the case in this particular instance due to a change in a key item between DG3 and now. At DG3 we assumed a 50 year term for the LIL FLG - thus all LIL debt was guaranteed. While going from a 50 year to 35 year LIL FLG only increases NPV by approximately \$6 million it increases our ratepayer revenue requirement by close to \$450 million (primarily in the last 15 years). So the \$300 million NPV savings in financing costs can be viewed as either approximately \$1.79 billion savings (comparing to 35 year FLG) or an approximate \$2.23 billion savings (comparing to 50 year FLG).*

(2) We have gone through emails and files to come up with the basis of this \$300 million - the numbers noted above are hard coded on "Summary" worksheet range of cells D108 to H112 in file [\\SJFile1\Common\Investment Evaluation\\\_BR Copy\RFF\RFF 2013 OLD FILES\RFF Bid Evaluation\RFF 24 Oct 2013\LIL Results\COPY of CPW nominal summary v5.xlsx](#)

Revenue Requirement	CPW		Nominal	
FLG Years	50	35	50	35
MFLTA	162	162	1502	1502
LIL	138	132	723	287
Total	300	294	2225	1789

*(See attached file: Copy of CPW nominal summary v5.xlsx)*

(3) In trying to come up with the models behind these numbers - we've located the calcs for LIL 50 year numbers, \$138M and \$723M, in the following file worksheet "Sheet1" cells V10 and V8 respectively. Data therein comes from identified LIL model runs that Gord can provide if need be from DG3 and the current at the time (Oct 2013).

[\\SJFile1\Common\Investment Evaluation\\\_BR Copy\RFF\RFF 2013 OLD FILES\RFF Bid Evaluation\RFF 24 Oct 2013\Waterfall\Backup\IE Models\s 511 versus s 645 revenue requirement version 1.xlsx](#)

*(See attached file: s 511 versus s 645 revenue requirement version 1.xlsx)*

(4) We've also located the calcs for LIL 35 year numbers, \$132M and \$287M, in the following file worksheet "Sheet1" cells V10 and V8 respectively. Data therein comes from identified LIL model runs that Gord can

provide if need be from DG3 and the current at the time (Oct 2013).

H:\Investment Evaluation\\_BR Copy\RFF\RFF 2013 OLD FILES\RFF Bid Evaluation\RFF 24 Oct 2013\Waterfall\Backup\IE Models\s 511 versus s 645 revenue requirement version 2.xlsx

*(See attached file: s 511 versus s 645 revenue requirement version 2.xlsx)*

(5) The MFLTA numbers are same for 35 vs 50 yr FLGs as MFLTA always only considered debt to last max 30 years. Status is we are still working with Tom Garner on coming up with models / details used at that time. We have discovered detailed hard coded numbers for the rounded numbers in following file worksheet "Sheet1" cells M9 and M5 respectively. Tom has done some work on trying to find the data however at that point in time, both modelling teams were located at Barnes Road location and were sharing data quickly / freely - due to file size restrictions they would sometimes share data using secure thumb drives - so the detailed calcs may have been transferred using that methodology. In both my and Gord's exhaustive review of emails and files we have been unable to find model calcs. We are hopeful Tom may be able to piece this together however he has limited access to old files now as well. I will advise once I get update from Tom and Gord tomorrow.

H:\Investment Evaluation\\_BR Copy\RFF\RFF 2013 OLD FILES\RFF Bid Evaluation\RFF 24 Oct 2013\Ed Questions\Supply price cpw calc3.xlsx

*(See attached file: Supply price cpw calc3.xlsx)*

Hope this helps.

Thanks!  
Auburn



**Auburn Warren, CPA, CA**  
General Manager (Financial Planning, Treasury & Risk Management)  
Nalcor Energy  
t. 709-737-1256 c. 709-725-1141  
e. [AuburnWarren@nalcorenergy.com](mailto:AuburnWarren@nalcorenergy.com)  
w. [nalcorenergy.com](http://nalcorenergy.com)

---

“This email and any attached files are intended for the sole use of the primary and copied addressee(s) and may contain privileged and/or confidential information. Any distribution, use or copying by any means of this information is strictly prohibited. If you received this email in error, please delete it immediately and notify the sender.”

**NOTE**

The attachment to this email is an Excel spreadsheet which has not been printed.

The native Excel spreadsheet will be displayed on monitors during the hearing.