August 27, 2015

Dear [Redacted]

Re: Your request for access to information under Part II of the Access to Information and Protection of Privacy Act [Our File #: FIN-31-2015]

On July 30, 2015, the Department of Finance received your request for access to the following records/information:

“In reference to Nalcor Energy Equity Investments and Payback as presented on page 33, Budget 2015 - Annual data for Investments and Payback, separately, by year for the years 2009/10 to 2041/42. - Any underlying assumptions used to prepare the data - Details of the nature of the payback arrangement - is it a dividend payment to shareholders, a loan repayment to the province or some other arrangement. - Formal or informal confirmation of the arrangement between the Government of Newfoundland and Nalcor Energy - Details of the payback arrangements such as, terms and conditions, timing, contingencies, rate of return. - Related documentation to support the Payback arrangement, such as a Business Plan, that clearly outlines Nalcor Energy’s revenues and expenditures by its seven business segments for 2009/10 - 2041/42 - Documentation relating to viability and/or feasibility of the Payback Arrangement, including any risks associated with current expenditures, global energy market volatility, or other issues that could affect the Arrangement. Total spending on Gull Island, by year, 2008-2014 and first 2 quarters of 2015, by any government Department or Nalcor Energy. Details of Capital Expenditures by Corporate and Other Activities Segment of Nalcor Energy, 2008-2014 and first 2 quarters of 2015. Details of total assets held by Corporate and Other Activities Segment of Nalcor Energy, broken down by project or function within the segment, including, type of asset, rates of return, and purpose (i.e., for what will the assets be used or why are the assets being held?) for the years 2008-2014 and first 2 quarters of 2015. Documentation (including communication between the Dept of Finance and Nalcor Energy) relating to: Gull Island expenditures by Nalcor Energy; Capital Expenditures by Corporate and Other Activities Segment of Nalcor Energy; and the accumulation of assets in the Corporate and Other Activities Segment of Nalcor Energy.”

Your request for access to this information has been granted in full and is provided as follows:

Nalcor Energy Equity Investments and Payback (as presented on page 33, Budget 2015):
• What were the underlying assumptions used to prepare the annual data for Investments and Payback, separately, by year for the years 2009/10 to 2041/42?
Response: The data used to generate this graph was provided to the Department of Finance by Nalcor Energy. The information within the custody of the Department identifies the following assumptions that were used to generate this data:

- 2014 updated capital costs totaling $6.990B for the Lower Churchill Project.
- Existing oil and gas developments only, and excludes Bay du Nord and additional options for White Rose extension. Any future oil development decisions would have a significant effect on these financial projections.
- Nalcor’s price forecast for oil and electricity as of April 30, 2015. These commodity prices are expected to be highly volatile over the coming years.

Details of the nature of the payback arrangement:
- Is it a dividend payment to shareholders, a loan repayment to the province or some other arrangement?

Response: Nalcor Energy was created in 2007 under the Energy Corporation Act to be Newfoundland and Labrador's Energy Company and is tasked with leading the development of the Province's energy resources. The Government of Newfoundland and Labrador, as the Shareholder of Nalcor, provides equity investments only (not loans) to Nalcor which enables Nalcor to pursue strategic development opportunities in the energy sector to the benefit of the people of the Province. Nalcor Energy has 6 lines of businesses operating as subsidiaries. Based on each subsidiary’s equity requirements or available dividends, Nalcor Energy determines its consolidated financial position and either requests equity from the Province or pays dividends. The Province does not provide equity directly to or receive dividends directly from the individual subsidiaries. This activity occurs at the consolidated level. Please contact Nalcor Energy if additional information is required.

Formal or informal confirmation of the arrangement between the Government of Newfoundland and Nalcor Energy:
- What are the details of the payback arrangements such as, terms and conditions, timing, contingencies, rate of return?

Response: As explained above, based upon each subsidiary’s equity requirements and available dividends, Nalcor Energy determines its consolidated financial position and either requests equity from the Province or pays dividends. As such, Nalcor provides the Department of Finance an equity and dividend payment schedule (please see attached). Please contact Nalcor Energy if additional information is required.

Related documentation to support the Payback arrangement, such as a Business Plan, that clearly outlines Nalcor Energy’s revenues and expenditures by its seven business segments for 2009/10 - 2041/42:

Response: The information within the custody of the Department of Finance pertaining to Nalcor Energy’s revenues and expenditures by its seven business segments is the same information which is currently available on-line at http://www.nalcorenergy.com/publications.asp. Therefore, if additional information is required, it is suggested that you contact Nalcor Energy.
Documentation relating to viability and/or feasibility of the Payback Arrangement, including any risks associated with current expenditures, global energy market volatility, or other issues that could affect the Arrangement:

Response: While Finance officials discussed these matters with senior officials from Nalcor Energy and the Department of Natural Resources, the Department of Finance does not have any specific information within its custody pertaining to the viability and/or feasibility of the dividend payment arrangement with Nalcor Energy. It is therefore suggested that you contact Nalcor Energy to determine if they have this information available (refer to the assumptions response provided above).

Total spending on Gull Island, by year, 2008-2014 and first 2 quarters of 2015, by any government Department or Nalcor Energy:

Response: The information within the custody of the Department of Finance pertaining to Nalcor Energy’s total spending on Gull Island is the same information which is currently available on-line at http://www.nalcorenergy.com/publications.asp. Therefore, if additional information is required, it is suggested that you contact Nalcor Energy.

Details of Capital Expenditures by Corporate and Other Activities Segment of Nalcor Energy, 2008-2014 and first 2 quarters of 2015:

Response: The information within the custody of the Department of Finance pertaining to capital expenditures by Nalcor Energy’s Corporate and Other Activities segment is the same information which is currently available on-line at http://www.nalcorenergy.com/publications.asp. Therefore, if additional information is required, it is suggested that you contact Nalcor Energy.

Details of total assets held by Corporate and Other Activities Segment of Nalcor Energy, broken down by project or function within the segment, including, type of asset, rates of return, and purpose (i.e., for what will the assets be used or why are the assets being held?) for the years 2008-2014 and first 2 quarters of 2015:

Response: The information within the custody of the Department of Finance pertaining to the details of total assets held by the Corporate and Other Activities segment of Nalcor Energy is the same that is currently available on-line at http://www.nalcorenergy.com/publications.asp. Therefore, if additional information is required, it is suggested that you contact Nalcor Energy.

Documentation (including communication between the Department of Finance and Nalcor Energy) relating to:

- Gull Island expenditures by Nalcor Energy
- Capital Expenditures by Corporate and Other Activities Segment of Nalcor Energy
- Accumulation of assets in the Corporate and Other Activities Segment of Nalcor Energy
**Response:** The information within the custody of the Department of Finance pertaining to Gull Island expenditures; and capital expenditures and accumulation of assets in the Corporate and Other Activities segment of Nalcor Energy is the same that is currently available on-line at http://www.nalcorenergy.com/publications.asp. Therefore, if additional information is required, it is suggested that you contact Nalcor Energy.

Please be advised that you may appeal this decision and ask the Information and Privacy Commissioner to review the decision to provide partial access to the requested information, as set out in section 42 of the Act (a copy of this section of the Act has been enclosed for your reference). A request to the Commissioner must be made in writing within 15 business days of the date of this letter or within a longer period that may be allowed by the Commissioner. Your appeal should identify your concerns with the request and why you are submitting the appeal.

The appeal may be addressed to the Information and Privacy Commissioner is as follows:

Office of the Information and Privacy Commissioner  
2 Canada Drive  
P. O. Box 13004, Stn. A  
St. John’s, NL. A1B 3V8

Telephone: (709) 729-6309  
Toll-Free: 1-877-729-6309  
Facsimile: (709) 729-6500

You may also appeal directly to the Supreme Court Trial Division within 15 business days after you receive the decision of the public body, pursuant to section 52 of the Act.

The responsive records will be published following a 72 hour period after the response is sent electronically to you or five business days in the case where records are mailed to you. It is the goal to have the responsive records posted to the Office of Public Engagement’s website within one business day following the applicable period of time. Please note that requests for personal information will not be posted online.

If you have any further questions, please feel free to contact the undersigned by telephone at 709-729-2082, or by email at bethbartlett@gov.nl.ca.

Sincerely,

Beth Bartlett
ATIPP Coordinator

Attachment
Table 1: Equity Investments and Projected Dividends: Nalcor Energy 2008/09 to 2042/43
($Millions)

<table>
<thead>
<tr>
<th>Subsidiaries</th>
<th>08/09</th>
<th>09/10</th>
<th>10/11</th>
<th>11/12</th>
<th>12/13</th>
<th>13/14</th>
<th>14/15</th>
<th>15/16</th>
<th>16/17</th>
<th>17/18</th>
<th>18/19</th>
<th>19/20</th>
<th>20/21</th>
<th>21/22</th>
<th>22/23</th>
<th>23/24</th>
<th>24/25</th>
<th>25/26</th>
</tr>
</thead>
<tbody>
<tr>
<td>LCP</td>
<td>(30.0)</td>
<td>(3.0)</td>
<td>0.0</td>
<td>0.0</td>
<td>(215.0)</td>
<td>(386.0)</td>
<td>(114.7)</td>
<td>(626.0)</td>
<td>(545.4)</td>
<td>(407.7)</td>
<td>(179.0)</td>
<td>79.6</td>
<td>84.9</td>
<td>98.4</td>
<td>116.2</td>
<td>132.8</td>
<td>147.4</td>
<td>163.4</td>
</tr>
<tr>
<td>Oil &amp; Gas</td>
<td>(185.0)</td>
<td>(37.0)</td>
<td>(16.0)</td>
<td>0.0</td>
<td>(30.0)</td>
<td>(145.0)</td>
<td>(223.0)</td>
<td>(189.0)</td>
<td>28.8</td>
<td>67.2</td>
<td>132.8</td>
<td>200.1</td>
<td>252.3</td>
<td>282.2</td>
<td>287.2</td>
<td>274.9</td>
<td>247.6</td>
<td>195.2</td>
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<tr>
<td>Other</td>
<td>(104.5)</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>55.0</td>
<td>27.5</td>
<td>71.5</td>
<td>96.1</td>
<td>125.7</td>
<td>137.1</td>
<td>133.5</td>
<td>145.5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>(319.5)</td>
<td>(40.0)</td>
<td>(16.0)</td>
<td>0.0</td>
<td>(245.0)</td>
<td>(531.0)</td>
<td>(337.7)</td>
<td>(760.0)</td>
<td>(489.1)</td>
<td>(307.9)</td>
<td>2.0</td>
<td>351.2</td>
<td>416.8</td>
<td>529.1</td>
<td>544.8</td>
<td>528.5</td>
<td>504.1</td>
<td></td>
</tr>
</tbody>
</table>

Subsidiaries

| 26/27 | 27/28 | 28/29 | 29/30 | 30/31 | 31/32 | 32/33 | 33/34 | 34/35 | 35/36 | 36/37 | 37/38 | 38/39 | 39/40 | 40/41 | 41/42 | 42/43 |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| LCP   | 178.6 | 197.3 | 286.5 | 222   | 236.2 | 255.2 | 274.6 | 297.9 | 314.5 | 336.1 | 357.7 | 358.4 | 378.3 | 403.0 | 429.1 | 457.1 | 481.9 |
| Oil & Gas | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   |
| Other | 307.8 | 271.8 | 254.6 | 227.6 | 205.1 | 198.2 | 194.0 | 190.1 | 200.1 | 200.5 | 200.2 | 196.7 | 191.2 | 197.2 | 335.3 | 1062.0| 1992.4|
| Total | 486.4 | 469.1 | 541.1 | 449.6 | 441.3 | 453.4 | 468.6 | 488   | 514.6 | 536.6 | 557.9 | 555.1 | 569.5 | 600.2 | 764.4 | 1519.1| 2474.3|

1. Lower Churchill Project - Equity investments received in fiscal years 2008/09 and 2009/10 also included amounts relating to the development of Gull Island in addition to the development of Muskrat Falls.
2. Other subsidiaries includes Hydro, Churchill Falls, Energy Marketing, Corporate and Other
3. N/A = Not Available
4. Amounts identified in brackets represent equity investments by the Province. Non-bracketed amounts represent dividends paid to the Province.

Information provided above is as of April 28, 2015