



NEWFOUNDLAND AND LABRADOR  
**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**

**ST. JOHN'S OFFICE**

120 Torbay Road  
P.O. Box 21040  
St. John's, Newfoundland and Labrador  
Canada, A1A 5B2  
Fax: (709) 726-9604

**GRAND FALLS-WINDSOR OFFICE**

18 High Street  
Grand Falls-Windsor  
Newfoundland and Labrador  
Canada, A2A 1C6  
Fax: (866)-489-8879

E-mail: [gyoung@nlh.nl.ca](mailto:gyoung@nlh.nl.ca)

2011 07 12

Mr. Geoffrey P. Young  
Senior Legal Counsel  
Nalcor Energy  
P. O. Box 12800  
Hydro Place, 500 Columbus Drive  
St. John's, NL  
A1B 4K7

Dear Mr. Young:

**RE: Reference from the Lieutenant-Governor in Council on the Muskrat Falls Project (the "Muskrat Falls Review")**

We write further to our meeting of July 8, 2011 concerning the information filed to date by Nalcor for the Muskrat Falls Review by the Board.

As stated in our letter of June 17, 2011 and at our meeting on the same date the Board decided to engage independent engineering consultants to assist in the review. Following a request for proposals Manitoba Hydro International Ltd. ("MHI") has been selected as this independent engineering consultant and has now commenced its work. As stated in our letter of June 17, 2011 and in subsequent meetings on June 17 & July 8, 2011, it is critical that all relevant information, including all technical reports and studies on the components of the Muskrat Falls Project and the Isolated Island Option be provided by Nalcor as soon as possible to ensure that the engineering review by MHI proceeds in a timely, effective manner.

To assist in the identification of the information required to be filed with the Board for the review the Board, on June 17, 2011, provided an initial list of reports & data to be filed by June 30, 2011 which was anticipated to be readily available, existing information. Nalcor, of course, must determine what information should be filed with the Board to explain the Muskrat Falls Project and the Isolated Island Option and its view that the Muskrat Falls Project is the least cost option of the two alternatives. We have discussed that a full

submission by Nalcor explaining the Muskrat Falls Project and the Isolated Island Option will be submitted by the end of July. This submission is in addition to all engineering and financial data required by MHI for its review or other technical data that Nalcor may file.

Nalcor did file certain documents by June 30, 2011 as requested by the Board in its letter of June 17, 2011. Unfortunately, the June 30<sup>th</sup> filing was very limited and represented a very small percentage of the information that had been requested. The Board notes that in the document titled "Synopsis of 2010 Generation Expansion Decision" dated July 2011 and filed July 6, 2011, reference is made to the Board's information request of June 17, 2011 and it is stated that "most of which information was filed on June 30, 2011." This is a completely inaccurate description of the documents filed on June 30 as a response to the information requested.

While additional information was filed on July 4, July 5, July 6 and July 8, the Board's advisors have determined that there are gaps and deficiencies which must be addressed to meet the filing requirements identified in the Board's letter of June 17, 2011. These were discussed with you at our meeting of July 8, 2011. Enclosed is a list of reports and information which was agreed at our meeting would be provided by Nalcor. We understand that much of this information is immediately available and can be filed early the week of July 11<sup>th</sup>, while other information will need to be prepared and will be filed later.

We acknowledge that a number of the reports identified at our meeting on July 8, 2011 were delivered on July 11, 2011. Our enclosed list of documents reflects this. Please advise as to when the documents that are identified to be filed later than the week of July 11<sup>th</sup> will be available. We confirm our request that the documents identified as being filed the week of July 11<sup>th</sup> and not filed on July 11<sup>th</sup> be filed as they are available and not kept for a complete package.

In preparing the enclosed List of Documents we took into account the following points as clarified at our meeting of July 8, 2011:

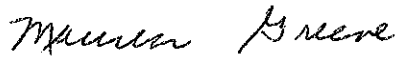
1. There has not been any additional work completed on the Island Pond, Portland Creek and Round Pond projects since the latest feasibility reports already filed except for the escalation of capital costs.
2. There have not been any appreciable changes identified with respect to the 2010 Planning Load Forecast since last year. The 2011 Planning Load Forecast has not yet been completed. There has not been any update to the Generation Planning Issues – July, 2010 report.

We confirm, as previously advised, that MHI will be in St. John's and available to meet with Nalcor representatives July 19<sup>th</sup> & 20<sup>th</sup> for initial meetings. We also confirm our request that Nalcor make a presentation on the Muskrat Falls Project and the Isolated Island Option for the Board's Advisors, MHI, and Thomas Johnson, the Consumer Advocate, on the afternoon of July 18, 2011.

In our meeting of July 8<sup>th</sup>, it was also agreed that the appropriate Nalcor representatives will meet with MHI to review the complete CPW analysis, including all reports, and assumptions and results.

If you have any questions or require any clarification please do not hesitate to contact the undersigned.

Yours truly,



Maureen P. Greene, Q.C.  
Legal Counsel

Attachment(s)

c.c. Thomas Johnson, Consumer Advocate – E-mail: [tjohnson@odeaearle.nf.ca](mailto:tjohnson@odeaearle.nf.ca)

**Documentation to be filed week of July 11, 2011**

1. Power and Energy Studies completed in the last 1990's and updates, if any.
2. Optimization Studies completed in the late 1990's and updates, if any.
3. Reports on the d.c. system studies completed (may be addressed in a report requested in Item 6. below). (Some filed July 11, 2011)
4. A report supporting the purchase price of Muskrat Falls energy by Hydro from Nalcor.
5. All reports referred to on page 4 of 39 of Appendix B Synopsis documents, i.e. MF1010 through MF1330. Note: For MF1300, only Volume 1 is required at this time. (Filed July 11, 2011)
6. All reports referred to on page 3 of 9 of Appendix C Synopsis document, i.e. DC1010, DC1030 and DC1210. (Filed July 11, 2011)
7. Reports related to the proposed shore electrodes. (Filed July 11, 2011)
8. A summary report related to the evolution of the current HVDC transmission scheme.
9. Reports related to the Strait of Belle Isle submarine cable crossing including, but not limited to, subsea surveys, landing points, cables routing, protection methods, etc.
10. A report summarizing the components, corresponding cost estimates and scheduled expenditures related to the refurbishment of the Holyrood Thermal Generating Station out to 2067 as a generating station.
11. Reports with supporting documentation on the Gate 2 Independent Project Review (IPR) – Sept. 2011 and Independent Project Analysis Inc. review of the Muskrat Falls Generation Project and Island Link Transmission Project – Sept. 2010. (New request from Board)

**Documentation to be filed later**

1. A report or similar documentation covering the details of the Planning Load Forecast.
2. A report on the a.c. system studies completed.
3. A report with supporting documentation on the reliability data that has been incorporated into the analyses of the two alternatives under review.
4. A report or the information and data collected for the combustion turbines.
5. A report or the information and data collected for the wind farms.
6. A project definition report or "Basis of Design Document" which summarizes the project elements, studies completed and cost estimates. (New request from Board)
7. A report related to the planned Operation and Maintenance programs planned for the generating plants, HVDC converter stations and other assets. Also, the capital plan and lifecycle cost estimates for equipment obsolesce. Report shall cover both alternatives. (New request from Board)

**Proprietary Information – Nalcor to Request Owner Release**

1. Report from PIRA Energy Group on fuel oil prices.
2. A report from Global Insight on escalation rates and other relevant data.
3. A report covering a Risk Analysis which identifies all significant project risks, their prevention and mitigation strategies.