

Memo

To: Maureen Green, Sam Banfield
From: Fred Martin
CC: Cheryl Blundon
Date: 7/29/2011
Re: Synopsis of Meeting with Nalcor July 29, 2011 (Muskrat Falls Review)

Comments: Following is a synopsis of my meeting with Messrs Gilbert Bennett and Paul Harrington on Friday, July 29, 2011.

- I explained that The Board was very frustrated with the flow of information from Nalcor. Also, that considerable concern was being expressed with the overall schedule available for the Board's review, especially in view of the fact that Nalcor has not filed all the information required and in Nalcor's recent announcement that its comprehensive filing to The Board was to be delayed from the end of July to mid – August. In that light, The Board had requested that I meet with Mr. Bennett and Mr. Harrington to express these concerns and enquire as to the status of information required to assist in the Board's review.

- I then enquired as to what documentation related to the Muskrat Falls development was still outstanding, i.e. had not yet been filed. The response was that the original 1999 final feasibility study report was still the basis for the current project. Additional reports MF 1010 thru MF 1330 filed in response to the Board's letter of July 12, 2011 plus GI 1140 and GI 1190 are the only other relevant technical documents pertaining to the Muskrat Falls development. When asked about the detailed capital cost estimate for the site, the response was that it had been completely regenerated from the bottom up by Nalcor Project Team and was basically continued in a spreadsheet with approximately 5000 line items. Mr. Bennett agreed that the estimate would be made available in a summarized version at the "structure level". If greater detail was required by the Board or its consultants, that would be made available as well. A concern was expressed about making the detailed cost estimate public as it contained commercially sensitive material such as labor rates, etc.

We then discussed who the consultants' expert reviewing the Muskrat Falls development work should meet with next week. It was agreed it should be Bob Barnes and his team, and that it perhaps would facilitate the review if the meetings and reviews took place at the Project Team's offices on Torbay Road.

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- Similarly, we addressed the HVDC Link aspects of the project. Again, the 1998 report completed by Teshmont is the basis of the current work. Additional reports DC 1010, DC1020, DC1110, DC1210, DC1250 and DC1500 filed in response to the Board's letter of July 12, 2011 are the only other relevant technical reports pertaining to the HVDC Link. The only exception to this are the reports related to the Strait of Belle Isle submarine cables. Mr. Bennett indicated they are very concerned about releasing these as they contain proprietary information. He did indicate that he would review these reports over the weekend to determine what was, and what was not, proprietary in nature.

With respect to the capital cost estimates, Mr. Bennett agreed to provide these at a summary level and, if required for the consultants review, would make them available in detail.

- I indicated that the feasibility reports for the Isolated Island Option hydroelectric projects, i.e. Round Pond, Island Pond and Portland Creek had the capital cost estimates redacted. Messrs Bennett and Harrington seemed very surprised at this and agreed to provide the redacted information.
- Prior to leaving the meeting, I was provided copies of the following documents:
 - Lower Churchill Project – 1998 to 2011 – Technical Note
 - Date: 10 July 2011
 - Muskrat Falls Generation Facility and Labrador – Island Transmission Link Cost Estimate Progression – 1998 to Decision Gate 2 – Technical Note
 - Date: 05 July 2011

Note: (Hand written across both of these documents was "Unofficial Draft – Will be formally filed by Nalcor")

- Drawings and Charts entitled:
 - Lower Churchill Project – Key Plan
 - Lower Churchill Project – Muskrat Falls – General Arrangement
 - 824 MW Muskrat Falls – Proposed Single Line Diagram
 - Capital Cost Information (Exclusive of IDC) Flow for Running of Financial Models
- In summary, I felt the meeting was very positive. This can only be confirmed on the subsequent actions of Nalcor. I did ask when additional information would be filed. The response was that some would probably be filed today.