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October 20, 2011

Ms. Cheryl Blundon  
Board Secretary  
Board of Commissioners of Public Utilities  
120 Torbay Road  
P.O. Box 21040  
St. John's, NL  
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Dear Ms. Blundon:

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

This letter is in response to the Board's letter of September 14, 2011. Nalcor Energy would like to offer clarification regarding some of the points raised in this letter, and also provide responses to the Board's questions regarding timelines and schedule for the remaining information to be provided by Nalcor.

Over the course of the past three months since the Review was initiated, Nalcor has expended considerable effort to provide the requested and required information to the Board and its consultant Manitoba Hydro International (MHI) in a timely manner. As requested by the Board, Nalcor has also worked to prioritize the deliverables such that the delivery of material to MHI was completed first so that MHI could complete its analysis. These efforts have been complicated by both the volume of material included in the review as well as the format and organization of material requested. These were recognized early by Nalcor and this concern was communicated to Ms. Maureen Greene by letter on July 15, 2011.

Your letter indicates that "Nalcor initially advised the Board that it would file its submission by the end of July." Nalcor understands that the Board requested that Nalcor file its submission by the end of July, however, Nalcor had not committed to that date. Nalcor confirmed to Board staff that its initial efforts were focused, as requested, on providing MHI with the material needed to complete its work, and Nalcor's submission would be prepared and filed after the information and clarification requested by MHI was provided.

Since the beginning of the review, Nalcor has filed answers to 187 Requests for Information (RFIs), provided 101 exhibits, 53 confidential exhibits, and has met with MHI staff over 20 times. In hindsight, completing Nalcor's formal submission prior to focusing on MHI's requirements may have been an appropriate approach as the volume of requests for information by MHI meant that resources were allocated to those matters which caused our formal submission to

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be further delayed. It is important to note, however, that a collective decision was made by Board staff and Nalcor to focus efforts on providing MHI with the information it requested and answering any subsequent questions they posed.

Nalcor now understands that MHI has received most of the information it requires, and the major deliverables outstanding at this point in time are:

- 1) Nalcor's formal submission to the Board
- 2) Responses to the Board's most recent Request for Information packages
- 3) Review of Confidential Information for the Consumer Advocate
- 4) Responses to the Consumer Advocate's Request for Information package

Nalcor also understands from our meeting of September 12 that the Board wishes to have Nalcor's formal submission filed prior to the finalization of MHI's report.

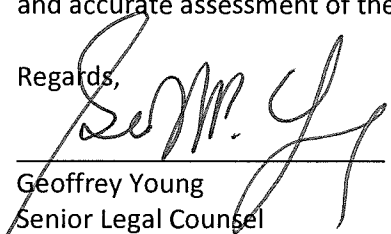
Based on an understanding that no significant further RFI's are expected from MHI, Nalcor's approach will be as follows:

- 1) Nalcor will prioritize the completion of the remaining five RFI's from MHI.
- 2) Nalcor will file its submission with the Board by November 10.

With respect to confidential information, Nalcor has provided a list of confidential exhibits to the Board and the Consumer Advocate. Nalcor has offered to meet with the Consumer Advocate to identify which of these documents are of interest to the Consumer Advocate and will prioritize screening of these documents on that basis. Nalcor will complete the screening process as a priority following its formal submission to the Board.

We appreciate the magnitude of the task at hand and note that Board and Nalcor staff as well as the Interveners are focused on ensuring that appropriate information is provided for a thorough and accurate assessment of the reference question.

Regards,

  
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Geoffrey Young  
Senior Legal Counsel

GY/ab

cc. Mr. Charles Bown, Dept. of Natural Resources