



Government of Newfoundland and Labrador
Department of Natural Resources
Office of the Minister

December 23, 2011

Mr. Thomas J. Johnson
O'Dea, Earle
P.O. Box 5955
323 Duckworth Street
St. John's, NL
A1C 5X4

Dear Mr. Johnson:

Re: Muskrat Falls Review

I am writing further to your letter dated December 15, 2011, to the Board of Commissioners of Public Utilities (the "Board") regarding timelines for the Muskrat Falls Project review (the "Review"). Your letter was referred to the undersigned from the Board's website.

As you are aware, Government has advised the Board that the Review must be completed by March 31, 2012, in order to ensure that the Board's report can be examined and debated by members of the House of Assembly during the Spring sitting. Extending the March 31, 2012, completion date would result in a risk of the report not being reviewed in the House of Assembly prior to final sanctioning of the project.

In order to meet the March 31, 2012, completion date, it will be imperative that all parties involved in the Review limit their activities to those necessary to complete their respective roles. From the Consumer Advocate's perspective, this means ensuring that the electricity ratepayers of the Province have a consolidated voice in the Review process.

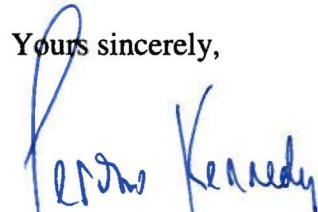
In your December 15 letter to the Board, you indicated that you would be "having several public sessions around the Province in order to receive customer input directly on the matters engaged in the review." While public participation through the Consumer Advocate will play a critical part in the Review, it was not Government's intention for the Consumer Advocate to conduct any public hearing process separate and apart from hearings being conducted by the Board. It is Government's position that the Consumer Advocate's role in the Review process is to coordinate public comment and participation, through submissions to the Consumer Advocate, and to then represent the Province's electricity ratepayers in the public process being completed by the Board.

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Your letter to the Board also addressed the fact that you have not been provided with certain confidential exhibits. This is a necessary limitation given the extreme commercial sensitivity of the confidential exhibits and the fact that Nalcor is precluded from producing others under non-disclosure agreements entered into with third parties. The Terms of Reference were drafted to ensure that the Board and its expert could conduct a complete examination of the Reference Question. In order to conduct a thorough review, it was imperative that the Board have access to all documents to which Nalcor had access. The Consumer Advocate's role is to ensure that a thorough analysis is completed by the Board. It was not contemplated that the Consumer Advocate would complete its own independent analysis of the project.

Meeting the March 31, 2012, deadline for a report will require significant effort by the Board, the Consumer Advocate, and Nalcor. The role of the Consumer Advocate is to assist the Board in this process by making representations on behalf of electricity ratepayers into the processes established by the Board. We expect that contribution to be on an informed and expert basis within the terms of reference. We are prepared to provide assistance as may be requested in the Consumer Advocate's fulfillment of this important role.

Yours sincerely,



Jerome P. Kennedy, Q.C.
MHA, Carbonear-Harbour Grace
Minister of Natural Resources