

**MINUTES OF THE FORTY-SEVENTH MEETING OF THE BOARD OF DIRECTORS OF NALCOR ENERGY HELD IN MEETING ROOM, SIXTH LEVEL, HYDRO PLACE, ST. JOHN'S, NEWFOUNDLAND AND LABRADOR ON FRIDAY, APRIL 5, 2012 AT 02:00 P.M.**

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**Present in Person:** E. Martin

**Present by Telephone:** C. Bennett, Chair  
T. Clift  
G. Shortall  
K. Marshall

**Secretary:** W. Chamberlain

**627. CONSTITUTION OF THE MEETING**

Notice for the meeting was forwarded to Directors on April 3, 2012. A quorum of Directors being present, the meeting was declared duly called and validly constituted for the transaction of business.

**628. SAFETY MOMENT**

Mr. Chamberlain provided a safety moment on gas grill safety.

**629. PUB MUSKRAT FALLS REVIEW**

A copy of the Report to Government with regard to the Reference to the PUB on the review of two generation expansion options for the least cost supply of power to island interconnected customers for the period 2011-2067 dated March 30, 2012 ("PUB Report") was circulated to the Board with the notice of meeting on April 3, 2012.

Mr. Martin provided an overview of the PUB Report noting that the PUB concluded that it was unable to determine if Muskrat Falls was the least cost option because the information provided was not detailed, complete or current, thereby not making a determination in accordance with the terms of reference. He advised that the PUB's consultant, Manitoba Hydro Inc. ("MHI"), reviewed and concluded that the work and analysis that was completed by Nalcor with regard to DG2 numbers was generally completed in accordance with good utility

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practices with a few stated exceptions and further concluded that the interconnected option represented the least-cost option of the two alternatives that were reviewed.

He further advised that the Report left the impression that the information received from Nalcor was incomplete and not provided in a timely manner. He noted that the PUB submitted a large number of requests for information and that Nalcor made its best efforts to provide a large amount of documentation in a timely manner. He noted that the PUB wanted more current information which was not relevant to their mandate and was therefore not provided. He stated that the PUB, based upon the DG2 work and analysis could have concluded that MHI's conclusion was sound and then made recommendations regarding a DG3 decision.

Mr. Martin reported that the Province will be directly engaging MHI to assist in its due diligence review with respect to the DG3 decision and will have a report completed on natural gas and wind alternatives. He advised that Nalcor is working on a Communications Plan with the Province and will provide a copy to the Board when it is available.

He provided an overview of the Judicial Review Application commenced in the Federal Court by the Grand Riverkeeper Labrador Inc., Sierra Club of Canada and NunatuKavut Community Council Inc. against the federal government, federal government department responsible authorities and Nalcor. He advised that most of the applicants changed their legal counsel and that the federal Department of Justice has been seeking delays with regard to the filing of documentation and setting a date for the hearing of the matter. The applicants and Nalcor are seeking to have the matter heard in the summer of 2012. He noted that road construction work could commence in May of this year which could trigger an injunction application by the applicants or other interested third parties.

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Mr. Martin advised that there would be an upward adjustment in the capital costs and a downward adjustment in financing costs associated with a federal loan guarantee for the Lower Churchill Project.

He noted that there will be a special session of the House of Assembly to review the Lower Churchill Project which is expected to be in June and a new Navigant report with updated DG3 capital costs will be provided.


Mr. Martin reported on the negotiations with Emera Inc. and noted that there are three outstanding issues with regard to the agreements and he provided a brief overview of each issue.

He advised that the appointment of new Board members is expected in the near future.

630.  
~~629.~~


#### TERMINATION

There being no further business, the meeting was terminated.

  
Secretary

Verified at a meeting held on

April 27, 2012

  
Chairperson