

Date : 10/20/2010 8:15:35 AM

From : "Thompson, Robert"

To : "MBradbury@nalcenergy.com" , "Paddon, Terry"

Cc : "Bown, Charles W." , "Constantine, Robert"

Subject : RE: Federal Guarantee letter - benefits para

Attachment : ATT812410.jpg;

The extra numbers are helpful but they raise some extra questions. Whatever we put in the letter it cannot be inconsistent with the P3 deck. Therefore I think we should go with Mark's new paragraph with a couple of exception - the \$1.5 in federal treasury income should actually be \$2.0 billion noting that it reflects the treasury impact of Muskrat (and associated transmission as well), and delete the sentences describing NL's lack of industrial capacity.

Given the short time, Terry, I think you should take the pen and take us home.

Robert

From: MBradbury@nalcenergy.com [mailto:MBradbury@nalcenergy.com]

Sent: Tue 10/19/2010 10:38 PM

To: Paddon, Terry

Cc: Bown, Charles W.; Constantine, Robert; Thompson, Robert

Subject: Federal Guarantee letter - benefits para

Hi Terry

I have spoken to Steve Goulding regarding the benefit figures that were contained in the September P3 deck. The \$9 b "Canadian activity number" was derived from the Jan 2009 SCI analysis which included GI, Island link and the Maritime Link. Total costs per that document were \$8.8 b (including 30 years of opex). The following was the breakdown of costs:

Labour costs in Canada	\$2.6
Cdn G&S	3.0
Induced income	1.9
Total	\$7.5

Using the same approach for Muskrat, Steve then computed the following:

Total costs	\$2.2B
Labour costs in Canada	\$0.73
Cdn G&S	0.81
Induced income	0.5 (based on same proportion as above)
Total	\$2.0

Thus giving \$9.5B in economic activity was estimated for the four project components. \$9 b was the figure used in the P3 deck. Related GDP according to Steve is \$7b. Steve's explanation for the difference was that a portion of the goods and services relates to imports, coupled with a portion of the labour that relates to non-income items such as benefits, union costs etc..

Regarding the 80,000 person years, it excluded Muskrat Falls.

Regarding the \$2 b in Treasury income to the Government of Canada, the SCI report, which was based on a GI and transmission, showed \$1.5 m. Steve indicated that their assumption at the time was to use a prorated amount for MF and then add it to the \$1.5 to get the \$2B estimate. He no longer thinks it would have included the NL treasury impacts and certainly not if it was called treasury income to the Government of Canada.

On the basis of that information, we have worked together to redraft the benefits paragraph which is included in the attached for your consideration.

□ **Mark Bradbury**
 Corporate Treasurer and Chief Risk Officer
 Treasury and Risk Management
 Nalcor Energy
 t. 709 737-1294 c. 709 685-9747 f. 709-737-1901
 e. MBradbury@nalcenergy.com
 w. nalcenergy.com

From: "Paddon, Terry" <tpaddon@gov.nl.ca>
To: <MBradbury@nalcenergy.com>
Cc: "Bown, Charles W." <cbown@gov.nl.ca>, "Constantine, Robert" <rconstantine@gov.nl.ca>, "Thompson, Robert" <rthompson@gov.nl.ca>
Date: 10/19/2010 09:37 PM
Subject: RE: Yet another draft

Premier is looking for letter first thing in am.

From: MBradbury@nalcenergy.com [<mailto:MBradbury@nalcenergy.com>]
Sent: Tue 10/19/2010 9:36 PM
To: Paddon, Terry
Cc: Bown, Charles W.; Constantine, Robert; Thompson, Robert
Subject: RE: Yet another draft

Just to let you know I am still working with Steve Goulding on the benefits paragraph...

Mark Bradbury

Corporate Treasurer and Chief Risk Officer
Treasury and Risk Management
Nalcor Energy

t. 709 737-1294 c. 709 685-9747 f. 709-737-1901
e. MBradbury@nalcenergy.com
w. nalcenergy.com

You owe it to yourself, and your family, to make it home safely every day. What have you done today so that nobody gets hurt?

From: "Paddon, Terry" <tpaddon@gov.nl.ca>
To: "Bown, Charles W." <cbown@gov.nl.ca>, "Thompson, Robert" <rthompson@gov.nl.ca>, <MBradbury@nalcenergy.com>, "Constantine, Robert" <rconstantine@gov.nl.ca>
Date: 10/19/2010 09:33 PM
Subject: RE: Yet another draft

I agree.

-----Original Message-----

From: Bown, Charles W.
Sent: Tue 10/19/2010 9:02 PM
To: Paddon, Terry; Thompson, Robert; 'MBradbury@nalcenergy.com'; Constantine, Robert
Subject: RE: Yet another draft

Terry;

If the letter is from Premier only; do we revert back to the original opening for the letter which focused on NL and not Atlantic Canada? Previous opening is below.
Because the letter is going to MacKay and the Maritime link is still included in the letter, there is a significant benefit to keeping it as it, however, I wanted to put the option of the NL opening back on the table.

CwB

The government of Newfoundland and Labrador has made significant progress in advancing its plan to achieve economic prosperity and self-reliance following many years of economic dependence.. The diverse portfolio of energy assets that exists in this province has been the foundation on which we have achieved our success to-date. The vision for achieving this goal is embodied in our long-term and comprehensive Energy Plan and our success is evidenced in the bold moves we have made in advancing our energy projects.

The central pillar in our plan for achieving sustainable economic prosperity for Newfoundland and Labrador is the development of our renewable energy potential. Chief among these prospects is the development of the remaining hydroelectric potential on the Churchill River in Labrador. The Lower Churchill Hydroelectric Project is the most attractive undeveloped hydroelectric project in North America. [continues ...]

From: Paddon, Terry
Sent: Tuesday, October 19, 2010 4:47 PM
To: Thompson, Robert; Bown, Charles W.; 'MBradbury@nalcenergy.com'; Constantine, Robert
Subject: Yet another draft

Refelects Brians comments. Also, premier wants letter just to go from him now.

Brain also mentioned beefing up benefits of transmission on Ontarion (and Quebec?). Could someone work something in on that?

thanks

“This email and any attached files are intended for the sole use of the primary and copied addressee(s) and may contain privileged and/or confidential information. Any distribution, use or copying by any means of this information is strictly prohibited. If you received this email in error, please delete it immediately and notify the sender.”

“This email and any attached files are intended for the sole use of the primary and copied addressee(s) and may contain privileged and/or confidential information. Any distribution, use or copying by any means of this information is strictly prohibited. If you received this email in error, please delete it immediately and notify the sender.” [attachment "ATT629805.jpg" deleted by Mark Bradbury/CRP/NLHydro]