

Date : 2/12/2012 8:53:22 PM

From : "Thompson, Robert"

To : "DawnDalley@nalcenergy.com" , "Bown, Charles W." , "Burrage, Don"

Subject : RE: Draft presentation to PUB - still working now but this is close.

Dawn:

Great job.

p. 6 - If I recall accurately, did Nalcor not deposit load forecasts with the PUB prior to 2010 that also indicated new generation was required? The point is that the need for power in 2015-2019 was not news in November 2010. It was the analysis on deposit with the PUB for some time.

P. 9 - suggest switching order of bullets 2 and 3

p. 19 - wondering if the point can be stronger along the following lines - given past experience, it would be an inappropriate risk to the delivery of energy to consumers if NLH was to make supply decisions based on unreasonably aggressive conservation and demand management assumptions.

p. 24 - this is an important point that may be useful somewhere nearer the front of the deck as well. Proper planning of the province's electricity system must be based on proven technologies where the risks are reasonable the the probability of success is high.

pp. 26 and 34 - the column "Return on Rate Base" has a significantly different percentage for the two cases. I understand that it represents a proportion of total CPW and the investment in MF is much higher, but it might be interpreted as the MF option requiring double the return on investment compared to the Isolated option, thus creating a greater burden on ratepayers. Not sure its necessary to change, but there may be a perception issue here.

p. 39 - Glad to see sensitivities below AND above the base case. You resisted the urge to stack the loan guarantee, carbon pricing and May 2011 PIRA, yet this is a valid sensitivity as well. Another thought, given that MHI says that demand was underestimated, have you tested for a higher demand growth assumption?

pp. 43-46 - I like these charts.

p. 51 - a governance question - who actually makes the recommendation to the shareholder: the CEO or the Board?

p. 53 - good slide, though I wonder can it be even more focused on gaining greater certainty about costs. This point is pretty clearly inferred on the engineering bullet, but is equally important regarding long lead procurement and the commercial/financing terms. It is important to build confidence about how much greater our knowledge will be about costs at the DG3 decision.

p. 55 - This slide needs to counter the ill-founded assertion from critics that the team at Nalcor has never built a project of this magnitude, thus does not have the experience to control costs and execute on schedule. The slide does not provide much evidence to contradict the assertion. To simply say 35 years of experience does not prove the point. What more can be said with greater impact?

MHI slides - in general the slides seem a little defensive. I don't quibble with the points, though I wonder is there a way to contextualize the benefit of having these recommendations and how the basic thrust is consistent with Nalcor's planning approach.

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

From: DawnDalley@nalcenergy.com [<mailto:DawnDalley@nalcenergy.com>]

Sent: Sun 2/12/2012 6:58 PM

To: Bown, Charles W.; Thompson, Robert; Burrage, Don

Subject: Draft presentation to PUB - still working now but this is close.

We doing a dry run at 730 at the office if you wish to come by!

See notes attached related to stand alone cost which are a draft as well at this point.

Dawn

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