

Date : 2/12/2012 1:37:16 PM

From : "Kennedy, Jerome"

To : "'dvardy@[REDACTED]'", "Maclean, Heather"

Cc : "'ronaldp@[REDACTED]'", "'david.vardy01@[REDACTED]'"

Subject : Re: Corner Brook Address

Thank you, Mr. Vardy. While I am not interested in engaging in an e-mail debate I want to ensure that I clearly understand your position - do you accept MHI's conclusion that the province needs power? This would seem to be a yes or no answer.

Jerome Kennedy
Department of Natural Resources
Government of Newfoundland and Labrador

Sent Via BlackBerry

From: Vardy, David <dvardy@[REDACTED]>
To: Kennedy, Jerome; Maclean, Heather
Cc: ronaldp@[REDACTED] <ronaldp@[REDACTED]>; david.vardy01@[REDACTED] <david.vardy01@[REDACTED]>
Sent: Sun Feb 12 13:14:44 2012
Subject: RE: Corner Brook Address

Hello Minister Kennedy

I don't know what your questions have to do with my query but I will respond to them, out of courtesy.

In the absence of improved conservation and incentives to encourage alternative types of space heating we will need additional energy within the next five to ten years. This can take a number of forms, small or large projects, without a commitment to Muskrat Falls at this time. It is simplistic to pose the alternatives as being either A or B.

I have had no discussions with the PUB on any scenario relating to CBPPL. In fact I have had no discussion with the PUB on any scenarios, other than an early question (no discussion) to their legal counsel on whether conversion from Bunker C to natural gas might be within the reference question. Nobody has raised any question relating to CBPPL on my behalf.

Dave

From: Kennedy, Jerome [mailto:JeromeKennedy@gov.nl.ca]
Sent: February-12-12 12:44 PM
To: Vardy, David; Maclean, Heather
Cc: ronaldp@[REDACTED]; david.vardy01@[REDACTED]
Subject: Re: Corner Brook Address

Mr. Vardy,

Before I respond to your e-mail please answer these questions for me (1) Do you accept MHI's conclusion that we need the power? And, (2) have you or Mr. Penney, or anyone on your behalf ever had any discussions with anyone at the PUB suggesting that they should examine the scenario if CBPPL were to close? And, if so, who and when?

Jerome Kennedy

Department of Natural Resources
Government of Newfoundland and Labrador

Sent Via BlackBerry

From: Vardy, David <dvardy@[REDACTED]>
To: Maclean, Heather
Cc: Kennedy, Jerome; Ron Penney <ronaldp@[REDACTED]>; David Vardy <david.vardy01@[REDACTED]>
Sent: Sun Feb 12 11:28:08 2012
Subject: Corner Brook Address

Heather Maclean
Director of Communications

Dear Ms. Maclean

I was surprised and disappointed to read the article in the Weekend Business section of the Telegram which quotes Minister Kennedy as accusing

me of "raising the spectre of the possible closure of Corner Brook Pulp and Paper as another reason why Muskrat Falls should not go ahead as the government hopes it will." I am writing to enquire where it is alleged I have made this comment.

This issue was raised in the Manitoba Hydro International report. On page 15 of volume I of the MHI report the following statement is made:

Load Forecast

A major input to the cumulative present worth analysis is the load forecast, and as a result any large changes in the load would have a significant impact. For example, should the existing pulp and paper mill cease operations, and its generation capacity be available for use on the system, and should the capital costs of both of the Muskrat Falls Generating Station and Labrador-Island Link HVdc projects increase by 10%, the cumulative present worth for the two Options would be approximately equal.

Minister Kennedy may not be aware that I was the chair of the divestiture committee, reporting to Premier Brian Peckford in 1983-85, which found a new operator for the Corner Brook mill and negotiated federal funding for mill modernization. I would be the last one to raise the spectre of the mill's closure. I worked closely with the City of Corner Brook and with the mill unions at the time. The agreement to transfer the ownership of the mill from Bowater to Kruger was finalized in December of 1984 in Corner Brook.

I am requesting a copy of the Minister's address to the Greater Corner Brook Board of Trade on Friday as well as the source of the alleged comment attributed to me.

I hope you can respond to me early on Monday morning. I expect that the media will be contacting me tomorrow to comment on this story.

David Vardy

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