

Kennedy, Jerome

From: Thompson, Robert
Sent: Friday, April 13, 2012 1:55 PM
To: KMD; Kennedy, Jerome
Subject: Fw: Muskrat - Important

Attachments: MF Schedule.pdf

Attached is the deck. Ignore the other email below as it is a repeat of the previous one. In case you cannot open the attachment, the essential point is as follows:

Here are the items to be included for HoA:

- updated Interconnected Opex and Capex
- escalation estimate
- contingency estimate
- updated interconnected schedule and cash flows
- updated load forecast
- updated generation expansion plans
- updated isolated island Capex and Opex
- PIRA forecast
- CPW analysis and some sensitivities(intercon vs isolated; Maritime Link; natural gas; LNG) FLG and lower interest rates included. Sensitivities: Capex, fuel price, interest rates. No updated sensitivities on Kruger, Lab industrial and low load growth due to time constraints.
- PPA rate for sales to NLH
- Island Rates analysis
- completed MHI report

While a schedule is outlined, the key is that it concludes in late July with the debate.

Question is: does this meet your expectation.

RT

Sent Via BlackBerry

From: Thompson, Robert
To: Taylor, Brian W.; Power, Glenda
Sent: Thu Apr 12 20:15:21 2012
Subject: Muskrat - Important

Brian/Glenda:

I would appreciate your feedback on the draft message below that has been prepared for the Premier (and Minister Kennedy). It summarizes the issues around the House of Assembly debate and Early Works. You will need to open up the attachment to see some of the information. With your input, I will forward to Premier.

Robert

Premier

Attached please find a deck, including a schedule, that has been prepared by Nalcor that outlines the work that will occur in advance of the debate in the House of Assembly (there are 2 schedules at the end — the second one is the recommended one). It is a challenging schedule and assumes that no major problems occur in the interim. It recommends that the debate be held in the last week of July.

4/13/2012

There are two key decisions that need to be made:

1. Is an end of July debate in the HoA generally acceptable (of course subject to confirming the exact dates in your schedule)?
2. Are the information deliverables for the HoA outlined on pp. 1-3 acceptable?

If these questions are resolved in the affirmative, there are two additional issues to keep in mind when making the final decision to approve Early Works:

1. that the project will proceed even if the Maritime Link/Emera deal does not ultimately materialize (this has been the government's position all along, but it is helpful to reconfirm our resolve at this point in time); and
2. that we are satisfied with the probability that the federal loan guarantee will proceed as promised (this is an issue because the guarantee is becoming fundamentally necessary to maintain the \$2B CPW difference).

An additional looming issue, over which we have no control, is the Ecojustice court case and the possibility of a "stop work" legal action when the road work is started.

If the government's resolve at the current time continues to be strong in the face of these issues, then the ground is set for proceeding with early works. Nalcor advises that the first contract for road-clearing needs to be let on Monday, April 16 in order to maintain the May 1 schedule. Although there is no need to announce this contract, there is a possibility that word will spread after the contractor has been informed, so it may be advisable for Nalcor to do a "routine business" press release, following which government and Nalcor can be responsive to any media inquiries. Appropriate communications materials are being prepared for review.

I suggest that a conference call with you regarding these matters on Friday or Saturday would be appropriate.

Please advise if you are available and we will make arrangements. (If you cannot view the attached deck, let me know and I will send you a hard copy.)

RT

M i e d e m e n t

