



Government of Newfoundland and Labrador
Department of Natural Resources
Office of the Minister

APR 30 2012

Mr. Leonard Clarke



Dear Mr. Clarke:

RE: Muskrat Falls

Thank you for your letter to Premier Kathy Dunderdale regarding your concerns with electricity rates and the development of Muskrat Falls and the Labrador-Island Transmission Link. The Premier has asked that I respond on her behalf.

Regarding your concerns about hidden charges in electricity rates, please note that the Board of Commissioners of Public Utilities, a quasi-judicial entity independent of government, has the legislated authority and mandate to regulate and set consumer electricity rates in the province and ensure that utilities do not overcharge electricity customers for service.

On your question about additional consumer costs as a result of Muskrat Falls, analysis indicates that other supply options are more expensive or do not meet technical and economic requirements to ensure provision of safe, reliable power to consumers. As well, Muskrat Falls will allow for the retirement of the Holyrood thermal plant which burns heavy fuel oil and exposes electricity rates to external oil price risk. Estimates of comparative electricity rate impacts for the Muskrat Falls and Isolated Island options are available at the Board's web site at <http://www.pub.nf.ca/applications/MuskratFalls2011/files/rfi/PUB-Nalcor-5.pdf>.

Although there has been significant work and analysis undertaken to date, the final project sanction decision has not yet been made and Government has committed to convene the House of Assembly to allow for further debate and discussion later this year.

In closing, thank you again your letter and for bringing forward your concerns.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Jerome P. Kennedy', written over a faint, dotted outline of the signature.

Jerome P. Kennedy, Q.C.
MHA, Carbonear-Harbour Grace
Minister of Natural Resources

c. Premier Kathy Dunderdale