

- 1 Q. **2013 General Rate Application, Exploits Generation**
- 2 Has a decision been made on the future ownership and operation of Exploits
- 3 Generation after June 30, 2014? If yes, provide details of the decision.
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- 6 A. Please see PUB-NLH-008, Attachment 1.



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

December 2, 2013

Mr. Robert Henderson
VP Newfoundland and Labrador Hydro
Hydro Place, 500 Columbus Drive
P.O. Box 12400
St. John's, NL
A1B 4K7

RE: Exploits River Generation Facilities

Dear Sir,

I am writing to confirm the Government of Newfoundland and Labrador's intention to transfer ownership of the Exploits generation facilities, namely the Star Lake Hydroelectric Development, the Buchans hydroelectric facility, the water control facilities on the Exploits River and the power plants at Grand Falls and Bishop's Falls, in a manner that will ensure long term benefits to Newfoundland and Labrador electricity ratepayers. As this may be best accomplished by an asset transfer to Newfoundland and Labrador Hydro, I encourage your officials to conclude discussions with Department of Natural Resources officials towards bringing forth an appropriate recommendation and analysis for Government consideration on a schedule that could facilitate asset transfer by June 2014.

As you are aware under the current arrangement Hydro is directed to purchase the output from these facilities at 4 cents per kilowatt-hour which provides income benefits to Hydro and sufficient funding to Nalcor to maintain the facilities. This has been an interim arrangement and will expire on June 30, 2014. Thereafter, the asset transfer should be complete so that the long term benefit is provided to ratepayers.

Officials in the Department of Natural Resources are prepared to work with your officials to conclude these arrangements as expeditiously as possible so that a recommendation and analysis can be provided to the Lieutenant Governor in Council in the first half of 2014.

Sincerely,

CHARLES W. BOWN
Deputy Minister