

1 **Q. Please provide an update as to the Mobile river watershed matter.**

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3 A. The City of St. John's (the "City") has given formal notice of its intention to terminate the
4 Company's rights to use the Mobile River watershed for the generation of electricity. The
5 Company held these rights under a lease dated November 23, 1946, which was amended
6 by an agreement dated October 21, 1949.

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8 In late 2008, an arbitration panel was constituted in accordance with the lease. The panel
9 issued a ruling on certain preliminary questions on March 9, 2009.

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11 The City subsequently applied to the Supreme Court of Newfoundland and Labrador to
12 have the preliminary ruling of the arbitration panel set aside. On November 12, 2010, the
13 Supreme Court issued its decision dismissing the City's application, and awarding court
14 costs to Newfoundland Power.

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16 On December 14, 2010, the City filed an appeal of the Trial Division's decision with the
17 Court of Appeal. On May 31, 2012, the City filed its Factum with the Court of Appeal.
18 Newfoundland Power is currently preparing its Factum, which is expected to be filed
19 shortly.

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21 As of this writing, no schedule for the hearing of the appeal has been established.