

December 23, 2011

Mr. Andy Wells
Chairperson & Chief Executive Officer
Board of Commissioners of Public Utilities
P.O. Box 21040
St. John's, Newfoundland and Labrador
A1A 5B2

Dear Mr. Wells:

RE: Muskrat Falls Review

I acknowledge receipt of your correspondence of December 16, 2011 requesting a further extension of time for the Board to submit its report on the Reference Question. The Board will no doubt appreciate Government's announced intention to have the Board's report tabled during the Spring session of the House of Assembly. It is therefore of critical importance that the Board's report be received not later than March 31, 2012 so as to allow Government to meet its commitment to the people of the Province.

Government feels confident that the Board will be able to adjust its schedule so as to accommodate those processes that need to be taken so as to complete the review by the deadline. In an effort to streamline the process, Government has issued new guidelines to the Consumer Advocate to ensure that his focus is only on those areas which will avoid any duplication of the Board's mandate. In addition, as I advised in my letter of December 12, 2011, Government is committed to assisting the Board in meeting the March deadline and is willing to provide whatever additional resources are reasonably necessary to enable the Board to adjust its processes and hearing schedule on other matters if necessary.

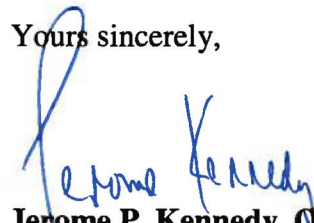
It is acknowledged that the process referenced in your letter of December 16, 2011 adopts the process that the Board followed in 2005 when it was asked to complete a review of automobile insurance rates pursuant to Section 3.1 of the *Insurance Companies Act*, a far reaching activity which involved matters of public policy and an investigation of competing insurers proprietary information and loss experiences. That activity was not burdened by the same time sensitivities as the current review. Given that the Terms of Reference are confined to a review of whether Nalcor's proposal represents the least-cost option for the supply of power to island connected

customers, Government queries whether all of the processes employed by the Board in the Insurance review are necessary in the Board's review of the Reference Question.

It is Government's understanding that, for some considerable time preceding the actual filing of Nalcor's formal submission on November 10, 2011, Nalcor had been working with the Board's experts, Manitoba Hydro Inc. ("MHI"), and, as a result, an extensive amount of technical information respecting this project has already been supplied. Has the Board considered whether this activity might permit it to economize on the time it proposes to allot for receipt of the MHI Report as well as the necessity for allotting additional time during the month of March for the receipt of technical reports and the attendant holding of a technical conference?

Government feels confident that with additional resources being made available to the Board, the March 31 deadline can be met so that its report can be tabled in the House of Assembly as Government has publicly committed to do. I or any of my officials are available to discuss the supply of additional resources to the Board.

Yours sincerely,



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