

December 6, 2011

Board of Commissioners of Public Utilities
Prince Charles Building
120 Torbay Road, P.O. Box 21040
St. John's, NL
A1A 5B2

ATTENTION: Ms. Cheryl Blundon
Director of Corporate Services & Board Secretary

Dear Ms. Blundon:

Re: Hydro's 2012 Capital Budget – Phase III Schedule

This is further to our letter of November 30, 2011 and to correspondence from the Board, and the correspondence and emails from Newfoundland Power, the Consumer Advocate and the Industrial Customers (the Intervenors) all dated December 2, 2011.

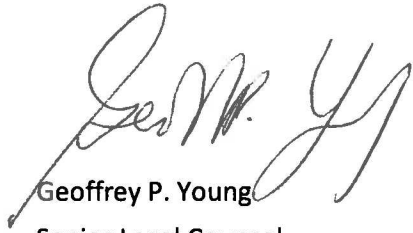
We understand the position of Intervenors to be that a delay in the responses to the Phase III RFIs will put pressure on a regulatory calendar that is anticipated to be challenging in 2012. It was with a view to the challenging 2012 regulatory calendar that Hydro proposed that the Phase III RFIs be responded to in March or April. This timing would provide Hydro's staff an opportunity to first deal with another regulatory matter which we understand to be of very high priority, the Muskrat Falls Review. As indicated in our letter of November 30, as Phase III of Hydro's 2012 Capital Budget was a lower priority requirement, we believed that deferring the examination of Phase III would assist the Board, Hydro and the Intervenors by relieving the pressure anticipated on the regulatory calendar. Hydro was able to offer this deferral because an Order as to Phase III is not needed in either the first or second quarters of 2012.

In a recent telephone conversation with Ms. Maureen Greene, Q.C., Counsel to the Board, she asked whether Hydro could be available for a meeting within the next week so that the Board and the parties could discuss and resolve these challenging scheduling issues. We would be grateful for that opportunity and ask that specific scheduling decisions by the Board be deferred until that meeting has occurred.

We trust this is satisfactory.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO

A handwritten signature in black ink, appearing to read 'Geo. P. Young', written over a horizontal line.

Geoffrey P. Young
Senior Legal Counsel

cc. Gerard Hayes - Newfoundland Power (2) Thomas Johnson - Consumer Advocate (2)
Paul Coxworthy - Stewart, McKelvey Stirling Scales Dean Porter - Poole Althouse

