

July 15, 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. Maureen Greene, Q.C.

Dear Ms. Greene:

Re: Reference to the Public Utilities Board in relation to Muskrat Falls

This is further to your letter of July 12, 2011. We wish to explain our view of the processes that have occurred to the present in this matter, the filings which have been made to date, and the filings that we intend to file in the coming days and weeks.

From meetings and correspondence of June 17, 2011, Nalcor understood that in advance of the Board's consultant being retained, and long in advance of Nalcor filing a submission to the Board which the Board has requested to be filed by the end of July, it would be beneficial to receive certain data so that this information could be reviewed and provided to the consultant so as to get an early start on the matter. This was considered to be a useful head-start to accommodate the challenging time lines involved in the process. Nalcor provided some of this information on June 30, 2011, much of which was at a summary level, in the understanding that it was intended for that technical audience and would be supplemented in the following weeks by meetings or more specific documentary requests for information from that consultant.

In the following week, a considerable amount of additional information was filed. At the end of that week, on the afternoon of Friday July 8, a meeting was held at the Board's offices between Board staff and four representatives from Nalcor at which time further information was identified and discussed. Before 9:00 of the morning of Monday, July 11, a considerable amount of additional information was hand delivered in electronic format to Board staff on the understanding that it had not been, to that time, vetted for confidential or commercially sensitive information and that it should be treated as such until such time that this could be completed.

Much of the information that has been requested by Board staff is not organized and held by Nalcor in the format that the Board appears to have expected. This means that it is not readily available in the manner in which it was requested and it has to be produced or collected from a variety of documents, data sets and other sources. This has, in many instances, been quite time consuming and these challenges have been explained to the Board staff in our meetings. In addition, due to the aforementioned sequence of events, Nalcor has provided the data and information to the Board without having had an opportunity to explain its larger context so that it could be easily and readily understood. It appears that the piecemeal approach that has been taken in Nalcor's attempt to provide data and information in response to the Board's requests to obtain information for the Board's consultants, and in advance of Nalcor's submission, has caused some misunderstandings to date. We are confident that we can reconcile the information gaps that remain in the coming days and weeks.

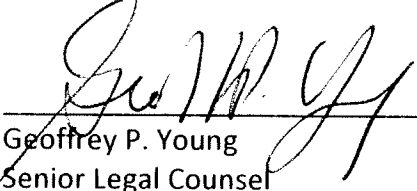
Today we are filing additional information requested by the Board and we plan to file further information next week. In particular, we are making confidential filings of items numbering 1, 2, 3 and 8 (references to item numbers here are as per the attachment to the Board's letter "Documentation to be filed week of July 11, 2011"). Responses to these items are being made on the basis that they remain confidential unless and until we determine that they do not contain confidential or commercially sensitive information.

We are making a public filing today in response to item number 11 of the Board's July 12, 2011 letter. Today's filing for this item comprises three presentations on Decision Gate 2. These are also available on Nalcor's public website. The specific request of the Board is for "requests with supporting documentation". Please note that the approach used by the teams completing these reviews was different than that contemplated by the request. Both the IPR and IPA review teams conducted on site visits, inspections, and interviews with the Project Team, and presented their conclusions to Nalcor leadership in the form of a presentation and a follow up question and answer session. As a result, the only documentation available for submission is the presentation material attached.

Under Item number 4, the Board requested a report supporting the purchase price of Muskrat Falls energy by Hydro from Nalcor. Nalcor intends to deal with this matter in its submission to the Board which the Board has requested to be filed later this month.

Item number 9 deals with the Strait of Belle Isle submarine cable crossing. This matter comprises reports that are proprietary in nature and further review, and perhaps consultation with third parties, will be required before it can be determined whether filing them would constitute a breach of those third parties' rights. This review is ongoing and an update as to this item will be provided as soon as it is available.

Yours truly,



Geoffrey P. Young
Senior Legal Counsel

GPY/jc

cc: Cheryl Blundon – Public Utilities Board
Thomas Johnson – Consumer Advocate