



**Lower Churchill Management Corporation**  
Corporate Office  
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St. John's, NL Canada A1B 0C9

October 30, 2015

Jamie Snook  
Mayor, Town of Happy Valley – Goose Bay  
P. O. Box 40, Station B  
Happy Valley-Goose Bay, NL  
AOP 1E0

Dear Mayor Snook:

This letter is in response to your comments made at a recent Town Council meeting and to the Labradorian regarding Nalcor Energy's role in providing funding for the Town of Happy Valley-Goose Bay. It is also further to the meeting I had with representatives of the Happy Valley-Goose Bay Town Council on October 20, 2015.

Nalcor Energy appreciates the Town's desire to seek additional sources of funding, and its particular interest in seeking funding for a wellness centre for Happy Valley-Goose Bay. We are pleased to see the Town has received \$11 million for a new wellness centre, in addition to a Capacity Agreement from the Provincial Government for the next three years of \$250,000 annually to assist the Town in addressing administrative demands associated with the Muskrat Falls Project.

The following information is to provide clarity to the Town and your residents about the mandate of Nalcor and our commitment to the communities in which we operate.

Nalcor is a provincial Crown corporation and has been given a mandate to develop Muskrat Falls and the Labrador-Island Transmission Link on behalf of the Province. The question of Nalcor's role in relation to funding outside of this mandate is not a new one. This question was first raised and answered during the Environmental Assessment hearings for the Lower Churchill Project almost five years ago in March 2011. As previously noted to you and the Town Council, Nalcor does not have the ability to step outside this mandate and provide funding or resources to municipalities as this is outside our role.

Our position of not duplicating funding mechanisms that have been established by the Government of Newfoundland and Labrador is founded on the following principle: if the Government has established policies and priorities addressing infrastructure or service funding, then it would not be appropriate for Nalcor, in its capacity as the Province's energy corporation, to duplicate or subvert those policies and priorities. While the Town may not be pleased with this position, it is not Nalcor's mandate to invest in infrastructure and/or operating expenses for any municipality in the province.

Furthermore, the costs of developing the Muskrat Falls Project are borne by electricity customers. Therefore, electricity customers in communities around the province would be asked to pay for municipal infrastructure in Happy Valley-Goose Bay and this would then have to be recovered as part of their electricity rates.

These two principles establish the foundation of our position that investments in infrastructure or capacity funding for the Town of Happy Valley-Goose Bay be based on direction from the Government of Newfoundland and Labrador. This has been communicated on multiple occasions, and we hope that the Town and the general public understand the basis for our position.

Any development or economic activity has both positive and adverse effects. We have seen in various locations that economic activity injects additional capital into the local economic through wages and business activity, but other pressures such as increased housing prices may also occur. Conversely, as we are seeing in Labrador west, a reduction in employment may see a decline in housing prices at the expense of reduced employment and business activity.

The development strategy for the Project included the construction of a living and recreation facility outside the community. This decision was influenced by community feedback collected during the Environmental Assessment process and has proven to be an optimal approach. This, along with the Capacity Agreement from the Province, has significantly helped mitigate potential project effects.

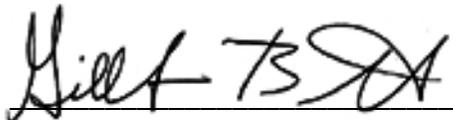
The Project hiring protocol which provides first opportunity for employment to qualified Innu followed by qualified Labradorians has greatly benefited the upper Lake Melville area. At peak employment this past summer, 568 workers from Happy Valley-Goose Bay and a total of 760 workers from the upper Lake Melville area were employed on the Project. Employment of graduates through the Labrador Aboriginal Training Partnership (LATP) is contributing to employment in the region. Nalcor has invested significant money, time and expertise in LATP with a goal to build capacity in the region through education, training and work experience for Aboriginal people in Labrador. Since April 2013, almost

400 LAMP clients have been employed on the Project. A trained and skilled workforce will mean long-term benefits for the region. Finally, businesses in Labrador are also benefitting from the Project. In addition, since the start of construction in January 2013, more than \$214 million has been spent with businesses in Labrador.

Nalcor is committed to giving back to the communities in which we work and where our employees live. Through our Community Investment Program, since 2012 we have invested more than \$500,000 in charities, schools, health and wellness initiatives, sporting events and many more groups in the upper Lake Melville Area. We will continue to support such initiatives in the region.

If you have any further questions please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Gilbert J. Bennett". The signature is written in a cursive style and is positioned above a horizontal line.

**Gilbert J. Bennett, P. Eng., FCAE**  
Vice President, Lower Churchill Project