



January 21, 2010

Don Jacque, Publisher
Slave River Journal
207 Mcdougal Road
Fort Smith, NT
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Dear Mr. Jacque:

I'm writing about two articles published in your January 19, 2010 edition:

- **Business and municipal leaders oppose power lines east of Great Slave Lake**
- **Lutsel K'e opposition puts Taltson plan in jeopardy**

Both articles were based on opinions related to the recent environmental hearing on the Taltson Hydro Expansion Project.

I was encouraged that your articles did not suggest there was opposition to the project. By and large the project is well-supported. The only area of dissent relates to the proposed transmission route.

Interested parties have suggested routing alternatives, but none have stepped forward to say who would pay the tens of millions of dollars in additional costs.

Your article states that a transmission inter-tie "*would reduce power rates in the South Slave and in Yellowknife, lowering the cost of living...*" I wish to point out that it's not possible to add major capital improvements and have costs to customers decrease.

The principal and only customer ever contemplated for this project is the diamond mines in the Slave Geologic Province. As commercial operations with shareholders, I doubt that mining companies would pay tens of millions of dollars in additional costs for transmission services that will never benefit their operations.

At the same time the Public Utilities Board is unlikely to approve a transmission inter-tie with the North or South Slave hydro system that would result in huge rate increases and virtually no benefit for customers. So we're back to the fundamental question: "Who's going to pay?"

As you reported, the community of Lutsel K'e got its opinion on the record. Lutsel K'e's concerns are well known to us.

We've had ongoing dialogue with First Nations and our neighbouring communities, including Lutsel K'e since 2006.

The Akaitcho First Nations and Northwest Territory Métis Nation are both engaged in and supportive of the project.

Regrettably, the community of Lutsel K'e has opted out. We respect the community's decision, but we also think we've demonstrated a desire to work with regional stakeholders. And that work has resulted in more than 10,000 First Nation and Metis people granting support for the project through their leaders.

We'll continue to work through the Mackenzie Valley Environmental Impact Review Board to, hopefully, satisfy the interests of Lutsel K'e.

There are many inherent benefits in the Taltson Hydro Expansion Project. Aboriginal peoples are the majority owners, so they'll share in the majority of economic returns. There are no new dams or flooding. The project will provide significant economic stimulus, including more than 800 direct and indirect jobs. And, when operating, the Taltson Hydro Expansion Project will eliminate burning 100 million litres of diesel fuel per year at the diamond mines it's designed to serve. This represents a significant reduction in GHG emissions and significant benefits for our northern environment.

We still have work to do, but we're looking forward to moving the project to the next stage of planning and approval.

Yours truly,

Dan Grabke
Managing Director
Deze Energy Corporation Ltd

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