



SMS Energy-Engineering Inc.
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June 5, 2007

BY FAX

Ontario Energy Board
2300 Yonge Street
P.O. Box 2319, 26th Floor
Toronto, Ontario
M4P 1E4

Attention: ~~Board Secretary~~ 6/6

Subject: Application for Electricity Wholesaler License
St Marys Paper Corp., EB2007-0645
Our Reference: 8800

Dear Sir/Madam:

This letter is a follow-up to our letter of yesterday concerning the subject matter. In this letter we are addressing the following issues which were raised today by Ms. Violet Binette of the Ontario Energy Board in her email message to the undersigned:

- 1) kindly explain the need for the interim licence on a rush basis,
- 2) advise if any persons will be adversely affected in a material way by the outcome of the proceeding for an interim licence, and
- 3) if the applicant consents to disposition of the proceeding for an interim licence without a hearing.

Need for Rush

The Ontario Superior Court has approved St. Marys Paper Corp. ("SMPC") proposal to take over the paper mill in Sault Ste. Marie, Ontario from its bankrupt owner St Marys Paper Ltd. The deal is expected to close June 6, 2007. Once the deal closes SMPC will assume full responsibility of the mill operation including the direct withdrawal of electricity from the IESO-Administered market. The operating plan is such that SMPC will withdraw electricity to serve the mill's base load and gradually start the paper machines to full production immediately after the deal closes. SMPC cannot start the mill and bring back its workforce until it is in a position to have access to electricity. Such access will not be granted until SMPC is licenced by the OEB and subsequently becoming an IESO Market Participant. The IESO has committed to expedite the processing of SMPC's application subject to an interim OEB licence being issued and meeting certain IESO requirements. SMPC's goal is to have access to electricity by

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Thursday, June 7, 2007. This goal can be achieved if an interim licence is issued by Wednesday, June 6, 2007. Hence, the reason for a rush request.

Impact on other Persons

SMPC is not aware of and has no reason to believe that any persons will be adversely affected in a material way by the outcome of the proceeding for an interim licence.

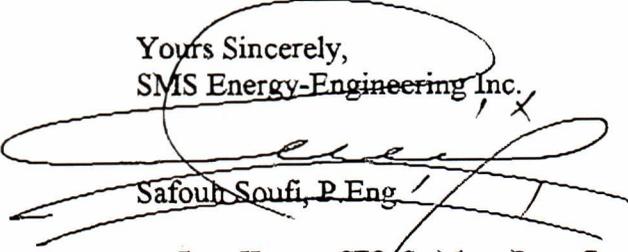
Applicant Consent

SMPC ("the applicant") consents to disposition of the proceeding for an interim licence without a hearing.

We trust that we have addressed your issues and should you require further clarification, please feel free to contact the undersigned by phone at (905) 845-5148 Ext 225 or email to the following: Safouh@smsenergy-engineering.com

Thank you and look forward to hearing from you as soon as possible.

Yours Sincerely,
SMS Energy-Engineering Inc.



Safouh Soufi, P. Eng

cc. Gerry Henson, CFO, St. Marys Paper Corp.