



COMMISSION OF INQUIRY RESPECTING THE MUSKRAT FALLS PROJECT

Transcript | Phase 2

Volume 18

Commissioner: Honourable Justice Richard LeBlanc

Tuesday

26 March 2019

CLERK (Mulrooney): All rise.

This Commission of Inquiry is now opened.

The Honourable Justice Richard LeBlanc
presiding as Commissioner.

Please be seated.

THE COMMISSIONER: All right, good morning. We'll continue on with Mr. Meaney this morning.

So, Mr. Meaney, you remain affirmed at this time and the Consumer Advocate is next.

MR. LEARMONTH: Could I enter that exhibit that we referred to yesterday?

THE COMMISSIONER: You can, yeah.

MR. LEARMONTH: That is the Code of Ethics and Standards of Professional Conduct, the CFA Institute, Exhibit P-02420. Thank you.

THE COMMISSIONER: That'll be entered as numbered.

Mr. Peddigrew?

MR. PEDDIGREW: Morning, Mr. Meaney.

MR. MEANEY: Good morning.

MR. PEDDIGREW: I shouldn't have you up here too long today. A lot of stuff I was gonna ask has been asked, but I do have some things that I – that weren't asked and some things, thinking about it last night, I guess, that have come up that I do wanna ask you about.

MR. MEANEY: Sure.

MR. PEDDIGREW: Just going back to the independent engineer – so in response to the RFP. So when the independent engineer was interviewed by Nalcor, who was involved on Nalcor's behalf in those interviews?

MR. MEANEY: When we did the RFP, I guess, evaluations – which we would have brought all the firms bidding in on it – it would have been myself; Lance Clarke from the project team; a gentleman named John Matovich, who was our

financial advisor and had experience in project financing and working with independent engineers; and then I believe it would have been Ross Beckwith who was the contracts coordinator, was the gentlemen you saw – a lot of the documentation went back and forth between Ross. And I think we were the – it was the four of us that were involved during the RFP evaluation.

MR. PEDDIGREW: Okay.

Sorry, did you say all four were with Nalcor?

MR. MEANEY: Either with Nalcor or, in the case of Mr. Matovich, he was an advisor to Nalcor.

MR. PEDDIGREW: Okay. And who was he with?

MR. MEANEY: He was with – I'm trying to remember the name of the firm John worked with.

Kensington Capital. Kensington Capital, yes. He previously worked with – for a number of years with Scotiabank as the head of their power and utility financing desk and had a lot of experience in –

MR. PEDDIGREW: Okay.

MR. MEANEY: – project financings.

MR. PEDDIGREW: And when MWH was awarded the contract, that contract was for phase 1 and for phase 2 at the same time. Is that correct?

MR. MEANEY: Yes. It – all the phases that were outlined in the scope of work, that was what the award was for.

MR. PEDDIGREW: Okay.

So there was a financial interest for MWH in financial close happening in the sense that they would get more work in phase 2. I guess what I'm wondering, was there any – was that ever a concern that was raised by any of the parties to Canada, Nalcor?

MR. MEANEY: No, in that it was a requirement that the independent engineer be in place for the entire duration of the debt financing. So that would have gone – that would have been, obviously, during the construction period, as –

MR. PEDDIGREW: Right.

MR. MEANEY: – debt was being drawn down and then during the operational period as the debt was going to be repaid. And that would be standard for any independent engineer engagement. They wouldn't only be involved in a phase 1 type work; it would always be the full scope of as long as the debt's outstanding.

MR. PEDDIGREW: Is it always a case of – I mean, in relation to this project – that, like, phase 1 was whether we're going to go ahead with the project or not; phase 2 was the project. I guess what I'm wondering is, is that the way an independent engineer process always works? Is there always sort of a decision in phase 1 as to whether it's going to proceed or not?

MR. MEANEY: Now, I mean – excuse me. The independent engineer's, you know, I guess, mandate wasn't to decide whether or not the project was going to proceed. The independent –

MR. PEDDIGREW: No, but they had one key piece that, without it, the project would not have gone ahead.

MR. MEANEY: It'd be standard in any project financing that an independent engineer's report would be required as part of financial close. That would be a standard procedure for IEs.

MR. PEDDIGREW: Okay.

MR. MEANEY: Yeah.

MR. PEDDIGREW: And it may be standard again as well, I'm not sure, but there was no consideration or discussion about any potential conflict from the standpoint of, well, look, phase 2 is a lot more work, a lot more money for the independent engineer. That wasn't something that was considered?

MR. MEANEY: No, because that – you know, that type of an arrangement would be standard, as I mentioned, with an IE.

MR. PEDDIGREW: Okay.

MR. MEANEY: They'd be – they'd always be expected to be there for, you know, pre-financial close and post-financial close.

MR. PEDDIGREW: Okay.

Some questions about the federal loan guarantee negotiations. So just quickly, in terms of chronology, in February 2011, Newfoundland applied for the federal loan guarantee. And if I get anything wrong in terms of the dates here, certainly jump in and correct me. But then in August 2011, the governments of Nova Scotia, Newfoundland and Canada reached the MOA.

MR. MEANEY: That sounds about right, yeah.

MR. PEDDIGREW: Okay.

And then November 30, 2012, was the term sheet?

MR. MEANEY: That's right.

MR. PEDDIGREW: Okay.

And then throughout 2013 were the negotiations and discussions about the conditions precedent in the term sheet, is that right?

MR. MEANEY: It would have been – through 2013 would've been the period where all the conditions precedent had to be satisfied –

MR. PEDDIGREW: Right.

MR. MEANEY: – you know, including putting the project finance agreements in place, agreeing on the structure. Yeah, so there would've been a whole list of various CPs and requirements that were outlined in the November 2012 –

MR. PEDDIGREW: Okay.

MR. MEANEY: – term sheet, yes.

MR. PEDDIGREW: And just some questions in terms of your degree of involvement in that

whole federal loan guarantee process and who else from Nalcor was involved. So what was your degree of involvement in the negotiations with Canada and with Nova Scotia, Emera?

MR. MEANEY: Sure.

So I guess in terms of the negotiations of the federal loan guarantee term sheet, and as well, you know, the various requirements that came out of the conditions precedent that were unfolded in 2013.

MR. PEDDIGREW: Right.

MR. MEANEY: And I was one of the – I guess one of the leads from the Nalcor team. So it would have been myself – I think I mentioned a few times I guess the Nalcor finance team who were very involved in this were myself, Derrick Sturge, Auburn Warren, Rob Hull and a gentleman named Craig Hippert.

So we would have been the core Nalcor finance team. Then, obviously, we would have had our legal and our financial advisors as well that were part of our team. We also had – worked very closely with representatives from the government in terms of that process, so...

MR. PEDDIGREW: Who was it from government?

MR. MEANEY: In – Charles Bown was the lead from – on the federal loan guarantee file, I guess, from Newfoundland's perspective. And then if you look through 2013, Paul Myrden from Department of Finance was very involved with us, you know, particularly through the – I'll say the development of the financing and the discussions with the rating agencies and all of that. And Paul Myrden was with us almost on a daily basis I guess. Paul Morris, who worked for Charles with the Department of Natural Resources, would have been very involved.

And then from Justice it would have been primarily Todd Stanley. So that's Department of Justice and then I think there was others. Randy Pelletier is a name I recall that was involved in a lot of that. And, of course, these folks had their external counsel as well.

MR. PEDDIGREW: Yeah.

MR. MEANEY: So they had – BLG would have been their external counsel.

MR. PEDDIGREW: And, Mr. Pelletier – which department was he with?

MR. MEANEY: Randy is the Department of Justice.

MR. PEDDIGREW: Okay.

And I believe you said yesterday – or maybe it was last week – that in 2013 Derrick Sturge, like, took a step back in terms of the negotiations of the conditions precedent. Is that –?

MR. MEANEY: No, no, what I meant there or what I said, I think, there was, you know, I guess through '13 Canada often went to, you know, Derrick, myself or both of us. And then following financial close – so kind of after financial close – he took a step back and where I was the general manager of finance for Lower Churchill, I took the lead role in terms of being that point of contact.

MR. PEDDIGREW: And Derrick Sturge taking a step back, was that something that happened organically or was that sort of a decision made that you would take over by some (inaudible).

MR. MEANEY: Yeah, no, he just – you know, obviously I was keeping Derrick very informed in terms of what was going on, but in terms of kind of the day-to-day interaction, obviously, he was the CFO of the entire Nalcor organization so, you know, he had accountabilities that would have been beyond just the Lower Churchill Project; obviously, hydro and oil and gas and these other parts of the business.

So, you know, he couldn't be in the day to day of the dealings with Canada like I could where it was more my responsibility. So I guess it happened organically I guess you could say.

MR. PEDDIGREW: And did – all the meetings, did they take place in Ottawa or were there meetings here as well, or Nova Scotia?

MR. MEANEY: There would've been – in 2012, most of the meetings would've been in

Ottawa. We were going to Ottawa every week or every other week.

MR. PEDDIGREW: How many people from here would've been travelling?

MR. MEANEY: Oh, there – well, there would've been the – I'll say the four or five of us who were the Nalcor finance team. There would've been folks from the government, Charles usually.

MR. PEDDIGREW: Same name as you mentioned earlier?

MR. MEANEY: Yeah, same name. Now, it wouldn't necessarily be – when we were going to Ottawa, it wouldn't necessarily be the full cast of folks from the province. It might only – Charles would've been there for all the meetings in Ottawa and I think Todd was there for a number of them, just from a legal perspective. And then, of course, our advisors were based out of Montreal or Toronto, so they would – they'd meet us in Ottawa for those meetings.

And, then, in 2013 there would've been some meetings in Ottawa. A lot of the meetings we had with the banks through the request for finance process, those would happen in Toronto because, obviously, all the banks – the big banks are based out of Toronto. And then there was some meetings where folks from Canada and the IE came to St. John's and I think we've talked about a few of those through that process.

MR. PEDDIGREW: Right.

So a lot of meetings – and I think you said in your earlier evidence that these meetings went on for probably several months, once a week. Is that –?

MR. MEANEY: That was in 2012 when the federal loan guarantee term sheet was being negotiated. Yeah, we spent a number of months going back and forth to Ottawa on a weekly basis for those discussions.

MR. PEDDIGREW: Okay.

And so these – I guess the cost of all this, and I know it was – some of it was pre-financial close, some of it was post-financial close, but these

costs weren't captured in the CPW analysis for the Interconnected Island Option, were they?

MR. MEANEY: There probably would've been in the CPW an estimate of closing costs that would've gone with the financing. You know, in the grand scheme of the number that was in the CPW, that would be relatively small, but there would've been some estimate.

Like, when we did an estimate of financing cost, there would've been, you know, obviously what the forecast was for the interest rate and the bond, there would've been a forecast for why –

MR. PEDDIGREW: Was that in the CPW or was the CPW only to do with the costs?

MR. MEANEY: No, no. So in the CPW there was the – there would've been the full set of costs associated with the project. So you would've had the construction costs, you would've had the – I guess, the O&M costs over the 50-year –

MR. PEDDIGREW: Right.

MR. MEANEY: – analysis horizon and then you would've also had the cost of the financing included in that, so the interest cost. And, as I mentioned, we would've made some estimates in terms of closing costs and underwriting fees and those type of costs that go with a financing, so all that would have been included in the CPW.

MR. PEDDIGREW: So your understanding is anything in the lead up to – anything to do with, you know, travel to Ottawa, meetings, any of these costs of hiring law firms or other –

MR. MEANEY: There would have been an estimate for those type of costs in the CPW analysis.

MR. PEDDIGREW: Okay.

Madam Clerk, if we could call up Exhibit P-02208, please?

MR. MEANEY: Which binder is that one in?

THE COMMISSIONER: 02208.

MR. PEDDIGREW: I'm not sure if that's in one of the binders that you have.

MR. MEANEY: Okay. 02208 –

MR. PEDDIGREW: That is the slide deck from November 6, 2013.

MR. MEANEY: 02208, okay.

MR. PEDDIGREW: Yeah, okay.

MR. MEANEY: I think I got it. Just hang on one second; I think I got it right here.

THE COMMISSIONER: Tab 25.

MR. MEANEY: Tab 25, yeah. Yes.

MR. PEDDIGREW: Okay.

Got it there? Okay, thank you.

So, Mr. Meaney, just a bit of a one-off slide – or sorry, page 24.

MR. MEANEY: Yes.

MR. PEDDIGREW: That's the page we've been to a couple times already.

MR. MEANEY: Yes.

MR. PEDDIGREW: And I'm just wondering, the category there: Excess Sales/Other Value, approximately \$100 million, can you just explain what that is?

MR. MEANEY: I believe that relates to some of the export sales or potentially some of the arrangements with Emera. And that question came up in my interview; Mr. Learmonth or Ms. O'Brien asked it. And I had said that I think – I can't really speak to exactly what that was and that would probably be someone else in the organization who can speak to that. So I'm not exactly sure what that related to so I don't want to –

MR. PEDDIGREW: Okay.

MR. MEANEY: – speak to it.

MR. PEDDIGREW: So you don't know if it was in relation to firm contracts that have been confirmed about that we're going to save Nalcor.

MR. MEANEY: Yeah.

No, like I said, I believe it may have related to some of the export and the Emera stuff, but you'd be better to have that confirmed by somebody else.

MR. PEDDIGREW: Who would be the best person to ask about that?

MR. MEANEY: I believe I had said in my interview that Auburn Warren might be able to confirm it, but I wasn't entirely sure.

MR. PEDDIGREW: Okay.

MR. MEANEY: And Auburn works with our Investment Evaluation group.

MR. PEDDIGREW: Okay.

Some questions about the, I guess, the Nova Scotia utilities board decision and – on July 22, 2013, where they –

MR. MEANEY: Right.

MR. PEDDIGREW: So their decision was that they would approve the project, but subject to Nova Scotia ratepayers getting access to market-priced energy.

MR. MEANEY: I believe that was the decision, yes.

MR. PEDDIGREW: Right. Okay.

And then, so financial close happened about five months after that?

MR. MEANEY: Yes.

MR. PEDDIGREW: Okay.

And so, in the meantime, I guess, to satisfy the UARB condition, Nalcor and Emera entered into the Energy Access Agreement in October 2013?

MR. MEANEY: Yes. I believe that's the case, yes.

MR. PEDDIGREW: Okay.

And then eventually the NSUARB on November 29 – so same day as financial close – they indicated that, yes, the conditions were satisfied.

MR. MEANEY: In terms of their decision.

MR. PEDDIGREW: In terms of their decision.

MR. MEANEY: Yes, that's right.

MR. PEDDIGREW: They were satisfied that Nova Scotia ratepayers had access to market-priced power, I'm assuming.

MR. MEANEY: That's my understanding of it. Yes.

MR. PEDDIGREW: So the discussions that took place in relation to the EAA between Nalcor and Emera in between July, I guess, and sometime in November, from Nalcor's point of view who was involved in those negotiations?

MR. MEANEY: Rob Hull; Mr. Hull would have been one of the folks in that. We would have had our legal counsel, McInnes Cooper, and there were others. I'm trying to think – besides Mr. Hull – who would have been there. I'd have to confirm. I know Rob Hull, for sure, because he was one of the leads – or, he was, I guess, one of the leads in terms of the Emera agreements.

MR. PEDDIGREW: Right.

MR. MEANEY: I – there was others. I just don't want to speculate without confirming.

MR. PEDDIGREW: But were you involved in those –

MR. MEANEY: No.

MR. PEDDIGREW: – negotiations at all?

MR. MEANEY: I was not. No.

MR. PEDDIGREW: Anybody from the executive team? Mr. Bennett, Mr. Martin?

MR. MEANEY: Yes, there were and that's – but I couldn't tell you, for certainty, who. There might be others who could confirm. I think there were – some of the executives were certainly involved in, I guess, as it got down to the final points –

MR. PEDDIGREW: Right.

MR. MEANEY: – of the EAA. And that –

MR. PEDDIGREW: What about Mr. Sturge? Do you have any knowledge of what he – what his involvement may or may not have been?

MR. MEANEY: I don't recall if Derrick was involved in the EAA. He would, probably, have to confirm when he comes on –

MR. PEDDIGREW: Okay.

MR. MEANEY: – later in the week.

MR. PEDDIGREW: Right.

MR. MEANEY: I know I spent a lot of time in that period with him on the financing. I just don't recall if he was –.

MR. PEDDIGREW: Involved in that process.

MR. MEANEY: – the EAA, yeah.

MR. PEDDIGREW: Okay.

Did you have any involvement, I guess, throughout any of the federal loan guarantee negotiations or this – the dealings with Emera – in any meetings with the premier here or with cabinet ministers or all your contacts with government through – I guess, at the deputy minister level or below?

MR. MEANEY: In – for the first federal loan guarantee I would have been meeting with, obviously, all the folks in the civil service – the senior folks. I think when presentations were done to Cabinet or to the premier or the ministers, it was typically Derrick or Ed would go over for those presentations.

MR. PEDDIGREW: So you were, I guess, throughout the course of, I guess, the lead up to the – to sanction and financial close and post-

financial close, you were – you didn't have any meetings that – or participation in meetings with the premier or with –

MR. MEANEY: No, I don't recall, in that period, meeting with the – having a meeting –

MR. PEDDIGREW: Or Cabinet ministers.

MR. MEANEY: No, I don't recall having – being a part of any of those meetings.

MR. PEDDIGREW: Okay.

Mr. Meaney, just some questions about the LIL and Emera's interest in the LIL LP.

MR. MEANEY: Sure.

MR. PEDDIGREW: Just wondering how that arose. So I did see reference that it was contained in the November 18, 2010, term sheet between Nalcor and Emera. There's a reference to, I think, Emera having the right to obtain an interest.

MR. MEANEY: Yeah.

MR. PEDDIGREW: So how did that arise? Did that – was that at the request of Nalcor? And at what point in the negotiations did it first come up?

MR. MEANEY: It was part of the – I guess it was part of the bigger deal in terms of the arrangements between Emera and Nalcor.

MR. PEDDIGREW: When you say bigger deal, are you talking about –

MR. MEANEY: Yeah, there was –

MR. PEDDIGREW: – the whole Muskrat Falls Project or just Labrador-Island?

MR. MEANEY: Well, there was – sorry, yeah, there was – you know, in terms of Emera's involvement in the Lower Churchill Project – or the Muskrat Falls Project – you know, there was a number of components in terms of their involvement. There was, obviously, their construction of the Maritime Link –

MR. PEDDIGREW: Right.

MR. MEANEY: – and then, you know, them receiving the Nova Scotia Block in exchange for that. And then there was their participation in the Labrador-Island Link through the limited partnership. And then there was also the transmission rights that they provided to Nalcor as part of those arrangements through Nova Scotia, New Brunswick and down in New England.

So when I say the bigger deal –

MR. PEDDIGREW: Yeah.

MR. MEANEY: – that's what I was referring to.

In terms of when that came up or how that came up, I couldn't speak to that; I wasn't involved in those negotiations. I think Mr. Sturge would probably be able to give a better perspective on how that came up or when that came up in the discussions.

MR. PEDDIGREW: Okay.

I'd just like to take you for a moment to, Madam Clerk, P-00453.

And, Mr. Meaney, I don't believe that's in –

THE COMMISSIONER: No, it's not.

MR. PEDDIGREW: – one of the binders that you have.

MR. MEANEY: I'll look on the screen.

MR. PEDDIGREW: So this is a report from Tom Brockway at Grant Thornton.

And, Madam Clerk, if we could go to page 7, please. Mr. Meaney, just lines 14 to 23 here on page 7.

So it just says here – and, again, I'm not sure whether you'll be able to answer this or whether I'll ask Mr. Sturge, but with respect to the LIL LP arrangements – and there was some questions to you in your previous evidence about this 49 and 51 per cent breakdown between Nalcor and Emera. And so do you have any knowledge as to how that 49 and 51 interest was arrived at?

MR. MEANEY: I believe – and I guess Mr. Sturge would confirm – that the overall concept was that in all the transmission assets, you know, Nalcor would have 51 and Emera would have 49 when you looked at the Maritime Link, the Labrador-Island Link and the Labrador Transmission Assets. I think that's kind of the general principle there.

MR. PEDDIGREW: And where it says here on the third line – so line 17 – it says: “Subject to the maximum equity percentage approved by the PUB for privately-owned regulated electrical utilities set at 45%, Emera can decide, at its own discretion, how much of that interest is in debt versus in equity. This could result in a higher relative equity investment compared to if Nalcor were to make the LIL investment on its own.”

Can you explain how Emera could end up having a higher relative equity investment than Nalcor? Just elaborate on that a little bit.

MR. MEANEY: Yeah. I recall this comment from the report and I do recall that Nalcor responded to this in either – and I'd have – I can't recall if we put a – I thought we did – we put a response on the record to Mr. Brockway's report.

MR. PEDDIGREW: There was, yeah.

MR. MEANEY: And this might've been one of the points that were addressed. And I think – I do recall we gave some clarification as to that statement not being entirely accurate the way it was described.

MR. PEDDIGREW: Okay.

MR. MEANEY: And others from the team would've prepared that part of the response, so I think –

MR. PEDDIGREW: Yeah, you're not the best person to ask (inaudible) –

MR. MEANEY: Yeah, there's probably some –

MR. PEDDIGREW: Okay.

MR. MEANEY: I won't do it justice explaining it –

MR. PEDDIGREW: Okay.

MR. MEANEY: – so I wouldn't want to speculate.

MR. PEDDIGREW: So in the lead up to financial close, November 2013, there seemed to be a lot happening if you look at – you know, I've gone through your notes that you put in to – as part of the process here, and a lot of emails. A lot of questions thus far, I guess, to you in your evidence have been in relation to that October, November 2013 time period.

MR. MEANEY: Yes.

MR. PEDDIGREW: So it seemed like there was an awful lot of things to come together in November to meet that financial close target date of November 29.

MR. MEANEY: Yes, and then – I mean, just to provide a bit of context on that, I mean, in my past life when I did investment banking and we were doing major transactions –

MR. PEDDIGREW: Things come together at the end –

MR. MEANEY: I mean –

MR. PEDDIGREW: – quickly.

MR. MEANEY: – probably –

MR. PEDDIGREW: Yeah.

MR. MEANEY: – you know, as a lawyer –

MR. PEDDIGREW: Yeah.

MR. MEANEY: – you'd have some experience when a date is – when the line is drawn in the sand in terms of when your closing is going to be –

MR. PEDDIGREW: It focuses people's attentions.

MR. MEANEY: – it gets everybody's focus –

MR. PEDDIGREW: Yeah.

MR. MEANEY: – and there's a lot going on that –

MR. PEDDIGREW: Yeah.

MR. MEANEY: – kind of push it to that. So that's not unique to this transaction.

MR. PEDDIGREW: No, no. I guess, the unique part of this transaction, though, if we're talking about a huge financial commitment from the province and from Nalcor and – or maybe not unique, but it certainly is a consideration.

I guess my question is: Was there ever any consideration given to, you know, let's push this off a little bit, let's see if we can, you know, figure out what – you know, address some of Canada's concerns about things like contingency or, you know, some of the things to do with schedule or cost that seem to be a concern? Or was there never any consideration given to pushing that date?

MR. MEANEY: No, I mean, there was – there would've been lots of discussion as to whether or not, you know, we drew the line in the sand in terms of our own – was targeting November 29. And as we drew closer and closer everyone was talking about: Okay, where are we with respect to status of the CPs? Where are we with respect to being ready to do that?

And everyone kept, you know, on the same path. All right, we'll keep moving, keep moving, keep moving. And then we got everything to the point that everyone involved in the transaction – you know, Canada, Newfoundland, Nova Scotia, Emera, Nalcor – everyone got to the point where everyone was satisfied we could close on that day and –

MR. PEDDIGREW: And you did?

MR. MEANEY: – that's what happened.

MR. PEDDIGREW: Okay.

So there was no – you never heard any discussions about, look, we should push this off or we're not quite ready?

MR. MEANEY: I mean, there was lots of discussions as – you know, before then: are we

going to be ready, are we going to have things satisfied? But –

MR. PEDDIGREW: What about actually pushing it? There was no (inaudible) –

MR. MEANEY: No, we gave ourselves – in terms of the arrangements that we had with the banks, we gave ourselves some – in the commitment that they made – we gave ourselves some flexibility if we needed it. If something happened that was going to push financial close out, we had a mechanism that the banks were still committed to their fixed rate and their fully underwritten commitment.

MR. PEDDIGREW: How far could you have pushed it out?

MR. MEANEY: I think they were prepared to give us the commitment out to, I wanna say, March of '14 if we needed it. But of course, that was just contingency planning from our perspective – that if the date got pushed out, we always had some ability to keep our fixed commitment from them. But as I said, as we marched towards the 29th, everything came together and everyone was satisfied so we never had to call in that option.

MR. PEDDIGREW: Mr. Meaney, has there ever been, I guess, a costing done by Nalcor as to what the hard costs were to, you know, put up the dome up on site and remove it? I'm not talking about schedule impacts now or cascading or anything, but the actual cost as to put it up and take it down.

MR. MEANEY: And when you say dome, you're referring to the ICS, right?

MR. PEDDIGREW: Yes, the ICS, yeah.

MR. MEANEY: I wouldn't be the best one to speak to that.

MR. PEDDIGREW: Who would be?

MR. MEANEY: Probably someone out of the project team who was involved in that.

MR. PEDDIGREW: Okay.

And when you say project team, are you referring to Mr. Harrington, Mr. Kean?

MR. MEANEY: Some of the folks on that team, yes.

MR. PEDDIGREW: Mr. Meaney, this is the question that I guess in some form or another I've asked to pretty much every witness that – on behalf of the Consumer Advocate, we're representing the ratepayers obviously so we're – you know, we have an interest in the impact of the project on ratepayers.

And so I know from previous evidence from other witnesses, there's been some reference to costing done as to what rates would be for ratepayers. And I believe Mr. Humphries, when he was a witness, gave some evidence that the Investment Evaluation team would've done some – run some numbers on what the rates would be based on the – I guess, the CPW analysis that was done at the time of sanction. I guess I'm wondering – so each time there was a new AFE or some other sort of recognized cost increase, do you know were those numbers rerun to see what the rates would be for ratepayers?

MR. MEANEY: They were typically done – as part of a cost update, there was typically done an update analysis on what rates were gonna be, yes.

MR. PEDDIGREW: And who within Nalcor would do that updated analysis?

MR. MEANEY: As you mentioned, it was typically the, you know – now, the Investment Evaluation team would receive a lot of inputs from different, you know, system planning and these, but I think they had the financial models that would run the revised rates analysis.

MR. PEDDIGREW: Right.

And so each time there's an AFE, somebody from Nalcor would try to figure out what the rate – what a ratepayer would pay based on that new cost?

MR. MEANEY: Yeah, I – typically, yes, I do believe that when cost updates happen, there was some analysis done by the Investment

Evaluation team in terms of what the updated rates impact would be, yeah.

MR. PEDDIGREW: And you say – and when you say you do believe, I just wanna make sure, like, if you don't know, like, for sure –

MR. MEANEY: Yeah, no, and I'm only – I know certainly for some of the more recent ones. I'm just trying to think back to, you know, say for 2014 –

MR. PEDDIGREW: That's the period I'm thinking of, like 2013, 2014, 2015.

It's been a bit more, sort of, talk or discussion about the impact –

MR. MEANEY: Yeah.

MR. PEDDIGREW: – on the ratepayers –

MR. MEANEY: I –

MR. PEDDIGREW: – since that time. But I'm wondering about during that –

MR. MEANEY: I –

MR. PEDDIGREW: – three-year period.

MR. MEANEY: I think I can say with, you know, confidence – certainly I can recall 2015. And I say that because as part of the discussion that Nalcor was proposing to have at the time that the cost update was gonna come out was also a discussion about rate mitigation and rate smoothing. So I know definitely – like I said, I believe in '14, say, there would have been updates but –

MR. PEDDIGREW: Would Auburn Warren be the –?

MR. MEANEY: Yeah, I mean, Auburn would – he's – he was the manager of investment. Auburn would confirm if – for certainty.

MR. PEDDIGREW: If there were – if –

MR. MEANEY: Yeah.

MR. PEDDIGREW: – those numbers were wrong.

MR. MEANEY: Yeah.

MR. PEDDIGREW: Okay.

So, Mr. Meaney, I guess in the lead up to my questions today, a lot of the questions from the other legal counsel to you were about what Nalcor didn't do in terms of releasing information or what they should have done in terms of passing that information to either government or Canada. And I guess – you know, I'm not gonna ask you questions about that. I think that's been covered.

But what I do wanna ask about is, I guess, the issue of what did the government do to proactively obtain information from Nalcor. And so I guess, in that sense, I know Nalcor did have reporting obligations in terms of monthly construction reports that it had to give to Canada as part of that process.

MR. MEANEY: Yes.

MR. PEDDIGREW: Was there any sort of similar regular, formatted, formal reporting process between Nalcor and government? And I guess, when I say government, any of the departments: Finance, Natural Resources –

MR. MEANEY: Sure. The –

MR. PEDDIGREW: – Justice.

MR. MEANEY: – reports that we issued under the project finance agreements – so the construction report and some of those others – Government of Newfoundland also received those. That was –

MR. PEDDIGREW: Right.

MR. MEANEY: – part of the protocol that we agreed to with the Oversight Committee.

MR. PEDDIGREW: Right. Okay, and so we're talking now about 2015 onwards, you're referencing, or –?

MR. MEANEY: No, I think that process had – Mr. Learmonth asked this question or mentioned it. It was in 2014, I believe it was, that the Oversight Committee was established. And as

part of that, we started posting those same reports –

MR. PEDDIGREW: Right.

MR. MEANEY: – to the data room for them.

MR. PEDDIGREW: Yeah.

MR. MEANEY: So they received the same, I guess, construction reports and –

MR. PEDDIGREW: Yeah.

MR. MEANEY: – (inaudible) other documents.

MR. PEDDIGREW: I guess that was my question. So we have the – and, I guess, maybe pre-Oversight Committee. Maybe I should have clarified it that way.

So I'm wondering, what did government put in place that required Nalcor to formally report to them? Or was it – you know, we've seen some reference yesterday in some of the questions that were put to you about, you know, there might be a meeting scheduled, there might be some emails exchanged between people from Nalcor and some people from government about, you know, a slide deck presentation. And, to me, that seems somewhat ad hoc. I'm wondering, did government have anything formal in place where you had to provide weekly reports or monthly reports?

MR. MEANEY: I don't recall a formal process.

MR. PEDDIGREW: And –

MR. MEANEY: Of the nature that you've described.

MR. PEDDIGREW: Right. And, I mean, when I say that, we're talking about nothing formal between – or required by – Department of Justice or Department of Natural Resources or by Department of Finance or by Cabinet or by the premier's office. Nothing you're aware of?

MR. MEANEY: Nothing that I can recall of a formalized nature, no.

MR. PEDDIGREW: Madam Clerk, if we could call up Exhibit P-02176, please? Mr. Meaney,

I'm not sure if that one's in your – I believe it is in one of your binders, but which one –

THE COMMISSIONER: It's tab 6.

MR. MEANEY: Tab 6, yeah.

MR. PEDDIGREW: Thank you, Commissioner. Mr. Meaney, page 4 of that document.

MR. MEANEY: Page 4.

MR. PEDDIGREW: I believe this was an email that was put to you a couple of times yesterday.

MR. MEANEY: Yes, okay, yeah.

MR. PEDDIGREW: And, Madam Clerk, I think it's down towards the bottom of this page. Little bit further down.

So, Mr. Meaney, this is an email from yourself. And it goes to – I believe it goes to the project team if we go – yeah, okay – and Derrick Sturge and Gilbert Bennett as well.

And just a little bit further down. Okay, here we go.

In the first – you say: "I just wanted to give you a heads up.

"Both Ed and the Province have been asking about the latest draft of MWH's IE report. Ed is wondering what some of the 'big issues' are" – and you say – "and NL want a copy ASAP."

Do you recall who from NL would have made that request to you about wanting a copy of the IE report?

MR. MEANEY: Yeah, that was the request – I think we discussed this. There was the meeting with folks from the province about a month earlier. We had that overview of the governance and controls processes for the project.

MR. PEDDIGREW: Yeah.

MR. MEANEY: And –

MR. PEDDIGREW: (Inaudible) from Natural Resources?

MR. MEANEY: Yeah. There was – so it was Laurie Skinner from Finance and Paul Morris from Natural Resources, were in that meeting, from the province. So it was – I guess it was one of those two folks who had asked – there must have been a discussion in the meeting about that we were expecting a draft of the IE report, and they must have asked if they could get a copy of it.

MR. PEDDIGREW: And I guess from your – your understanding, anyway, is that they knew that what you provided them was a draft report.

MR. MEANEY: Yes. I mean, I think they would have expected that it was still a draft report.

MR. PEDDIGREW: And that's – your understanding as well is that if it's a draft report, well, there's either another draft that's going to follow or there's a final that's going to follow.

MR. MEANEY: Yeah. I mean, they would certainly expect that there was going to be the final report that was going to be involved with financial close.

MR. PEDDIGREW: Did anybody from government – Ms. Skinner or – I forget the other name you gave – Mr. –

MR. MEANEY: Mr. Morris.

MR. PEDDIGREW: Mr. Morris. Did either one of them or anybody else follow up requesting additional reports, additional drafts?

MR. MEANEY: No, and it's a fair question, because, you know, we sent over that draft report – the July draft – and as, I guess, Mr. Learmonth and I discussed on Friday, if you looked at that section 9 of the draft report that had the commentary about contingency –

MR. PEDDIGREW: Yeah.

MR. MEANEY: – and, you know, there had been a lot of discussion about, you know, if folks would have known that, things might have been different. I mean, that was kind of how it

was implied. I never received any follow-ups from anyone in government on that draft July 2013 report, which would have had, you know, all the information on contingency and the range of cost.

We would have had, you know, the weekly update calls with Canada and Newfoundland and others as we were moving towards financial close to see, you know, how things were going from a status perspective and there would have been, you know, discussions on the status of the IE report CP. No one ever asked any questions, specifically, about the IE report as part of that. And so, you know, I didn't – I don't recall anyone kind of asking about the report.

MR. PEDDIGREW: You didn't offer them up, and nobody asked you for them?

MR. MEANEY: Yeah. I mean, exactly, and I think I said – in hindsight – no, you know, we didn't – we weren't giving those subsequent drafts, but no one was asking for it either. And, you know – sorry – just to close the loop –

MR. PEDDIGREW: Sure.

MR. MEANEY: – the only time – I think I mentioned in my testament – the only time I do recall being asked, you know, subsequent to that draft, was, of course, when we received the final copy out in February of 2014. We did – I did get a request to get a copy then, but, of course, that was post-financial close.

MR. PEDDIGREW: And who did that request come from?

MR. MEANEY: I mentioned – that was Mr. Bown had asked me to provide him with a copy of it.

MR. PEDDIGREW: I believe, as well – I was looking through my notes last night from your earlier evidence and, again, you know, you're trying to get the information down as quickly as you can but – so I believe – did you say that there were regular Monday calls that you had with representatives from government –

MR. MEANEY: (Inaudible.)

MR. PEDDIGREW: – throughout 2013?

MR. MEANEY: I believe it was Monday. We had a period – this is what I just spoke about – we had a period through 2013 where we would have a weekly call and typically – I think it was Monday we typically have a call with the province and then it was the Tuesday we'd have the weekly call with the broader group, so that would include, you know, Nalcor, Canada, Newfoundland, Emera, Nova Scotia.

MR. PEDDIGREW: Monday was your call with –?

MR. MEANEY: I believe it was typically Mondays that we would have it, yeah.

MR. PEDDIGREW: But what – was it – essentially a weekly call most weeks with somebody from government.

MR. MEANEY: Yes, certainly through, you know, certainly through the summer of 2013 that we were having – that we could call in. And then, you know, as you got – as we got closer to financial close and particularly in that November period, for much of that period the folks that were on those weekly calls were actually sitting with us – from Newfoundland, were sitting with us in the room as we were working through financial – you know, working towards financial close.

MR. PEDDIGREW: And was it multi-department representation at those phone calls? Was it somebody from Natural Resources, Justice –

MR. MEANEY: Yes.

MR. PEDDIGREW: – and Finance?

MR. MEANEY: Yeah.

And I think if you – if – there was a few of those where I actually did a pretty good job with taking a lot of notes in my notebook. And yeah, you would've typically had Natural Resources, there would've been Finance folks on the line, there would've been Justice folks, you know. All the – a lot of the various folks that I mentioned that were involved in those discussions through 2013.

MR. PEDDIGREW: Okay.

That's all my questions. Thanks, Mr. Meaney.

THE COMMISSIONER: Thank you.

MR. MEANEY: Thank you.

THE COMMISSIONER: Astaldi Canada Inc.?

MR. BURGESS: Good morning, Mr. Meaney. My name is Paul Burgess, I'm legal counsel for Astaldi Canada Inc.

MR. MEANEY: Good morning, Sir.

MR. BURGESS: I've got a couple of questions, and I hope you can help explain to me Nalcor's financial procedures concerning change orders and claims presented by contractors, and I don't know what your involvement would be on that.

MR. MEANEY: I wouldn't have any involvement in that process.

MR. BURGESS: All right.

Let me ask you some questions though and see how – if they creep in to your area of the finance – financial aspect. Are you – just so you're familiar with what change orders are, if a contractor is asked to do extra work or has a claim for doing additional work against an owner, there would be a change order presented, for approval or not by Nalcor. Are you familiar with that part?

MR. MEANEY: Yes, yeah.

There was a process under, I guess, the contracts that we had with our contractors that dictates how that works.

MR. BURGESS: Right.

And then Nalcor would either approve that and then pay it, or it would go into a dispute mechanism of some sort depending on the contract.

MR. MEANEY: Yes, it would either be, I guess paid, or there would be a discussion and I suppose if there couldn't be agreement that might present – come into a dispute process as you –

MR. BURGESS: Right.

MR. MEANEY: – mentioned.

MR. BURGESS: Yeah.

And – but the area where I'm looking for from a financial question, is let's just assume there's a change order for a million dollars, and let's deal with whether it gets approved or not. Does – if there's a change order comes in is there a financial process within Nalcor where someone goes through the finance department to make sure that the – if a change order is approved, you don't go above your AFE?

MR. MEANEY: Change order is approved, you don't go above your AFE. There would be a – sorry, just if you could repeat the question one more time, Mr. Burgess –

MR. BURGESS: Okay.

MR. MEANEY: – I apologize, yeah.

MR. BURGESS: So it – could it be – if it's a situation, and let's use as million dollars as an example, and that's no – there's no magic in that number –

MR. MEANEY: Yeah.

MR. BURGESS: – a change order comes in and let's say it's going to be approved, is there any process within Nalcor financially to make sure before the change order is approved, that you're not exceeding your AFE? Because once you hit your AFE, you've got to stop, I assume, do you not?

MR. MEANEY: Yeah, so I guess in your example there would be a certain amount that has been committed for a particular contract package.

MR. BURGESS: Right.

MR. MEANEY: And that's a number that's within the overall AFE.

MR. BURGESS: Correct.

MR. MEANEY: So if your change order is within the amount that has been committed for

that contract, there's no implication on the broader AFE.

MR. BURGESS: Right.

MR. MEANEY: In the event that in – it's an amount that might be above the commitment, but there's contingency still available within the broader AFE then obviously you'd reallocate out of contingency up into the contract package and that carries on. And then if there was a situation, I guess, where the overall result is put – an amount over the AFE then obviously a commitment can't be made on that unless there's a revision to the AFE.

MR. BURGESS: So you've identified the situation and my question to you is: is there a financial process in place – because that seems to be your area of expertise, is the processes – is there a process in place that ensures that prior to or in conjunction with a change order of a certain amount you make sure you've not gone over or exceeded your AFE.

MR. MEANEY: So that process I just described is a project process. I think it's the management of change process or change management process. And that would be something that's within the accountability of the project controls team and the project team as opposed to strictly a finance process.

MR. BURGESS: Okay.

And when you're calculating or looking at your FFC, at what point in time does a change order get calculated into your FFC? So for example, using the million-dollar example again, if a change order comes in for a million dollars, I assume – but I want you to confirm for me – that that wouldn't get into your FFC prior to it being approved by Nalcor would it?

MR. MEANEY: Mr. Burgess, I couldn't speak to that. I – my team does not – are not the team that determine the FFC. So someone from the project controls team who are the folks that calculate that number and how your example would be handled, they'd be better to speak to that than myself.

MR. BURGESS: Okay.

And would Mr. Sturge be able to speak to that?

MR. MEANEY: No.

MR. BURGESS: Okay.

And who in financial would be the person?

MR. MEANEY: It would be someone from the project controls team. I guess if you're looking at who currently is in the project controls team it would be Ms. Tanya Power. She's the manager of project controls.

MR. BURGESS: Okay.

One other question. It – was there ever a situation and could you ever be in the situation where Nalcor's expenses – whether it be claims or whatever it is – exceeded the money that was available to spend? So could – at any point in time did you ever go over your AFE?

MR. MEANEY: The way that the financial authorization procedure works is commitments are not allowed to be made that would exceed the value of the AFE.

MR. BURGESS: Right.

And at no point are you aware that they exceeded the AFE?

MR. MEANEY: We never had a situation where our commitments went over the AFE value.

MR. BURGESS: Okay.

That's all the questions. Thank you, Sir.

THE COMMISSIONER: Thank you.

All right, Former Nalcor Board Members?

UNIDENTIFIED FEMALE SPEAKER: No questions, Commissioner.

THE COMMISSIONER: Thank you.

The unions? Are you here? No.

ANDRITZ, Grid Solutions, (inaudible)?

All right, Mr. Simmons, Nalcor Energy?

MR. SIMMONS: No questions.

Thank you, Commissioner.

THE COMMISSIONER: Okay.

All right, redirect, Mr. Learmonth.

MR. LEARMONTH: Yes, thank you.

Mr. Meaney, you were asked about the obligations of the Province of Newfoundland and I think you said something to the effect that they were only liable to make their equity contributions? Did you say something like that?

MR. MEANEY: That was the commitment that they made – in terms of the financial piece, they made a commitment to provide the base and any contingent equity that was required to complete the project.

MR. LEARMONTH: Yeah.

But in addition to that, do you agree that under the terms of the intergovernmental agreement, that Newfoundland was obliged to cover all costs? That if there was – if the project was stopped or wasn't completed, that Canada had the right to go in, complete the project and then send the bill to the Province of Newfoundland, which under the indemnity clause in the agreement would require Newfoundland and Labrador to pay the full cost of completion.

MR. MEANEY: So I guess Canada, under the Project Finance Agreements, had step-in rights to the project in the event, you know – an event of default occurred and there couldn't be a satisfaction or a resolution of it.

In terms of the IGA and what that indemnity covered, I think we discussed this in my interview and as I mentioned, I'm – the Nalcor team wasn't involved in the negotiation of the IGA between Canada and Newfoundland. And so in terms of an appropriate explanation of what that indemnity that Newfoundland has provided, I'm not the best person to give that. Someone from Newfoundland Department of Justice, I would suggest, would be the best

person to speak to that. So I don't want to explain it incorrectly.

MR. LEARMONTH: Well, you're not – you may not be the best person but you're a CFA, you were intimately involved in the negotiations. You must know something about it.

MR. MEANEY: It would be better for someone from the province who were involved in the negotiations of the IGA to speak to that than me. The Nalcor folks weren't involved.

MR. LEARMONTH: Okay but I'm asking you for your understanding of the obligations of the Province of Newfoundland and Labrador. If Ottawa were to come in, complete the project because of an event of default, what would the obligations be of the province?

MR. MEANEY: I can speak to the – I guess how it works under the Project Finance Agreements. I wouldn't want to speak to how it works under the IGA. And, again, I think –

MR. LEARMONTH: Okay.

MR. MEANEY: – someone from Newfoundland should speak to that.

MR. LEARMONTH: Okay so you refuse to answer that question. Is that right?

MR. MEANEY: I – no, my comment is I don't think I'm the person to explain how the IGA works.

MR. LEARMONTH: Yeah, well, I'll give you one more opportunity. Do you want to provide any evidence on that at all? You're a CFA; you were involved in the negotiations. The obligations of Canada are – of the Province of Newfoundland and Labrador are specified in Exhibit P-00065. And you're saying that you don't have enough information to provide an answer to that – even a qualified answer to that question?

MR. MEANEY: Commissioner, I don't see the link to this question in my CFA for one, if you don't mind. And I think my comment was I wasn't part of the team that negotiated the IGA and I don't think it would be appropriate of me to provide comment on what the obligations that

the province had under that. Someone from the province or their legal counsel would be better to speak to that than myself.

MR. LEARMONTH: Yeah. So that's all you're going to say on it, is it?

MR. MEANEY: Yes.

MR. LEARMONTH: Yeah.

Could you ask the – Commissioner, could you ask the witness to provide a more fulsome answer to that? He may not be the best person but it's not for him to decide who I'm to ask the question to.

THE COMMISSIONER: I think maybe the better way to – and I'm not being critical on this, but maybe the better way to ask this question is notwithstanding that you were not involved in negotiation of the IGA, do you have any understanding at all or any understanding at all about whether if the – if Newfoundland stopped the project, what its liability would be with regards to indemnifying Canada on costs?

MR. MEANEY: There's – I guess, there's two components as I understand in the IGA: There's – they gave an indemnity to not take government actions to change regulation that would inhibit cost recovery and obviously servicing the debt, and they made the undertaking to live up to the commitment that they made on providing the equity to complete the project and be –

THE COMMISSIONER: I don't think it's a – you know – and maybe we don't really need to do this with this witness, but I don't think it comes as a surprise to anybody in Newfoundland and Labrador today – who's in any way been involved in this Inquiry, or alternatively listening to the evidence – that in the event that Canada or that Newfoundland was to stop the project, default, and if Canada had step-in rights, they would come in and they would complete the project.

I think most people understand that as a result of that, Newfoundland is on the hook for those costs. You don't know that, do you? You don't have that understanding?

MR. MEANEY: Okay so, I guess, in terms of, Commissioner, that question, so in the event that Canada did exercise their step-in rights and did step in to the project, and as part of that they step into the assets as well as the contracts that are associated with the recovery of the cost, if they would use those, I guess, arrangements that they've stepped into the contracts to recover the costs and service the debt that they have guaranteed.

THE COMMISSIONER: Right.

MR. MEANEY: So that would be –

MR. LEARMONTH: Yeah.

THE COMMISSIONER: So in other words –

MR. LEARMONTH: Okay.

THE COMMISSIONER: – Newfoundland's on the hook.

Anyway, go ahead, Mr. Learmonth.

MR. LEARMONTH: Okay that's – thank you for answering the question.

In your responses to Mr. Peddigrew's questions, I believe you said that all the cost and contingencies were specified in the July 2013 draft report from the independent engineer. Did you say that?

MR. MEANEY: No, I think the comment I made was in that draft 2013 report that we looked at on Friday, there was commentary about their experience on contingency for projects of that nature –

MR. LEARMONTH: Yeah.

MR. MEANEY: – I think, in that report, it said the 12 to 18 per cent.

MR. LEARMONTH: Yeah.

MR. MEANEY: And that they saw what was in the – I guess, the DG3 estimate as being low relative to that. That was the comment that I made and then –

MR. LEARMONTH: Well –

MR. MEANEY: – the subsequent drafts had different variations of that, but it was generally the same theme.

MR. LEARMONTH: I think you said to Mr. Peddigrew that the costs were identified too and the contingencies.

MR. MEANEY: No, I – if – sorry. If I did, that was by mistake. My point was I was referring to the contingency.

MR. LEARMONTH: Oh.

MR. MEANEY: The commentary on contingency, sorry.

MR. LEARMONTH: Well, if you said cost, then you want to correct your evidence, do you?

MR. MEANEY: Yes. I – what I was referring to was there was commentary, Mr. Learmonth, in there on the contingency range and –

MR. LEARMONTH: Yeah.

MR. MEANEY: – there was also commentary on there – or sorry – with respect to cost there was the – I remember it said there was a range of – it could be \$5 billion to 7.4. You know, it was the plus or minus 20 per cent with the AACI standard. So there was, I guess, a range of costs talked about but it wasn't specifically something else.

MR. LEARMONTH: Okay.

Thank you for clarifying that.

Now, the – when I questioned you on Friday you made a comment – I don't know exactly, you know, verbatim – but it was to the effect that when asked about your CFA you said that you had to file a report every year and if – you only had to report criminal conduct or something like that.

MR. MEANEY: Yes. You had brought up the – I think, it was the CFA Code of Ethics on Friday. And I think it was a misunderstanding on my part of what you were referring to.

As part of my annual renewal of my CFA and the payment of my membership fees, I have to

fill out a CFA Institute Professional Conduct Statement – and I've actually got a copy of it there – where you have to answer a series of questions as part of your renewal. And there's a number there that relate to – you know, as an example: "In the last two years, have you been accused of, been convicted of, or pleaded guilty to, any crime *relating to your professional conduct or activities*?" That's what I was referring to and it was a – I guess, a misunderstanding on my part in terms of – you were referring to the Code of Ethics document, not this. This is something that I –

MR. LEARMONTH: Can I see that?

MR. MEANEY: Sure, yeah. No problem. And I brought a copy – one for the Commissioner if you'd like one as well. There you go.

So that was just a misunderstanding on my part as to what you were referring to.

MR. LEARMONTH: It was a misunderstanding, was it? Yeah.

MR. MEANEY: And that would obviously – I had to fill that out on a yearly basis, whereas the Code of Ethics I – prior to now, I hadn't looked at in some time.

MR. LEARMONTH: Okay.

Now, the Code of Ethics has been entered as Exhibit P-02420. Do you want to look at that?

MR. MEANEY: Sure, yeah. Tab that's in?

MR. LEARMONTH: Tab 134.

MR. MEANEY: 134, okay.

MR. LEARMONTH: Okay.

Do you agree that that's the Code of Ethics that governs your professional activities?

MR. MEANEY: Yes, it is.

MR. LEARMONTH: Okay.

And whatever your professional activities are, you're bound by this Code of Ethics, is that correct?

MR. MEANEY: As a CFA, yes.

MR. LEARMONTH: You are, yeah.

So when you were working at Nalcor and doing your work on the federal loan guarantee and other matters related to the Muskrat Falls Project, you were bound by the Code of Ethics, Exhibit P-02420?

MR. MEANEY: If I could just give it a context and then I'll answer it. I mean, the CFA Code of Ethics is primarily focused on CFA charter holders working in the investment profession and the – I guess the impact their actions have on the investments of clients, potential clients and the public's general perception of global financing markets, but there are also some provisions that cover on a more general and broad basis, so yes.

MR. LEARMONTH: Okay.

So, just as an example, if you look at – towards the bottom, Standards of Professional Conduct: “**Misrepresentation.** Members and Candidates must not knowingly make any misrepresentations relating to investment analysis, recommendations, actions, or other professional activities.”

Is that what you're referring to?

MR. MEANEY: Yeah.

MR. LEARMONTH: Yeah.

MR. MEANEY: I think that the first couple of items – investment analysis, investment recommendations or investment actions – would be more geared towards –

MR. LEARMONTH: Yeah.

MR. MEANEY: – folks –

MR. LEARMONTH: But (inaudible) –

MR. MEANEY: The last one would be a more general, yes.

MR. LEARMONTH: And it would apply to all your activities. So once you're appointed a CFA, in all your professional activities, you're bound

by the Code of Ethics that I just referred to. Is that correct?

MR. MEANEY: That would be fair, yes.

MR. LEARMONTH: All right.

Now, I wanna ask you one question that – looking back, do you have any regrets about your work on the FLG guarantee, including participating in the submitting of monthly construction reports to Canada? If you had an opportunity to go back and change things – which you don't – but I just want to know whether you have any feelings of regret or whether you would change your behaviour if you were given the opportunity to?

MR. MEANEY: No. I feel that I did what was asked of me during that period and I – for the things that I was directly accountable for – so the – you know, the federal loan guarantee and the financing – I feel that I did what I needed to do and I did – you know, I lived up to expectations.

MR. LEARMONTH: Okay, and that includes the – sending inaccurate information to Canada during the period, say, March 2015 to October 2015? You're satisfied with the work you did on that?

MR. MEANEY: I think, Mr. Learmonth, with respect to that period, we discussed it quite a bit on Friday in terms of what happened during that period and, you know, the steps that were taken once Mr. Martin gave the okay to proceed with the AFE in March and, as I tried to explain in my chronology, the various factors that ended up making that process go a lot longer than anyone expected. So those were the circumstances at the time. And it was unfortunate that things dragged on as long as they did, and then when Canada raised their concerns, we took actions to rectify their concerns.

MR. LEARMONTH: Yeah, but you have no regrets? You would do it the same way if you were faced with the similar circumstances today?

MR. MEANEY: I operated within the processes and procedures that existed within the organization. I did what was asked of me.

MR. LEARMONTH: That's not what I asked you. I asked you, looking back, would you change your behaviour in any way if you had the opportunity to do so?

MR. MEANEY: Looking back, I'd say no.

MR. LEARMONTH: No, okay, so you're fully satisfied with the way you handled the reporting requirements that Nalcor had to the federal government? You're fully satisfied with the way you handled that and in your participation in those monthly reports?

MR. MEANEY: Given the circumstances that were in place in 2015, I'm satisfied I did what I could.

MR. LEARMONTH: Okay, but you – so you wouldn't – looking back, you'd do it the same way?

MR. MEANEY: Yes.

MR. LEARMONTH: Yes. All right. We have that very clear.

Thank you very much.

THE COMMISSIONER: All right. Thank you, Mr. Meaney. You can step down. I appreciate your evidence today and the last few days and your patience with us.

We're going to take a break now and bring in the next witness, so probably take our – take 10 minutes or so.

MR. LEARMONTH: Could I have a little longer than that 'cause I haven't had an opportunity to speak –

THE COMMISSIONER: Right.

MR. LEARMONTH: – to the witness.

THE COMMISSIONER: Okay.

MR. LEARMONTH: So could I have 20 minutes – would be fine.

THE COMMISSIONER: All right, 20 minutes –

MR. LEARMONTH: Twenty minutes, okay, thank you.

THE COMMISSIONER: – from now. Yup.

MR. LEARMONTH: Okay.

CLERK: All rise.

Recess

CLERK: All rise.

Please be seated.

THE COMMISSIONER: All right, Mr. Learmonth.

MR. LEARMONTH: Yes.

The next witness is Mr. Normand Béchar.

THE COMMISSIONER: All right.

MR. LEARMONTH: Will Mr. Béchar be sworn or affirmed?

THE COMMISSIONER: Okay.

Mr. Béchar, if you could stand please. And do you wish to be sworn on the Bible or alternatively do you wish to affirm –?

MR. BÉCHARD: On the Bible.

THE COMMISSIONER: On the Bible. Go ahead.

CLERK: Can you take the Bible in your right hand please? Right over there on –

MR. BÉCHARD: Oh.

CLERK: – to your right.

Do you swear that the evidence you shall give to this Inquiry shall be the truth, the whole truth and nothing but the truth, so help you God?

MR. BÉCHARD: I do.

CLERK: Please state your name for the record.

MR. BÉCHARD: Normand Béchard.

CLERK: Thank you.

THE COMMISSIONER: And maybe you could just spell your name for us please.

MR. BÉCHARD: (Inaudible.)

THE COMMISSIONER: Maybe you could spell your name for us please.

MR. BÉCHARD: Normand: N-O-R-M-A-N-D, B-É-C-H-A-R-D.

THE COMMISSIONER: Thank you.

MR. LEARMONTH: Okay.

THE COMMISSIONER: Mr. Learmonth.

MR. LEARMONTH: Okay.

I'd like to enter the following Exhibits: P-02439 to P-02506, P-02563 to P-02626 and P-02632 to P-02636.

THE COMMISSIONER: Okay, those exhibits will be entered as numbered.

MR. LEARMONTH: Okay.

Mr. Béchard, you live in the Province of Quebec, is that correct?

MR. BÉCHARD: Yeah.

MR. LEARMONTH: Yeah. And what is your present occupation?

MR. BÉCHARD: My present occupation?

MR. LEARMONTH: Yeah.

MR. BÉCHARD: I'm partly retired.

MR. LEARMONTH: Okay. When did you become partly retired or partially –?

MR. BÉCHARD: In July 2017.

MR. LEARMONTH: 2017.

MR. BÉCHARD: Yeah.

MR. LEARMONTH: And do you still do some work?

MR. BÉCHARD: Yeah, I'm not involved anymore in project management. Since I'm retired, I'm acting as a business coach. So I got a small company and doing coaching.

MR. LEARMONTH: All right. So you're training younger people?

MR. BÉCHARD: I'm not training – like a coach, I'm trying to bring them to be more efficient in their task.

MR. LEARMONTH: Okay.

I'd like you to turn to – in the books, there's four books you have there. If you could –

MR. BÉCHARD: Yeah.

MR. LEARMONTH: – pick up the first –

MR. BÉCHARD: I got a binder here, 1 of 4.

MR. LEARMONTH: Yeah, that's it, that's the one.

MR. BÉCHARD: This is the good one.

MR. LEARMONTH: And it's the first –

MR. BÉCHARD: Which tab?

MR. LEARMONTH: The first one is going to be tab 1, and Exhibit P-02439. That's the first –

MR. BÉCHARD: This is my CV.

MR. LEARMONTH: That's your CV, that's right.

MR. BÉCHARD: Yeah.

MR. LEARMONTH: All right. Now, you have at – on page 1, you have a Bachelor of Engineering, civil engineering, Ottawa university.

MR. BÉCHARD: Yeah.

MR. LEARMONTH: So you got – you graduated in 1977.

MR. BÉCHARD: Yeah.

MR. LEARMONTH: Then – so if we go back to page 4, if we turn to page 4 – I want you to take us through your work history.

MR. BÉCHARD: Yeah.

MR. LEARMONTH: And on page 4 at the bottom you've got 1977-1980; Hydro-Québec, Québec, Canada; Area Engineer for LG-3.

What is LG-3?

MR. BÉCHARD: This is a site that has been developed in the James Bay phase one. There was LG-1, LG-2, LG-3 was one of the site, and there was also LG-4. Just to make a comparison, compared to the Lower Churchill, you got Churchill Falls, you got Gull Island and then you got Muskrat. Exactly the same thing.

MR. LEARMONTH: Okay.

And under this heading it says you're an area engineer and you refer to it as: "Contract of approximately C\$400 million mandated by the SEBJ for the construction of the main dam, dikes, open excavation of the power station, spillway and water intake." And then there's some other things.

What is the SEBJ?

MR. BÉCHARD: So SEBJ is – the full name is Société d'énergie de la Baie James. So this company has been create in the early '70s by Hydro-Québec to manage the James Bay phase one.

MR. LEARMONTH: Okay. The – so you were in that position as an area engineer from 1977 to 1980?

MR. BÉCHARD: Yes.

MR. LEARMONTH: Did you actually work at James Bay site, or –

MR. BÉCHARD: Oh, I was living there.

MR. LEARMONTH: You were living in James Bay?

MR. BÉCHARD: Yeah, that's right. I was with my wife living there.

MR. LEARMONTH: Yeah. So you moved just to do that work?

MR. BÉCHARD: Yup.

MR. LEARMONTH: Yeah.

Okay, then 1980 to 1982 – I'm just going up on page 4 – you worked for Sintra Canada Inc., in Quebec.

MR. BÉCHARD: Yeah.

MR. LEARMONTH: Project manager for the Manic-5 and Upper Salmon Newfoundland projects

MR. BÉCHARD: Yes, Sir.

MR. LEARMONTH: What was Manic-5?

MR. BÉCHARD: Manic-5 is a huge concrete dam in the – located in the north shore, eastern portion of Quebec – on the road, by the way, to come to Labrador. So at that time Hydro-Québec was adding generation to Manic-5, which they called at the time Manic-5-PA. PA means additional generation. Okay?

So at that time in 1980 I decide to resign from Hydro-Québec and go work for a contractor. And then I got a new job with Sintra. And Sintra was involved doing some construction package for Hydro-Québec in Manic-5.

MR. LEARMONTH: Okay. And Upper Salmon in Newfoundland? I see you –

MR. BÉCHARD: Yeah. This is my first time that I came in Newfoundland. I was a young man. And then Sintra made a joint venture with Viking, which was a Newfoundland company. They bid on a package on Upper Salmon. They got the job. And they were having some difficulties to start with the dikes. So they asked me to come from Manic-5 and spend – I spent a year in Newfoundland in the Upper Salmon area just to start the dikes. And then I went back to Quebec.

MR. LEARMONTH: All right. Then in – once again, the top part now of page 4 – 1982-1984 Construction Louisbourg Ltée, Quebec, Canada; project engineer and assistant to the director.

Can you have a look at what you have there and tell us what type of work you were doing? I believe it's a reference to Manic-5.

MR. BÉCHARD: Okay.

Again, it was in Manic-5, the same project. After Sintra has completed their contract, I got an offer from Construction Louisbourg to go back to Manic-5 and work as the project engineer. They were having a package where it was – mainly huge concreting of the penstock.

MR. LEARMONTH: And so you're at that – in that position from '82 to '84, correct?

MR. BÉCHARD: Yeah.

MR. LEARMONTH: Okay. Now we'll turn to page 3 – '84 to 1990 – Coffrages Universel –

MR. BÉCHARD: Yeah.

MR. LEARMONTH: – Ltée?

MR. BÉCHARD: Still, at that time, I was working with contractor – coffrage means formwork. So I've been six year working for – in formwork – mainly in the Montreal area.

MR. LEARMONTH: Would the formwork be for a wide range of different construction type?

MR. BÉCHARD: Oh – formwork was for a very different – I was doing building bridge – a lot of different formwork.

MR. LEARMONTH: Then – once again – page 3 – going up – 1990 to 1992 – Constructions Louisbourg again – civil work construction – manager for the –

MR. BÉCHARD: Okay –

MR. LEARMONTH: – entire James Bay Territory. Can you explain that a little more, please?

MR. BÉCHARD: Yeah. So in the early '90s Hydro-Québec SEBJ started doing what they called the James Bay phase 2. James Bay phase 2 was site like LA-1, Brisay, LG-1 and LA-2. So Constructions Louisbourg offer me a job where I was taking care of – as being the director of all the civil work in the James Bay area so we bid on different project and finally we have been successful on LA-1, dikes; and I was the project director on this contract for Louisbourg.

MR. LEARMONTH: All right. Next – turning to page 2 – 1993 to 1994 – Hydro-Québec – head of planning and cost control – gas turbine power plant Bécancour. Explain your work there.

MR. BÉCHARD: Okay. So I got an offer from Hydro-Québec in early '93 to go back working for them. At the time they were doing – they were managing a gas turbine power plant near Montreal – about 200 kilometres east of Montreal. So they offered me a job of head of planning and cost control. So this is why I've been there.

MR. LEARMONTH: All right.

1994 to 1997, Hydro-Québec Equipement, Quebec, head of contracts administration. This is '94 to 1997.

MR. BÉCHARD: Yeah. So here, I'm just going to explain a little bit the way that Hydro-Québec is structure. So Hydro-Québec, they're structure in four division. One division is taking care of the generation; the other division is taking care of the transport; and one of the distribution. The fourth division is taking care – this is a division that has been create to manage all Hydro-Québec project.

So in that period of time, Hydro-Québec was having a program to refurbish the old powerhouse – Shawinigan-2 and Shawinigan-3 was powerhouse that had been built in the early 90's. So – and they offer me to be head of contract administration to do the rehab of those two powerhouse.

MR. LEARMONTH: Okay. So that takes us up to '97, then we'll turn to page 1 of exhibit P-02439 – 1997 to 2000, SEBJ, James Bay,

Quebec, Canada, construction administrator. What can you tell us about that appointment?

MR. BÉCHARD: Okay. So, again, in that group that was managing project for Hydro-Québec. Hydro-Québec was having an internal contractor, general contractor, to do small work in the existing powerhouse. So I was the administrator of that group that was performing construction work in substation, powerhouse, transmission line.

MR. LEARMONTH: Okay.

And then – so that takes up to 2000. Then from 2000 to 2006, Hydro-Québec Equipement, Quebec, Canada, construction manager. What can you tell us about that position?

MR. BÉCHARD: Okay. So, the title that is shown here as being the construction manager is not the right title. I was the project director.

MR. LEARMONTH: All right.

MR. BÉCHARD: No, sorry. This is later on.

So in that period of time, yes, I was acting as construction manager again for that small group that was doing construction and so – this is almost the same role that I was having from '97 to 2000; except that I was having a wider range of action.

MR. LEARMONTH: Okay.

Now since 2006, you record here that you were Eastmain Project Manager. Would that have been in 2006?

MR. BÉCHARD: Yeah.

MR. LEARMONTH: Okay.

That would be before –

MR. BÉCHARD: So –

MR. LEARMONTH: – Quebec-New Hampshire work? That would be before?

MR. BÉCHARD: I beg your –?

MR. LEARMONTH: The Eastmain Project Manager position, you did that before you were the – did work on the Quebec-New Hampshire DC Line?

MR. BÉCHARD: No.

Before, you know, in 2005, 2006 there has been a restructuration done within Hydro-Québec. A new president, a new CEO came. And this new CEO built his own structure and the person that was the Eastmain-1 project director become president of the group that was doing all the project.

MR. LEARMONTH: Mm-hmm.

MR. BÉCHARD: So then he was looking to fill the empty position as being the project director for Eastmain-1 and in the same time Hydro-Québec was developing the Eastmain-1-A/Sarcelle/Rupert project which was a 5 billion project. So they offer me the role of being the project director of both project. Eastmain-1, that was ongoing and almost finished and Eastmain-1-A/Sarcelle/Rupert that was just starting.

MR. LEARMONTH: Okay.

So on the Eastmain-1 had an installed capacity of 480 MW; Francis –

MR. BÉCHARD: Yeah.

MR. LEARMONTH: – and EM-1-A 768 Francis and Sarcelle was 150 MW?

MR. BÉCHARD: Yeah that's right.

MR. LEARMONTH: That's all part of the Eastmain-1 project?

MR. BÉCHARD: No, this is – within the breakdown, they were separate because this is two different entity.

MR. LEARMONTH: Yes.

MR. BÉCHARD: For the client, the generator, Eastmain-1 is a powerhouse, Eastmain-1 is a powerhouse and Sarcelle is also a powerhouse.

MR. LEARMONTH: Okay.

MR. BÉCHARD: Okay?

MR. LEARMONTH: Now I'd like you to tell me what your – so you were the project director for Eastmain?

MR. BÉCHARD: Yeah, I was –

MR. LEARMONTH: It just says project manager, is there any difference?

MR. BÉCHARD: No, this is –

MR. LEARMONTH: It's the same –?

MR. BÉCHARD: – this is, you know, depending where you are it can be project director or project manager. This is just name. When you look at –

MR. LEARMONTH: Yeah.

MR. BÉCHARD: – the responsibility, I was having the responsibility of a project director. I was the one – I was reporting to the president.

MR. LEARMONTH: Okay.

So you were the top guy –

MR. BÉCHARD: Yeah.

MR. LEARMONTH: – top person, were you, at –?

MR. BÉCHARD: Top person.

MR. LEARMONTH: There was no one above you?

MR. BÉCHARD: Except the president.

MR. LEARMONTH: Except the president. So you had full responsibility for that –

MR. BÉCHARD: Yes.

MR. LEARMONTH: – that construction?

MR. BÉCHARD: Yes, I was full accountable of the result of the project.

MR. LEARMONTH: All right.

Now, when you were working, earlier in your career, at James Bay, you actually moved to James Bay, you said, is that correct?

MR. BÉCHARD: Early –

MR. LEARMONTH: You lived there?

MR. BÉCHARD: – in my career –

MR. LEARMONTH: Yeah.

MR. BÉCHARD: – I was living in James Bay.

MR. LEARMONTH: Okay. Now, as Eastmain project manager, director, did you live in James Bay?

MR. BÉCHARD: No, I was – my office was in Montreal. I was living near Montreal and I was going to the site every month and sometime twice a month depending what was going on.

MR. LEARMONTH: Okay, now, while you were the project director of Eastmain, was there anyone on site that had authority to make decisions that would come up on a regular basis on a construction site?

MR. BÉCHARD: Yeah, just to give you some detail on the extent of this project, I was having three main sites going on. At the peak we were having 4,400 employee work construction and management. I was having three site – or construction manager that were living there, and they were the one managing the day-to-day work.

MR. LEARMONTH: Yeah, but did they have authority to approve changes and –?

MR. BÉCHARD: Oh, for sure. We were having a chart where those construction manager, up to a certain amount, they were the full authority; over a certain amount, they were having to go back to the administrator because the structure underneath me – I was having, at that time, about 600 to 650 people working directly underneath me. So I was having two project administrator – and the construction manager – were reporting to the construction manager, and the construction manager were reporting to me, okay?

So the way that the chart was built is, up to a certain amount, they can make their own decision without coming back to the administrator or to me. And from a certain amount to another level, they had to have the approval of the project administrator, and from another slice, then the project administrator had to come to me.

MR. LEARMONTH: Okay.

MR. BÉCHARD: But day to day, I was not involved in the management.

MR. LEARMONTH: So they had enough authority to, you know, make decisions on the spot?

MR. BÉCHARD: Yeah

MR. LEARMONTH: Okay.

Is there a problem if there is – if there aren't people on the site that have authority to make decisions that come up from day to day?

MR. BÉCHARD: But to me, it's just a question of common sense and experience, because if people on-site do not have authority, then everything is piling up, then the contractor is suffering delay in getting answers. And then delay pile up over delay and is just a monster that – after a few time, that will be a monster. So a site is something which is living. Everything is changing.

When you wake up in the morning, you don't know what will happen that day. So you got to make sure that – you got to make quick decision and make sure that the contractor will have everything so to go ahead.

MR. LEARMONTH: Okay.

And so would the construction manager have been on site at the Eastmain?

MR. BÉCHARD: Yes.

MR. LEARMONTH: Yes.

MR. BÉCHARD: They were living there.

MR. LEARMONTH: So the construction manager would be there every day? Well, you know –

MR. BÉCHARD: Yeah. That's right. He was –

MR. LEARMONTH: – walking around the site with a hard hat?

MR. BÉCHARD: They were on rotation. They were having their own structure and they were managing their own structure.

MR. LEARMONTH: Yeah.

And if – and they'd have sufficient authority to deal with most problems that would come up?

MR. BÉCHARD: Yeah.

MR. LEARMONTH: Yeah.

And would the construction manager ever phone you and say: Look, I have a problem. I want your direction. Would that ever happen?

MR. BÉCHARD: Oh yeah, for sure it happened. Like, I was having weekly meeting or monthly meeting with them. I was in Montreal – we were having video conference room, and any time they were asking for support from me or from the administrator, the communication was easy. And it was a collaborative way to work –

MR. LEARMONTH: Yeah.

MR. BÉCHARD: – and make the good decision.

MR. LEARMONTH: Yeah.

And decisions could be made quickly, is that correct?

MR. BÉCHARD: It got to be made quickly.

MR. LEARMONTH: Yeah.

There's no room for delay, is that correct?

MR. BÉCHARD: There's no room. Delay means claim; claims mean money, schedule slippage; we cannot afford that.

MR. LEARMONTH: All right.

Now, when did your work as Eastmain project director come to an end?

MR. BÉCHARD: In 2011.

MR. LEARMONTH: 2011?

MR. BÉCHARD: May 2011.

MR. LEARMONTH: Yeah.

You were working on that right up until that point?

MR. BÉCHARD: Yeah.

MR. LEARMONTH: And that's – yeah.

And, okay, just to fill in, you've also got, since 2006 – on page 1 of P-02439 – SEBJ, James Bay, Quebec-New Hampshire DC Link project manager. So were you in that position sometime between 2006 –

MR. BÉCHARD: Yeah, yeah. In the same time that I was managing the Eastmain project, Hydro-Québec was developing a project with a US partner. And they asked me to take over the development of this project because they were having some issue with budgeting and the partner, so – which I did until I resigned in May 2011.

MR. LEARMONTH: Right.

And at – when you resigned, Eastmain was pretty well finished?

MR. BÉCHARD: When I resigned Eastmain-1-A, there was four machine there, Francis. They were up and running. There was three groups to commission in Sarcelle. This was the only portion of the project that remains to be finalized.

MR. LEARMONTH: But it was close?

MR. BÉCHARD: Oh, it was at not even a year of closure.

MR. LEARMONTH: Okay, so your work was done, is that –

MR. BÉCHARD: Yeah.

MR. LEARMONTH: – the way you –?

MR. BÉCHARD: That's right.

MR. LEARMONTH: Yeah.

MR. BÉCHARD: My – the work was done and it was at the level that they were not needing anymore a guy with my experience.

MR. LEARMONTH: All right.

Now, was Eastmain – the work that you did as Eastmain project manager director; was it completed on schedule?

MR. BÉCHARD: Eastmain-1 has been completed on schedule. Eastmain-1-A, Sarcelle and Rupert, we did the Rupert diversion one month ahead of time and we put in service the Eastmain-1 powerhouse six month ahead of time. And just to give you an idea, the schedule from start to commission on Eastmain-1, it was a four-year – a 48-month schedule and we delivered the group six month ahead.

MR. LEARMONTH: Okay. What about budget?

MR. BÉCHARD: When I resigned in May 2011 cost forecast was returning to the client \$300 million.

MR. LEARMONTH: So you were at \$300 million under budget?

MR. BÉCHARD: Yeah.

MR. LEARMONTH: Okay.

Now, we talked – I'll just ask you a few general questions before we talk about Muskrat Falls. Based on your experience as a project director, can you provide us with comments about the necessity, if there is one, to have collaboration on a job site and co-operation and so on? Just to speak to that a little bit, please, based on your experience, between the contractors and the owner and so on.

MR. BÉCHARD: So, you know, building a project – and this is not only a hydro project, it's

– everything is about building a team where the goal is to do a successful project. So – and to me, the best way to get it achieved is to have a good relationship with the contractor, because contractor are in business to do profit. So if – if for some reason contractor are losing money, then for sure you are going to get in a lot of problem. So you got to put in place an organization that will be really focused on performance in the contract execution.

So it means that the engineering should be good. If there are any issue about the engineering you should have a good team that can settle those issue pretty quick, so not to delay the contractor. The contractor should have a decent price to get the job done and they should have also a decent schedule to get the job done. And this all together, then you got the base to have a successful project.

MR. LEARMONTH: Yeah.

And, generally, what is the objective, as far as co-operation or communications, between contractors and the owner? What are your – would be your expectations as an experienced project manager?

MR. BÉCHARD: My expectation with my past experience is for sure there will be some – there will be some discrepancies, or not even that – there will be some fight in between people, because driving a project – this is not an easy task.

But everyone should understand that when – when you got those issue you got to put the right people in place so that everything is going to be done in a respectful way and in a collaborative way and this being done – if you got to ask a little bit more to the contractor, he will be willing to do it. If you're always facing – face to face and fighting, it became boxing game and boxing game is never good for anyone.

MR. LEARMONTH: The – okay, now, I want to ask you a few more – like, some more specific questions about Muskrat Falls. You've given us your background.

So the EPCM contract we know was signed on February 1, 2011. And you – well, you went to work at the Muskrat Falls site, as I understand it,

from June 26, 2011, and you ended in March 2014. Is that correct?

MR. BÉCHARD: I'd been hired by SNC in June, but I got mobilized here in St. John's in the 3rd or the 4th of July.

MR. LEARMONTH: Third or 4th of July. So –

MR. BÉCHARD: And I've been here until early March 2014.

MR. LEARMONTH: Yeah. And so you resigned from Hydro-Québec.

MR. BÉCHARD: Yeah.

MR. LEARMONTH: Your work was completed on Eastmain-1 and then I think you took a month off and then you went with SNC-Lavalin?

MR. BÉCHARD: Yeah, that's right. Because of potential issue in between SNC-Lavalin and Hydro-Québec, SNC asked me to take a month off in between my resignation and between starting with SNC.

MR. LEARMONTH: But the resignation with Hydro-Québec was smooth, was it? There was no –

MR. BÉCHARD: No, it was not.

MR. LEARMONTH: Oh, it wasn't?

MR. BÉCHARD: No.

MR. LEARMONTH: But it was finally –

MR. BÉCHARD: Has been a tough resignation.

MR. LEARMONTH: Yeah. Okay.

The – now, we refer – I notice in the – there are two references: one is SNC and one is SLI. It means the same thing; it's the same company, right?

MR. BÉCHARD: Yeah.

MR. LEARMONTH: So do you prefer SLI or SNC?

MR. BÉCHARD: It doesn't mind me.

MR. LEARMONTH: Doesn't make any – well, we'll use the same one throughout just so –

MR. BÉCHARD: Okay, fine.

MR. LEARMONTH: – everyone knows we're talking about the same issue.

So how did you come to work on the Muskrat Falls Project? We know you went with SNC, but how did you become interested and eventually come to work on the Muskrat Falls Project?

MR. BÉCHARD: That's a good question. So SNC was just getting awarded this contract in early 2011 and they were looking to staff the project. And often I was going to take a coffee with a woman named Marie-Claude Dumas, which was at the time the operation VP for the hydro group.

And Marie-Claude was always asking me: Do you know that person? What do you think about that person? Can she do that, can she do that? So I don't remember when exactly but I was taking a coffee with Marie-Claude and then I told her: What do you think if I'm offering you to go there and be the project director? She was quite surprised because she never thought that I'll be resigning from Hydro-Québec, but at the time I was looking for a new challenge. I know – I was around 50, 55, something like that. I knew that I was probably one more project to deal with before retiring. And Muskrat – since I was knowing Newfoundland because I've been here in the past, so Muskrat seems to me the good project to finish my career.

So everything happened very fast after that because Marie-Claude called Patrick Lamarre. Patrick Lamarre at the time was the EVP for the power group. He called me, he said: Are you serious, because if you're serious it's going to be fast. So I was serious and then everything happened.

MR. LEARMONTH: Okay.

So what expectations did you have as to what role you would play in the Muskrat Falls Project? What was your expectation when you took the position?

MR. BÉCHARD: It was not even an expectation. It was clear in my mind and it was agreed with Patrick, that I was coming here and I will be having exactly the same authority that I was having with SEBJ, so coming here mean that I was managing the project. The client was there – the client role was Emera, so they are acting as a client. So – and to me, it was clear that I was having the capacity to build the team, to fix the way to manage contractor and to get that project successful.

MR. LEARMONTH: So did – were your expectations that you'd have the same role as you had on Eastmain-1?

MR. BÉCHARD: Yes.

MR. LEARMONTH: Okay. And you had no doubt about that?

MR. BÉCHARD: (Inaudible.)

MR. LEARMONTH: That was your expectation?

MR. BÉCHARD: Because if I had a doubt, what the purpose of resigning from Hydro-Québec? I was a permanent employee. I was having a good job, a good retirement plan, good salary. So if coming here means that I cannot drive the project – no use for me. It's no more challenge. I was looking for challenge.

MR. LEARMONTH: Yeah.

Now, the – as I mentioned before, there was an EPCM contract signed on February 1, 2011. And – okay, when you began to work in the project office here on Torbay Road, I take it, in late – early July 2011, when you arrived did it take much time for you to realize that your expectations may not be realized?

MR. BÉCHARD: A week, two week.

MR. LEARMONTH: Okay.

What happened in the first week or two weeks, or whatever, that led you to believe that your expectations for this position were –

MR. BÉCHARD: Oh.

MR. LEARMONTH: – incorrect?

MR. BÉCHARD: You know, first of all, there was a lot of frustration on the client side.

MR. LEARMONTH: The “client,” you mean Nalcor, right?

MR. BÉCHARD: Yeah.

MR. LEARMONTH: Yeah.

MR. BÉCHARD: Okay.

I don’t want to use Nalcor on purpose because the project team was, at that time, was not really Nalcor. It was a lot of people coming from different – oil and gas people coming from other place, and they even told me that they were not Nalcor. So they were the project team. So this is why I prefer to call them the client.

MR. LEARMONTH: All right. That’s fine.

MR. BÉCHARD: Okay.

So when I arrived in July, I had a meeting mainly with Ron Power because Ron was my counterpart. So he expressed all the frustration that was going on the floor that SNC was not delivering as per their expectation and they were looking at me to settle all of those issue. So, fine, I can deal with that and I’ll do my best.

But very soon I discovered that they were micromanaging. Like, to hire someone, I had to go through a process which we called the PAA process. So every time that I need to hire someone I had to fill out that PAA form, bring that form on Ron’s desk and wait until I’m gonna have either a yes or a no.

So – and it became very, very quick, very frustrating, because this process was really painful. Take time – Ron was really busy, sometime he was getting in the office during the weekend to go through all those PAA. And I was knowing on the Monday that this is yes, this is no, this is the reason why it’s no, I got more question on this candidate, on the rate, on – so they were using the PAA process to micromanage the way that SNC was performing under the EPCM.

MR. LEARMONTH: But was this compatible with an – your understanding of how an EPCM contract worked?

MR. BÉCHARD: Not to me, in my understanding, because the way that I’m – have been used to work is you got a budget, you stick to your budget, you report to your budget and if you’re still inside the budget, you make your own decision. But this is not the way that they were managing. Budgeting for them means nothing.

MR. LEARMONTH: Okay.

So what was your reaction when you found out this system about the PAA –?

MR. BÉCHARD: Oh, my reaction, I was often in the – Ron’s office asking where’s that PAA, where’s this – oh, something else about the PAA, which is really important.

Sometime I was mobilizing people on their request – like an expert, just to give an example. So – and then they were telling me: Normand, we need that person from Montreal, bring him in St. John’s. Unfortunately that person was not having an open PAA. I was bringing the person in St. John’s, paying for all the expenses, time sheet and everything.

And often the PAA for that – to bring that person in St. John’s was approved months after that person came in St. John’s. And there was a lot of delay in the payment because of that, because they were also using the PAA process to approve the monthly payment. So I was very often in Ron’s office explaining to Ron: Sign those PAA because we need to get paid for those people. So it was always – I not say a fight. It was a constraint on a daily basis.

MR. LEARMONTH: Yeah, so this wasn’t just an isolated incident; this was a daily –?

MR. BÉCHARD: Oh, there was many of those. Every week there was issue like that – every week.

MR. LEARMONTH: Okay.

Now, we know on the – that – from reading the contract – that Nalcor had the right to fire

anyone at any time they wanted at their discretion. Is that correct?

MR. BÉCHARD: Yeah.

MR. LEARMONTH: Yeah, was –

MR. BÉCHARD: It was well written this way.

MR. LEARMONTH: Including you, right?

MR. BÉCHARD: Oh, including me.

MR. LEARMONTH: They could tell you, you're gone, and you're out the door?

MR. BÉCHARD: Yeah, without notice.

MR. LEARMONTH: Yeah, now what effect – is that a normal type of power that an owner would have in these circumstances with an EPCM contractor?

MR. BÉCHARD: Difficult to answer if it's normal.

MR. LEARMONTH: Or usual or – you know –?

MR. BÉCHARD: To me it's not normal because we are dealing with individual who got family. Many have decided to move in St. John's with their family, and then when someone in the project team was deciding to get rid of them, so everything is falling apart. So those people that did accept to come to work on a project like this are not suspecting that it may happen. You got to be respectful to people.

MR. LEARMONTH: Yeah, so would that have an effect on the – on your capacity or ability to get people to come from outside the province – the fact that they could be fired –?

MR. BÉCHARD: Yeah, in some case, yes.

MR. LEARMONTH: Yeah.

MR. BÉCHARD: In some case. Because, you know, when a situation like this happen, people are talking, eh?

MR. LEARMONTH: Yes.

MR. BÉCHARD: And then there's rumour. And then those rumour, when you try to bring people in, and then they are telling you, yeah, but how long am I going to be there, what will be the condition? So people were questioning a lot on: will I get there and then be fired and then – and – many, many people were leaving a position with their employer or within SNC, and they knew that, when they come back, they will not have, necessarily, their job back. So it was a risk for the people.

MR. LEARMONTH: Yes. Right.

I'd like you to give us your views on a topic that's come up on a regular basis this Inquiry, and that is the thought that the project management team of Nalcor was made up mostly of people with oil and gas backgrounds –

MR. BÉCHARD: Yeah.

MR. LEARMONTH: – whereas the SNC –

MR. BÉCHARD: Yes.

MR. LEARMONTH: – people were –

MR. BÉCHARD: Yeah. Mostly –

MR. LEARMONTH: – from the hydro –

MR. BÉCHARD: – the oil and gas background.

MR. LEARMONTH: Can you give some commentary on whether that was compatible or whether there were problems or issues caused by the fact that the main people – not all of them – I think Ron Power had some experience on hydroelectric – but most of the people on – the other people on the project management team didn't have experience in hydroelectric. Did that present any problems?

MR. BÉCHARD: Your question is tricky because it's difficult for me to fix if it's compatible in between oil and gas and hydro because I don't know oil and gas. So – but something that I know is – an hydro project is a big, big civil infrastructure. Oil and gas, to my knowledge, is mainly focused on process, which is, to me, quite different.

So when you're dealing with heavy civil – so it needs the person that got the experience to deal with such a heavy civil contractor. Heavy civil contractor are not necessarily the same contractor as for oil and gas. Heavy civil contractor, they got to own heavy equipment; they got to be used to work remotely; they need to have a staff that they know exactly in which condition they are going to work. So this is where I see a difference. So – but is it compatible or not? I don't know.

MR. LEARMONTH: Okay. Fair enough.

The – I wanted to ask you some question about the role that you played in the development of the capital cost estimates that SNC-Lavalin prepared.

MR. BÉCHARD: Mm-hmm.

MR. LEARMONTH: I think we know that the lead estimator was Paul Lemay and he was assisted, I think, by J. D. Tremblay. Is that correct?

MR. BÉCHARD: Yes, this is correct but he was assisted by a lot more people than J. D. The team to build the estimation in October, November and December was over 20 people.

MR. LEARMONTH: Okay but the top person was Paul Lemay. Is that correct?

MR. BÉCHARD: Yes.

MR. LEARMONTH: Okay.

Now, when you – we were told that – and I think I have this figure correct – by J. D. Tremblay that the estimate for direct costs, which excluded the SOBI but included indirect costs related to the EPCM contract, those were the only indirect costs that were included in the 4.464?

MR. BÉCHARD: So the – this 4.4 estimate was including the direct cost, contractor; direct cost – contractor indirect. It was also including all the equipment required, like in the substation, like in the –

MR. LEARMONTH: Okay.

MR. BÉCHARD: – power line. It was also including the turbine generator, which is the equipment for the powerhouse. The 4.4 too, if I remind well, was not including the EPCM costs.

MR. LEARMONTH: Okay.

MR. BÉCHARD: EPCM was over that.

MR. LEARMONTH: Okay.

So were you involved in the calculation or the preparation of these cost estimates, the 4.4 we'll say?

MR. BÉCHARD: Oh, yes, I was involved for sure because, first of all, I've been involved supervising Paul. Because when we start working on this estimate, which was in September, Paul was reporting to me but he was reporting to Stan Wynne but, in fact, Stan was reporting to me.

And me and Paul, we were knowing each other since quite a long time so I was – I was trying to support as much as I can Paul, so he can deliver a good job. So every workshop that has been done to define this estimate I've been part of. Every workshop, I was there.

MR. LEARMONTH: Okay.

Now, this 4.4 figure, based on your experience what should be added on to that? What was the practice with Hydro-Québec? In terms of cost estimates, using this as a –

MR. BÉCHARD: Yeah.

Within Hydro-Québec they got what we call parametric estimate, so – and rule of thumb.

MR. LEARMONTH: Rule of thumb.

MR. BÉCHARD: Yeah, that's right. And rule of thumb in, like, Eastmain-1, Eastmain-1-A and even La Romaine project, which is ongoing right now – the rule of thumb is you take your direct costs, you add up the same amount for the soft costs – what we call the soft costs. Soft cost is interest during construction, this is client costs, this is commissioning, this is facilities.

So the ratio from direct and soft costs is a one-to-one ratio. So if you got an estimate of direct costs of \$5 billion, your project costs will tend to be around \$10 billion.

MR. LEARMONTH: Okay.

MR. BÉCHARD: Your capex.

MR. LEARMONTH: Yeah. That's the rule of thumb, is it?

MR. BÉCHARD: That's the rule of thumb.

MR. LEARMONTH: And there can be adjustments made to that, but that –

MR. BÉCHARD: Oh yeah. That's right.

MR. LEARMONTH: And that's the rule of thumb, is that right?

MR. BÉCHARD: Yeah.

MR. LEARMONTH: Okay, and what about – would doubling that – that's what we're talking about –

MR. BÉCHARD: Yeah.

MR. LEARMONTH: – doubling it –

MR. BÉCHARD: That's right.

MR. LEARMONTH: – would that include an amount for contingencies?

MR. BÉCHARD: Oh yeah, yes. This is –

MR. LEARMONTH: Everything.

MR. BÉCHARD: Soft costs include contingency, risk allowances, all this. And inflation always included in the soft costs.

MR. LEARMONTH: Yeah.

So you take – you would take – Hydro-Québec, in your experience, would take the 4.4 and double it and that would be the starting point for a deeper analysis?

MR. BÉCHARD: Yeah.

MR. LEARMONTH: You might –

MR. BÉCHARD: Roughly.

MR. LEARMONTH: Yeah.

And what about – what can you tell us about your knowledge about contingencies? What different type of contingencies – I'm thinking about, like, known and unknown unknown. What – can you give us some description –?

MR. BÉCHARD: I'm used to work with two or three different level of contingency. There's unknown unknown, which is even – that you even know that they will not happen, and then they will have an unknown impact on the costs.

Just to give you an example, you only have issue with Aborigines; they will close the road for some reason that you cannot even expect when you start the project. This type of event to me is an unknown unknown, because you can never – you cannot tell when you do the exercise that there will be five road closures during the project.

It's – stating that means that there will be issue with Aborigines, and you try to work the project so not to have issue with the Aborigines. But when that even happen, how much will be the cost impact? Will they close the road for one day, for one week, for one month? So this is very difficult to estimate, okay? So this is unknown unknown.

MR. LEARMONTH: Okay. But do you allow – do you put something in the project budget for unknown unknowns?

MR. BÉCHARD: Yes. Yes.

MR. LEARMONTH: Okay.

MR. BÉCHARD: Yes.

MR. LEARMONTH: And can you give me another example of unknown unknown? Another example of an unknown unknown.

MR. BÉCHARD: Yes.

You're transporting people in airplane. You got a crash, and then you lose 50 worker plus the

impact that got on everyone, that this crash is affecting all the project. This is an unknown unknown. How much will it cost? So this is the type of event which is – which are really difficult to evaluate. So this is why that you need to use parametric tools, Monte Carlo tools and then to fix an amount to cover that. This amount can be 100 per cent off of the reality, but this is part of the risk on building a capex.

Now, going to known unknown, an example of known unknown is: you're building your costs with known geotechnical information, but you know that they're not precise enough to give you the right cost to get the job done. So then you're going to have to put an amount to cover the fact that you know that there will be more costs because of the geotechnical, and now you got to define how much money you put on that.

When you're dealing with team that got a lot of experience doing project, like SNC or like Hydro-Québec, they already got factor known in the business: is it 1 per cent? Is it 2 per cent? Is it 3 per cent? So those amount are known by experience, and then they are factored in.

MR. LEARMONTH: Okay.

We know, for example, in this case that there was – Nalcor did not carry out any geophysical –

MR. BÉCHARD: Geotechnical?

MR. LEARMONTH: – geotechnical examinations or tests for the 1,100-kilometre transmission line.

MR. BÉCHARD: Oh yeah, yeah.

MR. LEARMONTH: There was nothing –

MR. BÉCHARD: Okay, fine.

MR. LEARMONTH: – nothing done.

MR. BÉCHARD: I was going to tell you, no, you're wrong, but – because, in fact, they did geotechnical studies – but on the transmission line, there was none.

MR. LEARMONTH: Okay.

Now, what is your – and this is a long transmission line over land that's never been walked on, probably, most of the time.

MR. BÉCHARD: It's, what, about 1,500 kilometre?

MR. LEARMONTH: I think it was maybe a little less than that. But it's a long ways to –

MR. BÉCHARD: It's a long run.

MR. LEARMONTH: Yeah.

Now, and there was – I think they said they did a desktop – you know, they didn't do any geotechnical because they said they had a problem getting permits and –

MR. BÉCHARD: We did a desktop study, but the study is just giving you few information because you're just looking at the type of overburden; you don't know what's going on underneath the overburden.

MR. LEARMONTH: Yeah.

So would you – in a situation like we have evidence of here, where there was no geotechnical examination done, would you consider that to introduce an element of risk?

MR. BÉCHARD: Oh, big element of risk.

MR. LEARMONTH: Big?

MR. BÉCHARD: Oh, yeah, huge element of risk.

MR. LEARMONTH: Why?

MR. BÉCHARD: Because when you're building a transmission line – the cost of a transmission line is quite easy. You got to buy the steel for the boom; you got to buy the material for the isolator and all the hardware; you got to buy, too, the conductor. This is easy. So you go out on tender; you ask price and you manage the material and you free issue it to the contractor.

Now you got to give a contract to contractors, and those contractor – the main cost is related to the foundation of those tower. So if you're not

giving them any geotechnical information, they are going to factor in their risk because you're asking them to take the geotechnical risk. So will it be anchor foundation? Will it be pile foundation? They don't know. But doing a pile foundation will cost a lot more than doing a rock anchor foundation.

So all this, when you would do the estimate of the transmission line you've got to put a huge known-unknown factor because you know that you don't have any site investigation and you know that there will be costs related to it.

MR. LEARMONTH: Yeah. Yeah.

So there would have to be a large contingency, would that be correct?

MR. BÉCHARD: Yes.

MR. LEARMONTH: Built in for that?

MR. BÉCHARD: Yes.

MR. LEARMONTH: Any idea how much? I mean – or is that not something you could express an opinion on?

MR. BÉCHARD: No, because where I've been working before, we never decide to build a transmission line without adding geotechnical investigation.

MR. LEARMONTH: Never?

MR. BÉCHARD: Never.

MR. LEARMONTH: Okay.

What type – what would a typical geotechnical examination consist of? I mean, I presume it wouldn't be to test every site but what would be the process?

MR. BÉCHARD: First of all, you know where the tower will be sitting because you already fixed the routing. You know quite well where the tower will be sitting. So what you need to do is to organize a site investigation plan and get equipment to go there; it can be backhoe, it can be drill, it can be whatever equipment.

So you dig hole. If you hit the rock, let's say, a metre below the topsoil, then you define that this will be rock foundation. You go at the next tower, you dig a hole, you find a rock five metre below the surface, then you can decide it can be either concrete or, again, another rock foundation – deeper rock foundation.

But – and – but you can also get, in some place, where you got deep muskeg and then those foundation may cost a lot of money because you may have to dig 10 metre, 20 metre, you may have to drill pile. So, drilling pile costs a lot of money, so this is it.

So if you're doing investigation, then you're in the position to say we're going to have so many tower rock foundation, so many tower pile foundation, so many tower shallow foundation and then the contractor is enable to make a good price.

MR. LEARMONTH: Now, would – your experience, I guess that was based on Hydro-Québec experience? Is that right?

MR. BÉCHARD: No, not only Hydro-Québec –

MR. LEARMONTH: No.

MR. BÉCHARD: – experience, because when I left the project in 2014 I've been spending a year in Alberta and I was in charge of a project office that was doing a billion-dollar-a-year job of substation and transmission line.

MR. LEARMONTH: Yeah.

MR. BÉCHARD: And we were doing a site investigation.

MR. LEARMONTH: Would a site investigation be for every transmission tower or would it be just a sample? Because we're talking –

MR. BÉCHARD: Yeah, that's (inaudible).

MR. LEARMONTH: – about 1,100 kilometres.

MR. BÉCHARD: Yeah. Ideally we try to do it at every tower position. But let's say that on 50 kilometre those tower are in farming area and

you did investigation and you find that in this area rock is there, so you can apply what you discover there to the 50 kilometre which is on farming area. So it all depends of the topography, the type of soil, the area where you are building those tower.

MR. LEARMONTH: Yeah.

But have you ever seen or have you ever – are you aware of any situation where no geotechnical work was done on it for a transmission line of any length?

MR. BÉCHARD: Except here in Newfoundland?

MR. LEARMONTH: Yeah.

MR. BÉCHARD: No.

MR. LEARMONTH: No. Okay.

Now, I want to ask you some questions about P-factors. You're familiar with that concept, are you?

MR. BÉCHARD: I'm not expert, but –

MR. LEARMONTH: No.

MR. BÉCHARD: – I'm familiar, yeah.

MR. LEARMONTH: Yeah.

Okay, now what – Eastmain-1, what P-factor was applied to the –

MR. BÉCHARD: P85.

MR. LEARMONTH: P85?

MR. BÉCHARD: Yeah.

MR. LEARMONTH: Okay. And was that the standard application, P85, for Hydro-Québec at the time?

MR. BÉCHARD: Within Hydro-Québec, SEBJ, the P85 was the factor.

MR. LEARMONTH: Yeah.

And was there – going back in time were there – in earlier days at Hydro-Québec were there – were lower P-factors used, to your knowledge?

MR. BÉCHARD: Yeah, in the '90s and early 2000 they were using sometime P50 and P65 and they were having some issue on some project where the cost was going over the budget. So, there has been a decision from the top management that to have a good cost certainty to bring this, that the P – to the P85 level.

MR. LEARMONTH: Now, did you have discussions with anyone at Nalcor whereby – in which you discussed the appropriate – your opinion on the appropriate P-factor for the Muskrat Falls Project?

MR. BÉCHARD: You know, honestly I don't remember, but for sure we should have discussed that because we were having so many meetings, so many workshops where we were discussing a lot of subject. Every time that I was having the opportunity, I was trying to bring my experience in.

MR. LEARMONTH: Yeah. So if there was a discussion of P-factors, you would have put forward P85?

MR. BÉCHARD: Yes.

MR. LEARMONTH: No doubt about that?

MR. BÉCHARD: No doubt about that.

MR. LEARMONTH: Okay.

There was some evidence that we've seen that Nalcor – or the PMT as you call it – thought that the base estimate that was – you signed off on, was prepared under the – by Paul Lemay and people working for him. I think you said there's 20 people and so on – that there was some suggestion that Nalcor took the position that it was poor quality?

MR. BÉCHARD: Yeah, that's right. This is comments that they made. You know, just to give you the context on all those event happen.

First of all, contractually we were having a Gate 3 deliverable. There was a list of deliverables

that contractually we had to hand in those deliverables to the client mid-December 2011, something like that, okay? So – and it has been very stressful to all the team to get that date. So we hand in all those deliverables, but not all of the list because there was – we agreed with the client that they were taking care of some deliverables. And other deliverables, we were doing it in collaboration.

So something that should be said about that is everything – every – everything that SLI was doing in 2011 was under deep scrutiny from the client's side. We were having workshop, they were there. We were presenting the plan to get things done. They were looking at a plan, they were commenting the plan and they were asking us to change the plan if they were not satisfied. So if we – let's say to build the estimate, we present to the client the team that we were looking to use, we present the CV, the experience of that team, and they approve every, every team member.

So it was not a surprise for – from them about – to me, I hope it was not a surprise from them of the result of the direct cost estimate, because they had been part of it. We had been working with them in late November and early December, we were having meeting –

MR. LEARMONTH: That's 2011, right?

MR. BÉCHARD: Yeah.

MR. LEARMONTH: Yeah.

MR. BÉCHARD: 2011.

MR. LEARMONTH: Yeah.

MR. BÉCHARD: Okay. We were having a meeting in a hotel near the airport where every day, both team were working together to bring that up. So the – they give us their rates for the trades. This is their rate, not our rate. What we brought is the productivity of the manpower and the equipment, and we brought that from data that we were having from past project.

So when they declare, beginning of 2012, that the estimate was of poor quality, to me, what I receive is they were not really happy about the EPCM part of the cost estimate. They have been

shocked when they saw the result of the EPCM cost estimate. And my appreciation of that shock is they state – they made their statement about the quality of the direct cost estimate on the fact that they were very frustrated about the EPCM cost estimate.

But, overall, it was a good Class 3 estimate because when we did the workshop with Westney – I don't remember when, but I knew it – this is during spring – Westney made a comment in a workshop that, for them, it was a really, really good cost estimate and they – in their experience they have not seen a so good cost estimate.

MR. LEARMONTH: Yeah. And I think there was some comment to the same effect by John Hollmann in 2012.

MR. BÉCHARD: Maybe. I don't – you know, I got difficulty remembering names so – but there was a chap from Westney. We had a workshop with them. And he mentioned, say, Jesus, guy, you did a real good job.

MR. LEARMONTH: Okay.

So did you feel that the estimate that was prepared in December 2015 was a good estimate?

MR. BÉCHARD: Yeah, it was a fair estimate.

MR. LEARMONTH: Okay.

Now, in terms of risk, you know, we've had evidence from J. D. Tremblay and Mr. Thon on what role, if any, SNC-Lavalin had in the development of risk profiles, risk ranges. Can you recall anything about that?

MR. BÉCHARD: Okay.

Two things here, there's the role as defined in the coordination procedure in the contract and there's the role that we agree or have been instructed to do. And to me this is two different animal. In the contract, it was clear that SNC was responsible to do all the risk management of the EPCM scope.

MR. LEARMONTH: Right.

MR. BÉCHARD: Yeah. What we have been instruct to do is we were managing only qualitative risk. So we had a plan to manage risk. We had to identify those risk. We had to build a register of those risk and put in place mitigation measure. But we never been asked to put money on those risk, because the client decide to keep that on their side. So when we start in 2011, J. D. was not the risk supervisor.

MR. LEARMONTH: J. D. Tremblay?

MR. BÉCHARD: Yeah, J. D. Tremblay.

MR. LEARMONTH: Yeah.

MR. BÉCHARD: It was another guy named Yuri Raydugin. Yuri was a risk manager. He was having a lot of experience in risk. He was coming from the oil and gas industry, by the way. And the client approved the PAA to mobilize Yuri to the site, to St. John's. And Yuri, with me, built the risk management plan. We handed it to the client, the client approved it and we started doing risk workshop. We brought expert from Montreal to kickoff the risk workshop and Yuri took over and his job was to maintain the risk workshop and the risk register.

MR. LEARMONTH: Okay. But did you eventually do any work on risks, or was that done by Nalcor and its contractors?

MR. BÉCHARD: We always been doing work on risk. But it was limited to a certain level. And, as I mentioned, this level was to do the risk review on a qualitative way.

MR. LEARMONTH: Not quantitative?

MR. BÉCHARD: Not quantitative.

MR. LEARMONTH: Nalcor was getting other advice on that, is that correct?

MR. BÉCHARD: Yeah, I –

MR. LEARMONTH: Yeah. But was that something – did that, in your interpretation, anyway, I know you're not giving a legal opinion, but was that permissible under the contract? Or what did the contract call for?

MR. BÉCHARD: Oh, the contract called for a full-strength risk management.

MR. LEARMONTH: Yeah. And you never did that, did you?

MR. BÉCHARD: No.

MR. LEARMONTH: No. Okay.

Now, did Nalcor keep you up to date on the information that they were getting on the quantitative risk assessments they were having done?

MR. BÉCHARD: No.

MR. LEARMONTH: Nothing?

MR. BÉCHARD: No.

MR. LEARMONTH: Did that cause you any concern?

MR. BÉCHARD: Sure.

MR. LEARMONTH: Why?

MR. BÉCHARD: Because risk management is something that you got to deal with to fix the contingency. So as a project manager, you need to know how much dollar you got for contingency, because otherwise you don't know the budget you got to get the project done. So we were asking and they were telling us this is not your business, this is our business and we are going to deal with that in doing the final capex estimation and that's it. And –

MR. LEARMONTH: And that was it?

MR. BÉCHARD: That was it.

MR. LEARMONTH: Yeah.

And so when the capital cost estimate, which was \$6.2 billion, \$6.202 billion, was developed in the fall of 2012 before sanction, which took place in December 2012, did you know about what the capital cost estimate was?

MR. BÉCHARD: We knew what was the capital costs but we were not having the detail – how much contingency in the 6.2. We asked that

often and they were telling us that you don't need that.

But then, since we were in charge to do the project control of the project, and I was having a guy named Serge Guerette that was the project control manager, so to be in a position to make the right forecast on the trend of the cost of the project, some days he was needing to have that information. And I know we had it, I don't remember when, but this is probably somewhere by the end of 2012, early 2013, that finally they give us the number.

MR. LEARMONTH: And what was your reaction?

MR. BÉCHARD: Oh, my first reaction is: low, low contingency, very low contingency.

MR. LEARMONTH: Yeah.

I think the contingency in the DG3, the total just for – was \$368 million for the whole project.

MR. BÉCHARD: I was having \$300 million in my head but, yeah, maybe 368. Yeah –

MR. LEARMONTH: And your reaction was that was low.

MR. BÉCHARD: Yeah.

You know something, a project like Muskrat only in cost of interest per year, should be not too far from half a billion a year – only interest.

MR. LEARMONTH: Yeah. Well, the interest wasn't included in the 6.2.

MR. BÉCHARD: Oh, I was not aware.

MR. LEARMONTH: No, the interest on – during construction, there was escalation included in that but –

MR. BÉCHARD: Escalated, but interest was not included in the 6.2?

MR. LEARMONTH: No. No.

MR. BÉCHARD: So this was not the capex then, because normally interest during construction is part of the capex.

MR. LEARMONTH: Yeah, well, I think that the estimate at the time was 6.2 plus 1.2 for 7.4, which would include the –

MR. BÉCHARD: Yeah.

MR. LEARMONTH: That's my understanding.

But, anyway, you thought that using that one-to-one ratio for Hydro-Québec, that didn't – these figures didn't correspond with that, is that correct?

MR. BÉCHARD: Yeah.

MR. LEARMONTH: So that's why you were – you believe that they were – it was low.

MR. BÉCHARD: Well, you know, just by my past experience on Eastmain-1-A, which was a \$4.8 billion capex project, I was having \$500 million contingency.

MR. LEARMONTH: And that was four –

MR. BÉCHARD: 4.8.

MR. LEARMONTH: And there was no transmission line, right?

MR. BÉCHARD: No transmission line.

MR. LEARMONTH: Yeah. You had 500?

MR. BÉCHARD: Yeah.

MR. LEARMONTH: For 4.8?

MR. BÉCHARD: Yeah.

MR. LEARMONTH: When you're – did you do any work on the rates for labour productivity that went into the 4.4 estimate –

MR. BÉCHARD: Me?

MR. LEARMONTH: – because that's come up as a topic; that it was too low, and it was – we're looking at the reasonableness of the rates that went in. Did you have anything to do with that?

MR. BÉCHARD: Me, I've not been involved in those fine detail.

MR. LEARMONTH: Okay.

MR. BÉCHARD: So those fine detail, they were dealt by – mainly by, at the time, by Jason Kean and Lance Clarke because Lance at the time was negotiating the union agreement so they were having the number.

MR. LEARMONTH: Okay.

So you didn't have anything to do with that. Is that correct?

MR. BÉCHARD: Yes, that's correct.

MR. LEARMONTH: Okay.

Now, in your interview you gave some – you provided some discussion about this ratio of 15 to 85 per cent. Do you remember that, for EPCM costs?

MR. BÉCHARD: Oh 20-80, 15-85?

MR. LEARMONTH: Yes.

MR. BÉCHARD: Yeah, yeah, yeah.

MR. LEARMONTH: Yeah. Okay, tell us how that works?

MR. BÉCHARD: Yeah, again, this is the rule of thumb.

MR. LEARMONTH: Yeah.

MR. BÉCHARD: Okay?

MR. LEARMONTH: Okay, explain that point, please.

MR. BÉCHARD: Okay.

MR. LEARMONTH: Because I think you said that when you got the estimates – when you provided the estimates to Nalcor, that they were – I'm not sure exactly what your words were, but they were surprised at the estimated cost of the EPCM? Is that right?

MR. BÉCHARD: Yeah, that's right.

MR. LEARMONTH: Yeah, okay.

So using that as a starting point, explain how this rule of thumb of 85-15 per cent or 80-20 –

MR. BÉCHARD: Yeah.

MR. LEARMONTH: – how that applies.

MR. BÉCHARD: Okay.

So Hydro-Québec, SEBJ, they have been doing project in James Bay. And James Bay and Labrador are about the same parallel. So this is the same weather condition, this is the same environment.

So from 1970 up to 2010, Hydro-Québec did probably at least 10 to 12 different project in James Bay. We were doing statistics on the cost to manage every project and the average cost or the average percentage to do the EPCM within that – what, it's about 25 years – was in between 12 to 15 per cent.

MR. LEARMONTH: Yes.

MR. BÉCHARD: So this is 25 years of hydro experience. This is hydro, okay?

MR. LEARMONTH: Yeah.

MR. BÉCHARD: So this is why when I was speaking to the client about the EPCM cost and I was referring to the capex, if you got a capex of 6.2 and you take 10 per cent of 6.2, you got \$600 million. So when I had the EPCM costs at 550, I was not that far.

MR. LEARMONTH: And that was consistent with the studies that Hydro-Québec had done?

MR. BÉCHARD: Yeah.

MR. LEARMONTH: Yeah, but Nalcor didn't like that?

MR. BÉCHARD: No.

MR. LEARMONTH: No.

MR. BÉCHARD: Oh, they hate that.

MR. LEARMONTH: Okay.

Did you discuss the reasonableness of it from your point of view?

MR. BÉCHARD: Oh yeah but, you know, they didn't let me explain very much. They were so frustrated that they were just blaming me. They even told me in a meeting that if this exercise has been done by a student, they will probably have a better resolve than the one that I hand to them. Well, you know –

MR. LEARMONTH: They said that to you? Who said that to you?

MR. BÉCHARD: Ron Power.

MR. LEARMONTH: Just go over that again, what he said?

MR. BÉCHARD: He said if I had given that task to a student in engineering, he will have had a better result than yourself.

MR. LEARMONTH: He said that right to you?

MR. BÉCHARD: Yeah, but you know, it doesn't affect me. Ron was a good guy, he was frustrated and under frustration he just let it go. I know that he was probably sad about saying so.

But, anyway, it didn't affect me because you know, when you got my experience, you have done so many projects, this is just a reality. You are going to live with that reality sooner or later. It's just a question of time.

MR. LEARMONTH: Yeah.

Now how does this ratio or rule of thumb that you described – how does that tie in to the advantages or disadvantages of having big, big contracts of a billion dollars as opposed to a series of smaller contracts? Can you speak to that, please?

MR. BÉCHARD: Yes. Yeah, there's a trend since mid-2000, 2005, with an owner to increase the size of the contract so to reduce the cost of the management.

MR. LEARMONTH: And that would be the EPCM costs, right?

MR. BÉCHARD: Yeah.

MR. LEARMONTH: Yeah.

MR. BÉCHARD: Yeah.

MR. LEARMONTH: Okay.

MR. BÉCHARD: Well, it can be EPCM costs, but it – I will be more general about project cost management.

MR. LEARMONTH: Okay.

MR. BÉCHARD: Okay. It can be EPCM or it can be integrated. It can be any other way. This is management of the project.

So there's a trend where the owners are willing to push risk to contractor. They're willing to increase the size of the contract. And there's, I think, two goals that they are looking – is first get a better cost certainty, and the second one is to be in a position to lower their cost of management because it's really tough to staff a project.

To find the right people, the skilled people, with the experience and the competency to manage such a project, it's tough. This is probably one of the toughest tasks that any hydro project got in their hand. It's the same for BC Hydro on Site C, on Keeyask for Manitoba Hydro. Because I've been dealing with those owner, and it's tough to find the right people.

So when you push more scope to the contractor, then it become the contractor business to staff, and to deal with that. It can work but you got to be ready to pay the cost because if the contractor is taking more, and he's taking more risk, he's going to put money on it. Contractor are there to do profit. So – and this is always what I mention to the client in workshop: you got to be ready to pay the cost. If you're not ready, it's going to be tough.

MR. LEARMONTH: Yeah. So the bigger the contract – the more you try to push risk onto a contractor, the price is going to go up so that the contractor can cover the risk. Is that right?

MR. BÉCHARD: That's right.

MR. LEARMONTH: Yeah. And let's say if you go with a series of smaller – let's say you

have a billion-dollar contract and compare that to three contracts of \$330 million broken down. Are there any advantages to doing it that way?

MR. BÉCHARD: First of all – the first advantage is if – let's say to get a billion-dollar job to get done, you got three contractor –

MR. LEARMONTH: Right.

MR. BÉCHARD: – to get it done, compared to one contractor. If, for some reason, you got a contractor that fail, then you got two other contractor beside that can take over, or can split the scope and take over. So you got – it's more manageable when you got multiple contractor. You got to do more coordination, so it will cost you more money in project management, but on the other hand, you got leverage.

When you got one contractor, if this contractor, for some reason, is not performing, and decide to put his back to the wall, what do you do? You look and see. And when you look and see, costs just go up. And this is – and – still – because I don't like speaking about Hydro-Québec – but Hydro-Québec, for very few exception, will never give contract over \$150, \$200 million. Never. They want to have the control. They want to be in a position that if, for some reason, a contractor is failing, they are going to replace him without even a delay.

MR. LEARMONTH: Okay.

So is the – the bottom line of what you're saying is that the higher the contract price value, the less control that the owner has?

MR. BÉCHARD: Yep. To me, yes.

MR. LEARMONTH: Yeah.

The – and, of course, with the – if you have more contractors as opposed to one big one, the project management costs are gonna be up higher, aren't they?

MR. BÉCHARD: Yeah. They will raise.

MR. LEARMONTH: Yeah.

MR. BÉCHARD: But they will not raise that much, because again, you're speaking about 15 per cent of the total job cost – capex. So –

MR. LEARMONTH: Fifteen per cent, yeah.

MR. BÉCHARD: – it's – yeah.

MR. LEARMONTH: Yeah.

MR. BÉCHARD: You may go to 15 per cent, but you never – you will never go over 15 per cent if you got the right skill set.

MR. LEARMONTH: Okay. Thank you.

The – I wanna talk to – ask you some questions about schedule. Were you – did you have any concerns about the schedule? The target date was, I think, 2017. Did you have any concerns about that schedule –

MR. BÉCHARD: Oh, yes.

MR. LEARMONTH: – and – okay, what were your concerns, and when did you have the concerns? In what year and month, roughly?

MR. BÉCHARD: Oh, we start expressing those issue about this tight schedule in end of fall 2011, and then in 2012 when we finalized the final project schedule. It was a really tight schedule because – you know, Muskrat Falls is – the volume of cubic metre of concrete of this powerhouse is over 425,000 cubic metre. There's very few hydro project in North America that has been built that was having this amount of concrete. To my knowledge, there's two project having the same size of concrete: Limestone in Manitoba and LG-1 in James Bay.

And when we did the estimate and we did the schedule, we did compare our number to the number coming from Limestone and LG-1. And we were seeing that – see, the – and I'm just making or asking my memory to bring me back number – but my memory told me that, schedule-wise, the contractor had to do an average of 30,000 cubic metre a month pouring in place. That's a huge amount of concrete – mainly when you're in Labrador and almost six month of the year it's winter or almost winter.

And we expressed that, often and often. We were even having expert coming from BC that were expert in concrete, and they warn us. They say: guy, it's going to be a tough run to be able – let's say, on the 12-month duration, have 30,000 cubic metre of concrete pour every month? It's going to be tough. So it will be very interesting to know how much Astaldi did during the performance of its contract.

MR. LEARMONTH: Well, we have those figures but –

MR. BÉCHARD: Did he ever get to 30,000 a month?

MR. LEARMONTH: I don't want to be – I don't think there was an average of that, but anyway, I'll – I can show you that some other time.

MR. BÉCHARD: So, you see, we warn; we say, you should add a year and – but for some reason they were not listening – and they had their reason. You know, we're not involved in everything that was going in the background, so – and finally they decided this is the schedule and go for it.

MR. LEARMONTH: And what was your reaction to that, when you found out that they were sticking with this 2017 schedule?

MR. BÉCHARD: Oh, my reaction is: I hope you're going to have the right contractor to get it done.

MR. LEARMONTH: Now, what is the arrangement – or give us some information on the – on constructing, you know, pouring concrete and carrying on construction work in a site like Labrador in the winter. And I think the weather in James Bay would be comparable. Would that be a fair comment?

MR. BÉCHARD: Oh, this is –

MR. LEARMONTH: Yeah.

MR. BÉCHARD: – almost the same thing.

MR. LEARMONTH: Yeah.

MR. BÉCHARD: So winter –

MR. LEARMONTH: Well, you've lived in James Bay, so I want you to tell us what your experience has been with carrying on construction work, in particular pouring concrete in the winter.

MR. BÉCHARD: Well, like the strategy that they are using in James Bay area, first of all – and this is contractual. Any contractor that will do concrete work in James Bay on a powerhouse gonna have to build a temporary shelter right at the beginning. It can be on the full powerhouse; it can be at the powerhouse. This is their own strategy, but for sure, to be in a position to respect the – let's say, a 4- or a 48- or a 60-month schedule, you need a temporary shelter. Without it, no way, you will never succeed.

Because in Labrador, you start having minus zero temperature around mid-October and you got that below zero temperature up to mid-April. So you cannot have a good quality of concrete without having a shelter and be in the position to heat adequately the concrete.

MR. LEARMONTH: Yeah.

Now, what type of a shelter are you speaking of that you have had experience on and – or that you know has been used in James Bay?

MR. BÉCHARD: Oh, it was mainly a steel structure with a kind of wafer panel, so you can easily remove those panels if you need to pour or if you need to bring rebar or equipment or whatever.

So, it's quite – it's – first of all, it's a temporary structure. So, depending on the contractor's strategy, they may use that temporary structure to install a crane. So then it will be made stiffer. Or they may decide to – made it lighter, and then they will use a tower crane and they will use other type of crane. So it all depend on the contractor's strategy. But for sure they need a shelter –

MR. LEARMONTH: Okay.

MR. BÉCHARD: – because when you pour the concrete, it can be poured in an open area. But then you've got to cure the concrete. And curing the concrete is for a period of about a month – 14 to 27 days.

During that curing period, the weather got to be at least around plus 8, plus 10. The only way to do that is to have a temporary shelter.

MR. LEARMONTH: Yeah.

Now – so that’s common practice, in your experience, for the –

MR. BÉCHARD: Yeah.

MR. LEARMONTH: – northern climates.

MR. BÉCHARD: Oh, you know, at SEBJ it was not even common. It was compulsory. You’ve got to do a shelter.

MR. LEARMONTH: Yeah.

Now, you know that there was this – they called it – they didn’t call it a shelter in Muskrat Falls; they called it an Integrated Cover system. Did you know anything about that?

MR. BÉCHARD: No.

MR. LEARMONTH: Well, they put it up and then they had to take it down. It didn’t – you’re not aware of the problem?

MR. BÉCHARD: The only thing that I know is they tried to install a temporary shelter; it didn’t work and then they just removed it. That’s the only thing I know.

MR. LEARMONTH: Okay, very good.

MR. BÉCHARD: So...

MR. LEARMONTH: But that was good practice, just to – you said it was compulsory at James Bay was it?

MR. BÉCHARD: Yes.

MR. LEARMONTH: Yeah, okay.

And how high would these structures be? Like, how many –

MR. BÉCHARD: Oh –

MR. LEARMONTH: – feet or yards or whatever?

MR. BÉCHARD: – normally the roof of the structure should be high enough so you can run crane or pump inside. So, this is high. It can be 40 to 50 feet high, easily.

MR. LEARMONTH: Forty to 50 feet.

MR. BÉCHARD: Yeah.

MR. LEARMONTH: Yeah, ’cause you have to have room for the cranes, right?

MR. BÉCHARD: Yeah, yeah, yeah.

MR. LEARMONTH: Yeah.

MR. BÉCHARD: That’s right. Crane and pump. Because there – you either – you can use pump to pour concrete, but they use masts, and those masts, they need overhead. So –

MR. LEARMONTH: Yeah.

MR. BÉCHARD: – so to move.

MR. LEARMONTH: And you’ve actually seen this, right? I mean, you’re not talking about what you’ve – someone else has told you?

MR. BÉCHARD: No, I’ve seen it.

MR. LEARMONTH: You’ve been there?

MR. BÉCHARD: Oh yeah, yeah.

MR. LEARMONTH: Yeah.

And even with a temporary shelter in the winter, is there still a decrease in productivity compared to summer?

MR. BÉCHARD: For sure.

MR. LEARMONTH: Why?

MR. BÉCHARD: Well, because working in a shelter – this is more difficult because you need to bring formwork. Then you got to open a roof panel, bring formwork inside; then you close the enclosure. There’s a lot more work or manipulation when you work under a shelter, but we do factor that in in our estimate. So, we know that the productivity will lower down, but on the other hand, the positive effect is you

always have a continuous working area. So you don't stop. Because –

MR. LEARMONTH: But –

MR. BÉCHARD: – when you stop working – let's say you decide to stop working in December because you don't have a shelter. You're going to come back working there – earliest in June or July, because everything is frozen. The rock is frozen. Everything is frozen. And get that unfroze, takes a long time.

MR. LEARMONTH: Okay.

And I suppose, even with the winter, I mean, you can't do everything under the shelter. The batch plant is outside and moving the concrete to the temporary shelter – I mean, you can't do everything inside, right?

MR. BÉCHARD: Well, the batch plant got its own winter shelter.

MR. LEARMONTH: Okay.

MR. BÉCHARD: So this is not an issue.

MR. LEARMONTH: Right.

MR. BÉCHARD: And the concrete truck – normally they are using foam to insulate the drum. So, this is just standard practice working in north.

MR. LEARMONTH: And you've see it many times.

MR. BÉCHARD: Oh, yeah, yeah.

MR. LEARMONTH: Yeah.

MR. BÉCHARD: Still ongoing now.

MR. LEARMONTH: Yep.

MR. BÉCHARD: Even in Manitoba. So...

MR. LEARMONTH: Yep.

Okay, I wanted to ask you some questions about this – these systems: PM+ and PNDC. There was trouble –

MR. BÉCHARD: PDMC.

MR. LEARMONTH: There was trouble over that or conflict –

MR. BÉCHARD: Oh –

MR. LEARMONTH: – over the use of that?

MR. BÉCHARD: – yes, that's right.

MR. LEARMONTH: Can you describe that issue, please?

MR. BÉCHARD: Oh, yeah.

You see, in 2011, when SNC mobilized in St. John's and had to bring all those systems in, we had some gaps. And most of those gaps was because we were bringing people from SNC that were working in different division, like people from the Hydro division, people from the transmission line division or substation. And within SNC the PM+ system is not used across all the division, there's –

MR. LEARMONTH: Okay, what is PM+? What – just describe –

MR. BÉCHARD: PM+ is a project control system that has been developed by SNC over the year. They develop that in the early – late '70s, early '80s and they were – that system was mainly used on big project. Like the construction group, when they were having to do big project, they were using PM+. The mines and metal division within SNC, they were the one that develop most of the tool inside PM+.

Hydro division, they were using it but it was not across the board. It was on some project because on smaller project the costs of using those system is too high compare of the return.

So the issue that we were having is to have the right people being able to use the system or to train them. So it took some time. I'd say it took about six month to be up and running on the first module of PM+ because PM+ is a system that worked by module. When you do the engineering, you are using one module; when you start procurement, then you got the procurement module; and when you do construction, then you got the cost control

module, you got the contract management module and you got the document control module.

So you got to install those module as you go along and when you need them, so it doesn't need to be done right at the start. So – and this has been very difficult to implement because the client was looking to have everything up and running right now. And, in fact, it was not necessary to be installed right now; it had to be done by step. And, finally, we prepare a plan, we hand the plan to the client and we put the plan in place in 2012.

MR. LEARMONTH: So was there – was this a problem, the delay in putting the plan together?

MR. BÉCHARD: What do you mean by delay?

MR. LEARMONTH: Well, was there a problem? I understood that this was an issue between Nalcor and SLI, the use of this PM+ system. Have I got that right?

MR. BÉCHARD: There has been so many issues that I don't know to what you are referring. But just so you know, to my knowledge they are still using that system.

MR. LEARMONTH: Okay.

MR. BÉCHARD: So –

MR. LEARMONTH: All right.

Now, at this – I'd like you to describe your role. You told us that you had expectations, that you would come in and you would be the top person in terms of the building of the generating facility and perhaps other parts of the project. Is that correct?

MR. BÉCHARD: Not only the generating facility. I was – I got in to be the general manager of Muskrat substation and transmission line.

MR. LEARMONTH: Everything.

MR. BÉCHARD: Everything.

MR. LEARMONTH: Except SOBI.

MR. BÉCHARD: Except SOBI.

MR. LEARMONTH: Yeah. Okay.

Now, obviously, that didn't pan out or it didn't happen. How did you – as – after you got – let's say during 2011 and 2012, okay, how did you understand your role and your authority?

MR. BÉCHARD: After a short while I saw that my role should be to support the project execution as much as I can. And I'd been having a lot of discussion with the client about that, and this is exactly what I decide to do because I decide either than fighting against them – which I could have done – I decide I will not fight, I will just make myself available in a collaborative way and bring the best of myself to the project.

MR. LEARMONTH: Okay.

Did – okay, so were you happy about this role that you were playing?

MR. BÉCHARD: It depend when, because 2011 I was still managing the SLI's team. And then starting early in 2012 the client start doing more of my tasks in procurement – they start by the procurement. Slowly, they took over and then they took over the early works execution on site. And then – this is in the spring – and then by the late spring it was clear –

MR. LEARMONTH: That's 2012 you're talking about, is it?

MR. BÉCHARD: 2012.

MR. LEARMONTH: Yeah.

MR. BÉCHARD: It was clear that I was no more managing anything except the engineering execution which I did.

MR. LEARMONTH: Yeah.

MR. BÉCHARD: This is what you're looking at me; this is what I'll do. So then, my only focus from spring 2012 was to manage the engineering execution parts straight to the workshop, bringing my advice as much as I can and that's about it.

MR. LEARMONTH: Okay, well, what authority did you have?

MR. BÉCHARD: The only authority I was having was about the performance of the engineering. That's it.

MR. LEARMONTH: So were you consulted by any of the other project team members?

MR. BÉCHARD: Sometimes.

MR. LEARMONTH: Yeah.

But I just – I guess the point is this – I'll come right to it: You, of all the people there, as I understand, is the one who had the most experience in project management for a hydroelectric facility. Is that a fair comment?

MR. BÉCHARD: I think this is a fair – yeah, this is a fair assessment.

MR. LEARMONTH: Yeah.

But – so why wouldn't you have been more involved in the – you know, the management of the hydroelectric facility? Like, I understand it was Scott O'Brien was put in charge of that and he had no experience. Can you explain this?

MR. BÉCHARD: The way I can explain that is when they decide to push SLI out of the EPCM and they decide to put the integrated team in place, they were looking to have people from Newfoundland driving the show. There was very, very few SLI employee having a management role. It was either Scott O'Brien, Darren DeBourke, Kyle Tucker, Jason Kean, Ron Power that were in the top of the pyramid and they were the one to whom we had to report.

So everything – they were giving us instruction and we were going along as per their instruction.

MR. LEARMONTH: Okay.

Now, there was a – you had a gentleman working – I believe he was a construction manager – Gervais Savard, is that right?

MR. BÉCHARD: Yeah.

MR. LEARMONTH: Yeah. And he – during the early works, in 2011, can you explain the situation with him?

MR. BÉCHARD: To get to that – to there, I will need to build the story about Gervais.

MR. LEARMONTH: Okay. Go ahead.

MR. BÉCHARD: Okay.

So first of all, Gervais is a seasoned construction manager – having more than 40 years experience. He had been part of the James Bay phase 1 and James Bay phase 2, and he was one of the construction manager on my Eastmain-1-A project. He was the – he was in charge of the Rupert diversion, which end in 2009.

So – and Gervais had been working in Israel and in Jamaica for big owners, dealing with big projects. So Gervais was having a really wide experience. So Gervais had been hired by SNC to come in St. John's early in 2011, probably June or – May or June of 2011. So when I came in St. John's in July, he was already there, and I knew that. I knew that I was having a guy like Gervais to be part of my team – which was important to me, by the way.

MR. LEARMONTH: Why was that?

MR. BÉCHARD: Because the guy was having the necessary experience to manage a site like Muskrat. He spent his life managing remote site, managing – what means a remote site because – when you got to manage a remote site, you got worker that are on rotation. They – you – you are giving, to those worker, room and board. When they work, there's no issue; at night you may have some issue with drinking, with drugs, whatever.

So you need someone that drive the site which got a really tough hand but capable to just keep the – a good sense of where your authority is and what slack you can give to the worker, okay? And Gervais was having that. He was having that experience and he knew exactly what was his role as being a site manager.

So this being said, in Gervais's head, it was clear that he has been hired to be the site manager at Muskrat, but as we were going along – and in

2011, Gervais was working on site procedure on template to – because you need template to manage the contract and to manage everything that was going on. So Gervais was working on that.

He did work with me on the MFL to build the EPCM cost, so I don't know if you ever heard about MFL. An MFL is a man forecast loading [sp. manpower forecast loading]. So this is a chart where you put all the position that you need to fill, you spread it in time, and that give you the number of year, person you need. You put salary on top of it and then you know how much it will cost to manage the job.

So about Muskrat, this is Gervais that did his own MFL that we put in the EPCM estimate. But suddenly, early in 2012, when we were heading to start the early work, Scott O'Brien decide that Gervais would not go to site and they will hire someone to drive the site.

So imagine a guy who got more than 40 years of experience driving a site being told that he is going to stay in St. John's. So Gervais was quite frustrated about that, but on the other hand, he played the game because he is a good player. He knew that I was needing him, that SNC was needing him, so he did play the game.

Then Nalcor, with their execution strategy, decide to hire a site manager and the name of the guy is Mark Dykeman. Mark is a fair man, is a good man, but Mark didn't have the Gervais experience about driving a remote site. So they hire Mark; they bring him in Happy Valley-Goose Bay and they make him the site manager. And under Mark, there was an SLI guy, which I don't remember the name, that was directly reporting to Mark and was taking care of the coordination on site, which was very frustrating when we knew about that strategy is – it was clear that this was no more an EPCM, because in the EPCM contract, it's clear that the position in authority on site was the EPCM contractor, having a mirror on their side to oversee what was going on and both were working in collaboration. This is not what they put in place. The site manager was client employee. So they really start there to change the game. It was a clear call.

MR. LEARMONTH: And what experience did Mark Dykeman have on hydroelectric projects?

MR. BÉCHARD: I don't know. Probably the only experience he got is the time that he spend in Happy Valley-Goose Bay.

MR. LEARMONTH: Yeah.

And Gervais Savard had 40 years?

MR. BÉCHARD: Oh, more than 40 year.

MR. LEARMONTH: Okay.

Now there was a – there's been evidence that, you know, generally that Nalcor was not – was dissatisfied with the work of SLI – not the engineering work but all the work – the management and so on. And that's – well, it's one of the reasons why it was changed from an EPCM to integrated management. But to your knowledge, was SLI ever put on notice of default for poor performance?

MR. BÉCHARD: If we had been – if SLI has been put in –

MR. LEARMONTH: Yeah.

MR. BÉCHARD: – notice of default?

MR. LEARMONTH: Yeah.

MR. BÉCHARD: To my knowledge, never.

MR. LEARMONTH: Never. Okay.

Now, at your interview, you gave some evidence about the problems you had filling the positions that had been held by, I think, Don Mode, Stan Wynne, Laird Paton and Ian Hendry? Do you recall that?

MR. BÉCHARD: Oh yes, I recall that for sure.

MR. LEARMONTH: Okay. Could you give us some information on that, please?

MR. BÉCHARD: Okay.

So Ian Hendry was the procurement – SLI procurement manager.

MR. LEARMONTH: Okay. When?

MR. BÉCHARD: Early 2011.

MR. LEARMONTH: Okay.

MR. BÉCHARD: Okay. Seasoned guy. He knew Newfoundland because he has been working on Hibernia. When he was on Hibernia, he – Pat Hussey was reporting to Ian Hendry. So they knew each other, those two guy.

So – but Ian was not a young man – was quite old.

MR. LEARMONTH: It's Ian Hendry, is it? Ian?

MR. BÉCHARD: Hendry.

MR. LEARMONTH: Yeah.

MR. BÉCHARD: Ian Hendry.

MR. LEARMONTH: Yeah, okay.

MR. BÉCHARD: And unfortunately, I don't remember exactly when, but his wife pass on. So, when it happened, then Ian just went out from St. John's and never come back.

So, I can state that if we have been patient and wait a few months he will have been willing to come back, but Pat was not willing to have him back in St. John's.

MR. LEARMONTH: Was there a reason for it, to your knowledge?

MR. BÉCHARD: They never, for some reason, give us any reason.

MR. LEARMONTH: No reason.

MR. BÉCHARD: No reason.

MR. LEARMONTH: Okay, and what about Laird Paton?

MR. BÉCHARD: Laird was supposed – Laird was a construction manager –

MR. LEARMONTH: An SLI construction manager?

MR. BÉCHARD: Yes.

MR. LEARMONTH: Yeah.

MR. BÉCHARD: SLI construction manager, having a lot of experience – another 35, 40 years. Unfortunately, during the Christmas vacation period in 2011, he had big issue with his heart. So, even today, Laird cannot work anymore.

MR. LEARMONTH: Yup.

MR. BÉCHARD: So –

MR. LEARMONTH: So, was there a problem filling his position?

MR. BÉCHARD: They never asked to fill his position.

MR. LEARMONTH: They never asked.

MR. BÉCHARD: No.

MR. LEARMONTH: Okay, well just a couple of more.

What about Stan Wynne?

MR. BÉCHARD: Stan was the project control manager. He was coming from the Calgary office and he was having oil and gas experience because he's still in oil and gas today.

Stan got also sick. He went to the hospital. He spent two weeks in the hospital, almost pass away, so he decided to go back to Calgary and – you know, it was tough to work in St. John's, hey? Every day it was fight –

MR. LEARMONTH: Okay, first explain that.

What do you mean it was tough to work in St. John's?

MR. BÉCHARD: Every meeting we were having, we were blamed; we were – finger point that: you're not doing that, you should do that. They were asking –

MR. LEARMONTH: They – you mean Nalcor, right, the PMT?

MR. BÉCHARD: The client.

MR. LEARMONTH: Yeah, yeah.

MR. BÉCHARD: Okay?

They were asking things to Stan that – for him it was inadequate, but since they had the right to refuse or accept, they were refusing the plan. So, Stan was coming in my office saying: Hey Norman; this is stupid. This is the right way to get things done. Yes, but the client – this is – they're looking for other thing.

So, then we are proposing what the client was looking for, and then they were accepting the plan. So, it was stressful. So, when someone got sick, it can be – it can come from too much stress combined with poor quality health, so when this sickness happened to Stan and he got the approval from the doctor to go back to Calgary, he refused to come back.

MR. LEARMONTH: Okay, well – so was there any feeling of collaboration in the office, say, in 2012?

MR. BÉCHARD: 2012, very few.

MR. LEARMONTH: Okay, so was it a stressful atmosphere?

MR. BÉCHARD: Oh yes, that's right. It was really stressful at Muskrat.

MR. LEARMONTH: Okay.

Did you have any – I understand from your transcript that you had a meeting where Paul Harrington was there and you had a bit of a confrontation with him. Is that correct?

MR. BÉCHARD: Can I say confrontation because – okay. So one morning me, Nick –

MR. LEARMONTH: When was this? What –?

MR. BÉCHARD: Oh, you know, I don't remember when. It's probably in spring 2012.

MR. LEARMONTH: Okay.

MR. BÉCHARD: Somewhere like that, okay? We received really early in the morning a

meeting call to – in the war room, because there was different conference rooms and we were having a small room that we called the war room. And me, Nick Gillis and Ed Over been called to attend a meeting with Paul, Ron Power, Jason Kean, Pat Hussey was there. I don't remember who else was there.

And in this meeting called, they were referring to kind of a comic little (inaudible) but you know, to me it was not meaning anything, so I asked Nick Gillis what means that – what they referred to and even Nick wasn't able to tell me.

So, finally we decide to go to that meeting; they closed the door, then Paul stood up and starts bullying us: You're incompetent –

MR. LEARMONTH: Who did he say was incompetent?

MR. BÉCHARD: Everyone that was in the room. So, me – having 40 years of experience; Ed Over that has been the head of procurement – that was 40 years of experience. And Nick Gillis – that was at least 25 years of experience.

So, he was bullying us, telling: You're incompetent; you will not be able to get the job done. I'm not satisfied. And he was yelling, yelling. Disrespect. Full disrespect.

So, after five minutes, I just try – say: Hey, Paul, hold on. Just calm down. Just tell us what is going wrong and we are going to have a talk. But – no way; he was keeping yelling.

So then I look to Nick, I say: We go – we don't – we are not going to stay here being bullied by this man. So, me and Nick, we just stood up and, well, that's it. And we went out of the office for the day. Unfortunately, Ed Over, for some reason, didn't follow us. He stayed there. So – but anyway the meeting was – since we were not there, the meeting was over.

So – and then I called my EVP and I told them if it ever happen, I will resign. So settle that; because I will never accept anymore to be bullied by anyone in this project.

MR. LEARMONTH: Yeah.

And so did your boss make arrangements through calling people at Nalcor so –

MR. BÉCHARD: Yeah.

MR. LEARMONTH: – that this never happened again?

MR. BÉCHARD: Oh yeah, yeah it happened.

MR. LEARMONTH: He did?

MR. BÉCHARD: And I've never been bullied after, never.

MR. LEARMONTH: Okay, were you bullied before that?

MR. BÉCHARD: Not bullied. Being treated without respect, yes. But not bullied.

MR. LEARMONTH: Okay, who would have treated you without respect, in your opinion?

MR. BÉCHARD: Like, Pat Hussey was not an easy guy. Sometimes he was making some statement that was not really fair. Sometimes Darren DeBourke, Scott O'Brien. So – but you know, it was the atmosphere in the place. So, you lived with it. So...

MR. LEARMONTH: Have you ever experienced such a work atmosphere?

MR. BÉCHARD: Oh yeah, yes.

When I started working in the early – late '70s, early '80s, construction site – it was going this way: bullying, disrespect. But, you know, really young in my career I never let people being disrespectful to me. Never.

MR. LEARMONTH: Okay.

Now, there was a – I believe you had a gentleman on your team, Serge Guerette –

MR. BÉCHARD: Yes.

MR. LEARMONTH: – who was terminated in August or September 2013, is that correct?

MR. BÉCHARD: Mm-hmm.

MR. LEARMONTH: Can you tell us a little bit about Mr. Guerette's termination?

MR. BÉCHARD: Mr. Guerette's termination happened – I was in my office and then Paul Harrington just got in, closed the door, sat on the chair and look at me and say: We are going to dismiss Serge. I say, what? Why? Oh, we don't have to give you any reason for it.

So – but the only thing he told me: Serge got to go and he got to go by the end of the week. I don't remember exactly what date it happened, but it was probably the beginning of the week. And then Paul told me we are going to send you a notice, a written notice, to dismiss Serge. And this is what we did. But –

MR. LEARMONTH: Why did you do it?

MR. BÉCHARD: Why we did it?

MR. LEARMONTH: Yeah.

MR. BÉCHARD: Oh, because the contract is clear: they can do it. And the day that they are doing it, they are stopping to pay the revenue attached to the hour that this person is doing. But something which is – because, again, I should bring context around Serge Guerette.

We had to replace Stan Wynne and another guy, Mahmoud Berjaoui, that has been doing the interface, okay, in between Serge and Stan. And we finally been successful to bring Serge Guerette on board because the guy, when he accept to be mobilized in St. John's, was working on a big project in Australia. Nice weather, nice people, everything was going really well for him. So – but I was having a good contact. I knew his boss in Australia and I was having a good relation with his boss. The project was going well, he was able to let him go. So finally we succeed to get an agreement with Serge to come in St. John's. Can you imagine how much it cost to bring a guy from Australia to St. John's? Cost a fortune.

But the process to bring Serge aboard has been a straightforward process. We brought the CV, we presented the CV to the client, the client looked at the CV. I think they did at least one, if not two interviews. Not face-to-face – Skype interviews. And finally they declared that they were

satisfied and they were – commit that the guy was having the right skill and the right experience to perform the job.

So we bring Serge in the project, and so you can imagine when Paul told me: Get rid of him. Geez, what the hell is going on? You got here a senior project control manager having experience on big, big project, and you're getting rid of him? So the end result of that is we did demobilize Serge out of the project, but we brought him in the local office of BAE-Newplan, and he work out of there. So he was still supporting me and supporting the project, but not being located in the project office.

MR. LEARMONTH: All right.

How old was Serge, roughly?

MR. BÉCHARD: I'd say late 50s, early 60s.

MR. LEARMONTH: Yeah. And do you know the reason why he was terminated?

MR. BÉCHARD: It seems, but it never been confirmed, that Serge was having meeting with his team on a regular basis, every week or every two week. And in that period of time there was a lot of change, and the integrated team was getting more and more in place. And it seems that in a meeting that Serge was having with his team, he mentioned word that was not align necessarily with the – with what the client was considering being in a collaborative way with the integrated team.

And there was someone in his team – because his team was made of SLI people and the client people, and there was someone on the client side that was not very happy about what Serge been said, and he reported that to Paul and then Paul react and say: Kick him off.

MR. LEARMONTH: What did he say? Do you know? Was it reported to you that he said, I know you –?

MR. BÉCHARD: I – you know, it's funny because I asked to get HR to do an investigation on what has been said, and they refused.

MR. LEARMONTH: Nalcor HR refused?

MR. BÉCHARD: No, Paul refused.

MR. LEARMONTH: Oh, Paul refused.

MR. BÉCHARD: Yeah.

MR. LEARMONTH: Okay.

MR. BÉCHARD: I asked Paul: Hey, let's see. We're not going to kick a guy of that experience and that expertise out without having a clear idea on what had been said. He said: No, kick him out.

MR. LEARMONTH: And that's it?

MR. BÉCHARD: That's it.

MR. LEARMONTH: Okay.

THE COMMISSIONER: Is this a good spot to break for lunch now?

MR. LEARMONTH: We can –

THE COMMISSIONER: I just looked at my watch, I realize it's 25 to 12 – or 25 to 1.

All right, we're adjourned until 2 o'clock.

CLERK: All rise.

Recess

CLERK: All rise.

This Commission of Inquiry is now in session.

Please be seated.

THE COMMISSIONER: All right, Mr. Learmonth.

MR. LEARMONTH: Thank you.

Would you, Mr. Béchard, please give us some information about your recollection of the implementation of the integrated team, how that was carried out?

MR. BÉCHARD: Yes, I can.

Okay, this implementation starts somewhere in spring of 2012 where it has been really clear that

it was no more an EPCM contract. So, regularly, every two – let's say every quarter, we're having a sponsor meeting with a client and with my boss. And at one of those sponsor meeting, the client (inaudible) the situation where they are transferring to the integrated management team and asked the full collaboration of SLI to put that in place.

And then they were looking to – for some mean to bring all the people together and work more as a team either than SLI and the client team. And then it has been decide to hire consultant Deloitte to get involved, assess the situation in the project office.

MR. LEARMONTH: Okay.

Just – can I just say, like, why would – okay, so there's integration, you're all adults. Now, why do you have to have a big company like Deloitte come to tell you how to, you know, carry this out? What is the debate?

MR. BÉCHARD: Why Deloitte?

MR. LEARMONTH: Well, I'm not picking on Deloitte; I'm just saying why do you have to bring an outside company in to give your advice on this?

MR. BÉCHARD: Oh. Either I forget the why. I think it has been a discussion in between Scott Thon and Gilbert Bennett on bringing someone from outside to have to do a neutral assessment –

MR. LEARMONTH: Yes.

MR. BÉCHARD: – of the atmosphere in the office.

MR. LEARMONTH: Because at the time the atmosphere was not good. Is that right?

MR. BÉCHARD: The atmosphere had never been good.

MR. LEARMONTH: Ever?

MR. BÉCHARD: So it had never been good. So – and this being said, the client was looking to find a way to improve this atmosphere. And mainly, also, since they were implementing the

integrated team, they were really concerned on improving the way that people were working together.

So they – Deloitte got a mandate. They brought expert from Newfoundland, from Toronto. They made an assessment. We had meeting. We – they did interviews of people and they built a report and with a status at that time of the report. And they brought solution out to improve the status, so to bring that status at a more adequate level for a project team to be successful in performing the project.

So the report that has been issued was clearly showing that the atmosphere was terrible. People were abused, disrespect. So then they decide to organize meeting with people with natural team, and having counsellor driving those meetings so to get the people to speak about what was going bad and which way to bring that on track. This exercise probably been going for a month, two.

And then, this being done, the client decide, with my management, to organize a big town hall where everyone was there: everyone from the client, everyone from SLI. Even SNC's people, manager from the local office BAE-Newplan were involved in this big town hall.

I remember that Gilbert Bennett was there.

MR. LEARMONTH: Where was it?

MR. BÉCHARD: Beg you?

MR. LEARMONTH: Where was the town hall?

MR. BÉCHARD: It was, I think, in the Holiday Inn here –

MR. LEARMONTH: Okay, yeah.

MR. BÉCHARD: – in St. John's.

MR. LEARMONTH: Yeah.

MR. BÉCHARD: If I remember well.

MR. LEARMONTH: Right.

MR. BÉCHARD: And then – and the purpose of this town hall was really to show to everyone

that was part of the project team that the management in front of them – because we were on the stage – was aligned and was having the same goal to build a strong team, and do everything necessary to be successful.

And, by the way, me and my boss did commit with the client that we are going to support them in this exercise.

MR. LEARMONTH: Was that Bernard Gagné?

MR. BÉCHARD: Bernard, Scott Thon, myself, we clearly commit that we are going to support them in this town hall.

MR. LEARMONTH: Was this – was your expression of support sincere?

MR. BÉCHARD: Yes.

MR. LEARMONTH: Yes, yeah.

MR. BÉCHARD: Oh, yeah. Yeah.

MR. LEARMONTH: Yeah.

MR. BÉCHARD: Oh, yeah. It was sincere.

MR. LEARMONTH: Yeah.

MR. BÉCHARD: So, the town hall happen. And everyone of us was having to do a short speech on what was required to be successful, what support we should do, how people should work in a collaborative way, so to improve the overall atmosphere within the project office.

They ask people in the room to stand up and bring comment, whatever they were willing to say. I just remember an assistant, administrative assistant that was SLI – and she was from the BAE-Newplan office – standing up and telling clearly that she was not believing, for her – and I'm choosing the term – this was full bullshit. This is exactly –

MR. LEARMONTH: She said that?

MR. BÉCHARD: Oh yeah, she said that.

MR. LEARMONTH: Okay.

MR. BÉCHARD: But this woman was funny woman. And she was always expressing what she was feeling, like she was thinking. So, and people were laughing. But I know that some people were not really happy about her expressing freely her feeling, but it was fun.

MR. LEARMONTH: Yeah.

MR. BÉCHARD: So the meeting – overall, the meeting went well. I think – oh, something that should be said about this meeting is from the client side, Gilbert, Paul, I don't remember if Ed came, maybe just pass a few minutes – everyone from the client side at this meeting, which is amazing. Because this is not aligned with what I'm hearing since you start the Commission – that SNC was doing a really good job, a world-class engineering, and they were really satisfied of what was going on.

MR. LEARMONTH: That's what they were saying at the meeting?

MR. BÉCHARD: Yes.

MR. LEARMONTH: At the town hall?

MR. BÉCHARD: Yes.

MR. LEARMONTH: Yeah.

MR. BÉCHARD: So – to me, it's a shame to hear that SLI hasn't done the right job, because this is not what they state in that meeting.

MR. LEARMONTH: Okay.

Who said SLI was doing world-class engineering at that meeting?

MR. BÉCHARD: Paul, Gilbert –

MR. LEARMONTH: They all did?

MR. BÉCHARD: Yeah.

MR. LEARMONTH: Both of them?

MR. BÉCHARD: Oh, yeah. Yeah.

MR. LEARMONTH: Yeah.

MR. BÉCHARD: Yeah.

So then we conclude on this meeting, we had, I think, a small bar and people were able to chat. And so, that afternoon went really well. And then – that has been really the real kickoff on implementing the integrated team.

But then things start going really, really bad, because then they put their new structure in place, SLI manager has been pushed out of their office because it was –

MR. LEARMONTH: You mean, literally pushed out of their office? Like, they were removed from their office?

MR. BÉCHARD: Oh yeah, yeah. Even myself. I was having, on the project side – because in this office, there was three wall – two wall. One side of the wall was the client, in between was SNC and the other side, it was a mix of SNC and the client people. I was having the tallest office in the building.

MR. LEARMONTH: The biggest one?

MR. BÉCHARD: The biggest one, yeah.

MR. LEARMONTH: Okay.

MR. BÉCHARD: And one morning Paul came to me and say: Hey, Normand, by the way, we are moving you out of your office. You are going to occupy a new office in between Ron and Jason since you are going to be working more closely with those two guy. And he just tell me: You go there and I'm going to take your office.

So when he did that, I just – see: Jesus, you sending a message that I am no – a clear message that I am no more the project manager of this project. To me, the message was clear. And even the people came to me, the SNC people, came to me and say: You got a clear message, Normand. So now you're an advisor no more. So, which was the case.

But it didn't stop only about me. There's many SLI manager that were having close office that been pushed out in a regular office. And they put – they placed client manager in those office just to show that they were taking over. It was clear taking over.

MR. LEARMONTH: And when was this approximately? When would – when did you move?

MR. BÉCHARD: I'd say, it's probably by the end of spring 2012, beginning of summer.

MR. LEARMONTH: Okay.

MR. BÉCHARD: Something like that.

MR. LEARMONTH: So you were out the door for your office?

MR. BÉCHARD: Yeah.

MR. LEARMONTH: Yeah.

MR. BÉCHARD: Yeah.

MR. LEARMONTH: Okay.

There – another topic that I wanted to bring up was the – did you finish? Did you have anything more to say?

MR. BÉCHARD: What else about that?

MR. LEARMONTH: Well, did – at that point, when you were getting – when you left your office, around that point, did morale change? Did it stay the same? Did the atmosphere get better? Did it get worse? Just give us some information on that, at this time.

MR. BÉCHARD: I'd say, it's variable. Some group start really working well together. Other group were having difficulties working together. So – but, you know, this is just normal, because when there's a big change like this and you see someone – because people were seeing somebody not having their experience, being obliged to report to. So, for sure, there was some people unsatisfied. But there were also people that was just going along with that and there they were satisfied about it. So –

MR. LEARMONTH: Okay.

MR. BÉCHARD: – it has been variably changing.

MR. LEARMONTH: But you have experience on a big project.

Now what affect does morale have on, you know, the progress of a project? I know that's a very general statement, but can you give us any information on that? The morale of the team.

MR. BÉCHARD: You know, a project got a start and a finish date, okay. So people that are used to work on project, they know that the – there will be a period where there will be a lot of hiring, staff will go up and after a certain period, then there will be layoffs. So people that are used to work on project, they don't really bother about those type of reorganization. I was having more issue with the people working in engineering because the people working in engineering, normally they got a steady-state situation. They do their job; they are not facing any reorganization because they're doing the design.

But, unfortunately, the way that the client was managing, they had to face those change and their morale was really affect. And, by the way, there's many design manager that few – let's say few weeks or month later they just announce that by that date they will be gone out of the project and they asked to be assigned on other project.

MR. LEARMONTH: Did they ever give reasons for that?

MR. BÉCHARD: Oh, because they were not agreeing with what's going on. So just give you few name; Luc Turcotte, who was the design manager for the component 1, he decide to resign – he asked to be relocate and finally we relocate him in BC on another project. And there has been a few like Luc that asked to clearly quit. Another one is Luc Chaussé, who was the C3 manager. He just decide to resign and he went home.

MR. LEARMONTH: Did he tell you why he resigned?

MR. BÉCHARD: Oh, yes, he told me why. Luc was reporting to the C3 client manager whose name is Darren DeBourke. And Luc and Darren was having personality adverse; they were not going along.

Luc is a big expert in his discipline and – which is electrical, and Darren was a mechanical

engineer who do not understand anything about DC voltage. And so in no – and Luc was a guy that knew exactly where he was doing and Darren was always by the back, changing what Luc was managing to get to. So Luc – he's got more experience than I have and he just decide I'm not going to suffer that, I'm leaving. So –

MR. LEARMONTH: He told you that, did he?

MR. BÉCHARD: Oh yeah, he told me that. He told that also to Ron Power because Luc was having good relation with most of the people in the office and very bluntly and honestly he just said: I got enough; I'm not going to suffer that anymore. I'm leaving.

MR. LEARMONTH: Okay.

Now, can you tell me anything about assignment of personnel to Labrador?

MR. BÉCHARD: Oh, that's a tricky subject. So when the project started going on the earlier works, and then the – they had to staff the site, and this is mainly under Scott O'Brien, component 1 manager. They were needing people on site.

And the way that SLI propose the strategy on staffing the site, the intent was to staff the site with different people than the people that were working in St. John's because people working in St. John's were mainly designer. And site doesn't need necessarily to have designer, they need people that can verify if the design has been – the work has been done as per the design. But they don't need to be designer.

But Scott, for a reason that I don't know, decide to staff a portion of the site with people that were in St. John's office. And most of those people that were in the St. John's office was assigned there with assignment condition. The – many of them had moved in St. John's with their family, wife and kid – the kid at school, the wife sometimes were working. And then one day, Scott or someone else was going to them and say tomorrow you go to the site.

And then people – that person was saying, yeah, but this is not my assignment condition. I can go to the site for a couple of days, for a week, for two weeks, and then I'll be back in St. John's.

He said, no, you are going to be full time assigned to the site. So, yes, but what do I do with my family, with my wife?

So they were not bothering about that, this is your issue. We're not going – you go to the site starting tomorrow. This is – that's – you don't have any call on – to do on that. So –

MR. LEARMONTH: Just hold on now. What if someone had children in school or something like that, you know, in St. John's? How is that feasible or possible?

MR. BÉCHARD: Everything is feasible when you hold people by the neck and say either you don't have choice, you go there. Those people, they need revenue, they got family, so they were just pushed to the wall and you go to the site starting tomorrow. You don't have a word to say and that's it, this is our decision. They did that for many, many people.

MR. LEARMONTH: Scott O'Brien.

MR. BÉCHARD: But not only Scott, Darren did that also.

MR. LEARMONTH: Darren DeBourke?

MR. BÉCHARD: Yeah.

MR. LEARMONTH: Anyone else?

MR. BÉCHARD: It's funny because in C4, which is the transmission line, the manager that was managing the C4 was not acting like that at all. He was –

MR. LEARMONTH: That's Jason Kean?

MR. BÉCHARD: No, it was – Jason was later on. Earlier it was – I don't remember the name, but this guy was a fair guy. He was not pushing anyone; he was just trying to get things done and get things done correctly. So he never push anyone to the site.

MR. LEARMONTH: Okay.

So if one of these people that were instructed to go to the site, if they said, no, I'm not going, what –

MR. BÉCHARD: They are going to be dismissed.

MR. LEARMONTH: Okay.

Now, could you speak about the SLI scope change from 2012 onward?

MR. BÉCHARD: Okay.

So, you see, very early in 2012 it was crystal clear that the client was moving to an EPCM model, to an integrated team model. And we clearly notified the client – I sent a letter – stating that: Hey, client, this contract is saying so, you're changing it, now we're going to have to sit and discuss about that change, which, in the early 2012, they refuse to discuss about it.

So they just put in place the integrated team, starting – we just sign off an amendment and the amendment is stating that starting in April 2012 this is the integrated team. But this being said, it means that the only focus and the only responsibility of SNC-Lavalin then is engineering, that's it. So – but the contract has been built with the liability as a full EPCM and we were trying to discuss about those liability and they were refusing to discuss about those. So has been always something over our neck that was there and we knew that they were in a position to heed strongly SNC about those liability.

So many, many time we tried to renegotiate the contract and bring clarity about the new scope, and the SLI just succeed to get the amendments signed two months after I retired in August 2017. So, imagine, five years with a huge scope change and nothing in writing.

MR. LEARMONTH: Yeah.

Okay, I'd next like to turn to the subject of the April 2013 risk report. You're familiar with that?

MR. BÉCHARD: Yes.

MR. LEARMONTH: Yes and I'll just – I'm not going to – you know what's in it, I don't want to go through it with you in detail.

MR. BÉCHARD: If you –

MR. LEARMONTH: I can refer to it; it was entered actually probably in a few occasions.

MR. BÉCHARD: Well, I don't need to go to the exhibit.

MR. LEARMONTH: No, I'll just refer to it – it was entered yesterday under Mr. Card's documents – P-01811. There's other times where it's been entered.

MR. BÉCHARD: Yeah, good.

MR. LEARMONTH: But, anyway, can you tell me how this – the background for the preparation of this risk report. Who was involved, what was the purpose of preparing it and who did the work on it?

MR. BÉCHARD: Okay, here again, I think I got to clarify why we got there and I got to bring the context.

In 2013 everyone knows that SNC was having a lot of issue with the World Bank. They made a change to the structure of SNC and they brought a new CEO who was Bob Card –

MR. LEARMONTH: Yeah. So just so people know, that was the trouble with the foreign payments and so on, is that right? You're talking about the World Bank?

MR. BÉCHARD: Yeah, yeah. That's right. Yeah.

MR. LEARMONTH: That was the trouble, yeah.

MR. BÉCHARD: Yeah. At that time it was mainly the debar by the World Bank, okay?

So Bob Card, when he came aboard and having to put a plan in place so to show to the World Bank that SNC –

THE COMMISSIONER: One second, I'm sorry.

Good.

MR. BÉCHARD: So he was having the task to put a plan in place so to show to the World Bank that assign a full-time monitor to the SNC's

organization that SNC was putting everything in place so to avoid to be caught in any future issue like they were having in the past. So it means reviewing and amending policies, getting compliance rule, all those thing.

So this being said then, Mr. Card, since he was coming from the big project management world, bring with him best practices. And one of those best practices was to assess risks on big project that a company like SNC may have. And the purpose of assessing those risk was also to better control the exposure of the company.

So they had a meeting in the spring – sometime in the spring – with the upper management where they made presentation to the upper manager of those new policies and rules stating that we – every big project got to do a risk assessment – corporate risk assessment. And at the time my boss was Bernard Gagné, and a few days after that meeting he phoned me and say: Normand, you're going to have to do a corporate risk assessment as per the new policies. I say, okay. So – but – and he also told me that accordingly to the risk procedure, that this assessment got to be done by a third party which is independent of the project to make sure that this is a neutral assessment.

So, this being said, I discussed with Bernard and I said: Okay, fine, I'm going to take care of that. Don't worry about that and I'm going to have a discussion with the mines and metallurgy group which, first of all, they were having a full-time risk manager and they were also having a full-time risk management team.

So I got a meeting with one of the EVP and I ask him if he was in a position to help me doing this assessment. And he told me: Yes, Normand, no issue (inaudible) we are going to help you getting it done. So he assigned a risk manager. You know his name because he's the one that signed off on the document. This is Michel Mackay.

MR. LEARMONTH: Yes.

MR. BÉCHARD: So he just told me Michel will call you back and deal with them and another VP, Mark O'Connor, so to get the assessment done. So I got in touch with Michel. Michel proposed me the plan to get the

assessment done. We agree on the way, we agree on the people that were going to be participating to the assessment so to make sure that the expertise of those people was a combination of hydro and non-hydro, okay?

And then we started doing the assessment. It took probably a month, month and a half to get it done.

MR. LEARMONTH: Yeah.

MR. BÉCHARD: And –

MR. LEARMONTH: There was a two-hour Skype meeting, I think, that J. D. Tremblay said that took place.

MR. BÉCHARD: Yeah, it was the kickoff.

MR. LEARMONTH: Yes.

MR. BÉCHARD: So, yes, we did a Skype meeting from the St. John's office outside the working hour because one of my concern that I was having, I was never willing to be blamed by the client that we were doing such exercise on our working time because since they were paying us. So I just make sure that we – all the exercise that was implying people assigned to the project were outside the working hour and we dealt with the Montreal team so to make sure that they were aligned with that requirement.

MR. LEARMONTH: All right.

MR. BÉCHARD: So this has been the kickoff and then the M&M group, they had a session with that group in Montreal – had been participating at least at one of those session, where they built the risk register. And something that I should say is the purpose of the exercise was not to do a qualitative risk assessment, but a quantitative risk assessment.

MR. LEARMONTH: Right.

MR. BÉCHARD: And one of the reason to go to the quantitative is, according to this contract, SNC was having exposure – was having about a 40-million exposure if there was any kind of slippage, that the client may decide to call on equity to damage. And the only way to be in a position to see where the exposure is, is to add a

number, and until then, we were not having any number. Nalcor were refusing to give us number.

MR. LEARMONTH: They were – Nalcor was refusing to give SLI a number, is that right?

MR. BÉCHARD: Yeah –

MR. LEARMONTH: You asked for it –

MR. BÉCHARD: – on their own risk assessment.

MR. LEARMONTH: Yeah, but you asked for the number and they –

MR. BÉCHARD: Oh, yeah, yeah. We asked many, many time and they say, no, this is none of your business. So how can you measure your exposure if you don't know the number?

So this risk assessment report has been given to the upper management, so now they are in the situation to see the SNC's exposure.

MR. LEARMONTH: Okay.

Now, after this report was prepared, I understand you personally gave a copy of it to Bob Card. Is that right?

MR. BÉCHARD: To Bob Card?

MR. LEARMONTH: Yes.

MR. BÉCHARD: Yes.

MR. LEARMONTH: You did. Yeah.

MR. BÉCHARD: Yes.

MR. LEARMONTH: Okay.

Now, did you have any dealings with Nalcor about the – about this report?

MR. BÉCHARD: First of all, to bring back again the context, Bob Card came in St. John's, I think it's in April 2013, something like that. The main purpose of Bob coming in St. John's – Lower Churchill was the most important hydro project going on in North America at that time. For a guy like Bob Card, which is a project man,

it was important for him to be part of this project, to meet the client and share with the client, meet with the team and share with the team, so to make sure that if there's any help – additional help – to be bring, so to make the project successful, as a CEO, he got the power to call: Hey, you gonna have to help this project.

So, this is one of the reason that motivate Bob to come here in St. John's. He has been made aware by Scott Thon that we were doing this assessment. When he arrived I handed him a copy of the assessment to look at it (inaudible) –

MR. LEARMONTH: Did you pick him up at the airport?

MR. BÉCHARD: Me? Yes.

MR. LEARMONTH: You got him at the airport?

MR. BÉCHARD: Yeah.

MR. LEARMONTH: Bob Card? Yeah.

MR. BÉCHARD: Yeah.

MR. LEARMONTH: Okay. Yeah.

MR. BÉCHARD: Yeah. I drove him all the way – all the time he was here.

MR. LEARMONTH: Yes.

MR. BÉCHARD: So he asked me some questions. He talked to me about the context – how it was going. So it was really a frank discussion between him and I. And then I drop it – I drop him at the Columbus Drive office and he met with Ed Martin but I don't know what has been the conclusion of this meeting.

MR. LEARMONTH: Did you wait outside –

MR. BÉCHARD: Yes.

MR. LEARMONTH: – or did you go –

MR. BÉCHARD: Yes. I waited outside.

MR. LEARMONTH: So how long did you wait outside in your car?

MR. BÉCHARD: Oh, for about an hour.

MR. LEARMONTH: Yeah. So then Bob Card came out –

MR. BÉCHARD: Yeah.

MR. LEARMONTH: – and what discussion did you have with Bob Card after he left the meeting?

MR. BÉCHARD: He told me that they discussed a few issue. They discussed about the additional support that SNC can bring to the project. He mentioned to me that he didn't hand him the report because he give me back the copy that I hand to him and he just mentioned to me that he discussed about it but no more.

MR. LEARMONTH: Okay.

Now in your –

MR. BÉCHARD: Not in detail.

MR. LEARMONTH: – interview, too, with Grant Thornton, you said that the question was – so, personally, you were – and this is a document, Exhibit P-01841, page 15. It says: **“So personally you were with Bob in St John's. So why was Bob in St John's?”** No, sorry. Just a little lower down on the page.

“About something else?”

“To discuss CEO to CEO – which is normal, like CEO to CEO the organized meeting to discuss.

“Bob brought the document with him (SNC Risk assessment report ...

“I brought myself, Bob to the Columbus Drive office (Nalcor) with my car, drop him there.

“He was having a one on one meeting.” Yeah.

“I don't know what was the agenda of the meeting, the only thing I know is Bob's intent was to offer Ed Martin the copy that I hand to him their meeting, he phone me back, come get me, I got back there” – so, presumably, maybe

you didn't stay in your car. But anyway – "I got back there" – both – "got in the car and the only thing he told me" – no – "bob got in the car ... the only thing he told me, he say Ed refused to have the document."

Is that what you remember Mr. –

MR. BÉCHARD: Yeah.

MR. LEARMONTH: – Card saying or –

MR. BÉCHARD: Yeah.

MR. LEARMONTH: – something along – like that?

MR. BÉCHARD: Oh yeah. Yep.

MR. LEARMONTH: You're certain of that, are you? That he refused to have the document?

MR. BÉCHARD: Yes, because he hand me back the document.

MR. LEARMONTH: Yeah.

MR. BÉCHARD: So he told me he didn't accept the document, so he hand me back the document.

MR. LEARMONTH: Okay. And that's Ed Martin.

All right, so what was your next involvement with this SNC report? Did you –

MR. BÉCHARD: Oh, the next involvement is a few – probably a few days or few weeks later. I have been called in a meeting by – with Jean-Daniel in Paul Harrington office –

MR. LEARMONTH: Okay.

MR. BÉCHARD: – to discuss about risk.

MR. LEARMONTH: Would this be May 28 – 'cause we have an Exhibit P – which I'd ask be brought up – P-01837.

MR. BÉCHARD: And which tab is it?

MR. LEARMONTH: It's not in the tab. It'll come up on your screen.

MR. BÉCHARD: P-0 –

MR. LEARMONTH: No, no. It'll come up on your machine –

THE COMMISSIONER: Screen.

MR. LEARMONTH: – on your screen.

MR. BÉCHARD: Oh.

MR. LEARMONTH: Yeah.

MR. BÉCHARD: Good. Thanks.

MR. LEARMONTH: You see that?

MR. BÉCHARD: Yeah.

MR. LEARMONTH: "Rescheduled: Risk discussion." And if –

MR. BÉCHARD: Yeah.

MR. LEARMONTH: – you go down on it, "Rescheduled: Risk discussion."

MR. BÉCHARD: Mm-hmm.

MR. LEARMONTH: It's for a meeting – May 28, 2013 –

MR. BÉCHARD: Yep.

MR. LEARMONTH: – between 15:00 and 16:00 at –

MR. BÉCHARD: Yep.

MR. LEARMONTH: – Paul Harrington. That's what you're talking about?

MR. BÉCHARD: Yep.

MR. LEARMONTH: Okay.

So do you remember the meeting?

MR. BÉCHARD: Oh yeah. Not really well, because this meeting has been a really short meeting. Easy meeting, Paul was really calm and

he was just curious about the risk management and if we were having any issues or if we're having any new risk to bring. And I don't even remember if he refer back to the risk assessment. I don't know. But me and Jean-Daniel –

MR. LEARMONTH: Jean-Daniel Tremblay was with you. Just the three of you: Jean-Daniel Tremblay, Mr. Harrington and you. They're –

MR. BÉCHARD: That's right.

MR. LEARMONTH: Yes.

MR. BÉCHARD: Yeah.

But I know that before getting to that meeting, me and Jean-Daniel discuss, and we knew that this was just an impact or just an event or a meeting created by the meeting in between Bob Card and Ed Martin. It was clear in our mind.

MR. LEARMONTH: Okay.

MR. BÉCHARD: So –

MR. LEARMONTH: Did you bring a copy of the risk report to the meeting?

MR. BÉCHARD: No.

MR. LEARMONTH: You didn't.

MR. BÉCHARD: No.

MR. LEARMONTH: Did you –

MR. BÉCHARD: And I got to explain why.

MR. LEARMONTH: Okay.

MR. BÉCHARD: Okay? Because this is very important.

When we issued that report, we hand the report to my management, which was Bernard, Scott Thon and Bob Card. And it has been clear in between us that this report is an SLI confidential document, and the only person that may decide to share this document was the upper management – not me, not Jean-Daniel, not even someone from M&M – because this information is quite sensible, so it needs to be done at a

certain level. And this is why, for me, bringing a copy of this document, no way.

MR. LEARMONTH: I think you meant to sensitive.

MR. BÉCHARD: It was not my duty.

MR. LEARMONTH: Yeah, sensitive, not sensible?

MR. BÉCHARD: Sensitive.

MR. LEARMONTH: Sensitive, yeah.

MR. BÉCHARD: Yeah.

MR. LEARMONTH: Okay.

MR. BÉCHARD: Sorry.

MR. LEARMONTH: Yeah. Yeah, that's all right.

Okay, so you didn't bring it with you for that reason.

MR. BÉCHARD: No.

MR. LEARMONTH: Now, Jean-Daniel Tremblay made a record, a written – handwritten record – of this – his recollection of the meeting. I'd ask it be brought up on the screen. It's P-01836. Have you seen this before, this –

MR. BÉCHARD: Yeah.

MR. LEARMONTH: – record?

MR. BÉCHARD: Yeah, I saw that yesterday.

MR. LEARMONTH: Yeah, you reviewed it yesterday?

MR. BÉCHARD: Hmm?

MR. LEARMONTH: You saw it yesterday, did you?

MR. BÉCHARD: Yeah.

MR. LEARMONTH: Yeah.

Now, when you review this note, do – when you read it, what is your reaction? That I remember it that way, I remember it differently, well, I don't think that's right –

MR. BÉCHARD: Well –

MR. LEARMONTH: – I don't –

MR. BÉCHARD: – there's –

MR. LEARMONTH: – think that's – what's your recollection? I know it's a long time ago.

MR. BÉCHARD: Yeah, that's right.

MR. LEARMONTH: Just, generally, what's your recollection?

MR. BÉCHARD: There's a few thing which just fine with me, like agenda, question point. That's right. What is the agenda? We were asking both what was (inaudible) an agenda because there was no agenda mentioned in the meeting call.

Then: "PH met with Ed Martin." I cannot comment on that because I don't remember Paul saying that to us, so I don't know. Risk –

MR. LEARMONTH: What's this safety moment above that? What is that about?

MR. BÉCHARD: Oh, you know, safety moment. This was a rule within the project team. Every meeting got to start by a safety moment.

MR. LEARMONTH: Okay.

MR. BÉCHARD: So this is just procedure.

MR. LEARMONTH: Okay.

MR. BÉCHARD: Okay?

MR. LEARMONTH: Yeah.

MR. BÉCHARD: We start the – like, this one was about ANDRITZ shop in China improved safety. And this is probably Paul that brought that up because they were just coming from a China trip to visit the ANDRITZ shop.

MR. LEARMONTH: Okay.

MR. BÉCHARD: And he mentioned not only in that meeting that they asked ANDRITZ to improve the safety in the Chinese shop.

MR. LEARMONTH: All right, okay.

MR. BÉCHARD: Okay.

MR. LEARMONTH: So that's just procedure, yeah.

MR. BÉCHARD: Okay. So now if you go risk work performed by SLI, what's the deal? You know, doesn't mean nothing to me.

MR. LEARMONTH: Yeah, it doesn't – like, you don't know who said: What's the deal? Or, like, it could have been Jean-Daniel, it could have been –

MR. BÉCHARD: What's the deal?

MR. LEARMONTH: Yeah.

MR. BÉCHARD: I don't know what it mean, what's the deal?

MR. LEARMONTH: Yeah, okay.

MR. BÉCHARD: There was no deal.

MR. LEARMONTH: Yeah.

MR. BÉCHARD: To me there was no deal.

MR. LEARMONTH: Okay.

MR. BÉCHARD: NB – that's probably me – transition from EPCM to IT – M&M involved to conduct risk assessment. This is exactly what I just mentioned earlier.

MR. LEARMONTH: Yes.

MR. BÉCHARD: I had an agreement with the M&M to conduct the risk assessment.

Report issued, currently in hydro top management. Paid by SNC, which is exactly –

MR. LEARMONTH: So that's hydro at SNC, not at Nalcor, right?

MR. BÉCHARD: Yeah, this is –

MR. LEARMONTH: Yeah.

MR. BÉCHARD: This is hydro at SNC.

MR. LEARMONTH: Yes.

MR. BÉCHARD: And in that case it was Bernard Gagné.

MR. LEARMONTH: Yes, okay.

MR. BÉCHARD: And Scott Thon.

MR. LEARMONTH: Okay.

MR. BÉCHARD: Initiated following a meeting in Montreal. M&M condition for supporting LCP is conducting the assessment. So it's summarizing most of the thing that I just mentioned earlier.

MR. LEARMONTH: Yeah.

MR. BÉCHARD: PH – what's that letter – Westney involved in qualitative assessment followed by quantitative and Monte Carlo. Yeah, this is probably something that has been mentioned by Paul, but we already knew that.

MR. LEARMONTH: Yeah.

MR. BÉCHARD: That –

MR. LEARMONTH: But you didn't know the results, but you knew that–

MR. BÉCHARD: No.

MR. LEARMONTH: Yeah.

MR. BÉCHARD: No.

MR. LEARMONTH: Yeah, okay.

MR. BÉCHARD: Develop contingency, held by project director, contingency equity. To me it means nothing.

MR. LEARMONTH: All right. Just go down now to page 2.

MR. BÉCHARD: SLI conduct without LCP knowledge had they known.

MR. LEARMONTH: Okay.

Next, sensitivity of data could be subject to ATIPP. That's access to information. Did Mr. Harrington say that?

MR. BÉCHARD: Don't remember.

MR. LEARMONTH: Okay.

MR. BÉCHARD: So I don't know.

MR. LEARMONTH: Okay. So you don't have much to say about this, this is Jean-Daniel Tremblay's (inaudible).

MR. BÉCHARD: Yeah, that's right.

Need to know what the new risk identified. So that has been a request made by Paul in that meeting that if we were adding any new risk that we should make them aware but, in fact, to my knowledge, there was no new risk. It was only quantitative assessment of the already-known risk.

MR. LEARMONTH: Yeah.

And did you form any impression or any opinion as to whether, based on what he said, that Mr. Harrington had seen the report or not? Did you form any impression of that?

MR. BÉCHARD: My impression is he didn't see the – he haven't seen the report. Because – maybe I'm wrong but this report has been kept confidential until 2016 –

MR. LEARMONTH: Mm-hmm.

MR. BÉCHARD: – when Pierre St-Arnaud, who was my boss in 2016, decide to hand a copy to the new CEO, Stan Marshall.

MR. LEARMONTH: Okay.

So that – you didn't feel that Mr. Harrington had seen the report or – and that –

MR. BÉCHARD: Not to my knowledge.

MR. LEARMONTH: All right.

MR. BÉCHARD: Something that I did after that meeting with Bob, because I was having regular meeting with Jason Kean – and in one of those meeting, Jason brought up the subject about the risk report and I offer Jason: Do you want a copy of the report? No issue with me. I'm going to ask for the authorization to give you the copy and that's it. And Jason told me: No, I don't want a copy of the report.

So, to me, after that everything about this report completely dead.

MR. LEARMONTH: Yeah.

MR. BÉCHARD: We never discussed anything about this report after the meeting with Jason.

MR. LEARMONTH: So after the meeting with Jason – when would that have been? If the report –

MR. BÉCHARD: Oh, it's probably a few weeks after the meeting with Paul.

MR. LEARMONTH: So you offered to give him the report. You would have to get permission to do – give it, but you would've asked for that permission, but he said he didn't want it?

MR. BÉCHARD: No, he didn't want it.

MR. LEARMONTH: Any reason? Did he give any reason why he didn't want it or did he say anything?

MR. BÉCHARD: Well, no, he didn't give me a reason.

MR. LEARMONTH: No.

MR. BÉCHARD: He didn't give me a reason. But if I got to bring a reason, it's as simple as this: any document that they were having in their hand, they were having the obligation to report to the management. So then this report had to become public.

MR. LEARMONTH: Okay, well, that's your opinion, right?

MR. BÉCHARD: That's my opinion.

MR. LEARMONTH: Yeah, okay.

Okay, there's a few – now, Jean-Daniel Tremblay was fired, is that right, from the project?

MR. BÉCHARD: Yeah.

MR. LEARMONTH: And he testified yesterday that he believed – he has no direct evidence but it was his belief that this meeting on May 28 was one of the reasons that he got fired. And second – there was a second meeting where he had a discussion with – about a risk assessment workshop, I think, with Scott O'Brien. And he – it was his impression or belief that when he mentioned something about not having enough concern about risk or something like that, that Scott O'Brien was not happy with that. Were you at that meeting?

MR. BÉCHARD: No. No.

MR. LEARMONTH: Okay. Do you – did you ever hear about this before I told you?

MR. BÉCHARD: Oh yeah, I hear it. Jean-Daniel, when he was having issue, he was in the five minutes sitting in my office and telling me: Hey, I got an issue with Scott, so, okay, fine.

But, you know, the issue that J. D. had on those workshop, this was not new at all. From the beginning in 2011, I was having Yuri Raydugin that we spoke earlier this morning –

MR. LEARMONTH: Yes.

MR. BÉCHARD: – who was a risk manager that was calling risk workshop and the only people attending those workshop was SLI employee or very few client employee. So the issue about having the will from the client, employee to attend those meetings and be participating to the risk assessment, it was very, very low.

And this is one of the reasons why Yuri decide to resign, because for him he was not having any utility to the project. And Jean-Daniel was having exactly the same experience, he was trying to get this job done because, remember, Jean-Daniel, when he was the risk manager, he was reporting to Jason, not to me. And he was

going as per Jason instruction to get the risk assessment done, but no one was sitting there to help him make – doing his job. So this is why he was so frustrated.

MR. LEARMONTH: Right.

So do you remember when he was fired?

MR. BÉCHARD: I think it's near Christmas.

MR. LEARMONTH: Yeah. Was there any reason given for his being fired?

MR. BÉCHARD: They never give any reason to fire people, never. That I remember, never.

MR. LEARMONTH: So you don't know for sure why –

MR. BÉCHARD: No.

MR. LEARMONTH: – you don't know why –

MR. BÉCHARD: Yeah.

MR. LEARMONTH: – he was fired and he doesn't know?

MR. BÉCHARD: He doesn't know. Suspect, but doesn't know.

MR. LEARMONTH: Okay.

MR. BÉCHARD: Assumption.

MR. LEARMONTH: Yes.

A couple of documents I want you to look at in binder 2. Do you have that? That's binder 2, please.

MR. BÉCHARD: Yes.

MR. LEARMONTH: At tab 35, and it's Exhibit P-02470.

MR. BÉCHARD: Yes.

MR. LEARMONTH: This is a document. If you go to page 2, it's a Risk Management Plan.

MR. BÉCHARD: Yeah.

MR. LEARMONTH: And it's – it was prepared by Yuri Raydugin, reviewed by Stan Wynne and approved by you, Normand Béchard.

MR. BÉCHARD: Yes.

MR. LEARMONTH: So this is back in November 2011. So at this point you were doing some work on risk assessment, is that right?

MR. BÉCHARD: Oh, yeah.

MR. LEARMONTH: Yeah.

MR. BÉCHARD: And this document, by the way, was one of the Gate 3 deliverables.

MR. LEARMONTH: Yes, that was the contractual –

MR. BÉCHARD: Yeah.

MR. LEARMONTH: – obligation. But after that you were frozen out or you were – the door was closed on reviewing the –

MR. BÉCHARD: You know, we – and all those (inaudible) binder 2 to the client in December and very few of those binder has been used after.

MR. LEARMONTH: Yeah, okay. On risk?

MR. BÉCHARD: Not only on risk, on any of the procedure that we have been written for them.

MR. LEARMONTH: Forty volumes?

MR. BÉCHARD: I don't remember the number.

MR. LEARMONTH: Oh, okay. No, I thought you said that. No, I think Jean-Daniel said 40 –

MR. BÉCHARD: Okay.

MR. LEARMONTH: – I think. I stand to be corrected.

All right, the next exhibit is in the same book, at tab 53. And this is the – if you go to – the exhibit number is P-02487.

MR. BÉCHARD: Yes.

MR. LEARMONTH: And if you go to page 2, that's Lower Churchill Phase 1: Deloitte Team Effectiveness Presentation. Is this – June 2012. Is that –?

MR. BÉCHARD: I think this is the report that I was just mentioning earlier.

MR. LEARMONTH: Yeah, and after that you had the town hall, did you, at the Holiday Inn?

MR. BÉCHARD: I think so.

MR. LEARMONTH: Okay. Just look and see whether you can provide some clarification on that. It seems to be around the same time, but ...

MR. BÉCHARD: Okay, good.

MR. LEARMONTH: Does that – can you –?

MR. BÉCHARD: No, that's okay.

MR. LEARMONTH: Is that it, though? Is that the –?

MR. BÉCHARD: I don't know, but I was looking because in the Deloitte report there was a graph, which is a spider-net graph, that were showing where the morale of the team was, but this is not in this report. So I've been very curious to look at this graph to show where the morale of the team was. It was –

MR. LEARMONTH: Well, maybe there's another document. If I can identify it, I will draw it to the attention of other counsel.

MR. BÉCHARD: Okay.

MR. LEARMONTH: But – and you said Deloitte brought in, like, counsellors?

MR. BÉCHARD: Yes.

MR. LEARMONTH: Like, physical people coming in, counsellors, to speak to people about morale and problems and so on?

MR. BÉCHARD: Yes.

MR. LEARMONTH: Yeah. Okay.

MR. BÉCHARD: They did interviews.

MR. LEARMONTH: Yeah.

MR. BÉCHARD: And those interview, they were really questioning the way that we were feeling, being treated, and so they went quite deep in their assessment.

MR. LEARMONTH: Yes.

Now, my final line of questioning is this: In the Grant Thornton interview that you gave and in the interview you had with Ms. O'Brien and I, you said – and you used this word – that while working at the Muskrat Falls Project, at least for part of the time, you felt useless. That was the word you used on those two occasions.

MR. BÉCHARD: Yes.

MR. LEARMONTH: Is that an accurate description of the feelings you had for the role that you had been –?

MR. BÉCHARD: Useless?

MR. LEARMONTH: Yes.

MR. BÉCHARD: Oh, yeah.

MR. LEARMONTH: Useless.

MR. BÉCHARD: More than useless. They were paying me too much money for what I was bringing.

MR. LEARMONTH: Yeah.

Did anybody ever – at Nalcor or the project or the client – ever tell you why your, you know, your talents were not fully deployed on the project? Was there any reason ever given? And by your talents, I mean your experience in hydroelectric projects, Eastmain-1 –

MR. BÉCHARD: Not clearly. I know that often Paul was coming to me and asking for my buy-in because he knew that if I was showing that I was part of their decision, my team – the SLI employee – being their leader will then be a lot more convinced to be in a collaborative mode with the client employee. So often Paul was telling me: Normand, are you going to support

us? And I always been supporting them because I'm a professional. If I've been starting playing in the background and not being part of what they were doing, I was just sending the message that I was killing the project's success, which I cannot do as a professional.

MR. LEARMONTH: Right.

So what happened in March 2014 to cause you to leave the project?

MR. BÉCHARD: Oh –

MR. LEARMONTH: It was your decision, was it?

MR. BÉCHARD: That –

MR. LEARMONTH: It was your decision?

MR. BÉCHARD: That's a good point.

MR. LEARMONTH: Was it your decision or the client's?

MR. BÉCHARD: Oh, it was my decision.

MR. LEARMONTH: Yes, yes.

MR. BÉCHARD: Okay, it was my decision.

And, by the way, I announced that to my boss long before that I was intending to leave the project when I'll be feeling that I'm no more useful to the project but also to SNC. So in March 2014, and I think you got some document about that, the engineering progress was about, I'd say, in between 85 to 90 per cent performed. So the client was having 90 per cent of the document that they were needing to go on tender. So this been done – first they were having everything that they were needing to go on tender and there was no risk for SNC to be blamed not delivering the engineering as per client expectation.

So – and this happened somewhere in December 2013, I went back in January because I agree with Bernard Gagné – that was my boss at the time – that I'm going to be there until the beginning of March and then I would be leaving. And, anyway, he was waiting for me to –

because he was offering me a VP job in Montreal.

MR. LEARMONTH: Okay. Okay, good.

Okay, there's one final exhibit that I want to refer to but I haven't – I can't put my finger on it now, so if I could do that in re-examination that would probably speed the process up. I won't have to take any time to look for it.

THE COMMISSIONER: Or we can take our afternoon break right now, if you want.

MR. LEARMONTH: Okay, that's fine.

THE COMMISSIONER: Okay.

Well, let's take our 10 minutes now and then you'll finish up and then we can –

MR. LEARMONTH: Okay, thank you.

THE COMMISSIONER: – start (inaudible).

UNIDENTIFIED MALE SPEAKER: Thank you.

CLERK: All rise.

Recess

CLERK: All rise.

Please be seated.

THE COMMISSIONER: Right. Mr. Learmonth, when you're ready.

MR. LEARMONTH: Yes.

The exhibit I want to refer to is in binder 2, and it's – excuse me, binder 4, tab 150.

THE COMMISSIONER: Binder 4.

MR. LEARMONTH: If that could be brought up. And this is a letter –

UNIDENTIFIED SPEAKER: (Inaudible.)

THE COMMISSIONER: No –

MR. LEARMONTH: 2632, 02632.

THE COMMISSIONER: I don't think it's in binder 4. Just – let me just check the –

MR. LEARMONTH: 02632?

MR. BÉCHARD: Yes, this is in binder 4.

MR. LEARMONTH: Yeah.

MR. BÉCHARD: It's tab 50.

THE COMMISSIONER: Tab 50, okay, sorry.

MR. LEARMONTH: And what was missing was that there – I had a unofficial translation –

MR. BÉCHARD: Translation, eh?

MR. LEARMONTH: – made of the –

MR. BÉCHARD: You want me to translate it to you?

MR. LEARMONTH: Well, I'll give you the unofficial translation. You can use it as a guide, but you can decide – I'll give it to you – I'll come over and give it to you.

MR. BÉCHARD: Okay.

MR. LEARMONTH: So the unofficial translation I would like entered to the whole (inaudible) –

THE COMMISSIONER: Okay, so I'm just wondering, are we getting that up now?

Okay.

MR. BÉCHARD: This is blunt.

MR. LEARMONTH: Well, you can translate it for yourself. I was just (inaudible).

That'd be on pages 3 and –

MR. BÉCHARD: Oh, your translation is not that bad.

MR. LEARMONTH: Yeah. Well, you can perfect it. I mean, it's your letter.

MR. BÉCHARD: Oh yeah.

MR. LEARMONTH: So if you want to just go through it and translate it and forget about the unofficial translation, that's – if you're comfortable doing that, that's fine.

MR. BÉCHARD: Okay. So –

MR. LEARMONTH: Okay, so –

MR. SIMMONS: Commissioner, if I might –

MR. BÉCHARD: This is –

MR. SIMMONS: – just for the record, before we proceed, I'd like to note that I don't think counsel or parties have been provided with a copy of the translation.

THE COMMISSIONER: Right. Okay.

I think what we should do is bring the translation that you've just given to Mr. Béchard up so at least the parties know what it is. So my understanding is what you've done is this exhibit here, 02632, you've now had that translated.

MR. LEARMONTH: Yes.

THE COMMISSIONER: You provided a copy to Mr. Béchard.

MR. LEARMONTH: Right.

THE COMMISSIONER: And you just want to put the English version –

MR. LEARMONTH: Yes, because the French

THE COMMISSIONER: – or –

MR. LEARMONTH: – version was already in.

THE COMMISSIONER: Okay. So are we going to enter this version then as an exhibit, the English –?

MR. LEARMONTH: Yes.

THE COMMISSIONER: Okay. What's the exhibit number for the –

MR. LEARMONTH: It's the same number. It just goes – it's just added to – an amendment to the Exhibit 02632.

THE COMMISSIONER: Okay. All right, so we should be able to find the English part of this, and you're at it now, are you?

MR. LEARMONTH: Yes, it's up now.

THE COMMISSIONER: Okay. So, Mr. Simmons, I think what happened – I gather what happened: we have the French version, but we didn't have the English version added to this. Does that create a problem for you?

MR. SIMMONS: Well, I haven't read it and – but –

THE COMMISSIONER: Do you want to take it –

MR. SIMMONS: – I'm presuming not. So I'm happy to carry on –

THE COMMISSIONER: Okay.

MR. SIMMONS: – and just see where it goes.

MR. LEARMONTH: Okay. Well, okay, would you prefer to do your own translation, sentence by sentence? You're certainly –

MR. BÉCHARD: What is your preference?

MR. LEARMONTH: It's your email, so you can do it that way, and people can use the –

MR. BÉCHARD: Okay, so well –

MR. LEARMONTH: – translation version.

MR. BÉCHARD: – I'm going to use the English translation because it's well done.

MR. LEARMONTH: Well done?

MR. BÉCHARD: So if there's some issue going on, I will just bring the adequate correction. Okay, so –

MR. LEARMONTH: Okay. So this is an email, 02632, this is the unofficial version, page 3. The first is an email from you, dated November 20, 2012, to Patrick Lamarre. Who is Patrick Lamarre?

MR. BÉCHARD: Patrick Lamarre is – was, at the time, the EVP for the power group.

MR. LEARMONTH: Okay. So you're –

MR. BÉCHARD: He's the one that hire me.

MR. LEARMONTH: Yeah. So you're writing on November 20, 2012; that's just before sanction. Can you read into the record what –

MR. BÉCHARD: Okay.

MR. LEARMONTH: – you're saying in this?

MR. BÉCHARD: So: “Hello Patrick,

“As you know the situation here isn't very rosy. The client is very reactive and treats us like slaves. Here are some reflections which have been on my mind over the weekend.

“When I applied for the general project manager position, I expected the client to give me a margin to maneuver in to make the mandate a reality.

“I also expected to be in an organization with more depth. Everything here is done and redone because the client questions everything, because the Hydro division except in engineering has no way to do it. Quite a challenge!!!!

“I was hired for 4 years with a guarantee on your part of 18 months which finishes January 4, 2013.

“Yesterday I had a meeting with Paul Harrington, for him to explain to me that as of now it's the client representatives who have the authority and are taking charge of the execution of” – the – “site works. No negotiation. He asked for my collaboration to fill the positions that has been filled by SNC, which I agreed to, business.” And I should underline business. “He also asked me to show leadership and full teamwork with Ron to make this management model work. I agreed with him that I'd give my response in 48 hours. It's very difficult to prove your leadership in something you don't believe in.

“Paul is aware of the importance of my presence here and thus was quite cautious in the way he approached me.

“Today I must say that after 18 months, I have no power to do my job, I have less and less pleasure in working, all the efforts that I put in to go in the right direction are destroyed. I don’t even have the choice to choose my own team. Nalcor decides everything.

“I have a client who can decide any time to pull the plug on my PAA with no guarantee, especially if I persist in going in the direction they don’t want to go.” My protection is zero.

“So, a few questions

“Am I still interested in working in such an environment? Thinking deeply about it.

“I ask you to renegotiate my agreement so that I can rediscover my interest in this project and my assignment.

“We have to talk !!!!!

“... I haven’t talked about this with Jo” – Joe Salim was the one to whom I was directly reporting – “it wasn’t him that I gave my word to at the start.”

MR. LEARMONTH: What was your word at the start?

MR. BÉCHARD: My word at the start is I have a deal with Patrick that I will be on the project for a minimum of four year, maybe more, but for a minimum of four year. And I was stating there that I was thinking of taking back my word.

MR. LEARMONTH: Is that a serious matter for you?

MR. BÉCHARD: Oh, Jesus. This is my life.

MR. LEARMONTH: Is that a true reflection of the way you felt on November 20, 2012 –

MR. BÉCHARD: Oh –

MR. LEARMONTH: – what you’ve just read?

MR. BÉCHARD: – you know, this is my heart. I wrote that with my heart.

MR. LEARMONTH: Okay. That’s all the questions I have. Thank you very much.

MR. BÉCHARD: Thank you.

THE COMMISSIONER: All right.

Cross-examinations and –

UNIDENTIFIED MALE SPEAKER: No questions, Commissioner.

THE COMMISSIONER: Okay. Nalcor Energy.

MR. SIMMONS: Good afternoon, Mr. Béchard. My name is Dan Simmons, counsel for Nalcor Energy.

MR. BÉCHARD: Name is?

MR. SIMMONS: Dan Simmons.

MR. BÉCHARD: Stan Simmon?

MR. SIMMONS: Dan – Daniel.

MR. BÉCHARD: Nice meeting you, Stan.

MR. SIMMONS: I –

THE COMMISSIONER: It’s Dan Simmons.

MR. SIMMONS: We’ll try again. Daniel.

MR. BÉCHARD: Daniel.

MR. SIMMONS: It’s – my mother would call me Daniel; most people know me as Dan.

MR. BÉCHARD: Oh, okay. Fine.

MR. SIMMONS: Okay. There you go.

MR. BÉCHARD: So, Dan –

MR. SIMMONS: (Inaudible.)

MR. BÉCHARD: – my name is Normand.

MR. SIMMONS: I want to ask you first – it – about your expectation of what your role would be when you first joined the Lower Churchill Project. And I understand from what you’ve told us already that you actually approached SNC while you were at Hydro-Québec –

MR. BÉCHARD: Yes.

MR. SIMMONS: – to see if there would be – I presume to see if there would be a place for you at – on the project, equivalent to the one that you’d occupied in the Eastmain Project for Hydro-Québec. Do I have that right?

MR. BÉCHARD: You understand well.

MR. SIMMONS: Okay.

And was that Mr. Lamarre you dealt with or was it some other person in SNC –

MR. BÉCHARD: No, Mr. Lamarre.

MR. SIMMONS: – that you dealt with – pardon me?

MR. BÉCHARD: Mr. Lamarre.

MR. SIMMONS: Mr. Lamarre.

And was it Mr. Lamarre that assured you that if you came with SNC that you would be project director with responsibility for all aspects of the project?

MR. BÉCHARD: Yes. All aspect of the EPCM.

MR. SIMMONS: All aspects of the EPCM.

MR. BÉCHARD: Yeah, that’s right.

So, Mr. Lamarre gave me that – the – give me the certainty that I was having that role and also Marie-Claude Dumas.

MR. SIMMONS: Sorry, who?

MR. BÉCHARD: Marie-Claude Dumas.

MR. SIMMONS: Okay, so –

MR. BÉCHARD: Marie-Claude was the operation VP in the hydro group and she was supporting the project.

MR. SIMMONS: Right.

So, did you have any communications of any sort with anyone at the client before you agreed to take up this position concerning what your roles and responsibilities would be –

MR. BÉCHARD: No.

MR. SIMMONS: – or were your only communications with SNC?

MR. BÉCHARD: Only with SNC.

MR. SIMMONS: Only with SNC. So your expectation about what your role would be was based on what you learned from SNC, not anything communicated directly to you from the client.

MR. BÉCHARD: That’s right.

MR. SIMMONS: Okay.

MR. BÉCHARD: But I should say that at the time that I was having discussion with SNC, SNC had signed off a contract to be the EPCM contractor.

MR. SIMMONS: Right.

MR. BÉCHARD: And for SNC to be an EPCM contractor, this is an EPCM contractor.

MR. SIMMONS: Okay.

You were asked a number of questions about P-factors, and this is really just a point of clarification. You’d said that when you left SNC, SNC used P85. Can you tell me a little bit more about what P85 was used for or how it was used in SNC?

MR. BÉCHARD: Yeah, P85 –

MR. SIMMONS: I’m sorry, in Hydro-Québec. Yes, sorry.

MR. BÉCHARD: Yeah, well, SNC –

MR. SIMMONS: Yeah.

MR. BÉCHARD: – Hydro-Québec – this is the same thing.

P85 – when you do risk and you do risk assessment and you run Monte Carlo, you – the result of the Monte Carlo is on a curve, okay?

MR. SIMMONS: Mm-hmm.

MR. BÉCHARD: And on the X axis of this curve is the range of the cost certainty, okay? At P50, you are in a range of – you may – the project may slide by 50 per cent. At P85, it means that the chance that you may have a slippage either on the schedule or on the cost is very low because you only got a 15 per cent range where you can slip.

MR. SIMMONS: Okay, that's pretty consistent with some of the things that we've heard about P-factors.

So my question for you is when you were asked by Mr. Learmonth if you'd ever discussed with anyone at the client that Hydro-Québec used P85, that particular information –

MR. BÉCHARD: Oh, yeah, yeah in workshop –

MR. SIMMONS: – you started saying – my note is you started saying: I don't remember. But then you went on to say something to the effect of: Every opportunity I tried to bring my experience in.

So my question to you is: Do you have any specific recollection of ever telling anyone on the client that Hydro-Québec used P85?

MR. BÉCHARD: Specific recollection? No.

MR. SIMMONS: No.

MR. BÉCHARD: But we were having so many workshop and in every workshop that I was the chance to bring that up, I was bringing that up.

MR. SIMMONS: Okay.

So, you're – because of that you're assuming it must have come up but you have no – you can't

point to any particular time or any particular person to whom you communicated that information.

MR. BÉCHARD: No, but on the other hand –

MR. SIMMONS: Okay.

MR. BÉCHARD: – if you got access to all the documents you should probably have minutes of meeting of those workshop and you can find when I mentioned that.

MR. SIMMONS: Okay.

Did – now – the – you weren't with SNC when SNC submitted its response to the RFP for the EPCM contract. All that was in place before you joined –

MR. BÉCHARD: No, I wasn't.

MR. SIMMONS: – SNC? Correct? So you didn't have anything to do with the proposal SNC made about –

MR. BÉCHARD: No.

MR. SIMMONS: – how many hours they thought it would do the project and what the cost of the EPCM contract would involve.

MR. BÉCHARD: I was not involved.

MR. SIMMONS: Okay.

Did you have any occasion after you became involved to see what SNC had proposed –

MR. BÉCHARD: Oh, yes, for sure.

MR. SIMMONS: – for the cost? Okay.

Now, when the estimate was delivered in December of 2013 –

MR. BÉCHARD: No.

MR. SIMMONS: This is the –

MR. BÉCHARD: The estimate? 2011.

MR. SIMMONS: 2011. Thank you. When the estimate was delivered in December 2011, there

was an amount included in what was delivered for anticipated EPCM costs –

MR. BÉCHARD: Yes.

MR. SIMMONS: – correct? And we can go look at the exhibit but it's something over 500 million.

MR. BÉCHARD: 550 million and such.

MR. SIMMONS: In that kind of range. Okay.

MR. BÉCHARD: Yeah.

MR. SIMMONS: So, are you aware that that was nearly twice the figure that had been included in SNC's response –

MR. BÉCHARD: Yes I am.

MR. SIMMONS: – for the RFP? You are aware of that?

MR. BÉCHARD: Yeah.

MR. SIMMONS: And when that was delivered, was there a reaction from anyone at the client to the fact that the anticipated cost of SNC's EPCM work had doubled?

MR. BÉCHARD: Not at the moment.

MR. SIMMONS: Mm-hmm.

MR. BÉCHARD: But after we come back from the Christmas vacation, yes – strong reaction.

MR. SIMMONS: Okay. All right. Thank you.

Question for you about winter work productivity. You told us a good bit about the temporary structure – the ICS we – as we know it. And my question is simply – the knowledge that SNC and its estimators had about the productivity of concreting in the winter – was that factored into the estimate that was prepared and delivered in December 2011?

MR. BÉCHARD: Yes.

MR. SIMMONS: So I want to ask you about a few of the people that SNC brought to the

project – some you've mentioned already. You mentioned a Mr. Ian Hendry –

MR. BÉCHARD: Mm-hmm.

MR. SIMMONS: – I think. And what was his role, again? What position did he have?

MR. BÉCHARD: Procurement manager.

MR. SIMMONS: Sorry.

MR. BÉCHARD: Procurement manager.

MR. SIMMONS: Procurement manager.

And did he come from the Mines & Metallurgy division of SNC?

MR. BÉCHARD: No, I think he was Oil & Gas.

MR. SIMMONS: Oil & Gas.

MR. BÉCHARD: Or construction.

MR. SIMMONS: Yeah.

MR. BÉCHARD: Either. But I don't think he was M&M.

MR. SIMMONS: Okay.

And what do you know about his experience in procurement on hydroelectric projects prior to the Lower Churchill Project?

MR. BÉCHARD: Oh, I remember having seen his CV because Ian was already here when I got here – probably not very much experience in hydro.

MR. SIMMONS: Okay.

I understand the first project director who was put on the EPCM contract by SNC was Mr. Roger Nichol. Is that name familiar to you?

MR. BÉCHARD: The name is familiar.

MR. SIMMONS: Yeah.

I understand he left after the first three or four months.

MR. BÉCHARD: Yeah.

MR. SIMMONS: Do you know if he had any prior experience on hydroelectric projects?

MR. BÉCHARD: I don't know him.

MR. SIMMONS: Don't know?

MR. BÉCHARD: No.

MR. SIMMONS: I think you might have mentioned a Mr. Nick Mills.

MR. BÉCHARD: Nick Mills was the construction manager.

MR. SIMMONS: Right. I understand he might have come to this from the Voisey's Bay project.

MR. BÉCHARD: Yes.

MR. SIMMONS: Yeah. Okay.

And did he have prior experience on hydroelectric construction?

MR. BÉCHARD: Not to my knowledge. But the client was really willing to have him on board –

MR. SIMMONS: Okay.

MR. BÉCHARD: – even if he was not having any hydro experience.

MR. SIMMONS: And you had no – you had no concern about that?

MR. BÉCHARD: No, not necessarily.

MR. SIMMONS: Okay.

There's a Mr. Alfy Hanna.

MR. BÉCHARD: Yes.

MR. SIMMONS: Okay.

And what position did he occupy?

MR. BÉCHARD: Component 1 manager.

MR. SIMMONS: Component 1 manager, okay –

MR. BÉCHARD: Yeah.

MR. SIMMONS: – which is the powerhouse, that's the equivalent to Mr. O'Brien's position.

MR. BÉCHARD: Mm-hmm.

MR. SIMMONS: Right.

And was his background in hydroelectric or in oil and gas?

MR. BÉCHARD: He was oil and gas.

MR. SIMMONS: Okay.

So from the position you occupied, did this – did you have any concern with drawing on people from varied backgrounds to bring them into this project, even if they didn't have express hydroelectric experience?

MR. BÉCHARD: No. To me, you know, as I – sorry – already mentioned, staffing a project is a tough –

MR. SIMMONS: Yeah.

MR. BÉCHARD: – task. So this is not because people are coming from oil and gas, mine and metal, or industrial that they cannot be a good resource for the project. It can be a mix. But in that mix, you need to have senior people having done hydro project.

MR. SIMMONS: Okay.

Now, you'd spoken also about the importance of having heavy civil experience versus –

MR. BÉCHARD: Mmm.

MR. SIMMONS: – mechanical experience, which you associated with the oil and gas industry.

Do you know very much about the Hibernia project and the work that was done for the Hibernia project construction?

MR. BÉCHARD: Hibernia, I don't know very much. I know that Hibernia is a deep sea structure, building concrete, with a lot of mechanical and electrical process.

MR. SIMMONS: Yeah.

MR. BÉCHARD: This is about what I know.

MR. SIMMONS: Did you know that the Hibernia project included the preparation of a – the development of a green field site for the construction of the gravity based structure –

MR. BÉCHARD: Dry dock?

MR. SIMMONS: – including dry dock, cofferdams –

MR. BÉCHARD: Oh, I know that.

MR. SIMMONS: – civil works, access road, construction camp, building large enough to house a topside module. You generally aware of that?

MR. BÉCHARD: Yeah, I know that.

MR. SIMMONS: Would you consider that heavy civil-type work on –

MR. BÉCHARD: Yes.

MR. SIMMONS: – that scale?

MR. BÉCHARD: Yes.

MR. SIMMONS: And the construction of the platform itself, do you have any idea of what the concrete volumes were? And what the complexity was of placing concrete rebar?

MR. BÉCHARD: No idea.

MR. SIMMONS: Okay.

MR. BÉCHARD: But, was it built in Labrador?

MR. SIMMONS: Built in – on the Island, in Trinity Bay –

MR. BÉCHARD: Quite different, eh?

MR. SIMMONS: – through the winter.

MR. BÉCHARD: Just look at the weather today.

MR. SIMMONS: Hmm.

MR. BÉCHARD: It's not minus 40.

MR. SIMMONS: Couple of questions, just a couple of questions for you about the risk report that was prepared.

So you've given us an explanation of the reason for the preparation of that. And I understand it to be, generally, that it was – it sounded like a fallout from the difficulties SNC was having with the World Bank and you needed to be able to demonstrate that there were solid policies and procedures in place. And as a result of that, internal risk assessments were something that was mandated from the top in your organization.

Now that's not your words, but is that a general description of it?

MR. BÉCHARD: That's right. And those policy were spread all over the organization, not only Muskrat Falls.

MR. SIMMONS: Right.

MR. BÉCHARD: So, every division that were having big project, they were having the duty to get –

MR. SIMMONS: Mm-hmm.

MR. BÉCHARD: – risk assessment done.

MR. SIMMONS: Right.

Well, Mr. Tremblay and Mr. Thon have both told us what they thought the reason for developing that report was.

So, maybe we can just go to Mr. Tremblay's notes. P-01836, please?

THE COMMISSIONER: Be on your screen now.

MR. SIMMONS: Yeah.

THE COMMISSIONER: I don't think it's in this –

MR. SIMMONS: It should be tab –

THE COMMISSIONER: Yes, tab 120.

MR. SIMMONS: – 120 in binder 3, I think.

THE COMMISSIONER: If you want to look at it, it's in tab – you can look at it on the screen, but (inaudible).

MR. SIMMONS: We can actually scroll down a little. There's only one point I want to bring you to here.

MR. BÉCHARD: What is the tab?

MR. SIMMONS: You can stop there.

THE COMMISSIONER: 130.

MR. BÉCHARD: 113?

THE COMMISSIONER: Thirty.

MR. BÉCHARD: 130.

THE COMMISSIONER: Cent trente.

MR. SIMMONS: It may be 120.

MR. BÉCHARD: This is the last tab, yeah.

MR. SIMMONS: It's actually – the schedule says 120, Commissioner.

MR. BÉCHARD: This is the Exhibit 01836?

MR. SIMMONS: Yes. Yes, please.

MR. BÉCHARD: Okay, yah.

MR. SIMMONS: So on the first page there – and I know these aren't your notes and you've been referred to a number of things by Mr. Learmonth in them.

In the middle of the page that's shown on the screen, in the middle it says: "Initiated following @ meeting in Mtl."

You see that?

MR. BÉCHARD: Mm-hmm.

MR. SIMMONS: And below that, it says: "M&M condition for supporting LCP is conducting the assessment."

Now, Mr. Tremblay told us that his understanding – I don't know if he knew this directly, but his understanding was that there was some kind of ask being made of M&M for something and the only way that that division would get involved is if this risk report is done.

That's a little bit different than what you're saying and I wonder if you could give me a comment on whether Mr. Tremblay is right or wrong on that.

MR. BÉCHARD: I will not tell that Jean-Daniel is right or wrong. It was the Jean-Daniel perspective of the requirements of the task. But at the start, the task was not about getting M&M on board or not. It was about getting compliant to the implementation of the new policies that the new CEO was asking.

MR. SIMMONS: So while Mr. Tremblay suggested that the initiative to prepare the report came from the mines and metallurgical division, you're telling us the initiative came from senior levels in the organization –

MR. BÉCHARD: Yes.

MR. SIMMONS: – for a different purpose.

MR. BÉCHARD: Yes.

MR. SIMMONS: Okay.

Now –

MR. BÉCHARD: I've been instruct –

MR. SIMMONS: Mm-hmm.

MR. BÉCHARD: – get it done.

MR. SIMMONS: Okay.

Now, Mr. Thon told us, as I understood it – you know, I think he told us the primary purpose of the report was to do the qualitative assessment of the risks so that that information could be passed on to the client, which he described doing in conversations during the steering committee

meetings and that it wasn't primarily to do with quantitative assessment. And I think you've told us the opposite.

MR. BÉCHARD: That's right.

MR. SIMMONS: It was primarily to do a quantitative, and not a qualitative.

And Mr. Thon is two levels up from you in the organization. Correct?

MR. BÉCHARD: I –

MR. SIMMONS: You report to Mr. Gagné and Mr. – I'm sorry. I might have that wrong.

You reported to whom? To Mr. Thon?

MR. BÉCHARD: I was reporting to Bernard Gagné who was reporting –

MR. SIMMONS: Who was reporting?

MR. BÉCHARD: – to Scott.

MR. SIMMONS: Okay.

MR. BÉCHARD: But something you should understand, Scott was pretty new in this role.

MR. SIMMONS: Mm-hmm.

MR. BÉCHARD: Was just arriving, so he was not necessarily in all detail knowledgeable of what was going on. So the qualitative assessment, it was done. It was done and updated on a regular basis.

MR. SIMMONS: Mm-hmm.

MR. BÉCHARD: So there was no need to get that done. What was missing was to –

MR. SIMMONS: Right.

MR. BÉCHARD: – put a number in there, and this is what we did.

MR. SIMMONS: So two points coming out of that. The first is, from what you're telling us, Mr. Thon's perspective on it is not the same as yours. When he thinks it was done primarily for the qualitative assessment and for the purpose of

informing Nalcor about risks, you have a different recollection of what the –

MR. BÉCHARD: There's –

MR. SIMMONS: – purpose was to that.

MR. BÉCHARD: There's a gap.

MR. SIMMONS: There's a gap. And –

MR. BÉCHARD: Yeah. There's a gap, but I'm the one that call the assessment –

MR. SIMMONS: Yes.

MR. BÉCHARD: – not Scott.

MR. SIMMONS: Yes. I understand that.

And the second point, you're telling us that qualitatively, all the risks that were addressed in this report that was prepared internally, those were already risks that were known and were part of the risk registers that were available –

MR. BÉCHARD: Most of them.

MR. SIMMONS: – to the client.

MR. BÉCHARD: Yeah.

MR. SIMMONS: Were there any that weren't?

MR. BÉCHARD: You know, we should compare. I cannot tell.

MR. SIMMONS: Okay.

MR. BÉCHARD: But most of them.

MR. SIMMONS: Yeah.

And when you had the meeting with Mr. Harrington afterwards and he expressly asked if there was any new risks, did you reassure him then that there weren't?

MR. BÉCHARD: I don't remember telling him that there weren't. I think I just state that, yes, if there's new risk we are going to inform you.

MR. SIMMONS: Okay.

MR. BÉCHARD: But I don't think there was any new risk. It was those risks were already known, they were just not quantify.

MR. SIMMONS: Okay.

So did you ever, then, communicate the quantification of those risks to anyone with the client? Did you ever?

MR. BÉCHARD: No.

MR. SIMMONS: Okay.

Thank you very much, Mr. Béchard.

MR. BÉCHARD: Thank you.

MR. SIMMONS: I don't have any other questions for you.

THE COMMISSIONER: Thank you.

Concerned Citizens Coalition.

MR. BUDDEN: Good day, Mr. Béchard.

MR. BÉCHARD: Good day.

MR. BUDDEN: My name is Geoff Budden. I'm the lawyer for the Concerned Citizens Coalition, and what the coalition is, it's a group of individuals who, for some years now, have been critical or critics of the Muskrat Falls Project.

I have a few minutes of questions for you today. The first one is, of course, in your testimony it came out that there was a meeting in which Mr. Harrington, Paul Harrington, was mad at you, was bullying you, you said, and called you incompetent. I guess my question to you – obviously you've worked in the hydroelectric field for – project development field for 40 years. You obviously don't believe you're incompetent. You wouldn't still be doing if you did.

MR. BÉCHARD: Is that the question?

MR. BUDDEN: No, that's, I guess, a preamble to my question. I think I get your answer.

MR. BÉCHARD: I can feel myself being competent, but if I'm compared to other I can

feel also incompetent. So, you know, competent or incompetent it's always depend to whom you compare. There's people that are more competent than me and there's people that are less competent than me. So competency is – this is not black and white.

MR. BUDDEN: But you certainly felt you had the skill set to do the job of – that you were hired to do at Muskrat Falls?

MR. BÉCHARD: When you're looking at me, do you feel that I'm confident?

MR. BUDDEN: You appear confident, yes.

MR. BÉCHARD: Okay.

MR. BUDDEN: So –

MR. BÉCHARD: Good.

MR. BUDDEN: So your answer would be, yes, you felt you had the skills?

MR. BÉCHARD: Yes.

MR. BUDDEN: Now, Mr. Harrington, we've heard evidence that – his background, of course, as you well know, was in oil and gas. And I guess my question for you is: Do you feel that Mr. Harrington was, himself, competent to be the project director of a hydroelectric construction megaproject?

MR. BÉCHARD: Who am I to decide if Mr. Harrington is competent?

MR. BUDDEN: Well, I would suggest that you were a person who worked in the field for 40 years. You've worked with many people. So I feel you are a good person to ask, which is why I asked you.

Do you feel that he had the knowledge and the skills relative to hydroelectric megaproject construction that were necessary for the job he held?

MR. BÉCHARD: My answer to that will be that I don't have all the necessary information to make a statement about that.

MR. BUDDEN: How long did you work with Mr. Harrington? Just a year and a half –

MR. BÉCHARD: Three year –

MR. BUDDEN: – or three years?

MR. BÉCHARD: – year and a half, three year.

MR. BUDDEN: Yeah. So you obviously had considerable dealings with him over that period of time?

MR. BÉCHARD: Yes.

MR. BUDDEN: Based on the information that you do have, the experiences you did have with him, do you believe that he was a competent person to hold the position he held as project director of a hydroelectric construction project – megaproject?

MR. BÉCHARD: Do I have to answer to that?

THE COMMISSIONER: If you can answer it, you should answer it. If you can't answer it, then you should say you can't answer it. But if you are able to answer, yes, you do.

MR. BÉCHARD: I don't feel competent enough to answer to that.

MR. BUDDEN: Okay.

Mr. O'Brien, Mr. Scott O'Brien –

MR. BÉCHARD: Yeah.

MR. BUDDEN: – you had dealings with Mr. O'Brien as well, of course.

MR. BÉCHARD: Yeah.

MR. BUDDEN: Another person who has testified said that his own experiences with Mr. O'Brien were that Mr. O'Brien bullied him, would talk over him in meetings and so forth.

Did you personally witness such behaviours on the part of Mr. O'Brien?

MR. BÉCHARD: Yes.

MR. BUDDEN: Okay.

Was that your experience of Mr. O'Brien? That he would talk over you, interrupt you, that kind of thing?

MR. BÉCHARD: Yeah, it happened.

MR. BUDDEN: Okay.

Do you believe that had any impact on your ability to do your job, being –?

MR. BÉCHARD: My ability?

MR. BUDDEN: Yes, to do your job.

MR. BÉCHARD: No. No.

MR. BUDDEN: Okay.

With regard to Mr. O'Brien, I'll ask the same question, since I asked already of Mr. Harrington. Based on your contact with him, do you feel that he was a competent person to do the job he was doing –

MR. BÉCHARD: In this case –

MR. BUDDEN: – at the Muskrat Falls site?

MR. BÉCHARD: – he was not having the necessary skill to do a Component 1 manager.

MR. BUDDEN: Okay.

Which skills did he not have in your opinion?

MR. BÉCHARD: He was not having the right management skill. His leadership was poor. He was not able to build a strong team around him, and he was not having any knowledge about working remotely up north.

MR. BUDDEN: Okay.

Some people when they find themselves in a position where they don't have knowledge, they turn to more experienced people, perhaps, to supplement their skills. Was that Mr. O'Brien's operating style in your dealings with him?

MR. BÉCHARD: Can you repeat the question?

MR. BUDDEN: Sure. I'm saying that there are people, of course, who go into a job and

recognize that they don't have a particular experience or skill set –

MR. BÉCHARD: Yeah.

MR. BUDDEN: – and they turn to people, such as yourself perhaps, who know the – who do have those particular skills. Was that Mr. O'Brien's style?

MR. BÉCHARD: No.

MR. BUDDEN: Okay.

With regard to – this is the last individual I'll ask you about – Mr. Jason Kean, you would've also worked with Mr. Kean, I presume?

MR. BÉCHARD: A lot.

MR. BUDDEN: Yes. Mr. Kean is another engineer whose background was in oil and gas –

MR. BÉCHARD: Yes.

MR. BUDDEN: – rather than hydro.

MR. BÉCHARD: Yes.

MR. BUDDEN: So I'll ask the same question of Mr. Kean as I asked of Mr. Harrington and of Mr. O'Brien.

Did you regard Mr. Kean as being a competent person for the position he was in?

MR. BÉCHARD: No, Jason is a really competent person.

MR. BUDDEN: Okay, so you didn't have the same competency concerns you had with him that you had with Mr. O'Brien?

MR. BÉCHARD: That's right.

MR. BUDDEN: Okay.

MR. BÉCHARD: And just to add upon that, Jason was working in project control. Project control, oil and gas, industrial, M&M or hydro – this is almost the same job. So if you got hydro, then you're in a better position to understand something – a certain thing, but this is not

essential. So, no. I got – for me, Jason is a really competent person.

MR. BUDDEN: Okay.

The – a couple of questions about the PAA – just a couple. But I was struck by some of your comments there, both in your direct evidence but also in your interview.

In your interview, you said that you were unable to even hire your own administrative assistant without –

MR. BÉCHARD: That's right.

MR. BUDDEN: – without Mr. Power approving it?

MR. BÉCHARD: Yeah. You know, hiring my assistant was a thing.

MR. BUDDEN: And –

MR. BÉCHARD: But you know –

MR. BUDDEN: Go ahead.

MR. BÉCHARD: About PAA, PAA was a way for the client to micromanage SLI. That's it. And it's kind of funny because this document is in the contract, but the purpose of this document in the contract is not to do micromanagement. It's just to approve a position so it could be filled. And to find a salary and a condition. And then you – you put that in a machine and then everything is going on.

MR. BUDDEN: Okay.

MR. BÉCHARD: But the client used that to micromanage us.

MR. BUDDEN: Now, you spoke about this in your interview, and you said one thing there that went a bit beyond even what you said here today. And I'm gonna read you what you said in your interview.

You said: PAA process from the start – and what I'm doing here now is just reading the interview you did with Commission counsel back last August. So these are your words that were recorded as you having said at the time.

MR. BÉCHARD: That's okay.

MR. BUDDEN: PAA process from the start has been a big issue in between Nalcor and SLI because this process was too much tight. There was no flexibility. Often we were waiting weeks and months to get PAA approved. It was delaying recruitment. It was creating issue because we were trying to bring aboard people, but in between the time that we, let's say, we target some people for some position and the time that we got the PAA approved, those people – they just decided to go elsewhere because the process was too long.

Do you remember saying that? And do you adopt those words?

MR. BÉCHARD: Still true.

MR. BUDDEN: Okay. Weeks and months. You were actually waiting months to get PAAs approved?

MR. BÉCHARD: In some case, yes.

MR. BUDDEN: Okay.

And one of the complaints that we have heard from Nalcor about SNC-Lavalin is that you were bringing your B team to the job rather than your A team. And I'm not asking you whether you necessarily agree with it, but in some cases, did you attempt to get people – the PAA process took so long that they weren't available and you had to settle for somebody who would not have been your first choice?

MR. BÉCHARD: Oh, it happened in some case. I cannot recall name, but it happened. But we have been having so many issues about the PAA process that we could probably write a book about it.

MR. BUDDEN: Okay.

MR. BÉCHARD: So ...

MR. BUDDEN: Well, it'll be a chapter in the book that the Commissioner is writing perhaps, but ...

You – PAAs, of course, are not uncommon. They're common in this industry, I assume.

MR. BÉCHARD: Not in hydro.

MR. BUDDEN: Not in hydro?

MR. BÉCHARD: No, no, no. Not hardly done in hydro.

MR. BUDDEN: Okay.

Had you ever encountered one before?

MR. BÉCHARD: If I ever what?

MR. BUDDEN: Have you ever dealt with a PAA before in any of your other positions?

MR. BÉCHARD: Before I came here?

MR. BUDDEN: Yeah.

MR. BÉCHARD: No.

MR. BUDDEN: Okay.

The – another comment from your interview that struck me, when you're talking about the schedule and about the pour rate of concrete, and what I took from what you were saying is that the rate that the schedule called for, the pour rate, was one that hadn't been achieved anywhere in North America in at least 20 years.

Do you remember saying that?

MR. BÉCHARD: Yes.

MR. BUDDEN: So you at the time, and SNC-Lavalin, were aware that this schedule called for a pour rate that simply hadn't been achieved in comparable circumstances in decades?

MR. BÉCHARD: That's right. But this being said doesn't mean that it cannot be achievable. It depends on the contractor that you are going to have. Because a thing that has not been achievable 20 years ago, today, with the new technology, with the new equipment, can be achieved. It all depend on the contractor, the organization and what means they are going to put ahead to make sure that they are going to make it happening.

MR. BUDDEN: We'll get to the contractor in just a moment, but – I hear what you're saying,

but the fact that it hasn't been done, surely that's a bit of a warning sign that this is a real aggressive schedule.

MR. BÉCHARD: You got it.

MR. BUDDEN: Okay.

Did you advise Nalcor or to your knowledge did anyone else at SNC-Lavalin tell Nalcor about this pour rate and how it might lead to a very, very aggressive schedule? Do you recall saying that?

MR. BÉCHARD: Oh, yeah. In workshop, we mentioned that often. Even we brought some expert from BC and from the State that have been involved in big project with concrete. And they were having the same warning: Hey guy, watch out, this is big number.

MR. BUDDEN: Yeah. That would be somebody, a gentleman named Daubersmith or –

MR. BÉCHARD: Yes.

MR. BUDDEN: – Daubersmith.

MR. BÉCHARD: Daubersmith.

MR. BUDDEN: And somebody else named Mike Pauletto.

MR. BÉCHARD: Yes, that's right. And –

MR. BUDDEN: So –

MR. BÉCHARD: – there was other – we hire a team of estimator. They're from Quebec City and they got huge experience – I don't remember the name – and they made the same warning, when we're doing the workshop by end of November, beginning of December 2011. So everyone that we brought around the table raised a hand and say: Guy, watch out. It's – you're getting critical on your schedule.

So – and if I remember, Lee Stanton, who was our senior expert in scheduling also warned them about the – that rate.

MR. BUDDEN: Okay.

What was their reaction? Their meaning the project (inaudible) –

MR. BÉCHARD: You mean the client reaction?

MR. BUDDEN: Yeah, the client's reaction.

MR. BÉCHARD: Their reaction was that: We are going to get the right contractor to get this happening.

MR. BUDDEN: Okay.

MR. BÉCHARD: This was their reaction.

MR. BUDDEN: Sure.

The right contractor, of course, being Astaldi. That was the contractor they selected.

MR. BÉCHARD: Yeah.

MR. BUDDEN: Did you – what was your opinion of the choice of Astaldi as the contractor for the powerhouse and the spillway?

MR. BÉCHARD: You know, I don't have really an opinion about that because I've not been participating in the process of selecting the contractor. They set me aside and say: Normand, you don't participate to that.

So I know that the team that has been put in place to do the recommendation, to analyze all the document – and some people of that team was SLI employee – were really serious people with experience and they were able to do a good recommendation on – about Astaldi.

I never saw the recommendations, so I cannot talk about it.

MR. BUDDEN: Fair enough.

The – you also had some comments in your interview about the labour productivity factor used by Nalcor and your belief that it was perhaps too low.

Do you remember saying that?

MR. BÉCHARD: I don't know. I don't remember saying that, because I'm not sure if I

had been made aware of those productivity factor. I know that Nalcor gave to the estimating team those factor, but I don't recall having those number in my head.

MR. BUDDEN: Okay.

MR. BÉCHARD: But, you know, it's eight years back.

MR. BUDDEN: Fair enough.

The EPCM, I'm gonna – couple questions, my last question's really about that.

In your interview, again, you talked about the size of the Nalcor management team being quite large compared to previous (inaudible).

MR. BÉCHARD: You mean the client?

MR. BUDDEN: The client, yes – Nalcor. When I say Nalcor, I mean the client.

MR. BÉCHARD: Yeah.

MR. BUDDEN: But I know you prefer to say client, so I'll rephrase it that way.

MR. BÉCHARD: Yeah, that's right. Sorry.

MR. BUDDEN: It's all good. So the – in this case, the client on the Lower Churchill Project – Muskrat Falls had, by your evidence, a very large team of –

MR. BÉCHARD: Do you want me to – you know, when I arrived there in 2011, there were about 80 people. When I did Eastmain-1-A, the team on the client side was about 12 to 15 people.

MR. BUDDEN: So it was obviously a much larger team. And again, I gather, in your experience, that would be unusual for a client in an EPCM circumstance.

Was there a cut – was the SNC-Lavalin team less robust to match the team the client brought? Or how did that effect integration of the teams?

MR. BÉCHARD: It's difficult to state less robust. I'd say that the SLI team was bringing something that the other team were not having

and they were having different expertise. So it was just a match. So, difficult to be more specific on that.

MR. BUDDEN: Okay, the – and finally, the – in your experience in other EPCM contract situations, how frequently would cost updates be delivered? I'm thinking there, would they be delivered monthly, quarterly? What were the – how was that generally done?

MR. BÉCHARD: Can you rephrase your question? Because I'm not catching your question.

MR. BUDDEN: Okay.

The cost updates, I presume, would ordinarily be delivered in the course of – of any –

MR. BÉCHARD: Catch – cost update?

MR. BUDDEN: Yeah.

MR. BÉCHARD: That should be done monthly.

MR. BUDDEN: Monthly, that's been your experience.

MR. BÉCHARD: Yes.

MR. BUDDEN: Okay.

Sir, thank you. That's it.

MR. BÉCHARD: Okay. Thanks.

THE COMMISSIONER: Thank you.

Edmund Martin.

MR. BÉCHARD: Jesus, you're giving me hard time, guy.

MR. SMITH: Only the beginning.

MR. BÉCHARD: I'm like a student doing an exam.

MR. SMITH: My name is Harold Smith and I represent Mr. Martin, Ed Martin.

MR. BÉCHARD: Nice meeting you.

MR. SMITH: I don't have a lot of questions, just a few. It just may look like I got a lot, okay, 'cause of a computer, I think.

You were working with Hydro-Québec for a number of years.

Do you know what the total number of years you worked with Hydro-Québec?

MR. BÉCHARD: All total?

MR. SMITH: Yeah.

MR. BÉCHARD: Twenty-one years.

MR. SMITH: Twenty-one years.

And, you indicated that you resigned in 2011?

MR. BÉCHARD: Yeah, May 2011.

MR. SMITH: Yeah.

And you indicated also that it wasn't a smooth transition.

MR. BÉCHARD: No.

MR. SMITH: Could you elaborate as to –

MR. BÉCHARD: Oh.

MR. SMITH: – what happened?

MR. BÉCHARD: Jesus, this is difficult. But anyway, the question is there. Okay.

So, you know that SN – Hydro-Québec always been a big client of SNC-Lavalin, and mainly the Hydro division of SNC-Lavalin. So, you know that there always been fighting between Newfoundland and Quebec on the Labrador and all that.

So Hydro-Québec made a request to the SNC upper management that they should avoid to be part of the Lower Churchill Project. And if they were not going along with that call –

MS. MURPHY: (Inaudible.)

MR. LEARMONTH: Excuse me.

MS. MURPHY: Sorry.

THE COMMISSIONER: Can you turn off your mic, Mr. Learmonth?

Go ahead, Ms. Murphy.

MS. MURPHY: Thank you, Mr. Commissioner.

I just would like to note that the question asked may have – may be involving confidential and commercially sensitive information that may be commercially sensitive to Mr. Béchard and his former employers, plural.

MR. BÉCHARD: Correct.

MS. MURPHY: And I ask that the questioning – while I understand Mr. Smith's question came from a comment from the witness earlier – that the questioning be limited, so that any confidential information pertaining to business relationships among his prior employers, about which he may know as a result of confidential conversations, remain subject to the confidentiality agreements that may be in place therein.

THE COMMISSIONER: Mr. Smith?

MR. SMITH: I'm merely interested, Mr. Commissioner, in exploring the comment that was made and, in particular, you know, when he said it was difficult if he could –

MR. BÉCHARD: Okay. So –

THE COMMISSIONER: Just a minute, Mr. Béchard.

MR. SMITH: – if he could provide us with some information as to why it was a difficult extraction.

THE COMMISSIONER: So you're not seeking Mr. Béchard to release any –

MR. SMITH: No.

THE COMMISSIONER: – confidentially or confidential commercially sensitive information.

So when you answer this question, Mr. Béchar, you should keep in mind that if there is confidential information that you're required to keep confidential or alternatively, if there is commercially sensitive information that you're required to keep confidential, you do not – you should not refer to that here. But if you answer the question, then answer the question, you know, in a way that, basically, doesn't overcome that requirement.

MR. BÉCHARD: Okay.

So I will do my best so to ease that because I'm going to just tell you – and this is in the media – google my name and look in 2011. You will see that there's newspaper in Montreal that write an article about the relation with me, SNC and Hydro-Québec. This is public. So you gonna get your answer there.

MR. SMITH: Well, unfortunately, that answer won't go onto the record of the Commission and therefore, if it is public, it's not covered by some confidentiality. And if you just outline it to us.

MR. BÉCHARD: Okay.

So what has been said in the media in Quebec sometime in 2011, maybe 2012, is – for some reason that I don't know, journalist's question about the fact that SNC was involved in Muskrat. Hydro-Québec was mad about that. And someone within Hydro-Québec spoke to the media and mentioned that SNC had poached me out of Hydro-Québec.

MR. SMITH: Okay.

MR. BÉCHARD: And Hydro-Québec was really mad about SNC to have done that.

MR. SMITH: So that made your resignation uncomfortable or difficult.

MR. BÉCHARD: That's right, exactly.

MR. SMITH: Now, I'll move on to another issue.

In Mr. Tremblay's testimony yesterday, he advised me in cross-examination that none of the Nalcor information was utilized in the

preparation of the risk report done internally by one of your other divisions.

Can you comment on whether that is an accurate statement?

MR. BÉCHARD: It depends what you mean by Nalcor information, because what we use is work done by SNC employee about a risk register, a qualitative risk register. That has been the start. And because they were already identify, and we start from there. And then we did an additional step to bring the value to that qualitative assessment.

MR. SMITH: So the qualitative assessment was the Nalcor or client qualitative assessment that was then moved up to your other division and quantified.

MR. BÉCHARD: Yup.

MR. SMITH: And you had no involvement of the client in the creation of the quantitative numbers.

MR. BÉCHARD: That's right.

MR. SMITH: Now, it's my understanding from your evidence today is that you felt that Bob Card, the president of, at least the hydro side – I don't know if he's the president of both sides.

MR. BÉCHARD: No, no, he was the CEO.

MR. SMITH: CEO, sorry.

MR. BÉCHARD: Yeah.

MR. SMITH: CEO of SNC-Lavalin – that he provided a report to Mr. Martin and Mr. Martin refused. That's what I understood your evidence to be –

MR. BÉCHARD: I –

MR. SMITH: – I take it.

MR. BÉCHARD: I don't think, I don't recall having said that. What I recall, it was the intent from Mr. Card to discuss about this report and potentially give it to, but it – I don't know if happened like that, because I'm not aware at all of what has been discuss with Mr. Martin.

MR. SMITH: Were you present at the meeting?

MR. BÉCHARD: No.

MR. SMITH: No, you were not present?

MR. BÉCHARD: No.

MR. SMITH: Okay.

And I'm wondering –

MR. BÉCHARD: (Inaudible.)

MR. SMITH: – which report are we talking about?

MR. BÉCHARD: The risk assessment.

MR. SMITH: Yes.

I call your attention to, if I could, P-01977, Madam Clerk.

MR. BÉCHARD: Which –

THE COMMISSIONER: Just one second now.

MR. BÉCHARD: Which tab or which book?

THE COMMISSIONER: I was looking for that now. I think that's one that's going to come up on your screen.

MR. BÉCHARD: Okay.

THE COMMISSIONER: It's not in your book.

MR. BÉCHARD: Good.

MR. SMITH: Okay. Do you –

MR. BÉCHARD: Yeah.

MR. SMITH: – scroll down to the approvals –

MR. BÉCHARD: Yeah.

MR. SMITH: – okay?

Now, I take it that, Mr. Béchard, that like many large organizations, there is a process where people – in order to say a report exists or is official, is that there's a sign-off by people.

MR. BÉCHARD: Yeah.

MR. SMITH: Is that correct?

And I understand SNC-Lavalin – from another witness – has the same process.

MR. BÉCHARD: Yes.

MR. SMITH: Okay.

So the process here demonstrates that the risk report, which was made public in 2016, was signed off by the last individual on May 17, 2013. Which turns out to be three people signed off, you being one of them.

MR. BÉCHARD: Yes.

MR. SMITH: On May 17?

MR. BÉCHARD: Yes.

MR. SMITH: Okay.

So was this the report that you gave to Mr. Card and thought that it was going to be discussed?

MR. BÉCHARD: I cannot recall if I gave to Mr. Card a sign-off copy. Maybe not, because I think the meeting with Mr. Martin was in April.

MR. SMITH: Yes.

MR. BÉCHARD: And the report had been signed off in May.

MR. SMITH: Yeah.

MR. BÉCHARD: So probably not. So it was probably a draft copy.

MR. SMITH: I see.

And being a draft copy – my understanding is the first signature that's noted there is April 23, 2013, and Mr. Mackay –

MR. BÉCHARD: Mackay.

MR. SMITH: Mackay?

MR. BÉCHARD: Yeah.

MR. SMITH: And who is he?

MR. BÉCHARD: He's the project risk manager for – at the time, he was the project risk manager for the M&M division.

MR. SMITH: For the M&M division, which was not involved directly in the project at that time?

MR. BÉCHARD: That's right. And on purpose, the procedure to do that type of assessment was calling to be done by a neutral third party, not involved in the project.

MR. SMITH: And that's the procedure that was created by Mr. Card –

MR. BÉCHARD: No, no, no, no.

MR. SMITH: – for the executive?

MR. BÉCHARD: No, it has been put in place by Mr. Card, but it has been done by the risk VP of SNC.

MR. SMITH: Now, I take you to, if I could, your transcript of August 2018. And in that transcript, page 78 – I don't know if you have that with you because I only have it on computer.

MR. BÉCHARD: Which page?

MR. SMITH: Page 78.

MR. BÉCHARD: Yes.

MR. SMITH: Just give me a second here, I'm trying to...

MR. BÉCHARD: Go ahead.

MR. SMITH: Second.

Seventy-eight, there it is. Okay.

I'm identifying for you in that transcript at line – no lines, actually. So it's halfway down the page where Ms. O'Brien says: Did he discuss the meeting at all with you? Meaning the meeting between Mr. Martin and Mr. Card.

Did he mean Mr. Card?

MR. BÉCHARD: If Mr. Card discussed the meeting?

MR. SMITH: Yeah.

MR. BÉCHARD: Yes, he discussed the meeting, but really at the general level. Because Mr. Card was not having to report to me.

MR. SMITH: No.

MR. BÉCHARD: He was my big boss.

MR. SMITH: Yeah.

MR. BÉCHARD: So, he just really general told me that he was having a good meeting, he discussed a few subject and about, like I mentioned earlier, more support that SNC can bring to the project, things like that. So this is CEO-to-CEO conversation, eh? So...

MR. SMITH: You gather, I take it, it was a very high-level type meeting. It was discussing – if risks were discussed at all, they were discussed at a very high level.

MR. BÉCHARD: Those people, the level they are, I think they knew exactly what to talk about.

MR. SMITH: So in regard, then, I take it, did Mr. Card say to you that he had offered Mr. Martin the draft risk analysis and Mr. Martin refused?

MR. BÉCHARD: This is what I recall.

MR. SMITH: That's what you recall?

MR. BÉCHARD: Yeah.

MR. SMITH: Okay.

I'd ask you to go to P-01677.

MR. BÉCHARD: Page – what?

MR. SMITH: P-01677.

MR. BÉCHARD: Oh –

MR. SMITH: Okay?

THE COMMISSIONER: 01677. Again, that's one that you'll have to look on your screen for, Mr. Béchard.

MR. BÉCHARD: Okay.

MR. SMITH: And I ask you to turn to page 124. I believe that's the red number, 124.

MR. BÉCHARD: Oh, this is an exhibit.

THE COMMISSIONER: Yes, just – it's just an exhibit, the GT report.

MR. SMITH: This is from the Grant Thornton report.

MR. BÉCHARD: Yes.

MR. SMITH: And Grant Thornton apparently interviewed your big boss, okay?

MR. BÉCHARD: Mr. Card?

MR. SMITH: Mr. Card.

MR. BÉCHARD: Yeah.

MR. SMITH: Okay.

Now, I'll take you to the bottom of the page, please, line 38 to 40. No, next page I guess. Yes, stop.

So Mr. Card was asked by the Grant Thornton people, do you – **“So you don't remember handing Ed the report and him refusing to take it from you?”**

And Mr. Card is recorded as saying: *“No, I couldn't imagine Ed having refused to take it. We weren't having – the relationship while we”* – were – *“disagreed, I would classify as cordial and adult-like. It would be hard for me to conceive me handing Ed anything and him saying I don't want”* this.

So you have an impression from Mr. Card, and Mr. Card has indicated to the Commission's expert forensic auditors that no such event happened. So that –

MR. BÉCHARD: Nothing to say about that.

MR. SMITH: Okay, nothing to say?

MR. BÉCHARD: No.

MR. SMITH: Okay.

Would you agree with me that your position and Mr. Card's position are at odds?

MR. BÉCHARD: Right.

MR. SMITH: Okay.

And are you aware whether Mr. Martin has any knowledge of the report or that it was given to him?

MR. BÉCHARD: No.

MR. SMITH: Thank you, Sir.

All the questions I have.

THE COMMISSIONER: All right, it's 4:25, and I need a few minutes to speak to Commission counsel with standing this afternoon. So we're going to adjourn here, and you'll come back tomorrow morning at 9:30, Sir.

MR. BÉCHARD: Okay.

THE COMMISSIONER: And we'll finish. So you can – feel free to leave. I'm going to ask the sheriff's officer to clear the room except for Commission counsel, please, and include yourself. And we're going to adjourn until tomorrow at 9:30 in the morning.

MR. BÉCHARD: Thank you, Sir.

THE COMMISSIONER: Thank you very much.

CLERK: All rise.

THE COMMISSIONER: I'm not going to go anywhere so you can be seated. I'm just waiting for everybody to leave and ...