



COMMISSION OF INQUIRY
RESPECTING THE MUSKRAT FALLS PROJECT

Transcript | Phase 2

Volume 26

Commissioner: Honourable Justice Richard LeBlanc

Friday

5 April 2019

CLERK (Mulrooney): All rise.

This Commission of Inquiry is now open.

The Honourable Justice Richard LeBlanc presiding as Commissioner. Please be seated.

THE COMMISSIONER: Okay. I notice Nalcor Energy is not here, and I hesitate to start without them. Oh, here they come.

Probably for everyone else I would have started, but I wouldn't start without Nalcor Energy for obvious reasons.

MR. SIMMONS: (Inaudible.)

THE COMMISSIONER: All right. Good morning.

Ms. Ding.

MS. DING: Good morning, Mr. Commissioner.

Our witness today is Mr. Bill Mavromatis, and I believe Mr. Mavromatis would like to affirm.

THE COMMISSIONER: Okay. If you could just stand, Sir, please?

CLERK: Do you solemnly affirm that the evidence you shall give to this Inquiry shall be the truth, the whole truth and nothing but the truth?

MR. MAVROMATIS: I do.

CLERK: Please state your name?

MR. MAVROMATIS: Bill Mavromatis.

CLERK: Thank you.

THE COMMISSIONER: Okay. Sir, if I could get you to spell your last name, please?

MR. MAVROMATIS: M-A-V-R-O-M-A-T-I-S.

THE COMMISSIONER: Right. Thank you.

Ms. Ding.

MS. DING: Thank you.

Mr. Commissioner, I'd like to enter in a few exhibits. One exhibit was from yesterday; it was a subsequent letter reference by Mr. Hiscock at P-02973.

I'd also like to enter exhibits for today: P-02874 to P-02890, P-02892 to P-02900, P-02902 to P-02913, P-02915 to P-02930, P-02932 to P-02965, P-02971 and P-02974 to P-02983, please.

THE COMMISSIONER: All right. Those exhibits will be entered as numbered.

MS. DING: Thank you. Madam Clerk, I'll start with Exhibit P-02980, please.

And Mr. Mavromatis, that's in binder 4, tab 96.

MR. MAVROMATIS: Binder?

MS. DING: Oh, binder 3, sorry, tab 96.

MR. MAVROMATIS: Yes.

MS. DING: So, Mr. Mavromatis, this is your CV. Can you provide us with a brief overview of your education and your work experience, please?

MR. MAVROMATIS: Yes.

So I graduated from McGill University with a Bachelor in Engineering, mechanical, in 1983. After school I worked at a company called Vickers. I was doing some QA work. It's not shown in the résumé, but I was doing some surveillance in the shop and responsible for welding procedure compliance.

In 1989, I joined GE Hydro in Montreal. I was – started off as a QA planner doing various inspection and test plans for the manufacturing scope, quality assurance planning and other types of scheduling primarily. In 1994, I agreed to an assignment working overseas in China. Primary responsibility would be to – was to supervise the manufacturing of components that were being manufactured in China for projects in China.

I did that for about three years, and in 1996, I took an assignment as a site manager in Indonesia. Was there for about a year doing the

installation of two Francis turbines for our customer, PT Inco. In 1997, I returned back to Montreal and took the role as purchasing leader on international projects. At that time, we had major international projects that we were managing out of Montreal office. Primarily there's the Three Gorges project in China, which had a – was a consortium between Voith, GE and Siemens, so we had a lot of sourcing of equipment and materials worldwide, and I had that responsibility to manage that part of the work.

And then, in 2000, I took over as the project manager for GE Hydro on the Three Gorges project. Three Gorges project was a – the VGS consortium, again, was Voith, GE, Siemens. And we had supplied for the six sets of generators and turbines. These were big machines, 700 megawatts each. That project was completed in 2005. Then I took another project again in China, about 150 kilometres west of Shanghai. This was a – the Yixing project was a pump storage station, four units about 250 megawatts each.

Upon completion of that, I was assigned project manager for the Lower Mattagami Project. Kiewit was the EPC on that with the OPG being the owner. So I was there until it wrapped – completed that in 2014. In between I also took on another project (inaudible) expansion project. It was just a supply project and we provided supervision for installation of some gates in British Columbia. And then in February 2015 I became the project manager for the Muskrat Falls gates and that's the position I hold at the present time.

MS. DING: Okay. So you are still current – the current project manager.

MR. MAVROMATIS: Correct, for package 0032.

MS. DING: Okay.

And what's your role on package 0032 as the project manager?

MR. MAVROMATIS: Well, on package 0032, I'm the project manager. Typically in ANDRITZ, I have the responsibility for the execution of the project, all aspects from the

engineering, procurement, manufacturing, installation, commissioning.

MS. DING: Okay, thank you.

And as some background, ANDRITZ Hydro is a supplier of electromechanical systems and services for hydro power plants. Is that correct?

MR. MAVROMATIS: That's correct.

MS. DING: Okay.

And it has a main office in Austria and also a Canadian office in Pointe-Claire, Quebec?

MR. MAVROMATIS: Yes, our office is in Pointe-Claire, Quebec.

MS. DING: Okay.

MR. MAVROMATIS: ANDRITZ Hydro Canada, yes.

MS. DING: Okay.

And I understand ANDRITZ was responsible for two packages, CH0030 and CH0032. Is that correct?

MR. MAVROMATIS: That's correct.

MS. DING: Okay.

And CH0030 was for the design and supply of the turbines and generators and CH0032 was for the supply and install of the powerhouse and spillway hydro-mechanical equipment?

MR. MAVROMATIS: That's correct.

MS. DING: Okay, thank you.

And, Mr. Commissioner, I'll be discussing CH0030 only briefly today, but my main focus will be on CH0032, which is the contract raised in the Grant Thornton report. And just for your reference, Commissioner, that's page 58 of Exhibit P-01677, which is the Grant Thornton report, and it does state that the package had a total cost growth of \$91 million after the contract award. And so that will be something I'll be exploring today.

THE COMMISSIONER: Okay.

MS. DING: Okay.

So, Mr. Mavromatis, I know you weren't directly involved with CH0030, but I'd just like to speak to you briefly on what your knowledge – what you knew about the package. So, Madam Clerk, can we go to P-02875, please, page 22? And, Mr. Mavromatis, that's your first binder there at tab 2.

THE COMMISSIONER: At tab what?

MS. DING: Two.

THE COMMISSIONER: Tab 2. And what's the number of the exhibit, please?

MS. DING: 02875.

THE COMMISSIONER: 02825?

MS. DING: Seventy-five.

THE COMMISSIONER: Seventy-five.

MS. DING: On page 22, please, Madam Clerk. And please zoom out just a little bit – great.

So this is just a picture from a Nalcor presentation, which you can use to help you describe it. But can you provide an overview of the components for CH0030 and what services ANDRITZ was providing for that contract?

MR. MAVROMATIS: Okay.

So, package 0030, we have the scope to design, manufacture, install and commission the four turbine and generator units, and this is what you see on this – on the exhibit. You see the – I won't describe it, but the two main components, that's the turbine and the generator. The turbine is basically the – what you see that's there, it looks like a propeller and the intake feeds the water into the spiral case and that rotates the propeller and the turbine or the propeller is coupled to the generator, which is up above and that generates – converts the mechanical energy into electrical energy, and it's connected to the grid. So we had the – our scope is to design, procure, manufacture, install and commission the four units that basically generate the power.

MS. DING: Okay, thank you.

And, as I understand it, the design and engineering work for the turbines was done mostly in Canada, but then manufactured in China. Is that correct?

MR. MAVROMATIS: That's correct. The turbine would be designed in our office in Pointe-Claire and the generator designed in our office in Peterborough.

MS. DING: Okay.

And did your – so you were project manager for package 0032, did you have much overlap with the team that was working on this package?

MR. MAVROMATIS: I wouldn't say we had much overlap.

MS. DING: Okay. But you would have knowledge, just general basic knowledge about this project?

MR. MAVROMATIS: I – general knowledge of the ...?

MS. DING: Oh, in this package.

MR. MAVROMATIS: This package – just general knowledge, yes.

MS. DING: Okay.

Okay, Madam Clerk, can we go to P-02950, please? Sorry, that would be binder B2, the second binder for you, Mr. Mavromatis, and tab 73. Page 20, please, Madam Clerk.

MR. MAVROMATIS: The second binder.

MS. DING: Okay.

So this is a presentation from March 21, 2014. And these are just pictures just for reference. But we've heard evidence that the CH0030 package, the component parts for that package of the fabricated turbines were delivered to the site and were –

MR. MAVROMATIS: Hmm.

MS. DING: – essentially sitting outside for a number of years. Do you recall this being an issue?

MR. MAVROMATIS: What I know of that is that the turbine and generator components were delivered from China to the site and they were stored – what they called a marshalling yard at the site, for the most part. And there was a program that was implemented for their re-preservation, the cleaning and re-preservation of these components. That’s really what I know of a – regarding that, the condition of the components, when they were delivered and that there was a re-preservation program that was being implemented.

MS. DING: Okay.

Can you tell us a bit about the differences in the components that required different types of storage and where you had to store them?

MR. MAVROMATIS: Well, I think, typically we assigned a storage code to each component and we have indoor heated as one type of storage that’s required, typically, for sensitive equipment, electronic equipment and so on. We also have other components that require indoor not heated, so they’re a bit more robust. And then we have components that, with the proper preservation, could be stored outdoors, but not for indefinite periods, for certain period of time, and the preservation is designed to accommodate outdoor storage for – I think, in this contract it’s 12 months or so.

MS. DING: Okay. So can you tell us where those storage facilities were?

MR. MAVROMATIS: I think on package 0030 the indoor storage was in a warehouse in Montreal, of GTI. And there was also a hanger in Goose Bay where they had the indoor storage non-heated. And again for the components stored outdoors, they were near the site – what I know.

MS. DING: Okay. So it was delivered and some of the parts actually had to be shipped to Montreal for storage.

MR. MAVROMATIS: I imagine that would be the case.

MS. DING: Okay.

For the components stored outside, I understand from your interview that ANDRITZ provided those preservation systems. You mentioned a time period of 12 months. So was the responsibility for the cost of the preservation on ANDRITZ for the first 12 months and then Nalcor after that?

MR. MAVROMATIS: Well, these – again, typically, these components would be protected – a preservation applied at the factory prior to shipment and they were designed to prevent any corrosion or rust or deterioration for a period of 12 months. So if it, the storage is beyond the 12-month period, then it would be beyond what the preservation was designed to maintain or to keep.

MS. DING: Okay, so the – but for the first 12 months, any corrosion would’ve been ANDRITZ’s responsibility too?

MR. MAVROMATIS: I would imagine so, yes.

MS. DING: Okay, thank you.

So the delays on site meant that the powerhouse wasn’t ready. So was it Nalcor who made the decision to ship the components from China, even though the components couldn’t be installed right away?

MR. MAVROMATIS: My understanding, again, is that there was an option to store the components in China, but the decision was made by Nalcor to ship them to the site.

MS. DING: Okay, and do you know if that proposal to store them in China would’ve been more cost-effective?

MR. MAVROMATIS: I think, again, there’s many different parameters that were involved in that decision I imagine I don’t know first-hand but in retrospect, perhaps. But if you don’t know the period of that – the storage period or when (inaudible) they would be installed, it would be difficult to make that assessment.

But typically, if you store them in China, the labour costs are lower there. So if you had to

clean them and re-preserve them, it would be lower. There, I guess the conditions for the outdoor components would be less severe, you know, you wouldn't have this harsh winter conditions that you'd be working against in trying to restore these components.

So, yes, I would say that probably would've been less expensive to keep them in China, stored in China. But then maybe there's a little bit – consider other factors, there's transportation and so on and so forth, and will they be delivered to the site when they were required and so on. So there's a lot of different things to consider when making that decision.

MS. DING: Okay, thank you.

And do you know how much it actually costs Nalcor to – I mean, I believe that the – that Nalcor had issued change orders to ANDRITZ to do the storage. Is that correct?

MR. MAVROMATIS: So the – I did inquire about that, and so in the range of \$20 million, order of magnitude for this preservation, re-preservation program.

MS. DING: Okay, thank you.

So were the components delivered according to the original target dates?

MR. MAVROMATIS: This is the – you're talking about package 0030, now?

MS. DING: Yes.

MR. MAVROMATIS: I wouldn't be sure of that, (inaudible).

MS. DING: And, we've heard that there was, perhaps, some quality issues with the components manufactured in China, which might have contributed to their deterioration. Do you know if this might have been a contributing factor?

MR. MAVROMATIS: No, I wouldn't know that. Sorry.

MS. DING: We've also heard that a contributing factor was that the preservation covering of – especially for the components

stored outside – would've been damaged at some point, and that Nalcor, essentially, left the components exposed for long periods of time. Do you recall if that was a – ever came up or was an issue?

MR. MAVROMATIS: Again, I'm managing a different package.

MS. DING: Yeah.

MR. MAVROMATIS: And I don't recall that coming up, being brought to my attention.

MS. DING: Okay.

MR. MAVROMATIS: I don't recall.

MS. DING: Thank you.

I want to turn to the package you were managing, which was CH0032, the supply and install of the powerhouse and spillway hydro-mechanical equipment. And I understand, from the documents, the contract was executed on December 18, 2013?

MR. MAVROMATIS: Okay.

MS. DING: Madam Clerk, please go to P-02875, please. Mr. Mavromatis, that's binder 1, tab 2 in your binder. And I'll go to page 9, please. Just zoom out a bit here.

And I have pictures here of the upstream and downstream of the spillway as well as the powerhouse, but can you provide an overview of package 0032 and what it was and what services you were providing?

MR. MAVROMATIS: Okay. So package 0032 was the hydro-mechanical equipment for the spillway and the powerhouse, and also included the control systems for the spillway gates, and the trash cleaning machine, which is not shown on the picture, but what we see on the picture is the spillway structure. Spillway structure consists of five bays and our scope is the design, the procurement and manufacturing of the gates. Like you see – like these doors that would be closing and opening, to regulate the flow of water.

The towers, that sits on top of the concrete structure, and the hoist bridges, which house the hoists that are used to raise and lower the gates. And actually, if you look carefully, behind bay 3, the middle bay, you can see a piece of the trash-cleaning machine, which is used to clean the trash that's accumulated or will accumulate in front of the powerhouse intake. And it also has a hoist that will be used to install and remove and handle the stoplogs.

MS. DING: Okay, I think I have a better picture of that, yeah.

MR. MAVROMATIS: So this is – the spillway is the phase 1 that we call, exactly. So here you see the powerhouse itself, you see it from the intake – from the upstream looking towards the downstream.

So the intake has 12 bays. Each bay has a gate we will call the intake gate. And the hoist for each gate are housed in the hoist houses, which are just – you can see it – it's on, basically, on top of the structure. You don't see the hoist themselves, but they're inside of the structure that you see on the top towards the upstream.

And then you see the trash-cleaning machine, which, as I explained, primary purpose of that is to clean the trash that accumulates at the intake. So you see, the arm stretches out the bottom and goes down to the bottom of the channel and scrapes up the trash.

So, at a high level, this is our scope on the ...

MS. DING: And the powerhouse portion?

MR. MAVROMATIS: And the powerhouse portion, so now you see a (inaudible) view, the – you can see the trash racks.

So the way that the structure is, we have these block outs, these slots, the sidewalls of the water passage. We install vertical guides on – in these slots and then the stoplogs or the gates would slide in these vertical slots. On – for the gates, if you see, the first set is the trash rack.

The second one's the bulkhead gate, which is equivalent to – like a stoplog. You would install those gates if you want to perform maintenance on the intake gate.

And the third slot from the upstream is the gate itself, the intake gate. And that is a vertical gate that's raised and lowers through the use of a hoist that you can see it near the top at the hoist house. So there's 12 gates and 12 hoists.

And then on the downstream side, you have the draft tube where the water exits the machine. You have stoplogs that are installed there as well, and there is a – on top of that, you can see there's a gantry train – crane, and the draft tube stoplogs are handled and installed and removed through the use of that crane. So that's also our scope.

MS. DING: Okay, thank you. That was very helpful.

Can you describe where the components were being designed and manufactured?

MR. MAVROMATIS: Okay. So the – on the spillway, the hoists were designed and manufactured in – by Canmec in Quebec. The stoplogs and the gates were designed in our office in Linz in Austria and they were manufactured in China. The towers and the hoist bridges were designed and manufactured in Canmec in Quebec. The guys, the basic design was done in Austria. The detail or shop drawings were done in Canmec, and they were manufactured also in Canmec.

MS. DING: And Canmec was your installation contractor. Is that –?

MR. MAVROMATIS: Canmec was our mechanical installation contractor, yes.

MS. DING: And just for reference, Commissioner, I won't bring up the contract, but it's an exhibit at P-02877.

THE COMMISSIONER: Okay.

MS. DING: And I just want to get a sense of the proportion of the scope of work on the total contract. What percentage of the contract was spillway, what percentage was powerhouse?

MR. MAVROMATIS: I would say the split is about 40 per cent spillway, 60 per cent powerhouse, approximately.

MS. DING: Okay. Thank you.

And of the spillway components, what percentage was the upstream work and what percentage would be the downstream work?

MR. MAVROMATIS: I would say the upstream work represents about 85 per cent and the downstream work 15 per cent, approximately.

MS. DING: Thank you.

Can you provide a description of ANDRITZ Hydro's experience providing similar projects such as the one you just described?

MR. MAVROMATIS: You know, we've had projects of this magnitude all over the world. We've had a couple of them in Austria, I think one in Iran. We're very, very experienced in the mechanical design of these components and have had success in the past.

The difference that comes up on this project is that the spillway roller gates themselves, we didn't have a lot of design experience on the heating systems and so on. So, that was where the – we hired the services of a specialist, a consultant to help us with the design.

And I'd also like to note that the – in the interim also – or during the execution of this project, we acquired another company in Canada, AFI, which had deep experience in these types of gates and – supplied in Canada –

MS. DING: Okay.

MR. MAVROMATIS: – supplied and installed in Canada.

MS. DING: So, when you were bidding for the project, what was your – what was hydro's – ANDRITZ Hydro's experience working in cold climates?

MR. MAVROMATIS: I would say it was – in this type of cold, extreme cold environments – on the gates project it was limited.

MS. DING: And in terms of the size of contract, would you consider this package for this project

bigger relative to your other – your company's other projects?

MR. MAVROMATIS: I would say it was a large project; I wouldn't say it was the biggest project, but it was a large ...

MS. DING: Thank you. Madam Clerk, can you please go to P-02876? Mr. Mavromatis, that would be in binder 1, tab 3.

MR. MAVROMATIS: Binder 1.

MS. DING: And I'll go to page 14, please.

Right. Thank you.

So, this is a presentation by ANDRITZ, I believe, for – on February 28, 2014 – so this would have been before your time, Mr. Mavromatis, but the presentation does highlight some of the issues that they were encountering and the actions that needed to be taken at that early stage. The reference here indicates that you were brought on to, essentially, coach the project manager before you and ultimately replace him on the project as the project manager. And I believe his name is Mathieu Bertrand. Why were you asked to take his role?

MR. MAVROMATIS: Well, as it was explained to me, there were some – I could call them issues that were being faced at this stage of the project, and it was felt, primarily by LCP, that Mathieu Bertrand didn't have the PM experience level that would be required or appropriate to deal with some of these issues.

MS. DING: And what was his experience at the time?

MR. MAVROMATIS: Oh, no, Mathieu didn't have project management experience; he was a very qualified system engineer or engineer, but he didn't have the PM experience.

MS. DING: Okay. And he did remain on the project with you, is that correct?

MR. MAVROMATIS: That's correct. So, he remained as the installation coordinator.

MS. DING: Okay. Thank you. I want to explore a little more of the initial challenges that you –

that were happening at the time when you first came on. From some of the Nalcor documents, we see that there were issues early on, and, again, I know you weren't part of the project for some of these issues –

MR. MAVROMATIS: Mm-hmm.

MS. DING: – but just provide answers to the best of your knowledge.

Madam Clerk, please go to Exhibit P-02885.

Mr. Mavromatis, that's tab 12 in that first binder.

And page 8, please, Madam Clerk.

So this is a Nalcor presentation from January of 2015, and it talks about some of the designs – the issues with design and communication between the Austria office and the Canadian office. It says here, just on the first bullet point, that the “Linz project team appear to operate in isolation of the Montreal based project team and all fabrication outside of North America is under ... Linz office control. The Andritz Hydro PM is not in control of the project as LCP expected.”

Can you – do you recall if there were issues with coordinating and managing between these two offices?

MR. MAVROMATIS: Well, that there were some issues between the coordination between the Montreal office and the Linz office, but we did assign our project engineer, and he was assigned to go quite on a frequent basis to the Linz office to resolve any of these coordination issues. There was also, I'd say, communication issues – you know, language and so on – that were contributing to that.

But when I came on board, I think they were, I'd say, largely resolved. There remained a few issues that, you know, were open, some technical issues, and also the issue with the management of the supply coming out of China, and these are the ones that I addressed upon becoming project manager.

MS. DING: And those were remedied in due time?

MR. MAVROMATIS: Yes, they were remedied.

We had a series of, I'd say, maybe meetings you could call them or communications and co-operating better with the – between the design office from Nalcor and our design office, issues that were remaining or were resolved, and I also was – took – became deeply involved in the operations that we had in China. I think I mentioned on the interview that I also had people that used – were working with me on some of these larger project; I assign one of the individuals to be there as well so that he could impart his experience in managing the scope coming out of China. And I think within two, three months, the issues were resolved, and we were getting a very good quality coming out of the Chinese manufacturer and a lot of the issues relating to unapproved drawings and so on and so forth were eventually approved.

MS. DING: Okay. Thank you.

So, in our interview you talked a little bit about the spillway roller gate components and other components, and we had talked about the issue of fabrication without having final approval on those. Can you tell us about that issue that came up?

MR. MAVROMATIS: Well, there was a situation where the – we had not obtained the final approval of the design from Nalcor and we had started to – we had purchased materials, and we had started to cut the materials in the Chinese factory. So, that's what that related to and there is a risk that if you do that and then there's a change to the design, that work would have gone to waste or would have to be redone.

So, yeah, we had a situation like that, that we started before we had the final approval.

MS. DING: Okay.

And did you – and was that the skin plates issue?

MR. MAVROMATIS: Well, the skin plates issue was one of the issues, probably the last issue that left to be resolved. It was a question of the modelling or the calculation method that was being used to determine the thickness of the skin

plate. Though, in that particular case, we had ordered the plate material already, and it was agreed that we needed to go to a thicker plate so we just ordered a new plate – not the plate that was already ordered – was used on the project anyway, because it was common thickness. We use it on other components.

So, yeah, that's an example of what could happen. So we ordered the material and then we just had to re-order new material.

MS. DING: Okay.

So, and what was the primary cause of, I mean, the delay in getting to actually manufacturing it?

MR. MAVROMATIS: Well, the thing is if you have to re-order the material, there's a lead time to the material. Right? So, the delivery didn't – not immediate – I think it was eight weeks or 10 weeks to get that material. So, that created a delay to the manufacturing.

MS. DING: Okay.

Did you have any issues with completing and finalizing the design with Nalcor?

MR. MAVROMATIS: This is – I would say there was – it's custom design, custom manufacturing. There's always questions and there's always some points that we disagree on and a lot of, you know, discussions and collaboration to get these result. But I think if we're looking at the end, the equipment is installed; it's been operating very well for two years now. So, that's an indication that, you know, was – the design was satisfactory and performing well at this time. So –

MS. DING: Okay.

And from your perspective, there weren't issues between you and Nalcor going back and forth on designs?

MR. MAVROMATIS: Well, you know, there are issues going back and forth on design. There's – two engineering groups get together; they have different, you know, perspectives or interpretation of certain contractual requirements. So it's a custom design, so it's a collaborative effort in a way. So yes, there were

issues, but like most projects, it's the same situation that, you know, we have two engineering groups; they have their expertise, their best practices, their design experience and when they collaborate and they complete the design, it finally gets approved.

MS. DING: Okay.

And you didn't find – did you find that Nalcor's comments on those designs helpful? Were they – relative to your other – your experience on other contracts?

MR. MAVROMATIS: Well, I think the – Nalcor's mandate on the engineering side is to ensure that we design to the specification. And I – it's – they were quite thorough on that, so whenever there's comments that they would return to us, they were – we found them consistent with the specification requirements. I'd say in certain cases, it was a question of interpretability of the requirement, but they were resolved, and that's a normal process.

MS. DING: Okay, thank you.

Did you feel that Nalcor's changes to the specifications – and obviously they would've offered some sort of changes – did you feel at the time that they required any change orders for those changes?

MR. MAVROMATIS: Well, there were some changes that, yes, required change orders for us to implement.

MS. DING: And did you agree on those, ultimately?

MR. MAVROMATIS: Well, the – we don't – we didn't agree on everything, right? So there's some things that we felt was a change to the contract specification that Nalcor would feel is not a change to the contract specification. So, again, I think we just resolved them. It's more an engineering question and interpretation of the specification in most cases. There were other cases that there was obvious change and we got the change order. There were some cases that we thought it was a change and Nalcor didn't agree. But this is normal process I think.

MS. DING: Okay, thank you.

Was there any rework that needed to be done on any of the components that were fabricated ahead of time before you got approved?

MR. MAVROMATIS: There was no rework on any of the mechanical components, the large pieces. There was some – confirmed there was some rework on some of the electrical components that we had to do. But we – these we – they were fabricated before the final design was approved, and then we had to go back and make some changes

MS. DING: Thank you.

I also wanna talk a little bit about the quality management that we've heard was – may have been an issue on the site with your contract. Were there any issues with the quality of materials for the components manufactured in China?

MR. MAVROMATIS: There was always – whenever you're manufacturing in China, there's a concern about the quality of the materials, but – because they don't have as, typically, the same level of control and scrutiny on the quality and the testing and so on. But we implemented a program where all the materials, the structural materials come in, are re-tested at a lab to verify their chemical and mechanical properties.

So, through this re-testing, we did find a couple of – we did have a couple results that showed that they were lower than what the specification called for. But, you know, sometimes in a place you got normal variability in the mechanical properties, so there wasn't anything extraordinary or really, you know, really to be concerned with, and – I'd say that it was rare occurrence with this manufacturer, but it did happen.

And we did follow the process whenever that happened; we either – we documented it, we went through a non-conformance report, the disposition was provided by our engineering, approved by Nalcor, and again it's – it was, kind of, the process was followed for the management of the quality.

MS. DING: Okay, thank you.

You mentioned in our interview a paint program that was used to ensure that the – painting the coating followed standards. Can you explain that a little bit?

MR. MAVROMATIS: So, typically my experience in China and – is that, you know, the painting is an issue. They have a tendency to not focus on that – the appearance and the coating thickness and so on and so forth. So, we had agreed with the manufacturer that they would implement a more robust process control on the painting, and that included to construct brand-new paint (inaudible) on their facility that would be used for our components. And we scrutinized it and monitored it very carefully. And through the efforts of ourselves and also the inspectors that were there from Nalcor, and our manufacturer, we were able to achieve the required quality. So there's really no issues.

MS. DING: And there wasn't much rework to be done on that?

MR. MAVROMATIS: There was maybe rework in the factory, prior to shipment, because – like again, a lot of it is visual and thickness and whenever we saw any blemishes and so on, we took great pains to correct it. But there was no rework at the site, or nothing that came to my attention on the paint of these components.

MS. DING: Okay, thank you.

Madam Clerk, can we go to P-02887. Mr. Mavromatis, it's binder 1 and tab 14.

So this is change order 6, and change order 6 – I'm going to try and characterize it now – is basically – takes exhibit 9 in the original contract, which was the milestone dates – and Commissioner, just for your reference, the original contract is P-01884. And now, exhibit 9 provides a list of milestone dates that you would have to prepare for, and change order 6 removes two of those dates for the upstream and downstream of this spillway mobilization and replaces it with, I guess, to-be-decided dates. So Nalcor is essentially saying we're not – we can't confirm the dates, but we'll give you 60-days notice of when you need to mobilize. Is that correct?

MR. MAVROMATIS: Yes, this is correct.

MS. DING: Okay.

And what was the reason that Nalcor gave you for, I guess, the delay that was being seen on site?

MR. MAVROMATIS: Well, there's a delay in the civil schedule.

MS. DING: Right.

And that would be the Astaldi contract?

MR. MAVROMATIS: Yes, I would assume so.

MS. DING: Thank you.

So the original plan, I believe, was to perform the spillway portion of the package in a 12-month execution period, is that correct?

MR. MAVROMATIS: Correct.

MS. DING: Okay.

And was that – was there a reason for the 12 months? Was it a cost-driven schedule?

MR. MAVROMATIS: Typically, from our perspective, it's a cost-optimized schedule. So we have the (inaudible) that schedule flexibility so that we could do it at a low cost.

MS. DING: Okay, and what were the original dates you were given for the upstream spillway mobilization and the downstream spillway mobilization?

MR. MAVROMATIS: Well, our contract didn't have specific mobilization dates, but they had interface dates that would say that mid-February – it's 2015 – I think it's February 15, 2015.

MS. DING: For the upstream.

MR. MAVROMATIS: For the upstream. And August 1, 2015 ready to start on the downstream.

MS. DING: Okay.

And change order 6 replaced those two dates with the TBD dates.

MR. MAVROMATIS: And those became TBD dates, correct.

MS. DING: Okay, thank you.

So I just want to go back to the events that led up to change order 6.

THE COMMISSIONER: Okay, so just –

MS. DING: Yeah.

THE COMMISSIONER: – to be – TBD dates – let's say what they are.

MR. MAVROMATIS: To be determined.

MS. DING: Okay, I wanna go back to the events that lead up to change order 6. So in 2014, were you planning mobilization at that point?

MR. MAVROMATIS: In 2014 we were planning our mobilizations, yes. We had – we were doing the preparation for mobilization.

MS. DING: And you had chosen your installation contractor as well during that time?

MR. MAVROMATIS: Yes, we had selected the installation contractor for the mechanical scope.

MS. DING: Okay, so ANDRITZ was on site. Is that correct?

MR. MAVROMATIS: ANDRITZ had a representative on site to monitor the quality of the primary embedded parts that were being installed by Astaldi, the civil contractor.

MS. DING: And did you notice any delays in the civil works at that point?

MR. MAVROMATIS: Yes, we noticed what we thought were delays to the civil work. We did.

MS. DING: Thank you.

And can you recall any specific things that were noticed?

MR. MAVROMATIS: Any specific – sorry?

MS. DING: Any specific things on the civil works that you noticed – that it wasn't progressing as you thought it –

MR. MAVROMATIS: Well, I think that we look at the rate of progress and our people extrapolate and get the feeling that it's not going to be ready for February 1. So, that's basically what you do. You look at how quickly it's progressing and then you extrapolate and you think, well, it doesn't look like February 1 – or, sorry, February 2015 will be achieved.

MS. DING: Okay.

And did you hear anything in – from Nalcor as you were noticing those delays?

MR. MAVROMATIS: No, I don't think we heard anything.

MS. DING: Okay so, I mean, as you're progressing through 2014, you get to almost a year after your contract was awarded, but you don't have any formal correspondence from Nalcor about the delays and potential shift of the mobilization dates?

MR. MAVROMATIS: I'm not absolutely sure because I was not the project manager at that time but from what I know that we were not formally notified.

MS. DING: Okay.

And is – would this be unusual, to not have any formal notification from the owner who is very aware that there might be delays?

MR. MAVROMATIS: I would say that we would have expected to be notified if there was known delays and if that – if the owner was aware that that date would not be met. The earlier notification that we'd receive, the better for everyone, I guess, as – easier to mitigate the cost involved in the delay.

MS. DING: Okay.

So you said better to mitigate the cost – what are the benefits in knowing in advance that your dates might be pushed back?

MR. MAVROMATIS: Well, I think you're planning for the mobilization; you're basically purchasing infrastructure, renting infrastructure, you have assigned people to the work. So if you know earlier that the start date has been postponed you could reassign the personnel; you could renegotiate the – any rental agreements that you might have and make the – these types of adjustments.

MS. DING: Thank you.

Madam Clerk, please go to Exhibit P-02878 and Mr. Mavromatis, this is tab 5 in your first binder. (Inaudible.)

So this is a letter dated September 10, 2014 and it's a letter from ANDRITZ to Nalcor and here you're indicating that you don't think milestone 1A was going to be met, so that was the upstream spillway milestone for mobilization, and you believe that there would be schedule and cost impacts to that. Is that the gist of this letter?

MR. MAVROMATIS: Yes.

MS. DING: Okay, thank you.

It seems that ANDRITZ is kind of taking the initiative here to notify Nalcor that there will be a delay. At what point would you say that ANDRITZ knew about the delay before writing this letter?

MR. MAVROMATIS: I would – there's – I, well again, I wasn't really involved in the project, but I would say around this time or a little bit earlier. What happens is – I could spend a little bit of background on the project; they would say that we have to notify the customer if we – there's an occurrence that constitutes a change and so on and so forth. So, part of our response to that was this letter saying that we think that there's going to be a delay.

MS. DING: And you felt you had to write it because you hadn't received any correspondence (inaudible) –

MR. MAVROMATIS: Well that – exactly.

MS. DING: Okay.

Madam Clerk, P-02879, please. And Mr. Mavromatis, that's in your first binder, tab 6.

So two weeks after you send that letter on September 10, you received a letter from Nalcor. And Nalcor writes back and essentially says that they're looking at the dates and they'll get back to you. Is that a good summary of this letter?

MR. MAVROMATIS: That's – this is what the letter states.

MS. DING: Okay. Thank you.

So change order 6 is issued on March 20 – March 18, 2015, is that your recollection?

MR. MAVROMATIS: That's correct.

MS. DING: Okay.

And at – and those dates are then removed and replaced with a 16-day notice. At that point, are the delays causing any issue to your activities on site or in August?

MR. MAVROMATIS: Well, at that date, like, we didn't have activities on site. We just were doing the – it was the installation of the (inaudible) and better parts that we had a supervisor to monitor the progress and the quality on that. But, definitely, once we got that we adjusted our – or our timeline for the mobilization, and we requested, also, that that be increased to 90 days as we were working with our subcontractors to make sure that we would be ready once we got the notice to mobilize and start the work.

MS. DING: And why did you request the 90 days?

MR. MAVROMATIS: Well, to give us more time to prepare for the mobilization. And this was in consultation with our subcontractor as well.

MS. DING: Okay.

And did the delays have any effect on your manufacturing or deliveries?

MR. MAVROMATIS: The delays at site did not have an effect on the manufacturing and the deliveries.

MS. DING: Madam Clerk, P-02892.

Mr. Mavromatis, that's tab 18 in your first binder.

THE COMMISSIONER: Tab again?

MS. DING: Tab 18.

THE COMMISSIONER: Thank you.

MS. DING: So, this is a letter dated March 31, 2015, and at this point, Nalcor has acknowledged the delays and they say: "We are not requesting you to alter your manufacturing and delivery schedule for your equipment and materials as suggested in item 3). Please continue to respect these delivery requirements."

Did Nalcor ever ask you to adjust your manufacturing plan or to hold off on manufacturing and deliveries at any point?

MR. MAVROMATIS: No, they did not.

MS. DING: Okay. Thank you.

And so by doing that, Nalcor would be assuming the risk of the extra storage costs that would happen because the components were delivered earlier than was necessary?

MR. MAVROMATIS: Essentially, yes.

MR. SIMMONS: Commissioner, that may be a legal question that is related to an issue that remains an area of some dispute where there are matters to be resolved. So, I just want to be clear that it's understood that Mr. Mavromatis is expressing views on that, that that's not a legal opinion based on any contractual relationships.

THE COMMISSIONER: Well, so I gather what you're saying is that his views may be different from Nalcor's views.

MR. SIMMONS: And maybe other views as well.

THE COMMISSIONER: Right. Okay. So – okay.

That’s fine, but I’m prepared to hear – and subject to that, I’m prepared to hear from Mr. Mavromatis on his views or their – his company’s views on it, anyway. Go ahead.

MS. DING: I have no further questions on that.

So the change order originally stipulated a 60-day notice, and you confirmed that they had – Nalcor agreed to change it to 90 days.

MR. MAVROMATIS: Correct.

MS. DING: Madam Clerk, Exhibit P-02894, please. And, Mr. Mavromatis, that’s tab 20 of your first binder.

So this is the letter – let me scroll down here – that is dated May 26, 2015. And that’s – this is when you are given the 90-day notice to mobilize. Is that correct?

MR. MAVROMATIS: This was the letter advising us of the 90-day notification taking effect. But I believe that letter – can you please repeat the tab number so I can look at the ...

MS. DING: Yup. The –?

MR. MAVROMATIS: The tab number.

MS. DING: Oh, the tab number is tab 20 of the first binder.

MR. MAVROMATIS: Tab 1 of the first binder?

THE COMMISSIONER: Tab 20.

MS. DING: Tab 20 of the first binder.

MR. MAVROMATIS: Yes, this is correct.

MS. DING: Thank you.

MR. MAVROMATIS: Maybe just what I would like to add though that it – that we had TBD dates, to be determined dates, on the

change order 6. This addresses the 90-day notification but does not provide the detail on the actual date for the downstream or the – it was assumed the upstream would be 90 days after the receipt of this letter, so we requested a clarification on that. And we did receive one.

MS. DING: Thank you.

So we get to about mid-2015, and my understanding from the documents is that there was a change order, change order 10, which was issued for the acceleration and installation of the spillway hydromechanical equipment to meet a river diversion date of June 15, 2016. Is that correct?

MR. MAVROMATIS: Yes, beginning of November, we issue – we received that –

MS. DING: Okay.

MR. MAVROMATIS: – change order.

MS. DING: And what were the circumstances leading up to this change order?

MR. MAVROMATIS: Well, we had various discussions with Nalcor, meetings, workshops. Nalcor had advised us, I believe, sometime June of 2015 that they were going to meet the river objective – the river diversion objectives in 2016. So they asked us to collaborate with them and do – prepare proposals for them so that this could be achieved despite the delay to the civil works.

MS. DING: Okay, and you mentioned to us in your interview a downstream option, and I want to explore that a little further.

Madam Clerk, can you please go to Exhibit P-02899. Mr. Mavromatis, this is tab 25 in your first binder.

MR. MAVROMATIS: Tab 25.

MS. DING: And we’ll go to page 3, please.

So if we scroll down ...

This letter says that the first available work area for the hydromechanical work will be the downstream portion of the piers.

And if we go to, Madam Clerk, P-02896 please. And, Mr. Mavromatis, that's tab 22 in your first binder. We'll go to page 19.

So this is just an illustration of – I believe what they were speaking about in that first letter. And around the time – around this time the spillway is delayed. Is that correct?

MR. MAVROMATIS: Mm-hmm.

MS. DING: And Nalcor gives you an option to start the downstream spillway. Can you tell us about that?

MR. MAVROMATIS: Well, through the letter that we received, they notified us that the spillway on the downstream would be available before the upstream, which was a change in the sequence. And what – their view on that was that it would give us an opportunity to start on the non-critical path activities, so we'd get to the site earlier and refine our processes and our procedures and gauge productivity and so on, so there would be some benefit for us to start earlier.

So, we passed this on to our subcontractor and gave 'em the – and communicated that they had this opportunity and whether they elected to proceed with it or not. And there was a lot of discussion around, you know, whether or not they would proceed. In the end, they decided that they would proceed with the spillway first – spillway downstream first.

MS. DING: Okay, can you expand a little bit about – on the reasons Nalcor suggested why you might wanna start on the downstream?

MR. MAVROMATIS: Well, I was just saying that they – what they – what was explained to us was that it would be an opportunity for us to start on the downstream, which was, you could say, easier scope, not on the critical path. It would give us an opportunity to get to site, to calibrate our productivity assumptions, to refine our processes prior to us starting the more critical or the critical upstream work, which was 85 per cent of the scope. So they presented it as a good opportunity for us to start earlier for these reasons.

MS. DING: Okay, thank you.

And did your subcontractor, CANMEC, have any issue with starting downstream first?

MR. MAVROMATIS: They – it was – I think they accepted to start on the downstream first, so they did. We – there's some – in our – in their view, there was some benefit so they exercised that option and they started on the downstream first.

MS. DING: Okay.

And what were the issues you encountered starting with the downstream?

MR. MAVROMATIS: Well, upon arrival at the site, we assessed the conditions, and there were still some obstructions in the downstream channel, there was still some work going on. This was around the first week of September. So we – the – our subcontractor came back to us and notified us of these, and gave us indication that perhaps that they would not be starting on the downstream or that there was a change in site conditions and so on, and that they'd be looking possibly to claim the cost for this mobilization that they did.

MS. DING: So when you say "change in site conditions," that essentially means that there was another contractor still working on the site and they wouldn't have full access to –

MR. MAVROMATIS: Yeah, they didn't have the full access to the area as we – in our opinion, there's – contemplated in the contract, there was a tower crane there, there was still some work going on on the downstream.

MS. DING: And would this have issues on productivity or –?

MR. MAVROMATIS: Yeah, I think the first issue that came up is that we didn't have enough space to off-load our equipment, you know, because we had a plan where we'd lay it out on the downstream channel and so on. So we didn't have an opportunity to do that where we had planned to do that, and with the workaround for that was that we off-loaded them on our laydown area and – but it was decided that we could perform this work at a different location and then do the pre-assembly at a different

location, and then bring it the downstream channel, for assembly.

MS. DING: Thank you. And so the progress on the downstream portion wasn't as quick as you had planned it to be?

MR. MAVROMATIS: It wasn't as quick as we had planned it to be.

MS. DING: So when you get to September 2015, your downstream activities are delayed. Is that correct? (Inaudible.)

MR. MAVROMATIS: Relative to the schedule that we had at the time, it was delayed, yes.

MS. DING: Okay. All right.

And so you're working on downstream, and Nalcor then tells you that you need to accelerate the upstream activities through change order 10. Is that correct?

MR. MAVROMATIS: That's correct.

MS. DING: Okay. I'll bring that up in a moment.

They ask you to accelerate the upstream while you're still working on the downstream and – can you give us an idea of the percentage of work that was completed on the downstream before you had to move up – back up to the upstream?

MR. MAVROMATIS: I would say about 30 per cent.

MS. DING: And you had to move, I guess, equipment and resources back upstream. Is that correct?

MR. MAVROMATIS: Yes. Essentially what we did, is we reverted to our baseline plan. Like, as we said, that the baseline plan was always to complete the upstream, do the concrete work on the upstream. And then, once we completed that, we addressed the critical path activities on the upstream, critical path to river diversion, we would move to the downstream.

So, it was an option, opportunity to work on the downstream, progress the work for reasons we

were saying we'd change our site conditions – also, some other delays that were encountered by our subcontractor on delivering some hoarding panels (inaudible) and so on, they did not achieve that objective, but it – again, it was kind of like an option. So we reverted back to our baseline plan, which was start on the upstream, complete the upstream concreting, and then move to the downstream, complete that work.

MS. DING: Okay. Okay.

Madam Clerk, P-02907, please. And, Mr. Mavromatis, this is tab 32 in your first binder.

So this is an exhibit with change order 10, it's signed on November 12, 2015. What was change order 10 for?

MR. MAVROMATIS: Change order 10 directed us to accelerate that part of the work on the spillway that was required for – to achieve readiness for river diversion.

MS. DING: And that date for river diversion, at this point, was June 15, 2016?

MR. MAVROMATIS: That's what is stated on the change order.

MS. DING: Why was this date important? I guess, why did Nalcor – what reasons did Nalcor give you as to why this date needed to be met?

MR. MAVROMATIS: Again, the date – what I understood is that it was a – it would – there would be commercial consequences, serious commercial consequences if they didn't meet that date, if the river wasn't diverted in 2016. And also, it was a commitment that they had made.

MS. DING: Who was that commitment to?

MR. MAVROMATIS: I understood that it was to the province or to the – up – or, to the province, basically, was a commitment that was made.

MS. DING: Thank you.

And to clarify, the river diversion date, was that ever in the original contract?

MR. MAVROMATIS: The river diversion date was coincident with the M4. So if we look at the original contract, the start date for the upstream was mid-February, 2015, and the completion was 12 months later, in February 2016. The river diversion could occur only after the spring freshet, as we understood. So that would imply that it would be four months after we completed the complete spillway.

In this particular case, we had to accelerate approximately 85 per cent of the work to be ready for river diversion by June, and the remaining work we were – the date that we were given was 12 months after the start date.

MS. DING: So just to summarize, they're asking you to compress 85 per cent of your upstream –

MR. MAVROMATIS: Approximately, yeah.

MS. DING: – okay. And how much were they asking you to compress that time by?

MR. MAVROMATIS: By how much?

MS. DING: Yeah.

MR. MAVROMATIS: Well, if we look at the – we have 12 months, and now we're – do the math, (inaudible) two months, plus another seven and a half – yeah, approximately four months.

MS. DING: Did you initially accept the target date of June 15, 2016?

MR. MAVROMATIS: No, we didn't accept that date.

MS. DING: You never committed to it.

MR. MAVROMATIS: We never committed to it.

MS. DING: And, so you mentioned your original contract allowed for 12 months to work on the upstream and complete the downstream as well. Is that –?

MR. MAVROMATIS: The original 12 months was to complete the spillway in its entirety.

MS. DING: So if you had kept that schedule, that full 12 months, and you had started the upstream now, in November of 2015, what – when would you be looking at, for river diversion?

MR. MAVROMATIS: Again, the – there was no intermediate milestone for river diversion. So it wouldn't be within the – anytime within the 12-month period. So basically, the M4 was ready for river diversion, but (inaudible) the complete spillway, all the equipment installed and operational.

What this change order did is that they introduced a milestone – actually, it's two milestones, one milestone was the – it implied two milestones. One milestone was ready for river diversion, and the second milestone was that – complete the rest of the work, which implied ready for winter headpond prior to the freeze.

MS. DING: Did you have any concerns about this river diversion date in this initial stage?

MR. MAVROMATIS: Again, up to the point that – up to this point, the November 10 date, we had never – we'd not had a schedule showing June 15, 2016. So it was something that was directed to us by Nalcor. We – in our previous proposal, we were around that time frame but two, three weeks later, in July, or mid-July, early July. But this June 15 date, no, we were concerned it was very tight. There was no float, no schedule flexibility, very difficult to achieve.

MS. DING: And what do you mean by no – excuse me – what do you mean by no float?

MR. MAVROMATIS: What I mean by no float is that if there was – in construction you – errors happen, you know, mistakes happen and you fall behind. And it would be very difficult, if impossible, to recover from these type of delays except if you take extraordinary measures to do so.

MS. DING: So, without float, if you had some sort of unforeseen event, that would affect the river diversion date?

MR. MAVROMATIS: Yeah, that would push out the date directly on the schedule. So we'd

have to replan and develop stronger mitigation measures.

MS. DING: Thank you.

So in your interview you mentioned that you considered change order 10 to be, I believe you said, an invalid directive. Can you explain why?

MR. MAVROMATIS: Well, because it was – we – in our view, as per the contract, the – again, like I said, Nalcor does not have the right to unilaterally oppose completion milestone dates. These are something that needs to be agreed to between the parties. At the same time, it also had a – that the cost of it, we never agreed to it but we felt that it was invalid and we explained that to Nalcor, the reasons why.

MS. DING: And did CANMEC have the same concerns?

MR. MAVROMATIS: CANMEC had the – yes, equivalent concerns. Same concerns you could say.

MS. DING: I'm going to explore some of the reasons you provided in your interview for, I guess, not agreeing with change order 10. The first one being you mentioned that the directive should have provided – I'm using my own words here but – some sort of reasonable time for notice before they expected acceleration activities to start. Is that correct?

MR. MAVROMATIS: Well, I think in the context that the acceleration was being discussed with Nalcor as early as June and there were discussions, exchanges throughout and this – the start date was November 1, let's say, on Milestone IIA, that was always (inaudible). And we also asked for a three-week notification prior to the start of the acceleration. And this directive was issued; I think it was we actually received it on the 12th so about two weeks after November 1.

MS. DING: Okay and a second reason you provided for us was that you didn't agree with the change order 10 because it wasn't clear on not having interference on site with Astaldi. Is that correct?

MR. MAVROMATIS: Well, what happened is that in all our proposals we settled the conditions under which we could achieve not a June 15 date, but early July date, late July date, and these conditions was that all the civil works would be completed. We were on the downstream at that time and we could see that the upstream was not really completed.

MS. DING: Okay. Thank you.

If I just scroll down here, so the change order price that was provided by Nalcor on change order 10 is about \$3.37 million, which you had just mentioned you didn't agree with. Had you discussed the price of acceleration prior to change order 10?

MR. MAVROMATIS: We had discussed. We had submitted proposals – former proposals to Nalcor for the acceleration and at the same time in (inaudible) there were communications with the top management from our side with Nalcor regarding the price or the change order price.

MS. DING: Okay and Nalcor had decided on this lump sum price even though you had submitted those proposals.

MR. MAVROMATIS: That's correct.

MS. DING: I just want to expand on this a little bit. So I believe you indicated in your interview that you – at the time you would acknowledge that there was a requirement for ANDRITZ to follow this change order and make efforts to do the acceleration works, but that you didn't agree with the price of 3.37.

MR. MAVROMATIS: Correct. We acknowledged that it was a directive and as per the contract we needed to comply with the directive and follow the channels or the protocol specified in the contract for disputing the price or what we didn't agree with.

MS. DING: Okay.

And from some of the letters and from your interview you indicated that your position was that, you know, look, if we're not going to reach an agreement, then we're going to default to a cost reimbursable basis and we're going to

perform this contract on a cost reimbursable basis.

MR. MAVROMATIS: That was our interpretation of what the agreement stipulated.

MS. DING: Okay.

And I believe you indicated that you began submitting time sheets and invoices to Nalcor. Is that correct?

MR. MAVROMATIS: That's correct. Yes, we started submitting the time sheets for our labour force to Nalcor.

MS. DING: Okay. And Nalcor was acknowledging those time sheets?

MR. MAVROMATIS: For the most part they were acknowledging them.

MS. DING: Okay but they were not paying – making – they're not making those payment certificates. Is that correct?

MR. MAVROMATIS: They didn't approve payments. No.

MS. DING: Okay so they were, I guess, acknowledging those time sheets as you were submitting them, but they were still maintaining that the contract wasn't cost reimbursable?

MR. MAVROMATIS: That's correct.

MS. DING: So would this be the case where Nalcor was informally agreeing to compensate you on a cost reimbursable basis? Was that ever –

MR. SIMMONS: Commissioner, that's a legal conclusion. It's very obvious that there's a dispute that's being described over this very issue, so I don't think it's appropriate to ask Mr. Mavromatis to express those kind of conclusions.

THE COMMISSIONER: I think you should rephrase your questions so that it's – you know, it's – it's hard for a witness not to comment on something that a lawyer might be able to comment on, it's – so I'm trying to be mindful of this and certainly it would be an issue of

weight, in any event, with regards to the legality of it.

But, you know, I think the witness can express an opinion about what the position of the company was at the time, and whether or not it was correct or not is something that will be decided – or, if it hasn't already been resolved, will be decided at a later time. Go ahead.

MS. DING: Okay, I can rephrase. Nalcor's accepting your – or acknowledging your time sheets at the time. Did you feel that – did you get the sense that on the ground they were still maintaining that it was a lump sum price for \$3.37 million?

MR. MAVROMATIS: So I'll answer this one. The – my feeling is that Nalcor was considering perhaps that, you know, we had a good argument and that this acceleration, the cost of it, should be dealt with on a cost reimbursable basis.

They acknowledged receipt of the time sheets; there were also discussions that were ongoing at different levels. And I think, like, I indicated they was getting on the ground, my feeling again, that we needed to focus on the objective of completing the work, and that we would agree on a path forward to resolving the commercial issues. And part of that could be cost reimbursable but we also wanted to keep Nalcor apprised or aware of the costs that were being incurred relative to this acceleration.

So, yes, my feeling was that the position that was being communicated for me through letters and so on was kind of a position of a strong commercial position to protect the commercial position. But at the same time that, you know, we were kind of – needed to focus on completing the work and that they would – we would have discussions regarding the cost afterwards.

MS. DING: Okay, yeah.

I think in your interview you said that they were saying that, look, we'll be fair and reasonable and we want to work with you.

MR. MAVROMATIS: Naw, I think so. They – it was clearly communicated they'd be fair and

reasonable if we demonstrate the costs and so on and I think – well, it's only normal, like, the expectation would be that they would be fair and reasonable.

MS. DING: Okay.

So I'm seeing a little bit of inconsistency in the letters with, I guess, what you were experiencing on the ground. And we've entered several letters from you – or a number of letters from you and Nalcor documenting what was going on and I'll bring one of those up now. Madam Clerk, P-02928, please, and, Mr. Mavromatis, this is in your second binder at tab 52.

So this is a letter from Nalcor on April 13, 2016, and it says: The "Contractor is incorrect in asserting that it is performing the work on a cost reimbursable basis rather than a lump sum.

Under no circumstances has Company suggested or agreed that Contractor would be reimbursed for its failure to manage, plan, coordinate, control and execute the works in a timely manner."

So it seems quite clear that Nalcor didn't think that there was going to be any possible reimbursement. Did you believe that this letter was an example of Nalcor just protecting their commercial interests, but then on the ground telling you something different?

MR. MAVROMATIS: I personally believe that. And, like, I believe that, like, the reassurances that we've had that we would be treated fairly and, you know, like, we need to focus on achieving the river diversion objective and that we would have an opportunity to discuss and reach agreement on the cost of the acceleration at a later time. And I believed that then.

MS. DING: Thank you.

Madam Clerk, I'll get you to bring up Exhibit P-02920, please, and, Mr. Mavromatis, that's tab 44 in your first binder.

So you were sent a notice of default on – this is dated March 4, 2016, notifying you that Nalcor may draw on the letter of credit and – is that correct?

MR. MAVROMATIS: That's correct.

MS. DING: Okay.

And you had to file a court application in response to that – to the letter of – to the default notice?

MR. MAVROMATIS: That's correct.

MS. DING: Yeah.

And just for reference, Commissioner, the court application is on Exhibit P-02938. So why would a notice of default be necessary if Nalcor is just trying to cover itself commercially, but also telling you on the ground that you'd be – giving you assurances that you'd be treated fairly?

MR. MAVROMATIS: Well, this is what was really happening. We were given the assurances and we did get the notice of default but, again, my opinion, we – and we felt that we had good arguments as to why this notice of default was not valid. The milestone that they are alluding to or referring to is not a valid contractual milestone, based on the change order that we don't think is valid.

So my personal view is that, again, consistent with the other letters that we were getting. This is a little bit harder, a more severe action, but we – there was extreme pressure to get this – make sure that we're doing whatever we can and to re-emphasize the importance of achieving river diversion in 2016.

And, in fact, there was another letter that came in on May 25 that stated that we remedied all the deficiencies and that the notice of default was withdrawn or cancelled.

MS. DING: We can go to that now, Madam Clerk, Exhibit P-02928 and that's tab 89 in your second binder. So this is the letter you're talking about –

MR. MAVROMATIS: Not the one on the screen?

MS. DING: 02928 – I might have my reference wrong on that.

UNIDENTIFIED MALE SPEAKER: It's –

MR. MAVROMATIS: This is not the letter I am talking about?

UNIDENTIFIED MALE SPEAKER: – P-02971.

MS. DING: Thank you.

02971 please, Madam Clerk. So this is the May 25 letter?

MR. MAVROMATIS: Yes.

MS. DING: And it says in the second paragraph here: "Given the above, Company states that the defaults identified in Company's letter of 4 March 2016, have been rectified to Company's satisfaction, and that Contractor is no longer in default."

MR. MAVROMATIS: That is correct.

MS. DING: Thank you.

And then, later, the court application was discontinued. Is that correct?

MR. MAVROMATIS: The –

MS. DING: Your court application was discontinued.

MR. MAVROMATIS: I'm not – I don't know.

MS. DING: Okay. But you went through mediation and ultimately settled?

MR. MAVROMATIS: We went, oh yes, through mediation.

MS. DING: Okay.

So just going back to the accelerated activities, so you're facing pressure to meet the schedule and you're no longer working on that 12-month – you described it as the most 12-month cost-optimized schedule. Is that correct?

MR. MAVROMATIS: Correct.

MS. DING: So I just want to explore this a little bit. What were the effects of the accelerated schedule on your costs?

MR. MAVROMATIS: Well, the cost definitely increased because the effect of acceleration is to perform the same amount of work in a compressed time, and the way you achieve that is you put more manpower – apply more manpower to the job over a shorter period of time. And you have efficiency losses and productivity losses when you do that for various factors, for various reasons.

And we also had to increase the number of staff to manage it and increase coordination and additional equipment. So – and, yeah, so that – those are the effects of the acceleration.

MS. DING: Okay. And when you say adding manpower, does that affect coordination or productivity in any way?

MR. MAVROMATIS: Yeah, it affects coordination, it affects productivity, it affects the learning curve. People, if they're working in a crowded area, they're less efficient. There are studies and we – that have been – that are available and also some standards that we refer to and we did a calculation to estimate the productivity loss that would be incurred with the implementation of this accelerated program. And that was the basis of our pricing that we presented to Nalcor in the previous year, towards December 2016.

At the same time, in our view, the work had not been finished so that the spillway was not really completed. And this created even additional hindrances, obstacles resulting in additional productivity losses.

MS. DING: And you mentioned crowding, would that have been a safety issue at all?

MR. MAVROMATIS: Pardon me?

MS. DING: You mentioned crowding. Would that have been a safety issue?

MR. MAVROMATIS: I think that the safety issues are a primordial concern – the more concern, so that would have been addressed first. So we didn't – we – I think there were –

adequate steps were taken to ensure that this increase in personnel was managed properly from the HSE side. It presents challenges, but they were addressed.

MS. DING: Okay, thank you.

And what effect did that accelerated schedule have on your subcontractors and management of your subcontractors?

MR. MAVROMATIS: Well, the – it made it more difficult to manage our subcontractors because they were given a directive similarly that we received from LCP and they took similar steps. So they were – they disputed it and they were reluctant to insert additional or to spend – incur additional cost in this acceleration because there was – despite my beliefs, there was some uncertainty as to whether or not we'd be compensated fairly. So they were – there was reluctances on their part and concern, so it created a cash flow issue on their part.

MS. DING: Okay, so did you have to make any new commercial arrangements with your subcontractors to compensate them for – sorry – the uncertainty that –?

MR. MAVROMATIS: No. Essentially, the contracts with our subcontractor, CANMEC, were back to back almost, and we had, like, a paid – pay-when-paid provision. So we had to come into agreement with CANMEC that we would guarantee payment of certain number of hours out to a certain level so that we can ensure that they would continue to work. That was for the mechanical contractor.

For the civil contractor, we had to give a – commit to a firm fixed-price purchase order so that they could continue the work and we had to pay them. So, basically, we had to fund the acceleration to make sure that, you know, we were proceeding with the work, to a certain extent.

MS. DING: Okay, thank you.

So in 2016 did the river diversion date ultimately stay at the original date that was contemplated which was June 15, 2016?

MR. MAVROMATIS: No, it was pushed out to – the impoundment occurred on July 26, 2016.

MS. DING: Okay, thank you.

And you completed this – and you ultimately completed the spillway and achieved that July 17 date?

MR. MAVROMATIS: Pardon me?

MS. DING: You ultimately achieved that July 17 date?

MR. MAVROMATIS: Yes, it was achieved. Not the June 15 but it was in July.

MS. DING: Okay.

Madam Clerk, Exhibit P-02958, please. And that's tab 81 in your second binder, Mr. Mavromatis.

MR. MAVROMATIS: (Inaudible.)

MS. DING: So this is the amending agreement – the first amending agreement for this contract. It's dated December – I guess, November 21, 2017. I think the change order was dated December 1, 2017. And this amending agreement and the change order was for an amount of \$58 million, is that correct?

MR. MAVROMATIS: That's correct.

MS. DING: Okay. And was this to settle the issues for the acceleration work?

MR. MAVROMATIS: Yes, this is the change order 10 settlement.

MS. DING: And can you explain the details around reaching that settlement?

MR. MAVROMATIS: Sorry, I didn't get –?

MS. DING: Sorry. Can you just describe the details that you had to do to reach that settlement?

MR. MAVROMATIS: Yes, well, we basically had to work with Nalcor, develop a roadmap for reaching agreement on this. We had a couple of

meetings – not a couple, a few meetings. We exchanged numbers. We also had our subcontractors directly involved in these negotiations.

And then it was decided that we were – I wouldn't say, we could say far apart – that far apart – that close to a settlement that we went into a mediation that was attended or participants from our subcontractor, CRT; the civil contractor, CANMEC; the mechanical, ourselves; and Nalcor. And we had the mediation session in Toronto about the end of October and beginning of November and we went through the process and finally reached agreement on the amounts.

MS. DING: Okay, thank you.

Did you also reach an agreement on dates going forward?

MR. MAVROMATIS: Yes, so the first part of this \$58 million settlement, \$24 million was for the acceleration and change site conditions on the spillway. And, at the same time, we negotiated the – we'll call the extension-of-time portion of our claim for the overall delay in project promulgation, and some additional change site conditions that we had on the powerhouse. And we agreed on a new schedule for the powerhouse and the draft tube. So it was comprehensive, ready to go to the next phase of the project.

MS. DING: And so all parties were essentially happy with this agreement and signed off?

MR. MAVROMATIS: We could say we were – we agreed to it. You know, it was, we were – yeah, we agreed to it. It was tight for us but, you know, I think every party there gave blood, so to speak, but it was – we were satisfied with the agreement, yes.

MS. DING: Okay, thank you.

I just have a few more questions for you. I want to talk more broadly about some of the issues that you raised just in general. So the former – formal letters between you and Nalcor seemed to be fairly frequent. What is your perspective on the amount of formal correspondence on this

contract and the tone of that formal correspondence?

MR. MAVROMATIS: Well, again, from my perspective – and it was really – I would say that there was a lot of formal correspondence between the parties, more so than what I've seen in the past.

Having said that, it's one thing to – I'd just like to point out that I've been a project manager for 20 years, but I really worked on four projects for the past 20 years. So, you know, the references that I have are not that many, but from what I've seen in my past experience, there was really a lot of commercial letters between the parties.

And I saw that personally as a way that they're doing – LCP is protecting their commercial position as we needed to protect – reciprocate and protect our commercial position.

MS. DING: Okay, in your interview you mentioned that in the Lower Mattagami you had about 20 letters. Is that correct?

MR. MAVROMATIS: Well, the Lower Mattagami ECP was (inaudible) and we had about 20 letters, a lot, lot fewer, not in the same order of magnitude.

MS. DING: So a lot fewer then.

MR. MAVROMATIS: A lot fewer than what we had here, for sure.

MS. DING: Okay.

How did this affect your ability to manage, I mean, your operational work?

MR. MAVROMATIS: Well, the thing is obviously if I have to, as a project manager, attend to these issues and a number of letters that we get need to be responded, it did take up a lot of our time. And it was something that we needed to provide additional resources in the office to deal with this, even just receiving and putting them in a SharePoint and managing the flow of correspondence. So it was – yeah, it required additional effort more than –

MS. DING: So you had to hire people to correspond to them.

MR. MAVROMATIS: Well, yeah, one person basically had to support me and primary was – manage was to manage this type of correspondence.

MS. DING: Okay. Have you had to do that on any other type of projects in your experience?

MR. MAVROMATIS: Not the previous projects that I worked on.

MS. DING: Thank you.

And just speaking in general terms, has Nalcor's management approach, in your perspective, changed over time?

MR. MAVROMATIS: Yeah, I think that the – like, we – okay just, again, my opinion on this that when we're on the spillway we had a lot of this written correspondence was what they were – that we could say that there was a lot of open commercial issues at that time, and there was a lot of pressure again on the schedule at that time.

Now, in the second phase, I think that we're – there's more open co-operation and communication between Nalcor and ourselves. And things are going very well, in my opinion, on the second phase, better than on the first phase.

MS. DING: Thank you.

And just broadly speaking, what is – just for the Commissioner's benefit, what's the general status of your work on site now and what work is remaining?

MR. MAVROMATIS: Yeah.

So, generally, we could say that the powerhouse work is complete. Actually, we – the impoundment of the intake channel is progressing as we speak, so by the weekend would have achieved that objective.

Then what would remain? We have the trash cleaning machine. We need to do the final assembly of that, install the arms on that. And after the spring freshet we'll install the stoplogs in the three bays – three remaining bays on the spillway. The civil contractor will complete the rollway and then we'll come back and install the

sill beams and do the recalibration of the gates and the hoists and so on.

So, in general, that's where we are for the package 0032. And then there is some other commissioning that needs to be done on the intake gates in coordination with the commissioning of the turbine and generator units.

THE COMMISSIONER: So how many – just to – only because I've been there as late as February. When I was there in February there were turbines that were on site, but – and generators on site. None were installed at that stage. How many are installed now?

MR. MAVROMATIS: Completely installed, there are none. So it's in – so, you know, one is being installed.

THE COMMISSIONER: Okay.

MR. MAVROMATIS: So I think they're at the generator level, well, maybe even – yeah, I'm not too sure exactly where they were, but they're installing the removable parts. And on unit 2 I think they're machining the stay ring on package 0030.

MS. DING: Okay and I'll just make a note, Mr. Commissioner, that we do intend to file confidential exhibits with – that outlines all of ANDRITZ's current outstanding commercial issues, and that'll be filed at a later time.

THE COMMISSIONER: Right, so this is another one of these situations where there was ongoing contracts, still ongoing issues that have to be resolved with regard to price?

MS. DING: That's correct.

THE COMMISSIONER: Okay. So those will be entered as confidential exhibits?

MS. DING: That's correct.

THE COMMISSIONER: Okay.

MS. DING: And those are my questions.

Thank you, Mr. Mavromatis.

THE COMMISSIONER: Okay –

MR. MAVROMATIS: Thank you.

THE COMMISSIONER: – before we begin cross-examination, I think we'll take our 10-minute break then and come back in 10 minutes.

CLERK: All rise.

Recess

CLERK: All rise.

Please be seated.

THE COMMISSIONER: Okay.

All right, the Province of Newfoundland and Labrador.

MR. LEAMON: No questions, Commissioner.

Thank you.

THE COMMISSIONER: Nalcor Energy.

MR. SIMMONS: Good morning, Mr. Mavromatis.

MR. MAVROMATIS: Good morning.

MR. SIMMONS: Dan Simmons for Nalcor Energy. I have a few things to follow up on arising out of the evidence you've given so far today and maybe a couple of other points to touch on.

First of all, I just wanted to kind of clarify what the roles of the different subcontractors were that ANDRITZ engaged on the hydromechanical equipment, contract 0032, that you talked about. And do I understand correctly that there were several significant subcontractors that actually performed the bulk of the work on the spillway and powerhouse hydromechanical contract, being CANMEC and CRT?

MR. MAVROMATIS: Yes, this is correct.

MR. SIMMONS: Yeah.

MR. MAVROMATIS: CANMEC had the mechanical portion.

MR. SIMMONS: Yes.

MR. MAVROMATIS: CRT had the civil –

MR. SIMMONS: Yeah.

MR. MAVROMATIS: – the second-stage concrete.

MR. SIMMONS: Mmm.

MR. MAVROMATIS: We also had Iskueteu for the electrical scope.

MR. SIMMONS: Yeah.

MR. MAVROMATIS: And we had a minor subcontract for Grimard. They were doing the spillway electrical building.

MR. SIMMONS: Okay.

So CANMEC was a Canadian company, I think, based out of Quebec, are they?

MR. MAVROMATIS: That's correct.

MR. SIMMONS: And they were subcontracted to actually do all the installation work for the gates, the stoplogs, the trash rack cleaner, all the mechanical parts that we've talked about here for spillway and powerhouse.

MR. MAVROMATIS: Correct.

MR. SIMMONS: Is that correct?

MR. MAVROMATIS: Correct.

MR. SIMMONS: Yeah.

And CRT – they were a civil construction contractor, were they?

MR. MAVROMATIS: Correct.

MR. SIMMONS: And what sort of work were they doing for you?

MR. MAVROMATIS: They were – the mechanical contractor would install the embedded parts –

MR. SIMMONS: Yes.

MR. MAVROMATIS: – for the vertical guides that we saw earlier.

MR. SIMMONS: Mm-hmm.

MR. MAVROMATIS: And the CRT would concrete them.

MR. SIMMONS: Mm-hmm.

MR. MAVROMATIS: They would embed them, they would pour the concrete.

MR. SIMMONS: Right.

MR. MAVROMATIS: So that's really what they were responsible for.

MR. SIMMONS: So as between CANMEC and CRT then, there are what we – I think, here tell of as interfaces perhaps –

MR. MAVROMATIS: Mmm.

MR. SIMMONS: – where they have to work together to coordinate their work for installation of mechanical parts and concreting around embedded mechanical parts.

MR. MAVROMATIS: That's correct.

MR. SIMMONS: Right.

And was it ANDRITZ's responsibility to make sure that there was proper coordination in place for those subcontractors and to ensure that they were doing the work that needed to be done to meet the specifications in your contract with the Nalcor companies?

MR. MAVROMATIS: Correct. It was our responsibility.

MR. SIMMONS: Yeah.

And, similarly, Iskueteu, you said, was doing the electrical work, was it?

MR. MAVROMATIS: Correct. Yes.

MR. SIMMONS: Yeah, subcontracted directly to ANDRITZ, not contracted in any direct way to the Nalcor companies.

MR. MAVROMATIS: That's correct.

MR. SIMMONS: Right.

And just to be clear, CANMEC and CRT, their contractual relationship was purely with ANDRITZ, not with any of the Nalcor companies.

MR. MAVROMATIS: Correct.

MR. SIMMONS: And there's a fourth major contractor you said, which was which company, Grimard?

MR. MAVROMATIS: Grimard. They put up the spillway electrical building and supplied some components for the electrical scope.

MR. SIMMONS: Right.

And, similarly, they were contracted to ANDRITZ and it was ANDRITZ's contractual responsibility to Nalcor to make sure that work got done, but ANDRITZ choose to subcontract that down to Grimard.

MR. MAVROMATIS: Correct.

MR. SIMMONS: Right. Okay.

So did ANDRITZ, what we call, self-perform any of the actual on-site work on CH0032? Did you have your own construction workers that you hired and your own supervisors, or was all your work done through these subcontractors?

MR. MAVROMATIS: We had our own, from time to time, to do not major parts of the work –

MR. SIMMONS: Yes.

MR. MAVROMATIS: – but some supplementary work or some (inaudible) something that, you know, was not in the other scope, so to speak.

MR. SIMMONS: Right, but the –

MR. MAVROMATIS: So not to a large extent, no.

MR. SIMMONS: Right. The contracting strategy was not like Astaldi's where they had

large numbers of workers that they directly supervised –

MR. MAVROMATIS: That’s correct.

MR. SIMMONS: – to do this work. Yeah, okay.

So what kind of a presence did ANDRITZ maintain on site for contract 0032?

MR. MAVROMATIS: Well, we had our full site team, we also had – in light of what you just mentioned, we had an installation coordination role –

MR. SIMMONS: Yes.

MR. MAVROMATIS: – so we brought in a specialist for that –

MR. SIMMONS: Yes.

MR. MAVROMATIS: – to coordinate between the – primarily between CANMEC and the CRT –

MR. SIMMONS: Mm-hmm.

MR. MAVROMATIS: – because we were having some issues with the coordination. It’s not an easy coordination. So we had a full presence at the site –

MR. SIMMONS: Right.

MR. MAVROMATIS: – a full site team on site.

MR. SIMMONS: And as project manager where were you based from?

MR. MAVROMATIS: I’m based in Montreal.

MR. SIMMONS: Okay.

Did you have any regular rotation to the site yourself?

MR. MAVROMATIS: No, no regular rotations.

MR. SIMMONS: Okay.

Did you visit from time to time?

MR. MAVROMATIS: In – now I might visit about every four to six weeks.

MR. SIMMONS: Mm-hmm.

MR. MAVROMATIS: I went down – in 2018 I was there eight times.

MR. SIMMONS: Right.

MR. MAVROMATIS: So, as needed, I was visiting.

MR. SIMMONS: So was your ability to discharge your role as project manager impaired by any – in any way that you can identify by working out of Montreal instead of having a permanent presence on the site?

MR. MAVROMATIS: No, in fact in some ways enhanced because not having been on a regular rotation where I’m an off and on, off and on, off and on, by being in the Montreal office I could support the site team –

MR. SIMMONS: Mm-hmm.

MR. MAVROMATIS: – on a continuous basis.

MR. SIMMONS: Mm-hmm.

MR. MAVROMATIS: So – and this is the way that we manage projects and, like I say, my experience –

MR. SIMMONS: Yeah.

MR. MAVROMATIS: – we would have total aspects. We have the engineering, procurement, manufacturing, installation and so on –

MR. SIMMONS: Mm-hmm.

MR. MAVROMATIS: – so it’s not just installation. So we have qualified persons that are our site managers that –

MR. SIMMONS: Right.

MR. MAVROMATIS: – we send managers –

MR. SIMMONS: Yeah.

MR. MAVROMATIS: – to look after that. And I'm in regular communication with them, similar to what I did in my other (inaudible).

MR. SIMMONS: Right.

So as project manager, you have more things to do than just monitor just what happens on the site. There are other aspects of your job that you can satisfactorily perform from Montreal you're saying.

MR. MAVROMATIS: As (inaudible).

MR. SIMMONS: Yeah, okay.

MR. MAVROMATIS: Yeah, that's correct.

MR. SIMMONS: Who was your primary point of contact for CH0032 on the Nalcor side?

MR. MAVROMATIS: At that phase was Bruce Drover.

MR. SIMMONS: Yes.

MR. MAVROMATIS: Yeah.

MR. SIMMONS: And what was his position in Nalcor, do you know?

MR. MAVROMATIS: He was the package leader for package CH0032.

MR. SIMMONS: Package lead. And do you know where he was based, where he worked from?

MR. MAVROMATIS: He worked in St. John's.

MR. SIMMONS: Okay.

MR. MAVROMATIS: And he would periodically go to site as well.

MR. SIMMONS: Okay.

Did you have any – did you encounter any particular difficulties because Mr. Drover was based in St. John's and you were based in Montreal and neither of you was full time on site?

MR. MAVROMATIS: No particular difficulties.

MR. SIMMONS: Okay, thank you.

Now, I know you weren't yourself personally involved – have been personally involved in contract CH0030, which is the turbines and generators, but you were asked a number of questions around this issue of the preservation of some of the components from the time they were shipped from China and then stored on the site, particularly the ones that were stored outside. So I am correct, though, that you didn't have any personal involvement –

MR. MAVROMATIS: No.

MR. SIMMONS: – in those matters at all?

MR. MAVROMATIS: You're correct on that.

MR. SIMMONS: Okay.

And am I correct also that – do you know whether there are – and I'm going to ask about what the issues are, but that there are some outstanding issues around that between ANDRITZ and Nalcor which are yet to be resolved.

MR. MAVROMATIS: I am aware that there are some outstanding issues that are yet to be resolved.

MR. SIMMONS: Okay.

And, generally – and I'm not going to ask you for a legal position here but, generally, on something like the turbines and generators contract, the parts become incorporated into the installed turbine and generator. And as a unit, that unit is not actually turned over to the owner until installation is complete and commissioning is done. Is that the general way these – this contract performance works?

MR. MAVROMATIS: I wouldn't say that's the general way.

MR. SIMMONS: Mm-hmm.

MR. MAVROMATIS: And, like, again, I don't have like a – on a project manager, the projects I worked on, they're not that many.

MR. SIMMONS: Right.

MR. MAVROMATIS: But I've seen contracts where the title transfer, as we say –

MR. SIMMONS: Yes.

MR. MAVROMATIS: – is upon receipt at site, so that's upon operation and so on.

MR. SIMMONS: Right, yeah.

MR. MAVROMATIS: So it varies.

MR. SIMMONS: Right.

MR. MAVROMATIS: It varies.

MR. SIMMONS: So – and here, are you familiar with the contract terms and title transfer terms and all that stuff on 0030?

MR. MAVROMATIS: No.

MR. SIMMONS: No, you're not. Okay. Thank you.

So can we bring up Exhibit P-02878, please? This is one of the letters you were referred to, which is an early letter from September 10, 2014.

THE COMMISSIONER: Tab 5 in volume 1.

MR. SIMMONS: Sorry.

MR. MAVROMATIS: Understand.

MR. SIMMONS: Yes, volume 1, tab 5.

MR. MAVROMATIS: Yeah.

MR. SIMMONS: Ms. Ding showed this letter to you earlier. Now this is from September 10, 2014, so this is some – oh, I don't know – five, six months before you became project manager on the site, correct – on the job.

MR. MAVROMATIS: Correct.

MR. SIMMONS: Right. So before becoming project manager had you been part of the team on CH0032 –

MR. MAVROMATIS: I was –

MR. SIMMONS: – or were you new to it?

MR. MAVROMATIS: Yeah, I was integrating myself into the team.

MR. SIMMONS: Okay.

MR. MAVROMATIS: So I was working with Mathieu and – but primarily on the issues that were cited as being 'problematic,' as you could say, or –

MR. SIMMONS: Mmm.

MR. MAVROMATIS: – needed my support more was engineering and the work that was going on in China.

MR. SIMMONS: Okay.

Can we scroll down just a tiny bit, please, on this one? Okay, can you stop there?

So this is a letter, actually, from Mr. Bertrand and it went to Mr. O'Brien at Nalcor. And the first paragraph notes the observation that the spillway work being conducted by Astaldi appears to be late. And then the second paragraph says: "In the event that the IIA Milestone is delayed, this letter is to notify LCP that this change will result in a schedule and cost impact ... that can only be thoroughly evaluated once the revised Milestone Schedule ... has been received."

So we see a lot of letters from contractors on many of these contracts. And was it a general practice with your company, with ANDRITZ, that if you recognize a circumstance that might mean that you could want to claim some form of extra payment in the future from an owner, that you would flag that up in a letter and give as early notice as you could to the owner that you might have a claim in the future?

MR. MAVROMATIS: Like I explained in the contract, article 26 of the contract –

MR. SIMMONS: Yes.

MR. MAVROMATIS: – has the change management provisions.

MR. SIMMONS: Yes.

MR. MAVROMATIS: And one of the provisions is that we need to notify the customer, or Nalcor, as soon as we –

MR. SIMMONS: Right.

MR. MAVROMATIS: – there's an occurrence that we believe will constitute a change.

MR. SIMMONS: Mm-hmm.

MR. MAVROMATIS: And this is what we felt we're doing here, because we weren't sure, like, okay, you're late and we were concerned that you'd come back and say, well, you were aware of this change and so on and so forth and before. So – and this is just kind of like what we always put. If you look at all notifications for a change, we'd put something to that effect (inaudible).

MR. SIMMONS: So this letter is not so much about saying: Hey, Nalcor, it looks like the spillway is late, you might not know that. This is saying: We've observed the spillway may be late, so we're giving you notice now as required by the contract that we might have a claim as a result of that.

MR. MAVROMATIS: Yeah. I could say it never occurred to us that Nalcor might not know that the spillway is late.

MR. SIMMONS: Yeah. Okay.

Now, you were asked a number of questions about change order 10, which was the change order that was issued to – for the acceleration of the spillway work and you've described that quite a bit. And the change order itself is at P-02907, so maybe we can bring that up, Madam Clerk, please.

And –

THE COMMISSIONER: And it's tab 32.

MR. SIMMONS: Yes.

So the date of this is the 10th of November, '15. Now, I'd understood you to say, Mr. Mavromatis, that discussions around the potential of accelerating the work had started – there are – an issue had come up as early as June of 2015 in your discussions.

So we shouldn't take this change order as being something that appeared out of the blue without no one having any prior notice that there was a desire to try to accelerate the spillway work. This had been under discussion for some time prior to the 10th of November, 2015. Is that right?

MR. MAVROMATIS: Well, I think that, you know, if we look at the timeline of the –

MR. SIMMONS: Mmm.

MR. MAVROMATIS: – discussions that we had –

MR. SIMMONS: Mmm.

MR. MAVROMATIS: – I think there were times that we had discussions, rather –

MR. SIMMONS: Yes.

MR. MAVROMATIS: – quite a few of them, and there was periods that we didn't have discussions and we were really questioning, you know, is it on or is it off.

MR. SIMMONS: Right.

MR. MAVROMATIS: So I think that this one came at a period that we – our manager was discussing with, I think Mr. Scott O'Brien, and exchanging what we call bubble charts on where are we and so on and so forth. And we hadn't received any feedback and then –

MR. SIMMONS: Mm-hmm.

MR. MAVROMATIS: – this change order.

MR. SIMMONS: Right.

So prior to this, there had been meetings, discussions about how the work might be accelerated and what the cost and then impacts might be, had there not?

MR. MAVROMATIS: Correct.

MR. SIMMONS: There had been.

And, in fact, ANDRITZ had actually made formal written proposal to Nalcor for how it would propose to achieve acceleration and how much it wanted to be paid in order to do that.

MR. MAVROMATIS: Correct.

MR. SIMMONS: Right.

And without going to that, the amount that ANDRITZ was looking for was a fair bit more than the number that's in this change order as – that says what Nalcor, at that time, was willing to be paid?

MR. MAVROMATIS: Correct.

MR. SIMMONS: Correct.

So by the 10th of November, 2015, then, would it be correct to say that the parties were at a point where ANDRITZ was willing to accelerate, but there'd been a – there was no agreement on how or how much ANDRITZ was going to get paid, and ANDRITZ also wasn't willing to commit to the 15th of June, 2016, as a hard date to achieve the spillway readiness.

MR. MAVROMATIS: That's correct.

MR. SIMMONS: That's correct. So that's where things stood.

MR. MAVROMATIS: Yeah.

MR. SIMMONS: Now, without getting into the details of the contract, many of these construction – well, it's standard in construction contracts to have provisions for change orders, right?

MR. MAVROMATIS: Correct.

MR. SIMMONS: Right.

Change orders may be initiated because the contractor asks for – says there's something different and I want a change order so we can have agreement on how I'm going to get paid for it. That's one way.

MR. MAVROMATIS: Mm-hmm.

MR. SIMMONS: Right? But, also, owners typically have the right to make a change and direct the contractor to carry out the change, correct?

MR. MAVROMATIS: Correct.

MR. SIMMONS: Right.

And it's not unusual that if there's – if agreement can't be negotiated on how the contractor gets paid, that the owner can actually direct that the work be done, and that the means of payment is going to get sorted out through some sort of dispute resolution process afterwards.

MR. MAVROMATIS: That wasn't our view. No, I think I would say that we disagree and we dispute it, and then that –

MR. SIMMONS: Right.

MR. MAVROMATIS: – but we need to continue with the work.

MR. SIMMONS: Mm-hmm.

MR. MAVROMATIS: And when I say this wasn't our view – one thing you're saying that you could direct, but we didn't feel that you had the right to direct us to a new date. It's like saying –

MR. SIMMONS: Right.

MR. MAVROMATIS: – basically, you know, our date is November 1, 2016, and you direct us to finish by June 1 –

MR. SIMMONS: Right.

MR. MAVROMATIS: – it –

MR. SIMMONS: Right. So –

MR. MAVROMATIS: It doesn't make really –

MR. SIMMONS: Yeah.

MR. MAVROMATIS: You know, it's kind of obvious counter-argument there.

MR. SIMMONS: Yeah.

So in a general sense, though, you'll agree with me that these contracts generally give owners some provision to be able to direct work. But, here, what ANDRITZ disputed was whether Nalcor had the right to direct that it be completed by the particular date, by the June 15 date.

MR. MAVROMATIS: That is a very –

MR. SIMMONS: Yeah.

MR. MAVROMATIS: – important point.

MR. SIMMONS: And there was also a dispute as to whether the work would be paid for on a lump sum basis, or whether it would be paid for on a reimbursable basis.

MR. MAVROMATIS: Correct.

MR. SIMMONS: Both parties had different interpretations of the contract about which that would be.

MR. MAVROMATIS: Correct, yeah.

I mean, I know that some – the previous contracts that I worked on, the owner does not have the right to change the project schedule.

MR. SIMMONS: Right.

MR. MAVROMATIS: It needs to be agreed to and it needs to have a (inaudible) amendment –

MR. SIMMONS: Right.

MR. MAVROMATIS: – to change that.

MR. SIMMONS: Right.

MR. MAVROMATIS: And I think this is a very important point here.

MR. SIMMONS: Sure.

MR. MAVROMATIS: You know, because you mentioned, typically, it does but in the other contract –

MR. SIMMONS: Right.

MR. MAVROMATIS: – I'm sure you could (inaudible).

MR. SIMMONS: Yeah.

So this contract, like many others, if there's a disagreement between the parties there's a dispute resolution mechanism in it.

MR. MAVROMATIS: Correct.

MR. SIMMONS: Right?

And the upshot here, by the end of this process dispute resolution came to a mediation, these issues were resolved and there was agreement on how much was to be paid for the change order work.

MR. MAVROMATIS: In summary, correct.

MR. SIMMONS: Okay.

I'm just going to look at the actual change order for a moment. Scroll down, please – keep going. Okay, we can stop there.

There's a paragraph there that begins: If completion of the installation of the spillway – there. It says: "If completion of the installation of the spillway hydro-mechanical equipment for river diversion is achieved on/or before 15 June ... Company will issue a separate Change Order to pay Contractor an incentive payment of \$2,000,000. If Contractor fails to achieve the date of 15 June 2016 for any reason ... Company will have no obligation to make the incentive payment."

So aside from this change order saying here's how much we're going to pay for the work, there was actually a bonus incentive built into this change order to say if you do get the June 15 there's an extra \$2 million in it.

MR. MAVROMATIS: Correct.

MR. SIMMONS: Correct, okay.

And if it took longer – if it actually took longer than June 15, then the bonus wasn't payable.

MR. MAVROMATIS: Correct.

MR. SIMMONS: Okay.

Exhibit P-02920 maybe, please, tab 44 in your volume 1. This should be the notice of default – yes, okay – from March 4, 2016. And this was directed to you from Nalcor, and Ms. Ding brought you to this earlier.

What – this wasn't the first communication from Nalcor, though, that their position was that ANDRITZ was failing to properly accelerate the work in accordance with change order 10. Is that correct?

MR. MAVROMATIS: Not the first one. Correct.

MR. SIMMONS: Not the first one.

And just, for example, if we go to P-02917, please, tab 41 of your book, this is a letter from January of 2016. And the reference line there says: "Lack of Progress/Deficiencies in Schedule" You can take a moment to have a look at this.

At this point, was Nalcor taking the position that ANDRITZ could've been doing more to accelerate the spillway work? Whether you agree with it or not, but was that the position that Nalcor was taking at that time?

MR. MAVROMATIS: That was the position they were taking –

MR. SIMMONS: Yeah.

MR. MAVROMATIS: – yes.

MR. SIMMONS: Okay.

And then it's not until March 4 that the notice of default letter is given.

MR. MAVROMATIS: Mm-hmm.

MR. SIMMONS: Now, again, without going to the contract and piecing this out, from your familiarity with it, when a notice of default is given on to the contract, is it part of the contract process that there's what we call a cure period, there's a time period given in which the contractor has an opportunity to take steps to

remedy the default to the satisfaction of the owner?

MR. MAVROMATIS: Yes.

MR. SIMMONS: Yes.

And that applied here in this case, yes. So after the notice of default given, were there meetings, discussions, communications between ANDRITZ and Nalcor about what could be done in order to satisfactorily accelerate the work or complete the work to Nalcor's satisfaction?

MR. MAVROMATIS: There were meetings prior to the notice of default and meetings following the notice of default. It was an ongoing –

MR. SIMMONS: And meetings following the notice of default.

MR. MAVROMATIS: Right.

MR. SIMMONS: And, eventually, as you pointed out, there was a letter issued saying ANDRITZ had, to Nalcor's satisfaction, had remedied the default and the notice of default was withdrawn.

MR. MAVROMATIS: Correct but – and the – okay, correct.

MR. SIMMONS: Yeah, okay, thank you.

The – you were brought to Amending Agreement number one – and I don't have the exhibit reference here but I don't think we need it because you're probably familiar with it. It's just a general question.

MR. MAVROMATIS: Yeah.

MR. SIMMONS: You had told us that the payments that were agreed to be made, under Amending Agreement number one generally covered two things: one was change order 10 and some other items that you identified and the other was extension of time.

Now, I just wanted to clarify, the extension of time payment, was that in relation to anything to do with the spillway? Or was that tied to the powerhouse not being available for you to do

your work because of Astaldi's delay in completing its work?

MR. MAVROMATIS: I think it had something – some part of the spillway because of the delay in the start of the spillway –

MR. SIMMONS: Yeah.

MR. MAVROMATIS: – there was some costs that were incurred there.

MR. SIMMONS: Yes.

MR. MAVROMATIS: And – but, primarily, the delay of the powerhouse work, what we call the (inaudible) milestone from July 2017 –

MR. SIMMONS: Right.

MR. MAVROMATIS: – to July 2019.

MR. SIMMONS: Right.

So the amounts that are identified in that agreement is in relation to extension of time are primarily what we hear of as a knock-on effect from Astaldi's failure to have achieved its milestones to turn over parts of the powerhouse to ANDRITZ for it to do ANDRITZ's work.

MR. MAVROMATIS: Correct.

MR. SIMMONS: I got that right? Okay.

Almost there.

Okay, thank you very much, Mr. Mavromatis. I don't have anything else.

MR. MAVROMATIS: Thank you.

THE COMMISSIONER: Thank you.

All right, Concerned Citizen's Coalition

MR. BUDDEN: Good day, Mr. Mavromatis.

MR. MAVROMATIS: Good day.

MR. BUDDEN: My name is Geoff Budden. I'm the lawyer for the Concerned Citizens Coalition, which is a group of individuals who, for a

number of years, have been critics of the Muskrat Falls Project.

I don't have a lot for you today, just really one key question. Earlier in your evidence, you testified that the decision to bring the turbines and other generators from China with regard to contract package 0030, I guess it is, was made by Nalcor.

And I guess my question for you is: Did ANDRITZ offer any advice or opinion to Nalcor with respect to that decision, the decision to bring the generator and turbines from China to be stored in Labrador?

MR. MAVROMATIS: Unfortunately, I wasn't involved at that time so I don't know the answer to that.

MR. BUDDEN: Sure.

I realize that and I realize 0032 was your main focus, but how were you aware that it was Nalcor's decision to bring the turbines and generators over? How did you become aware of that?

MR. MAVROMATIS: What I – what happened is that the – there was somebody that was testifying here, I think a Mr. – look, I don't remember the name, but it – and it was in the media and then I inquired.

MR. BUDDEN: Okay.

MR. MAVROMATIS: You know, so I inquired and I said, you know, before this – not with any specific purpose, I just – I inquired in saying was it – and that's the response I received.

MR. BUDDEN: Sure. So that's not something you learned in the course of your on-the-site duties or anything; that's something you learned, really, through this Inquiry?

MR. MAVROMATIS: No, I was aware that the preservation was ongoing and that the components were in the marshalling yard – being involved in the project I was aware of that – but that it was an awkward decision and options were presented. I became aware of that recently.

MR. BUDDEN: Sure.

And, again, you have no idea at all whether ANDRITZ thought this was a good idea, a bad idea, or whether they advised to the contrary, whether they – it was their recommendation. You just have no idea.

MR. MAVROMATIS: I would say, well, I don't know that if they were advised. I think that, well, I discussed it with a project manager and they're saying the circumstances at that time, basically, were taken into consideration and the best decision for the project was made at that time, and that decision was to bring them here. But, beyond that, I don't have any knowledge of any advice that was given at that time the decision was taken. This is all discussions that I had recently.

MR. BUDDEN: Sure.

MR. MAVROMATIS: Yeah.

MR. BUDDEN: And just for completeness – I know we heard it earlier but so it's all tied together in one place – you say the project manager. Who was that person you had that conversation with?

MR. MAVROMATIS: Marc Gagnon.

MR. BUDDEN: Pardon?

MR. MAVROMATIS: Marc Gagnon.

MR. BUDDEN: Thank you.

MR. MAVROMATIS: Thank you.

MR. BUDDEN: Those – that is my question.

Thank you very much.

THE COMMISSIONER: Edmund Martin.

MR. SMITH: No questions, Mr. Commissioner.

THE COMMISSIONER: Thank you.

Kathy Dunderdale.

MR. HEWITT: No questions, Commissioner.

THE COMMISSIONER: Former Provincial Government Officials '03-'15.

MR. J. KING: No questions, Commissioner.

THE COMMISSIONER: Julia Mullaley, Charles Bown not here.

Robert Thompson – no questions.

Consumer Advocate.

MR. HOGAN: Good morning.

My name is John Hogan; I'm counsel for the Consumer Advocate. The Consumer Advocate represents the ratepayers involved in this project.

I just have a – just want to follow up on the move – the request that you move your work to the downstream portion of the project. When you were asked that you, obviously – you took this directive but I think you said you disagreed with it as you had to do it. Is that correct?

MR. MAVROMATIS: Yeah, we looked at it as an opportunity for us.

MR. HOGAN: Okay, what opportunity?

MR. MAVROMATIS: Opportunity to go – the critical work was (inaudible) critical path is on the upstream. The downstream was scheduled to start 5½ months after we started the upstream and would be done after the upstream was completed, basically, the installation of the guides and the civil works.

So start with a smaller scope earlier would give us the opportunity to refine our procedures, to gauge productivity, you know, for that purpose. It really – we didn't see it having any benefit for us in terms of the critical path of the project (inaudible).

MR. HOGAN: Did you agree with the validity of the directive?

MR. MAVROMATIS: There was not a – it was not a directive –

MR. HOGAN: Okay.

MR. MAVROMATIS: – that (inaudible) on the downstream. It was something that was strongly promoted by Nalcor, but it was not a directive.

MR. HOGAN: In terms of other projects you've worked on, is this an unusual thing to do to move – move, I guess – move places on the project as you're ongoing without a plan in place prior?

MR. MAVROMATIS: Not that unusual.

MR. HOGAN: But is that what happened?

MR. MAVROMATIS: I think we have the situation on a previous project was the same.

MR. HOGAN: Okay. Thank you.

I just want to ask you for some specific names of people you dealt with when you were working through some of these issues, specifically, the change order number 10 and the notice of defaults. Your view was that you were being told by Nalcor that you would be fairly compensated at the end of the day, correct?

MR. MAVROMATIS: Mm-hmm.

MR. HOGAN: So who exactly gave you that comment and that level of comfort, who from Nalcor?

MR. MAVROMATIS: It was stated at a meeting; I think it was, at that time, maybe Mike Harris –

MR. HOGAN: Mike Harris?

MR. MAVROMATIS: Mike Harris.

MR. HOGAN: Okay.

MR. MAVROMATIS: He stated at a meeting that we would be fairly compensated –

MR. HOGAN: Okay.

MR. MAVROMATIS: – but that we needed to demonstrate the cost with the proposals and so on and so forth. That's the name, I don't –

MR. HOGAN: Anyone else?

MR. MAVROMATIS: Specifically? No, I don't recall anyone else at this time.

MR. HOGAN: And was it only that one meeting that you're thinking of that took place that gave you that level of comfort, or were there ongoing meetings and conversations?

MR. MAVROMATIS: No. I think, also, if you look at the – at some of the correspondences that we have, it makes reference to an amicable agreement. And, you know, if you look up the remedy of May 25, you can see that it states that, basically, we're on a road map, we've agreed on the process to resolving this.

MR. HOGAN: Okay.

MR. MAVROMATIS: So it was also a, you know, throughout some of the letters that we received.

MR. HOGAN: Okay. Thank you.

Who – when you talked about the June 26 milestone you said that – you were told that this needed to be met due to potential commercial consequences.

MR. MAVROMATIS: Mm-hmm.

MR. HOGAN: So who – do you recall who specifically told you that there would be potential commercial consequences if this date wasn't met?

MR. MAVROMATIS: Oh, it's in the correspondence from Scott O'Brien as well.

MR. HOGAN: Okay.

MR. MAVROMATIS: And then ... yeah.

MR. HOGAN: Anyone else? Did you have any conversations with any people other than that correspondence?

MR. MAVROMATIS: I think it was mostly coming from –

MR. HOGAN: From Scott, Scott O'Brien.

MR. MAVROMATIS: Exactly.

MR. HOGAN: Okay.

And is that – in terms of Nalcor individuals, who were the main people you dealt with?

MR. MAVROMATIS: Bruce Drover.

MR. HOGAN: You mentioned him. So any – was there anyone else?

MR. MAVROMATIS: Adam Kavanagh, someone I deal with.

MR. HOGAN: Okay.

How about Mr. O'Brien? How often did you deal with him?

MR. MAVROMATIS: Not very often.

MR. HOGAN: No? Okay.

Last question I have is you said that things were going – I don't want to put words in your mouth – better or smoother in phase 2 compared to phase 1. Is that correct?

MR. MAVROMATIS: That's correct.

MR. HOGAN: Okay, can you comment on why?

MR. MAVROMATIS: Well, I think we had – one of the things, we had a plan. Like, we saw the Amending Agreement number one, we agreed on a schedule; we agreed on this cost, we agreed on what changes to the site conditions we would seek. And so we were better prepared, we had a better plan with fixed dates.

At the same time, I think Nalcor improved their coordination of their contractors at the site. The handover process was greatly improved. They implemented a daily SIMOPS coordination meeting. So they took steps to improve the coordination. I think that really helped a lot as well.

MR. HOGAN: So it sounds like Nalcor sort of learned from some mistakes on site, worked through them. Things are a bit better?

MR. MAVROMATIS: I wouldn't know if it's (inaudible) their mistakes but they improved the process from the first to the second phase.

MR. HOGAN: Okay.

Are you dealing with anyone differently in phase 2, any different individuals, as opposed to who you dealt with in phase 1?

MR. MAVROMATIS: The commercial – the site construction manager from phase 1 is no longer there so we have different person filling –

MR. HOGAN: Okay and who is the new person there now?

MR. MAVROMATIS: Well, Jeff Reid is the new person and his team. So, yeah, I think we're – we have very good co-operation with (inaudible).

MR. HOGAN: And he replaced who?

MR. MAVROMATIS: I don't know exactly but it was – when we were in the spillway it was mostly Peter Tsekouras that was there.

MR. HOGAN: Okay. That's all my questions.

Thank you.

THE COMMISSIONER: Thank you.

Innu Nation is not here.

Former Nalcor Board Members.

MS. MORRIS: No questions, Commissioner.

THE COMMISSIONER: Okay.

Newfoundland and Labrador Building Trades Council/Resource Development Trades Council.

MS. QUINLAN: No questions, Commissioner.

THE COMMISSIONER: Thank you.

All right, Dwight Ball and Siobhan Coady not here.

All right, counsel for Mr. Mavromatis.

MR. CLARKE: No questions.

THE COMMISSIONER: Counsel, no questions.

Redirect.

MS. DING: No questions, Commissioner.

THE COMMISSIONER: Okay.

I just want to ask one question. I was interested in an answer you gave about the fact – and it goes back to some of the questions you were asked on redirect related to there being some sort of a difference between what you were hearing and what actually was taking place in the letters that you were getting. This is after – this is related to change order 10 and things of that nature.

So the information that you were directly getting from people like Mr. Harris and things like that – people like that, was this – were these people – were these at meetings on – at the site or were these in meetings in St. John's, or were this over the phone or ...?

MR. MAVROMATIS: Oh, most of the meetings were in St. John's and Montreal.

THE COMMISSIONER: Okay.

MR. MAVROMATIS: I think because, you know –

THE COMMISSIONER: Okay.

MR. MAVROMATIS: – the discussions for the acceleration continued afterwards, right? There wasn't –

THE COMMISSIONER: Right.

MR. MAVROMATIS: We were still discussing it and so on, so we had meetings in Montreal, we had meetings in St. John's to discuss that.

THE COMMISSIONER: So I've had an opportunity to look through the correspondence that was there and it seems to be – like, there seems to be quite a difference between talking about, you know, reasonable accommodations or

reasonable arrangements and things like that and what is in the letters. The letters don't seem to be saying the same thing as what you're telling me was your understanding.

MR. MAVROMATIS: Okay.

THE COMMISSIONER: I'm trying to figure out –

MR. MAVROMATIS: Well, maybe can I refer you – I don't know if we can find the letter on May 25 with – pertains to the notice of default. I don't know what exhibit that is –

THE COMMISSIONER: Okay, that –

MR. MAVROMATIS: – and get an indication. Maybe that will help too.

THE COMMISSIONER: What I think was 44.

MR. MAVROMATIS: Did anybody –

UNIDENTIFIED MALE SPEAKER: P-02971.

THE COMMISSIONER: 02971.

Okay, so that would be tab 89. That would be in book 2. Yeah. So go ahead.

MR. MAVROMATIS: Yeah, so if you look at the first paragraph, last sentence, it says: "In addition, Company and Contractor have agreed to an approach to resolve commercial issues relating to Change Order No. 10."

There's other letters that basically saying that we look forward to resolving the commercial issues and so on. So, these are the types of correspondence that we see and there were meetings, I say, at St. John's and Montreal, I think, for the commercial people and the feeling that we're getting that they will be resolved, you know – meet the objective and we will discuss this. So I think this is a type of correspondence for communications at work.

THE COMMISSIONER: Right, but there's other correspondence that's sent that seems to be a lot more aggressive in tone in the sense of talking about this is – you know, like, for

instance the earlier letters in March and in January, things of that nature.

MR. MAVROMATIS: Yeah.

THE COMMISSIONER: And, like, I'm just trying to figure out, like, when I listen to you, it sounds like you had an understanding all the way along that there was going to be some sort of resolution of this, yet there doesn't seem to be the same – I don't see that mirrored in the – in some of the earlier letters that were sent.

MR. MAVROMATIS: Mm-hmm.

THE COMMISSIONER: It's a much more aggressive tone.

MR. MAVROMATIS: Yeah, I agree. And the thing is, also, we have to consider that in the end we did refine the resolution. So, maybe if I can paint a picture of my opinion, it was more positive than what, you know, the situation was. But, certainly, that when – based on this letter – and they're saying, please submit your time sheets, right – we need to submit the time sheets – that's an indication – other indication to me.

But the time sheets were being submitted. They were signing for record purposes only. That's another indication. We had meetings and were discussing costs and so on. That's another indication. And we had meetings, also, with our – even our subcontractor wanted to have, like, an assurance that we will be treated fairly and they demanded – they had a meeting at the site with the commercial team. There was other indications there that were given that we would be treated fairly, and they were looked at.

So, if you –

THE COMMISSIONER: Okay, so let's just stop there for a second. So that was a – that was a meeting on the site. So, at that meeting was Mr. O'Brien there?

MR. MAVROMATIS: I wasn't at the meeting. I don't think Mr. O'Brien was there. I think Mr. Michael Harris was there. It was a commercial (inaudible).

THE COMMISSIONER: Okay.

MR. MAVROMATIS: Yeah.

THE COMMISSIONER: Good.

Thank you very much, Sir.

MR. MAVROMATIS: Okay.

THE COMMISSIONER: I appreciate that.

All right, we're adjourned then. That's it for now and I guess we're back on May 2 and the first witness will be Mr. Mulcahy.

There is a little – there's been a bit of a change in the schedule, nothing really significant. I've just – in looking at the schedule, I've been very concerned about trying to make sure that, for certain witnesses, I know they're going to take longer, so try to plug in more time for those individuals.

So I'm hoping we're going to avoid any sort of situation where we're under pressure like we have been earlier this week on the way through. It's only a hope but, anyway, so counsel will be notified of the – of this slight change. It's like I said, there's no real significant changes. The same witnesses are being called, it's around the same time, I just adjusted a few days here and there just to make sure we had enough time for everybody that I think we're going to need enough time for.

All right, have a good break and we'll see you back here on May 2.

CLERK: All rise.

This Commission of Inquiry is concluded for the day.