



**Commissioner Richard LeBlanc**  
**Commission of Inquiry Respecting the Muskrat Falls Project**  
Suite 502, 5th Floor, Beothuck Building  
20 Crosbie Place  
St. John's, NL A1B 3Y8

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Grant Thornton LLP  
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15 International Place  
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May 29, 2018

Dear Commissioner LeBlanc:

**Re: Engagement Agreement  
In Respect of the  
Commission of Inquiry Respecting the Muskrat Falls Project**

Additional Services with Respect to the Preparation of Papers on:

1. The Federal Loan Guarantees ("FLG") and the Power Purchase Agreement ("PPA")
2. The Emera Agreements and the Nova Scotia Utilities Board (the "UARB") Experience

The Commission of Inquiry Respecting the Muskrat Falls Project (the "Commission") and Grant Thornton LLP ("Grant Thornton") have entered into an agreement dated February 3, 2018 (the "February 3, 2018 Services Agreement") relating to the provision of professional services by Grant Thornton.

The Commission and Grant Thornton wish to enter into an agreement for the provision of additional services by Grant Thornton to the Commission pursuant to the terms set out in this Additional Services Agreement.

Any capitalized terms used in this Additional Services Agreement but not defined herein shall be as defined in the Services Agreement.

The scope of this Additional Services Agreement shall be as follows:

1. The Services set out in the letter attached as Schedule A hereto, relating to the Emera Agreements and the Nova Scotia Utility and Review Board Experience; and
2. The Services set out in the letter attached as Schedule B hereto relating to the Federal Loan Guarantees and the Power Purchase Agreement.

The fees, disbursements and expenses set out or referred to in Schedule A and Schedule B are in addition to the fees and disbursements set out in the February 3, 2018 Services Agreement and are not subject to the limits prescribed in Schedule C to the Services Agreement.

The timelines for the delivery of the additional services shall be as set out in Schedule A and Schedule B.

The services described in Schedule A and Schedule B do not constitute forensic audit services or an audit of any kind and will be done in accordance with the descriptions set out in the schedules.

The Commission acknowledges that Grant Thornton will be retaining the services of Miller Thomson LLP based on Toronto, Ontario to assist with the services as described in Schedule A and Schedule B and approves of their participation.



Except as specifically set out in this Additional Services Agreement, all other terms and conditions in the February 3, 2018 Services Agreement remain in full force and effect as written and shall apply to the additional services as set out in this Additional Services Agreement.

This Additional Services Agreement may be executed in counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same agreement. Signatures delivered by facsimile or other electronic means shall be treated as originals.

Yours very truly,

GRANT THORNTON LLP

A handwritten signature in black ink, appearing to read "SP", written over a horizontal line.

Steve Power, CPA, CA  
Partner

The services and terms as set forth in this Engagement Agreement are acknowledged and agreed to.

**Commission of Inquiry Respecting the Muskrat Falls Project**

By:

A handwritten signature in black ink, appearing to read "Richard LeBlanc", written over a horizontal line.  
Commissioner Richard LeBlanc

2018 . 06 . 18  
Date



A

## Appendix A



# Grant Thornton

An instinct for growth™

David A. Howe  
Audit and Financial Advisor  
Commission of Inquiry Respecting The Muskrat Falls Project  
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May 8, 2018

Dear Mr. Howe:

This letter is in response to the request from the "Commission of Inquiry Respecting the Muskrat Falls Project" (the "Commission") dated April 29, 2018 regarding additional scopes of work. This letter addresses the Commission's request related to the Emera Agreements and the Nova Scotia Utility and Review Board (the "UARB") Experience. A separate communication will follow related to the Federal Loan Guarantees and the Power Purchase Agreements.

Grant Thornton LLP's ("Grant Thornton") qualifications, experience and profile was previously provided to the Commission in our Proposal dated January 22, 2018. While we have not duplicated this in our letter, I would like to emphasize Grant Thornton's continuing commitment to deliver exceptional client service. I am confident the experience we have gained in our work so far with the Commission will provide synergies in completing the additional requested scopes of work.

#### **Our Understanding of your Needs**

Based on your memo dated April 29, 2018, we understand the Commission is seeking a budget for the following Scope of Work in reference to the review of the Emera Agreements and the UARB Experience. The details of this scope are outlined in your April 29, 2018 memo and were further clarified through discussions with the Commission's Audit and Financial Advisor. To summarize, the Commission is seeking a paper explaining the following:

1. The November 10, 2010 Term Sheet between Nalcor Energy ("Nalcor") and Emera Inc. ("Emera");
2. A detailed explanation of the commercial terms for the ratepayers of Newfoundland and Labrador ("NL") on the five key agreements noted in your April 29, 2018 memo. Our focus will be on the Amended and Restated Agreements dated July 31, 2014. We will also highlight any significant changes noted from the original agreements dated July 31, 2012;



3. For the remaining eight agreements, a recitation of the summaries from NSP Maritime Link Incorporated (Re), 2013 NSUARB 154;
4. The findings and conclusions of the UARB in its review of the Maritime Link ("ML") Project and the condition for approval related to the right to access market priced energy;
5. A description of how the UARB's condition was met by the Energy Access Agreement along with a description of the commercial terms of that agreement with the greatest significance for the ratepayers of NL. We note that reliance can be placed on the MPA Morrison Park Advisors Inc. report entitled "Review and Consideration of the Energy Access Agreement and Related Information";
6. The effects of the Emera agreements on NL rate payers and tax payers; and
7. A comparison of the UARB oversight of the ML Project and the Newfoundland and Labrador Board of Commissioners of Public Utilities ("PUB") oversight of the June 2011 reference question related to the Muskrat Falls Project.

We further understand that an interim draft of the paper will be circulated to various parties for purposes of obtaining input with respect to the accuracy of the facts presented.

#### **Our Team**

Our team will be led by Tom Brockway from our Halifax Nova, Scotia office. Tom will have overall responsibility for the report deliver and will testify at the public hearings to present the paper including cross examination. Tom will be supported by members of our Halifax team. Tom is an assurance partner with over 20 years' experience, including significant experience in the utility sector, including most recently providing advisory services to the UARB on complex regulatory accounting matters. Tom's resume is included in Appendix A.

Our team will also be supported by Steve Power. Steve will bring his experience with the NL utility sector and the Muskrat Falls project to ensure efficiencies in service delivery and knowledge transfer. As you are aware, Steve currently serves as one of the leaders on the ongoing forensic engagement with the Commission.

#### **Our Fee**

Our estimate of fees is based on the following hourly rates:

➤ Tom Brockway:	██████████
➤ Steve Power:	██████████
➤ Senior Manager:	██████████
➤ Other support:	████████████████████
➤ Legal support (third party)	██████████



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As noted above, our fee also includes an estimate for legal assistance given the complexities of these agreements.

Our budget for this assignment is as follows:

	<u>Tom Brockway</u>	<u>Steve Power</u>	<u>Senior Manager</u>	<u>Support</u>	<u>Legal</u>	<u>Total</u>
Review of term sheet	2	2	15			19
Review of five key agreements	15	10	75			100
Review of Remaining agreements	2	2	5			9
Review significant changes from original Findings and conclusions of UARB	2	2	8			12
Energy and access agreements	5	3	20			28
Effect of Emera agreements on Rate Payers and Tax Payers	2	5	10			17
Comparing UARB oversight to PUB oversight	8	5	30			43
Report Preparation and Support	3	2	20			25
Legal Support	5	5	10	40		60
					25	25
	44	36	193	40	25	338

Rate

\$

\$

Our budget includes time to complete and issue the July 3, 2018 draft report. Any time finalizing the report based on feedback from the various parties will be billed separately at the hourly rates quoted above. Presentation time at the public hearings will also be billed separately at the hourly rates noted above, along with travel costs for Tom Brockway to attend the hearing (which will be billed at cost). Given the nature of this assignment, we do not anticipate additional travel requirements and as such our budget does not include disbursements with the exception of third party legal support which is included above. Our budget is exclusive of HST.



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We look forward to answering any questions you may have. We would also like to thank the Commission for the opportunity to provide this fee quote. We value the work of the Commission and are proud to serve you in your mandate.

Yours sincerely,  
**Grant Thornton LLP**

Steve Power, CPA, CA  
Partner  
/tb



## Appendix A - Resume





## Tom Brockway, CPA, CA

Partner, Assurance Services



### Partner, Assurance Services

Tom is a partner in our Halifax office with over 20 years of experience. He provides business advisory and assurance services to a diverse client.

Tom is our Assurance Service Line Leader for Nova Scotia. He sits as a senior member of our Atlantic Technology Sector Group, as well as our Transportation and Distribution group.

### Experience

Tom has led assurance engagement teams in providing assurance services for financial statements as well as engagements providing assistance with financing and capital transactions, including initial public offerings, public debt and equity offerings, and private placement offerings. He has led statutory audit programs for several global clients, leading and directing teams from as many as ten different countries.

### Industry experience

Tom has experience serving a broad range of clients, ranging from privately held, owner-managed businesses to large publicly listed corporations. Specifically, his industry experience includes engineering and other professional services firms, utilities and energy, not-for-profits, aerospace and defense, real estate, telecommunications and government.

### Professional qualifications and memberships

- Chartered Professional Accountant, Nova Scotia (1995)
- Bachelor of Commerce, Saint Mary's University (1993)
- Member of the Nova Scotia Institute of Chartered Professional Accountants
- Member of the Canadian Institute of Chartered Professional Accountants

### Community involvement

- Past Chair, Institute of Chartered Accountants of Newfoundland and Labrador
- Former Member, National Board of Directors for the Kidney Foundation of Canada
- Former Member, Fundraising Committee for the Newfoundland and Labrador Junior Achievement Business Hall of Fame Gala

### Contact details

2000 Barrington Street – Suite 1100

Halifax, NS, B3J 3K1

T +1 902 491 7781

E [Tom.Brockway@ca.gt.com](mailto:Tom.Brockway@ca.gt.com)



B

## Appendix B

**Grant Thornton**

An instinct for growth™

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Commission of Inquiry Respecting The Muskrat Falls Project  
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May 10, 2018

Dear Mr. Howe:

This revised letter is in response to the request from the "Commission of Inquiry Respecting the Muskrat Falls Project" (the "Commission") dated April 29, 2018 regarding additional scopes of work. This letter replaces our original proposal letter of May 8, 2019 and addresses the Commission's request related to the Federal Loan Guarantees ('FLG-1' and 'FLG-2') and the Power Purchase Agreement (the 'PPA'). A separate communication has been sent regarding the Emera Agreements and the UARB experience.

Grant Thornton LLP's ("Grant Thornton") qualifications, experience and profile was previously provided to the Commission in our Proposal dated January 22, 2018. While we have not duplicated this in our letter, I would like to emphasize Grant Thornton's continuing commitment to deliver exceptional client service. I am confident the experience we have gained in our work so far with the Commission will provide synergies in completing the additional requested scopes of work.

**Our Understanding of your Needs**

Based on your memo dated April 29, 2018, we understand the Commission is seeking a budget for the following Scope of Work in reference to the review of the FLG-1, FLG-2 and the PPA. The details of this scope are outlined in your April 29, 2018 memo and were further clarified through discussions with the Commission's Audit and Financial Advisor. To summarize, the Commission is seeking a paper explaining the following:

1. The terms and conditions of FLG-1 including, conditions related to sanction by Nova Scotia and those related to monopoly and PPA and, the effect of FLG on financing and interest rates and savings to the project;
2. Amendments to provincial legislation;
3. Terms of the PPA, including the effects of the PPA on Newfoundland and Labrador rate payers and taxpayers;



4. Terms and conditions of FLG-2 including reasons for seeking; and,
5. The effect of the legislative monopoly and the PPA on FERC compliance.

We further understand that an interim draft of the paper will be circulated to various parties for purposes of obtaining input with respect to the accuracy of the facts presented.

#### **Our Team**

Consistent with our proposal on the Emera Agreements/UARB Experience, our team will be led by Tom Brockway from our Halifax, Nova Scotia office. Tom will have overall responsibility for the report deliver and will testify at the public hearings to present the paper including cross examination. Tom will be supported by members of our Halifax team. Tom is an assurance partner with over 20 years' experience, including significant experience in the utility sector, including most recently providing advisory services to the UARB on complex regulatory accounting matters. Tom's resume is included in Appendix A.

Our team will also will also be supported by Steve Power. Steve will bring his experience with the NL utility sector and the Muskrat Falls project to ensure efficiencies in service delivery and knowledge transfer. As you are aware, Steve currently serves as one of the leaders on the ongoing forensic engagement with the Commission.

#### **Our Fee**

Our estimate of fees is based on the following hourly rates:

- Tom Brockway:
- Steve Power:
- Senior Manager:
- Other support:
- Legal support (third party)



As noted above, our fee also includes an estimate for legal assistance given the complexities of these agreements. We have increased our budget for legal services for this engagement due to the FERC compliance component.



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Our budget for this assignment is as follows:

	<u>Tom Brockway</u>	<u>Steve Power</u>	<u>Senior Manager</u>	<u>Support</u>	<u>Legal</u>	<u>Total</u>
Terms and conditions of FLG - 1	5	2	20			27
Amendments to Legislation to facilitate FLG	1	1	4			6
Terms of PPA	5	3	20			28
Terms and conditions of FLG-2	1	1	5			7
Effect of PPA on Rate Payers and Tax Payers	5	5	10			30
Effect of legislative monopoly and the PPA and FERC compliance	3	2	20			25
Report preparation and support	5	5	20	30		50
Legal Support					40	40
	25	19	99	30	40	254

Rate

\$

\$

Our budget includes time to complete and issue the July 3, 2018 draft report. Any time finalizing the report based on feedback from the various parties will be billed separately at the hourly rates quoted above. Presentation time at the public hearings will also be billed separately at the hourly rates noted above. We anticipate that both papers will be presented during the same period and as such no additional travel time will be required. Given the nature of this assignment, we do not anticipate additional travel requirements and as such our budget does not include disbursements with the exception of third party legal support which is included above. Our budget is exclusive of HST.



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We look forward to answering any questions you may have. We would also like to thank the Commission for the opportunity to provide this fee quote. We value the work of the Commission and are proud to serve you in your mandate.

Yours sincerely,  
**Grant Thornton LLP**

Steve Power, CPA, CA  
Partner  
/tb