

**SNC • LAVALIN**

17-May- 2012

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NALCOR REFERENCE No.:

Nalcor Energy
Hydro Place, 500 Columbus Drive
P.O. Box 12800, St. John's, NL, A1B 0C9 CANADA

Lower Churchill Project
SNC - LAVALIN INC.
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ATTENTION: Ron Power, Project Manager – Generation/Island Link

**Subject: Lower Churchill, Phase 1 Development
Agreement LC-G-002
Engineering, Procurement and Construction Management (EPCM) Services
Geotechnical Investigation to determine foundation selection of
Transmission Lines and Gate-3 estimate**

Dear Ron:

We refer to the NE-LCP Comment Sheet, Ref. No. MFA-SN-CD-6140-TL-RP-0021-01, regarding 315kV HVac Lines Geotechnical and Site Investigation Justification Report dated March 28, 2012.

As directed, the geotechnical investigation along the centerline to determine foundation types at each tower location shall be included in the construction package CT0319.

However, we wish to inform that the Component-4 DG-3 cost estimate for the construction of foundations is based on the assumption that the geotech/site investigation for foundation selection is to be done ahead of floating the package CT0319 to reduce the percentage of uncertainty in the choice of foundation types for tower locations. Therefore, during the contingency analysis for the overall estimate due consideration may kindly be given to cater for the above mentioned uncertainty and resulting possible additional costs due to changes in foundation types during the course of construction.

If you have any questions regarding this topic please contact the undersigned.

Yours truly,
SNC-LAVALIN INC.

A handwritten signature in black ink, appearing to read 'Normand Bécharde', written over the typed name and title.

Normand Bécharde
General Project Manager

CC: Afzal Hussain, Claude Daneau, Kumar Kandaswamy