



COMMISSION OF INQUIRY  
RESPECTING THE MUSKRAT FALLS PROJECT

---

Transcript | Interview

Chris Huskilton

---

*Commissioner: Honourable Justice Richard LeBlanc*

Friday

7 December 2018

December 7, 2018

CHRIS HUSKILSON

---

**MR. LEARMONTH:** Good morning.

**UNIDENTIFIED MALE SPEAKER:** Good Morning.

**MR. LEARMONTH:** Good morning to everyone.

Well, I hope the weather in Halifax is a little better than it is here.

**MR. HUSKILSON:** Well, we've been blessed so far.

**MR. LEARMONTH:** Yeah.

**MR. HUSKILSON:** But I'm sure it will change.

**MR. LEARMONTH:** Yeah, you'll get your turn, yeah.

**MR. NOEL:** I left you message for you there because I wasn't sure you were gonna get in on time.

**MR. LEARMONTH:** Yeah. Oh yeah. Well, it's not that bad. It's always –

**MR. NOEL:** Okay.

**MR. LEARMONTH:** – it's always – the roads are better than they say, usually. But –

**MR. HUSKILSON:** Yeah, the (inaudible) in Toronto – the weather anyway.

**MR. LEARMONTH:** Yeah, that's right.

Okay, so what – are we ready to go?

**MR. HUSKILSON:** Yes.

**MR. LEARMONTH:** Okay.

So, Mr. Huskilson, I'm going to ask if you will affirm that the evidence you'll give in this recorded interview will be the whole truth to the best of your knowledge, information and belief.

**MR. HUSKILSON:** Yes, I will.

**MR. LEARMONTH:** Okay. Thank you.

And this is being recorded and so there's going to be a transcript prepared.

Okay, to get down to business. The – just to set the background for this, you may be aware of it but I just wanna make sure you are. That prior to DG2, Nalcor had a quantitative risk assessment done by Westney and there was a recommendation for a strategic risk management reserve – whatever you want to call it – in the range of \$300 million to \$600 million. Now, in a draft DG2 document, the – Nalcor selected \$300 million for strategic risk.

And then I'd ask you to turn to – I'm just gonna read from the Exhibit P-00264, which you have a copy of, page 19. Glen, you have that I think.

**MR. HUSKILSON:** Yeah, I think that's the one that I did – made the written response for, is that right?

December 7, 2018

CHRIS HUSKILSON

**MR. LEARMONTH:** No, well that's – that was the one that – it start – it's taken from the project management team of Nalcor's presentation to the Commission and it says –

**UNIDENTIFIED MALE SPEAKER:** Yeah.

**MR. LEARMONTH:** – in the second-to-last paragraph – it's page 19 – you have that Glen?

**MR. HUSKILSON:** Yeah. Okay, yeah, I – there it is, okay.

**MR. LEARMONTH:** Okay.

**MR. HUSKILSON:** I see it, yeah.

**MR. NOEL:** We have that (inaudible).

**MR. LEARMONTH:** So anyway, in a preliminary draft document there was a \$300 million amount for strategic risk that was selected. So then we get this from the project management team: "During the negotiations that led to the Term Sheet with Emera, Nalcor Executive made a conscious decision to drop the provisional strategic risk allowance recommended in the DG2 QRA stating that it was required to respond to Emera's concern regarding its ability to sell the strategic risk concept to the Nova Scotia regulator, the Nova Scotia Utility and Review Board (UARB)."

So that was our – the starting point for our, you know, focus on this issue. And when the – after the term – at the time that the term sheet was signed on November 18, 2010, the Government of Newfoundland, you know, relying on information provided by Nalcor, announced that the Newfoundland and Labrador – Nalcor's share was \$5 billion and that Emera's share was 1.2. And the – there was nothing in the \$5 billion Newfoundland share for strategic risk – zero. Nothing at all.

So we're looking at – to determine why there wasn't – why government wasn't informed about this and why there wasn't something put in for strategic risk. So we – then we get this document which, you know, causes us to dig a little deeper into it.

So is that – do you understand the context and where we're going with this, generally?

**MR. HUSKILSON:** (Inaudible.)

**MR. LEARMONTH:** Yeah.

**MR. HUSKILSON:** Yeah, I do. And I think I answered that directly in my written response.

**MR. LEARMONTH:** Yeah.

I just wanted to make sure we're, you know, just – I may be going over stuff that you already know, but I just wanna make sure that there's no misunderstanding. And the –

**MR. HUSKILSON:** Okay.

**MR. LEARMONTH:** So your statement is – we've entered that as an Exhibit, it's P-01462, and that's the – your November 25 statement. And –

**MR. HUSKILSON:** Yeah.

**MR. LEARMONTH:** Yeah.

December 7, 2018

CHRIS HUSKILSON

And we also have – and I think Glen has – well, I’m certain Glen has showed you this letter from Benson Buffett where – which it was – the notes that were attributed to you are recorded. Have you got that Glen and –?

**MR. NOEL:** We do.

**MR. LEARMONTH:** Yeah, okay.

**MR. HUSKILSON:** (Inaudible) got that, yeah.

**MR. LEARMONTH:** So these are notes that were made at or following a meeting, I think, on October 27, 2010, or thereabouts, by Derrick Sturge, who was the CFO of Nalcor and was one – on the negotiating team for Nalcor at this time. So that’s the next document. As I said that’s been entered into the – no, your statement has been entered into Commission records, that hasn’t.

The next thing is the – and I gave this – I referred Glen to this yesterday, the – pages 78 to 82 of the November 26 – transcript of the November 26 evidence of Gilbert Bennett. Do you have that?

**MR. NOEL:** Yes, we do.

**MR. LEARMONTH:** Okay.

And then finally, I mentioned this to Glen yesterday, I just wanted to refer to the paragraphs 279 to two – I think it’s three – hold on now – 352 –

**MR. HUSKILSON:** (Inaudible.)

**MR. LEARMONTH:** – of the decision of the NS – Nova Scotia UARB, dated July 26 or 27, 2013. Glen you’ve –

**MR. NOEL:** Yeah.

**MR. LEARMONTH:** – got that do you?

**MR. NOEL:** I have all those documents spread all over the table here.

**MR. LEARMONTH:** Okay, very good. Okay. So we’re all set up.

Now, the statement you gave, I – can you confirm that it’s true and that you don’t wish to make any changes to it; that we can rely on that as a correct statement of your position on this, Mr. Huskilson?

**MR. HUSKILSON:** Yes, yes I do.

**MR. LEARMONTH:** Okay.

Now – so it’s true and correct. But is there anything before I ask you a few – is there anything you’d like to add to the statement.

**MR. HUSKILSON:** I don’t think there’s anything that I need to add to the statement.

The only one point I would make and to be – and I see it as possibly some confusion that is happening in the dialogue here. And that is the word “cost” and the word “risk” seem to be being interused interchangeably in this discussion and in these questions. And in fact, they can’t be used interchangeably. That’s actually a problem.

December 7, 2018

CHRIS HUSKILSON

---

And so if you're using the word "risk," that only actually results in a cost if it has a sufficient probability, if it hasn't been mitigated by a – some action and if in the judgment of the management team – and in this case all these costs were being driven by Nalcor, so it would be in the judgment of Nalcor's management team that that actually resulted in a cost. And so the reality of the situation is a risk is not a cost that would necessarily appear in an estimate.

**MR. LEARMONTH:** No not necessarily but there – but if it – if you have a strategic risk report – I'm speaking very generally – if you have a strategic risk report, there has to be a – and you don't follow it or include it in your cost estimate, there has to be a good reason for you not to include it. Would you agree with that?

**MR. HUSKILSON:** Again, what I would say is you would consider it and you'd consider the probability of the risk occurring –

**MR. LEARMONTH:** That's right.

**MR. HUSKILSON:** – consider whether or not you had an ability to mitigate it in any way.

**MR. LEARMONTH:** Yes.

**MR. HUSKILSON:** And once you've considered those two things, you'd make a judgment as to whether that should be entered as a specific number – a cost –

**MR. LEARMONTH:** Right.

**MR. HUSKILSON:** – or even entering it as a zero is, in fact, an acceptable way to actually deal with a risk. So you've considered it and you've decided it's zero.

**MR. LEARMONTH:** Or you might have a report from an outside consultant that says a 500 million and you may say well we're only going to put 100 million in because we feel we've mitigated the other 400, correct?

**MR. HUSKILSON:** Exactly.

**MR. LEARMONTH:** Yeah.

**MR. HUSKILSON:** That's exactly the way you would treat a risk. And then it becomes a cost.

**MR. LEARMONTH:** Yes.

The – you know I – in reviewing all these – the terminologies used by different consultants is all over the place. It's hard to get a handle on it because the words aren't used consistently in the same way.

**MR. HUSKILSON:** And that's actually the other thing that we were working to do at the time. So if you'd actually go back to that time, we didn't know Nalcor very well. We hadn't worked together very much. We were really just forming our relationship. And so one of the things – and the other thing is we didn't have an estimate of this project. We were only using Nalcor's estimate –

**MR. LEARMONTH:** Right.

**MR. HUSKILSON:** – and so we were trying to understand whether we could get an apples to apples comparison of how we would establish an estimate versus how they establish an estimate.

December 7, 2018

CHRIS HUSKILSON

---

**MR. LEARMONTH:** Yeah.

**MR. HUSKILSON:** And that was – that's the other thing that I referred to in my written response, is that we needed to align our terminology so that in fact we could get an apples to apples comparison and we could have something we could put before the regulator that they would see as normal and that they'd be able to consider and approve.

**MR. LEARMONTH:** Right.

Okay and I get the point that you don't – your – when you put a budget before the UARB, you don't have anything under the category strategic risk. It's all under a – on a one-line cost item, is that correct?

**MR. HUSKILSON:** Well, no. What we actually put before the UARB are actually four cost line categories in the entire project cost. This first line is a probabilistic base estimate of the project. The second line is a probabilistic escalation for the project if it's a multi-year project.

**MR. LEARMONTH:** Yeah.

**MR. HUSKILSON:** The third line is a probabilistic view of the contingency.

**MR. LEARMONTH:** Right.

**MR. HUSKILSON:** And then the fourth line is the cost of carrying the project, which is referred in the regulatory role as (inaudible).

**MR. LEARMONTH:** Yes.

All right but – so am I correct in saying that you wanted Nalcor's cost estimate to conform to what you just said?

**MR. HUSKILSON:** Yeah. Because we knew that both the costs that they were working on and the costs that we were working on would be disclosed publicly over time, they needed to have the same terminology and be an apples – so that people could make an apples to apples comparison, because they were going to be public – it was going to be public information.

**MR. LEARMONTH:** Yeah.

It had to be correct though.

**MR. HUSKILSON:** Oh well, (inaudible) it –

**MR. LEARMONTH:** Obviously.

**MR. HUSKILSON:** – had to be the true estimate of the management team involved.

**MR. LEARMONTH:** Yes.

And the – you know, if we look – go back to what the – the information we got from the project management team, this \$300 million amount of strategic risk which had appeared in Nalcor's – in a preliminary draft document was removed in late October and the suggestion is or the statement is it was done to comply with your concerns about whether this would be – this strategic risk amount of 300 million would be accepted at the UARB.

You know, I just refer to it again –

December 7, 2018

CHRIS HUSKILSON

---

**MR. HUSKILSON:** No – I don't know that to be true, but what I do know to be true is that when we began the discussion with Nalcor in 2010 – and I think that started sometime in the spring, but certainly continued through the summer and into the fall – when we began the discussion with them, their estimate was \$6.2 billion –

**MR. LEARMONTH:** But that – was that –

**MR. HUSKILSON:** – \$5 billion dollars for the – for their part of the project and 1.2 billion for the Maritime Link. And when we signed the term sheet, the cost for the project was \$5 billion for their end of the project and 1.2 for the Maritime Link. So over that entire discussion never did the cost of the entire project change. So I guess I just don't know what would have come out if in fact the cost of the entire discussion was the same. \$6.2 billion when we started and we signed the term sheet at \$6.2 billion.

**MR. LEARMONTH:** Okay.

So there was no negotiations with – you had with Nalcor to get them to reduce their cost estimate?

**MR. HUSKILSON:** No, no. So at that stage there wasn't really a negotiation because we didn't have – it – for us, it was a kind of a form over substance type of discussion. We didn't have our own numbers.

**MR. LEARMONTH:** Okay.

**MR. HUSKILSON:** We didn't have any information to be able to engage them in that way. What we were doing at the time though, was spending a fair bit of time looking at how those costs would end up rolling into rates in Nova Scotia because, you know, as I also – as I said in my written response, we needed to really do two things: we needed to have a set of terminology that was common, so that we would be able to speak about it in an apples to apples comparison; and we also needed to ensure that it was the lowest cost alternative for Nova Scotia customers.

**MR. LEARMONTH:** Right.

**MR. HUSKILSON:** And so we were working with them on that process and in fact, I believe, that our company filed some documents out of Dan Muldoon's file –

**MR. LEARMONTH:** Yeah.

**MR. HUSKILSON:** – in fact, there's an October 20, 2010 document, which is before the meeting that you're referring to transpired, that shows the work that was going on and then there was also an October 29 – sorry – yeah, 29 document which would be subsequent to the meeting you're referring to that shows the work that was going on.

**MR. LEARMONTH:** Yeah.

Okay, so just so I get this 100 per cent clear in my own mind.

You're saying that during these negotiations, there was never – during these discussions, there was never any negotiation over the – over Nalcor's cost estimate. Let me give you an example. For example, did Nalcor come in at the beginning and say: well the cost of our end of this is going to be 5.3 billion and yours is 1.2 and then you would say: well no, no, we gotta get yours down to 5 billion because otherwise we're going to have trouble with the regulator.

Are you saying that that type of discussion never took place?

December 7, 2018

CHRIS HUSKILSON

---

**MR. HUSKILSON:** Well, what I'm saying is, is that when we started the discussion the numbers were 5 and 1.2 equaling 6.2.

**MR. LEARMONTH:** Yeah.

**MR. HUSKILSON:** And when we ended the discussion, planning the term sheet, the numbers were 5 and 1.2. (Inaudible) –

**MR. LEARMONTH:** So there was never any change?

**MR. HUSKILSON:** There was no change over that entire period. And then the only other thing I would point out is that between that time and the time of sanction, the project went from \$6.2 billion total to almost \$7.8 billion dollars total.

**MR. LEARMONTH:** Right.

**MR. HUSKILSON:** So there was never a decline in the cost of the project, there was only an escalation in the cost of the project.

**MR. LEARMONTH:** All right.

Okay, well, I've got that clear now. But – so this mention of – in the project management team's document that the \$300 million – that during the negotiations they made a decision to drop the provisional strategic risk allowance stating it's required to respond to Emera's concerns. You had no knowledge of that at all, is that what you're saying?

**MR. HUSKILSON:** Yeah.

So we did not have any knowledge of the breakdown of the costs and the work that Nalcor was doing in the background. The only insight we had at all were on the pages that I just referred to, the October 20 and the October 29 pages.

**MR. LEARMONTH:** Right.

**MR. HUSKILSON:** And the only references there would be to the P50 –

**MR. LEARMONTH:** Yeah.

**MR. HUSKILSON:** – capital – capex and the 15 per cent contingency. But you can't take those two numbers and discern anything from that because you don't know enough information to be able to discern any further and we didn't have any further breakdown. They were all Nalcor's numbers.

**MR. LEARMONTH:** All right.

So Nalcor comes into these discussions and their figure is five point – 5 billion for their share and one point – to Emera and there was no adjustment or fine-tuning those numbers at all. They – the discussion started off at that point and ended on that point, is that correct?

**MR. HUSKILSON:** That is correct.

**MR. LEARMONTH:** Now, did Nalcor, at this time, do you recall them ever mentioning the term of strategic risk or management reserve or anything like that?



December 7, 2018

CHRIS HUSKILSON

**MR. HUSKILSON:** Well, of course, they were talking about the term. That's why we had the discussion about aligning terminology.

**MR. LEARMONTH:** Yes.

**MR. HUSKILSON:** And so they talked about the term, we said that that's not a term that would be familiar to us or to our regulator and – familiar is not the right word for us but I would – it would not be one that we would use with our regulator. You know, we would be familiar that some consultants use that terminology –

**MR. LEARMONTH:** Yeah.

**MR. HUSKILSON:** – but it's not a terminology that we use in our business and so we, you know, we would – and I think, you know, one of the documents you pointed me to is the document that (inaudible) a regulatory decision. In fact, the consultant involved there – what is their name? Enerco?

**MR. LEARMONTH:** Yes.

**MR. HUSKILSON:** That was a consultant that was hired by the board council.

**MR. LEARMONTH:** Right.

**MR. HUSKILSON:** Now, I just want to point out that that's not the board. Board council and the board are two separate parties. The board council is an intervenor in the case.

**MR. LEARMONTH:** Right.

**MR. HUSKILSON:** And they pointed out that the way Emera and NSPML specifically dealt with risk, on the bottom of page 92, they say – you know, they talk about the strategic risk but then they go on to say that NSPML uses total risk then the mitigated and unmitigated risks. And so that is the way we presented it.

If you look at this document that you presented to me, that's the way it was presented in that document and the consultants involved acknowledged that that's the way we were presenting it.

**MR. LEARMONTH:** Yeah, I realize that.

So the terms tactical and strategic risk, which you wouldn't use in your presentation, were terms that were used by Enerco who had probably reviewed the Westney risk assessment report, would that be a fair way to put it?

**MR. HUSKILSON:** Yeah. I think they were actually terms used by Westney and then they were regurgitated by Enerco. That's kind of the way I would interpret it. And I don't know whether Enerco would use them themselves or not without the Westney report, but that's the fact of the matter.

**MR. LEARMONTH:** Okay.

Now, I'd like to have a look at the transcript of the November 26, 2018 evidence given by Gilbert Bennett. You know Gilbert Bennett, do you?

**MR. HUSKILSON:** I do.

**MR. LEARMONTH:** Mm-hmm.

December 7, 2018

CHRIS HUSKILSON

Okay, now, we asked him about – in order to get clarification as to exactly what was going on, he was asked about, well, why this \$300 million that we were aware of – you may not have been but Nalcor was – why this was not included in the \$5 billion figure. And if we go to the top of page 79.

**MR. HUSKILSON:** Okay.

**MR. LEARMONTH:** Okay. The first thing is Mr. Bennett: Okay. And then Ms. O'Brien, that's Commission counsel: But I'm just trying to get to the point, what was – in the Emera negotiations – and those are the ones I'm referring to that, you know, in October and November 2010 – why wouldn't you just consider all risks together. Stop using the terms tactical and strategic and address it this way? Where does strategic risk exposure become nil?

And then if we go down further, at the bottom of the page – you can read through further but the bottom of the page – that page he says: I know there was a ceiling – that's S-E-A-L and that a typo, it should be C-E-I-L – there's a ceiling price beyond if you – if you went beyond that in comparing to other alternatives that the Maritime Link and the overall construct wasn't going to be successful.

And then at the top of page 80, Ms. O'Brien: Okay, and maybe P-00781. Clerk – okay – Ms. O'Brien: Sorry – so this – I understand Mr. Sturge also testified to this and he recalled there was work being done to try and to keep the price below 125. Is that consistent with what you're just mentioning? Mr. Bennett: That's consistent. And then Ms. O'Brien: Okay. So it looks like there was some discussion of moving from P75 to P50. Do you recall any discussions of removing – either changing the confidence level or removing strategic risk from the estimate in order to bring the Muskrat Falls Project below that \$125 pricing that needed to happen?

And then we go on down – skipping down a little bit to the middle of – just below the middle of the page: It was definitely a concern that if the levelized energy price negotiated from the Maritime Link failed at the Nova Scotia regulator, it's not likely that the benefits of the federal loan guarantee would accrue. And that would be a significant issue. Ms. O'Brien: Okay. And so is one of the ways that you addressed that issue by removing any amount from strategic risk from the estimate? Mr. Bennett: So setting a contingency at 15 per cent, adjusting – as it says, has a benefit to get us below the target. Pardon? Mr. Bennett: I'm agreeing with you that if it's there and it was shown as a reduction for the levelized energy cost.

Okay, but you were present at the negotiations. Yes. Ms. O'Brien: Do you recall one of the things you did to address, you know, getting it below the threshold was to either reduce the confidence level or somehow remove strategic risk amounts or some of the tactical risk amounts. Top of page 81: Right. But remove any contingencies reserve amounts from the numbers in order to get it below that. I acknowledge that was done, yes.

So you see what Mr. Bennett is saying and I would, you know, summarize it generally like this, that there was a – that you had – Emera had to have the levelized energy price below \$125 and Emera – and Nalcor had to adjust its cost estimate so that that could happen. That's, I think, generally what Mr. Bennett is saying.

**MR. HUSKILSON:** Yeah.

Well, so I'm not exactly sure what Mr. Bennett is saying. What I can tell you is what I know and, so, if you go again – I don't know if you have that October 20 document in front of you, but the levelized (inaudible) –

**MR. LEARMONTH:** I do. Yes, I do.

**MR. HUSKILSON:** (Inaudible.)

December 7, 2018

CHRIS HUSKILSON

---

**MR. LEARMONTH:** The reconciliation of Emera levelized energy cost?

**MR. HUSKILSON:** That's correct. That document.

**MR. LEARMONTH:** I've got that.

**MR. HUSKILSON:** So that was a document prepared by Nalcor with Nalcor information involved. We didn't have the detail of that information.

**MR. LEARMONTH:** Okay.

**MR. HUSKILSON:** But that was a document prepared by them. And what you see there is exactly what Gilbert Bennett was referring to, which is we were looking together at what the levelized cost would be for the project and we had a notional – and I use that word, it's an important word – we had a notional target of 125. And the reason for that was that we looked at some of the alternatives, we hadn't done detailed work at that time, but we looked at some of the alternatives and that was a reasonable notional target and what we wanted to do was try to get an understanding as to whether the project could get near that.

But project cost is just one element of that. In fact, some of the other elements actually have as much or more significant impact on variability of these things. And so, for instance, the operating costs throughout the life, in this case, had a \$6-a-megawatt-hour impact, that kind of thing. Line losses, you know, had a \$3.40 impact just for 2 per cent. So, anyway, those were all part of that.

The bottom line is that, in all of the discussions we had about levelized cost, we never achieved 125. We never achieved that number. What we achieved was the number you see on that document: 137.68. That's what we achieved. And we decided that that was sufficient for us to move forward. And that actually had the project priced at \$6.2 billion, which was the same number that we had at the beginning and the same number we had when we signed the term sheet.

And so we never ever did get the 125. It was a notional number to try to at least get a directional understanding as to whether it was possible. In the end, what was filed with the regulator was right around \$160 per megawatt hour –

**MR. LEARMONTH:** A hundred and sixty?

**MR. HUSKILSON:** – because the – because the cost of the project went up from 6.2 to 7.8, and so, in the end, the cost of the project to the Nova Scotia ratepayer was right around \$160 per megawatt hour.

**MR. LEARMONTH:** Okay.

**MR. HUSKILSON:** And so that demonstrates, at least I think, that the 125 was simply notional and was – and directional, and we were working to see whether the project was going to have a chance of being approved.

**MR. LEARMONTH:** All right.

So it was eventually approved at 160 or thereabouts, was it?

**MR. HUSKILSON:** That's correct.

**MR. LEARMONTH:** Yeah.

December 7, 2018

CHRIS HUSKILSON

---

So when I look at the other document: Emera Levelized Energy Cost; October 29, 2010. That shows – is that a Nalcor-prepared document also?

**MR. HUSKILSON:** It is.

**MR. LEARMONTH:** Okay.

And it says: “Final Levelized energy cost per Nalcor v9 (Oct 29<sup>th</sup>) \$122.97.” Can you tell me something about that?

**MR. HUSKILSON:** Well, I see that. That actually had to take into account a contribution from a P3 fund –

**MR. LEARMONTH:** Right.

**MR. HUSKILSON:** – which we did not believe would occur.

**MR. LEARMONTH:** Right.

**MR. HUSKILSON:** We were talking to the federal government at the time, and we believed that that would turn into an interest rate of – if it turns into anything, and we didn’t know at this time whether it was going to. In fact, I think it took two years to get from this point to the time when we actually did have a federal government agreement.

**MR. LEARMONTH:** Yeah.

**MR. HUSKILSON:** And that ended up being a loan guarantee and, therefore, an interest rate reduction.

**MR. LEARMONTH:** Yeah.

**MR. HUSKILSON:** But we – so Nalcor produced this. We did not believe that that P3 was going to come through or that it was useful to the project, and so we would have – you know, that was their numbers. We would have discounted that and said we’re still in the 130s.

**MR. LEARMONTH:** All right.

So this was a Nalcor-prepared document, the October 29, and the –

**MR. HUSKILSON:** Yeah.

**MR. LEARMONTH:** Well, the P3 finding – financing never materialized. It turned out to be a federal loan guarantee, which is something different, right?

**MR. HUSKILSON:** And we had a view that the P3 financing would never work.

**MR. LEARMONTH:** Okay.

So the – you know, it’s not a hundred per cent clear to me exactly what Mr. Bennett is saying, but if we accept what he’s saying as being we had to remove contingency – or strategic risk – from our cost estimate in order to drive the levelized energy cost below 125, you’re saying that’s just not correct. Is that what you’re – is that correct?

**MR. HUSKILSON:** I’m just saying the facts don’t bear that out, that’s all.

December 7, 2018

CHRIS HUSKILSON

---

**MR. LEARMONTH:** The facts don't bear it out. Okay.

And there was never any – because I think – by the way, have you – when's the last time you talked to Ed Martin or any other – or communicated with him or any other person at Nalcor either directly or indirectly? Can you tell me that?

**MR. HUSKILSON:** I think I probably last talked to Ed Martin maybe just after he left –

**MR. LEARMONTH:** All right.

**MR. HUSKILSON:** – the company I believe.

**MR. LEARMONTH:** Okay.

**MR. HUSKILSON:** I think I actually had a coffee with him at Starbucks in St. John's right after he left the company. I think that's probably the last time I talked to him.

**MR. LEARMONTH:** Okay.

And anyone else? Have you talked to anyone recently, say within the last year, from Nalcor?

**MR. HUSKILSON:** No. As you can tell from my schedule, I've been quite busy.

**MR. LEARMONTH:** Yeah.

But you – so you haven't talked to anyone?

**MR. HUSKILSON:** No. No, I have not.

**MR. LEARMONTH:** Within the last year. Okay.

Well, that clarifies it. Because there was some suggestion – we had some suggestion that, you know, Mr. Martin was presenting a position that there were some –

**MR. HUSKILSON:** Sorry, Mr. Learmonth. My friend across the table reminds me that Ed Martin did come to my retirement party, which was sometime in March – yeah.

**MR. LEARMONTH:** Okay.

**MR. HUSKILSON:** Sometime in March. So I think that's – so he refreshes my memory that he was there at that time.

**MR. LEARMONTH:** Okay. But you haven't discussed what we're discussing today with Mr. Martin at any time, is that correct?

**MR. HUSKILSON:** No, not at all.

**MR. LEARMONTH:** Okay, very good. I just want to get that clarified.

So – because I understand Mr. Martin may be putting forward a position that, during these discussions, that there was some negotiation over the amounts and stuff like that, and you've said there wasn't, that you started off at 5 billion and 1.2 and there was never any discussion about changing those numbers. And I've got that nailed down properly, have I?

December 7, 2018

CHRIS HUSKILSON

---

**MR. HUSKILSON:** There was no change in the numbers over the entire period, that's correct.

**MR. LEARMONTH:** Okay. Very good.

Okay, well, I think that clarifies matters for me, and – so I don't think – Glen, do you have any questions you want to put to Mr. Huskilson on this?

**MR. NOEL:** Now, when would the interview be available to us? The transcript.

**MR. LEARMONTH:** I don't know how long it takes. I really don't know. And what we usually do – the practice is that we – if a person is going to be called as a witness, then they receive the transcript, but if they're not to be called as a witness, they don't. That's the practice.

**MR. NOEL:** Okay.

**MR. LEARMONTH:** So I don't know what is going to happen from here.

It will depend, perhaps, on what Mr. Martin says in his evidence, but – so we'll have a transcript prepared, and if you're going to be asked to present an – evidence on this, you'll certainly get it well in advance. And we'll let you know of any developments and when any determination is made whether we require anything further from you, Mr. Huskilson. We'll certainly give you notice as soon as we can.

**MR. NOEL:** Well, from our standpoint, we hope not to receive a copy of the transcript.

**MR. LEARMONTH:** Okay. I understand. Yes, that's understood. No explanation required for that, yeah.

Oh, actually, there is one further question just that slipped my mind.

We know that – you've given your – in your statement and in your evidence today, you've said that the – you know, that – you pointed out the terms tactical and strategic risks were used by Enerco but they weren't terms that were, you know, used by the NSUARB or you in your budget presentation to them. But were strategic risks included in your cost estimates for the presentation you made to the Nova Scotia UARB?

**MR. HUSKILSON:** Well, we don't categorize risks in that way. So, you know, it may well be that somebody would categorize all the risks we looked at that way.

**MR. LEARMONTH:** Yeah.

**MR. HUSKILSON:** That's not how we categorize them.

**MR. LEARMONTH:** Yeah.

**MR. HUSKILSON:** And as I said to you before, on page 92, Enerco actually gives you a pretty good explanation of how we did it.

**MR. LEARMONTH:** Yeah.

**MR. HUSKILSON:** And that is how we presented it.

**MR. LEARMONTH:** Yeah, but in paragraph 280 of the –

**MR. HUSKILSON:** (Inaudible.)

December 7, 2018

CHRIS HUSKILSON

---

**MR. LEARMONTH:** Two-eighty?

**MR. HUSKILSON:** Yeah.

**MR. LEARMONTH:** Okay. It says – about a little bit before – just – at the – excuse me. The last part of 280, the last paragraph: “Scheduling risks: Although tactical and strategic risks were identified, NSPML’s register of 275 risks were not fully quantified. Also, Enerco noted that NSPML attributed an overly optimistic low value to the worst delay risks,” et cetera.

So they’re saying that there were tactical and strategic risks that were identified. So can I take it from that that there was something for what is known as strategic risks in the budget you presented to the Nova Scotia UARB?

**MR. HUSKILSON:** All I can tell you is we don’t use that terminology. Some consultants do use that terminology, and you’d have to ask them whether some of the things that we considered would be considered as strategic risks.

**MR. LEARMONTH:** Okay.

**MR. HUSKILSON:** I can’t answer that, because we don’t use that terminology.

But I would also point out that the estimate that we put forward, the way we put it forward, we did execute on time and slightly under budget. So I actually think that these guys were wrong. We did include all the things we needed to include from a risk perspective in order to get the project done. The outcome proves that.

**MR. LEARMONTH:** Well, I wish the same result had been obtained by Nalcor. I don’t expect you to comment on that, but I couldn’t resist.

No, I know, you came in at –

**MR. NOEL:** We wouldn’t be doing this interview, would we?

**MR. LEARMONTH:** Yeah.

I think you were at – am I correct that NSUARB allowed 1.6 billion and you came in at slightly under that? Is that correct?

**MR. HUSKILSON:** Yeah, I think they’re still putting some rock on the bottom of the ocean, so I don’t know if the final, final, final number is known, but we do know that the project came in just slightly under.

**MR. LEARMONTH:** Oh, that’s good. Yeah.

Okay, well, that’s my last question, and I’d like to thank you very much for allowing me to conduct this interview. And we will be in touch.

**MR. HUSKILSON:** Well, I also appreciate you accommodating my schedule. That was very helpful to me as well.

**MR. LEARMONTH:** And it was also very helpful for us to receive your written statement, you know, on – before – you know, as we requested it. I think there was some kind of a tentative deadline set, and you certainly met that so we appreciate that.

**December 7, 2018**

**CHRIS HUSKILSON**

---

**MR. HUSKILSON:** Okay.

Well, thank you.

**MR. LEARMONTH:** Okay, good.

Well, have a good day, and, once again, thanks a lot.

**MR. HUSKILSON:** Okay. Good luck with the snow.

**MR. LEARMONTH:** Thank you.

**MR. NOEL:** Thank you, Barry.

**MR. LEARMONTH:** Yeah, thanks a lot, Glen, yeah.

**MR. NOEL:** Bye now.

**MR. LEARMONTH:** Bye.