

<b>MFI – Interview Summary</b>		
<b>Date:</b>	April 10, 2018	
<b>Location:</b>	Le Westin Montreal, Montreal	
<b>Attendees:</b>	David Malamed (Interviewer) Scott Shaffer (Interviewer) Laura Miller (Note taker)	Jean-Daniel Tremblay (Interviewee) Sheilagh Murphy (Ext Legal Counsel) Melanie Proulx ( Legal Counsel in house)

This document contains summary notes of the interview held with the above noted attendees. These summary notes are not intended to be an official transcript of the interview. These notes were based on the taped recording of the interview. These notes are for discussion purposes only and should be shared only with the interviewee and his/her legal counsel. The purpose of these notes is to determine if the interviewee believes any responses are factually incorrect based on the interviewee's recollection of the interview. Based on feedback from the interviewee revisions will be made if determined necessary.

Date of summary: April 25, 2018

Note: Bolded items represent questions asked by Grant Thornton LLP with the interviewee's response immediately following in point form. Where the response was provided by legal counsel it has been noted.

**Start time April 10, 2018 3:00 with J.D. Tremblay**

- **Can you tell me what your involvement with Nalcor, Specifically LCP has been?**
  - Initially in July 2011 from Montreal
  - I worked on estimating plan which was one of the plans that were to be developed by SNC for project in support of the estimating effort with Paul Lemay
  - Started going to NL for a 3 day trip in August (or around then), and then was there on a more full time basis during the fall of 2011
  - After that I was the Estimate Coordinator and my role to support Paul Lemay in preparation of the sanction estimate
  - This went on until estimate was completed in Dec 2011.
  - After that I continued on as Estimate Coordinator until June 2012,
  - After June 2012, I was appointed by Nalcor to be Risk Coordinator and Interface Manager until end of November 2013
  - I've had no involvement after November 2013.
- **June 2012 to Nov 2013 risk coordinator?**
  - Yes
  - No involvement after Nov 2013
- **What happened to the lead they had for the Risk Coordinator and Interface Coordinator? Why did that stop in November 2013?**
  - I was demobilized from project in Nov 2013

- **Were they demobilizing the area?**
  - No. I was just notified that my services were no longer needed. My boss told me that my tenure on project would end in November
- **In terms of your input into the gates, were you aware of the gates?**
  - Aware of the concept yes
- **Did you have any input in terms of Risk Coordinator or Estimate? Would anybody have asked you for any input into packages that were put together?**
  - I'm struggling with the notion of input, all we did was lot of defining each individual packages for SNC's scope but I'm not sure I understand your input question. I worked for 2.5 years on the project so of course there was a lot of stuff
- **Any specific reports or material created by you or your team included in gate packages?**
  - Well I participated in the development in the estimate that was submitted in December, and after that there were a lot of adjustments up until first half 2012
- **Can you expand on that what kind of adjustments?**
  - Well there were some adjustments, from memory it's tough to say, but a lot of adjustments with the owner, with Nalcor. I can't go into specifics from memory, it was 5 years ago. But we were working with mostly Jason Kean and others from Nalcor and we had lots of back and forth to fine tune the final estimate. I was coordinating more than actually crunching the numbers, but we were also preparing various documents to back up the estimate – mostly under direction of Nalcor
- **Can you explain Sanction estimate – how is that put together? When you do the estimate at sanction, the engineering and plans are only so far, can you tell me how you're able to do the estimate only having some of plans completed vs. all?**
  - Need to have experienced estimators who are familiar with nature of the scope of work that's being prepared
  - We had multiple estimators doing multiple scopes, big project so multiple disciplines involved
  - Check estimates that were done
  - Estimate for original package and some people at Nalcor had done a check estimate as well, they were pretty equal
- **What's a check estimate?**
  - Two groups doing parallel estimates and at end of the day you compare the estimate and do any fine tuning deemed necessary due to assumptions being taken, changes in scope, any reason deemed reasonable
  - Based on judgment and experience of estimators and experience and information you have
- **Is there additional dollars because you account for design only half complete? How does that work?**
  - Always a lot of subjectivity involved in that of course
  - Notion of contingency – contingency is when you know you're going to have scope to do but the level of detail that you have is not sufficient based on your experience. Some money that you know you're going to spend because you know you have to execute this scope, but the level of definition does not allow you to have perfect details at the time. Always dealing with various types of uncertainties need to take into account for that
- **There's an email here that Paul Lemay wrote, I don't know if you saw it or not called ground rules email**
  - Yes, I haven't read it in a while but yes
- **Go to last page of email – did you guys work up estimate without a contingency?**
  - Yes, because that was Nalcor's responsibility

- **Who at Nalcor was supposed to have done that? Who was the lead on that?**
  - Exactly I wouldn't know, in my mind we dealt mostly with Jason Kean
- **Do you know why Nalcor, who hires you for expertise in the hydro field, why they wouldn't want you to look at contingency?**
  - I don't know why exactly, I know that was the case but why, I don't know
  - Assume they wanted to have control over the amount
  - But I don't know formal reason
- **Nobody ever told you from Nalcor why they wanted to do that?**
  - I don't remember any formal rational or reason why, I just knew that contingency was Nalcors
  - Our scope was limited to the 3 components. The project was broken down into multiple components, basically different scopes of work – 4 components on the project initially
    - Component 1 power house
    - Component 2 undersea crossing
    - Component 3 substations along transmission line
    - Component 4 transmission line
  - SNC Lavalin involved in scopes 1, 3 and 4. No involvement in component 2, that was solely Nalcor
  - Nalcor was packaging the overall project, they would take our estimate, add component 2
  - There were items in overall project which were not under SNC. That may explain why they had overall view of the entire project and wanted to take care of overall contingency
  - That's my understanding, that was not predetermined conversation
- **As estimator is there rule of thumb, or something that you would consider reasonable as far as a contingency as percentage of total base cost for a project that is 50% designed?**
  - Wouldn't be able to tell you a figure. Every project is unique and specific to so many factors
  - Not reasonable to say that X percent is reasonable as contingency
  - I don't see how you could because contingency developed based on specific information
- **First page of email talks about labour rates that are used were given to you by Nalcor to use in the estimate**
  - Yes
- **I assume that's what you guys used?**
  - Yes
- **My understanding based on Paul talking to us is that you looked at it and they seemed reasonable at the time. Do you know that when they eventually negotiated the union contracts, what the labour rates came down to and how they compare to estimate?**
  - No
- **Risk Coordinator and Interface Manager – do you know if that role was taken in house by Nalcor?**
  - After I left?
- **Yes**
  - Not specifically, I think there was someone there who afterwards he worked with Jason Kean
  - Carlos... not sure if that's his name

- My recollection is that he took over the role, but it may not be the same role
- **In terms of if Nalcor came to SNC for their expertise and replaced position with someone from Nalcor, have they now had expertise in house?**
  - The person I'm referring to had been involved on project from onset and he was an SNC person but I'm not sure what his status was in latter part of my tenure, not sure if he was still SNC or if he had changed. But that person was not initially a Nalcor person
- **Do you know of any other SNC that would have moved to Nalcor?**
  - Not specifically no
  - I don't know
- **You're familiar that the history of the relationship between SNC and Nalcor, the role changed I've been told from EPCM to just engineering. Are you familiar with that?**
  - Yes
- **Can you tell me when did that happen?**
  - Not sure if it was at end of 2012 or beginning of 2013
- **Around that timeframe though, do you think?**
  - I don't know exactly, but my memory is between fall 2012 and beginning of 2013
- **Do you know why it changed?**
  - Not really, the official reasons was not part of discussion
- **What were you told?**
  - That the contract had a provision for Nalcor to integrate the management team and they had elected to exercise that provision. They decided that they were integrating
- **Do you know why?**
  - They must have had their reasons they were, I don't know
- **Any conversations about it with Jason or anyone else from Nalcor?**
  - Specifically to change in management, no
  - I don't recall
- **The involvement of SNC as I understand it regarding budget is that you were responsible for putting together estimate and you did that by Dec 2011 and if I understand the sequence of events, Nalcor took from there to finalize it?**
  - We were providing information to Nalcor basically, we were providing them the technical and direct cost information the actual construction costs
- **One work packages is the famous Astaldi work package the initial budget that went through DG3 for the sanctioning was \$6.2B have you ever seen this document before? Are you familiar with in particular the Astaldi estimate for that work stream? Which is actually (references capital A little f), the intake and powerhouse spillway and transition dams. My question is, it says on there its \$690M am I to assume by reading that, that your estimate was \$690M for base cost and does not include escalation or contingency?**
  - Question for Paul honestly
  - As the Estimate Coordinator, I supported but I wasn't actually crunching numbers for estimates
  - I'd be hard pressed to tell you exactly, I'd have to check or to consult Paul, he really developed the figures here

- **Did you have any input with a company called Westney Consulting?**
  - I've heard of them, but no
- **They were hired to do contingency calculation and you had no input with them on that either?**
  - I don't recall, no. I heard the name I knew they were working for Nalcor but I don't recall providing any information
- **Were you involved at all with updates to budget amount from \$6.2B to \$6.5B to \$7B to \$10.2B where we're at today?**
  - No, we were done finalizing in early 2012. But after that no.
- **Were you involved at all in terms of when the bid packages started coming in and some of them were substantially more than the estimate – I don't know if you were aware of that or not - were you involved at all in that and opening bid packages and people talking about why is it so much higher what's going on here?**
  - Not with respect to dollar values, involved in evaluating some of bidders but not financials
- **How were you involved with evaluating bidders?**
  - We had risk questionnaires and multiple risk packages that went out, when the bid came back in I would look at the risk questionnaires. Qualitative risk basically, this was to help the supply chain group to make their overall assessment to choose the bidder
- **Did risk questionnaires go to recipient of the bid packages? Who got these questionnaires?**
  - Yes as part of procurement process
- **When came back were you involved in assessing risk of bidders?**
  - From qualitative fashion, I would look at the responses to the questions in terms of capacity to do the job, their experience, how technical, background, and how attractive. I would provide my opinion on what could be execution risk but not financials.
- **In terms of Astaldi, there were 4 bidders, were you involved in tech scoring of those 4 bidders?**
  - I was involved in risk questionnaire, the scoring of the risk questionnaire
- **Do you recall how Astaldi lined up against the other bidders?**
  - Not from memory, if you're asking what their score was I don't recall at all, but they fared well. I would have to look into it I don't know ranking. I don't remember who the 4 bidders were right now.
- **Nothing sticks out in your mind saying why did they go to Astaldi?**
  - Based on info provided to us, no.
- **This is an email you were copied on written from Paul to Jason Kean, and it talks about the concrete pour at Muskrat Falls. Turn your attention to the last paragraph, Paul's making suggestion its aggressive schedule. I suggest putting time or money schedule in contingency plan to overcome a possible failure that may occur. Do you know, or did you have any conversations with anyone at Nalcor regarding this email?**
  - I don't recall
- **You don't recall having a conversation with maybe Jason about it saying you guys are nuts, or yeah were going to put in contingency dollar amount for the schedule or money risk?**
  - I don't recall specific conversation regarding this no, but reading this I understand what he's referring to
- **What is he referring to?**
  - Conclusion states that 480 cubic meters per day for 3 years consecutive at every day will remain a challenge

- **By reading that, is the assumption that that's what the schedule was that Jason Kean had? That was the construction schedule to pour that concrete for 3 straight years?**
  - That's what I understand
- **Do you know I guess, either directly or indirectly, that that schedule stayed the same when budget finalized at sanctioning?**
  - I don't know
  - I assume, but I don't know. I wasn't involved in the schedule
- **The risk questionnaires that was received by you and your team, can we get a copy of those?**
  - Unsure where they would be, they would be in when Nalcor evaluated each of bids there were multiple questionnaires, local safety, risks, other benefits, other questionnaires
  - I'm not sure if I have them
- **Assessment that you would have done on the 4 risk questionnaires, would you report by memo or oral?**
  - If you're referring to Astaldi one, for those evaluations they had set up bunkers.
  - They had 2 bunkers for these high profile bids, there was a bunker where the financials were looked at and another bunker where you had the technical. I did not have access to financial, only technical
  - They were called bunkers because you could not come in with information or take information out. Everything locked in, they had dedicated computers for those and could not work on separate computers or have USB keys
  - So I would not have the Astaldi evaluations, they kept those secured, restricted
- **You would have had the Astaldi technical scoring though right?**
  - No, it was secured in the bunker, everything was isolated
  - Isolated evaluation and took two conference room and converted them into bunkers, controlled access and was locked all the time
- **Who at SNC would have done tech scoring for Astaldi and other bidders?**
  - Laird Peyton participated in that, that's the one I remember
  - I don't remember who else
  - I haven't thought about it in a while, when was that
- **The contract award was fall 2013 as I understand, bid package went out February 2013, and it took 4-5 months bid meetings to come to final conclusion. Does that sound right?**
  - I don't remember exactly
- **Were you present at any of the bid meetings, meetings that you got together with contractors preparing bids to go over questions?**
  - Recall attending one with Accon I think that's the only one I recall
  - Don't recall attending Astaldi
- **On the Nalcor side, do you know who would be leading bid meetings? Would it be procurement?**
  - That was part of the procurement process
  - Mr. Hussey was the head of the supply chain
  - My role was just look at the questionnaire and the whole financial piece I was not involved in

- **Can you tell us about what happened at the Accon meeting?**
  - Hotel in St. John's and there was presentation and Laird Petyon was mostly driving it, I mostly assisted and listened
  - They presented the way they saw the job and they wanted to do
  - Laird was the one asking the questions and they presented their bid and their approach
- **Only bidder who bid cost plus price or budget plus, not a fixed fee**
  - I don't recall
- **Do you remember if they (Accon) spoke about their experience in terms of Canada, winter, harsh weather?**
  - Yes
  - Accon had experience in James Bay, they had done the East Main 1A Powerstation
  - Had used prefabricated winter shelter to do their work and were proposing something similar, I'm not sure. But they had experience in winter work
- **Do you know experience of other bidders?**
  - Aside from Astaldi can't recall who other bidders were but Astaldi from my memory had submitted experience in Iceland or another Scandinavian country where they did provide experience with a dam or a hydro infrastructure or similar type of work. It was not a powerhouse though, I think it was a dam. They did provide that project as winter experience.
  - I don't remember which country but it was a Northern Country and they did provide that as an example of winter experience.
  - In my view didn't have as much experience as Accon
- **Did Accon say that the people who worked on those job previously would be part of team?**
  - I don't remember them stating as such, but some individuals at presentation has experience in James Bay
- **And those people were on to work on Nalcor's project?**
  - I don't recall
- **Part of looking at contractors from a risk perspective, would bonding come into play? Is that something you would consider?**
  - No I wouldn't look at that, at the time I was looking at mostly technical aspects trying to raise issues that may be of concern and that we should raise awareness of what we need to look out for. I was not involved in the financials, that was whole different room, we were strictly focused on technical side of thing
- **Were you involved at all with preparing risk registers or putting input into the registers?**
  - Yes I was
- **(Shows him) B1 from same document as before SNC Lavalin Risk Register says on cover sheet May 2012 – take a look and let me know if you have seen that before**
  - Yes
- **You have seen that before?**
  - Yes I'm not the one who prepared it, but I've seen it
- **Who prepared?**
  - My predecessor was involved not sure when he started on the project but he was there in initial development of the project

- **What was his name?**
  - Yuri Ragdugin – he's the one who was there initially and produced initial workshops on this report basically
- **The thing about that report do you know why a dollar amount wasn't indicated on risk registers?**
  - Because it's a qualitative risk register, the purpose of this is to be aware of risks that may arise and to make sure we incorporate mitigation measures in our planning and be careful basically
- **Who's responsibility to put quantification on those risk?**
  - Nalcor
- **Do you know who at Nalcor?**
  - Specifically no, but I was mostly interacting with Jason Kean
- **Why do you say it was his responsibility and not yours?**
  - My understanding was anything pertaining to contingencies, financial risk, financing, all that, was Nalcor's job
- **(Shows updated key risk status report from May 24 workshop), have you seen this before?**
  - When was this?
- **It says Sept 16, 2012 revised, the lead sheet says from the May 24 workshop**
  - I don't recall seeing it, no
- **Can you go through those names that are on here and tell me if any of those people are with SNC?**
  - *(Goes through names)* – all Nalcor or names he's never heard of
  - Suspect it's all Nalcor
- **So if you know, how did it go from SNC preparing the risk register in I think May 2012 to this document that's revised Sept 2012 where it all shifts to Nalcor addressing the risk?**
  - I don't know, no
- **Is that common? In normal practice, does the owner typically just take control to address risk of project vs. the EPCM?**
  - I'm not quite sure how to answer that
  - Normal practice every project is different. Normally you identify a risk owner because that person is best suited to treat risk or take care of the risk
- **SNC Lavalin was brought in because of experience in hydroelectric, would they not be the best people to address project risk and how to mitigate those risks and quantify those risks?**
  - It depends, I mean we were not involved with the permits and we were really involved in the 3 components I mentioned earlier so we didn't go outside of that. We didn't interact with stakeholders.
- **Any risk registers prepared after May 2012 that you were involved in?**
  - Not like that one
  - I did workshops to identify risk but mostly technical risks, the qualitative risks
- **Can you give me an example of a technical or qualitative risk?**
  - You don't end up with dollar value at the end basically
  - The idea is to be aware of the problems you may encounter and to try to find mitigations measures how to avoid those problems from a technical perspective



- **There were workshops that took place May 23-24, 2012 and I didn't see your name on attendee list for either of those workshops – were there workshops that took place after that that you ran and people would have signed in?**
  - Yes
  - The workshop you're referring to I wasn't there, I'm not sure what the forum was.
  - Workshops I did was mostly for work packages, the project broken down into work packages that relate to the scope of work relevant to specific discipline which will eventually become the contract. So you breakdown project like that in series of packages that were discipline specific
- **Is this document you're referring to? Attachment B10 Base Estimate Tactical Risk Exposure Report revision June 14, 2012**
  - I didn't prepare this
- **But you did prepare something like that?**
  - Not like this
  - *Shakes head no*, I've never seen this document
  - The Tactical Risk Exposure – that expression, I remember Jason Kean mentioning it many times. Strategic vs. tactical approach
- **What does that even mean?**
  - I'm not sure but I would think
  - Tactical is the actual tangible thing, as opposed to strategic is you want to go there and tactical is how were going to do it
  - My understanding is...
  - **Legal Counsel:** is this part of language barrier?
  - Yes
  - **Legal Counsel:** not English French barrier. You spoke of the language barrier, maybe you want to explain...
  - Well this project is essentially a heavy civil project. When talking engineering disciplines, there's a variety. (like medicine cancer doctor can't do heart disease) same thing in my opinion basically applies in engineering.
  - Experience in specific field provides you with certain level of insight that helps you avoid problems and one of the issues, I think on the project, was that Nalcor the Executive Staff the people who were in authority basically (our clients, SNC clients) from my understanding the bulk of those people came from the oil and gas industry. Because this is a mega project (in the billions) has its complexities and the perception was that Oil and Gas rationale and philosophy was different from heavy civil. As an example, heavy civil there is some uncertainty, if you're digging hole in the ground you won't know of the stuff you're digging into until you've dug it.
  - You can drill holes, but soil can have different conditions a few meters away, cant drill holes everywhere, you need to excavate it
  - In oil and gas business there is a portion of heavy civil work where you have such uncertainties but nature of uncertainties are different in the oil and gas industry
  - If you have infinite time and resources you could argue that it would be possible to perfectly plan such a job because you have manufactured components that can fit together. Whereas digging a hole in the ground you can have surprises
  - The way you incorporate uncertainty in heavy civil job is different
  - The language is different and the approach is different, it's a different animal basically

- Mechanical Completion is a term that's well known in oil and gas industry, but not so much in heavy civil – not in my experience
- There was a language barrier in sense that perspective of Nalcor was basically stemmed from oil and gas understanding of the work. At SNC we didn't come from that background.
- **Is it safe to say this, equate to lawyers where one is estate and one is litigator – similar but do two completely different things?**
  - I don't know lawyers, I wouldn't know the specifics of lawyers but I assume.
  - In the engineering world, the process world is different from heavy civil this project is.
  - When you have 14,000 km (*corrects this to be 1,400km below*) transmission line the mechanical electrical mark is minimal, bulk of work building access road through the wilderness, is building foundation. Deep wilderness away from everything and you have to bring equipment and dig holes for transmission lines there no process involved. Not like a drilling platform.
  - A drilling platform you have structure (not oil and gas person this is an example to illustrate what I'm saying) different modules to do different functions manufactured in different areas of world and they need to fit together perfectly when you get them on the platform, so there's a lot of work related to that but heavy civil have to plan stuff but it's not the same discipline it's just different
  - **Legal Counsel:** apologize for rabbit hole but there was some comment over language barrier
  - My feeling is that they were concerns that we didn't provide them with the information the way they wanted it there was a paradigm dissents or something, we didn't operate from the same perspective, it was difficult in that sense
- **When you talk about civil part of it obviously it's a riskier part of project than what their used to, is that correct?**
  - Yes
- **This project riskier than what Nalcor used to?**
  - I'm not sure if riskier, but the nature of risk is different
  - 1,400 km transmission line, if you've never done it before you're going to have surprises. Powerhouse as well, thousands of concrete cubic meters, there's a sequence of things you need to do – it's different
- **When you did your risk matrix you did by work package – so did you put a dollar amount in?**
  - No
- **Just qualitative risk, you never quantified the dollars on that?**
  - Yes dollar value is most difficult part and I didn't have financial perspective of it, it was mostly raising awareness to avoid problems of what could happen
- **This risk summary that I told you about that I just showed you where we read names down, that was a result that came out of May 24 workshop. Nobody at SNC is on here as a Risk Lead and then when I go to the sign in sheet for May 24, of who attended the meeting, no one from SNC attended. Does that surprise you? I'm trying to understand the dynamics of why SNC people were not at that workshop meeting. They were there the first day, why not the second day, do you recall any of that?**
  - No I wasn't part of that, it was Nalcor's project they were involved in the overall project and interaction with external parties, we didn't speak to external parties, third parties, regulators. It was Nalcor's project
- **When Nalcor changes their role and SNC taken out of EPCM, was there any explanation provided?**
  - I don't remember, I mean not saying there wasn't. It was 5 years ago
  - I can't remember a specific moment where they explained why, they had their reasons

- **Do you know if their budgets were changed?**
  - I don't know
- **Do you know if SNC's contract was renegotiated?**
  - I don't know about that
  - I wasn't involved in development of contract between SNC and Nalcor, like I said there was a provision for Nalcor to integrate and they elected to do that
- **This language barrier that you speak about, after the amount of time SNC spent with Nalcor, would they have been able to gain knowledge that they need?**
  - I suppose so, anyone can learn but it affected the strategy as well, because my understanding is that SNC we had done a lot of work with Hydro Quebec and we were familiar with how they did things and when we came in we had a lot of people who had experience in previous powerhouses and hydroelectric projects that had done projects with Hydro Quebec and Hydro Quebec proceeded differently and Nalcor
  - That may be another part of the mismatch
- **Did you work on hydro Quebec project?**
  - In one instance yes. In the past, not with SNC
- **How did they do with their estimate to actual?**
  - I think they, I'm not sure, I haven't worked with Hydro Quebec, I haven't been a Hydro Quebec employee
  - Hydro Dept with SNC did a lot of estimates for hydro Quebec – we were doing their check estimates and I believe they would have had internal people doing estimates as well and bidders come in so a lot of comparative data
- **Nalcor couldn't do that?**
  - I don't know if they couldn't, but the approach was very different. Hydro Quebec would package, size of packages aligned with local market \$100-200M because they knew that they would receive 3-4 bids from Quebec contractors (talking about hydro Quebec)
  - It worked for Hydro Quebec because you get to develop your market and contractors experience, you always have a fall back position. If one contractor defaults for any reason you can transfer your scope
  - If one defaults have other contractors to transfer scope – very different approach
  - Nalcor used oil and gas approach where you give an EPC contract to one contractor. In oil and gas mostly EPC contracts, whereas the experience I have from Quebec market, you design whole thing and get execution contract
  - On this project the engineering was done but they call EPC contracts, they decided to call them that. It was mostly the model of an EPC contract because you want to transfer to one contractor.
- **Client X<sup>1</sup> used more than one concrete provider whereas Nalcor used only one?**
  - That would depend on... (trails off)
- **Was it multiple for the same or?**
  - It depends, if you want to go into specifics it depends on a lot of stuff. Concrete depends on a lot of stuff, where's the project, and it's a broad question

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<sup>1</sup> Client noted specific client in the interview. Due to client confidentiality we have excluded the client name from this summary.

- **Was this approach suggested to Nalcor?**
    - I suspect, because one of the big differences between Nalcor and Client X<sup>2</sup>, when you do a project with Client X, the whole financing issue isn't part of your concerns
    - Whereas Nalcor a lot of the requirements in approach resulted from their discussion with lenders. I wasn't even familiar with lenders when I started. So they were securing financing
    - People involved from SNC, a lot of people on the powerhouse had previous experience with Client X and financing was not part of the build of the powerhouse and financing
    - **Legal Counsel** just to be careful cannot talk about other clients
  - **My understanding is that when you worked the estimate, you were under a time crunch?**
    - We always are when doing estimate
  - **Time crunch for Nalcor any worse than others done?**
    - This was the biggest project I've worked on in my life, so it's hard to compare but estimates are always like that. Coming to the deadline it's always a crunch of time
  - **Why not work on design to get further along on the design and then do the estimate? What was the time crunch over?**
    - There could be multiple reasons I don't know exactly
    - Need to have time frame
    - Resources are limited
    - You can't do things sequentially, have everything 100% and proceed to the next thing, it would take forever
  - **What percentage was design complete when started going out for estimates?**
    - I don't know exactly
  - **Ballpark?**
    - I don't know, ballpark maybe 30%
  - **Is that unusual? 30% complete and do estimate or has it been your experience that you're typical been further down the road on design?**
    - Ideal situation is different approach, design all there have specs and drawing and estimate something that has already been designed
  - **How typical is that? How often does it happen? Maybe 70 vs 30 complete**
    - Depends on the contract agreement and project you're doing there's a variety of possible ways of doing things
    - Typical project where you have your design is done before estimate
    - But in other industries we have nothing and we have our performance, this is what you want and you do everything at once
  - **What do you mean?**
    - Well you would have spec but no design like an EPC project have a series of specs and preliminary design and you work from there but the detailed design for execution is part of your work
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- **Do you know what Astaldi and the other bidders on that package did? Were they looking at the designs, what did they have? What were they given?**
  - I don't remember exactly they must have had some drawings and stuff but I don't remember in terms of the design they were provided
- **Your process is you do your calculations, call some of these contractors, and say can you give me a rough bid? Do you do that?**
  - Depends, you're not going to give info to contractors that you want to invite to your bid
  - Conflict of interest
- **In this case in LCP were contractors contacted to give you just a rough estimate?**
  - Not to my knowledge, we had estimators doing the estimates
- **So the estimates comes in a lot higher than what bid was, what would be normal course to try to rectify that?**
  - I've never been involved in such a situation but you would normally look at breakdown of your estimate and breakdown of the price received and look where differences are and figure out where it comes from
  - But there's a variety of situations, could say it's too expensive and drop project, or if forgot to include something that the contractor thought of so we may need to increase our budget
  - Lot of possibilities
- **Flip side of that, when the estimate less than actual is there a process or what's supposed to happen?**
  - I suppose that you renegotiate with contractor and try to understand why there's a difference
  - Never been into situation like that where I was personally involved in working out the difference. I assume that you negotiate with the contractor and try to figure out where difference came from. Is it me forgot something or did he not understand the job correctly?
- **The estimating team came up with \$700M concrete estimate, then the bid that comes in is 15-20% higher than estimate, who would be responsible for following up?**
  - I don't know like I said earlier there were 2 bunkers, one bunker with dollar values – I didn't have access to the dollar one. It was really controller, anything pertaining to financials I didn't even see prices for bids that came in
  - I had no access to this, I was more on the technical side
  - I don't know what dollar value of bids were it was very secretive or confidential rather

#### **Break requested by Legal Counsel at 4:25**

- **You said early that sometime after May 2012, you did do a risk analysis from qualitative perspective, is that correct?**
  - We did workshops where we identified risks and we rated
  - A workshop is where you tried to collect the thoughts of subject matter experts. I'm not the one who imagines what the risk are. Idea of workshop is gather right people to discuss specific risks and it's not brainstorming but sort of when you have all the people to try to figure out when you're given the package what can happen, and this in turn is used to raise awareness of what can happen and what should be done and try to develop mitigation measures.
  - Not full-fledged risk analysis up to dollar value of each risk
- **On those workshops who from Nalcor attended them?**
  - Depends if there were Nalcor personnel on a given package but there were a variety of people

- **Anybody from Nalcor?**
  - Well the leads of the packages when it was a Nalcor Lead
  - Yes some Nalcor people
- **Was Jason Kean always present?**
  - No, I'm not even sure I'm struggling to recall when he was present
  - Might have attended a couple
- **Normand Bechard?**
  - Not that I recall no
- **How many workshops did you do from June 2012 until the end of the year?**
  - I don't know I couldn't tell you the number of risk workshops
- **Do you recall if there were any that you conducted with Nalcor people after Sept 2012?**
  - Good question, after September I tried to coordinate some workshops and sometimes they got postponed or I was told they had other priorities so just to move it over.
  - I don't recall, I might have done some but I don't know
  - **Legal Counsel** who had the other priorities?
  - Authority was Nalcor – they had the authority and often said we need to reschedule
  - I remember Scott O'Brien saying this. I was trying to coordinate workshops but it was difficult
- **Did Scott attend any workshops?**
  - He may have I don't recall specifically
- **Paul Harrington?**
  - No
- **Gilbert Bennett?**
  - No
- **You're preparing these workshops, do you know how the information that you would come up with in these workshops in terms of risk would have gotten into document Nalcor prepared revised sept 2012?**
  - No I don't know, not even sure it's my work that got into that
  - There were some monthly reports that we updated and those during the project with a risk section, would say we did workshop for XYZ package and there was a series of those monthly reports
- **When was the first time you've seen this? Passes J.D. the SNC Risk assessment report April 2013**
  - So your question is, is this the first time I've seen this?
- **When was the first time you've seen this?**
  - When? About that time, about April 2013
- **How did you see it who showed it to you, how did it come about that you saw it?**
  - The History of this with respect to my knowledge of it, is Norman Bechard came to see me at I don't remember when but prior to this and told me that we had risk assessment, there was going to be a risk assessment report that would be prepared by SNC alone
  - I was involved in a workshop that I participated in was in NL, there were some SNC personnel in Montreal and we did a skype workshop

- Not sure if work had been done before by some of the people involved, I assume, but I wasn't part of any work before
- I worked on the register that supported from information discussed in workshop, I helped update final version typing the descriptions and stuff like that
- **You typed descriptions on there?**
  - On this yes, well no I updated in April 2013 I don't know exact date, but I was provided an earlier version that I updated from the workshop that I participated in
- **How much earlier was that version?**
  - I don't know
- **A Month, 2 months, 6 months?**
  - Rather put it in weeks, I don't know per say but I don't remember starting from scratch but I know that I worked on the register
- **If you weren't starting from scratch, do you know where the initial information got into the register?**
  - Norman informed this was happening or there was going to be this exercise done
  - My involvement was really the window of workshop
  - Memory is that it happened in evening after hours
  - The work that proceeded that I wasn't part of it so I don't know what happened to report afterwards. I remember reading intermediate version of this and just reading and commenting seeing if there was any typos and I don't know if I provided comments but I read this report and after that I wasn't involved in what happened to the report afterwards.
- **Did you have any conversations with anyone who told you what could have happened afterward? Did Norman talk to you about it? Mr. Card?**
  - The way it was presented to me by Norman was that Bob Card wanted this, the request was coming from the office of Bob Card the CEO was my understanding
- **Do you know whether or not Bob Card, whether you know directly or indirectly whether or not Bob Card then met with Ed Martin, the CEO of Nalcor about it?**
  - There was a meeting later at the end of May where Norman Bechard and myself were called into Paul Harrington's office and from my recollection is that Bob Card met with Ed Martin and I'm not sure about this, but what seems to have happened is that Bob Card mentioned that we did risk report on the project, I don't know what was discussed and Paul Harrington asked us (Norman and myself) what's the deal with this report? And there was some concern that it was sensitive information and we don't want to, we shouldn't do anything with this report its sensitive and we have other people looking into the risk, and where did you get your information to do this report?
- **Did Paul Harrington tell you that directly?**
  - Yes he was concerned that we had done this report
  - Basically told us that this report is not, we don't want... I don't recall exactly what he said but
- **Did Paul Harrington tell you if he had conversation with Ed Martin about it?**
  - He called us into meeting and I remember that the gist of meeting was that Ed Martin had talked to Bob Card about this report
- **End of May 2013?**
  - Yes
- **Mr. Harrington yourself and Norman, anyone else in room?**

- Nobody just me and Norman
- **On the phone?**
  - No not to my knowledge, no
  - Not openly
- **So he tells you what's with this report, people taking care of it, and what else?**
  - Basically this report is not, he was concerned that we had done this without their knowledge
- **Did he say why he was concerned that it was done without his knowledge?**
  - Because it was sensitive
- **In what way?**
  - Because it could be available and because this is a public project
- **Help me understand why that is an issue**
  - Would be concern that it would become public basically
- **Did he indicate that the concern had to do with quantification of potential dollar?**
  - I assumed
- **Did he say that?**
  - It was more the notion of the sensitivity around the information and didn't seem to be happy with us having done report
- **What was the response from yourself and Norman?**
  - My response was basically I was working under instruction of Norman and Norman said that it was a request he got from Mr. Letourneau? (Senior Vice President)
- **Last name from the bottom?**
  - Yes
  - From my understanding that's incorrect and what I understand is that Bob Card asked this to be done and I think he was asked to do it with Michel Mackay they were in M&M (Metal and Mining) division of SNC back then and they did the risk assessment
- **Mr Harrington shows displeasure, anything else? Any other exchange at that meeting?**
  - I knew that I was concerned because I knew this wasn't something that they were happy about but I wasn't sure what was going to happen to it
  - I was weary of the situation
  - Basically the overall message was that we don't approve of this report, we don't approve of you doing this report
- **This meeting took place in St. John's in Mr. Harrington's office?**
  - Yes
- **Anything else in meeting?**
  - That's what I remember
  - Basically the gist of it
  - He asked us who asked you to do this that's where Norman said chain of events and I said I helped and he was concerned by sensitivity of information that we had done this without knowledge



- **How did you present report to Paul?**
  - I didn't present it to Paul
- **When you went into the meeting with Paul and Norman did you all have report?**
  - No
- **There was no report in hand?**
  - I don't know, I don't remember if Paul Harrington had the report maybe he had I don't know, I don't remember
  - But topic was this report, I think that's clear
- **During the meeting when he said not happy, what's the plan going forward what's going to happen with report do you guys discuss that?**
  - He wanted to know, he said something to deflect it. What we need to know is new risks that we haven't identified which would be stuff that they didn't have, and he asked me to give him a new report that I never completed.
- **A new report that would say what?**
  - That would say basically this
- **Why would he want a new report?**
  - I was confused as to what I should do, I didn't know what to do
- **In that meeting did he ask you for a new report?**
  - Somehow he wanted to kind of to have... I don't remember exactly what he asked me but it was basically that a new report and I didn't end up doing it
- **Did he ask you with this new report to change the numbers in that report?**
  - No, that's not what he asked me
- **So what did he want in new report?**
  - That's why I was confused I wasn't sure what I was I should do
- **Did you draft a new report?**
  - No
- **Just didn't draft it and then drop it, didn't start it?**
  - No, I don't know if I started it, I don't remember
- **Was there any correspondence between you, Norman and Paul Harrington via email about this?**
  - I don't recall, I don't know
  - I doubt it but I don't know
- **Was there any emails between you and anyone else from SNC Lavalin about this report?**
  - There may have been I don't remember
  - I'm sure I forwarded it as attachment to an email at some point yes
- **Who would you have emailed it to?**
  - Norman and maybe Michel Mackay
  - I knew this was sensitive and I knew we were doing this, it was an SNC effort

- **So you seem pretty unsettled after that meeting?**
  - Yeah
- **What do you do after the meeting, do you call email anyone do you put memo for file?**
  - I don't recall, I don't remember what I did after this meeting I may have took notes but I don't have them
  - I don't know
  - I don't recall doing anything
- **Do you remember emailing Mr. Card?**
  - No I wouldn't have been on email basis with the CEO
- **Who could you have spoken to?**
  - Noman only person on site with whom I could have talked to
- **Does anyone else at Nalcor know about this report, anyone that you have direct knowledge that they know? You know Mr. Harrington knows about this report because he questioned you on it, did anyone else question you on it?**
  - I don't have any recollection of that
- **Anyone email you about it from Nalcor?**
  - No my memory of this report was that this was SNC effort without knowledge of Nalcor. In my mind sensitive thing and I didn't advertise that this had been done and I don't, aside from Mr. Harrington, don't recall discussing with anyone, I knew this was serious
- **Mr. Harrington told you he read the report?**
  - I assume, yes
- **Did he say how he got the report?**
  - I don't know how
- **Do you know whether or not Ed Martin accepted report from Norman and Bob Card?**
  - I don't know that
  - When I got involved in this my understanding was that some ground work had been done before and after this report I don't know the paper trail or any direct knowledge of what happened
- **So it's not a very nice meeting, it's pretty unpleasant. What transpired regarding this report or the conversation you had with Mr. Harrington after that meeting? What happened? What did you do next?**
  - In what way?
- You tell me, as it relates to that report and the conversation you had with Mr. Harrington. What took place next? After that meeting
  - Nothing really, I mean I tried to carry on business as usual and carry on with what I was doing on a day to day basis but it may have had something to do with fact I was demobilized in November, I don't know
- **Were there any other conversations, email correspondence, letters, anything that you had with anyone else, whether Nalcor or SNC or anybody else about that report?**
  - No
- **How about the conversation with Mr. Harrington?**
  - No
- **First time talked about this since that meeting has been today to us?**

- No
- **Who else have you talk to about that?**
  - Counsel
- **Who else?**
  - Well it was in paper few months ago
- **Did you talk to anyone about it hitting papers?**
  - Not really, everyone was saying “you were on that project”, but no not specifics of what happened
- **What was next discussion with Norman after meeting?**
  - Nothing specific really
  - Nothing we didn’t discuss afterward, he told me I should do report that Paul asked but I didn’t end up doing it because I didn’t know exactly how to proceed
  - Wasn’t any repeat request or reminders or what not and I wasn’t sure what to do and I didn’t follow up on the request
  - **Legal Counsel** you mentioned earlier that you talked about notes, did you keep notes?
  - I have some notes I used to take notes in little black books
- **And you took notes in that meeting?**
  - Yes
- **Where’s the black book?**
  - Surrendered it to council yesterday
  - **Legal Counsel** we discovered this notebook yesterday so we are getting copied for you
  - **Legal Counsel (in house)** date of meeting was May 28, 2013 4:30 – 5:30
- **Did he send you an outlook invite or email invite? How were you summoned to meeting?**
  - I’m not sure, maybe. I’m not sure the logistics
  - Would be reasonable to assume so but I can’t confirm
- **Is there any way we can check that?**
  - **Legal Counsel** (in house) were you using SNC email at the time?
  - The SNC Lavalin email hasn’t changed but I don’t remember when this took place but they implemented Lowerchuchillproject.com email and we had to use those
  - I suspect it was in lower Churchill email
  - **Legal Counsel (in house)** as SNC we don’t have control over the LCP addresses. I could request IT to get your account archived from that year, it’s probably archived on a server somewhere
  - If through SNC it would be there
  - **Legal Counsel (in house)** it could be on the other address
- **Would be nice to have that email**
  - **Legal Counsel** it would, but we will provide the notebook

- **Anything else we need to know about this report? Anything took place afterward?**
  - No after that, about this report specifically I had the feeling it was very sensitive and I didn't discuss this
  - I knew it existed and I knew that they weren't pleased so when I saw in papers couple months ago well I read that Ed Martin says that he never seen it, I can't confirm or infirm that I don't know
  - What I do have in my notes is that Paul Harrington mentioned Bob Card and Ed Martin had discussion and I'm not sure if this is accurate or not but the feeling I have is that Ed Martin was not aware of report when Bob Card mentioned it to him because Paul Harrington said what's up with the report
  - I don't know to what extent Ed Martin received it or not. I don't know what happened to the report after I provided the sender and recipient trail
- **Were those notes of May 20, 2013 meeting taking contemporaneously during meeting?**
  - Yes
- **Tell me how you prepared for today?**
  - Didn't prepare much, I met my colleagues here yesterday (referring to LC) I read a little thing how to answer questions and I was a witness in another discovery in 2007 trial hasn't taken place yet
  - I didn't know what line of questioning was, yesterday I spotted the pages in the notebook but that's it
  - didn't prepare much aside from not sleeping
  - this is stressful
- **What do you find stressful about it?**
  - With 2020 hindsight it's always difficult to look back on past and had I known then what I know today, I would have done it differently probably but in effect you're on a moving train and doing your best to help an constantly adapting and constantly trying to figure out what's best thing to do this is 24/7 In your head when you're doing a project like this, when you're in it you do your best to do your best
- **Is it the demobilization, do you think that was a result of this report?**
  - well I don't know, but in realms of feelings here, not reason, I can't demonstrate anything but yes my feelings are that there was a trust issue after this
  - they weren't so sure – this is purely my feelings I can't prove it or anything
  - Because up until then this was a very positive experience that project. It still is in my mind.
  - I'm amazed that its \$14B now it's very unfortunate. When I got into this project, it was the project of a lifetime at the beginning, as a civil engineer it was a dream come true, great experience and I was really happy, it's very unfortunate that it turns out this way
  - There were like 300 people on the floor and I knew 300 people by name and everyone I felt really appreciated
- **Have you had any conversations with Norman since he retired? Keep in touch with the guy?**
  - Yeah
- **Where is he located now?**
  - He's retired now. In Quebec I think on north shore I think he moved to country house or cottage, he's retired I don't know where he lives, I can't give you his address, but still in Quebec up north somewhere
- **Do you have his phone number?**
  - I have a phone number yes
- **Can we have it?**
  - **Legal Counsel** I don't have it

- **We're going to have to contact him**
  - I have a mobile (514) 210-5311
- **Do you have his personal email address?**
  - [Normandbech@gmail.com](mailto:Normandbech@gmail.com)
- **I ask that you don't discuss with anyone what we discussed here today and we keep it confidential among ourselves.**
- **Is there anything you thought we would ask that we didn't ask you?**
  - Not really
  - I was expecting questions regarding the estimate and the risk
- **Anything else you want to tell us?**
  - Not really, I don't know
- **Anything we need to know?**
  - No well general impressions like I mentioned earlier in realms of feelings this is really unfortunate, I mean you do your best and it doesn't always turn out to the best
  - But it was Nalcors project and they had the authority and did what they thought was best in their mind
  - They didn't necessarily take our advice as much as they could have
  - **Legal Counsel** with respect to other witnesses for record you mentioned regarding other questions
- **Turned recorder back on – asked if we need to talk again is that okay**
  - Yes
  - **End time 5:20**