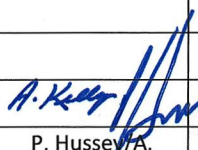
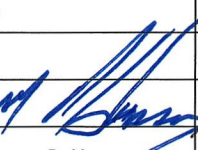
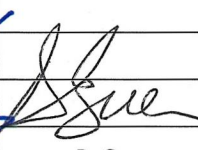
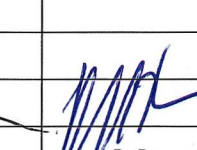




PROCEDURE FOR SITE PURCHASES

Nalcor Doc. No. LCP-PT-MD-0000-SC-PR-0002-01

Comments:	Total # of Pages: (Including Cover): 14
-----------	---

B1	15-Apr-2014	Issued for Use	 P. Hussey/A. Kelly	 P. Hussey	 D. Green	 R. Power
Status / Revision	Date	Reason for Issue	Prepared by	Supply Chain Manager Approval	Quality Manager Approval	General Project Manager Approval

CONFIDENTIALITY NOTE:
This document contains intellectual property of the Nalcor Energy – Lower Churchill Project and shall not be copied, used or distributed in whole or in part without the prior written consent from the Nalcor Energy – Lower Churchill Project.

Procedure for Site Purchases		
Nalcor Doc. No.	Revision	Page
LCP-PT-MD-0000- SC-PR-0002-01	B1	1

Inter-Departmental / Discipline Approval (where required)

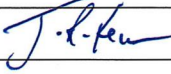


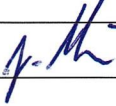
Department	Department Manager Approval	Date
Deputy General Project Manager		19-APR-2014
	J Kean	
Project Controls Manager		11 Apr. 2014.
	E Bush	
Site Contracts Manager		
	A Kelly	
Project Accounting Lead	J. Skinner	
		

TABLE OF CONTENTS

1 PURPOSE.....3

2 SCOPE3

3 DEFINITIONS.....3

4 RESPONSIBILITIES3

5 REFERENCES5

6 PROCEDURE5

6.1 COMMITMENT AUTHORITY 5

6.2 REQUISITION FOR PURCHASE 5

6.3 PURCHASE ORDER / CHANGE ORDER REGISTER..... 8

6.4 PAYMENTS..... 9

6.5 PURCHASE ORDER FILE 9

7 RECORDS.....9

8 ATTACHMENTS.....9

8.1 SAMPLE FORM: MATERIALS RECEIVING REPORT 9

8.2 SAMPLE FORM: PAYMENT APPROVAL SLIP 9

1 PURPOSE

To ensure that Procurement process related with Site Purchases is executed in a controlled and timely manner to meet the Lower Churchill Project (LCP) construction needs.

2 SCOPE

This procedure covers the Procurement process for goods and services (sundries, emergency supply i.e. off the shelf items) for Site Purchases in support of LCP Construction activities.

3 DEFINITIONS

Site Purchase Procurement of goods and services required to support construction activities at various LCP site locations.

4 RESPONSIBILITIES

MF Site Contracts Manager: Responsible for:

- Oversees the complete process for MF Site Purchases.
- Ensures approvals are in place based on the Authority Limits established in Capital Expenditure Authorization Procedure LCP-PT-MD-0000-FI-PR-0001-01 and the appropriate Approval Authority Limits Matrix.
- Confirms with Site Project Controls Manager that budget has been established for the Purchase.
- Signs the requisition and assigns to the Site Buyer(s).
- Reviews Bid Tabulation (Purchasing) form generated by Site Buyer(s).
- Review and sign-off Purchase Order and Change Order documents for accuracy, clarity, scheduling, price and payment conditions.

Site Project Controls Manager: Responsible for:

- Reviews requisitions and ensures budget is available for Site Purchases.

Site Cost Control: Responsible for:

- Reviews Purchase Orders and Change Orders in PM+.
- Commits Purchase Orders and Change Orders in PM+.

Project Accountant: Responsible for:

- Generates Payment Approval Slip (PAS) in PM+ for invoice approval. Records and approves Suppliers' invoices in PM+.

Site Manager or the Leads of each Business Unit: Responsible for:

- Acknowledges requirement for the goods and services by signing the requisition initiated by the Site Team.

Site Team: Responsible for:

- Initiate requisitions for procurement of goods and services required to support LCP construction activities.
- Provide specifications on details and requirements.
- Identify any required at site (RAS) dates.
- Identify any preferred or known suppliers.

Site Buyer(s): Responsible for:

- Assigns sequential numbers to requisitions initiated by the Site Team.
- Ensures that requisitions are filled-out properly showing all information required.
- Updates and maintains the requisition Register, PO Register and Change Order Register.
- Initiates Request for Proposal (RFP) process, evaluates the proposals utilizing the Bid Tabulation (Purchasing) Form and issues for approval.
- Establishes the Incoterms for the goods.
- Obtain sign-off by the MF Site Contracts Manager and one other person as per the Approval Authority Matrix.
- Assigns the correct LCP WBS cost codes to Purchase Orders and Change Orders in PM+.
- Assigns sequential number to Purchase Order.
- Issues Purchase Orders.
- Obtains Supplier signature on Purchase Order.
- Issues Change Orders to Purchase Orders following authorization from the MF Site Contracts Manager and obtain Supplier signatures for approved Change Orders.
- Follows-up on delivery dates.
- Confirms materials received and acknowledges such by signing on delivery slip and appends copy to Original Purchase Order and electronic file. Generates MRR in PM+.
- Assists accounting department with any payment issues.
- Maintains hard copy and electronic files.

5 REFERENCES

LCP-PT-MD-0000-SC-FR-5000-01 Purchase Order Form
LCP-PT-MD-0000-SC-FR-0075-01 Requisition Form
LCP-PT-MD-0000-SC-FR-0066-01 Bid Tabulation – Purchasing Form
LCP-PT-MD-0000-SC-FR-0045-01 Single Source Justification Form
Supply Chain Management, Policy No. 31.1 – Obtaining and Use – Purchasing Card, Revision 3 dated 28 May 2010

6 PROCEDURE

6.1 COMMITMENT AUTHORITY

The Supply Chain Manager delegated Commitment Authority to the MF Site Contracts Manager for any commitments administered at the Project Construction Site. This includes review and execution of financial commitments on behalf of the Supply Chain Manager ensuring that all financial commitments are supported by an approved requisition in accordance with LCP-PT-MD-0000-FI-PR-0001-01, Financial Authorization Procedure, and have been awarded in accordance with the processes, procedures and controls outlined in the LCP-PT-MD-0000-SC-PL-0001-01 Procurement Management Plan.

All Purchase Orders, Change Orders and Service Agreements require two (2) signatures which are the Supply Chain Manager or the person delegated commitment authority (i.e. MF Site Contracts Manager) and the budget holder as stated in Financial Authorization Procedure and Approval Authority Limits Matrix. Any commitments above these limits must be sent to Home Office for approval.

6.2 REQUISITION FOR PURCHASE

Authorization to commit any funds approved under an existing AFE requires the approval of a requisition by the budget holder. An approved requisition provides the authorization to commit a specific scope of work to a Supplier. No purchases are to be made without an approved requisition).

Requisitions will be forwarded by the Site Buyer(s) to Site Cost Control to ensure that the requested funds are available and the requisition contains the correct cost code. A requisition number will be assigned from the Requisition Register maintained by Site Procurement. The numbering of requisitions will be in accordance with the following:

SPA-nnnn (where nnnn is a 4 digit sequential number starting at 0001).

Requisitions shall include the following:

- Date;
- Clear description of the required items/services, including quantity/weight/end use;
- Reason for requirement;
- The costs code signed off by site Cost Control;
- Suggested list of potential Supplier's name (where known);
- Estimated value (where possible);
- A realistic required delivery date and not "ASAP" or "RUSH" or "URGENT";
- Delivery Terms; and
- The name (in printed letters) and signature of the Originator and all required approvers.

The Requisition will be approved by the Site Manager as per the Approval Authority Limits Matrix prior to issuance to Site Procurement. For requisitions in excess of these approval limits, the requisition will be forwarded to the next higher approval level as per the Approval Authority Limits Matrix.

For the Muskrat Falls Site, a budget has been established under the approved requisition for Package XX0100 in the amount of CDN 250,000.00 and, the Site Manager, in conjunction with the MF Site Contracts Manager can authorize the issuance of Purchase Orders with an aggregate value not to exceed this amount. This value is intended to cover miscellaneous purchases to support construction activities. A revised requisition requesting additional funding will be submitted for prior approval if the total expenditure under Site Purchase Orders is anticipated to exceed the authorized budget.

For substantial purchases under CDN 250,000.00, it is recommended that a separate requisition be submitted for approval identifying the budget and cost code.

6.2.1 Quotations

For estimated amount up to CAD 5,000.00, quotations will be requested from one (1) or more bidder at the discretion of the Site Buyer(s) based on local market availability and as appropriate. These quotations can be acquired by phone, email, fax, in person etc. Supporting documentation shall be kept in the PO files.

For estimated amounts over CAD 5,000.00 but less than CAD 25,000.00, quotations will be requested from at least two (2) bidders. These quotations can be acquired by phone, email, fax, in person, etc. Supporting documentation shall be kept in the PO files.

For estimated amounts exceeding CAD 25,000.00, formal Request for Proposals will be requested from three (3) competitive bidders/suppliers, or more as appropriate. The content of

these formal RFP's should be dependent on the goods or services required and will be at the discretion of the MF Site Contracts Manager. Supporting documentation shall be kept in the PO files.

Where bids are received from more than one bidder, Site Procurement will complete a bid evaluation and recommendation. A simplified format can be used, such as, a note on the bid documents for miscellaneous purchases with a value below CAD 25,000.00.

For purchases in excess of CAD 25,000.00 the Bid Tabulation (Purchasing Form LCP-PT-MD-0000-SC-FR-0066-01) must be used. In addition, the analysis for approval must be submitted to the Site Contracts Manager together with relevant supporting documentation, e.g. copies of Supplier quotations.

Where the estimated value exceeds CAD 250,000.00, Site Procurement must advise the Supply Chain Manager and obtain direction and approval. Under no circumstances shall Site Procurement initiate any Purchase Order with an estimated value greater than CAD 250,000.00 without written approval of the Supply Chain Manager.

6.2.2 Single Source Justification

For individual transactions in excess of CAD 25,000.00 where there is only one bidder/supplier, a Single Source Justification Request form will be prepared and submitted for approval in accordance with the Approval Authority Limits Matrix and as outlined on the form.

6.2.3 Purchase Order

The Purchase Order will be prepared using the latest revision of the standard form LCP-PT-MD-0000-SC-FR-5000-01, following approval from the MF Site Contracts Manager.

The numbering of Purchase Orders will be in accordance with the following:

SPO-nnnn (where nnnn is a 4 digit sequential number starting at 0001).

Purchase Order will show, as appropriate:

- Supplier Name;
- Purchase Order Number;
- Requisition Number;
- Scope of Supply (description);
- Cost Code;
- PM+ PO/Contract Detail Report;
- Quantity;

- Unit Description;
- Unit Price;
- Total Price;
- Discounts (if applicable);
- Promised Delivery Date;
- Quality Requirements (if relevant);
- Payment Terms;
- Incoterms;
- Terms and Conditions of Purchase;
- Supplier's Contact Person; and
- In case of a Change Order to the Purchase Order, the increase or decrease in the new total of the Order Value, including last Change Order will be shown.

For additional purchases, changes to scope and/or modifications to an existing Purchase Order, Change Orders will be developed and issued following the same procedures and approved according to the Approval Authority Limits Matrix.

The Purchase Order Requisitioner will initiate a Change Order to the Purchase Order by submitting a new requisition and Site Buyer(s) will proceed as per this procedure.

6.2.4 Purchasing Cards

Purchasing cards (P-cards) are issued by Nalcor and represent a delegation of purchasing authority from Supply Chain Management to the responsible individuals. They are used for the purchase of goods and services for incidental unplanned work or immediate needs.

P-Card expense limits are not to exceed \$3,000.00 and monthly transaction limit of \$10,000.00.

Refer to Supply Chain Management, Policy No. 31.1 – Obtaining and Use – Purchasing Card, Revision 3 dated 28 May 2010.

6.3 PURCHASE ORDER / CHANGE ORDER REGISTER

Site Buyer(s) will record the Purchase Order in the Purchase Order Register.

Site Buyer(s) will register and award the Purchase Order in PM+ and notify Site Cost Control. Site Cost Control will review the Purchase Order in PM+, assign the correct cost codes and commit.

The pricing schedule must be registered in an appropriate manner to facilitate the use of the Material Receiving Register in PM+

6.4 PAYMENTS

Site Buyer(s) or designate will record every delivery pertaining to each Purchase Order in PM+ and generate the MRR and Over, Short and Damaged Reports as required.

Project Accountant will register the Supplier's invoice in PM+, confirm receipt against the MRR or signed delivery slip and process the invoice for payment.

6.5 PURCHASE ORDER FILE

Site Buyer(s) will maintain a separate file for each Purchase Order committed, including Change Order(s) and the relevant Authorization for Purchase. Whenever a requisition is split between Suppliers, copies should be made for each Purchase Order file. Material Received Reports, Over, Short and Damaged Reports and all correspondence pertaining to a Purchase Order will be filed in the same folder in an orderly manner. Purchase Order files shall be made available for regular review by the LCP Site Manager or designate.

Site Buyer(s) will be responsible for expediting prompt delivery of all goods ordered.

7 RECORDS

The Site Buyer(s) or assigned delegate will maintain the Registers of all forms indicated in the reference section of this document and will maintain a hard copy of all documents filed by Purchase Order.

Any applicable assets will be included in the Project Asset Register as per the applicable criteria.

8 ATTACHMENTS

8.1 SAMPLE FORM: MATERIALS RECEIVING REPORT

8.2 SAMPLE FORM: PAYMENT APPROVAL SLIP

Attachment 8.1

Sample Form Materials Receiving Report

MRR Sample



Material Receiving Report
 PROJECT: 505573 : LOWER CHURCHILL PROJECT
 CLIENT: Nalcor Energy
 Scope of Report: MRR No: All



MRR NO. 00151	DATE 2013-10-28	STATUS Completed	CARRIER Delivery	PACKING LIST INV 2000675	BILL OF LADING 449850	RECEIVED BY Frank Taylor
WAREHOUSE NE-GB - Nalcor Energy LCP - Goose Bay Warehouse LOCATION Indoors - Floor					ORIGIN OF MATERIAL TELUS Communications Inc	
PURCHASE ORDER						
ITEM NO.	DESCRIPTION	T	MATERIAL CODE	SIZE	SUB COMP. / HEAT NO.	UOM QTY REC'D QTY P.O. REMARKS

CD0509-003 - PA3020 Appliance, Subscriptions & Panorama						
0001.0001	PALO ALTO NETWORKS PA-3020	B	CD0509-020			EACH 2.00 2.00

Remarks: Tele-communication equipment received from Telus.

Service Order #: O-1340376

Contractor confirms that the above quantities / descriptions are true & correct and that the Equipment / Materials fully conform to all Contractual requirements

ISSUED BY MATERIAL CONTROLLER:	APPROVED BY QC	RESERVES AND / OR REMARKS	INSPECTION WITNESSED BY: (OWNER REPRESENTATIVE)	APPROVED BY CLIENT (OWNER REPRESENTATIVE)
NAME:	NAME:		NAME:	NAME:
SIGN:	SIGN:		SIGN:	SIGN:
DATE:	DATE:		DATE:	DATE:

Attachment 8.2

Sample Form Payment Approval Slip

PAS Sample



Payment Approval Slip
 PROJECT: 505573 : LOWER CHURCHILL PROJECT
 CLIENT: Nalcor Energy



Status Date: 2013-11-05

PO/Contract: CD0509-003	Currency: CAD	PAS Log No: 898	Commitment Amount *	57,835.00
Client Ref No:		Supplier Ref/Invoice No: 2000675	- Cumulative Invoiced Amount **	57,660.00
Description: PA3020 Appliance,Subscriptions &Panorama		Invoiced Amount	= Un-Invoiced Balance	175.00
Vendor/Contractor: P00076 - TELUS Communications Inc		+ Holdback	+ Cumulative Holdback	0.00
Branch Name: TELUS Communications Inc		+ Cash Advance	+ Cumulative Cash Advance	0.00
Invoice Ref No:		= Invoice Before Taxes	= Cum. Invoiced Before Taxes	57,660.00
CP No: CD0509		+ Taxes	+ Cumulative Taxes	7,495.80
		= Invoiced Net Amount	= Cum. Net Invoiced Amount	65,155.80
			Refused Amount	0.00

Item No	Facility	CRC	Description	Commitment (1)	Posted (2)	Pending & Approved (3)	Balance [4=1-(2+3)]	This Invoice (Approved)
Pay Item								
0001	314200	88000	PALO ALTO NETWORKS PA-3020	23,520.00	0.00	23,520.00	0.00	23,520.00
0002	314200	88000	Premium Support 3-year prepaid, PA-3020 (PAN-SVC-PREM-3020-3YR)	10,640.00	0.00	10,640.00	0.00	10,640.00
0003	314200	88000	Threat Prevention subscription year 1, PA-3020 (PAN-PA-3020-TP)	5,650.00	0.00	5,650.00	0.00	5,650.00
0004	314200	88000	PANDB URL filtering subscription year 1, PA-3020 (PAN-PA-3020-URL4)	5,650.00	0.00	5,650.00	0.00	5,650.00
0005	314200	88000	Panorama central management software, 25 devices (PAN-PRA-25)	8,450.00	0.00	8,450.00	0.00	8,450.00
0006	314200	88000	Premium Support year 1, (PAN-SVC-PREM-PRA-25)	3,750.00	0.00	3,750.00	0.00	3,750.00
Total:				65,353.55	0.00	65,155.80	197.75	65,155.80

Invoice No.: 2000675 Date of Invoice: 2013-09-11 Received Date: 2013-09-25 Payment Due Date: 2013-10-25 Created Date: 2013-10-11
 Description:
 Remarks:

Approval Titles	Responsible	Signature	Date	Remarks
Buyer				
Sr. Project Accountant				
Site Cost Controller				
Requisitioner				
Nalcor Budget Holder				
Site Contracts Manager				

* Commitment Amount excluding Tax Items ** Pending, Approved and Posted invoices excluding Tax, Holdback and Cash Advance Items