

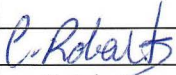

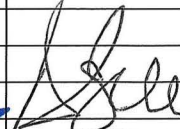

Nalcor Energy – Lower Churchill Project



Material Receiving

Nalcor Doc. No. LCP-PT-MD-0000-MM-PR-0004-01

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| B1 | 2-Apr-14 | Issued for Implementation |  C. Roberts |  P. Hussey |  D. Green |  R. Power |
| Status / Revision | Date | Reason for Issue | Prepared by | Functional Manager Approval | Quality Assurance Approval | General Project Manager Approval |

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Inter-Departmental / Discipline Approval

| Department | Department Manager Approval | Date |
|--------------------------------|--|-------------|
| Deputy Project General Manager |  J. Kean | 14-APR-2014 |
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1 PURPOSE

The purpose of this procedure is to provide guidelines for the role of Site Material Control in the receipt process for Company procured materials.

2 SCOPE

This procedure applies to all personnel involved in the functions related to the receipt for Company supplied materials at Lower Churchill Project storage and laydown facilities.

This procedure excludes any material and equipment that is Company procured within a supply and installation procurement strategy.

3 DEFINITIONS

- BOL** Bill of Lading
- BOM** Bill of Materials
- CPM** Component Project Manager
- CM** Construction Manager
- Damaged** Materials or equipment received in a damaged condition
- ERN** Expediting Release Notice
- HOMC** Home Office Materials Control
- LM** Logistics Manager
- MCM** Material Control Manager
- MIR** Material Issue Report
- MMS** Material Management System (PM+ and Matflexx)
- MRR** Material Receiving Report
- MYM** Marshalling Yard Manager
- OS&D** Over Short and Damaged
- OS&D Report** Document initiated whenever materials are received Over Short or Damaged
- Overage** Materials or equipment that is supplied in excess of that which has been ordered or has been delivered in excess to the supplied documentation.
- PL** Packing List
- PO** Purchase Order
- PRB** Package Responsible Buyer
- PRE** Package Responsible Expeditor
- QRN** Quality Release Notice
- SCM** Supply Chain Manager
- SMC** Site Material Controler

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Shortage Materials or equipment that is short supplied and can occur in either of three situations:

- Quantities of that are less than those stated in the Purchase Order, or delivered in quantities less than the stated documentation provided with the shipment
- When materials and equipment are received in an undamaged condition (i.e. no evidence or damage/pilfering to the case, carton, box, etc.) and the shipping documents do not agree with the actual contents of the delivery (i.e. either quantity received is less than quantity on shipping papers, or the item does not match what is on shipping/packing slip)
- Materials are lost in transit

4 RESPONSIBILITIES

It is the responsibility of the MYM to monitor, coordinate and direct all materials management functions at the LCP Marshalling Yard. MYM reports to the SCM as a functional manager and the CPM as an operational manager.

The SMC is responsible to monitor, control, report and initiate corrective action as required on all matters pertaining to the receipt, warehousing, inventory control, issuance of materials and equipment, and the protection and preservation of material and equipment. The SMC reports to the MYM.

The MCM assists the MYM in the coordination of overall project related direction and strategy for the management of material. The MCM manages the HOMC function in coordinating material across the project, including other remote sites and storage locations.

The SCM provides functional area support through coordination with the MYM and HOMC through procurement and provision of material to the Lower Churchill Project storage and laydown facilities .

The CPM is supported by the MYM who ensures material that has been received at the yard is made available to the construction effort associated with that component.

The PRB will make available, through the HOMC, any PO or PO changes that would result in material being delivered to site, prior to the arrival of that material.

The PRE will make available, directly or through the HOMC, any release authorization or ERN, that would trigger delivery of material to site, prior to the arrival of that material.

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The LM is responsible for providing accurate and timely delivery information in advance of material or equipment delivery to the site.

5 REFERENCES

- LCP-PT-MD-0000-PM-LS-0001-01 Project Dictionary, Acronyms and Abbreviations List
- LCP-PT-MD-0000-SC-PL-0002-01 Materials Management Plan
- LCP-PT-MD-0000-MM-PR-0005-01 Material Request, issue and Return
- LCP-PT-MD-0000-MM-PR-0006-01 Over, Short and Damaged

6 PROCEDURE

6.1 Advance Notification

HOMC will provide information on upcoming deliveries based on contractual delivery dates and longer lead delivery time frames. This information is used for planning purposes and is refined as the actual delivery time approaches.

The PRE will provide the MYM/SMC advance notification of an impending shipment. This information includes approved vendor packing slips, and copies of the project ERN and QRN where applicable.

The LM and the applicable freight forwarder are responsible for coordinating deliveries with MYM/SMC three business days (72 hours) in advance of the requested delivery day. LM is responsible for providing BOL, truck numbers, and container numbers. This advance notice will be used by SMC to create an appointment for the delivery in order to deconflict inbound/outbound transportation.

6.2 Initial Receipt

Upon arrival of a shipment at the receiving location, the MYM/SMC or Yard Foreman will meet the driver at the gate and conduct a “Take 5 for Safety”. This ensures the driver complies with yard procedures such as: speed limit, proper PPE requirements, hazard avoidance and yard controls. The driver’s documentation (BOL and PL) will be inspected to ensure the driver and the material are intended for that location. The truck will then be guided to the appropriate location on the yard to ensure efficient offloading.

Only after the truck is parked and turned off will the driver un-strap the cargo at the direction of the SMC or crew. As the material is offloaded, it is counted and compared to the BOL and/or PL. In the event that damage or a shortage is noted, the steps outlined in OS&D procedure LCP-PT-MD-0000-MM-PR-0006-01 are to be followed.

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In all cases of damage or shortages, freight bills are marked with the following statement:

"SUBJECT TO CLAIM AFTER INSPECTION"

Once the materials and equipment have been properly off loaded, the original BOL will be signed, attached to the hard copy of the associated MRR and maintained in the site document file. The second signed copy will be given to the driver. The signed BOL will be scanned and uploaded to the MMS where it will be associated to the appropriate MRR.

6.3 Detailed Receipt

After offloading, a more detailed examination takes place against the packing list and PO to determine that all contractual requirements have been met. In the absence of a PL, SMC shall contact HOMC for additional information.

This process includes the following activities:

- Comparison of the delivered items against the delivery documentation (BOL/PL/ERN) for quantity verification
- Comparison of the delivered items against the PO requirements
- Examination of the material code / tag number marking on the materials
- Application of inventory bar code labels and assignment of storage location coordinates

This examination becomes the basis for the preparation of the MRR and OSD&D if necessary.

On an exception basis, detailed verification and examination of materials and equipment may not necessarily take place upon receipt if the CM and the MYM / SMC concur that selected shipments or packages should remain intact in order to take advantage of special preservation/crating/packaging.

In the event of any discrepancies between the provided documentation and the delivered material, SMC will initiate communication with the HOMC for investigation. If this exception does not conclude in the discrepancy resolution, SMC will initiate the OS&D process.

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6.4 Material Receiving Report (MMR)

The Material Receiving Report (MRR) is prepared for delivered shipments. MRRs are completed and actioned within the MMS within twenty-four (24) hours of physical receipt of materials/equipment.

Material Receiving Reports are prepared for the following:

- Partial shipments
- Complete shipments
- Materials returned to the yard by the construction contractor

When preparing a MRR, the documentation used during the preliminary and detailed examinations is reviewed and compared with the following:

- Detailed Purchase Order
 - Quantity
 - Material codes
 - Color coding
 - Labeling / marking / packaging
- Change Order (if applicable)
- Bill of Materials (as required)
- Inspection Reports / Release (if applicable)
- Expediting Reports (if applicable)
- Bill of Lading
- Long term storage requirements
- Actual physical storage location received material has been placed

All hazardous materials received must be immediately verified upon reception for the following:

- Confirmation of the classification of the hazardous materials and the descriptions.
- Verification of the original packaging or repackaged in a manner compliant with the manufacturer's instructions and or those of the Projects Environmental Policies.
- Markings on the packaging with the appropriate Hazmat classification information labels and safety markings.
- Hazmat documentation and emergency response information.
- All hazardous must then be safely labeled and stored in accordance to manufacturer's instructions and or those of the Projects Environmental Policy

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Information contained in the MRR includes a complete description of the item, model type, serial number (if applicable), quantity and tag, material code, and storage location. MRRs are numbered sequentially and are generated and recorded in the MMS. All associated delivery documentation is scanned and attached to the completed MRR for future reference.

Once the MRR has been processed and approved in the MMS, a similar MRR is processed in the PM+ system by HOMC. This is to facilitate the close out of the PO and allow for three way matching for invoice approval and payment purposes.

Any deviation from the MMS and PM+ MRR's are regularly reviewed and actioned in consultation with the MYM/SMC and HOMC team.

7 RECORDS

All hard copy records relating to the receipt process will be filed and maintained at the receiving site for the duration of the project.

Hard copies of shipping documentation will be scanned and stored in MatFlexx under the menu option "Material Receiving." Electronic files are accessible to the HOMC team via access to the MMS.

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8 ATTACHMENTS

8.1 Material Receiving Report (MRR) In MMS

Below is a sample screen shot of a MMS MRR

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Material Receiving Report (MRR)

MRR #: 17JAN14-MRR-0843700

PO#: PT0335-001

Storage Yard: LYSTL

Freight Bill of Lading #: ORD100908-5

BOL Matches Delivery: _____

Vendor: WILLIAMS FORM HARDWARE & ROCKBOLT

Carrier: ROBERTS TRANSPORT

Tractor Trailer #: TRUCK 5/LCP0015

Rail Car #: _____

*Note - If BOL does not match shipment, then fill out a Material Deficiency Report

| Received | Packing List # | Reference | PO Item # | Quantity | Description | Bar Code # | Storage Location | Amount |
|------------------|----------------|-----------|-----------|----------|---|------------|------------------|-----------|
| 01/17/2014 08:30 | , | | 9 | 1 | 1000042170-ROCK ANCHOR-CNTLZER-35M-BAR_1500 | U000124630 | MOLYSTLG01 | 1500 Each |
| 01/17/2014 08:30 | , | | 5 | 1 | 1000039444-ROCK ANCHOR-35M-W-5.5M LONG_32 | U000124612 | MOLYSTLG02 | 32 Each |
| 01/17/2014 08:30 | , | | 5 | 1 | 1000039444-ROCK ANCHOR-35M-W-5.5M LONG_32 | U000124613 | MOLYSTLG02 | 32 Each |
| 01/17/2014 08:30 | , | | 5 | 1 | 1000039444-ROCK ANCHOR-35M-W-5.5M LONG_32 | U000124614 | MOLYSTLG02 | 32 Each |
| 01/17/2014 08:30 | , | | 5 | 1 | 1000039444-ROCK ANCHOR-35M-W-5.5M LONG_32 | U000124615 | MOLYSTLG02 | 32 Each |
| 01/17/2014 08:30 | , | | 5 | 1 | 1000039444-ROCK ANCHOR-35M-W-5.5M LONG_32 | U000124616 | MOLYSTLG02 | 32 Each |
| 01/17/2014 08:30 | , | | 5 | 1 | 1000039444-ROCK ANCHOR-35M-W-5.5M LONG_32 | U000124617 | MOLYSTLG02 | 32 Each |
| 01/17/2014 08:30 | , | | 5 | 1 | 1000039444-ROCK ANCHOR-35M-W-5.5M LONG_32 | U000124618 | MOLYSTLG02 | 32 Each |

8.2 Material Receiving Report (MRR) In PM+

Below is a sample screen shot of a PM+MRR

Material Receiving (MREC) 1 of 1

MRR(List)
 MRR(Detail) / OS&D
 Items
 Report

Material Receiving Report

PROJECT: 505573 : LOWER CHURCHILL PROJECT

CLIENT: Nalcor Energy

Scope of Report: MRR No = 00153

| | | | | | | |
|----------------|--------------------------------|-----------|---------|--------------|----------------|--------------------|
| MRR NO. | DATE | STATUS | CARRIER | PACKING LIST | BILL OF LADING | RECEIVED BY |
| 00153 | 2013-09-27 | Completed | Hunts | MRR83506200 | 4060223196 | Craig Roberts |
| WAREHOUSE | C4 LAB - C4 Marshalling Yard - | | | LOCATION | Reels - Reels | ORIGIN OF MATERIAL |
| PURCHASE ORDER | | | | | | Graybar Canada |

| ITEM NO. | DESCRIPTION | T | MATERIAL CODE | SIZE | SUB COMP. / HEAT NO. | UOM | QTY REC'D | QTY P.O. | REMARKS |
|--|---|---|------------------|------|----------------------|-----|-----------|------------|---------|
| PT0326-001 - Supply of Steel Wires-315kV HVac | | | | | | | | | |
| 0002.0001 | 7.2 MM SINGLE STRAND COUNTERPOISE CONDUCTOR | B | 1000036912, REV3 | | | M | 60,671.00 | 507,000.00 | |

Remarks: