

Date : 10/16/2013 5:01:19 PM
From : "Dalley, Derrick"
To : "Bown, Charles W."
Subject : Fw: UNCLE GNARLEY

Department of Fisheries & Aquaculture
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From: Ross Reid [mailto:ross.reid@██████████]
Sent: Wednesday, October 16, 2013 03:58 PM Newfoundland Standard Time
To: Dalley, Derrick
Subject: Fwd: UNCLE GNARLEY

Begin forwarded message:

From: Bob Carter <mcvillanova.33@██████████>
Date: 15 October, 2013 8:19:15 PM NDT
To: Ross Reid <rossreid@██████████>
Subject: Fwd: UNCLE GNARLEY

Sent from my iPad

Begin forwarded message:

From: UNCLE GNARLEY <noreply@██████████>
Date: October 15, 2013 at 1:33:28 AM NDT
To: mcvillanova33@██████████
Subject: UNCLE GNARLEY

UNCLE GNARLEY

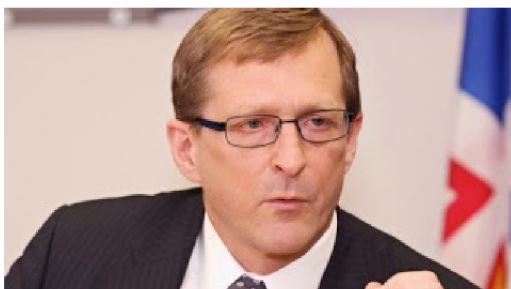
[DID JEROME KENNEDY BITE HIS TONGUE?](#)

Posted: 14 Oct 2013 05:34 AMPDT

If the departure of Jerome Kennedy, from the Cabinet, had been marked with the silence that normally follows any Minister's return to private life, who would want to invoke his name now?

Well, it seems Mr. Kennedy did not go silently; he seems to have 'bitten his tongue' as he left Confederation Building. His name still resounds within the halls of high office. As his vehicle left the parking lot, very senior people acknowledged, to each other, that he ought to have explained himself differently than he had.

That comment strikes at the heart of the question: why did Mr. Kennedy resign?



Whether certain disturbing issues weigh heavy on him, only he can answer. If the information this scribe has received, is correct, which has been corroborated by three additional sources, Mr. Kennedy may wish to re-consider anything he may have omitted from his exchange with the media, justifying his departure.

What is the issue?

Source: The Canadian Press

It seems that Mr. Kennedy's resignation was occasioned, less by a desire to return to his law practice, than to deeply felt concerns over certain financial aspects of the Muskrat Falls Project, specifically involving Nalcor. Just two years ago he sought election for a full term.

At the center of his resignation maybe the refusal by the Premier to accede to demands Kennedy made of her to protect the public interest, his officials and himself.

Here is the sequence of events as best as I have been able to ascertain, so far:

1. Over the last number of months Kennedy had grown weary of Nalcor's secrecy. He was frustrated that his own officials could not get sufficient information to confirm Nalcor's numbers or perform their own analysis. His Department was expected to accept Nalcor's information entirely on its face.
2. Mr. Kennedy wanted his own staff, supplemented by outside experts, to comprise an "Oversight Committee" for the purpose of conducting the Finance Department's independent analysis of Muskrat Falls Project costs. Evidently, he was no longer prepared to defend the Muskrat Falls Project without the verification of independent scrutiny.
3. Mr. Kennedy went to the Premier with two demands: firstly, that she order Nalcor to release the information referred to and, secondly, that his Department of Finance be permitted to assemble a "Muskrat Falls Oversight Committee".

The Premier and Kennedy apparently had several "dust-ups" or serious confrontations over these issues, in the Confederation Building as well as in China, from where Mr. Kennedy was reported to have left the Delegation and returned to the Province, only a day or so after their arrival in that Country.

The Premier evidently steadfastly rejected both Mr. Kennedy's demands and



Source: The Canadian Press

following the final "dust-up" with the Premier, Kennedy informed her that he would tender his resignation from Cabinet.

Now Kennedy should have become concerned over the problem of obtaining information from Nalcor regarding the matter of cost overruns. He should certainly have been alarmed that the increased costs, for which the Province would also be on the hook, might imperil the economic rationale on which Project Sanction is based.

Kennedy no doubt had his own private industry sources that would have conveyed the latest from the site itself – massive cost overruns are being incurred.

Kennedy would have known that NL was on the hook for 100% of the cost-overruns on the Generating Plant, on the Labrador/Island Transmission Link and 80% of the cost overruns on the Maritime Link.

The 80% exposure on the Maritime Link alone would likely to see Nalcor cut Emera a cheque exceeding half a billion dollars.

Kennedy would have known the requirement that the DG-3 cost estimates, on the Maritime Link, due under the original Emera contract to be submitted on October 1st, 2013 were delayed until the end of this year, without public explanation. Worse, the Premier recently announced an agreement with Emera regarding the UARB's demand for all the surplus power, without Nalcor even knowing the DG-3 cost estimates on the Maritime Link.

On the North Spur, even if he didn't know the precise amount, he would have known a big bill was coming due for Nalcor's plan to try and fix the stability problems which plague that section of Muskrat Falls.

Nalcor's myopic determination to award a billion dollar contract to the Italian Contractor, Astaldi, in spite of not having financing in place and the project's many other major unsolved problems, must have been equally troubling. An announcement on the contract occurred within a few days of Mr. Kennedy's walk down the steps of Confederation Building.

Noticeably, Nalcor provided no disclosure of the cost variance between Astaldi's bid price and Nalcor's DG-3 Estimate.

The Italian contract should be exposed as the most irrational act of the Dunderdale Government. It can only be explained as a "come hell or high water" move, to put the project beyond recall.

These issues are all very serious and the consistency of the narrative, now flowing from Confederation Building is equally disconcerting.