

SECTION SUB-SECTION	PAGE NO.	SUBJECT DESCRIPTION/ QUESTIONS (S)	RESPONSE TO INQUIRY BY NALCOR
SECTION 5 CAPITAL BUDGET 5.1.2	73	CURRENTLY UNDER REVIEW BY MWH.	Noted
SECTION 5 5.1.3	73	THERE ARE NO OTHER FACILITIES ACCORDING TO NALCOR MWH WILL REMOVE THIS SUB-SECTION AND RE-NUMBER THE FOLLOWING SUB-SECTIONS.	Noted
5.1.3 RENUMBERED	74- 75	NO NEW INFORMATION HAS BEEN PROVIDED BY NALCOR. OTHER THAN CONTRACT CH0007, THERE WILL BE NO INFORMATION ADDED TO THIS TABLE. NALCOR IS REQUESTED TO ACKNOWLEDGE THIS FACT.	Contract award schedule reviewed on Aug 20 with MWH, Canada and CBB. Canada/CBB aware that some contracts will be awarded after Financial Close. Canada/CBB will advise on how this will be addressed in the context of IE report.
5.1.4	75	TABLE 5-2 CONTAINS MAJOR EQUIPMENT PROCUREMENT COSTS. TABLE 5-3 ALSO INCLUDED SIMILAR INFORMATION FOR THE LITL. THERE WILL BE NO CONTRACTS AWARDED BEFORE FINANCIAL CLOSE TO ALLOW ADDITIONS TO THIS TABLE. NALCOR IS REQUESTED TO ACKNOWLEDGE THIS FACT.	Same as above
5.1.5	76	A DISCUSSION PERTAINING TO THE INTERCONNECTION COSTS THAT WILL BE INCLUDED IN CONTRACT CD0502 WILL NOT BE POSSIBLE USING ACTUAL COSTS SINCE THE CONTRACT WILL NOT BE AWARDED UNTIL DECEMBER 2013. THERE MAY OR MAY NOT BE A BREAKOUT OF THESE COSTS SINCE A LUMP SUM COST FOR THIS EPC CONTRACT IS REQUESTED. CAN NALCOR FURNISH A BREAKOUT OF THESE INTERCONNECTION COSTS FOR MWH TO REVIEW, BASED ON DG3 COST LEVEL ESTIMATES? WHEN CAN IT BE FURNISHED?	Same as above
5.1.6	77	SPARE PARTS ARE REQUIRED TO BE	Jason Kean to provide

		<p>DISCUSSED AND LISTED IN TABLES 5-4; 5-5; AND 5-6. MWH MUST AWAIT THE AWARD OF CONTRACT CH0007 TO OBTAIN DATA FOR THESE TABLES. MWH BELIEVES THAT NO OTHER CONTRACT INFORMATION WILL BE AVAILABLE BEFORE ISSUANCE OF THE IE REPORT.</p> <p>CAN NALCOR FURNISH AN ESTIMATE FOR EACH OF THE PROJECTS THAT WILL ALLOW THE POPULATION OF THESE TABLES, BASED ON THE DG3 ESTIMATE?</p>	<p>updates to tables</p>
5.1.7	78-79	<p>START-UP AND COMMISSIONING COSTS ARE TO BE SHOWN IN TABLES 5-7, 5-8, AND 5-9. MWH HAS NO FURTHER INFORMATION PERTAINING TO COSTS ASSOCIATED WITH THIS SUBJECT THAT REQUIRES THE IE'S COMMENTS.</p> <p>CAN NALCOR ADVISE MWH THAT THERE WILL BE NO FURTHER COSTS THAT ARE REQUIRED TO BE ADDED TO THESE TABLES? BASED ON THE ANSWER, MWH WILL EVALUATE THE BASE ESTIMATE COSTS AND OPINE ON THE REASONABLENESS OF THE COSTS PROVIDED BY NALCOR IN THE REMARKS COLUMN OF THE TABLES.</p>	<p>No further information available at this time.</p> <p>RFO/O&M discussion conducted with Bob Barnes and Paul Harrington on Aug 21. Additional information will be provided when available as Nalcor-LCP RFO activities progress leading up to commissioning. This will be after Financial Close.</p>
5.1.8	79-80	<p>CAMP COSTS AND RELATED COSTS ARE SUMMARIZED AND PRESENTED IN TABLES 5-10, 5-11, AND 5-12. MWH HAS ASKED NALCOR IF THE TELECOMMUNICATIONS COST SHOULD BE INCLUDED WITH-IN THESE TABLES AND HAS NOT RECEIVED A RESPONSE; SHOULD THEY BE INCLUDED? THERE ARE OTHER CAMP COSTS THAT RELATE TO SOME CONTRACTS THAT REQUIRE SMALLER, LOCAL CAMPS FOR THE TRANSMISSION SYSTEM CONSTRUCTION. MWH REQUIRES AN EXPLANATION IF THEY ARE INCLUDED IN THE COSTS ALREADY NOTED IN THE TABLES FROM NALCOR--- ARE THEY INCLUDED? WE RECOGNIZE THESE COSTS ARE VERY SMALL WHEN COMPARED TO OTHER COSTS, BUT WE WANT TO BE SURE THAT THEY ARE PROPERLY LISTED AND RECORDED.</p>	<p>Telecom costs should not be included.</p> <p>Jason Kean to review table and provide update where required.</p>
5.1.9	81	<p>TABLES 5-13, 5-14, AND 5-15 LIST THE ANCILLARY INFRASTRUCTURE AND SERICE COSTS FOR MF, LTA, AND LITL WHICH CURRENTLY INCLUDE</p>	<p>Jason Kean to review table and provide update where required.</p>

		<p>INSURANCE/COMMERICAL; LAND ACQUISITIONS AND PERMITS; AND ENVIRONMENTAL AND ABORIGINAL AFFAIRS. ARE THERE OTHER COSTS THAT NEED TO BE LISTED IN THESE TABLES? MWH WILL NOT BE ABLE TO COMMENT ON INSURANCE COSTS, LAND COSTS, AND ABORIGINAL AFFAIRS COSTS SINCE IT WOULD BE BEYOND THEIR EXPERIENCE/EXPERTISE AND SHOULD BE IN GOVERNMENT’S OTHER ADVISORS DOMAINE TO FURNISH COMMENTS AND OPINIONS.</p> <p>USUALLY, PERMIT COSTS ARE PRESCRIBED BY LAW AND IF NALCOR WISHES MWH TO COMMENT, WE NEED A CONFIRMATION THAT IT DOES; OTHERWISE WE WILL LIST THEM WITHOUT COMMENT.</p> <p>ENVIROMENTAL COSTS VARY CONSIDERABLY FROM PROJECT TO PROJECT AND WE BELIEVE THAT IF MWH COULD BE FURNISHED A TABULATION OF THE COSTS OF THE PERMITS ASSOCIATED WITH THE COMPREHENSIVE LIST ALREADY FURNISHED TO US (REFER TO APPENDIX H); THIS WOULD SEEM TO SATISFY THE INTENT OF THE MWH/NALCOR AGREEMENT REQUIREMENT. WE WOULD NOT DIRECTLY COMMENT ON THE COST OF THE ENVIRONMENTAL STUDIES UNLESS WE BELIEVE THAT THEY ARE CONSIDERABLY ABOVE OR BELOW WHAT WOULD NORMALLY BE EXPECTED.</p>	
<p>5.1.10</p>	<p>82-92</p>	<p>ARE THERE ANY UPDATES THAT NALCOR CAN PROVIDE TO THIS SUB-SECTION? WE CURRENTLY ARE NOT AWARE OF ANY.</p>	<p>Nalcor to provided aggregated DG3 breakdown similar to what was used in LCP Insurance Underwriting Submission to replace contract specific breakdown currently found in this section due to commercial sensitivity concerns.</p>
<p>5.11</p>	<p>93-94</p>	<p>WE ARE ONLY AWARE OF BONUS PROVIDED FOR GOOD PERFORMANCE FOR CONTRACT CH0007. WILL THERE BE BONUS INCENTIVES FOR THE OTHER EPC CONTRACTS (WE DID NOT SEE ANY IN THE RFP FOR CONTRACT CD0502)?</p>	<p>CD0502 – Only liquidated damages</p> <p>CD0501 – Jason Kean to confirm</p>

5.12	94	CAN NALCOR FURNISH WHAT THEY EXPECT TO BE PROVIDED IN THIS SUB-SECTION DEALING WITH 'HIGHLIGHT SENSITIVE AND CRITICAL AREAS', PLEASE?	Jason Kean to provide write up on key risks
5.1.13	94	THIS SUB-SECTION DEALS WITH COMPARISONS. DOES NALCOR HAVE SOME PARTICULAR AREAS THAT THEY FEEL IMPORTANT TO HIGHLIGHT? PLEASE FURNISH THESE AREAS ASAP SINCE THIS MAY TAKE SOME TIME TO DISCUSS INTERNALLY AND WITH NALCOR.	Not sure if this section still applicable?
5.1.14	95	MWH IS CURRENTLY WORKING ON THE REMARKS THAT WILL BE INCLUDED IN TABLE 5-18. UNFORTUNATELY, WE ARE STILL WAITING TO RECEIVE CONTRACT CH0007 WHICH MAY TRUTH-OUT THE P50 CONTINGENCY VALUES DEVELOPED BY NALCOR FOR THE MF CONTRACT.	CH0007 Contract will be provided to MWH following award, expected in September. Contract award schedule reviewed on Aug 20 with MWH, Canada and CBB. Canada/CBB aware that some contracts will be awarded after Financial Close. Canada/CBB will advise on how this will be addressed in the context of IE report.
5.2	95	WE HAVE BEEN WORKING ON ADDING DRAWDOWN DATA TO FIGURE 5-2, AND WHEN CH0007 IS AWARDED, WE WILL ADD THIS IMPORTANT CONTRACT DRAWDOWN DATA TO THE FIGURE TO HELP US FORM AN OPINION ON THE CONTRACTS LISTED. THIS OPINION, MAY OR MAY NOT BE APPLICABLE TO OTHER CONTRACTS THAT NALCOR WILL ISSUE, BUT IT MAY BE A REASONABLE TEL-TALE OF WHAT CAN BE EXPECTED IF NALCO'S PLAN AND METHODOLOGIES CONTINUES TO BE FOLLOWED AND ECONOMIC CONDITIONS DO NOT CHANGE.	CH0007 Contract will be provided to MWH following award, expected in September. Contract award schedule reviewed on Aug 20 with MWH, Canada and CBB. Canada/CBB aware that some contracts will be awarded after Financial Close. Canada/CBB will advise on how this will be addressed in the context of IE report.
SECTION 6 6.1.1	97	WE ARE AWAITING FOR NALCOR TO CONFIRM THIS WRITE-UP. WHEN CAN WE RECEIVE CONFIRMATION OR DOCUMENTS THAT WILL ALLOW US TO MODIFY AND CORRECT WHAT WAS WRITTEN?	RFO/O&M discussion conducted with Bob Barnes and Paul Harrington on Aug 21. Additional information will be provided when available as Nalcor-LCP RFO activities progress leading up to commissioning. This will be after Financial Close.

6.1.2; 6.1.3; 6.1.4. AND 6.1.5	97	WE ARE REQUIRED TO ADDRESS THE QUESTIONS IMPLIED IN THE SUB-SECTIONS LISTED. WE REQUIRE INFORMATION TO ALLOW US TO WRITE-UP THESE SUB-SECTIONS. WHEN CAN WE RECEIVE THIS INFORMATION?	Same as above.
SUB-SECTION 6.2 AND 6.2.1	97	OPERATIONS AND MAINTNENACE COST ESTIMATE. WE REQUIRE INFORMATION AND THE PLAN TO ALLOW US TO OPINE ON IT BEING COMPLETE. WHEN CAN NALCOR FURNISH MWH THIS INFORMATION?	Same as above.
6.2.4	99- 100	MWH REQUIRES A NALCOR ANSWER TO THE NOTE STARTING ON PAGE 99; WHEN CAN WE EXPECT TO RECEIVE IT?	These numbers are for Nalcor only. Interfaces between Nalcor and Emera will be managed through the applicable agreements negotiated between the two parties.
6.2.4	103	TABLE 6-6. NALCOR RESPONDED TO THE NOTE GIVEN IN THE TABLE--PARTIALLY. IT APPEARS THAT NALCOR ASSUMES THAT OTHER BIOLOGISTS AND ENVIRONMENTAL STAFF WILL AID IN THIS EFFORT THAT ARE NOT ASSIGNED FULL-TIME TO THE PROJECT. IF THIS IS THE CASE, THEN SOME TYPE OF COMMITMENT LEVEL ALONG WITH THE ASSOCIATED COST SHOULD ACCRUE TO THE PROJECT WHICH SHOULD BE MENTIONED IN OUR COMMENTS, IN OUR OPINION. TABLE 6-7 CONTAINS A REMARK (OPINION) OF MWH; SHOULD WE NOTE IT WAS ACCEPTED? TABLE 6-8 CONTAINS A REMARK REGARDING THE BOARD OF CONSULTANTS; IS THIS ACCEPTED BY NALCOR?	Table 6-6 – Noted Table 6-6 is correct Table 6-7 is correct
6.2.5;6.2.6;6.2.7; AND 6.2.7	106	NALCOR IS ASKED TO PROVIDE THE NECESSARY INFORMATION TO MWH TO ALLOW US TO COMPLETE THESE SUB-SECTIONS OF THE REPORT. WHEN CAN THIS BE FURNISHED?	RFO/O&M discussion conducted with Bob Barnes and Paul Harrington on Aug 21. Additional information will be provided when available as Nalcor-LCP RFO activities progress leading up to commissioning. This will be after Financial Close.
6.3	107	MWH INTENDS TO COMPLETE TABLE 6-9	Noted

		<p>AND WILL REQUIRED SOME ADDITIONAL INFORMATION THAT WILL BE REQUESTED IN A SEPARATE COMMUNICATION TO PETER MADDEN REGARDIN DAFOR AND DAUFOP.</p> <p>MWH WILL FILL IN THE BLANK AND WILL REMOVE THE YELLOW SHADED STATEMENT WHEN WE HAVE COMPLETED THIS SECTION.</p>	
SECTION 7 7.1;7.1.1;7.1.2	109	<p>MWH REQUIRES THE PPA.</p> <p>WHEN CAN MWH EXPECT TO RECEIVE IT?</p>	<p>Approach for project agreements review discussed with Canada, CBB and MWH on Aug 20. Canada/CBB to coordinate with MWH on deliverables for this section.</p>
7.2	109	<p>INTERCONNECTION FACILITIES AGREEMENT</p> <p>WHEN CAN MWH EXPECT TO RECEIVE IT?</p>	<p>Same as above</p>
7.3	109	<p>WATER MANAGEMENT AGREEMENT.</p> <p>FROM CORRESPONDENCE WITH NALCOR AND WITH GOVERNMENT, WE ARE AWARE OF THE DISPUTE AND PENDING LAWSUIT FILED BY HYDRO QUEBEC.</p> <p>WE NOTE THE FOLLOWING: “...WHILE ENSURING THAT THE PROVISIONS OF ANY PRIOR POWER CONTRACTS ARE NOT ADVERSELY AFFECTED”—LAST SENTENCE OF THE FIRST PARAGRAPH OF THIS SUB-SECTION. THE IMPORTANCE OF THIS STATEMENT AND WHY IT WAS INCORPORATED INTO THE AGREEMENT WAS NOT FULLY UNDERSTOOD BY ME UNTIL I RE-READ THE AGREEMENT. IT SEEMS LIKE THIS CLAUSE/STATEMENT IS VERY IMPORTANT IN DISCUSSIONS WITH THE PARTIES AND GIVES FAIR PROTECTION TO HYDRO QUEBEC, BUT WE ARE NOT ATTORNEYS.</p> <p>HOW DOES NALCOR AND GOVERNMENT WANT MWH TO HANDLE/PRESENT THIS ISSUE IN THE IE’S REPORT?</p> <p>CAN A FINANCIAL CLOSE OCCUR WHEN THERE IS A PENDING LEGAL DISPUTE OF TWO KEY AGREEMENTS AND THE GOVERNMENT IS INVOLVED?</p>	<p>Clarity provided on Aug 20 by CBB regarding scope of MWH review relating tro HQ claim. MWH to focus on hydrology analysis, much of which will be based on results of updated Hatch study to be delivered in September.</p>
7.4	110	<p>WATER LEASE AGREEMENT.</p> <p>HOW DOES GOVERNMENT AND NALCOR WANT MWH TO HANDLE/PRESENT THIS</p>	<p>Clarity provided on Aug 20 by CBB regarding scope of MWH review relating tro HQ claim.</p>

		ISSUE IN THE IE'S REPORT?	MWH to focus on hydrology analysis, much of which will be based on results of updated Hatch study to be delivered in September.
7.5	111	WE BELIEVE THAT THIS ITEM CAN BE ELIMINATED; CAN NALCOR SEND A CONFIRMATION (I THOUGHT THIS WAS ADDRESSED, BUT CAN NOT FIND WHERE IT WAS ANSWERED BY NALCOR)	Confirmed
7.6	111	O&M AGREEMENTS. WHEN WILL MWH BE FURNISHED THESE AGREEMENTS? HOW MANY AGREEMENTS WILL WE NEED TO REVIEW AND OPINE ON?	Approach for project agreements review discussed with Canada, CBB and MWH on Aug 20. Canada/CBB to coordinate with MWH on deliverables for this section.
7.7	112	LOAN DOCUMENTS IS NALCOR OR GOVERNMENT GOING TO FURNISH THESE DOCUMENTS? WHEN CAN THESE DOUMENTS BE FURNISHED? CAN THE DOCUMENTS SECTIONS BE HIGHLIGHTED, PLEASE, THAT PERTAIN TO THE MATERIAL REQUIRED TO BE REVIEWED BY MWH? THIS WILL FACILITATE THE IE'S REVIEW AND ENABLE MWH TO COMMENT ON THE MWH/NALCOR AGREEMENT QUESTIONS THAT ARE REQUIRED TO BE ADDRESSED IN THE IE'S REPORT. WHEN CAN WE EXPECT TO RECEIVE THESE DOCUMENTS?	MWH to confirm with Canada/CBB this is not part of their review.