

From: Manzer, Alison <amanzer@casselsbrock.com>
Sent: Friday, November 1, 2013 10:42 PM
To: jamesmeaney@nalcoreenergy.com
Subject: Re: MWH Meeting on Wednesday

Looks good on a BlackBerry glance - will read more carefully in the morning and send any comments. Hoping this puts an end to the nonsense.

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: JamesMeaney@nalcoreenergy.com
Sent: Friday, November 1, 2013 9:07 PM
To: Manzer, Alison
Subject: MWH Meeting on Wednesday

Hi Alison

Thanks for all your feedback today. I have the LCP team lined up for a full day session next Wednesday in St John's. In addition to yourself, Pyper, Rey and Jim Loucks (via phone or video), could you let me know who else will be attending from Team Canada. Will need to make necessary arrangements for meeting room, food, etc. As discussed, the Nalcor/LCP team will be well prepared with the facts and appropriate data charts. No matter how outlandish the statements from MWH/BF may get, we'll keep our cool and demonstrate our professionalism and expertise, particularly for the benefit of the Govt Canada folks.

With respect to the key topics we'll address that day, I noted the following based on our discussions/correspondence today:

1) Project Capital Cost Update

- This will include data/discussion on contingency estimate

2) Astaldi / Contract CH0007

- We'll demonstrate the robust and thorough evaluation process that was conducted for the CH0007 contract and also provide context for the factors that ultimately led to the selection of Astaldi.
- We'll prepare a package of information for MWH that addresses James Loucks inquiry below. As part of the presentation we'll also try address some of the points he's raised at a "higher" level.

3) Critical Path / Milestone Achievement

- We'll demonstrate that to date the project is on schedule, highlighting some of the achievements relating to mass excavation, RCC dams, award of long lead time contracts (eg. T&G, SOBI), etc as well as an assessment of critical path / key milestones that lie ahead in order to achieve in-service.
- Hopefully the call with Tom Chudy on Monday will address most if not all of MWH's concerns, and if there's any outstanding items we'll try to address on Wednesday.
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4) North Spur

- You had mentioned we need to address the o/s items on the "green list" relating to this matter. This appears to be item #1 from the Oct 31 version which states "Table 2-1 is incomplete and MWH is awaiting a response from Nalcor as to the matters set out therein." **This section/table does not exist in the July 12 version of the IE report which we have. Could someone please send this updated section/table to me so we know exactly what's being requested?**

• [REDACTED]

6) Update on Key Contract - for the 17 material contracts we have identified provide a status update chart, including:

- Award date (if applicable)
- If not awarded, procurement status update (eg. RFP issued, bids being evaluated, yet to be issued, etc.) + expected award date
- Date of expected substantial completion
- DG3 estimated cost
- Awarded cost
- Revised estimate (if different than DG3 estimate or award value)

7) Status update on Green Items from O/S Items Checklist

- We will strive to get as many addressed as possible before Wednesday, and for those that remain, outline a plan to get them completed by week's end

If you think I have missed or misinterpreted anything, please let me know. I want to make sure we put these issues to bed next Weds once and for all, and drive on to a satisfactory IE report by Nov 15.

Thanks

Jim

	<p>James Meaney, CFA General Manager Finance Nalcor Energy - Lower Churchill Project t. 709 737-4860 c. 709 727-5283 e. JamesMeaney@nalcorenergy.com w. nalcorenergy.com 1.888.576.5454</p>
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You owe it to yourself, and your family, to make it home safely every day. What have you done today so that nobody gets hurt?

----- Forwarded by James Meaney/NLHydro on 11/01/2013 09:35 PM -----

From: "Manzer, Alison" <amanzer@casselsbrock.com>
 To: "JamesMeaney@nalcorenergy.com" <JamesMeaney@nalcorenergy.com>
 Date: 11/01/2013 07:22 PM
 Subject: FW: LOWER CHURCHILL; NALCOR; SCHEDULE CONFERENCE CALL WITH NALCOR; Nalcor-MWH CPM Call - Monday [IWOV-Legal.FID1640195]

More flavour for what you have to have ready for Wednesday.

Apparently there are some pretty extreme statement being made right now – I really really want a smooth professional fully fact and chart backed meting - please!

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www.casselsbrock.com**From:** James Loucks [<mailto:James.L.Loucks@mwhglobal.com>]**Sent:** Friday, November 01, 2013 5:50 PM**To:** Manzer, Alison; Reynold Hokenson**Cc:** Celeste Christensen; Mary Edwards; Nalcor Energy IE & O&M**Subject:** RE: LOWER CHURCHILL; NALCOR; SCHEDULE CONFERENCE CALL WITH NALCOR; Nalcor-MWH CPM Call - Monday [IWOV-Legal.FID1640195]

Alison, Based on a discussion that I had with Rey today, MWH would like to make a request to secure Nalcor's evaluation with regards to tenders on CH0007. While we understand that Nalcor is preparing a high level presentation in regards to contractor selection on CH007, MWH would like to review the specific documentation that evaluates the bidders on a total cost basis inclusive of performance, experience, quality, cost, safety, claims history, etc. criteria.

Additionally, MWH would like to see backup or contract dialogue that explains the "labor productivity" adder (\$200-300M) that the apparent low bidder has negotiated into the contract. In order for MWH to adequately comment on the likelihood for potential significant cost overruns in CH0007, MWH requires understanding as to what mechanisms or measurements will be enforced by Nalcor to mitigate this expense. Without additional backup, a reasonable conclusion is that the full impact of the adder will be incurred as a project cost.

I apologize for the late notice of this request and appreciate your facilitation.

Thanks,,

Jim Loucks

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