

From: lanceclarke@lowerchurchillproject.ca
Sent: Wednesday, November 6, 2013 6:01 PM
To: jason kean/nlhydro
Subject: Fwd: MWH Meeting on Wednesday CORRECT VERSION
Attachments: Major Package Status Report - Oct 31, 2013 Costed rev1.xlsx

Begin forwarded message:

From: "George Chehab" <GeorgeChehab@lowerchurchillproject.ca>
Date: 5 November, 2013 3:26:42 PM NST
To: "Paul Kennedy" <PaulKennedy@lowerchurchillproject.ca>
Cc: "Jason Kean" <JasonKean@lowerchurchillproject.ca>, "Lance Clarke" <LanceClarke@lowerchurchillproject.ca>
Subject: Re: Fw: MWH Meeting on Wednesday CORRECT VERSION

Guys

i have adjusted the major packages report costed showing packages (in yellow) that were mixed with other packages (this will reduce the overall overrun)

cheers

(See attached file: Major Package Status Report - Oct 31, 2013 Costed rev1.xlsx)

George Chehab

Lead Cost Controller

PROJECT DELIVERY TEAM

Lower Churchill Project

t. 709-752-3461 x55147

e. GeorgeChehab@lowerchurchillproject.ca

w. muskratfalls.nalcoreenergy.com

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?

Paul Kennedy---11/05/2013 02:54:13 PM---Folks, Please use this email.

From: Paul Kennedy/NLHydro

To: Jason Kean/NLHydro@NLHydro, Lance Clarke/NLHydro@NLHydro,

Cc: George Chehab/LCP/NLHydro@NLHYDRO

Date: 11/05/2013 02:54 PM

Subject: Fw: MWH Meeting on Wednesday CORRECT VERSION

Folks,

Please use this email.

Paul Kennedy

Senior Contract Coordinator (Consultant)

PROJECT DELIVERY TEAM

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----- Forwarded by Paul Kennedy/NLHydro on 11/05/2013 02:50 PM -----

From: Paul Kennedy/NLHydro

To: Lance Clarke/NLHydro@NLHydro, Jason Kean/NLHydro@NLHydro,

Date: 11/05/2013 02:08 PM

Subject: Fw: MWH Meeting on Wednesday

Lance,

Based on our discussions this morning I have prepared the following data for you and Jason to review. Cost data (DG3 vs FFC) is being generated by George Chehab.

Power Point Presentation (shows a screen print of the 17 major packages and their current procurement status, plus a status of the SOBI Packages, and our Major Procurement Packages here at Torbay Road).

[attachment "Major Packages Presentation - October 31, 2013.ppt" deleted by George Chehab/LCP/NLHydro]

Next Excel Spreadsheet shows the Current Procurement Status of the 17 Major Packages (this is the screen included in PP presentation)

[[attachment "Major Package Status Report - Oct 31, 2013.xlsx" deleted by George Chehab/LCP/NLHydro]

Next Excel Spreadsheet shows the Current Procurement Status of the 17 Major Packages but with **costed data** from George Chehab report. As discussed this data needs more analysis and shouldn't be used in the Procurement Update section.

[attachment "Major Package Status Report - Oct 31, 2013 Costed.xlsx" deleted by George Chehab/LCP/NLHydro]

Final Spreadsheet is the one from Project Controls - George Chehab (with some extra comments/data sorts by me)

[attachment "FFC Sep 2013 (Paul Kennedy).xlsx" deleted by George Chehab/LCP/NLHydro]

Paul Kennedy

Senior Contract Coordinator (Consultant)

PROJECT DELIVERY TEAM

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----- Forwarded by Paul Kennedy/NLHydro on 11/05/2013 01:38 PM -----

From: Lance Clarke/NLHydro
To: Paul Kennedy/NLHydro,
Date: 11/04/2013 01:00 PM
Subject: Fwd: MWH Meeting on Wednesday

Paul

Please see below and make sure SOBI data is aligned with the rest of the project.

Rgds

Begin forwarded message:

From: "Jason Kean" <JasonKean@lowerchurchillproject.ca>
Date: 3 November, 2013 1:52:45 PM NST
To: "Lance Clarke" <LanceClarke@lowerchurchillproject.ca>
Subject: Fw: MWH Meeting on Wednesday

Lance,

I note that the tables for SOBI and EPCM packages are separate and look quite different - does send a good message re integration.

Plus the tables includes key information re should be produced by Project Controls to align with FFC - Paul and George need to talk.

Jason

Jason R. Kean, P. Eng., MBA, PMP

Deputy General Project Manager

PROJECT DELIVERY TEAM

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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 Jason Kean/NLHydro on 11/03/2013 01:51 PM -----

From: James Meaney/NLHydro

To: Paul Harrington/NLHydro@NLHydro, Lance Clarke/NLHydro@NLHydro, Gilbert Bennett/NLHydro@NLHydro, Jason Kean/NLHydro@NLHydro,

Date: 11/02/2013 10:29 AM

Subject: Fw: MWH Meeting on Wednesday

Hi Folks

See correspondence below with Alison. She's definitely on our side with this one. Some guidance as to what and how we need to approach Wednesday's presentation. I will pass along any further updates Alison provides (particularly on #4). Key to success on Weds is we overwhelm them with hard facts, data, etc in a professional and calm manner so as to discredit Rey and Pyper's "outlandish" views in front of Canada.

Lance, just to make sure Paul Kennedy is working off the right list for #6, here it is (see Material Contracts Matrix tab)

(See attached file: LCP Material Contract Analysis for FLG (Oct 2013).xlsx)

Let me know if you have any questions or need further clarification.

Regards

Jim

James Meaney, CFA

General Manager Finance

Nalcor Energy - Lower Churchill Project

t. 709 737-4860 c. 709 727-5283 f. 709 737-1901

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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 11/02/2013 10:13 AM -----

From: "Manzer, Alison" <amanzer@casselsbrock.com>

To: "JamesMeaney@nalcorenergy.com" <JamesMeaney@nalcorenergy.com>

Date: 11/01/2013 10:42 PM

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@nalconenergy.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.

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?**

5) Hydrology/Water Management

- I think it would be valuable to "reground" Rey and Pyper in the fact that HQ's motion is challenging continuous energy with CF, not water management with MF. I will ask Gilbert to lead this discussion (again). The concern they seem to be raising assumes that NL's water management legislation, and the terms of the water management agreement that were established by the NL PUB would not be in place. This issue was not addressed by the HQ challenge.
- In light of the above, we need to demonstrate that the model runs found in the updated Hatch study take into consideration the "worst case" with respect to P50 power production. Have I got that right?

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</p> <p>General Manager Finance</p> <p>Nalcor Energy - Lower Churchill Project</p> <p>t. 709 737-4860 c. 709 727-5283 f. 709 737-1901</p> <p>e. JamesMeaney@nalcorenergy.com</p> <p>w. nalcorenergy.com</p> <p>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@nalcoreenergy.com" <JamesMeaney@nalcoreenergy.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!



Alison Manzer

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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

Package #	Package Title	Award Date	Expected Award Date	Procurement Status	Est. Substantially Completion Date	OCB (DG3 Estimate)	CCB	Original Award Value (incl. changes)	Final Forecast Cost (FFC)	FFC - OCB
CH0007	Construction of Intakes & Powerhouse, Spillway and Transition Dams	24-Sep-13		LNTP Signed	2017	\$ 751,987,716	\$ 775,318,236	\$ -	\$ 1,117,824,549	\$ 365,836,833
CD0501	Supply and Install of Converters and Cable Transition Compounds		20-Dec-13	Bids in - Evaluation Continues	Q2 2017	\$		\$ 266,102	\$	
CT0327	Construction of 350 kV HVdc Transmission Line - Section 1 (MF to SOBI to Deer Lake 610 km)		Q2 2014	RFP being developed (with CT0346 scope included)	Q1 2017	\$ 392,729,526	\$ 489,569,017	\$ -	\$ 492,176,817	\$ 99,447,291
CT0319	Construction of 315 kV Hvac Transmission Line (MF to CF)		Q4 2013	Bids in - Evaluation Continues	Q3 2016	\$ 204,427,902	\$ 204,579,052	\$ -	\$ 260,040,986	\$ 55,613,084
CT0346	Construction of 350 kV HVdc Transmission Line - Section 2 (Central & Eastern NL 470 km)		Q2 2014	RFP being developed (with CT0346 scope included)	Q1 2017	\$ 187,414,391	\$ 184,092,004	\$ -	\$ 185,579,978	\$ (1,834,413)
CH0030	Supply and Install Turbines and Generators	2-Jan-13			2017	\$		\$ 168,584,862	\$	
CD0502	Construction of AC Substation and Synchronous Condensers Facilities		31-Mar-14	RFP closes Nov 27	Q3 2016	\$		\$ -	\$	
CH0024-001	Construction of Reservoir Clearing - North and South Banks (was formally CH0023 & CH0024)	25-Apr-13			Q4 2016	\$ 147,861,840	\$ 147,861,840	\$ 129,170,400	\$ 131,170,400	\$ (16,691,440)
CH0009	Construction of North and South Dams	24-Sep-13		Scope included in CH0007	2017	\$		\$ -	\$	
SH0018	Provision of Catering, Housekeeping & Janitorial Services (MF)		29-Nov-13	Bids in - Evaluation Continues	2017	\$ 122,708,010	\$ 110,775,943	\$ -	\$ 136,800,943	\$ 14,092,933
CH0006-001	Construction of Bulk Excavation Works	6-Nov-12			Q4 2013	\$ 139,882,885	\$ 142,763,882	\$ 123,541,741	\$ 147,239,655	\$ 7,356,770
CH0002-001 / CH0005	Supply and Install Accommodations Complex Buildings and Site Utilities	22-Oct-12			Q1 2014	\$ 85,472,606	\$ 150,104,623	\$ 145,420,479	\$ 151,826,189	\$ 66,353,583
CH0032/CH0046	Supply and Install of Spillway and Powerhouse Hydro-Mechanical Equipment	31-Oct-13			2018	\$		\$ -	\$	
LC-SB-003	Submarine Cable Design, Supply and Install	29-Nov-12			Q3 2016	\$ 161,744,769	\$ 161,744,769	\$ 123,687,546	\$ 123,687,546	\$ (38,057,223)
SM0714	Engineering, Procurement and Construction Management (EPCM) Services	1-Feb-11			N/A	\$ 370,945,192	\$ 359,318,706	\$ 194,031,032	\$ 359,318,706	\$ (11,626,486)
PH0014	Supply of Generator Step-up Transformers		29-Nov-13	Bids in - Evaluation Continues	Q4 2016	\$ 20,549,016	\$ 20,547,836	\$ -	\$ 20,547,836	\$ (1,180)
PH0016	Supply of Generator Circuit Breakers		27-Nov-13	Bids in - Evaluation Continues	Q1 2017	\$ 5,170,372	\$ 5,045,372	\$ -	\$ 5,045,372	\$ (125,000)

\$ 3,668,044,974 \$ 3,953,286,100 \$ 884,702,162 \$ 4,375,149,378 \$ 707,104,404