

From: [Reynold Hokenson](#)
To: [Newman, Charles \(CNewman@CasselsBrock.com\)](#); [jamesmeaney@nalcorenergy.com](#)
Cc: [Kapoor, Anoop \(Anoop.Kapoor@NRCan-RNCan.gc.ca\)](#); [Krupski, Joseph \(Joseph.Krupski@NRCan-RNCan.gc.ca\)](#); [Abudulai, Suhuyini \(sabudulai@casselsbrock.com\)](#); [Manzer, Alison \(amanzer@casselsbrock.com\)](#); [Nalcor Energy IE & O&M](#); [Mary Edwards](#); [Celeste Christensen](#)
Subject: LOWER CHRUCHILL; NALCOR; DRAFT OF TEXT PERTAINING TO CLAIM FOR CH0006, BULK EXCAVATION; THIRD DRAW, FEBRUARY 20-27, 2014
Date: Tuesday, February 18, 2014 11:47:40 AM
Attachments: [.png](#)
[LOWER CHRUCHILL; NALCOR; DRAFT OF TEXT PERTAINING TO CLAIM FOR CH0006, BULK EXCAVATION; THIRD DRAW, FEBRUARY 20-27, 2014.docx](#)

Hi Charles and James,

I have included a brief memo concerning the Bulk Excavation Contractor's (s) Monthly Progress Reports-November 2013 that indicates that the claims that have been mentioned in the Construction Report apparently are still pending and appear to potentially be increasing. We were told at our meeting in St. John's that the claims were frivolous, but apparently this is not the case.

MWH would like to learn more about the claims, but in particular the large claim involving surface preparation and placing mudslabs in the powerhouse and spillway area. We anticipate that this information can be furnished prior to the IE's issuance of the certificates for the third draw and that the December 2013 Contractor's Monthly Progress Report for CH0006 will be furnished soon.

Regards,

Rey

February 18, 2014



Subject: CH0006 BULK EXCAVATION AND ASSOCIATED CIVIL WORKS

CONSTRUCTION CONTRACTOR'S MONTHLY PROGRESS REPORTS-NOVEMBER 2013

In MWH's review of the contractor's progress reports, we find that for CH0006, Bulk Excavation, the total claim to the date of the document (November 2013) was \$29,023,223.75 over what was presented in the tendered budget due to the change items listed in the Change Register. In addition, the Forecast by the contractor contained in the November 2013 Contractor's Monthly Progress Report also notes that due to the changes in estimated quantities presented in the Contract compared to the actual onsite required/payable quantities, the cost may increase by approximately \$3,000,000 for a total increase of \$32,023,223.75. This is an increase in the contract amount of \$112,942,295 of 28.35 %. We understand that there still has been no apparent resolution to these claims that the IE and Government have been made aware of. We can only wonder why Nalcor has not shared with the IE and Government more details pertaining to this sizeable claim and are being required to ask for more information, when it should be elaborated on in the Construction Report.

There appear to be claims for several categories involving adjustments, as allowed by the contract for the following that have not yet been settled:

1. Accommodations and Board: $\$3,000,000 + 3,105,000 + 1,010,000 + 540,000 = \$7,600,000$
2. Fuel Adjustment: $\$368,225 + 1,516,666.67 + 1,000,000 = \$2,884,891.67$
3. Snow plowing: $\$947,179 + 207,459.20 = \$1,154,638.20$
4. Wage rates: \$2,825,040

For the above claims, In MWH's opinion, these appear to be ones that could have been settled using the appropriate factors and supported by receipts and other records with appropriate references to the Contract. We wonder why there has been a delay in settling these claims.

There is one very large claim that appears to be related to work directed by Nalcor, according to the contractor, involving the mud slab for the powerhouse and spillway; claim no. 200.94, September 28, 2013, FDN Cleaning and Mudslabs (PH, Spillway) amounting to \$19,965,000. The IE would like to know more about this claim, including the following:

1. When was the work performed?
2. How many days did it take to perform the work?
3. Why was the work allegedly directed by Nalcor?
4. How many cubic meters of fill concrete (mudslabs) were required at each of the locations: powerhouse; and spillway?
5. Was the concrete (mudslabs) vibrated/compacted and what was this charge?
6. Was there a 'care-of-water' charge that also was included---pumping of low areas while cleaning of the rock surface and placing and curing of the mudslabs?
7. Was there a need to protect the concrete from freezing and what was this charge?

8. Is there a detailed estimate of how the contractor arrived at the total amount of nearly \$20 M that could be viewed by the IE and Government?
9. Was this work supposed to be performed by CH0007 contractor (to fill in the over excavation of contractor CH0006 work) but was revised to have the CH0006 contractor correct its mistake of over-excavation? We discussed early-on as to how over break of rock would be paid and it is clearly spelled out in the specifications.
10. What were the other charges for this claim involving the overheads, equipment rental, Misc.?
11. With the amount of over excavation performed, is there a site condition that was not known to the contractor or to Nalcor that contributed to this large quantity of over excavation (weak layer/poor quality of rock)? Or was it poor workmanship and over blasting, in Nalcor's opinion, that contributed to the over excavation and thus the need to provide a mudslab (s)?
12. What is the schedule for resolving this claim?
13. Has another analysis been performed assuming a lower foundation level for sliding stability evaluations and using revised shear-strength parameters of the mudslabs concrete?
14. What is Nalcor's estimate of the amount of the claim that they believe that they will end up paying for the work?