

From: [Nikolay Argirov](mailto:Nikolay.Argirov)
To: anthonyembury@lowerchurchillproject.ca
Cc: edbush@lowerchurchillproject.ca; jamesmeaney@lowerchurchillproject.ca;
jennifergrandy@lowerchurchillproject.ca; [Krupski, Joseph \(Joseph.Krupski@NRCAN-RNCAN.gc.ca\)](mailto:Krupski,Joseph@NRCAN-RNCAN.gc.ca);
["PHarrington@lowerchurchillproject.ca"](mailto:PHarrington@lowerchurchillproject.ca)
Subject: RE: Clarifications request - LC-SB-003
Date: Tuesday, February 24, 2015 8:30:22 PM
Attachments: [.png](#)
[image001.png](#)

Thank you, Anthony.

Regards,

Nik

From: AnthonyEmbury@lowerchurchillproject.ca
[mailto:AnthonyEmbury@lowerchurchillproject.ca]

Sent: Tuesday, February 24, 2015 1:58 PM

To: Nikolay Argirov

Cc: EdBush@lowerchurchillproject.ca;
JamesMeaney@lowerchurchillproject.ca;
JenniferGrandy@lowerchurchillproject.ca; Krupski, Joseph
(Joseph.Krupski@NRCAN-RNCAN.gc.ca);
'PHarrington@lowerchurchillproject.ca'

Subject: Re: Clarifications request - LC-SB-003

Nik,

The variance in the current contract values between our reports and Nexans is due to \$2.6m for performance security that was added to Nexans contract. Nexans had been omitting the details within the reports and has already been communicated for them

to update in their future reports.

With respect to your queries on CD0501, I will have a consolidated response to you tomorrow morning. There are changes to the Contract and how foreign exchange is managed that I will provide you the details and will address your comments.

As to your comment of timely up to date contractor reports, this has been an ongoing issue due to completeness and accuracy of the contractors information which we have not accepted to date, however, this has been corrected, we are awaiting the contractors submission of all outstanding reports. The Project team is continuously addressing outstanding reports for either tardiness or resubmission due to incorrect or missing information.

regards,

Anthony

Anthony Embury, P. Eng.

Project Controls Manager

PROJECT DELIVERY TEAM

Lower Churchill Project

t. 709-733-6558

c. 709-897-4805

e. AnthonyEmbury@lowerchurchillproject.ca

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?

From: Nikolay Argirov <Nikolay.V.Argirov@mwhglobal.com>

To: "AnthonyEmbury@lowerchurchillproject.ca"
<AnthonyEmbury@lowerchurchillproject.ca> ,

Cc: "Krupski, Joseph (Joseph.Krupski@NRCan-RNCan.gc.ca)"
<Joseph.Krupski@NRCan-RNCan.gc.ca> ,

"EdBush@lowerchurchillproject.ca"
<EdBush@lowerchurchillproject.ca>,
"JamesMeaney@lowerchurchillproject.ca"
<JamesMeaney@lowerchurchillproject.ca>,
"JenniferGrandy@lowerchurchillproject.ca"
<JenniferGrandy@lowerchurchillproject.ca>,
"PHarrington@lowerchurchillproject.ca"
<PHarrington@lowerchurchillproject.ca>

Date: 02/23/2015 11:54 PM

Subject: Clarifications request - LC-SB-003

Anthony,

I need one more clarification, this time re: LC-SB-003.

In the current (Jan'15) monthly Contractor report, according to Nexans, the total contract price (to-date) is \$ 115,905,497.00 CAD. The Summary table however indicates that the Revised Contract Price is \$118,531,902. Can you please explain the difference.

Regards,

Nik

From: Nikolay Argirov

Sent: Monday, February 23, 2015 6:17 PM

To: 'AnthonyEmbury@lowerchurchillproject.ca'

Cc: 'Krupski, Joseph (Joseph.Krupski@NRCan-RNCan.gc.ca)';
'EdBush@lowerchurchillproject.ca';
'JamesMeaney@lowerchurchillproject.ca';
'JenniferGrandy@lowerchurchillproject.ca';
'PHarrington@lowerchurchillproject.ca'

Subject: RE: Clarifications request - CD0501

Anthony ,

I have one more question related to the same contract.

The Summary table indicates that the Approved COs (to-date) are in the amount of -\$5,478,207.00 and outstanding claims of -\$257,357 (both negative amounts), however the discussed below Alstom report (Sept'14) listed the approved (to date) CO amount to be +\$2,259,637.00 CAD with outstanding claim of +\$433,595. That implies the existence of credit associated with this contract in the amount of -\$7,737,844.00 CAD in the past 4 months(?). Can you please clarify this as well.

Regards,

Nik

From: Nikolay Argirov

Sent: Monday, February 23, 2015 5:49 PM

To: 'AnthonyEmbury@lowerchurchillproject.ca'

Cc: Krupski, Joseph (Joseph.Krupski@NRCan-RNCan.gc.ca);
EdBush@lowerchurchillproject.ca;
JamesMeaney@lowerchurchillproject.ca;
JenniferGrandy@lowerchurchillproject.ca;
PHarrington@lowerchurchillproject.ca

Subject: RE: Clarifications request

Anthony,

In reviewing some of the monthly Contractors reports I noticed that for CD 0501 - Convertors and Transition Compounds, Alstom reports (in their latest report - Sep'14 submitted to us) that the current contract price is comprised of 4 different currencies components as follows:

1. CAD 356,375,267.00
2. £ 8,829,537.00
3. € 658,218.00
4. USD 448,466.00

Based on the today's FX this totals up to \$ 374,918,106 CAD.

The above figure, however, doesn't compare well with what is listed in the Material Contract Cost Summary, where the awarded value is only \$ 353,387,359 and it is further reduced by a negative CO amount of closed to 5,5M to \$ 347,909,152.

I understand that there will be some differences due to the time gap between Alstom report (Sept'14) and the current Summary report (Jan'15) however that should not be the case with the awarded values. It looks like the other (non- Canadian)

currency components of the award price are not included in the Summary table. Can you please clarify.

Perhaps an attempt should be made to have more current Contractors reports for our review in order to avoid such significant gaps in progress reporting

Regards,

Nik

From: AnthonyEmbury@lowerchurchillproject.ca
[<mailto:AnthonyEmbury@lowerchurchillproject.ca>]

Sent: Monday, February 23, 2015 9:53 AM

To: Nikolay Argirov

Cc: Krupski, Joseph (Joseph.Krupski@NRCan-RNCan.gc.ca);
EdBush@lowerchurchillproject.ca;
JamesMeaney@lowerchurchillproject.ca;
JenniferGrandy@lowerchurchillproject.ca

Subject: Fw: Clarifications request

Nik,

Please find responses to your queries noted below and a revised Material Contracts Cost Summary.

If you have any further questions, please do not hesitate to contact me.

regards,

Anthony

Anthony Embury, P. Eng.
Project Controls Manager
PROJECT DELIVERY TEAM
Lower Churchill Project

- t. 709-733-6558
- c. 709-897-4805
- e. AnthonyEmbury@lowerchurchillproject.ca

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 ED Bush/NLHydro on 02/23/2015 08:10 AM -----

From: Nikolay Argirov <Nikolay.V.Argirov@mwhglobal.com>
To: "EdBush@lowerchurchillproject.ca"
<EdBush@lowerchurchillproject.ca> ,
"JamesMeaney@lowerchurchillproject.ca"
<JamesMeaney@lowerchurchillproject.ca> ,
Cc: "Krupski, Joseph (Joseph.Krupski@NRCan-RNCan.gc.ca)"
<Joseph.Krupski@NRCan-RNCan.gc.ca>
Date: 02/22/2015 04:26 PM
Subject: Clarifications request

ED, Jim,

I need to clarify several issues related to Contractors Monthly reports, the currently issued Material Contracts Summary and the latest Construction Report.

For CH0032 Andritz reports (in their Dec'14 report) that the approved to-date change orders (5 altogether) are totaling of \$ 20,177,979.00. The last change order CO#5, for \$20,000,000.00, was approved on 3 Dec'14 . However the current Summery table (to the end of Dec'14 - the last one I got from you last week) reports that the approved COs are total of \$184,897.00 and that the \$20,000,000 is an outstanding CO only. Can you please clarify this.

This Change Order was considered effective (agreed and

approved) on January 15 from Andritz date of signing. The Change Order had not yet been passed through to Project Controls. It will be reflected in the next reporting cycle.

Similarly for the CH0030 in the current monthly (Jan'15) report Andritz advises that the approved COs are in the total of 1,507,425.22 with outstanding change requests of up to \$14,120,417.42. However in the Summary (dated end of Dec'14) the approved COs amount is \$1,496,855.38 and the Outstanding COs only \$10,063,518. I understand that there is a difference in the reported periods and the Summary is lagging Andritz's report by a month, however even in the last month the Andritz reported outstanding CRs were already at \$11,115,292.78. (??)

The Project is carrying a value less than Andritz posted value due to expected over estimation in the cost of the change, currently under negotiation and clarification

Another question is about CH0007. The MC Summary table shows that the Planned Cost (to-Date) of \$274,853,389 is exceeded by the Incurred Cost (to-Date) which is \$288,247,086. The delta is \$13,393,697.00 (!) (please also note that this contract is tracking behind schedule by -16%).

The Incurred cost to date is greater than planned cost due to differences in the commercial requirements of the contract. The Incurred costs reflect higher than planned labour costs which are direct reimbursable to a cap. While the progress is behind plan, the Project team is working with Astaldi to improve performance on both the costs and progress shortcomings.

At the same time the current Constriction report (Schedule C, p.9) advises that :

"The Final Forecast Cost for "Procurement and Construction" has decreased during the current reporting period by \$5,014. This is primarily as a result of a reduction in air transportation services under SM0709 to exclude travel costs associated with Astaldi personnel already captured under CH0007."

I'm not sure if I can easily reconcile this. Perhaps you folks can shed some light on this.

The decrease of \$5,014 was due to the project taking a reduction in the forecast of the SM0709 (air Transportation) package as Astaldi has air services contained under their Contract CH0007 (package strategy change)

I also believe that the Material Contracts Summary table should be as current as the Construction report. This way some of the above issues will be avoided.

The January Material Contracts summary was issued 22-Feb-2015, and revision 1 (vendor package status updated) is included

below.

Regards,

Nik

cid:image002.png@01CF9AAC.BE6CD690

MWH Canada, Inc

Nik Argirov, M.Eng., P.Eng., PMP

VP, Regional Manager, BC

Dams and Hydro Canadian Practice Leader

tel. 604 648 6162

cell. 604 340 7968

fax 604 648 6181

740-1185 W. Georgia Street

Vancouver, BC, V6E 4E6

