

From: stevepellerin@lowerchurchillproject.ca
To: [Nik Argirov](#)
Bcc: pharrington@lowerchurchillproject.ca
Subject: RE: July Trip Report
Date: Friday, October 2, 2015 4:46:44 PM

This has not gone away just yet. It is turning out that the matter is considered quite commercially sensitive. You should be hearing from Alison on behalf of Canada on this.

Furthermore, I was in touch with the Oversight Committee, and they too are in the loop and actually already had an expectation that an edit was being contemplated. So the province have not distributed your report just yet and are considering it draft until otherwise confirmed.

Thank you for your consideration on this matter, Nik. Have a great weekend.

Stephen Pellerin

Special Projects & 3rd Party Coordination Manager

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"Nik Argirov" ---10/01/2015 07:15:51 PM---Thanks Steve. I'll try to incorporate something like this in the next report (Sept23 visit).

From: "Nik Argirov" <nik@argirovglobal.com>

To: <StevePellerin@lowerchurchillproject.ca>

Date: 10/01/2015 07:15 PM

Subject: RE: July Trip Report

Thanks Steve.

I'll try to incorporate something like this in the next report (Sept23 visit).

Nik

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

Sent: Thursday, October 1, 2015 12:03 PM

To: Nik Argirov

Subject: July Trip Report

Nik - as discussed, the paragraph of concern is the final paragraph of the report, as follows:

"There should be concern in relation to Astaldi's contract with respect to the actual labour man-hours vs. the target man-hours. The craft labour is paid on a cost reimbursable basis until a cap is reached. Currently the contractor is made whole based on actual hours. The contractor is fully at risk for labour costs above the cap. If this cap is exceeded, the IE has expressed concern regarding implications this will have to Astaldi and the completion of the powerhouse and intakes. LCMC fully acknowledges this concern and is in discussions with Astaldi at the most senior levels. The IE understands the sensitivity of these discussions and will monitor accordingly."

In hindsight, when we had a chance to review your draft report, we likely would have expressed greater caution in discussing commercial issues with Astaldi due to the sensitivity of ongoing discussions at the most senior of levels. We likely would have suggested the following:

"The IE is concerned in relation to Astaldi's contract with respect to the actual labour man-hours vs. the target man-hours. Currently the contractor is made whole based on actual hours. LCMC fully acknowledges this concern and is in discussions with Astaldi at the most senior levels. The IE understands the sensitivity of these discussions and will monitor accordingly."

Based on our conversation, I appreciate better now that this report has been distributed as final directly to Canada and the OC. We also appreciate your understanding of the issue and that if questions are posed you can handle those with appropriate consideration of the situation. And as you remarked, perhaps there may be an opportunity to address this again in your next trip report relative to the September 23 visit. Much obliged.

Stephen Pellerin

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