

From: jamesmeaney@lowerchurchillproject.ca
Sent: Tuesday, December 16, 2014 9:30 PM
To: gbennett@nalcoreenergy.com
Cc: Dawn Dalley; Ed Bush; Karen O'Neill; Paul Harrington
Subject: Re: more OC questions....

works for me just make sure to edit any of my cheeky comments if you forward along my email in your reply :)

James Meaney

General Manager Finance

PROJECT DELIVERY TEAM

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?

Gilbert Bennett---12/16/2014 09:25:48 PM---You will hear no argument from me, but on MF variance the response was "...it is relevant from our perspective as we are repor

From: Gilbert Bennett/NLHydro

To: James Meaney/NLHydro@nlhydro,

Cc: Dawn Dalley/NLHydro@nlhydro, Ed Bush/NLHydro@nlhydro, Karen O'Neill/NLHydro@nlhydro, Paul Harrington/NLHydro@nlhydro

Date: 12/16/2014 09:25 PM

Subject: Re: more OC questions....

I will reply on these tonite...

G

Sent from my BlackBerry 10 smartphone on the Bell network.

From: James Meaney
Sent: Tuesday, December 16, 2014 9:22 PM
To: Gilbert Bennett
Cc: Dawn Dalley; Ed Bush; Karen O'Neill; Paul Harrington
Subject: Re: more OC questions....

You will hear no argument from me, but on MF variance the response was "...it is relevant from our perspective as we are reporting on a public basis and cannot simply dismiss. Committee members have strong feelings on this. Need this info ASAP." I had to bite my tongue.

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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?

Gilbert Bennett---12/16/2014 09:16:27 PM---....sent by Craig to me via text message this evening. I have tagged who I think can best address, but let me know:

From: Gilbert Bennett/NLHydro
To: James Meaney/NLHydro@nlhydro, Paul Harrington/NLHydro@nlhydro, Dawn Dalley/NLHydro@nlhydro, Karen O'Neill/NLHydro@nlhydro, Ed Bush/NLHydro@nlhydro,
Date: 12/16/2014 09:16 PM
Subject: Re: more OC questions....

I'm standing our ground on 1. Not material is not material.

G

Sent from my BlackBerry 10 smartphone on the Bell network.

From: James Meaney
Sent: Tuesday, December 16, 2014 9:14 PM
To: Paul Harrington; Gilbert Bennett; Dawn Dalley; Karen O'Neill; Ed Bush
Subject: more OC questions....

....sent by Craig to me via text message this evening. I have tagged who I think can best address, but let me know:

1. Despite straight forward responses we provided below on LIL and LTA cost variances vs TTD Sept plan (\$21m or 5% above plan and \$15m or just under 6% below plan, respectively) and me questioning materiality of breaking down MF cost variance any further (\$5m or 0.5% above plan) they still want us to fill in the following statement for each component "*...cost variances were less than \$xxx (or range from \$xxx to \$xxx) for any single activity*" **(Ed)**

2. In excerpt from IE report used to respond to N Spur stability question #1 on page 32 it states, "The geotechnical assessments and dynamic studies were reviewed by Professor Idriss and Dr. Serge Leroueil." They have asked did these gentlemen "confirm" (as opposed to just review?) the studies as would like to add this to the reply? **(Gilbert/Karen)**

3. With respect to our response on risk #1 weather impact on Project schedule on page 19 we note SOBI cable installation has one year float built in. They have asked if we are okay with disclosing this float or if any commercial sensitivities. **(Paul, suspect we are fine with including but wanted to confirm)**

4. With respect to our response on risk #3 major contracts not yet awarded on page 19 our current response indicates we expect to award them in 2015 (Gilbert, I believe this was your suggestion). They have asked if this can be revised to say we "*....expect to award them by Q2*

2015." Note that in addition to this they have added back into the question that these three major MF contracts represent approximately 5% of the total Project budget. While I believe that is within the current procurement timeline being contemplated, are there any concerns with putting our back against the wall on both cost and schedule in this report? **(Gilbert/Paul)**

We need to provide responses in the morning. If anyone at pay grade higher than me wants to step in with higher powers over there to ask the relevance of some of these questions, by all means....

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----- Forwarded by James Meaney/NLHydro on 12/16/2014 08:43 PM -----

From: James Meaney/NLHydro

To: cmartin@gov.nl.ca,

Cc: Paul Harrington/NLHydro@NLHydro, Karen O'Neill/NLHydro@NLHydro, Ed Bush/NLHydro@NLHYDRO

Date: 12/16/2014 04:59 PM

Subject: comments

Hi Craig

Pg 2 - \$1.3 billion represents Interest During Construction (IDC)/Allowance for Funds Used During Construction (AFUDC) plus other financing related amounts. It is not just IDC.

10 - "...lower the project cost and reduce risk **by allowing more time to complete stabilization work....**". The reason why cost/risk will be lowered already there. In response #1 on pg 27 you should update the 2nd sentence to also reflect this, ie. "...lower the project cost and reduce risk **by allowing the contractor more time to complete stabilization work.**" instead of "...**and allowing...**". I think that may have been a typo on our part.

16 - With respect to LIL being ahead of plan on cost and progress, explanation as follows ".....the **cost and** schedule variance related primarily to work on the SOBI, particularly the Transition Compounds which had progressed ahead of schedule." You can then remove the next sentence.

17 - With respect to LTA being ahead of plan on progress and below plan on cost, explanation as follows "...the schedule variance related primarily to work at the Churchill Falls Switchyard which was progressing ahead of schedule. **The cost variance related primarily to lower than planned expenditures in the current year for HVac transmission line construction.**"

30 - While I believe the progress reports you reviewed group "Powerhouse and Intake and Spillway **Gates**" together, it might be best to remove the reference to "Gates". The Powerhouse, Intake & Spillway is contract CH0007 with Astaldi, however, the Gates is actually a separate contract CH0032 with Andritz. Minor point of clarification.

Regards

Jim

James Meaney

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