

From: ClarenceHewitt@nalcenergy.com
To: [Bechard, Normand](#)
Cc: LCP_LCG002@nalcenergy.com; [PF Document Control - Lower Churchill](#)
Subject: C3 Construction Manager Replacement Rec. No. L010-S011-200-170331-00144
Date: Friday, December 16, 2011 5:30:10 PM
Attachments: [L010-S011-200-170331-00144 - C3 Construction Manager Replacement.pdf](#)
[pic05211.jpg](#)

C3 Construction Manager Replacement
Rec. No. L010-S011-200-170331-00144

Normand,

Please refer to attached letter regarding SLI's proposed Component 3
Construction Manager Replacement.

Regards
Clarence

(See attached file: L010-S011-200-170331-00144 - C3 Construction Manager
Replacement.pdf)

(Embedded image moved to Clarence Hewitt
file: pic05211.jpg) Senior Contract Coordinator (Consultant)
Nalcor Energy - Lower Churchill Project
t. 709 737-1385 f. 709 754-0787
e. ClarenceHewitt@nalcenergy.com
w. nalcenergy.com
1.888.576.5454



Hydro Place, 500 Columbus Drive.
P.O. Box 12800, St. John's, NL
Canada A1B 0C9
t. 709.737.1833 or 1.888.576.5454
f. 709.737.1985

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December 16, 2011

SNC-Lavalin Inc.
272 Torbay Road
St. John's, NL A1A 4E1

Attention: Mr. Normand Bechard

**Subject: Lower Churchill Phase 1 Development
Agreement LC-G-002
Engineering, Procurement and Construction Management (EPCM) Services

Component 3 Construction Manager**

Dear Normand:

We are in receipt of SLI correspondence no. S011-L010-200-170330-00124, dated 05 December 2011, regarding SLI's proposed candidate, Mr. A Pelland, for the Component 3 Construction Manager position. Your letter indicates an apparent misunderstanding by SLI on two points, in response to which we offer the following clarifications.

First, the individual named in the Agreement, Exhibit 11 – Key Personnel to fill the Construction Manager – HVdc Specialities position is Mr. Tauqeer Ahmad. At the time that Mr. Mailhot was assigned to the Project in August 2011, it was clearly understood, as evidenced by the approved PAA, that this was a short-term, part-time assignment only, to assist with preparation of Gate 3 Deliverables etc. This was agreed by Ron Power. Mr. Mailhot was not intended to fill the position on a long term basis and, therefore, was not considered a replacement for Mr. Ahmad.

Second, the liquidated damages, to which Nalcor is entitled under Article 5.2.4, would arise from SLI's failure to make the named Key Personnel available or the removal or replacement by SLI of such Key Personnel. The fact that SLI may propose a replacement, irregardless of whether or not Nalcor accepts such replacement, does not negate Nalcor's right to claim the applicable liquidated damages.

In regard to your comment that Mr. Pelland is the best candidate to fill the Construction Management position, we do not dispute that he has relevant skills and experience. However, we have been advised by SLI that Mr. Pelland does not speak or write English. The language of the Agreement, the working language of the Project office, and the Project in general is English. Given that and the role of the construction manager, Nalcor views this as a significant impediment to Mr.

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Mr. Normand Bechard
SNC-Lavalin Inc.
16 Dec-2011

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Pelland's ability to fulfil this function. For that reason, we do not accept his assignment to the Project.

If you have any questions regarding the above, please contact the undersigned.

Sincerely,

A handwritten signature in blue ink, appearing to read 'R. Power', with a long horizontal flourish extending to the right.

Ron Power
Project Manager – Generation / Island Link
CH/ch