

From: [Thon, Scott](#)
To: [Card, Robert](#)
Cc: [Girard, Nicole](#); [Darcy, Wendy](#)
Subject: Re: NALCOR Visit Dates
Date: Thursday, March 21, 2013 7:45:48 PM

Thanks, Bob. Will get back to you.

So far the areas of discussion that Nalcor tells me are:

1. SNCL's commitment to Lower Churchill (I have a joint Power, M&M and Construction group working on this) and
2. Your ability to help broker a commercial deal with Quebec or Ontario on Gull island (next phase of Lower Churchill).

That said, their SVP declined the risk assessment of the new project structure - so we will need to put project risks on the agenda.

Will find time get you prepared on all these issues.

Scott

On 2013-03-21, at 14:21, "Card, Robert" <Robert.Card@snclavalin.com> wrote:

Scott. Here are some dates that I can go to Nalcor. They way the flights work from Montreal is we can either begin at 1:00 PM or begin in the morning and end by 12:30 PM (noon). Thus lunch would need to be early or late. From Montreal, an overnight is likely required for either the night before for a morning meeting or the night after for an afternoon meeting. If we wanted to go to the site, we might be able to do this in one day with two overnights if we had aircraft available. Bob

Dates:

Wed 27 March – Morning or Afternoon

Friday 26 April - Morning (Thursday possible)

Wednesday 22 May – either Morning or Afternoon with Tue and Thurs possible

Thursday 30 May – either Morning or Afternoon

Friday 31 May – Morning (prefer Thursday since I am traveling all the following week then EEI the week after that)

June 25-27 – Morning or afternoon

From: Thon, Scott
Sent: March 8, 2013 8:43 PM
To: Card, Robert
Subject: Lower Churchill

Bob,

Need some advice and likely some help on Lower Churchill.

As the relationship deteriorated, Nalcor engaged Deloitte to assess and recommend ways to increase team effectiveness. They paid for the initial assessment phase of work but given Deloitte is their auditor, they requested we take phase two (implementation phase - \$120k), to which Patrick agreed. First piece of advice I need, do we need this contract cleared by our Board?

Officially Deloitte has gained both our team and Nalcor's trust in this work. This has been demonstrated over the last two weeks as we are getting a lot of heat to authorize the phase 2 work mainly from the Nalcor project team but also our PM. Unofficially, Deloitte reports to me that their past work revealed and witnessed that the Nalcor project team were highly abusive and arrogant towards the shortcomings of our folks - this "M.O." and hubris has had many of our top people leave or plan to leave the project as well as allowed the Nalcor project team to convince an impatient Nalcor Executive to fundamentally change the project organization.

As such, Nalcor has dumped the EPCM organizational model in favour of an integrated Nalcor/SNCL leadership team. In reality they are implementing a new organization without our consultation and one where they hold almost all leadership positions. I am sure they feel good about this but given their team's experience level (on power projects) they are running a huge risk that is already manifesting itself in schedule and cost. Patrick had instructed our team to move on, negotiate an agreement to reduce or contractual liability and capture similar profits through a "body shop" model. This does not work for me - we owe it to Nalcor (and our brand) to expose these risks and produce a team that can mitigate them.

As you know they called on you and I to personally make this a priority project and to bring them our best people. We have pulled a 35 year top Construction manager (Nick Mills) out of an M&M project for the Lower Churchill Hydro generation site. The Nalcor project team loves him but as expected our guy has no interest in the role unless he gets decision-making authority on site, a point he was not shy telling the Nalcor project team when he was interviewed. This is the first taste of us delivering on our "best people" promise but now the Nalcor project team is getting the disconnect and I am sure they won't like it.

Deloitte has a mega-project management practice in Calgary. Given this and their trust with both teams, I have tapped my Toronto and Calgary contacts for a "bolt on" proposal from Deloitte to have their big project guys assess the risks of the current Lower Churchill integrated project organization (additional \$80k - see attached). The concept was supported by the SVP at Nalcor (who is not deep into the project details) but I have not shared the proposal with him yet.

So the second piece of advice is, does the Deloitte work make sense or am I just wasting money? If we do decide to go forward on this work, I will likely need your support to get any of Deloitte's recommendations implemented. In the end, we either get some key leadership roles back to have any chance of this project being a success or Nalcor "stays the course" but explicitly knowing the risks they

are now taking.

Your experience here would be appreciated.

Scott

Begin forwarded message:

From: "Allen, Jane D (CA - Toronto)" <janallen@deloitte.ca>
Date: 8 March, 2013 17:24:06 EST
To: "Thon, Scott" <scott.thon@snclavalin.com>
Cc: "Ingram, Michael (CA - Toronto)" <miingram@deloitte.ca>
Subject: Statement of Work

Hello Scott. Please let us know if this captures what we discussed.

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