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Subject: NLNewsNow Transcript - MARTIN INSISTS HE DID NOT READ THE REPORT PREDICTING MUSKRA
Attachments: NLNewsNow_Transcript_CBC_Here_& Now_20170627-182845.txt

MARTIN INSISTS HE DID NOT READ THE REPORT PREDICTING MUSKRAT FALLS COST OVERRUNS: The Premier unleashed another volley today in the Muskrat Falls war of words. He says the former CEO of Nalcor "Ed Martin" knew about a report outlining the risks for cost overruns for Muskrat Falls back in 2013.

Program:	CBC - Here & Now
Aired:	2017/06/27 06:28:45pm
Duration:	00:09:25
Reporter:	Debbie Cooper
Ref Id:	j6N-4p2-27

Please find attached the requested transcript.

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DEBBIE COOPER: The Premier unleashed another volley today in the Muskrat Falls war of words. He says the former CEO of Nalcor knew about a report outlining the risks for cost overruns for Muskrat Falls back in 2013. Ed Martin said in a statement last night that he never saw the SNC Lavalin report. This is the latest development since the current CEO Stan Marshall revealed that the cost of the project has ballooned by another \$12 billion to \$12.7 billion, and Ed Martin is joining me now. Thank you very much for being here. So who's telling the truth, you or the premier?

ED MARTIN: Debbie, all I can do is, you know, state, you know, the facts as I see them. The main reason that I've come out to have some words after 14 or 15 months of retirement and heading into private life, is because the information that has been out there over the past several days is just not correct. Just go back over what happened, there has been an allegation that a SNC Lavalin internal report, not a Nalcor risk report, but an internal SNC Lavalin report, was received by me, given to me and received by me, and for whatever reason, wilful or otherwise, I didn't react to that report. That's categorically not correct so if I just..

DEBBIE COOPER: To...

ED MARTIN: Just let me have a chance to finish here...

DEBBIE COOPER: Okay sure.

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ED MARTIN: So the first point is that I did not receive the report. The second point, and probably more importantly, is the fact that in that report, which I did review over the weekend, I had a copy. There's a list of risks that are this in there and I know that for certain each of those risks is actually reflected in the Nalcor plan that was formed early in the project and maintained throughout the project and each of those risks had a mitigation plan against them and the project team was diligent to the extent possible in mitigating those risks. To me that's the most important part, the idea that the project team and myself were not constantly and diligently driving the risk register, the risk mitigation of the project, and following up on every item constantly and that's just an allegation that cannot be left on the table.

DEBBIE COOPER: What do you think is at play here because today the Premier came out after Friday bringing the subject up and today said that you were in the room when this report and suggestions of risks were raised by SNC Lavalin and you are saying that you categorically were not there?

ED MARTIN: Debbie I'm not going to get into you know, a war of words with the Premier of the province. I'm here because I want make sure that people understand just what I've explained. There's really not much more that I can say. It's just something that I cannot let stand, the fact that a project team which has been so diligent and so professional in following up, and identifying risks and following up and mitigating them, some very successful and, yes, some not as successful, we know that but I'm saying that there's no way that I can stand by and suggest that we were not, you know, managing and identifying risks throughout the project and the risks that were actually in that international SNC Lavalin were definitely in the Nalcor register and, actually, SNC personnel formed a significant part of the team within Nalcor that contributed to the internal report. So that information was clearly there and we were clearly dealing with it as we went forward.

DEBBIE COOPER: I just - there's so many issues to talk about, about Muskrat Falls. So I want to get through a few of them. Since last Friday's announcement of the costs escalation again, and the, the cost is billions more than your last cost estimate when you were still CEO so if you're not accountable for these increased costs, who is?

ED MARTIN: Let's let's break this into time frames. April 2016 is when I left Nalcor. Anything before that particular time, you know, from the Muskrat Falls perspective and I'll talk about a couple of other things in a moment, but things that happened up to that point, you know, I've been very clear and I've been very

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available to the public and each of the cost increases and any issues that happened on the project, I explained them and I went through them in detail and made myself totally transparent and public with respect to that and obviously from that perspective, you know, I have responsibility up to April 2016. Anything past April 2016, there's a split there, I have no more dealings with the company, you know, I have not been in touch with the senior management of the company, I have not been engaged in any decision making, obviously.

DEBBIE COOPER: So the \$4 billion...

ED MARTIN: So there on in I can't take account.

DEBBIE COOPER: So \$4 billion extra that we have seen since you left, is that all the responsibility of the current leadership?

ED MARTIN: So let's once again, there's so many numbers being thrown out.

DEBBIE COOPER: I know and it's difficult to talk about all of them.

ED MARTIN: When you say that number, you know, it's not making sense for a whole bunch of reasons and you have to have an apples to apples comparison. We started this project and it was sanctioned at \$6.2 billion and not including interest. So take the interest out of the equation because these are the facility costs, that we are controlling. When I left in April 2016 from my perspective the costs were stabilized at \$8.8 billion not including interest. In between those two numbers I had been very clear throughout what was driving those increases with three categories. One category was scope changes that we made to improve the facility for the future. Second category was there was a hot contractor market at the time and the third category is that there were issues with some contractors, particularly in start and execution, Astaldi being one of them. I explained that all the way through and I have been very transparent to it and up to the \$8.8 billion excluding interest, that's where I say I'm accountable and anything past that, no, I can't say I'm accountable for because I don't know what has happened since then.

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DEBBIE COOPER: Stan Marshall said on Friday that initial costs were extremely underestimated, anyone with the knowledge of the business would have known they were low. How do you respond to that? and another question that keep coming up, were those initial costs low balled to get projects sanctioned?

ED MARTIN: So let's look quickly at the process and in what is suggested here. Internal Nalcor experts, engineers, you know, account, professional accountants, cost engineers, supplemented by SNC Lavalin's professionals prepared the estimate, in addition to that they brought in external experts for various pieces of it, for specialized engineering and specialized design and to formulate the estimate. That estimate was checked in-depth by both Manitoba Hydro which published a report that is found on the website and Navagant did a review of that cost estimate and rated it as an excellent cost estimate and you can see that posted on the website. In addition to that, the federal loan government, there was an independent engineer who went through that information and the federal government and, obviously, the bankers that they're working with, are familiar with the cost base, as is the province. So I want to just ask this question, you know, if you're talking about low balling a estimate or suggesting that something improper was done, just think of the scenario where you'd have to bring all of those groups that I just mentioned and plus all of the Nalcor professional engineers, professional accountants and all the people all the way through the organization that have to sign off an estimate before I do and all of those people would have to be gathered in a room and all would have to agree that we will low ball the estimate and that just doesn't hold water.

DEBBIE COOPER: There's a call for an inquiry into this, a forensic audit into this, would you welcome that?

ED MARTIN: I will fully support and cooperate. I'm not advocating for it but I'm so confident in the work that has been done that I say to myself this could probably be a very good idea because it would give everybody the chance to walk through the rationale for the project, walk through the cost estimates and see the robustness of what is in behind it. The only thing I would suggest through, it would have to be in my mind a purely independent review and neither or positive outlook going into it and basically trying to come out with a list of things that went well and some things that could be improved and use that to improve the future for the province

DEBBIE COOPER: As a last comment, come it now or when the project is over which the

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Premier is saying?

ED MARTIN: I'm not in the chair anymore and I'm a private citizen and I'm out, I'm retired. That is a decision for the current administration and Nalcor leadership.

DEBBIE COOPER: Ed Martin, thank you very much for being here.

ED MARTIN: Thank you very much.

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