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**To:** [ken.mcclintock@lowerchurchillproject.ca](mailto:ken.mcclintock@lowerchurchillproject.ca); [John Mulcahy](#)  
**Subject:** Fw: CH0009 Barnard-Pennecon JV Revised Proposal for Craft Labour Target  
**Date:** Thursday, July 2, 2015 11:34:23 AM  
**Attachments:** [.png](#)  
[Barnard-Pennecon JV Revised Craft Labour Target Model 5-8-15.pdf](#)

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Ken,

Here is the target cost of trades labour as submitted on May 8th. The all-in cost was just under \$52M.

Ed

**Ed Over**

**Sr. Advisor-Commercial Strategies**

**PROJECT DELIVERY TEAM**

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----- Forwarded by Ed Over/LCP/NLHydro on 07/02/2015 10:01 AM -----

From: "Derek Tisdel" <derek.tisdel@barnard-inc.com>  
To: <EdOver@lowerchurchillproject.ca>,  
Date: 05/08/2015 01:34 PM  
Subject: CH0009 Barnard-Pennecon JV Revised Proposal for Craft Labour Target

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Hi Ed,

Please find attached our revised Craft Labour Target Price model. Please contact me at (406) 586-1995 if you have any questions.

Thanks,

Derek Tisdel

**BARNARD**

People building for People.

**Derek Tisdel**

Vice President & Operations Manager

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Barnard-Pennecon JV Revised Craft Labour Target Model 5-8-15.pdf



May 8, 2015

Ed Over  
Sr. Advisor – Commercial Strategies  
Muskrat Falls Corporation  
350 Torbay Road Plaza, Suite 2  
St. John's, NL, Canada  
A1A 4E1

**Subject: RFP No. CH0009 – Revised Proposal for Craft Labour Target Price**

Dear Mr. Over:

Barnard-Pennecon J.V. (BPJV) appreciates your time in visiting with our team last Thursday, April 30, 2015. Based upon our meeting and understanding of your request, BPJV offers the following revisions to our proposed Labour Target model contract.

1. BPJV will remove the Staff (\$41,500,000) from our previous Labour Target and include the cost of Staff and the associated staff travel expenses in our at risk Contract value. This amount nor BPJV's at risk Contract value includes the cost of craft labour travel as that estimated amount of \$4,000,000 remains excluded from our proposal.
2. BPJV will reduce its G&A to 7.9% and fix it based upon the new Craft Labour Target Price. This G&A will not grow nor shrink with adjustment to the actual craft labour.
3. BPJV fee will remain unchanged at 8.3% fixed lump sum with a 50/50 Risk/Reward for underrunning or overrunning the actual Craft Labour Target Price, until the fee is exhausted.
4. BPJV appreciates the time Nalcor spent conducting the Labour Relations (Collective Agreement) conference call to discuss the mechanics and operation of the Collective Agreement, however we are not willing to provide a cap on the Craft Labour Target Price.

We understand from our meeting with you last week that the value engineering and cost savings we identified in our letter dated March 6, 2015 are still being evaluated and considered by Nalcor. Once the items are finalized and accounted for with the unit prices we established, we will calculate the new Craft Labour Target Price and our at risk Contract value accordingly. The following table illustrates our new Craft Labour Target Price as described above.

<b>Craft Labour Target Price Model:</b>			
Craft Labour Target Price*	\$	44,591,182.00	*
7.9% G&A Fixed Fee	\$	3,522,703.38	* G&A fixed at Craft Labour Target, no adjustment
8.3% At Risk Fee	\$	<u>3,701,068.11</u>	* Risk/Reward = 50/50
	\$	51,814,953.48	*

\*Values are approximate only and will be finalized upon Nalcor selection of VE & Cost Savings Measures

<b>Example Craft Labour Target Price adjustments:</b>			
		<b>Actual Craft Labour</b>	
<b>Craft Labour Reduced by \$5 M</b>	\$	39,591,182.00	Actual Labour Reduced \$5 M
	G&A	\$ 3,522,703.38	G&A remains fixed
	Fee	\$ <u>6,201,068.11</u>	Fee fixed + \$2.5 M (50% Savings)
	<b>Subtotal</b>	<b>\$ 49,314,953.48</b>	Actual Cost to Nalcor
<b>Craft Labour Increased by \$5 M</b>	\$	49,591,182.00	Actual Labour Increased \$5 M
	G&A	\$ 3,522,703.38	G&A remains fixed
	Fee	\$ <u>1,201,068.11</u>	Fee fixed - \$2.5 M (50% Overrun)
	<b>Subtotal</b>	<b>\$ 54,314,953.48</b>	Actual Cost to Nalcor
<b>Craft Labour Increased by \$10 M</b>	\$	54,591,182.00	Actual Labour Increased \$10 M
	G&A	\$ 3,522,703.38	G&A remains fixed
	Fee	\$ <u>-</u>	50% Overrun Exhausted Fee
	<b>Subtotal</b>	<b>\$ 58,113,885.38</b>	Actual Cost to Nalcor

BPJV acknowledges and agrees to the bid being extended, subject to review of cost and schedule impacts related to the extended award. Our initial review of our schedule with the 60 day extension will compress our first season activities; however we believe we can work with Nalcor to reduce or eliminate some specified requirements and activities specifically related to RCC test section which will allow us to maintain our overall schedule and not delay the overall completion date.

We look forward to working with you on this project and if you have any question, please do not hesitate to contact me at (406) 586-1995.

Kind Regards,

Derek C. Tisdell  
Barnard-Pennecon J.V.