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Subject: *Confidential: CH0009 - Muskrat Falls Dams
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Hi Ed,

We have selected a preferred proponent for CH0009 - Construction of North and South Dams. By way of background, RFP participants were Astaldi, Barnard/Pennecon, and HJ O'Connell/Dragados. The competition boiled down to the latter two.

The commercial proposals were very close, but Barnard/Pennecon have a much stronger technical proposal:

- solid project team with significant RCC experience in the team leadership
- solid execution plan and schedule
- schedule float and built-in additional capacity
- senior leadership with JV partner with greatest experience
- robust design

HJOC's had a lump sum on most craft, while the Barnard one has a target price and 50/50 risk/reward until they run out of profit - then cost shifts to us. We have analyzed this, and believe that the exposure here is offset by the strong experience in their team - this scenario is not a credible one in our mind. We have looked at labour estimates using CH0007 performance, and using that performance index, the proposals are almost identical. In summary, the work is heavy on equipment, not labour, so good organization will take us toward the North Spur experience rather than towards CH0007. We have the proposal with the strongest organization.

I have been through the award recommendation with Paul and Lance, and we are all on the same page. Our plan is to issue LNTP to Barnard/Pennecon today....

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