



COMMISSION OF INQUIRY
RESPECTING THE MUSKRAT FALLS PROJECT

Transcript | Interview

Kathy Dunderdale

Commissioner: Honourable Justice Richard LeBlanc

Friday

1 February 2019

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KATHY DUNDERDALE

MR. LEARMONTH: That look okay to you?

MR. COLLINS: Mm-hmm.

MR. LEARMONTH: You got a (inaudible) problems.

Okay, we're – this is February 1, 2019. We're at the – one of the interview rooms in the Muskrat Falls Inquiry.

The person to be interviewed today is Kathy Dunderdale, present – who is present with her counsel, Erin Best and Justin Hewitt.

For the Commission, it's Michael Collins, counsel, and speaker, Barry Learmonth.

Ms. Dunderdale, do you wish to be sworn or affirmed? Do you have a choice?

MS. DUNDERDALE: Sworn is fine.

MR. LEARMONTH: Okay.

Do you swear that the evidence you will give at this interview today will be the truth, the whole truth and nothing but the truth so help you God?

MS. DUNDERDALE: So help me God.

MR. LEARMONTH: All right.

We'll just get off the introductory thing. Just state your full name, please, for the record.

MS. DUNDERDALE: Kathleen Mary Dunderdale.

MR. LEARMONTH: Yes.

And you're a resident of St. John's, are you?

MS. DUNDERDALE: I am.

MR. LEARMONTH: Yes.

Now, the first – as you know, Phase 1 is over and now we're into Phase 2, so the questions won't have anything to do with the pre-sanction portion. So we're dealing with the last – the second part. And just so I make sure I have this right, you continued to be premier from – well, from December 17. You continued on until January 2014?

MS. DUNDERDALE: Yes.

MR. LEARMONTH: What date was it in January 2014? Well, early – I think it was January 14 or something like that. Anyway –

MS. DUNDERDALE: I think January 14 comes to my –

MR. LEARMONTH: Something like that.

MS. DUNDERDALE: – mind.

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MR. LEARMONTH: But it's close.

MS. DUNDERDALE: Yes.

MR. LEARMONTH: That's close enough.

MS. DUNDERDALE: Yes.

MR. LEARMONTH: We'll get all that confirmed later. So after sanction, you continued to have some involvement in the Muskrat Falls matter. Is that correct?

MS. DUNDERDALE: Yes, not to the same degree.

MR. LEARMONTH: No?

MS. DUNDERDALE: Because we'd moved on to sanction, and there were – the pieces that worked that were taking place, they were very particular to Nalcor; for example, in contracting and all of those kinds of things, which I wouldn't have any role whatsoever.

MR. LEARMONTH: Yes.

MS. DUNDERDALE: And, you know, I had a budget that I was bringing down that caused a bit of a stir and so on to other issues. So the minister, after sanction, still had all the same responsibilities and was very much engaged, but I wouldn't have been engaged at the same extent.

MR. LEARMONTH: So that would be the minister of Natural Resources?

MS. DUNDERDALE: Yes, and the minister of Justice, where necessary, and the minister of Finance and so on.

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: But I had been very, very engaged as premier –

MR. LEARMONTH: Yes.

MS. DUNDERDALE: – extraordinarily engaged. And I started to step back from that because there wasn't the same role for me.

MR. LEARMONTH: Yes.

Now, I believe that in early January, Jerome Kennedy and Thomas Marshall switched positions. Jerome Kennedy went to Finance and Tom Marshall went to the Department of Natural Resources as minister?

MS. DUNDERDALE: Let the record show – like I'm – I can't tell you when that happened.

MR. LEARMONTH: Yeah. Well, I believe it was January.

MS. DUNDERDALE: Yes.

MR. LEARMONTH: That was sometime in January that –

MS. DUNDERDALE: Yes.

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MR. LEARMONTH: I think early January.

MS. DUNDERDALE: Yes.

MR. LEARMONTH: So they did – there was a switch of –

MS. DUNDERDALE: Yes.

MR. LEARMONTH: – portfolio.

MS. DUNDERDALE: Jerome went to Finance and Tom went to NR.

MR. LEARMONTH: Yes.

And so the ministers of – well, the Departments of Finance, Justice and Natural Resources would've been the three departments that would've had the most involvement.

MS. DUNDERDALE: Most to do with it. NR – and other departments as necessary, it just depends what was going on. But NR certainly would've been the lead.

MR. LEARMONTH: Yeah.

So you stepped back, to a certain extent, after sanction? Was that ...?

MS. DUNDERDALE: There just wasn't the same role for me in terms of –

MR. LEARMONTH: Yes.

MS. DUNDERDALE: – because now – well, there were still discussions going on around financial close and the financial pieces and all of that. We were engaged, at that point in time, with – well, Nalcor, was beginning to start to the project –

MR. LEARMONTH: Mm-hmm.

MS. DUNDERDALE: – and do bids and all of those kinds of things, talking about talking with banks and consortiums and all those kinds of – there was just no role for me in any of that.

MR. LEARMONTH: Yeah.

Was there any role for anyone else in government, or was that just something that Nalcor did on its own?

MS. DUNDERDALE: Well, Nalcor would've had the lead in all of that. It would've been highly inappropriate for us to become engaged in the bidding process on any of that.

MR. LEARMONTH: Right.

MS. DUNDERDALE: That's not a practice we have, even within our own government, for politicians, ministers or premiers to be engaged in, you know, constructing calls for bids or proposals or evaluating or – not even in hiring, you know, we're a level above all of that. And all of that comes to us on recommendation, arm's length.

MR. LEARMONTH: But you – the government would've had a role and interest in any cost escalations in that. Correct?

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MS. DUNDERDALE: Absolutely. Yeah, I mean, we would've been aware –

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: – of that in terms of being briefed and –

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: – so on as to where we are in all of it. This was all very early days.

MR. LEARMONTH: Right.

In Phase 1 we touched on a subject that I want to pursue a little bit today, and that was the problem that arose with respect to the federal loan guarantee. I remember you gave evidence that in – it looked like in March of 2014 something came to your attention that –

MS. DUNDERDALE: Yes.

MR. LEARMONTH: – caused you great concern about the –

MS. DUNDERDALE: Yes.

MR. LEARMONTH: – status of the federal loan guarantee.

MS. DUNDERDALE: Yeah.

MR. LEARMONTH: I'd like you to delve into that a little bit more detail. What – and the starting point for the discussion is at sanction when, it's my understanding that you understood that the federal loan guarantee was done, that that was a –

MS. DUNDERDALE: And that was Nova Scotia's understanding, Emera's understanding and Nalcor's understanding.

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: And so because we – there was a full sanction, even though the UARB hadn't completed its hearings or made a decision on the – on what was going to be included in ratepayers – the base for ratepayers in Nova Scotia. The remedies for that had been worked out between Nalcor and Emera and so on.

So when we went to sanction, there was an understanding amongst all the parties that all of this was acceptable to the federal government. They told us it was acceptable. So we went with what we understood was full sanction, that everything was –

MR. LEARMONTH: Good. Okay.

MS. DUNDERDALE: – i's dotted, t's crossed.

MR. LEARMONTH: Yeah, so –

MS. DUNDERDALE: And in March, another group within the federal government apparently, to the best of my understanding, took a look at the conditions precedent and said, no, you know, we may have told you in September that this was of free and full satisfaction to us but, no, we see it only as a conditional sanction.

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So while we've had –

MR. LEARMONTH: Okay, could I just stop for a minute–

MS. DUNDERDALE: Sure.

MR. LEARMONTH: – just so I ...

Is there any documentation in writing concerning this and others –

MS. DUNDERDALE: I wouldn't have it, Mr. Learmonth. You know, I was just getting briefed on this, I wasn't –

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: – asking questions about –

MS. E. BEST: So I can jump in there. So we have already submitted the document, the press release from Emera therein –

MR. LEARMONTH: Yeah.

And you're going to put that – that's going to go into evidence that the – I have it here.

MS. E. BEST: Okay.

MR. LEARMONTH: Yeah.

MS. E. BEST: I understood that that was already being submitted into evidence.

MR. LEARMONTH: I don't think it was put in. I think it was – it's going to be put in first thing.

MS. E. BEST: Okay.

MR. LEARMONTH: It's numbered and everything like that.

MS. E. BEST: Okay, yeah.

MR. LEARMONTH: Is this what you're referring to? I think the –

MS. E. BEST: I (inaudible) a copy here with me right now. It looks – it's hard to tell without comparing it to the one that I have, but if it's a press release that indicates that –

MR. LEARMONTH: Yeah.

MS. E. BEST: – they indicate that they –

MR. LEARMONTH: Well –

MS. E. BEST: – believe that they're sanctioned.

MR. LEARMONTH: Yeah, I don't – I just wanted to refer to the – I don't think it goes quite that far. The language is not – it says in this – in one part of this, the fourth paragraph, and I'm referring to Exhibit P-01675, I'm not sure if it's been entered.

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It says: The sanction agreement – this is Emera’s press release, December 17 – “The Sanction Agreement entered into today will enable Emera and Nalcor to move forward with the project on terms that are consistent with the Federal Loan Guarantee”

It doesn’t really go the full way and say that it’s a condition (inaudible.) There are – and there’s another reference in this agreement that, when you look at it carefully there, it’s qualified to a certain extent. Now, I don’t know whether that was intentional or whatever, but I just make that point.

MS. DUNDERDALE: Mm-hmm.

MR. LEARMONTH: There may be different interpretations but I don’t think it’s a conclusive statement that the federal government has approved it. But in any event, that’s open to interpretation, but it – one might expect that you would – before sanction that you would want something in writing from the federal government and I just wonder –

MS. DUNDERDALE: And I –

MR. LEARMONTH: – I haven’t seen anything.

MS. DUNDERDALE: Well, I can’t speak to that because, you know, I’m being briefed as premier by, you know, the people that are responsible within my government and the Cabinets weekly by the same people and by Nalcor and, you know, we’re being told that this is the circumstance and this is the negotiation and this is – you know, we all –

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: – you know, my information was that we were all understanding that we could go to sanction and it wasn’t a conditional sanction. There was no equivocation about whether or not we were going –

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: – to get the loan guarantee. I understood we had –

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: – the loan guarantee.

MR. LEARMONTH: But that – and I don’t question the sincerity of your belief that you had it.

MS. DUNDERDALE: Yeah.

MR. LEARMONTH: But what I want to know is what was – what information did the federal government give to you or perhaps Nalcor that you’re aware of –

MS. DUNDERDALE: You would have –

MR. LEARMONTH: – to back that up?

MS. DUNDERDALE: – to ask Nalcor –

MR. LEARMONTH: Okay.

MS. DUNDERDALE: – the clerk –

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MR. LEARMONTH: Okay.

MS. DUNDERDALE: – whoever the minister responsible because –

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: – I wouldn't have seen that.

MR. LEARMONTH: Yes.

So that –

MS. DUNDERDALE: You know, they –

MR. LEARMONTH: – so you –

MS. DUNDERDALE: – would have come forward.

MR. LEARMONTH: – you would have been informed by people that you considered reliable?

MS. DUNDERDALE: We're good to go.

MR. LEARMONTH: Good to go.

MS. DUNDERDALE: We've got the loan guarantee. We're all – got a fully – everybody is sanctioning here. It was quite shocking to me in March. And I understood it, my sense was that it was just as shocking to everybody else that they only viewed it as a conditional guarantee and the – you know, my question was how does this happen?

MR. LEARMONTH: Right.

MS. DUNDERDALE: And my understanding was there was another group from the federal government that became engaged after sanction that put another set of eyes on this and then come to this conclusion.

MR. LEARMONTH: So how was this situation communicated to you? How did you become aware that there had been a shift in the position that –

MS. DUNDERDALE: I was briefed.

MR. LEARMONTH: – you had believed?

MS. DUNDERDALE: I was – I – well, I was briefed by Nalcor is my – I remember the meeting, the consternation and, you know, this was huge as far as I was concerned.

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: You know, I testified how important the loan guarantee was to my decision-making and –

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: – based on my recommendation to Cabinet and all of those kinds of things.

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MR. LEARMONTH: And you say that it was so important that you didn't – you wouldn't have voted to proceed with the federal loan guarantee –

MS. DUNDERDALE: Yes.

MR. LEARMONTH: – without – well, you didn't proceed with sanction without the federal loan guarantee.

MS. DUNDERDALE: No and –

MR. LEARMONTH: I think you said that would be your position, you didn't speak for government.

MS. DUNDERDALE: That was my position. I didn't –

MR. LEARMONTH: No, no.

MS. DUNDERDALE: – communicate that. I would have gone in to a discussion –

MR. LEARMONTH: Mmm.

MS. DUNDERDALE: – with my Cabinet and so on with regard to that but – you know, so I can't tell you what the ultimate decision would have been made with regard to sanction of Muskrat Falls.

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: My own position – and that's why we kept delaying sanction because the negotiations were going on and going on and going on and we had to do the early works and so on, that I wasn't prepared to go until I had some – you know, I had certainty around the loan guarantee.

You know, especially the fact that we had been in negotiations for some time now around the piece, so I needed to be satisfied that in terms of the business plan that was being put forward, as much as anything, that it was satisfactory that it passed muster, that it was a good thing.

MR. LEARMONTH: All right.

So how did you become aware that your understanding was not correct? Did – who – like, who told you (inaudible) first?

MS. DUNDERDALE: We had a – my recall, now, whether it was the first time or not, but I believe it was the first time. We had a meeting in the boardroom and we were down on the fourth floor then, because renovations were going on up on the seventh floor.

And we had a full room, that's all I can tell you. And Ed Martin was the person who briefed me, but I know that the minister – I can't tell you what ministers were in the room; definitely Natural Resources, I expect Finance was there as well but I can't swear to that. But there were other ministers and full staff from both sides. Like, it's a big boardroom.

MR. LEARMONTH: So it's a well-attended –

MS. DUNDERDALE: A big board – there was, there was easy 15 to 20 people in that room.

MR. LEARMONTH: So – but even though you can't recall, would it be likely that Tom Marshall would have been there? He was your minister of Finance.

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MS. DUNDERDALE: Oh absolutely. Wouldn't have –

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: No meetings happened on Muskrat without the minister.

MR. LEARMONTH: All right.

MS. DUNDERDALE: Ever.

MR. LEARMONTH: Before this meeting on the fourth floor before a boardroom, did you know what the news was? In other words, did someone say, look, we have a problem with the federal loan guarantee and – or was it – was that news given to you at the meeting?

MS. DUNDERDALE: I can't remember, Mr. Learmonth, to be really –

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: I can't remember before the meeting, but I can remember being very distraught after the meeting.

MR. LEARMONTH: Yeah, you mentioned that in your evidence. I remember you were very –

MS. DUNDERDALE: Very distraught, very upset.

MR. LEARMONTH: – very unhappy or whatever.

MS. DUNDERDALE: Yeah.

MR. LEARMONTH: So what type of exchange took place? I mean, you – presumably you got the information from Mr. Martin. And what was your reaction? Do you recall?

MS. DUNDERDALE: It was a very strong reaction. You know, I wanted to know how this happened –

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: – and how could we get to this place. I thought it was very serious. I remember saying to the person who walked up the corridor with me back to my office about how important I considered it –

MR. LEARMONTH: Yes.

MS. DUNDERDALE: – and how upset I was, and – you know, serious enough that I could lose the government over it. You know, that you couldn't – I just didn't know how this happened. How could we get to this place? And, you know, and – and the negotiation went on, and, you know, we got to July, and we got it all resolved, and, you know, everybody was committed. Emera was committed. More importantly, Darrell Dexter was committed, you know, strategically, to making this work for us.

But I didn't know how – and I didn't have the answers to any of it. Like, how could the federal government – which is what I understand and understood at the time – how could federal government say to us in December: We accept this, you're good to go? You've got the loan guarantee, and, you know, while you're not finished on the UARB piece, you've got remedies worked out between Nalcor and Emera and so on, for – you know, even if the UARB doesn't include the total cost that Nalcor's put

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forward in their base, there's a remedy that has been worked out with Emera that the loan guarantee will still benefit the people of Nova Scotia and it's secured and so on, and you can move forward.

So when we moved forward, my understanding was that we were all 100 per cent that we had secured the loan guarantee.

MR. LEARMONTH: But you're not aware of anything in writing? I mean –

MS. DUNDERDALE: I don't – I can't tell you.

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: I don't know.

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: And so when this happened in March – you know, it's just one of those events that you remember that was, like, what? How can this have happened?

MR. LEARMONTH: And at that meeting, did you receive an explanation as to how it happened from Mr. Martin or anyone else at Nalcor?

MS. DUNDERDALE: Yeah, I probably did, you know, because there was due diligence going on all the time in the federal government was my understanding, and other sets of eyes were being applied to the project and so on, but there had been, you know – I never really ever got a satisfactory understanding of how we got to this place, other than one arm of government told us to go ahead, that we had sanction free and clear and everything was acceptable. And then another arm became involved as we moved towards financial close and had another look at it and said no, I don't think so; I think it's a conditional –

MR. LEARMONTH: Right.

MS. DUNDERDALE: – piece.

And that wasn't communicated until March.

MR. LEARMONTH: So at this meeting, in the fourth-floor boardroom, was there a plan of action agreed on as to how you were gonna tackle this problem (inaudible) –

MS. DUNDERDALE: Not – it wasn't concluded at that point. There were – I know that Ed Martin had been in Nova Scotia in my recall, and got to remember now, this is six, seven years ago.

MS. E. BEST: (Inaudible.)

MS. DUNDERDALE: My recall was that he had been in Nova Scotia for several days discussing this issue with Emera and he had flown back for this meeting and – to brief me and the minister – and then he was leaving again to go back to finish up negotiations with Emera.

MR. LEARMONTH: At this meeting, did Mr. Martin express surprise that –

MS. DUNDERDALE: Yes.

MR. LEARMONTH: – about this development?

MS. DUNDERDALE: Absolutely.

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MR. LEARMONTH: So everyone was –?

MS. DUNDERDALE: Everyone – Emera, Nalcor, Premier Dexter, the works. I’m not even sure if it was Premier Dexter at the – on – that might have – I’m not sure where we are.

But anyway, everybody expressed surprise and shock, and this was right out of the blue.

MR. LEARMONTH: Didn’t Premier Dexter lose in the next election? Wasn’t it Mr. –

MS. DUNDERDALE: He did –

MR. LEARMONTH: – McNeil?

MS. DUNDERDALE: Mr. McNeil. I’m not sure –

MR. LEARMONTH: McNeil. Yeah.

MS. DUNDERDALE: I’m just trying to think where – if the transition had happened.

MR. LEARMONTH: I think so, but I’m not sure.

MS. DUNDERDALE: I’m not sure. I think it might have happened later in the year. I know by December of the next year –

MR. LEARMONTH: Okay.

MS. DUNDERDALE: – financial close –

MR. LEARMONTH: Okay.

MS. DUNDERDALE: – Mr. McNeil was there, but I’m not sure if he was –

MR. LEARMONTH: Okay.

MS. DUNDERDALE: – there in March or not.

MR. LEARMONTH: Well, it was the premier anyway. Well, one of them.

MS. DUNDERDALE: Yeah.

MR. LEARMONTH: Or two of them.

MS. DUNDERDALE: Yeah.

MR. LEARMONTH: So this – and Mr. Martin was undertaking to try and –

MS. DUNDERDALE: Work with the federal –

MR. LEARMONTH: – correct the –

MS. DUNDERDALE: Work with Emera –

MR. LEARMONTH: Yeah.

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MS. DUNDERDALE: – and the federal government to resolve –

MR. LEARMONTH: Okay.

MS. DUNDERDALE: – whatever (inaudible) –

MR. LEARMONTH: Was anyone from government assigned to participate in this –

MS. DUNDERDALE: I can't remember.

MR. LEARMONTH: – discussion?

MS. DUNDERDALE: I can't remember.

MR. LEARMONTH: Okay.

MS. DUNDERDALE: I can't remember. The – you know, there – I can't remember too much of the detail of it. I remember the startling revelation, 'cause that's what it was to me.

MR. LEARMONTH: Okay.

So you didn't – you don't recall having received an explanation as to how this happened. You just knew that the problem existed and –

MS. DUNDERDALE: Yeah –

MR. LEARMONTH: – (inaudible) –?

MS. DUNDERDALE: – and the explanation that I received, Mr. Learmonth –

MR. LEARMONTH: Different –

MS. DUNDERDALE: – is the one that I just gave to you.

MR. LEARMONTH: Different arm of the federal government –

MS. DUNDERDALE: Yes, a different set of lenses on it, who said no, you know, because – you know, there was a news release in there, and I was in a premiers' meeting in Niagara-on-the-Lake, and I think that was later, once the whole thing got resolved in July.

MR. LEARMONTH: Right. It took that long to get it resolved, did it? The problem was communicated to you in March, and it took 'til July to resolve it?

MS. DUNDERDALE: To work it out with the –

MR. LEARMONTH: Federal –

MS. DUNDERDALE: – federal government –

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: – because, I mean, the situation had – and I – and again, the detail for me is hard to recall, because I know what the agreement was, that Emera and Nalcor had a fallback position given that the UARB hadn't completed its negotiations by the time we sanctioned.

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So the agreement, as I understand it, was that if the UARB came back and wouldn't accept all of the costs that had been included in the proposal that had been put forward by Emera for rates, would – say they accepted 75 per cent of –

MR. LEARMONTH: Right.

MS. DUNDERDALE: – the price that they had negotiated with Nalcor for the electricity – that they would put into the rate base everything that they could, but they would absorb anything that was outside the rate base, and Nalcor and Emera would work out between 'em how they were gonna fund that. But the loan guarantee would still be secured.

MR. LEARMONTH: Well, what if the UARB said they're turning down the whole project, not approving it, period?

MS. DUNDERDALE: Yeah, they could – well, they couldn't turn down the project. All they could turn down –

MR. LEARMONTH: I think – are you sure of that?

MS. DUNDERDALE: Yeah, I think so. I mean, what they're making a decision about is how much they're gonna charge ratepayers in Nova Scotia for electricity. Sure you don't have any say over the project.

MR. LEARMONTH: But didn't – I'll have to check the documents, but I thought that the assignment in the reference to the UARB was to decide what the least-cost option was.

MS. DUNDERDALE: Yes, least cost for rates, but here's the other thing. But they had been assigned – well, a number of things. First of all, in terms of the politics of the piece, the premier of Nova Scotia at the time had strategic reasons for wanting to be part of the Muskrat Falls deal. And you have a news release in the documents that you've provided to me for this interview that – where Darrell Dexter speaks to that. It's too good of a project for us to be excluded and so on.

MR. LEARMONTH: Mm-hmm.

MS. E. BEST: I believe that's at tab 2 –

MS. DUNDERDALE: Yeah.

MS. E. BEST: – if you'd like to take a look at it.

MS. DUNDERDALE: So there were politically strategic reasons where the project had the support of the Government of Nova Scotia to start with.

MS. E. BEST: You can see half way down there Premier Darrell Dexter confirmed the project was never dependent on the review board decision.

MR. LEARMONTH: That's what he said, yeah.

MS. DUNDERDALE: Yeah, so that was always my understanding. And, you know, it was – so, you know, it was going – the UARB was going to decide how much of that was going to be – the cost was going to be included in the rate base. And they may have been trying to determine if it was the least cost and, you know, I didn't pay a whole lot of attention to their terms of reference and so on.

MR. LEARMONTH: Yeah. That was the question that was put to you.

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MS. DUNDERDALE: Yes, but the piece that was important – you know, if they decided that, you know, the least cost was somewhere else – and I’m trying to keep this clear because there were all kinds of (inaudible) going on between Hydro-Québec and Nova Scotia and cost of power and all kind of that stuff.

But, you know, if they had – they had legislative deadlines and limits that they had to meet. Emera was going to provide that electricity to ratepayers in the province. The UARB was going to determine what the – what was going to be included in the rate base, and what cost of the power that was associated with Muskrat was going to be included in the rate base.

And so rather than be – you know, you couldn’t go into a size of that project completely dependent on having the UARB decide whether or not the project was going to go ahead. And we had to protect the loan guarantee, which had to be between the two provinces, that, you know, remedies had already been constructed between Emera and Nalcor how to deal with that.

If the UARB didn’t accept all the cost and said, you know, we can get least-cost power 25 per cent less than Muskrat Falls power, so we’re only going to allow that amount into the rate base, then Emera and Nalcor had a remedy as to how they were going to deal with that, and we could still have the loan guarantee.

MR. LEARMONTH: Okay. Well, we’re not going to resolve this today, but I just wanted to put this point to you and make sure I understand your action.

I’m suggesting to you that the question that was put to the UARB by the Nova Scotia government was to decide the lowest cost option for the power for Nova Scotians – the lowest cost. And, then, in the first decision on July 26, 2013, the UARB said that without market-priced energy that they could not say that it was the lowest cost.

So, I’m putting this to you, that there was also – it was also an option for the UARB, given the question that was put to them, if they could say: This is not the least-cost option. We’re not – we’re going to consider other options because they had evidence on their – that’s not your understanding?

MS. DUNDERDALE: No.

MR. LEARMONTH: So, you didn’t think the UARB could come out and say this is not the least-cost option?

MS. DUNDERDALE: Oh, they could come out and say this is not the least-cost option and we’re only going to allow X number of dollars into the rate base.

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: We’re not going to include all of it because we could get power cheaper somewhere else. Because, remember, the deal is between Emera and Nalcor. It’s not between the UARB. The UARB is going to buy its power from Emera, and, so they can say what’s going into the rate base, but they’re not going to be able to direct Emera where it’s going to buy its power from.

MR. LEARMONTH: Okay. Well, we’ll leave that alone because I’m suggesting to you that the UARB could’ve said: This is not the least-cost option (inaudible).

MS. DUNDERDALE: They could’ve said that, and all that means is they wouldn’t have included it all in the rate base.

MR. LEARMONTH: Okay.

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MS. DUNDERDALE: That would've have said no, you're not buying any power from Churchill Falls – from Muskrat Falls.

MR. LEARMONTH: Okay. Well, we have your evidence on that, that's fair enough. I just want to make sure you understood the suggestion on (inaudible).

MS. DUNDERDALE: Yep.

MR. LEARMONTH: So, anyway, in July 2013, this issue was resolved –

MS. DUNDERDALE: Yes.

MR. LEARMONTH: – with the federal loan guarantee.

MS. DUNDERDALE: Yeah.

MR. LEARMONTH: And how was the resolution of the issue communicated to you? Did you get a letter from the federal government or –?

MS. DUNDERDALE: Again, I – none of this correspondence – I can't tell you, Mr. Learmonth. I can just tell you that it was – whether we got a letter and the clerk brought it to my attention and said we've had a letter and it's all been resolved or, you know, it was with the department or with Nalcor, I can't, at this time, I can't tell you, other than it was communicated to me.

MR. LEARMONTH: Okay. That's all right.

So, after sanction, was that the only issue that you were involved in, the federal loan guarantee? I mean –

MS. DUNDERDALE: I wasn't involved –

MR. LEARMONTH: – were you monitoring costs and so on?

MS. DUNDERDALE: I wasn't involved – I wasn't involved – no, I still would have had regular briefings.

MR. LEARMONTH: With who?

MS. DUNDERDALE: With the minister and certainly with Nalcor. I just don't remember the same intensity around it –

MR. LEARMONTH: Okay.

MS. DUNDERDALE: – coming up to sanction because there were so many things going on at that point in time that didn't – we couldn't participate in, you know, evaluating bids and all of those kinds of things. I mean, that's a poor place for politicians to be.

MR. LEARMONTH: Right.

MS. DUNDERDALE: You know, but we would have been briefed. You know, contracts are coming in, some are high, some are low, some – you know, we, you know, as we went along we would have gotten – but there was – remember now, I had just brought down a budget as well that was contentious. And so there was quite a lot going on around the budget –

MR. LEARMONTH: Mm-hmm.

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MS. DUNDERDALE: – and that required a lot of my attention. So, you know, I’m getting regular reporting but there’s nothing – after the whole March piece and once that got, you know, was working its way through and got resolved, I don’t remember any big jarring piece coming around Muskrat Falls. Things were progressing as they ought and – but there were other things happening in government that were ...

MR. LEARMONTH: Yeah, but what about cost overruns, did that –?

MS. DUNDERDALE: We were just in the first year. Some contracts were coming – you know, until we had all the contracts in and –

MR. LEARMONTH: Mm-hmm.

MS. DUNDERDALE: – where were people and where were stuff coming in, some were coming in high, some were coming in low. Once you got to a certain point then you’d be able to assess –

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: – how was that levelling itself out.

So there was nothing coming in that was jarring to me. They were in the middle of the process so you couldn’t make a determination on it one way or the other at that point in time. You know, but there was –

MR. LEARMONTH: At what point in time?

MS. DUNDERDALE: Well, ’til the time I left.

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: I mean, you know, for all intents and purposes, when we got the financial close at the end of November, by, you know, the 20th or 21st of December, you know, we closed down pretty much for Christmas. I was getting ready to go away on holidays in January. We had DarkNL, which was consuming and I think that started somewhere around the first week of January, around the 4th of January and as soon as that was resolved I went on holiday. And I came back on a Monday and resigned on a Wednesday/Thursday. So I just came back and was gone.

So, you know, up to the point that I left, before we went to the Christmas shutdown, there’s nothing that really stands out in my head as alarming about where we are, or I don’t remember any briefing or anything saying some things were coming in higher than we expected, some things were – you know, I think the Astaldi bid was higher than we expected. I know that the loan guarantee benefit was higher – was better by \$300 or \$400 million than we expected.

So, things were levelling themselves out, and we had to get further in the bidding process and everything to figure out how was this – you know, were we over budget or were things gonna level themselves out?

MR. LEARMONTH: And your belief was that, say, by the time of financial close, that things had levelled themselves out so that this (inaudible) –

MS. DUNDERDALE: Well, things weren’t out at that point in time. I know at financial close we went to – 9.5 is what we told the federal government –

MR. LEARMONTH: Nine point five what?

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MS. DUNDERDALE: Nine point five – 6.9 – 6.5 billion. But we also knew that we had the three – at least \$300 million from the loan guarantee that would offset the three that was included in that. But it hadn't been included, so we couldn't say at that point that that knocked that out, but I know that it was there.

And so, up to the time that I left, there was nothing indicating that we were much off that 6.2. I certainly wasn't told that. I didn't have any concern up to the time I left that the project was off course in any kind of a way. None.

MR. LEARMONTH: So, at the time you left politics, you believed that the 6.2 estimate was still –

MS. DUNDERDALE: Was –

MR. LEARMONTH: – valid?

MS. DUNDERDALE: – still valid.

Yeah, absolutely, Mr. Learmonth. I didn't have any understanding that we were in heavy water with regard or –

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: – had underestimated or overestimated or anything.

But, you know, I also understood we were very early days.

MR. LEARMONTH: Yeah.

But, you know, the information in the Grant Thornton report suggests that Nalcor knew that their contingency was busted, it was gone, and that the cost estimates were considerably higher at the time of financial close.

MS. DUNDERDALE: Yeah, the only thing that I remember having a conversation about was the – that we were about 300 million over on our bids, but it was in the middle of the bidding process and we didn't know how the rest of the contracts were gonna come in. And we also understood at that – or I understood at that time that we had extra – we had calculated a certain amount of interest relief because of the loan guarantee, and we had underestimated and we had enough to offset – we had enough gain on the interest to offset the 300 million that we were over.

MR. LEARMONTH: So –

MS. DUNDERDALE: So I thought we were still pretty even.

MR. LEARMONTH: Yeah.

So who gave you this information?

MS. DUNDERDALE: I would've gotten that from Nalcor.

MR. LEARMONTH: From Mr. Martin –

MS. DUNDERDALE: Yeah.

MR. LEARMONTH: – or – yeah?

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MS. DUNDERDALE: Absolutely.

MR. LEARMONTH: In writing?

MS. DUNDERDALE: I was always – no, we didn't – that's not the way we operate within government. You don't – you know, final decisions get put in writing, but in terms of it's negotiations, you take your (inaudible), you go back, when you got a final document then you put it in writing and there's an official document and you have it.

You know, there's been – I'm not aware of, you know, full minutes of all of these meetings that we had. It just never happened, and I'm not aware of it ever happening within government.

MR. LEARMONTH: All right.

Maybe if we could just turn to the Grant Thornton report, page 19.

Okay, so I'll just read from the top: The chart below compares the PMT – that's the project management team's forecast final cost of the project as communicated to Nalcor's executives, to the AFE, approved by the board and communicated to the public over time.

Now you can see in this chart, started out in December 2012 –

MS. DUNDERDALE: Yup.

MR. LEARMONTH: – it was 6.2 billion? Do you see that?

MS. DUNDERDALE: Yes, yeah.

MR. LEARMONTH: Six-point-two and six – the AFE, that would've been the balance for expenditure that the board of directors I think – so that was consistent. That's what the board believed at the time and that's what the executive stated to them.

Now then you see in July 2013 –

MS. DUNDERDALE: Yup.

MR. LEARMONTH: – the information, internal information in Nalcor was that it increased to \$7 billion.

MS. DUNDERDALE: Yup.

MR. LEARMONTH: Did you –

MS. DUNDERDALE: I wasn't –

MR. LEARMONTH: – know that?

MS. DUNDERDALE: – aware. No, I did not. Absolutely not.

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: Nope.

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MR. LEARMONTH: And then, well, you know after that, it doesn't really matter in terms of your evidence because –

MS. DUNDERDALE: Yup.

MR. LEARMONTH: – you were gone by March 2014.

MS. DUNDERDALE: Yup.

MR. LEARMONTH: Now just –

MS. DUNDERDALE: I thought at financial close we were 6.5. That's the end of November 2013.

MR. LEARMONTH: Well –

MS. DUNDERDALE: That's where I thought we were.

MR. LEARMONTH: Yeah, but I don't see – well anyway, let's just –

MS. DUNDERDALE: I only say it because I remember that's the number we had to give the federal government on financial close.

MR. LEARMONTH: Yup. All right, so –

MS. DUNDERDALE: (Inaudible) that's the number we gave 'em –

MR. LEARMONTH: So if we look –

MS. DUNDERDALE: – or was given to 'em.

MR. LEARMONTH: Yup, so if we look at line 8 –

MS. DUNDERDALE: Yeah.

MR. LEARMONTH: – on this same page 19.

MS. DUNDERDALE: Yeah.

MR. LEARMONTH: Just reading: Communication with Nalcor executives. The following table summarizes the briefings the PMT – and I say again, that's the project management team –

MS. DUNDERDALE: Yeah.

MR. LEARMONTH: – gave to Nalcor executives where the forecasted final cost increased from the original 6.2-billion budget at DG3. In the following table, the PMT comments column refers to the summary prepared by Paul Harrington and the communication to executive column in the table below shows excerpts from the documentation that supports whether the update was communicated to Nalcor executives.

MS. DUNDERDALE: Yeah.

MR. LEARMONTH: So then you see July 2013.

MS. DUNDERDALE: Yeah.

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MR. LEARMONTH: And that was referred to. So this is what the project management team told to the (inaudible) and said stated in their record that they prepared: July 2013 final forecast cost decks presented by project team to CEO – chief executive – of \$7 billion.

You don't ...?

MS. DUNDERDALE: No.

MR. LEARMONTH: Were you surprised to see that?

MS. DUNDERDALE: Yes.

MR. LEARMONTH: Yeah.

And then the next column – so this is what the documents of the project management team said. So was this passed on to Mr. Martin and the executive? And here's what this chart says. It's an email from Paul Harrington to Gilbert Bennett, July 22, 2013.

States: Here is the deck that has been produced for you and Ed. And the excerpt from that communication was: We are forecasting the FFC – that's the forecast final cost – to be 7 billion, just 12 per cent beyond the DG3 exposure of mitigations or excess for FFC will be reduced to 6.8.

So did that –

MS. DUNDERDALE: First time I'm seeing it –

MR. LEARMONTH: You –

MS. DUNDERDALE: – is right here, right now.

MR. LEARMONTH: Does that surprise you?

MS. DUNDERDALE: Yes.

MR. LEARMONTH: Yeah.

And you weren't given this information?

MS. DUNDERDALE: I was not given this information. I have –

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: – no recall whatsoever and I don't – and it would have been – I would have been concerned if that early in the project that –

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: – we were over budget by \$800 million. That would have been a real concern to me. And I can tell you quite honestly that when I left I had no concern about the project.

MR. LEARMONTH: Yeah.

The – but if you had received information like that, I take that that would have been something that would have been passed on to Cabinet –

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MS. DUNDERDALE: Oh absolutely.

MR. LEARMONTH: – as, you know, we have to deal with it.

MS. DUNDERDALE: Absolutely. That – it would have been a big deal.

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: It is a big deal.

MR. LEARMONTH: Yeah.

So then we go on – I'm not going to take you through all the charts because the next one, like, the March 2014, that's on page 21. Is – that's past your departure from government.

MS. DUNDERDALE: Yes, I was gone.

MR. LEARMONTH: (Inaudible.)

MS. DUNDERDALE: Yeah.

MR. LEARMONTH: So that's not really –

MS. DUNDERDALE: Well, the last substantive conversation that we would've had around Muskrat Falls in my term would have been the end of November, early December, when we were all around financial close, all of that kind of stuff.

MR. LEARMONTH: Yeah. And if you go to page 23?

MS. DUNDERDALE: Yeah.

MR. LEARMONTH: You can see there at line 7, project budgeting. Reviewed – we reviewed the project management (inaudible) the project management body to consider the best practice for budgeting. It states the following: management reserves are added to the cost to produce them, but as changes warranting the use of management reserves arise, the change control processes used to obtain approval to move the applicable management reserves into the cost-base level.

So – well, anyway, you had no knowledge of it whatsoever –

MS. DUNDERDALE: No.

MR. LEARMONTH: – and I guess that's pretty well –

MS. DUNDERDALE: And nor would I have the authority as premier to allocate funds without the approval of Cabinet.

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: I mean, I could go up to – I could go to the clerk or go to the minister and say, you know, send over, you know, or make allowable a billion dollars to Nalcor or 800 – you know, and they would tell me what I have to do to make that happen. Premiers don't have that kind (inaudible). We still have to work within the Cabinet process.

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MR. LEARMONTH: As stated in the – I’m not going to go through line by line, but the reason that the project management team suggested – came up with this is because when the bids came in for the contracts –

MS. DUNDERDALE: Yes.

MR. LEARMONTH: – they knew that they were very high on –

MS. DUNDERDALE: Yeah.

MR. LEARMONTH: – compared to budget. They also knew – it was clear from this report – that by the time of financial close, Nalcor knew that the 368 billion in contingency they –

MS. DUNDERDALE: Yeah.

MR. LEARMONTH: – had was gone. It was gone.

MS. DUNDERDALE: And I remember some discussion about the contingency being substantially used up. But I can’t recall enough of it to be able to repeat it to you. But there was a conversation with me at some point around that time, around contingency, but I can’t remember the details.

MR. LEARMONTH: Yeah. Well, just turn to page 12, please, of the Grant Thornton report. So if we go to page 12, line 1, I’ll just read this out:

As indicated above, prior to financial close bids were received from contractors whom ultimately were hired which collectively exceeded the DG3 budget by approximately 600 million, a 25 per cent overage. The amount of this overage exceeded the DG3 tactical contingency amount – 368 million – by over \$230 million; hence, prior to the financial close, Nalcor should’ve been aware that the contingency amount included in the DG3 budget was insufficient. Furthermore, Nalcor should’ve known that by April 2013 when the CH007 – that’s the one that Astaldi eventually got – bids were received that the DG3 contingency amount was exhausted. Accordingly, Nalcor knew that the remaining budget of 4.2 billion – 5.8 billion of which is the base (inaudible) less 1.6 billion subtotal at DG3 at – after the completion of CH007 did not have any contingency remaining.

So it was gone because of the Astaldi bit.

MS. DUNDERDALE: Yeah.

MR. LEARMONTH: Which was much lower than the others ones.

MS. DUNDERDALE: Yeah.

MR. LEARMONTH: And then it says: In an interview with Paul Harrington, LCP project director, we asked him if there was anything that precluded Nalcor from re-baselining and rerunning the cumulative present worth when they knew the contingency was exhausted in April 2013. Mr. Harrington responded: Not my call. To clarify, we asked whose call it was. He responded: Senior management, Ed and Gilbert and government.

Do you have any –?

MS. DUNDERDALE: I wasn’t aware – hard for me to – I wasn’t aware.

MR. LEARMONTH: Okay.

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MS. DUNDERDALE: I don't recall any conversation about any of this.

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: And as I've said, the number that was included in financial close to the federal government on the cost of the project was 6.5.

MR. LEARMONTH: Well – yeah.

MS. DUNDERDALE: And that's what I understood.

MR. LEARMONTH: Yeah. We'll have to verify that, but –

MS. DUNDERDALE: Yeah.

MR. LEARMONTH: – it wasn't 7 or –

MS. DUNDERDALE: That's my recall.

MR. LEARMONTH: – 6.9 (inaudible). Okay. Well, we'll check.

Anyway, if you don't know – if you –

MS. DUNDERDALE: I don't.

MR. LEARMONTH: – weren't communicated, then –

MS. DUNDERDALE: I don't know.

MR. LEARMONTH: – with this information, then you don't know.

MS. DUNDERDALE: No, I don't know.

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: And I can't imagine being told that the project was substantially over budget at that point in time and not – and forgetting it and not having a concern about it or not any alarm or –

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: And I don't – I had no concern leaving.

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: None, about the project. I just didn't.

MR. LEARMONTH: But don't you agree that when these bids came in and the contingency was gone and the prices were much higher, that Nalcor should have come to government and said, look, we –

MS. DUNDERDALE: Well –

MR. LEARMONTH: – have a situation here?

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MS. DUNDERDALE: You know, like, it's hard for me to say anything in hindsight. Like, I don't know where they were in the bidding process and all of those –

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: – kinds of things.

MR. LEARMONTH: But this is (inaudible) –

MS. DUNDERDALE: But I know there was an explanation around the 6.5 –

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: – and, you know, what are we going to do 'cause we're already 300 million –

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: – more expensive now than we anticipated, and the answer being, well, the loan guarantee is coming in, and we'll have that 300 million, which will mitigate that piece.

MR. LEARMONTH: So who told you about this 300 million? You've mentioned that a few times; you seem (inaudible) –

MS. DUNDERDALE: Because the loan got – we estimated the loan guarantee to be a value to – of I think it was 700 million – somewhere around 700 million mark. It turned out to be 1.1. And, as they were doing their pieces, then we had more money from the interest relief –

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: – than we thought.

And so I remember about – being concerned that about \$300 million. And we're just in November here, and this is the number, and was told that that 300 million could be mitigated by gains that we had made on the loan guarantee interest.

So I can't – you know, given all of that was November, early December –

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: – why, if we were 7 billion, or 7.5 billion or whatever we were, that – I wouldn't have been told about that. I don't know about that. It would have stood out in my mind.

MR. LEARMONTH: If it was \$7 billion? If Nalcor had come to you and said (inaudible) 2013, look we're way off; it's seven (inaudible) –

MS. DUNDERDALE: I didn't know that (inaudible).

MR. LEARMONTH: And that would have been an item of concern, you've already said that –

MS. DUNDERDALE: Absolutely would have been, and I would consider –

MR. LEARMONTH: Yeah.

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MS. DUNDERDALE: – you know, at least you have to know about it and – you know, for me – you know, I haven't been involved in major projects or any kind of a big construction project. I mean, the biggest project that I've ever been engaged in, in my personal life, is the building of our home – which, again, was over budget.

So, you know, you have to – so, in terms of how all of this works and where you're high and where you can mitigate it and, you know, where you are at the beginning of a process, in the middle of a process, and at the end of the process can be three substantially different things. I get the concept, so, you know, you have to explain to me how this works.

So, I would want to know if we were 700 – if we were 7 billion, or 7.5 billion. You know, and then you would have to say to me, how are we gonna mitigate this, or how are we gonna deal with it, or how do we put brakes on this so it doesn't continue to escalate and get out of control and all of those kinds of things. I mean, they are normal questions that one would expect for somebody who was having oversight on the project. So they would have been really important to me.

So, I can't imagine – I can tell you that the information wasn't given to me. And I can't imagine, you know, the minister or anybody withholding that kind of information from me.

MR. LEARMONTH: Right.

MS. DUNDERDALE: And I don't know why Nalcor wouldn't have told me.

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: But – and, you know, somebody from Nalcor may come and say, but we did. I can tell you that I have absolutely no recall. You know, 6.5, yes, which puts us that 300 million over I remember. And that, like I said, was about a month or so, six weeks before I left, but that's the number that I remember as I was going out the door.

And knew some of the bids were coming in high and so – and knew something about contingency and so on, but there was an explanation that all the bids weren't in and there was an expectation that some bids could come in lower. And so once we got through that process, there'd be an assessment about where we were.

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: Now, that could have taken us over the 6.2 or could have taken – but, you know, you couldn't make any kind of a judgment on it at the time. And there was nothing jarring at that point to say that the project's out of control here, we're already – we're just out the gate and we're a billion or 2 billion. That would have been jarring and startling.

MR. LEARMONTH: So there's no suggestion it was 2 billion, but I'm just using the figure 7 or 6.9. No, that would have been 700,000, 800,000, yeah.

MS. DUNDERDALE: I remember 6.5, Mr. Learmonth.

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: I can't tell you –

MR. LEARMONTH: Yeah.

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MS. DUNDERDALE: And I knew the Astaldi bid was high. So, yes, Nalcor could certainly say: But we were above the 6.5 because, you know, we would have told them that the Astaldi bid was much higher than we thought. And there was some talk about contingency at that point in time – that we had used our contingency. But the second half of that conversation was we’re expecting other bids lower and that should even itself out.

MR. LEARMONTH: So you – are you saying that the – you knew that the contingency had been used up?

MS. DUNDERDALE: I can’t recall.

MR. LEARMONTH: No.

MS. DUNDERDALE: No, not that it had been used up.

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: But because of the Astaldi bid that there had been a good bite into the contingency at that point, and – but the conversation was, you know, we’re expecting this to even itself out.

MR. LEARMONTH: Right.

MS. DUNDERDALE: So there was no cause to be alarmed at that point in time.

MR. LEARMONTH: Right.

MS. DUNDERDALE: That was high. But if you’re expecting other things to be lower, we’ll have a good idea where we are here in March, you know? And so we’re going to do reporting, or we’re going to do whatever, our summary. You’re not going to do this on a week-week, month-month (inaudible) –

MR. LEARMONTH: In March of what year?

MS. DUNDERDALE: Well, 2014 because we would have –

MR. LEARMONTH: Okay, after the federal loan guarantee?

MS. DUNDERDALE: Well, after I left –

MR. LEARMONTH: Yes.

MS. DUNDERDALE: – would have been the time that we would –

MR. LEARMONTH: Yes.

MS. DUNDERDALE: – have assessed. What I’m saying is –

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: – we were having this conversation around financial close.

MR. LEARMONTH: Right.

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MS. DUNDERDALE: That's the last – that's my last vivid memory of discussions around Muskrat Falls –

MR. LEARMONTH: Okay.

MS. DUNDERDALE: – and discussion. And we would have had – and I know the Astaldi bid came in high and there was a bite into the contingency and the bid came in higher, but I clearly remember the conversation about other bids were expected to come in lower.

MR. LEARMONTH: Yeah who was the conversation with?

MS. DUNDERDALE: Oh, it would've been with Nalcor. There's no one else for me –

MR. LEARMONTH: Ed Martin?

MS. DUNDERDALE: Always Ed Martin.

MR. LEARMONTH: Always Ed Martin, okay.

MS. DUNDERDALE: There's only once that I – there was a briefing to Cabinet that was led by Gilbert and maybe Jim Keating, and that's the – not the Cabinet, probably the economic policy or something. But otherwise, you know, when I met, Mr. Martin was there.

MR. LEARMONTH: Yeah.

So you said that a couple of times that you had some information that it could be an extra 300 million over the 6.2. Is that right?

MS. DUNDERDALE: Well, we put in the – my recall is that at financial close the number we gave the federal government was 6.5, not 6.2.

MR. LEARMONTH: Yeah, to your –

MS. DUNDERDALE: 6.5.

MR. LEARMONTH: All right.

So if that's the case then, the other members of your Cabinet would've known about that 6.5-billion figure?

MS. DUNDERDALE: Yes, as far as I know.

MR. LEARMONTH: Okay.

MS. DUNDERDALE: You know, I don't know what documentation –

MR. LEARMONTH: Right.

MS. DUNDERDALE: – we needed, or whether we had a Cabinet paper around it or whatever it was but, you know, Cabinet was regularly briefed; minister would do that.

MR. LEARMONTH: Yeah.

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Now, at any time before you left politics in January 2014 did you receive any information from Nalcor or from any other source that the schedule for first power sometime in 2017 was off?

MS. DUNDERDALE: No.

MR. LEARMONTH: So you still believed –

MS. DUNDERDALE: That we're on track.

MR. LEARMONTH: – they're on track.

MS. DUNDERDALE: There was nothing I knew when I left in 2014 that was causing me any concern about the Muskrat Falls Project –

MR. LEARMONTH: Okay.

MS. DUNDERDALE: – other than it was a huge responsibility. I mean, you never – you can never dismiss the weight of it because it's huge – it's a huge responsibility and so you're mindful of that all the time.

But there was nothing extraordinary, there was nothing that was really troubling going on with the project that was – you know, I always had – it was of highest priority to me as the – you know, it was one of the most serious undertakings that I had had in my political life and this was a big deal. You know, this was a huge project; it was a big, big deal.

And so, that – I carried that with me all the time. That's with you all the time. You just live with that –

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: – that you have undertaken something huge here, you know? But there was – other than that regular concern and checking in and so on, there was no information that I was getting that was saying, oh, you know, we've made a big mistake here or we're seriously flawed in putting this plan together and, you know, the estimations that we've accepted as being correct, that they're all wrong, and that this project is in trouble. Just, it wasn't there.

MR. LEARMONTH: And do you agree that if you had had information that, you know, the project's over budget by, you know, a significant amount, that that would have to be disclosed to the public?

MS. DUNDERDALE: Oh yes.

MR. LEARMONTH: Yeah?

MS. DUNDERDALE: Yes. I mean, you know, I testified that when, you know, the prime minister and I had our rub that – you know, that I was going to have to go before the people of the province. I wasn't exactly sure of the money, but I certainly knew it was around 700 million at that point, if not more.

And I was going to have to go to the people of the province and say: You know, we've spent hundreds of millions of dollars trying to develop this project and, you know, I've just knocked it on the head. This is not going to happen. So all that money – you know, some of it is will be of some value down the road, if somebody is going to develop something, but I've spent \$700, \$800 million of your money –

MR. LEARMONTH: Mm-hmm.

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MS. DUNDERDALE: – on something that’s not going to happen. You know, that would – you know, I figured my political career was done right there and then. But, you know, that was a disclosure, you know, and we never – we always reported how much money.

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: And it was a question in the –

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: – House of Assembly and so on.

MR. LEARMONTH: But the money –

MS. DUNDERDALE: But better 700 or 800 –

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: – million than the 5 billion or 6 billion or –

MR. LEARMONTH: Right.

MS. DUNDERDALE: – whatever.

MR. LEARMONTH: And I think it was 900 was spent by the time Newfoundland took over.

MS. DUNDERDALE: Yes.

MR. LEARMONTH: But that was an investment, the work was done, so –

MS. DUNDERDALE: Yes and you have to do the work.

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: You have to get the engineering.

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: You have to get the oversight.

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: You have to get it all, and you have to pay for it and it’s going to go in that bucket.

MR. LEARMONTH: But what I mean is that let’s say hypothetically the province had decided not to go ahead with it. Then the money that was spent on infrastructure and so on –

MS. DUNDERDALE: Yes, mostly.

MR. LEARMONTH: – would still be there as an –

MS. DUNDERDALE: Yes, it would have had value –

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MR. LEARMONTH: – investment for the future. Yeah.

MS. DUNDERDALE: – if somebody was –

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: – going to do something down the road.

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: But, you know, if we had a project that we sanctioned at 6.2, and even knowing that it might go to 7 billion, that's one thing, you know.

MR. LEARMONTH: Yeah, yeah.

MS. DUNDERDALE: Having a project then and thinking that it's going to go to 10 billion, that's another matter altogether, you know. Then you got to stop everything and haul everything back and say, we got to look at everything here again. Better again to spend the billion, you know, or whatever you're going to spend, than spend 10 billion.

MR. LEARMONTH: Right.

MS. DUNDERDALE: Or if you're going to spend the 10 billion, know that you can manage it, that you can recoup, that – you know, that the people of the province understand what's going on and understand the value of that investment.

MR. LEARMONTH: All right, there's some documents I want to discuss with you. The first one is one that your counsel mentioned at tab 2 –

MS. DUNDERDALE: Yeah.

MR. LEARMONTH: – about the (inaudible).

MS. DUNDERDALE: In the – not the Grant Thornton please. The –

MR. LEARMONTH: You got a binder, did you?

MS. DUNDERDALE: Yes.

MR. LEARMONTH: You (inaudible) your binders rather than (inaudible)?

MS. E. BEST: Yeah – yes.

MR. LEARMONTH: You know, miscommunications of some sort. I think it's better if everyone has the same thing.

MS. E. BEST: Okay.

MR. LEARMONTH: Yeah. Okay, well this just refers to – this is Niagara-on-the-Lake, and you mentioned that before. We've gone through that.

MS. DUNDERDALE: That's in July, yeah.

MR. LEARMONTH: You gave your understanding of –

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MS. DUNDERDALE: It was the premiers' meetings, yeah.

MR. LEARMONTH: You say in the fifth paragraph: with all due respect to you, they're not going to dictate how we're going to manage –

MS. DUNDERDALE: That's right.

MR. LEARMONTH: – the (inaudible). So anyway, this speaks for itself –

MS. DUNDERDALE: Yeah.

MR. LEARMONTH: – and perhaps you (inaudible). Now, there's at tab 3, Ms. Dunderdale, (inaudible) briefing prepared by Nalcor, October 9, 2013, and do you – does this ring a bell? No? Okay.

MS. DUNDERDALE: You know, there were just too many briefings over eight years for me to be able to recall which one is which.

MR. LEARMONTH: Right.

MS. DUNDERDALE: Lots of briefings.

MR. LEARMONTH: And there is a Cabinet director for the (inaudible).

MS. DUNDERDALE: Yeah.

MR. LEARMONTH: (Inaudible) familiar with it. We'll leave that alone.

Next, at tab 4, is the Energy Access Agreement.

MS. DUNDERDALE: Yeah.

MR. LEARMONTH: That's for the, as you know, the market-priced energy.

MS. DUNDERDALE: Yeah.

MR. LEARMONTH: We've had a lot of evidence on that, and I think you've testified on that to some extent –

MS. DUNDERDALE: I did.

MR. LEARMONTH: – in your earlier evidence. Tab 5 is a –

MS. DUNDERDALE: Yes.

MR. LEARMONTH: – article, I guess, by Roger –

MS. DUNDERDALE: Roger Grimes, yes.

MR. LEARMONTH: Yeah, I know that Roger Grimes was against this in the beginning and he was always making comments and –

MS. DUNDERDALE: And he had a big issue around transparency, and, you know, this is the man who negotiated the deal with Quebec with six people involved and told nothing about anything. So I find it all kind of ironic really, but it is what it is.

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MR. LEARMONTH: Okay.

Now, tab 6 –

MS. DUNDERDALE: Yeah.

MR. LEARMONTH: – is a document that I want you to have a look at. This is an e-mail (inaudible) – the first page is from Paul Myrden, who is a financial analyst or – in the Department of Finance – I think a senior person.

So it's to Derrick Sturge, Rob Hull – a number of people at Nalcor.

MS. DUNDERDALE: Yeah.

MR. LEARMONTH: And – so he says: Hi guys, Minister Marshall – that's Tom Marshall, obviously – has asked to be provided with the following financial information: One, a breakdown of budgeted project costs by component showing total project costs along with a portion of which is the responsibility of Nalcor, NL.

So, it's a request for financial data, which was sent to Nalcor in October of 2013, which would be before financial close (inaudible).

And the reply comes from Auburn Warren, who's a – I think an investment analyst at – or some senior position at Nalcor: As discussed, please find attached summary for your review.

And then when we look at it: Minister request October 2013. As you can see, Mr. Warren is still showing \$6.2 billion. Do you see on the (inaudible) column?

MS. DUNDERDALE: Yeah.

MR. LEARMONTH: And – but the information in – from the project management team was that that figure was no longer applicable.

Did you ever see this, or –

MS. DUNDERDALE: No. Not that I recall.

MR. LEARMONTH: (Inaudible) I'm just asking – the question is obviously, if the information in the Grant Thornton report is correct, and what the project management team is saying is correct, how is it possible that in October 2013, one of the financial people at Nalcor is still saying the 6.2 billion – you don't know –

MS. DUNDERDALE: I can't answer that.

MR. LEARMONTH: No, okay.

Okay, tab 7 (inaudible) there's anything (inaudible). This is a communications plan. (Inaudible) energy (inaudible) energy access ...

Yeah, so this is at tab 8. This is October 7, 2013. And this is the reference to the – this is from Diana Quinton to Thomas Marshall and others – Charles Bown: Hi Diana, (inaudible) the following release. This is regarding the contract for the large civil works. The next day will issue their own release.

So that was the Astaldi contract, CH0007, which was the largest contract of the –

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MS. DUNDERDALE: Yeah.

MR. LEARMONTH: – (inaudible).

And it says we – in the end of that email or just before, the last sentence in the first paragraph: We will release the value of approximately 1 billion, when asked. I think it was a little more than that but ...

I'm just going to pause now before I forget, the – we've had some information that when information has not been verified but when Robert Thompson was – assumed the role of Clerk of the House that he introduced a new system whereby certain orders-in-council could be issued under what was called a premier's prerogative rather than going to Cabinet.

In other words, an order-in-council traditionally would have to be a decision made by Cabinet but, under this new system, we understand that it was called a premier's prerogative and an order-in-council could be issued by the premier alone.

Do you have any recollection of that?

MS. DUNDERDALE: No, I don't.

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: Not to say that it didn't happen.

MR. LEARMONTH: Yeah, but did any – do you have any recollection of – ?

MS. DUNDERDALE: No, I don't. But, you know, that's not something that would have been undertaken lightly either. There would have been a discussion with Cabinet. I'm not even sure but a Cabinet paper or something might have been required or – I'm not sure.

MR. LEARMONTH: No, on this –

MS. E. BEST: When was this?

MR. LEARMONTH: In – we understand – and we're gonna dig into this – in 2003 that this new system was –

MS. DUNDERDALE: Oh, but that wouldn't have been under me so I don't know.

MR. LEARMONTH: No, but if you – but do you remember an issue having any –

MS. DUNDERDALE: No.

MR. LEARMONTH: – orders in – because the – while you may not remember but information we got from the Department of Justice was that that – when you – when the government retained Manitoba Hydro International –

MS. DUNDERDALE: Yeah.

MR. LEARMONTH: – and there was an amount put in like it had to go to get order-in-council to approve the expenditure –

MS. DUNDERDALE: Yeah.

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MR. LEARMONTH: – that you issued that under this system of Cabinet (inaudible) –

MS. DUNDERDALE: Oh, I would have been but Cabinet certainly would have been well aware of –

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: – what we were doing and the cost.

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: Yeah.

MR. LEARMONTH: Oh no, I'm not saying they wouldn't have been aware but that was issued by you

–

MS. DUNDERDALE: Oh, could very well have been.

MR. LEARMONTH: – not by Cabinet – yeah.

MS. DUNDERDALE: Oh, could very well have been.

MR. LEARMONTH: But I'm not suggesting that you did it for –

MS. DUNDERDALE: Yeah.

MR. LEARMONTH: – some –

MS. DUNDERDALE: Yeah.

And I wouldn't – look, remember in –

MR. LEARMONTH: – sinister reason.

MS. DUNDERDALE: – 2003 –

MR. LEARMONTH: Yeah, yeah, yeah.

MS. DUNDERDALE: – I had come from the street into government and so I was learning to be an MHA and I was also given the responsibility of the ministry. So there was a lot of stuff going on that, you know, I was peddling as fast as I could –

MR. LEARMONTH: Yes.

MS. DUNDERDALE: – to, you know, be up and running.

MR. LEARMONTH: Right.

MS. DUNDERDALE: So, not a lot of that process stuff coming out of the Premier's office and so on it would've caught my –

MR. LEARMONTH: Okay.

MS. DUNDERDALE: – or would've stayed in my mind, you know, 15 years later.

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MR. LEARMONTH: Right.

So tab 14, it says: Requirement to satisfy conditions precedent of federal loan guarantee –

MS. DUNDERDALE: Yeah.

MR. LEARMONTH: – (inaudible), so I take it that this was – I read, this was just an update, just –

MS. DUNDERDALE: Yeah.

MR. LEARMONTH: – more of the –

MS. DUNDERDALE: Yeah.

MR. LEARMONTH: – this would've been prepared by which department, do you know where that (inaudible) –?

MS. DUNDERDALE: Certainly, I – it would've come from – would've certainly come from Natural Resources –

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: – and I, and, you know, I don't –

MR. LEARMONTH: Perhaps in –

MS. DUNDERDALE: – I don't know what departments would've been engaged with them.

MR. LEARMONTH: Perhaps input from Natural Resources, would that be possible?

MS. DUNDERDALE: This would've come –

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: – from – the minister would've –

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: – would have led all presentations with regard to Muskrat.

MR. LEARMONTH: Now in the next document I want to turn to, it's tab 15, it says: Nalcor Energy Muskrat Falls Project update December 10, 2013.

MS. DUNDERDALE: Yeah.

MR. LEARMONTH: Now, I've gone through this and I don't see any reference to any cost overruns. There's nothing –

MS. DUNDERDALE: No.

MR. LEARMONTH: – whatsoever in there.

MS. DUNDERDALE: No.

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MR. LEARMONTH: – about that.

MS. DUNDERDALE: No, no. I, you know –

MR. LEARMONTH: Did this go to Cabinet, do you recall?

MS. DUNDERDALE: I don't recall.

MR. LEARMONTH: Don't recall, okay.

MS. DUNDERDALE: I don't recall.

MR. LEARMONTH: That's another document –

MS. DUNDERDALE: Could very well have, but I can't remember.

MR. LEARMONTH: Okay (inaudible).

That's the first – tab 18 is the first decision of the UARB.

MS. DUNDERDALE: Yeah.

MR. LEARMONTH: (Inaudible.)

At tab 24 on page 3, this is a – they're speaking notes delivered by you in September 10, so that's just after the signing of the federal guarantee.

MS. DUNDERDALE: Mm-hmm.

MR. LEARMONTH: On page, on the third page, they're not numbered; third page, the third paragraph –

MS. DUNDERDALE: Yeah.

MR. LEARMONTH: – you state: For more than three years, teams of brilliant engineers and energy sector professionals have been busy working out the details of this initiative, first in broad strokes and then in detail so thorough that they could withstand the most intense scrutiny any such project has ever received.

MS. DUNDERDALE: Yeah.

MR. LEARMONTH: So, what do you base those comments on, like what –?

MS. DUNDERDALE: Well, Mr. Learmonth, in terms of scrutiny of any project, do you – I know I'm not supposed to ask you questions but I'm gonna make a statement: There's never been a project in Newfoundland's history undertaken by the government that's gotten the scrutiny that this project has had.

MR. LEARMONTH: Well, what kind of scrutiny?

MS. DUNDERDALE: Any kind of scrutiny would have been a plus compared to what had been done before. I just made reference to –

MR. LEARMONTH: Yeah.

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MS. DUNDERDALE: – the last attempt was a half-dozen individuals and the deal was a fait accompli, and if it hadn't been for the Innu –

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: – protesting and stopping the announcement because they didn't have a land claims, we would have had a deal with Hydro-Québec on Gull and –

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: – Muskrat, and nobody would have been any the wiser. It didn't happen on –

MR. LEARMONTH: No.

MS. DUNDERDALE: – any of the hydro projects in the province ever received the scrutiny and had the oversight that this one did.

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: And information made available to the public. Bankers – 15 bankers boxes tabled in the House of Assembly. It was an issue that was undertaken in debate, in debates on the budget, debates on the reply to the Speech from the Throne, in Question Period, in public speeches for – from 2003 up until now, but certainly up until sanction. It was in the mandate of Premier Williams – it was in the platform of Premier Williams' government in 2003, in 2007; it was part of my platform in 2011. So there were three general elections that had vigorous debate and input from the public and a vote on whether or not we were headed in the right direction.

MR. LEARMONTH: Right.

MS. DUNDERDALE: So I don't remember any other project undertaken in this province that had that kind of engagement with the people of the province. And, you know, this is another – I'm a politician, and – you know, so I move from those two roles – those two roles as a manager and as somebody who is charged with the responsibility for oversight and so on to being a premier of the province and who speaks sometimes in a hyperbole about what it is we're doing and so on. And a political speech is different from what I would do in terms of the extreme seriousness with which you take your responsibility.

So I might use brilliant – the word brilliant – engineers and so on. But I thought they were pretty smart people. And, you know, I've been shocked from time to time with some of the stuff I hear in the Inquiry, and I'm watching it. And I'm surprised sometimes by the things that I hear. But, you know, these were well-qualified people, well qualified to do this work. But in terms of oversight, you know, I don't know any other project that had the oversight applied to it that this project did. And it was all warranted. And it was all – you know, certainly other attempts – the other two attempts to develop the Lower Churchill didn't have this kind of scrutiny

MR. LEARMONTH: All right. Now, let me put a couple of points to you. I've listened carefully to what you said about this, we'll say, exceptional scrutiny. On what basis can you make the statement that you just made when the evidence is very clear that government had an opportunity to get a strategic-risk review done by Manitoba Hydro and decided not to do it. Now, how was that compatible with –?

MS. DUNDERDALE: But I can't speak to that piece, Mr. Learmonth. I mean, we went over all of that –

MR. LEARMONTH: Yes.

MS. DUNDERDALE: – in the Inquiry.

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MR. LEARMONTH: Right

MS. DUNDERDALE: What I can tell you is – and certainly that wasn't my decision or the decision of my Cabinet. It wasn't.

MR. LEARMONTH: (Inaudible.)

MS. DUNDERDALE: And so – it wasn't. We had never been told that the strategic risk was removed. I mean, that's the testimony. And that's the evidence that was put forward at the Inquiry. I certainly didn't know it, and I'm not aware, other than Charles Bown and his testimony, about who knew. His testimony is that he knew it and he was instructed by the minister at the time to do it. I think that's – I don't know. That's –

MR. LEARMONTH: Well, he said a little more than that. He said there were a number of people at a meeting right after in the –

MS. DUNDERDALE: Who knew about it.

MR. LEARMONTH: Who were there and it was discussed –

MS. DUNDERDALE: And –

MR. LEARMONTH: – and there was a request made (inaudible) –

MS. DUNDERDALE: And I can tell you –

MR. LEARMONTH: That's what he said.

MS. DUNDERDALE: But I didn't know it.

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: And the government didn't – the Cabinet didn't know it. I can tell you that. They did not know it.

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: But in terms of the other pieces, the CPW analysis that the department did, using the capacity that it had within government to do that kind work –

MR. LEARMONTH: Yes.

MS. DUNDERDALE: – was done. You know, again, all of the people who were – Nalcor was constructed to do this piece of work. This wasn't – we weren't hiring MHI to go build a hydro dam for us. Nalcor was constructed to do this work on behalf the people of the province in the same way that Newfoundland and Labrador Housing, the liquor corporation, to help with all of those kinds – independent, able to work in free time, owned by the people of the province to operate on behalf and in the best interest of the people of the province. That's how it was constructed and why it was constructed.

So, you wouldn't – you had to build within that the capacity, you know, to the best that you could do, to do this kind of work, and to have that kind of kind of faith and confidence in what you were building and the mechanism you had put in your place. You know, before we were doing this kind of work almost by the seat of our pants. We had deputy ministers up negotiating with Hydro-Québec on power rates and so on. We don't hire deputy ministers to do that kind of work.

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One of the – Dean MacDonald made a speech at a fundraiser of mine at the curling club when the Grimes deal fell apart, and he resigned – he had resigned from the chairmanship of the board of Newfoundland and Labrador Hydro, and he made a comment, publicly, at that meeting that said he asked a government official – and it could've been a deputy minister – what we were getting from the Grimes deal, and the minister – the deputy minister or whatever government official it was told him what the amount was.

He said, I then asked the second question: How much is Hydro-Québec getting? And the reply was: We don't know and we don't care because we're getting what we want. And I can guarantee you, we weren't going to do work that way. We were going to know what was going to be fair and what was going to be balanced and who was getting what. And I'm not faulting public servants, because public servants aren't hired – they're hired to manage departments and manage programs and so on. They're not hired to do those kinds of high-level negotiations around issues that they may not have a great deal of experience.

So you wanted to put together a company, and the government at the time that said it was going to take a larger interest in our oil and in our gas and that we were gonna do future developments on the Churchill River.

You had – the lesson that had been learned from the Upper Churchill on was that you had to have people who understood that world, understood business, understood that process and negotiation and so on, to go do that work on your behalf. You couldn't be plucking people out of the Department of Finance, you know, career public servants who didn't have any kind of expertise in those areas to do that kind of work on your behalf.

So, that was the rationale that was driving Nalcor, and that's why the company was built. And I wasn't directly engaged because I was in INTRD at the time, but I'd be briefed regularly at Cabinet and so on about, you know, what we were doing in terms of oil and gas and the Churchill River and all of those kinds of things.

So, Nalcor was a, you know, was a new concept and a new idea and a new mechanism to do this work and to do it more thoroughly, and to extract greater and better benefit for the people of the province.

So, we wouldn't – you wouldn't even approach it in – but I don't approach any of the Crown corporations in a suspicious way. You know, there was vigorous debate in the House of Assembly about the construct of Nalcor because it all had to be approved in the House of Assembly and so on. So, there was lots of debate about how it was constructed, who was doing what, what were the reporting mechanisms gonna be, what do we do with commercially-sensitive information, what was gonna be the role of the Auditor General in terms and how did we report and still protect commercial sensitivity, but make sure that the people of the province were informed, especially through the House of Assembly. All of those kinds of ...

So, we were there from the get-go. So you built this company with this expertise to work on behalf of the people of the province; you are far more engaged just because of the magnitude of what you've undertaken here and how much is on the table in terms of investment and responsibility and risk and so on.

So, you would do your oversight, but you wouldn't approach it like you would with a private company whose interests weren't aligned with yours.

MR. LEARMONTH: Mm-hmm.

MS. DUNDERDALE: I mean, Nalcor's alignment had to be 100 per cent with government and the people of the province. That's why it was made. That's why we made the company; we built the company to do it.

MR. LEARMONTH: Mm-hmm.

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Well, you say Nalcor's objectives should've been 100 per cent in alignment with government, is that what you said?

MS. DUNDERDALE: No, with – to do –

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: – to – with the people of the province. It is owned by the people of the province.

MR. LEARMONTH: Right.

MS. DUNDERDALE: It's certainly gonna take its direction from government, right?

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: Because government represents the shareholder.

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: But this is – this company is owned by the people of the province. Its mandate is to operate, you know, in the best interests of the –

MR. LEARMONTH: Right.

MS. DUNDERDALE: – people of the province.

MR. COLLINS: Yeah.

MS. DUNDERDALE: So, you know, they're not trying to make money for themselves.

MR. LEARMONTH: No.

MS. DUNDERDALE: Every cent they make belongs to the people of the province.

MR. LEARMONTH: Yeah, and –

MS. DUNDERDALE: And every money – every cent you spend –

MR. LEARMONTH: Yes, and I –

MS. DUNDERDALE: – belongs –

MR. LEARMONTH: – I suggest to you that for that reason, 'cause a heavy obligation, or there was a heavy obligation on Nalcor to provide full and frank –

MS. DUNDERDALE: I –

MR. LEARMONTH: – disclosure –

MS. DUNDERDALE: – agree.

MR. LEARMONTH: – of all relevant –

MS. DUNDERDALE: I agree.

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MR. LEARMONTH: – information to the government, who is representing the people, and I’m suggesting to you that based on some of the evidence that’s been presented, that that disclosure obligation was not met. Do you agree?

MS. DUNDERDALE: I can tell you that –

MR. LEARMONTH: Do you agree with that?

MS. DUNDERDALE: You have raised points with me that caused me concern.

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: You know, I wasn’t aware that – of some of the things that you’ve pointed out here this morning, and I should’ve been aware.

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: I should’ve been told, even if there was a caveat to it –

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: – that that’s gonna even itself out or an explanation or whatever.

MR. LEARMONTH: Right.

MS. DUNDERDALE: But you tell me –

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: – or you tell the minister.

MR. LEARMONTH: Yes, yeah.

MS. DUNDERDALE: But in terms of scrutiny, the scrutiny was there, and, you know, in terms of what we understood, you know, was – you know that in terms of MHI, in terms of Ziff, in terms of –

MR. LEARMONTH: Mmm.

MS. DUNDERDALE: – Wood Mackenzie, in terms of, you know, the federal government, in terms of the Consumer Advocate’s office, in terms – all of these reports we got back said this is the least-cost option.

MR. LEARMONTH: Mmm.

MS. DUNDERDALE: There was no one came back to us anywhere in that process – lots of ’em came back and said, well, you know, yes, we think this is least-cost option but you need to do this, you need to do this, you need to do something else. Nobody came back and said, oh, you got a perfect proposal here and it’s, you know, there’s work you need to do.

Fair enough, you know, that’s why we didn’t sanction until we were satisfied that we had done all of that. But not one of all of – that’s an awful lot of people to get in a tent to say that we got a conspiracy on the go here, or we got some kind of a plan on the go to approve a project that doesn’t make any kind of sense.

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You know, there's just too many people to get all in that tent together. And nowhere was the alarm bell sounded, you know, that I could hear, that says you're way off track here, this project is going to \$10 billion and it's not the least-cost option and it's not this.

You know, we were bending over to be fair, even. You know, people saying, well, it was Muskrat all the time. You know, if we wanted – if we had included the cost of the extra 40 per cent of the power and the cost of carbon, we could have broadened that difference up. You know, we didn't want to do all of that. I agree with the rationale for not doing that. Keep this as close as we possibly can, but to make a public argument as to why we should go to Muskrat if there was some ulterior motive for doing that, we could've done that at any time.

But why would you do that? What I wanted was the least-cost option for the people of the province. And if we had an opportunity to make money, and there was all kinds of strategic reasons for doing it too. But the number one reason all the time had to be it had to be in the best interests of the people of the province and ratepayers in the province.

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: It had to be at the least-cost option.

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: You couldn't make ratepayers –

MR. LEARMONTH: Mm-hmm.

MS. DUNDERDALE: – responsible for strategic –

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: – strategies – strategic plans that you made, like, to do something with Hydro-Québec or whatever. You couldn't do that.

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: Wouldn't – that would not be ethical.

MR. LEARMONTH: Yeah.

But if important information is withheld from government, how can government discharge its obligations to the public?

MS. DUNDERDALE: But the question you asked was: Was there oversight? And I'm saying to you that there was tremendous oversight, more oversight than had ever been practised by a previous government in attempts to do exactly what we did. And there was no alarm raised in any of that to say to you you're not being given comprehensive information, or you're being misled –

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: – or it's not a substantive plan, it's severely flawed, all of those kinds of things. And that's what we based our decision on.

MR. LEARMONTH: No, but I'm saying that you should have had that information. I'm not saying that you had it; I'm saying that you should have had that information. I'm talking about disclosure.

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MS. DUNDERDALE: Yes.

MR. LEARMONTH: And it's difficult to see how a government can provide a good oversight role if there is, nope, not disclosure of financial information.

MS. DUNDERDALE: I agree –

MR. LEARMONTH: That's my point.

MS. DUNDERDALE: Yeah but I agree with you.

MR. LEARMONTH: Yes, yeah.

MS. DUNDERDALE: But based on what we had –

MR. LEARMONTH: Okay, what you had, yeah.

MS. DUNDERDALE: – that's my point –

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: – in terms of we did the due – you know, we did the due diligence on what we had.

MR. LEARMONTH: On what you had.

MS. DUNDERDALE: And we did the oversight –

MR. LEARMONTH: On what you had.

MS. DUNDERDALE: – on what we had.

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: And if – you know, and I'm interested to know if there was strategic information that wasn't – you know, that – I want to know if something was covered up. I want to know how this happened.

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: I'm not a disinterested bystander.

MR. LEARMONTH: Yeah.

MS. DUNDERDALE: I want to know: How did we get from 6.2 to 10.1?

MR. LEARMONTH: Oh, well, we'll see if we can shed –

MS. DUNDERDALE: Answer the question?

MR. LEARMONTH: – some light on that. Anyway that's fine; I don't have any more questions. Do you have any questions?

MS. E. BEST: Nothing arising.

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MR. LEARMONTH: You got –

MR. COLLINS: I have a couple, if I could.

What is – do you recall any serious conversations after sanction about cancelling the project?

MS. DUNDERDALE: About...?

MR. COLLINS: About cancelling the project? On reversing the sanction decision?

MS. DUNDERDALE: No.

MR. COLLINS: Was that ever seriously discussed?

MS. DUNDERDALE: No. No reason to.

MR. COLLINS: Absolutely.

And the second question is: Do you remember any discussions after sanction while you were in office about creating a new structure for overseeing Nalcor?

MS. DUNDERDALE: I remember – yes, I remember – you know, there was going to be an oversight committee all – of putting all of that together, who would have constant –

MR. COLLINS: Yeah.

MS. DUNDERDALE: – insight into what was happening with the project.

MR. COLLINS: So that was in the works under your government.

MS. DUNDERDALE: Yes.

MR. COLLINS: It wasn't a new addition of that – from that –

MS. DUNDERDALE: Yes, absolutely there was going to be an oversight committee.

MR. COLLINS: Thank you very much.

MR. LEARMONTH: All right.

MS. E. BEST: All right.