

**Muskrat Falls Corporation**

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25 January 2016

LTR-CH0032001-0237

ANDRITZ HYDRO CANADA INC.  
6100 Trans-Canada Hwy.  
Pointe-Claire, Quebec  
H9R 1B9

**Attention:** Mr. William Mavromatis

**Subject:** Agreement CH0032-001  
Supply and Install Powerhouse and Spillway Hydro-Mechanical Equipment  
**Re:** Acceleration of Spillway Installation Schedule to Meet River Diversion  
Requirements On/Or Before 15-Jun-2016  
**Ref:** Lack of Progress/Deficiencies in Schedule – Week 3: 17-23<sup>rd</sup> January 2016  
Contractor Letter AH-Letter-PM-094

Dear Mr. Mavromatis,

Reference is made to Contractor Accelerated Work Schedule; Revision 04 dated 18-December 2015.

In accordance with Contractor Proposal for Acceleration of Spillway Installation Schedule to meet River Diversion Requirements on/or before 15-June-2016 as detailed in Contractor letter dated 18-December-2015, reference AH-Letter-PM-094, Contractor is notified, pursuant to Article 3.1 of the Agreement, that Contractor is failing to proceed with the Works in compliance with its Accelerated Work Schedule dated 18-Dec-2015. Earned progress by the Contractor is not in accordance with the Accelerated Schedule. Within the first 3 weeks of 2016, Contractor's re-mobilization of resources coupled with the execution of available work on several work fronts continues to fall behind in critical path construction activities.

Company records the status of the following work activities at 24-January-2016, all of which have fallen behind Contractor Schedule since 04-January-2016. The prevailing weather and Site Conditions have been excellent for general hoisting, access and planned labor activities and Contractor has not availed of these conditions since 04-January-2016.

**Bay #1**

1. Shelter Installation currently 90% complete should have been 100% complete by 07-January-2016 as per Contractor Accelerated Work Schedule.
2. Precision Alignment of CPV Guides currently 0% complete; activity should have been 100% complete by 14-January-2016 as per Contractor Accelerated Work Schedule.
3. Precision Alignment of CPPS1 Guides currently 0% complete, activity should have been 100% complete by 22-January-2016 as per Contractor Accelerated Work Schedule.
4. Precision Alignment of CPPS2 Guides currently 0% complete, activity should have been 100% complete by 18-January-2016 as per Contractor Accelerated Work Schedule.

**Bay #2**

1. Shelter Installation currently 40% complete, activity should have been 100% complete by 16-January-2016 as per Contractor Accelerated Work Schedule.

**Bay #3**

1. Shelter Installation currently 0% complete, activity should be 100% complete by 25-January-2016 as per Contractor Accelerated Work Schedule.

**Bay#4**

1. Inspection and repair of anchor guide bolt holes (CHR 036) in Bay #4 currently 50% complete, activity should have been 100% complete by 15-December-2015 as per Contractor Accelerated Work Schedule.
2. Erection of all embedded parts currently 50% complete, shown to be complete by January 30, 2016

**Bay#5**

1. Inspection and repair of anchor guide bolt holes (CHR 036) currently 0% complete, activity should be 100% complete by 30-January-2016 as per Contractor Accelerated Work Schedule.

Company is anticipating a full and detailed recovery plan and schedule from Contractor no later than Friday 29-January-2016 (as assured by Contractor in daily telephone 4.00PM conference calls) which will demonstrate in full Contractor ability and plan to meet and achieve River Diversion Requirements on/or before 15-June-2016.

In addition to this, Company also requests a detailed fabrication report on the status of the Hoardings for Bays 4 & 5. This report should detail fabrication status, completion status, and availability for shipping date and actual shipping to site dates. This report should be provided immediately upon receipt of this letter.

Regards,



**Scott O'Brien**  
Company Representative  
Project Manager – Muskrat Falls Generation  
Project Delivery Team  
Lower Churchill Project

