

**From:** [lanceclarke@lowerchurchillproject.ca](mailto:lanceclarke@lowerchurchillproject.ca)  
**To:** [Colleen Sutton](#)  
**Subject:** Fwd: Andritz Road Map  
**Date:** Friday, August 26, 2016 4:21:40 PM  
**Attachments:** [.png](#)  
[.png](#)  
[Index of letters re acceleration..xlsx](#)  
[Executive Summary.docx](#)

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Put in Andritz folder and print.

Thx

Sent from my iPad

Begin forwarded message:

**From:** "Lance Clarke" <[LanceClarke@lowerchurchillproject.ca](mailto:LanceClarke@lowerchurchillproject.ca)>  
**Date:** July 29, 2016 at 6:35:34 PM GMT+2  
**To:** "Lance Clarke" <[LanceClarke@lowerchurchillproject.ca](mailto:LanceClarke@lowerchurchillproject.ca)>  
**Subject: Fw: Andritz Road Map**

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----- Forwarded by Lance Clarke/NLHydro on 07/29/2016 02:05 PM -----

From: Bruce Hallock/NLHydro

To: Gilbert Bennett/NLHydro@NLHydro

Cc: "Meade, Aidan" <[aidan.meade@mcinnescooper.com](mailto:aidan.meade@mcinnescooper.com)>, Lance Clarke/NLHydro@NLHydro

Date: 07/07/2016 06:32 PM

Subject: Andritz Road Map

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Gilbert,

Here is a summary of the position and a timeline of the more relevant correspondence. I have also attached a spreadsheet of virtually all related correspondence. In the summary I have laid out a proposed road map for resolving the commercial issues re Change Order No. 010.

Andritz's position is that it is cost reimbursable and all cost are to be paid. So we need to get them beyond that. We need their actual bid/budget hours. They should be equal to the hours included in the schedule. I have the letters as well if you want to review any of them.

I am prepared to work with them fairly, but equally prepared if they are uncooperative to suggest we go to arbitration.

Bruce

*(See attached file: Indext of letters re acceleration..xlsx)(See attached file: Executive Summary.docx)*

**Bruce Hallock, PSP, CFCC**

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**ANDRITZ HYDRO CANADA INC.  
CH0032 HYDRO MECHANICAL WORK  
SPILLWAY ACCELERATION ISSUES**

Document No	Date	Originator	Title	Comment	Andritz Reference
LTR-CH0032001-0053	11-Sep-15	MFC	Acceleration of Spillway Installation Schedule Andritz Proposal - Preliminary	Multiple references: Letter Nos. 0028, 0032, 0035, 0041, 0050, and 0057	
LTR-CH0032001-0057	19-Aug-15	AH	Acceleration of Spillway Installation Schedule Proposal - Preliminary		AH-Letter-PM-031
LTR-CH0032001-0065	16-Sep-15	AH	Additional Information Requested by Company on Spillway Acceleration Proposal	Response to MFC Letter No. 0053	AH-Letter-PM-036
LTR-CH0032001-0071	06-Oct-15	MFC	Andritz Proposed Spillway Acceleration & River Diversion Bonus Plan dated 28 September 2015		
LTR-CH0032001-0144	12-Nov-15	MFC	Change Order No. 10 Acceleration of the Spillway Mechanical Equipment for River Diversion		
LTR-CH0032001-0145	16-Nov-15	AH	Company's Change Order no. 10 – Acceleration of Spillway Schedule	Acknowledges receipt of Change Order No. 10 and has directed its subcontractors to commence acceleration.	AH-Letter-PM-064
LTR-CH0032001-0148	16-Nov-15	MFC	Acceleration Schedule	Company Email 061171 and Contractor Email 002575	
LTR-CH0032001-0153	18-Nov-16	AH	Contractor's Reply to Company's LTR-CH0032001-0148 - Proposed Acceleration Schedule	Preparing response to Company comments re Acceleration Schedule.	AH-Letter-PM-072
LTR-CH0032001-0159	24-Nov-16	AH	Company's Change Order CHO 010 - Acceleration of Spillway Installation Schedule to Meet River Diversion Requirements On/Or Before 15-June-2016	Formal reply to CHR No. 10: Accepts company's authority to issue the CHR, and confirms it will perform the work. Contractor accepts neither the price nor payment method.	AH-Letter-PM-076
LTR-CH0032001-0159	14-Dec-15	MFC	Contractor Alleged Changed Site Conditions and Schedule Impacts Reference: Aconex Contractor Letters: 0139, 0143, 0147, 0154, 0160, 0176 & 0177	Details Andritz delays and deficiencies. Comments on Andritz reply to Change Order No. 10	
LTR-CH0032001-0168	15-Dec-15	MFC	Acceleration Schedule – Change Order No. 10	Company repeats the request for a complete acceleration schedule with resource loading and up-to-date status.	
LTR-CH0032001-0179	04-Dec-15	AH	AH Proposal for Acceleration of Spillway Installation Schedule to meet River Diversion Requirements on/or before 30 June, 2016	Revised acceleration proposal. Includes costs for Canmec, CRT, Grimard, Andritz and Temp Elect. (Hemi)	AH-Letter-PM-081
LTR-CH0032001-0188	18-Dec-15	AH	AH Proposal for Acceleration of Spillway Installation Schedule to meet River Diversion Requirements on/or before 30 June, 2016	Increased costs for acceleration.	AH-Letter-PM-094
LTR-CH0032001-0198	17-Feb-16	MFC	Readiness for Secondary Concrete Placement in Spillway	Contractor advised of actions to be taken prior to commencing with secondary concrete work.	
LTR-CH0032001-0230	08-Jan-16	MFC	AH Acceleration Proposal - December 18, 2015	Response to Letter No. 0188, Contractor's revised acceleration proposal. Confirms the discussions on January 6, 2016 regarding proposal for oversight of Change No. 010.	
LTR-CH0032001-0232	11-Jan-16	MFC	Contractor Proposal for Acceleration of Spillway Installation Schedule to meet River Diversion Requirements on/or before 30th June 2016	Response to Letter No. 0188, Revision 02 to Acceleration Proposal.	
LTR-CH0032001-0237	25-Jan-16	MFC	Acceleration of Spillway Installation Schedule to Meet River Diversion Requirements On/Or Before 15-Jun-2016	Response to Letter No. 0188, Revision 02 to Acceleration Proposal. Cites a lack of progress against revised plan.	
LTR-CH0032001-0258	25-Feb-16	AH	Spillway installation schedule February 25, 2016 update	Updated schedule and subcontract curves	AH-Letter-PM-115

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CH0032 HYDRO MECHANICAL WORK  
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Document No	Date	Originator	Title	Comment	Andritz Reference
LTR-CH0032001-0259	29-Feb-16	MFC	Spillway installation schedule February 25, 2016 update, response to Andritz Letter No. 0258.	Schedule for diversion has slipped from 15-Jun-16 to 7-Jul-15, unacceptable. Take action to mitigate delays.	
LTR-CH0032001-0260	04-Mar-16	MFC	Performance Default Notice	Note of default and intention to seize LOC	
LTR-CH0032001-0262	04-Mar-16	AH	CHO-CH0032001-0010 Acceleration Costs Incurred	Notice that AH has incurred approx. 75% of CHR. 10 costs.	AH-Letter-PM-116
LTR-CH0032001-0265	07-Mar-16	AH	Response to Company Letter No. 0259.	Andritz plans to discuss the schedule at meeting scheduled for March 7, 2016	AH-Letter-PM-120
LTR-CH0032001-0266	08-Mar-16	AH	Response to Company Letter No. 0260 Performance default.	Andritz history of acceleration and rejection of Company's notice.	AH-Letter-PM-121
LTR-CH0032001-0267	07-Mar-16	MFC	Alleged Acceleration Costs Incurred, Response to Letter No. 0262	Company rejects Andritz claim it has incurred 75% of the change order costs.	
LTR-CH0032001-0269	12-Mar-16	AH	Follow-up to March 9 and 11, 2016 meetings. Proposal for CRT to accelerate secondary concrete work.	Andritz and CRT recovery plan to acceleration plan at a cost of \$5.0 million.. Plan to complete the Secondary Concrete by 25-Apr-16	AH-Letter-PM-123
LTR-CH0032001-0298	22-Mar-16	MFC	Spillway Schedule and Acceleration References: Andritz letter AH-Letter-PM-123, March 12, 2016	In the notice of default contractor was directed to submit a detailed resource loaded recovery plan that meets the river diversion date of June 15, 2016. Company has reviewed and rejects Contractor's 12-Mar-16 Plan The Plan has numerous deficiencies and offers no assurance that Contractor will get back on schedule and complete the work required to support river diversion by June 15, 2016.	
LTR-CH0032001-0308	31-Mar-16	AH	Spillway Schedule and Acceleration	References Letter Nos. 0298, 0286, 0260, 0266, 0269,	AH-Letter-PM-140
LTR-CH0032001-0314	04-Apr-16	MFC	Spillway Schedule and Acceleration, Response to Letter No. 0308	Responses to Andritz CRT acceleration plan	
LTR-CH0032001-0316	05-Apr-16	AH	Request for meeting in St. John's - Change Order 010 - Spillway Schedule Acceleration		AH-Letter-PM-123
LTR-CH0032001-0321	08-Apr-16	MFC	Request for Meeting in St. John's — Change Order No. 010 — Spillway Schedule Acceleration		
LTR-CH0032001-0322	08-Apr-16	MFC	Suspended the SRG concret pour do to incident while pouring concrete.	Notice of delays and other impacts due to incident onf 6-Apr-16	
LTR-CH0032001-0336	18-Apr-26	MFC	Work stoppage on Bay 1 due to concrete poor incident on 14 April 2016	Second incident, sites Andritz inaction and delay.	
LTR-CH0032001-0347	22-Apr-16	AH	SRG Concrete Pour Bay No. 1 - Night Shift 6 April 2016. Andritz places full responsibility for the incident on Company.	Andritz rejects Company position in Letter No. 0336. Insists CHO-010 and acceleration directive is on a T&M basis therefore all costs are responsibility of Company	AH-Letter-PM-159

**ANDRITZ HYDRO CANADA INC.  
CH0032 HYDRO MECHANICAL WORK  
SPILLWAY ACCELERATION ISSUES**

Document No	Date	Originator	Title	Comment	Andritz Reference
LTR-CH0032001-0348	22-Apr-16	AH	Bay 1 SRG and S1 Concreting Activities	CHO 01 O does not create any new Milestone to the Milestone Schedule set out in Exhibit 9 to the Agreement. Company is not entitled to make any instructions on the basis of Article 24.2 relating to any project schedule other than the Milestone Schedule. Consequently, Company's instruction to Contractor to provide mitigating measures is without contractual foundation. All contingencies, delays, standby time and lost time and other non-billable activities resulting from any action or omission of any Party are the sole and exclusive liability of Company.	AH-Letter-PM-158
LTR-CH0032001-0352	26-Apr-16	AH	CHO 010 - Spillway Acceleration - Installation Subcontractor's (CANMEC) Letter to Contractor	Push from Andritz to have the Change Order on a time and material basis.	AH-Letter-PM-168
LTR-CH0032001-0357	28-Apr-16	AH	Contractor work stoppage on March 29, 2016 due to weather, road closure and lack of ERP.	Refers to Company Letter No. 0306 re work stoppage on 29 March 2016	AH-Letter-PM-148
LTR-CH0032001-0359	28-Apr-16	AH	Work stoppage on Bay 1 concrete pour SRG/S1 - 14 April 2016. Insists CHO 010 is cost reimbursable, therefore all costs related to the incident are reimbursable.	Refer to Letters 0336 and 0347	AH-Letter-PM-167
LTR-CH0032001-0368	03-May-16	AH	CHO No. 10 - CANMEC Spillway Acceleration Costs. Refers to Letter No. 0334 and meeting/agreement on April 28, 2016.	Meeting to take place during the week of May 2, 2016 to review CANMEC acceleration costs	AH-Letter-PM-173
LTR-CH0032001-0383	02-May-16	AH	Meeting at Site to review CHO 010 - CANMEC Acceleration Costs		AH-Letter-PM-159
LTR-CH0032001-0393	15-Jun-16	MFC	CHO No. 010 Acceleration of Spillway Installation Schedule - Progress Billing for April 2016		

## Background

On September 10, 2014 Andritz advised Company that based on their assessment of the progress of work on site Exhibit 9, Milestone I1A – Upstream of Spillway Ready for Start of Hydro Mechanical Works, was at a material risk of not being met. Andritz informed Company that in the absence of notice of any change in the Exhibit 9 milestone dates, it would continue with its current mobilization plans. Andritz's letter also served to notify Company that any change in Milestone I1A would result in cost and schedule impacts.<sup>1</sup> Andritz letter commenced a series of events that would result in a change in the Exhibit 9 Milestone Dates, and a delay in the commencement of Andritz Hydro-Mechanical Work in the Spillway, and a yet undetermined delay in the commencement of Andritz Hydro-Mechanical Work in the Power House and Intake Structures.

On September 24, 2014, Company responded to Andritz notice of the potential delay to Exhibit 9, Milestone I1A. Company's letter advised Andritz that Company was aware of the situation and that the Project Schedule was being reviewed. Company anticipated the review would result in adjustments to Exhibit 9 and when the review was complete, Company would communicate any adjustments to the schedule to Andritz.<sup>2</sup>

Company responded on December 15, 2014 advising Andritz the current forecast for Milestone I1A was mid to late second quarter of 2015. Company was planning a meeting for early 2015 with Andritz and the Company's civil contractor, Astaldi, to refine the actual date.<sup>3</sup> Andritz replied on December 18, 2014 advising Company the delay would result in both cost and schedule impacts which Andritz was evaluating and would provide Company with its assessment when it was completed. Andritz also inquired as to the status of the revised Exhibit 9 which had been discussed at the executive meeting in November 2014.<sup>4</sup>

On January 9, 2015,<sup>5</sup> Andritz confirmed the receipt of an email which postponed the planned coordination meeting with Astaldi until February 2015.<sup>6</sup>

On March 19, 2015 Company issued Change Order No 6 revising Exhibit 9 – Work and Milestone Schedule. Company amended the access dates for Andritz to commence work on the upstream and downstream portions of the Spillway to read, "To be advised by company at least sixty (60) days in advance of the new date."<sup>7</sup>

On May 26, 2015, Company provided Andritz with the 90-day notice to mobilize and commence with the work on the Spillway.<sup>8</sup> On June 12, 2015 a mobilization planning meeting was held with Andritz to detail the requirements and timeline constraints to affect river diversion in 2016.<sup>9</sup>

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<sup>1</sup> Andritz, AH Letter-PM 001, Notification of Delays/Possible Delay to Milestone Date, September 10, 2014.

<sup>2</sup> Company, LTR-CH0032001-0007, Andritz's Notification of Delays/Possible Delay to Milestone Date, September 24, 2014.

<sup>3</sup> Company, LTR-CH0032001-0009, Exhibit 9 – Interface and Milestone Schedule – Revised, December 15, 2014.

<sup>4</sup> Andritz, AH Letter-PM 003, Response to Letter LTR-CH0032001-009, December 18, 2014.

<sup>5</sup> Andritz, AH Letter-PM 004, Exhibit 9 – Interface and Milestone Schedule – Revision AH Request for a Change Order, January 9, 2015.

<sup>6</sup> LCP-CM-EMAIL-032467, AI 044.2c Coordination Meeting With Astaldi, January 8, 2015

<sup>7</sup> Letter LTR-CH0032001-0018, Change Order No. 06, "The Exhibit 9 – Interface and Milestone Schedule included in the Agreement is deleted in its entirety and replaced by the enclosed Exhibit 9 (Revised 3 March 2015) – Interface and Milestone Schedule," March 19, 2015.

<sup>8</sup> Company, LTR-CH0032001-0032, LCP Letter no. LTR-CH0032001-0021—90 Day Notification Period to Andritz, May 26, 2015.

Pursuant to the mobilization planning meeting, Company clarified its mobilization notification on July 10, 2015 confirming that the first available work area for the Hydro-mechanical Work will be the downstream portion of the piers. Company requested Andritz to continue mobilization efforts in support of the scheduled dates and revised definitions for interfaces I1A and I1B as follows:<sup>10</sup>

- Interface I1B on 1-Sep-2015: Spillway and related works required for downstream stop log guides, gates and hoists installation
- Interface I1A on 1-Nov-2015: Spillway and Related Works required for upstream guides installation and concreting, including

The planned completion for the hydro-mechanical work was June 15, 2016 to support river diversion.

### Timeline

<u>Date</u>	<u>Comment</u>
19-Aug-15	AH submits \$9.5 million cost proposal for acceleration of Spillway, includes only CANMEC hours.
11-Sep-15	Company responds to AH proposal, that it is incomplete, lacks details, schedule data is not compliant, and fails to provide required documentation to support mobilization.
16-Sep-15	Astaldi will provide information requested at meeting planned for September 17, 2015. AH expected a response to the proposal following the meetings on August 24 and 25, 2015 in Montreal.
06-Oct-15	Company responds to AH September 28, 2015 bonus plan. (Not in file). Repeats Company position that the completion date for river diversion is to be 15-Jun-16 and not 1-Jul-16. Also repeats position that the hours for lost productivity are over estimated.
28-Oct-15	AH submits Acceleration Schedule for review and comment.
30-Oct-15	Company responds to AH schedule with comments and requires AH to respond by 18-Nov-15 and to adjust the direct and indirect hours to reflect acceleration, and to update the actual status through 13-Nov-15.
12-Nov-15	Company issues Change Order No. 010 for acceleration of the Spillway Hydro-Mechanical work to support river diversion. Change Order amount is \$3.37 million with a bonus of \$2.0 million if contractor achieves 15-Jun-16 completion date.
18-Nov-15	AH states it is in the process of addressing Company's schedule comments and will submit the revised schedule on Friday, 20-Nov-15.
24-Nov-15	AH responds to Change Order No. 10. AH acknowledges Company's right to issue the change order but disagrees with the price and terms and conditions. Proposes alternatives, which is to make the change order cost reimbursable.
04-Dec-15	AH submits revised acceleration proposal in the amount of \$9.7 million, and a bonus of \$3.0 million. This proposal includes cost for Andritz, CANMEC, CRT, Grimard and HEMI. Proposal lacks details on basis of calculation and fails to provide updated schedule.

<sup>9</sup> MOM AH-MFG-PM-0221, "Mobilization and Planning," June 12, 2015.

<sup>10</sup> Company, LTR-CH0032001-0036, July 10, 2015.



- 14-Dec-15 Company response to multiple AH letters on changed site conditions and schedule impacts. Company provides a list of sixteen AD deficiencies in performing the work.
- 15-Dec-15 Company letter cites AH with failure to provide resource loaded, updated schedule. AD promised on 8-Dec-15 that the schedule would be submitted on 11-Dec-15, and it was not. AH verbally advised the schedule will be submitted on 17-Dec-15. Summary of 19-Nov-15 update to 26-Oct-15 update reveals schedule slippages to as late as 3-Aug-16 from required date of 15-Jun-16. Note: November 17, 2015 update is not revised acceleration schedule, just update to 26-Oct-15 schedule.
- 18-Dec-15 AH submits revised acceleration schedule and revised acceleration cost proposal. The estimated cost for acceleration has increased to \$13.0 million with a \$3.0 million dollar bonus. Proposal lacks details to conduct a thorough review of the claimed costs. Repeats same productivity impacts. Does not explain the individual incremental increase in costs.
- 08-Jan-16 Company responds to AH December 18, 2015 revised acceleration proposal. Letter memorializes the agreement reached on January 6, 2016 to provide oversight to Change Order No. 10 and provide a way forward to resolve the commercial disagreements.
- 11-Jan-15 Company further responds to AH Acceleration Proposal Revision 2, and Schedule. As of January 11, 2016 AH has failed to proceed with the work in a meaningful manner and has incurred further delays. AH lacks sufficient resources to perform the work. Company requires a mitigation plan, which demonstrates schedule recovery.
- 25-Jan-16 Company letter documents AH failures to perform and schedule delays. Company requires a full recovery plan by 29-Jan-16.
- 25-Feb-16 AH provides an updated schedule.
- 29-Feb-16 Company responds that the slippage in the completion date to 07-Jul-16 is unacceptable; must take actions to correct.
- 04-Mar-16 Company issues letter with Performance Default Notice, cites basis for notice.
- 07-Mar-16 Response to Company's letter re the 25-Feb-16 schedule update. Plan to discuss the schedule status with company during the week of 7-Mar-16.
- 08-Mar-16 AH's response to Company's Performance Default Notice. Letter ignores the facts of the delay in starting work, and AH's admission of concurrent delays. AH has continued to delay the work failure to provide shelters in a timely manner, stop logs, gates, and delays in secondary concrete work and CANMEC delays.
- 12-Mar-16 AH's proposal for CRT to accelerate secondary concrete.
- 31-Mar-16 Response to Company letters regarding performance, delays and lack of recovery plans. AH responded to the eight items in Company 22-Mar-16 letter. AH provided costa for CRT to accelerate the concrete at an additional \$4.0 million over and above what AH had presented previously. AH has not supported the costs.
- 04-Apr-16 Company's response to AH's 31-Mar-16 letter regarding their performance and schedule. Company responds to each point in the letter summarizing AH's delays and performance failures. The letters are a repetition of the same issues, delays, lack of resources, poor planning, and poor quality work.



- 08-Apr-16 Confirms suspension of CRT work on 6-Apr-16 due to major incident during pour in Bay 1, SRG. AH advised they will be responsible for all cost and time due to the incident.
- 18-Apr-16 Confirms suspension of CRT work on 14-Apr-16 due to major incident during pour in Bay 1, SRG/S1. CRT delays to rectify problem and resume work cost a delay of two shifts. AH advised they will be responsible for all cost and time due to the incident.
- 22-Apr-16 AH responds to Company re the 06-Apr-16 incident. Claims the work is being done on a T&M basis and therefore all costs are to Company's account plus overhead and profit of 15%. Company accepts responsibility for the associated risks and liabilities arising out of the change order work. All contingencies, delays, standby time and lost time, and other non-billable activities resulting from any action or omission of any Party are therefore the sole and exclusive liability of Company. AH makes the ridiculous statement that it continues to exercise due diligence in accelerating the Work towards Company's target river diversion date of June 15, 2016, when its schedule updates are already showing a late July 2016 completion.
- 22-Apr-16 AH responds to Company re the 14-Apr-16 incident. AH makes the same claims regarding the work being done on a T&M basis and therefore all costs are to Company's account plus overhead and profit of 15%.
- 26-Apr-16 AH forwards letter from CANMEC regarding their legal position and not willing to continue to perform work if Company is not going to pay AH's invoices. At this point in the work Andritz had not exhausted its base scope cost, nor invoiced Company for the anywhere near the full amount of the scope work in the Agreement.
- 28-Apr-16 AH responds to Company's letter regarding the "illegal work stoppage." AH's letter provides a detailed hour-by-hour narrative on the events and why AH feel it work stoppage for safety reasons.
- 28-Apr-16 AH response to Company's letter regarding the 14-Apr-16 incident. AH repeats its position that all contingencies, delays, standby time and lost time, and other non-billable activities resulting from any action or omission of any Party are therefore the sole and exclusive liability of Company.
- 08-Jun-16 Company responded to AH letter on the "illegal work stoppage." Dismissing AH's arguments. This will become an issue in resolving the costs AH will claim for the acceleration work.
- 02-May-16 Company acknowledges AH Aconex email ANDRTIZ EMAIL-003738 regarding the acceleration payment certificate for March 2016. Company reaffirms its position that the payment certificate is rejected. Letter repeats that CHO-010 is not a cost reimbursable change order. Payment is on progress alone upon achieving a payment milestone. AH failed to comply with Section 12.3 of Exhibit 3.
- 03-May-16 AH questions when the meetings are to be held at site to discuss the commercial issues related to CHO-010.
- 15-Jun-16 Confirms meeting in St. John's on 19-May-16 and payment certificate for April 2016. Parties agreed during the meeting to develop a mechanism for the resolution of commercial issues related to Change Order No. 010.
- 06-Jul-16 AH letter on status of "road map" for resolution of commercial issues re CHO-010. AH rejects Company's position that no payments are due to AH.

## Road Map

There are at least three views regarding the “road map” for resolving the outstanding commercial issues related to Change Order No. 010 (“CHO-010”).

The Company is of the feeling that AH has done little if anything to accelerate the work, they have actually delayed completion, they have had numerous self-inflicted wounds, poor performance, lack of resources, inability to control their subcontractors, and multiple other issues which cumulatively have led AH to incur additional costs.

The Claim’s Consultant and accepted legal position, is that AH do not have to actually achieve an earlier completion to be entitled to compensation for acceleration. AH needs only to demonstrate they tried, and fell short.

If AH is willing to accept as payment the value of CHO-010, we could likely agree with that position, but AH will not accept that position, they want CHO-010 to be treated as cost reimbursable.

My recommended is in line with the guidelines previously established in meetings and correspondence.

This puts the burden on AH to prove its entitlement and provide a detailed breakdown of its labour hours by craft, supervisory, and management personnel for each subcontractor. The labour breakdown must be by scheduled work task. Taking CANMEC as an example:

- Shelter work in each bay;
- Alignment of the guides, by type, and bay (includes off-loading, handling, installation of bolts, initial setting, rough, and final alignment. This also includes the sill plates.)
- Welding transition plates, by bay;
- Rectification and touch-up paint, by bay;
- Hoist towers and bridges;
- Setting gates and stop logs;
- Testing the gates and stop logs; and,
- ETC.

Against the actual hours AH must provide a breakdown of the bid/budget for these tasks. AH has to explain why there is a growth between bid versus actual, and provide a basis for the calculation of the hours due to weather, learning curve, crowding, etc. AH has to make an effort to identify and exclude all non-compensable time. When completed AH is to submit their time and costs for Company’s review and consideration.

I have already started the following:

- Prepare a schedule delay analysis to identify every item of delay, and apportion responsibility;
- Review the DCRs, correspondence, NCRs and minutes of meetings for all deficient work, defects, rework, etc. to account for that time, and document the hours. (Installing and moving the hydro-lifts from downstream to upstream needs to be looked at and we need to make sure all the hours for repair of the embeds are excluded.);
- Determine bid errors were evident; and,
- Assess productivity.

Based on the completed analysis we will provide an alternative calculation and validation of the hours and costs, which AH are reasonably due. If at the end of the day it is less than CHO-010, we pay less. If it is reasonably more than CHO-010 and we all concur it is reasonable and allowable, we offer to pay that.