

From: Li Jeanne
Sent: 2018-02-12 11:46:49 PM
To: Carrier Daniel
Cc: Gagnon Marc; Cote Dave
Subject: RE: LCP discussion - Re-preservation

Attachments: [CHO-043 - Invoice Analysis_20180118.xlsx](#), [Cost Analysis PCA 1-2-3_11.xlsm](#)

Daniel,

Please see below summary for the re-preservation.

	Payment Certificate issued	Accepted by LCP	In Dispute	Under Review	PCA Approved /Invoiced Amount (65% of total PCA)	Paid Amount
Pricing Sheet #1 (as of Sept 30, 2017)	\$ 1,345,222	\$ 4,216,088	\$ 1,197,375	\$ 31,364	\$ 874,394	\$ 874,394
Pricing Sheet #2 (Oct 1 to 21, 2017)	\$ 873,387				\$ 567,702	\$ 567,702
Pricing Sheet #3 (Oct 22 to Nov 18, 2017)	\$ 1,783,736				\$ 1,159,428	\$ 1,159,428
Pricing Sheet #4a (Nov 19 to Dec 16, 2017)	\$ 1,442,483				\$ 937,614	Due on 11-Mar-2018
Pricing Sheet #4b (Dec17 to Dec 23, 2017) - FW51	\$ 215,724			\$ 215,724	\$ 140,221	Due on 11-Mar-2018
Total	\$ 5,660,552	\$ 4,216,088	\$ 1,197,375	\$ 247,088	\$ 3,679,359	\$ 2,601,524

Note that I am currently working the 5th Payment Certificate to cover the period between January 7th and February 3rd, 2018.

Thanks,

Jeanne Li
 Commercial Manager

Andritz Hydro Canada Inc.
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 Pointe-Claire, QC, Canada
 H9R 1B9
 Telephone: +1 514 428-6933
 Fax: +1 514 428-6713
jeanne.li@andritz.com
www.andritz-hydro.com

From: Carrier Daniel
Sent: Monday, February 12, 2018 6:55 PM
To: Li Jeanne
Subject: Fwd: LCP discussion

Jeanne

Rgds, Daniel

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Begin forwarded message:

From: Lapointe Jean <Jean.Lapointe@andritz.com>
Date: February 12, 2018 at 6:37:30 PM GMT-5
To: Carrier Daniel <Daniel.Carrier@andritz.com>
Cc: Gagnon Marc <Marc.Gagnon@andritz.com>, Boulet Francois <Francois.Boulet@andritz.com>
Subject: Re: LCP discussion

Daniel,

The meeting with Mike did not yield any progress - basically, it's Gates all over again.

Hey points:

- LCP is questioning all charges and rates.
- Mike spent Approx 1 hour going thru all areas LCP believes cost are not justified - rates, personnel, equipment, travel, rentals, stand downs
- I explained to Mike that this is a zero risk cost reimbursable contract , and AH expects full payment including cost incurred during safety stand down.
- I also explained that both AH and LCP had agreed to put the Gates/T&G negotiations behind us and begin a new chapter of collaboration and cooperation, and that we came to the meeting with this mind set and with a view of finding common ground and resolving the re-preservation issue on Friday. I added that it was clear from their approach that they were not embracing the guidance received from both executive councils - I said, "Mike I am not feeling the Love. I came to solve this, and you are talking about audit. We paid suppliers and we want to be paid. This audit, review, retrospectively revisiting cost, is delaying AH getting paid notwithstanding AH paid suppliers and the re-preservation is seriously cash flow negative thru no fault of our own.
- Also, I did advise LCP that Their Lead - Dan Philpot - was issuing instructions to AH, changing priorities, instructing AH to get more equipment and more people, and AH was responding to instructions. I added that it is not reasonable that LCP now decide to retroactively review and question everything after cost were incurred. We acted in good faith and LCP, and AH expects full payment.
- Mike had zero interest to negotiate.
- I mentioned to him AH had provided thousands of pages of invoice back-up, and asked him what he hope to collect from an audit over and above what AH already submitted. His response, " LCP wants proof that subs received payment - bank receipts, and bank transactions, crane cost and the like."
- LCP states the Crane rates are giving them major heart burn. My response 1) crane quotes in May 2017 we much higher than quotes today. 2) AH shared all the quotes AH received with LCP, and 3) the rates AH charged LCP are those stipulated in the estimate sheet included in the CHR and 4) AH Was able to show the rate we charged was competitive with quotes received. His response, LCP refuses to pay the AH rate for the 250t because LCP has new/recent quotes from Capital Crane which are less the 50% of AH's quote and their view is AH's rate is simply excessive and cannot be justified, even if AH's rate is the rate quoted in the CHR. He wants to verify thru audit AH's actual crane cost.

In short Daniel, it's gates all over again.

My recommendation to Mark was to support the audit so as to not be confrontational, and simultaneously escalate.

Jean

Sent from my iPhone

On Feb 12, 2018, at 4:54 PM, Carrier Daniel <Daniel.Carrier@andritz.com> wrote:

Marc, I need feedback before my meeting with Paul tomorrow. Please see below. If more convenient please call my mobile.

Jean – please provide an update on the re-preservation. I want to re-iterate my previously expressed position. If we do not have an agreement, we need to avoid doing the work. What is the situation ? Have we resolved the items which were disagreed ? Why are they calling an audit ? Are we going backwards or forwards? thanks

Best regards, Daniel

From: Carrier Daniel
Sent: February 9, 2018 5:53 PM
To: 'Boulet Francois (francois.boulet@andritz.com)' <francois.boulet@andritz.com>; Gagnon Marc <Marc.Gagnon@andritz.com>
Subject: LCP discussion

Gents,

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I am meeting with Paul Harrington tuesday night. He wants to discuss schedule. I would like a L1 or L2 copy of the T&G schedule I could use. Would you kindly send me this over the weekend.

Marc, I would also like to know from you what issues I should bring up at this meeting. What do we need attention paid to ? How are we doing on the re-preservation commercial items? Could you also send me an update on our deliveries to the embedded parts milestones (actual or forecast versus contract) .. similar to an update you prepared last time.

thanks

Best regards,

DANIEL CARRIER

President

ANDRITZ HYDRO

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Email Header:

MIME-Version: 1.0
Date: Mon, 12 Feb 2018 23:46:49 -0500
Message-ID: <5CE7175EF9D270489355BAA2C90264E501398FAC67@atlsms580.andritz.com>
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Mon, 12 Feb 2018 23:47:04 -0500
CC: Gagnon Marc; Cote Dave
Thread-Topic: LCP discussion - Re-preservation
Thread-Index: AdOkhXxOPGGueCSWRw6IH7sP1ZJYqg==
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X-MS-TNEF-Correlator: <5CE7175EF9D270489355BAA2C90264E501398FAC67@atlsms580.andritz.com>
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X-MS-Exchange-Organization-AuthAs: Internal
X-MS-Exchange-Organization-AuthMechanism: 04
X-Originating-IP: [143.161.171.233]
TO: Carrier Daniel;
From: "Li Jeanne" <Jeanne>
CKX-Bounce-Address: Jeanne
Subject: RE: LCP discussion - Re-preservation

CH0030-001 DESIGN, SUPPLY AND INSTALL TURBINES AND GENERATORS
 CHANGE ORDER CHO-043 Preservation, Rework and Remediation of T&G Components
 INVOICE - PCA-CHO043-001 / 002 / 003 / 004

INVOICE / BILLING ANALYSIS

Section	Description / Title	Sub-contract Submitted	Amount Invoiced by Andritz	Amount Accepted by LCP	Variance	
1	Andritz Staff Time	\$ -	\$723,388.85	\$602,488.85	\$ (120,900.00)	#111/111 -17%
2	Andritz Staff Expenses	\$ -	\$120,087.28	\$109,464.92	\$ (10,622.36)	-9%
3	AH Crafts Time	\$ -	\$550,735.68	\$459,924.91	\$ (90,810.77)	-16%
4	AH Crafts Expenses	\$ -	\$63,224.57	\$46,027.29	\$ (17,197.28)	-27%
5	Melville	\$ 884,470.75	\$1,232,130.92	\$983,487.59	\$ (248,643.33)	-20%
6	Bullwarc	\$ 1,053,061.90	\$1,165,142.54	\$842,525.29	\$ (322,617.25)	-28%
7	WXC	\$ 565,052.50	\$133,858.19	\$108,841.75	\$ (25,016.44)	-19%
8	Andritz Equipment	\$ -	\$743,503.75	\$397,368.75	\$ (346,135.00)	-47%
9	Andritz Management Consultants	\$ -	\$73,845.34	\$58,412.31	\$ (15,433.03)	-21%
10	Equipment Rentals (by Andritz)	\$ -	\$233,573.65	\$233,573.65	\$ -	0%
11	Materials & Others (by Andritz)	\$ -	\$373,972.88	\$373,972.88	\$ -	0%
	Totals	\$ 2,502,585.15	\$ 5,413,463.65	\$ 4,216,088.19	\$ (1,197,375.46)	#111/111

Section 1	AH STAFF HOURS	ACTION	REASON
		Rejection of hours charged by Jeanne Li on the CHO-043 program.	Jeanne Li is part of the prime organization and hours/costs are covered by Site Establishments.
		Reduction of hours charged for all AH Site staff members	(1) Travel Time (2) Safety Stand down(s) (3) OH&S Stop Work Order (Infraction w/ dunnage/cribbing)

Section 2	AH EXPENSES	ACTION	REASON
		Rejection of Business Class tickets for S. Jarvis and R. Villa	Contract stipulates that travel is compensated based on lowest fare.
		Removal of taxes from invoices submitted	Invoice/cost are to be exclusive of taxes.

Section 3	AH CRAFT TIME	ACTION	REASON
		Reduction of hours charged for AH Craft	(1) Safety Stand down(s) (2) OH&S Stop Work Order (Infraction w/ dunnage/cribbing) (3) no entitlement to recover for additional hours pursuant to layoff notice
		Removal of Foreman hours	Removal of hours charged for additional (x1) foremen where only 1 was required
		Reduction of Direct Craft charge out rate	Unionized - Direct Craft rates includes overhead for PPE, small tools and consumables, however AH has purchased and invoiced for these items separately.

T&M based as well used for pre-mobilization effort.

Check with Michelle and CL
 Two different trades, different areas (MY and SL)
 See AH's CHR-298 for detailed rates calculation. No PPE or small tools are included in Calculation.

ACTION Andritz to provide overhead value of PPE, small tools and consumables in order to deduct from either the labour rate or not be compensated for the same in the pruchased.

Section 4	AH CRAFT EXPENSES	ACTION	REASON
		Removal of taxes and fees from invoices submitted	Invoice/cost are to be exclusive of taxes.
		Rejection of flight changes	flight changes are at Contractors account. Individuals working a rotation of 20/7.

AH is changing the mechanism for the flight tickets calculation (net of recoverable taxes) and will raise accordingly.

Section 5	SUBCONTRACTOR INVOICES	ACTION	REASON
	MELVILLE	Reduction of hours charged for Labour and Equipment	(1) Safety Stand down(s) (2) OH&S Stop Work Order (Infraction w/ dunnage/cribbing)
		Reduction of charge out rates for Truck and Trailer	Charge out rate not negotiated. Rates are high. No rates for daily, weekly, monthly or standby. LCP proposed Truck and Trailer rates applied for the basis of analysis and cost reduction.
		Reduction of charge out rate for Driver	Charge out rate not negotiated. Rate is high. No rates for daily, weekly or monthly. LCP proposed non-unionized driver rate applied for the basis of analysis and cost reduction.
		Removal of Travel & Lodging	Local Company, however claiming LOA for drivers. Based on PLA union rules anyone within 35km are not entitled to compensation.

T&M based as well used for pre-mobilization effort.
 T&M based as well used for pre-mobilization effort.

Comparison of 3 vendors, Melville is the lowest one.

Comparison of 3 vendors, Melville is the lowest one.

Non-union drivers. Agreement with Subcontractor.

Reduction of charge out rate for Riggers	Charge out rate not negotiated. Rate is high. No rates for daily, weekly or monthly. LCP proposed non-unionized riggers rate applied for the basis of analysis and cost reduction.
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Competitive rates quoted by melville for the riggers; 13% lower than the personnel rates in CHR-298

ACTION	Contractor to provide breakout for Labour, and equipment. Contractor to provide hourly/daily/weekly/monthly/standby breakdown for equipment. All rates to be agreed. Riggers rates to be agreed.
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Section 6	SUBCONTRACTOR INVOICES	ACTION	REASON
	BULLWARC		(1) Travel Time
		Reduction of hours charged for sub-contractor	(2) Safety Stand down(s)
			(3) AH orientation and training
		Reduction of charge out rate for Management and labour (RT / DT)	Charge out rate not agreed. Rate is high. LCP proposed non-unionized labour rate applied for the basis of analysis and cost reduction.
		Removal of mark-up and Admin. Fees from sub-contractor to Andritz	Bullwarc has applied a 10% mark-up on leases and misc. purchases invoices. AH has then applied a further 15% mark-up of their own.
		Temporary removal of costs for purchases	Missing misc. purchases receipts
		Removal of D&A Testing	Individuals have to be 'fit for work'

Ref. to AH's CHR-304

T&M based as well used for pre-mobilization effort.
T&M based as well used for pre-mobilization effort.

Ref. to AH's CHR-304.

Which one missing?

ACTION	With the exception of Cortex materials, all other materials and consumables should be left to Andrita to purchase. Rates to be agreed.
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Section 7	SUBCONTRACTOR INVOICES	ACTION	REASON
	WXC		(1) Travel Time
		Reduction of hours charged for crane operators	(2) Safety Stand down(s)
			(3) OH&S Stop Work Order (Infraction w/ dunnage/cribbing)
		Removal of LOA charges for Crane operators	Operators reside in Camp

Only mobilization and demob charged?

People at MY stay in town

Section 8	ANDRITZ EQUIPMENT	ACTION	REASON
		Removal of cost for AH owned Truck	Truck was 100% charged to CHO-043 while its also used on prime contract.
		Removal of cost for AH owned trailer	Truck was 100% charged to CHO-043 while its also used on prime contract.
		Removal of N/S charges for 250T crane	Service contract indicates shift covering a 24 hour period.
		Removal of re-mobilization costs for 250T crane	

ACTION	Rates to be agreed. Rate of the 250T cranes is overpriced at \$45k/week. Comparable rate indicates \$55k/month for the same size crane. Andritz to provide lift calculation studies to LCP to confirm appropriate crane size/capacity required.
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LCP states: \$55K/month => \$13,750/week
AH: two crane operators are required for 250T crane, 120 hours x \$128.57/ hour (CHR-298) = \$15,428/week/shift; Equipment cost needs to be covered as well.

Section 9	CONSULTANTS	ACTION	REASON
	Marc Ferron		(1) Travel Time
	Mike Wade	Reduction of hours charged for consultants	(2) non-billable hours for Andre Francoeur to travel to Montreal to sign Contract and D&A testing
	Andre Francoeur	Removal of mark-up on travel and expenses	These should be devoid of mark-up and be a straight pass through cost to project.
		Removal of mark-up applied by Andritz	These should be devoid of mark-up and be a straight pass through cost to project.
		Removal of taxes charged by consultants on \$85/day per diem	Invoice/cost are to be exclusive of taxes.
		Temporary removal of costs for purchases	Missing misc. purchases receipts
		Removal of taxes and fees from invoices submitted	Invoice/cost are to be exclusive of taxes.

Section 10	ANDRITZ RENTALS / LEASES	ACTION	REASON

ACTION	Andritz to seek "Long Term" rates from equipment Lease Companies.
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Section 11	ANDRITZ PURCHASES	ACTION	REASON