

Muskrat Falls Corporation

Corporate Office
500 Columbus Drive
P. O. Box 15000, Stn. A
St. John's, NL Canada A1B 0M4

Lower Churchill Project Operations Office
350 Torbay Road, Suite 2
St. John's, NL Canada A1A 4E1

16-June-2015

ASTALDI Canada Inc.

358 Hamilton River Road
Happy Valley-Goose Bay, NL
A0P 1C0 Canada

Attention: Don Delarosbil, Project Manager

Subject: Agreement No.: CH0007- 001

Title: Construction of Intake and Powerhouse, Spillway and Transition Dams

Re: Contractor Management of Sub-Contractors

Dear Mr. Delarosbil,

Company is becoming increasingly concerned about Contractor's management of its sub-contractors on site. Hundreds of man-hours are being wasted due to Contractor's failure to manage and support the daily interfaces with sub-contractors in terms of lack of pro-active planning, failure to provide equipment such as cranes, power, provision of required materials and small tools and consumables. Such issues create lost hours and craft incurring stand-by time for no valid reason. These matters are noted on the daily time sheets (one example of many received in this regard is attached) as a matter of record although Company suspects that these documents only cover part of the full picture of the wasted craft hours that are actually occurring.

Company is aware that Contractor has increased its sub-contractor workforce as part of the spring/summer ramp-up however such positive actions require immediate concurrent support in terms of planning and open work fronts. This does not appear to be happening given the many instances of lost time recorded due to lack of support facilities, and with particular respect to AGF.

Company reviews all time sheets with regard to such instances and depending upon the circumstances involved, the presentation of wasted or non-productive man-hours may be categorized as "non-billable."

Company expects to see an immediate decrease of such occurrences and an overall improvement by Contractor of the management and support of sub-contractor work fronts as noted hereto.

Regards

Muskrat Falls Corporation

Scott O'Brien

Company Representative and Project Manager – Muskrat Falls Generation



a Nalcor Energy company



Lower Churchill Project Muskrat Falls CH0007: Civil Works

Foreman Name: Julie Gauth No. AG0009 Signature: [Signature]

Superintendent Name: ERIC GAGNON No. _____ Signature: [Signature]

Department: REBAR

DAILY TIMESHEET No: AGF-2014-05-28-24

DATE: 2015 05 28
Year Month Day
H T W F S S

Day Shift
Night Shift

Description
Package Art-239
Rebar Art-234

Intake 1 PH 1 NTD SB
2 CTD SB
3 STD
4
Spillway Separation Wall

Received
ASTALDI
Management
MAH

Name	Employee Number	Worker Category	Premium Code	Premium Hours	Check for Meal Ticket	Total Hours	Initial for acceptance of time	Code			Code			Code			Check Box if Injured	Comments
								ST	OT	DT	ST	OT	DT	ST	OT	DT		
JULES VILLANUEVA	001950	G-F			<input type="checkbox"/>	10.5		5	0.5	5								
					<input type="checkbox"/>													
					<input type="checkbox"/>													
					<input type="checkbox"/>													
					<input type="checkbox"/>													
					<input type="checkbox"/>													
					<input type="checkbox"/>													
					<input type="checkbox"/>													
					<input type="checkbox"/>													
					<input type="checkbox"/>													
					<input type="checkbox"/>													
					<input type="checkbox"/>													
					<input type="checkbox"/>													
					<input type="checkbox"/>													
Total Hours:						10.5		5	0.5	5								

Code Validated
Payroll Data Entry

Materials Received

Work Completed

Unacceptable Comment

Problems Encountered

~~NO CRANE - NO TIE-DOWN - NO SIGN - NO BEARS~~
~~NO STEEL - WHAT DO YOU EXPECT US TO DO~~
~~WORST JOB I HAVE BEEN ON~~

LCP Reviewer Name: _____
Signature: _____ Date: _____
LCP Comments: _____