

Muskrat Falls Corporation

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24-Aug-2016

ASTALDI Canada Inc.

114 Hamilton River Road
North Star Building,
Happy Valley-Goose Bay,
NL, Canada A0P 1C0

Attention: Don Delarosbil, Project Manager

Agreement No.: CH0007-0011

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

Subject: Critical Path Progress

References:

Dear Mr. Delarosbil,

Company is very concerned that Contractor is failing to progress without any excusable reasons the available critical path work fronts in the Intake and Powerhouse.

Intake #2

- Due to Contractor's current construction sequence the critical path for the intake runs through the south pier element to the D/S roof slabs. The next critical pour in this sequence is I2PSC-05. This pour requires extensive shoring to be installed however as of 23-Aug-2016 no shoring work has started. Contractor placed the predecessor pour I2PSB-04 & 05 on 3-July and 24-July-2016 respectively. I2PSC-05 could have started as early as 3-July-2016 if CON-562 was implemented which allowed for a combination of I2PSB-05 and I2PSC-05. Contractor failures as noted hereto are entirely responsible for the loss of 2 months on the critical path in this unit.

Intake #3

- Contractor placed I3PSB-01 on 19-Jun-16 and I3PSB-02 on 17-Jul-16. As per #98 3 week look ahead I3PSB-03 is planned for 28-Aug-16. The cycle time on this critical element is greater than 40 days which is unacceptable and negatively impacts progress of this critical path element.

Powerhouse #3

- On 16-Aug-16 OH&S released the Stop Work Order to progress pours D3ESA-02/03 & D3ENA-02/03. As of 23-Aug-16 (1 week later) no work had started on these elements.
- On 19-Aug-16 Contractor was advised of Company's acceptance of the new shoring tower design for the draft tube formwork and the drawings were accepted Code 1 on 20-Aug-2016. As of 23-Aug-16 there was no visible progress of this critical work and in the Weekly Progress meeting of the same day

Contractor had no tangible plan to start this critical fabrication activity.

Powerhouse #4

- On 20-Aug-16 Company accepted the new shoring tower drawings Code 1 and OH&S released the stop work order on 21-Aug-16 to allow for the installation of the towers in unit 4. As of 23-Aug-16 Contractor has not progressed this work nor even commenced preparation of this area for the start of the installation works.

Contractor is required to provide an immediate up-date of how Contractor intends to rectify these critical path deficiencies and prevent further delays within the construction schedule.

Regards,

Muskrat Falls Corporation



Scott O'Brien

Company Representative, Muskrat Falls Generation