



LOWER CHURCHILL PROJECT – MUSKRAT FALLS

CH0007: CONSTRUCTION OF INTAKE AND POWER  
HOUSE, SPILLWAY AND TRANSITION DAMS

26-Sept-2016

LTR-CH0007001-1434

**ACI- MFC-0823**Muskrat Falls Corporation  
350 Torbay Road, Suite 2  
St. John's, NL Canada**Attention: Mr. Scott O'Brien, Company Representative****Agreement No.: CH0007-001****Title: Construction of Intake Powerhouse, Spillway and Transition Dams****Subject: Critical Path Concerns – Downstream Intake Works****Reference: LTR-CH0007001-1429**

Dear Mr. O' Brien:

Contractor acknowledges receipt of Company letter LTR-CH0007001-1429 related to Critical Path Concerns – Downstream Intake Works. Contractor wishes to point out that throughout the course of the September 20, 2016 site progress meeting Company behavior was aggressive, intimidating and demeaning towards Contractor staff. Contractor further asserts that this is not an uncommon practice by Company representatives at such meetings and this had been previously addressed. Such unprofessional conduct is unnecessary, non-collaborative, damaging to the relationship and in contravention to the intent of the current Bridge Agreement and the ongoing off-site negotiation methodology of both parties. In contrast, Contractor has always strived to work with Company in a collaborative manner and in the best interests of the Project that sometimes are not necessarily in the best interests of the Contractor. An example of this attitude is Contractor's approach towards attempting to assist Company with the current lack of camp accommodations issue.

With regard to Company's schedule concerns it is apparent that there is a misunderstanding of the actual Critical Path in the Contractor's construction plan as represented by the Contractor's project control schedule. To mitigate this misunderstanding and facilitate a common understanding, Contractor has made it the focus of the upcoming schedule workshop to illustrate to Company the Agreement Scope of Work Critical Path. Also, Contractor draws Company attention to focus on the entire Critical Path and not just upon the upcoming 4-5 months. Should Company wish to revise Contractor's construction plan we note that any costs or impacts are to Company's account.



LOWER CHURCHILL PROJECT – MUSKRAT FALLS


CH0007: CONSTRUCTION OF INTAKE AND POWER HOUSE, SPILLWAY AND TRANSITION DAMS

At the end of the referenced meeting, and contrary to Company's characterization of the events, Contractor's PM made comments relating to the unprofessional conduct as noted above and asserted that should such behavior continue Contractor would not attend these meetings in the future. Please provide assurance that the aforementioned behavior towards Contractor's personnel will not reoccur and Contractor will attend such meetings and continue to work with Company in a positive and collaborative environment.

Sincerely,  
**Astaldi Canada Inc.**

A handwritten signature in blue ink, appearing to read "Don Delarosbil", is written over a horizontal line.

Don Delarosbil  
**Project Manager**  
Lower Churchill Project – Muskrat Falls

cc: MFC – Mr. Mike Harris, Mr. Mel Melhem, Ms. Vivian Wang,   
Astaldi – Mr. Georges Bader, Mr. Riccardo Rocci, Mr. Robert Gregoire, Mr. James Walsh, Mr. Martin Duquet, File 