

From: [David Steele](#)
To: [Tim Calver](#); [Kirsten Tisdale](#); [Michael Kennedy](#)
Cc: [Paul Hickey](#)
Subject: RE: GNL - MFP Summary Status - Draft.pptx
Date: Saturday, February 13, 2016 10:38:00 AM
Attachments: [image001.png](#)
[image002.gif](#)

Hi all,

Regarding the information released to Government yesterday.

I do apologize for the length of the notes and thoughts below. They may not be well organized (and rough in some places), but I have limited time this morning.... And want to shoot this off to you all for consideration. I hope it can provoke some thought and help our strategy to deal with this current issue and the path forward. Lets' have a meeting early next week on this.

I talked to Julia and explained the situation and Nalcor's reaction. A few points I relayed:

- I explained that Paul H was upset that we shared a new version of the three slides per her request, as they (Nalcor) had not yet reviewed the revision.
- She indicated that it was not a "formal" distribution of our slides, but she really needed to ground herself on the points we've raised as she prepared for a meeting. She indicated that the on-screen presentation left her with some notes, but she was very uncomfortable as she was not in a position to confidently relay our current position to others. She explained that she will delete the version sent along to her if we think that would help. I indicated that there is no need.
- I explained the exact process that has unfolded to receive their feedback in person and through email over the past week and a half.
- She was very comfortable that we are operating in line with the principles established. She indicated to me, that in her opinion... that no matter what we do, we will not meet Paul's expectations. I agree with her.
- She made it clear that **EY should not communicate our recommendations for action/next steps/reporting** to Nalcor until she and the SC have also had a chance to review, consider and then and only then will the SC engage Nalcor in next steps discussions.
- She indicated that we do not need Nalcor's review of all information prior to sharing with her freely with her. She feels that there is an extreme interpretation of the principles being made here.
- **She agreed with a process for the interim and final report – we will provide a version to Nalcor for review. We will collect their feedback (one round) and integrate (if and where we feel appropriate) and then we will issue our final draft to the Government and Nalcor simultaneously.** Government will then invite Nalcor in to present their position. We both agreed that this needs to be established prior to the reporting cycle. Basically we need to move this from Principle's based to Rule based.... We need to shake the interpretation out of this.... it's been a nightmare.

Next steps re this situation:

- **Michael, your call on this, but here is what I think:**
 - o Tim – you take the recent version and strip out any/all of the next steps

recommendations (the last slide and any of the qualitative description on the second to last slide. This is in line with the request of our client, Julia (see above). Then share the deck to Nalcor.

- There is no apology required here. If anything, Paul H should apologize for his reaction and treatment of Tim, it's unacceptable. The fact is and Paul should be made aware of this with no uncertain terms. Julia wanted to get informed and requested the slides within 5 minutes notice. This was an informal communication and the information was labeled draft and Julia has indicated there is no intention to distribute it further. She actually indicated that she intends to delete the draft in anticipation of a final version.
- Julia (our client) needs to have unfettered and timely access our perspective. It is ridiculous to think that we have done a good job in informing our client by flashing up 3 slides on a screen and not providing any documentation to them.
 - Recap of this validation (let's keep this in mind as we diffuse this situation):
 - Nalcor were upset that we didn't share the "detailed slides" with them prior to the SC meeting. They only seen the 3 summary slides.
 - We took removed the detailed slides for the SC meeting
 - Nalcor were concerned that their feedback on the exec summary was not integrated
 - We included notes in the presentation to Government to fully explain their perspective
 - Nalcor were concerned about the presentation not being final or being adjusted prior to SC presentation
 - We chose to not distribute the report, but just showed the slides on screen to our client.
 - Nalcor had several significant concerns with some of our points in the exec summary
 - We addressed all of them
 - Nalcor continued to have significant concerns about the detailed slides
 - We have now removed them from the summary report all together. We are now only providing the client 3 summary slides (which we officially haven't yet).
 - We have made one mistake (in my opinion), and we have apologized profusely and committed correction for the final report, that is not providing the initial draft to Nalcor well in advance of our planned communication to SC. This was mitigated significantly, but the actions we took above. And we have committed more lead time for the actual report.
 - Sorry folks, I just want to remind everyone, this is all to have produced 3 slides that are in my opinion pretty straight forward. We should be commended by Nalcor.
 - Please remember, this was supposed to be an "Interim Report" to inform our client. With where this has landed, I felt exposed and if no one has noticed, I have deliberately changed the name of this communication to a briefing "summary status update". We have fell well short of the expectations to release a report to our client and also to properly inform our

- client of EY's position (flashing 3 slides on screen just does not cut it). If anything Nalcor, by using principles they have been successful in their efforts we didn't issue a "report", we have not communicated effectively/timely to our client.
- o We are just very very lucky that we can point to the lack of conditions of success (i.e. ongoing re-baselining, QRA, and Astaldi)... otherwise, I believe we would be in a horrible position right now.

If anything, Michael/Tim and team have gone above and beyond to foster a relationship here. Nalcor should be applauding and thanking us. I believe these efforts have been taken advantage of. If anything, with the significant issues (challenge/delay) we encountered with the provision of data/information to us.... I believe it is Nalcor who has the principles of transparency/cooperation, etc. The difference between them and us, we are not calling them on it.

I'm sorry for the long email. I hope it provokes some thought and also helps inform our strategy for dealing with the immediate situation and going forward.

Regards,

David

David Steele | Partner | Advisory Services

Ernst & Young LLP
Office: +1 709 769 2080 | David.Steele@ca.ey.com

Proudly serving Canada for over 150 years

From: Tim Calver
Sent: Saturday, February 13, 2016 6:18 AM
To: Kirsten Tisdale; David Steele; Michael Kennedy
Cc: Paul Hickey
Subject: RE: GNL - MFP Summary Status - Draft.pptx

Not sure if you managed a call but a couple of things to note.

- I don't think Nalcor have received the document yet, we need to send it to them
- before this, they need to be informed verbally about the plan to report at the end of Feb on the current baseline (this will cause further problems). Ideally the Client would do this. Either way it needs to be clearly explained that this was a request from the client, and that it why it is recommended in our document.

The latter point highlights the problem we have with the Client/Nalcor dynamic. This report was requested from the client at the start of the week, but no formal confirmation or ability to communicate to Nalcor. This is a direct delivery risk as Nalcor don't know what timeline I am working to.

Astaldi visibility and the options analysis are additional areas of scope gap which will need to be managed into a now tense relationship.

I feel we need to demand clear communication of scope from the client simultaneously to us and to Nalcor.

Happy to discuss

Tim

From: Kirsten Tisdale
Sent: Friday, February 12, 2016 7:42:51 PM
To: David Steele; Michael Kennedy; Tim Calver
Cc: Paul Hickey
Subject: RE: GNL - MFP Summary Status - Draft.pptx

Lets speak live. This is getting abit much.
David pls set up a call. Thanks



Kirsten Tisdale | Partner, Government and Public Sector Leader, Canada
British Columbia Advisory Services Leader | Advisory Services
Ernst and Young, LLP
700 West Georgia Street, PO Box 10101, Vancouver, BC V7Y 1C7, Canada
Office: 604 891 8266 | Cell: 604 306 6217 | kirsten.tisdale@ca.ey.com
Website: <http://www.ey.com>
Assistant: Vangie Johnson | Phone: 604 648 3642 | vangie.johnson@ca.ey.com

From: David Steele
Sent: Friday, February 12, 2016 10:36 AM
To: Michael Kennedy; Kirsten Tisdale; Tim Calver
Cc: Paul Hickey
Subject: RE: GNL - MFP Summary Status - Draft.pptx

Let's have a call on this. Nalcor was deeply disturbed that we shared with the SC, the version you just attached with the NTD indications. This was clearly evident in Steve's emails to Tim.

We listened to them, collected their feedback, addressed their comments (where appropriate). We then opted to not issue all the detailed slides.

Our today, our client called and asked me with an urgent request to send her the summary slides (i.e. send it to me in 5 mins).

There were two options:

1. Issue the NTD slides – which Nalcor are not happy with. And which contain a misrepresentation of several facts that have been uncovered through Tim's validation.
2. Issue the revised slides – which address most of the important points raised by Nalcor, and

have the correct facts.

Julia was preparing to meet with the Premier and wanted to refresh her knowledge. To me, there was only one option.

So at this point... for 3 summary slides, we have received feedback from Nalcor verbally, in writing, and then again in person (yesterday). I guess they expect that we are to provide revisions back to them for further comments and blessing before we can provide to our client. We need to fix this prior to reporting at end of Feb. I feel it's ridiculous.

Glad to discuss further.

Regards,

David

David Steele | Partner | Advisory Services

Ernst & Young LLP
Office: +1 709 769 2080 | David.Steele@ca.ey.com

Proudly serving Canada for over 150 years

From: Michael Kennedy
Sent: Friday, February 12, 2016 2:51 PM
To: Kirsten Tisdale; David Steele; Tim Calver
Cc: Paul Hickey
Subject: RE: GNL - MFP Summary Status - Draft.pptx

Back in the office now. Paul has emailed me and is upset.

If we are going to send ANYTHING to Julia, we should have sent her what we presented last week to the OC (and what was sent to Nalcor at the same time too). I have attached.

Looks like damage is done here and I will phone Paul and try and minimise. Although the deck below is substantially similar – it is different and in this culture it only breeds mistrust, when Nalcor know that there is something out there that they have not seen.

We have got to get very clear about how our communication works. Otherwise we are going to keep shooting ourselves in the foot. Mike



Michael Kennedy | Partner | Canada Infrastructure Advisory Leader

Ernst Young LLP
700 West Georgia Street, Vancouver, British Columbia V7Y 1C7, Canada
Office: 604 648 3843 | Cell: 778 773 2560 | michael.kennedy@ca.ey.com
EA: Vangie Johnson | Phone: 604 648 3642 | vangie.johnson@ca.ey.com
www.ey.com

Proudly serving Canada for over 150 years

From: Kirsten Tisdale
Sent: Friday, February 12, 2016 9:58 AM
To: David Steele; Michael Kennedy; Tim Calver
Cc: Paul Hickey
Subject: RE: GNL - MFP Summary Status - Draft.pptx

Thanks – this is essentially what we shared with them 2 weeks ago correct?

A couple of questions/observations:

- Has Nalcor reviewed?
- We say that we have reviewed Astaldi contracts (pg 3) and found issues but we also say we have had no privity to anything to do with the Astaldi contracts – maybe we could be more specific here
- Pg 4 Would we want to be bolder and say more clearly that we recommend being able to review and provide an opinion on contract options being considered given the material importance on the project?
- Formatting inconsistent – font size varies throughout



Kirsten Tisdale | Partner, Government and Public Sector Leader, Canada
British Columbia Advisory Services Leader | Advisory Services
Ernst and Young, LLP
700 West Georgia Street, PO Box 10101, Vancouver, BC V7Y 1C7, Canada
Office: 604 891 8266 | Cell: 604 306 6217 | kirsten.tisdale@ca.ey.com
Website: <http://www.ey.com>
Assistant: Vangie Johnson | Phone: 604 648 3642 | vangie.johnson@ca.ey.com

From: David Steele
Sent: Friday, February 12, 2016 8:52 AM
To: Michael Kennedy; Tim Calver
Cc: Paul Hickey; Kirsten Tisdale
Subject: GNL - MFP Summary Status - Draft.pptx

Mike and Tim,

Please take a final run through this document that will be final draft and sent to Julia. Paul/Kirsten, same if you have time.

Note – this is considered a “Interim Status Summary” – not a report. Our interim report has been pushed to end of Feb, and a final report to be issued once re-baselining is completed by Nalcor and final analysis is conducted by EY.

Regards,

Dave