



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

LTR-CD0502001-0445
LTR-CD0502-LTCLILLP-AG-0252

20-May-2016

Mr. Stephen Hall
Interim Project Director
ALSTOM GRID CANADA ULC
1400 Industrielle, Suite 100
La Prairie, Quebec
J5R 2E5

Subject: Muskrat Falls Accommodation Complex
RE: LTR-CD0502-AG-LTCLILLP-0201 / LTR-CD0501-AG-LILLP-0244

Dear Mr. Hall,

Company is in receipt of Contractor's letter (LTR-CD0502-AG-LTCLILLP-0201 / LTR-CD0501-AG-LILLP-0244) dated 18-May-2016 regarding the unavailability of rooms at the Muskrat Falls (MF) Accommodation complex. Company is also in receipt of Contractor's preliminary camp forecasts for Muskrat Falls and Churchill Falls (ref Contractor's letter LTR-CD0502-AG-LTCLILLP-0204 / LTR-CD0501-AG-LILLP-0243) received 18-May-2016. Company notes that camp forecasts for 2016 were originally requested from Contractor on 15-Nov-2015. Contractor did provide a forecast on 25-Nov-2015 (LTR-CD0502-AG-LTCLILLP-0204 / LTR-CD0501-AG-LILLP-0172) but only to June 2016. Company notes the camp forecast provided on 18-May-2016 is very different than that provided on 25-Nov-2015, and from what is provided in Contractor's weekly reports.

Nevertheless, Company confirms that the Accommodation Complex at Muskrat Falls is expected to be at or near full capacity for the remainder of 2016. Unfortunately, Company cannot guarantee Contractor a specific minimum quantity of rooms at this time. However, Company will endeavour to honor as many reservation requests as possible. While Company understands that the situation, and the availability of rooms, has since improved, Contractor is encouraged to explore options for alternate accommodations for its Personnel. Additionally, Contractor is advised to diligently plan reservations well in advance (minimum 7 days) to increase Contractor's probability of staying in the Accommodation Complex at Muskrat Falls.

To ensure the least amount of impact with respect to accommodations at MF, Company has taken the following actions:

1. As per Section 4.7 of Exhibit 2 – Compensation, for Contractor's unionized employees, Company will provide a board allowance only to the extent that accommodations are not available at the Muskrat Falls Site. Board will also be extended to those unionized employees who choose to stay off-site. The rates for board shall be in accordance with the applicable labour agreement. Contractor will not be compensated for any other items,

a Nalcor Energy company

- costs or expenses in relation to Contractor's unionized Personnel.
2. As per the attached letter from the Muskrat Falls Employers' Association (MFEA), unionized employees residing in the camp may volunteer to share a room in the new accommodation complex with a bunk bed. The terms and conditions for this arrangement are described in the letter.
 3. Accommodations will only be made available for Contractor's Personnel on regular work rotations (short term stays will not be considered).

As mentioned in Section 4.7 of Exhibit 2 – Compensation, all additional costs for board outside of the Muskrat Falls accommodations complex will be a pass through expense without any mark-up for administration, overhead and/or profit.

Regarding entitlement to meals at the Accommodation complex, as of Monday 23-May-2016, the following will apply:

1. Any Contractor or Subcontractor employee (staff, craft, or labour) will be entitled to meals in the camp accommodation complex only if they are residing in the camp.
2. Anyone not residing in the camp who wishes to partake in a camp meal will be able to do so subject to purchasing a meal ticket at the camp front-desk; however, meal tickets will be in limited supply to each contractor and subject to 72 hours written notice.
3. The sign-in book for meals located at the swipe-in desk will no longer be available and is being withdrawn. Swipe-in cards are required for access to the dining room for meals. In the event a swipe-in card displays a red (declined) status, the individual will be referred to the front desk for further processing.

Notwithstanding the above Company takes exception to Contractor's claim that Company instructed Contractor to cancel mobilization of additional resources. Company also takes exception to Contractor's statement that it is unable to add additional management resources due to the lack of availability of accommodations at MF. Contractor's lack of construction management resources is well documented by Company and Contractor has had many months in which to rectify the situation.

Company agrees that Contractor has the right to provide a Change Request under the terms of the Agreements. However, in accordance with Exhibit 17, Company expects Contractor to process Civil Works Contractor requests for additional costs and schedule impacts using the tools and resources found in the Civil Works Agreements (i.e., resource loading curves, weekly and monthly progress reports, etc.).

Please feel free to contact the undersigned should you wish to discuss this matter further.

Regards



Darren DeBourke, P. Eng.
Project Manager, HVdc Specialties

c.c. ~~11~~ Trina Troke (LCMC)

15 Anthony Jackman (LCMC)

Ken Almon (LCMC)

18 Pierre Sasseville (LCMC)

Mark Ellis (LCMC)

Ray Butler (LCMC)

Tanya Power (LCMC)

Don Lewis (LCMC)

Daniel De Blois (AG)

John Flitcroft (AG)

Claude Mandeville (AG)

Olivier Ruiz (AG)

Kenza Arab (AG)

Antoine Tabet (AG)

Andre Lambert (AG)

Duy Devilliers (AG)

Walter Feletto (AG)

Encl.

MUSKRAT FALLS
EMPLOYERS' ASSOCIATION INC.

06-MAY-2016

Resource and Development Trades Council
of Newfoundland and Labrador
80 Mew's Place
St. John's, NL A1B 4M3

Attention: Darin King, Executive Director
Gus Coombs, Assistant Executive Director

Dear Darin and Gus:

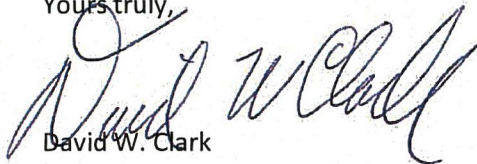
RE: Accommodation Complex Near Capacity

As a follow-up to our conference call earlier this week, we are please to confirm the following:

1. During the period when the accommodation complex is at or near full capacity, which is expected to continue throughout the summer, employees may request to receive LOA which is currently \$116.00/day and obtain their own accommodations. This option will continue to be provided when the accommodation complex is at or near full capacity, but may be ended at any time upon seven days' notice as per the notice period contained in Article 25.05.
2. Employees residing in the camp may volunteer to share a room in the new accommodation complex with a bunk bed, with one worker assigned to one bunk bed and one worker assigned to the other bunk bed. While co-occupying a room with a bunk bed, each occupant will receive compensation equal to \$58.00/day (one ½ LOA). This option will continue to be provided when the accommodation complex is at or near full capacity, but may be ended at any time upon seven days' notice as per the notice period contained in Article 25.05.

If you have any questions at all, please feel free to contact me at any time on my cell phone at (506) 447-0555.

Yours truly,



David W. Clark
Senior Labour Relations Advisor

cc: Pat McCormick