

**From:** johnmacisaac@nalcoreenergy.com  
**To:** [James Meaney](#)  
**Cc:** [Gilbert Bennett](#); [Derrick Sturge](#)  
**Subject:** Re: Contingent Risk - Management Change to LCP  
**Date:** Thursday, January 5, 2017 3:32:17 PM

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Right on Jim and thank you for additional context.

Best Regards .

Jm

Sent from my iPhone

On Jan 5, 2017, at 3:29 PM, James Meaney  
<[JamesMeaney@lowerchurchillproject.ca](mailto:JamesMeaney@lowerchurchillproject.ca)> wrote:

Thanks John. I had included both yourself and Gilbert as could see Nik raising the matter on a broader LCP basis given, in particular, Jason's involvement with aspects of the Project beyond just transmission and his history with some key folks from the C1 team. Will let you know if I hear anything from Nik or Canada.

Sent from my iPhone

On Jan 5, 2017, at 12:55 PM, John MacIsaac  
<[JohnMacIsaac@nalcoreenergy.com](mailto:JohnMacIsaac@nalcoreenergy.com)> wrote:

Thank you for you note Jim ,

Taken as intended , pro active flag , and given that all three are on the transmission side , I am entirely comfortable fielding responses to any questions that arise on this topic .

Please let Nik know to contact myself should he wish to have a dialogue on the subject .

Best Regards .

Jm

Sent from my iPhone

On Jan 5, 2017, at 11:29 AM, James Meaney  
<[JamesMeaney@lowerchurchillproject.ca](mailto:JamesMeaney@lowerchurchillproject.ca)> wrote:

John/Gilbert,

You probably recall the note below from Nik and the subsequent discussion with Canada/IE when we met them with Stan back in June.

In light of recent events on the Project, I would not be surprised if it comes up again at a time when we are pushing hard to close issues and sign a FLG2 term sheet with Canada this month.

As you know, Nik interacted quite regularly with Darren, Trina and Jason as part of our ongoing efforts to maintain a positive working relationship with the IE and NRCan team. We are also now set to re-engage with Canada in Ottawa on Jan 17 to hopefully finalize the FLG2 term sheet. I am certain by that time news of all 3 of these resignations will have filtered back to Nik and Canada (I am pretty sure Darren and Trina's already have).

In the event Canada and Nik want to discuss this matter further, I strongly recommend that we need to be prepared for you two, as the EVP's in charge of the Project, to engage directly with them to provide assurances that the personnel related risk that Nik highlighted below is on your radar and being managed accordingly.

I hope you appreciate that I am raising this matter in the context of being proactive in our efforts to secure the FLG2 in a timely manner. By all means let me know if you wish to discuss further.

Thanks,

Jim

**James Meaney**

**General Manager, Finance**

**PROJECT DELIVERY TEAM**

**Lower Churchill Project**

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You owe it to yourself, and your family, to make it home safely every day. What have you done today so that nobody gets hurt?

----- Forwarded by James Meaney/NLHydro on 01/05/2017 10:51 AM -----

From: James Meaney/NLHydro

To: Stan Marshall/NLHydro@nlhydro

Cc: John MacIsaac/NLHydro@nlhydro, Derrick Sturge/NLHydro@nlhydro, Gilbert Bennett/NLHydro@nlhydro

Date: 06/07/2016 10:34 AM

Subject: Fwd: Contingent Risk - Management Change to LCP

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Hi Stan

I received the note below from Canada last night. This is the matter I mentioned to you in our prep session last Thursday.

Regards

Jim

Sent from my iPhone

Begin forwarded message:

**From:** "Kapoor, Anoop (NRCan/RNCan)" <[anoop.kapoor@canada.ca](mailto:anoop.kapoor@canada.ca)>

**Date:** June 6, 2016 at 7:12:17 PM EDT

**To:** "[JamesMeaney@lowerchurchillproject.ca](mailto:JamesMeaney@lowerchurchillproject.ca)" <[JamesMeaney@lowerchurchillproject.ca](mailto:JamesMeaney@lowerchurchillproject.ca)>

**Cc:** "Manzer, Alison" <[amanzer@casselsbrock.com](mailto:amanzer@casselsbrock.com)>, "Krupski, Joseph (NRCan/RNCan)" <[joseph.krupski@canada.ca](mailto:joseph.krupski@canada.ca)>, "John Medland ([jmedland@blairfranklin.com](mailto:jmedland@blairfranklin.com))" <[jmedland@blairfranklin.com](mailto:jmedland@blairfranklin.com)>, "McHattie, Joseph (NRCan/RNCan)" <[joseph.mchattie@canada.ca](mailto:joseph.mchattie@canada.ca)>, "[nik@argirovglobal.com](mailto:nik@argirovglobal.com)" <[nik@argirovglobal.com](mailto:nik@argirovglobal.com)>

**Subject: FW: Contingent Risk - Management Change to LCP**

Jim

Please see below, IE's opinion regarding risk stemming from contemplated changes to the senior project team. I expect Nik to discuss this aspect tomorrow.

Anoop

**Subject:** Contingent Risk - Management Change to LCP

The role of the Independent Engineer includes providing commentary on perceived risks identified to the on budget, schedule and specification performance of the project. When considering the necessity to report on an identified risk, the Independent Engineer takes account of not only the direct reporting and observations, but also the information obtained from other available sources. The recent press coverage and purported senior management announcements of Nalcor regarding the Lower Churchill project has given rise to an identified risk. That risk being the ability of the project to be completed on the current time schedule and budget.

The risk identified has caused consideration to be given to making management changes that in turn would significantly impact the project. In my experience, the stated intention to change management at this late project stage creates uncertainty and aggravation to the project team's moral. The speculation that follows creates performance issues in the management, and the production team. While this has not manifested significantly to date, the uncertainty around management change gives rise to an engineering concern as to the three primary project execution objectives - on time, budget, and quality performance.

While the project has encountered challenges, largely due to production issues arising from

the weak start of Astaldi on the power house and terrain issues for the transmission lines, the management team has been effective in reaching a circumstance suitable response. The experience gained, and the management expertise developed over the course of this project, should not be lost. Significant change would, in my experience, lose the value of the particular expertise that has been developed over time in this mega project. It is imperative to not enact changes in management that in turn would hamper the primary goals of on time and on budget (albeit the currently modified time and budget). A hydro electric development of the size and scope of the Lower Churchill is a rare and complex engineering and project management challenge, and the experience gained by the management team should not be lost or overridden. In my view, such changes would add contingent risk and likely lead to a slower and more costly process to completion. The skill complement of the existing team, is not readily replaced, and certainly not by persons from other industry backgrounds.

The press and related announcements as to management review and possible replacement leads me to conclude there is contingent project risk for the Lower Churchill project. This risk in my view could lead to reduced ability to complete the project on the current adjusted time schedule and budget.

Regards,

Nik Argirov