

**Lower Churchill Management Corporation**

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LCP Rec. No. L010-G009-200-010642-00003

August 17, 2017

Mr. Paul Q. Carter
Executive Director – Muskrat Falls Oversight Committee
Government of Newfoundland & Labrador
P. O. Box 8700
St. John's, NL A1B 4J6

Dear Mr. Carter:

Re: North Spur Stability – Letter Dated 20 July 2017

This correspondence is in response to your letter dated 20-Jul-2017 related to the North Spur Stability. The letter requested clarification on a number of points, and each is discussed below:

1. *The Committee requested confirmation from Hatch they were satisfied with the responses provided by SNC Lavalin in relation to the 2014 "Cold Eye Review of Design and Technical Specifications, North Spur Stabilization."*

For background, SNC Lavalin is the designer and engineer for the works undertaken on the North Spur. Hatch was engaged to provide comments for SNC Lavalin's consideration in relation to the work undertaken up to 2014, and as part of this engagement, prepared the Cold Eyes Review report. The Hatch scope did not include a further review of how SNC Lavalin should incorporate those comments in their design; they were prepared for the consideration of the designer.

2. *The Committee requested confirmation from Hatch that dam safety management procedures and practices confirm with applicable Canadian Dam Association (CDA) Dam Safety Guidelines.*

Hatch completed an audit of the Project's dam safety management plan and concluded:

- the dam safety management program at the site meets and exceeds industry best practices;
- the dam safety organization is appropriate and staff are experienced;–
- emergency preparedness planning and Operations and Maintenance procedures are in accordance with industry best practice;–
- the dam safety management program is in compliance with the CDA guiding principles;
- the practices as witnessed are appropriate to reduce dam safety risks such that the probability of a significant dam safety incident are very low and that
- there are areas of improvement suggested in this report that may further enhance the existing program.

The results of the audit are available at: http://muskratfalls.nalcorenergy.com/wp-content/uploads/2017/03/MF-Independent-Dam-Safety-Review-and-Audit-1_Hatch-Feb-2017.pdf

A follow up review will be completed after the boom upstream of Muskrat Falls is installed.

3. *The Committee requested confirmation from SNC Lavalin that they have been on site to oversee the North Spur stabilization construction activities.*

SNC Lavalin confirmed in their April 13, 2017 letter that the work completed as of the date of the letter was in conformance with SNC Lavalin drawings and specifications. This was accomplished through their presence on site through the construction period and was a feature of the observational method used during construction.

4. *Copies of contractual agreements between SNC Lavalin and Nalcor which contain indemnifications for SNC Lavalin for the engineering design, construction and/or failure of the North Spur.*

The contract between SNC Lavalin and Nalcor contains no specific indemnifications or exclusions in relation to the North Spur. The parent agreement and amendments apply to the North Spur.

Regarding your inquiry in the 20-Jul-2017 letter related to your request that we provide a reply to Mr. D. Vardy and Mr. R. Penney concerning the "List of Issues on the North Spur – January 2017" appended to their correspondence to the Oversight Committee dated 16-Jan-2017, responses to the list of issues were prepared and submitted directly to Mr. Vardy via e-mail 17-July-2017. They were also posted to our project website around the same time at the following link:

<https://muskratfalls.nalcorenergy.com/newsroom/responses-to-your-questions/>

Mr. Vardy was further notified of same on 24-Jul-2017.

We trust this is satisfactory. If you have any questions, please contact me.

Sincerely,

A handwritten signature in blue ink, appearing to read "G. J. Bennett".

Gilbert J. Bennett, P. Eng., FCAE
Executive Vice President, Power Development