

**Date : 1/9/2017 10:04:08 AM**

**From : "Parsons, Walter"**

**To : "Carroll, Diane"**

**Subject : FW: HP TRIM CORRESPONDENCE-OUTGOING : OCOR-24927 : Response to Vardy re EY Ernst and Young**

**Attachment : Response to Vardy re EY Ernst and Young.DOCX;Response to Vardy re EY Ernst and Young.tr5;**

-----Original Message-----

From: Parsons, Walter

Sent: Monday, January 9, 2017 9:03 AM

To: Carroll, Diane <DianeCarroll@gov.nl.ca>

Subject: HP TRIM CORRESPONDENCE-OUTGOING: OCOR-24927 : Response to Vardy re EY Ernst and Young

Please action to Minister (and add to notes that Bern Coffee has reviewed).

-----< HP TRIM Record Information >-----

Record Number : OCOR-24927

Title : Response to Vardy re EY Ernst and Young



Government of Newfoundland and Labrador  
Department of Natural Resources  
Office of the Minister

Mr. David Vardy

[david.vardy](mailto:david.vardy@nl.ca) [REDACTED]

Dear Mr. Vardy:

**RE: Ernst and Young Final Report**

Thank you for your December 4, 2016, e-mail regarding the final report by EY, formerly known as Ernst and Young.

In its April 8, 2016 interim report, EY found that Nalcor's September 2015 Muskrat Falls Project schedule and cost estimates were not reasonable, and EY recommended numerous remedial actions. Government accepted EY's recommendations, and in June 2016, Nalcor released its revised schedule and cost estimate while noting additional work would be required to finalize revised arrangements with Astaldi. On December 21, 2016 Nalcor and Astaldi announced they had agreed on terms for completing Astaldi's work.

Since the conclusion of the agreement for the completion of Astaldi's work, Government has met with EY. Government is now considering the most effective approach to project oversight and reporting activities. In the meantime, additional steps have been taken to improve oversight of Nalcor and the Muskrat Falls project, including hiring a new CEO with proven electric utility leadership experience and appointing a new independent board of directors through the Independent Appointments Commission.

We appreciate your ongoing interest in the Muskrat Falls Project. If you have any further questions or comments, please feel free to contact me at your convenience.

Sincerely,

**SIOBHAN COADY, MHA**  
St. John's West  
Minister

c. Ron Penney