

From: Chow, Milly [<mailto:milly.chow@blakes.com>]
Sent: Tuesday, February 18, 2020 7:20 PM
To: Kavanagh, Shawn (St. John's)
Cc: Kazaz, Charles
Subject: RE: Twin Falls

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Shawn, as requested, please see below our list of preliminary questions. As per my previous email, we would like to have to call to discuss your responses. We may have additional questions depending on the answers to these questions.

Charles and I are available for a call at the following times and dates next week:

Wednesday, February 26 – any time before Noon ET
Thursday, February 27 – 10 am-Noon ET

Please confirm your availability and that of anyone else who you are proposing participate on the call. If those times do not work for you, please provide us with some alternative times and dates within the next 2 weeks.

List of Questions:

Environmental Obligations:

1. On our call, there was mention that Twinco paid for the PCB clean-up costs of the plant equipment that was subject to a previous PCB clean-up report. There was also mention on our call that costs associated with the 2012 fire was borne by Twinco. Lastly, we noticed that Twinco's financial statements indicate that Twinco expended monies on other environmental liabilities; for example see the December 31, 2014, 2015, and 2016 (among others) financial statements. Given CF(L) Co's indemnification obligations under the Operating Lease, please explain on what basis did Twinco pay for any of these liabilities.
2. If there were costs borne by Twinco as a result of CFLCo's failure to reimburse for such costs pursuant to CFLCo's indemnity obligations, please provide the basis upon which CFLCo had refused to reimburse said costs.
3. On our call last Monday, there was a suggestion that the liability for any clean-up costs arising from the "final wrap" report as between Twinco and CF(L)Co was still to be determined. Why is the liability still to be determined given CF(L)Co's indemnification obligations under the Operating Lease?

Confirmation of Twinco Assets:

4. Please confirm what assets Twinco still owns:
 - (a) In particular, does Twinco own any equipment or has all the equipment been sold or transferred?

- (b) If sold/transferred, was the purchaser/transferee, CF(L)Co. and what was the consideration received by Twinco for such assets?
 - (c) If Twinco still owns some equipment, are any of these thought to contain PCBs / the subject to the proposed new PCB investigation that we were advised had recently been approved by the Twinco Board?
5. On our call, there was mention that certain equipment is being and has been, used at the Twin Falls Generating Station post-1974 when we understand the Twin Falls Generating Station ceased operations:
- (a) Who owns the equipment that was being used post-1974?
 - (b) What equipment at the Twin Falls Generating Station was used post cessation of Twinco operations?
 - (c) Who was using it and for what purpose?
 - (d) If not being used by Twinco, what compensation has been received or is owing to Twinco for such use?
 - (e) Is any of this equipment thought to contain PCBs / the subject of the proposed new environmental report that we were advised had recently been approved by the Twinco Board?
 - (f) Is equipment containing PCBs located on current or former Twinco property in service or out of service? If out of service, when was it taken out of service? Does any out of service equipment containing PCBs remain stored at any Twinco property?
 - (g) Who (Twinco/CF(L)Co/etc.) is/was responsible for compliance with the Federal PCB Regulations requirements from the time of its effective date in 2008 to today?

Documents being requested from Twinco:

6. Please provide us with the following documentation. We appreciate that some of these may have been previously provided to Wabush as shareholder but given the CCAA, sale of its businesses and the termination of all remaining employees of the CCAA Parties, access to books and records is restricted. Therefore, it would more efficient if copies of these documents were re-provided by Twin Falls and/or its counsel to us:
- (a) Copies of unaudited financial statements issued post December 31, 2018.
 - (b) Copies of the legal opinions provided to Twinco shareholders referenced on the call regarding the ownership of the equipment.
 - (c) Copies of legal opinions provided to Twinco shareholder regarding liabilities of Twinco for certain environmental liabilities as referenced in Notes 9 and 16 of the FY2016 audited financial statement, and Notes 8 and 14 of the FY2017 and 2018 audited financial statements.

Regards,
Milly

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