

MUDFA Project
Western Harbour
Leith Docks
Edinburgh
EH6 6QF

Telephone 0131 257 4000
Facsimile 0131 257 4001
www.alfredmcalpineplc.com

Infrastructure Services

Ref: AMIS/tie/letter/KAG/Projects/085

7th February 2007

For the attention of Ms. Susan Clark

Mr. Alasdair Slessor
tie MUDFA Utilities Project Manager
tie Limited.
Verity House,
19 Haymarket Yards,
Edinburgh.
EH12 5BH

Dear Alasdair,

Subject: MUDFA Alfred McAlpine Infrastructure Services (AMIS) – Contract A150
Contract Agreement; Schedule 4 – Bill of Quantities

I refer to the discussions in connection with the above subject held at the Progress Meeting on Thursday 1st February 2007 at 10:00 Hrs.

Since the matter was first raised at the Commercial Meeting of 30th October 2006 (as confirmed under cover of AMIS letter Ref; AMIS/tie/Letter/Projects/008), AMIS has continued to express concern that the execution of the Contract was incomplete and the interfaces, demarcation, roles and responsibilities of the parties was, as a result not adequately defined and understood.

This concern crystallised in the Utilities Technical Design and Liaison Meeting held on 17th January 2007 when key tie Limited Project Management staff stated, erroneously, that AMIS MUDFA were responsible for the supply, jointing, testing and commissioning of Scottish Power cables.

Our letters Ref; AMIS/tie/Letter/Projects/038 and 067 dated 23 November 2006 and 18th January 2007 refers to subject matter.

The deficiency in appreciation by tie Limited Project Management staff of the Employers specific obligations and responsibilities under the Contract represents a major concern and risk to the successful delivery of Construction Services, unless immediate action is taken.

In order to address this deficiency and manage the risk AMIS has completed two further reviews of the Contract documentation with two specific objectives;

- The preparation of a comprehensive Demarcation Clarification Schedule which sets out each of the utilities categories and the party responsible for each of the components and/or deliverables, and
- Appraise the executed Contract Documents to determine the veracity and totality of the documentation prepared and issued by the legal entity.



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Please find attached a copy of the Demarcation Clarification Schedule for your review and assistance; each of the Demarcation Schedules is supported by specific and relevant extracts from the Contract documentation by way of substantiation and ease of reference.

An uncontrolled copy of this Schedule was provided to your Ms. Susan Clark on Wednesday 7th February 2007 at 13:45 Hrs.

Your comments, request for clarification and confirmation of demarcation compliance would be gratefully appreciated.

The detailed appraisal of the Contract documentation will follow under separate cover, once approval through AMIS Corporate Governance has been secured.

Yours sincerely

For and on behalf of **Alfred McAlpine Infrastructure Services Ltd**

Andrew Malkin
MUDFA AMIS Project Director

Copies:-

Tie Project Team (Letter only)

Alan Hill

John Low

Jim Johnson

Martin Hutchinson

MUDFA Project Team

Steve Hudson

Keith Gourlay

Encl; Demarcation Clarification Schedule - February 2007. (One copy)



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