

**KICKING HORSE CANYON PROJECT – PHASE 2**  
RFQ Process

**Report of the Fairness Auditor**

October 29, 2004

I was retained in August, 2004 to act as the Fairness Auditor for the Kicking Horse Canyon Project, Phase 2 (the “Project”). As such, I am to satisfy myself and confirm that processes and decisions in the procurement process for the Project have been properly developed, reasonably implemented and materially complied with by the project management team.

Prior to my engagement, a Request for Qualifications (the “RFQ”) was issued July 21, 2004, setting out information as to the Project, and inviting private sector entities to submit responses describing their qualifications to participate in the RFP process for the Project. The RFQ included details of the information required, and the format in which that information was to be submitted, as well as a summary of the process and criteria for evaluation of responses.

The Project issued a number of written clarifications to the RFQ, and answered specific questions raised by potential respondents related to the process for submitting responses.

The Conflicts of Interest Adjudicator for the Project reviewed issues raised by relationships among members of respondent teams, and members of the team evaluating the responses. The Adjudicator’s directions were followed in each case.

Three parties filed Proposals in response to the RFQ. I examined the RFQ, and also the three Proposals.

Each Proposal included information as to the respondent team’s organizational structure and financial capacity, which was evaluated by the Financial / Commercial Evaluation Subcommittee. Each Proposal also included information related to the technical requirements of the Project, and the respondent team’s intentions and capabilities related to those technical issues. The technical information was evaluated by the Technical Evaluation Subcommittee. I attended meetings of both Subcommittees.

The members of each subcommittee were persons with expertise in matters related to the material under consideration. Each Subcommittee discussed in detail and in turn the specific content of each Proposal that responded to each element required by the RFQ. Each aspect of each Proposal was compared against the criteria described in the RFQ, and assigned a resulting score. All members of each Subcommittee participated fully in the evaluation, and each Subcommittee arrived at unanimous conclusions on each element of the scoring.

Each Subcommittee carried out its evaluations of all three Proposals in accordance with the evaluation process, criteria and weighting described in the RFQ document. The process followed included obtaining clarifications from each respondent, in one case through an in-person meeting in addition to written queries of all respondents.

Each Evaluation Subcommittee met separately with the Due Diligence Committee, which asked questions to satisfy itself as to the process followed by the Subcommittees, the methods of evaluation used, the rationale for each score, and the overall results obtained. I attended those meetings.

I am satisfied that:

- All interested parties had the same information concerning the Project, on which to base their Proposals;
- The RFQ properly described the expectations of the project management team with respect to Proposals, and the basis for evaluation of Proposals;
- Both the requirements of the RFQ and the published basis for evaluation of Proposals were reasonable, and rationally connected to the Project objectives; and
- Evaluation of Proposals was conducted diligently and carefully, and in accordance with the published procedure.

Signed and dated at Vancouver, October 29, 2004.

Jane Shackell, QC  
Fairness Auditor