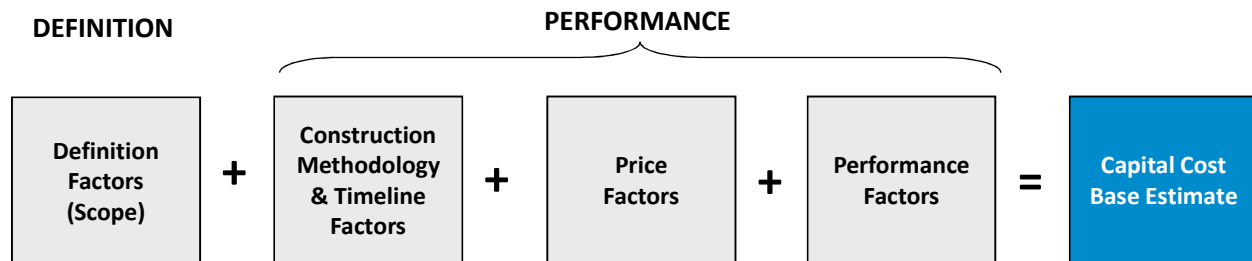


**DG3 Estimate – Major Deficiencies List (as of 31-Jan-2012)****Estimate Composition****General**

- Revise Basis of Estimate document to address all items addressed to-date as well as current philosophies
- In directs not estimated at the package level, rather are estimated globally
- Large portions of the detailed estimate remain outside HCSS
- Estimate in HCSS to be packaged as per Commitment Package Dictionary
- Clarity that actions from November workshop have been addressed (incl. supporting documentation)
- Plan for value engineering in key areas

**Definition / Scope Factors**

- Validation that fundamental engineering deliverables for each discipline are in-place and that the estimate considers them (e.g. design criteria and specifications)
- Documenting Basis of Quantities for C3, including reconciliation with HCSS
- Development of a Master Equipment List for C1 and C3
- Cable Schedule
- Line List
- Bulks Summary by Item
- Lack of clarity wrt CGE documentation – Deck on Quantification Basis for Mass Excavation / backfill

**DG3 Estimate – Major Deficiencies List (as of 31-Jan-2012)**

---

- Duplication's of scope with the estimate (costs across the estimate, ex. Telecoms for transmission)
- Consideration of AFD HAZOP or HAZCON - "Minimal" safety-by-design considerations

**Construction Methodology and Timeline Factors**

- Construction Execution Plan, including construction schedule
- Alignment with Construction Management and Completion Philosophy, including on-site presence for surveillance / contractor management
- Lack of outputs of formal constructability process for consideration in the development of the C1 or C3 estimates
- "Conservative" estimate assumption for C3 civil works (in particular Soldier's Pond)
- Consideration with respect to Logistics, Shipping, and Supporting Infrastructure (including Marshalling Yards) – impact on overall cost
- Non-existence of strategies for provision of key services (e.g. catering, freight forwarding, etc.) or non-alignment of estimate with selected strategies (in particular Owner versus Contractor role for C3 and C4)

**Price Factors**

- Alignment of estimate with Contract Package Strategy, including roles and responsibilities
- Material Unit Rate Summary Tables and Basis (C1 and C3)
- Validity of basis for aspects of indirect cost
- Price basis for catering cost – to be checked benchmarked
- Permanent Plan Equipment Pricing Basis for C1 and C3 (C4 serves as a model)
- Estimate for fees associated with permits and licenses
- Cost associated it 3rd party inspection or travel for SLI team to endure works
- Non-existence of a construction schedule which can be used to validate activity and contract durations for the purposes in-direct estimate

**DG3 Estimate – Major Deficiencies List (as of 31-Jan-2012)**

---

- Nonalignment with Constructing Strategy and Construction Execution Strategy -> impact on indirect assumptions
- Ensure base currency (e.g. USD) is visible in HCSS

**Performance Factors**

- Productivity summary tables (e.g. tower foundations per crew per week)
- Check / validation of key productivities against benchmarks
- Re-assign the crew mixes for each task to be in-line with current labor strategy and local jurisdictions (i.e. steelworker union will not be erecting tower steel it will be the IBEW)

**Estimate Deliverables**

- Comprehensiveness of the Basis of Estimate
- Estimate Alignment with LCP Projects / Work Breakdown Structure
- Cash and Commitment Flows
- Labor Histograms
- Man Hour summaries