



**\*Confidential: Re: Fw: LCP-PT-ED-0000-RI-RP-0001-01 Rev. B1 - Gate 2  
Project Risk Analysis (Confidential)** 📎

**Jason Kean** to: Mark Bradbury

2011-07-01 10:39 AM

Bcc: Paul Harrington

Mark,

Yes the 15% + 6% was a P50 proxy. I use the word "proxy" as it was not officially driven by a Monte Carlo simulation.

I have not been privy to the DG2 economics, hence can offer no insight into what it actually includes.

Jason



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Mark Bradbury

Hi Jason So Westney initially recommended:

06/22/2011 08:28:23 PM

From: Mark Bradbury/CRP/NLHydro  
To: Jason Kean/NLHydro@NLHydro  
Date: 06/22/2011 08:28 PM  
Subject: \*Confidential: Fw: LCP-PT-ED-0000-RI-RP-0001-01 Rev. B1 - Gate 2 Project Risk Analysis (Confidential)

Hi Jason

So Westney initially recommended:

- 16% estimate contingency for tactical risk which took us to P 50;
- 12% estimate contingency for mitigated strategic risk which took us to P 75

Then when we moved to 11OL, various factors caused us to revisit these recommendations (all noted on page 24) such that:

- We went with 15% contingency for tactical risk (basically unchanged). Fairly conservative

given the addition of \$400 m to the capex in the interim, which addressed many of the tactical risks previously incorporated into the original 16% figure.

- 6% estimate contingency for mitigated strategic risk.

I am unclear as to where these final two allowances left us in terms of total project cost . Was it P50?

On a related question, we say that during the term sheet negotiations we dropped the 6% from the "overall capital cost recommendations". Does this mean that it was, or was not factored into the economics of the DG2 "least cost" decision?



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----- Forwarded by Mark Bradbury/CRP/NLHydro on 06/22/2011 07:35 PM -----

From: LCPDCC/NLHydro  
To: Paul Harrington/NLHydro@NLHydro, Lance Clarke/NLHydro@NLHydro, Mark Bradbury/CRP/NLHydro@NLHydro, Ron Power/NLHydro@NLHydro  
Cc: Jason Kean/NLHydro@NLHydro  
Date: 06/16/2011 09:11 AM  
Subject: LCP-PT-ED-0000-RI-RP-0001-01 Rev. B1 - Gate 2 Project Risk Analysis (Confidential)  
Sent by: Leigh Anne Sutton

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Good Morning,

Please find attached transmittal & link to the above subject documentation Issued for Use & Implementation.

Regards,  
Leigh Anne

LCP-PT-ED-0000-RI-RP-0001-01 <http://documentum/webtop/drl/objectId/0902311a8003767d>



Leigh Anne Sutton

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