

**Final DG3 Capital Cash Flows - MF, LTA and LITL****Jason Kean** to: Carla Russell

2012-07-26 10:30 PM

Cc: Dave Pardy, Paul Harrington, Brian Crawley, Auburn Warren, Steve Goudie

Bcc: Ron Power

Carla,

As requested by Paul Harrington, attached are the final DG3 time phased data for Incurred Cost and Cash Flow on a Monthly and Quarterly basis for each of Muskrat Falls Generation, Labrador Transmission Assets, and Labrador-Island Transmission Link. (Note that it does NOT include the Maritime Link.) The information is presented in the standard format used in past submissions.

Please note the following:

- All costs presented are Jan 2012 CDN \$
- Estimate Contingency and Escalation are provided for in each of the 3 sub-Projects
- It does not include costs related to financing activities
- It incorporates the allocation of some future IBA and Generation EA costs to Gull Island
- It excludes the allocation of some estimated \$20 million of capital that for the construction of the switchyard at MF for supply of future power to HVGB. Note that from an engineering perspective we are proceeding with this arrangement.
- No contingencies or allowances are provided to address the future materialization of strategic risk such as a shortage of skilled labor. It is assumed that should such risk materialize, then it mitigating costs would be covered by contingency equity or other reserves.
- The schedule basis for these incurred cost projections is deterministic based (i.e. reflects the as planned without inclusion of schedule reserves or contingencies rather than being adjusted for any P50 outcome) and is predicated upon two (2) key planning dates:
  - Start of Mass Excavation - 1-Nov-2012
  - LITL Release from EA - 1-Apr-2012
- The Incurred Cost Flows have not be artificially constrained to any date, rather follow the expected work pattern. This results in some \$50 million of capital being incurred during the first half of 2018 for project demobilization and close-out.
- Cash is assumed to be paid within a 60 - 90 days of the cost being incurred, depending on contract form.

Using the above dates as a starting base, we feel the following are our planning dates upon with the attached Incurred Cost Flow has been produced.

- LTA Ready for Power Transmission - June 2016
- LITL Ready for Power Transmission - June 2017
- Unit 1 Online - July 2017

- Unit 2 Online - September 2017
- Unit 3 Online - October 2017
- Unit 4 Online - December 2017

Please advise Dave Pardy or myself if there any questions .

Regards,

Jason



DG3 Financial Model Time phased Data Table for TG Jul26 2012.xlsx



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