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**Subject:** Revised deck for use with MHI  
**Date:** Wednesday, September 5, 2012 3:57:28 PM  
**Attachments:** [\\_png](#)  
[capcost escalation contingency rev 1.pptx](#)

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MHI have previously observed that the LIL contingency is "below industry norms", specifically identified to be related to converter stations.

Please find attached a deck that I intend to use with MHI Thursday 6th Sept that shows how Nalcor has mitigated that concern, which hopefully will allow that observation to be adequately addressed and not feature in the final report.

Please advise any changes you feel necessary, note I know PCN's are being prepared and the final numbers may change hence I have classed the amounts as approximate\$

Regards Paul



capcost escalation contingency rev 1.pptx



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# Base Cap cost, Allowances, Escalation and Contingency

31 August-2012

Boundless Energy



**DRAFT**



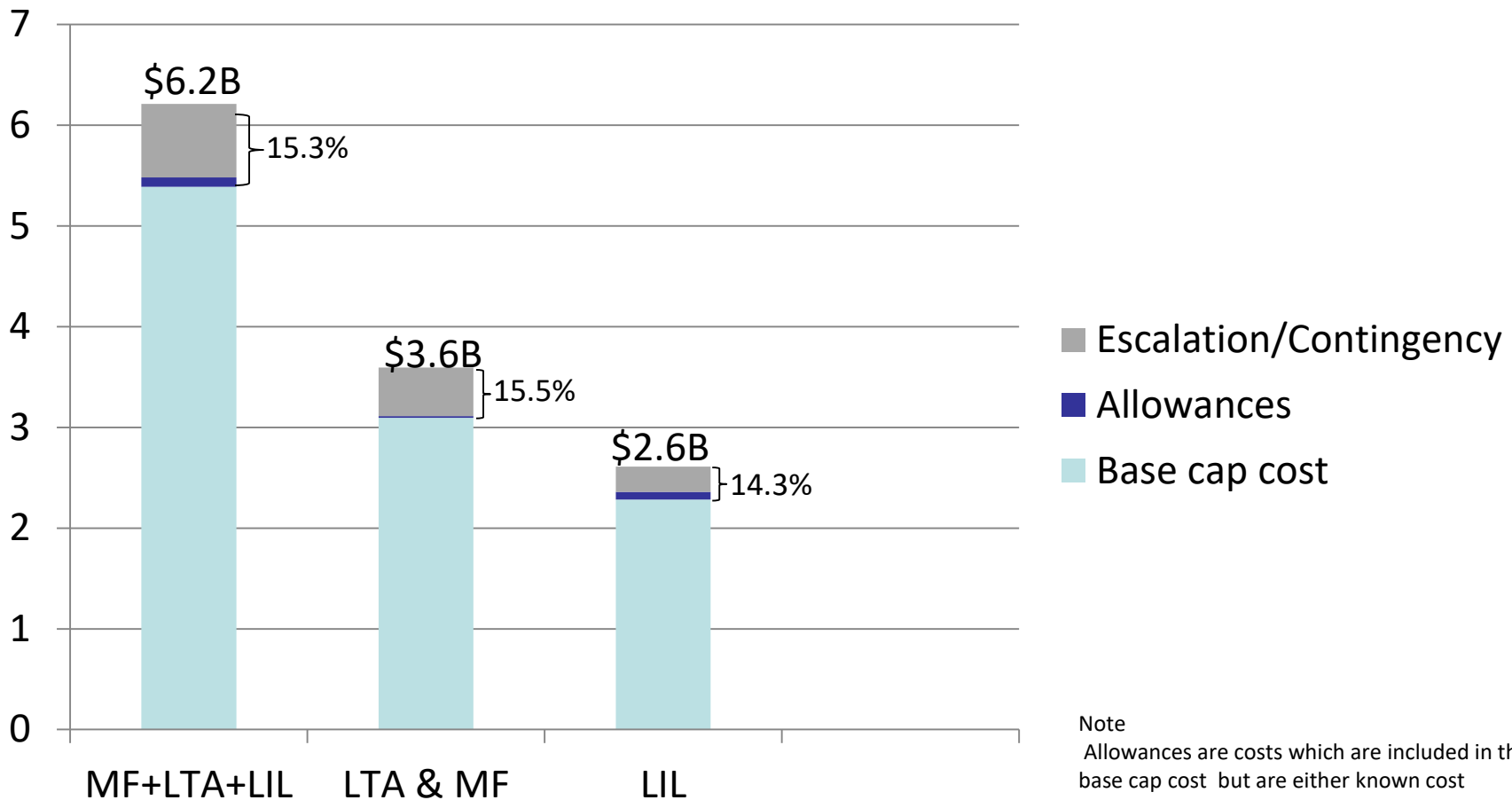
# MHI Observation and Nalcor Mitigation

# DRAFT

- **MHI Observation-** that the contingency for the Converter Stations is below industry norms
- **Nalcor's Mitigation** – An additional \$77M has been added to the LIL which includes the Converter Stations. The \$77M consists of firm cost saving identified in the SOBI based on the following:
  - Rock Dumping saving of..... ~\$20M
  - Embedded fibre saving of .....~\$17M
  - Weather/downtime allowance..... ~\$30M
  - SOBI cable route saving..... ~\$10M
  - **Total..... ~\$77M**

# Overall View

# DRAFT



LIL

DRAFT

	Previous LIL	%	Current LIL	%
Base Estimate	\$2,359.61		\$2,282.61	
Contingency & Escalation	\$250.14	10.6%	\$327.14	14.33%
Totals	\$2,609.75		\$2,609.75	

**Note**

Escalation and contingency are shown combined and will in practice be managed as a single contingency to cover changes to the estimated cost.