

Response to GT RFI #Q10.39

Question: It appears based on review of several documents that there were several contractors other than Valard CT0327-001 working on the CT0327 scope of work for ROW Clearing and Access. Please provide a summary of all contracts in the CT0327 work package with a breakdown of the initial contract value, settlement agreement amount if applicable, total change orders and final/expected cost at completion for each contract. Please provide an explanation for the settlement agreement amount (if applicable) and change orders. Based on our calculations we have noted the base amount including escalation for this scope of work was \$155M and forecasted final cost at March 2018 is \$444M. Please provide an explanation for the \$289M cost overrun for this scope of work.

Revised request received via email on November 5, 2018 from Angie Brown (Grant Thornton)

- 1. We have been unable to locate contracts to support the lines items below. Please provide copies of the executed contracts to support these items or document identification numbers to help us locate them within the information that has already been provided. If contracts are not available to support these items please provide an explanation for the amount.*

CT0327-051

CT0327-Construction of HVdc TL-1

- 2. For the following line items please provide the change order log. We plan to use these logs to help us locate relevant change orders in the information that has already been provided but we may have to circle back on specific change orders if we are unable to locate the relevant information. If you can help us identify the document identification numbers for the change orders listed in the log that would also be helpful.*

CT0327-010

CT0327-011

CT0327-013

CT0327-014

CT0327-015

CT0327-017

CT0327-024

CT0324-051

CT0327-Construction of HVdc TL-1

- 3. During our review of the cost report we noted that there was a \$25 million adjustment for insurance. Please provide support for this adjustment. Specifically, is this line item the total insurance claim or were there other amounts distributed across work packages? Is this matter closed and have all proceeds from the claim been received?*

Response:

As a general reference, Attachment 01 provides a cost report (dated November 5, 2018) from PM+ with the full breakdown of all POs/Contracts under CT0327.

1. CT0327-051 Contract: Attachment 02 is the original Contract for CT0327-051; this was located in Aconex – document number CRT-CT0327051-0001 (.zip file).

CT0327-Construction of HVdc TL-1: This is not a Contract; note there is no commitment. This is the 'parent' package in the CT0327 Commitment Package. The budget of ~\$37.3M is the remaining budget in the CT0327 Commitment Package that has not yet been assigned to a Contract Package. Note that the current forecast is ~\$32.5M with the variance of ~\$4.9M to be returned to contingency through a pending Project Change Notice (PCN). The majority of the remaining forecast is for the remediation scope associated with the access roads (as per the permitting requirements) on the HVdc line throughout the Island and Labrador. An evaluation, in conjunction with the Regulator, is currently ongoing to determine where access should be maintained and where access is no longer required. Following this determination, access roads will be designated as remove or upgrade and the associated scope of work will be a new Contract. It is anticipated that much of this budget will be returned to contingency through a Project Change Notice.

2. Attachment 03 includes 8 tabs, one for each of the Contracts with a Forecast at Complete >\$10M. Each tab lists the Original Contract value and all Change Orders issued under that Contract (dollar values noted). Details regarding the original Contract values can be found in the relevant Contract (Exhibit 2), details of any Change Orders can be found in the Change Orders and the associated Change Order Authorizations (LCP's internal approval of the CO which includes justification as well as DAN/PCN references). All Contract and Change Order documents are located in Aconex. Any relevant DANs/PCNs documentation can be provided at request.
3. The \$25M recovery noted under CT0327-INS is the final settlement under the insurance claim for the Conductor Proud Strand issue. The \$25M is the total amount received under this insurance claim; proceeds were received in January 2018.

PCN-0674 Pole Conductor Loose Strand Issue (Attachment 04) documents all costs incurred by the Project associated with this issue. The final documented costs total ~\$57.6M with \$25M of this recovered through the insurance claim. Note that the \$25M was the coverage cap of the relevant Insurance Policy clause.

Attachment 01 – PM+ Detailed Cost Report for CT0327 (dated November 5, 2018)

Attachment 02 – CT0327-051 Contract

Attachment 03 – Contract Summary for the Contracts under CT0327 with a Forecast at Complete of >\$10M

Attachment 04 – Approved PCN-0674 Rev 2

Date Prepared: November 6, 2018