

Muskrat Falls Project Review

Budget Status Report

March 11, 2016

Budget Project Status Interim Report

Week ending	January				February				March	
	10	17	24	31	7	14	21	28	6	13
Progress										

CIMFP Exhibit P-03593

Page 2

Original budget per Statement of Work

- ▶ Initial fee estimate of \$750,000 to \$1,250,000. Out of pocket costs are to be billed in addition to this estimate.

Budget status for Report on Costs, Schedule and Associated Risks

- ▶ For the month of **January**, we invoiced \$522,389 of professional fees, plus out-of-pocket expenses of \$57,398.
- ▶ For the month of **February**, we have drafted an invoice for \$508,806 of professional fees, plus out-of-pocket expenses of \$34,695.
- ▶ For the month of **March**, a remaining estimated fee to complete the report is estimated at \$67,327 of professional fees, plus out-of-pocket expenditures of 25,000.
- ▶ Based on the above, we estimate that the total time value to produce the March 4 report is **\$1,098,521** plus out of pocket expenses of **\$25,000**.
- ▶ A breakdown of these costs can be summarized in the below.

	January 2016 (Invoiced)	February 2016 (Draft Invoice)	March 2016 Est. to complete	Total
Professional Fees	\$522,389	\$508,806	\$67,327	\$1,098,521
Out of pocket expense	\$57,398	\$34,695	\$25,000	\$117,093
Total	\$579,787	\$543,501	\$92,327	\$1,215,614

- ▶ An additional budget to produce a final report will be prepared and presented early next week.

Astaldi Options Analysis Review

CIMFP Exhibit P-03593

Page 3

Progress on the Astaldi Options Analysis Review has been more time consuming than expected for a number of reasons:

- ▶ We expected an options analysis paper would be available at the start of our review, setting out alternative options that have been considered. This would include the key assumptions, costs and revenue implications and risks and opportunities and strengths and weaknesses of each option.
- ▶ We are only able to view documents on screen in a restricted access data room, which means we are unable to print or save documents and cannot view them simultaneously or develop our working papers on the same computer simultaneously. This is proving to be an inefficient use of time.
- ▶ A schedule showing the high level assumptions for different options was only completed in the last few days, and we have been advised to treat this as work in progress as it will change whilst Nalcor's position continues to evolve.
- ▶ Supporting information to support the assumptions has been developed in response to our questions over the last 2 weeks and we are planning to work through these schedules in meetings with Nalcor next week.
- ▶ In the last 2 days, we have held a video conference and a conference phone call with Westney. The discussions were helpful but we had thought (wrongly) that Westney had been asked to evaluate the financial implications of different alternatives; however they have not been asked to do this, their focus in preparing the original briefing deck was focused on the risks of different alternatives rather than the cost implications.
- ▶ We have not been able to review the QRA work prepared by Westney relating to the Astaldi contract. (It could be several weeks before this is released to us by Nalcor.)
- ▶ Despite the initial slow progress, we plan to accelerate work as much as possible and subject to appropriate co-operation and availability of Nalcor we aim to be able to report as planned by the end of March.

Options analysis

- ▶ Actual professional fees to March 4, is total of \$150,284.
- ▶ Estimates for professional fees for remaining work to complete are \$310,000.
- ▶ Total expected fees, excluding out of pocket expenses are estimated \$460,000.