

Q. Reference: 2025 Capital Budget Application Project 8.

- a) Please update the project budget provided in Table 2 on page 8.
- b) Provide in table format, the original budget and the revised cost for each of the following four items identified in the scope of work on page 7.
- i. Procurement of stop logs;
 - ii. Dewatering and cleaning of the sumps;
 - iii. Erection of access scaffold; and
 - iv. Level 2 Condition Assessment of the reinforced concrete support beams.
- c) What is the basis for each of the revised cost estimates exceeding the budget estimates by such a significant amount?

A. a) The updated project budget is provided in Table 1.

Table 1: Project Estimate (\$000)¹

Project Cost	2025	2026	Beyond	Total
Material Supply	145.9	0.0	0.0	145.9
Labour	177.0	0.0	0.0	177.0
Consultant	227.0	0.0	0.0	227.0
Contract Work	1,972.0	0.0	0.0	1,972.0
Other Direct Costs	0.5	0.0	0.0	0.5
Interest and Escalation	115.0	0.0	0.0	115.0
Contingency	245.2	0.0	0.0	245.2
Total	2,882.7	0.0	0.0	2,882.7

¹ Numbers may not add due to rounding.

- b) The original budget and revised cost for line items included in the scope of work on page 7 are included in Table 2. The original budget amount is inclusive of base cost and escalation. The revised cost is reflective of the publicly tendered price.

Table 2: Scope of Work Estimate (\$000)

Scope of Work Item	Original Budget	Revised Cost
Procurement of Stop Logs	153.6	145.9
Dewatering and Cleaning of Sumps	135.7	1,485.4
Erection of Access Scaffold	160.0	0.0 ²
Level 2 Condition Assessment of the Reinforced Concrete Support Beams	74.9	142.3

- c) The original estimated budget for the dewatering and cleaning of the sumps was based on actual costs incurred by internal maintenance personnel when this work was completed in 2014, adjusted to reflect present-day dollars. Although the estimate assumed internal resources would again perform the work in 2025, project execution planning identified safety concerns and resource limitations that necessitated contracting the work externally. The extent of the cost variance between the original estimate and the tendered bid was not anticipated.

The original estimated budget to complete the Level 2 Condition Assessment of the reinforced concrete support beams was built based on an assumed reasonable amount of effort to assess each sump and complete the required condition assessment engineering and reporting. While Newfoundland and Labrador Hydro (“Hydro”) cannot confirm the exact basis for the difference between the original estimate and the tendered bid, it has received indications that the contractor’s perception of elevated risk—particularly related to execution constraints and environmental conditions—may have significantly influenced the pricing. Hydro did not receive any additional bids for comparison.

² The erection of an access scaffold was not included as a separate line item during the tender development and is therefore not listed as a revised cost. This cost is assumed to be included in the dewatering and cleaning of the sumps work item.