

- 1 **Q. In NP's response to CA-NP-080, Attachment A, page 7 of 19 indicates that in 1991**
2 **the estimated cost of the current CSS was \$7.5 million. Newfoundland Power**
3 **describes the existing CSS as being very simple relative to the capabilities of a new**
4 **CSS (CA-NP-158). However, the actual cost of the current CSS turned out to be**
5 **\$10.173 million by the time it was operational in 1993. That was a 35.6% cost**
6 **overrun.**
7
8 **a) In EY's experience, given the simplicity of the existing CSS, why were there**
9 **such huge cost overruns? Was this typical of CSS experience 30 years ago?**
10
11 **b) What measures would EY take to avoid such a large cost overrun for a new**
12 **CSS?**
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14 **c) Does EY typically provide cost guarantees to cover a share of any cost**
15 **overruns, or is EY confidence in its cost estimate not as strong as indicated**
16 **by NP?**
17
18 **d) In EY's experience, who typically pays for any cost overruns?**
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20 **A. a) We were not involved and have no information and therefore cannot reasonably**
21 **comment on it.**
22
23 **b) Reference CA-NP-178 part a.**
24
25 **c) No, EY does not provide cost guarantees to cover a share of any cost overruns.**
26
27 **d) It depends on the nature of cost overruns. If such cost overruns are unreasonable,**
28 **they will likely be the responsibility of the utility or service provider. If cost**
29 **overruns are reasonable and prudently incurred, they could be passed onto**
30 **customers.**