

1    Q.    **Reference: Table 1: Project Budget Estimate, page 8.**

2            Please provide all details, assumptions and calculations associated with the  
3            Contingency estimate of \$2,112,600.

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6    A.    The project contingency is calculated at 20% of the project direct costs, i.e.,  
7            excluding any indirect costs such as interest and escalation. For this project, it is  
8            calculated as 20% of the total direct project cost, \$10,563,000, which equals  
9            \$2,112,600.

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11           A contingency of 20% has been included in this project estimate to allow for as yet  
12           unknown repairs, replacements and modifications to the lube oil system which may  
13           be recommended on completion of the root cause analysis of the Unit 1 failure. As  
14           well, the scope of machining, weld repair and stress relieving of the turbine rotor  
15           which will be required has been estimated, and will only become fully known during  
16           the completion of the repair process. This contingency will not be spent if not  
17           required.