

1 Q. The costs estimated by Stantec for the ESP and FGD installations in their report are  
2 totaled at \$450 million. The price carried in document “Exhibit 5 Summary Capital  
3 Cost Estimate” is \$582 million. In discussions with Nalcor on August 17, 2011,  
4 Nalcor indicated that there was a capital budget input sheet that was submitted to  
5 the System Planning Department which developed these costs. Please describe the  
6 progression of these costs from \$450 million to \$582 million.

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9 A. The \$450 million total cost in the Stantec report, Table 8.1 (see Exhibit 5L-i:  
10 *Precipitator and Scrubber Installation Study – Holyrood Thermal Generating Station*  
11 *– Final Report, November 21, 2008*) is in third quarter 2008 dollars and does not  
12 include overhead cost, AFUDC or other owner’s costs. The \$582 million cost carried  
13 in document “Exhibit 5 Summary Capital Cost Estimate” is in-service in 2015 and  
14 includes corporate overheads, escalation and AFUDC.

15  
16 Please see the following page for a copy of the Capital Budget Proposal sheets and  
17 the detailed calculation showing the progression from \$450 million to \$582 million.

Prepared by:

**CAPITAL BUDGET PROPOSAL**

Capital Cost Estimate & Cash Flow Requirements

Holyrood Precipitator/Scrubber Installation

2010 Fiscal Year Prepared:												In-Service: Other	
AFUDC = 7.5% Annual 0.61% Monthly 1.83% Quarterly Effective Corp O/H @ 0.81%												Effective Contingency @ 11.7%	
Escalation 2009 = 1.4% 2010 = 0.5% 2011 = 1.7% 2012 = 2.3% 2013 = 3.0% 2014 = 3.1% 2015 = 2.0% 2016 = 1.5% 2017 = 2.7% 2018 = 2.7% 2019 = 2.5% 2020 = 2.5% 2021 = 2.5% 2022 = 2.5% 2023 = 2.5% 2024 = 2.5% 2025 = 2.5%												Est. Base: 2009, January	
Cost Type	1110	1120	1130	1135	1140	1145	1150	1160	1175	1165	Total	1170 Cost	
Period	Labour	O/H	Material	Consultant	Equip. Rental	Travel	Contract Work	Corp. O/H	Contingency	Escal.	AFUDC	Project Recoveries	
TOTAL PROJECT	5,151.3	0.0	0.0	31,833.6	0.0	704.9	360,433.0	4,577.9	59,718.4	30,393.6	76,442.5	569,254.7	

All figures in thousands of dollars.

Labour 5,151.3  
Consultant 31,833.6  
Travel 704.9  
Contract Work 360,433.0  
Contingency 59,718.4  
Total Directs 457,841.2 2009\$

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Corp. O/H 4,577.9  
Escalation 30,393.6  
AFUDC 76,442.5  
Total Project 569,254.7 2014\$ See Cover - Contingency Data

The Total from Table 8.1 Stantec Report (Exhibit 51-i) = \$450,000  
From Appendix A, this is in 3rd quarter 2008 dollars.

2.2% 12,523.6 Escalated from 2014 In-Service  
to 2015 In-Service.

581,778.3 2015\$

As stated in Section 8.1 of the Stantec Report,  
the estimate does not include overhead costs,  
AFUDC or other owner's cost.

The original Capital Budget Proposal was prepared in 2009 for an in-service date of 2014. For the 2010 generation expansion runs,  
the Total Project Cost was escalated to 2015\$, to coincide with the proposed 2015 in-service date.