

1     Q.     The response to P2-IC-NLH-34 states the estimated cost of installing a self  
2           regulating stainless steel heat tracing system in 2002 was \$1.12 million. The  
3           estimated cost for the proposed 2012 capital project to Replace Fuel Oil Heat  
4           Tracing, B-9, is \$2.89 million. Explain in detail the differences between these two  
5           estimated costs.

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8     A.     The cost estimate provided in the response to P2-IC-NLH-34 was based on Tyco's  
9           budgetary estimate for the supply and installation of the heat trace cable and  
10          controls system only and did not include the performance of other work that would  
11          be required to complete the project such as the supply and installation of new  
12          thermal insulation and metal cladding. The existing insulation would need to be  
13          removed to access the EHT system for its replacement and new insulation would  
14          need to be installed again after. In addition, this estimate did not identify other  
15          project costs that would be included if Hydro had submitted the project as a capital  
16          budget proposal for Board approval (i.e. overhead, AFUDC and contingency). In  
17          comparison, the budget application for 2012 provides the total project costs and  
18          includes an allowance to perform pipe wall thickness testing and painting of the  
19          pipe line.

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21          Tables 1 and 2 below provide a breakdown of the cost estimates for 2002 and 2012.

**Table 1 - 2002 Cost Estimate**

EHT Cable & Controls Supply and install:	\$1,120,000
- Remove existing metal cladding	
- Remove Existing EHT Cable	
- Supply New EHT Cable/Ctrls	
- Install New EHT Cable/Ctrls	
- Commissioning	
NDT Testing	Not Included
Painting of Fuel Line	Not Included
Disposal of Old Metal Cladding and Insulation	Not included
O/H, AFUDC	Not included
Contingency	Not included
Total	\$1,120,000

**Table 2 - 2012 Cost Estimate**

Mechanical & Electrical Contract:	\$1,740,000
- Remove Existing Metal Cladding	
- Remove Existing EHT Cable	
- Supply New EHT Cable/Ctrls	
- Install New EHT Cable/Ctrls	
- Supply New Insulation and Cladding	
- Install New Insulation and Cladding	
- Commissioning	
Replace Control Valve on 18" Pipe	\$10,000
NL Hydro Labour	\$425,100
Miscellaneous Material	\$10,000
NDT Testing	\$40,000
Painting of Fuel Line	\$124,000
Disposal of Old Metal Cladding and Insulation	\$30,000
O/H, AFUDC	\$300,000
Contingency	\$209,100
Total	\$2,888,200