

1 Q. **Project C-11, Upgrade Shoreline Protection – Cat Arm**

2 On page A6 of the report filed at Volume I, Tab 4, AMEC advised that a preliminary
3 cost estimate to conduct the reconstruction was in the order of \$366,000 in May,
4 2010. Why is Hydro's budget estimate (\$763,000) more than double AMEC's
5 original cost estimate? Please provide all facts and assumptions considered by
6 Hydro to justify the increased budget estimate.

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9 A. AMEC's preliminary estimate of \$366,000, completed in May 2010, includes only
10 the third party engineering design and construction costs for the completion of the
11 required shoreline protection refurbishments. The estimate does not make any
12 provisions for interest and escalation, contingency or Hydro's internal labour and
13 direct costs while Hydro's estimate includes these costs.

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15 Furthermore, in the three years since this estimate was first compiled, deterioration
16 of the shoreline protection has continued to progress. To cover the inspection,
17 engineering design and construction costs associated with this, Hydro has increased
18 the original AMEC estimate by \$118,000 bringing the total to \$484,000. A
19 breakdown of Hydro's proposal estimate is contained in Table 1.

Table 1: Upgrade Shoreline Protection – Cat Arm

<u>Item Description</u>	<u>Cost</u>
Engineering Labour(Internal)	\$52,300
Construction Labour(Internal)	\$15,500
Third Party Consultants	\$84,000
Direct Costs(Internal)	\$30,800
Third Party Contract	\$400,000
Interest and Escalation	\$64,300
Contingency	\$116,500
TOTAL	\$763,400