

- 1 **Q. (Reference Application, 2.1 2024 Substation Refurbishment and**
2 **Modernization) The projected budget for each of the four proposed substation**
3 **projects (Gambo, Islington, Memorial and Old Perlican) is broken down by**
4 **Materials, Labor-Internal, Labor-Contract, Engineering and "Other". "Other"**
5 **ranges from 11% to 16% of the total cost (Gambo 12%, Islington 11%,**
6 **Memorial 16% and Old Perlican 14%).**
7 **a) Please confirm these figures.**
8 **b) Please confirm that the total for "other" costs for all four substations is**
9 **\$2,365,000.**
10 **c) Specifically, what costs are included in the "other" cost category?**
11 **d) As a general rule, how does NP account for contingencies in its cost**
12 **estimation process?**
13
14 **A. a) It is confirmed.**
15
16 **b) It is confirmed.**
17
18 **c) The "Other" cost type includes items such as project related travel expenses, freight,**
19 **interest during construction, and, where applicable, the use of portable generation.**
20 **In some projects and programs, labour and non-labour contingencies are included as**
21 **"Other" expenses, depending upon the method used to create the labour and non-**
22 **labour estimates.¹**
23
24 **d) Newfoundland Power creates budget estimates based on estimated costs for each of**
25 **the individual budget items, as well as through an assessment of historical**
26 **expenditures from previous projects. The Company accounts for labour and non-**
27 **labour contingencies within the project budget estimate. Contingency amounts are**
28 **project specific, and therefore depend on engineering assessments and the**
29 **complexity of the project.**

¹ If the total project budget is based on historical averages, the estimates for labour, non-labour and other may be a proration of those breakdowns in the historic years.