

1 Q. Explain in detail the work that has been undertaken on the project components
2 since the final date stated in PUB-Nalcor-39 which could materially affect the
3 project design and costs of any component.
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6 A. The Basis of Design presented in Section 6 of Exhibit 30 reflects the DG2 capital cost
7 estimate. Nalcor and SNC-Lavalin continue to advance phase 3 work activities,
8 which include detailed engineering design for all project components and
9 procurement activities in contemplation of sanction. These activities will result in
10 the following deliverables for both Muskrat Falls and the Labrador Island
11 Transmission Link for DG3 in the first half of 2012:
12

- 13 1. an updated Basis of Design optimized for DG3,
 - 14 2. preparation of drawings, data sheets, specifications and coordination
15 procedures for inclusion in the purchase orders and contracts required to
16 meet the project schedule,
 - 17 3. an updated capital cost estimate,
 - 18 4. an updated project schedule,
 - 19 5. an updated contingency recommendation, and
 - 20 6. an updated risk analysis.
- 21

22 The detailed engineering and procurement work during phase 3 will culminate in an
23 updated (DG3) project capital cost estimate and schedule, which along with other
24 updated input data will be used in the DG3 economic modeling activities. Whilst the
25 optimization of the design is continuing and not yet complete, Nalcor is not aware
26 of any design changes which would result in major changes to the project design of
27 components as described in the DG2 basis of Design.