CCC Interrogatory #39

Interrogatory

Reference: Exhibit D2/T2/S10/ p. 102

Construction completion was achieved in November 2019. At that time, almost all of the systems, equipment and the above ground portions of the building itself were placed into service. Additional monitoring and control systems and other miscellaneous equipment were placed in service in 2020 and the building was declared ready to accept heavy water.

At year-end 2019, CanAtom prepared an estimate of its cost to complete the D2O Storage Project. Using the $70M maximum guaranteed payment and an additional $1.9M that OPG had agreed to pay for changes to project scope and a settlement of CanAtom claims to year end 2019. CanAtom estimated its total cost at year-end 2019 to be $148.9M. This figure comprised $145.5M in accrued costs plus approximately $3.4M in pending or forecast costs. Given the maximum cost contract, CanAtom calculated its loss on Phase 2 work at approximately $77M as of year-end 2019.

a) Relative to the total claimed D20 Storage Project claimed capital costs of $509.3M, please break out the total amount paid to B&M, the total amount paid to CanAtom, any incremental amounts claimed by B&M but not paid, and any incremental amounts claimed by CanAtom but not paid.

Response

a) Of the total D2O Storage Project capital cost of $509.3M, $83.8M was paid to B&M and $250.3M was paid to CanAtom with an additional $1.9M to be paid on closeout, which is included in the $509.3M project capital cost.

   Claims by B&M and CanAtom were managed through ongoing contract management. See Ex. D2-2-10, pp. 70-71 for a discussion of the dispute resolution process between OPG and B&M where commercial claims were largely set-off between the parties in reaching a settlement following B&M's termination. See Ex. D2-2-10, pp. 95-97 regarding the settlement discussions with CanAtom where the resolution of commercial claims resulted in a target cost/maximum cost agreement. CanAtom ultimately exceeded the maximum cost, causing it to incur approximately $77M in costs for work on the project that OPG did not pay.