Energy Probe Interrogatory #42

Interrogatory

Reference:
Exhibit D2, Tab 2, Schedule 11, Attachment 3, Pages 8 and 15; D2, Tab, 2, Schedule 10, page 11

Preamble: "In developing the cost estimate, we assumed that we had perfect knowledge of project scope, design requirements (e.g., the need for seismic design), and actual site conditions, including previously contaminated soil, a constrained work area, cold weather, and water ingress."

Please discuss the reasons for the difference between the $517.7 million cost estimated by Bates White and the $509.3 million actual cost of the D2O Storage Project considering that Bates White assumed perfect knowledge and OPG did not have the benefit of perfect knowledge.

Response

As explained in Ex. L-D2-02-CME 22(c), the assumption of "perfect knowledge" does not mean certainty over all elements of cost.

Bates White "assumes what might be called 'perfect knowledge' with respect to project scope, design requirements, and actual site conditions encountered" (Ex. D2-2-11, Attachment 3, p. 5). However, Bates White goes on to say: "Despite perfect knowledge, variability in some factors—including labour productivity, weather, and the need for modest rework, inter alia—is an unavoidable part of any construction project" (Ex. D2-2-11, Attachment 3, p. 9). Thus, even in the absence of the complexities and challenges of the D2O Storage Project detailed in Ex. D2-2-10, differences between actual costs and a cost estimate would be expected.