

UNDERTAKING J1.6

Undertaking

To advise what portion of the 2011 and 2012 capital budgets for the Niagara Tunnel Project is incremental to the original budget approved in 2005.

Response

The superseding business case summary at Ex. D1-T1-S2, Attachment 1, Tab 1, page 15 includes the 2008 year-end life-to-date total of \$434.5M.

2009 to 2012 cash flows are shown in Ex. D1-T1-S1 Table 1, line 2:

- 2009 Actual \$213.5M
- 2010 Budget \$241.8M
- 2011 Plan \$288.0M
- 2012 Plan \$199.0M

To the end of 2010, the cumulative expenditures are expected to reach \$889.8M (i.e., \$434.5M + \$213.5M + \$241.8M).

Therefore, \$95.2M (i.e., \$985M original budget approved in 2005 - \$889.8M forecast total expenditures to end of 2010) of the 2011 - 2012 capital budgets would fall under the original approval of \$985M. The total 2011 and 2012 capital budget is \$487M (\$288.0M in 2011 + \$199.0M in 2012).

The remainder of 2011 and 2012 capital budget of \$391.8M (i.e., \$391.8M = \$487M - \$95.2M) is incremental to the original budget amount of \$985M and falls under the superseding business case amount of \$1,600M.

The revised cost and schedule for the Niagara Tunnel Project takes into account the difficult rock conditions encountered, restoration of the circular cross section in the rock overbreak, and the concurrent excavation and liner installation required to expedite completion of the tunnel. An explanation of cost and schedule variances is provided in the superseding business case summary. A summary of the project is also provided in Ex. D1-T1-S2, section 3.1.1.