

Site C Review - Responses to questions raised by Deloitte
August 23rd, 2017

CONFIDENTIAL

No.	
147A	Date/Source of Question: Email from [REDACTED] to [REDACTED] from August 23, 2017 at 2:28pm
	Response provided by: [REDACTED]
	Functional Approver: [REDACTED]
	<p>Question: Please clarify how the IDC budget went from \$1,407m at FID to \$1,029m in the latest PMC Jun 2016? We know that BC Hydro realized \$251m in IDC savings up until that point, but we cannot reconcile how it went down by \$378m.</p> <p>Furthermore, there appears to be a discrepancy between the numbers provided and the PMB numbers summarized in the accountability reports (January 2016 to September 2016 monthly).</p>
	<p>Response:</p> <p>The March and June PMB numbers of \$1,105 and \$1,029 are only for capital IDC. Deferred IDC PMB was \$212M making capital and deferred IDC totals for March and June PMB to be \$1,318M and \$1,242M respectively.</p> <p>The IDC savings of \$251M are not reflected directly in the changes between baselines as the savings occurred between PMBs and the savings amounts were rolled directly into contingency when next baseline was created. Changes in IDC PMB between the December and March baselines would be due to cash flow changes.</p> <p>The discrepancies are due to remapping of work breakdown structure codes between subprojects. As noted in the table previously submitted, the current mapping of codes was applied to the previous baselines, therefore they will not match the reports generated at that time. The mapping of codes between subprojects occur when needed. An example of this kind of movement was discussed during our first interview when it was noted that the EAC for Other Directs changed significantly and a similar change was seen under Highways. This was due to the Portage Mountain Quarry code being remapped to Highways. There was no PMB change in this instance as Portage Mountain Quarry had no PMB budget. Existing budget had been included within the Highway codes and additional funding was provided from contingency and can be seen as Control budget in the most recent Accountability and Cost Reports.</p> <p>IDC discrepancies are due to a reporting decision to combine Deferred IDC with Deferred costs rather than a combined IDC line. See attachment which breaks apart the row from the previous version labeled as "Deferred (incl. IDC)" and also provides the total for both capital and deferred IDC.</p> <p>Attachment</p>