

South Anchorage Loop Cost Estimate Variances

November 12, 2002

Current costs estimates for the South Anchorage Loop Project have increased from a much earlier CIP (then called CWP) preliminary cost estimate of approximately \$20 million to approximately \$33 million as the project requirements and scope of work are refined. A review of the previous and current information shows:

- Changes in overheads rates account for approximately \$4 million
- Right-of-Way/Easements account for approximately \$2 million
- Purchase of substation land accounts for approximately \$1 million
- In-house labor, professional services and construction costs account for approximately \$3 million
- Equipment requirements accounts for approximately \$2 Million
- Refinement of project scope accounts for the balance

Notes:

- Preliminary CIP estimates are developed before detailed project requirements scoping, routing, ROW procurement and site selection occurs
- Labor costs (all areas) have increased 15-25% since the preliminary estimate was prepared
- Current estimates are still not final construction cost estimates. This will occur once detailed design is complete