

(1) **Shell Space.**

- (a) Unfinished hospital shell space for which there is no
- immediate need or use shall not be built unless the applicant can demonstrate that construction of the shell space is cost effective.

(b) If the proposed shell space is not supporting finished building space being constructed above the shell space, the applicant shall provide an analysis demonstrating that constructing the space in the proposed time frame is more cost-effective than not including the shell space based on the following~~has a positive net present value that:~~

(i) ~~Considers~~The most likely use identified by the hospital for the unfinished space;

(ii) ~~Considers~~tThe time frame projected for finishing the space; and

(iii) Demonstrationes that the hospital is likely to need the shell space for the most likely identified use in the projected time frame.

(c) ~~For s~~Shell space ~~to be~~being constructed on lower floors of a building addition that supports finished building space on upper floors~~does not require a net present value analysis, an a.~~ Applicants shall provide information on the cost, the most likely uses, and the likely time frame for using such shell space.

(d) The cost of shell space included in an approved project and those portions of the contingency allowance, inflation allowance,

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and capitalized construction interest expenditure that are based on the construction cost of the shell space will be excluded from consideration in any ~~revenue~~rate adjustment for capital costs by the Health Service Cost Review Commission.