

1 Q. **Reference: Application, Appendix C 2019 Capital Projects \$500,000 and Over**

2 It appears that the Contingency amount for some projects is 20% of the cost  
3 excluding Interest and Escalation (e.g., Table 1, page C7), but is different for other  
4 projects (e.g., Table 1, page C23).

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6 (A) Please explain the methods used to determine the Contingency for the various  
7 projects.

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9 (B) How were the contingency percentages determined?

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12 A. (A) Hydro typically assigns 20% contingency to capital projects; however,  
13 contingency is evaluated on a project by project basis. Contingencies may be  
14 adjusted based on a number of factors, including Hydro’s familiarity with the scope  
15 of work, historical expenditures, and/or Hydro’s perceived risks to project budget  
16 and schedule.

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18 (B) The “Terminal Station Refurbishment and Modernization” project consolidates a  
19 number of capital activities, each of which has a contingency that has been  
20 determined based on factors described in part (A). These contingencies are  
21 summed to determine the total contingency for the consolidated project. Grouping  
22 of projects that are one-year, where the project contingency is provided in year  
23 one, and two-year, where the project contingency is provided in year two, can  
24 impact the annual calculation of the contingency.