

1 Q. With reference to Appendix A of the 2013 Capital Projects Overview - the 2013  
2 Hydro Project Prioritization - why have "Front End Engineering Design" (FEED) costs  
3 been aggregated as a separate Project cost, instead of being allocated as part of the  
4 costs of the various Projects in respect of which these FEED costs were (or are to  
5 be) incurred? If such FEED costs relate to projects to be included in Hydro's 2014  
6 Capital Budget Application, why would such costs not be included in that  
7 Application, as opposed to being included in the present Application?

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10 A. The Phase I, front end engineering design costs outlined in the proposal Front End  
11 Engineering Design page D-231 are for engineering design to be advanced during  
12 the 2014 capital budget preparation process in 2013 which will enable more  
13 appropriate estimates and work plans. Hydro has included these costs in the  
14 application for the year in which these costs will be incurred. Hydro is seeking  
15 approval to have these costs capitalized in advance of the 2014 capital budget  
16 submission.

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18 The costs are estimates and as such were not assigned to specific projects that  
19 appear in the five year plan for 2014. The costs will be tracked for each specific  
20 project and will form part of 2014 submission. Costs related to any specific project  
21 not receiving Board approval will not be capitalized.