

1 Q. (Hydro Reply Evidence dated August 7, 2015, Appendix B) What definition of  
2 “prudence” was used by La Capra Associates, Inc. in its analysis of Hydro’s costs  
3 associated with the diesel plant and the Holyrood Unit 1 turbine failure?  
4  
5

6 A. La Capra Associates' definition of prudence is consistent with the definition  
7 articulated in the Liberty Consulting Group Prudence Review Final Report at page  
8 ES-1. Specifically,

- 9 • The utility’s decisions and actions must be reasonable in the context of  
10 information that was known or should have been known at the time.
- 11 • The utility must act in a reasonable manner and use a reasonable standard  
12 of care in its decision making process.
- 13 • Hindsight is not to be used in assessing prudence; decisions and actions  
14 must be evaluated on the basis of circumstances existing at the time.