

1 Q. **Re: Phase II - 2 Holyrood Projects - Post Technical Conference**

2 With reference to the AMEC handout at the October 13, 2011 Technical
3 Conference, at page 25, AMEC outlines its "Priority Assessment" methodology. Is
4 there any aspect of this methodology which is inconsistent with Hydro's
5 methodology for ranking of capital projects in this Capital Budget Application? Are
6 there considerations in Hydro's methodology which are not included in AMEC's
7 methodology as outlined on page 25? If Hydro's answer to either of the foregoing
8 questions is "yes", please identify and provide the rationale for the difference or
9 differences between AMEC's methodology and Hydro's?

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12 A. There is no aspect of AMEC's Priority Assessment methodology that is inconsistent
13 with Hydro's project prioritization methodology. As the two methodologies are
14 used for different purposes, they are not comparable. AMEC's condition
15 assessment considers only the projects required under the goals of the condition
16 assessment, that is to ensure reliable generation (normal operation to 2015,
17 standby operation to 2020) and synchronous condensing operation thereafter.

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19 The primary similarity of the two methodologies is the consideration of a project as
20 a priority if required to meet safety or regulatory requirements. In Hydro's
21 methodology, these projects are considered mandatory.

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23 The second aspect of AMEC's ranking is related to the urgency of the need for
24 action. In Hydro's project prioritization process, this is assessed by using many of
25 the prioritization factors, including availability of backup or the number of
26 customers impacted.

- 1 The remaining items on AMEC's list are typically considered within the project
- 2 documentation and in accordance with the Board's Capital Budget Guidelines.

AMEC	Project Documentation
Degree of certainty of requirement	Overall project documentation
Experience at Holyrood and the broader industry context	Historic and industry experience
Ability to mitigate or address the issue in other ways	Alternatives
Timing of the recommended response	Project schedule, status quo
Cost relative to others	Net Present Value
Ability of existing and planned or ongoing actions to resolve in a timely and successful manner	Project description, project schedule