

1 Q. **Re: 2012 Capital Plan**

2 Provide an explanation of differences in Hydro's approach to determining the
3 necessity of the Phase II projects as compared to Phase I projects in the context of
4 the planned decommissioning of the Plant.

5

6

7 A. Hydro has made no distinction between the necessity of Phase II projects and Phase
8 I projects. It is Hydro's position that the only meaningful difference between the
9 projects listed in Phase I versus those in Phase II is that Phase II only contains new
10 Holyrood projects, whereas Phase I contains projects not related to Holyrood, or
11 contains projects for Holyrood for which commitments and expenditures have
12 already been made. Necessity for the projects is not, in Hydro's opinion, a
13 distinguishing feature.

14

15 In the context of the planned decommissioning of the steam/thermal/fuel aspects
16 of the plant, Hydro has proposed projects under Phase II that are required to meet
17 the service expectations for the facility only until 2020. Any project that was
18 identified but was not required in order to meet this threshold criterion was
19 eliminated. Furthermore, project alternatives that survived this test were
20 evaluated based upon the above-noted service expectation. An example of this
21 approach is the stack breeching proposal for Unit 2. Hydro first had to prove to its
22 own satisfaction that work was required in order to reach the 2020 date. Once this
23 was established via assessments and analysis, various options were developed and
24 analyzed with a view that the lowest cost alternative must be calculated with a
25 2020 end date. Value to the plant after 2020 for thermal related items was
26 completely discounted. The result is a project proposal that addresses a need that
27 must be met to reach 2020 at the lowest cost prior to decommissioning.