

1 Q. **Tab D; Volume I: Projects Over \$200,000 and Less Than \$500,000 (Energy**
2 **Efficiency Improvements)**

3 Page D-3: What criteria does Hydro utilize to determine which costs and factors are
4 included in the cumulative net present worth analysis?

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7 A. The selection of costs and factors for the cumulative net present worth analysis is
8 based on the criterion that the analysis be a legitimate representation of forecast
9 costs over the lifetime of the study for both scenarios.

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11 The status quo scenario uses operating history along with forecasted energy costs
12 to determine the forecast total cost for the operation and maintenance of existing
13 equipment assuming the capital project is not undertaken. The energy efficiency
14 improvements scenario uses the capital costs for installation of new equipment
15 along with expected operation and maintenance requirements and revised forecast
16 energy costs for the new equipment to determine the forecast total cost reflecting
17 the capital project under consideration.