

1 Q. **2013 General Rate Application, Capital Expenditures**

2 Describe in detail the actions Hydro has taken since 2009 to improve the accuracy
3 of its capital budget project cost estimates and its ability to complete capital
4 projects on schedule.

5

6

7 A. Since 2009, Hydro has taken the following steps to improve the accuracy of its
8 capital budget estimates:

- 9 • Reorganization of the engineering division into distinct project execution and
10 estimating teams to allow for a singular focus on project estimation activities;
- 11 • Increasing the amount of front end engineering completed during the
12 estimating phase;
- 13 • Training in, and implementation of work breakdown structure within the
14 estimating process; and
- 15 • Establishment of a basis of estimate template and process.

16

17 Since 2009, Hydro has taken the following steps to improve its ability to complete
18 capital projects on schedule:

- 19 • Increasing the number of two-year project schedules to allow for adequate lead
20 time for materials, especially where installation is dependent on major
21 equipment outages;
- 22 • Reorganization of the engineering division into distinct project execution and
23 estimating teams to allow a singular focus on project execution activities;
- 24 • Improvement of project planning and tracking;
- 25 • Increased engagement of consultant resources to allow front end loading of
26 design and tendering processes; and
- 27 • Implementation of earlier outage planning related to projects.