

1 Q. **Re: 2017 Capital Projects Overview**

2 At page 14 Hydro states that it "...tracked the Phase 1 engineering costs specific to
3 each project and these costs form part of the 2017 capital budget submission."

4 Is this in accordance with previous Board Orders?
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7 A. As is consistent with past practice, Hydro tracks Phase 1 engineering costs specific
8 to each project and these costs form part of the future capital budget submission.
9 Hydro does not capitalize or include in rate base the Phase 1 engineering costs until
10 the applicable project is approved in the capital budget submission and the asset is
11 brought into service. In the event the Board does not approve the project and
12 Hydro does not intend to re-apply then Hydro would remove the Phase 1 costs from
13 work-in-progress and expense the costs as incurred.