

1 Q. Further to NP-16, explain why capitalized expenses for 2001 and 2002 have
2 decreased so significantly.

3

4 A. Capitalized expenses for 2001 and 2002 have decreased from 2000 mainly
5 due to the fact that in 2000 there were recoveries of approximately \$650,000
6 related to the Labrador River Project. In addition, there were recoveries of
7 approximately \$727,000 related to overtime for which there is no allowance
8 made on a budget or forecast basis.