

1 Q. **Grant Thornton's Prefiled Evidence**

2 Page 42, lines 26-31 and 35-39; Page 45, lines 30-32; and, Page 47, lines
3 29-31 – What are Hydro's guidelines with respect to expensing versus
4 capitalization of overhauls and major repairs and software acquisitions?

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7 A. Overhauls or major repairs would not normally be capitalized unless
8 considered as a replacement or betterment of a unit or portion of a unit of
9 property. Subject to Board approval, the cost of major extraordinary repairs
10 are recorded as a deferred charge and amortized on the straight line method
11 over five years.

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13 With respect to software acquisition, the Corporation will record as a deferred
14 charge, the costs associated with the acquisition/ development and
15 implementation of computer software in instances where projected costs
16 exceed \$25,000.