

1 Q. **RE: p. B-108** Provide the rationale for including the work described in this
2 Explanation as a Capital Budget item, provide the total costs projected for
3 similar work to the end of 2008 and advise what alternatives to the
4 undertaking of this project have been considered by Hydro.

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7 A. The costs associated with surveying and obtaining easement rights for new
8 transmission and distribution lines form part of the capital cost of those
9 assets. In this case these activities are being performed after the fact. It has
10 been Hydro's practice to capitalize survey and easement costs relative to
11 power lines which were in existence prior to 1985.

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13 A preliminary estimate of the total costs for the period 2006 to 2008 is
14 approximately \$160, 000.

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16 The alternative of "status quo" was considered unacceptable due to the
17 reasons outlined in the project justification.