

1    Q.    On July 24, 2006 Hydro filed an application requesting approval to defer the  
2           expense associated with the repair of the Unit #2 boiler at the Holyrood  
3           Generating Station. Provide an explanation why the proposed accounting  
4           treatment of the Holyrood Unit #3 overhaul should differ from that proposed  
5           for the Holyrood Unit #2 boiler? (IC-138 NLH)  
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8    A.    The repair of the Unit # 2 boiler at the Holyrood Generating Station met the  
9           tests for an extraordinary repair as defined by the Board. A major  
10          extraordinary repair is defined as an expenditure having all of the following  
11          characteristics:  
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- 13           • It does not result in the replacement or betterment of a unit or portion of
  - 14           a unit of property;
  - 15           • It is not typical of the normal repair expenditures incurred for such
  - 16           property; and
  - 17           • The cost per occurrence exceeds \$500,000.
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19           The overhaul of the Holyrood Unit #3 is typical of the normal repair  
20           expenditures incurred for such property. For this reason it does not meet the  
21           second required characteristic noted above for treatment as an extraordinary  
22           repair.