

1 Q. Does Hydro own or lease the VHF Mobile Radio System? If the System is
2 leased, provide details of the leasing arrangement, including justification of
3 the accounting treatment (i.e., capital or operating) of the leasing
4 arrangement. (Financial Consultant's Report – 2006 GRA, page 18,
5 lines 6-8)

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8 A. Hydro's capital project for the VHF Mobile radio system is budgeted at \$8.4
9 million which consists of a \$4.5 million payment from Hydro towards assets
10 that will be owned by Aliant, and \$3.9 million for assets that will be owned by
11 Hydro and related internal costs. Hydro will capitalize this project and
12 recognize a contribution in aid of construction of \$3.6 million to be received
13 by Hydro from the Department of Transportation and Works.