

1 **Transmission System Engineering Study (\$500,000)**
2

3 **Q. Provide an explanation as to why the cost of this project is being capitalized and not**
4 **treated as an operating expense.**

5
6 A. The two studies being undertaken will investigate route selection, property issues,
7 environmental concerns, physical obstacles, design options, surveying, cost estimates,
8 etc. related to constructing the two new transmission lines. Expenditures related to the
9 studies will be capitalized based on the assumption that the transmission lines will be the
10 most feasible option in each case and that construction of these assets will proceed at a
11 later date. In the event that the studies show that construction of the transmission lines is
12 not the most feasible option and no other capital asset is pursued as a result, the costs
13 associated with the feasibility study portion of these projects will be transferred to an
14 operating account.