

**2003 Capital Expenditure Status Report**

**Q. Given that the 2002 carry over project “Modification to Accommodate Gas Turbine” (Item 13) [Item 12, 1<sup>st</sup> Revision] cost seventy-two percent (72%), or \$344,000 more than the approved budget, why didn’t NP consider seeking supplementary approval from the Board before proceeding with the project.**

**A.** The noted variance was not related to a significant change in the scope of the project as initially approved by the Board. Consequently, it was the Company’s view that specific approval of the variance was not required, and that it would be sufficient to report any expenditure variance to the Board through the annual capital expenditure variance reporting process.