

1 Q. **B-4, Replace and Purchase of Stator Windings, \$4,687,100**

2 If NLH has already developed a plan for the replacement of the windings on Units 1,
3 3 and 4 over the next five years, why has it not applied to the Board for approval of
4 this project as a Multi-Year Project?

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7 A. The Capital Budget Application Guidelines issued October 29, 2007 states the
8 following regarding the approval for multi-year projects.

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10 ***“b. Multi-year Expenditures***

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12 *Each year of a expenditure will be considered in the initial year of application.*

13 *Where a utility shows in each subsequent year of a multi-year expenditure that the*
14 *scope, nature and amount of the capital expenditures are consistent with the*
15 *original approval, further approval is not required.*

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17 *Expenditures in subsequent years will be subject to further review if there is a*
18 *material change in the scope, nature or forecast cost of the expenditure. A change*
19 *will be considered material if the nature or scope of the expenditure changes such*
20 *that that original rationale provided is no longer applicable or where the revised*
21 *forecast expenditure exceeds the approved amount by 10% or more.”*

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23 Even though Hydro has a replacement plan for the windings over the next five
24 years, there is still uncertainty concerning the scope, timing and cost of the other
25 replacements therefore these replacements will be proposed in future years.