

1 Q. Why is this expense considered extraordinary?
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4 A. In its report dated April 13, 1992, the Board recommended that the
5 accounting treatment policy for extraordinary repairs set out in pages 17-18
6 of a Peat Marwick Report be adopted. Hydro's current policy with respect to
7 accounting for repairs of this nature was formulated on this basis and defines
8 a major extraordinary repair as an expenditure having all of the following
9 characteristics:
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- 11 • It does not result in the replacement or betterment of a unit or portion of a
12 unit of property;
- 13 • It is not typical of the normal repair expenditures incurred for such
14 property; and
- 15 • The cost per occurrence exceeds \$500,000.
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17 The repair of the Unit # 2 boiler at the Holyrood Generating Station is
18 considered to have all of these characteristics.