

1 Q. Why didn't Hydro apply earlier for approval of the deferral as soon as the  
2 work was identified as being necessary?

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5 A. Hydro did not apply for approval of the deferral as soon as the work was  
6 identified as being necessary because the deferral decision was an issue of  
7 accounting treatment that was not time-sensitive with regard to the repair  
8 work. The work was not capital in nature and therefore prior approval from  
9 the Board to carry out the work was not required.

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11 The repair work was carried out in order to get the generating unit back in  
12 service in a timely, safe and reliable manner. Temporary repairs were  
13 completed in the early spring and the unit was returned to service on April 1,  
14 2006. Following the temporary repairs, the permanent repair work was  
15 costed and orders were placed for boiler waterwall panels that were installed  
16 in August with further work (chemical cleaning) carried out through to  
17 October. The full details of the expected costs were not compiled until the  
18 summer of 2006 leading up to the filing of the application on July 24, 2006.