

1 Q. **2012 Capital Projects Overview p. 2-3**

2 How was the criteria for the capitalization of Major Inspections and Overhauls
3 developed?

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6 A. The criteria for the capitalization of Major Inspections and Overhauls was
7 developed by using the following:

- 8 • Review of the IFRS standard 16(14) property, plant and equipment attached
9 in Appendix A of the 2012 Capital Projects Overview;
- 10 • Discussions and meetings with external financial consultants and industry
11 peers;
- 12 • Ongoing discussion and input from internal operations and engineering staff
13 and management on IFRS standards; and
- 14 • Research, review and application of IFRS standards associated with Hydro
15 operations and physical assets.