

1 Q. **Reference: Legal Survey of Primary Distribution Line Right of Ways, Volume I,**
2 **Section E, Page E-207**

3 Please explain why Hydro's costs associated with surveying historical plant is
4 considered a capital expense and not an operating expense.

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7 A. Hydro is surveying the distribution line right of ways in order to obtain easements.
8 These easements have future economic benefits since, in the absence of title, other
9 parties may be able to construct, develop or otherwise use the property on which
10 Hydro's lines are located without Hydro being consulted. Obtaining title ensures
11 that developments do not interfere with Hydro operations. Since the surveying
12 activity is necessary to obtain the easement, it is considered a capital cost.