

1 Q. Is it the practice, as appears from item 6 on p. F-13, that Senior Management
2 reviews and revises capital budget items after approval by the Board of
3 Commissioners of Public Utilities?

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6 A. It is not the practice of Hydro senior management to review and revise capital
7 budget items following receipt of approval by the Board of Commissioners of
8 Public Utilities. Capital budget proposals are often prepared in excess of one
9 year prior to implementation. During the intervening period, new information
10 can become available, conditions can change or assumptions may be found
11 to be incorrect, which may change the desirability or viability of a project.
12 When management determines that such changes indicate that it is in the
13 best interest of Hydro's legislated requirement of providing the least cost
14 reliable power and energy to alter a project, then Hydro may revise or even
15 cancel an approved project.