

1 Q. Indicate what projects would be eliminated or reduced in scope in the event
2 that the Capital Budget for 2007 were capped at \$35.0 million.

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5 A. As explained in the response to IC-4 NLH, Hydro carefully considers each
6 capital proposal based on its own merits and submits for approval only those
7 that are felt to be necessary and justifiable. It would not be appropriate to
8 remove proposals to achieve a total Capital Budget cost based on an
9 arbitrarily selected total. To do so would delay the implementation of projects
10 considered to be necessary for the continued safe, efficient and reliable
11 operation of Hydro's generation, transmission and distribution systems.