

Q. In reference to the statement at lines 4-7 on page 9 of the ESRA Report, please provide breakdown of \$186 million capital projects expected to be completed in 2016, showing how much of this expenditure is expected to be for reliability, system improvements, legal/regulatory compliance, safety, regular maintenance, and other requirements.

A. Categorizing the \$186M of capital projects into specific categories is difficult given that each project can have multiple justifications. The following table breaks down the projects into the categories requested. It should be noted that regular maintenance is not included in the capital application as it is an operating expense.

Expenditure Justification	Total Cost (\$,000)
Reliability	\$71,662.4
Health and Safety	\$16,939.8
System Improvements	\$86,661.8
Legal and Regulatory Compliance	\$2,074.1
Other	\$9,314.1
Total	\$186,652.2

For clarity, Reliability projects directly influence the reliable production or transmission of energy, and typically involve projects such as overhauling generators or upgrading circuit breakers. Health and Safety projects are related to the safety of workers or the general public, such as the Upgrade Public Safety Around Dams and Waterways project. System Improvements include projects that build on the system currently in place, such as the addition of TL 267 to the Island

1 Interconnected System. Legal and Regulatory Compliance projects are undertaken  
2 to ensure that Hydro is in compliance with legal regulations and standards, such as  
3 replacing fuel storage tanks because of leaking hydrocarbons. Projects identified as  
4 “other” do not fit in the above categories, such as replacing personal computers  
5 and upgrading standard software programs.