

1 Q. **Reference: Program 16: Perform Facilities Refurbishments (2027) Stephenville Main Office**
2 **Building, Garage, and Warehouse, page 7**

3 Would the replacement of a hot water tank be considered an operating expense in the normal
4 course of building maintenance?

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7 A. Newfoundland and Labrador Hydro (“Hydro”) capitalizes expenditures in accordance with
8 International Financial Reporting Standards and its Capitalization Guidelines, provided within
9 Hydro’s response to CA-NLH-052 of this proceeding. The replacement of a hot water tank would
10 be considered a capital expenditure as it is a full replacement rather than a repair of the current
11 tank. The replacement of the hot water tank will extend the life of the unit beyond what the
12 current tank can provide.