

1 **Q. Exhibit BVP-22 p.8 Please provide the financial treatment of the energy value of**
2 **water spilled as a result of projects for the rehabilitation of hydro plants.**

3
4 A. The forecast loss in production that results from water spillage during the rehabilitation
5 of hydro plants is not charged to either the capital project or to the Hydro Production
6 Equalization Reserve, and results in higher purchased power costs to the Company.

7
8 As recommended in the Acres Water Management Study, the hydro production normal is
9 adjusted annually to reflect the impact on production of physical changes in the
10 Company's hydroelectric facilities and to reflect the impact on production of scheduled
11 plant availability (including any forecast spillage resulting from capital projects for the
12 coming year).

13
14 If a delay in a hydro plant rehabilitation project results in greater loss in production than
15 forecast, the reduced production relative to the forecast normal is charged to the Hydro
16 Production Equalization Reserve. Conversely, if a hydro plant rehabilitation project is
17 completed ahead of schedule and less spillage is experienced than forecast, the increase
18 in production relative to the forecast normal is credited to the Hydro Production
19 Equalization Reserve.