

Hydro Plants Facility Rehabilitation (\$2,345,000)**Q. Provide the rationale for capitalizing the dam rehabilitation costs (\$319,000) referred to on p. 9.**

A. The structures referred to on page 9 are aging structures that have been identified through regular inspections as requiring significant capital improvements and upgrades to comply with existing dam safety standards. The improvements ensure the continuous safe and reliable operation of these storage reservoirs over a number of future accounting periods minimizing the risk of failure and associated financial/environmental damages.

At Blackwoods, specific structures in need of improved rehabilitation and durability include Fourth Blackwood Freeboard Dam No.1 (replacement of earthfill and rip rap due to excessive deterioration) and Fourth Blackwoods Control Structure (rehabilitation of deteriorated concrete abutments).

At Whirl Pond, required specific rehabilitation works include construction of a new timber face as well as placement of additional rockfill ballast along the crest and downstream slope.

At Seal Cove, improvements will include increasing freeboard on the forebay dam and increasing the existing spillway capacity to prevent the reoccurrence of dam overtopping in future flood events.