

1 Q. **2012 Capital Projects Overview p. 2-3**

2 How was the \$50,000 cost limit for capitalization determined?

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5 A. In the context of the treatment of Major Overhauls under IFRS, Hydro adopted the
6 materiality limit for capital expenditures by class as set out in the Hydro Plant
7 Ledger Manual dated November 2005 which applies only to Hydraulic, Thermal and
8 Gas Turbine projects. The materiality limit of \$50,000 was determined relative to
9 the value of the assets within the group.