

1 Q. Provide the assumptions and calculations used in the capital and operating
2 forecasts (JCR, Schedule I) as follows:

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- 4 (a) Labour Escalation Rate;
- 5 (b) Materials and Other Escalation Rate(s); and
- 6 (c) Interest Rates.

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8 A. (a) Salary projections for 2001 were based on existing rates scaled by 3%
9 effective January 1 for both union and non-union employees plus an
10 additional 2% effective April 1 for union employees and effective July
11 2, for non-union employees.

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13 The current collective agreements expire March 31, 2002 and
14 collective bargaining for new agreements will commence late 2001 or
15 early 2002. It would be prejudicial to the collective bargaining process
16 to publicly release this information on 2002.

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18 (b) For the Operating Forecast, there were no escalation rates applied to
19 Material and Other costs for either 2001 or 2002. For the Capital
20 Budget, an escalation rate of 2% was applied to each year.

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22 (c) See response to NP-81.