

1   Q.    Please explain the concept of “vacancy allowance” as it pertains to Chart 3  
2           on page 10 of the Corporate Overview evidence given by William E. Wells?

3

4

5   A.    Each year Hydro budgets its salaries on the basis of its forecast FTE  
6           requirements. On an actual basis there is always a number of positions that  
7           become vacant during a particular year due to retirements, terminations,  
8           long-term disability, etc. which results in salary savings because of the period  
9           of time which elapses between the date of vacancy and the date of hiring the  
10          replacement.

11

12          The vacancy allowance is Hydro’s estimate of the amount of savings due to  
13          vacancies in salaries.