

1    Q.    **Grant Thornton's Prefiled Evidence**

2            Page 39 lines 42-43 – Does the forecast decrease in costs to be charged to  
3            capital effectively eliminate the \$2.5 million vacancy credit which Hydro has  
4            provided for in its 2004 test year forecast?

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7    A.    These two items are not related. Hydro's forecasts of capitalized salaries are  
8            developed based on the specifics of the capital program for any given year.  
9            The vacancy allowance in the 2004 test year reflects an estimate of savings  
10           in salaries that will arise due to the time that will elapse between positions  
11           becoming vacant and the hiring of replacements, as well as an estimate of  
12           potential savings resulting from the ongoing review of Hydro's work  
13           processes.