

1 Q. Please provide detailed explanation for the year over year change to total
2 purchased power expense as shown in the Production evidence, Schedule
3 IX.

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6 A. The two variables causing the purchase power expense to vary are quantity
7 purchased and unit price. In 2003, both purchases and price increased over
8 2002. In 2004, purchases are forecast to increase but are more than offset
9 by a forecast decline in purchase price due to its linkage with petroleum
10 markets. The following table summarizes the year over year changes in
11 purchase power expense.

Year Over Year Change in Purchase Power Expense			
	Change in Purchase Power Expense	Change Explained By	
		Change in Price	Change in Quantity
2003	\$156,625	\$96,133	\$60,492
2004	(\$45,446)	(\$76,084)	\$30,638