

1 Q Please compare in table format Hydro's forecast 2004 test year expenses
2 with actuals from 2004 showing the amount of difference with an explanation
3 as to the reason for any difference.

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6 A. Please refer to the table below.

	(\$ thousands)			
	<u>2004 Actual</u>	<u>2004 COS</u>	<u>Variance</u>	<u>Reason</u>
Salaries	56,122	55,638	484	1
System Equipment Maintenance	17,343	17,440	(97)	
Office supplies	1,846	1,913	(67)	
Prof Services	3,648	4,453	(805)	2
Insurance	1,682	2,019	(337)	3
Equipment Rental	1,269	1,756	(487)	4
Travel	2,207	2,395	(188)	5
Misc Expenses	4,369	4,185	184	6
Bldg Rentals & Maint	752	894	(142)	7
Transportation	1,681	1,759	(78)	
Recoveries	<u>(2,192)</u>	<u>(1,858)</u>	<u>(334)</u>	8
Total	88,727	90,594	(1,867)	

1 Vacancy allowance not achieved

2 Several Environmental Management System audits were not completed until 2005, Environment Site Assessments were completed in house, Contribution to government for the acid rain monitoring program was cancelled by the Department of Environment and Conservation, Monitoring of mercury in reservoirs was cancelled pending the Health Risk Assessment by Health Canada.

3 Market Estimates for Boiler and Machinery in the test year was higher than actual policy renewal.

4 Revenue from Dept. Works, Services & Transportation was credited to this account but budgeted in Sundry Revenue. Anticipated cost increase for increased disk and capacity, did not occur as expected

5 Lower conference attendance and related travel than budgeted.

6 Bad debt higher than forecast in test year.