

In reference to Schedule “B”, page 37 of 82 – Services, at a project cost of \$1,819,000:

Q. Please specify the project cost per unit, including the exact cost for labour. Please specify the materials to be used and the cost of these materials. Please advise as to the number of poles to be purchased for installation and provide specifics as to the purchase of wires and related hardware.

A. The Services budget is not calculated based on individual projects, but is calculated based on historical data.

For new services, historical annual expenditures are adjusted for inflation and divided by the number of new customers in each year to derive an average new Service cost per customer. Unusually high or low results are excluded from the average. This historical average is then adjusted by the GDP Deflator for Canada before being multiplied by the forecast number of new customers to determine the budget estimate.

A similar process is followed to determine the budget estimate for replacement services.

The budgeted labour cost for Services for 2003 is \$1,149,000 and the budgeted non-labour cost is \$670,000. Budget estimates are not prepared at a level of detail that specifies numbers of poles and related hardware.