

1 **Q. In reference to Note 26 also, please explain why the Company did not anticipate**
2 **higher vehicle prices.**

3
4 A. In determining the cost of vehicles to be included in the annual vehicle purchases budget
5 the Company utilizes unit prices from current years supplier quotes and adjusts these
6 numbers for inflation. In 2001, a supplier inadvertently underestimated the unit price for
7 heavy fleet vehicles. As a result, the budget amount for this category was also
8 underestimated.