

Pre-filed Evidence

Ludlow/Delaney

Q. Would not an emergency arising that poses a threat to safety or Company operations requiring an adjustment to capital plans be covered under the budget for “Unforeseen Allowance”.

A. The reference to an emergency that requires an adjustment to the Company’s capital plans is found on page 14 (1st Revision), lines 4 to 6, of the Prefiled Evidence: Ludlow and Delaney, and reads as follows:

“Should an emergency arise which poses a threat to safety or to Company operations, the Company must channel its resources to these areas and make the necessary adjustments to its capital plans.”

This statement refers to the possibility that the Company might have to defer the completion of certain planned capital projects in order to provide the necessary resources to deal with an emergency event.

If the expenditure related to the emergency event were an unforeseen capital expenditure in excess of \$50,000, the Company would normally utilize the Allowance for Unforeseen Items in order to proceed with the project in an expeditious fashion.