

General

Q. Ref: PUB-54 NP and PUB-55 NP. In light of NP's reply to PUB-10 NP, justify the increased expenditure for "Rebuild Distribution Lines".

A. The justification for the planned expenditures for the 2004 Rebuild Distribution Lines category is contained in Schedule B (page 47 of 80) to the Company's 2004 Capital Budget Application. Additional information regarding the increase in expenditures for 2004 is contained in the Company's response to Request For Information PUB-54 NP.

The Company's response to Request For Information PUB-10 NP notes that while safety is a very important consideration in all the company's undertakings, none of the budget categories in the 2004 capital budget were justified primarily on the basis of safety. This statement applies to the Rebuild Distribution Lines category in that the primary justification for this project is to maintain reliable electrical service. Safety, while an important consideration, is an additional justification in the decision to proceed with expenditures to rebuild these distribution feeders.