

Distribution

Q. What impact will the 2004 capital expenditures on Substations have on the depreciation expense for Substations in 2005?

A. Based on the budgeted capital expenditure for Substations in 2004 of \$5,362,000, the estimated increase in depreciation expense in 2005 for Substations would be \$139,412 (using the approved Substation depreciation rate of 2.60%). This estimate does not reflect the impact of retirements or work in progress that would have the effect of lowering the depreciation expense.