Q. **<u>DISTRIBUTION</u>**

EXTENSIONS (POOLED), p. 25 of 81, $6,766,000

PUB 10.0
Please provide a summary, by year, of the high and low data that has been excluded from the data provided in Table 2, p. 26 of 81, and of the effect that the inclusion of this data would have on the Unit Cost for each year from 2001 to 2006B.

A. The comment in the paragraph following Table 2 indicates that as part of the historical unit costing methodology, unusually high and low data is excluded in calculating historical unit costs. This describes the process in general, and is intended to indicate the exclusion of any unusually high or low data, only if it exists.

Nothing has been excluded from Extensions in the years from 2001 to 2005 in arriving at the data provided in Table 2. The stated expenditure for each year is the actual expenditure for Extensions in that year. The adjusted cost is based on the total actual expenditure, normalized for inflation only.

The 2006 budget expenditure shown in Table 2 on page 26 of 81 is therefore calculated as the actual average inflation adjusted unit cost over the period from 2001 to 2005 multiplied by the projected number of new customers, as follows.

Actual average inflation adjusted unit cost [1]		
($2,105 + $1,830 + $1,859 + $2,034 + $1,961) / 5	=	$1,958
Multiplied by the 2006 inflation factor	x	1.0158
Equals 2006 forecast unit cost	=	$1,989
Multiplied by the projected number of new customers	x	3,402
Equals the budgeted expenditure for 2006 [2]	=	$6,766,000

[1] 2005 Dollars.
[2] Rounded.