

1 **Re Appendix A, Five Year Capital Plan, page ii:**

2 Q. According to the Five Year Capital Plan, administrative expenditures will
3 spike to a budgeted \$2.5 million for 2009 (they were budgeted at \$1.6 million
4 in 2008 in the 2008 Capital Budget Application). In the Five Year Capital
5 Plan, in the following four years, budgeted administrative expenditures
6 decrease precipitously, from \$0.9 million in 2010 to only \$0.49 million in
7 2013. Are the 2010 -2013 figures a reasonably reliable reflection of what will
8 be applied for by Hydro as administrative capital expenditures, i.e. is it
9 anticipated that there will be a drop off of administrative expenditure of this
10 order of magnitude after 2009? If yes, what effort has Hydro made to identify
11 which of these administrative expenditures can be postponed, so as
12 "smooth" these expenditures over the full five year period with particular
13 reference to the project Upgrade System Security-Various Sites which
14 constitutes 25% of the administrative expenditure in 2009 and 75% in 2010?

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17 A. Hydro does not attempt to smooth any particular category of project but
18 rather develops estimates based on spending priorities and resource
19 availability. The five year plan will have greater accuracy in the first couple of
20 years and is subject to change as the planning horizon changes.