

1 **Re Replace Vehicles and Aerial Devices, page B-31:**

2 Q. Table 1 at page of (sic) 5 of Hydro's report "Replace Vehicles and Aerial
3 Devices" identifies that starting from 2004, Actual Purchase costs have run
4 approximately 10% to 20% below Budgeted Purchase costs. Is Hydro aware
5 of any reason why this trend will not continue for 2008 Budgeted Purchase
6 costs?

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9 A. Actual purchase prices of vehicles and aerial devices have been lower than
10 budgeted on some equipment because of higher than normal dealer
11 concessions and discounts which have offset expected price increases
12 associated with increased manufacturing costs in the vehicles and related
13 manufacturing industries. The trend has continued for most of 2008
14 purchases. However, vendors have indicated to us that due to increased
15 prices associated with higher manufacturing costs, these concessions and
16 discounts may no longer be available.