

2009 Capital Projects – Normal Capital (Historical Pattern)

Costing Methodology

Table 2 shows the annual expenditures and unit costs for *new* street lights for the most recent five-year period, as well as a projected unit cost for 2009.

Table 2 Expenditure History and Unit Cost Projection New Street Lights						
Year	2004	2005	2006	2007	2008F	2009B
Total (000s)	\$ 1,020	\$ 1,363	\$ 1,131	\$ 977	\$ 1,014	\$ 1,045
Exclusions ¹ (000s)	-	\$ 380	-	-	29	-
Adjusted Cost (000s) ²	\$ 1,251	\$ 1,164	\$ 1,286	\$ 1,026	\$ 985 ³	-
New Customers	4,294	4,149	3,952	3,941	3,827	3,962
Unit Cost (\$/cust.) ²	\$ 291	\$ 281	\$ 325	\$ 260	\$ 257	\$ 258

¹ Exclusions in 2005 reflect the unusually high quantity of new Street Lights installed for the City of St. John's.

² 2008 dollars.

³ Exclusions in 2008 of \$29,000 reflects the slightly higher than normal volume of new street lights required in subdivisions.

The project cost for the connection of new customers is calculated on the basis of historical data. For new street lights, historical annual expenditures over the most recent five-year period, including the current year, are expressed in current-year dollars ("Adjusted Cost") using the Statistics Canada Distribution Systems Price Index . The Adjusted Costs are divided by the number of new customers in each year to derive the annual street light cost per customer in current-year dollars ("Unit Cost"). The average of these unit costs, with unusually high and low data excluded, is adjusted by the GDP Deflator for Canada before being multiplied by the forecast number of new customers for the budget year to determine the budget estimate. The forecast number of new customers is derived from economic projections provided by independent agencies.

Table 3 shows the annual expenditures and unit costs for *replacement* street lights for the most recent five-year period, as well as a projected unit cost for 2009.