

1 **Q. Please fully describe the Company's methodology and process for forecasting of**
2 **expenses for the 2010 Test Year. As part of the answer, please address whether, and**
3 **if so how, NP's methodology and process has changed relative to the methodology**
4 **and process used in its last GRA to forecast test year expenses.**
5

6 A. The methodology and process used for forecasting operating expenses in the 2010 Test
7 Year is broadly similar to the process and methodology used in the last GRA to forecast
8 Test Year operating expenses.
9

10 Under the supervision of the Manager responsible, the departmental budget coordinator
11 prepares inputs based on the department's expected requirements, a review of recent
12 trends and specific work plans. The Manager ensures the budgetary inputs are consistent
13 with work requirements of the department.
14

15 The Finance Department consolidates the departmental budgetary inputs into the
16 corporate forecast. Departmental staffing inputs are reviewed on a corporate-wide basis
17 based on all operating and capital requirements. This process typically results in some
18 transfers of staff between departments to meet various priorities.
19

20 Once consolidated, the corporate forecast is reviewed for approval by the Executive to
21 ensure it is consistent with corporate priorities.
22