

1 **Q. On page 32, Table 8 of the Finance and Accounting Evidence by Barry Perry please**
 2 **provide details of Increase (Decrease) in Other Expenses? Please advise if pension**
 3 **and regulatory costs to be (sic) amortized over a three-year period?**

4
 5 A. Table 1 below provides details of the increase (decrease) in Other Expenses shown in
 6 Table 8 at page 32 of the *Finance & Accounting Evidence*.
 7

Table 1 Forecast Change in Other Expenses (\$000s)						
Breakdown	Forecast 2002	Forecast 2003	Net Increase	Forecast 2003	Forecast 2004	Net Increase
Vehicle Expenses	1,433	1,422	(11)	1,422	1,445	23
Operating Materials	1,537	1,546	9	1,546	1,571	25
Inter-Company Charges	770	770	-	770	770	-
Plants, Subs, System Oper & Bldgs	2,106	2,125	19	2,125	2,159	34
Travel	1,122	1,173	51	1,173	1,192	19
Tools and Clothing Allowance	957	1,019	62	1,019	1,035	16
Miscellaneous	1,579	1,599	20	1,599	1,625	26
Prior Years' DSM Amortized	-	-	-	-	-	-
Taxes and Assessments	857	834	(23)	834	847	13
Uncollectible Bills	700	700	-	700	700	-
Retirement Allowances	100	200	100	200	200	-
Education, Training, Employee Fees	386	395	9	395	401	6
Trustee and Directors' Fees	380	380	-	380	386	6
Other Company Fees	2,420	2,323	(97)	2,323	2,001	(322)
Stationery & Copying	351	341	(10)	341	346	5
Equipment Rental/Maintenance	897	917	20	917	932	15
Telecommunications	1,491	1,584	93	1,584	1,609	25
Postage	1,301	1,344	43	1,344	1,366	22
Advertising	288	282	(6)	282	287	5
Vegetation Management	1,152	1,253	101	1,253	1,273	20
Computing Equipment & Software	574	691	117	691	702	11
Total Other Expenses	20,401	20,898	497	20,898	20,847	(51)

8
 9 Table 8, on page 32 of the *Finance & Accounting Evidence* shows the changes in
 10 operating expenses in 2003 and 2004 assuming no change in electrical rates and before
 11 any of the accounting changes proposed in this proceeding. Table 8 is based on external

1 regulatory costs being recognized in 2003 and no change in the method of valuing
2 pension assets in the calculation of pension expense.

3
4 Section 5.4.1 Pension Accounting and Section 5.5 Deferred Regulatory Expenses, at
5 pages 65 and 72 of the *Finance & Accounting Evidence*, respectively, review in detail the
6 proposed change in the method of valuing pension assets in the calculation of pension
7 expense and the proposed deferral of regulatory costs.

8
9 The method of calculating pension expense recognized in each year is proposed to be
10 changed from the fair market value method to the market-related value method. This will
11 smooth the recognition, and reduce the volatility, of this expense.

12
13 Estimated external regulatory costs to be incurred in 2003 of approximately \$1.2 million
14 are proposed to be amortized over a 3-year period, commencing in 2003.