Q. On page 69, Table 19 of the Finance and Accounting Evidence by Barry Perry please explain why 2000 and 2001 early retirement costs were not amortized over a ten-year period to be consistent with the accounting treatment of 1999 early retirement costs.

A. The Company's accounting practices follow the Canadian Institute of Chartered Accountants (CICA) generally accepted accounting principles, except where these are superseded by Board orders, e.g. the System of Accounts. When it is deemed appropriate to depart from generally accepted accounting principles, or from existing Board orders, the Company will make application for the appropriate Board approval.

For the 2000 and 2001 early retirement programs, the Company recognized the pension plan costs in the current year. This treatment is in accordance with the CICA guidelines for this type of expense. Where it is possible to do so without materially impacting the Company's financial results, the Company is of the view that it is most appropriate to follow the CICA guideline and avoid deferring the recovery of these costs from future customers.

For the 1993, 1997 and 1999 Early Retirement Programs, the Company obtained the approval of the Board to amortize the pension costs over a longer period. The pension costs associated with these programs were $9.5 million, $7.3 million, and $3.7 million respectively. When the amounts involved are so large that recognition of the costs in one accounting period would have a material negative impact on the financial results of the Company in that period, the Company believes it is appropriate to amortize the costs over a longer period. In such situations, the Company will apply to the Board for approval of an accounting practice which may not be strictly in accordance with CICA guidelines.