

Requests for Information

Q. In CA223, page 2 of 2, earnings applicable to common shares for 2003 and 2004 are stated at \$30.9 million and \$32.5 million respectively; in CA223 (1st Rev.), these earnings applicable to common shares for 2003 and 2004 are stated at \$31.1 million and \$32.7 million, respectively. Please detail particulars as to how this difference was achieved.

A. The change in earnings applicable to common shares for 2003 and 2004 in CA-223 (1st Revision) reflects financial forecast changes from October 2002 to February 2003, based on actual 2002 results.

Table 1 below provides a reconciliation of the individual items which impact forecast earnings for 2003 and 2004. Items shown in brackets reduce forecast earnings, while items without brackets increase forecast earnings.

Table 1 Change in Forecast Earnings Applicable to Common Shares 2003 and 2004 (\$000s)		
	2003F	2004F
Earnings Applicable to Common Shares – October 2002 Forecast	30,894	32,492
Revenue - net of purchased power ¹	(1,084)	(1,205)
Other Revenue ²	130	36
Operating Expenses ³	1,280	1,658
Depreciation ⁴	336	295
Finance Charges ⁵	(469)	(637)
Income Taxes ⁶	10	65
Earnings Applicable to Common Shares – February 2003 Forecast	31,097	32,704

¹ Forecast revenue is lower due to the reduction in the proposed rate increase from 1.39% effective May 1, 2003 to 0.96% effective August 1, 2003.

² Other revenue is forecast to be higher based on 2002 results.

³ Operating expenses are forecast to be lower in 2003 and 2004 based on actual 2002 results. See Exhibit EAL-2 (1st revision) for a breakdown of revised forecast operating expenses.

⁴ Depreciation expense is forecast to be lower based on 2002 results.

⁵ Finance charges are forecast to increase to reflect the actual interest rate of 7.52% on the Series AJ bonds issued on October 31st, 2002. The forecast interest rate in the original October filing was 6.85%.

⁶ In 2004, income tax expense is forecast to decrease as a result of higher capital cost allowance, partially offset by the tax impacts of the above noted items.