

**Q. CAPITAL EXPENDITURE REPORT – VARIANCES**

**PUB 41.0 (RE: 2004 Capital Expenditure Report, Volume I)**

**PUB 41.1**

**Explain why if “The alarms project was not originally included in the budget for 2004...” (Appendix A, p.1, Item 1) the Company did not seek approval from the Board prior to proceeding with the project.**

A. Section 41 (3) of the *Public Utilities Act* provides, in part, as follows:

“A public utility shall not proceed with the construction, purchase or lease of improvements or additions to its property where

(a) the cost of the construction or purchase is in excess of \$50,000;...

without the prior approval of the board.”

The cost to install the fire and intruder alarms is forecast to be \$48,000. Consequently, specific prior approval of the Board is not required.