

Undertaking J1.7: To reconcile the carried over projects amounts \$1.7 million on P. 2 of Board staff IRRs and the amounts on 16 of 17 VECC IRRs

Oshawa PUC Networks understands that this Undertaking was requested in order to reconcile capital expenditures referred to in two different interrogatory responses as having been carried over from one or more previous years to 2009. On page 2 of the Oshawa responses to Board Staff interrogatories, there was a reference to a carryover from the 2008 budget of \$1.7 million which was not spent during 2008. Oshawa's response to Undertaking J1.3 recalculates this carryover based on year end data to be \$1.5 million, and identifies the projects which account for this amount.

The chart on page 16 of 17 of Oshawa's responses to the VECC interrogatories appears to show carried over projects with a value of much more than \$1.5 million. However, these are not carry over projects in the same sense as those identified in Undertaking J1.3. Although these particular projects were not completed as planned, equivalent expenditures were made on other necessary capital projects. These projects were delayed from previous years because they were displaced by other more critical projects. Typically, these replacement projects arose out of infrastructure work by the Region of Durham or Ministry of Transportation which required Oshawa to relocate distribution assets, and this pulled resources away from scheduled projects. The replaced projects are then scheduled for completion in a subsequent year.