

- 1 **Q. (Reference Application Schedule B, pages 41 and 42 of 98) For the Transformers**  
2 **(Pooled) project, adjusted costs have trended downward since 2017.**  
3  
4 **a) Is reduced electric demand the cause of the downward trend?**  
5  
6 **b) Why are costs not projected to continue the downward trend?**  
7  
8 **c) How is electric demand incorporated in the costing of this project?**  
9  
10 A. a) No, reduced electric demand is not the cause of the downward trend. The downward  
11 trend in *Transformers* expenditures between 2017 and 2019 is largely due to  
12 declining customer growth, resulting in fewer new customer connections.  
13  
14 b) Costs are not projected to continue the downward trend due to the fact that customer  
15 growth has stabilized<sup>1</sup> and material costs are increasing.  
16  
17 c) Electric demand is not incorporated in the costing of this project. The costing  
18 methodology for the project is based on historical average, as described on page 42 of  
19 Schedule B to the *2021 Capital Budget Application*.

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<sup>1</sup> New customer connections were 3,271 in 2017, 2,781 in 2018, and 2,379 in 2019. Forecast new customer connections for 2020 and 2021 are comparable to 2019 levels, at 2,378 and 2,389 respectively. See, for example, the *2021 Capital Budget Application, Volume 1, Schedule B*, page 32, Table 3.