

1 Q. With regard to the response to CA 26 NLH, does Hydro believe that inflation
2 is the best indicator of the input price trend for its operations expenses
3 identified in Chart 5 on page 13 of Mr. Martin's evidence?
4

5
6 A. Hydro's operations expenses encompass a great number of specific input
7 prices. The purpose of comparing the trend in Hydro's operating expenses
8 with the trend for inflation is to assess whether the total cost of Hydro's
9 operating and maintenance inputs are increasing or decreasing in real
10 economic terms once the general rate of price inflation in the economy is
11 accounted for.
12