

1 Q. With regard to Mr. Martin's evidence (Chart 5 on page 13), does Hydro
2 believe that inflation (GDP deflator) is the best indicator of its total input price
3 trend? If not, what does Hydro believe to be the best indicator of its total
4 input price trend?

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7 A. Hydro does not believe that the general rate of inflation is the best indicator
8 of its total input price trend, where total input price trend is interpreted to
9 mean the sum of all economic factor inputs to Hydro's operations. In this
10 context, Hydro's total input price trend would be better represented as some
11 weighted combination of a heavy fuel oil price index, an applicable interest
12 rate cost index and an overall inflation measure applicable against operating
13 expenses.