

1    Q.    Finance department costs have increased from \$11.9 million in 2007 to  
2           \$16.9 million in the 2015 test year, or 42%. What is this percentage increase on an  
3           inflation adjusted basis? In the response, please describe the basis of the inflation  
4           adjustment. (Volume I, Section 2: Regulated Activities, Schedule 1)

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7    A.    Finance department costs have increased from \$11.9 million in 2007 to \$16.0  
8           million in the 2015 test year, or 34%<sup>1</sup>. The percentage increase on an adjusted  
9           inflation basis is 19.6%<sup>2</sup>.

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<sup>1</sup> Please refer to Hydro's Amended Application, Volume I, Section 2: Regulated Activities, Schedule 1 (Revision 1, Mar 23-15).

<sup>2</sup> The basis of this inflation adjustment is the GDP Implicit Price Deflator issued by the Conference Board of Canada.