

1 Q. **Reference: Hydro's GRA Rebuttal Evidence, May 2014, appendix A, page A-4, lines**
2 **1-5**

3 **Reference: RFI V-NLH-083 Specific Assigned Charge**

4 In his rebuttal evidence, Mr. Robert Greneman of Lummus Consultants
5 recommends that the best inflation factor to use would be those in the Handy-
6 Whitman Index of Public Utility Construction for the North Atlantic Region. Does
7 Hydro agree with Mr. Greneman? If not, what source for inflation index would
8 Hydro recommend? Please provide the annual inflation indices from 1968 to 2015
9 as listed in Hydro's recommended source.

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12 A. Yes, Hydro concurs with the recommendation of Lummus Consultants. While other
13 general construction cost indexes are published, the Handy-Whitman Indexes are
14 unique because they are specifically tailored to the utility industry and report
15 construction costs by FERC account and region. The publications are used by
16 regulatory bodies, operating bodies, operating utilities, service companies,
17 valuation engineers, insurance companies, and equipment industries. Handy-
18 Whitman Index values are widely used to trend earlier valuations and original cost
19 records to estimate reproduction cost at prices prevailing at a certain date.

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21 Hydro is unable to provide the annual inflation indices published in the Handy-
22 Whitman Index as requested since the information is proprietary and cannot be
23 released by Hydro within the public domain.