

1 Q. **C-41; Volume I: Provide Service Extensions**

2 Please explain why Hydro changed from a two year historical average in 2015 to a
3 one year historical average in 2016 when determining the service extension budget
4 for the Labrador region.

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7 A. Please note that Hydro prepares service extension budgets based on historical
8 expenditures supplemented by input from regional planning staff. Hydro relies on
9 input from regional planning staff as a method to provide more accurate budget
10 forecasts. Please also note that actual expenditures in Labrador had declined
11 significantly in 2014 (\$1.848 million) compared to 2013 (\$2.720 million).

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13 For the 2016 budget, Hydro changed from using a multi-year historical average used
14 in 2015 to the one year historical expenditure because regional planning staff
15 indicated that the level of service extension work to be completed in 2016 was
16 expected to be consistent with the amount of work completed in 2014.