

1 Q. **C-48; Volume I: Upgrade Distribution Systems**

2 Please explain why Hydro changed from a three year historical average in 2015 to a
3 two year historical average in 2016 when determining the distribution system
4 upgrade budget for the Central region.

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7 A. Please note that Hydro prepares distribution upgrade 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.

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12 For the 2016 budget, Hydro changed from using a three year historical average used
13 in 2015 to a two year historical average expenditure in 2016 because input from
14 regional planning staff indicated that the level of work was expected to moderate
15 from recent levels and using the two year average was expected to provide a more
16 accurate budget forecast for the level of activity in 2016.