

1 Q. **B-32, Provide Service Extensions \$4,172,000**

2 Why was an escalation factor of 5% applied to historical expenditures to convert to
3 2010 dollars?
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6 A. Statistics Canada's Utility Distribution Line Construction price index was used to
7 convert Hydro's actual annual service extension expenditures to 2010 real dollars,
8 as opposed to the 5% factor discussed on pg. B-33. The historical service extension
9 expenditures in 2010 real dollars were then used to calculate average service
10 extension expenditures. The escalation factor of 5% referred to in the RFI is the
11 forecast for the above Statistics Canada index and was applied to the average
12 historical expenditures valued in 2010 dollars to convert the expenditure values to
13 2012 dollars.