

1 Q. **Upgrade Distribution Systems – All Service Areas, Volume I,**
2 **Page C-50**

3 *“The forecast budget estimate for 2017 is based on an analysis of*
4 *the historical expenditures for distribution upgrading by region*
5 *supplemented with regional planning input with respect to future*
6 *activity expenditure levels. The 2017 budget for the Central region*
7 *is based on the level of expenditures experienced in 2015. The*
8 *2017 budget developed for the Northern region is based on the*
9 *five-year average for distribution system upgrades for the period*
10 *2011-2015. The 2017 budget developed for the Labrador region is*
11 *based on the expenditures experienced in 2014. Inflation adjusted*
12 *budgets for 2017 were developed assuming distribution upgrading*
13 *cost escalation of approximately 2% over 2016.”*

14 Please explain why different historical periods were used to determine the budget
15 for Hydro’s various regions.

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18 A. Please see Hydro’s response to IC-NLH-011.