

1 Q. **Reference: PUB-NLH-037**

2 At this time, analysis of the expenditures has shown that a three-year average  
3 with cost escalation as required generates an accurate estimate for these  
4 programs, as it better reflects price variability.

5 **a)** Has Hydro always used three-year averages for estimating program expenditures? If not,  
6 please explain when the change in methodology occurred and what the nature of previous  
7 methodology was (i.e., if a five-year average was employed).

8 **b)** In applying cost escalations, does Hydro adjust its actual expenditures for inflation, such as  
9 the GDP deflator for Canada or labour inflation rates? If so, please provide Hydro's cost  
10 escalation factors. If not, why not?

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13 A. **a)** Please refer to Newfoundland and Labrador Hydro's ("Hydro") response to part b) of  
14 CA-NLH-134 of this proceeding.

15 **b)** Please refer to Hydro's response to part a) of CA-NLH-134 of this proceeding.