
1 Q. **Project C-49: Upgrade Distribution Systems, All Service Areas**

2 With reference to page C-50, Project Justification, states:

3 “The budget for the Central region is based on the level of activity expenditures
4 experienced in 2015. The 2017 budget developed for the Northern region is based
5 on the five-year average for distribution system upgrades for the period 2011-
6 2015.”

7 Why has Hydro used different rationales for the budgets for the Central and
8 Northern regions?

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11 A. Hydro prepares distribution upgrade budgets based on historical expenditures
12 supplemented by input from each region. The budget estimate for each region
13 includes qualitative input about expected activity levels for upgrading distribution
14 systems in 2017, and uses that input to determine the most appropriate period of
15 historical expenditures to forecast the 2017 budgets. Hydro relies on this method of
16 utilizing local knowledge from regional planning staff, which may be different
17 depending on the region and projected local activity, as an input parameter to
18 provide more accurate budget forecasts.