

1 Q. **2013 General Rate Application, Intercompany Transaction Costing Guidelines –**
2 **Exhibit 8**

3 Page 3, lines 11-12 - What allocators, other than FTEs, were considered for Hydro’s
4 Safety and Health department and why were they rejected?

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7 A. Given the nature of the service provided by Hydro’s Safety and Health Department,
8 in that the benefits from the services provided are shared across the lines of
9 business and are correlated with the number of employees within a line of business,
10 Hydro chose to use FTE as an allocator. Hydro’s goal was to identify an allocator
11 that is a reasonable indicator of usage, is simple to administer and is traceable.
12 Given that FTEs met all criteria, no other allocator was considered. This allocator
13 was reviewed by Deloitte in its analysis of intercompany charges, referenced in
14 response NP-NLH-024 and was considered fair and reasonable and in line with the
15 practices of other utilities.