

1 Q. **Reference: Response to CA-NLH-217**

2 Further to the response to CA-NLH-217, please provide an illustrative calculation of the impact
3 to shared service costs allocations to Hydro regulated operations for the 2027 Test Year of
4 allocating the three information technology shared cost pools using (i) the proposed hybrid
5 allocator (30% to regulated and 70% to non-regulated) and (ii) the relative split of O&M costs
6 (40% to regulated and 60% to non-regulated).

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9 A. As stated in Newfoundland and Labrador Hydro's ("Hydro") response to CA-NLH-217 of this
10 proceeding, the use of average users allocator for these information technology-related cost
11 pools was previously reviewed in Hydro's 2013 Amended General Rate Application and
12 determined to be reasonable, and Hydro continues to consider the average users allocator
13 reflective of the underlying cost drivers and an appropriate measure of service consumption for
14 these functions.

15 Hydro does not believe a hybrid allocator appropriately reflects cost causality and would not
16 provide an appropriate measure of service consumption for these cost pools. The alternative
17 allocation percentages identified in this request are not reflective of Hydro's proposed
18 methodology for allocating these costs, and Hydro has not performed the requested illustrative
19 calculation.