

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

3 Page 3, lines 6-7 - What allocators, other than FTEs, were considered for Hydro's
4 Human Resource department and why were they rejected?

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