

1 Q. How does Hydro allocate costs between regulated and non-regulated  
2 operations (JCR, Schedule I)?

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4 A. Hydro allocates costs to non-regulated operations primarily on the basis of  
5 time reporting. The timesheet reporting uses a billing rate to cover salary  
6 and related fringe benefits costs. The ratio between salaries allocated and  
7 total salaries in a particular section is generally used to allocate other  
8 applicable costs. Occupancy costs would be allocated on the basis of space  
9 occupied or a complement ratio. However, where possible, costs are billed  
10 directly to non-regulated operations.