

- 1 Q. (a) What methodology does Hydro use to allocate expenditures from non-  
2 construction departments to Hydro Capitalized Expense (JCR,  
3 Schedule I, line 33).
- 4 (b) Has the methodology described in (a) above changed from 1992 to  
5 present?
- 6 (c) Provide details of the Hydro Capitalized Expense for the years 1992 to  
7 2000 and forecast 2001 and 2002 showing direct and indirect charges.
- 8 (d) Provide the yearly Hydro Capitalized Expense amount as a  
9 percentage of capital expenditure for 1992 to 2000 and forecast for  
10 2001 and 2002.
- 11
- 12 A. (a) Each non-construction department estimates the amount of effort that  
13 is expended on capital, versus operating, activities. Those proportions  
14 of each department's budget are totaled and compared to the total  
15 capital budget to develop a percentage or standard rate to use to  
16 allocate these costs to work orders. These allocations are intended to  
17 ensure that capital projects are adequately charged with the cost of  
18 support functions such as accounting and finance, operations and  
19 planning engineering, and other such expenses which cannot be  
20 directly charged to specific capital projects.
- 21
- 22 (b) The methodology has not changed.
- 23
- 24 (c) Please refer to NP-8(b) pages 1 and 2.
- 25
- 26 (d) The attached table depicts the Hydro Capitalized Expenses as a  
27 percentage of capital expenditures.

**Hydro Capitalized Expense as a Percentage of Capital Expenditures**

<b>Year</b>	<b>Capitalized Expenses</b>	<b>Capital Expenditures</b>	<b>% of Capital</b>
1992	6,295,753	29,034,000	22%
1993	5,868,947	24,947,000	24%
1994	6,456,532	27,691,000	23%
1995	7,243,182	41,624,000	17%
1996	6,075,715	28,728,000	21%
1997	6,896,555	31,427,000	22%
1998	8,667,054	52,668,646	16%
1999	8,536,706	45,197,245	19%
2000	7,852,502	52,085,000	15%
2001	6,064,500	86,677,000	7%
2002	6,131,140	115,261,000	5%