

1 Q. Further to NP-11 and NP-12, does Hydro have formal written policies to
2 guide the allocation of costs to subsidiaries and the allocation of costs
3 between regulated and non-regulated operations? If so, please provide a
4 copy. If not, why not?
5

6 A. Hydro presently has three subsidiaries of which two are inactive and in the
7 case of CF(L)Co., the procedure for allocation of costs is outlined in the
8 response to NP-11(b).
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10 At the present time, non-regulated operations e.g., sales of recall power and
11 Labrador Hydro project, are not complex enough to warrant formal written
12 policies. Hydro has established practices whereby employees use timesheet
13 reporting to allocate costs and charges are developed to cover occupancy
14 and overhead costs. Wherever possible, suppliers' costs are charged directly
15 to the non-regulated operation.