

1    Q.    Provide details of the methodology used by Hydro to allocate expenditures  
2           from non-construction departments to Hydro Capitalized Expense (Finance  
3           and Corporate Services evidence, Schedule II, line 29).

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6    A.    Each non-construction department estimates the amount of effort that is  
7           expended on capital, versus operating, activities. Those proportions of each  
8           department's budget are totaled and compared to the total capital budget to  
9           develop a percentage or standard rate to use to allocate these costs to work  
10          orders. These allocations are intended to ensure that capital projects are  
11          adequately charged with the cost of support functions such as accounting  
12          and finance, operations and planning engineering, and other such expenses  
13          which cannot be directly charged to specific capital projects.