

1 Q. Please provide all studies, documents, data, calculations and workpapers
2 used to determine the A&G sub-functions in lines 17 through 28 of schedule
3 2.4 (A, B, C, D & E) of Exhibit RDG- 1.

4
5 A. The A&G sub-functions were determined based on an analysis of the
6 administrative and general business units in the company, and the availability
7 of allocation data in the Cost of Service (COS) study. As approved by the
8 Board in the 1993 Generic Methodology hearing and in the 2001 General
9 Rate Application, Hydro's A&G (formerly called overhead) expenses are
10 broadly grouped into plant and expense-related allocations. In the present
11 application, revenue-related allocations were added, as discussed in the
12 Cost of Service Pre-filed Evidence on pages 5 and 6. In all cases, cost
13 causality was the primary rationale for the specific allocation.

14
15 For calculations and the specific business units included in the A&G amounts
16 for each system, please see the response to PUB-9 NLH. There are no
17 additional studies, documents, data, calculations or workpapers, but the
18 rationale for assigning specific business units to specific sub-function follows.

19
20 **Plant-related – Production**

21 A&G expenses related to production, functionalized and classified on the
22 basis of production plant values. For instance, administrative costs in the
23 Bay D'Espoir and Holyrood offices are included here.

24
25 **Plant-related – Gas Turbine and Diesel**

26 A&G expenses related to only gas turbine and diesel production,
27 functionalized and classified on the basis of plant values. For instance, the
28 production portion of administrative costs in the Bishop's Falls office complex

1 offices are included here, as there is no amount applicable to hydraulic or
2 Holyrood production.

3
4 **Plant-related – Transmission**

5 A&G expenses related to transmission are functionalized and classified on
6 the basis of plant values. For instance, Transmission Planning costs are
7 functionalized and classified on the basis of transmission plant values.

8
9 **Plant-related – Distribution**

10 A&G expenses related to distribution are functionalized and classified on the
11 basis of plant values. For instance, the distribution portion of administration
12 costs in Hydro's Northern and Labrador regional offices are included in the
13 sub-function.

14
15 **Plant-related –Production, Transmission, Distribution and General**

16 A&G expenses related to most plant functionality are functionalized and
17 classified on the basis of plant values. For instance, administration costs in
18 the Central region are incurred to serve most of Hydro's plant, and are
19 included in this sub-function.

20
21 **Plant-related – Property Insurance**

22 Property insurance is functionalized and classified based on the insured
23 property.

24
25 **Revenue-related – Municipal Tax**

26 Municipal tax is assessed based on prior year rural revenues, and is
27 functionalized and classified in the same manner.

1 **Revenue-related – Public Utilities Board Assessment**

2 The PUB assessment relates to the 2001 General Rate Application, and is
3 functionalized and classified based on regulated revenues.

4
5 **Expense-related – All Direct Expenses**

6 A&G costs incurred to provide services to all functions and sub-function
7 within Hydro are functionalized and classified based on direct costs. For
8 instance, the Information Services and Telecontrol costs are applicable to the
9 entire company.

10
11 **Expense-related – Production, Transmission and Distribution Expenses**

12 A&G costs incurred to provide services to all functions and sub-function,
13 except customer-related functions, are functionalized and classified based on
14 direct costs excluding customer-related costs. For instance, environmental
15 costs that are not related to plant are included here.