

1 Q. Reference p. 23 of the Regulated Activities: Evidence and reference  
2 Schedule I to Evidence of J. R. Haynes, please explain what the cost item  
3 described as "*Leadership and Associates*" entails and the factors that led this  
4 cost to decrease from a high of \$3.671 million in 2004 to a forecast cost of  
5 \$2.717 million in 2007.

6

7

8 A. The "Leadership and Associates" grouping includes the Executive  
9 Leadership team, Corporate Communications and Shareholder Relations,  
10 General Counsel and Corporate Secretary, and Internal Audit. The decrease  
11 in this division from 2004 to 2007 is due to a change in Hydro's practices in  
12 relation to internal recharging of labour. Up until 2004, time spent on projects  
13 classified as corporate-wide initiatives, were recharged to the executive  
14 leadership team business unit. Commencing in 2005, time tracking on  
15 internal projects was maintained in individual business units and not  
16 recharged - with the exception of services provided to non-regulated  
17 operations. Please see page 2 for a comparative list of the cost types  
18 included in Leadership and Associates expenses.

**Leadership & Associates Expenses by Cost Type**

<b>Cost Type</b>	<b>Actual 2004</b>	<b>Forecast 2007</b>
Salaries & Benefits	2,191	2,760
Overtime	3	2
<b>Net Recharge In (Out) Salaries &amp; OT</b>	<b>1,412</b>	<b>(379)</b>
Capitalized Salaries	(205)	(243)
<b>Total Labour</b>	<b>3,401</b>	<b>2,139</b>
System Equipment Maintenance	55	29
Office Supplies	183	238
Professional Services	137	259
Insurance	0	0
Equipment Rentals	1	0
Travel	99	129
Miscellaneous	41	23
Building Rental & Maintenance	1	1
Transportation	0	0
<b>Total Other</b>	<b>517</b>	<b>678</b>
Cost Recoveries	(247)	(100)
<b>Normal Operating Expenses</b>	<b>3,671</b>	<b>2,717</b>