

1 Q. Reference: Finance and Accounting: Evidence, p. 18 (lines 21-23). Please
2 provide the basis and all assumptions relied upon in estimating \$.2 million to
3 be removed from Hydro's regulated revenue requirement and charged to
4 non-regulated operations in respect of administrative shared services
5 associated with non-regulated activities, including office space, telephones
6 and computer usage.

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9 A. During the preparation of the 2006-7 budgets, Hydro estimated the
10 administrative charge for non-regulated activities as follows:

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- 12 - Office space was based on square footage occupied multiplied by an
13 appropriate rate for furnished office space in St. John's.
 - 14 - Telephone services was \$20 per month per telephone.
 - 15 - Use of computers and systems was calculated based on dividing the
16 Information System's department's budget by the number of users
17 supported, multiplied by the number of users assigned to non-
18 regulated business units.
 - 19 - For accounting services, payroll and human resources, purchasing
20 and administration, Hydro attempted to estimate the level of activity in
21 these support groups relative to the activity in support of regulated
22 operations. As there was very little identifiable effort being expended
23 in support of non-regulated activities, beyond those individuals whose
24 time has already been specifically allocated to non-regulated, a total of
25 \$10,000 was included to recognize the availability of these services.
26 Please see also response to IC 95 NLH.

2006/7 Administration Fee estimate for Non-Regulated activities

<u>Item</u>	<u>\$</u>
Office space	110,576
Telephones	3,120
Computers / systems	46,150
Accounting Services	4,000
i.e. A/P, Treasury, G/L etc	
Payroll / HR	2,000
Purchasing	2,000
Administration (transportation, mailroom)	<u>2,000</u>
	<u>169,846</u>