

1    Q.    Please confirm the amount of payroll taxes included in the 2014 and 2015 test years  
2           is related to only Hydro employees and does not include payroll taxes related to  
3           Nalcor and its other affiliates. In the response, please explain how payroll taxes are  
4           accounted for and allocated to each company. (Volume I, Section 2: Regulated  
5           Activities, page 2.41, lines 7 to 9)

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8    A.    The amount of payroll taxes included in the 2014 and 2015 Test Years is related  
9           only to home-based Hydro employees.

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11           Hydro has its own distinct payroll separate from other affiliates. Hydro also reports  
12           any non-regulated payroll tax separately from regulated Hydro using a unique  
13           identifier for its non-regulated operations. As payroll tax is included as a markup  
14           component of intercompany charges, work associated with non-regulated  
15           operations or for another affiliate performed by a Hydro employee is recovered  
16           through the Admin Fee or Bill Rate as described in Exhibit 8.