

- 1    **Q.    In Mr. Rolph's opinion, in the calculation of an allocator based on, for**  
2       **example, FTEs, how should Hydro employees who perform common services**  
3       **be accounted for in the allocation calculation? Should they be (i) accounted for**  
4       **as full Hydro FTEs, (ii) removed from the allocation calculation, or (iii)**  
5       **accounted for by some other method?**  
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8    **A.    It is my opinion that in the calculation of an allocator, in this example, FTEs,**  
9       **Hydro employees who perform common services should be accounted for as FTEs.**  
10       **To demonstrate my rationale, consider Hydro's Human Resources department. The**  
11       **FTEs in that department also benefit from the services rendered by that department.**  
12       **To exclude those FTEs from the calculation would exclude a group of FTEs that**  
13       **benefit from the services rendered and inappropriately increase the amount of the**  
14       **costs recovered by Hydro from Nalcor and its other lines of business.**