

1    Q.    **2013 General Rate Application, Intercompany Charges and Shared Services**

2            Page 3.14, lines 1-7 - It is stated that in 2008, 24 positions were transferred from  
3            regulated Hydro to Nalcor. How did Hydro determine what positions would be  
4            transferred? In the answer explain the philosophy or strategic principles used to  
5            determine the positions to be transferred.

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8    A.    The positions transferred from Hydro to Nalcor in early 2008 included the President  
9            and CEO; all Vice-Presidents of Hydro except for the Vice-President of Regulated  
10           Operations; Executive Assistants supporting the CEO and these Vice-Presidents;  
11           staff of the Corporate Communications and Internal Audit Departments; the  
12           Company's General Counsel and Assistant Corporate Secretary; senior, single  
13           incumbent roles in Corporate Planning, Risk and Insurance, and Treasury; and  
14           selected senior functional leaders in the Controller's Department.

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16           These positions were selected for transfer on the basis of an expectation that the  
17           incumbents would perform their duties and responsibilities for, and on behalf of, all  
18           lines of business and functional support areas within Nalcor, and that their time  
19           would not be allocated predominantly to any one line of business. With these  
20           considerations in mind, it was felt that the related salary and benefit costs should  
21           not be associated with Hydro, or with any other specific business unit, but rather  
22           with Nalcor, and then re-allocated as appropriate on a time-charge basis. In the  
23           context of Nalcor's commitment to an integrated matrix organizational structure for  
24           the total company (see the response to PUB-NLH-141), the Company also felt that  
25           locating these roles within Nalcor would reinforce and support this model, and  
26           enable a more effective sharing of services and cross-functional integration.