

1 Q. **2013 General Rate Application, Intercompany Transaction Costing Guidelines –**
2 **Exhibit 8**

3 Page 3, lines 11-12 - Why are FTEs considered to be a reasonable reflection of the
4 cost driver of Hydro's Safety and Health department?

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7 A. Hydro's Safety and Health department leads the corporate strategic planning
8 activities involving safety, occupational health, disability management, and wellness
9 programs, for all of Nalcor's lines of business. Benefits from these services are
10 shared across the lines of business and are correlated with the number of
11 employees within a line of business; accordingly, FTE is used as the allocator for
12 these costs. This allocator was reviewed by Deloitte in its analysis of intercompany
13 charges, referenced in response NP-NLH-024 and was considered fair and
14 reasonable and in line with the practices of other utilities.