

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

2 **Exhibit 8**

3 Page 3, lines 17-18 - Provide an itemized list of and the amount of the operating
4 costs incurred by Hydro's IS department each year from 2007 to 2012 and the
5 amounts budgeted for each operating cost for 2013 to 2015. Identify any
6 departmental operating costs that were excluded from the pool of operating costs
7 allocated to the lines of business.

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10 A. Please refer to PUB-NLH-192 Attachment 1 (Revision 1).

Hydro Information Systems Common Service Business Unit

Cost Type Description	Actual 2007	Actual 2008	Actual 2009	Actual 2010 ¹	Actual 2011	Actual 2012	Actual 2013	Test Year 2014	Test Year 2015
Itemized listing of operating costs									
Salaries & Fringe Benefits	\$ 3,120,196	\$ 3,196,803	\$ 3,333,717	\$ 3,470,303	\$ 3,439,070	\$ 3,504,658	\$ 3,596,729	4,000,864	\$ 3,811,063
System Equipment Maintenance	144,617	176,939	163,694	247,704	296,743	274,196	402,293	312,233	320,039
Office Supplies & Expenses	90,627	89,764	115,663	113,828	113,995	132,584	177,567	163,134	167,213
Professional Services	1,119,411	1,191,509	653,616	1,050,061	1,227,690	1,460,424	1,357,887	1,505,124	1,549,641
Equipment Rentals	73,789	88,878	86,161	109,673	96,886	102,415	114,594	109,328	112,061
Travel	114,268	81,300	88,952	66,690	49,880	62,073	43,709	103,736	106,330
Miscellaneous Expenses	7,120	7,583	4,509	7,152	4,548	10,752	12,141	8,113	8,316
Building Rental & Maintenance	7,136	936	1,003	216	294	378	644	1,068	1,095
Cost Recoveries	(693,740)	(749,829)	(1,199,464)	(1,746,823)	(1,722,214)	(2,509,419)	(2,559,995)	(2,568,227)	(2,599,865)
Operations & Maintenance	\$ 3,983,425	\$ 4,083,882	\$ 3,247,851	\$ 3,318,806	\$ 3,506,894	\$ 3,038,061	\$ 3,145,569	\$ 3,635,373	\$ 3,475,893
Determination of Common Service Costs									
Total operating costs as per above	3,983,425	4,083,882	3,247,851	3,318,806	3,506,894	3,038,061	3,145,569	3,635,373	3,475,893
Add back cost recoveries	801,490	962,825	1,199,464	1,746,823	1,722,214	2,509,419	2,559,995	2,568,227	2,599,865
Depreciation and interest on common assets ³						1,828,338	1,193,932	735,158	625,841
<u>Hydro specific costs excluded from cost allocation</u>									
Recharged salaries					(8,174)	(4,510)	(5,369)	(4,826)	(4,970)
Software Maintenance Costs				(218,489)	(256,611)	(386,590)	(328,905)	(326,559)	(323,709)
A Total	\$ 4,784,915	\$ 5,046,707	\$ 4,447,315	\$ 4,847,139	\$ 4,964,324	\$ 6,984,718	\$ 6,565,222	\$ 6,607,373	\$ 6,372,920
Allocations									
B Total average users				1,322.5	1,335.8	1,423.7	1,624.3	1,515.6	1,895.9
C Cost per average user (A / B)				\$ 3,665	\$ 3,716	\$ 4,906	\$ 4,042	\$ 4,360	\$ 3,362
D Hydro Regulated average users				844.4	872.4	912.7	928.1	926.5	1,020.1
E Other lines of business average users				478.1	463.4	511.0	696.2	589.1	875.8
Total average users				1,322.5	1,335.8	1,423.7	1,624.3	1,515.6	1,895.9
F Hydro Regulated (C * D)²	\$ 3,983,425	\$ 4,083,882	\$ 3,247,851	\$ 3,095,022	\$ 3,242,159	\$ 4,477,735	\$ 3,751,267	\$ 4,039,147	\$ 3,428,909
G Other lines of business (C * E)²	801,490	962,825	1,199,464	1,752,117	1,722,165	2,506,982	2,813,955	2,568,226	2,944,011
Total	\$ 4,784,915	\$ 5,046,707	\$ 4,447,315	\$ 4,847,139	\$ 4,964,324	\$ 6,984,718	\$ 6,565,222	\$ 6,607,373	\$ 6,372,920

Notes

- 2010 was the first year of the new Admin fee methodology.
- Calculations in F and G begin in 2010.
- Depreciation and Interest in 2012 is overstated by \$706K and recoveries overstated by \$253K [] .