

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

3 Page 4, line 5 - Why is square footage considered to be a reasonable reflection of
4 the cost driver of Hydro's office space and related costs?

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7 A. Space related costs associated with the occupancy of Hydro Place are allocated
8 using square footage which is a typical methodology used in commercial rental
9 practices. Space occupied is a reasonable indicator of the level of consumption of
10 the building related costs and the rate is derived based on costs incurred in the
11 operation of Hydro Place. This allocator was reviewed by Deloitte in its analysis of
12 intercompany charges, referenced in response NP-NLH-024 and was considered fair
13 and reasonable and in line with the practices of other utilities.