

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

3 Page 4, line 5 - What allocators, other than square footage, were considered for  
4 Hydro's office space and related costs and why were they rejected?

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7 A. Given the nature of the office space related costs, in that the benefits from the  
8 services provided are shared across the lines of business and are correlated with  
9 the square footage occupied within a line of business, Hydro chose to use square  
10 footage as a cost allocator. Hydro's goal was to identify an allocator that is a  
11 reasonable indicator of usage, is simple to administer and is traceable. Given that  
12 occupied square footage met all criteria, no other allocator was considered. This  
13 allocator was reviewed by Deloitte in its analysis of intercompany charges  
14 referenced in response NP-NLH-024 and was considered fair and reasonable and in  
15 line with the practices of other utilities.