

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

3 Page 3, lines 6-7 - Why are FTEs considered to be a reasonable reflection of the cost  
4 driver of Hydro's Human Resources department?

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7 A. Hydro's Human Resources department provides standard services for the Nalcor  
8 lines of business for payroll, organizational effectiveness, recruitment and  
9 compensation and people development. Benefits from these services are shared  
10 across the lines of business and are correlated with the number of employees  
11 within a line of business; accordingly, FTE is used as an allocator for these costs.  
12 This allocator was reviewed by Deloitte in its analysis of intercompany charges,  
13 referenced in response NP-NLH-024 and was considered fair and reasonable and in  
14 line with the practices of other utilities.