

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.