

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

3 Page 3, line 18 - What allocators, other than average users, were considered for
4 Hydro's IS department and why were they rejected?

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