Q. **In P.U. 32 (2007) (at p. 36) the Board stated,**

> **"With respect to inter-corporate transactions involving executives and senior management of NP, the Board is of the view that despite the 20% mark-up applied to executive time, the bonus paid by Fortis suggests that it places a higher value on a fully functioning member of NP's executive team than the compensation NP receives. In this context the Board is not satisfied that NP is being appropriately compensated for the value of services being provided to Fortis, or in the alternative, the value of executive services absent for NP."**

In light of these finding, has NP further addressed an appropriate charge out rate for its executives and senior management?

A. In Order No. P.U. 32(2007), the Board stated that, in the absence of evidence of an appropriate alternative to the one currently in place, it was not prepared to order an alternate treatment of executive and senior management time. The Board also stated that it was not satisfied that charging a retainer fee for availability of Newfoundland Power's executives and senior management is appropriate.

Newfoundland Power's practice of charging a mark-up of 20 per cent on executive and senior management time provided to affiliates is consistent with Canadian utility practice and fully protects the interests of the Company's customers. Newfoundland Power continues to believe that this practice is appropriate, and has not become aware of a more appropriate alternate method of addressing the matter.