

**Q. Please compare the mark-up rate used in respect of intercorporate charges for Managers and Executives to the mark-up applied to NP's personnel who provide services under contract with Aliant Telecom Inc.**

A. The current rates charged by Newfoundland Power were negotiated and reflect factors such as the differing volumes of work, historical working relationships, and current rates charged in the marketplace.

The primary services provided by Newfoundland Power personnel under contract with Aliant Telecom Inc. relate to support structure (i.e. utility pole) technical services provided by technologists.

Table 1 compares the mark-up of technologist costs for services provided to Aliant Telecom Inc. with the mark-up of executive and manager costs for intercorporate services.

**Table 1**  
**Comparative Cost Mark-Up**

<b>Technologist Aliant Services</b>	<b>Executive and Manager Intercorporate Services</b>
1.45 times cost <sup>1</sup>	1.2 times cost

<sup>1</sup> Aliant Telecom Inc. is currently charged \$75/hour for technologist services. Current technologist salary cost averages \$37/hour, plus benefits at 40%, for a total cost of \$51.80. The implied mark-up is therefore 1.45 times the fully distributed cost ( $\$75 / \$51.80 = 1.45$ ).