

1 Q. (Exhibit 8: Intercompany Transaction Costing Guidelines)

2 What is Hydro's rationale for not charging a markup on the services provided by  
3 Hydro's personnel to related or affiliated companies?  
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6 A. The Nalcor Energy Group of Companies does not charge profit on services shared  
7 between entities. Provision of services at cost facilitates the sharing of resources  
8 using the matrix organizational structure. As stated in the Deloitte report filed as  
9 NP-NLH-024 Attachment 1, "The shared services approach is intended to optimize  
10 management and cost efficiencies for Nalcor and its affiliates."<sup>1</sup> The Deloitte report  
11 also states that, "Based on our review, the methodologies and practices adopted by  
12 Nalcor are fair and reasonable and in line with other utilities."<sup>2</sup>

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<sup>1</sup> Nalcor Intercompany Review, page 8, NP-NLH-024 Attachment 1.

<sup>2</sup> Nalcor Intercompany Review, page 2, NP-NLH-024 Attachment 1.