

1 Q. Further to response to Request for Information NP-NLH-024, Attachment 1, page 24
2 of 53, Figure 14:

3 Please provide copies of all service level agreements with business units for shared
4 services.

5

6

7 A. Hydro has an executed service level agreement with Churchill Falls (Labrador)
8 Corporation – please see NP-NLH-214 Attachment 1. The other business unit
9 service level agreements have not been formalized but Hydro and those entities are
10 using the same processes that are contained within for the Churchill Falls (Labrador)
11 Corporation agreement.

THIS AGREEMENT is made at St. John's, in the Province of Newfoundland and Labrador as of the 1st day of January, 2010.

BETWEEN : **CHURCHILL FALLS (LABRADOR) CORPORATION LIMITED**, a company incorporated under the laws of Canada and having its head office at Hydro Place, St. John's, in the Province of Newfoundland and Labrador (hereinafter referred to as "CF(L)Co") of the first part.

AND: **NEWFOUNDLAND AND LABRADOR HYDRO**, a body corporate existing pursuant to the *Hydro Corporation Act, 2007* being Chapter H-17 of the Statutes of Newfoundland and Labrador, 2007 (hereinafter referred to as "Hydro") of the second part.

(CF(L)Co and Hydro are hereinafter individually referred to as "Party" and collectively as the "Parties")

WHEREAS CF(L)Co has requested Hydro to provide certain corporate services to CF(L)Co;

AND WHEREAS the Parties wish to enter into an Agreement with respect to the determination and payment of the costs associated with the provision of such services;

NOW THEREFORE THIS AGREEMENT WITNESSETH that the Parties hereto, each, in consideration of the premises and of the covenants, agreements and declarations made herein by the other, covenant, agree and declare as of the date hereof as follows:

ARTICLE 1 – INTERPRETATION

1.01 (a) “Services” means corporate services, including but not limited to, management, general accounting, treasury, purchasing, legal, information systems and technology, human resources, safety and health, engineering, project execution and administration or as otherwise agreed to by the Parties; and

(b) “Operating Bill Rate” means a cost-based charge based on an employee’s base rate plus employee benefits, allowances and other pays as applicable, as determined by the following formula:

Operating Bill Rate =

$$\frac{\text{Base salary + employee benefits + allowances + other pays as applicable}}{(\text{divided by}) \text{ Average total available working hours}}$$

ARTICLE 2 – PAYMENT FOR SERVICES

2.01 Hydro shall provide the Services to CF(L)Co.

2.02 All costs associated with the provision of the Services shall be charged to, and paid for by, CF(L)Co in accordance with the following:

- i) Subject to 2.02 ii), CF(L)Co shall be charged the Operating Bill Rate for time spent by any Hydro employee in providing the Services. In addition, a fixed charge for each hour of regular labour billed, up to a maximum of eight hours per day, shall be added to cover the additional cost, beyond those costs included in the Operating Bill Rate, of having an employee available to provide the Services. This cost-based charge shall be

calculated at a corporate level and shall cover costs such as office space, telephone, computer and other such overhead costs.

- ii) From time to time, certain departments may be identified as common service departments and costs associated with such departments shall be allocated to Nalcor Energy's various lines of business, including CF(L)Co, on an appropriate basis.

- 2.03 Prior to December 15th of each calendar year, Hydro will provide CF(L)Co with a list of the Services to be provided by Hydro to CF(L)Co during the following calendar year (the "Year"), as well as an estimate of the costs to be recovered from CF(L)Co by Hydro for the provision of said Services. Hydro shall bill CF(L)Co monthly for the costs commencing in January of the Year. If necessary, an adjustment shall be made by the Parties after the actual costs for the Year have been determined to the satisfaction of both Parties.

ARTICLE 3 – MISCELLANEOUS

- 3.01 Hydro agrees to provide the Services in a skilful and professional manner in accordance with its own methods and practices and will diligently carry out its obligations under this Agreement.
- 3.02 In carrying out the Services, Hydro shall not be responsible or liable for the consequences of any of its acts or omissions other than those attributable to its wilful misconduct or gross negligence or that of its employees.

- 3.03 Nothing contained herein shall constitute Hydro as an agent of CF(L)Co and Hydro shall not be entitled to contract in the name or on behalf of CF(L)Co or otherwise to incur obligations for or on behalf of CF(L)Co, unless the Parties otherwise agree.
- 3.04 Neither Party shall be permitted to assign this Agreement without the prior written consent of the other Party, such consent not to be unreasonably withheld.
- 3.05 This Agreement shall be governed by the laws of Newfoundland and Labrador.
- 3.06 This Agreement shall remain in effect until such time as it is terminated by the mutual agreement of the Parties or it is terminated by either Party, in which case such Party shall provide the other party with six (6) months written notice of its intention to terminate the Agreement.
- 3.07 The doctrine of *contra proferentem* shall not apply in the interpretation of this Agreement.

IN WITNESS WHEREOF each of the Parties hereto has caused this Agreement to be executed by its officers or representatives duly authorized in that behalf.

**CHURCHILL FALLS (LABRADOR)
COPORATION LIMITED**

Per: 

Title: President & CEO

Per: 

Title: General Counsel & Corporate Secretary


Witness


Witness

**NEWFOUNDLAND AND LABRADOR
HYDRO**

Per: 

Title: VP, Finance & CFO

Per: 

Title: Assistant Corporate Secretary


Witness


Witness