

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

3 Page 5, line 14-15 - Is a profit margin/mark-up included for the purpose of
4 calculating Type 2 charges or the charges to external (i.e., non-Nalcor) customers? If
5 so, what was the mark-up each year for 2007 to 2012 and how was the mark-up
6 determined?

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9 A. Labour or Type 2 charges do not include a profit margin/markup. Labour charges
10 are based on the principle of cost recovery and reflect fully loaded costs of an
11 employee. Labour rates are consistently applied to both internal and external
12 transactions. However, external billings are typically subject to administrative
13 markup.