

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

3           Page 6, lines 14-16 - Provide details of the Bill Rates used for internal audit each  
4           year for 2007 to 2012. Show the amounts used to determine the Salary Cost  
5           components (i.e. salaries, temporary salaries, other salary costs - retroactive pay)  
6           and the mark-up components (i.e. fringe benefit costs, insurances, company costs  
7           and leave) of the Bill Rates outlined in Appendix A.

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10    A.    The Bill Rate used by the Nalcor Group of Companies is based on the principle of  
11           cost recovery as outlined in Exhibit 8. In 2007, the fully loaded cost was set at 42%.  
12           This was increased in 2009 to 57% to be more reflective of actual fully loaded cost.  
13           Since 2010<sup>1</sup>, the salary component of the Bill Rate is calculated based on the job  
14           rate (i.e., 100% of the salary scale) for the position being billed. The components  
15           that make up the fully loaded cost are described in PUB-NLH-222.

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17           Table 1 provides the Bill Rates used for internal audit services from 2007 to 2012.

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<sup>1</sup> Prior to 2010, the salary component for the Bill Rate was calculated using an average rate for a “cluster” of pay groups which are reflective of a position’s level in the organization. The change of methodology implemented in 2010 to use job rate (100% of the salary scale) for the position is more reflective of actual cost incurred.

Table 1

Position	%	Effective Date	HAY Grade Hourly	Bill Rate \$
Manager, Internal Audit	42%	4/1/2007	49.86	71.00
	57%	10/1/2009	53.42	84.00
	57%	1/1/2010	52.08	81.76
	57%	4/1/2010	53.64	84.22
	57%	11/1/2010	55.46	87.07
	57%	4/1/2011	57.69	90.58
	57%	4/1/2012	64.21	100.80
Senior Internal Auditor	42%	4/1/2007	35.45	50.50
	57%	10/1/2009	36.80	58.00
	57%	1/1/2010	40.28	63.24
	57%	4/1/2010	41.49	65.13
	57%	11/1/2010	42.90	67.35
	57%	4/1/2011	44.62	70.05
	57%	4/1/2012	48.00	75.36
Internal Auditor	42%	4/1/2007	35.45	50.50
	57%	10/1/2009	36.80	58.00
	57%	1/1/2010	37.33	58.61
	57%	4/1/2010	38.46	60.38
	57%	11/1/2010	39.77	62.44
	57%	4/1/2011	41.36	64.93
	57%	4/1/2012	43.56	68.40