

1 Q. **2013 General Rate Application, Intercompany Transaction Costing Guidelines –**
2 **Exhibit 8**
3 Page 8, lines 1-3 - Provide details of the Bill Rates used for supply chain
4 management services each year for 2007 to 2012. Show the amounts used to
5 determine the Salary Cost components (i.e. salaries, temporary salaries, other
6 salary costs - retroactive pay) and the mark-up components (i.e. fringe benefit
7 costs, insurances, company costs 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 2010¹, 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 Supply Chain Management for those
18 charging in to Hydro Regulated Operations 2007 to 2012.

Table 1

Position	%	Effective Date	Salary Component (Job Rate) \$	Bill Rate \$
Manager, Supply Chain ²	57%	4/1/2011	57.69	90.58
	57%	4/1/2012	64.21	100.80

¹ 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.

² This position transferred to Nalcor in 2011.