Q. Further to the response to PUB-NLH-456, state whether any Nalcor employee received an incentive payment related to 2014 performance that was allocated in whole or in part to Hydro and explain the basis for such allocation.

A. As outlined in Hydro's Amended Application, Volume II, Exhibit 8, Nalcor employees who perform work for Hydro are required to charge time by completing time sheets that allocate labour to work orders based on activity. The guiding principle of Intercompany Transaction Costing is that time is charged at cost. The cost, or the bill rate (which includes a 57% operating mark up component), is therefore inclusive of various direct or indirect costs such as salary costs, fringe benefit costs, insurances, leave and include incentives paid through performance contracts. These costs are allocated based on the amount of time charged by Nalcor employees to regulated Hydro as appropriate and vice versa.