

1 Q. **2013 General Rate Application, Intercompany Transaction Costing Guidelines –**
2 **Exhibit 8**
3 Page 6, lines 9-10 - Provide details of the Bill Rates used for Nalcor's Leadership
4 Team each year for 2007 to 2012. Show the amounts used to determine the Salary
5 Cost components (i.e. salaries, temporary salaries, other salary costs - retroactive
6 pay) and the mark-up components (i.e. fringe benefit costs, insurances, company
7 costs and leave) of the Bill Rates outlined in Appendix A.

8

9

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 administrative fully loaded cost
12 was set at 42%. This was increased in 2009 to 57% to be more reflective of actual
13 fully loaded cost. Since 2010¹, the salary component of the Bill Rate is calculated
14 based on the job rate (i.e., 100% of the salary scale) for the position being billed.
15 The components that make up the administrative fully loaded cost are described in
16 PUB-NLH-222.

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.

1 Table 1 provides the Bill Rates used for Nalcor's Leadership Team who charged into
2 Hydro's regulated operations for the period 2007 to 2012.

3 **Table 1**

4 **Bill Rate for Nalcor's Leadership Team, 2007 to 2012**

Position ²	Mark Up %	Effective Date	Salary Component (Job Rate) \$	Bill Rate \$
President & CEO	42%	4/1/2007	161.35	229.13
	57%	10/1/2009	214.47	337.00
	57%	1/1/2010	230.77	362.31
	57%	4/1/2011	255.60	376.80 ³
	57%	5/1/2011	263.26	413.33
	57%	4/1/2012	265.79	417.30
Vice President Finance & CFO Vice President Regulated Operations	42%	4/1/2007	96.29	136.74
	57%	10/1/2009	108.07	170.00
	57%	4/1/2010	118.85	186.59
	57%	4/1/2011	127.80	200.65
	57%	4/1/2012	132.92	208.69
Vice President Corporate Relations ⁴	57%	10/1/2011	63.26	99.31
	57%	4/1/2012	94.51	148.39
Vice President Human Resources & Organizational Effectiveness	42%	4/1/2007	81.19	115.30
	57%	10/1/2009	83.27	131.00
	57%	4/1/2010	97.72	153.42
	57%	4/1/2011	105.08	164.98
	57%	4/1/2012	109.28	171.57
Vice President Project Execution & Technical Services ⁵	42%	1/1/2007	61.54	87.38
	57%	10/1/2009	83.27	131.00
	57%	1/1/2010	82.05	128.82
	57%	4/1/2010	84.51	132.69
	57%	10/1/2010	118.85	186.59
	57%	4/1/2011	127.80	200.65
	57%	4/1/2012	132.92	208.69

² Excludes General Counsel & Corporate Secretary, which is included with Legal Services. See response to PUB-NLH-235.

³ Variance in Bill Rate for April 1, 2011, calculation should have been \$401.29 instead of \$376.80.

⁴ New position created in 2011. Bill rate in 2011 was based on previous position.

⁵ Pay Grade change in 2011 - same as Vice President Finance & CFO and Vice President Regulated Operations.