

1 **Q. What are the current mark-up rate(s) applied to Newfoundland Power employees**  
2 **who provide services to Fortis Inc. related companies.**

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4 A. In accordance with the *Newfoundland Power Inter-Affiliate Code of Conduct*,  
5 Newfoundland Power charges for non-utility services based on a fair market value or a  
6 proxy for fair market value for certain services.

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8 Currently, there are three market-based rates used regularly for specific inter-company  
9 transactions. Table 1 provides the mark-up rate for each service.  
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11

**Table**  
**Inter-Affiliate Mark-up Rates**

<b>Type of Service</b>	<b>Mark-up Rate<sup>1</sup></b>
Insurance Services <sup>2</sup>	1.08 times cost
Engineering Services	2.0 times cost
Executive and Manager Inter-corporate Services	1.2 times cost

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<sup>1</sup> “Cost” refers to the fully distributed cost as defined in the *Newfoundland Power Inter-affiliate Code of Conduct*.

<sup>2</sup> The current fully distributed hourly cost for the Director Risk Management position (including loading for benefits, asset usage and support services) is \$99.97. The implied mark-up is therefore 1.08 times the fully distributed cost (\$108 / \$99.97).