

1 **Volume 1, Section 3 – Finance**

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3 **Q. Please provide a breakdown of the Inter-corporate charges to Affiliates over the**
4 **years 2005 to 2008 F and a detailed explanation for each charge in the breakdown**
5 **provided.**

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7 **A.** Table 1 provides a breakdown of actual inter-corporate charges to affiliates for 2002
8 through 2006, and forecast charges for 2007 and 2008.
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Table 1
Breakdown of Inter-Corporate Charges to Affiliates
2002 – 2008F

Category	2002	2003	2004	2005	2006	2007F	2008F
Printing & Stationery ¹	12,279	18,572	19,058	11,326	6,187	5,600	5,700
Postage ²	10,193	10,959	13,626	18,243	17,683	18,000	18,300
Staff Charges ³	1,643,396	1,842,340	1,484,891	751,510	1,019,501	675,000	698,600
Staff Charges - Insurance ⁴	-	126,168	151,102	163,340	143,748	145,000	150,100
Insurances ⁵	1,679,363	131,506	243	-	-	-	-
IS Charges ⁶	172,367	429,922	363,203	21,767	30,353	19,700	20,100
Pole Installations ⁷	910,315	882,071	809,010	304,246	60,134	17,200	17,500
Miscellaneous ⁸	533,745	639,207	576,642	115,267	43,857	35,500	36,200
Total	4,961,658	4,080,745	3,417,775	1,385,699	1,321,463	916,000	946,500

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- ¹ Printing & Stationery – Includes production center labour, materials and equipment charges related to any printing services provided to affiliates.
- ² Postage – Includes postage and production center labour charges relating to any mail services provided to affiliates.
- ³ Staff Charges – Includes labour and travel expenses relating to work performed on projects by Newfoundland Power employees for any of its affiliates. Staff charges were higher in 2002 through to 2004 as a result of the construction and refurbishment of generating plants for Central Newfoundland Energy (2002), the Fortis Inc. acquisition of FortisBC and FortisAlberta (2003) and hurricane relief in the Cayman Islands (2004). The increase in 2006 primarily relates to employee secondment costs charged to Belize Electricity.
- ⁴ Staff Charges-Insurance – Includes all labour and travel expenses related to insurance services provided to affiliates.
- ⁵ Insurances – Prior to 2003, Newfoundland Power paid the insurance costs for the entire Fortis group and subsequently billed the other Fortis companies for its portion of the bill. This practice was discontinued in 2003 and the insurance companies now bill Newfoundland Power only for its portion of the overall insurance premiums.
- ⁶ IS Charges – Includes labour and travel expenses, software licence fees and materials used in the provision of any computer related services to affiliates. Prior to 2005, Newfoundland Power paid the licensing costs for Microsoft software agreements and subsequently billed the other Fortis companies for its portion of the bill. This practice was discontinued in 2005 and Microsoft now bills Newfoundland Power only for its portion of the licensing costs.
- ⁷ Pole Installations – Includes contractor labour, travel expenses and materials related to the installation and maintenance of non-joint use poles owned by Fortis Inc. Prior to the third quarter of 2005, Newfoundland Power paid all pole contractor invoices related to non-joint use poles and invoiced Fortis Inc. for those costs. Starting in the 4th Quarter of 2005 pole contractors now bill Fortis Inc. for non-joint use poles.
- ⁸ Miscellaneous – Includes any and all charges that are not specifically covered by one of the above referenced categories. In 2006, Newfoundland Power discontinued electricity bill printing services previously provided to Maritime Electric. In addition, miscellaneous charges were higher in 2002 through to 2004 as a result of executive transfers to other Fortis companies (2002 and 2003) and miscellaneous expenses related to Cayman Islands hurricane relief (2004).