

- 1 **Q. Reference: CA-NP-156, Attachment A, at p. 6: please provide what the actual**
 2 **current inter-corporate charge out rate is for the time of NP's Executives and**
 3 **Managers, showing the breakdown of the constituent parts of the rate.**
 4
 5 A. The current inter-corporate *charge out rate* for the time of Newfoundland Power's
 6 Executives and Managers is 1.68 times the *actual salary* rate of the particular Executive
 7 or Manager.
 8
 9 The constituent parts of the 68 percent salary mark-up is shown in Table 1.
 10

Table 1
Inter-corporate Salary Mark-Up Rate for
Executives and Managers

Overhead Costs ¹	40%
Market Rate Proxy ²	20%
Total Salary Mark-up ³	68%

The charge-out rate of 1.68 times salary is equivalent to 1.2 times fully distributed cost.

Please refer to Schedule 3 to Newfoundland Power's *Report on Inter-Corporate Charges* (Attachment A to the response to CA-NP-156) for a description of the principles upon which the Company establishes time charges for senior management.

¹ Includes vacation and statutory holidays, CPP, EI, Payroll Tax, and Pension and Benefits costs.

² The market rate proxy is applied after payroll overheads have been added to salary costs.

³ The total mark-up rate is $1.4 + (1.4 \times 0.2) = 1.68$ times salary costs.