1 **Q. Reference: CA-NP-91: please compare the mark-up rate used in respect of**
2 **intercorporate charges for Managers and Executives to the mark-up applied to NP's**
3 **personnel who provide services under contract with Aliant Telecom Inc. and**
4 **Persona Communications Inc.**
5
6 A. The primary services provided by Newfoundland Power personnel under contract with
7 Aliant Telecom Inc. and Persona Communications Inc. relate to support structure (i.e.
8 utilities pole) technical services provided by technologists.
9
10 The current rates charged by Newfoundland Power were negotiated between the
11 respective parties and reflect the differing volumes of work, historical working
12 relationships, and current rates charged in the marketplace.
13
14 Table 1 compares the mark-up of technologist costs provided to Aliant Telecom Inc. and
15 Personal Communications Inc. with Executive and Manager costs provided to Fortis Inc.
16
17

Table 1
Comparative Cost Mark-Up

Technologists		Executives and Managers
Aliant	**Persona**	
1.58 times cost[1]	1.97 times cost[2]	1.2 times cost[3]

18
19
20 Please refer to Newfoundland Power's *Report on Inter-Corporate Charges* filed with the
21 Board on March 31, 2004 (Attachment A to the response to CA-NP-156) for a
22 description of the principles upon which the Company establishes inter-corporate staff
23 charges.

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[1] Aliant Telecom Inc. is currently charged $75/hour for technologist time. Current technologist salary cost averages $34/hour with benefits at 40% for a total cost of $47.60. The implied mark-up is therefore 1.58 times fully distributed cost ($75/$47.60).

[2] Personal Communications Inc. is currently charged $94/hour for technologist time. Rogers Communications, Group Telecom, and Fortis Inc. also pay $94/hour for technologist time. Current technologist salary cost averages $34/hour with benefits at 40% for a total cost of $47.60. The implied mark-up is therefore 1.97 times fully distributed cost ($94/47.60).

[3] See the response to CA-NP-398.