

1 Q. **2013 General Rate Application, Intercompany Transaction Costing Guidelines –**
2 **Exhibit 8**

3 Page 7, lines 14-16 - Provide details of the Bill Rates used for risk and insurance
4 services each year for 2007 to 2012. Show the amounts used to determine the
5 Salary Cost components (i.e. salaries, temporary salaries, other salary costs -
6 retroactive pay) and the mark-up components (i.e. fringe benefit costs, insurances,
7 company costs and leave) of the Bill Rates outlined in Appendix A.

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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 Risk and Insurance services for those
 2 charging into Hydro's regulated operations for the period 2007 to 2012.

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Table 1

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Bill Rate for Risk and Insurance Services 2007 to 2012

Position	Mark Up %	Effective Date	Salary Component (Job Rate) \$	Bill Rate \$
Manager of Risk Management ²	42%	4/1/2007	49.86	71.00
	57%	10/1/2009	44.17	69.00
	57%	1/1/2010	43.64	68.52
	57%	4/1/2010	44.95	70.57
	57%	11/1/2010	46.49	72.98
	57%	4/1/2011	48.36	75.92
	57%	4/1/2012	52.90	83.05
Risk and Insurance Analyst	57%	1/4/2010	32.51	51.05
	57%	4/1/2010	33.49	52.57
	57%	11/1/2010	34.62	54.35
	57%	4/1/2011	36.00	56.52
	57%	4/1/2012	37.44	58.78

² The scope of this position changed in 2009 which resulted in a lower salary component.