

1 **Q. Please provide the list of executives/management/employees, as the case may be,**
2 **who have completed work for Fortis Inc. or any other Fortis related company,**
3 **stating the dates and time spent on this work and the amount charged for this**
4 **specific work in each and every case for the time period 1998 to current and name**
5 **the company for whom the work was completed.**

6
7 A. A number of employees have performed work for Fortis Inc. and other Fortis related
8 companies over the past five years. The Company does not keep its records on these
9 amounts in the format requested. To develop such a list would take an inordinate amount
10 of time given the number of timesheet entries that would have to be referenced and
11 summarized. The detail requested by the question is neither necessary nor relevant to an
12 understanding of the matters to be considered in this proceeding.

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14 At the Company's 1996 General Rate Proceeding, the Board considered the issue of
15 inter-company transactions and reporting in some detail. In Order No. P.U. 7 (1996-97),
16 the Board established the policies governing Newfoundland Power's accounting and
17 reporting of Inter-corporate transactions.

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19 In Order No. P.U. 7 (2002-2003) arising from the 2001 Hydro General Rate Application,
20 the Board stated at page 32: "The objective of the Board is to focus on regulatory
21 accountability of the utility rather than engage in detailed reviews and costly controls. In
22 keeping with this approach, some examples of the Board's reporting/compliance
23 requirements include..." The Board then refers to Quarterly Reports and Annual
24 Financial Reviews as examples of these types of compliance requirements.

25
26 Newfoundland Power bills Fortis Inc. and its related companies for time spent by
27 employees completing work for them based on timesheets and the individual employee's
28 specific rate of pay plus appropriate overheads. It also bills affiliated companies all out
29 of pocket expenses. The amounts billed are reported to the Public Utilities Board
30 quarterly in the Inter-corporate Transactions Report. These reporting and compliance
31 requirements are set out in Order No. P.U. 7 (1996-97). Newfoundland Power's
32 adherence to them is a relevant matter to this proceeding.

33
34 Each year, the Board's Financial Consultants, Grant Thornton, LLP review Inter-
35 corporate charges and:

- 36
37
 - assess whether the Company is in compliance with Order No. P.U. 7(1996-97),
 - 38 • compare Inter-corporate charges with the two prior years and investigate any
 - 39 unusual fluctuations,
 - 40 • review detailed listings of charges for the year and investigate any unusual items,
 - 41 • vouch a sample of transactions for the year to supporting documentation, and
 - 42 • assess the reasonableness and appropriateness of the amounts being charged.
- 43

1 In each year from 1998 through 2001, Grant Thornton reported that the Company is in
2 compliance with Order No. P.U 7 (1996-97) and concluded that Inter-corporate charges
3 for the year appear reasonable.
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5 These conclusions can be referenced as follows:
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- 7 • 1998 Grant Thornton Annual Review – page 15
- 8 • 1999 Grant Thornton Annual Review – page 14
- 9 • 2000 Grant Thornton Annual Review – page 15
- 10 • 2001 Grant Thornton Annual Review – page 15

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12 The Company currently expects Grant Thornton to comment on the 2002 Inter-corporate
13 charges in their report to be filed in this proceeding.