

1 **Q. In reference to the calculation for reimbursement to the ratepayers for costs**  
2 **associated with inter-company transactions, please provide detailed information as**  
3 **to the formula used and when the formula was first put in place and any changes**  
4 **which have been made to the formula since that time taking into account inflation**  
5 **and any other relevant factors.**  
6

7 A. The amount of the charges associated with intercompany transactions is not calculated  
8 based on one specific formula. The calculation of the charges varies according to the  
9 nature of the transactions. For example, direct expenses from third parties such as travel  
10 and contractor costs are passed on at cost. Staff charges are calculated at individual  
11 salary rates plus a loading factor to recover related overheads (in 2002 the loading factor  
12 was 28%). Certain engineers and technicians are charged at market rates.  
13

14 We have not conducted an analysis of the change, if any, in the formula used by the  
15 Company to calculate intercompany transactions.