

1 **Q. In reference to Schedule 6(a) of the Financial Consultant's Report - Charges to**  
2 **Fortis Inc., - Pole Installation Removal - \$460,522 (Sept. 2002), please provide**  
3 **particulars of these charges, detailing how many employees were involved, the**  
4 **periods of time and please provide time sheets in reference to these transactions.**  
5

6 A. Please refer to CA-618 for a description of our approach to reviewing intercompany  
7 charges.  
8

9 The charges to Fortis Inc. for pole installation and removal are costs associated with the  
10 installation and removal of poles, including contract labour for non-joint use poles.  
11

12 Based on information obtained from the Company during our review, the charges  
13 included in "pole installation removal" consist of the following:  
14

|                                   |                  |
|-----------------------------------|------------------|
| 15 Contractor invoices            | \$438,656        |
| 16 Miscellaneous expenses         | 12,867           |
| 17 General administration charges | <u>9,000</u>     |
| 18                                |                  |
| 19                                | <u>\$460,522</u> |
| 20                                |                  |

21 The general administration charges relate to ongoing administrative functions such as  
22 paying invoices to pole contractors, administering the pole counts, preparing invoices to  
23 cable companies for attachments, etc. It is our understanding that these functions are  
24 performed by various employees who individually spend relatively small amounts of time  
25 on the individual tasks. The Company charges \$1,000 per month for the services noted,  
26 rather than tracking and recording the actual time spent by each employee. This is  
27 consistent with the practice followed by the Company in charging administrative time for  
28 contract jobs.