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COMPARISON OF REGULATORY AFFAIRS COSTS

1.0 PURPOSE

This exhibit describes the period-over-period changes in Regulatory Affairs Department costs allocated to the regulated businesses. These costs are set out in Ex. F3-1-3, Table 1.

2.0 PERIOD-OVER-PERIOD CHANGES – TEST YEARS

2017 Plan versus 2016 Budget

Regulatory Affairs costs decrease by approximately \$0.9M in the 2017 Plan versus 2016 Budget. This is primarily due to lower consulting costs in 2017 on the expectation of completing the majority of this proceeding in 2016. Labour costs are also expected to begin declining in 2017 on the expectation of OPG beginning to move from cost of service ratemaking on an approximately two-year cycle toward an incentive ratemaking mechanism on an approximately five-year cycle.

2018 Plan versus 2017 Plan

Regulatory Affairs costs decrease by approximately \$1.0M in the 2018 Plan versus the 2017 Plan primarily because there are no major rate cases scheduled to be filed by OPG in 2018. OPG will begin preparations for a mid-term review following from this proceeding (see Ex. A3-2-2).

2019 Plan versus 2018 Plan

Regulatory Affairs costs increase by approximately \$0.4M in the 2019 Plan versus the 2018 Plan. This increase is primarily the result of costs planned for the mid-term review as discussed in Ex. A3-2-2.

2020 Plan versus 2019 Plan

Regulatory Affairs costs decrease by approximately \$0.4M in the 2020 Plan versus the 2019 Plan, primarily because no major rate cases are scheduled to be filed by OPG in 2020.

1 **2021 Plan versus 2020 Plan**

2 Regulatory Affairs costs increase by approximately \$2.0M in the 2021 Plan versus the 2020
3 Plan. This increase is driven primarily by an increase in Expert Witness/Consultants costs
4 (approximately \$1.2M) and Intervenor Cost Awards (approximately \$0.7M), in recognition of
5 anticipated costs to prepare for OPG's 2022 major rates application.

6

7 **3.0 PERIOD-OVER-PERIOD CHANGES – BRIDGE YEAR**

8 **2016 Budget versus 2015 Actual**

9 Regulatory Affairs costs in the 2016 budget are approximately \$2.7M higher than 2015
10 actual. This increase is driven by an increase in Expert Witness/Consultants costs
11 (approximately \$1.2M) and Intervenor Cost Awards (approximately \$0.9M). The increase is
12 primarily due to costs associated with this proceeding.

13

14 **4.0 PERIOD-OVER-PERIOD CHANGES – HISTORICAL YEARS**

15 **2015 Actual versus 2015 OEB Approved**

16 Regulatory Affairs costs in 2015 were approximately \$2.5M lower than 2015 OEB approved.
17 This was largely due to the deferral of this proceeding from 2015 to 2016.

18

19 **2015 Actual versus 2014 Actual**

20 Regulatory Affairs costs in 2015 were approximately \$2.1M lower than 2014 Actual. This was
21 due mainly to the high costs experienced in 2014 for the EB-2013-0321 rates case, whereas
22 2015 experienced costs primarily for the EB-2014-0370 Deferral and Variance Accounts
23 hearing, which were significantly lower.

24

25 **2014 Actual versus 2014 OEB Approved**

26 Regulatory Affairs costs in 2014 were approximately \$2.5M lower than 2014 OEB approved,
27 driven mainly by lower than expected costs for intervenor cost awards. OPG had anticipated
28 to be filing unprecedented types of applications (e.g., OPG's first IRM application for
29 hydroelectric) which were expected to require lengthy and complicated hearings, and had
30 included \$2.2M in intervenor costs in 2014 OEB approved. Instead, OPG filed a cost of
31 service application (EB-2013-0321) and incurred costs more typical for that type of hearing.

1

2 **2014 Actual versus 2013 Actual**

3 Regulatory Affairs costs in 2014 were approximately \$0.6M higher than 2013 actual. The
4 main drivers of this increase were \$0.3M in expert witnesses/consultants and \$0.2M in OEB
5 annual assessments and section 30 fees. The main reason for these increased costs was
6 the EB-2013-0321 rates case, for which significant costs were incurred in both 2013
7 (preparation of application) and 2014 (OEB proceeding) but more so in 2014.

8

9 **2013 Actual versus 2013 Budget**

10 Regulatory Affairs costs were approximately \$2.8M lower in 2013 than budgeted. The 2013
11 Budget assumed a cost of service application for regulated hydroelectric and a Niagara
12 prudence review proceeding. In actuality, OPG filed a cost of service application for both the
13 regulated hydroelectric and nuclear businesses since this application was filed late in 2013
14 (September 27, 2013). Many costs associated with activities after the initial filing date were
15 incurred in 2014.

16

17 External legal costs in 2013 were approximately \$0.8M lower than 2013 budget, with the
18 main driver being the deferral of the cost of service application to the latter part of the year.

Numbers may not add due to rounding.

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 EB-2016-0152
 Exhibit F3
 Tab 1
 Schedule 3
 Table 1

Table 1
 Comparison of Base OM&A Costs Allocated to Regulated Operations (\$K)
 Regulatory Affairs Department

Line No.	Group	2013 Budget	(c)-(a) Change	2013 Actual	(g)-(c) Change	2014 OEB Approved	(g)-(e) Change	2014 Actual	(k)-(g) Change	2015 OEB Approved	(k)-(i) Change	2015 Actual
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
	Recurring Costs:											
1	Salaries/wages, operating expenses	3,309.5	(813.3)	2,496.2	332.4	3,549.5	(720.9)	2,828.6	(22.0)	3,363.7	(557.1)	2,806.6
	Regulatory Proceeding Costs:											
2	Expert Witnesses/Consultants	1,700.0	(547.9)	1,152.1	332.9	1,700.0	(215.0)	1,485.1	(1,201.1)	1,200.0	(916.0)	284.0
3	Intervenor cost awards	2,200.0	(951.3)	1,248.7	(233.4)	2,200.0	(1,184.7)	1,015.3	(881.1)	1,000.0	(865.8)	134.2
4	Other	200.0	(103.7)	96.3	8.2	230.0	(125.5)	104.5	19.5	240.0	(116.0)	124.0
5	Total Regulatory Proceeding Costs	4,100.0	(1,602.9)	2,497.1	107.8	4,130.0	(1,525.2)	2,604.8	(2,062.6)	2,440.0	(1,897.8)	542.2
6	OEB Annual Assessment and Sect 30	1,500.0	(398.8)	1,101.2	154.8	1,500.0	(244.0)	1,256.0	(34.0)	1,300.0	(78.0)	1,222.0
7	Total Regulatory Affairs Division	8,909.5	(2,815.0)	6,094.5	594.9	9,179.5	(2,490.1)	6,689.4	(2,118.6)	7,103.7	(2,532.9)	4,570.8
8	External Legal Costs	1,100.0	(800.0)	300.0	900.0	1,100.0	100.0	1,200.0	(200.0)	1,100.0	(100.0)	1,000.0

Line No.	Group	2015 Actual	(c)-(a) Change	2016 Budget	(e)-(c) Change	2017 Plan	(g)-(e) Change	2018 Plan	(i)-(g) Change	2019 Plan	(k)-(i) Change	2020 Plan
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
	Recurring Costs:											
9	Salaries/wages, operating expenses	2,806.6	450.0	3,256.6	(117.9)	3,138.7	(163.7)	2,975.0	(202.3)	2,772.7	48.8	2,821.5
	Regulatory Proceeding Costs:											
10	Expert Witnesses/Consultants	284.0	1,216.0	1,500.0	(750.0)	750.0	(250.0)	500.0	200.0	700.0	(169.6)	530.5
11	Intervenor cost awards	134.2	865.8	1,000.0	0.0	1,000.0	(600.0)	400.0	400.0	800.0	(375.6)	424.4
12	Other	124.0	76.0	200.0	10.0	210.0	10.0	220.0	6.6	226.6	6.8	233.4
13	Total Regulatory Proceeding Costs	542.2	2,157.8	2,700.0	(740.0)	1,960.0	(840.0)	1,120.0	606.6	1,726.6	(538.4)	1,188.2
14	OEB Annual Assessment and Sect 30	1,222.0	78.0	1,300.0	0.0	1,300.0	0.0	1,300.0	39.0	1,339.0	40.2	1,379.2
15	Total Regulatory Affairs Division	4,570.8	2,685.8	7,256.6	(857.9)	6,398.7	(1,003.7)	5,395.0	443.3	5,838.3	(449.4)	5,388.9
16	External Legal Costs	1,000.0	500.0	1,500.0	0.0	1,500.0	0.0	1,500.0	(750.0)	750.0	(450.0)	300.0

Line No.	Group	2020 Plan	(c)-(a) Change	2021 Plan
		(a)	(b)	(c)
	Recurring Costs:			
17	Salaries/wages, operating expenses	2,821.5	41.7	2,863.2
	Regulatory Proceeding Costs:			
18	Expert Witnesses/Consultants	530.5	1,191.6	1,722.0
19	Intervenor cost awards	424.4	723.7	1,148.0
20	Other	233.4	4.7	238.1
21	Total Regulatory Proceeding Costs	1,188.2	1,919.9	3,108.1
22	OEB Annual Assessment and Sect 30	1,379.2	27.6	1,406.8
23	Total Regulatory Affairs Division	5,388.9	1,989.2	7,378.1
24	External Legal Costs	300.0	1,200.0	1,500.0