

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 hydroelectric and nuclear businesses. These costs are set out in Ex. F3-1-3, Table 1.

2.0 PERIOD-OVER-PERIOD CHANGES – TEST PERIOD

2015 Plan versus 2014 Plan

Regulatory proceedings costs decrease by approximately \$1.7M in the 2015 Plan versus the 2014 Plan due to an expected lighter regulatory filing schedule in 2015 versus 2014. OEB assessments also decrease for the same reason.

2014 Plan versus 2013 Budget

No variance to report.

3.0 PERIOD-OVER-PERIOD CHANGES – BRIDGE YEAR

2013 Budget versus 2012 Actual

Regulatory proceedings costs increased by approximately \$3.0M in the 2013 Budget versus the 2012 Actual due to the fact that the 2013 Budget assumes a major rates filing while there was no major application in 2012. The 2013 Budget assumed a cost of service application for regulated hydroelectric and a Niagara prudence review proceeding. The 2013 Budget also assumed a higher OEB annual assessment. Higher salaries/wages and other operating costs relative to the 2012 Actual amounts are primarily due to the inclusion of additional allocation of Regulatory Affairs costs to the newly regulated hydroelectric facilities and also due to the additional regulatory activity that was assumed to occur in 2013.

4.0 PERIOD-OVER-PERIOD CHANGES – HISTORICAL PERIOD

2012 Actual versus 2012 Board Approved

Regulatory proceedings costs decreased by \$2.1M in the 2012 Actual versus the 2012 Board Approved Plan due to the deferral of the planned rate application in 2012. Actual

1 salaries/wages and other operating costs and the OEB assessment were also lower than the
2 Board approved level. This was primarily due to the deferral of the rate application.

3
4 2012 Actual versus 2011 Actual

5 Overall regulatory costs decreased by approximately \$0.7M in the 2012 Actual versus the
6 2011 Actual mainly due to reduced use of outside consultants in 2012 as a result of the
7 deferral of the planned rate application.

8
9 2011 Actual versus 2011 Board Approved

10 Regulatory proceedings costs were approximately \$0.7M higher for 2011 Actual versus the
11 2011 Board Approved Plan because of greater than expected work on consulting studies.
12 Actual 2011 salaries/wages and other operating expenses and actual OEB assessments
13 were approximately \$0.8M and \$0.5M lower than forecast respectively, as costs related to
14 the EB-2010-0008 rate application were accrued to 2010 and there was reduced preparatory
15 work due to the deferral of the planned rate application in 2012.

16
17 2011 Actual versus 2010 Actual

18 Overall regulatory costs decreased by approximately \$0.9M in the 2011 Actual versus the
19 2010 Actual as costs related to the EB-2010-0008 rate application were accrued to 2010,
20 and there were no major rate applications in 2011.

21
22 2010 Actual versus 2010 Budget

23 Regulatory proceedings costs decreased by approximately \$0.3M in the 2010 Actual versus
24 the 2010 Budget due to costs related to the EB-2010-0008 rate application coming in lower
25 than budget.