

1 Q. **COS Study**

2 **Re: Amended Application, p. 2.43, Table 2.8**

3 Please explain why System Operations and Planning expenditures grew by only \$0.6  
4 million from 2007 to 2014 (20%), but are expected to grow by \$2.2 million (61.1%)  
5 from 2014 to 2015.

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7

8 A. System Operations and Planning expenditures for the 2014 Test Year are \$3.6  
9 million, an increase of \$0.6 million from 2007 Actual costs of \$3.0M. This increase is  
10 primarily due to salary increases. In the 2014 Test Year, there are 27 operating FTEs,  
11 a decrease of two from the 2007 Actuals of 29.

12

13 System Operations and Planning expenditures for the 2015 Test Year are \$5.8  
14 million, an increase of \$2.2 million from 2014 Test Year. The main drivers for this  
15 increase are salary and benefit expenses and other operating costs. Salary and  
16 benefit expenses are \$4.7 million in the 2015 Test Year, an increase of \$1.4 million  
17 from the 2014 Test Year. The 2015 Test Year has 36 operating FTEs compared to 27  
18 in the 2014 Test Year, accounting for an approximate increase of \$1.0 million. The  
19 remaining \$0.4 million of the salary and benefits increase is primarily related to  
20 benefits, which increased in the 2015 Test Year due to the PPSP reform. Other  
21 operating costs increase \$0.8 million in the 2015 Test Year over the 2014 Test Year;  
22 this is due primarily to consulting costs associated with system planning studies  
23 related to the integration of additional generation sources. Please also refer to  
24 Page 2.52 of the Regulated Activities Evidence in Hydro's Amended Application.