

- 1    Q.    Further to the response to Request for Information NP-NLH-307:
- 2            Please provide a comparison of the 2014 forecast data contained in Volume I,
- 3            Regulated Activities Schedule I, with 2014 actual data, providing an explanation for
- 4            variations in each line item.
- 5
- 6
- 7    A.    Please refer to NP-NLH-364 Attachment 1.

Newfoundland and Labrador Hydro  
Operating Expenses by Functional Area  
(000's)

	Actual	Test Year	Variance		Reference
	2014	2014	2014A -2014TY Inc. (Dec.)	2014A -2014TY % change	
<b><u>Operations</u></b>					
Thermal Generation	25,618	22,644	2,974	13.1%	<b>1</b>
Deferred Major Extraordinary Repairs	-	-	-		
Deferred Regulatory Costs	-	-	-		
Hydro Generation	11,894	11,871	23	0.2%	
<b>Generation</b>	37,512	34,515	2,997	8.7%	
System Operations and Planning	3,862	3,604	258	7.2%	<b>2</b>
Deferred Regulatory Costs	-	-	-		
<b>System Operations</b>	3,862	3,604	258	7.2%	
Transmission & Rural Operations	55,632	51,756	3,876	7.5%	<b>3</b>
Deferred Major Extraordinary Repairs	-	-	-		
<b>Transmission &amp; Rural Operations</b>	55,632	51,756	3,876	7.5%	
<b>Total Operations</b>	97,006	89,875	7,131	7.9%	
<b><u>Corporate Services</u></b>					
Project Execution and Technical Services	3,264	3,661	(397)	-10.8%	<b>4</b>
Deferred Regulatory Costs	-	-	-		
Finance	15,535	17,561	(2,026)	-11.5%	<b>5</b>
Deferred Regulatory Costs	-	-	-		
Allocation to non-regulated customer	(1,926)	(1,926)	-	0.0%	
Human Resources & Organizational Effectiveness	7,219	8,153	(934)	-11.5%	<b>6</b>
Leadership & Associates	4,626	2,031	2,595	127.8%	<b>7</b>
Corporate Relations	6,566	6,713	(147)	-2.2%	
<b>Total Corporate Services</b>	35,284	36,193	(909)	-2.5%	
<b>Operating Expenses</b>	<b>132,290</b>	<b>126,068</b>	<b>6,222</b>	<b>4.9%</b>	

(\$000's)							
Increase (decrease) Test Year 2014 to Actual 2014							
Reference #	1	2	3	4	5	6	7
Cost Type	Thermal Generation	System Operations and Planning	Transmission and Rural Operations	Project Execution & Technical Services	Finance	Human Resources & Org. Effect	Leadership & Associates
Salaries and Benefits	567	195	1,093	126	69	(830)	556
System Equipment Maintenance (SEM)	2,418	(15)	2,944	(88)	376	9	(6)
Other Operating Expenses	(11)	78	(161)	(435)	(2,471)	(113)	2,045
TOTAL	2,974	258	3,876	(397)	(2,026)	(934)	2,595

1. Thermal Generation operating expenses have increased by \$3.0M from 2014 Test Year to 2014 Actual due to increases in salary and benefits of \$0.6M and \$2.4 million in SEM costs. Salary and benefits increased primarily due to overtime. SEM increased mainly due to an increase in Holyrood Unit 1 annual maintenance costs, condition assessments, heater and boiler pump repairs, and engineering related activities.

2. System Operations and Planning expenses have increased by \$0.3M from 2014 Test Year to 2014 Actual primarily due to salary and benefit increases of approximately \$0.2M and \$0.1M in professional services.

3. Transmission and Rural Operations expenses have increased by \$3.9M from 2014 Test Year to 2014 Actual due to increases of \$1.1M in salaries and benefits, \$2.9M in SEM and partially offset by a \$0.2M decrease in other expenses. The increase in salary and benefits is mainly attributable to increased overtime. The increase in SEM is primarily due to maintenance backlog reduction, transportation costs to relocate a transformer, Stephenville gas turbine repairs and other repair and engineering related activities.

4. Project Execution & Technical Services expenses have decreased by \$0.4M from 2014 Test Year to 2014 Actual primarily due to an decrease in SEM of \$0.1M, professional services of \$0.2M and travel of \$0.2M offset by an increase of \$0.1M in salaries and benefits.

5. Finance expenses have decreased by \$2.0M from 2014 Test Year to 2014 Actual mainly due outage costs recorded in Leadership & Associates in 2014 Actuals whereas they were recorded in Finance in the 2014 Test Year. This was partially offset by an increase of \$0.4M in SEM costs primarily related to increased maintenance at Hydro Place and increased freight costs.

6. Human Resources and Organizational Effectiveness expenses have decreased by \$0.9M from 2014 Test Year to 2014 Actual primarily due to decreases of \$0.8M in salary and benefits and \$0.1M in other operating expenses. The decrease in salary and benefits is mainly due to a reduction in the number of apprentices.

7. Leadership & Associates expenses have increased by \$2.6M from 2014 Test Year to 2014 Actual mainly due to a \$2.1M increase in professional services primarily because outage costs were recorded in Leadership & Associates in 2014 Actuals whereas these costs were recorded in Finance in the 2014 Test Year. This was coupled with increased salary and benefits of \$0.5M relating primarily to increased intercompany charges.