

- 1 Q. **Reference: Section 1.4.1.1, Cost Control, page 1.21, Lines 1 – 2**
- 2 Please provide the calculation used to arrive at the 2.3% increase annually for the
- 3 operating, maintenance and administration expense.
- 4
- 5
- 6 A. Please see the table below. Note that 2013 Net Operating Expenses is restated to a
- 7 similar financial reporting basis as 2007 for comparative purposes.

	\$ millions	
2007 Net Operating Expenses <sup>1</sup> under CGAAP	100.4	Finance Evidence, Schedule III, Page 1, Line 20 minus Line 19
2013 Net Operating Expenses <sup>1</sup> under IFRS	115.9	Finance Evidence, Schedule III, Page 1, Line 20 minus Line 19
Reverse IFRS adjustments for comparison to 2007 :		
Major overhauls and inspections	3.6	
AFUDC vs IDC	0.2	
Training costs	-0.2	
Corporate overhead	-2.1	
Deferral of Holyrood major repairs	<u>-2.2</u>	<u>-0.7</u>
2013 Net Operating Expenses (Restated)	115.2	
Annual compound rate of inflation is calculated as follows:		
$((100.4/115.2)^{(1/(2013-2007))}-1) =$		
<sup>1</sup> Prior to allocation to non-regulated customer.		