

1 Q. Further to CA-NLH-103, please file a copy of Hydro's test year corporate operating
2 budget submission that was presented to Hydro's leadership for approval, and
3 detail what changes, if any, were made to same upon its review by leadership and
4 the reason for these changes.

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7 A. In December 2012, Hydro's leadership approved the 2013 operating and
8 maintenance budget of \$111.9 million. Subsequently, the 2013 Test Year operating
9 and maintenance budget was adjusted to \$113.8 million¹ to reflect an increase of
10 \$1.1 million in employee future benefits² and \$0.2 million in amortization of GRA
11 hearing costs, as well as a decrease of \$0.6 million in the IOC cost recovery³. At that
12 time as well, individual expenses and recoveries in the salaries and benefits expense
13 grouping were adjusted to reflect historical trending with no net impact on
14 expenses as shown in the table below.

(\$ millions)	2013 Budget	2013 Test Year	Reason for Change
Overtime	5.7	8.6	Overtime in Test Year was increased; however is less than recent experience in 2011 and 2012 ⁴ as management is targeting to reduce higher cost overtime by improved deployment of staff and expediting recruitment.
Vacancy	(2.3)	(3.2)	Vacancy allowance was increased; however is less than recent experience as management is targeting to expedite the recruiting process.
Capitalized Overtime	(2.5)	(4.5)	Overtime charged to capital was increased in line with recent experience in 2011 and 2012 ⁵ .
Total	0.9	0.9	No net impact resulting from the above changes.

¹ Finance Evidence, Schedule 1, Page 9, Line 36.

² As stated in Finance Evidence, Section 3.8.3, EFB expense was adjusted to include the amortization of cumulative actuarial gains and losses consistent with the methodology used to establish existing rates.

³ Decrease in IOC cost recovery is mainly due to a decrease in IOC load and a reduction in depreciation expense as a result of an increase in transmission assets service lives.

⁴ Overtime cost in 2011 was \$9.5m and in 2012 was \$10.6m as shown in Finance Evidence, Schedule 1, Page 9, Line 5.

⁵ Overtime cost charged to capital in 2011 was \$4.5m and in 2012 was \$5.0m.