

1 Q. **Reference: Section 2 - Schedule I: Operating Expenses by Functional Area.**

2 Please provide a version of the table that shows year-over-year percentage
3 changes. Focusing on year over year changes, please provide a detailed narrative
4 description of the changes for all categories experiencing more than a 5% change
5 from 2012 actuals to 2013 forecast.

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8 A. Refer to IC-NLH-024 Attachment 1, pages 1 and 2, for the table showing the year-
9 over-year percentage changes and detailed narrative description of the changes
10 more than 5% from 2012 actuals to 2013 forecast.

Newfoundland and Labrador Hydro
Operating Expenses by Functional Area
2007 - 2013
(000's)

IC-NLH-024, Attachment 1
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	Actual										Forecast				
	2007	2008	2008 -2007 % change	2009	2009 -2008 % change	2010	2010 -2009 % change	2011	2011 -2010 % change	2012	2012 -2011 % change	2013	2013 -2012 Inc. (Dec.)	2013 -2012 % change	Reference
Operations															
Thermal Generation	20,870	19,528	-6.43%	18,467	-5.43%	18,192	-1.49%	20,433	12.32%	19,932	-2.45%	22,018	2,086	10.47%	1
Deferred Major Extraordinary Repairs	2,109	2,916	38.26%	2,715	-6.89%	2,582	-4.90%	1,644	-36.33%	606	-63.14%	-	(606)	-100.00%	1
Hydro Generation	9,112	8,843	-2.95%	9,447	6.83%	10,223	8.21%	10,949	7.10%	11,498	5.01%	11,630	132	1.15%	
Generation	32,091	31,287	-2.51%	30,629	-2.10%	30,997	1.20%	33,026	6.55%	32,036	-3.00%	33,648	1,612	5.03%	
System Operations	2,184	2,491	14.06%	2,176	-12.65%	2,415	10.98%	2,316	-4.10%	2,594	12.00%	2,849	255	9.83%	2
Deferred Regulatory Costs	50	50	0.00%	50	0.00%	50	0.00%	50	0.00%	-	-100.00%	-	-	-	
System Operations	2,234	2,541	13.74%	2,226		2,465		2,366		2,594		2,849	255		
												-	-		
Transmission & Rural Operations	34,541	36,067	4.42%	35,165	-2.50%	38,054	8.22%	40,342	6.01%	43,415	7.62%	44,617	1,202	2.77%	
												-	-		
Total Operations	68,866	69,895	1.49%	68,020	-2.68%	71,516	5.14%	75,734	5.90%	78,045	3.05%	81,114	3,069	3.93%	
Corporate Services															
Project Execution and Technical Services	4,922	4,292	-12.80%	4,861	13.26%	4,662	-4.09%	4,180	-10.34%	3,927	-6.05%	4,668	741	18.87%	3
Deferred Regulatory Costs	61	61	0.00%	61	0.00%	-	-100.00%	-	-	-	-	-	-	-	
Finance	11,908	11,859	-0.41%	11,150	-5.98%	11,350	1.79%	12,301	8.38%	11,758	-4.41%	12,711	953	8.11%	4
Deferred Regulatory Costs	223	225	0.90%	225	0.00%	-	-100.00%	-	-	-	-	333	333	-	
Allocation to non-regulated customer	(2,679)	(2,673)	-0.22%	(1,875)	-29.85%	(2,648)	41.23%	(2,292)	-13.44%	(2,215)	-3.36%	(2,108)	107	-4.83%	
Human Resources & Organizational Effectiveness	6,608	6,452	-2.36%	6,775	5.01%	6,020	-11.14%	7,526	25.02%	7,509	-0.23%	8,783	1,274	16.97%	5
Leadership & Associates	2,762	1,812	-34.40%	1,230	-32.12%	1,333	8.37%	1,308	-1.88%	1,438	9.94%	1,822	384	26.70%	6
Corporate Relations	5,022	4,771	-5.00%	9,417	97.38%	4,743	-49.63%	5,807	22.43%	6,006	3.43%	6,497	491	8.18%	7
Total Corporate Services	28,827	26,799	-7.04%	31,844	18.83%	25,460	-20.05%	28,830	13.24%	28,423	-1.41%	32,706	4,283	15.07%	
Asset Write-down	-	-		505	-	-	-100.00%	-	-	-	-	-	-	-	
Operating Expenses	97,693	96,694	-1.02%	100,369	3.80%	96,976	-3.38%	104,564	7.82%	106,468	1.82%	113,820	7,352	6.91%	

(\$000's)							
Increase (decrease) Actual 2012 to Forecast 2013							
Reference #	1	2	3	4	5	6	7
Cost Type	Thermal Generation	System Operations	Project Execution & Technical Services	Finance	Human Resources & Org. Effect	Leadership & Associates	Corporate Relations
Salaries and Benefits	1,049	221	445	996	734	463	210
System Equipment Maintenance (SEM)	608	(1)	103	413	81	7	25
Other Operating Expenses	(177)	35	193	(457)	459	(86)	256
TOTAL	1,480	255	741	953	1,274	384	491

Reference #

1. Thermal Generation operating expenses have increased by \$1.5M from 2012 to 2013. Salary and benefit increases of \$1.0M are related to an additional 6.0 net FTE's and union negotiated agreements. In addition, SEM costs have increased by \$0.6M due to corrective maintenance costs in 2013 and completion of the Asbestos program amortization in 2012.
2. Systems Operations expenses have increased by \$0.3 from 2012 to 2013 mainly due to salary and benefit increases.
3. Project Execution & Technical Services expenses have increased by \$0.7M from 2012 to 2013 due primarily to salary and benefits and travel costs.
4. Finance expenses have increased by \$1.0M from 2012 to 2013 mainly due to an additional 4.0 net FTE's and increased salaries and benefit costs.
5. Human Resources and Organizational Effectiveness expenses have increased by \$1.3M from 2012 to 2013 primarily due to salary and benefit costs, training costs and professional services.
6. Leadership and Associates costs have increased by \$0.4M mainly due to inter-company salary and benefit charges from Nalcor.
7. Corporate Relations expenses have increased by \$0.5M mainly due to increased salary and benefits and advertising costs.