

2016 UTILITY O&M

Line No.	Particulars (in millions)	Actuals 2016	IR 2016	Actual Under/(Over)
1	Total Compensation	251.7	228.0	(23.6)
2	Employee Training and Development	5.5	4.8	(0.7)
3	Materials and Supplies	5.0	5.3	0.4
4	Outside Services	83.3	91.2	7.8
5	Consulting	2.1	5.2	3.1
6	Repairs and Maintenance	1.4	2.4	1.1
7	Fleet	7.1	10.7	3.6
8	Rents and Leases	5.8	7.8	2.1
9	Telecommunications	0.0	3.9	3.9
10	Travel and Other Business Expenses	1.9	5.1	3.2
11	Memberships	4.8	5.2	0.4
12	Claims, Damages and Legal Fees	(0.1)	1.0	1.0
13	Interest on Security Deposits	0.6	2.5	1.9
14	Provision for Uncollectibles	7.1	9.5	2.4
15	Natural Gas Vehicles (NGV)	0.7	0.0	(0.7)
16	Legal Fees	1.5	2.9	1.4
17	Audit Fees	1.9	1.7	(0.2)
18	Other	0.1	(3.4)	(3.5)
19	Internal Allocations and Recoveries	(20.4)	(30.1)	(9.7)
20	Capitalization (A&G)	(44.0)	(37.1)	6.9
21	Capitalization	(89.1)	(80.7)	8.5
22	Regulatory Eliminations	(2.7)	(3.3)	(0.6)
23	<u>Other O&M Subtotal</u>	<u>\$ 224.0</u>	<u>\$ 232.6</u>	<u>\$ 8.6</u>
24	Customer Care/CIS Service Charges	85.6	100.0	14.4
25	Pensions and OPEB	34.6	34.6	0.0
26	RCAM	49.1	33.8	(15.3)
27	Demand Side Management Programs (DSM)	56.4	56.4	0.0
28	Conservation Services	-	-	0.0
29	<u>Total Net Utility O&M Expense before Eliminations</u>	<u>\$ 449.7</u>	<u>\$ 457.4</u>	<u>\$ 7.7</u>

Witnesses: D. Gagnon
N. Verma
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EXPLANATION OF MAJOR CHANGES
ACTUAL 2016 O&M EXPENSES COMPARED TO OEB APPROVED 2016 O&M EXPENSES

The 2016 Actual Utility O&M was \$449.7 million, which was \$7.7 million lower than the 2016 OEB approved Utility O&M. The decrease was driven by the following areas:

Line No:

- 1 Increase in Total Compensation mainly due to severance and STIP partially offset by fewer FTEs from labour reductions.
- 4 Decrease in Outside Services mainly due to lower in-line inspection activity, savings in IT software and hardware maintenance, savings in Locates due to lower volumes and reduced building maintenance costs for the new Tecumseh building
- 5 Decrease in Consulting mainly due to lower vendor cost and other cost management initiatives.
- 7 Decrease in Fleet due to lower maintenance and refurbishing costs as a result of replacing vehicles.
- 8 Decrease in Rents and Leases due to the purchase of previously leased sites.
- 9 Decrease in Telecommunications due to the centralization of telecommunication costs under Enbridge Inc.
- 10 Decrease in Travel and Other Business Expenses due to saving initiatives.
- 13 Interest on Security Deposits decreased by \$1.9M from having lower security deposits as a result of higher refunding of the excess deposits over \$250 as per a new policy effective 2014. This reduced aging on AR balances resulting in less security deposits required, and a higher number of customers on Pre-Authorized Payments (PAP) which does not require a security deposit
- 14 Decrease in Provision for Uncollectibles due to continued improvements in collections.
- 18 Primarily due to \$8.4M reduction to IR budget based on OEB decision.
- 19 Decrease mainly due to lower recoveries from shared service costs which have been centralized under Enbridge Inc.
- 20 Capitalization (Admin and General) increased \$6.9M due to higher HR related costs (i.e. STIP and Benefits), and support costs related to the GTA project.
- 21 Higher capitalization primarily due to the nature of work attributable to higher Capital centric cost centres, and creation of the Asset Management group which is primarily Capital
- 24 Customer Care is \$14.4M lower due to reduced CIS support costs, better collections, postage savings from higher number of customers on e-bill, and system improvements reducing manual work
- 26 RCAM is \$15.3M higher due to the centralization of IT and HR services to Enbridge Inc.

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