

## GOVERNANCE

### INTRODUCTION

The Governance Responsibility Centre includes costs related to the office of the President of Toronto Hydro-Electric System Limited (“THESL”) and related stewardship and governance activities. The primary responsibilities of the President include developing and monitoring of THESL’s strategic direction, executing the Board of Directors’ directives and policies, and providing overall direction to THESL’s operations. In addition to direct costs related to the President and governance activities, this department includes general costs that relate to the entire THESL organization such as Shared Services allocation, general consulting expenditures, and capital taxes.

### ADMINISTRATIVE AND GENERAL EXPENSES

The following table presents the total administrative and general (“A&G”) expenses of the Governance Responsibility Centre.

**Table 1: Total Administrative A&G (\$ millions)**

	2008 Historical	2009 Bridge	2010 Test
Total Costs	14.9	13.7	4.8

/C

### VARIANCE ANALYSIS

#### 2008 Actual versus 2009 Bridge

Administrative and general expenses in 2008 were \$14.9 million compared to \$13.7 million in the bridge year representing a decrease of \$1.2 million. The decrease primarily relates to lower capital tax expense (\$1.6 million), offset by increased other support costs.

#### 2009 Bridge versus 2010 Test

Administrative and general expenses in 2009 are \$13.7 million compared to \$4.8 million

/C

1 in the test year representing a decrease of \$8.9 million. The decrease is primarily due to /C  
2 lower allocated costs from Toronto Hydro Corporation (“THC”) resulting from a re-  
3 organization between THC and THESL (\$5.8 million) and a decrease in capital tax /C  
4 expense of (\$3 million).