

APPENDIX A-2

To Energy Probe Submission (EB-2014-0101)

(Normalized OM&A - Excludes Property Taxes & Other Expenses)

ASSUMES IMPACT OF CUSTOMER GROWTH ON OM&A IN 2015 - 2019 & BASE PRODUCTIVITY IN 2014 - 2019

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SECTION 1 - INFLATION

	<u>2012 Actual</u>	<u>2013 Actual</u>	<u>2014 Actual</u>	<u>2015 Forecast</u>	<u>2016 Forecast</u>	<u>2017 Forecast</u>	<u>2018 Forecast</u>	<u>2019 Forecast</u>
Appendix 2-JA - June 23 Update	11,067,090	11,033,491	11,069,736	12,053,845	12,532,656	12,824,225	13,032,881	13,102,212
Ex. 4, Table 4-11 - 2012 Ice Storm	0	(184,609)	0	0	0	0	0	0
Tr. Vol. 1, page 123 - Letter of Credit	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
4-Energy Probe-47 - Charitable Donations	<u>(11,800)</u>	<u>(9,300)</u>	<u>(10,500)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Adjusted Actual/Forecast	11,005,290	10,789,582	11,009,236	12,003,845	12,482,656	12,774,225	12,982,881	13,052,212
	<u>2012 Actual</u>	<u>2013 Actual</u>	<u>2014 Actual</u>	<u>2015 Forecast</u>	<u>2016 Forecast</u>	<u>2017 Forecast</u>	<u>2018 Forecast</u>	<u>2019 Forecast</u>
Labour Share (1)	61.60%	61.60%	61.90%	59.70%	61.40%	61.70%	62.10%	61.00%
Labour Increase (2)	1.42%	1.56%	1.98%	1.56%	1.98%	1.98%	1.98%	1.98%
Non-Labour Share (1)	38.40%	38.40%	38.10%	40.30%	38.60%	38.30%	37.90%	39.00%
Non-Labour Increase (2)	<u>1.80%</u>	<u>1.60%</u>	<u>2.20%</u>	<u>1.60%</u>	<u>2.20%</u>	<u>2.20%</u>	<u>2.20%</u>	<u>2.20%</u>
Weighted Average Inflation Rate	1.57%	1.58%	2.06%	1.58%	2.06%	2.06%	2.06%	2.07%

(1) 4-Energy Probe-42
(2) 2012-2014 Actual from Statistics Canada, 2015 OEB, 2016 = 2014, 2017-2019 = 2016

SECTION 2 - ESCALATORS

	<u>2012 Actual</u>	<u>2013 Actual</u>	<u>2014 Actual</u>	<u>2015 Forecast</u>	<u>2016 Forecast</u>	<u>2017 Forecast</u>	<u>2018 Forecast</u>	<u>2019 Forecast</u>
Inflation (line 17)	1.57%	1.58%	2.06%	1.58%	2.06%	2.06%	2.06%	2.07%
Base Productivity - J2.10	0.72%	0.72%	0.31%	0.31%	0.31%	0.31%	0.31%	0.31%
Stretch Factor	0.40%	0.40%	0.30%	0.30%	0.30%	0.30%	0.15%	0.15%
Customer Growth (line 44 x 0.44)	<u>0.27%</u>	<u>0.44%</u>	<u>0.60%</u>	<u>0.67%</u>	<u>1.32%</u>	<u>1.32%</u>	<u>1.32%</u>	<u>1.32%</u>
Total Escalator	0.71%	0.90%	2.06%	1.63%	2.77%	2.77%	2.92%	2.93%

SECTION 3 - ESCALATED OM&A EXPENSES

<u>Starting Point</u>	<u>OM&A Expense (line 9)</u>	<u>-----Application of Total Escalator-----</u>				
		<u>2015 Forecast</u>	<u>2016 Forecast</u>	<u>2017 Forecast</u>	<u>2018 Forecast</u>	<u>2019 Forecast</u>
2012 Actual	11,005,290	11,517,581	11,837,184	12,165,583	12,521,284	12,887,594
2013 Actual	10,789,582	11,191,256	11,501,804	11,820,899	12,166,522	12,522,454
2014 Actual	11,009,236	<u>11,189,141</u>	<u>11,499,631</u>	<u>11,818,665</u>	<u>12,164,222</u>	<u>12,520,087</u>
Average		11,299,326	11,612,873	11,935,049	12,284,009	12,643,378
Difference (line 37 - line 10)		(704,519)	(869,783)	(839,176)	(698,872)	(408,834)
% Increase over previous year		2.63%	2.77%	2.77%	2.92%	2.93%

SECTION 4 - CUSTOMERS

	<u>2012 Actual</u>	<u>2013 Actual</u>	<u>2014 Actual</u>	<u>2015 Forecast</u>	<u>2016 Forecast</u>	<u>2017 Forecast</u>	<u>2018 Forecast</u>	<u>2019 Forecast</u>
Customers - Appendix 2-L - June 23 Update	53,395	53,933	54,670	55,500	57,165	58,880	60,647	62,466
Customer Growth	0.61%	1.01%	1.37%	1.52%	3.00%	3.00%	3.00%	3.00%