

FIVE NATIONS ENERGY INC.

Revised Undertaking from Oral Hearing (July 6 and 7, 2017)

UNDERTAKING NO. J1.9

Reference(s):

To provide a breakdown of actual 2016 OM&A spending with a variance analysis to the proposed amounts; and to provide a summary of the reasons for any material variances in any account (\$50,000+).

RESPONSE:

The proposed and actual OM&A expenditures for 2016 are set out in the table below. Accounts in which there have been material variances (equal to or greater than \$50,000) are indicated by the text being in **bold**.

Account	Description	Proposed	Actual	Variance
4810	Load Dispatching	\$397,000	\$349,660	\$47,340
4815	Station Building & Fixtures	\$59,900	\$55,082	\$4,818
4820	Transformer Station Equip Oper Labour	\$724,920	\$396,741	\$328,179
4850	Rents	\$86,000	\$117,775	(\$31,775)
4916	Maint – Transformer Station Equip	\$325,680	\$293,780	\$31,900
4930	Maint – Towers, Poles and Structures	\$545,000	\$597,378	(\$52,378)
5410	Community Relations – Sundry	\$34,000	\$60,198	(\$26,198)
5415	Energy Conservation	\$30,000	\$68,910	(\$38,910)
5420	Community Safety Program	\$9,000	\$0	\$9,000
5605	Executive Salaries and Expenses	\$604,250	\$439,806	\$164,444
5610	Management Salaries and Expenses	\$318,693	\$355,484	(\$36,791)
5615	General Admin Salaries and Expenses	\$115,741	\$123,810	(\$8,069)
5620	Office Supplies and Expenses	\$24,800	\$26,322	(\$1,522)
5630	Outside Services Employed	\$209,000	\$125,241	\$83,759
5635	Property Insurance	\$252,000	\$263,037	(\$11,037)
5640	Injuries and Damages	\$166,000	\$161,895	\$4,105
5655	Regulatory Expenses	\$324,000	\$385,365	(\$61,365)
5665	Miscellaneous General Expenses	\$30,000	\$3,132	\$26,868
5675	Maintenance of General Plant	\$80,000	\$92,211	(\$12,211)
Totals:		\$4,335,984	\$3,915,827	\$91,978

1 The material variances between proposed and actual OM&A expenditures for 2016 resulted from
2 the following:

- 3 a) **4820 – Transformer Station Equipment Operation Labour.** Actual costs were less than
4 expected due to (i) FNEI not hiring the additional staff anticipated, and (ii) a larger
5 proportion of labour costs were capitalized than originally anticipated.
- 6 b) **4930 – Maintenance – Towers, Poles and Structures.** Additional costs were incurred as
7 part of the 2016 right-of-way clearing program.
- 8 c) **5605 – Executive Salaries and Expenses.** Actual costs were less than expected due to (i)
9 the compensation for the new CEO being set at less than the amount originally estimated,
10 and (ii) the activities of the board of directors being less than in prior years.
- 11 d) **5630 – Outside Services Employed.** Actual costs were less than expected due to lower
12 levels of consulting services and related travel, as compared to prior years.
- 13 e) **5655 – Regulatory Expenses.** Additional costs were incurred in relation to the cost of
14 service rate application, which was prepared and submitted in 2016.