

1 and Engineering departments with an objective to (i) formalize and optimize business processes, (ii)
2 develop metrics to measure and manage productivity and efficiency and (iii) facilitate the transfer of
3 knowledge and skill to achieve maximum resource leverage. These are the types of initiatives that NBHDL
4 can undertake over the 2021-2025 timeframe if the proposed OM&A budget is approved without cut.

5 Other issues coming at the sector including rapidly evolving technology, behind the meter generation,
6 DERs, and customer expectations of real-time data. All of these areas will require specialized expertise and
7 knowledge from outside the company and NBHDL believes it is prudent to anticipate these types of costs
8 on an annual basis.

9 **2.4.1.4 REGULATORY APPLICATIONS AND ASSESSMENTS**

10 Regulatory expenses continue to increase with the demand for reporting, ensuring compliance in a complex
11 environment, and the completion of annual incentive rate mechanism filings and cost of service
12 applications. Regulatory driven changes are constant and impact not only formal regulatory reporting, but
13 require daily interaction between regulatory, billing, and IT departments and shift resource focus away from
14 the day-to-day operations. NBHDL's regulatory department consists of a Regulatory Manager with no direct
15 reports. The compensation of this resource is included within the Executive, Financial, Regulatory,
16 Professional & Insurance program costs in the Program Delivery section below.

17 Included in regulatory costs are OEB assessments and the costs of specific applications only. The Board-
18 Approved estimate for the 2015 cost of service application was \$656,930, amortized over five years at
19 \$131,386 per year, however, the actual incremental cost of the application was \$920,898. These costs were
20 amortized over the 5-year timeframe ending in the 2020 Bridge Year with \$63,510 recorded in regulatory
21 costs. The proposed costs of the 2021 cost of service application are \$793,551 (\$127,348 less than the
22 2015 actuals) amortized over five years at a cost of \$158,710 per year. NBHDL has focused on mitigating
23 the costs of this application as compared to 2015 actuals while addressing filing requirements that ensures
24 robust, complete and comprehensive evidence to support the proposed increases. NBHDL has minimized
25 the use of regulatory consultants outside of the COS application process as evidenced by the reduction of
26 \$14,780 in the Table 4-6 below.

27 OEB assessments have increased by \$38,637 over the 2015 Board-Approved amount as a result of
28 incremental OEB fees that have been included in Account 1508 through the historical period. NBHDL has
29 included full costs in the Test Year and the proposed disposition of the DVA for historical incremental costs
30 in included in Exhibit 9. A summary of the variance is provided below. Details of these costs are provided
31 in the Regulatory Section of this Exhibit and Table 4-29, Board Appendix 2-M.

Table 4 - 6: Regulatory Costs

Regulatory Costs	2015 Board Approved	2020 Bridge Year	2021 Test Year	2021 vs. '2015 Board Approved	2021 vs. '2020 Bridge Year
OEB Assessments	75,386	76,987	110,969	35,583	33,982
Regulatory Consultant Costs	15,780	-	1,000	-14,780	1,000
COS Application Costs	131,386	63,510	158,710	27,324	95,200
Total	222,552	140,496	270,679	48,127	130,182

2.4.1.5 IT SYSTEMS & MAINTENANCE

IT plays an integral role in NBHDL's ability to achieve Core Values. The most significant cost increase in this department is a result of labour as discussed above, however, NBHDL continues to incur external costs that are required to support the IT infrastructure. Table 4-7 below highlights the on-going costs required for IT systems and maintenance that are included in recoverable OM&A. It is important to note that the majority of cyber security related costs are allocated to internal labour which is not represented in Table 4-7 below. The table represents external costs only. Material and incremental changes are explained in "Section 2.4.2 OM&A Summary and Cost Drivers Tables".

Table 4 - 7: IT Systems & Maintenance

IT Systems & Maintenance Costs	2015 Board Approved	2020 Bridge Year	2021 Test Year	2021 vs. '2015 Board Approved	2021 vs. '2020 Bridge Year
Central Square (NBHDL's Software Platform)	120,850	173,849	173,849	52,999	-
CNB IS Services	104,903	-	-	(104,903)	-
Cyber Security	6,047	62,149	40,442	34,395	(21,707)
Internet (including redundancy)	40,926	33,960	51,828	10,902	17,868
Software Licenses / Support / Maintenance	22,956	37,613	80,523	57,567	42,910
Network Mtn	-	-	3,054	3,054	3,054
Server Mtn	18,837	6,168	7,776	(11,061)	1,608
IT Items	1,300	10,908	10,625	9,325	(283)
Total	315,819	324,647	368,097	52,278	43,450

2.4.1.6 VEGETATION MANAGEMENT

The Vegetation Management program is the largest OM&A cost that NBHDL incurs outside of labour. The importance of this program to safety and reliability cannot be understated. NBHDL is proposing to spend an additional \$260,033 over the board approved cost of service application of 2015. The purpose of this

1 \$85,000. The remaining \$82,250 is related to incremental costs for overtime, training and travel expenses
 2 related to the application for NBHDL employees. NBHDL requests approval of these costs to be recovered
 3 over a five-year period. NBHDL has included \$158,710 in the 2021 Test Year.

Table 4 - 40 :Regulatory Costs

Regulatory Cost Category	USoA Account	USoA Account Balance	Ongoing or One-time Cost? ²	Last Rebasing Year (2015 Board Approved)	Last Rebasing Year (2015 Actual)	Most Current Actuals Year 2019	2020 Bridge Year	Annual % Change	2021 Test Year	Annual % Change
(A)	(B)	(C)	(D)	(E)	(F)	(F)	(G)	(H) = [(G)-(F)]/(F)	(I)	(J) = [(I)-(G)]/(G)
1 OEB Annual Assessment	5655		On-Going	\$ 72,332	\$ 74,577	\$ 71,538	\$ 73,931	3.35%	\$ 107,855	45.89%
2 OEB Section 30 Costs (Applicant-originated)			On-Going							
3 OEB Section 30 Costs (OEB-initiated)	5655		On-Going	\$ 3,054	\$ 2,079	\$ 3,821	\$ 3,056		\$ 3,114	1.90%
4 Legal costs for Regulatory matters	5655									
5 Operating expenses associated with staff resources allocated to regulatory matters	5655/5610		On-Going	\$ 119,104	\$ 147,056	\$ 160,698	\$ 163,209	1.56%	\$ 169,121	3.62%
6 Consultants' costs for regulatory matters	5655		On-Going	\$ 15,780	\$ -	\$ -	\$ -		\$ 1,000	
7 Intervenor costs	5655		On-Going							
8 Sub Total - On-Going				\$ 210,270	\$ 223,712	\$ 236,056	\$ 240,196	1.75%	\$ 281,090	17.03%
9 Consultants' costs for regulatory matters	5655		One-Time	\$ 459,215	\$ 722,331	\$ 72,764	\$ 423,536	482.07%	\$ 130,000	-69.31%
10 Operating expenses associated with staff resources allocated to regulatory matters	5655		One-Time	\$ 111,273	\$ 92,027	\$ 4,476	\$ 77,774	1637.54%	\$ -	-100.00%
11 Operating expenses associated with other resources allocated to regulatory matters	5655		One-Time	\$ 23,443	\$ 22,045				\$ -	
12 Any other costs for regulatory matters (please define)	5655								\$ -	
13 OEB Review COS	5655		One-Time						\$ 20,000	
14 Intervenor costs	5655		One-Time	\$ 63,000	\$ 84,494				\$ 65,000	
15 Total One - Time				\$ 656,931	\$ 920,898	\$ 77,240	\$ 501,310	549.03%	\$ 215,000	-57.11%
16 2015 Cost of Service - Expensed over 5 years				\$ 131,386	\$ 190,531	\$ 190,531	\$ 63,510	-66.67%	\$ -	-100.00%
17 2021 Cost of Service - Expensed over 5 years									\$ 158,710	
18 Sub Total - One Time				\$ 131,386	\$ 190,531	\$ 190,531	\$ 63,510	-66.67%	\$ 158,710	149.90%
19 Total (8+18)				\$ 341,656	\$ 414,243	\$ 426,587	\$ 303,706	-28.81%	\$ 439,800	44.81%
2021 COS Application Costs	Historical Year(s)	2020 Bridge Year	2021 Test Year	Total COS	Amortized over 5 years					
1 Expert Witness costs	-	-	-	-	-					
2 Legal costs	-	-	-	-	-					
3 Consultants' costs including Legal	72,764	423,536	130,000	626,300	125,260					
4 Incremental operating expenses associated with staff resources allocated to this application	4,476	77,774	-	82,250	16,450					
5 Incremental operating expenses associated with other resources allocated to this application- Temporary Employees	-	-	-	-	-					
6 OEB/Intervenor costs	-	-	85,000	85,000	17,000					
Total	77,240	501,310	215,000	793,550	158,710					

2.4.3.7 LOW-INCOME ENERGY ASSISTANCE PROGRAMS (LEAP)

8 NBHDL continues to participate in the Low Income Emergency Assistance Program (LEAP). As set out in
 9 the March, 2009 *Report of the Board: Low Income Energy Assistance Program*, the Board has determined
 10 that the greater of 0.12% of a distributor's Board approved distribution revenue requirement or \$2,000 is a
 11 reasonable commitment of all distributors to emergency financial assistance.

12 NBHDL will continue to provide low-income customers with emergency financial assistance. NBHDL has
 13 included \$18,823 in the 2021 Test Year, which represents 0.12% of the 2015 Test Year service revenue
 14 requirement of \$15,685,587. NBHDL understands that this amount will be adjusted based on the final
 15 service revenue requirement. For purposes of this rate application, this amount has been included in
 16 account 6205, to ensure that it is captured appropriately in the revenue requirement model and separate
 17 from other charitable donations that are not eligible to be included in the distribution revenue requirement.