# COMPARISON OF REGULATORY AFFAIRS COSTS

## 1.0 PURPOSE

This exhibit describes the period-over-period changes in Regulatory Affairs Department costs allocated to the regulated businesses. These costs are set out in Ex. F3-1-3, Table 1.

## 2.0 PERIOD-OVER-PERIOD CHANGES – IR TERM

**2022 Plan versus 2021 Budget**

Regulatory Affairs costs are approximately $1.1M lower in the 2022 Plan versus the 2021 Budget. This is driven by a decrease of $2.2M in Expert Witness/Consultants costs which is offset by an increase of $1.0M in Intervenor Cost Awards because OPG's 2022-2026 major rates application is anticipated to be completed in 2021 with costs awards processed in 2022.

External legal costs in the 2022 Plan are approximately $1.5M lower than 2021 Budget. This decrease is similarly because OPG's 2022-2026 major rates application is anticipated to be completed in 2021.

**2023 Plan versus 2022 Plan**

Regulatory Affairs costs decrease by approximately $2.0M in the 2023 Plan versus the 2022 Plan. This is driven by a decrease of $2.3M in Intervenor Cost Awards because it is anticipated that costs related to OPG's 2022-2026 major rates application will be processed by 2022. This is off-set by an increase of $0.2M in salaries/wages and operating expenses.

**2024 Plan versus 2023 Plan**

Regulatory Affairs costs increase by approximately $1.4M in the 2024 Plan versus the 2023 Plan. This is primarily driven by an increase of $1.4M in Expert Witness/Consultants costs planned to prepare for OPG's 2027-2031 major rates application.

External legal costs in the 2024 Plan are approximately $0.2M lower than 2023 Plan.

**2025 Plan versus 2024 Plan**

Regulatory Affairs costs remain fairly stable in the 2025 Plan versus the 2024 Plan, with a decrease of $0.6M in salaries/wages and operating expenses, to align labour with OM&A business plan targets post-Pickering shutdown (Ex. A2-2-1).

External legal costs in the 2025 Plan are approximately $0.7M higher than 2024 Plan. This increase is driven by anticipated costs to support OPG's 2027-2031 major rates application.

**2026 Plan versus 2025 Plan**

Regulatory Affairs costs increase by approximately $1.6M in the 2026 Plan versus the 2025 Plan. This is driven by an increase of $3.1M in Intervenor Cost Awards for OPG's 2027-2031 major rates application, which is offset by a decrease of $0.9M in Expert Witness/Consultants costs due to an anticipated earlier application filing date and the timeline for consultant work completing in 2025. There is also a decrease of $0.4M in Salaries/Wages and Operating Expenses to align labour with OM&A business plan targets post-Pickering shutdown. (Ex. A2-2-1).

External legal costs in the 2026 Plan are approximately $0.5M higher than 2025 Plan. This is driven by an anticipated increase in costs to support OPG's 2027-2031 major rates application.

## 3.0 PERIOD-OVER-PERIOD CHANGES – BRIDGE YEAR

**2021 Budget versus 2021 OEB Approved**

Regulatory Affairs costs increase by approximately $2.8M in the 2021 Budget versus the 2021 OEB Approved. This is driven by an increase of $1.1M in Expert Witnesses/Consultants, $1.0M in Salaries/Wages and Operating Expenses, $0.6M in Intervenor Cost Awards for OPG's 2022-2026 major rates application and $0.2M in OEB Annual Assessment and Section 30 Fees. The increase in Salaries/Wages and Operating Expenses also reflects the reorganization of Regulatory Affairs near the end of 2018 to include the Market Surveillance and Market Compliance groups. This is off-set by a decrease of $0.1M in Other Costs.

External legal costs in the 2021 Budget are approximately $0.3M higher than 2021 OEB Approved. This is driven by an anticipated increase in costs to support OPG's 2022-2026 major rates application.

**2021 Budget versus 2020 Budget**

Regulatory Affairs costs increase by approximately $1.8M in the 2021 Budget versus the 2020 Budget. This is driven by an increase of $1.6M in Intervenor Cost Awards for OPG's 2022-2026 major rates application and $0.2M in Expert Witness/Consultants costs for OPG's 2022-2026 major rates application .

External legal costs in the 2021 Budget are approximately $1.2M higher than 2020 Budget. This increase is driven by anticipated costs to support OPG's 2022-2026 major rates application.

**2020 Budget versus 2020 OEB Approved**

Regulatory Affairs costs increase by approximately $3.0M in the 2020 Budget versus the 2020 OEB Approved. This is driven by an increase of $2.1M in Expert Witness/Consultants, and $1.0M in Salaries/Wages and Operating Expenses for OPG's 2022-2026 major rates application, and $0.2M in OEB Annual Assessment and Section 30 Fees. The increase in Salaries/Wages and Operating Expenses also reflects the reorganization of Regulatory Affairs near the end of 2018 to include the Market Surveillance and Market Compliance groups. This is offset by a decrease of $0.3M in Intervenor Cost Awards costs stemming from OPG not having the mid-term review originally anticipated in EB-2016-0152.

External legal costs in the 2020 Budget are approximately $0.3M higher than 2020 OEB Approved. This increase is due to OPG starting to prepare for its 2022-2026 major rates application earlier than initially planned as a result of the motion decision in EB-2018-0085.

**2020 Budget versus 2019 Actual**

Regulatory Affairs costs remain relatively stable in the 2020 Budget as compared to 2019 Actual.

## 4.0 PERIOD-OVER-PERIOD CHANGES –HISTORICAL YEARS

**2019 Actual versus 2019 OEB Approved**

Regulatory Affairs costs were approximately $2.9M higher than 2019 OEB Approved. This increase is due to OPG starting to prepare for its 2022-2026 major rates application earlier than originally expected as a result of the motion decision in EB-2018-0085. The main drivers for this increase were $2.6M in Expert Witnesses/Consultants, $0.9M in Salaries/Wages and Operating Expenses and $0.2M in OEB Annual Assessment and Section 30 Fees. The increase in Salaries/Wages and Operating Expenses also reflects the reorganization of Regulatory Affairs near the end of 2018 to include Market Surveillance and Market Compliance. This was offset by a decrease of $0.7M in Intervenor Costs Awards and $0.1M in Other Costs stemming from OPG not having the mid-term review originally anticipated.

External legal costs in 2019 were a $0.7M lower than 2019 OEB approved, primarily because of OPG not having the mid-term review originally anticipated.

**2019 Actual versus 2018 Actual**

Regulatory Affairs costs were approximately $2.3M higher in 2019 than 2018 Actual primarily because OPG started to prepare for its 2022-2026 major rates application earlier than originally expected as a result of the motion decision in EB-2018-0085. The main drivers for the increase were $2.6M in Expert Witnesses/Consultants, $0.9M in Salaries/Wages and Operating Expenses, offset by lower Intervenor Cost Awards in 2019. The increase in Salaries/Wages and Operating Expenses also reflects the reorganization of Regulatory Affairs near the end of 2018 to include Market Surveillance and Market Compliance.

External legal costs in 2019 were approximately $0.1M lower than 2018 Actual, primarily because there was no major rate case in 2019.

**2018 Actual versus 2018 OEB Approved**

Regulatory Affairs costs were approximately $1M higher than 2018 OEB Approved. The main drivers of this increase were the approximate $1M in Intervener Costs Awards stemming

from the EB-2016-0152 rate case and $0.2M in Expert Witnesses/Consultants, which were offset by $0.2M lower Salaries/Wages and Operating Expenses.

External legal costs in 2018 were approximately $1.3M lower than 2018 OEB Approved, with the main drivers being that there were only smaller scale rate cases in 2018, the EB-2018-0243 Deferral and Variance Accounts application and the 2019 Annual Hydroelectric Payment Amount Adjustment application, and OPG did not have to begin preparations for a mid-term review as originally planned.

**2018 Actual versus 2017 Actual**

Regulatory Affairs costs were approximately $1.5M lower in 2018 than 2017 Actual primarily because there were only smaller scale rate cases in 2018, the EB-2018-0243 Deferral and Variance Accounts application and the 2019 Annual Hydroelectric Payment Amount Adjustment application. The main drivers for lower costs were $0.9M Expert Witnesses/Consultants costs, $0.2M Intervenor Cost Awards, and $0.3M Salaries/Wages and Operating Expenses.

External legal costs in 2018 were approximately $0.9M lower than 2017 Actual, with the main driver being that there were only smaller scale rate cases in 2018, the EB-2018-0243 Deferral and Variance Accounts application and the 2019 Annual Hydroelectric Payment Amount Adjustment application.

**2017 Actual versus 2017 OEB Approved**

Regulatory Affairs costs for 2017 were approximately $1.5M higher than 2017 OEB Approved. The main drivers of this increase were $0.9M Expert Witnesses/Consultants, $0.6M Intervenor Costs Awards and $0.2M in OEB Annual Assessment and Section 30 Fees. The budget assumed the majority of EB-2016-0152 costs would be received in 2017; however, some rate case costs were not invoiced until 2017. This was offset by a decrease of $0.1M in Salaries/Wages and Operating Expenses, and $0.1M in Other Costs.

**2017 Actual versus 2016 Actual**

Regulatory Affairs costs were approximately $1.2M higher in 2017 than 2016. The main drivers of this increase were $1.5M Intervenor Cost Awards for EB-2016-0152 rate case. This amount was offset by a reduction of $0.2M Expert Witnesses/Consultants costs and $0.1M in Salaries/Wages and Operating Expenses.

External legal costs in 2017 were approximately $0.3M higher than 2016 Actual, with the main driver being the completion of EB-2016-0152 rate case in 2017 and preparations for the motion, EB-2018-0085.

**2016 Actual versus 2016 Budget**

Regulatory Affairs costs were approximately $0.5M lower in 2016 than budgeted. The main drivers of the decrease were $0.9M Intervenor Costs Awards and $0.1M of Other Costs. The 2016 Budget assumed processing of Intervenor Costs Awards for EB-2016-0152 in 2016 instead of 2017. This lower amount was offset by an increase of $0.4M in Expert Witnesses/Consultants and $0.2M in OEB Annual Assessment and Section 30 Fees.