COMPARISON OF ASSET SERVICE FEES

1.0 PURPOSE
This evidence presents the period-over-period changes in the asset service fees charged to the regulated hydroelectric and nuclear business units.

2.0 OVERVIEW
This evidence supports the approvals sought for asset service fees. Ex. F3-2-2 Table 1 sets out a comparison of budget to actual amounts and the year-over-year asset service fee costs for 2010 - 2015 for the regulated hydroelectric and newly regulated hydroelectric businesses. As shown in Ex. F3-2-2 Table 1, the asset service fee charged in 2011 is lower than 2010, the fee remains stable over the 2012 - 2015 period.

Exhibit F3-2-2 Table 2 provides a comparison of budget to actual amounts and the year-over-year asset service fee costs for 2010 – 2015 for the nuclear business. As shown in this table, the asset service fee charged in 2011 is lower than 2010 and the fee remains stable over the 2012 – 2014 period with an increase in 2015 as discussed in the following section.

3.0 PERIOD-OVER-PERIOD CHANGES – TEST PERIOD, NUCLEAR

2015 Plan versus 2014 Plan
The asset service fee for the nuclear business unit in 2015 is $3.5M greater than the 2014 plan primarily due to higher IT in-service additions and depreciation expense.

2014 Plan versus 2013 Budget
The asset service fee for the nuclear business unit in 2014 is $0.6M greater than the 2013 plan primarily due to higher IT depreciation expense.

4.0 PERIOD-OVER-PERIOD CHANGES – BRIDGE YEAR, NUCLEAR

2013 Budget versus 2012 Actual
Asset service fees for nuclear decreased by $0.3M in the 2013 budget versus the 2012 actual mainly due to lower than planned IT depreciation.
2012 Actual versus 2012 Board Approved Budget
Actual asset service fees for nuclear decreased by $0.7M versus the 2012 Board approved budget due to lower than planned operating costs and property tax.

5.0 PERIOD-OVER-PERIOD CHANGES – HISTORICAL PERIOD, NUCLEAR
Actual asset service fees increased by $0.9M in 2012 compared to 2011 actual due to higher operating costs and offset by lower IT depreciation expense.

2011 Actual versus 2011 Board Approved
Actual asset service fees decreased by $2.0M in 2011 compared to 2011 Board approved, due to lower than planned operating costs, property tax and IT depreciation expense.

2011 Actual versus 2010 Actual
Actual asset service fees decreased by $2.4M in 2011 compared to the 2010 actual costs, primarily due to lower IT depreciation expense.

2010 Actual versus 2010 Budget
Actual asset service fees are flat compared to 2010 budget.