Consumers Council of Canada (CCC) INTERROGATORY #12 List 2

Interrogatory

Ref: C1/T1/S1/p. 2

Issue 2.1
Issue: 2.1 Are the overall levels of the 2007 and 2008 Operation, Maintenance and Administration Budgets appropriate?

Please specifically explain how the individual budgets were determined for 2007 and 2008. How do the amounts assigned to the business units related to Common Corporate Costs tie into the individual business unit budget development process?

Response

Sustaining, Development and Operations OM&A expenses are reviewed as part of the Investment Plan Prioritization process. This process involves the quantification of risks and uncertainties to help decision makers understand the risks, assess trade-offs, and objectively determine investment priorities. This evaluation takes into consideration asset, customer and business needs. The output of this process is an Investment Plan Proposal (IPP), composed of a list of prioritized program/project investments.
(Ref: A/T14/Sch5/Sec1.0)

Common Corporate Costs are developed and reviewed as part of the rigorous business planning process. Using assumptions provided in the business planning instructions (e.g. key economic statistics, labour escalation rates, cost rates for benefits) individual business unit leaders build up their respective budgets. These are then reviewed by the Executive Committee. Any redirection from the Executive Committee is addressed and incorporated into the budgets presented to the Hydro One Board for approval.