

Analysis of AMS Costs Charged to AIC

\$ millions

	2013 Actual	Transaction Adjustment ¹	SR factors wo/ AER ²	AMS Budget Reductions ³	2013 as Adjusted	Escalate to 2016 ⁴	Updated SR Factors ⁵	Other Changes ⁶	2016 Forecast
AMS Labor	39.9	1.7	2.0	(2.9)	40.6	4.9	1.4	4.5	51.3
Benefits for AMS	14.0	0.6	0.7	(1.3)	14.0	0.4	0.5	1.2	16.1
AMS Non-Labor	39.6	-	2.3	(0.3)	41.6	2.7	1.8	4.0	50.1
Total	93.4	2.3	5.0	(4.5)	96.2	8.0	3.7	9.6	117.5

¹Adjusts actual 2013 costs to reflect AMS costs for labor and benefits that would normally have been allocated to AIC, but were instead charged to AER due to divestiture related activities during 2013.

²Adjusts actual 2013 costs to remove AER from service request (SR) allocation factors used in 2013.

³Adjusts actual 2013 costs to include budget reductions made by AMS in 2014 to mitigate higher SR factors after AER divestiture.

⁴Escalations per year from 2013 to 2016 are 4.0% for management labor, 2.0% for union labor, 3.0% for benefits other than pension and OPEB, and 2.0% for non-labor. No escalation assumed for pension and OPEB as these are driven by actuarial studies.

⁵Adjustments to SR allocation factors in normal course of business from 2013 to 2016, not related to AER divestiture, but due to other factors such as increasing investment and rising headcount at AIC.

⁶Other changes to budgets, primarily increases in transmission, new and expanded shared services required by the business, and above 2.0% trend in IT software and maintenance. Benefits reflects updates to actuarial assumptions that would have occurred regardless of AER transaction.

AER transaction impacts:

SR factors wo/AER	5.0	
AMS Budget Reductions	(4.5)	
Other AIC shared services	(1.6)	<i>These are budget reductions made in AIC costs managed by shared services, but not charged through AMS</i>
Net impact	(1.0)	<i>all in 2013 dollars</i>

Totals may not appear to foot down due to rounding to \$millions