EXHIBIT 1

ADMINISTRATIVE DOCUMENTS

TABLE OF CONTENTS

Page

TABLE OF CONTENTS
(continued)

Page

TABLE OF CONTENTS
(continued)

Page

EXECUTIVE SUMMARY AND BUSINESS PLAN

This Application has been prepared pursuant to the Ontario Energy Board's ("OEB") Renewed Regulatory Framework for Electricity Distributors as detailed in the Report of the Board dated October 18, 2012 (the "RRFE"). The Board's Renewed Regulatory Framework for Electricity is designed to support the cost-effective planning and operation of the distribution network and that of the Local Distribution Company ("LDC") distribution systems. The RRFE takes an integrated and performance-based approach to planning with the four RRFE outcomes as follows:

- Customer Focus: services are provided in a manner that responds to identified customer preferences;
- Operational Effectiveness: continuous improvement in productivity and cost performance is achieved; and utilities deliver on system reliability and quality objectives;
- Public Policy Responsiveness: utilities deliver on obligations mandated by government (e.g., in legislation and in regulatory requirements imposed further to Ministerial directives to the OEB); and
- Financial Performance: financial viability is maintained.

Oshawa PUC Networks Inc. ("OPUCN") is committed to serving its customers in an effective and efficient manner. Specifically, OPUCN commits to excellence in all aspects of our business and operations. Through collaboration, communication, and engagement, we work together to demonstrate the following core value principles through our actions:

- **Ensuring Safety and Reliability** – Demonstrating our strong safety culture every day as we provide reliable energy and communications services to our customers. Committed to improving our operational efficiency and ensuring resilience of our critical infrastructure.
- **Providing Value to our Customers** – Caring for our customers by always doing our best to anticipate and address their needs.

- **Valuing Our People & Encouraging Their Development and Participation** – Recognizing the diverse skills and contributions of our people and actively supporting their personal and professional growth.
- **Embracing Innovation and Entrepreneurial Thinking** – Encouraging and rewarding innovation and new ideas as we work together applying new tools and technologies to create solutions.
- **Being Accountable and Holding Each Other Accountable for Delivering Results** – Delivering on the commitments we make to each other, our customers, our community, and our Shareholder.
- **Cultivating a Culture of Respect** – Always treating each other, our customers and all stakeholders with dignity and respect.

OPUCN strategically operates efficiently day-to-day, while maintaining a forward-looking view by keeping our key objectives at the forefront of our operations. OPUCN's goals are as follows:

1. **Modernize Our Infrastructure and Enhance Public Safety**
2. **Enhance Our Business, Regulatory and Finance Processes**
3. **Enhance the Customer Experience**
4. **Invest in Our People**
5. **Demonstrate Environmental Stewardship and Community Involvement**

OPUCN's goals are evident in this rate application as it is the backbone of the application. We strive to meet our goals by understanding our rate base, evaluating our past performance, and determining what is required to move forward successfully.

OPUCN plans to **Modernize Our Infrastructure and Enhance Public Safety** in 2020 through to 2025 by strengthening the reliability of their critical energy and communication infrastructure. This will be undertaken by driving improvement through asset replacement decisions and automation with modernization at the forefront. It will be of utmost importance to leverage technology as an enabler. Customers will benefit from this

modernization as it will increase system reliability, safety, and reduce costs in the long term. This aligns with the RRFE outcome of Operations Effectiveness.

OPUCN plans to **Enhance Our Business, Regulatory and Finance Processes** by driving a best in class service delivery with consistent improvement over our existing industry comparators. We plan to improve productivity by enabling technology to enhance our achievements while maintaining our resources. We commit to focus on continuous improvement by conducting annual risk assessments and annual performance audits to ensure our productivity targets are being met or exceeded. This goal aligns with the RRFE outcome of Financial Performance and Public Policy Responsiveness.

OPUCN plans to **Enhance the Customer Experience** by driving advanced service outcomes. We strive to be anticipatory rather than reactive, to enhance the customer's experience by setting expectations and continuing to surpass them by going above and beyond the threshold requirements. As well as responding to customer's requests or recommendations for services, OPUCN is committed to continuously improve customer service and customer responsiveness by optimizing the customer service department; improving and enhancing services; and staying ahead of customer needs. This goals aligns with RRFE outcome of Customer Focus.

OPUCN plans to **Invest in Our People** by embedding employee safety in our everyday culture; and by upgrading skills sets and qualifications over new technology. Investing in employee development strengthens the relationship between employee and company by encouraging thought leadership and empowering our employee. Providing the proper training and encouraging self-development instills confidence and develops skills leading to higher accuracy response in daily tasks creating delivery excellence and a more efficient environment. By designing and systematically implementing a Three-Year Culture Transformation Plan we aim to build and develop the workforce of the future, which will focus on diversity of thought, expertise, and backgrounds. We will be conscious to ensure that employee behaviours support the desired culture. We will systematically improve employee engagement and communications through on-going and planned dialog. This goals aligns with RRFE outcome of Customer Focus.

OPUCN plans to **Demonstrate Environmental Stewardship and Community Involvement** by delivering on our customer's energy efficiency needs, enhancing our outreach with the community to leverage our social conscious to build trust, and strengthen relationships, and maintaining community involvement by supporting economic development through strategic community initiatives. This goal aligns with RRFE outcome of Public Policy Responsiveness and Customer Focus.

OPUCN's Business Plan is attached in Appendix 6. The principles, objectives, and commitments of our Business Plan are underpinned in this rate application.

Our Vision

Meeting the evolving needs of our customers as a leading enabler or integrated critical energy and communications infrastructure.

Our Mission

We earn the trust of our customers every day by delivering safe, sustainable, reliable energy our customers value at a competitive rate.

Key Elements of Rate Application Proposal

The key elements of the proposal are outlined in Table 1-1 below.

Table 1-1: Key Sections and Elements of Proposal

Key Sections	Elements
Revenue Requirement	Operations, Maintenance, and Administration Expenses; Amortization Expense; PILs; and Return on Rate Base (Debt Interest Expense + Return on Equity)
Rate Base	Condition Assessment Reliability Performance Customer and Load Growth Grid Modernization and Cybersecurity Customer Service Renewable Generation
Cost of Capital	Return on Equity Short Term Debt Long Term Debt
OM&A	Labour Benefits Subcontractors Inflation Rate Assumptions

CUSTOMER SUMMARY

OPUCN is the electricity distributor that serves the City of Oshawa. OPUCN currently serves 60,000 residential, commercial, and industrial customers across 146 square kilometers of service territory. OPUCN owns and operates 547km of overhead wires and 463km of underground wires which includes 10,453 poles and 6,692 distribution transformers. OPUCN is serviced by 3 Hydro One owned transformer stations (purple) to supply all 9 of OPUCN's substations (green) as shown in Figure 1-1 below. Through this network OPUCN services 6 solar FIT Suppliers, 334 microFIT Suppliers and 38 net-metering customers, totalling 3,942.5kW. Additionally, Combined Heat and Power (CHP) and a Microgrid system makes up a total of 4,550kW of generation onto the OPUCN system.

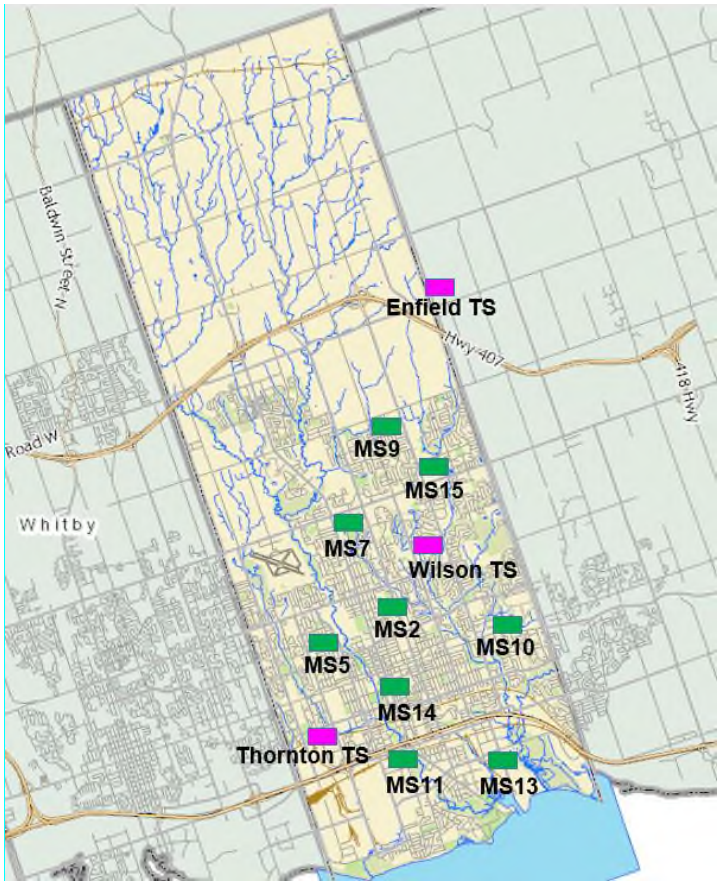

Figure 1-1: OPUCN Service Territory

OPUCN is proposing a plan that will meet the evolving needs of our customers as a leading enabler of integrated critical energy and communications infrastructure while

ensuring customer trust every day by delivering safe, sustainable, reliable energy our customers value at a competitive rate.

Your Electricity Bill

Every item and charge on your bill is mandated by the provincial government and regulated by the Ontario Energy Board. The bill determinants are divided into two cost areas that make up the delivery charge and distribution and transmission charges.

OPUCN is responsible for collecting both of these charges, the transmission charge is passed onto Hydro One for their network that supplies OPUCN through Enfield Transmission Station ("TS"), Wilson TS and Thornton TS. OPUCN keeps a portion of the delivery charges for our network and others are passed on to the IESO. As shown in Figure 2, OPUCN's distribution charges make up approximately 16% of your electricity bills. The balance of your bill goes to pay for the Hydro One transmission network and other upstream costs like generators, system operators and other regulatory charges.

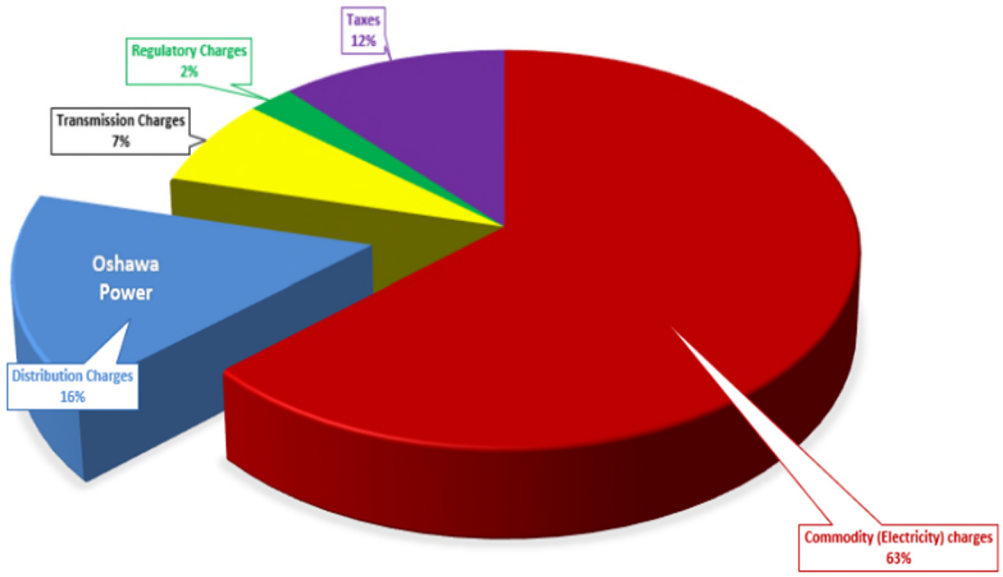

Figure 1-2: Typical Electricity Bill for a Residential Customer

OPUCN's distribution rates are subject to review and approval by the OEB. OPUCN is currently submitting approval for 2021 rates to fund the maintenance and development of capital investments and operating expenses.

Customer Engagement

Electricity is a critical resource of our daily lives and OPUCN continues to engage with customers for their input to find ways to create a better experience and service. OPUCN conducts a customer satisfaction survey on a biannual basis to obtain feedback on the overall value of service offered to customers. The latest such survey took place in 2018 with the 2020 survey process currently taking place. Customers (residential and commercial) are engaged to provide high-level feedback on their perceptions of OPUCN's performance, desired service improvements, customer priorities and communication preferences. OPUCN utilizes this information to help inform future investment planning that will maintain or improve customer satisfaction.

OPUCN's target is to be within a (+/-) 2% than previous survey scores for the following survey metrics:

- Customer Care
- Company Image
- Management Operations
- Customer Centric Engagement Index
- Customer Experience Performance rating

The customer survey results over the historical period are shown in the Table below:

Table 1-2: 2014 - 2018 Customer Service bi-annual survey results

Survey Sub-Measures	2014	(Q1)2017	(Q4)2018
Customer Care	**B+**	**B+**	**A**
Company Image	**A**	**A**	**A**
Management Operations	**A**	**A**	**A**
Customer Centric Engagement Index (CCEI)	**81%**	**83%**	**84%**
Customer Experience Performance rating (CEPr)	**84%**	**85%**	**86%**

The survey results indicate OPUCN's customer service, care, and experience is good and is consistently improving. The 2018 Customer satisfaction survey noted that customers were less concerned about rates as the previous government had reduced rates by 25% and the current government added to the reduction bringing it to a total of 31.8%.

For additional details on OPUCN's customer engagement, see Exhibit 1, Section 2.1.7 Customer Engagement.

Cost of the Plan

Funding the plan has impacts to the different customer classes which OPUCN serves. For residential customers, the total bill will increase by $1.27 per month, or 0.90%. For small commercial customers, the total bill will increase by $1.77 per month, or 0.50%.

A summary of the bill impacts for typical customers in each class is presented below in Table 1-3.

Table 1-3: Bill Impacts for Residential and GS Less Than 50 kW

Rate Class	kWh	Distribution (Fixed, Volumetric and LRAM raterider)				Total Bill (Excluding HST and Ont. Electricity Rebate)			
		Current 2020	Proposed 2021	$ Change	% Impact	Current 2020	Proposed 2021	$ Change	% Impact
Residential	750	$25.05	$26.61	$1.57	6.25%	$140.19	$141.46	$1.27	0.90%
GS Less Than 50 KW	2,000	$53.39	$55.95	$2.56	4.79%	$356.98	$358.75	$1.77	0.50%

The capital plan for 2021 includes System Renewal and System Service expenditures to improve system reliability and mitigate customer outage impacts in response to customer feedback. This can be achieved through the required replacement of equipment at the end of its life or high failure risk assets and grid modernization to make the distribution system more responsive in monitoring and locating power outages. This will also provide customers with timely information to enable consumption-related decision-making. The 2021 plan for operating and maintenance expenditures is concentrated on resource planning for critical areas of the business, such as resources to implement new system technology and manage customer and community relations.

In summary, this Application sets out OPUCN's business, capital and operational plans, along with the funding that is required to enable those plans. Details of OPUCN's plans can be found in its Distribution System Plan in Exhibit 2 of this Application.

OPUCN is requesting for approval from the OEB to charge electricity distribution rates effective January 1, 2021 in order to recover its service revenue requirement of $28,650,063. If the Application is approved, the bill of a typical residential customer using 750 kWh would increase by $1.27 per month and the bill of a typical general service <50kW customer using 2000 kWh would increase by $1.77 per month.

In addition to the revenue requirement, OPUCN is also seeking approval for other charges that are essential to its operations, such as Pole Attachment Charge, Smart Metering Entity Charge, Standard Supply Charge, Retail Service Charge, etc. For the specific approvals that OPUCN is requesting from the OEB by way of this Application, please see Section 2.1.4 in this Exhibit 1.

Outcomes and Performance Measurement

In 2019, OPUCN successfully exceeded most mandatory OEB industry targets. The following Table 1-4 provides a high-level overview of each specific target assessed. Additional details can be found in Exhibit 1, section 2.1.8 Performance Measurement.

Table 1-4: OEB Scorecard Performance Measures

Performance Outcome	Performance Categories	Measures	
Customer Focus	Service Quality	New Residential/Small Business Services Connectedon Time	
		Scheduled Appointments Met On Time	
		Telephone Calls Answered On Time	
	Customer Satisfaction	First Contact Resolution	
		Billing Accuracy	
		Customer Satisfaction Survey Results	
Operational Effectiveness	Safety	Level of Public Awareness	
		Level of Compliance with Ontario Regulation 22/04	
		Serious ElectricalIncident Index	Number of General Public Incidents
			Rate per 10, 100, 1000 km of line
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted	
		Average Number of Times that Power to a Customer is Interrupted	
	Asset Management	Distribution System Plan Implementation Progress	
	Cost Control	Efficiency Assessment	
		Total Cost per Customer	
		Total Cost per Km of Line	
Public Policy Responsiveness	Conservation & Demand Management	Net Cumulative Energy Savings	
	Connection of Renewable Generation	Renewable Generation Connection Impact AssessmentsCompleted On Time	
		New Micro-embedded Generation Facilities Connected On Time	
Financial Performance	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	
		Profitability: RegulatoryReturn on Equity	Deemed (included in rates)
			Achieved

Continuous Improvement and Plan Going Forward

The performance measures used by OPUCN are aligned with OEB requirements for continuous improvement and are divided into three general groups:

1. Customer Oriented Performance
2. Cost Efficiency and Effectiveness
3. Asset and/or System Operations Performance

Table 1-5 below summarizes OPUCN's performance measures with internal target and OEB target (if applicable).

Table 1-5: Summary of Performance Measures and Targets

Performance Outcomes	Measure	Driver	Metric	OPUCN Target	OEB Target
Customer Oriented Performance	Service Quality	Regulatory/ Customer	New Residential/Small Business Services Connected on Time	100% in 2 days	90% in 5 days
			Scheduled Appointments Met on Time	100%	90%
			Telephone Calls Answered on Time	92%	65%
			Written Responses to Enquiries	100% in 1 business day	80% within 10 business days
	Customer Satisfaction	Customer	First Contact Resolution	Less than 2% of qualifying calls	n/a
			Billing Accuracy	>98%	>98%
			Customer Satisfaction Survey	>90%	n/a
	System Reliability	Regulatory/ Customer	SAIDI	Previous 5-year rolling average	Historic 5-year 2010-2014 average (1.18)
			SAIFI	Previous 5-year rolling average	Historic 5-year 2010-2014 average (1.06)
Cost Efficiency and Effectiveness	Cost Control	Regulatory/ Customer/ Corporate	Efficiency Assessment	Group 2	n/a
	Distribution System Plan Implementation Progress	Corporate/ Regulatory	Program Delivery Cost	Within 5% of budget	n/a
Asset/ System Operations Performance	Safety	Regulatory/ Corporate	Level of Public Awareness	>80%	n/a
			Level of Compliance with Ontario Regulation 22/04	0 NC; 0 NI	C
			Serious Electrical Incident Index	0	0
			Lost Time Injuries	0	n/a
	Distribution Losses	Corporate	Line Losses	<5%	<5%
Public Policy Responsiveness	Conservation and Demand Management	Regulatory/ Customer	Net Cumulative Energy Savings	73.01 GWh	73.01 Gwh
	Connection of Renewable Generation	Regulatory/ Customer	Renewable Generation Connection Impact Assessments Completed on Time	within 60 days of receiving ESA approval	within 60 days of receiving ESA approval
		Regulatory/ Customer	New Micro-embedded Generation Facilities Connected On Time	100% in 2 days	90% in 5 days

Performance Outcomes	Measure	Driver	Metric	OPUCN Target	OEB Target
Financial Performance	Financial Ratios	Corporate	Liquidity Ratio	between 1 and 1.5	n/a
			Leverage Ratio	<1.5	60/40 or 1.5:1
			Profitability – Return on Equity Ratio	Within 300 basis points of 9.00%	Within 300 basis points of 9.00%

OPUCN continues to exceed industry standards for connecting customers on time, meeting scheduled appointments, answering calls on time and providing accurate bills. OPUCN's system reliability performance is also improving over time.

ADMINISTRATION

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Internet Address and Social Media

OPUCN's Application and related documents may be viewed online at www.opuc.on.ca

OPUCN uses the following social media accounts to communicate with customers:

https://www.facebook.com/oshawapower/

https://twitter.com/oshawapower

https://linkedin.com/company/oshawapower

Proposed Changes with Material Impact on Customers

The bill impacts summarized in Table 1-6 below include impacts related to distribution rate increase as discussed in Exhibit 8, and LRAM variance account disposition rate rider as discussed in Exhibit 9.

Table 1-6: Bill Impacts (2020 vs 2021)

Rate Class	kWh	kW	Distribution (Fixed, Volumetric and LRAM raterider)				Total Bill (Excluding HST and Ont. Electricity Rebate)			
			Current 2020	Proposed 2021	$ Change	% Impact	Current 2020	Proposed 2021	$ Change	% Impact
Residential	750		$25.05	$26.61	$1.57	6.25%	$140.19	$141.46	$1.27	0.90%
GS Less Than 50 KW	2,000		$53.39	$55.95	$2.56	4.79%	$356.98	$358.75	$1.77	0.50%
GS 50 To 999 KW	54,052	137	$725.77	$751.29	$25.52	3.52%	$7,820.44	$7,827.43	$6.99	0.09%
GS Intermediate 1,000 To 4,999 KW	601,593	1,329	$5,092.07	$5,023.52	($68.55)	(1.35)%	$84,845.30	$84,585.16	($260.14)	(0.31)%
Large Use	3,559,916	8,052	$26,679.11	$27,241.58	$562.47	2.11%	$489,556.73	$491,058.87	$1,502.14	0.31%
Street Lighting	31	0.085	$3.17	$4.99	$1.82	57.39%	$7.48	$9.28	$1.80	24.10%
Sentinel Lighting	120	0.351	$8.66	$8.80	$0.13	1.53%	$24.74	$24.83	$0.09	0.38%
Unmetered Scattered Load	738		$17.27	$20.44	$3.17	18.34%	$129.24	$132.12	$2.88	2.23%

OPUCN notes that although the Street Lighting group exceeds the 10% threshold, no mitigation is necessary as OPUCN follows the OEBs cost allocation policy on a new street lighting adjustment factor. No other discrete customer group exceeds the 10% threshold. Accordingly, OPUCN submits that the bill impacts of its proposed 2021 distribution rates are reasonable and do not require rate mitigation.

Notice of Hearing

The notice of hearing will be published on the OPUCN website, as well as on OPUCN's social media accounts including Facebook, Twitter, and LinkedIn. Additionally, in print through Oshawa This Week/Metroland and the Oshawa Express. Both publications have distribution across Oshawa and online.

Bill Impacts

The following Table 1-7 illustrates the dollar and percent change by subtotals A, B and C, as well as the total bill impact, after tax and Ontario Electricity Rebate (OER), of the proposed 2021 rates compared to current OEB-approved 2020 rates. Subtotal A representing the Distribution fixed and volumetric charge plus LRAMVA rate rider. Subtotal B is the sum of subtotal A plus line losses and smart meter entity charge. Subtotal C is the sum of subtotal B plus RTSR's. The Total bill represents subtotal C plus pass-through commodity changes, HST, and OER.

Table 1-7: Bill Impacts Proposed 2021 vs. Current 2020

Rate Class	kWh	kW	Sub-Total A $	Sub-Total A %	Sub-Total B $	Sub-Total B %	Sub-Total C $	Sub-Total C %	Total Bill (after tax and OER) $	Total Bill (after tax and OER) %
Residential	750		$1.57	6.25%	$1.10	3.62%	$1.28	3.11%	$1.03	0.90%
GS Less Than 50 KW	2,000		$2.56	4.79%	$1.31	1.97%	$1.81	1.94%	$1.44	0.50%
GS 50 To 999 KW	54,052	137	$25.52	3.52%	$25.52	3.52%	$37.18	2.74%	$7.89	0.09%
GS Intermediate 1,000 To 4,999 KW	601,593	1,329	($68.55)	(1.35)%	($68.55)	(1.35)%	$75.91	0.59%	($293.96)	(0.31)%
Large Use	3,559,916	8,052	$562.48	2.11%	$562.48	2.11%	$1,502.14	1.93%	$1,697.42	0.31%
Street Lighting	31	0.085	$1.82	57.39%	$1.80	54.03%	$1.81	49.02%	$2.04	24.16%
Sentinel Lighting	120	0.351	$0.13	1.53%	$0.07	0.73%	$0.09	0.86%	$0.07	0.37%
Unmetered Scattered Load	738		$3.17	18.34%	$2.71	12.39%	$2.89	9.08%	$2.34	2.23%

The Bill Impacts that result only from the distribution cost charges per subtotal A of Tariff Schedule and Bill Impacts spreadsheet model, to be used for the notice of application for a typical 750kWh/month residential customer and for a General Service <50kW customer using 2,000 kWh/month are as follows:

- A typical Residential RPP customer consuming 750 kWh per month has a “subtotal A” corresponding to an increase of $1.57 or 6.25%
- A typical small general service (<50kW) RPP customer consuming 2,000 kWh per month has a “subtotal A” corresponding to an increase of $2.56 or 4.79%
- And others, as illustrated in Exhibit 8.

Form of Hearing

OPUCN requests that this Application be disposed of by way of a written hearing.

Requested Effective Date

The requested effective date for the distribution rates is January 1, 2021.

Changes to Methodologies in Previous Applications

There have been no changes to the methodologies used in previous applications. OPUCN has prepared its application consistent with OEB guidelines and the Chapter 2 filing requirements.

OEB Directions from Previous OEB Decisions and/or Orders

Detailed below are directions from previous OEB Decisions and/or Orders along with explanations of how they are being addressed in this application.

Deferral and Variance Accounts Review

Per Decision and Rate Order issued December 12, 2019 [EB-2019-0062], the OEB directed OPUCN to conduct a review by way of an external special purpose audit engagement, at minimum for accounts 1588 and 1589 for the period from January 1, 2017 to December 31, 2019. OPUCN is currently engaging external auditors KPMG to perform this audit and provide an opinion on all Group 1 Deferral and Variance Accounts ("DVAs"), prior to requesting the disposition of Group 1 DVAs. The audit is scheduled for August/September of 2020, and is expected to be completed before the end of the year.

OM&A and Capital Metrics and Targets

Per the OEB's decision in Oshawa PUC's 2015-2019 Custom IR2 application, with respect to outcomes, monitoring and reporting: "The OEB encourages Oshawa PUC to develop additional meaningful metrics and targets to demonstrate continuous improvement in its OM&A and capital programs, and requires Oshawa PUC to file a revised set of metrics and targets as part of its first rate application after the completion of the term of this plan."

On March 5, 2014, the OEB issued its report on Performance Measurement for Electricity Distributors: A Scorecard Approach. The report set out the OEB's policies on the measures to be used to assess a distributor's effectiveness and improvement in the four performance outcome areas of the RRFE. The OEB Scorecard is the core benchmark which OPUCN uses to measure operating efficiencies and continuous improvement in its performance measures.

In 2016, OPUCN developed and implemented the use of an internal corporate scorecard to provide further insights into the overall performance of the company. The goal was to develop metrics aligned with the OEB Scorecard and the corporate strategy of the company. OPUCN sets its internal target to be better than or equal to the OEB's industry target. These targets are embedded in the management at-risk compensation plan to ensure alignment between corporate and individual performance outcomes. The OPCUN 2020 internal performance scorecard is detailed below:

2020 Performance Scorecard				
Key Performance Indicators	**Weight**	**Threshold**	**Target**	**Stretch**
FINANCIAL – 10%				
EBITDA *in thousands*	10%	*-300*	Budget	*+300*
COST CONTROL – 20%				
Program Delivery Schedule	10%	*95%*	*100%*	*105%*
Program Delivery Cost	10%	*100%*	*96%*	*94%*
SYSTEM RELIABILITY- 10%				
OEB SAIDI (minutes)	5%	*77*	*70*	*60*
OEB SAIFI (frequency)	5%	*1.21*	*1.1*	*0.94*
CUSTOMER SERVICE – 5%				
Customer Service Composite Score	5%	4	5	6
SAFETY AND PEOPLE – 15%				
Lost Time Injuries (LTI)	7.5%	1	0	0
Cultural Change Initiative	7.5%	75%	100%	105%

This scorecard, along with departmental level metrics that directly or indirectly feed the metrics above, is reviewed by executives and management at monthly Company Performance meetings.

In addition to the above, OPUCN is implementing a system that will reliably measure and provide data for unit cost benchmarking to increase the quality of estimates, differentiate jobs which are outliers and create a benchmark around which the performance can be measured and compared. Further detail is available in the "Continuous Improvement and Plan Going Forward" section later in this Exhibit. The proposed metrics are summarised in the table below:

Proposed Unit-Based Performance Measures		
OPUCN Category	**OEB Performance Category**	**Proposed Measure**
Financial	Asset Management	Capital Design Cost $/km UG conductor to be replaced
		Capital Design Cost $/pole to be replaced
		Capital Expansion Design Cost $/Lot energized
	Cost Control	$/km - Vegetation Management
		$/km - System Patrol
		$/pole installed
		$/Pad-mount Transformer Replaced
		$/Pole-mount Transformer Replaced
		Wrench Time

Distribution System Plan and Capital Expenditures

Per the OEB's decision in Oshawa PUC's 2015-2019 Custom IR2 application, with respect to Oshawa PUC's Distribution System Plan and capital expenditures, the OEB noted: "The OEB encourages Oshawa PUC to continue to refine its investment optimization and prioritization tools and to develop appropriate metrics to measure the efficiency of capital projects planning and execution. It is Oshawa PUC's responsibility to determine how this objective is accomplished. As mentioned earlier in this Decision, the OEB requires Oshawa PUC to file a revised set of metrics and targets as part of its first rate application after the completion of the term of this plan."

OPUCN has continued to refine its investment optimization and prioritization tools through customer engagement, improved analytical tools, and improvements in how it prioritizes investments, some examples of which are detailed below:

Customer Engagement

OPUCN conducts customer surveys approximately every two years targeting residential and small commercial customers, with the help of an external consultant, UtilityPULSE. The regular telephone-based Customer Satisfaction survey has been augmented with supplemental questions to help gain insights into, or deal with, issues customers care about. The outcomes of these engagement sessions provide a list of customer preferences that is factored into the Asset Management (AM) process in order to maintain a sustainable, reliable and cost efficient distribution system that meets or exceeds customer expectations. In order to optimize cost, the capital expenditure plan leverages the AM process to ensure spending levels are appropriately smoothed to match customer expectations with respect to efficiently balancing the risk of unplanned outages with costs.

Improved Analytic Tools

- Reliable outage data from the OMS are now utilized which provides better and accurate information during an outage event. This also assists engineering and operations in analyzing outage cause and reliability impacts that drive the AM process.
- In determining the System Renewal investment plan for overhead and underground, OPUCN utilizes a GIS application software, GeoMedia, in creating a heat map that would determine “hot spots” representing assets that are in “poor” or “very poor” condition. Using this information, these assets are grouped together to optimize design in forming a planned overhead or underground line renewal program.
- A new web based estimating and job management tool, Quadra, is currently being utilized by OPUCN that provides improved estimation when used for proposing overhead and underground line renewal projects. This provides better estimation and improves the forecasted capital expenditures.
- PI System is a data historian used by OPUCN to determine loading of in-field transformers. The information collected is used in condition assessments and identification of transformers that are critically overloaded.

- Kinetiq is a software platform providing loading and generation information that is used in OPUCN's capacity assessments. Results of the assessments are used in Regional Planning and identifying wired and non-wired solutions on a distribution level.

Prioritization

In the previous DSP, OPUCN determined investment prioritization based on a qualitative assessment of risk, using asset condition health indices (as proxy for probably of asset failure) and a final project ranking that took into consideration expected consequence to safety and reliability of the distribution system. In this DSP, OPUCN further improved the investment prioritization process by introducing AM objectives. AM objectives seek to qualitatively assess and prioritize all projects based on corporate strategic objectives, whether projects are considered discretionary or mandatory, and themes derived from investment optimization and prioritization tools described above. Additionally, discretionary projects were subject to change assessments that challenged their necessity, scope, budget or timing; and the Grid Modernization Plan helped to identify and further inform on the prioritization of System Service investments.

As previously noted, in 2016 OPUCN developed and implemented the use of an internal corporate scorecard to provide further insights into the overall performance of the company. Key metrics on this scorecard include Program Delivery Schedule and Costs, System Reliability (SAIDI and SAIFI) and Customer Service.

In addition to the above, OPUCN is implementing a system that will reliably measure and provide data for unit cost benchmarking to increase the quality of estimates, differentiate jobs which are outliers and create a benchmark around which the performance can be measured and compared. Further detail is available in the "Continuous Improvement and Plan Going Forward" section later in this Exhibit. The proposed metrics are summarised in the table below:

Proposed Unit-Based Performance Measures		
OPUCN Category	**OEB Performance Category**	**Proposed Measure**
Financial	Asset Management	Capital Design Cost $/km UG conductor to be replaced
		Capital Design Cost $/pole to be replaced
		Capital Expansion Design Cost $/Lot energized
	Cost Control	$/km - Vegetation Management
		$/km - System Patrol
		$/pole installed
		$/Pad-mount Transformer Replaced
		$/Pole-mount Transformer Replaced
		Wrench Time

Revenue Requirement Differential Variance Account related to System Renewal Capital Additions

The OEB's decision in Oshawa PUC's 2015-2019 Custom IR application also approved Sub-Account 1508 - Revenue Requirement Differential Variance Account related to System Renewal Capital Additions effective January 1, 2016. The Accounting Order noted that the balance in this account will be refunded to Oshawa PUC's customers at the time of Oshawa PUC's next rebasing.

The balance in sub-account 1508 Revenue Requirement Differential Variance Account related to System Renewal Capital Additions has a balance of $0 as of Dec 31, 2019. From 2015-2019, OPUC overspent on system renewal compared to OEB approved budget by a cumulative $1.3M.

This is an asymmetrical account, in that overspending or faster pace of spending will not result in recording debit balances in this variance account. As OPUC overspent, by the end of 2019 on system renewal, no balance is available for disposition in 1508 Other Regulatory Asset – Sub-account Revenue Requirement Differential Variance Account related to System Renewal Capital Additions.

<u>Lost Revenue for Collection of Account and Reconnection Charges</u>

Additionally, the OEB's decision in Oshawa PUC's 2020 Incentive Rate-setting Mechanism application approved Account 1508 - Other Regulatory Assets, Sub-Account Lost Revenue for Collection of Account and Reconnection Charges and noted that the account will be disposed at Oshawa PUC's next rebasing application, subject to a prudence review of the balance, including consideration on the appropriate approved charges used in the calculation of lost revenues. The account to be discontinued after Oshawa PUC's next rebasing application.

The balance in Account 1508 - Other Regulatory Assets, Sub-Account Lost Revenue for Collection of Account and Reconnection Charges as of Dec 31, 2019 is $0.

OPUC received approval for the establishment of this variance account as part of its 2020 IRM application [EB-2020-0062]. The decision and rate order was issued on Dec 12, 2019. Due to the timing of our year-end 2019 external financial statement audit, and the approval obtained from the OEB for the use of the variance account, OPUC did not record a balance for lost revenues associated with the elimination of the Collection of Account charge and the waiving of the Reconnection charge to eligible low-income customers until 2020. Balance in Account 1508 - Other Regulatory Assets, Sub-Account Lost Revenue for Collection of Account and Reconnection Charges will be audited as part of our 2020 year-end.

As part of this application, in Exhibit 9, OPUC has requested to continue to utilize this sub-account in order to have the balance as of Dec 31, 2020 audited and available for disposition. The account will collect the cumulative balance of lost revenue from the elimination of the Collection of Account charge and the waiving of the Reconnection

charge to eligible low-income customers from July 1, 2019 to Dec 31, 2020. OPUC will dispose of the account at our next rebasing application and discontinue its use thereafter.

Reference to Conditions of Service

OPUCN's current version of the Condition of Service is available on their website at www.opuc.on.ca

OPUCN is in the process of updating their Conditions of Service and expects this update to be complete before the end of 2020. Updates are administrative, and include updates to the format so as to mirror the OEB's template, as well as, updates to include any new connection and disconnection activities available by customer rate class. The Conditions of Service would not have any changes as a result of approval of this application.

OPUCN confirms that there are no rates or changes listed in the Conditions of Service (current or updated version) that are not on the distributor's Tariff of Rates and Charges.

Corporate and Utility Organizational Structure

OPUCN is a wholly-owned subsidiary of Oshawa Power and Utilities Corp ("OPUC") which is 100% owned by the Corporation of the City of Oshawa ("City of Oshawa"). OPUC also wholly-owns Oshawa PUC Energy Services Inc., Oshawa PUC Services Inc., 2252112 Ontario Inc., and 2720665 Ontario Inc.

The following figure provides the corporate entities relationships:

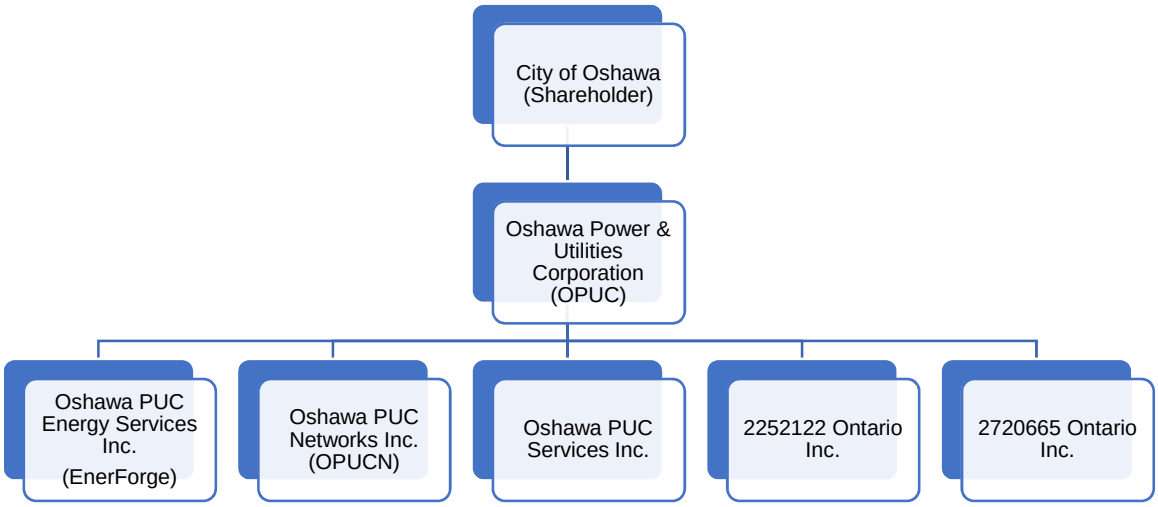


Figure 1-3: Corporate Organizational Structure

In general, OPUCN shares certain services with its affiliates in functional areas such as Accounting and Information Technology. These services are shared in accordance with Services Agreements between the affiliates. The shared services and revenues received have been identified and reported in Exhibit 4 – OM&A Costs. OPUCN provides services to its affiliates and purchases services from certain affiliates. In addition, OPUCN pays a fee to its parent company, OPUC, for its proportionate share of management services and Board of Directors governance. OPUCN uses a cost-based pricing methodology for shared services.

OPUCN and the City of Oshawa have the following relationships:

- The City of Oshawa is not an energy services provider.
- OPUCN rents land and buildings at market rates from the City of Oshawa.
- OPUCN remits property taxes to the City of Oshawa.
- Both entities have complete and separate financial records and books of account.
- Neither entity shares information technology services, human resources or management between one another.

- There is no access to confidential information.

OPUCN and OPUC have the following relationships:

- OPUC is not an energy service provider.
- Both entities have separate financial records and books of accounts.
- OPUCN provides Accounting and Information Technology to OPUC and recovers its costs under an Affiliate Services Agreement.
- OPUC has no access to confidential information maintained by OPUCN.
- OPUCN has eight board members comprised of four independent board members and four board members that also serve on the board of OPUC.
- OPUC charges a fee to OPUCN for its proportionate share of management services and Board of Directors governance.
- OPUCN has a note payable to OPUC for approximately $60 million bearing interest at a rate of 7.25% per annum.

OPUCN and Oshawa PUC Services Inc. (“Oshawa Services”) have the following relationships:

- Oshawa Services is not an energy service provider.
- Both entities have separate financial records and books of accounts.
- OPUCN provides Accounting and Information Technology to Oshawa Services and recovers its costs under an Affiliate Services Agreement.
- Oshawa Services has no access to confidential information maintained by OPUCN.
- Oshawa Services operates a fibre communications network and OPUCN purchases services at market rates from Oshawa Services.
- OPUCN has four board members that also serve on the board of Oshawa Services.

OPUCN and Oshawa PUC Energy Services Inc. ("Oshawa Energy") have the following relationships:

- Oshawa Energy is an energy service provider to the University of Ontario Institute of Technology and Durham College, and owns generation assets.
- Both entities have separate financial records and books of accounts.
- OPUCN provides Accounting and Information Technology to Oshawa Energy and recovers its costs under an Affiliate Services Agreement.
- Oshawa Energy has no access to confidential information maintained by OPUCN.
- OPUCN has four board members that also serve on the board of Oshawa Energy.

OPUCN and 2252112 Ontario Inc. ("2252112") have the following relationships:

- 2252112 constructs and operates rooftop solar panel energy generation projects under agreements with the IESO, previously Ontario Power Authority.
- Both entities have separate financial records and books of accounts.
- OPUCN provides Accounting and Information Technology to 2252112 and recovers its costs under an Affiliate Services Agreement.
- 2252112 has no access to confidential information maintained by OPUCN.
- OPUCN has four board members that also serve on the board of 2252112.

OPUCN and 2720665 Ontario Inc. ("2720665") have the following relationships:

- 2720665 holds equity in a biogas-based energy generation project under agreement with the IESO.
- Both entities have separate financial records and books of accounts.
- OPUCN provides Accounting and Information Technology to 2720665 and recovers its costs under an Affiliate Services Agreement.
- 2720665 has no access to confidential information maintained by OPUCN.

- OPUCN has 4 board members that also serve on the board of 2720665.

The following figure provides the Executive and Board organizational structure for OPUCN:

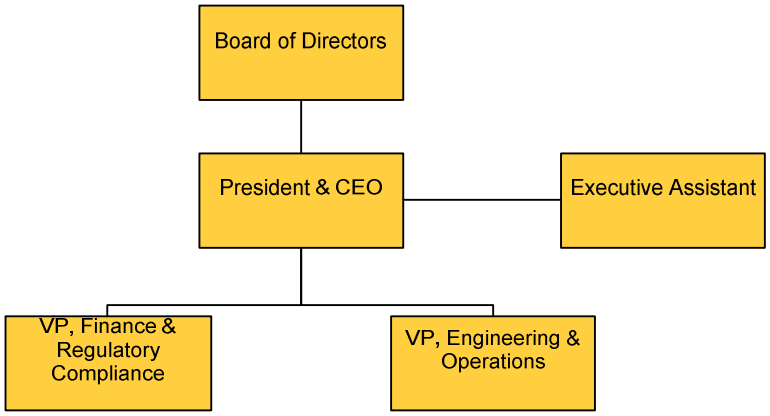


Figure 1-4: Executive and Board Organizational Structure

The current board of directors of OPUCN consists of 8 directors, of whom none are officers or employees of OPUCN or of any of its affiliates or elected members of the Oshawa City Council. Of the 8 directors, 4 are also directors of OPUC and its affiliates, as noted above.

The Shareholder Declaration, as amended in 2014, permits up to 9 directors of OPUCN, and up to 6 directors of OPUC and the other corporate affiliates. While no explicit local policy has been set as to the number or proportion of independent directors, the City as the Shareholder takes into account, the requirements of the OEB, including specifically the ARC, in specifying the maximum number of directors for OPUCN and its affiliates, and these numbers are established in order to ensure the ability to comply with the OEB's requirements.

The foundation of the ability of OPUCN's board to exercise independent judgment rests in their personal and professional competence, and knowledge of the electricity distribution business and the community. A board without such competence, knowledge and experience has no choice but to rely either on management or on other interested parties to inform its decisions.

On the OPUCN board:

- All directors are experienced leaders in business, the professions, or academia.
- Of the current complement of 8 directors, 1 has served on the OPUCN board since OPUCN was incorporated, and another has more than a decade of experience and understanding of the issues and specific challenges of the industry. One director brings knowledge and experience acquired through a career culminating in positions of senior management responsibility in the sector.
- The individuals bring a complementary variety of backgrounds in business management, teaching and the professions, so that their input to decisions is informed by a range of training and perspective.

As well, the directors have no relationships with OPUCN, or with one another, which might inhibit their independent judgment.

- The directors do not benefit financially from their relationship with OPUCN, except as to their director fees, and have no relationship with OPUCN that might affect their judgment (i.e. they or their employers are not suppliers of goods or services to OPUCN; do not receive significant donations or other benefits from OPUCN; and are not relatives of the senior management of OPUCN).
- The directors are not connected with one another by employment, family, or directorships of other corporations.

The OPUC Board of Directors consists of three (3) Committees of the Board, with each member having a specific set of skills necessary to help Management and the Board make necessary, strategic decisions while ensuring proper Governance procedures are being followed.

- The first committee, the HR/Governance Committee advises the Board with respect to the Board's own structure, processes and policies and practices as well as performance review and risk management.

- The Finance and Audit Committee advises the Board with respect to the financial review and oversight, while ensuring that financial reporting is fair, complete, accurate, and timely.
- The Project monitoring Committee has the job of assisting the Board in relations to practices, policies, and procedures addressing asset management and capital expenditures, and to provide major project investment oversight.
-

Specific Approvals Requested and Relevant Sections of the Legislation

The list of specific approvals requested and relevant section(s) of the legislation are available below and found in Appendix 8.

- Approval to charge distribution rates effective January 1, 2021 to recover a service revenue requirement of $28,650,063. The schedule of proposed rates is set out in Exhibit 8.
- Approval of the Distribution System Plan ("DSP") as outlined in Exhibit 2.
- Approval to adjust the Retail Transmission Rates – Network and Connection as detailed in Exhibit 8.
- Approval of the proposed loss factors as detailed in Exhibit 8.
- Approval to continue to use the Transformer Allowance as described in Exhibit 8.
- Approval of a 1-year rate rider for the disposition of the Lost Revenue Adjustment Mechanism Variance Account ("LRAMVA") for lost revenue as presented in Exhibits 4 and 9 of this Application.
- Approval to charge the Board's updated Pole Attachment Charge, effective January 1, 2021, in Exhibit 8.
- Approval to continue to use Account 1509 – Impacts Arising from the COVID-19 Emergency for the test year, in Exhibit 9.

- Approval to charge the Smart Metering Entity Charge, Wholesale Market Service Rate, Rural or Remote Electricity Rate Protection Charge, Standard Supply Service Charge, and microFIT monthly service charge as detailed in Exhibit 8.
- Approval to charge Retail Service Charges as detailed in Exhibit 8.

DISTRIBUTION SYSTEM OVERVIEW

Overview of Service Area

OPUCN is the LDC in the City of Oshawa and the population is currently estimated at 172,434. OPUCN has approximately 60,000 residential, commercial, and industrial customers including major manufacturing. OPUCN's service territory covers 146 square kilometers, consisting of 96.4 square kilometers of urban and 49.1 square kilometers of rural area and is more specifically described in OPUCN's distribution license (ED-2002-0560) and is shown in the Figure 5.

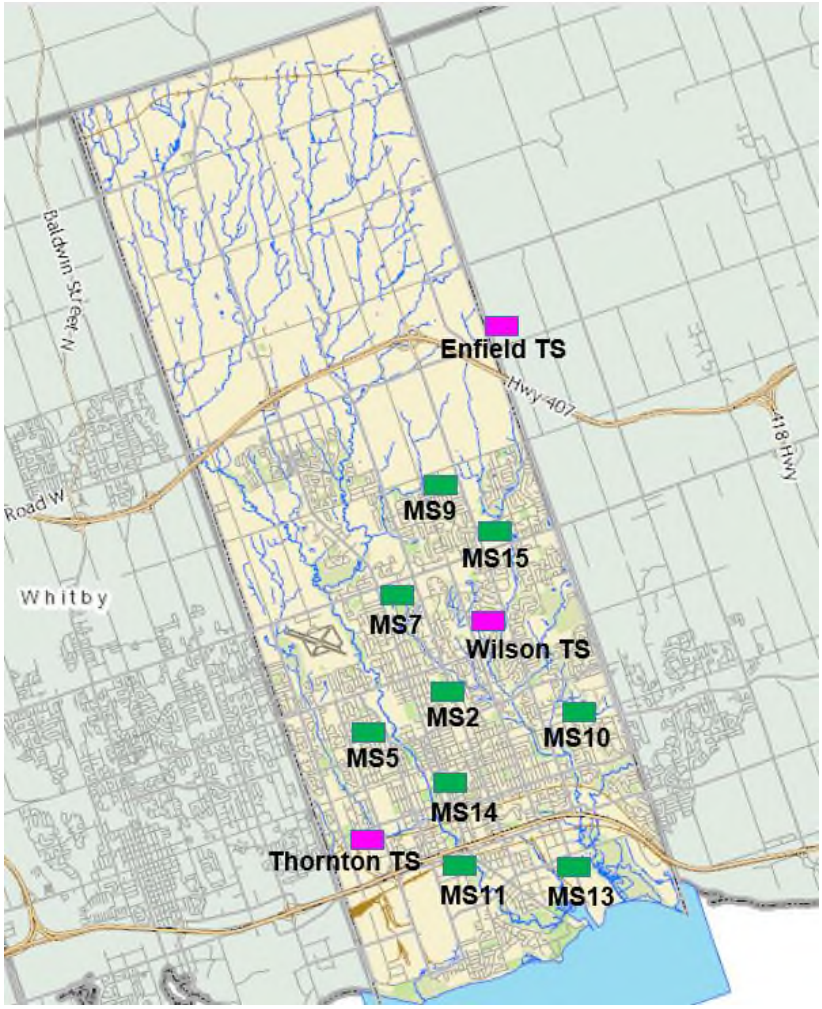


Figure 5: OPUCN Service Territory and Substations

OPUCN purchases electricity from the Independent Electricity System Operator ("IESO"). The

OPUCN system is supplied from three (3) Hydro One owned TSs at 44kV which includes Wilson TS, Thornton TS and Enfield TS. These TSs are used to supply 9 of OPUCN's substation. These networks span 547km of overhead and 463km of underground wires. OPUCN's distribution system also includes approximately 10,453 poles and 6,692 distribution transformers.

As at the end of 2019, OPUCN's distribution system was also supplied by 6 solar FIT Suppliers, 334 solar microFIT Suppliers and 38 net-metering, totalling 3,942.5kW. Additionally, Combined Heat and Power (CHP) and a Microgrid system makes up a total of 4,550kW of generation onto the OPUCN system.

Identification of Embedded or Host Utilities

OPUCN hereby confirms the following:

- OPUCN is not a host distributor that is distributing electricity to another distributors' network at distribution level voltages; and
- OPUCN is not an embedded distributor, that is embedded within another distributors' network and receiving electricity at distribution level voltages.

Transmission and High-Voltage Assets

In accordance with Section 2.1.5 of the Filing Requirements, OPUCN does not operate any high voltage assets.

APPLICATION SUMMARY

Revenue Requirement

OPUCN's requested Base Revenue Requirement for the 2021 Test Year is $27,350,082 which provides the recovery for the following:

- Operations, Maintenance, and Administration Expenses;
- Amortization Expense;
- PILs; and
- Return on Rate Base (Debt Interest Expense + Return on Equity)

Table 1-8 shows the comparison of the Revenue Requirement calculations between the 2019 OEB Approved and the 2021 Test Year.

Table 1-8: Revenue Requirement 2019 vs 2021

Revenue Requirement Components	2019 OEB Approved	2021 Test Year Proposed	$ Change 2019 to 2021	% Change 2019 to 2021
RATE BASE CALCULATION				
Fixed Assets Opening Balance	$109,527,480	$133,293,235	$23,765,755	22%
Fixed Assets Closing Balance	$127,226,919	$141,314,041	$14,087,121	11%
Average Fixed Asset Balance for Year	$118,377,200	$137,303,638	$18,926,439	16%
Working Capital Allowance	$13,368,221	$10,167,630	($3,200,590)	(24%)
Rate Base	$131,745,420	$147,471,269	$15,725,848	12%
Regulated Return on Capital	$7,655,082	$8,139,045	$483,964	6%
REVENUE REQUIREMENT				
OM&A Expenses	$13,307,442	$14,294,020	$986,578	7%
Amortization	$5,393,321	$6,216,997	$823,676	15%
Taxes	$470,788	$0	($470,788)	(100%)
Service Revenue Requirement	$26,826,633	$28,650,062	$1,823,430	7%
Revenue Offsets	($1,434,111)	($1,299,981)	$134,130	(9%)
Base Revenue Requirement	**$25,392,522**	**$27,350,082**	$1,957,560	8%

Table 1-9 illustrates the utility income for the 2021 Test Year using existing rates vs. proposed rates, while keeping the total Costs and Expenses consistent. The 2021 required rates will contribute to utility income for OPUCN to $5,025,821.

Table 1-9: Utility Income for Test Year 2021 - Existing Rates and Proposed Rates

Description	2021 Test Year Existing Rates	2021 Test Year Required Rates
Revenue:		
Revenue Deficiency		$1,431,472
Distribution Revenue	$25,918,610	$25,918,610
Other Operating Revenue Offsets - net	$1,299,981	$1,299,981
Total Revenue	$27,218,590	$28,650,062
Costs and Expenses:		
Administrative & General, Billing & Collecting	$10,939,101	$10,939,101
Operatons & Maintenance	$3,168,448	$3,168,448
Property Taxes	$152,097	$152,097
Donations - LEAP	$34,374	$34,374
Amortization/Depreciation	$6,216,997	$6,216,997
Deemed Interest Expense	$3,113,225	$3,113,225
Total Cost and Expenses	$23,624,242	$23,624,242
Utility Income Before Income Taxes	$3,594,349	$5,025,821

Based on the projected load forecast and customer count for the 2021 Test Year, as provided for in this Application, OPUCN has estimated a revenue deficiency of $1,431,472 based on its current rates, as illustrated in Table 1-10 below

Table 1-10: Revenue Requirement Components and Variance

Revenue Deficiency Drivers	2019 OEB Approved	2020 IRM (1.85% Increase)	2021 Proposed	Changes 2021 Proposed v 2020
	A	B	C	D = C-B
RATE BASE CALCULATION				
Fixed Assets Opening Balance	109,527,480		133,293,235	
Fixed Assets Closing Balance	127,226,919		141,314,041	
Average Fixed Asset Balance for Year	118,377,200		137,303,638	
Working Capital Allowance	13,368,221		10,167,630	
Rate Base	131,745,420		147,471,269	
Regulated Rate of Return	5.81%		5.52%	
Regulated Return on Capital	7,655,082		8,139,045	
REVENUE REQUIREMENT				
Return on Rate Base (from above)	7,655,082	7,796,701	8,139,045	342,345
OM&A Expenses	13,307,442	13,553,629	14,294,020	740,391
Amortization	5,393,321	5,493,098	6,216,997	723,899
Taxes	470,788	479,498	0	(479,498)
Other (*changes in Rates of Return and Working Capital Allowance Rates)*				(56,326)
Service Revenue Requirement	26,826,633	27,322,925	28,650,062	1,270,811
Revenue Offsets	(1,434,111)	(1,460,642)	(1,299,981)	160,661
Base Revenue Requirement	**25,392,522**	**25,862,283**	**27,350,082**	**1,431,472**

The increase in 2021 is driven by an increase in average net fixed assets of $9.1 million (net capital additions of $14.4 million) and a decrease in working capital allowance of $2,283. The change in working capital reflects the change to the OEB's mandated working capital allowance rate of 7.5% in the absence of a lead-lag study. The 7.5% rate replaces the previous OPUCN Board approved rate of 9.37%, and drives a reduction in the 2021 working capital allowance of $2,520.

The increase in fixed assets for 2021 includes expenditures in System Renewal and System Service to improve system reliability and mitigate customer outage impacts in response to customer feedback. The 2021 plan for operating and maintenance expenditures is concentrated on resource planning for critical areas of the business, such as resources to implement new system technology and manage customer and community relations.

Budgeting and Accounting Assumptions

OPUCN continues to operate with the accounting standards specified in the previous rate filings. The plan budgeting assumptions have been developed in Exhibit 4 and include Operations, Maintenance and Administration (OM&A) costs; Depreciation and Amortization expenses; Payments in Lieu of Taxes ("PILs"); and Property Taxes.

The OM&A costs were estimated using the OEB 2018 Yearbook of Electricity Distributors and historic costs for the Custom IR application for 2015-2019 along with the forecast expenses for the 2020 Bridge Year and the 2021 Test Year.

OPUCN is liable for the payment of PILs on its taxable income. PILs are computed in accordance with Section 93 of the Electricity Act 1998 (Ontario) as amended and follows the guidance specified in the Board's Accounting Procedures Handbook.

OPUCN adheres to the Modified International Financial Reporting Standards ("MIFRS") capitalization accounting treatments for rate making and regulatory reporting purposes. The depreciation associated with assets is calculated on a straight-line basis over the estimated useful life, with six months of depreciation charged in the year of addition.

OPUCN's unionized employee's compensation forecast is based off an agreement entered into which spans from 2018 to 2025. Additionally, executive and management compensation plan is reviewed annually by senior management and the Board of Directors' HR/Governance Committee.

Consistent with the policy determinations set out in the Report of the OEB on Rate Setting Parameters and Benchmarking under the Renewed Regulatory Framework for Ontario's Electricity Distributors (EB-2010-0379) (Issued November 21, 2013 and updated December 4, 2013), the OEB has calculated the value of the inflation factor for incentive rate setting under the Price Cap IR and Annual Index plans, for rate changes effective in 2020, to be 2.0%. The OEB will adjust the price escalator in each applicable electricity distributor's 2020 Incentive Regulation Mechanism model such that this inflationary adjustment is reflected in distribution rate changes resulting from Price Cap IR and Annual Index applications effective in 2020.

OPUCN has forecasted for a moderate peak demand and customer connection growth, approximately 1.4% annually, into 2021, which is primarily driven by greenfield development in the north of the City. This is in line with development plans from the City and Region including where it indicates forecast population and housing unit numbers of 194,273 residents and 79,416 housing units respectively by 2029.

Load Forecast Summary

OPUCN's Load Forecast was developed using a three-step process:

1. A total system weather normalized purchased energy forecast is developed based on a multifactor regression model that incorporates independent variables that impact the monthly historical load pattern for OPUCN.
2. The purchased energy forecast was adjusted by a historical loss factor to produce a billed energy forecast.
3. The forecast of billed energy by rate class was developed based on a forecast of customer connection counts and historical usage patterns per customer connection. For the rate classes that have weather sensitive load, their forecasted billed energy was adjusted to ensure that the total billed energy forecast by rate class was equivalent to the total weather normalized billed energy forecast that was determined from the regression model. The forecast of customers by rate class was determined using a geometric mean analysis. For those rate classes that use kW's for the distribution volumetric billing determinant, an adjustment factor was applied to the rate class energy forecast based on the historical relationship between kW's and kWh's.

The following Table 1-11 highlights the change in the load and customer growth within the OPUCN service territory from the 2019 Actuals to the Forecasted 2021 Test year.

Table 1-11: Load Growth 2019 Actuals vs 2021 Test Year

Description	Actuals 2019	Test Year 2021	Difference	
			Count/ Volume	%
Residential				
Customers	54,652	56,190	1,538	2.8%
kWh	477,327,195	496,495,068	19,167,873	4.0%
GS<50				
Customers	4,195	4,269	74	1.8%
kWh	125,004,589	128,706,195	3,701,606	3.0%
GS>50				
Customers	535	535	0	0.0%
kWh	324,474,004	328,035,469	3,561,465	1.1%
kW	833,274	825,711	(7,563)	(0.9%)
GS 1,000 - 4,999 kW				
Customers	13	13	0	0.0%
kWh	75,700,561	76,465,711	765,150	1.0%
kW	183,732	182,480	(1,252)	(0.7%)
Large User				
Customers	1	1	0	0.0%
kWh	38,878,939	38,878,939	0	0.0%
kW	87,535	86,319	(1,216)	(1.4%)
Streetlights				
Connections	13,934	14,391	457	3.3%
kWh	4,410,847	4,555,628	144,781	3.3%
kW	11,969	12,504	535	4.5%
Sentinels				
Connections	23	22	(1)	(5.2%)
kWh	25,690	24,360	(1,330)	(5.2%)
kW	85	81	(4)	(5.2%)
USL				
Connections	278	273	(5)	(1.7%)
kWh	2,549,944	2,506,367	(43,577)	(1.7%)
Total of Above				
Customer/Connections	73,631	75,694	2,063	2.8%
kWh	1,048,371,769	1,075,667,737	27,295,969	2.6%
kW from applicable classes	1,116,595	1,107,095	(9,501)	(0.9%)

Based on the load forecast methodology, the 2021 Test Year kW forecast is 1,107,095 kW or a decrease of 1% from the 2019 Actuals. Whereas the 2021 Test Year kWh forecast of 1,075,667,737 kWh represents an increase of 2.6% from the 2019 Actuals. This movement can be explained by two factors: OPUCN is forecasting a growth of customers, however, the weather normalized peak from our commercial and industrial customers (GS>50Kw) has declined.

The number of expected customer/connections for the 2021 Test Year is 75,694, an increase of 2.8% from 2019 Actuals.

OPUCN used a Power Purchased multifactor regression model to develop an equation describing the relationship between monthly actual energy purchases and other explanatory variables determined to influence the consumption of electricity. The methodology uses monthly wholesale deliveries for the period January 2010 to December 2019, as metered in kWhs at the wholesale points of delivery, to represent electricity purchases.

Using a regression analysis, these purchases are related to other monthly explanatory variables that are believed to influence the amount of electricity consumed by OPUCN's customers such as heating degree days ("HDD"), and cooling degree days ("CDD"). The results of the regression analysis produce an equation that predicts wholesale electricity purchases based on historical purchases and other explanatory variables that occur simultaneously.

This prediction model is then used as the basis to forecast the total level of OPUCN wholesale electricity purchases for the 2020 bridge year ("Bridge Year") and 2021 test year ("Test Year") which are then allocated to kWh's billed for each customer rate class based upon geometric or historic trends.

Rate Base and DSP

OPUCN has provided a summary of its rate base calculations for the: 2015 to 2019 Board Approved amounts; 2015 to 2019 actual results; forecast 2020 Bridge Year, and 2021 Test Year in Table 1-12 below.

Table 1-12: Rate Base Continuity Schedule

$000's		2015 Approved	2016 Approved	2017 Approved	2018 Approved	2019 Approved	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Bridge	2021 Test
Fixed Assets													
Gross Fixed Assets (opening balance)		167,213	176,657	184,214	189,607	205,937	167,372	179,026	184,560	189,294	199,644	219,903	233,570
Gross Fixed Assets (closing balance)		176,657	184,214	190,491	205,937	227,445	179,026	184,560	189,294	199,644	219,903	233,570	245,095
Gross Fixed Assets (average)		171,935	180,436	187,353	197,772	216,691	173,199	181,793	186,927	194,469	209,773	226,736	239,332
Accumulated Depreciation (op. balance)		(84,889)	(86,796)	(89,585)	(93,109)	(96,410)	(84,642)	(88,941)	(90,002)	(91,791)	(94,552)	(96,982)	(100,277)
Accumulated Depreciation (clos. balance)		(86,796)	(89,585)	(93,142)	(96,410)	(100,218)	(88,941)	(90,002)	(91,791)	(94,552)	(96,982)	(100,277)	(103,781)
Accumulated Depreciation (average)		(85,842)	(88,190)	(91,363)	(94,759)	(98,314)	(86,792)	(89,471)	(90,896)	(93,172)	(95,767)	(98,629)	(102,029)
Net Fixed Assets (average)	**A**	**86,092**	**92,245**	**95,990**	**103,013**	**118,377**	**86,407**	**92,321**	**96,030**	**101,297**	**114,006**	**128,107**	**137,304**
Working Capital Allowance													
Operations & Maintenance		2,634	2,860	2,999	3,015	2,878	2,797	3,017	2,724	3,154	3,015	3,271	3,168
Billing and Collecting		2,653	2,715	2,780	2,846	2,915	2,170	2,481	2,725	2,478	2,176	2,523	2,573
Community Relations		1,162	1,310	1,338	1,366	1,395	1,192	1,303	1,191	1,268	1,172	1,498	1,553
Admin and General (incl LEAP)		5,632	5,678	5,739	5,837	5,948	5,544	5,608	6,299	6,715	6,543	6,588	6,847
Property Taxes		158	162	165	168	172	128	136	136	136	136	149	152
Total Controllable Expenses		12,240	12,724	13,021	13,234	13,307	11,830	12,545	13,075	13,751	13,042	14,029	14,294
Cost of Power		120,285	120,645	120,890	128,886	129,363	118,112	139,495	106,565	106,625	114,842	118,896	121,274
Working Capital Base		132,525	133,369	133,910	142,120	142,670	129,942	152,040	119,640	120,376	127,884	132,925	135,568
Working Capital Rate %		9.37%	9.37%	9.37%	9.37%	9.37%	9.37%	9.37%	9.37%	9.37%	9.37%	9.37%	7.50%
Working Capital Allowance	**B**	**12,418**	**12,497**	**12,547**	**13,317**	**13,368**	**12,176**	**14,246**	**11,210**	**11,279**	**11,983**	**12,455**	**10,168**
Rate Base	**A + B**	**98,510**	**104,742**	**108,537**	**116,330**	**131,745**	**98,582**	**106,567**	**107,240**	**112,576**	**125,989**	**140,562**	**147,471**

OPUCN's rate base is forecast to be $147.5 million in the 2021 Test Year; $15.7 million higher than the Board-Approved 2019 rate base totaling $131.7 million. This represents an increase of 11.9% over the two year period.

Average net fixed assets increase by $18.9 million while working capital allowance decreases by $3.2 million.

The rate applied to OPUCN's working capital was reduced from 9.37% as approved in OPUCN's last rebasing, to 7.5% in 2021 as per current OEB guidelines. The impact to rate base of the rate reduction on 2021 working capital allowance is approximately $2.5 million. Cost of power has decreased by $8.4 million (6.5% over the period) while controllable expenses increased by $1.0 million or 7.4%.

This section provides a high-level overview of the information filed in the DSP, including key elements of the DSP, an overview of how projects address customer's preferences, sources of expected cost efficiencies, the period covered by the DSP, the vintage of the information, an indication of important changes to OPUCN's Asset Management (AM) processes, and aspects of the DSP that are contingent on the outcome of ongoing activities or future events.

The key elements that drive the size and mix of capital investments needed to achieve the planning objectives are investments in the four investment categories, condition

assessment, reliability performance, customer and load growth, and grid modernization. Table provides OPUCN's net historical and forecasted capital expenditures by investment category and system operations and maintenance (O&M) costs over the period of 2015 to 2025. Note that 2020 are budgetary expenditures.

Table 1-13: Historic and Forecasted Capital Expenditures

Category	Historical Period ($'000)						Forecasted Period ($'000)				
	2015	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
System Access	6,236	3,207	1,793	3,438	10,318	5,790	5,911	5,016	4,662	4,767	4,772
System Renewal	7,233	4,193	5,475	3,779	6,524	8,129	7,498	9,311	8,797	8,884	8,818
System Service	722	1,192	941	8,514	11,621	2,508	1,109	799	1,383	886	995
General Plant	988	1,448	874	1,299	704	2,124	1,975	851	794	875	713
Total Gross	**15,179**	**10,040**	**9,083**	**17,030**	**29,168**	**18,551**	**16,493**	**15,977**	**15,636**	**15,411**	**15,299**
Contributions	(3,324)	(843)	(1,207)	(4,073)	(5,931)	(1,958)	(2,043)	(1,813)	(1,718)	(1,738)	(1,733)
Total Net	**11,855**	**9,197**	**7,876**	**12,957**	**23,236**	**16,593**	**14,449**	**14,164**	**13,918**	**13,673**	**13,566**
System O&M	2,797	3,017	2,724	3,154	3,015	3,271	3,168	3,232	3,296	3,362	3,430

OPUCN's historical capital expenditure from 2015 through 2019 has an average annual expenditure of approximately $13,025K primarily driven by System Access and System Service requirements in order to address the forecasted customer and load growth within the service territory. This prompted OPUCN to invest in a new substation to in ensure that the transmission and distribution system does not have any constraints and that sufficient capacity and infrastructure are available to connect customers.

During the forecast years from 2021 to 2025, the planned capital expenditure has shifted to System Renewal, specifically major substation equipment, from System Service requirements to improve system reliability and mitigate customer outage impacts. This can be achieved through the required replacement of end of Typical Useful Life ("TUL") or high failure risk assets and grid modernization to make the distribution system more responsive in monitoring and locating power outages. This will also provide customers with timely information to enable consumption-related decision-making.

Specific investment category spending requirements include:

- System Access driven by customer connection needs, third-party infrastructure needs requiring mandatory utility relocation, and mandated revenue metering and service obligations;
- System Renewal investments required to replace end of TUL assets, assets in deteriorating condition including high failure risk assets and/or asset failure;

- System Service investments such as operational technologies and grid modernization;
- General Plant investments to meet the facilities, fleet, office systems and IT needs including the acquisition of the Customer Information System ("CIS").

OPUCN forecast period expenditures represent a consistent average total budget envelope across the planning period, balancing annual variations in anticipated mandatory System Access work and other mandatory projects with changes in the other three investment categories. The utility can usually pace and prioritize with a greater degree of control – thus facilitating the overall smoothness and predictability of rate changes over the plan timeline.

The capital investment plan was developed to ensure that the system has sufficient resilience and flexibility to achieve safe and reliable distribution system performance. Additional key elements are described in the following:

Condition Assessment

OPUCN has identified a need to proactively manage the replacement of assets that are at, or near, end of TUL and in "poor" or "very poor" condition. An Asset Condition Assessment ("ACA") located in Appendix B of the Distribution System Plan was completed by an independent consultant METSCO Energy Solutions Inc. ("METSCO") in 2019 assessing the condition of the classes of distribution and station assets owned by OPUCN. This condition-based assessment report identifies critical or poor condition assets that need to be replaced to avoid risk of in service failure that would cause unacceptable customer impacts. The report provides a proposed replacement plan which also considers the TUL of an asset with due consideration for assets that represent a high risk of failure. Line renewal and replacement programs covering a multiyear period have been developed to deal with key assets at end of TUL or assets in "poor" or "very poor" condition. Replacement plans ensure that planning objectives related to reliability, customer satisfaction and operating cost control are achieved.

Identified assets requiring replacement are captured under System Renewal investments. These investments are generally assets requiring replacement due to its condition and

risk. There is an inherent risk of outages due to equipment failure and not maintaining current levels of reliability if these investments are not completed at an optimal time. OPUCN's objective is to ensure that the future distribution system is designed to deliver reliable power desired by customers and to minimize the lifetime cost by considering preventative maintenance, life-extending refurbishment, and end-of life replacement. The System Renewal spending is proportionately spaced throughout the forecast period to accommodate annual spending variances in the other investment categories. OPUCN continues replacement programs by replacing assets in a timely manner. This will allow maintenance of current levels of reliability and mitigate risk of significant asset failures in the future.

Reliability Performance

Improving and maintaining a level of reliability performance is one of the key elements of this DSP which is in line with OPUCN's AM objectives. OPUCN experienced variations in both SAIDI and SAIFI during the historic period from 2015 to 2019 where service reliability levels were underperforming in certain years as compared to the SAIDI and SAIFI target.

One of the main contributing factors to unreliability was equipment failures which represents on average 36% of SAIDI and 30% of SAIFI over the past 5 years. The equipment has been identified in the ACA and includes a significant amount aging infrastructure built using standards and construction material available at the time of initial construction. Furthermore, particular attention in the ACA was given to equipment presenting highest reliability risks, such as substation assets. To address identified reliability concerns, OPUCN intends to focus on paced System Renewal investments and specific System Service investments to bring the reliability indices in line with the expectations of both OPUCN's customers and the OEB. This focus is supported by OPUCN's customer feedback results obtain during the rate application process. Customers predominantly stressed the need for reliable service, and therefore OPUCN is focusing on those capital investments that produce reliable and consistent energy. These investments will help continue reducing number of system outages and will provide opportunities for improved efficiencies.

Customer and Load Growth

Based on OPUCN's consultations with the City of Oshawa and Durham Region, OPUCN expects its customer base to continue to increase over the next five years. This growth rate was predicted in the previous DSP but due to some delay in developments, the growth rate will also affect this planning period. OPUCN's consultations and forecast confirm, on average, a projected annual customer connection growth rate of approximately 1.4%, which is slightly lower than customer annual growth rate from 2015 through 2019. The projected rate of customer connection growth is supported by the increase in issued building permits and evidence of several major residential and commercial real estate developments currently in planning and construction stages.

The City of Oshawa published a 2019 total building permit value of approximately $400 million with industrial development being the driving economic growth in 2019. Based on the current development information from the City of Oshawa, OPUCN has projected customer connections growth of an additional 12,755 residential units by 2029.

The demonstrated increase in large residential subdivisions and commercial developments, especially along the extended 407 corridor and Kedron II planning area, has led OPUCN to coordinate the building of new substations including a new OPUCN distribution substation, MS9, and Hydro One Networks Inc. ("Hydro One") owned TS, Enfield TS to address ongoing and future customer load requirements. These projects have been completed in the previous planning cycle and no additional feeder projects were identified as of yet in the forecast period, however, "Connections" and "Expansions" capital expenditure may be impacted as a result of the customer load growth.

Grid Modernization and Cybersecurity

Grid modernization will continue to advance as OPUCN continues to invest in activities such as Operational Technology network upgrades, including Advanced Metering Infrastructure, distribution system monitoring, automated switches, Operational Technology ("OT") and Information Technology ("IT") systems to meet reliability performance expectations, cybersecurity requirements and OPUCN business requirements. The outcome from these investments is to better understand customer

consumption and status of outages as we invest in modernizing the communication methods to fill the data needs. Given the current technology available, customers are now expecting electrical utilities to minimize service disruptions and better manage outage duration, impact and communications. OPUCN plans to continue and accelerate System Service investments including installation of grid modernizing devices and equipment to allow remote automated switching and fault isolation to reduce restoration time and outage impact on customers. OPUCN will update its IT and OT systems to the latest system version and ensure that all systems and equipment that will be in place are compliant with the cybersecurity framework and requirements. Advanced technology with intelligent devices and management systems will also enable OPUCN to operate a "smarter grid" that will have better visibility and operational flexibility. This will align with the RRFE outcome and OPUCN goal for operational effectiveness and customer focus, as well as, provide the necessary groundwork for compliance delivery over cybersecurity.

Customer Service

Customer service enhancement is one of the key elements of this DSP aimed at addressing customer preferences in providing several secure communication channels to meet customer needs and to improve the customer experience. After carefully assessing customer feedback describing desired communication services OPUCN investigated potential solutions that would meet our customers' needs. OPUCN selected a Customer Self-Serve Online Portal that has existed in the electrical industry already and has been proven to be reliable, intuitive, and easy to use to meets our customers' requests. The new portal will allow customers the ability to log into a secure portal to view balances, due dates, bills as well as smart meter activity and predicted bill statistics. Customers can self-select communication preferences by method and reason and manage their own privacy settings. The new portal will be directly connected to OPUCN's current website and will be seamless to the customer to navigate from one to the other. OPUCN will continue to invest in this type of General Plant projects that will enhance customer experience and improve business efficiencies and effectiveness, including the in-house acquisition of a CIS that is currently provided through a third-party. Acquiring a CIS and hosting in-house will allow OPUCN full control of the system and configurations

mitigating the risk of being heavily reliant on a third party vendor. It will also provide savings over annual operation and maintenance costs, and provide better security over customer information. More details over this acquisition can be found in the DSP under Exhibit 2.

Renewable Generation

Since the IESO ceased accepting new applications under the FIT and microFIT programs, OPUCN has observed a significant decline in the number of generation connections. Applications are now limited to net-metering, load displacement, CHP and microgrid projects including a potential 3 small generation installations with proposed total generation of 1,539.6 kW and 2 micro-embedded generation installations with proposed total generation of 14.59 kW with a total capacity of 1.55 MW proposed to be connected to OPUCN's distribution system during the planning period.

The estimated remaining substation capacity for both Hydro One TSs and OPUCN MSs have sufficient short circuit capacity and thermal capacity to accommodate proposed connections. It is also important to note that based on historical generation connections, the majority of renewable energy generator projects are inverter-based or small CHP with insignificant fault contribution to the distribution system. OPUCN does not anticipate that future generation connections during this planning period will reach the capacity limits. OPUCN is not requesting any investment for renewable energy connections/expansions, regional planning initiatives or any O.Reg 339/09 projects. OPUCN is requesting costs for smart grid initiatives as outlined in the Grid Modernization Plan which can be found in Exhibit 2 in Appendix K of the Distribution System Plan. For Test Year 2021, OPUCN is requesting $1.395 million to implement smart grid projects which include the implementation of system upgrades, distribution automation, communication upgrades, and customer facing web interfaces. The proposed projects will enable OPUCN to respond to external, internal and regulatory drivers such as distributed energy resources, electrification of transport, reliability improvement, growth management, cyber security, and data access.

Operations, Maintenance and Administration Expense

The operating expenses presenting in Exhibit 4 represent the required expenditures necessary to maintain and operate OPUC's distribution system. Table 1-14 displays the OM&A expenses and changes from Board Approved 2015 and 2019 years to the bridge and test year.

Table 1-14: Operations, Maintenance and Administration Expense Change 2015 - 2021

	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Bridge	2021 Test
Total Recoverable OM&A Expenses	11,678	12,374	12,909	13,585	12,874	13,845	14,108
Comparison to 2015 Board Approved	12,054						
$ Change	(376)	321	855	1,531	820	1,792	2,054
% Change	-3.1%	2.7%	7.1%	12.7%	6.8%	14.9%	17.0%
CAGR		2.7%	3.5%	4.1%	1.7%	2.8%	2.7%
Comparison to 2019 Board Approved	13,102						
$ Change					(228)	743	1,005
% Change					-1.7%	5.7%	7.7%
CAGR						5.7%	3.8%

OM&A Cost Drivers

OPUCN has provided its OM&A Cost Drivers below in Table 1-15. The closing balance for each year becomes the opening balance for the following year for purposes of assessing incremental cost drivers. The opening balance in the 2015 column reflects the OEB approved amount for 2015 Test Year.

Table 1-15: OM&A Cost Drivers

OM&A	Last Rebasing Year (2015 Actuals)	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Bridge Year	2021 Test Year
Opening Balance	12,081,304	11,702,576	12,403,144	12,937,131	13,615,234	12,906,153	13,879,393
Labour							
Inflation	0	139,763	142,795	145,619	159,672	173,420	179,647
Retirements	(190,289)	(328,548)	(302,423)	(199,282)	(609,115)	(225,402)	0
Leavers	0	(42,186)	(22,339)	(147,614)	(332,920)	(242,973)	(105,096)
Replacements	(202,622)	149,894	62,035	835,823	890,886	776,681	(21,380)
New Hires	18,036	40,581	203,105	299,744	39,707	54,667	27,333
Labour Other (incl overtime)	11,571	22,020	217,637	170,258	122,005	(183,886)	(38,624)
Labour sub-total	(363,303)	(18,476)	300,810	1,104,549	270,234	352,506	41,880
Benefits	100,418	(62,840)	108,241	151,400	32,646	91,394	46,741
Regulatory Fees & Costs	(13,589)	23,105	887	18,458	(8,727)	(250,742)	262,474
Bad Bebts	(264,007)	354,127	157,206	(276,987)	(190,648)	195,266	8,932
Pole Testing (2015/16 Polecare Int)	21,978	110,302	(132,280)				
Subcontractors	88,789	(49,186)	174,376	(46,390)	94,292	194,441	94,292
Labour & OH Allocations	151,471	196,786	(194,828)	(545,919)	(526,648)	166,380	(263,663)
Communications	38,266	55,534	(5,934)	137,351	(118,548)	73,459	16,109
Inventory Adjustment					(126,786)	126,786	
Management Fees	0	9,792	10,488	10,704	(159,996)	7,212	7,356
Other	(138,750)	81,423	115,022	124,940	25,100	16,538	48,410
Closing Balance	11,702,576	12,403,144	12,937,131	13,615,234	12,906,153	13,879,393	14,141,923

The principal cost drivers are further analyzed below, with material variances that are outliers to the historical trend explained.

Labour

Total labour cost is increasing at a compound annual growth rate of 3.4% (6.9 FTE's) to the 2021 Test Year versus 2015 Board-Approved amounts, and at a compound annual growth rate of 5.3% (6.5 FTE's) to the 2021 Test Year versus 2019 Approved. Factoring in related changes to Parent company management fees and affiliate service fees, the net cost is increasing at a compound annual growth rate of 1.7% to the 2021 Test Year versus 2015 Board-Approved amounts, and at a compound annual growth rate of 1.2% to the 2021 Test Year versus 2019 Approved.

Benefits

Projected post-retirement benefits costs and projections used in the Application were provided to OPUCN by its independent advisor and actuary, Mondelis Actuarial, a firm of

consultants and actuaries with considerable experience in the field of pensions and benefits. This application includes relatively consistent annual costs related to the post-retirement benefits, driven by the latest (2019) actuarial valuation. The 2019 report from Mondelis Actuarial is provided in Appendix 4-1 of Exhibit 4. Changes to other benefits offered by OPUCN to its employees are limited to inflation and increases in the number of FTE's.

Subcontractors

Subcontractors provide a number of critical services to OPUCN and its customers and include tree trimming; customer billing; utility locates; building and equipment maintenance; metering services; IT support; and security services.

In 2013, OPUCN undertook a review of its security systems and services which determined that a system with an increased number of 24-hour monitored video cameras along with improvements to building access systems would offer more effective security to its buildings, equipment and employees. A one-time capital investment of $55,000 made in 2013 and projected in OPUCN's last rebasing to yield annual operating savings of $120,000 effective from July 2013. Recent years have seen increased levels of theft, attempted thefts, and vandalism which has necessitated additional security measures provided by subcontractors to protect the security of station buildings, pole yard, and head office. This is consistent with the increased crime growth in Downtown Oshawa, where the head office is located. As well, this supports our need to assess other head office locations.

Inflation Rate Assumptions

The OEB has specified an approach to an inflation factor within the Rate Setting Report. The OEB has adopted a 2-factor input price index ("IPI") that includes a labour and non-labour component that are weighted based on estimates from a review of the proportionate cost shares by medium and large distributors (70% Non-Labour and 30% Labour).

OPUCN submits that the estimated weightings do not correspond to its actual labour and non-labour weightings for purposes of analyzing an OM&A price index. The labour

(including benefits) component of OM&A is relatively consistent at 62% of OM&A with the remainder categorized as non-labour. OPUCN has used its actual historical weightings for purposes of its forecast.

OPUCN has used the 2.0% inflation rate for labour costs as per its current collective bargaining agreement, details of which are further described in Exhibit 4, and for other OM&A costs has used the rates from the Ontario Government's Economic Outlook 2019 fall statement (2.0% 2019, 1.9% 2020).

Total compensation for the test year and year over year changes are illustrated in Tables 1-16 and 1-17 below.

Table 1-16: Total Wages and Benefits 2015 – 2021

	Last Rebasing Year (2015 OEB Approved	2015 Actuals	2016 Actuals	2017 Actuals	2018 Actuals	Last Rebasing Year (2019 OEB Approved	2019 Actuals	2020 Bridge Year	2021 Test Year
Number of Employees (FTEs including Part-Time)									
Management (including executive)	19	18	18	20	27	20	27	28	28
Non-Management (union and non-uni	65	60	58	64	63	65	63	64	63
Total	85	79	76	84	90	85	90	92	91
Total Salary and Wages including overtime and incentive pay ($000's)									
Management (including executive)	$ 2,113	$ 1,991	$ 1,994	$ 2,240	$ 2,942	$ 2,351	$ 3,274	$ 3,295	$ 3,287
Non-Management (union and non-uni	$ 5,400	$ 5,158	$ 5,136	$ 5,192	$ 5,594	$ 5,939	$ 5,533	$ 5,864	$ 5,913
Total	$ 7,512	$ 7,149	$ 7,131	$ 7,431	$ 8,536	$ 8,290	$ 8,806	$ 9,159	$ 9,201
Total Benefits (Current + Accrued) ($000's)									
Management (including executive)	$ 668	$ 646	$ 627	$ 707	$ 858	$ 750	$ 899	$ 934	$ 945
Non-Management (union and non-uni	$ 1,666	$ 1,752	$ 1,709	$ 1,737	$ 1,738	$ 1,786	$ 1,730	$ 1,786	$ 1,821
Total	$ 2,334	$ 2,399	$ 2,336	$ 2,444	$ 2,595	$ 2,536	$ 2,628	$ 2,719	$ 2,766
Total Compensation (Salary, Wages. Benefits) ($000's)									
Management (including executive)	$ 2,781	$ 2,637	$ 2,621	$ 2,947	$ 3,800	$ 3,101	$ 4,172	$ 4,228	$ 4,232
Non-Management (union and non-uni	$ 7,065	$ 6,910	$ 6,845	$ 6,929	$ 7,331	$ 7,725	$ 7,262	$ 7,650	$ 7,735
Total	$ 9,846	$ 9,548	$ 9,466	$ 9,875	$ 11,131	$ 10,825	$ 11,434	$ 11,878	$ 11,967

Table 1-17: Total Wages and Benefits 2015 – 2021 Actuals vs Approved

	Last Rebasing Year (2015 OEB Approved)	2015 Actuals Vs 2015 Approved	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Bridge Year	2021 Test Year
Number of Employees (FTEs including Part-Time)								
Management (including executive)	19	(1)	(0)	2	7	0	1	(0)
Non-Management (union and non-uni	65	(5)	(3)	6	(1)	(0)	1	(1)
Total	85	(6)	(3)	8	6	0	2	(1)
Total %		(6.8)%	(3.9)%	10.6%	7.3%	0.2%	2.3%	(1.0)%
Total Salary and Wages including overtime and incentive pay ($000's)								
Management (including executive)	$2,113	$(122)	$3	$246	$702	$332	$21	$(8)
Non-Management (union and non-uni	$5,400	$(241)	$(22)	$55	$402	$(61)	$331	$50
Total	$7,512	$(363)	$(18)	$301	$1,105	$270	$353	$42
Total %		(4.8)%	(0.3)%	4.2%	14.9%	3.2%	4.0%	0.5%
Total Benefits (Current + Accrued) ($000's)								
Management (including executive)	$668	$86	$(44)	$29	$0	$(8)	$56	$35
Non-Management (union and non-uni	$1,666	$65	$(63)	$108	$151	$33	$91	$47
Total	$2,334	$151	$(106)	$137	$152	$25	$148	$82
Total %		6.5%	(4.4)%	5.9%	6.2%	0.9%	5.6%	3.0%
Total Compensation (Salary, Wages. Benefits) ($000's)								
Management (including executive)	$2,781	$(35)	$(40)	$274	$703	$324	$77	$28
Non-Management (union and non-uni	$7,065	$(176)	$(85)	$163	$554	$(29)	$423	$96
Total	$9,846	$(212)	$(125)	$438	$1,256	$295	$500	$124
Total %		(2.2)%	(1.3)%	4.6%	12.7%	2.6%	4.4%	1.0%

Cost of Capital

OPUCN has followed the Report of the OEB on Cost of Capital for Ontario's Regulated Utilities (the "Cost of Capital Report") dated December 11, 2009, to determine its capital structure and relied on the Board's letter titled Cost of Capital Parameter Updates for 2020 Applications dated October 31, 2019 for the cost of capital parameters. Table below shows the OEB's Cost of Capital parameters.

Table 1-18: Cost of Capital

Cost of Capital Parameter	Value for Applications for rate changes in 2020
ROE	8.52%
Deemed LT Debt rate	3.21%
Deemed ST Debt rate	2.75%

OPUCN acknowledges these rates are subject to update at such time as the 2021 Cost of Capital parameters are issued by the OEB. OPUCN has prepared this Application with a deemed capital structure of 56% Long Term Debt, 4% Short Term Debt and 40% Equity to comply with the Cost of Capital Report. Tables 19, 20 and 21 below illustrate OPUCN 2019 approved capital structure, Test Year 2021 deemed capital structure and details on 2021 debt instruments.

Table 1-19: 2019 Approved Deemed Capital Structure

Last OEB-approved year: 2019 Approved

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
		(%)	($)	(%)	($)
	Debt				
1	Long-term Debt	56.00%	$73,777,435	3.78%	$2,791,568
2	Short-term Debt	4.00% (1)	$5,269,817	2.29%	$120,679
3	**Total Debt**	60.0%	$79,047,252	3.68%	$2,912,247
	Equity				
4	Common Equity	40.00%	$52,698,168	9.00%	$4,742,835
5	Preferred Shares	0.00%	$ -		$ -
6	**Total Equity**	40.0%	$52,698,168	9.00%	$4,742,835
7	**Total**	100.0%	$131,745,420	5.81%	$7,655,082

Table 1-20: 2021 Deemed Capital Structure

Test Year: 2021

Line No.	Particulars	Capitalization Ratio (%)	Capitalization Ratio ($)	Cost Rate (%)	Return ($)
	Debt				
1	Long-term Debt	56.00%	$82,583,912	3.57%	$2,951,006
2	Short-term Debt	4.00%	$5,898,851	2.75%	$162,218
3	**Total Debt**	60.00%	$88,482,763	3.52%	$3,113,225
	Equity				
4	Common Equity	40.00%	$58,988,508	8.52%	$5,025,821
5	Preferred Shares	0.00%	$ -	0.00%	$ -
6	**Total Equity**	40.00%	$58,988,508	8.52%	$5,025,821
7	**Total**	100.00%	$147,471,271	5.52%	$8,139,046

Table 1-21: 2021 Test Year Long Term Debt Instruments

Year 2021

** Used Weighted Avg rate for total

Row	Description	Lender	Affiliated or Third-Party Debt?	Fixed or Variable-Rate?	Start Date	Term (years)	Principal ($)	Rate (%) [2]	Interest ($) [1]	Additional Comments, if any
1	Note	Oshawa Power&Utilities Cor	Affiliated	Fixed Rate	1-Oct-18		$60,064,000	3.65%	$2,191,735	Actual Rate
2	Term Loan 2020	TD Bank (Unfunded)	Third-Party		1-Oct-20		$10,000,000	3.21%	$ 321,000	Deemed Rate
3	Term Loan 2021	TD Bank (Unfunded)	Third-Party		1-Jul-21		$ 5,000,000	3.21%	$ 80,470	Deemed Rate
Total							$75,064,000	3.57%	$2,593,205	

OPUCN is requesting a return on equity ("ROE") for the 2021 Test Year of 8.52%, in accordance with the Cost of Capital Parameter Updates for 2020 Applications issued by the OEB on October 31, 2019.

Cost Allocation and Rate Design

In this Application, OPUCN has used the 2021 version of the cost allocation model provided by the OEB for testing purposes on Feb 27, 2020 to conduct a 2021 test year cost allocation study consistent with the

OEB's cost allocation policies. The model has been loaded with 2021 Test Year costs, customer numbers and demand values for OPUCN.

On April 3, 2014, the OEB released its "Draft Report on Rate Design for Electricity Distributors" (EB-2012-0410) which proposed implementing a fixed monthly distribution charge for Residential customers.

On April 2, 2015, the OEB released its policy "A New Distribution Rate Design for Residential Electricity Customers" (the "Policy"), by which the OEB decided that the distribution costs will be recovered from residential customers of a distributor through a fixed monthly service charge. The OEB determined that the change will be implemented over a four year period to manage any customer bill impact. The approach to implementation of the policy, including mitigation expectations, was described in a letter from the OEB published on July 16, 2015.

OPUCN completed the transition to the fixed monthly service charge for residential customers in its 2020 IRM rate application (EB-2019-0062).

On February 21, 2019, the OEB released its "Staff Report to the OEB: Rate Design for Commercial and Industrial Electricity Customers; Rates to Support an Evolving Energy Sector" (EB-2015-0043) which outlined a series of recommendations for the design of electricity distribution rates for commercial and industry customers. On March 7, 2019, the OEB hosted a webinar on the topic to provide customers and stakeholders an opportunity to ask staff clarifying questions to help in developing their comments. On May 9, 2019, the OEB posted all stakeholder comment related the OEB's February 21, 2019 report. There have been no further releases pertaining to this issue from the OEB at the time of filing this Application.

OPUCN has determined its total service revenue requirement for 2021 that is the subject of this Application. The annual service revenue requirement is derived from OPUCN's capital and operating forecasts, weather normalized usage, forecasted customer and connection counts, regulated return on rate base, and PILs liability for each separate year. Table 1-22 below summarizes the revenue requirement for test year 2021 compared to 2019 Board approved revenue requirement, allocated by customer class. Table 1-23 illustrates the proposed revenue-to-cost ratios of each customer rate class.

Table 1-22: 2019 and 2021 Cost Allocation Study

Rate Class	2019 Board Approved Cost Allocation Study	%	2021 Proposed Cost Allocation Study	%
Residential	$ 17,508,798	65.27%	$ 19,194,323	67.00%
GS < 50 kW	$ 2,833,131	10.56%	$ 3,112,011	10.86%
GS 50 to 999 kW	$ 4,391,044	16.37%	$ 4,932,042	17.21%
GS 1,000 to 4,999 kW	$ 561,412	2.09%	$ 566,937	1.98%
Large Use	$ 255,893	0.95%	$ 272,554	0.95%
Street Lighting	$ 1,199,029	4.47%	$ 492,347	1.72%
Sentinel Lights	$ 2,017	0.01%	$ 1,998	0.01%
USL	$ 75,309	0.28%	$ 77,850	0.27%
Total	$ 26,826,633	100.00%	$ 28,650,063	100.00%

Table 1-23: Cost Allocation Study Ratios

Rate Class	2019 Board Approved Cost Allocation Study	2021 Cost Allocation Study	2021 Proposed Ratios	Policy Range (%)
Residential	96.57%	96.38%	97.80%	85 - 115
GS < 50 kW	119.63%	111.71%	111.71%	80 - 120
GS 50 to 999 kW	108.29%	98.17%	98.17%	80 - 120
GS 1,000 to 4,999 kW	101.81%	107.12%	107.12%	80 - 120
Large Use	105.36%	103.44%	103.44%	85 - 115
Street Lighting	71.59%	175.82%	120.00%	80 - 120
Sentinel Lights	110.37%	122.51%	120.00%	80 - 120
USL	95.57%	93.01%	97.80%	80 - 120

Table 23 above summarizes the Cost Allocation Study ratios with Street Lighting and Sentinel Lights exceeding the policy range by 56% and 3% respectively. OPUCN has adopted the max allowable policy range of 120% for both of these customer classes. OPUCN has followed the OEB's policy range for revenue-to-cost ratios for all customer classes.

The following Table 1-24 summarizes the 2021 proposed fixed and variable rates based on the results of the cost allocation study.

Table 1-24: Proposed 2021 Electricity Distribution Rates

Rate Class	Proposed Monthly Service Charge	Unit	Proposed Distribution Volumetric Charge (Including Transformer Allowance)
Residential	$26.45	Customer	$0.0000
GS Less Than 50 KW	$18.35	kWh	$0.0187
GS 50 To 999 KW	$61.62	kW	$5.2729
GS Intermediate 1,000 To 4,999 KW	$1,295.54	kW	$2.7247
Large Use	$9,860.14	kW	$2.3467
Street Lighting	$1.46	kW	$22.5584
Sentinel Lighting	$6.03	kW	$8.6243
Unmetered Scattered Load	$5.38	kWh	$0.0221
Transformer Allowance			($0.60)

The current fixed/variable split in distribution revenue was approved in OPUCN's Cost of Service Application (EB-2017-0069) and was calculated based on forecasted customer and connection counts, consumption, and approved rates. OPUCN calculated the current fixed/variable proportions by applying the existing approved distribution rates to the 2021 Test Year load forecast. Table 1-25 illustrates the proposed fixed and variable proportion by rate class.

Table 1-25: Proposed Fixed and Variable Portions

Rate Class	2021 Fixed Base Revenue with 2020 Approved Rates	2021 Variable Base Revenue with 2020 Approved Rates (excl Transformer Allowance)	2021 Total Revenue with 2020 Approved Rates (excl Transformer Allowance)	Fixed Revenue Proportion	Variable Revenue Proportion
Residential	$ 16,634,415	$ -	$ 16,634,415	100.00%	0.00%
GS Less Than 50 KW	$ 890,884	$ 2,278,100	$ 3,168,984	28.11%	71.89%
GS 50 To 999 KW	$ 375,296	$ 4,128,389	$ 4,503,684	8.42%	91.58%
GS Intermediate 1,000 To 4,999 KW	$ 187,864	$ 476,857	$ 664,721	33.80%	66.20%
Large Use	$ 112,118	$ 194,443	$ 306,560	43.22%	56.78%
Street Lighting	$ 364,389	$ 412,707	$ 777,096	46.89%	53.11%
Sentinel Lighting	$ 1,539	$ 677	$ 2,216	69.45%	30.55%
Unmetered Scattered Load	$ 15,954	$ 50,127	$ 66,082	24.14%	75.86%
Total	**$ 18,582,460**	**$ 7,541,299**	**$ 26,123,759**	**71.13%**	**28.87%**

Deferral and Variance Accounts

OPUCN has summarized all of the deferral and variance account balances in Table 26. OPUCN is requesting disposition of only the LRAM variance account at this time. As

directed in our 2020 decision and rate order a special purpose audit will be actioned this year, after which we will request the disposition of the remaining DVA's.

The LRAM account 1568 amount requested for recovery in this application includes lost revenue that is attributable to the 2018-2019 program implementation years, as well as, the savings that persist from the 2015-2017 programs years in 2018-2019. Also included in this application are the applicable carrying charges up to December 31, 2020. For clarity, only the carrying charges for the 2018-2019 implementation years have been included. All carrying charges were calculated using simple interest applied to the monthly opening principle balance using the prescribed interest rates approved by the OEB.

Details with respect to the claim for Account 1568 – LRAM Variance Account, can be found in Exhibit 4, under Conservation and Demand Management. OPUCN requests disposition of Account 1568 for the amount of $159,247 as a collection from customers, including interest to December 31, 2020. All Group1 and Group 2 deferral and variance account balances are shown in Table 1-26 below.

Table 1-26: Deferral and Variance Account Balances

Account Description	Account	Principal Amounts as of Dec-31, 2019	Carrying Charges to Dec-31, 2019	Projected Carrying Charges to Dec 31, 2020	Available for Disposition
Group 1 Accounts:					
Smart Meter Entity Charge Variance Account	1551	$ (77,331)	$ (3,948)	$ (1,686)	$ (82,964)
RSVA - Wholesale Market Service Charge	1580	$ (1,705,157)	$ (54,975)	$ (37,172)	$ (1,797,304)
RSVA - Retail Transmission Network Charge	1584	$ 3,515,873	$ 94,646	$ 76,646	$ 3,687,165
RSVA - Retail Transmission Connection Charge	1586	$ (3,652,579)	$ (107,752)	$ (79,626)	$ (3,839,958)
RSVA - Power (excluding Global Adjustment)	1588	$ (2,093,868)	$ (29,520)	$ (45,646)	$ (2,169,035)
Disposition and Recovery/Refund of Regulatory Balances	1595	$ (334,827)	$ 136,396	$ (7,299)	$ (205,730)
Sub-total not including RSVA Power Global Adjustment		$ (4,347,889)	$ 34,848	$ (94,784)	$ (4,407,825)
RSVA - Global Adjustment	1589	$ (2,191,107)	$ (81,735)	$ (47,766)	$ (2,320,608)
Total Group 1 - Total including RSVA Power Global Adjustment		$ (6,538,996)	$ (46,887)	$ (142,550)	$ (6,728,434)
Group 2 Accounts:					
Other Regulatory Assets - Sub-Account - OPEB Deferral	1508	$ 319,658	$ 24,313	$ 6,969	$ 350,940
Other Regulatory Assets - Sub-Account - OEB Cost Assessment Variance	1508	$ 379,607	$ 28,866	$ 8,275	$ 416,749
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Stranded Meter Costs	1555	$ (54,099)	$ (504)	$ (1,179)	$ (55,782)
LRAM Variance Account	1568	$ 144,976	$ 11,111	$ 3,160	$ 159,247
Total Group 2		$ 790,143	$ 63,786	$ 17,225	$ 871,154
Total Amount for Disposition		$ (5,748,853)	$ 16,898	$ (125,325)	$ (5,857,280)

OPUCN has not made adjustments to any of the deferral and variance accounts that were previously approved by the OEB presented in Exhibit 9. OPUCN confirms that it has been allocating the Class B Global Adjustment on the IESO invoice between RPP and non-

RPP customers based on monthly kWh billed. OPUCN is not seeking the establishment of any new deferral accounts in this application. OPUCN is proposing the discontinuation of the Account 1508, Subaccount One Time IFRS Transition Costs in this Application.

The calculation for the proposed LRAMVA rate rider utilized the billing determinants from the 2021 Load Forecast and is presented in Table 1-27 below. OPUCN is proposing that the LRAMVA rate rider be disposed within a one year period. OPUCN has calculated the Residential rate rider as a monthly fixed charge rather than a volumetric charge. The remaining balances have been allocated to the rate classes. OPUCN proposes to dispose of these balances beginning January 1, 2021 and Table 1-28 below presents the rate riders by rate class.

Table 1-27: Billing Determinants

Rate Class	Units	# of Customers	Total Metered kWh	Total Metered kW
Residential	kWh	56,190	496,495,068	
GS Less Than 50 KW	kWh	4,269	128,706,195	
GS 50 To 999 KW	kW	535	328,035,469	825,711
GS Intermediate 1,000 To 4,999 KW	kW	13	76,465,711	182,480
Large Use	kW	1	38,878,939	86,319
Unmetered Scattered Load	kWh	273	2,506,367	
Sentinel Lighting	kW	22	24,360	81
Street Lighting	kW	14,391	4,555,628	12,698

Table 1-28: Proposed LRAMVA Rate Riders

Rate Rider Calculation for Accounts 1568

Please indicate the Rate Rider Recovery Period (in months) 12

Rate Class (Enter Rate Classes in cells below)	Units	kW / kWh / # of Customers	Allocated Account 1568 Balance	Rate Rider for Account 1568
RESIDENTIAL SERVICE CLASSIFICATION	# of Customers	56,190	$ 109,293	**0.1621**
GENERAL SERVICE LESS THAN 50 KW S	kWh	128,706,195	$ 12,869	**0.0001**
GENERAL SERVICE 50 TO 999 KW SERVI	kW	825,711	-$ 197,208	- **0.2388**
GENERAL SERVICE 1,000 TO 4,999 KW S	kW	182,480	$ 14,674	**0.0804**
LARGE USE SERVICE CLASSIFICATION	kW	86,319	-$ 16,217	- **0.1879**
UNMETERED SCATTERED LOAD SERVIC	kWh	2,506,367	-$ 4,303	- **0.0017**
SENTINEL LIGHTING SERVICE CLASSIFIC	kW	81	-$ 60	- **0.7409**
STREET LIGHTING SERVICE CLASSIFICA	kW	12,698	$ 240,199	**18.9166**
Total			**$ 159,248**	

Bill Impacts

Table 1-29 below summarizes the customer bill impacts by customer rate class, for typical consumers based upon the proposed distribution rates, load forecast, and disposition of deferral and variance accounts provided for this Application.

Table 1-29: Bill Impacts by Rate Class

Rate Class	kWh	kW	Distribution (Fixed, Volumetric and LRAM raterider)				Total Bill (Excluding HST and Ont. Electricity Rebate)			
			Current 2020	Proposed 2021	$ Change	% Impact	Current 2020	Proposed 2021	$ Change	% Impact
Residential	750		$25.05	$26.61	$1.57	6.25%	$140.19	$141.46	$1.27	0.90%
GS Less Than 50 KW	2,000		$53.39	$55.95	$2.56	4.79%	$356.98	$358.75	$1.77	0.50%
GS 50 To 999 KW	54,052	137	$725.77	$751.29	$25.52	3.52%	$7,820.44	$7,827.43	$6.99	0.09%
GS Intermediate 1,000 To 4,999 KW	601,593	1,329	$5,092.07	$5,023.52	($68.55)	(1.35)%	$84,845.30	$84,585.16	($260.14)	(0.31)%
Large Use	3,559,916	8,052	$26,679.11	$27,241.58	$562.47	2.11%	$489,556.73	$491,058.87	$1,502.14	0.31%
Street Lighting	31	0.085	$3.17	$4.99	$1.82	57.39%	$7.48	$9.28	$1.80	24.10%
Sentinel Lighting	120	0.351	$8.66	$8.80	$0.13	1.53%	$24.74	$24.83	$0.09	0.38%
Unmetered Scattered Load	738		$17.27	$20.44	$3.17	18.34%	$129.24	$132.12	$2.88	2.23%

OPUCN notes that although the Street Lighting group exceeds the 10% threshold, no mitigation is necessary as OPUCN follows the Board's cost allocation policy on a new street lighting adjustment factor. No other discrete customer group exceeds the 10% threshold. Accordingly, OPUCN submits the bill impacts of its proposed 2021 distribution rates are reasonable and do not require rate mitigation.

CUSTOMER ENGAGEMENT

Customer Outreach to Shape the Rate Filing Application

OPUCN informed their customers of the proposals being considered for inclusion in the application through a two-part customer engagement strategy from October 1, 2019 to December 8, 2019. The first part of the strategy was conducted through public in-person events to communicate OPUCN's accomplishments as of a result of the previous Distribution System Plan, planned projects, improvements and growth in the upcoming Distribution System Plan, asset assessment impact and proposed costs.

OPUCN has taken a multi-method approach to engaging customers, so it could understand the wide variety of opinions and views about what it takes to be seen as a successfully run LDC. Public engagement focused on education and awareness and included three feedback components:

- Implemented the Taking A.I.M. process (Applied Insights Methodology) online survey. A.I.M. is a method that creates two-way communication that allowed OPUCN to ask budgetary questions and also asked open ended questions to participants to gather feedback. Customers were able to ask questions and request responses from staff. The survey was made available in paper copy for those who did not have online access. Please see attached Taking A.I.M. report for further dialogue on the process to create the survey and accompanying tasks.
- Virtual Telephone Town Hall hosted on October 28, 2019; and,
- Four in-person public town halls hosted throughout the city where community members attended a presentation delivered by OPUCN's senior executive team, had open forum question and answer period and engage directly with OPUCN staff.

In an effort to increase engagement, extensive promotion was used to encourage participation in the online survey using various mediums including:

- Created online survey

- Social media advertising on both Facebook and Twitter
- Newspaper notice/advertisement in 2 local newspapers
- Partnered with three local charities, local community centres and public library to expand social media reach
- Distributed media release
- Distributed postcard and flyers at 7 utility public events
- Email blast campaign to OPUCN online customers promoting the online survey
- Email blast campaign to OPUCN online customers informing customers of Telephone Town Hall and Public Town Halls
- Created a dedicated webpage on the OPUCN website for customers to obtain information about the Distribution System Plan, upcoming public events, and access to the online survey
- Created an information video and distributed through social media and post on webpage
- Created an online presentation and posted on webpage
- Promoted the initiative with OPUCN staff
- Information collaterals for takeaway in lobby
- Promoted in the Customer Service IVR welcome message in the call centre
- Conducted Virtual Telephone Town Hall during evening hours – October 28, 2019 7:30pm-8:30pm
- Hosted a Public Town Hall during evening hours at public library – November 5, 2019 5:30pm-7:30pm (Central Oshawa)
- Hosted three separate Public Information Sessions at three separate Oshawa Seniors Community Centres (OSCC) locations during business hours:
    - November 6, 2019 11am-1pm, OSCC John St Branch (Central Oshawa)
    - November 29, 2019 10am-12pm, OSCC Conant Branch (South Oshawa)

- December 4, 2019 9am-11am, OSCC Delpark Homes Centre Branch (North Oshawa)

To reach as many customers as possible OPUCN hosted a Virtual Telephone Town Hall. For the Telephone Town Hall OPUCN partnered with the vendor Prime Contact to directly dial 49,000 residential customers and invite them to participate in the live town hall over the phone. The Telephone Town Hall was an hour long and hosted by senior executives. Listeners were introduced to OPUCN's process of creating a Distribution System Plan and rate application and asked to provide input. Through a moderator, attendees were able to ask live questions of the team and also participated in four separate polling questions. During the hour, there were approximately 9,800 customers on the call. A recording of the Telephone Town Hall was posted on the OPUCN website for customers to listen to. Full report details can be found in Appendix 1.2.

The results indicated that the community was satisfied with the level of service they receive from OPUCN, but they would like to see more automated options to look after their account at their convenience. Although customers were concerned with rates, reliable safe electricity service was more important to them. Customers who did not have a chance to get through on the live phone forum were invited to call or email their questions directly to the CEO. Each customer was provided with an answer to their question directly from a member of the Senior Management Team.

The local business community was approached by OPUCN through the Oshawa Chamber of Commerce and Oshawa Rotary Clubs and offered to have senior executives host an education session to describe the Distribution System Plan and the impact to commercial customers. OPUCN received response from the Oshawa Chamber of Commerce and offered an opportunity to utilize their online newsletter.

The second part of the strategy was participation in the OPUCN Cost of Service online survey that assessed customer priorities as they relate to subjects such as: safety, equipment replacement, facilities, infrastructure maintenance & upgrades, etc. using a third-party vendor, Utility*PULSE* and their Applied Insights Methodology (A.I.M.). OPUCN conducts customer surveys approximately every two years targeting residential and small commercial customers. Beginning in 2014, with the help of an external consultant,

Utility*PULSE* OPUCN augmented their regular telephone-based Customer Satisfaction survey with supplemental questions to help gain insights into, or deal with, issues customers care about. For example, the 2014 telephone survey of 405 OPUCN customers were asked to prioritize investments for ten operational issues. In 2017, 400 interviewees were asked to identify the importance of 10 items as they relate to online access to various items, and in 2018, 402 interviewees were asked to prioritize 12 operational planning items. These results were measured against feedback given in 2019's Cost of Service Survey.

OPUCN's Cost of Service online survey had seven segments called "Chapters". A description of the content of each of the Chapter surveys follows. The data, information, and insights gathered were used to help shape this application.

The Chapter 1 survey was designed to gauge the level of respondent disposition (positive or negative) towards OPUCN as a company. Respondents were introduced to important concepts such as: Make Your Voice Count and Wisdom from Customers. This was a Level 1 (Informing & Information Gathering) & Level 2 (Gathering Feedback) engagement survey which was about raising awareness, providing education, and capturing perceptions. The primary goal of the Taking A.I.M. process is to break down large complex topics into smaller more manageable pieces. OPUCN is highly rated as a trusted and trustworthy company. Findings from the online survey Chapter 1 are compared with other sources of data (i.e., telephone) to determine to what degree, if any, numerical results should be adjusted. No adjustments were made or needed to online survey data.

The Chapter 2 survey was designed to help educate respondents about how the electricity system works in Ontario and OPUCN's role in it. The vast majority of LDC customers view their bill as a total amount, with few customers understanding that OPUCN is not the recipient of the full amount. By knowing more about the industry, the belief is, respondents should be able to provide better informed responses and opinions. Information received showed OPUCN received high marks for "quickly handling outages and restoring power" and "having a standard of reliability that meets with customer expectations".

The Chapter 3 survey was designed to gain a better understanding of customer priorities affecting costs. This was a Level 2 (Gathering Feedback) and Level 3 (Capturing Insights by Involving Stakeholders) engagement survey. This survey also introduced respondents to a concept called Help Us Decide. To ensure the list of priorities was comprehensive, respondents were given an open-ended question to allow for the inclusion of more priority planning items. Respondents were asked to assign an importance level to 15 operational items which affect costs. Results from the online survey coupled with results from the 2018 telephone survey question regarding 'Priority Planning' were used to determine which items have more support by the customer base. Findings include, from respondent feedback, there is tremendous amount of support for continuously improving the safety and reliability of the electricity network and for reducing response times to outages. And most importantly remaining focused on keeping costs low.

The Chapter 4 survey was designed to inform customers on billing and outages. This was a Level 2 and Level 3 engagement survey. Bills & blackouts (outages) are known as the "Killer B's", a very important topic for customers. Barriers to moving to e-bills were ranked by respondents. Survey results do not support a need to raise current standards are they relate to accurately billing customers, standard of reliability, or quickly handling outages. OPUCN learned that the two major barriers for moving customers to e-bills was "some customers do not have access to the internet" and "some customers are not comfortable with technology". OPUCN also learned that customers much prefer telephone notification for call-to-action type of communications over other means. This later finding has been taken into account in this Application.

The Chapter 5 survey was about prioritizing capital investments in a potential new facility and in the General Plant budget. This was a Level 2 and Level 3 engagement survey. Data received shows there are some respondents who simply will not support any increase, but the majority of customers will support an increase when that increase is reasonable. As it relates to a new facility and re-locating, there is majority support for doing so. These findings will affect decisions made around OPUCN's facility.

The Chapter 6 survey was designed to identify priorities and test concepts as they relate to subjects such as: communication, customer care operations, satisfaction with

information provided on items such as electricity safety and facilities. This was a Level 3 & Level 4 (Gaining Wisdom by Participating with People) engagement survey. Findings include a desire for more communication. Respondents were asked which Customer Care operational items that OPUNC ought to work on over the next 5 years. Findings also show very little support for extending office hours. These findings will help shape the COS application.

The Chapter 7 survey was designed to discuss specific DSP topics, specifically investments in system renewal and system service. This survey was a Level 3 and Level 4 engagement survey. Respondents were asked difficult questions with no easy answers. None-the-less, the majority of respondents supported investments at or higher than the level of cost recommended by OPUCN. Customer comments indicate that it is important for the COS DSP plan being submitted to the OEB continue to exhibit OPUCN's pragmatism and willingness to keep costs low.

To inform Oshawa ratepayers of the OPUCN Cost of Service Survey a new webpage was created with a link to the survey and advertised on social media. Active social media campaigns were conducted and targeted to the Oshawa area. An information video was created, posted on website and social media. OPUCN engaged community partners such as The City of Oshawa, Downtown BIA, Oshawa Chamber of Commerce, public libraries, community centres and local charitable organizations to help promote and share the survey messages on social media. An IVR broadcast message was created for customers to inform them of the survey and where to find it on the website when they called into the call centre. Postcard advertisements were created and distributed at local community events, OPUCN’s Contractor Safety Day and left in high traffic public areas i.e.) City of Oshawa lobby, OPUCN lobby. An email campaign was created and sent out to all customers of OPUCN with an email address on file, informing them of the survey and where to find it. Newspaper advertisements were utilized to share the information with customers. The OPUCN Cost of Service Survey had 1,240 participants. Results of the survey can be found in Appendix 1.3, and a summary of customer engagement activities and their results can be found within our report filed as Appendix 1.4.

The total number of customers engaged through surveys, in person town halls, and virtual town halls was over 12,000 as shown in Table 1-30 below. All feedback, results and comments were summarized and provided to the DSP planning team, and can be found in Appendix C to the DSP provided in Exhibit 2.

Table 1-30: Customer Engagement Results

Customer Engagement Activity	Methodology	Customers Engaged
Customer Engagement Surveys (2014, 2017, 2018)	Telephone	**1,207**
Taking A.I.M. (Applied Insights Methodology) Survey - 2019	Online	**1,240**
Public Open House (Nov 2017, May 2018, Nov 2018)	In-person	**275**
Virtual Telephone Town Hall (Oct 2019)	Telephone (Live)	**9,798**
Four separate information sessions (Nov-Dec 2019)	In-person	**50**
Total number of customers who participated in the engagement:		**12, 570**

Customer Satisfaction

OPUCN measures and reports on customer Satisfaction measures that include; First Contact Resolution, Billing Accuracy and Customer Satisfaction Survey Results. OPUCN uses the OEB target for the billing accuracy measure and internal targets developed for first contact resolution and customer satisfaction measures, and empowers their staff to meet these targets. This customer engagement activity is further summarized in Appendix 1.1 to this Exhibit, and filed as Appendix 2-AC in Chapter 2 Appendices.

Customer Satisfaction Survey

Using a third-party vendor, UtilityPulse, OPUCN conducts a customer satisfaction survey on a biannual basis to obtain feedback on the overall value of service offered to customers. The latest such survey took place in 2018. Customers (residential and commercial) are engaged to provide high-level feedback on their perceptions of OPUCN's performance, desired service improvements, customer priorities and communication preferences. OPUCN utilizes this information to help inform future investment planning that will maintain or improve customer satisfaction.

OPUCN's target is to be within a (+/-) 2% than previous survey scores for the following survey metrics:

- Customer Care
- Company Image
- Management Operations
- Customer Centric Engagement Index
- Customer Experience Performance rating

Historical Performance

OPUCN has exceeded its target for customer satisfaction as part of the customer focus section of the scorecard. OPUCN ensures that corporate and asset management objectives are aligned with OEB performance outcomes. OPUCN takes efforts to ensure involvement of their customers in discussions to understand their preferences and concerns. OPUCN utilizes various communication methods through telephone or online surveys or in-person public town halls. The table below illustrates the historic performance of some customer satisfaction metrics.

Table 1-31: Performance Measures – Customer satisfaction

Measure	2015	2016	2017	2018	2019
First Contact Resolution	149	521	277	103	238
Percent of Calls not resolved on First Contact	0.27%	0.82%	0.51%	0.18%	0.49%
Billing Accuracy	99.93%	100%	99.94%	100%	99.66%
Customer Satisfaction Survey Results	93.00%	92.00%	92.00%	95.00%	94.60%

First contact resolutions are measured based on how many interactions required escalation or further investigation in order to be resolved.

Billing accuracy continues to be strong for OPUCN. Historically we run well above the OEB target of 98%. OPUCN has validation points instilled at every point in the billing process to ensure bills are generated accurately.

Customer Satisfaction Survey Results are a combination of the detailed bi-annual telephone survey conducted by UtiliyPulse and the customer service "instant" automated

survey that customers can opt to participate in prior to speaking with a Customer Service Representative in the Customer Service Centre.

The customer survey results over the historical period are shown in Table 1-32 below:

Table 1-32: 2014 - 2019 Customer Service bi-annual survey results

Survey Sub-Measures	2014/ 2015	2016/ 2017	2018/ 2019
Customer Care	**B+**	**B+**	**A**
Company Image	**A**	**A**	**A**
Management Operations	**A**	**A**	**A**
Customer Centric Engagement Index (CCEI)	**81%**	**83%**	**84%**
Customer Experience Performance rating (CEPr)	**84%**	**85%**	**86%**

The survey results indicate OPUCN's customer service, care, and experience is good and is consistently improving. The 2018 UtilityPulse Customer satisfaction survey noted that customers were less concerned about rates as the previous government had reduced rates by 25% and the current government added to the reduction bringing it to a total of 31.8%. Minimum wage increased from $11.40 to $14.00 (up 22.8%) during that period as well.

Respondents for OPUCN were asked in the 2018 bi-annual survey to comment on the priority level of the implementation or execution of 12 different initiatives/projects, which encompass operational aspects and/or financial commitment. The top priorities are illustrated in Table 1-33 below.

Table 1-33: Survey of Top Priorities

Priority Planning within the next 5 years	
Maintaining and upgrading equipment	91%
Reducing response times to outages	86%
Investing more in the electricity grid to reduce outages	83%
Investing more in tree trimming to help reduce the number of outages	78%
Investing in projects to reduce the environmental impact of the utility's operations	76%
Educating the public as it relates to electricity safety	73%
Educating customers about energy conservation	70%
Burying overhead wires	64%
Developing a SMART phone application to allow you to view usage and pay your bill	50%
Providing sponsorships to local community causes	48%
Providing more self-serve services on the website	44%
Making better use of social media (such as Twitter, Facebook, etc.)	29%

In this last survey, we found there is a large interest in improving reliability, improve response times and upgrading the grid to reduce and prevent outages. From 2014 through 2018, OPUCN scored at or higher than National (84%) and Ontario (83%) benchmarks in all three performance categories.

Customer Centric Engagement Index (CCEI)

CCEI is about how customers think, feel and act towards the organization. Ensuring customers respond positively requires they be rationally satisfied with the services provided and emotionally connected to the LDC and its brand.

OPUCN has invested time in increasing customer engagement opportunities and participating in public events, hosting town halls and open houses getting to know what is important to our customers and listening to the feedback from those customers.

Customer Experience Performance rating (CEPr)

CEPr focuses on the customer experience. Customers expect their utility to act professionally and provide quality customer service when interacting. The CEPr measures the quality of the customer experience.

OPUCN's performance in this area exceeds both National (84%) and Ontario (83%) utility performance averages.

Customer Feedback

OPUCN posts on its website a listing of its capital investment projects for the upcoming years as well an online outage map to reference during power outages. OPUCN has posted its capital projects for 2020-2022. This allows OPUCN customers to review the upcoming projects and submit their concerns or questions to OPUCN. Any customer feedback or concerns are reviewed and responses provided accordingly. 77% of survey participants have indicated that they would like to see an outage notification system that automatically sends you a message by phone call, email or text within the next 5 years. OPUCN currently has telephone notification system in place.

OPUCN also provides advance notices to customers at each stage of a renewal project advising them of upcoming overhead or underground plant rebuilds in their area or neighbourhood, including any planned outages. Any questions or concerns (for example location of the proposed poles or pad-mount type transformers) are normally resolved directly with the customer.

OPUCN hosts open houses and information sessions to share plans of upcoming projects, customer service updates and safety related information. OPUCN will solicit and receive customer feedback and address any concerns to the best of its abilities directly with their customers. In the 2019 the online survey and in-person events participants had the opportunity to provide open feedback on the Distribution System Plan and request contact from an OPUCN employee to further discuss questions or concerns.

In addition to adding opportunities for customers to interact with OPUCN in-person more self-serve options were added online. Customers provided feedback from previous surveys that they wanted to be have more administrative control of their hydro accounts at their convenience and not be fixed to the office daily operating hours. More online forms were created and a Self-Service hub that houses forms, information and account access.

OPUCN took efforts to engage the local contractor and developer community with the goal to keep them up-to-date on safety, incentives and opportunities. OPUCN improved internal procedures to ease the process for contractors to apply for services and service upgrades. Reducing response times to applications created a better customer service

experience from our customer. OPUCN created a dedicated webpage “Contractor’s Corner” where developers and contractors can access guidelines, specifications and service applications. Centralizing the information simplified the contractor’s process and help streamline the service application process.

In June 2018 OPUCN hosted their first Developer Conference and a Contractor Safety Day in November. In 2019 OPUCN expanded on Contractor Safety and worked with industry partners to host a larger event in November. The attendance more than doubled from the first Contractor Safety Day held in 2018. In addition to addressing any inquiries contractors have, OPUCN was able to educate them on how to safely work around OPUCN’s infrastructure.

OPUCN continues to meet with its major customers (e.g. Durham College, Lakeridge Health Centre, Region of Durham, The City of Oshawa) and key developers (e.g. Tribute Homes, Panatonni Development Company; Sorbora, Podium Development), for ongoing updates and service-related consultation on their project plans and future developments as well as account consultation. Not only does this keep OPUC aware of what these larger accounts have planned, but is another important step in building relationships with our customers and keeping in touch with their level of satisfaction and their needs.

OPUCN considers all customer feedback and preferences in determining the pacing of its investments and in optimal selection of projects. Furthermore, OPUCN has been prudent when incurring costs since the customer satisfaction survey results indicate that the low price of electricity is an important factor to customers.

PERFORMANCE MEASUREMENT

On March 5, 2014 the OEB issued its report on *Performance Measurement for Electricity Distributors: A Scorecard Approach*. The report set out the OEB's policies on the measures to be used to assess a distributor's effectiveness and improvement in the four performance outcome areas of the RRFE.

In 2019, OPUCN successfully exceeded most OEB industry targets. The following sub-sections provide a commentary on each specific target over the last 5 years. OPUCN sets its internal target to be better than or equal to the OEB's industry target.

Each metric provided in Table 1-34 below influences OPUCN's decision making, to achieve the best performance for its customers.

Table 1-34: Summary of Performance Measures and Targets

Performance Outcomes	Measure	Driver	Metric	OPUCN Target	OEB Target
Customer Oriented Performance	Service Quality	Regulatory/ Customer	New Residential/Small Business Services Connected on Time	100% in 2 days	90% in 5 days
			Scheduled Appointments Met on Time	100%	90%
			Telephone Calls Answered on Time	92%	65%
			Written Responses to Enquiries	100% in 1 business day	80% within 10 business days
	Customer Satisfaction	Customer	First Contact Resolution	Less than 2% of qualifying calls	n/a
			Billing Accuracy	>98%	>98%
			Customer Satisfaction Survey	>90%	n/a
	System Reliability	Regulatory/ Customer	SAIDI	Previous 5-year rolling average	Historic 5-year 2010-2014 average (1.18)
			SAIFI	Previous 5-year rolling average	Historic 5-year 2010-2014 average (1.06)
Cost Efficiency and Effectiveness	Cost Control	Regulatory/ Customer/ Corporate	Efficiency Assessment	Group 2	n/a
	Distribution System Plan Implementation Progress	Corporate/ Regulatory	Program Delivery Cost	Within 5% of budget	n/a
Asset/ System Operations	Safety	Regulatory/ Corporate	Level of Public Awareness	>80%	n/a

Performance Outcomes	Measure	Driver	Metric	OPUCN Target	OEB Target
Performance			Level of Compliance with Ontario Regulation 22/04	0 NC; 0 NI	C
			Serious Electrical Incident Index	0	0
			Lost Time Injuries	0	n/a
	Distribution Losses	Corporate	Line Losses	<5%	<5%
Public Policy Responsiveness	Conservation and Demand Management	Regulatory/ Customer	Net Cumulative Energy Savings	73.01 GWh	73.01 Gwh
	Connection of Renewable Generation	Regulatory/ Customer	Renewable Generation Connection Impact Assessments Completed on Time	within 60 days of receiving ESA approval	within 60 days of receiving ESA approval
		Regulatory/ Customer	New Micro-embedded Generation Facilities Connected On Time	100% in 2 days	90% in 5 days
Financial Performance	Financial Ratios	Corporate	Liquidity Ratio	between 1 and 1.5	n/a
			Leverage Ratio	<1.5	60/40 or 1.5:1
			Profitability – Return on Equity Ratio	Within 300 basis points of 9.00%	Within 300 basis points of 9.00%

Customer Focus

The historical results in Table 1-35 below illustrate OPUCN's performance over customer oriented metrics. Results are those reported to the OEB through annual Reporting and Record Keeping Requirements (RRR).

Table 1-35: Customer Focus Historical Results

Measure	2015	2016	2017	2018	2019
New Residential/Small Business Services Connected on Time	95.40%	92.60%	99.47%	99.78%	100.00%
Scheduled Appointments Met on Time	99.60%	100.00%	98.53%	100.00%	100.00%
Telephone Calls Answered on Time	70.20%	73.70%	90.52%	90.10%	94.13%
Written Responses to Enquiries	100.00%	99.50%	99.90%	100.00%	100.00%
First Contact Resolution	149	521	277	103	238
Billing Accuracy	99.93%	99.94%	99.94%	99.93%	99.91%
Customer Satisfaction Survey	93% satisfied	92% satisfied	92% satisfied	95% satisfied	95% satisfied
Average Number of Hours that Power to a Customer is Interrupted (SAIDI)	1.21	2.61	0.73	1.34	0.98
Average Number of Times that Power to a Customer is Interrupted (SAIFI)	1.27	2.06	0.98	1.29	1.09

Service Quality

- New Residential/Small Business Services Connected on Time

In 2019, OPUCN connected 100% of the 509 eligible low-voltage residential and small business customers (those utilizing connections under 750 volts) to its system within the five-day timeline prescribed by the OEB. OPUCN considers this service quality requirement an important customer engagement initiative as it is the utility's first opportunity to meet and/or exceed its customer's expectations. OPUCN's five-year history shows it has been consistently above the OEB mandated threshold, which is reflected in the level of customer satisfaction within OPUCN's territory. OPUCN continues to connect service on time in 2020, with 100% connected on time as at April 2020. OPUCN intentionally sets targets that exceed the OEB mandated thresholds for service quality. Our internal target is within two business days.

- Scheduled Appointments Met On Time

OPUCN scheduled over 884 appointments to complete work requested by its customers in 2019, which included underground locates, direct requests from customers, and key account and conservation requests. OPUCN met 100% of these appointments on time, which is the maximum achievable. Over the last 5 years OPUCN has been considerably above the industry target of 90%. Again, the targets set by OPUCN are intentionally above the mandated thresholds set by the OEB to provide an exceptional level of service to OPUCN customers.

- Telephone Calls Answered On Time

In 2019, OPUCN customer contact center agents received over 58,000 qualifying calls from its customers – over 220 calls per working day. Agents answered calls within 30 seconds 94.13% of the time. This result exceeds the OEB-mandated 65% target for timely response, which OPUCN has exceeded each year for the last 5 years. OPUCN offers customers 24/7 service through various online forms and interactive voice response tools. This allows us to address the most common customer inquiries and service needs cost-effectively without compromising quality or service excellence. Emergency and outage notification calls are addressed using a live answering service after hours to ensure high-quality responsiveness from operating crews. OPUCN continues to improve its quick response time in 2020, as of June 2020, 95% of calls have been answered within 30 seconds.

- Written Responses to Inquiries

In 2019 OPUCN responded to 100% of written inquiries (emails, mail) within 10 business days. OPUCN has consistently performed well in this metric. Prior to 2018, when results began falling below the 100% target, OPUCN implemented an internal target of responding to 100% of inquiries within 1 business day. By placing a stricter internal target on this metric, OPUCN was able to maintain the level of 100% responses within 10 business days required by the OEB.

Customer Satisfaction

- First Contact Resolution

In 2019, OPUCN tracked calls where customers' questions were not resolved during their initial call and required a follow-up phone call, or were escalated to a Team Leader, Supervisor or Manager. As noted above, OPUCN received over 58,000 qualifying calls during the year, of which 0.5% were not resolved on first contact. Over the last 5 years, the portion of calls that were not resolved on first contact has consistently remained well below 1%. Out of all incoming qualifying calls, OPUCN targets that less than 2% will not be resolved on that first contact.

- Billing Accuracy

For the period from January 1, 2019 to December 31, 2019, OPUCN issued over 700,000 bills and achieved a bill accuracy measure of 99.91%. This compares favorably to the prescribed OEB target of 98%. Additionally, over the last 5 years OPUCN has exceed this target. OPUCN has validation points instilled at every point in the billing process to ensure bills are generated accurately.

- Customer Satisfaction Survey Results

In 2018, OPUCN engaged UtilityPULSE to conduct a customer satisfaction survey. The findings from the annual survey results are utilized to make enhancements in processes, services and communications strategies throughout the organization. 95% of OPUCN's customers rated their experience with OPUCN as fairly satisfied to very satisfied. Satisfaction levels for OPUCN were 6% higher than the Ontario utility satisfaction result

of 89%. Over the last 5 years, OPUCN's customers have rated their satisfaction at well above 90% each year. Some examples of changes that have been made as a result of customer feedback in prior years include improvements in the telephone interactive voice response (IVR) system, increase in online presence through social media, and the implementation of an outage management system (OMS) that communicates to customers experiencing an outage.

System Reliability

- Average Number of Hours that Power to a Customer is Interrupted

OPUCN's reported Average Number of Hours that Power to a Customer is Interrupted (i.e., duration excluding loss of supply) decreased from 2018 to 2019 to a value of 0.98, which is below its target of 1.18 (based on a fixed five-year average performance from 2010 to 2014). The decrease was mainly due to investments in System Renewal which aims to replace assets that are at the end of their useful life. The increase seen from 2017 to 2018, from 0.73 to 1.34, is principally due to aging distribution infrastructure and animal contacts with equipment. In an effort to continue to increase system reliability, OPUCN continues to invest in the utility's distribution system by renewing aged and faulty equipment to help mitigate the duration of outages in the future.

In 2020, OPUCN continues to improve system reliability through System Renewal investments required to replace end of life assets, System Service investments such as operational technologies and grid modernization, and General Plant investments to meet facilities, fleet, office systems and IT needs.

- Average Number of Times that Power to a Customer is Interrupted

OPUCN's reported Average Number of Times that Power to a Customer is Interrupted (i.e., frequency excluding loss of supply) for 2019 was 1.09 which is slightly higher compared to its target of 1.06 but has decreased dramatically since 2018. OPUCN has identified that the main contributing factors to unreliability was aging equipment. OPUCN intends to focus on a paced System Renewal investments and specific System Service investments to bring reliability indices in line with the expectations of both OPUCN's

customers and the OEB. Particular attention was given to equipment presenting high reliability risks, such as substation assets.

OPUCN's renewal of aged distribution assets is in progress and will help to further improve the frequency and duration of outages. OPUCN also coordinates with Hydro One to ensure their programs are directed at the most critical assets impacting service in Oshawa, and to mitigate outages caused by loss of supply. OPUCN has also included in the planned capital investments the installation of additional equipment that will provide rapid isolation of faults to reduce the number of customers affected during an outage.

Cost Efficiency and Effectiveness

The historical results in Table 1-36 below illustrate OPUCN's performance over cost efficiency and effectiveness metrics. Results are those reported to the OEB through annual RRR (2019 Efficiency assessment is forecasted based on the Benchmarking Model explained below).

Table 1-36: Cost Efficiency and Effectiveness Historical Results

Measure	2015	2016	2017	2018	2019
Efficiency Assessment	Group 2	Group 2	Group 2	Group 2	Forecasted as Group 2
Program Delivery Cost	99%	97%	101.3%	70.2%	98.99%

Cost Control

- Efficiency Assessment

The total costs for Ontario local electricity distribution companies are evaluated by the Pacific Economics Group Research, LLC (PEG) on behalf of the OEB to produce a single efficiency ranking for each distributor. The performance rankings for 2019 will be issued in PEG's Empirical Research in Support of Incentive Rate-Setting: 2019 Benchmarking Update Report to the OEB, expected to be issued in summer of 2020.

The electricity distributors are divided into five groups based on the magnitude of the difference between their respective individual actual and predicted costs. Utilities whose actual costs are lower than predicted are characterized as efficient and are assigned to Group 1 (25% or more below predicted cost) or Group 2 (between 10% and 25% below predicted costs). Utilities that are considered average performers will be assigned to

Group 3 (actual costs are within +/-10% of predicted costs). Utilities whose actual costs are higher than predicted will be assigned to Group 4 (between 10% and 25% above predicted cost) or Group 5 (in excess of 25% above predicted cost).

For the test year 2021, OPUCN is forecasting to be in Cohort 2 which is defined as having actual costs within between 10% and 25% of predicted costs. OPUCN has been in Cohort 2 eight years in a row. OPUCN has forecasted its efficiency ranking for the 2021 Test Year using the Benchmarking Spreadsheet Forecast Model. The model can be found in Appendix 2 to this Exhibit. OPUCN expects to remain in Group 2 as detailed in Table 1-37 below. OPUCN's goal is to sustain current efficiencies, and remain a cost-effective utility.

Table 1-37: Historic and Forecasted Efficiency Assessment

Measure	2018 (History)	2019 (Forecast)	2020 (Bridge)	2021 (Test Year)
Actual Total Cost	$33,406,523	$35,401,351	$35,826,249	$37,019,685
Predicted Total Cost	$38,599,429	$39,804,646	$40,330,356	$41,778,604
Difference	-$5,192,906	-$4,403,295	-$4,504,108	-$4,758,919
Percentage Difference (Cost Performance)	-14.4%	-11.7%	-11.8%	-12.09%
Annual Result	Group 2	Group 2	Group 2	Group 2

- Total Cost per Customer

Total Cost per Customer is evaluated by PEG on behalf of the OEB and is calculated as the sum of OPUCN's capital and operating costs, divided by the total number of customers served. OPUCN's 2019 cost performance is $596 per customer, resulting in a 4.8% increase over the prior year. Historical and forecasted results are shown in the table below.

Table 1-38: Summary of Cost per Customer

Measure	2018 (History)	2019 (Forecast)	2020 (Bridge)	2021 (Test Year)
Total Actual Cost	$33,406,523	$35,401,351	$35,826,249	$37,019,685
Number of Customers	58,745	59,396	60,196	61,008
Cost per Customer	$569	$596	$595	$607
Percentage Difference from Prior Year		4.81%	-0.15%	2.01%

OPUCN's forecasted Total Cost per Customer is displayed in the table above. This increase is mainly due to the System Renewal investments, which aim to increase the reliability of the grid.

- Total Cost per Km of Line

This measure uses the same total cost that is used in the Cost per Customer calculation above. The total cost is divided by the kilometers of line that OPUCN operates to serve its customers. OPUCN's 2019 rate is $35,041 per Km of Line which represents an increase of 3.2% over the prior year. The average annual forecasted increase for 2020-2021 is 2.2%. The increase is in line with the increase in predicted costs as per the Benchmarking Forecast, thereby continuing to position OPUCN in Cohort 2. Historical and forecasted results are shown in the table below.

Table 1-39: Summary of Cost per Customer

Measure	2018 (History)	2019 (Forecast)	2020 (Bridge)	2021 (Test Year)
Total Actual Cost	$33,406,523	$35,401,351	$35,826,249	$37,019,685
Distribution Circuit (km)	985	1,010	1,010	1,010
Cost per KM of Line	$33,915	$35,041	$35,461	$36,643
Percentage Difference from Prior Year	-	3.21%	1.19%	3.33%

OPUCN has been investing in infrastructure renewal at a higher than normal rate over the last several years in response to its aging distribution system. As capital investments for replacement and rehabilitation of existing lines grows at a faster rate than additions of lines within OPUCN's service area. As reported in its Distribution System Plan, OPUCN has identified a need to proactively manage the replacement of assets that are at, or near, end of life and in "poor" or "very poor" condition. Replacement plans ensure that planning objectives related to reliability, customer satisfaction and operating cost control are achieved.

<u>Distribution System Plan Implementation Progress</u>

- Program Delivery Cost

The metric that OPUCN chose to most effectively reflect our performance in Distribution System Plan Implementation Progress, is the ratio of actual total capital expenditures made in a calendar year, over the total amount of planned capital expenditures for that calendar year. For the twelve months ended December 31, 2019, OPUCN spent 98.99% of its OEB approved capital budget for the year, while completing the majority of our planned programs for that year. For the twelve months ended December 31, 2018,

OPUCN spent 70.2% of its OEB approved capital budget for the year. We came in under budget for the year primarily due to the deferral and reallocation of projects to subsequent years. In 2018, OPUCN completed construction of the Municipal Station 9. This state-of-the-art facility will also improve our outage response capacity by providing a backup control should our Simcoe Street facility become unavailable. Construction completed on Hydro One's Enfield Transformer Station in 2019/2020 will provide an important third point of supply for our distribution network. OPUCN's capital spending tackles the importance and complexity associated with the significant population growth in Oshawa.

Over the last 5 years, from 2015 through 2019, OPUCN has focused its capital expenditures on System Access and System Service requirements, mainly to address the forecasted customer and load growth within the service territory. With the increase in customers and load, OPUCN has shifted the focus of capital expenditures for 2021 to 2025 to System Renewal and System Service requirements to improve system reliability and mitigate customer outage impacts due to aging infrastructure.

Asset/System Operations Performance

The historical results in Table 1-40 below illustrate OPUCN's performance over asset, system and operations metrics. Safety results are those reported to the OEB through annual RRR.

Table 1-40: Asset/System Operations Historical Results

Measure	2015	2016	2017	2018	2019
Safety - Level of Public Awareness	85%	85%	85%	85%	83%
Safety - Level of Compliance with O.Reg 22/04	C	C	C	C	C
Safety - Serious Electrical Incident Index	0	0	0	0	0
Line Losses (internal results)	4.68%	3.59%	3.29%	4.38%	4.23%

Safety

In May 2015, the OEB requested the implementation of a public safety measure for all LDCs. The OEB stated that the public safety metric will have the following components and will be included on the LDCs' annual scorecards: Component A - Public Awareness of Electrical Safety; Component B - Compliance with Ontario Regulation 22/04; and Component C - Serious Electrical Incident Index

- Component A – Public Awareness of Electrical Safety

Component A, Public Awareness of Electrical Safety, measures the level of awareness of key electrical safety precautions among the public within the electricity distributor's service territory, and the degree of effectiveness for distributors' activities on preventing electrical accidents. The OEB requested that all LDCs carry out a survey using the Electrical Safety Authority's (ESA) approved methodology and pre-formed set of questions, so that a final LDC Awareness Score (bound between 0-100%) can be calculated.

OPUCN, and 27 other utilities, engaged UtilityPULSE to administer the survey as well as calculate the final score. The survey ran in January 2020, and OPUCN's final public awareness index score was 83%. Based upon the survey results of the participants, OPUCN customer awareness index was higher than the average score of 82% for the utilities who engaged in the survey. Over the last few years of surveys, OPUCN's score was 85% in 2015 and 2017, and 83% in 2019.

- Component B – Compliance with Ontario Regulation 22/04

Ontario Regulation 22/04 - Electrical Distribution Safety, establishes objective based electrical safety requirements for the design, construction, and maintenance of electrical distribution systems owned by licensed distributors. Specifically, the regulation requires the approval of equipment, plans, specifications, and inspection of construction before they are put into service.

The definitions of a C, NI and NC score, as categorized by the ESA, are provided in the table below.

Table 1-41: ESA Score Definitions

Score	Definition
C	Compliant - Fully or substantially meeting the requirements of Regulation 22/04.
NI	NI Needs Improvement - Continuing failure to comply with a previously identified Needs Improvement item - Non-pervasive failure to comply with adequate, established procedures for complying with Regulation 22/04.
NC	Non-Compliance

	- A failure to comply with a substantial part of Regulation 22/04; or - Continuing failure to comply with a previously identified Needs Improvement item.

OPUCN was fully compliant with Ontario Regulation 22/04 for the year 2019, achieving a score of 'C', for Compliant. Over the last 5 years, OPUCN has consistently scored a 'C'. OPUCN's continued achievement of compliance is due to our strong commitment to safety, and adherence to standards and company procedures & policies.

- Component C – Serious Electrical Incident Index

OPUCN reported no fatalities or other serious incidents due to contact with its infrastructure in 2019, thereby achieving a top score of 0.000 for the Serious Electrical Incident Index per 100 km of line.

OPUCN takes public safety in the vicinity of its distribution equipment very seriously, and regularly carries out activities to take prompt corrective action where potential public safety issues are identified. Some of OPUCN's notable Health and Safety achievements are as follows:

- OPUCN achieved the Infrastructure Health & Safety Association's Certificate of Recognition™ ("COR") for five consecutive years. The utility scored a near-perfect 98% in an audit conducted under the highest safety standard in the province.
- The Electrical Safety Authority ("ESA") presented OPUCN with their 2019 Worker Safety Award. The nomination highlighted the work of OPUCN's Wellness Committee and Ergonomics Team, along with our efforts to promote electrical safety in the community through our Contactor Safety Day event and Hazard Hamlet travelling safety presentation.
- In June 2019, the Infrastructure Health and Safety Association presented OPUCN with its Recognition of Performance Achievement Award for passing the milestone of 500,000 hours worked without a lost-time injury.
- OPUCN is a member in good standing with the Canada Safety Council.

OPUCN promotes public safety messages through bill inserts, our website and social media and in person at our customer engagement events so our customers stay informed and stay safe.

Distribution Losses

OPUCN system losses are monitored annually. System design and operation is managed such that system losses are maintained within OEB thresholds, as defined in the "OEB Practices Relating to Management of System Losses." Losses are monitored to ensure that the 5% threshold is not exceeded. Losses are trending in the 3.29% – 4.68% range over the historical period and are within the OEB 5% threshold.

Public Policy Responsiveness

The historical results in Table 1-42 below illustrate OPUCN's performance over responsiveness to public policy metrics. Results are those reported to the OEB through annual RRR.

Table 1-42: Public Policy Responsiveness Historical Results

Measure	2015	2016	2017	2018	2019
Net Cumulative Energy Savings	6.91%	24.21%	71.65%	83.00%	n/a
Renewable Generation Connection Impact Assessments Completed on Time	100%	n/a	0.00%	100%	n/a
New Micro-embedded Generation Facilities Connected On Time	100%	100%	100%	100%	n/a

Conservation & Demand Management

- Net Cumulative Energy Savings

Under the 2015 to 2020 Conservation First Framework (CFF), OPUCN was assigned an energy savings target of 73 GWh. The achievement of this energy efficiency target is governed via an Energy Conservation Agreement (ECA). The IESO periodically issues updates to the ECA and OPUCN regularly commits to the updated terms. As of March 21, 2019, the ECA between OPUCN and the IESO has been terminated as per ministerial directive Ontario Bill 87. Prior to the cancellation of the CFF, OPUCN was projected to exceed our 2020 conservation targets.

Connection of Renewable Generation

- Renewable Generation Connection Impact Assessments Completed on Time

Electricity distributors are required to conduct Connection Impact Assessments (CIAs) for renewable generation facilities >10kW within 60 days of receiving a complete application from the Generator. In 2019, OPUCN had two CIA connection request for renewable generation facilities >10kW. Both were connected on time as per OEB guidelines.

- New Micro-embedded Generation Facilities Connected On Time

The minimum acceptable performance level for this measure is 90% of the time. In 2019 there were no requests of this nature.

Our workflow to connect these projects is simplified and transparent with our customers. OPUCN works closely with its customers and their contractors to tackle any connection issues to ensure the project is connected on time.

Financial Performance

The historical results in Table 1-43 below illustrate OPUCN's performance over financial metrics. Results are those reported to the OEB through annual RRR.

Table 1-43: Summary of Financial Ratios

Measure		2015	2016	2017	2018	2019
Liquidity: Current Ratio		1.16	1.16	0.99	1.07	1.23
Leverage: Debt to Equity Ratio		1.12	1.04	0.96	1.21	1.15
Profitability: Regulatory Return on Equity	**Deemed**	9.30%	9.30%	9.19%	9.00%	9.00%
	Achieved	7.59%	9.97%	7.62%	7.47%	9.14%

Financial Ratios

- Liquidity: Current Ratio (Current Assets/Current Liabilities)

The current ratio is an indicator of a company's ability to repay its short-term debts and financial obligations. Companies with a ratio of greater than 1 are often referred to as being "liquid". Generally, the higher the number, the more "liquid" and the larger the margin of safety to cover the company's short-term debts and financial obligations.

OPUCN's current ratio for 2019 is 1.23. OPUCN monitors and manages its liquidity risk to ensure access to sufficient funds to meet operational and investing requirements. OPUCN's long term goals are to keep their liquidity ratio at 1.2.

- Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio

The OEB uses a deemed capital structure of 60% debt, 40% equity for electricity distributors when establishing rates. This deemed capital mix is equal to a debt to equity ratio of 1.5 (60/40). A debt to equity ratio of more than 1.5 indicates that a distributor is more highly levered than the deemed capital structure. A high debt to equity ratio may indicate that an electricity distributor may have difficulty generating sufficient cash flows to make its debt payments. A debt to equity ratio of less than 1.5 indicates that the distributor is less levered than the deemed capital structure. OPUCN's debt to equity ratio for 2019 was 1.15 compared with 1.21 in 2018. OPUCN continues to be below the OEB's deemed capital structure, as the trend from 2015 to 2019 illustrates a debt to equity ratio of less than 1.5. OPUCN's long-term goals include keeping the debt to equity ratio below 1.5.

- Profitability: Regulatory Return on Equity – Deemed (included in rates)

OPUCN's current distribution rates were approved by the OEB and include an expected regulatory return on equity (ROE) of 9.00%, which is based on the OEB's deemed capital structure of 60% debt and 40% equity as noted earlier. The OEB allows a distributor to earn within +/- 3% of the expected return on equity. When a distributor performs outside of this range, the actual performance may trigger a regulatory review of the distributor's revenues and costs structure by the OEB.

- Profitability: Regulatory Return on Equity – Achieved

OPUCN's ROE for 2019 was 9.14%, compared with a regulatory ROE of 9.00% for the same period. For 2019, OPUCN earned a higher return than the approved rate. As seen since 2017, OPUCN has been earning a lower ROE than the approved rate, however, results are within the expected ROE range set out by the OEB.

Continuous Improvement and Plan Going Forward

Past Performance Measurement

Prior to 2015, OPUCN had only a few internal benchmarking standards in place to effectively identify key performance measures on a departmental basis or determine major capital and maintenance costs on a per unit system. The method in place for gauging overall company performance included the OEB's Performance Measurement Scorecard. This provided 22 unique metrics, formulated by the OEB, to help determine annual performance and identify key areas in need of improvement (see Figure 1-6 below). Across nine performance categories, the annual scorecard was able to set performance targets and provide yearly trends on a strictly high-level basis. The general trend illustrated was the steady improvement in categories in line with OPUCN's customer driven business model: maintaining a high level of system reliability; customer satisfaction, and safety. OPUCN strives to not only maintain, but also improve year to year in these categories. The performance measures included on the scorecard have an established minimum level of performance expected to be achieved. It also played its part in identifying the shortcomings with respect to major capital and maintenance cost on a per unit system. Based on these shortcomings OPUCN implemented initiatives, which are part of our current performance management program to address these issues and initiated its strategic planning of moving toward per unit performance benchmarking system.

Scorecard - Oshawa PUC Networks Inc.

9/11/2019

Performance Outcomes	Performance Categories	Measures		2014	2015	2016	2017	2018	Trend	Target: Industry	Target: Distributor
Customer Focus Services are provided in a manner that responds to identified customer preferences.	Service Quality	New Residential/Small Business Services Connected on Time		95.60%	95.40%	92.60%	99.47%	99.78%	up	90.00%	
		Scheduled Appointments Met On Time		100.00%	99.60%	100.00%	96.53%	100.00%	down	90.00%	
		Telephone Calls Answered On Time		72.00%	70.20%	73.70%	90.52%	90.10%	up	65.00%	
	Customer Satisfaction	First Contact Resolution		4 calls	149	521	277	103			
		Billing Accuracy		99.88%	99.93%	99.94%	99.94%	99.93%	up	98.00%	
		Customer Satisfaction Survey Results		93% satisfied	93% satisfied	92%satisfied	92% satisfied	95% satisfied			
Operational Effectiveness Continuous improvement in productivity and cost performance is achieved; and distributors deliver on system reliability and quality objectives.	Safety	Level of Public Awareness			85.00%	85.00%	85.00%	85.00%			
		Level of Compliance with Ontario Regulation 22/04 [1]		C	C	C	C	C	flat		C
		Serious Electrical Incident Index	Number of General Public Incidents	0	0	0	0	0	flat		0
			Rate per 10, 100, 1000 km of line	0.000	0.000	0.000	0.000	0.000	flat		0.000
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted [2]		1.34	1.21	2.61	0.73	1.34	down		1.18
		Average Number of Times that Power to a Customer is Interrupted [2]		1.19	1.27	2.06	0.98	1.29	down		1.06
	Asset Management	Distribution System Plan Implementation Progress		Submitted	99%	97%	101.3%	70.2%			
	Cost Control	Efficiency Assessment		2	2	2	2	2			
		Total Cost per Customer [3]		$519	$545	$546	$532	$569			
		Total Cost per Km of Line [3]		$29,681	$31,719	$31,962	$31,280	$33,915			
Public Policy Responsiveness Distributors deliver on obligations mandated by government (e.g., in legislation and in regulatory requirements imposed further to Ministerial directives to the Board).	Conservation & Demand Management	Net Cumulative Energy Savings [4]			6.91%	24.21%	71.65%	83.00%			73.01 GWh
	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time			100.00%		0.00%	100.00%			
		New Micro-embedded Generation Facilities Connected On Time		100.00%	100.00%	100.00%	100.00%	100.00%	flat	90.00%	
Financial Performance Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)		0.84	1.16	1.16	0.99	1.07			
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio		0.78	1.12	1.04	0.96	1.21			
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	9.42%	9.30%	9.30%	9.19%	9.00%			
			Achieved	6.41%	7.59%	9.97%	7.62%	7.93%			

1. Compliance with Ontario Regulation 22/04 assessed: Compliant (C); Needs Improvement (NI); or Non-Compliant (NC).
2. The trend's arrow direction is based on the comparison of the current 5-year rolling average to the distributor-specific target on the right. An upward arrow indicates decreasing reliability while downward indicates improving reliability.
3. A benchmarking analysis determines the total cost figures from the distributor's reported information.
4. The CDM measure is based on the 2015-2020 Conservation First Framework. 2018 results are based on the IESO's unverified savings values contained in the March 2019 Participation and Cost Report.

Legend: 5-year trend: up, down, flat. Current year: target met, target not met

Figure 1-6: Sample OEB Performance Scorecard

Current Performance Measurement

Over the past 5 years, OPUCN has continued to improve upon and develop new internal metrics upon which the company's performance is measured. In 2016, OPUCN developed and implemented the use of an internal corporate scorecard to provide further insights into the overall performance of the company. The goal was to develop metrics aligned with the corporate strategy of the company. These performance measures cover the following categories:

1. Financial Earnings;
2. Cost Control;
3. Reliability;
4. Customer Service; and,
5. Safety and People.

To further improve OPUCN's framework of performance measurement and learning from historic performance and data, OPUCN introduced a new estimating software (Quadra) to enhance the quality of estimates as well as a new Centralized Maintenance Management System (CMMS) software to better manage and operate the maintenance program.

OPUCN identified key traceable measures within each department in order to highlight organizational efficiencies as well as highlight areas for improvement which includes project schedule, project cost and response time. Such KPI's have been implemented within the Capital Design department, responsible for the design of all capital construction jobs, in order to track key elements aligned with the overall goals of the company. Response time for new connection offers, residential upgrade response time, and controllable capital project spending are just some of the newly implemented performance metrics measured internally.

OPUCN is looking to implement a system that will reliably measure and provide data for unit cost benchmarking to increase the quality of estimates, differentiate jobs which are outliers and create a benchmark around which the performance can be measured and

compared. In order to continue to improve overall efficiency, OPUCN will continue to invest in systems and software to transform existing performance indicators, as well as, develop a new framework for benchmarking performance.

Future Performance Measurement

With the help of the historic data, we identified our shortcoming in terms of unavailability of per unit cost, inconsistency in estimates and lack of maintenance management system. These shortcomings are being addressed by our current initiatives, which range from our internal scorecard system to software such as Quadra and CMMS. In order to continuously improve, transform, and track organizational efficiency, OPUCN is moving forward to gather more data through the newly implemented software and develop a per-unit benchmarking framework to create benchmarks on which performance can be compared internally and externally as well. OPUCN has invested in new project management software packages with the purpose of improving design time and interdepartmental efficiencies. Quadra is an example of that. Once a sufficient amount of data set has been accumulated, Quadra will be able to provide the information required to implement these unit-based performance indicators throughout the Distribution, Operations, and Engineering Departments. After the Initial analysis of performance categories and with the availability of more refined and quality data form of our estimating software Quadra, nine unique, unit-based performance metrics were identified, and are summarized in Table 1-44 below.

Table 1-44: Proposed Unit-Based Performance Measures

Proposed Unit-Based Performance Measures		
OPUCN Category	**OEB Performance Category**	**Proposed Measure**
Financial	Asset Management	Capital Design Cost $/km UG conductor to be replaced
		Capital Design Cost $/pole to be replaced
		Capital Expansion Design Cost $/Lot energized
	Cost Control	$/km - Vegetation Management
		$/km - System Patrol
		$/pole installed
		$/Pad-mount Transformer Replaced
		$/Pole-mount Transformer Replaced

		Wrench Time Categories TBD by CMMS system

With the implementation of these new unit-based performance metrics, Distribution, Operations, and Engineering Departments will be able to obtain far greater levels of control over estimates and performance which can be measured and compared with the internal and industry average. Furthermore, OPUCN will be able to benchmark against other utilities, on a unit-by-unit basis, in terms of operational effectiveness and creating a more accurate comparison. The reason these benchmarking exercises are necessary is to find a reference point and from that reference point OPUCN will work towards improving their performance and measuring success.

OPUCN learned from the historic data and is continuously improving its operational effectiveness over the current 5-year planning period, as well as, position itself for success in the future. With its current internal Performance Scorecard, estimating software, CMMS system and proposed unit-based performance measurement approach, OPUCN has set a bar that demands constant improvement in order to meet internal targets, and excel at OEB targets.

FINANCIAL INFORMATION

Audited Financial Statements

Copies of OPUCN's Non-consolidated Audited Financial Statements for the last three historical years are provided in Appendix 3.

Reconciliation – Audited Financial Statements & Regulatory Accounting

Reconciliations of OPUCN's 2019 Audited Financial Statements to the USoA Trial Balance are provided in Appendix 4.

Annual Report

A copy of the OPUCN's Annual Report is attached in Appendix 5.

Rating Agency Report

OPUCN does not have any rating agency reports.

Prospectuses or Information Circulars

OPUCN does not have any publicly traded debt or equity. OPUCN has no plans to issue any debt

Change in Tax Status

OPUCN has had no change in tax status since the last rebasing.

Accounting Orders

OPUCN has not departed from the Accounting Procedures Handbook. OPUCN has no further existing or proposed accounting orders.

Uniform System of Accounts

OPUCN has not departed from using the OEB's approved USoA.

Statement of Accounting Standard Used

OPUCN transitioned depreciation and capitalization policies to IFRS on January 1, 2012, and transitioned remaining policies to IFRS on January 1, 2015, including comparative period 2014. This Application is being filed using MIFRS Accounting Standards.

Non-Utility Business Accounting

OPUCN confirms that accounting for non-utility business activities is separate and distinct from OPUCN's rate regulated activities in accordance with the OEB's Guidelines: Regulation and Accounting Treatments for Distributor-Owned Generation Facilities G-2009-0300 dated September 15, 2009.

Separation of Distributor Function

OPUCN confirms that this application only contains amounts attributable to the rate regulated business.

Materiality Threshold

Chapter 2 Filing Requirements for the Electricity Distribution Rate Applications sets out the materiality levels based on the magnitude of the revenue requirement. OPUCN's revenue requirement is greater than $10 million and less than $200 million, therefore its materiality level is 0.5% of the distribution revenue. OPUCN has calculated a materiality threshold of $136,745 for Test Year 2021. In an effort to provide a thorough and relevant analysis OPUCN has used a materiality threshold of $100,000 throughout this Application.

DISTRIBUTOR CONSOLIDATION

OPUCN has not acquired or amalgamated with another distributor.

APPENDIX 1.1 – CUSTOMER ENGAGEMENT: APPENDIX 2-AC

Appendix 2-AC
Customer Engagement Activities Summary

Provide a list of customer engagement activities	Provide a list of customer needs and preferences identified through each engagement activity	Actions taken to respond to identified needs and preferences. If no action was taken, explain why.
3rd Party Customer Engagement Investments		
Residential & Small Business Customer Survey 2018 (telephone)	The primary purpose of the Annual Customer Satisfaction survey is to gather information about satisfaction, customer affinity, feelings about outages and bills. Respondents are given an open-ended question to provide suggestions for improvement. For Fall 2018 additional questions around preferred method for LDC to communicate with customers when there is a billing issue or an unplanned outage. Respondents were asked about their satisfaction with their access to services and their priority rating for 12 operational issues.	Questions used in the telephone survey about communication preferences, satisfaction with access to services, and priority ratings were replicated in the Taking A.I.M. online process. Feedback and insights are used to shape the COS 5 year plan. Following the 2018 survey: a Self Service Hub for customers was created in 2019. Targets for various activities were increased: for example OP's standard for new connections is 100% in 2 days, while the OEB standard is 90% in 5 days, OP's grade of service standard in 2018 was 90%, 92% in 2019 and 93% for 2020. The OEB standard is 65%.
Residential & Small Business Customer Survey 2017 (telephone)	In addition to the primary purpose of the Annual Customer Satisfaction survey, feedback about the role technology plays in achieving higher levels of service for customers and making the LDC more efficient were asked. Respondents were asked to assign an importance level for 10 customer relevant technologically enabled operational items.	Data from the survey show Oshawa Power customers as having about the same level of preference for using the telephone to get information as other LDCs in southern Ontario. The data also shows there are customers willing to utilize technology. These findings help determine what enhancements could/should be made to the website and its self-service options. Following the 2017 survey, online forms such as: move in/out, account transfer forms, report vandalism and others was added to the website.
Residential & Small Business Customer Survey 2014 (telephone)	In addition to the primary purpose of the Annual Customer Satisfaction survey, Oshawa Power took the opportunity to learn more about respondent expectations as they relate to Outages and Outage Management.	Oshawa Power survey respondents rate OP just as favourably as found in the UtilityPULSE database for other LDCs, as it relates to having a standard of reliability that meets their expectation. OP used the 2014 survey to gain further insight into the effects of outages. In addition, OP asked respondents to provide a priority level for 10 operational items. Items such as: burying overhead wires, investing in tree trimming, developing a smartphone application, etc. Findings are used to determine timing of operational changes. One of the ways communication was enhanced was to embrace social media. In 2015 OP started using Twitter, Facebook and Linkedin.
Large Commercial Customer survey 2018	This survey was designed to gather information about satisfaction, billings, outages and company image. More importantly the survey asked telephone survey respondents to provide a priority rating for 17 items.	The Key Account strategy was changed, see Power Quality & Reliability below, and Quarterly Key Account Meetings with OPUC's 30 largest customers below.
Electricity Safety survey 2016	This is a standardized survey to engage consumers in Oshawa Power community about electricity safety.	This was a baseline survey, Oshawa results were compared with the results from 34 LDCs. Internal discussions lead to "reminders" going out to customers.
Electricity Safety survey 2018	Second run to engage consumers about electricity safety.	Oshawa Power's score of 85 was higher than the average score of 82 for 33 Ontario LDCs.
Electricity Safety education 2018	The goal is to provide on-going educational support regarding electricity safety; findings from the 2016 and 2018 surveys showed a need for more education.	In order to help educate, Oshawa installed an interactive electricity safety quiz, with supporting explainer videos, on line - available 24/7. https://www.opuc.on.ca/test-your-electrical-safety/ In 2018 Oshawa Power also created 5 live action safety videos that demostrated and communicated key safety messages. These were posted on website and shared through social media.
UtilityPULSE facilitated review of Customer Engagement activities 2018	The purpose of this session was to: - Conduct a review of current CE activities - Leverage CE activities for gathering feedback - Identify ways to get the best from internal resources - Ensure understanding of requirements to support COS application	Clarification of roles and responsibilities between internal resources, corporate resources and third party resources as they relate to various customer engagement activities. Project time-table was also established. UtilityPULSE also lead a discussio about current industry & customer trends. Action was taken to leverage OP's investment in the annual telephone customer survey to capture additional customer feedback. Topic areas for online surveys were identified.
Taking AIM (Applied Insights Methodology): Oshawa Power's COS DSP online survey 2019	A complementary methodology (online) to gather information, to inform, go gather feedback, to cOPture insights, to gain wisdom from customer respondents. One of the goals of the online survey is to collect specific feedback for the COS application. Another goal with a well constructed survey is to enhance the organization's credibility in the eyes of the respondent. The survey had seven segments, called "Chapters".	Data, information and insights are to be used to help shape the COS DSP plan being submitted to the OEB.
Taking AIM (Applied Insights Methodology): Oshawa Power's COS DSP online survey - Chapter 1 2019 "About your Oshawa Power"	Chapter survey 1 is designed to gauge the level of respondent disposition, i.e., positive or negative, towards Oshawa Power as a company. Respondents would be introduced to important concepts such as: Make Your Voice Count and Wisdom from Customers. This was a Level 1 (Informing & Information Gathering) & 2 (Gathering Feedback) engagement survey which is about raising awareness, providing education, and Capturing perceptions. The primary goal of the Taking A.I.M. process is to break down a large complex topics into smaller more manageable pieces.	OP is very highly rated as a trusted and trustworthy company. Findings from the online survey Chapter 1 are compared with other sources of data i.e., telephone to determine to what degree, if any, numerical results should be adjusted. No adjustments were made or needed to online survey data.
Taking AIM (Applied Insights Methodology): Oshawa Power's COS DSP online survey - Chapter 2 2019 "The Electricity Industry and Oshawa Power's role in it"	Chapter survey 2 is designed to help educate respondents about how the electricity system works in Ontario and Oshawa Power's role in it.	The vast majority of LDC customers view their bill as a total amount, with few actually knowing that Oshawa Power doesnot receive the full amount. By knowing more about the industry the belief is, respondents should be able to provide better information. Information received shows Oshawa Power getting high marks for " quickly handling outages and restoring power" and "having a standard of reliabiity that meets with customer expectations"
Taking AIM (Applied Insights Methodology): Oshawa Power's COS DSP online survey - Chapter 3 2019 "Customer priorities, which are the important ones?"	Chapter survey 3 is about gaining a better understanding of customer priorities which affects costs. This was a Level 2 (Gathering Feedback) and Level 3 (Capturing Insights by Involving Stakeholders) engagement survey. This survey also introduced respondents to a concept called Help Us Decide. To ensure the list of priorities was comprehensive, respondents were give an open-ended question to allow for the inclusion of more priority planning items.	Respondents were asked to assign an importance level to 15 operational items which affect costs. Results from the online survey coupled with results from the 2018 telephone survey question regarding 'Priority Planning' are used to determine which items have more support by the customer base. Findings include, from respondent feedback, there is tremendous amount of support for continuously improving the safety and reliability of the electricity network and for reducing response times to outages. And most importantly remaining focused on keeping costs low.
Taking AIM (Applied Insights Methodology): Oshawa Power's COS DSP online survey - Chapter 4 2019 "Customer insights about billing and outages"	Chapter survey 4 is about billing and outages. This is a Level 2 and Level 3 engagement survey. Bills & blackouts (outages) are known as the "Killer B's" - a very important topic for customers. Barriers to moving to e-bills were ranked by respondents.	Survey results do not support a need to raise current standards are they relate to: accurately billing customers, standard of reliability, or quickly handling outages. OP learned that the 2 major barriers for moving customers to e-bills was "some customers do not have access to the internet" and "some customers are not comfortable with technology". OP also learned that customers much prefer telephone notification for push type of communications over other means. This later finding means that the COS DSP plan has to take into account future technological changes to service.
Taking AIM (Applied Insights Methodology): Oshawa Power's COS DSP online survey - Chapter 5 2019 "Facilities and General Plant Capital investments"	Chapter survey 5 is about prioritizing capital investments in a potential new facility and in the General Plant budget. This is a Level 2 and Level 3 engagement survey.	Data received shows there are some respondents who simply will not support any increase, but the majority of customers will when that increase is reasonable. As it relates to a new facility and re-locating, there is majority support for doing so - however, there will be critics. These findings will affect decisions made around OP's facility.
Taking AIM (Applied Insights Methodology): Oshawa Power's COS DSP online survey - Chapter 6 2019 "Gathering insights about customer care operational improvements"	Chapter survey 6 is about identifying priorities and testing concepts as they relate to subjects such as: communication, customer care operations, satisfaction with information provided on things such as electricity safety, and facilities. This is a Level 3 and Level 4 (Gaining Wisdom by Participating with People) engagement survey.	Findings include a desire for more communication. Respondents were asked which Customer Care operational items that OP ought to work on over the next 5 years. Findings also show very little support for extending office hours. These findings will help shape the COS application.
Taking AIM (Applied Insights Methodology): Oshawa Power's COS DSP online survey - Chapter 7 2019 "Distribution System Plan Capital investments"	Chapter survey 7 is about specific DSP topics, specifically investments in system renewal and system service. This survey is a Level 3 and Level 4 engagement survey.	Respondents were asked difficult questions with no easy answers. None-the-less, the majority of respondents supported investments at or higher than the level of cost recommended by Oshawa Power. Customer comments indicate that it is important for the COS DSP plan being submitted to the OEB continue to exhibit Oshawa Power's pragmatism and willingness to keep cots low.
Customer and Community Engagement - Gaining Wisdom by Participating with People		
Enhancing Trust & Credibility through Stakeholder Empowerment	Making it easier for customers to get information or resolve issues is the goal of Level 5 engagement.	These items are reviewed internally and changed as required. More will be added at a time and pace desired by customers but after COS application has been completed. OP has revamped its website to include items to assist customers for dealing with issues, providing information/feeback, or finding information. Ensuring the website was mobile friendly and that it includes such things as a Forms Section and TOU status bar. Also, launched in 2017 was Customer Service Open Houses. While each open house event has a specific theme, these are an important opportunity to connect with customers.
- Consulting with others regarding regional planning issues	We have attended 7 meetings in an 18 month period ending in November 2019 to provide input and expertise for regional planning issues, power reliability and/or quality The following are the events we have attended in terms of regional planning: 1. 05/17/18 Hydro One - GTA East Outage Conference – Eric/Roger 2. 12/04/18 Hydro One - GTA East Outage Conference – Eric/Roger 3. 02/20/19 GTA East Regional Planning Meeting – Preliminary Discussion Needs Assessment (NA) – Eric 4. 05/16/19 Hydro One - GTA East Outage Conference – Eric/Roger 5. 06/24/19 GTA East Regional Planning Meeting – Kick Off Meeting Needs Assessment - Eric 6. 08/07/19 GTA East Regional Planning Meeting for NA – Eric/Matt 7. 11/28/19 Hydro One - GTA East Outage Conference – Eric/Roger Please also refer to the following link regarding regional planning documents for reference: https://www.hydroone.com/about/corporate-information/regional-plans/gta-east	OP's operational plan is adjusted based on identified needs.

- Working with others to educate and promote conservation (CDM)	Prior to the CDM framework being shut down in March 2019, meetings were held with various community groups to promote energy conservation.	Materials provided were adjusted as necessary for the community meetings.
- Electricity safety in the community	Improve electricity safety knowledge by working with the Electrical Safety Authority and other safety organizations.	Participating in meetings, coupled with results from the Electricity Safety Surveys, have resulted in the installation of an electricity safety quiz with explainer videos on OP's website In 2018 Oshawa Power created 5 live action safety videos that demostrated and communicated key safety messages. These were posted on website and shared through social media. Also, an Annual Contractor Safety Day was launched in 2018.
-Community emergency preparedness	Supporting emergency preparedness activities with communities, police and fire.	OP has develop a community preparedness plan in partnership with the City of Oshawa. Police and Fire have designated telephone number to access OP professional personnel. In the last 24 months Police or Fire have requested emergency assistance from OP 151 times.
- Power quality and reliability	Large commercial customers require special attention especially as they relate to power quality and reliability. OP meets with these customers, as a minimum, bi-annually.	OP is out in the field on a monthly basis meeting with key accounts to discuss programs, incentives and account options. Their bills are reviewed every month and any anomoly will result in a phone call to find out what has changed to cause the bill to flucuate.
- Quarterly Key Account Meetings with OPUC's 30 largest customers. - Individual customer service sessions with any business seeking to reduce their energy cost.	The following list of customer needs and preferences have been identified through our outreach and engagement with our large commercial sector: Assistance in understanding dynamic policy eligibilities and updates; for example changes to OREC; Assistance opting in/out of the Industrial Conservation Initiative; Assistance understanding trends with regard to electricity pricing and how the pricing is represented on provincially mandated bill templates; Assistance with regard to energy-related grant programs and incentives such as Net Metering, Provincial program cancellations and new Federal programs; Collaboration with regard to OPUCN's emergency preparedness and response planning; and, Assistance with interpreting technologies that can assist with bill mitigation.	OPUCN responded to the identified needs in the following ways: OPUCN regulatory staff held personal meetings, issued official letters and followed-up with personal communications regarding the OREC eligibility. Staff have also offered to present to customer executive teams to facilitate their understanding of policy changes. OPUCN runs a detailed outreach and engagement process for the ICI each year, which involves personal outreach, analysis of past performance in the ICI program and communications to prevent missed deadlines. OPUCN provides access to data systems such as Kinetiq to customers struggling to understand their consumption and demand. We are also working to implement dashboards for key clients. OPUCN proactively reached-out to key accounts with a listing of incentive programs for which they were eligible. Every large commercial customer has a designated telephone number to access OP professional personnel. OPUCN regularly responds to questions about bill-mitigating technologies such as batteries and CHPs, based on unique inquiries submitted. It is estimated that OPUCN hosts approximately 130 customer touch-points per year.
- Forming partnerships, alliances	Reducing costs and improving service is achieved through partnerships and buying arrangements.	Oshawa Power is working with neighbouring utilities to create cost savings and efficiencies through a joint purchasing agreement.
- Participating in various industry associations	Actively participate in the EDA, and other associations such as The Uitlities Standards Forum (USF),OEB Activity and Program Based Benchmarking Workshops, EDA Market Renewal Program (MRP) Committee, IESO Crisis Management Support Team (CMST), Infrastructure Health and Safety Association (IHSA) - Seat on the Board, We are also part of the Harris Users Forum; the purpose is to keep up-to-date on new ideas, trends and emerging issues.	OEB Activity and Program Based Benchmarking Workshops EDA Market Renewal Program (MRP) Committee IESO Crisis Management Support Team (CMST) Infrastructure Health and Safety Association (IHSA) - Seat on the Board. The main benefit of participating in these Committees and panels is to keep up to date on new processes/regulations that are being introduced to the industry and to have input on industry changes. The Uitlities Standards Forum (USF). We are a part of the Regulatory, Engineering, Customer Service and IT forums. Benefits from being a part of USF: -Detailed discussions on emerging topics from the OEB and IESO on industry changes -Personally have participated in two working groups: RRR reporting and USofA accounts -The group develops templates and best practice guides which I have personally used. For example, best practices for tracking RRR metrics, templates for customer notices, common principles for accounting deferral and variance accounts. We are also part of the Harris Users Forum
- Working with local Chambers of Commerce	Ensuring small business are getting information, especially about energy conservation, is the reason we support Chambers in our geographic area.	Chambers are contacted in advance of any meeting to determine what issues or concerns have been raised by Chamber membership which would be addressed by OP at the meeting.
- Engaging customers - Social Media	Though OP posts information to its base of "social media" users	Twitter and Facebook social media postings were made to encourage participation in the Oshawa Power COS DSP online survey.
- Engaging customers - Contests	Helping to make OP more efficient by moving more customers to e-billing was done through a contest and refreshing CSR training to encourage enrollment	OPT has ran 1 contest and applied CSR training over the past 24 months which have resulted in 5,266 people on ebills.
Gathering Feedback via Consultation		
- Regular Customer Satisfaction Survey via UtilityPULSE	Gauging customer satisfaction levels, issues with outages and/or billing, and giving respondents an "open space" for comment is the purpose of the annual survey. OP's ratings are compared to an Ontario benchmark and a National benchmark.	OP's coresurvey contains supplemental questions to help determine what kinds of change could//should be made. See Taking A.I.M. report for more details. For Fall 2018, OP included supplemental questions to gain a better understanding of customer priorities. Following the survey, a Self Service Hub for customers was launched in 2019.
- Electrical contractors	The goal is to keep contractors up-to-date on conservation incentives and opportunities. In addition to address any concern contractors have with OP	In 2018 Oshawa Power hosted their first Developer Conference in June and also hosted Contractor Safety Day in November. In 2019 Oshawa Power expanded on Contractor Safety and partnered with ORCGA and hosted a larger event in November. The attendance more than doubled from 2018. Also, Oshawa Power created a "Contractor's Corner" on the website for contractors and builders in 2018.
- Internal committee meetings with other LDCs	Sharing of best practices with the goal to be more efficient.	From a communications training course Oshawa Power was able to gain insight from PUC Services Inc about their customer engagement campaigns and in turn Oshawa Power shared their experiences with Lakefront Utilities. Time was saved as ideas were shared.
- Vegetation management	In OP's territory vegetation management is important because about 6% of outages are caused by issues with vegetation. Also, vegetation management can be a controversial issue with customers.	While outages due to vegetation management is low when compared to rural type LDCs, to ensure customers have access to information we have our tree trimming schedule online https://www.opuc.on.ca/residential/tree-trimming/
- Community outreach	Giving information and getting feedback on issues and concerns is the purpose of town-hall, community events, tradeshows and on-site type meetings.	Information is collected and reviewed internally. Oshawa Power learned of different communication methods to reach different demographics of Oshawa customers. Oshawa Power realized a lack of knowledge amongst customers about assistance and budget programs. Oshawa Power created easy to read handouts for customers. They have been posted to website, distributed at public events, available in lobby and mailed directly to customers who requested them.
- Community outreach - COS/DSP	OP conducted 4 public meetings to gain a better understanding of customer issues and needs.	The message heard from customers is strong that they do not want to see unnessesary increases. The OP team is diligently working throught the plan to ensure the lowest costs and most reliability.
- Community outreach - Telephone Townhall	OP conducted a telephone townhall, with about 9,800 people connecting during the session. 189 people entered queue to ask questions. This very successful outreach session could have gone on for much longer than 1 hour.	Oshawa Power learned the importance of where they are located and size of location is high amongst their customer base as well as planning from the future efficiently. Future communications will be shared with customers regarding any changes in the operations location.
Outreach to Commercial Customers	Invitations extended to 2 local Rotary Clubs, the Chamber of Commerce, and local mulitcultural clubs to present to them information about our DSP and rate impacts	Only response received was from the Chamber of Commerce and they offered for us to have a full page advertisment in their monthly newsletter that is sent to all members
Informing & Information Gathering		
- Providing information	Providing customers with up-to-date information about energy conservation programs, changes in TOU or rates, and other important subjects are supported through bill inserts, a bi-annual newsletter and Auto-dialer IVR messaging. For example, IVR technology, i.e., pre-recorded out-bound message, was used to encourage participation in the online Oshawa Power COS DSP Survey.	Each "push" type of communication invites customers to contact us, which gives us an additional opportunity to provide information or to solve a problem. OP had a noticeable increase in the number of people completing the online Oshawa Power COs DSP survey. In total 1,240 customer respondents completed the survey.
- Accessing information	Customers will, at their own time and convenience, want to get information. The OP website is one way to get information on a number of items 24/7.	In 2018 OP website was improved and it was made mobile-friendly. More changes and additional self serve options were imppleme nted in 2019 to allow customers to communicate with Oshawa Power at their convenience.
- Accessing personal account information	The goal of the Self Service Centre is to provide a portal of personalized information, for every customer, about, for example, energy consumption. Notices in newsletters are used to encourage participation.	Self Service options will continue to evolve based on customers' needs and feedback. We are currently working on a project to install Silverblaze, which is a customer service portal, expectations are it will be live in 2020.

- Complaint escalation	The goal is to make it easy and efficient for customers to have their problems solved. Sometime complaints will be escalated.	Call complaints escalate from CSR > Team Lead > Supervisor > Manager Email complaints get forwarded from the contactus email account to Supervisor for resolution with a response within 1 business day. Social Media –Google, Facebook and Twitter are forwarded from SM Manager to Customer Service Supervisor/Manager OEB complaints are sent to Supervisor/Manager via email where we log into an OEB portal for review and resolution within 2 business days for any Consumer Relation Complaint. Customer complaints are typically collection and billing related. The customer service team attempts to resolve the complaint/concern without stating policy and rules. The OEB has been consistently changing the Customer Service rules over the past while. EB-2017-0183
Operational changes		
Email Distribution Platform	Through results from Customer Satisfaction Surveys that stated that customers wanted different ways to communicate with us and the growing demand on email communication it was identified to create a more efficient email solution	Techonology was introduced that prioritzes incoming emails inquires, distributes them inconjunction with the telephone queue to the pool of available customer service agents evenly. Provided accurate reporting on volume and handle time to aid in team coaching to ensure customer satisfaction
Customer Service Load Balancing	Prior to 2018 the only class of customer service employee was full time. Through succesful labour negotiations a new class of employee was introduced as part time.	Part time customer service employees have been hired. PT employees allow for the business to schedule based on customer demand to cover peaks and valleys of incoming volume. This created more employee availability when the customer needed it.
Digital presence & Community Outreach	Through Customer Satisfaction Surveys the feedback was given that customers wanted a more current and interactive website, a stronger social media presence, a stronger community presence from their utility.	A Marketing and Communications Analyst position was created to address the customers' immediate needs and to build on Oshawa Power's brand in the community and be accessible to the customer. Updated website and social media content in continous and the utility is out in a public forum 7-12 times a year. The utility interacts with the media and community partners to help share messages and reach the Oshawa ratepayers.
Technology Solutions	Where appropriate processes can be streamlined and automated that would meet the needs of the customers quicker and create internal efficiencies.	Technology solutions like the Outage Management System (OMS), and the data warehousing solution PI have created immediate customer effiiciencies. The OMS informs a customer immediately of a power outage by social media feed and automatic outbound phone call. Additionally it auto-dispatches a crew to the exact location of outage so power is restored sooner.

APPENDIX 1.2 – CUSTOMER ENGAGEMENT: VIRTUAL TOWN HALL SUMMARY

Virtual TownHall – Summary

THE PRIMECONTACT GROUP

Oshawa Power

5 Year Infrastructure Investment Plan Virtual TownHall

Monday, October 28, 2019

Total Attendees					
Attendees	**Peak Attendees**	**Entered Queue**	**Screened**	**Went Live**	**Voicemails**
9798 **Listeners** 6 **Hosts** 4 **Screener(s)**	2471	189	134	22	0

Minutes and Totals	
Virtual TownHall Length	**Average Minutes**
65 Minutes	14 Minutes

Virtual TownHall – Summary

Question 1: Many customers have indicated that they would like to see more automated, self serve options allowing them to conduct their business with us at their convenience similar to the banking or retail shopping industry. Do you feel Oshawa Power should:

Answer	Responses	Percentage
Invest in new customer facing technology that will give customers self serve options to conduct their hydro account business at their convenience.	127	29.5%
I do not think it necessary to invest in self serve options at this time.	238	55.2%
Unsure or Undecided	66	15.3%

Question 2: The estimated useful life of distribution assets ranges between 10-50 years with the average life of approximately 30 years. As distribution assets get near end of life reliability begins to decline. Do you feel Oshawa Power should:

Answer	Responses	Percentage
Invest based on a 10-50 year life cycle to maintain reliability, accommodate growth and reduce outages.	264	75.0%
Run equipment to failure which will result in more frequent power outages and longer restoration times.	35	9.9%
Unsure or Undecided	53	15.1%

Virtual TownHall – Summary

Question 3: Investing in grid modernization technologies that will assist us in detecting, locating and determine the cause of outages, will further reduce power outage duration, response times and save resources. Do you feel Oshawa Power should:

Answer	Responses	Percentage
Invest in grid modernization technologies that will expedite power restoration by providing critical information of cause and location.	191	62.6%
Invest only in replacing equipment as it reaches end of life and do not upgrade grid technology.	63	20.7%
Unsure or Undecided	51	16.7%

Question 4: Determining whether Oshawa Power should retro-fit or renovate an existing facility or build a new facility in Oshawa is a difficult decision. Do you feel Oshawa Power should:

Answer	Responses	Percentage
Invest and explore finding a more suitable facility that Oshawa Power would own and will accommodate the entire company to operate out of a single building and allow for future growth.	141	69.1%
Invest and retrofit the existing facility, even though it is not Oshawa Power's asset.	25	12.3%
Unsure or Undecided	38	18.6%

APPENDIX 1.3 – CUSTOMER ENGAGEMENT: TAKING A.I.M REPORT

Taking A.I.M.

(Applied Insights Methodology)
Capturing wisdom, information, insights, and feedback from customers

UtilityPULSE

The Age of Understanding

In a world where customers have experienced a tremendous range of emotions, as it relates to overall electricity costs over the past five years, the challenge for Oshawa Power (OP), and other LDCs as well, is to demonstrate it listens to its customers, it is responsive to changes in customer needs or requirements, but most importantly it cares about keeping costs low. However, customers are interested in knowing that OP is also focused on ensuring the electricity network is maintained, renewed and modernized in ways that are meaningful to its customers.

Oshawa Power has taken a multi-method approach to engaging customers, so it could understand the wide variety of opinions and views about what it takes to be seen as a successfully run LDC. Information, data, and feedback gathered from a customer population who are looking through a "lens of costs" tends to be more past-oriented rather than future-oriented. A written comment from one customer respondent: "*Yes, you are a wholly-owned subsidiary of the city of Oshawa, therefore the residents are your shareholders as well as your customers. We want reliable electricity supply without breaking the bank, as city taxes hurt us enough."*

Most organizations and Oshawa Power is not an exception, want to believe people will make rational decisions. That is, when truthful information and facts are presented, a person will make a rational decision. This isn't so; decisions are irrational. Findings from Oshawa Power's Customer Engagement (CE) activities show 6% of online COS DSP survey respondents won't support any increase for any reason. However, 41% of online COS DSP survey customer respondents would support all of Oshawa Power's recommendations or something more than their recommendation, for System Renewal, System Service, General Plant, and Facilities. (See Oshawa Power Online COS DSP Survey - Chapter 7).

Base: Total Respondents 1,240	**No Increase #**	**No Increase %**	**Support OP's recommendations #**	**Support OP's recommendations %**
General Plant	370	29.8%	713	58.3%
New Facility	181	14.6	912	73.5%
System Renewal	212	17.1	763	61.6%
System Service	230	18.5	739	59.6%
Support No Increase (in all 4 areas)	71	5.7%		
Support OP recommendations (in all 4 areas)			503	40.6%

As it relates to a new facility, an overwhelming majority (70.9%) selected *"Having a modern facility which promotes labour efficiency, costs less for annual maintenance, and supports customer requirements, makes good sense."* as the statement which best reflects their view about the current 88-year-old facility. Only 13.8% thought OP should *"retrofit and stay,"* while 15.3% answered, 'Don't Know*.'*

Oshawa Power also understands that Customer engagement activities supporting their Cost of Service application (COS), such as online and telephone surveys, means customer respondents would be asked difficult questions --- all of which have complicated answers. As one senior-aged respondent said: *"For a senior, having lived in Oshawa for 60 years, to be faced with all this information and decision making, is a daunting task."* It isn't surprising then, on average, 12% of customer respondents selected 'Don't know' as their answer regarding the recommendations for investments, which affects costs, in System Renewal, System Service, General Plant, and Facilities. Despite the challenges of running an effective LDC operation, in a separate telephone interview, 87% of the interviewees 'agree somewhat + agree strongly' with the attribute that Oshawa Power *"Efficiently manages the electricity system."*

What were the Customer Engagement (CE) activities in support of the COS application?

1. Beginning in 2014, Oshawa Power augmented their regular telephone-based Customer Satisfaction survey with supplemental questions to help gain insights into, or deal with, issues customers care about. For example, the 2014 telephone survey of 405 Oshawa Power customers were asked to prioritize investments for ten operational issues. In 2017, 400 interviewees were asked to identify the importance of 10 items as they relate to online access to various items, and in 2018, 402 interviewees were asked to prioritize 12 operational planning items. (See Insights from Oshawa Power's telephone-based Customer surveys 2014-2018)

2. Oshawa Power embraced the Taking A.I.M. process (Applied Insights Methodology) to gather information and feedback from multiple sources. A process which gives customers multiple opportunities to "make their voice count." (See What is Taking A.I.M.)

3. Through a joint on-site investigative type of review, fifty-eight (58) CE activities were identified as customer interactive touchpoints that could provide information for the Cost of Service (COS) application. (See Insights from a review of Oshawa Power's Customer Engagement Activities)

4. There were 83 questions contained in the Online Taking A.I.M. COS DSP Survey with seven Chapters. Each chapter was designed to capture the survey respondent's information, insights, wisdom, feedback, or contact information on various subject areas. These areas were: About Oshawa Power, The Electricity Industry, Customer Priorities, Billing & Outages, Facilities & General Plant Capital Investments, Customer Care Operational Improvements and, Distribution System Plan

(DSP) Capital Investments. (See Insights from the Online COS DSP survey for Oshawa Power's Cost of Service Application)

5. 1,240 customer respondents participated in the online COS DSP survey containing DSP cost items. 19.3% of respondents had monthly bills less than $75.00 per month, 53.1% between $76-120, and 25.6% over $120 per month.
6. 290 "Wisdom from Customer" comments were made (See Wisdom from Customers)
7. 170 "General comments" were captured in the online COS DSP survey containing DSP items (See General Comments)
8. Customer respondents to the Online Taking A.I.M. Survey with seven chapters were also given an opportunity to request an Oshawa Power professional contact them because they had a specific question, issue, or concern they wanted to be addressed. Twenty-six customer respondents asked for follow up.
9. 21% of the 2018 telephone survey participants stated their annual household income was less than $50,000 per year.
10. Timing for the 2018 Telephone Customer survey was Q3.
11. Timing for the 2019 Online COS DSP survey with DSP information was Q3.
12. Oshawa Power held an extremely successful telephone town hall meeting Q3 (See separate report from Oshawa Power.)
13. Oshawa Power used its resources to reach out to its customer base publicly (See separate report from Oshawa Power.)

The findings in this report show Oshawa Power is a well-respected company (83% online, 85% telephone), who is trusted and trustworthy (86% online, 90% telephone) and who is seen as an organization that spends money prudently (82% telephone). The data from the Online Taking A.I.M. Survey with information for COS and DSP also shows the majority of respondents support Oshawa Power's recommendations as they relate to System Renewal, System Service, General Plant, and Facility investments.

The customer base is an urban one. As such, there is a strong expectation that electricity is consistently delivered in a reliable and safe manner. As it relates to reliability, Oshawa Power received excellent scores from respondents – 92% online, 91% telephone. Also, 88% online, 90% telephone respondents, agree OP's current standard of reliability meets their requirements.

The customer base does look at changes through the lens of costs and therefore has a deep desire to keep costs low. However, they also expect high standards of operations. Data from 3 telephone surveys tell us the number one suggestion for improvement is "reduce the price." Comments received through this Taking A.I.M. process indicate that seniors and customers on a fixed or low income are very concerned about rising costs. As one respondent said: *"That as a single person living alone, it is important*

to keep costs low. Some months my delivery charge is more than my usage fees." But that is not all customers want, because 96% of online respondents said that "to continuously improve the safety and reliability of the electricity network" was a 'very important + important' item for Oshawa Power to focus on. Survey findings tell us that customers are concerned about rising costs AND they want continuous improvements in the safe, reliable delivery of electricity and in responding to outages. Oshawa Power doesn't live in an either/or world, i.e., keep costs low or improve the network; they live in an and/also world. Customers want both, which makes it a challenge to develop a balanced future-oriented plan. As one respondent said: *"[Oshawa Power] Been a reliable provider over the past 6 years, and small rate increases are to be expected to continue to provide this service."*

The reality is, LDC customers in Oshawa Power's territory, and throughout Ontario, know a glass of orange juice at $16 is over-priced. Wrapping their heads around whether an average of $4,991,700 annual System Renewal Budget is about right, is not easy. As a customer respondent commented: *"I wish I could tell you how, but this is not my area of expertise. I would say to maximize the existing infrastructure and be proactive about any aging components."*

A comment from a respondent of the Online COS DSP Survey captures the sentiment of many customers regarding the COS application: *"Good service at a reasonable rate. Try to avoid being wasteful. Spend on equipment and a well-educated staff."*

Our recommendations are:

1- Continue to take a thoughtful approach to capital investments. While keeping them essentially in line with inflation would be supported by the majority of customers, there will be a core of customers who will be unhappy with everything. Decisions are not made rationally by customers; they are made emotionally.

2- Recognize that a solid majority of online respondents supported Oshawa Power's recommended cost increase, though there are significant numbers of people who won't support any increase for any reason. Keeping costs reasonable has to continue to be a priority. However, 18% of online respondents supported a cost increase option for System Renewal, which was higher than Oshawa Power's recommendation. 14% of respondents supported a cost increase for System Service higher than OP's recommendation.

3- Doing anything with the 88-year-old facility will spark debate. But the reality is, 71% of respondents thought the following statement best represented their view about the old facility: *"Having a modern facility which promotes labour efficiency, cost less for annual maintenance, and supports customer requirements, makes good sense."* More importantly, 74% of residential respondents supported the *"$1.53 per month cost increase for a new facility*". 11% answered, 'Don't know,' and 15% did not support moving. Operational pragmatism is key to gaining and keeping support.

4- Dealing with the multitude of opinions and comments will be easier when developing a long-term plan for OP's facility is guided by the criteria identified as 'very + somewhat important' by online respondents:
    a. 96% Facilities are a safe and secure place to work
    b. 96% Valuable inventory, parts, and equipment are protected
    c. 94% The decision…be based on which option represents the best balance between keeping costs low, being efficient, and meeting customer longer-term energy needs
    d. 91% Facilities meet the needs of customers
    e. 88% The design of facilities encourages labour efficiency.

5- Oshawa Power's customer online COS DSP survey respondents are aware of the importance of technology. For example, 93% of online respondents rated the following as 'very + somewhat important'*: "Look for ways to use technology to safeguard the electricity network or get more out of the equipment."* 85% rated *"Invest in smart grid technologies (system automation)"* as 'very + somewhat important.' This level of support strongly suggests that the customer base is not anti-technology. However, any investment in technology must have an expected ROI.

6- From the perspective of customer care improvements customers would like Oshawa Power to undertake, here are the highest-ranking items:
    a. 77% An outage notifications system that automatically sends you a message by phone call, email or text
    b. 69% Accessing online account info for updates, move-outs, move-ins
    c. 69% Educating customers about energy conservation
    d. 65% Reviewing and paying your bill online.

7- Maintain the image of Oshawa Power as a high-quality company by communicating frequently, and ensuring everyone at OP re-enforces the "brand." In the 2018 telephone survey, Oshawa Power had an 85% Credibility & Trust Index score versus the Ontario benchmark of 81%. In a chaotic and confusing world, it is credibility and trust which will lead to support for the things and investments OP needs to do to meet the current and future needs of its customers.

A couple of key items about this assignment, we believe, should be mentioned. First of all, it was extremely important to OP that the language used in the survey mirrored their belief in the importance of treating customers as human beings. Second, there is a genuine interest in keeping costs reasonable as they produce a balanced-plan for ensuring the LDC meets or exceeds the current and future requirements of customers.

Seeking to understand is not the same as seeking permission. Oshawa Power's customers may not know a lot about the electricity industry or what Oshawa Power as a company is responsible for, but they do know the importance of electricity in their lives. The leadership of Oshawa Power understands, one of the best ways to ensure costs remain low, is to discover ways to be more successful today while preparing the organization to be successful again tomorrow in a changing industry, and a changing world. Seeking wisdom, information, insight, and feedback from its customers certainly help to ensure the future path of the organization meets the needs and wants of its customers. Oshawa Power, as an LDC with 58,000 customers, has undertaken many customer engagement activities to understand their customers' concerns and priorities.

By demonstrating that the COS rate application with its DSP cost information is built by people who are pragmatic, thoughtful, and informed, we believe Oshawa Power has the support of the majority of its customers. However, there will be staunch detractors and strong supporters. The 2018 telephone survey identified 5% of the respondents as 'At Risk', customers who are very dissatisfied with OP. But there were 30% of respondents who were identified as 'Secure', very satisfied and supportive of OP. When asked about whether a customer respondent had any additional comments about Oshawa Power or its COS application, one respondent provides guidance by simply stating: *"Honestly - I'm not sure right now - this has been a lot of information, but being a newer resident to Oshawa (7 months) - THANK YOU for asking the people to weigh-in... it is important to have the public feel that they are contributing to the future."*

Customers want lower prices with better service – despite knowing equipment wears out or fails and must be replaced. Oshawa Power shouldn't expect to get agreement from all of its customers regarding the COS rate application. But Oshawa Power will get support for what needs to be done because leadership can demonstrate they understand their customers – their needs, wants, and standards.

Sid Ridgley
UtilityPULSE
January 2020

Table of Contents

⁕ Insights from a Review of Oshawa Power's Customer Engagement Activities

As the first step in the TAKING A.I.M. (Applied Insights Methodology) process, UtilityPULSE conducted an onsite review of Oshawa Power's Customer Engagement (CE) activities. The review identified fifty-eight (58) CE activities as customer interactive touchpoints, which were sorted into the various levels of customer engagement: ❶Informing & information gathering, ❷Gathering feedback, ❸Capturing insights, ❹Gaining wisdom and ❺Customer empowerment.

Based on our experience, Oshawa Power has an extensive list of CE activities and showed an enthusiasm for doing more. They were also interested in using a range of methodologies for gathering feedback and opinion regarding their COS DSP application.

Conclusions based on the review of CE activities for the COS DSP submission:

1- Website reformatting would be required to host the Taking A.I.M. online COS DSP survey. Links to the survey also had supporting explainer videos which were produced by OP staff
2- OP would be augmenting their regular telephone survey and specialized COS DSP online COS DSP survey with a public telephone townhall
3- IVR technology could be used to encourage customers to participate
4- Additional face-to-face type community outreach activities would add to application data
5- Online COS DSP survey could and should include costs in $$
6- Online COS DSP survey should make good use of descriptor statements to gauge support for a policy or operational changes
7- The Fall 2018 Telephone survey would incorporate enhanced supplemental questions to:
    a. Determine Oshawa Power's communication effectiveness
    b. Probe for satisfaction as they relate to access to various services
    c. Gain a better understanding of customers' priorities and expectations
8- "Wisdom from Customers" would be a feature of the online COS DSP survey thereby giving respondents the opportunity to provide ideas which could save money or reduce costs
9- A "Hot Alert" function would also be a feature of the online COS DSP survey thereby giving respondents the opportunity to be contacted by the LDC for a specific issue and/or be kept apprised of any public meetings associated with the COS DSP application
10- Oshawa Power would use an incentive to encourage customers to respond to the online COS DSP survey.

The review and follow-up activities show Oshawa Power has a robust activity agenda to interact, collect information, gather feedback and insights from customers. Oshawa Power's investments in telephone surveys, online survey, public outreach programs have lead to significant changes for customers. For example:

1- After the 2014 survey, OP launched their social media strategy vis Twitter, Facebook and Linkedin
2- After the 2017 survey, OP lauched Customer Service Open Houses. While these events have a theme, they do represent an opportunity provide information and collect feedback
3- After the spring 2018 Electricity Safety Survey, OP launched an Annual Contractor Safety Day.
4- Following the Annual Contractor Safety Day, OP created a Contractor's Corner on the website for contractors and builders
5- Following the 2018 Large Commercial Customer survey, OP revamped thei key account strategy and now hold quarterly meetings
6- Findings from various surveys indicate that customers want speedy access to information. The website was substantially improved in 2018 to ensure it was mobile friendly and it included things such as a Contractor's Corner, Forms Section and TOU bar. In 2019 a Self Service Hub for customers was added
7- Staffing: To ensure increased flexibility to respond to customer needs, 4 part-time staff were added in 2018
8- Staffing: On an, as needed basis, OP will use Lunch and Learn type training sessions
9- Staffing: In 2017 a Marketing and Communications Analyst was added to the professional complement of OP. The position is measured by customer outreach events, brand reputation, digital followers and customer engagement
10- Staffing: In 2019 a Manager of Business Advocacy and Sustainability was added. This assignment is responsible for government relations, key account management, incentive application assistance, innovation projects.
11- Customer Service has a customer focus to ensure customers are getting answers to their questions or concerns of the day
    a. Weekly Scrum meeting in Customer Service to discuss current issues
    b. Montly departmental meetings
    c. Quarterly coaching meetings

12- In 2019, Bi-annual all employee meetings were launched ensuring that the "customer" is on the agenda.

❋ Insights from the Online COS DSP Survey for Oshawa Power's Cost of Service Application

About the respondents:

1- 1,240 customer respondents
2- 669 respondents elected to be entered in a draw to win one (1) of (5) prizes of $200 prepaid credit cards, 491 chose to have OP donate $5 to a charity and 78 elected to do neither the draw or charity
3- Respondents answered a set of preliminary identifying/demographic questions. [See Tab 4: Book of Online COS DSP Survey – Section 2 - "About You" questions]
   Here respondents identified their:
   a. Postal code
   b. Residential or Commercial customer status
   c. Responsibility level for paying the bill
   d. Identify the average amount of their bill.
4- Respondents also answered a set of closing questions giving respondents the opportunity to be contacted by the LDC for a specific issue and be kept apprised of any public meetings associated with the COS DSP application. [See Tab 4: Book of COS DSP Online COS DSP survey – Section 3 - "Hot Alert" questions]
5- The main online COS DSP survey was available from October 1 – 11:59 pm on December 8, 2019.

Online COS DSP Survey:

Chapter 1 "About your Oshawa Power"

Chapter 2 "The electricity Industry and Oshawa Power's role in it"

Chapter 3 "Customer priorities, which are the important ones?"

Chapter 4 "Customer insights about billing and outages"

Chapter 5 "Facilities and General Plant Capital investments"

Chapter 6 "Gathering insights about customer care operational improvements"

Chapter 7 "Distribution System Plan Capital investments"

Chapter 1 "About your Oshawa Power"

Purpose of this Chapter:

1- To provide respondents with information about the size of Oshawa Power
2- To gauge the level of respondent disposition, i.e., positive or negative, towards Oshawa Power as a company
3- To demonstrate Oshawa Power's desire to solicit feedback.

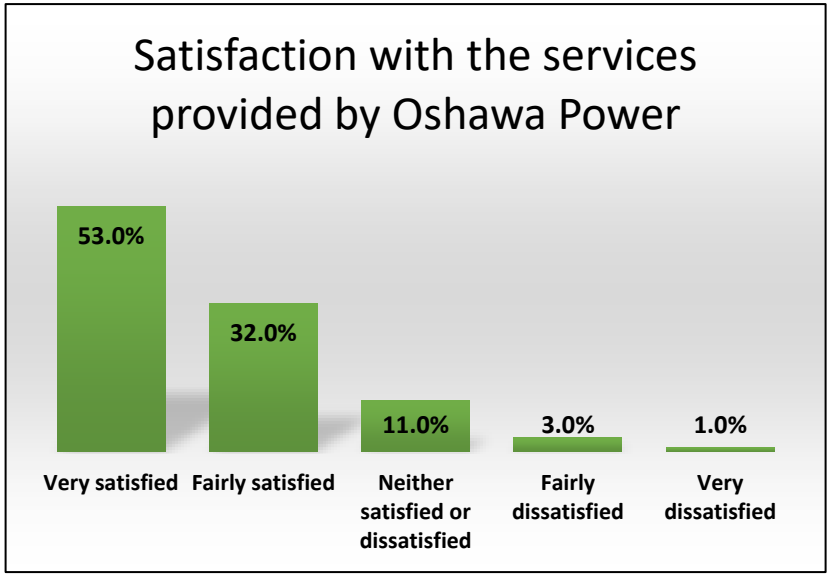
Primary theme:

Insights. Findings. Feedback.

Respondents of this chapter survey are quite supportive of Oshawa Power as a company. This survey also utilized a cross-over technique to compare online results with telephone survey results. There is tremendous consistency between the two methods.

A focus on satisfaction prompts the LC to continue to evolve in ways that make sense to those who pay the bills. A focus on satisfaction is a focus on effectiveness in the delivery of service to the customer.

The three most recent telephone surveys of residential and small commercial customers show that Oshawa Power consistently has been consistently higher than the Ontario Benchmark for LDCs.



Base: total respondents, 2019 online COS DSP survey

To what degree do you agree or disagree with the following attributes:				
Oshawa Power	**Online 2019**	**Telephone 2018**	**Telephone 2017**	**Telephone 2014**
Company to continue to be working with	87%	90%	88%	88%
Deals professionally with customers' problems	83%	86%	88%	86%
Pro-active in communicating changes and issues affecting Customers	81%	80%	77%	77%
Respected company in the community	83%	85%	90%	87%
Adapts well to changes in customer expectations	76%	79%	77%	78%
Is a trusted and trustworthy company	86%	90%	89%	85%
Accurate billing	86%	89%	88%	86%
Provides consistent, reliable electricity	92%	91%	90%	89%

Base: total respondents with an opinion: 2019 online COS DSP survey and 2014-2018 telephone surveys

Chapter 2 “The Electricity Industry and Oshawa Power’s role in it”

Purpose of this Chapter:

1- To help educate respondents about how the electricity system works in Ontario
2- To provide knowledge as to the role and responsibilities of Oshawa Power in the electricity sector

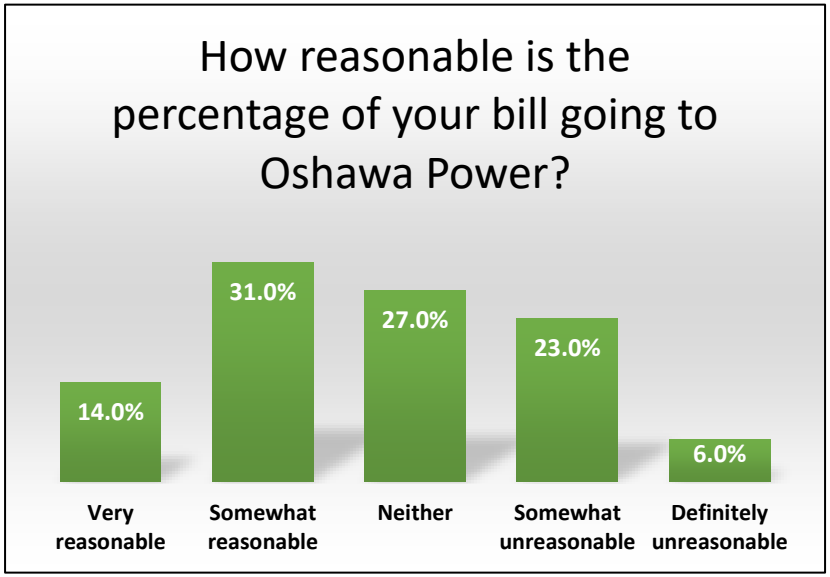
Primary theme:

Insights. Findings. Feedback.

Respondents were asked: “*Every item on your bill must be approved by the Ontario Energy Board. The charges you see on your electricity bill do not all go to Oshawa Power. For a residential customer using 750 kW of electricity per month, Oshawa Power only receives about 21% or $24.95 out of the approximate total bill of $122.62 to maintain the electricity network, build capacity to support economic growth, protect the network with cybersecurity measures, and so much more.*

In your view, how reasonable is the percentage given to Oshawa Power?”

Base: total respondents, 2019 online COS DSP survey



Oshawa Power's ratings remain consistent year-over-year.

To what degree do you agree or disagree with the following attributes:				
Oshawa Power	**Online 2019**	**Telephone 2018**	**Telephone 2017**	**Telephone 2014**
Keeps its promises to its customers and community	83%	84%	86%	84%
Has a standard of reliability that meets expectations	88%	90%	90%	--
Delivers on its service commitments to customers	88%	89%	87%	86%
Is a company that is 'easy to do business with'	85%	85%	84%	86%
Quickly handles outages and restores power	90%	90%	86%	85%

Base: total respondents with an opinion: 2019 online COS DSP survey and 2014-2018 telephone surveys

Oshawa Power's ratings are also in line with the UtilityPULSE Ontario benchmark ratings. The Ontario benchmark ratings are derived from an independent study of Ontario LDC customers, conducted annually, who pay the bill, throughout the Province of Ontario.

To what degree do you agree or disagree with the following attributes:				
	Online Oshawa Power 2019	Telephone Ontario Benchmark 2019	Telephone Oshawa Power 2018	Telephone Ontario Benchmark 2018
Keeps its promises to its customers and community	83%	83%	84%	80%
Has a standard of reliability that meets expectations	88%	90%	90%	89%
Delivers on its service commitments to customers	88%	88%	89%	86%
Is a company that is 'easy to do business with'	85%	83%	85%	82%
Quickly handles outages and restores power	90%	88%	90%	86%

Base: total respondents with an opinion: 2019 online COS DSP survey and 2018 telephone surveys with Ontario benchmark comparators

Chapter 3 "Customer priorities, which are the important ones?"

Purpose of this Chapter:

1- To gather input from respondents about the priority level of various items which affect costs
2- To give respondents the opportunity to add to the priority item list when developing the Cost of Service application going to the Ontario Energy Board

Primary theme(s):

Insights. Findings. Feedback.

Customers will act primarily out of self-interest when asked to prioritize or to rank the importance of various LDC activities, which could affect costs. Oshawa Power has a 5-year history of soliciting input regarding what customers think are priorities or are important.

Times do change, technology does change, and customers' interests change. In 2014, Oshawa Power's telephone survey had a list of 10 items to be given a priority level. In 2018, the list grew to 12 items. For the 2019 online COS DSP survey, the list had 15 items. Just in case the list wasn't comprehensive enough, the online COS DSP survey had an open-ended question to capture any items or comments the respondent thought should be added.

Our 21 years of continuous research for Ontario LDCs tells us that priorities change by demographic and by location. For example, rural communities, especially those in northern Ontario, have poor access to the internet so investments that are linked to the internet get a low priority rating. Also, some items have an age bias. For example, items such as *"invest more in providing self-serve services on the website"* are rated very highly by younger respondents. Items such as *"educating customers about energy conservation"* have an income bias, with lower-income respondents rating it higher than respondents with higher household incomes.

None-the-less, gathering feedback about what is important helps Oshawa Power decision-makers determine where to invest or spend in the operations of the LDC.

As an Oshawa Power customer could you tell us how important each of the following items is to you?	
Top 2 box 'Very + Somewhat important'	**Oshawa Power**
Continuously improve the safety and reliability of the electricity network	95%
Remain focused on keeping costs low	95%
Reduce response times to outages	94%
Look for ways to use technology to safeguard the electricity network or get more out of the equipment	92%
Provide good jobs in the community	91%
Improve customer service	88%
Invest in green energy technologies (energy storage, electric vehicles, etc.)	88%
Invest in smart grid technologies (system automation)	88%
Invest in projects to reduce the environmental impact of the utility's operations	88%
Improve communications for billing and outages	87%
Educate the public as it relates to electricity safety	84%
Provide more self-serve options on the website	78%
Provide sponsorships to support local programs and events	76%
Develop a smartphone application to allow you to view your electricity use and pay your bill	75%
Make better use of social media such as twitter	62%

Base: total respondents with an opinion: 2019 online COS DSP survey

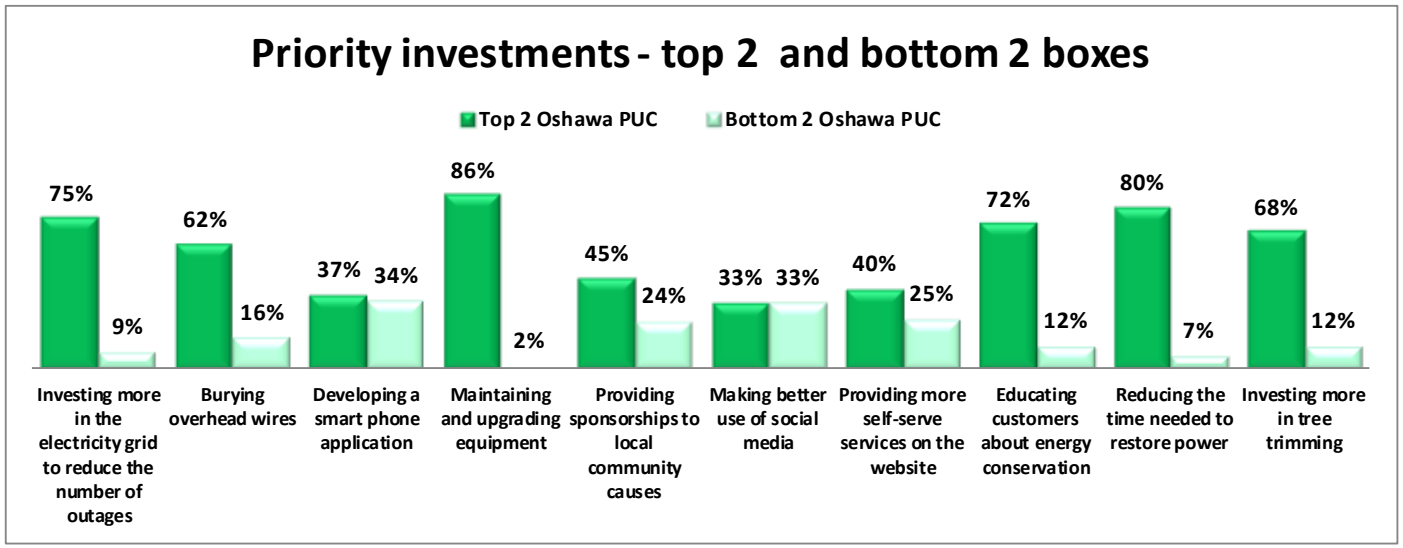
Note: See Wisdom from customers for responses to the open-ended question: *"Are there any priority items that you would like us to take into account when developing the Cost of Service application going to the Ontario Energy Board?"*

Priority Planning within the next 5 years (2018 Telephone survey)		
Top 2 Boxes: 'very high + high priority'	**Oshawa Power**	**UtilityPULSE**
Pro-actively maintaining and upgrading equipment	91%	89%
Reducing response times to outages	86%	83%
Investing more in the electricity grid to reduce outages	83%	80%
Investing more in tree trimming to help reduce the number of outages	78%	74%
Investing in projects to reduce the environmental impact of the utility's operations	76%	74%
Educating the public as it relates to electricity safety	73%	71%
Educating customers about energy conservation	70%	68%
Burying overhead wires	64%	60%
Developing a SMART phone application to allow you to view usage and pay your bill	50%	46%
Providing sponsorships to local community causes	48%	48%
Providing more self-serve services on the website	44%	37%
Making better use of social media (such as Twitter, Facebook, etc.)	29%	26%

Base: total respondents 2018 Telephone survey, UtilityPULSE data is an extract from the database

Priority Investments (2014 Telephone survey)		
Top 2 Boxes: 'Very high priority + High priority'	**Oshawa Power**	**UtilityPULSE**
Investing more in the electricity grid to reduce the number of outages	75%	74%
Burying overhead wires	62%	60%
Developing a smartphone application	37%	31%
Maintaining and upgrading equipment	86%	83%
Providing sponsorships to local community causes	45%	43%
Making better use of social media	33%	30%
Providing more self-serve services on the website	40%	38%
Educating customers about energy conservation	72%	74%
Reducing the time needed to restore power	80%	79%
Investing more in tree trimming	68%	58%

Base: total respondents 2014 Telephone survey, UtilityPULSE data is an extract from the database



Chapter 4 "Customer insights about billing and outages"

Purpose of this Chapter:

1- To gather feedback regarding various subjects such as e-billing
2- To determine to what degree customer respondents perceive Oshawa Power, as it relates to providing consistent, reliable electricity and handling outages
3- To determine to what degree customer respondents perceive Oshawa Power, as it relates to accurately billing its customers
4- To learn more about the preferred method(s) for contacting Oshawa Power when there is a billing issue or an outage

Primary theme(s):

Insights. Findings. Feedback.

Blackout (outages) and billing problems, we call them the “Killer B’s,” the two issues most likely to cause grief to utility customers. Ensuring power reliability has and will continue to be the key operational priority for electric utilities.

Bills and blackouts are a major component of the UtilityPULSE annual customer satisfaction survey; as such, there is a tremendous amount of comparison data available.

Our 21+ years of research tells us, the perception of LDC competency and value are linked to the frequency and duration of power outages. 88% of online respondents and 90% of telephone respondents with an opinion agree Oshawa Power *“quickly handles outages and restores power,”* and 89% online 88% telephone respondents agree Oshawa Power *“has a standard of reliability that meets expectations.”*

To what degree do you agree or disagree with the following attributes:				
Oshawa Power	**Online 2019**	**Telephone 2018**	**Telephone 2017**	**Telephone 2014**
Oshawa Power provides consistent, reliable electricity.	92%	91%	90%	89%
Accurately bills its customers	86%	89%	88%	86%
Has a standard of reliability delivering electricity that meets your expectations	88%	90%	88%	n/a
Quickly handles outages and restores power	88%	90%	86%	85%
Makes electricity safety a top priority for employees and contractors	--	89%	89%	87%

Base: total respondents with an opinion, 2019 online COS DSP survey, and 2014-2018 telephone surveys

Bills

It is important to note; customers perceive billing problems much differently than administration. Typically, a LDC views billing problems as a processing issue. Customers, however, view “high bills” as a billing problem. The UtilityPULSE database for 2019 shows that 55% of telephone customer respondents who said they had a billing issue in the last 12 months cited “high bills” as the issue.

The chart below contains data from the recent online COS DSP survey and Oshawa Power’s 2018, 2017, 2014 telephone surveys.

84% of Oshawa Power respondents who said they had a billing problem (2018) indicated their preference is to contact Oshawa Power by telephone when there is an issue with their bill. In 2014, it was 94% of respondents who said their preference was to use the telephone. Times are changing.

Percentage of telephone survey respondents indicating that they had a Billing problem in the last 12 months			
	Oshawa Power	National	Ontario
2018	6%	9%	9%
2017	10%	12%	15%
2014	10%	16%	25%

Base: total respondents 2014-2018 telephone surveys

Billing issues have long been a major cause of customer inquiry and complaint. Not only are bills a key part of an LDC's revenue management processes, but they're also an essential element and touchpoint in their relationship with their customers. For many customers, it is one of the very few touchpoints they have with their LDC. Because of its nature, the bill is usually viewed by customers as wholly negative communication.

When customers with a billing problem want to contact Oshawa Power, the preference by a large margin is the telephone.

Preferred method to contact Oshawa Power when there is a billing issue		
	UtilityPULSE	Oshawa Power
Telephone	85%	84%
Email	4%	5%
Utility's website	3%	3%
Social media	1%	5%
In person	4%	3%

Base: total respondents 2018 Telephone survey, UtilityPULSE data is an extract from the database

Findings from the Oshawa Power 2014 telephone survey show that only 1% of customer respondents would contact the utility via the website and 3% via email.

However, times are changing, and there is a growing demand for LDCs to become proficient in outbound communications. That is to initiate contact with their customer. Data from the UtilityPULSE database shows there is an age bias on preference to receive notice about a billing issue. For example, older people prefer to receive a notice via the telephone while young people prefer email.

Oshawa Power's customers' preferred or primary method for Oshawa Power to contact them about billing issues are as follows:

Preferred method of communication to receive notice of a billing issue		
	UtilityPULSE	**Oshawa Power**
Telephone	56%	52%
Voice Mail	2%	2%
Text	7%	11%
Email	34%	34%
Don't know	1%	0%

Base: total respondents 2018 Telephone survey, UtilityPULSE data is an extract from the database

E-billing is an opportunity area for every LDC in Ontario, Oshawa Power is no exception.

Take-up rates vary by such factors as urban-rural, economic status, access to high-speed internet and, age. Oshawa Power online respondents were asked to list their view on the top 3 barriers which get in the way of more customers moving to electronic billing.

89% of online COS DSP survey participants indicated that they received their bill electronically, while 11% said they did not. Oshawa Power took the survey as an opportunity to probe into the potential barriers stopping customers from moving to e-billing. Online respondents were asked to choose the top 3 reasons out of 7 potentials reasoning for barriers. It is important to note that 89% receiving their bill electronically is much higher than the total population. We believe the higher number is justified because online survey respondents have access to the internet and are more comfortable with technology.

Barriers for e-billing	
In your view, what are the top 3 barriers which get in the way of more customers moving to electronic billing?	**Oshawa Power Point Rankings**
Some customers are not comfortable with technology	1922
Some customers do not have access to the internet	1436
Receiving the bill by mail is a reminder to pay	1094
Security concerns about receiving electronic billing	1082
Customers are not aware of the cost savings of e-billing help offset future cost increases	920
Customers are unaware of the environmental benefit of e-billing	602
It is more convenient to receive the bill by mail	384

Base: total respondents, 2019 online COS DSP survey

Blackouts/Outages

Outages aggravate customers. It could be said; some outages anger customers. The reality is there will be outages – some will, of course, be weather-related.

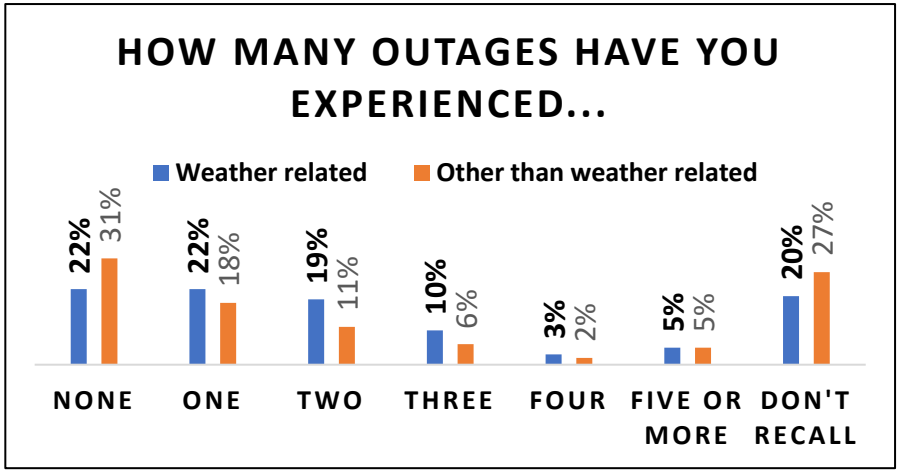
Percentage of Respondents indicating they had a Blackout or Outage problem in the last 12 months			
	Oshawa Power Telephone	National Benchmark	Ontario Benchmark
2018	47%	39%	44%
2017*	61%	37%	38%
2014	43%	47%	49%

Base: Base: total respondents 2014-2018 telephone surveys, Ontario and National benchmark comparators
Note (*): 2017 had a significant recall of outages due to a transformer issue affecting 17,000 customers

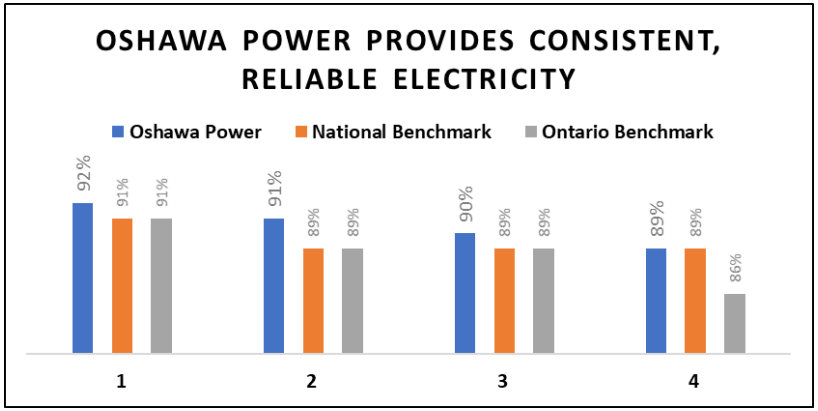
For online COS DSP survey respondents, Oshawa Power asked about the number of weather-related and non-weather-related outages that they had.

How many outages have your experienced that were…		
	Weather-related	Other than weather-related
None	22%	31%
One	22%	18%
Two	19%	11%
Three	10%	6%
Four	3%	2%
Five or more	5%	5%
Don't recall	20%	27%
None	22%	31%

Base: total respondents, 2019 online COS DSP survey

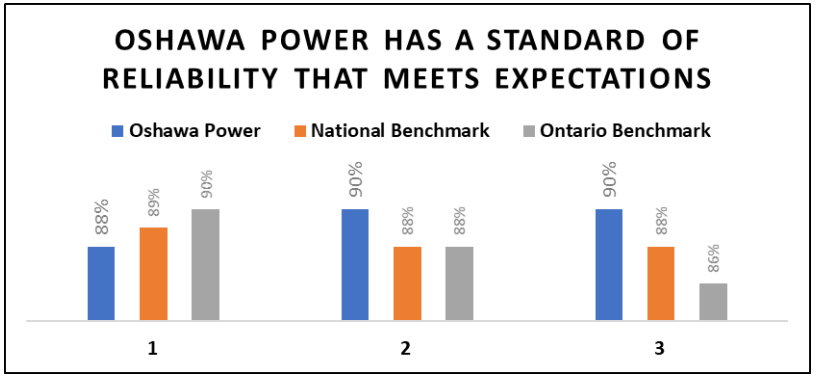


Quickly handles outages and restores power			
Survey Year/Type	**Oshawa Power**	**National Benchmark***	**Ontario Benchmark***
2019 Online	90%	88%	88%
2018 Telephone	90%	87%	86%
2017 Telephone	86%	87%	85%
2014 Telephone	85%	86%	83%



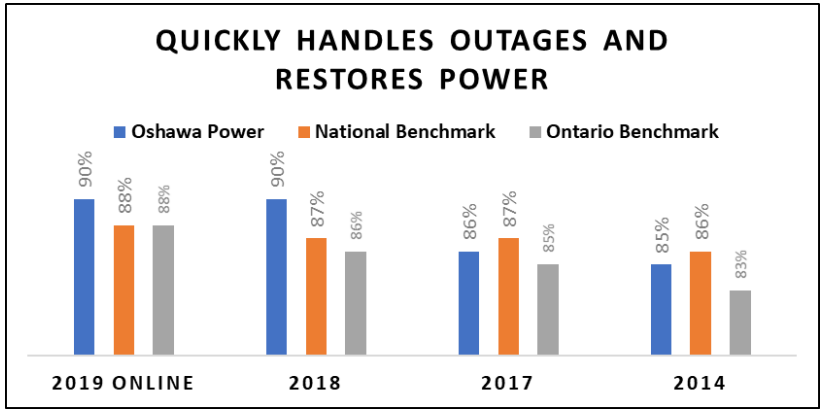
Base: total respondents
(*) Ontario and National benchmark comparators are derived from telephone surveys only

Oshawa Power has a standard of reliability that meets expectations			
	Oshawa Power	**National Benchmark***	**Ontario Benchmark***
2019 Online	88%	89%	90%
2018 Telephone	90%	88%	88%
2017 Telephone	90%	88%	86%



Base: total respondents
(*) Ontario and National benchmark comparators are derived from telephone surveys only

Oshawa Power provides consistent, reliable electricity			
Survey Year/Type	**Oshawa Power**	**National Benchmark***	**Ontario Benchmark***
2019 Online	92%	91%	91%
2018 Telephone	91%	89%	89%
2017 Telephone	90%	89%	89%
2014 Telephone	89%	89%	86%



Base: total respondents
(*) Ontario and National benchmark comparators are derived from telephone surveys only

Oshawa Power's overall effectiveness during outages	
Top 2 boxes 'Very + Somewhat Effective'	**Oshawa Power**
Responding to the power outage	84%
Restoring power quickly	84%
Using media channels for providing an update	44%
Providing information about the outage	49%
Maintaining information on the website	47%
Updating Social Media	35%

Base: total respondents, 2019 online COS DSP survey

Chapter 5 "Facilities and General Plant capital investments"

Purpose of this Chapter:

1- To determine levels of support for General Plant budget increase
2- To gain customers' perspectives as to what is considered to be important for a working facility
3- To capture a better understanding of what customers think about replacing Oshawa Power's current 88-year-old facility
4- To determine the level of support, from online respondents, regarding the proposed monthly increase to relocate and build a new facility

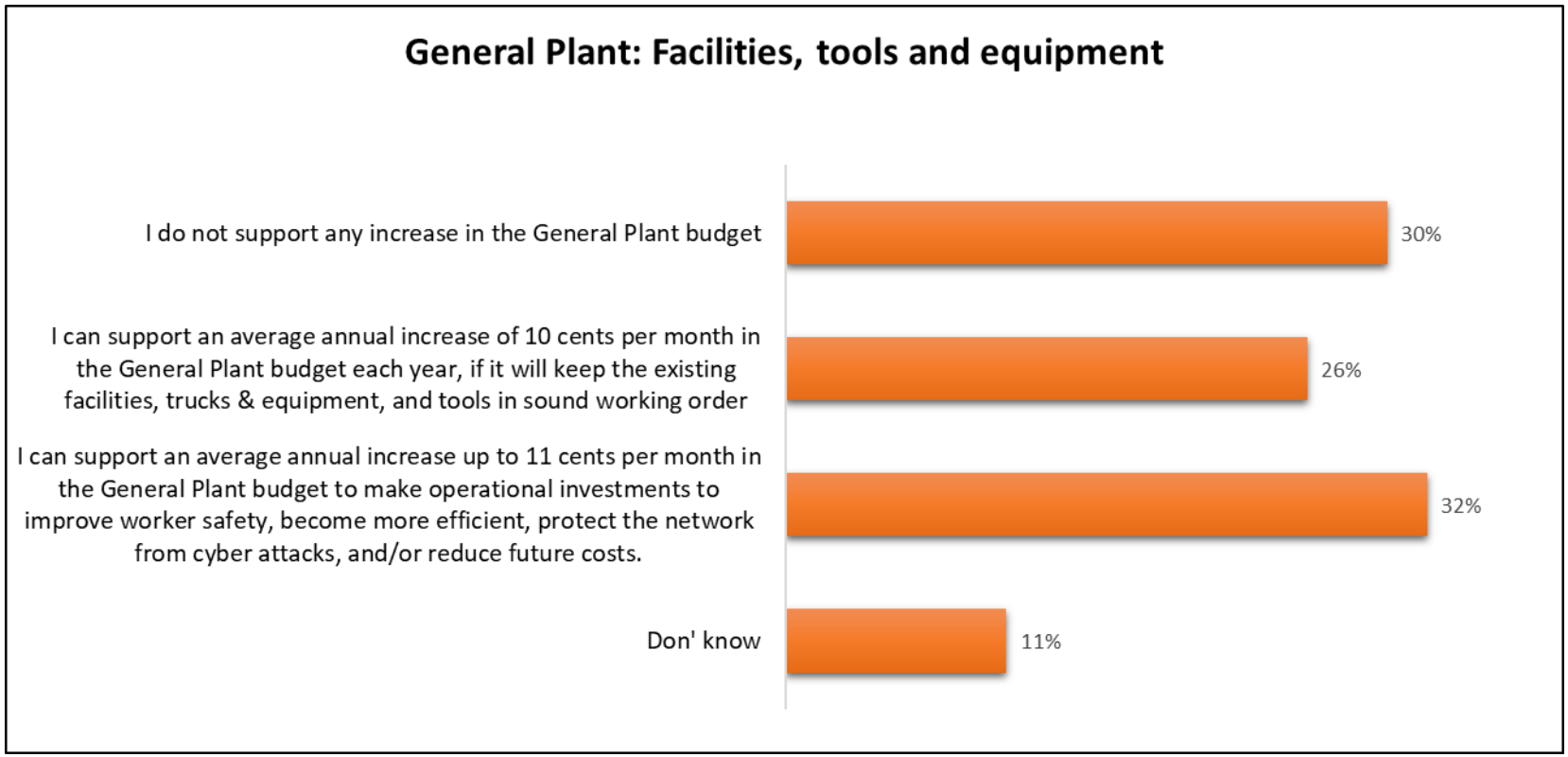
Primary theme(s):

Insights. Findings. Feedback.

Oshawa Power owns and manages $125 million in assets. Like all mechanical items, these assets have a life span, wear out, and at some point, need to be replaced. Oshawa Power invests about $1,129,000 per year on General Plant items.

Having the right tools & equipment, efficient workplaces, good trucks, and other rolling equipment, computers and software help your Oshawa Power professionals support day to day business and operational needs. Tools, equipment, trucks, etc. do wear out or become out-dated. In addition, modernizing security software to support cybersecurity measures and improving customer information systems is a high priority for Oshawa Power.

58% of respondents supported Oshawa Power's recommendation or a higher option, 30% wouldn't support an increase, and 11% answered 'Don't know'.



Base: total respondents, 2019 online COS DSP survey

About the current Oshawa Power facility:

Determining whether Oshawa Power should retrofit or renovate facilities or build new is a difficult decision with complex answers. Also, customers have a wide range of views regarding retrofitting or replacing facilities. A decision about facilities is a long-term decision and can involve a tremendous amount of investment. The reality is, facilities do need to be updated.

The data shows customer respondents take a pragmatic view towards retrofitting or replacement.

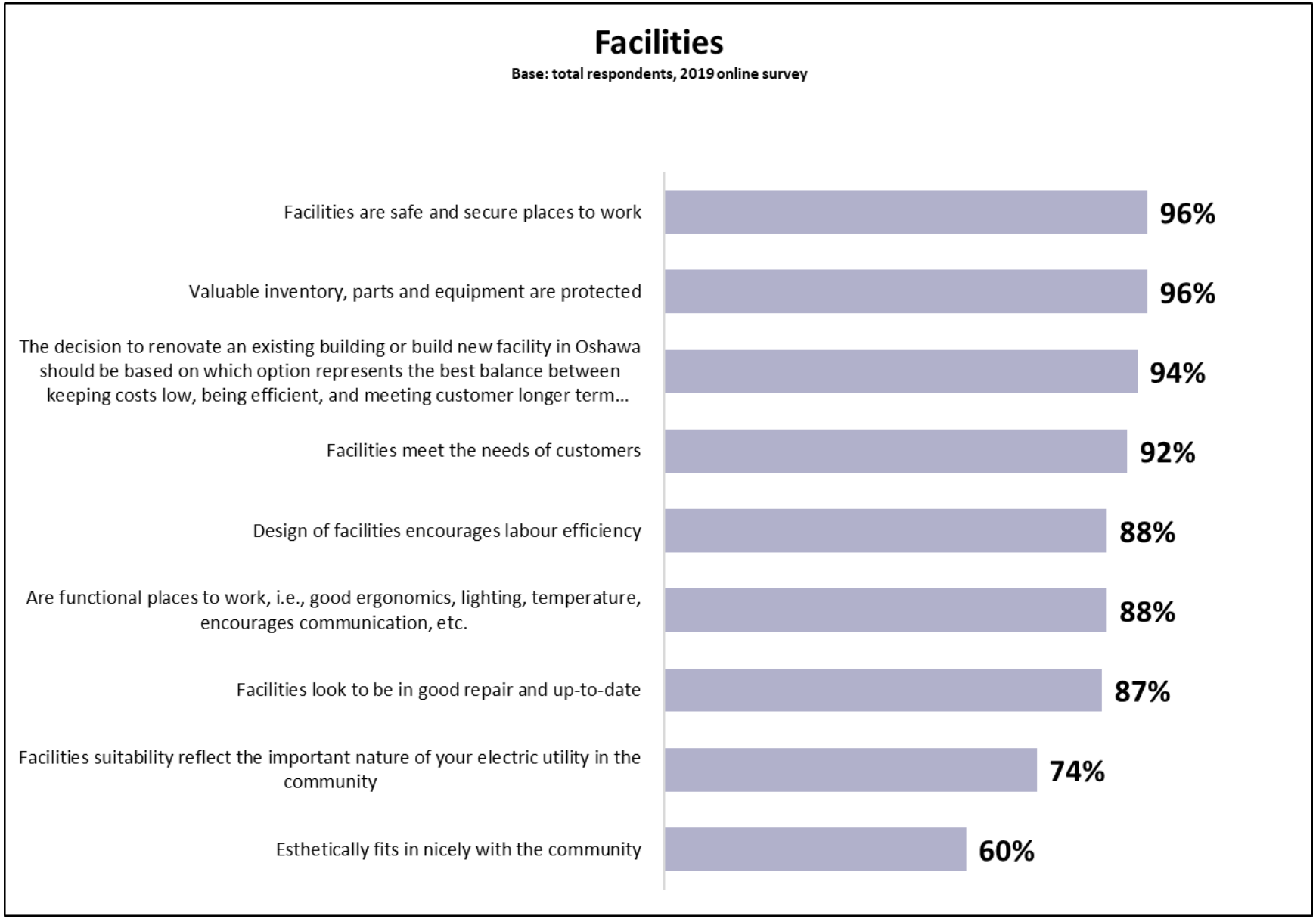
Respondents were asked: *The current Oshawa Power building opened on December 2, 1931, when Oshawa had a population of 23,439. Eighty-eight years later, Oshawa has a population of 159,458 and Oshawa Power has the privilege of serving over 58,000 customers. In addition, there has been much technological change in the industry. As such, the building no longer can meet the needs of your electricity utility.*

Determining whether Oshawa Power should retrofit or renovate an existing facility or build a new facility in Oshawa is a difficult decision.

Could you tell us how important each of the following items are in helping to make a long-term decision about Oshawa Power's facilities? How important…

Facilities	
Top 2 boxes 'Very important + Somewhat important'	**Oshawa Power Online**
Facilities are safe and secure places to work	96%
Valuable inventory, parts and equipment are protected	96%
The decision to renovate an existing building or build new facility in Oshawa should be based on which option represents the best balance between keeping costs low, being efficient, and meeting customer longer term energy needs	94%
Facilities meet the needs of customers	92%
Design of facilities encourages labour efficiency	88%
Are functional places to work, i.e., good ergonomics, lighting, temperature, encourages communication, etc.	88%
Facilities look to be in good repair and up-to-date	87%
Facilities suitability reflect the important nature of your electric utility in the community	74%
Esthetically fits in nicely with the community	60%

Base: total respondents, 2019 online COS DSP survey



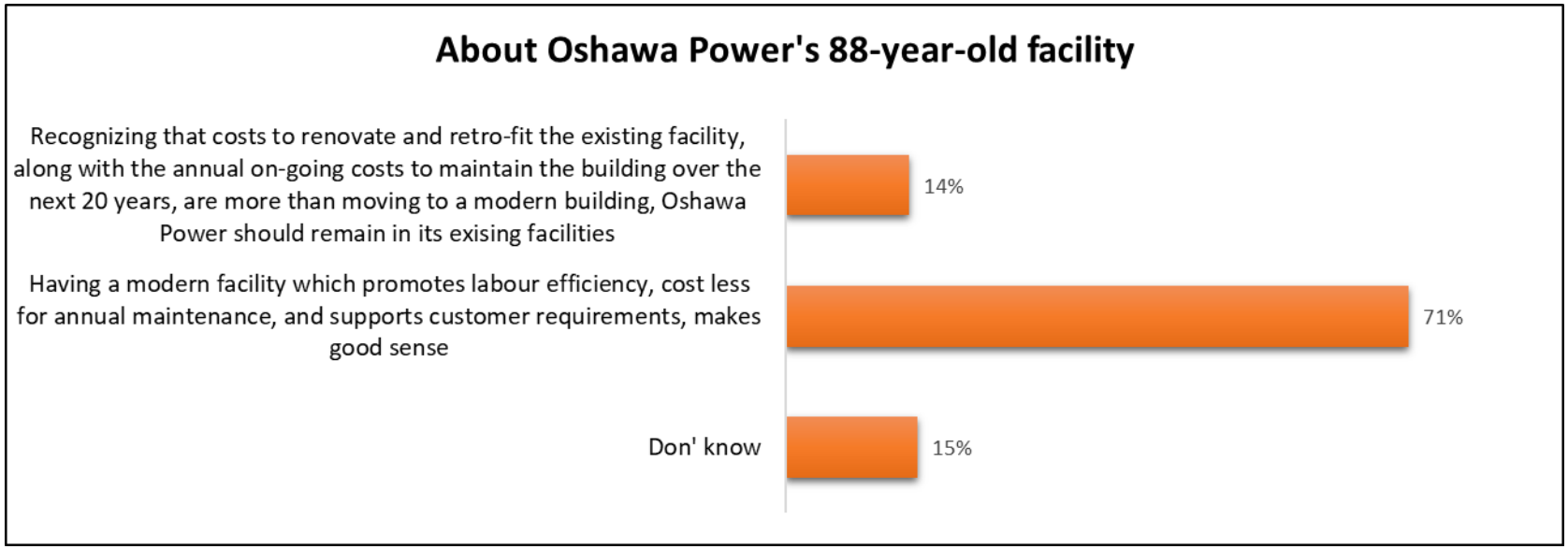
Base: total respondents, 2019 online COS DSP survey

Everyone knows, when talk of a facility is involved, there will be a myriad of viewpoints. Many of those viewpoints will be supported by strong levels of emotion.

Here are some of the written comments from online survey respondents, pro and con:

- *"No need to move from the current PUC building downtown. Offer more work from home options for the staff."*
- *"Environmental concerns (zero waste, reduction of greenhouse gasses) are of top concern right now, particularly with regard to renovation/building plans and maintenance. Thank you."*
- *"Sorry I do not support the move, I care about downtown Oshawa and prefer the beautiful Oshawa Power building to be permanently occupied/restored by OPUC"*
- *"The downtown location doesn't seem handy - you should move!"*
- *"If you decide to move, please consider Oshawa as the new location. Lots of available buildings / land and would bring. Ore jobs here to offset the damage done by GM leaving. I think you guys do an amazing job."*

Online respondents were asked which of the following statements best reflects their view about replacing Oshawa Power's 88-year-old facility.

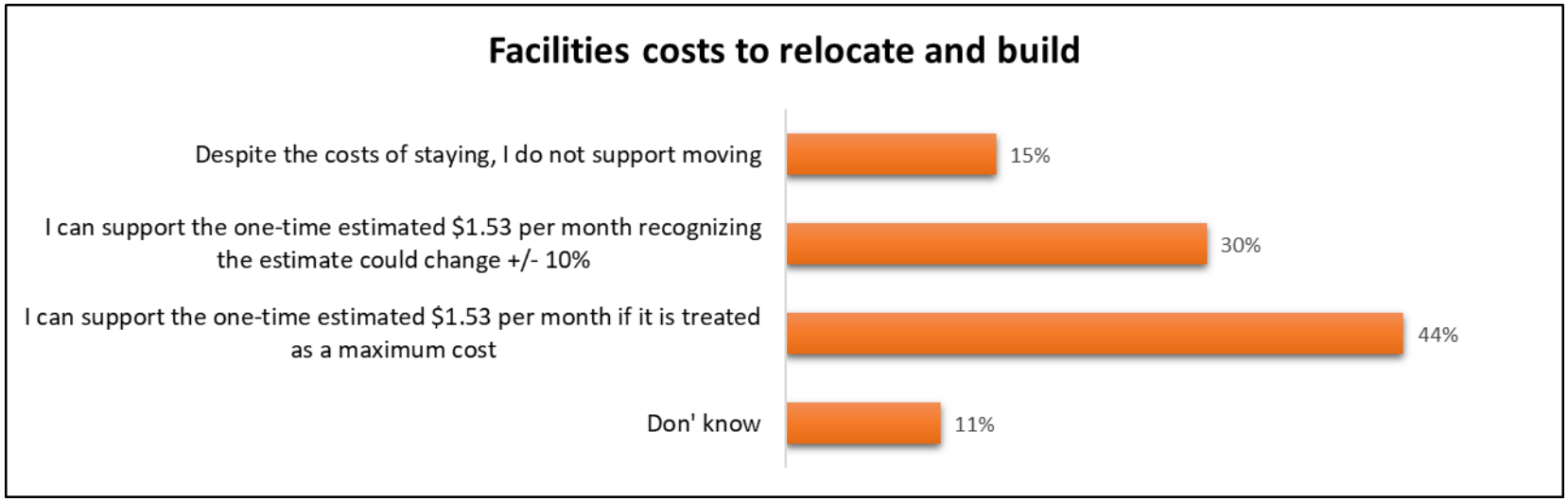


Base: total respondents, 2019 online COS DSP survey

Truth is not everyone is going to agree on what should be done. The truth is there will be many opinions. The challenge isn't about getting agreement; the challenge is getting support for a new building and relocating to a more efficient building, or spend the money to retrofit. The above question shows respondents chose the pragmatic statement about whether a new facility makes sense or not.

The above data shows, along with the chart below, there are about 15% of the population who will not support any move. A total of 74% of online respondents can support the move.

Respondents were asked: *To relocate and build a new facility that will accommodate our operational demands and growth in today's market will generate a monthly cost increase, beginning in 2022 of 1.53 per month. Which of the following statements best reflects your view about going to a modern facility?*



Base: total respondents, 2019 online COS DSP survey

In our view, there is an excellent level of support for building and relocating. However, there will be critics! Even if Oshawa Power decided to spend money to retrofit and stay, there would be critics!

Chapter 6 "Gathering insights about customer care operations"

Purpose of this Chapter:

1- To gather feedback regarding customer respondent satisfaction levels with the amount of information available for various topics
2- To gain a better understanding of desirable customer care operational improvements
3- To gauge the level of satisfaction with current levels of communication
4- To identify the current satisfaction levels regarding access to LDC services

Primary theme(s):

Insights. Findings. Feedback.

Oshawa Power, along with all other Ontario LDCs, is known as an influential brand company because they affect the daily lives of people and businesses. The safe, reliable distribution of electricity to homes and businesses is a job that makes life better, more interesting and meaningful for consumers and customers. However, the company has to consistently demonstrate that it cares about its customers and it can be trusted.

The importance of ensuring that customer care operations are meeting expectations while ensuring there is an effective marketing communications plan cannot be overstated.

Online respondents were asked: *Oshawa Power employees are focused on providing excellent customer care and are well aware that customer expectations about service will continue to rise.*

Thinking about the next 5 years, which of the following improvements would you like us to make?

Customer care operational improvements over the next 5 years… (online COS DSP survey)			
	Make this improvement	**Don't make this improvement**	**Don't know**
An outage notification system that automatically sends you a message by phone call, email or text	77%	15%	7%
Educating customers about energy conservation	69%	18%	13%
Access online account info for updates, move-outs, and move-ins.	69%	20%	11%
Reviewing and paying your bill online (through the utility's website)	65%	23%	12%
Reporting or inquiring about an issue through the website, e.g., billing question, outage problem	65%	23%	13%
Automating alerts when electricity usage exceeds a prearranged threshold	62%	25%	14%
Educating customer and the public about electricity safety	61%	26%	13%
A smartphone application that allows you to access your smart meter electricity usage information	55%	29%	16%
Automating alerts to remind you of your bill due date	48%	41%	12%
Comparing your electricity consumption with others in Oshawa Power's service territory	47%	38%	15%
Automating alerts to predict what your upcoming bill might be	39%	48%	14%
Having a web chat feature on the website	39%	43%	18%
Extended office hours	19%	60%	21%

Base: total respondents 2019 online COS DSP survey

Communication and Services Measurement

In a world where the vast majority of LDC customers feel time-pressed, the need for quality and timely information rises.

In consultation with our clients, in 2018, we developed the UtilityPULSE Communication Index score. Based on customer responses from Oshawa Power's telephone survey, they achieved a score of 79%, in-line with the UtilityPULSE database.

Satisfaction with information provided		
Top 2 Boxes: 'very + fairly satisfied'	**UtilityPULSE**	**Oshawa Power**
The amount of information available to you about energy conservation	82%	86%
The quality of information available when outages occur	73%	76%
The electricity safety education provided to the public	74%	78%
The timeliness and relevance of the information for things such as planned outages, construction activity, tree trimming.	78%	78%

Base: UtilityPULSE database, Oshawa Power 2018 telephone survey

Communication Score		
	UtilityPULSE	**Oshawa Power**
Communication Score	79%	79%

Base: UtilityPULSE database, Oshawa Power 2018 telephone survey

Convenience of Services Score

Again in 2018, we developed the UtilityPULSE Convenience of Services Score in response to client LDCs, including Oshawa Power, who were interested in knowing more about how satisfied customers were with access to various services.

Access to services		
Top 2 Boxes: 'very + somewhat satisfied'	**UtilityPULSE**	**Oshawa Power**
The availability of call-centre staff Monday to Friday	76%	77%
The 24/7 availability of system operators to respond to outages	77%	74%
The online self-serve options for managing your account	63%	64%
The online self-serve options for request services	56%	61%

Base: UtilityPULSE database, Oshawa Power 2018 telephone survey

Convenience of Services Score		
	UtilityPULSE	**Oshawa Power**
Convenience of Services Score	79%	79%

Base: UtilityPULSE database, Oshawa Power 2018 telephone survey

Based on customer responses from Oshawa Power's 2018 telephone survey, they achieved a 79% rating, in-line with the UtilityPULSE database.

Chapter 7 "Distribution System Plan Capital investments"

Purpose of this Chapter:

1- To gather insight into customer respondent preferences for proposed DSP capital investments
2- To provide another opportunity for customer respondents to provide ideas and insights into how the LDC could save money
3- To provide customer respondents with a mechanism to provide additional comments and be informed about any future public meetings regarding the COS application
4- To offer customer respondents with a mechanism to have an Oshawa Power professional contact them, we call these “Hot Alerts”
5- Note: respondents were given a summary with costs upon completion of this Chapter. With the summary, respondents were also given the opportunity to “go-back” and change their answers.

Primary theme(s):

Insights. Findings. Feedback.

Respondents struggle with answering questions associated with capital investments. They do so because the topic is complex with no easy answers. As stated earlier, customer respondents know a glass of orange juice at $16 is over-priced. Wrapping their heads around whether an average of $4,991,700 annual System Renewal Budget is about right, is not easy.

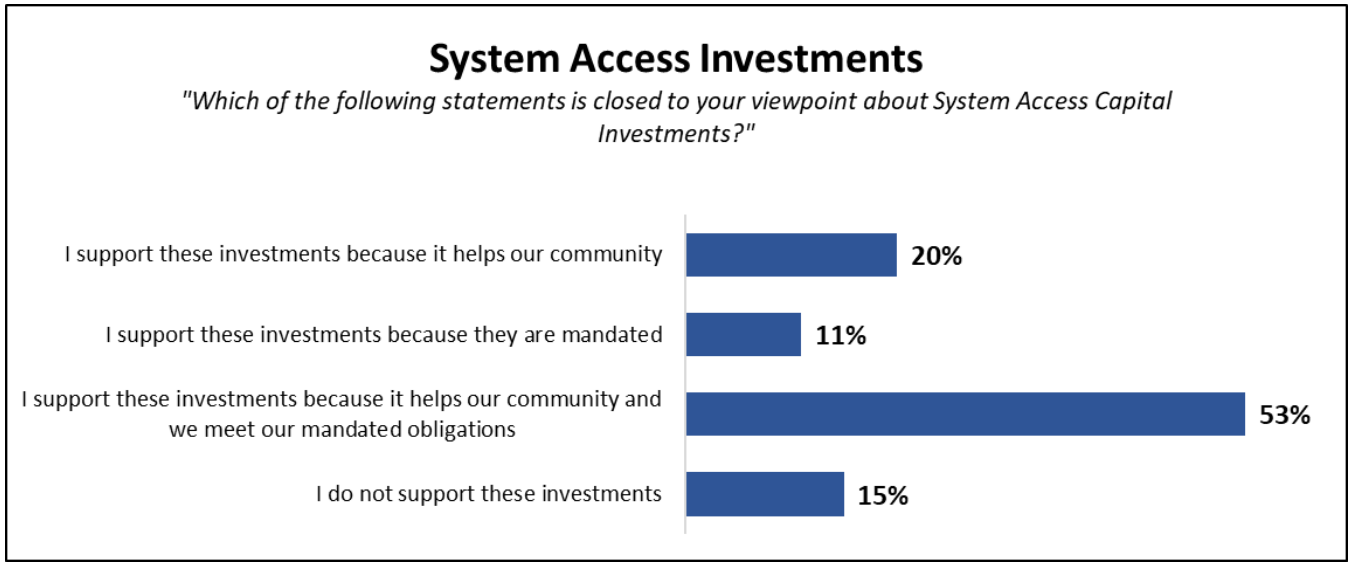
It is important for the reader to note that online respondents were given definitions of various terms being used, such as what capital investments are. Respondents also had available to them a comprehensive spreadsheet showing all of the numbers/costs for each capital investment area. Lastly, definitions, along with examples where available, were given to respondents about what is meant by the terms System Access, System Renewal and System Service.

System Access Investments:

System access investments are not a discretionary investment. We did, however, ask respondents about why they would support this type of increase. One respondent commented: *"Honestly, I feel system access costs should come from our taxes. We pay taxes to maintain access in our communities, such as road work; we shouldn't have to pay twice, once to build the roads and once directly to hydro to put access on the same road. We already pay so much for delivery charges of power to our homes, that the true cost of power is so small in comparison."*

Another said: *"Recommend new build homeowners absorb new power development requirements to establish their homes. The rest of us should not have to pay for this."*

Respondents were asked: *Oshawa Power, and every Local Distribution Company in Ontario, are mandated to provide customers with access to the existing electricity grid. The idea behind these projects is to help the community grow, i.e., residential and/or commercial development, fix transportation issues e.g., road widening, etc. For System Access projects examples click here. The average monthly cost increase for these types of investments is 49.3 cents per month for the average residential customer. Could you tell us which of the following statements is closest to your viewpoint about System Access Capital Investments:*



Base: total respondents, 2019 online COS DSP survey

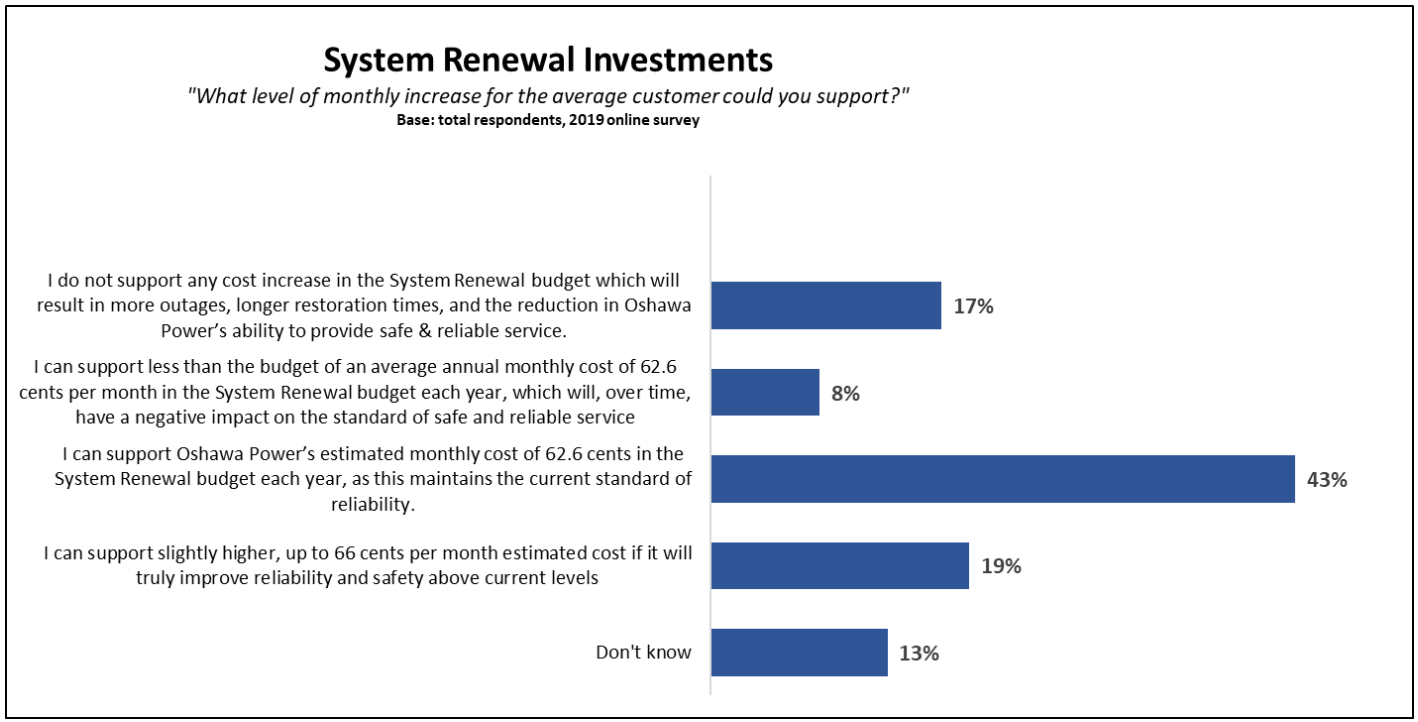
System Renewal Investments

Online respondents were asked:

Equipment such as poles, transformers, and other assets do wear out and must be refurbished or replaced. 90% of survey respondents from a recent telephone survey agreed with the statement that Oshawa Power has a standard of reliability that meets their expectations. 91% said, "Maintaining and upgrading equipment" was a 'very high or high priority'. 83% said, "Investing more in the electricity grid to reduce outages and to increase reliability and safety" was a 'very high or high priority'. For System Renewal project examples click here

Oshawa Power invests about $4,991,700 per year on System Renewal projects.

What level of monthly increase for the average customer could you support?



62% of online respondents indicated support for a 62.6 cent monthly increase (or higher)

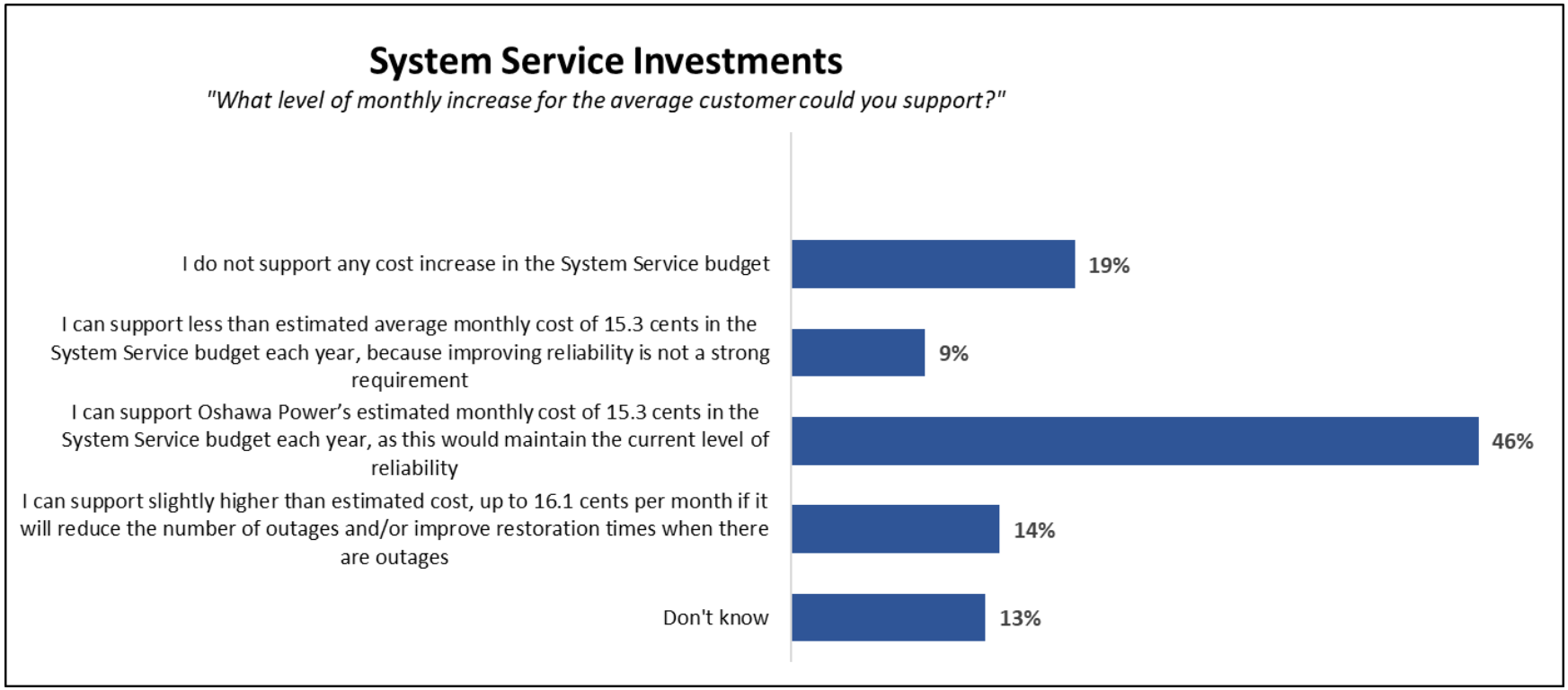
Base: total respondents, 2019 online COS DSP survey

System Service Investments

Online respondents were asked: *System Service investments are those required to ensure the electricity network has the capacity and reliability to meet current and future customer needs. These types of investments can represent replacing or adding new equipment, which improves reliability and helps reduce the impact of an outage on customers.*

Oshawa Power invests about $4,762,680 per year on System Service capital items

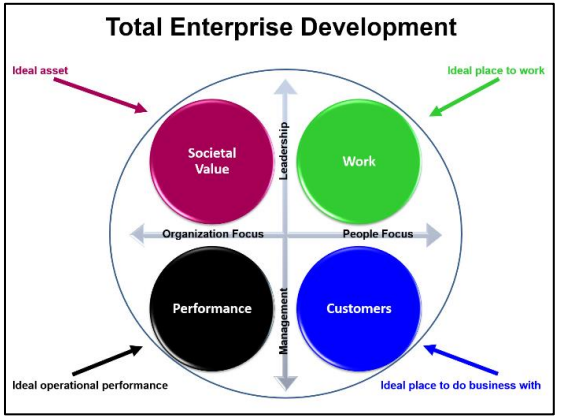
What level of monthly increase for the average customer could you support?



Base: total respondents, 2019 online COS DSP survey

Again, it should be noted that 60% of online respondents supported an increase of 15.3 cents per month or higher.

❋ Managing the whole enterprise from a Customer's perspective



For the 21 consecutive years UtilityPULSE has conducted its Annual Customer Satisfaction Survey for LDC clients in Ontario, the number one suggestion made by customer respondents to improve service was "reduce the price." Any other subject is a distant second.

Customer respondents view the performance of their LDC primarily through the lens of costs. Given the emotional roller-coaster LDC customers have gone through over the past few years, it is no wonder why customers see costs first and value second. Our UtilityPULSE research in 2015, 2016 and the early part of 2017, show, for most residential and small commercial customers, the cost increases for the energy side of their bill could not be reconciled with what was happening in their lives, e.g., 0-2% salary increases, 2% inflation costs, etc.

Successful LDCs and other enterprises know to keep costs low; the total enterprise must be performing at a high level. That is, employees need to be engaged because when they are not, increased costs and poor performance can be the result. Customers need to be engaged, in particular, feel they are valued. If not, complaints go up, and there is a cost increase to handle the additional volume. Operationally speaking the LDC has to perform at least to the standards in the industry even when higher than OEB requirements. Also, the LDC has to be seen as socially responsible and as a valuable asset to its owners and the customers it serves.

The UtilityPULSE annual telephone surveys contain various attributes when grouped give some insight into how customers perceive the successfulness of the enterprise. While many attributes could be measured which would provide some insight into Oshawa Power's success, the following represents how a customer respondent could look at their LDC. Customer respondents were asked to what degree they would agree or disagree with the following statements apply to Oshawa Power.

Total Enterprise Development	
Ideal place to do business with	**Oshawa Power**
Provides information to help customers reduce electricity costs	76%
Pro-active in communicating issues that affect customers	80%
Quickly deals with issues that affect customers	85%
Cost of electricity is reasonable when compared to other utilities	70%
Provides good value for your money	76%

Base: total respondents with an opinion, Oshawa Power 2018 telephone survey

Total Enterprise Development	
Ideal place to work	**Oshawa Power**
Deals professionally with customers problems	86%
Customer-focused and treats customers as if they're valued	84%
Makes electricity safety a top priority for employees and contractors	89%
Adapts well to changes in customer expectations	79%

Base: total respondents with an opinion, Oshawa Power 2018 telephone survey

Total Enterprise Development	
Ideal operational performance	**Oshawa Power**
Operates a cost-effective electricity system	78%
Efficiently manages the electricity system	87%
Delivers on its service commitments to customers	89%
Quickly handles outages and restores power	90%

Base: total respondents with an opinion, Oshawa Power 2018 telephone survey

Total Enterprise Development	
Ideal asset	**Oshawa Power**
Is a trusted and trustworthy company	90%
Is a socially responsible company	86%
Overall the utility provides excellent quality services	89%
A leader in promoting energy conservation	78%

Base: total respondents with an opinion, Oshawa Power 2018 telephone survey

Statistically the results shown above and to the side, are the same as the Fall 2018 UtilityPULSE database which is based on interviews with 2,328 customer interviews.

Oshawa Power, like many LDCs in Ontario, struggle with the comparison of costs with other non-electricity utilities and the perception of value.

Our years of research, tell us, the low perception of value is an industry wide problem.

Based on the results from customer interviews, Oshawa Power is a highly rated

❋ Wisdom from Customers:

An important feature of Oshawa Power's main COS DSP online survey was to provide every respondent with the opportunity to be contacted by an Oshawa Power representative; this was featured through the "Hot Alert" questions.

- Only 26 customer respondents asked to be contacted.

Customers want their voices to be heard, they do have ideas, and they want to be respected.

With this in mind, another feature of Oshawa Power's online COS DSP survey was to provide customer respondents with three opportunities to provide comments;

- the first was answering the question: *"Are there any priority or important items that you would like us to take into account when developing the Cost of Service application going to the Ontario Energy Board?"*

- the second and third were featured through two closing questions, the first being a "Wisdom from Customers" question: *"We are always looking for ways to reduce costs without compromising safety and reliability, what ideas do you have which might help reduce costs without compromising performance?"*

- the third, a "Make Your Voice Count" question: *"Do you have any additional comments about Oshawa Power or its Cost of Service Rate Application?"*

While the design of the survey was to capture ideas, feedback, and opinions about specific topics i.e., ways to reduce costs, etc. The reality is a respondent will write whatever is on their mind in any "bucket" available to them to do so. For example, if the respondent is a senior on a pension then "costs" will be part of every answer they provide. Or if a respondent thinks the CEO is paid too much, then that too may be part of every answer.

This makes the challenge of categorizing the verbatim comments extremely difficult. In addition, what a respondent wrote may require additional interpretation. In total, over 900 "comments/entries" were provided.

Every comment is meaningful. We encourage the reader to view the comments holistically.

First open-ended question: ***"Are there any priority or important items that you would like us to take into account when developing the Cost of Service application going to the Ontario Energy Board?"***

	TOTAL ----- (A)
Keep costs low/more affordable	43 19.6%
Environmental impact (e.g., global warming, reduce carbon footprint)	15 6.8%
Encourage/incentives for green energy/renewable energy (e.g., solar panels)	14 6.4%
Service reliability/less power outages	13 5.9%
Seniors discounts/incentives/reduce costs for seniors/keep seniors in mind	11 5.0%
Lower delivery costs/fees	9 4.1%
Administration overpaid/debt repayment/costs put on customers	7 3.2%
Improve safety/safety a top priority	6 2.7%
Develop an app for the phone (e.g., bills, monitor usage in real time)	5 2.3%
More ways to help us reduce usage	5 2.3%
Subsidies/breaks on the bill (e.g., for those on social assistance, for those making an effort to conserve)	4 1.8%
Maintain ownership/do not sell out	4 1.8%
Reduce tax/give tax credits	4 1.8%
Electric vehicle charging stations	4 1.8%

Update website (e.g., more user friendly)	4
	1.8%
Better service (e.g., customer service, service maintained)	4
	1.8%
Provide real time usage information	4
	1.8%
Technology/smart technology (e.g., keeping up)	4
	1.8%
Consideration for those who have electricity not gas in the homes	4
	1.8%
Notification of outages/updates	3
	1.4%
Transparency/justification of increases	3
	1.4%
	1.4%
Not all seniors have computers/cell/smart phones (e.g., prefer bills in the mail)	2
	0.9%
Threats of being cut off	2
	0.9%
Rebates	2
	0.9%
Maintain/use more nuclear power	2
	0.9%
Bury cables/wires underground	2
	0.9%
Infrastructure	2
	0.9%
Other	22
	10.0%
None/nothing/satisfied	57
	26.0%
Don't know/refused	7
	3.2%

Note: actual verbatim comments start on page 52.

Second open-ended question: ***"We are always looking for ways to reduce costs without compromising safety and reliability, what ideas do you have, which might help reduce costs without compromising performance?"***

	TOTAL ----- (A)
Cut staff/cut executive wages/cut pay increases to management/excessive benefits/pensions/lower overhead	39 10.7%
Do not increase rates/we pay enough/allow less fortunate access/force suppliers to reduce costs	28 7.7%
Invest in green energy/renewable energy	26 7.2%
Education/educate customers/the public (e.g., on social media, efficient usage)	20 5.5%
Be more efficient/planning effectively (e.g., budget management, oversight)	20 5.5%
Do not renovate/do not build a new building	12 3.3%
All cables should be underground/bury the cables	11 3.0%
Having too many employees on site/when few are required/train staff better	11 3.0%
Paperless billing/mandatory electronic statements/app	10 2.8%
Incentive to reduce usage/other ways to reduce household consumption	9 2.5%
Seniors should be taken into consideration (e.g., cannot afford, don't use smart phone/computers)	9 2.5%
Automation/use robots/AI	8 2.2%
Anything that they can do/rely on your expertise	8 2.2%

Improve infrastructure (e.g., modern)	8 2.2%
Technology/new advances	7 1.9%
Keep equipment/tool well maintained/upgrade when needed	7 1.9%
Reduce delivery costs/fees/'additional costs (e.g., debt repayment, taxes, costs of wind power)	7 1.9%
Improve website (e.g., not user friendly, considering going back to paper)	6 1.7%
Improve customer service	6 1.7%
Reduce waste	5 1.4%
Storage technology	5 1.4%
Remove smart meters/time of day usage/have a flat rate	5 1.4%
Provide customers with better tools (e.g., real time usage, when peak hours are, app to show how much it costs)	5 1.4%
Safety is the number one priority/despite the cost	5 1.4%
Get more government grants/money from government	4 1.1%
Lighting programs (e.g., LED technologies)	4 1.1%
Should join/merge with other power company	3 0.8%
Increase reliability	3 0.8%
No value for higher cost	3 0.8%
Create more online services/you can check yourself	3 0.8%
Cut fuel costs with a change in your fleet/don't have trucks idle	2 0.6%

Other payment options (e.g., pre-pay, Mastercard)	2 0.6%
Other	41 11.3%
None/nothing	52 14.3%
Don't know/refused	33 9.1%

Note: Actual verbatim comments start on Page 64

Third open-ended question: ***"Do you have any additional comments about Oshawa Power or its Cost of Service Rate Application?***

	TOTAL ----- (A)
Rates are getting to be way too high/do not increase rates	38 11.0%
Poor/dislike survey (e.g., too long, badly designed, biased)	29 8.4%
Happy with/great service/you're the best	17 4.9%
Thank you (e.g., appreciate giving my opinion/feedback)	17 4.9%
Need more information	9 2.6%
Consider seniors (e.g., on a fixed income, trying to continue living in my home)	9 2.6%
Good survey (e.g., comprehensive, educational)	7 2.0%
Lower delivery charge/fees	6 1.7%
People who conserve should get a break/reward those who conserve	6 1.7%
Keep up the good work	5 1.4%
Small increases will happen/is expected/I can support increases	5 1.4%
Website needs to be updated	5 1.4%
We have too many power outages	5 1.4%
Cut management salaries/bonuses	4 1.2%
Bring back the phone app/mobile app will be useful	4 1.2%
Alternative ways to find money than increasing our bills (e.g., civic buildings to turn down lights when closed...)	4

	1.2%
Do not support new building/move	4
	1.2%
Payments (equalized billing, auto payment, easier)	3
	0.9%
I support a new building/you should move	3
	0.9%
Electric vehicle charging	3
	0.9%
Do not sell/out to a bigger company	3
	0.9%
Should not have time of day usage/don't force me to do things in the evening	3
	0.9%
Reliable	2
	0.6%
Invest in green alternatives	2
	0.6%
Maintain good infrastructure/maintain/replace equipment	2
	0.6%
Environment concerns (e.g., zero waste, reduction in greenhouse gases, reduce pollution)	2
	0.6%
You are going to do whatever you want anyway	2
	0.6%
Give me a weekend/month free	2
	0.6%
The costs are reasonable	2
	0.6%
Other	41
	11.8%
None/nothing	134
	38.7%
Don't know/refused	17
	4.9%

Note: actual verbatim comments start on page 89.

The following verbatim comments have NOT received any edits. Some are raw. When names of people were listed the names have been removed but the comment remained. One comment was redacted due to language. Entries such as: none, no, not at this time, don't know were removed.

First opportunity for comments: ***"Are there any priority or important items that you would like us to take into account when developing the Cost of Service application going to the Ontario Energy Board?"***

Comments received were sorted into 5 categories: Customers, Staff, Costs, Operations, Other.

*** DISCLAIMER *** THE FOLLOWING IS AN OUTPUT OF VERBATIM LITERAL RESPONSES PROVIDED BY CUSTOMER RESPONDENTS AND AS SUCH MAY CONTAIN ERRORS (GRAMMAR, SYNTAX, etc.).

Topic: Customers

- Effective use of media to show customers the benefits of and how to save on power consumption (rates and savings at off-peak hours, as compared to peak hours, etc.)
- As a customer whom heats by electricity, does not use n/gas my reliance is your suppling of electricity to my home. I have been on a equal billing program for over 20 years with only a few glitches over that period. I'm very happy with your system as it currently is and am quite capable of accessing my billing by my laptop computer. I don't see the need of being able to see any info on my phone as my house is stationary and if things change I will be informed by your web site. Thks
- Development of Smartphone application
- My home is heated with electric baseboards. I feel as a basic need that it's unfair that I have to pay the premium cost just to keep warm during the day.
- reduce the rate charged to consumer or give tax credits
- App- website is such a pain to use on a phone
- I have two services on my house. Why can't the two be merged into one bill, possibly making the bill lower?
- Though it shouldn't affect your rate application, a project to update your website is long overdue.
- I believe improving the website to view own bills is critical, since you are encouraging clients to go paperless but yet the website is very difficult to navigate to see the details of ones own bill.

- Please don't waste money on "apps" and social media. You already have a website that the public can access and pay their bill on. I don't want to pay extra because someone is too lazy to make a couple of extra clicks of the mouse.
- Would love more consumer focused technology, such as phone apps to monitor usage in near real-time.
- Update your website and billing. It feels like it's from 2002.
- Ability to track power outages and status of resumption of service.
- Rebates for home installation of charging stations for electrical cars
- I just want to say that when transferring service from a tenant to a landlord, it helps to call the owner as well as leaving a notice, sometimes the landlord's don't live at the property. I almost had service cut off for no fault of my own.
- Make your customer online account access more user friendly
- App on the phone would be great.
- Your role in encouraging/motivating consumers to conserve the use of energy, and to increase the use of solar and other mechanisms to decrease environmental impacts, increase network reliability through distributed generation.
- I would like to see the ability to collect our own meter data and integrate it with smart home applications in order to help ensure we can automatically manage when we use power to stay out of the peak times.
- People who make an effort to conserve energy should get a larger break on their bill. Those that waste electricity should pay a larger amount.
- I live in a condo town house. We the people have said about using solar panels to get us off the grid and help with environment issues. They have always turned us down. Would be nice if you guys gave them an incentive to make the change.
- People on fixed incomes or low wages should get a break on costs of electricity and people that conserve their electricity should also be given a break on costs
- Investing in charging stations for electric vehicles to promote the use of them in the community.

- I would like staffing to include answering phones when calling the office. It's ridiculous that I can't phone in and talk to someone with issues regarding billing. Operator is not available and when you leave a message no one calls you back. VERY poor customer service. To be good at everything else you are trying to do you first need good customer service!
- Yes, you are a wholly owned subsidiary of the city of Oshawa, therefore the residents are your shareholders as well as your customers. We want reliable electricity supply without breaking the bank, as city taxes hurt us enough.
- Value for money is very important to me.
- The distance it is being delivered. Those of us that live close by should pay less. As well as anyone suspending g service for seasonal recreation should not be continuously charged when not in use. Seasonal users should only pay for delivery when in use since none is there to use it.
- Some Seniors do not have cell/Smart phones
- I would like to see some consideration given to homes that are totally electric, including heating, to some possible reduction in cost for their low carbon footprint. There will probably be incentives to make these changes but what help for seniors and those who have already done this at their own cost. Thank you.
- Electrical bill on smartphone app
- Provide options to help customers make homes/businesses save energy more efficiently
- I would like it if you provided customers with a device that shows what that customer is using in real time.
- Detect "always on" usage and alert the consumer.
- safety/awareness for both employees, the public and educating children re: safety
- As I am a senior on a fixed income, it is critical to my budget to keep my costs low. I do my part by using eco friendly light bulbs etc. It would be nice if seniors got a break on these very expensive products. They aren't cheap, but they do save energy and, in the long run, money. Just a thought. You could spread the word through community seniors centres in the city. OSCC is a great place to circulate this

kind of information. We have a wide member base of seniors 55+ and a lot of us still live in our own homes. Sadly, some seniors aren't living very "green" due to lack of knowledge. Just a thought.

- I spend $5.00 in electricity but pay $30. in delivery charges. This is not right. I owe $120, they are ready to cut my services, but some people owe thousands and they get away with not paying.
- Would be helpful to look into ways that we can reduce our energy bills as customers. I've done all I can in the house (energy efficient appliances, LED bulbs, new furnace, etc.) but my bills are still quite high compared to those in other parts of the GTA.
- Seniors should perhaps get discounted rates.
- What ways can residents lower their hydro bill.
- When OPCU calls you to state your late on your bill - you do so when there are NO LIVE CUSTOMER SERVICES to talk to - you close before people ar e home from work and you lack CUSTOMER SERIVCE YOUR Delivery fee to my apartment soaks everyone in the building so I am not sure how you delivered - but there must be cheaper shares in a building than you are stating
- I would like to see a further breakdown of our bills. If you receive 21% where does the remainder distribute?
- .Some seniors do not have computers so they will still need to receive their bills by mail.
- self service web options not much use during power outage - no internet! I think all new houses should have solar panels for electricity.

Topic: Staff

- All the cost of equipment is something all companies have to deal with but the wages all employees should be streamlined to reflect the everyday individual. Not everyone makes 6 figures a year and the pensions and benefits are top notch. For most people just keeping things going is a struggle. All wages and benefits should be capped CEO and upper management wages and incentives to be reviewed and either capped or decreased.
- It seems to me as a retired HR person, that you folks usually had the highest salaries in the community, based on salary surveys. You could reduce operating costs by adjusting down.

- Yes I strongly feel the CEO is grossly overpaid and it is an insult to ratepayers. With that in mind and in connection with what you are really doing here (looking to increase our bills above the OEB price) I would like to stress this individual needs to lead by example and take a 50% pay cut down to the land of reality. If he/she was successfully doing their role these cost increases you are trying to be sneaky about would already have been paid for through efficiencies.
- Lower your administrative overhead
- Wages of your employees should be reasonable and not be the reason we have to pay extravagant prices for our energy.

Topic: Costs

- Keep costs down for consumer
- Keep costs low
- keeping the cost to your customers as low as possible.
- Ontario board to Increased share with Oshawa in order to perform effectively.
- Reduce the delivery charge of power. Its astronomical and completely unreasonable. There is 1 delivery to a building. You're collecting fees ×90 apartments....
- Cost containment should be a priority, but not at the expense of safety. Provide better outage information/updates and communicate that to your customers either by mail/email or perhaps even texts (allow customers to opt in/out for this). PS > Some of the questions on the survey are difficult to answer without further knowledge/data....
- Hydro is a Necessity, not a luxury but the cost keeps going up when our pension remains the same or may go up by $2.00 a month....Household price should stay the same all day every day...give the old folks a chance to live a little....
- Yes, the fact that customer incomes are not going up enough to meet inflation and that they have to regularly deal with the ever increasing costs of living expenses.
- LOWER ALL COSTS PERIOD. WE'VE BEEN RIPPED OFF BY YOUR MONOPOLY WITH YOUR PROVEN CROOKED/FRAUDULENT SMART METERS SINCE THEY WERE INSTALLED !!!

- People need money in their pockets for lots of different things now a days. Bills should be kept to a minimum profit and CEOs do not require millions of dollars in salary. We must think of the future if we want one. Thank you
- Reduce costs. I can't afford heat in the winter. It's amazing how just to keep my small apartment at 19 degrees costs over 700$. So last winter I got to spend it in a nice 12 degrees from December to March.
- Should reduce the cost of electricity charges.
- Delivery, regulatory and HST charges should be eliminated.
- Remain focused on consumer cost
- It is very important to lower the costs of the bill seeing that there are so many other charges added on top of our consumption cost.
- Lower the fee cost it's ridiculous and just plain stealing.
- Remove the HST for our bill.
- Reduce electricity costs as it's currently too high as a household I need to pay electricity, Gas and Water altogether and with electricity costs being so high the utility costs will be very high.
- Keeping the cost to consumers down.
- lower delivery and fee charges all a gouge
- My main concern is that the cost to me is kept as low as possible.....I am a senior citizen and so this is a very important factor !
- Reduce the rates we pay.
- To make every effort to minimize the cost of electricity to customers while not decreasing the current service levels.
- Stop raping us!
- as i'll be retiring keep the cost reasonable
- That as a single person living alone, it is important to keep costs low. Some months my delivery charge is more than my useage fees.
- Being on social assistance

- only try and keep the cost of hydro down for us seniors
- Reduce the cost for seniors. We are usually home all day and tend to use a bit more hydro during the day. Sometimes very difficult to wait for the off peak hours.
- Keep costs as low as possible.
- keep costs low for families that are eco-friendly, have low usage and actively making an effort to lessen their carbon footprint. i.e. rebate or change to delivery fee structure user -friendly applications
- Reduced rates all day for retired seniors. Put an "R" in front of their account number. We're too tired to have to do laundry after supper just to get off-peak rates. We need to do chores when we have the energy to do so.
- continuing to offer and or providing more subsidies for electric bills, especially to those heating homes with electricity.
- get costs to users down
- Decrease cost of service or maintain same level
- More affordable costs
- You seriously need to reduce the cost the consumer pays - the delivery fees as well as the electricity costs are outrageous, and frankly receiving a threatening letter saying my electricity is going to be cut off when I am less than two weeks past my bill is an insult. I've lived in this house thirty years and recall when our billing was every other month - with the total being considerably less than what it is now. Just a bloody cash grab is what it is. I am disgusted with it.
- Publically owned utilities should focus on minimizing cost of service as the first priority
- Not to up the prices dramatically we are already paying so much
- Make household costs lower and successful businesses costs higher.
- Get rid of the Carbon Tax on hydro bills, lower or zero out sales taxes on hydro bills.
- My house is totally electric so would appreciate taking into account those of us that only have electricity and not gas or oil in their home.
- Keep costs down
- Keep costs low

- Not everyone can actually afford the bills they receive from you guys, as a single mother I've on occasion had to decide between paying my bills and getting groceries. instead of completely sucking us dry why don't you lower the costs of hydro and help people out in these tough times.
- Electricity prices are at least double what they should be. Residential customers pay far too much for electricity consumed. Rates need to come right down.
- how many person in a household. single working person living alone facing the bill vs a couple both working and able to pay bill
- Being a single income I appreciate the pricing as bills go up but pay doesn't. Appreciate when I get notice that my power is out.

Topic: Operations

- Smart tech and electrification
- If Canada is working towards reducing the carbon footprint, it appears more electric vehicles will be developed. Is the infrastructure developed to handle the demand load to recharge electric vehicles?
- Convert older neighbourhoods to underground feeds rather than overhead.
- Get rid of the health destroying smart meters. The radiation is making people ill and you are getting rich from it.
- Time of day usage.
- Encourage Solar and provide incentive for home owners to contribute to the consumed energy via roof solar and grid tied low cost alternatives. Cheaper panels and cheaper installation.
- Start selling solar panels. People will buy them. If it was made easy everyone would.
- Environmental impact
- Installation or replacement of Hydro Poles should be coordinated better with residential customers! A Hydro Pole was installed adjacent to my property and ruined approximately 4-5 square feet of my grass! OPUC failed to replant the grass! Not acceptable!
- Focus should be on delivery of the most reliable power at the lowest cost. At times there seems to be too many initiatives focused on items that are not "core business".

- The Hydro Poles should be replaced on Linden St they are deteriorating and not in good shape. They have been here since the 60s
- Importance of green energy.
- EV charging
- Leverage the data properly; the AI should assess outcomes and continuously improve.
- Making sure we are keeping up with technological changes to ensure optimum system functionality
- Making sure you use green-friendly and a conscious effort to climate-change applications
- It is hard to know what's the priorities but I would say OPUC should shift to solar with even further reduction in costs.
- Emphasis Safety, Service and Reliability instead of profit.
- Frequency of brown/black outs
- Keep safety and reliability has a top priority.
- investments in green energy and other renewable sources of energy.
- Reliability of system needs to be maintained.
- stop investing in wind power
- change aieral wires to underground at each house, currently looks ugly and prone to wind, ice etc.
- Greener energy, lower costs.
- Improve safety and reliability to electrical network
- Yes. Lets make power more affordable for us. Let's invest in green technology.
- better use of green energy and keeping electricity from hydro Quebec in Canada.
- To monitor and cut the tree branches outgrown to touch the overhead powerlines.
- service reliability; maintain ownership of OPUC

- Making the grid as safe as possible in tje gace of weather impacts due to climate change. Look for types of vegetation to absorb stormwater that might safely be planted in hydro corridors. Make it easier for municipalities to use hydro corridors as active transportation routes.
- Frequent quick power outages are my main complaint. Even a quick outage creates a lot of headaches with my electrical items.
- Using all viable means and Technologies for developing an infrastructure that can surpass future expectations and needs. Using Canadian workforce and materials (if available)

Topic: Other

- The additional Taxes (no matter what you call the charges they are just more tax!) are disgraceful and the amount paid to executives is borderline corruption - it's out of hand and the government only cares about keeping itself in power of the people that vote for them... The utility is fine the unfair and unreasonable charges masked as levy or debt paydown are maddening!
- Use more Nuclear power. It is the most reliable and cheapest source of power.
- none at this time.
- I do not know enough to compare with other Power Utilities, but I do think the OPUC is a reputable, well serving company in the community
- Maintain nuclear energy!!
- Get the OEB to reduce the Cost per Hour,
- Consideration should be given to the efficiencies afforded by amalgamation with other utilities as many others have done.
- No you guys are doing a good job for Oshawa taxpayers
- For heavens sake don't sell out to Hydro One. Stouffville did that and service went down as quickly as the prices went up. Oshawa PUC is awesome let's keep it that way!
- Global warming

- With the effects of climate change already impacting our lives globally, it is imperative that we implement green energy solutions now. At the outset, costs will be higher however, we don't mind paying the higher costs as these costs will gradually diminish as the transition to green energy becomes integrated.
- I need more detail to make an informed comment.
- PUC must endeavour to reduce its carbon footprint with specific strategies, specific targets with dates, cost analysis and progress reporting
- The rapid growth of the area and the resulting cost of infrastructure
- You should hire an in house market researcher to write better surveys. The wording could be improved to make it friendly to consumers. And surveys should be viewable on mobile devices.
- Good service at a reasonable rate. Try to avoid being wasteful. Spend on equipment and a well educated staff.
- My only concern is eliminating our carbon footprint.
- Reducing our environmental impact is extremely important and if Oshawa is able to assist with this both within their operations and as advisors to consumers, that would be a priority.
- Keep up the good work. I appreciate what you do for our community.
- This probably has nothing to do with you or the service but I don't think it is fair that hard workers have to pay so much when the lazy welfare or odsp people pay nothing and or get money back for power. Not fair at all.
- Stop paying hydroids at the Nuclear station so much money for nothing(trust me I worked there) and of course get rid of the people at the OEB with salaries that would buy a small country, and put the money to better infrastructure. too many captain's and not enough sailors's.
- When is Ont. Hydro going to build more Nuclear Reactors? The lifetime of the current units is limited, and time is not in your favor!!!!
- Yes the 21% of the hydro bill OPUC, is getting to provide service is fair.Very underhanded to ask customer to help you apply for a rate increase in calling it a five year plan. Why wouldn't you tell customer that was your in tension from the get go. Leaving it to the last question or comment is troubling as to the people working at OPUC.
- What steps is Ford taking to reduce my bill nothing happen so far...hot air no bill reductions.

- I am a war vet and I have the pre arranged plan. I am very pleased with the plan, the service all around. The staff are exceptional. Thank you . The plan helps us to pay our bills.
- Outdated means of providing electricity needs to be brought into the 21st century. Do not let Verizon take over control of Oshawa Hydro.
- Transparency, reducing environmental impact on region.
- None come to mind. Never had any problems worth mentioning
- Climate change. Reducing carbon footprint.
- Not that I can think of.
- There needs to be an equitable amount between the Province and the local service so that both can be maintained and pursue new ways to both generate and conserve resources.
- I think one of the question of this survey is not designed well, where it asks about the percentage that Oshawa Power receives from the monthly bill. In order to response that question, the customer needs a solid background of the whole grid !!!
- Where did the justification and authorization come from for bumping rates 54% from .065 to 0.10/kwh for Off Peak TOU as well as the other ridiculous TOU increases ?

❋ Additional Wisdom from Customers Comments:

COS D As outlined in the previous section, customer respondents were provided an open space to provide comments. The second opportunity was guided by the question: "***We are always looking for ways to reduce costs without compromising safety and reliability, what ideas do you have which might help reduce costs without compromising performance?"***

*** DISCLAIMER *** THE FOLLOWING IS AN OUTPUT OF VERBATIM LITERAL RESPONSES PROVIDED BY CUSTOMER RESPONDENTS AND AS SUCH MAY CONTAIN ERRORS (GRAMMAR, SYNTAX, etc.). Comments have been sorted into 5 categories: Customers, Staff, Operations and Others.

Topic: Customers

- 1) Make ebilling as the only option 2) meter reading can be entered via app developed.
- A bill date notification, to avoid the occasional client miss payment with the current home delivered notes at a cost $$ and the trait of disconnection to clients that have been there all of there life.
- Ability to always see personal rate plan, whether regular or PeakSaver account. Clarify higher rates for this for each program, so people can know if they are taxing the system and paying more.
- Add other plan for people with low income
- Advertising on, mid and off peaks hours. Lots of people are unaware that costs are different depending which time it is being used.
- campaign to use LED lights and send coupons for residents to buy them. encourage alternative power sources. solar etc..
- Customer should know the peak and nonpeak period
- Education to the public
- Effective and friendly customer service without having to go through 10 choices before reaching a person you can talk to.
- Encourage households to increase use of solar (and wind where appropriate) through incentives, which help reduce pressure on infrastructure upgrades by producing more distributed energy in neighborhoods, and reducing the impact of high-demand periods.
- For customer education, use existing resources about energy consumption and conservation and customer safety Don't reinvent the wheel! Use Facebook as well as twitter for power outage updates.

- Get rid of smart meters have a flat hydro rate
- give customer incentives/assistance with retrofits to reduce power consumption
- Give prepaid options... That way we could monitor in details our electricity consumption.
- Green energy incentive programs
- Have a real person answer the phones
- Improve services every year and have good reliability improvement systems.
- Improve your customer online account access information page
- incentives for reduced rates
- Look at the peak periods and add a 4th tier after midnight
- Mail out a year in review flyer with description of specifics to be reviewed or discussed.
- make self reporting consumption devices available to buy so users can monitor the electrical consumption of their appliances, electronics, computers, power adapters and lights to educate ourselves on how to reduce our electrical needs
- Many of your older customers do not have smart phones. How would you update outage info if there is no power?
- More education on solar panel installation around the Home to help save costs to the Customer. Educate one on the outlay cost and the payback period.
- new and current solar powered homes be more financially available. Incentives for using less power.

- Phone app

- Plz improve customer service and website for usage history.
- Programs/Incentives for reducing consumption .Education regarding improved efficiency of all items that require electricity to operate. I.e. 10 yr old fridge vs. New fridge.....
- Provide customers with a variety of tools to make informed decisions, like notifications through apps or home assistants when peak time starts or ends. Or an app that shows current use and how much that use costs.
- Stay away from using smart phones, because us seniors aren't smart enough to know how to use them! Plus why should I worry, in a few months I likely won't be alive and thus won't care! Dead don't hurt, getting there might, and in some cases damn well should!

- Stop paper billing and move online for easy and quick access.
- Technology is wonderful, as long as we have access to phone and web chats when required. I have found Oshawa Power to be great to work with so I support many of the improvements suggested.

- Website access is unreliable. I consider going back to paper billing.

- Website interface is very dated and not user friendly.
- Advising customers on the best environmentally acceptable ways to reduce electrical power consumption based in part on the customers consumption and time of usage
- Be more diligent in communicating with customers on what they can do to reduce their usage/costs. The cost of prime time is unfair for seniors and retired people who can't do laundry etc. During the day because the rates are too expensive and have to wait until 7pm to run appliances.
- Becoming more active on social media, answering clients questions directly and not asking them to call or DM. Developing an app to make payments quicker. Having online chat available.

- Current online bill uses Flash. This standard is disappearing from many browsers in 2020. Need an alternative.

- Educate consumers to use electricity efficiently and properly and as a result, the cost of generating would be decreased .
- educate customers on how to save on electricity
- Education of the population about electricity savings
- Education. Education. Education. Some in the community still have a hard time understanding peak hours...
- Give incentives to customers to lower their usage
- Go into schools to educate children about how to conserve electricity. Turning items off when not in use, unplugging their cell phones and laptops without leaving plugs in. For them to remind their parents to do the same.
- Have an annual "green day" and publicize it well. Encourage people to turn off their appliances and cars and go for a walk. Have a rally at Lakeview Park and make it accessible and interesting for everyone. Encourage everyone to arrive by transit (make it free) and have some green events for adults, seniors and kids. Make a point of reminding those with pets that stooping and scooping is an environmental necessity as well as a neighbourly thing to do.
- I cannot think of any right now except using LED lights everywhere and using energy efficient lights where ever is possible
- I wish to advise I do not support the smart meters. I do not like being told when I can do my laundry etc. It does not take into consideration people who are home all day and don't want to be stuck doing their laundry after 7 pm. Kindly get rid of them or have different hours for retired/ stay at home mothers to work with.
- I would be much more likely to support these initiatives if time of day billing was removed. As a home business owner I am penalized by running my home office during mid and peak times throughout the year, not getting the cost saving benefit that people who work outside of the home get by having empty residences during mid and peak times. Remove time of use billing and I would approve of increases to cover the cost of refurbishment, renovations and moving.
- Incentives for Smarthomes increasing efficiency and reducing consumption
- Invest in helping customers leverage renewable energy sources such as solar and wind.

- LED lighting programmes
- LED technologies - incentives for customers to convert to LED and other ways of reducing their household consumption
- Low cost all day. Not just after 7pm and weekend ,holidays
- Make it mandatory for all customers who have the internet to receive their bill electronically to cut costs, which will in turn keep the increases lower than anticipated.
- Making smartphone app to receive bills, payment option and other interactive options will save time, paper and help environment.
- Mandatory electronic statements, its 2019.
- More automation for businesses so lights are not left on when people are not in the building. Also encouragement for customers to use automation as well or more smart home applications, especially for lights or to disable outlets in a certain room remotely if a customer thinks something was left on.
- paperless billing
- People love to think they are getting a deal. Maybe offer some incentives to people who are keeping their electricity use lower than others in their neighbourhood.
- Permits could be approved on line rather than paper copies from other utilities using hydro poles. Not sure if this is done yet or not.
- Please provide more resources to households like me to utilize Solar On-grid power source. This eventually helps reduce cost and excess burden on our power plants/Oshawa Power. thanks
- program a smart thermostat program to help create schedules and reduce consumption or incentives for people who already have existing smart thermostats.
- Provide customers with a display that shows energy usage in real time. Provide financial incentives for retrofitting homes to make them more energy efficient.

- Provide free programmable thermostats to all homes. I have 6 people that live in my house and we make under $70k a year. Having higher hydro bills is tough. Telling teenagers to not charge laptops or phones to do homework cuz we are trying to lower bill. Or having it too hot in house cuz we can't afford to have air conditioning on all the time is tough.
- Providing customers by mail more ways to save on energy and give ideas on where to purchase items. Make this in a pamphlet design that goes out at least twice a year to the residents of Oshawa.
- Seniors come to a point where they can not keep up with changing technology example new operating systems and changes to web sites and want a paper bill.
- The existing site should be residential with a component for seniors
- To me, the most helpful services you perform, aside from providing the residents with very reasonable service, is receiving my monthly bill by email and on the equal payment plan.
- We can not get a hold of you now So improving Customer Service would be a misrepresentation of what you think Customer Service is You close before people can or have time to call you Operating after 4.30 PM does not mean OVERTIME in any other job or industry I would say you keep Bankers hours but the banks Adjusted so did the Government you have not Get your funding from the Gov not off the customers backs
- You could become much more efficient and save a lot of money by making your website easy to use and access your information. This survey is painful to fill out on a mobile device and I bet you have a lot of people start the survey wanting to help, but give up because it's so long and nearly impossible to do on a mobile device.

Topic: Staff

- 1. Invest in great people, to establish a productive and happy workforce.2. Advocate for more government support for energy efficient retrofits, subsidies, and upgrades.
- As in the last post equipment and maintaining the system is standard in all industries. The wages and benefits of all employees in this corporation is crazy CEO making 1.5 to 2 million a year everyone making over $100,000 plus a year lots of fat to trim and money to save. I want everyone to have a decent wage but it becoming a small minority that has the public by the short and curlies and trying to squeeze every last drop of blood out of the rest of us just like the teachers

- At some point Canadians must be wiling to work without all the benefits. Almost 75% of Canadians do not have what PUC is offering...that should be a wake up to us all
- Cross-functional training to allow workers to hold multiple qualifications and thus able to support more than 1 area of work. This will assist in more efficient and expeditious service, while also reducing head count.
- Cut executive wages, shorter officer hours
- Cut from the top instead of increasing our bills....these questions are manipulative!
- Cut in the "Personal Expense" and other "bonuses' of the company's CEO and other board members.
- CUT MANAGERIAL PAY AND PENSIONS TO REFLECT AND REPAY STOLEN/UNLAWFULLY OBTAINED CUSTOMERS FUNDS/PAYMENTS.
- Cut pay increases for upper management.
- Decrease Management positions across all level from OPG to Hydro One... very top heavy
- Do not increase wages of employees
- Don't worry about a new building. Relocate office workers to 40 King St downtown oshawa
- Fire every employee, board member and manager who makes over $100,000 per year. Start with the CEO and all senior executives. Rehire at a more reasonable rate of remuneration. Use the cost savings for upgrades, capital improvements and maintenance. Find other savings in operations. Bring electricity rates down by half. Forget about all the frilly bits. We just need reliable electricity at a reasonable price. We don't have that at present from Oshawa Power.
- I dont have any ideas but we are already being gouged enough for an essential service. You are crooks and should be ashamed of yourselves. You want more money, take a pay cut. Leave the already broke and struggling people out of it.
- I'm a retired bookkeeper, I look to you to propose ideas.
- Increase productivity and freeze hiring / wage increases.
- instead of always hitting the customers with price increases, how about lowering the CEO's paycheck or stop giving out incentives. It is really infuriating constantly being hit with price and tax increases when companies are posting about there yearly profits.
- Its not the services that is the problem, its hearing how much employee's are paid and how they take advantage and abuse the company. Overtime etc. And how hard they work for how much they make. Of course this does not apply to everyone. Thank you

- just make sure you don't cut the wages of your employees. as much as I wanna save a few bucks there should be good paying jobs at your company. NOT JUST MANAGEMENT. If you pay your labouring employees well then it justifies any high bills in my opinion.
- Less extravagant corporate salaries
- Less management and more hourly level staff with added responsibilities over time. Delegate some upper management jobs to employees in high potential positions in order to reduce the need for large management teams. Create more online self serve options and reduce the need for office level staff and put them to work on the field. I work as a manager at costco and we have a policy that managers work in the field with the staff. I see the financial rewards of this every day. Rather than sit in the office on my available time I help productivity. This is a policy that will empower your staff and make them proud to be part of the team . People work more efficiently when they see that the manager is willing to work just as hard.
- Less people working in the offices CEO get pay less Don't moved the building
- Look at your work force efficiency. I've seen your workers at locations there are 6 guys and only 1 or 2 are actually working the rest are standing by the trucks chatting it up - not a good use of company resources. Get a proper non-government approved agency to do a proper estimation of the cost associated with a retrofit vs a new building. So much money is wasted when government type agencies are hired to do construction type work and the time it takes it excessive. Hire a company that doesn't have an incentive to draw the work out instead provide a cost incentive to finish on time. Offer a small cash back reward for people that use online billing and auto-pay as this will cut down on internal costs and overhead as you don't need a person to print and mail a statement or be on the phone or in person to collect payment.
- Lower aggregate remuneration and entitlements of staff. Lower Over Heads and look for ways to cut costs. Our electricity bills are getting outrageous and we do all the conservation we can possible with switchable power bars, all eco- efficient appliances, LEDs, modernized heaters...
- Lower executive salaries and eliminate performance bonuses, per diems and management perks. Pay staff a living wage.
- Make cuts would help
- Managers, CEO's etc don't need to make millions of dollars a year. Take a pay cut and pass those savings on to the customer
- No idea from a technical point. I do believe that a happy workforce will provide quality work and result in satisfied customers. Cheap bad work is no substitute for good work paid for fairly
- Perhaps sending fewer workers out to handle an rather insignificant issue i.e. pole hit by lightning strike pointed out by home owner. The PUC staff ignored out observation and spent 1/2 day looking for another cause only to return and fix said problem.

- Preauthorized payments to my MasterCard. Cutting Union workers salaries. Cutting the benefits. Trim the fat so we don't have to pay for your mismanagement. Give us another option to supply electricity so it's a competitive market.
- Recently you replaced all poles and quite a bit of wiring in my area. Whilst the work was carried out without a lot of disruption to the area it would appear to me the number of crew members was more than that required to do the work as there was an obvious amount of down time for crew members during the work day. Better efforts in estimating labour would help ease costs, but this may be a biased observation as I have no idea regarding MOL rules and regulations regarding crew safety.
- Reduce administrative overhead
- Reduce labor costs.
- reduce management staff(Overhead) by 10% each year
- Reduce the salary of your top executives, it would also help to reduce the production cost.
- Reduce top level salaries to what normal executives make. Seems that their salaries are always extremely high.
- reduce union and benefits for workers that are above and beyond average community worker. Keep safety and fair benefits but reduce excessive benefits
- Reduce wages of CEO'S
- Reduce/cap top salaries. Don't ask all of us to live on less so your top people can get paid really well.
- re-evaluate workers / hire effective managers and workers Remove pension
- safety for your workers and the community is the number one priority despite what it costs
- share holders, ceo's should foot the bill for needed upgrades and repairs. STOP passing the bill on to consumers.

- Start from the top of the chain, eliminate unnecessary positions and slash paycheques - why should the consumer always have to suffer? Some of us have NO income and are struggling to make ends meet as it is.
- Stop looking for ways to spend money you don't have and stop growing your little empire, you are a public utility, you don't need a palace, you need better, properly remunerated management!
- Stop mandating Union workers for contracts.
- Stop paying CEOs millions upon millions of dollars. Advocate on behalf of the middle class to the government to increase middle class wages which will allow middle class to afford to "invest" with all your projects.
- Stop paying the CEO's egregious amounts of money then there would be more money for the bottom end employees & for infrastructure costs. I'm tired of paying ridiculous amounts of money that only end up going to a huge pay increases for the top managers. How many millions does one need to survive?! I would be in favor of increases ONLY if it actually goes to increase cost of living for the workers & for infrastructure. Be the leader in shortening the gap between the top & the bottom, then I would open up my wallet. I work hard for my money & I hate to see it wasted.
- Stop sending 20 crew members to a job that requires 5 at the most. Tired of seeing one poor guy work, while the other 19 "watch". It's a disgrace. I don't think 15+ extra workers is required for any possible safety issues.
- There is no reason to have people in office downtown whom cannot help you. You need to use automated phone as they will direct you. No need to employ someone who will direct you to phone it in. Plus, handing out huge settlements or retirement packages should be eliminated. Make a standard yet decent package that will be suffice not a hedge fund opportunistically planned millionaire. No one should be receiving millions as a retirement benefit. That money should be put back into our system so we can pay less and you would be able to afford the new facility and better equipment therefore running an effective business and promoting longevity.
- Wage and benefit frozen for non-union staff, for 5 year plan. Reduce spending on non-essential service to customer. Reduce spending on third party involvement in the operation of the OPUC. Do the job your paid to do and as a retiree we can't afford more rate increase.
- We the paying customer pay more than enough as is. PUC needs to become more efficient from within instead of hitting the paying customers for more money. The field employees for one. Less "doddling" around and more actual work being accomplished. Do they not realize they are out in the public working where all can see them? Their extreme lack of care from where their high paid positions comes from is outrageous. I work for an electrical contractor. I know the work is physical. I've been doing it for 20 years. 8 hours of pay must have 8 hours of actual work. Not the goofing off I see. No wonder you're looking for increases.
- White collar jobs take a pay freeze if they are making over 100k/yr

Topic: Costs

- try to reduce the fixed dispense charge in every bill. instead cover the cost in usage.
- As a business you should be proposing ways to cut your costs to offset investments. The choice in the survey is either poorer service or more costs. What is Oshawa PUC doing to control and reduce costs? The survey is structured to accept higher pricing or accept negative outcomes. There are other options. Why not have meetings with customers who have been in the business world and can make suggestions to help Oshawa PUC meet there goals while reducing costs.
- as it is I have to choose to pay power or eat for my family as good as the ideas are there is just no more money
- At this time I would like to remind OPUC that many of your customers cannot afford to pay more for their electricity. The aged and under/unemployed cannot keep up with the rising costs of all necessary utilities. I do not know of any ways to reduce costs but hope they can be found or at least that the costs stay as low as you can. Thank you.
- Consumers pay enough. Money should be taken out of company to make repairs
- Could utilizing renewable (solar/wind) coupled with Low voltage lighting in households contribute towards saving?
- Customers on baseboard heating like me shouldn't have to pay these proposed increases. I already am freezing my butt off in the house and have to conserve what I have on because of the cost.
- do not increase rates of any kind. we pay enough. I pay more this year and use less hydro than last year. I do not understand why .....
- Hire an external consulting agency with expansive knowledge in Hydro distribution systems to make recommendations on reducing waste/costs. The avg. resident doesn't have the knowledge of these systems to fairly evaluate them. That said, given the rising costs of hydro, its extremely important the Oshawa PUC shows that it is looking ways to reduce its costs to its customers do our bills don't continue to escalate...along with all the other utilities, property taxes, etc.
- How about going to the main hydro providers in Ontario and making a change to what they can actually charge the average consumer? I live alone - am not home from 7-7 in a day and pay over 80$ a month for hydro, almost 45 of that for fees for it to come to my home! Change the government taxing and asking for more and more each year.
- I am a single income mom. I know the changes need to happen. Maybe you need to tailor the criteria so that some buisnesses or income levels pay more, and give some financial relief to those of us that are on tight budget.

- I know hydro has to bring the equipment up to date etc. but as a senior our pensions only go so far,we do not get increases so by the time we pay for hydro, gas for heating phone bill rent or taxes on our homes and groceries we are lucky if we have any money left at the end of the month, I think Hydro should take into consideration otherwise some seniors may not be able to pay all the bills each month.
- I suspect that; as with many large corporations, there is much waste. Focusing on this as well as ensuring that best prices are secured when purchasing goods and services would probably result in large savings.
- I want to know how all the new developments have impacted the system . ...the majority of extra costs should be diverted to new developments.. not existing customers
- If I can't afford heat in the winter, why would I agree to cost increases?
- Increase you developer connection fees.
- It cost too much for electricity in Oshawa. Delivery charges are outrageous.
- Lower delivery charges.
- Maintain costs with moderate increases.
- My income is low and every pennies are taken on my budget. That's the reason I say "I don't know" because living on CPP/OAS we don't get much for food, clothing, and in my case I have no holidays where I can see I'm going on a trip. Etc. money is extremely tight.
- My pension has never increased in 12 years So I think my hydro bill shouldn't increase either
- Not everyone can actually afford the bills they receive from you guys, as a single mother I've on occasion had to decide between paying my bills and getting groceries. instead of completely sucking us dry why don't you lower the costs of hydro and help people out in these tough times instead of being greedy.
- Nothing. Reducing costs will likely always compromise performance or safety. Costs need to go up, that's just part of life.
- Part of the monthly cost to users, is the cost of the electricity itself. I would like to assume that Oshawa Power is always looking to purchase the cheapest and most reliable electricity supplier. Will solar energy/electricity be any cheaper in the future? Or wind generated electricity? I believe that we currently pay a very high amount for the electricity we use, while the Province sells energy in excess of our needs to other parts of the continent at a price below cost. If this is correct, it needs to be changed as soon as possible. Canadians should have access to the lower cost power.

- proper oversight to ensure money given is used for what it for use of
- Remove the HST taxes from the bill and I would support the equal increase in your service costs to balance out. Keep the current costs stable. We are already using as little electricity as our family can reduce to without affecting our home comfort.
- Start with having developers for Retail or residential developments cover the cost of "road widening" or other infrastructure cost's associated with the building plan, how about a seniors discount and how about we take say, 200,000$-300,000$ cut to the executive team from the OEB and put that money into infrastructure, remember they are supposed work for us, not for themselves but typical bullshit rammed down your throat government crap...
- Stop overcharging people
- The current level of service I've received from OPUC has been satisfactory. I don't see the value in increasing energy costs when there will be virtually no discernible increase in value added services.
- To reduce costs for the consumer take less than 24% :)
- Too many different questions about cost increases. Looks like it might add up to one large increase. Survey way too long
- Until we again see wage increases, cost need to stop going up or better yet, come down. It's to unaffordable to live as it is now. You have to do better with what you already get...or less
- We are the most costly paid hydro in Canada. It should be drop down in price for all home owners
- What steps have been taken to reduce internal costs, and were they made before putting the costs on your customers? Before thinking about increasing your customers bills, you should be investigating business transformation models to reduce internal costs. I sincerely hope this has already been done. If not... Use attrition to reduce payroll expenditures. Reduce the number and types of office supply purchases - a black, red and blue pen, 1 type of pencil, staples removed from the box so people only take a row or two as needed, no tape available around the holidays, reduced notebook and notepad sizes, etc are quick wins for reduced costs. Evaluate technology and improve efficiency through the reduction of printers (MFPs are far more cost effective than individual printers in the offices of, for example, upper management), excess office equipment, inefficient equipment, etc. There are dozens more areas that can be evaluated for cost reductions. Business transformation should be first and foremost before passing on a single cent of added expense to your customers.
- will take some increases if you stop knocking my power out semi monthly and lower the fake fees and toss some management top heavy as usual

- You are going to do what you want anyway. Your question phraseology lead to "loaded" answers to the answer YOU want. As a senior on a low income, I'm having trouble meeting payments now. Also, how can you notify people electronically about outage information when there is not electricity to tell them with? Some of us don't use smartphones with batteries. And even batteries need recharged with electricity. In an outage, there is no electricity.
- All I see is increasing costs. When you are on a fixed budget, you only have so much. THEN WHAT DO I DO?
- Reduce delivery fees. They are ridiculous

Topic: Operations

- how about offering solar panels? Maybe giving families an opportunity to invest in their homes.
- Investment in Technology
- SLOWLY implement a program to increase the amount of buried distribution cables.
- acquire a more modern facility than the existent one, but not necessarily build a while new facility
- All cables should be underground
- Are underground cables better for residential customers and less costly per month and for maintaining and if so, make that part of existing residential customer upgrading.
- automation
- Automation - use robots
- Automation helps but research and development will keep jobs but focus on new materials and new methods of electricity transmission that requires less maintenance
- Better ground level green transformer boxes. Heavy duty plastic or paint that does not disintegrate. This is a safety issue for residents especially young children.
- Bury all cables

- Bury overhead lines.
- Development of an underground hydro corridor to reduce weather related outages and maintenance costs.
- distributed generation as possible means to allow customers to generate own electricity for own use. energy storage within distribution system to allow system upgrades to occur to reduce outages.
- Do not contract out your services. Promote with in try to keep some historical stuff re the old blg.
- Do not relocate or renovate. Find cost efficiencies. Residents cannot afford to pay more for utilities.
- Effective cost and budget management ensuring that for the money spent, the expected results/output is achieved or exceeded.
- Effective planning and follow up. Managing contractors effectively will help control costs without compromising performance
- Eliminate all the added costs of wind power added to our bills over the last 10-15 years.
- Eliminate waste. Get efficiency gains
- establish a variety of environmentally friendly power generation systems within Oshawa, such as wind, solar, biomass, etc.
- Exercise tighter control on the bidding process. As with any government operation, cost overruns are rampant, primarily due to the old boys network with too much gravy going to those who are closely attached to the organization.
- Focus more on underground wire service throughout Oshawa. We have too many overhead wires already.
- Force suppliers to reduce costs
- Help cut fuel cost with a change in your fleet vehicles.www.viamotors.com http://workhorse.com/W-15.html
- I am not aware of any generation sites operated by Oshawa Power (solar, wind, methane, etc). Many LDC's have at least a couple sites to show interest in renewables.

- I believe that every new housing development requires the builders to pay for the cost of underground wiring from the nearest existing power source for the entire street (s). This reduces costs of poles, weather related outages and a cleaner look for the community.
- I can't help but think that burying the power lines should be in the strategy.
- I don't know enough about the subject to make suggestions. Just reduce waste and be efficient in providing service.
- I wish I could tell you how but this is not my area of expertise. I would say to maximize the existing infrastructure and be proactive about any aging components.
- I would support any initiative that allows solar panels to be installed on my home!
- If you decide to move, please consider Oshawa as the new location. Lots of available buildings / land and would bring. Ore jobs here to offset the damage done by GM leaving. I think you guys do an amazing job. I used to live in Stouffville and hydro there is twice the price and forever going out. Not to mention their customer service is terrible! I love that a real person answers the phone at Oshawa PUC. Moving here was made easy by the wonderful staff you have who were super helpful.
- Improve efficiency.
- Increase revenue streams (direct fibre to customers), leverage technology to maximize productivity, invest in synergistic technologies like solar to reduce energy generation load during the day and local battery packs to create an energy cache/increase reliability.
- Instead of investing in upkeep of a system that destroys the earth for your children, help consumers generate electricity. Affordable and easy to install Grid Tied Systems can reduce the need to develop, maintain and expand your network by many folds.
- Investing in green technologies
- investments in renewable energy
- It is important to consistently seek efficiencies in processes and practices in order to make the best use of financial resources.
- Minimize street lights to 50% but bump it up again where motion is detected

- More solar panels for homes is a good idea but very expensive
- More underground transmission lines
- My neighbourhood has overhead wires. I suspect that burying them would increase reliability. Not sure of the cost, but would like to see that happen. Would help aesthetics.
- new home construction should have a larger set up fee put on as much money is spent setting up subdivisions. many people are from outside Oshawa, have never invested in Oshawa and the cost of these subdivisions should not be a burden on long time residents.
- None - better to make infrastructure/network compatible with future generation and delivery architectures
- On up grades. Take into account expected increase in power loads due to adoption of rechargeable electric cars and trucks. Can your street allow everyone to adopt an electric car?
- Planning effectively
- Provide solar panels to us. We can be leaders in green energy if regular energy companies get in the game. It would also create lots more job opportunities in the area.
- Recommend new build home owners absorb new power development requirements to establish their homes. The rest of us should not have to pay for this.
- Reduce frequent brown/black outs
- Reduce waste and improve efficiency
- Regularly maintaining equipment so as not to go into failure/breakdown, requiring more man hours and increased cost of parts for repair.
- Remove smart meters and stop killing us.
- Residents and commercial building could install capacitor based power factor correction devices to reduce load draw from devices like AC compressors or furnace fans.

- shift to solar energy program
- Storage technology to distribute load for time of use (batteries, tesla power packs), or even an opt in program to use client Electric vehicles as storage
- Store excess power generation at night for use during the peak hours.
- Technology
- To keep the equipment and tools in proper use, can spend less on replacements. Well organize the trips for repair calls, help to save manpower and gas of the maintenance trucks.
- To not incur unnecessary costs/fees with respect to Reno's ett.
- tree branches are touching my hydro wires right now. I think more active monitoring and pruning of trees would be cheaper than replacing wires damaged or downed by trees.
- Try to avoid having vehicles sit idling a work sites.
- Try to keep the costs as much as low with the help of technology
- Use AI to predict when systems will need maintenance and replacement parts. This will improve the process by which you order your replacement parts (so that you know what to order and when) and increase the efficiency of maintenance crews.
- Use new advances in technology as much as possible
- Use of all other renewable energy sources
- Use Science to Make Decisions, Not Profit Based Interests
- Whatever would not compromise customer safety.
- You should check out older neighbourhoods that need upgrading to prevent brown and black outs.
- You need to think of the elderly and people that do not have access or knowledge of the technical age. These programs cost money to install and re train staff what you are doing now is good and no one needs to have your office working longer hours or days as most pay on line or at the bank anyhow. We can not pay at your offices so it does not make any sense for longer hours.

- Condition based maintenance program versus outdated PM program. Review PM program to find efficiencies, run to failure vs PM program analysis.

Topic: Other

- any thing to help
- Builders giving us an option of putting solar panels on the roof of a new build. Maybe included with the house mortgage. Just an idea.
- By appealing to the provincial government to increase funding for hydro.
- Compromising safety is never ever acceptable. I am 72 years of age.
- Do not be wasteful. Act as if you are using your personal dollar.
- Do not have any internal knowledge of the full costs and operating costs to give a true response.
- Do surveys like this on an annual basis to maintain customer a sense of customer sentiment. Thanks for this.
- Do what you have to do so I have power.
- don't know enough about the industry to comment
- Don't know enough to comment
- Encouraging more businesses and residences to install solar/wind to offload some stress on the grid.
- fulfilling the mandates required as Oshawa grows a new building will be needed and will hopefully give more jobs to the community
- Get money from government. They want to build homes and populate areas, let them pay for it.
- get more government grants
- Have a saving allowance, to help reduce the cost.
- Having lived in Oshawa since 1964, I have found the OPUC to be a well managed company. What I would not agree with is the selling or integrating with another utility, which I have heard rumors about.

- Honestly - I'm not sure right now - this has been a lot of information, but being a newer resident to Oshawa (7 months) - THANK YOU for asking the people to weigh-in... it is important to have the public feel that they are contributing to the future.
- Honestly I think that you shouldn't wait so many years before looking and addressing the issues raised. Work environment in any area should be a safe environment. Being transparent is the key. No one wants or likes increase BUT given the "alternatives" these changes need to be made. I only asked that when making or proposing changes you keep in mind that your clients need services that are cost effective. Compromise and concessions are required.
- I believe Oshawa Power should be merged with the big regional power company. Veridian I think it is called. With 59,000 customers Oshawa Power is not a big supplier
- I do not know enough about the business to make an informed and accurate idea.
- I don't know right at the moment of anything that you could do
- I don’t know Survey is long
- I don't really know because I don't work in this industry
- I don't think location of new offices matters a whole lot. Whether it's an industrial park or a fancy building with lush grass the purpose is the same and front facing appearance is not critical at all.
- I feel your survey was written to receive the responses you prefer by trying to shame people from the ones that may actually be within their budget. Money is tight for all - people understand that there is a need to maintain and replace equipment - there's no need to be heavy handed and leading. I believe restoring your current facility and working to reduce the number of abandoned buildings in our community is as important as finding ways to improve them. Silly things like making an app are so low on the priority scale - why even ask? Be smarter with your use of funds, don't waste it on things that are not needed - save it for all those asset improvements and replacements.
- I have no suggestions.
- I know very little about transporting and maintaining electricity, so I have no ideas about reducing costs.
- I recall that City Hall took several million dollars from the PUC to help fund another capital project (not hydro) . The PUC clearly had charged consumers far more than necessary to allow them to build up such a large surplus. I am OK with a small annual surplus for a contingency but not the millions they have accumulated in the past.

- I think building a new facility for Oshawa Power as a complex is good idea, this way Oshawa Power and other services of the city, such as police, Fire stations and ... each will pay for building such a common complex and use the common facilities of the complex.
- I will leave this to the experts
- I would fully support (and pay extra) to come up with a facility that utilizes sustainable energy. It is time we eliminate our carbon footprint.
- If you get OEB to reduce the cost of Electricity that difference could be used to help you with upgrades.
- I'm a tenant and don't plan on staying in the area therefore I don't care much about the future of Oshawa power. No offence.
- is it possible to, instead of building new, divide the infrastructure capacity to micro existing spaces?
- Just be kind to the less fortunate who have a right to electricity in Canada
- Keep up the current path as it is working.
- Keep up the great work!
- Keep up your good work!
- Look at it this way. You need to stay downtown so get that hair brained idea out of your head. You spend $1,129 million or so on improvements therein per year. I have an idea to increase that budget by 50%.. You are grossly overpaying your CEO and his minion. Cut his salary by 50% and your budget for these improvements just went up by 50%.....wow and that is what the people would like to see done. And he/she would still be one of the highest paid in town. I implore you to make this known to him/her and to spread this idea. That will help with the karmic debt you have created with this psychologically slippery and snake like survey I just spent time doing. Please provide this option to rate payers and you will have 100% agreement (or above 90% at least). Please put this response on his desk. thanks very much. [Name removed]
- Mergers with other utilities to share administration costs and maximize repair team resources. Lobby for developer fees to fund capital expansion cost. Cut all energy savings initiatives. Consumers and businesses will save electricity based on market prices, also there is no shortage of supply.
- Moving to renewable environmentally responsible energy is critical.
- No ideas at this time.
- no suggestions at this time

- None
- None. You guys are doing a great job and focused on affordable power with safety and standards.
- Not an expert, do your best
- Nothing at this time.
- Nothing I can think of
- Nothing to comment on
- Oh wow. I don't care about your question. [Comment removed due to language.]
- Ontario lost alot of power generation when Norfolk closed. With the population in the GTA booming, I would think OPG would be looking at the Wesleyville property as a prime location to redevelop. The 70s project was never fired up, but with consumption at an all time high, I'd be looking at that as a consideration.
- Rely on your expertise
- Retrofit the existing building as necessary.
- Sorry, but I am not able to provide input.
- Stay in the current building. Moving costs money.
- stop making surveys that are of little value for people who do not work in power distribution daily operations and finance
- That level of decision has to be yours to make! In that I will support your decision!
- That's on you. Your company should have been saving money from your profits over the last few decades, if you need to upgrade infrastructure. Its not the responsibilty of the costumers to pay for your mismangment.
- The average customer is not aware or educated enough with what is required. I receive email alerts when my power is out and I'm happy with that. This survey is too long and convoluted
- This survey is very important. Thank you for doing a great job. Please do think of all our seniors tht choose to stay in their homes.
- This survey is heavily biased towards me agreeing to Oshawa PUC building a palace to house senior management while they farm out any support or frontline employees.

- This survey was rather one sided - you have made it clear the PUC needs a new building and are trying to push the costs in as an additional fee. All I took away from this is - we are going to raise fees to give us a new building. Great - we pay for power - We don't need to know that you are raising the bill even higher because you need a new building.
- This the most onerous and frustratingly difficult survey in which I have ever participated. And I am old so I've done a few. So you are asking me if I agree to spend 15.3 cents a year more? I have 15 cents yes but what is the question, really. I am generally happy with the service and I think I get good value for my money. I have had no negative thoughts regarding opuc until I took this survey. Now I wonder what's going on there. Anyway, I hope you keto up the good work I've experienced over the 40 years that I've been a customer of opuc.
- this was a good survey until you put numbers up and started confusing me .just cut to the point instead of trowing up smoke and mirrors
- thought this would take less time. some choices seem bias. If previous investments are not enough to maintain safety then it seems that current assets were not prudently maintained in the past and you now want customers to pay.
- Use green energy (wind turbines, solar)
- very complicated matter, you have done lots of work analyzing this issue. continue on with it
- We need to implement green energy solutions as soon as possible even if the costs are higher during the transition period.
- What makes me hesitate is fully supporting any kind of increase over .11 cents is that all of your charts said "Proposed" as not factual nor proven, just a "Best Hopeful Guess" . So I'd ask to see the improvements made with the last round of money increases. What was done to help the community, power grid etc. To prove that this extra cash is NOT going to be wasted. Thank you.
- With all of the technology today it should not be necessary to hire more people to do the administrative work, actually less. And we all know that Ontario Power is privately or at least US owned and operated...we are retirees..we cannot afford any more costs.
- With improvements and people moving into the area, these investments in infrastructure should provide savings and these savings should be passed on to the customer in my opinion in the medium to long term. If you have any questions, feel free to give me a call.Regards, [Name removed]
- work with city and region to have new developments pay larger portions of new installations or infrastructure changes (pole relocations, etc). Plan for upgrades and improvements with new planned development. Don't build another garagemahal like the city's COD in the wrong part of town!! Partnerships, efficiencies are more important than you sponsoring community and BIA events.
- Your doing a great job and this survey is a perfect start to the growing future of Oshawa

- #!) Investigate the possibility of joining another Hydro Company to pool their joint resources to reduce costs! #2) Check possibility of using A.I. (Artificial Intelligence) to reduce costs!
- Your survey was a little long
- You're doing a great job!
- This seems like a loaded survey. A lot of the answers played on the emotions of what is ethical vs what someone can afford. Useless!
- Your questions are reasonably well phrased to make me feel guilty about picking anything but the "spend a lot and everything will be great" options. I don't have issues spending what is required for good maintenance, but I don't want to support a spend whatever you think mentally. Maintain the network, sure, but keep looking for efficiencies and eliminate non-value add stuff.

❋ Additional Comments from Customers:

As outlined in the previous section, customer respondents were provided an open space to provide comments; this was featured through two closing questions (the first discussed in the previous section “Wisdom from Customers”) and the second being, “Make Your Voice Count.” The primary purpose of this second and final open space for customer respondents was to afford them the opportunity to provide comments about Oshawa Power and/or Oshawa Power’s COS

*** DISCLAIMER *** THE FOLLOWING IS AN OUTPUT OF VERBATIM LITERAL RESPONSES PROVIDED BY CUSTOMER RESPONDENTS AND AS SUCH MAY CONTAIN ERRORS (GRAMMAR, SYNTAX, etc.).

Topic: Customers

- Better customer services for visible minorities. Anglo customers can have hundreds of dollars owing with no disconnection; however I only owe $120 to 150 and I am threatened with disconnection and collection
- How about you give me a free month of hydro instead of entering me in some BS draw or even having the audacity to ask me to donate more money to some charity, charity begins at home not at Oshawa PUC or the OEB...
- Online bill payment is very easy to navigate through, well done!
- Sometimes give your customers free weekend electricity.
- Outage information can't be transmitted to homes if power isn't available in most cases, unless sent to cell phones, so some of the outage questions didn't make sense to me. My WiFi doesn't work without hydro.
- Improve billing for Net Metering Solar customers. Create rebates or Time of Use rates for customers who embrace electric vehicles like other utilities are doing. Needs to include those customers on net metering as well.
- You did not mention equalized billing and auto payments.
- Please build some electric vehicle stations around oshawa in key places or public places (oshawa centre, opuc building, city hall, big plazas/shopping centres)
- Please stop increasing our bills with charges that don't result in customer usage.
- We have lost our power at least once a week and sometimes more but have NEVER been offered any rebate on our bil

- Your website is archaic but that's fine as long as you're on top of outage alerts and providing information and updates frequently to your customers. I think the primary concern for OPUC is to find a way to reduce consumption rates for your customers. Consumers don't care what kind of building your staff are in they care about whether they can afford to feed their family this month or if that extra $10 is going to go their bills.

- I would like a quick rationalization regarding why delivery charges are consistently 33% or higher than the actual cost of the power ?

- It should be denied until they no longer need to add line items on every monthly bill!!!!!

- Just the same concern as always, people who conserve should get a break on their bills, we are taxed to death in this country and in our climate electricity is not a luxury. If you don't conserve though you should have to pay higher bills. Reward those that do conserve.

- As previously stated good customer service is most important to me and having staff available to speak to is top of my list. Someone should always be answering the phone during open hours!

- The mobile app will be useful

- Bring back the phone app.

- Rates should not change for time of day or day of week. Hydro usage pulls the same power no matter what time or day. I'm on maternity leave and it would be nice to do laundry during the day so my evenings and weekends can be spent with my family.

- Your existing website is very out of date. The electricity usage bar graphs don't work properly with the Google Chrome browser. Your website refers to outdated CFL bulbs to save energy instead of LED bulbs.

- My comment concerns media notifications. If there is a power outage, many of these services are not available, I don't know how you would deal with this.

- I have lived in Oshawa for 3 years and have been happy with our service. I would love to see an updated, mobile device-friendly website and/or app that makes managing my account and payments easier. (The website is hard to use on a mobile phone and could be an obstacle to your goal of trying to bring more customers online to receive and pay their bills). I fully support plans for a new building.

- Budget Billing , or EQB programs to assist homeowners

- Make an app like the peak app where I can see my bill easily and monitor my usage.
- I would like to see a gradual price model where depending of what you use (low range) it is cheaper than the middle range and then high range. I do not like the time rates that you have in place as it forces me to do things in the evening rather than during the day when in have more time.
- love the automated program for outages. I know before i get home if the power is out, so i can make alternative dinner arrangements. Open for investments in upgrading older equipment, as long as the investment is smart, and doesn't have to be maintained / changed a few years down the line. Smart long term investments are key.
- Setup a Quarterly incentive program for OPUC customers to reduce their Hydro Bills by awarding discounts or prizes to customers who have significantly reduced their Hydro Bills!
- Opuc has an antiquated website . The overhead lines in rural Oshawa show significant foliage encroachment, indicating potential for increased line contact outages. Outages are frequent in rural Oshawa. Opuc is too small a utility to effectively deliver low cost services.
- Don't penalize me for wanting to wash my dishes or my clothes when it is convenient to me
- Only this in this poll, it was asked about receiving notifications of power outages...if I'm home & the power is out...it becomes blairingly apparent rather quickly. There would be no need or reason to try & let me know "Hey your powers out." Now giving updates on what going on the repair the issue would be great. & I must admit when we do loose power the PUC is usually on the ball. They let us know how long the service was out & the estimated time it will be fixed so Thank you for doing everything so well & keeping the cities lights on.
- Only concern is you forgetting that some people are not technological savvy and you will leave them by the wayside.
- I have found the service to be excellent. Though I would like to see an EV charging rate during off-peak hours.
- no. any other incentives are my responsibility
- For your business customer your turn around pay date is too short. We are a large corporation and our cheques run bi weekly. We had a glitch and it got paid a week later than usual and I got a letter saying they were going to turn off the power. For a business that always pays on time I thought this was very extreme.

- If a customer forgets to pay a bill do not send an employee out to my house and threaten disconnection. Common decency, courtesy and customer service would dictate you send a reminder notice first. And when I made a complaint do not have a snooty employee call back.

- educating the public on cost savings.

Topic: Staff

- Look at who you are hiring to do what jobs (overqualified) administrative tasks
- less bonuses, less management salaries, less share holder dividends.....if they want to reap the financial benefits of a company, they should also help financially support and upgrade company, ie slightly less profits one year to improve infrastructure, thus improving profit sharing in future years

- Money goes to infrastructure, NOT increasing the CEO's already outrageous salary. No more piggies to the trough.
- Stop with the vanity project that cost customer more. Freeze wages for all non-union staff as their many people in this city about to lose their job and can't afford your rate increase. If OPUC can't get by with the 21% of a customer bill then maybe it's time Hydro One take over the service. After all OPUC is just a middle man. With all your bad reviews your employee might well be reminded of that.
- Cost of electricity is high enough. You need to cut the fat. Be more efficient.
- I do not support any increase to consumers monthly bill if it is going to wage increases.
- Great customer service

Topic: Costs

- The cost of services is already a burden on fixed income residents of the city. There needs to be a formula that addresses this reality in any contemplated cost increase.

- Reduced dispense charges

- as it is I have to choose to pay power or eat for my family as good as the ideas are there is just no more money
- It would be nice if there was a reduced rate for people who need electricity for health purposes. I have an oxygen machine that has to be on 24/7 and one that I use at night. Also in the hot, humid days I have to use an air conditioner which raises our bill. Without these machines I would not live very long. I am not the only person in this predicament so it would be nice to see our needs addressed. Elderly people should not have to pay as much either and sometimes go without good food to pay them. It's a hard world so don't expect help will be forthcoming. Thank you just the same.
- do not increase rates
- As mentioned before all services keep raising the rates why not give seniors a lower rate so that they can pay without having to choose which bill to pay or how much is left for groceries.
- Can't afford heat in the winter. Maybe I'll win the $200 so I can try and keep myself warm for two weeks out of four months.
- I appreciate your plan for helping folks like me but asking to help out we have a hard time to survive in grocery for a month. Our health is going down faster that anticipated and we have nothing except CPP will be going for our funeral.
- Power is a need, not a luxury. Evaluate your own bottom line and reduce costs the before passing an expense on to your customers. $1-2 may not seem like much, but to someone on a fixed income it can mean the difference between staying warm in the winter or freezing to death.
- we live in the dark and wear sweaters in winter and have no A/C yet it goes higher with the bullshit fees
- When compared to others cost is reasonable.
- We pay enough for hydro already. Stop nickle-and-diming your customers.
- i do not think we should be responsible for costs for anything other than our actual bill. It's already costly.
- I feel that it is fair. I just hope that our pensions will also get a rate raise.
- Monthly utility costs are already high. Please do not increase
- I am a senior - the thought of escalating rates makes us fearful!
- Costs go up, I get that.

- Increase the rate of electricity for consumers- reduce the cost of solar grid tied systems- increase the pay-back rates to homeowner-generators.
- Try to keep the bills lower
- Costs are always rising. Seniors or other people on fixed incomes do not enjoy income increases that even keep up with inflation. Rates should be like taxes, modest users should pay less than heavy users.
- I think the government should be responsible to help foot the costs of maintaining facilities and service through our income taxes!
- No cost increases to customers. Its your responsibilty to save money for upgrades.
- Hydro rates are getting to be way too high
- I am sure there are other ways to find money than increasing our bills....dig deeper!
- YOUR COMPANY RIPS OFF OUR COMMUNITY EVERY MINUTE OF EVERY SINGLE DAY. BEWARE THE IDES OF MARCH.
- Don't increase rates. Find other savings as outlined above.
- Heating a home with electric baseboard heaters is already expensive enough without increases. My electrical bill for January or February is more than some people pay for a whole year heating with natural gas.
- Make a residential rate for small businesses, It is very hard to pay at commercial price.
- Lower Delivery Charge
- Reduce electricity costs to customers
- I know these increases are needed but it is very difficult when you are a senior living on a fixed income as you are not the only ones that will be increasing monthly costs.
- It would be great to find a way to achieve these initiatives within existing budgets instead of raising costs year over year
- It's hard enough getting by as it is the last thing we need as citizens of Oshawa are electricity bill increases; making it unaffordable to live here will drive people away.
- Please don't jack up the prices as being a single income and bills going up by pay is not is very difficult.
- Been a reliable provider over the past 6 years, and small rate increases are to be expected to continue to provide this service.

- I am a senior and cannot afford increases
- I am an advocate on saving electricity. I only do my laundry at low peak periods etc. Unplug any appliances not being used etc. Yet my hydro bills continue to increase. I understand the need to upgrade equipment etc but like other customers we just ask that you don't spend our money needlessly.
- I understand pricing changes with the times. As long as its moderate and truly needed, I'm ok
- My Delivery charge is always higher than my usage charge. How is this possible and what is the incentive to be energy conscious and try to save in this scenario?
- I believe that the costs are already high as I as a customer already pay over $300 per month and fill that I contribute more than enough already.
- As a senior, trying to continue to live in my home on a fixed income of oas and cpp it gets more difficult each year to except all the increases that are required. (A electric heated home)
- Please reduce the cost of residential electricity bills, I'm paying over $200 every month, that is too much for me. Thanks.
- To maintain a good infrastructure for electricity, and other public services like water and sewage, in my mind requires constant updating and improvement. These updates and improvements require additional funds and as a user of these services, I understand and agree with the need to pay more.
- My household is 2 retirees on fixed incomes. Monthly cost increases are not supported.
- I love the low rates because I am very low income and this is all I can afford. Thank you.
- Keep in mind that it is not always what we would like but what we can afford. Household income, especially which seniors is very difficult!
- In general, the cost of living is increasing and wages are not increasing to keep up with cost. Due to unforeseen circumstances, we are a family of 5 living on one income. Please stop with the increases.

Topic: Operations

- Smart tech and electrification

- If Canada is working towards reducing the carbon footprint, it appears more electric vehicles will be developed. Is the infrastructure developed to handle the demand load to recharge electric vehicles?
- Convert older neighbourhoods to underground feeds rather than overhead.
- Get rid of the health destroying smart meters. The radiation is making people ill and you are getting rich from it.
- Time of day usage.
- Encourage Solar and provide incentive for home owners to contribute to the consumed energy via roof solar and grid tied low cost alternatives. Cheaper panels and cheaper installation.
- Start selling solar panels. People will buy them. If it was made easy everyone would.
- Environmental impact
- Installation or replacement of Hydro Poles should be coordinated better with residential customers! A Hydro Pole was installed adjacent to my property and ruined approximately 4-5 square feet of my grass! OPUC failed to replant the grass! Not acceptable!
- Focus should be on delivery of the most reliable power at the lowest cost. At times there seems to be too many initiatives focused on items that are not "core business".
- The Hydro Poles should be replaced on Linden St they are deteriorating and not in good shape. They have been here since the 60s
- Importance of green energy.
- EV charging
- Leverage the data properly; the AI should assess outcomes and continuously improve.
- Making sure we are keeping up with technological changes to ensure optimum system functionality
- Making sure you use green-friendly and a conscious effort to climate-change applications
- It is hard to know what's the priorities but I would say OPUC should shift to solar with even further reduction in costs.
- Emphasis Safety, Service and Reliability instead of profit.

- Frequency of brown/black outs
- Keep safety and reliability has a top priority.
- investments in green energy and other renewable sources of energy.
- Reliability of system needs to be maintained.
- stop investing in wind power
- Greener energy, lower costs.
- Improve safety and reliability to electrical network
- Yes. Lets make power more affordable for us. Let's invest in green technology.
- better use of green energy and keeping electricity from hydro Quebec in Canada.
- To monitor and cut the tree branches outgrown to touch the overhead powerlines.
- service reliability; maintain ownership of OPUC
- Frequent quick power outages are my main complaint. Even a quick outage creates a lot of headaches with my electrical items.
- Using all viable means and Technologies for developing an infrastructure that can surpass future expectations and needs. Using Canadian workforce and materials (if available)

Topic: Other

- none thank you at this time
- I am disappointed to see a survey that guides people to price increases or they must accept poorer service and more and more electricity distribution issues. There are more options then the ones provided in the survey.
- Too long of survey
- Should join with Veridian. More resources...less overhead.

- I think this survey was somewhat biased in the wording of questions and responses. Not much choice but to respond to OPUC recommendations.
- keep OPUC ownership in this community
- Extend the program to 2030 for the cost of service rate application
- Go do what you are going to do anyway! Many people ain't smart enough to connect the dots!!!
- I received a questionnaire earlier because I have a plug-in hybrid vehicle. I think we could help reduce pollution and not overburden the power grid if we can do our own Oshawa based research on options.
- The downtown location doesn't seem handy - you should move!
- Not at this time.
- No. Always been happy with service.
- Honestly I feel system access costs should come from our taxes. We pay taxes to maintain access in our communities, such as road work; we shouldn't have to pay twice, once to build the roads and once directly to hydro to put access on the same road. We already pay so much for delivery charges of power to our homes, that the true cost of power is so small in comparison.
- Publish profit and loss yearly statements for everyone to see.
- Are your board meetings open to the public & when do you meet. Is all of this posted online. How often do you report to the city? Did you declared a dividend to the city last year?
- People might be able to treat OPUC more fairly if Hydro One hadn't screwed us over so badly. We only receive one product, but we have more than one provider that keeps asking for more money. Mismanagement enters the equation here and the public pay the price unfairly.
- Although I agree with many of the proposed improvements, I feel like I just agreed to paying an additional $20/mo to see it happen! My question is, if Oshawa PUC sees only 21% of my bill total, where does the other 79% go? Can this percentage not be amended to see more of what I pay actually go to the company I'm using/supporting?
- No need to move from the current PUC building downtown. Offer more work from home options for the staff.
- People need a lot more information to respond to the questions.

- New to the area so don't have experience or history with the company or its services
- Plan for IT and technology related projects in Oshawa itself to grow the respective opportunities in the local community
- I have no idea why you think that as a consumer I would have strong opinions on the inner workings of Oshawa PUC. I don't have access to the information that I would need to give informed feedback on most of these questions. You are clearly trying to use this data to justify doing something that you've already decided that you are going to do anyways, as was apparent from the leading and suggestive ways that you phrased some of the questions and option choices.
- You're the best!!!
- Nothing that would help.
- Best of luck, hope it goes through.
- Do what you have to do so I have power.
- Not at this time.
- Oshawa Power is an efficient operation.
- Let's make it a "win win" situation.
- I feel your survey was written to receive the responses you prefer by trying to shame people from the ones that may actually be within their budget. Money is tight for all - people understand that there is a need to maintain and replace equipment - there's no need to be heavy handed and leading. I believe restoring your current facility and working to reduce the number of abandoned buildings in our community is as important as finding ways to improve them. Silly things like making an app are so low on the priority scale - why even ask? Be smarter with your use of funds, don't waste it on things that are not needed - save it for all those asset improvements and replacements.
- very comprehensive questionnaire
- some of you questions/answers were leading questions which I do not appreciate.
- This survey was very complete. Thank you for the information!
- CEO needs a 50% pay cut and the rest of senior management 25%. This will more than offset the purported cost savings of moving. And will keep a business downtown where needed more. That is far more important than overpaying for some insipid CEO.

- Keep up the good work
- [comment removed for language]
- Not enough information was provided re existing building versus new site and building. I would want to factor in the loss of the facility to the financial health of downtown Oshawa. As a resident this also has value to me. Also what would be the fate of the existing facility? Would it be torn down so that the embodied energy in the building would be lost and added to our garbage volume and poor air quality burden?
- Since when is energy measured in kW???
- No further comments!
- Ontario in general pays far too much for hydro in comparison to other provinces so its difficult to approve any financial increase.
- Looking forward to see PUCmajal
- there were links to various reports or documents, but I just wanted to get through the survey fast. I wish I could save my survey then continue when I have a more informed decision.
- I expressed what I felt was important to say. There are many people in that community that are living pay check to pay check, there has to be a long term plan with their needs in mind. Oshawa Power should not be run as a Corporation with profit objectives, this is my opinion. Thanks for hearing me out. Cheers!
- If you plant a light bulb in your garden, does it grow into a power plant?
- Thank you for the survey. I appreciate having my opinion recognized by your company.
- Stop increasing costs and stealing from the public.
- Don't increase my rates for a new building. Rent office space downtown Oshawa at 40 king. Keep outside staff elsewhere working out of a garage
- Happy with the service but not sure whether Oshawa customers pay more than their neighbours. Why can't we have Durham Power. That would probably deliver some savings and efficiencies.
- If there was any way I could turn back time and implement solar panels when the return was decent and not a pittance like it is now, I'd do it. Too bad for us that we missed the boat on that one, as I would have loved to have gotten off the grid entirely.

- Oshawa Power is a great company. Very happy to be a customer and I support their application.
- For a senior,having lived in Oshawa for 60 years, to be faced with all this information and decision making ,is a daunting task .
- This survey seems like it just wants me to agree with whatever decision Oshawa Power seems fit.
- Would like to say I am satisfied with the service I get. We all don't want to pay more but you supply the basics. With having the option of peak, mid peak and off peak times we can control our spending and keep our own budgets balanced.
- I do think this survey is biased towards supporting the current plans for investment and increasing costs. There was no option for supporting improvements in infrastructure by reducing administrative and labour costs (i.e. improving efficiency). There was no data offered to say how Oshawa Power is planning to reduce costs by improving efficiencies and reducing administrative burden.
- I've lived in Oshawa for over 30 years and have found Oshawa Power to be well run. While Toronto often has power outages after a storm, I have rarely experienced it here. I really like that it is city owned. I hope we never sell out to a bigger company.
- Some of your questions are poorly written. For example, the monthly cost for a building upgrade starting in 2022 was to be 1.56 per month, but it doesn't say how long this extra cost would be collected (12 months? 24 months? 5 years?) How can anyone agree to the charge when they don't understand how long it would be in effect.
- Regarding the survey: "Oshawa Power Recommendation" should NOT exist on a survey and none of those questions should be considered usable data.
- No. Next time there is a survey, kindly include a progress indicator so we know how long it is and how much is left.
- Sounds like you have some good plans to deal with our future. Thank you. The survey had interesting information and I appreciate your interest in my opinions.
- I appreciate the summary at the end and the option to change answers. Prior after multiple questions spaced out about supporting tiny monthly increases had me thinking you were being sneaky as they may be small increase on their own but add them all up and it's several dollars a month. By having people state preference spaced out may hide how much of a monthly increase you are supporting by say a few cents here and a few dollars there and leading customers to choose options that sound like a much needed improvement based on the wording of the questions. It appears to be a sneaky approach to then fall back and say well these changes were cited by the customers therefore you guys wanted it.
- a lot of this survey meant very little to me

- I did not like your survey. The choices were geared to answers OPUC wants you to pick. If you picked another, there was always a negative tacked on. This is why most of my answers are "do not know"
- the average person does not have the insight to answer most of the questions in this survey!!
- The whole survey is misleading. At no point do you see the whole picture, or the total recommended increases. At first I agreed with the increase, then there was another, and another. It's is unclear when completing this how many more increases will be suggested. For that reason I simply replied don't know.
- Cost of service rate application should go ahead. It is important to have reliable power and small increases now save us from big increases later. If you want nice things you have to pay for them.
- As I answered the questions through this survey I realized I can expect an increase on my hydro bill by quite a bit. Since we can't. Get electricity from anyone else I guess we have no choice but to pay your increases. I feel like this survey isn't asking opinions but instead letting the community know what to expect with increases over the next few years. I will pay it only because I have no other choice, I'm sure I'm not the only person that feels this way!
- I have no special knowledge of your business or operations. Just a typical residential customer. However, I found this survey to be a grossly biased and propaganda-style presentation. Your questions relating to the new office proposal are blatantly designed to push people to support your recommendation. Very poorly developed survey!Beyond that you ask for our support for things we have no concept of? Do we support an operational power grid? Of course we do!! Do you need more money to do so? I have absolutely no idea. Maybe you do need more, or maybe you have grossly mismanaged what you have already received. I have no idea. How can I make a decision based only on your highly biased and obviously self-serving statements? This was a very odd and bizarre survey! I found it to be completely useless and unproductive.
- Get the city of oshawa to conserve turn down light when closed the civic uses so much energy like air conditioning when it is closed
- This survey was too long and way too biased. The options were written in such a way to try to influence the options of the customer. Most people don't understand or care about the level of detail you went into. Very little of this was about trying to save the customer money, or developing environmentally friendly power initiatives. These items are more important than the building you're in or your social media presence.
- Not at this time
- Nothing to say at this time
- Great service!

- The questions and answers in the survey were leading and felt like they were directing you to choose your own answer. There is not enough detail to determine whether to support increases without more detailed information. While space and time are limited it is unreasonable to ask people to support increases without better background information.
- need information regarding safety
- Keep up the good work !
- I find this survey quite funny, if I am to be honest! I wonder how much money was spent to develop, implement, and review the responses from this survey? I am retired and finding it difficult to cope financially. I wear sweaters instead of turning on heat. I try not to turn on lights etc. to keep daily costs down. Any increase would be a hardship for me. However, as previously stated, I find this survey quite funny, and a waste of funds, as I have no doubt that regardless of the results, you will in fact; build your new building, and increase customer costs. I do not mean my comments to sound rude or disrespectful, I am just being honest, after you asked for my opinion. Also, I wonder how many seniors, who are often on limited budgets, would even be able to maneuver through this questionnaire? I also won't be surprised that I don't 'win' one of your incentive prizes as my responses are not likely what you were hoping to hear.
- Do not sell the OPUC under any circumstances!!!
- Thank you for asking, this was educational, and by engaging customers like this, we will have a better understanding for the reasons behind increases. :)
- Your questionnaire only provided pieces of the information needed to properly assess the questions listed and it was skewed in order to have favourable responses - this is not what I expect from this organization, I believe higher standards are called for.
- I would like to understand more if smart mentors are going to be mandated and if customers are going to only be allowed to use a set amount before being charged overages?
- No. Satisfied with the service and reliability.
- Thanks. Keep up the good work.
- Environmental concerns (zero waste, reduction of greenhouse gasses) are of top concern right now, particularly with regard to renovation/building plans and maintenance. Thank you.
- Oshawa Power has already decided to move, why are you asking in the survey??
- Great service, online options (I answered 'don't know' to some of the initiatives listed, as they exist already, i.e. online communications, email, access to view the bill online, etc. they continue to be important, there is no need to 'make this improvement': already

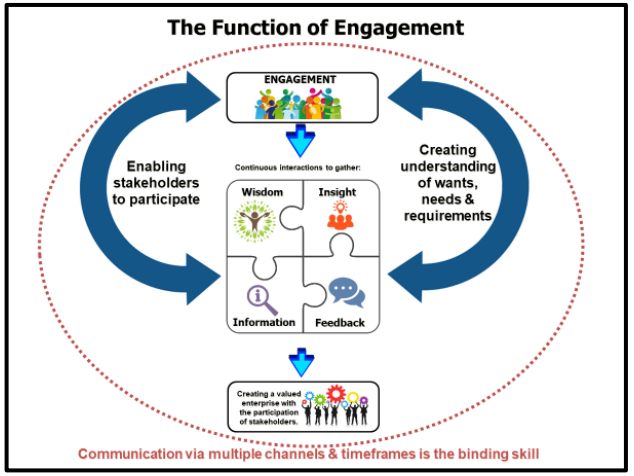
done)Always reliable service, great costumer service, access online. Finances are tight, as for many Canadians, we could not support much cost increase for many utilities at the same time, but would support moderate increases that fit and meet family needs. Thank you

❋ What is Taking A.I.M. (Applied Insights Methodology)

The purpose of engaging customers is to gather usable findings which help the LDC meet the needs and requirements of customers and other stakeholders while accelerating movement towards becoming a more effective and efficient organization with high levels of customer affinity. The goal is to ensure there is alignment between LDC plans and customer needs and expectations. The function of customer engagement is to create an understanding of wants, needs, and requirements. The key to getting meaningful input is to ensure customer respondents are enabled via multiple opinions & views methodologies.

An output, from Taking A.I.M. for Oshawa Power, is the production of this report, which we like to call “Oshawa Power’s Book on Customer Engagement.”

Unlike a single online or telephone survey, A.I.M. utilizes a multiple touch-point design to entice participation by customer-respondents who, like just about everyone in Ontario, is time-pressed. This multiple touch-point design helps to:



1- Keep the time requirements for respondents to a reasonable level
2- Identify, for the LDC, customer-respondent wants, needs and requirements
3- Clarify customer-respondent priorities by providing multiple opportunities to provide open-ended commentary
4- Identify the level of support for various capital and operational changes, including the associated costs.
5-

The Taking A.I.M. process helps the LDC to answer the following questions:

1- What are the customer-engagement (CE) activities that we have been doing?
2- What have we learned from those CE activities?
3- When going forward with a COS application which CE activities:
    a. Are best done with internal resources?
    b. Need to be enhanced?
    c. Should be completed by a 3rd party?
4- What are customers saying about what the priorities should be?
5- What are the challenges the LDC has identified for producing a successful COS application?
6- What level of community outreach can be achieved in the allocated timelines? What methods of outreach will be used?

7- What additional value, or synergy, can be achieved through the activities of producing a successful COS application?

One way to improve the effectiveness of various customer engagement activities is to determine the type of information the LDC is trying to gather.

Embedded in the Taking A.I.M. model are five levels of engagement.

For our purposes, the first four levels are Giving/Getting Information, Gathering Feedback; Capturing Insights; and Gaining Wisdom from respondents.

Understanding the type of feedback that is desired by the LDC helps ensure any survey work which is done, via telephone or online, is both effective and efficient for customer respondents.

By understanding the type of feedback from customer-respondents the LDC desires, a 5-phase project plan is then developed.

Taking A.I.M. Project Phases

Phase 1: Planning and Preparation (Partially done and is well underway)

- Conduct a review of current CE activities
- Identify ways to get the best from internal resources
- Project administration requirements

Phase 2: Customer Engagement Activities - Fieldwork

- Operationalize CE activities

Phase 2: Online COS DSP

- One online COS DSP survey with seven Chapters. Each chapter represents a different subject area

Phase 2: Telephone Survey

- Capitalize on the Fall 2018 telephone survey of Oshawa Power customers

Phase 2: Customer & Community Outreach (this is handled by OP personnel)

- Making the best use of activities

Phase 2: Support Activities

- Project administration
- Identify additional sources of data or information which can be used to help validate findings from Oshawa Power surveys, e.g., UtilityPULSE database, Ontario LDC benchmark
- Embed a “Hot Alert” function in every “Chapter” survey, i.e., give respondents the opportunity to speak to someone at Oshawa Power to voice their concerns or to have a problem solved
- Monitor and report on progress

Phase 3: Discussion, Analysis and Reporting for Internal Use

- Review findings with internal LDC personnel to help the alignment of plans

Phase 4: Report Development for COS DSP

- Survey data analyzed and reported in useable formats
- Provide 3rd party input into the completion of Appendix 2-AC

Phase 5: Post Project Review & Additional Recommendations

- Lessons learned
- Getting the most from the AIM

To further simplify and integrate various customer engagement online activities, four survey branding elements are used. These branding elements are used as visual cues for customer respondents as they relate to the purpose of their participation. For example, the branding element “Make Your Voice Count” was used on Oshawa Power’s web page as a link to the online COS DSP survey. Oshawa Power went a step further and provided two (2) explainer videos to encourage participation in the survey. Individual questions within the online COS DSP survey also used the branding elements as visual prompts.

Taking A.I.M. the Online COS DSP survey Strategy

UtilityPULSE has been conducting customer research for Ontario's LDC community for over 21 years. Based on this experience, we have learned:

1- Long surveys (from a time perspective) have a high abandon rate, and to reduce the rate, we used a Chapter system to segment the subject matter. Each chapter has a different subject focus.

2- Respondents are mostly interested in giving feedback in the subject areas they are interested in, which means, areas they are not interested in typically attract higher levels of 'Don't know' selections.

3- Online surveys such as the COS DSP Survey which ask difficult questions that have complicated answers, often require an extensive amount of reading. Few respondents will take the time to read the supporting information. As a result, question design and scaling are impacted.

4- Question design for online should mimic question design found in other Oshawa Power research, for example, their regular telephone survey. This reduces the impact of one of the variables which can cause differences in findings. Though different methodologies i.e., online versus telephone, can impact scores, the reality is multiple methodologies can add to the richness of the data.

5- Decisions are not made rationally; they are made emotionally by human beings. To simplify decision making, five-point scales were used. For questions regarding planning, costs, or investments, respondents were given a maximum of 4 statements to choose from.

6- While different survey methods can produce different results, having consistency of question design, across multiple platforms, reduces one of the variables which can produce different outcomes.

Each Chapter of the online COS DSP survey has a different purpose and when combined, they become a wider story of gathering wisdom, information, feedback and insights from customer respondents. The mission and theme for each survey:

Online COS DSP Survey		Primary Theme
Chapter 1 *"About your Oshawa Power"*		Make Your Voice Count
Chapter 2 *"The Electricity Industry and Oshawa Power's role in it"*		Make Your Voice Count
Chapter 3 *"Customer priorities, which are the important ones?"*		Could You Help Us Decide
Chapter 4 *"Customer insights about billing and outages"*		Make Your Voice Count
Chapter 5 *"Facilities and General Plant Capital investments"*		Could You Help Us Decide
Chapter 6 *"Gathering insights about customer care operational improvements"*		Could You Help Us Decide
Chapter 7 *"Distribution System Plan Capital investments"*		Could You Help Us Decide
Wisdom from Customers *"Collecting ideas to reduce costs and comments about the COS rate application"*		Wisdom from Customers

Methodology

Telephone surveys:

The 2018 findings in this report are based on telephone interviews conducted for Simul Corp. / UtilityPULSE by Logit Group between September 24 - October 26, 2018, with 401 respondents who pay or look after the electricity bills from a list of residential and small and medium-sized business customers supplied by Oshawa Power. The 2017 telephone survey was conducted with 400 respondents between January 18 – February 11, 2017.

The sample of phone numbers chosen was drawn randomly to ensure each business or residential phone number on the list had an equal chance of being included in the poll.

The sample was stratified so that 85% of the interviews were conducted with residential customers and 15% with commercial customers.

In sampling theory, in 19 cases out of 20 (95% of polls in other words), the results based on a random sample of 401 residential and commercial customers will differ by no more than ±4.89 percentage points where opinion is evenly split.

The margin of error for the sub-samples is larger and should be used as directional information only. However, the directional information may have more meaning if historical data or Ontario benchmark data shows similar results.

Online COS DSP survey:

In order to write a “book” on customer engagement for Oshawa Power, a comprehensive survey with seven (7) customized “chapters,” was produced online. Each chapter in the survey had a different theme, and the survey offered the respondent an opportunity to have someone from Oshawa Power contact them, thereby adding an interactive element to the survey.

Customers were invited to participate in the online COS DSP surveys via advertising efforts, social media messaging, home page website profile, and IVR calls. In total, 1,240 customers respondent to online COS DSP survey containing COS DSP information.

UtilityPULSE

A Division of Simul Corporation

TAKING A.I.M.

(Applied Insights Methodology)

UtilityPULSE, through polls and surveys, provides executives and managers with customer and employee feedback that assists in making both strategic and operational decisions. We believe by specializing in the utility sector with our polls and surveys, LDCs get stronger analysis of data and answers to key questions that, in turn, help them formulate key strategies to assist their organization's leaders in creating a better place to work and a better place to do business with.

All comments and questions should be addressed to:
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APPENDIX 1.4 – CUSTOMER ENGAGEMENT: DSP ENGAGEMENT SUMMARY

Distribution System Plan Customer Engagement Report

Prepared by: Sheila Risorto

January 30, 2020

Table of Contents

Executive Summary

During the 2019 Oshawa Power Distribution System Plan Customer Engagement process, Oshawa Power engaged the Oshawa community on the proposed factors of the 2020-2025 Distribution System Plan from October 1, 2019 through to December 8, 2019.

Oshawa Power has taken a multi-method approach to engaging customers, so it could understand the wide variety of opinions and views about what it takes to be seen as a successfully run LDC. Public engagement focused on education and awareness and included three feedback components:

- Implemented the Taking A.I.M. process (Applied Insights Methodology) online survey. A.I.M. is a method that creates two-way communication that allowed Oshawa Power to ask budgetary questions and also asked open ended questions to participants to gather feedback. Customers were able to ask questions and request responses from staff. The survey was made available in paper copy for those who did not have online access. Please see attached Taking A.I.M. report for further dialogue on the process to create the survey and accompanying tasks.
- Virtual Telephone Town Hall hosted on October 28, 2019; and,
- Four in-person public town halls hosted throughout the city where community members attended a presentation delivered by Oshawa Power's senior executive team, had open forum question and answer period and engage directly with Oshawa Power staff.

Please See **Appendix A Figure 8** for Customer Engagement Timeline covering January to December 2019

Communication Plan

In an effort to increase engagement, extensive promotion was used to encourage participation in the online survey using various mediums including:

- Created online survey
- Social media advertising on both Facebook and Twitter
- Newspaper notice/advertisement in 2 local newspapers
- Partnered with three local charities, local community centres and public library to expand social media reach
- Distributed media release
- Distributed postcard and flyers at 7 utility public events
- Email blast campaign to Oshawa Power online customers promoting the online survey
- Email blast campaign to Oshawa Power online customers informing customers of Telephone Town Hall and Public Town Halls
- Created a dedicated webpage on the Oshawa Power website for customers to obtain information about the Distribution System Plan, upcoming public events, and access to the online survey
- Created an information video and distributed through social media and post on webpage
- Created an online presentation and posted on webpage
- Promoted the initiative with Oshawa Power staff
- Information collaterals for takeaway in lobby
- Promoted in the Customer Service IVR welcome message in the call centre

- Conducted Virtual Telephone Town Hall during evening hours – October 28, 2019 7:30pm-8:30pm
- Hosted a Public Town Hall during evening hours at public library – November 5, 2019 5:30pm-7:30pm (Central Oshawa)
- Hosted three separate Public Information Sessions at three separate Oshawa Seniors Community Centres (OSCC) locations during business hours:
    - November 6, 2019 11am-1pm, OSCC John St Branch (Central Oshawa)
    - November 29, 2019 10am-12pm, OSCC Conant Branch (South Oshawa)
    - December 4, 2019 9am-11am, OSCC Delpark Homes Centre Branch (North Oshawa)

Attendance and Participation

Through the Online Survey, Virtual Telephone Town Hall and Public Town Halls Oshawa Power reached and engaged with over 12,000 Oshawa residents and businesses. Offering multiple methods of participation Oshawa Power was able to reach a cross section of customers that vary in age, income level, employment status and geography of Oshawa. Additionally, offering the survey in both an online and paper format addressed barriers for customer that may have mobility or internet access issues.

All of the engagement opportunities included an education and awareness component about the Distribution System Plan and Rate Application process, how rate payer dollars are allocated and next steps.

Oshawa Power reached:

- 9,798 listeners with a peak of 2,471 listeners on at one time during the one-hour Telephone Town Hall,
    - 189 listeners entered queue to ask a question and 22 went live
    - 4 polling questions were asked during the course of the live call
    - 93 customers opted out of the Telephone Town Hall ahead of time (0.19% of list provided)
- 1,240 completed A.I.M. surveys,
    - 26 customers asking to be contacted by an Oshawa Power employee
    - Over 900 comments were submitted
- Approximately 50 Oshawa residents attended the four public town halls and almost 80 questions were asked at the events to the senior executive team, questions listed in **Appendix B.**

Benchmarking

To measure customers responses a comparison of like questions from the 2019 online survey to the 2018 Customer Satisfaction Telephone Survey was completed:

- Oshawa Power is a well-respected company (83% online, 85% telephone), who is trusted and trustworthy (86% online, 90% telephone) and who is seen as an organization that spends money prudently (82% telephone).
- The customer base is an urban one. As such, there is a strong expectation that electricity is consistently delivered in a reliable and safe manner. As it relates to reliability, Oshawa Power

received excellent scores from respondents – 92% online, 91% telephone. Also, 88% online, 90% telephone respondents, agree OP's current standard of reliability meets their requirements.

Figure 1 – Oshawa Attribute Comparison Table

To what degree do you agree or disagree with the following attributes:				
Oshawa Power	**Online 2019**	**Telephone 2018**	**Telephone 2017**	**Telephone 2014**
Company to continue to be working with	87%	90%	88%	88%
Deals professionally with customers' problems	83%	86%	88%	86%
Pro-active in communicating changes and issues affecting Customers	81%	80%	77%	77%
Respected company in the community	83%	85%	90%	87%
Adapts well to changes in customer expectations	76%	79%	77%	78%
Is a trusted and trustworthy company	86%	90%	89%	85%
Accurate billing	86%	89%	88%	86%
Provides consistent, reliable electricity	92%	91%	90%	89%

The data from the Online Taking A.I.M. Survey with information for COS and DSP also shows the majority of respondents' support Oshawa Power's recommendations as they relate to System Renewal, System Service, General Plant, and Facility investments in order to maintain and increase the high level of reliability achieved today.

In the online survey Oshawa Power customers were given the opportunity to prioritize where they would like to see Oshawa Power spend money:

Figure 2 – Customer Priority Table

As an Oshawa Power customer could you tell us how important each of the following items is to you?			
Top 2 boxes 'Very + Somewhat important'	**Oshawa Power 2019**	**Oshawa Power 2018**	**Oshawa Power 2014**
Continuously improve the safety and reliability of the electricity network	95%	91%	86%
Remain focused on keeping costs low	95%		
Reduce response times to outages	94%	86%	80%
Look for ways to use technology to safeguard the electricity network or get more out of the equipment	92%	91%	
Provide good jobs in the community	91%		
Improve customer service	88%		
Invest in green energy technologies (energy storage, electric vehicles, etc.)	88%		
Invest in smart grid technologies (system automation)	88%	83%	75%
Invest in projects to reduce the environmental impact of the utility's operations	88%	76%	
Improve communications for billing and outages	87%	50%	
Educate the public as it relates to electricity safety	84%	73%	
Investing more in tree trimming to help reduce the number of outages		78%	68%
Provide more self-serve options on the website	78%	44%	40%
Provide sponsorships to support local programs and events	76%	48%	45%
Develop a smartphone application to allow you to view your electricity use and pay your bill	75%	50%	37%
Burying Overhead wires		64%	62%
Make better use of social media such as twitter	62%	29%	33%

The top five priorities are safety, reliability, keeping costs low, reduce response times, grid technology and be a good contributor to the local economy.

Online A.I.M. Survey

Beginning in 2014, Oshawa Power augmented their regular telephone-based Customer Satisfaction survey with supplemental questions to help gain insights into, or deal with, issues customers care about. For example, the 2014 telephone survey of 405 Oshawa Power customers were asked to prioritize investments for ten operational issues (See Figure 2). In 2017, 400 interviewees were asked to identify the importance of items as they relate to online access to various items, and in 2018, 402 interviewees were asked to prioritize operational planning items. (See Figure 2)

Oshawa Power embraced the Taking A.I.M. process (Applied Insights Methodology) to gather information and feedback from multiple sources. A process which gives customers multiple opportunities to "make their voice count." (See Taking A.I.M. Survey Report)

Through a joint on-site investigative type of review, fifty-eight (58) customer engagement activities were identified as customer interactive touchpoints that could provide information for the Cost of Service (COS) application.

There were 83 questions contained in the Online Taking A.I.M. COS DSP Survey with seven Chapters. Each chapter was designed to capture the survey respondent's information, insights, wisdom, feedback, or contact information on various subject areas. These areas were: About Oshawa Power, The Electricity Industry, Customer Priorities, Billing & Outages, Facilities & General Plant Capital Investments, Customer Care Operational Improvements and, Distribution System Plan (DSP) Capital Investments.

The A.I.M. process (Applied Insights Methodology) to create a two-way communication online survey that allowed for Oshawa Power to ask plan questions and also asked open ended questions to participants to gather feedback. The survey was made available in paper copy for those who did not have online access.

Oshawa Power spent the months leading up to the beginning of the campaign educating and informing residents at seven public events of the upcoming online survey and public town halls. Beginning October 1, 2019, the survey was actively advertised through social media campaigns, media release, newspaper ads, email campaigns and the customer service IVR welcome message in the call centre.

Results and Feedback

The survey was live from October 1, 2019 to December 8, 2019. Oshawa Power achieved:

- 1,240 completed A.I.M. surveys,
    - 26 customers asking to be contacted by an employee and were contacted
    - 305 respondents asked to be notified of any future public meetings regarding Oshawa Power's rate application
    - Over 900 comments were submitted

In the online survey details and cost of the Distribution System Plan were reviewed. Information was divided into the four main categories, the results were:

- **Facilities and General Plant Investments** - 58% of respondents supported Oshawa Power's recommendation, 30% wouldn't support an increase, and 11% answered 'Don't know'.

- **Oshawa Power facility** – when asked separately about the Oshawa Power facility there are about 15% of the population who will not support any relocation. A total of 74% of online respondents can support the relocation and upgraded facilities.

- **System Access Investments** – 84% support these investments because they either help our community or they are mandated or both, and 15% do not support these investments
- **System Renewal Investments** - 62% of respondents indicated support for the recommended increase, 8% supported a lesser increase, 17% does not want any increase and 13% didn't know
- **System Service Investments** - 60% of respondents indicated support for the recommended increase, 9% supported a lesser increase, 19% does not want any increase and 13% didn't know

Figure 3 – Oshawa Power Recommendations Table

Base: Total Respondents 1,240	Support OP's recommendations #	Support OP's recommendations %
General Plant	713	58.3%
New Facility	912	73.5%
System Renewal	763	61.6%
System Service	739	59.6%

Virtual Telephone Town Hall

The Virtual Town Hall was held between 7:30pm-8:30pm on October 28, 2019. The Town Hall allowed participants:

- Join a city-wide conversation on the 5 Year Infrastructure Investment Plan;
- Learn more about the investment plan and rate application process
- Understand the industry and regulations
- Ask or listen in to budget-related questions and Oshawa Power's answers
- Answer polling questions on the investment plan and service delivered by Oshawa Power

Preparation was done ahead of time to create the scripting for the welcome message, recorded message for voice mails and the polling questions. Polling questions were selected that would provide rich feedback and encourage dialogue throughout the call. The Oshawa Power 5 Year Infrastructure Investment Plan Virtual Town Hall was advertised through social media, media release, website and an email campaign.

Beginning at 7:28pm on October 28, 2019, Oshawa Power customer account phone numbers (and community members who R.S.V.P.'d their phone number in advance) received a call inviting them to stay on the line to participate in the Town Hall.

Following opening remarks from President and CEO on the investment plan and the process, participants were invited to enter the queue to ask questions. Those on the line were asked polling questions throughout the event.

At the end of the Town Hall, listeners were informed that recording of the call would be available on the Oshawa Power website within one week. The recording and the full transcript was posted on Oshawa Power's dedicated Cost of Service webpage.

In addition, phone number that went directly to voicemail were left a pre-recorded message advising them that although they missed the call, they could still participate in the process and complete the survey.

Results and Feedback

The Virtual Telephone Town Hall hosted 9,798 listeners throughout the duration of call, with a peak of 2,471 listeners on at one time, and an average listen time of 14 minutes during the one-hour Telephone Town Hall,

- 189 listeners entered queue to ask a question and 22 went live
- 4 polling questions were asked during the course of the live call
- 93 customers opted out of the Telephone Town Hall ahead of time

You can listen to a recording of the Virtual Telephone Town Hall here or read the transcript here.

The Telephone Town Hall included four polling questions on the public's opinion on investing in self serve technology, distribution asset replacement, grid modernization and the Oshawa Power facility.

Virtual Town Hall – Polling Questions Summary

Question 1: Many customers have indicated that they would like to see more automated, self serve options allowing them to conduct their business with us at their convenience similar to the banking or retail shopping industry. Do you feel Oshawa Power should:

Figure 4 – Polling Question #1 Table

Answer	Responses	Percentage
Invest in new customer facing technology that will give customers self serve options to conduct their hydro account business at their convenience.	127	29.5%
I do not think it necessary to invest in self serve options at this time.	238	55.2%
Unsure or Undecided	66	15.3%

Question 2: The estimated useful life of distribution assets ranges between 10-50 years with the average life of approximately 30 years. As distribution assets get near end of life reliability begins to decline. Do you feel Oshawa Power should:

Figure 4 – Polling Question #2 Table

Answer	Responses	Percentage
Invest based on a 10-50-year life cycle to maintain reliability, accommodate growth and reduce outages.	264	75%
Run equipment to failure which will result in more frequent power outages and longer restoration times.	35	9.9%
Unsure or Undecided	53	15.1%

Question 3: Investing in grid modernization technologies that will assist us in detecting, locating and determine the cause of outages, will further reduce power outage duration, response times and save resources. Do you feel Oshawa Power should:

Figure 6 – Polling Question #3 Table

Answer	Responses	Percentage
Invest in grid modernization technologies that will expedite power restoration by providing critical information of cause and location.	191	62.6%
Invest only in replacing equipment as it reaches end of life and do not upgrade grid technology.	63	20.7%
Unsure or Undecided	51	16.7%

Question 4: Determining whether Oshawa Power should retro-fit or renovate an existing facility or build a new facility in Oshawa is a difficult decision. Do you feel Oshawa Power should:

Figure 7 – Polling Question #4 Table

Answer	Responses	Percentage
Invest and explore finding a more suitable facility that Oshawa Power would own and will accommodate the entire company to operate out of a single building and allow for future growth.	141	69.1%
Invest and retrofit the existing facility, even though it is not Oshawa Power's asset.	25	12.3%
Unsure or Undecided	38	18.6%

Public Town Halls

Oshawa Power hosted four different Public Town Halls. The first Town Hall was held during the evening at the McLaughlin Public Library on November 5, 2019. In total for all four events there were about 50 attendees.

The senior executive team presented a detailed summary of what Oshawa Power has accomplished since the last rate application, the rate application process and the cost of proposed projects. You can see the presentation here.

Attendees were able to ask questions throughout the presentation and invited to stay afterwards for further conversation.

Oshawa Power staff were on hand to assist any attendees with any account or service-related inquiries.

The same format was followed for the three sessions that were held at Oshawa Senior's Community Centres (OSCC). Sessions were held:

- November 6, 2019 11am-1pm, OSCC John St Branch (Central Oshawa)
- November 29, 2019 10am-12pm, OSCC Conant Branch (South Oshawa)
- December 4, 2019 9am-11am, OSCC Delpark Homes Centre Branch (North Oshawa)

See **Appendix B** for list of questions from the Public Town Halls.

Summary

Oshawa Power's active customer engagement campaign ran from October 1, 2019 to December 8, 2019. Utilizing relatively low-cost advertising methods Oshawa Power received a positive response in both survey and telephone town hall participation. The in-person town halls did not perform as well in terms of attendance however the attendees were engaged and inquisitive. Valuable open dialogue was generated from the in-person town halls.

In total, Oshawa Power was able to engage over 12,000 customers in Oshawa which is 20% of the customer base. With the multi-method approach to engaging customers Oshawa Power was able to reach out to a cross section of all customers that vary in age, income level and geography of Oshawa. Additionally, customers both online and not, were able to participate in completing a survey and providing feedback.

Consistent messaging from the Oshawa Power customers from all outreach formats is to manage costs and maintain safety and reliability of the infrastructure.

During the customer engagement campaign Oshawa Power customers were introduced to the investment levels proposed, the Distribution System Plan and Rate Application process, completed projects from current Distribution System Plan, and the current and proposed life cycle status of Oshawa Power assets.

Feedback gathered from the customer engagement campaign has been be provided to the Distribution System Plan team.

Please see the accompanying detailed report from the online survey *Taking A.I.M.* for further results of survey questions and customer feedback.

Appendix A

Figure 8 – DSP Engagement Timeline Table

DSP Customer Engagement Timeline										
	Owner	Jan-May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan
Phase One										
Create Surveys - Chapters 1-4	SR	complete								
Create survey webpage	SR	complete								
Social Media scheduled posts	SR	complete								
Create digital posters for library	SR	complete								
Phase Two										
Create Surveys - Chapters 3-7	SR/Utility Pulse					complete				
Create and Post info video							complete			
Create Flyers/postcards	SR		complete							
Share digital posters	SR		NA							
Information Pop Up booths @ libraries (staffed) RMG, SOCC, Donevan, Northview and Delpark	SR/Volunteers						NA	NA		
Summerfest (hand out flyers)	SR/Volunteers			complete						
Autofest (hand out flyers)	SR/Volunteers				complete					
Send Key Accounts Invitations	SR/Janet		NA							
Reach out to business groups/local clubs	SR/Lori D			complete						
Book and plan 4 Public Town Halls	SR					complete	complete	complete		
Require high level summary of last 5 years of increases and accomplishments DSP plan	DSP Team			complete						
Create presentation/story boards	SR			complete						
Reach out to 3 selected charities	SR					complete				
Phase Three										
Post survey to website	SR						complete			
Media Release							complete	complete		
Advertise on social and Google (newspaper?)	SR						complete	complete		
Email Blast Campaign							complete	complete		
Tag City of Oshawa social accounts	SR						complete	complete		
Create paper surveys	SR							complete		
Parkwood Basement Tours - key accounts presentation - special invitation	SR/PM/IL/JT/MS				NA					
Presentations to organized groups: Oshawa Chamber, BIA, Rotary Club	SR/PM/IL/JT/MS					NA	NA			
4 Public Town Halls	SR/PM/IL/MS						complete	complete		
Telephone Town Hall	SR/PM/IL/MS						complete			
Phase Four										
Present Charity cheques	SR/IL									complete
Consolidate collected feedback from events and surveys	SR/Utility Pulse								complete	complete
Prepare final report	SR/Utility Pulse								complete	complete

Appendix B

Listing of Public Town Hall Questions

There were approximately 50 attendees between the four events. Below is a summary of 80 questions asked during the sessions (duplicates have been removed):

1. 2004-Virtuall debt free to City – City Council one-time dividend $60M – where is debt?
2. Substation Upgrades – How does this differ from last five years? Would this ongoing?
3. Building is not owned by Oshawa Power, it is owned by the City, could we move to GM building or feeder plant?
4. Does new building have to be in the North?
5. Suggestion to move to GM Headquarters
6. The City owns Oshawa Power, raising rates sounds like another tax?
7. Conservation decreases profits and rate would increase – why can't the commodity charge be fixed?
8. Would you prefer 4% to City of 8% to a private entity?
9. What is the impact of GM leaving to Oshawa Power?
10. Are the solar generation programs over?
11. Will you be converting OH wires to UG?
12. Why are poles left behind after you replace them?
13. Are all new developments UG service?
14. Does automation monitoring advise of end of life?
15. Is grid connected to internet?
16. Are there plans to install EV chargers?
17. What is MS9?
18. Are there any reserve funds to deal with extreme weather damage to grid?
19. Who selects the architect for MS9?
20. Do you coordinate with City and other entities to only dig once for road work?
21. Will you run UG in storm sewers or overlay designs with other utilities?
22. How do you know end of life of assets?
23. Does ice affect autoswitches?
24. Is the dollar amount the rate impact per customer?
25. What was the status of end of life assets 5 years ago?
26. Once end of life is replaced will more become end of life?
27. Why weren't smart meter gradually installed?
28. Does the Durham incinerator sell hydro to us?
29. Do you have to build a new building or can you rent?
30. Don't make the new building look like MS9?
31. Are you subject to capital gains tax?
32. Can individuals submit questions to OEB?
33. How would number of customers affect residential bill?
34. Do all utilities submit a scorecard to OEB?
35. What is actual budget?
36. How are the impact costs calculated?
37. Can you send out charts that show end of life?

38. Do you have power to influence who moves in to Oshawa?
39. Where do sub-metering companies get their power from?
40. How many utilities in Durham?
41. Will we merge with another utility?
42. Will Zooshare help rates?
43. Is Pickering going offline?
44. Will Darlington be expanded?
45. Are animals causing outages?
46. What will happened to old building?
47. What about carbon footprint?
48. How do you plan for EVs?
49. How do you know about electric furnaces – car chargers?
50. Why different rates from summer to winter?
51. Can the grid handle electric vehicles?
52. What is the cost of EV at home?
53. What is rate impact?
54. What is submetering?
55. Where will a new building be?
56. What is the pole testing program?
57. Cheaper overnight EV charging?
58. What are some technologies that you are referencing?
59. Do you not have reserves for reactive work?
60. Do you have climate change plans?
61. What is the lifespan of UG cables?
62. Do new subdivisions have ducts or buried wires?
63. Can someone check my fuses?
64. You don't own your building now?

Appendix C

2019 Taking A.I.M. Survey Charts

Figure 9 – General Plant Chart

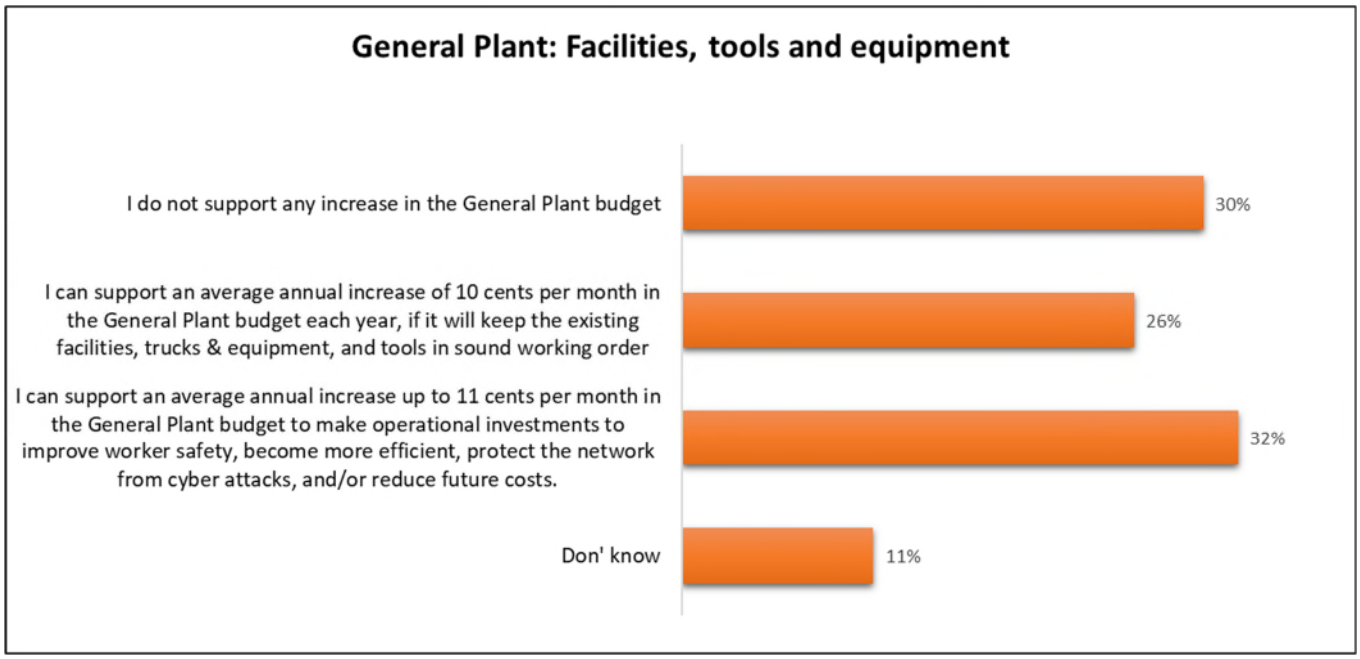


Figure 10 – Facility Choice Chart

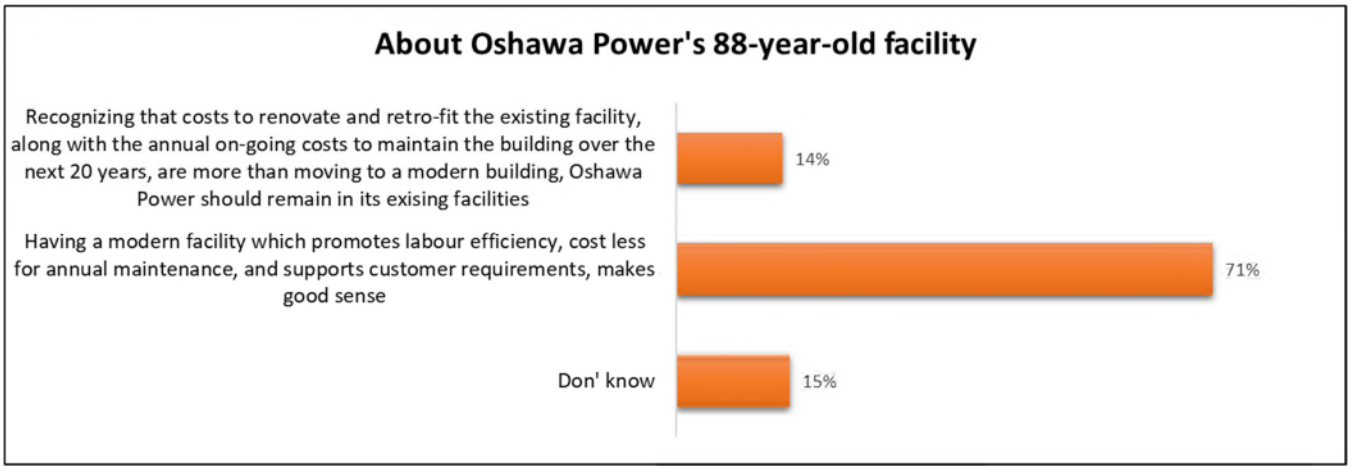


Figure 11 - Cost of Relocation Chart

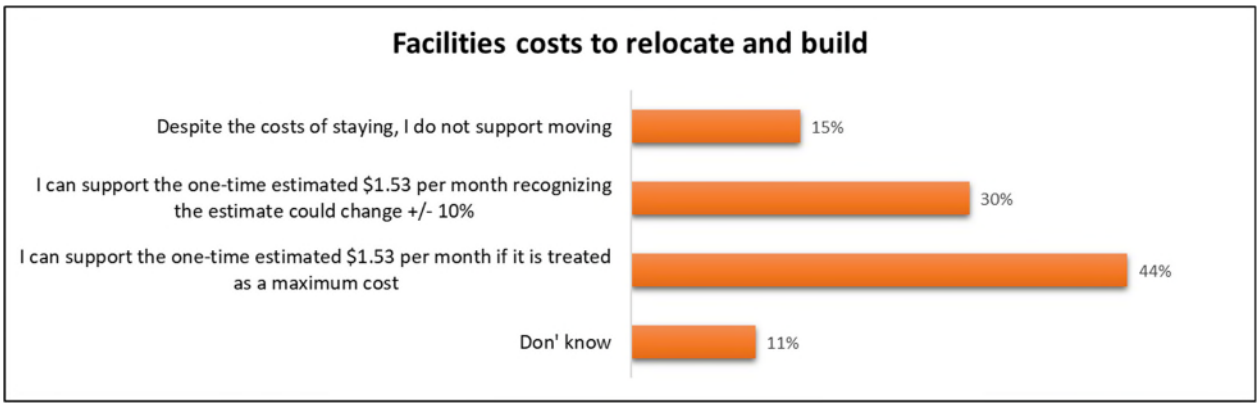


Figure 12 – System Renewal Investments Chart

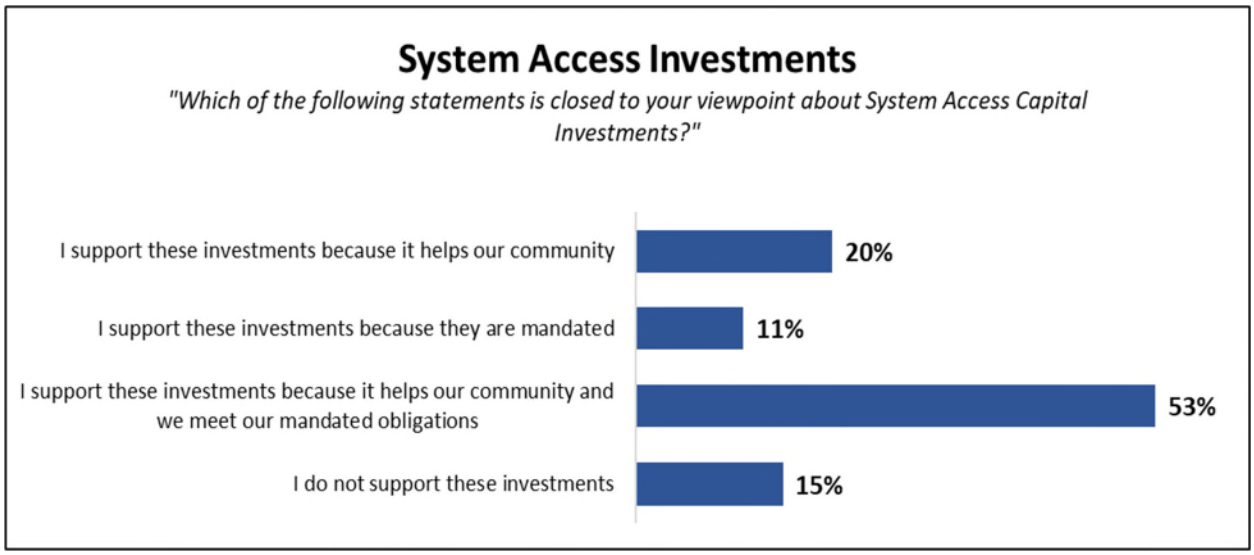


Figure 13 – System Access Investments Chart

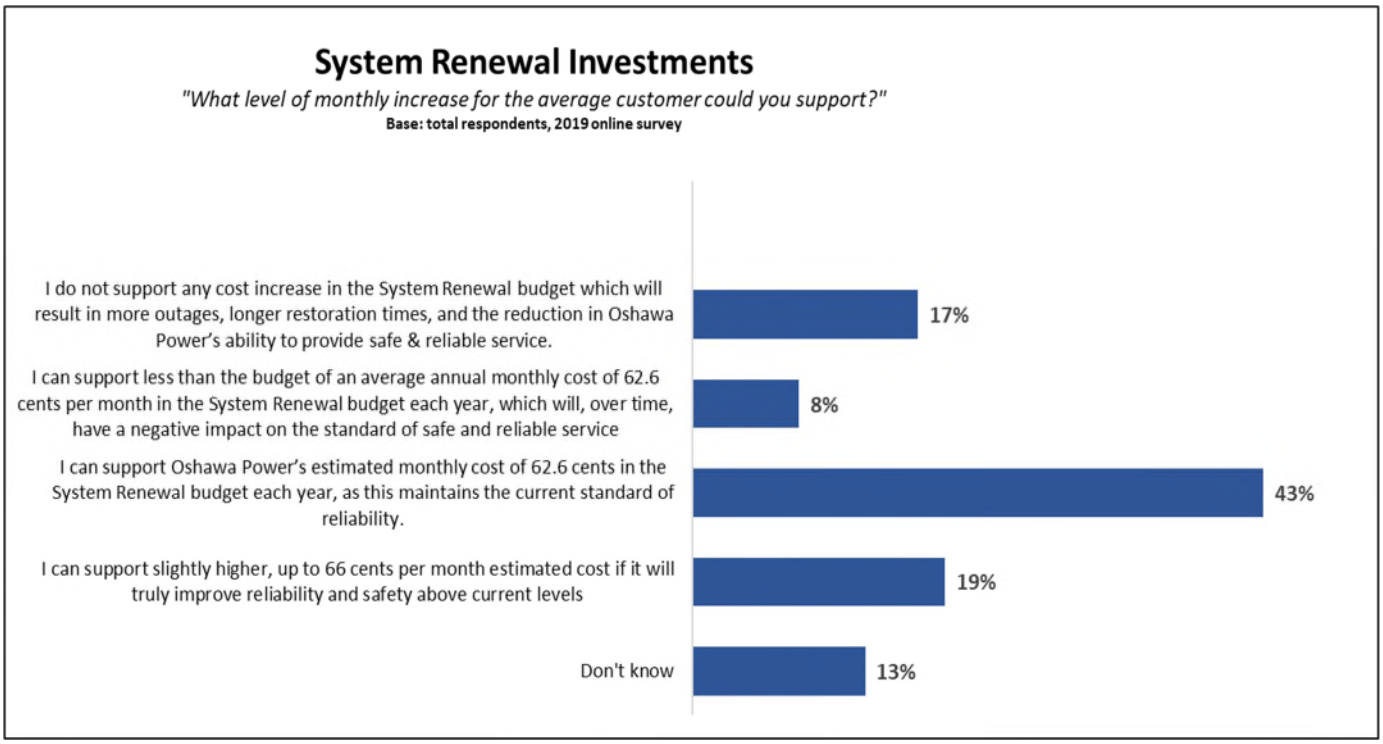
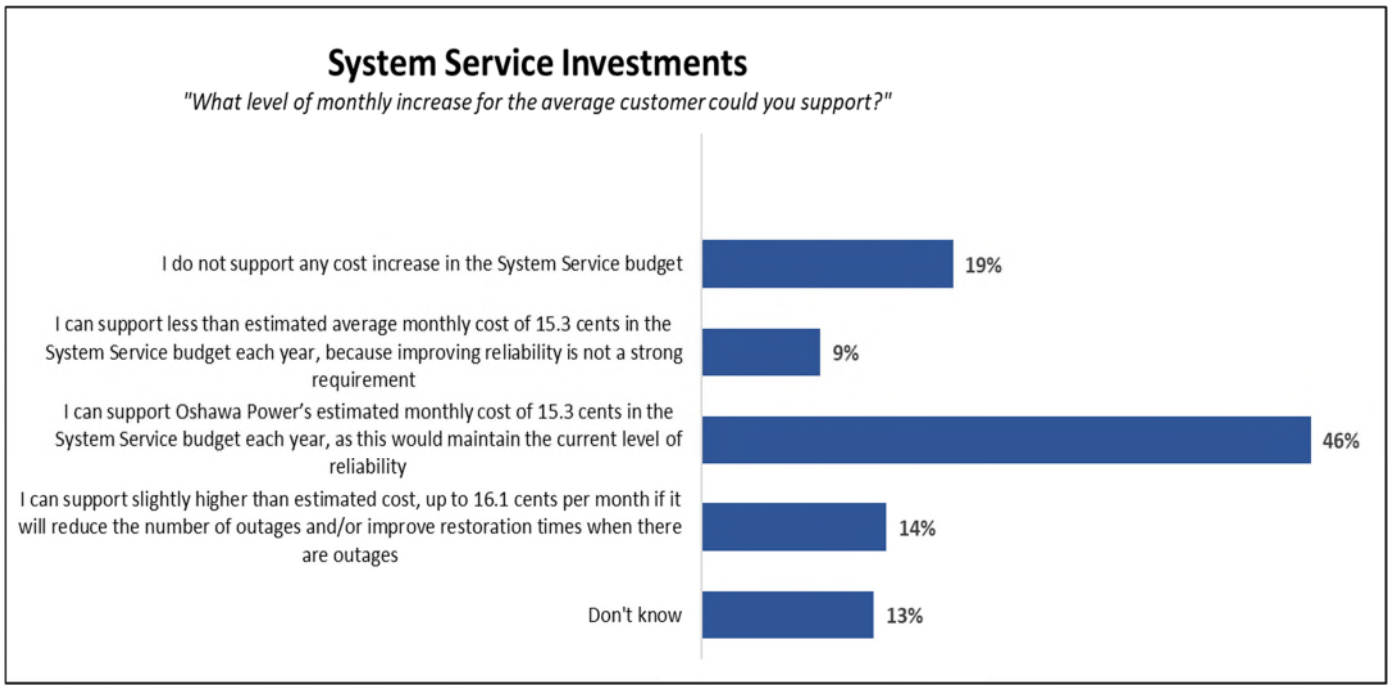


Figure 14 – System Service Investments Chart



APPENDIX 2 – FORECAST BENCHMARKING MODEL

Summary of Cost Benchmarking Results

Oshawa PUC Networks Inc.

Cost Benchmarking Summary	2018 (History)	2019 (History)	2020 (Bridge)	2021 (Test Year)	2022	2023	2024
Actual Total Cost	33,406,523	35,401,351	35,826,249	37,019,685	38,303,730	39,464,593	40,585,809
Predicted Total Cost	38,599,429	39,804,646	40,330,356	41,778,604	43,498,581	45,340,796	47,278,099
Difference	(5,192,906)	(4,403,295)	(4,504,108)	(4,758,919)	(5,194,851)	(5,876,203)	(6,692,290)
Percentage Difference (Cost Performance)	**-14.4%**	**-11.7%**	**-11.8%**	**-12.09%**	**-12.72%**	**-13.88%**	**-15.26%**
Three-Year Average Performance			-12.7%	-11.89%	-12.22%	-12.90%	-13.95%
Stretch Factor Cohort							
Annual Result	2	2	2	2	2	2	2
Three Year Average			2	2	2	2	2

Group 1	25% or more below predicted cost
Group 2	between 10% and 25%
Group 3	actual costs are within +/-10% of predicted costs
Group 4	between 10% and 25% above predicted cost
Group 5	in excess of 25% above predicted cost

Data Required for Cost Benchmarking

Oshawa PUC Networks Inc.

Select LDC from Dropdown Box: Oshawa PUC Networks Inc.

Required Item		History	Bridge Year	Test Year	Additonal Years for Custom IR Filings			
		2018	2019	2020	2021	2022	2023	2024
	Gross Capital Cost Additions Data							
1	Total Gross Capital Additions	16,868,642	29,297,558	18,550,711	16,492,521	15,977,257	15,635,586	15,411,363
2	HV Gross Capital Additions	-						
	Output and Other Business Conditions							
3	Number of Customers	58,745	59,396	60,196	61,008	62,038	63,085	64,150
4	Delivery Volume	1,092,720,775	1,048,371,769	1,078,000,817	1,075,667,737	1,065,343,563	1,063,576,870	1,065,456,991
5	Annual Peak Demand	232,449	232,449	232,449	232,449	232,449	232,449	232,449
6	Distribution Circuit-km	985	1,010	1,010	1,010	1,010	1,010	1,010
7	Ten Year Customer Growth Percentage	13.38%	8.7%	11.0%	11.0%	11.0%	11.0%	11.0%
	Inflation Measures							
8	Wage Growth	2.88%	3.20%	4.00%	0.46%	2.01%	2.10%	2.10%
9	Growth in Economy-wide Inflation	1.60%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
10	Rate of Return (WACC)	6.02%	6.02%	5.32%	5.32%	5.32%	5.32%	5.32%
	OM&A Expenses Included in Cost Benchmarking							
Choose a Method:	N **Use Method 1 [1A - 1B + 1C]**	-	-	-	-	-	-	-
	Y **Use Method 2 [2A - 2B + 2C]**	13,100,434	12,606,416	13,272,922	13,449,826	13,794,925	14,075,341	14,361,537
11	**OM&A Values Transfered to Calculations Worksh**	13,100,434	12,606,416	13,272,922	13,449,826	13,794,925	14,075,341	14,361,537

Method 1: Enter Values Calculated Elsewhere

		Enter Values Supported by Separate Calculations					
1A	Total OM&A Consistent with accounts included in [2B]						
1B	HV Cost (Accounts 5014, 5015, and 5112) if included	-					
1C	LV Adjustment	-					

Method 2: Enter Detailed Data

OM&A Data

5005	Operation Supervision and Engineering	781,514	817,305	780,948	758,715	773,933	790,197	806,804
5010	Load Dispatching	-	-	-	-	-	-	-
5012	Station Buildings and Fixtures	33,994	46,046	50,110	51,012	51,931	52,866	53,818
5014	Transformer Station Equipment - Operation Labor	-	-	-	-	-	-	-
5015	Transformer Station Equipment - Operation Supplies and Expenses	-	-	-	-	-	-	-
5016	Distribution Station Equipment - Operation Labor	-	-	-	-	-	-	-
5017	Distribution Station Equipment - Operation Supplies and Expenses	-	-	-	-	-	-	-
5020	Overhead Distribution Lines and Feeders - Operation Labor	767,029	748,270	883,777	769,450	747,237	761,779	776,607
5025	Overhead Distribution Lines and Feeders - Operation Supplies and Expenses	(254,796)	(407,467)	(473,641)	(499,760)	(509,406)	(520,103)	(531,025)
5035	Overhead Distribution Transformers - Operation	-	-	-	-	-	-	-
5040	Underground Distribution Lines and Feeders - Operation Labor	27,126	35,723	34,451	34,821	35,197	35,600	36,012
5045	Underground Distribution Lines and Feeders - Operation Supplies and Expenses	17,012	3,182	6,604	6,736	6,877	7,022	7,169
5055	Overhead Distribution Lines and Feeders	-	-	-	-	-	-	-
5065	Meter Expense	477,413	651,051	656,121	669,243	682,713	697,067	711,723
5070	Customer Premises - Operation Labor	-	-	-	-	-	-	-
5075	Customer Premises - Operation Materials and Supplies	-	-	-	-	-	-	-
5085	Miscellaneous Distribution Expense	220,906	104,901	125,611	64,884	66,290	67,696	69,132
5090	Underground Distribution Lines and Feeders - Rental Paid	-	-	-	-	-	-	-
5095	Overhead Distribution Lines and Feeders - Rental Paid	-	-	-	-	-	-	-
5096	Other Rent (Distribution)	-	-	-	-	-	-	-
	Subtotal: Operation	**2,070,198**	**1,999,010**	**2,063,979**	**1,855,101**	**1,854,772**	**1,892,124**	**1,930,239**
5105	Maintenance Supervision and Engineering	201	(3,975)	143,140	128,766	131,347	134,117	136,946
5110	Maintenance of Buildings and Fixtures	300	6,135	8,344	8,510	8,689	8,872	9,058
5112	Maintenance of Transformer Station Equipment	-	-	-	-	-	-	-
5114	Maintenance of Distribution Station Equipement	203,155	222,637	230,167	234,742	239,422	244,407	249,495
5120	Maintenance of Poles, Towers and Fixtures	523,412	473,782	517,479	627,499	639,534	652,147	665,010
5125	Maintenance of Overhead Conductors and Devices	-	-	-	-	-	-	-
5130	Maintenance of Overhead Services	-	-	-	-	-	-	-
5135	Overhead Distribution Lines and Feeders - Right of Way	-	-	-	-	-	-	-
5145	Maintenance of Underground Conduit	210,261	263,546	252,703	183,654	263,288	268,926	274,679
5150	Maintenance of Underground Conductors and Devices	-	-	-	-	-	-	-
5155	Maintenance of Underground Services	146,815	53,728	54,803	55,899	57,017	58,214	59,436
5160	Maintenance of Line Transformers	-	-	-	-	-	-	-
5175	Maintenance of Meters	-	-	-	-	-	-	-
	Subtotal: Maintenance	**1,084,144**	**1,015,853**	**1,206,635**	**1,239,070**	**1,339,297**	**1,366,683**	**1,394,624**
5305	Supervision (Billing and Collection)	158,648	146,720	141,910	145,880	148,818	151,947	155,141
5310	Meter Reading Expense	419,044	442,134	460,294	469,314	432,164	440,959	449,933

5315	Customer Billing	1,169,598	1,138,471	1,205,196	1,228,072	1,251,895	1,276,279	1,301,141
5320	Collecting	289,135	197,628	269,098	274,283	279,651	285,221	290,903
5325	Collecting - Cash Over and Short	-	-	-	-	-	-	-
5330	Collection Charges	-	-	-	-	-	-	-
5340	Miscellaneous Customer Account Expens	-	-	-	-	-	-	-
	Subtotal : Billing and Collections	**2,036,425**	**1,924,952**	**2,076,498**	**2,117,550**	**2,112,528**	**2,154,406**	**2,197,118**
5405	Supervision (Community Relations)	148,378	142,424	157,586	160,738	163,973	167,420	170,939
5410	Community Relations - Sundry	154,980	174,481	197,191	190,417	194,214	198,179	202,226
5420	Community Safety Program	171,172	144,462	148,924	189,161	193,061	197,119	201,261
5425	Miscellaneous Customer Service and Info	752,512	695,167	869,887	887,263	905,101	924,100	943,497
	Subtotal: Community Relations	**1,227,042**	**1,156,534**	**1,373,588**	**1,427,580**	**1,456,349**	**1,486,817**	**1,517,923**
5605	Executive Salaries and Expenses	910,839	987,825	955,093	896,531	914,907	934,120	953,736
5610	Management Salaries and Expenses	1,068,904	1,031,547	1,006,075	1,027,496	1,048,240	1,070,284	1,092,792
5615	General Administrative Salaries and Expe	1,200,559	971,258	1,077,983	1,046,099	1,151,579	1,175,206	1,199,325
5620	Office Supplies	426,046	369,730	602,330	614,377	627,255	640,427	653,876
5625	Administrative Expense Transferred - Cre	(178,304)	(198,299)	(179,384)	(182,972)	(186,631)	(190,550)	(194,552)
5630	Outside Services Employed	216,801	279,563	259,602	264,795	270,355	276,033	281,829
5640	Injuries and Damages	211,855	201,481	209,501	213,691	218,178	222,760	227,438
5645	OMERS Pensions and Benefits	948,365	922,515	981,032	998,898	1,019,779	1,041,205	1,063,080
5646	Employee Pensions and OPEB	-	-	-	-	-	-	-
5647	Employee Sick Leave	-	-	-	-	-	-	-
5650	Franchise Requirements	-	-	-	-	-	-	-
5655	Regulatory Expenses	412,027	403,300	152,558	415,032	420,859	426,809	432,883
5665	Miscellaneous General Expenses	164,801	169,161	161,262	164,487	167,942	171,468	175,069
5670	Rent (Administrative and General)	322,770	329,633	335,259	341,964	349,145	356,477	363,963
5672	Lease Payment Expense	-	-	-	-	-	-	-
5675	Maintenance of General Plant	880,539	941,314	891,535	908,764	926,877	945,406	964,308
5680	Electrical Safety Authority Fees	-	-	-	-	-	-	-
	Sutotal: A&G Expenses	**6,585,202**	**6,409,028**	**6,452,846**	**6,709,161**	**6,928,485**	**7,069,645**	**7,213,748**
5635	Property Insurance	97,423	101,037	99,377	101,364	103,493	105,666	107,885
6210	Life Insurance	-	-	-	-	-	-	-
	Subtotal: Insurance	**97,423**	**101,037**	**99,377**	**101,364**	**103,493**	**105,666**	**107,885**
5515	Advertinsing	-	-	-	-	-	-	-
	Subtotal Advertising	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2A Total of Above Accounts Used for Ben	13,100,434	**12,606,416**	**13,272,922**	**13,449,826**	**13,794,925**	**14,075,341**	**14,361,537**
Adjustments to OM&A for Benchmarking								
	5014	-	-	-	-	-	-	-
	5015	-	-	-	-	-	-	-
	5112	-	-	-	-	-	-	-
	2B Subtotal: HV Adjustment (to subtract fr	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2C LV Adjustment	**-**						
	Total per above	13,100,434	12,606,416	13,272,922	13,449,826	13,794,925	14,075,341	14,361,537
	Total per OEB TB	13,100,434	12,606,416	13,272,922	13,449,826	13,794,925	14,075,341	14,361,537
			(0)	-	-	-	-	-

Benchmarking Calculations for LDC Forecasting

Selected LDC: Oshawa PUC Networks Inc.

Line Reference Number	Row Nu	Account	2018	Forecasted Values 2019	2020	2021	2022	2023	2024
Section 1: Source Data and OM&A Calculations									
1		**OM&A Data (Detail may be hidden or expanded using the +/- buttons to the left of the row numbers)**							
2	5005	2 Operation Supervision and Engineering	781,514						
3	5010	3 Load Dispatching	-						
4	5012	4 Station Buildings and Fixtures	33,994						
5	5014	5 Transformer Station Equipment - Operation Labor	-						
6	5015	6 Transformer Station Equipment - Operation Supplies and Expenses	-						
7	5016	7 Distribution Station Equipment - Operation Labor	-						
8	5017	8 Distribution Station Equipment - Operation Supplies and Expenses	-						
9	5020	9 Overhead Distribution Lines and Feeders - Operation Labor	767,029						
10	5025	10 Overhead Distribution Lines and Feeders - Operation Supplies and E	(254,796)						
11	5035	11 Overhead Distribution Transformers - Operation	-						
12	5040	12 Underground Distribution Lines and Feeders - Operation Labor	27,126						
13	5045	13 Underground Distribution Lines and Feeders - Operation Supplies an	17,012						
14	5055	14 Overhead Distribution Lines and Feeders	-						
15	5065	15 Meter Expense	477,413						
16	5070	16 Customer Premises - Operation Labor	-						
17	5075	17 Customer Premises - Operation Materials and Supplies	-						
18	5085	18 Miscellaneous Distribution Expense	220,906						
19	5090	19 Underground Distribution Lines and Feeders - Rental Paid	-						
20	5095	20 Overhead Distribution Lines and Feeders - Rental Paid	-						
21	5096	21 Other Rent (Distribution)	-						
22		**Subtotal: Operation**	2,070,198						
23	5105	22 Maintenance Supervision and Engineering	201						
24	5110	23 Maintenance of Buildings and Fixtures	300						
25	5112	24 Maintenance of Transformer Station Equipment	-						
26	5114	25 Maintenance of Distribution Station Equipement	203,155						
27	5120	26 Maintenance of Poles, Towers and Fixtures	523,412						
28	5125	27 Maintenance of Overhead Conductors and Devices	-						
29	5130	28 Maintenance of Overhead Services	-						
30	5135	29 Overhead Distribution Lines and Feeders - Right of Way	-						
31	5145	30 Maintenance of Underground Conduit	210,261						
32	5150	31 Maintenance of Underground Conductors and Devices	-						
33	5155	32 Maintenance of Underground Services	146,815						
34	5160	33 Maintenance of Line Transformers	-						
35	5175	34 Maintenance of Meters	-						
36		**Subtotal: Maintenance**	1,084,144						
37	5305	35 Supervision (Billing and Collection)	158,648						
38	5310	36 Meter Reading Expense	419,044						
39	5315	37 Customer Billing	1,169,598						
40	5320	38 Collecting	289,135						
41	5325	39 Collecting - Cash Over and Short	-						
42	5330	40 Collection Charges	-						

43	5340	41	Miscellaneous Customer Account Expenses	-						
44			**Subtotal : Billing and Collections**	2,036,425						
45	5405	42	Supervision (Community Relations)	148,378						
46	5410	43	Community Relations - Sundry	154,980						
47	5420	44	Community Safety Program	171,172						
48	5425	45	Miscellaneous Customer Service and Informational Expenses	752,512						
49			**Subtotal: Community Relations**	1,227,042						
50	5605	47	Executive Salaries and Expenses	910,839						
51	5610	48	Management Salaries and Expenses	1,068,904						
52	5615	49	General Administrative Salaries and Expenses	1,200,559						
53	5620	50	Office Supplies	426,046						
54	5625	51	Administrative Expense Transferred - Credit	(178,304)						
55	5630	52	Outside Services Employed	216,801						
56	5640	53	Injuries and Damages	211,855						
57	5645	54	OMERS Pensions and Benefits	948,365						
58	5646	55	Employee Pensions and OPEB	-						
59	5647	56	Employee Sick Leave	-						
60	5650	57	Franchise Requirements	-						
61	5655	58	Regulatory Expenses	412,027						
62	5665	59	Miscellaneous General Expenses	164,801						
63	5670	60	Rent (Administrative and General)	322,770						
64	5672	61	Lease Payment Expense	-						
65	5675	62	Maintenance of General Plant	880,539						
66	5680	63	Electrical Safety Authority Fees	-						
67			**Sutotal: A&G Expenses**	6,585,202						
68	5635	64	Property Insurance	97,423						
69	6210	65	Life Insurance	-						
70			**Subtotal: Insurance**	97,423						
71	5515	46	Advertinsing	-						
72			**Subtotal Advertising**	-						
73			**Total of Above Accounts Used for Benchmarking**	13,100,434						
74										
75	**Adjustments to OM&A for Benchmarking**									
76			5014	-						
77			5015	-						
78			5112	-						
79			Subtotal: HV Adjustment (to subtract from cost)	-						
80			LV Adjustment	-						
81			Total Adjusted OM&A Expense	13,100,434	12,606,416	13,272,922	13,449,826	13,794,925	14,075,341	14,361,537
82										
83	**Gross Capital Cost Additions Data**									
84			Total Gross Capital Additions	16,868,642	29,297,558	18,550,711	16,492,521	15,977,257	15,635,586	15,411,363
85			HV Gross Capital Additions	-	-	-	-	-	-	-
86										
87	**Output and Other Business Conditions**									
88			Number of Customers	58,745	59,396	60,196	61,008	62,038	63,085	64,150
89			Delivery Volume	1,092,720,775	1,048,371,769	1,078,000,817	1,075,667,737	1,065,343,563	1,063,576,870	1,065,456,991
90			Annual Peak Demand	232,449	232,449	232,449	232,449	232,449	232,449	232,449
91			Distribution Circuit km	985	1,010	1,010	1,010	1,010	1,010	1,010
92										
93										

Section 2: Actual Cost Calculations

94	**Actual Cost**							
95								
96	OM&A		13,100,434.00	12,606,415.52	13,272,922.37	13,449,826.06	13,794,924.68	14,075,340.97	14,361,537.23
97								
98	Capital							
99		Rate of Return	6.02%	6.02%	5.32%	5.32%	5.32%	5.32%	5.32%
100		Depreciation Rate	4.59%	4.59%	4.59%	4.59%	4.59%	4.59%	4.59%
101		Construction Cost Index	170.06	173.50	177.00	180.58	184.22	187.95	191.74
102		Capital Price	17.88	18.20	17.35	17.70	18.06	18.43	18.80
103		Gross Plant Additions	16,868,642	29,297,558	18,550,711	16,492,521	15,977,257	15,635,586	15,411,363
104		HV Capital Additions	-	-	-	-	-	-	-
105		Quantity of Capital Additions	99,192	168,867	104,806	91,333	86,728	83,192	80,376

106		Quantity of Capital Removed	49,855	52,120	57,479	59,651	61,105	62,281	63,241
107		Capital Quantity	1,135,511	1,252,258	1,299,586	1,331,268	1,356,890	1,377,801	1,394,936
108		Capital Cost	20,306,089	22,794,935	22,553,326	23,569,859	24,508,805	25,389,252	26,224,271
109									
110	Total Actual Cost		33,406,523	35,401,351	35,826,249	37,019,685	38,303,730	39,464,593	40,585,809

Section 3: Predicted Cost Calculations

111	**Predicted Cost**								
112									
113		**Output Quantity**							
114		Number of Customers	58,745	59,396	60,196	61,008	62,038	63,085	64,150
115		Delivery Volume	1,092,720,775	1,048,371,769	1,078,000,817	1,075,667,737	1,065,343,563	1,063,576,870	1,065,456,991
116		Annual Peak Demand	232,449	232,449	232,449	232,449	232,449	232,449	232,449
117		Capacity Proxy	234,849	234,849	234,849	234,849	234,849	234,849	234,849
118									
119		**Input Prices**							
120		GDP IPI [30% Weight]	120.3	122.8	125.2	127.8	130.4	133.0	135.7
121		Average Hourly Earnings [70% Weight]	1,021.53	1,054.75	1,097.83	1,102.86	1,125.27	1,149.11	1,173.46
122		OM&A Price Index Growth [30% GDPIPI growth + 70% AWE Growth	2.495%	2.840%	3.402%	0.920%	2.008%	2.068%	2.068%
123		OM&A Price Index Level	148.58	152.86	158.15	159.61	162.85	166.25	169.73
124									
125		Capital Price Index	17.88	18.20	17.35	17.70	18.06	18.43	18.80
126									
127		**Business Conditions**							
128		Line km	985.00	1,010.29	1,010.29	1,010.29	1,010.29	1,010.29	1,010.29
129		2002-2013 Average Line km	1,131.59	1,123.50	1,116.43	1,110.18	1,104.63	1,099.39	1,094.44
130		Customers Ten Years Ago	51,813						
131		Ten Year Customer Growth Percentage	13.38%	8.69%	11.00%	11.00%	11.00%	11.00%	11.00%
132									
133	(Details of the predicted cost calculations may be hidden by using the +/- button to the left of row 248)								
134									
135	**Company Values for Variables Used in the Prediction Equation**								
136									
137		Constant	1.00	1.00	1.00	1.00	1.00	1.00	1.00
138		Capital Price / OM&A Price (WK)	0.1204	0.1191	0.1097	0.1109	0.1109	0.1108	0.1108
139		Customers (Y1)	58,745	59,396	60,196	61,008	62,038	63,085	64,150
140		Capacity (Y2)	234,849	234,849	234,849	234,849	234,849	234,849	234,849
141		Deliveries (Y3)	1,092,720,775	1,048,371,769	1,078,000,817	1,075,667,737	1,065,343,563	1,063,576,870	1,065,456,991
142		Average Line Length	1,131.6	1,123.5	1,116.4	1,110.2	1,104.6	1,099.4	1,094.4
143		Customers Added in last 10 years	13.38%	8.69%	11.00%	11.00%	11.00%	11.00%	11.00%
144		Trend	12	13	14	15	16	17	18
145									
146									
147	**Company-Specific Parameter Estimates***								
148		91 Constant	12.8195	12.8195	12.8195	12.8195	12.8195	12.8195	12.8195
149		92 Capital Price / OM&A Price (WK)	0.6269	0.6269	0.6269	0.6269	0.6269	0.6269	0.6269
150		93 Customers (Y1)	0.4568	0.4568	0.4568	0.4568	0.4568	0.4568	0.4568
151		94 Capacity (Y2)	0.1510	0.1510	0.1510	0.1510	0.1510	0.1510	0.1510
152		95 Deliveries (Y3)	0.1051	0.1051	0.1051	0.1051	0.1051	0.1051	0.1051
153		96 WKWK	0.1251	0.1251	0.1251	0.1251	0.1251	0.1251	0.1251
154		97 Y1Y1	(0.4060)	(0.4060)	(0.4060)	(0.4060)	(0.4060)	(0.4060)	(0.4060)
155		98 Y2Y2	0.1860	0.1860	0.1860	0.1860	0.1860	0.1860	0.1860
156		99 Y3Y3	0.1572	0.1572	0.1572	0.1572	0.1572	0.1572	0.1572
157		100 WKY1	0.0532	0.0532	0.0532	0.0532	0.0532	0.0532	0.0532
158		101 WKY2	0.0101	0.0101	0.0101	0.0101	0.0101	0.0101	0.0101
159		102 WKY3	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
160		103 Y1Y2	0.1531	0.1531	0.1531	0.1531	0.1531	0.1531	0.1531
161		104 Y1Y3	0.0862	0.0862	0.0862	0.0862	0.0862	0.0862	0.0862
162		105 Y2Y3	(0.2089)	(0.2089)	(0.2089)	(0.2089)	(0.2089)	(0.2089)	(0.2089)
163		106 Average Line Length	0.2847	0.2847	0.2847	0.2847	0.2847	0.2847	0.2847
164		107 Customers Added in last 10 years	0.0160	0.0160	0.0160	0.0160	0.0160	0.0160	0.0160
165		108 Trend	0.0170	0.0170	0.0170	0.0170	0.0170	0.0170	0.0170
166									
167	**Sample Mean Values**								
168									
169		Constant	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

Capital Price / OM&A Price (WK)	0.1644	0.1644	0.1644	0.1644	0.1644	0.1644	0.1644
Customers (Y1)	63,422.3118	63,422.3118	63,422.3118	63,422.3118	63,422.3118	63,422.3118	63,422.3118
Capacity (Y2)	345,129.0146	345,129.0146	345,129.0146	345,129.0146	345,129.0146	345,129.0146	345,129.0146
Deliveries (Y3	1,630,327,994	1,630,327,994	1,630,327,994	1,630,327,994	1,630,327,994	1,630,327,994	1,630,327,994
WKWK	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Y1Y1	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Y2Y2	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Y3Y3	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
WKY1	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
WKY2	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
WKY3	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Y1Y2	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Y1Y3	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Y2Y3	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Average Line Length	2,723	2,723	2,723	2,723	2,723	2,723	2,723
Customers Added in last 10 years	0.1286	0.1286	0.1286	0.1286	0.1286	0.1286	0.1286

2013 Values Logged and Mean Scaled (where applicable)

Constant	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Capital Price / OM&A Price (WK)	(0.3118)	(0.3225)	(0.4043)	(0.3935)	(0.3935)	(0.3942)	(0.3949)
Customers (Y1)	(0.0766)	(0.0656)	(0.0522)	(0.0388)	(0.0221)	(0.0053)	0.0114
Capacity (Y2)	(0.3850)	(0.3850)	(0.3850)	(0.3850)	(0.3850)	(0.3850)	(0.3850)
Deliveries (Y3)	(0.4001)	(0.4415)	(0.4137)	(0.4158)	(0.4255)	(0.4271)	(0.4254)
WKWK	0.0486	0.0520	0.0817	0.0774	0.0774	0.0777	0.0780
Y1Y1	0.0029	0.0022	0.0014	0.0008	0.0002	0.0000	0.0001
Y2Y2	0.0741	0.0741	0.0741	0.0741	0.0741	0.0741	0.0741
Y3Y3	0.0800	0.0975	0.0856	0.0865	0.0905	0.0912	0.0905
WKY1	0.0239	0.0212	0.0211	0.0153	0.0087	0.0021	(0.0045)
WKY2	0.1200	0.1241	0.1556	0.1515	0.1515	0.1518	0.1520
WKY3	0.1248	0.1424	0.1672	0.1636	0.1674	0.1684	0.1680
Y1Y2	0.0295	0.0253	0.0201	0.0149	0.0085	0.0021	(0.0044)
Y1Y3	0.0307	0.0290	0.0216	0.0161	0.0094	0.0023	(0.0049)
Y2Y3	0.1540	0.1700	0.1593	0.1601	0.1638	0.1644	0.1638
Average Line Length	(0.8780)	(0.8852)	(0.8915)	(0.8971)	(0.9021)	(0.9069)	(0.9114)
Customers Added in last 10 years	104.03%	67.60%	85.54%	85.54%	85.54%	85.54%	85.54%
Trend	12.0000	13.0000	14.0000	15.0000	16.0000	17.0000	18.0000

Product of Parameter and 2013 Values

Constant	12.819	12.819	12.819	12.819	12.819	12.819	12.819
Capital Price / OM&A Price (WK)	(0.195)	(0.202)	(0.253)	(0.247)	(0.247)	(0.247)	(0.248)
Customers (Y1)	(0.035)	(0.030)	(0.024)	(0.018)	(0.010)	(0.002)	0.005
Capacity (Y2)	(0.058)	(0.058)	(0.058)	(0.058)	(0.058)	(0.058)	(0.058)
Deliveries (Y3)	(0.042)	(0.046)	(0.043)	(0.044)	(0.045)	(0.045)	(0.045)
WKWK	0.006	0.007	0.010	0.010	0.010	0.010	0.010
Y1Y1	(0.001)	(0.001)	(0.001)	(0.000)	(0.000)	(0.000)	(0.000)
Y2Y2	0.014	0.014	0.014	0.014	0.014	0.014	0.014
Y3Y3	0.013	0.015	0.013	0.014	0.014	0.014	0.014
WKY1	0.001	0.001	0.001	0.001	0.000	0.000	(0.000)
WKY2	0.001	0.001	0.002	0.002	0.002	0.002	0.002
WKY3	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Y1Y2	0.005	0.004	0.003	0.002	0.001	0.000	(0.001)
Y1Y3	0.003	0.002	0.002	0.001	0.001	0.000	(0.000)
Y2Y3	(0.032)	(0.036)	(0.033)	(0.033)	(0.034)	(0.034)	(0.034)
Average Line Length	(0.250)	(0.252)	(0.254)	(0.255)	(0.257)	(0.258)	(0.259)
Customers Added in last 10 years	0.017	0.011	0.014	0.014	0.014	0.014	0.014
Trend	0.203	0.220	0.237	0.254	0.271	0.288	0.305
Log of Predicted Total Cost / OM&A Price	12.4676	12.4700	12.4491	12.4751	12.4954	12.5162	12.5374
Real Predicted Total Cost / OM&A Price	259,788	260,398	255,012	261,750	267,109	272,724	278,557
OM&A Price	148.58	152.86	158.15	159.61	162.85	166.25	169.73
Predicted Total Cost	38,599,429	39,804,646	40,330,356	41,778,604	43,498,581	45,340,796	47,278,099

237	Actual Cost	33,406,523	35,401,351	35,826,249	37,019,685	38,303,730	39,464,593	40,585,809
238	Predicted Cost	38,599,429	39,804,646	40,330,356	41,778,604	43,498,581	45,340,796	47,278,099
239	Actual less Predicted Cost	(5,192,906)	(4,403,295)	(4,504,108)	(4,758,919)	(5,194,851)	(5,876,203)	(6,692,290)
240	Percentage Difference (Arithmetic for Comparison)	-13.45%	-11.06%	-11.17%	-11.39%	-11.94%	-12.96%	-14.16%
241								
242	**Percent Difference (Logarithmic)**	**-14.45%**	**-11.72%**	**-11.84%**	**-12.09%**	**-12.72%**	**-13.88%**	**-15.26%**

APPENDIX 3 - NON-CONSOLIDATED AUDITED FINANCIAL STATEMENTS

Oshawa PUC Networks Inc.

Financial statements
December 31, 2019 and 2018

KPMG LLP
100 New Park Place
Suite 1400
Vaughan ON L4K 0J3
Telephone (905) 265-5900
Fax (416) 777-8818
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INDEPENDENT AUDITORS' REPORT

To the Shareholder of Oshawa PUC Networks Inc.

Opinion

We have audited the financial statements of Oshawa PUC Networks Inc. (the Entity), which comprise:

- the balance sheet as at December 31, 2019
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended

and notes to the financial statements, including a summary of significant accounting policies (hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, financial position of the Entity as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter – Comparative Information

The financial statements for the year ended December 31, 2018 were audited by another auditor who expressed an unmodified opinion on those financial statements on May 2, 2019.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability

to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants
Vaughan, Canada

April 30, 2020

Oshawa PUC Networks Inc.

BALANCE SHEETS

[in thousands of dollars]

As at December 31	2019	2018
	$	$
ASSETS		
Current		
Cash [including customer deposits in 2019 - $3,200; 2018 - $2,807]	**2,874**	6,412
Accounts receivable *[notes 13 and 16]*	**13,707**	9,742
Unbilled revenue	**10,734**	12,521
Inventory	**160**	120
Payments in lieu of corporate income taxes	**152**	—
Prepaid expenses and other	**702**	547
Total current assets	**28,329**	29,342
Property, plant and equipment, net *[note 3]*	**161,170**	148,995
Intangible assets, net *[note 4]*	**4,643**	4,797
Deferred income tax assets *[note 8]*	**2,072**	3,219
Right-of-use lease assets *[note 14]*	**509**	—
Other assets	**68**	271
Total assets	**196,791**	186,624
Regulatory balances *[note 5]*	**752**	7,195
Total assets and regulatory balances	**197,543**	193,819
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current		
Accounts payable for power - IESO *[note 17]*	**5,694**	10,042
Accounts payable and accrued liabilities	**9,077**	10,316
Due to affiliates *[note 13]*	**5,765**	5,687
Deferred contributions [note 7]	**1,958**	1,654
Payments in lieu of corporate income taxes	**—**	382
Customer advance payments	**844**	528
Current portion of long-term liabilities *[note 6]*	**916**	2,931
Total current liabilities	**24,254**	31,540
Note payable to shareholder *[note 10]*	**60,064**	60,064
Customer advance deposits	**2,284**	1,892
Lease liability *[note 14]*	**481**	—
Deferred contributions *[note 7]*	**36,367**	32,092
Post-employment non-pension retirement benefits *[note 9]*	**13,121**	12,928
Total liabilities	**136,571**	138,516
Shareholder's equity		
Capital stock *[note 12]*	**23,064**	23,064
Retained earnings	**29,196**	26,482
Total shareholder's equity	**52,260**	49,546
Total liabilities and shareholder's equity	**188,831**	188,062
Regulatory balances *[note 5]*	**8,712**	5,757
Total liabilities, shareholder's equity and regulatory balances	**197,543**	193,819

Commitments and contingencies *[note 15]*

Subsequent events *[note 19]*

See accompanying notes

On behalf of the Board:

Director Director

Oshawa PUC Networks Inc.

STATEMENTS OF COMPREHENSIVE INCOME

[in thousands of dollars]

Years ended December 31	**2019**	**2018**
	$	$
REVENUE		
Sale of electrical energy	**129,434**	119,918
Distribution revenue	**25,366**	24,282
Regulated service	**945**	896
Deferred developer contributions *[note 7]*	**1,654**	1,242
Service	**214**	477
Other (loss) revenue	**(16)**	591
Total revenue	**157,597**	147,406
EXPENSES		
Cost of electrical energy	**126,234**	121,842
Operations, maintenance and administrative	**12,829**	13,853
Depreciation - property, plant and equipment, intangible assets and ROU leases	**7,717**	6,254
Income from operations	**10,817**	5,457
Gain (loss) on disposal of property, plant and equipment	**200**	(353)
Interest income	**92**	52
Interest expense *[note 11]*	**(1,886)**	(1,215)
Income before payments in lieu of corporate income taxes	**9,223**	3,941
Provision for payments in lieu of corporate income taxes *[note 8]*	**749**	816
Net income for the year	**8,474**	3,125
Net movements in regulatory balances, net of tax *[note 5]*	**(3,260)**	2,043
Net income after net movements in regulatory balances	**5,214**	5,168
Other comprehensive income:		
Unrealized loss in fair value of derivatives designated as cash flow hedges, net of income taxes	**—**	(140)
Gain in fair value of derivatives designated as cash flow hedges, transferred to net income for the year, net of income taxes	**—**	63
Remeasurement of post-employement benefits, net of income taxes	**(60)**	1,129
Net movements in regulatory balances related to OCI, net of income taxes	**60**	(1,129)
Total comprehensive income for the year	**5,214**	5,091

See accompanying notes

Oshawa PUC Networks Inc.

STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY

[in thousands of dollars]

Years ended December 31, 2019 and 2018	Capital stock	Retained earnings	Accumulated other comprehensive income	Total
	$	$	$	$
Balance as at January 1, 2018	23,064	23,614	77	46,755
Net income after net movements in regulatory balances	—	5,168	—	5,168
Other comprehensive loss	—	—	(77)	(77)
Dividends paid	—	(2,300)	—	(2,300)
Balance as at December 31, 2018	23,064	26,482	—	49,546
Net income after net movements in regulatory balances	—	5,214	—	5,214
Dividends paid	—	(2,500)	—	(2,500)
Balance as at December 31, 2019	**23,064**	**29,196**	**—**	**52,260**

See accompanying notes

Oshawa PUC Networks Inc.

STATEMENTS OF CASH FLOWS

[in thousands of dollars]

Years ended December 31	2019	2018
	$	$
OPERATING ACTIVITIES		
Net income after net movements in regulatory balances for the year	**5,214**	5,168
Adjustments:		
Net movements in regulatory balances	**3,260**	(2,043)
Depreciation - property, plant and equipment, intangible assets and ROU leases	**7,717**	6,254
Deferred developer contribution	**(1,654)**	(1,242)
Post-employment non-pension retirement benefits expense	**634**	649
Provision for payments in lieu of corporate income taxes	**749**	816
Interest Income	**(92)**	(52)
Interest expense	**1,886**	1,215
(Gain) loss on disposal of property, plant and equipment	**(214)**	353
Contribution received from developers	**4,218**	1,864
Post-employment non-pension retirement benefit payments	**(501)**	(451)
Payments in lieu of corporate income taxes	**(1,281)**	(620)
Payment against lease liability	**(371)**	—
Prior period regulatory settlement	**6,514**	—
	26,079	11,911
Changes in non-cash working capital balances related to operations:		
(Increase) decrease in accounts receivable	**(3,965)**	3,684
Decrease (increase) in unbilled revenue	**1,787**	(353)
Decrease in other assets	**202**	217
Increase in inventory	**(40)**	(6)
(Increase) decrease in prepaid expenses and other	**(155)**	47
Decrease in accounts payable and accrued liabilities, and accounts payable for power - IESO	**(5,587)**	(707)
Increase (decrease) in customer advance deposits	**316**	(2,928)
Increase (decrease) in customer advance payments	**392**	(601)
Increase in due to affiliates	**78**	956
Change related to regulatory disposition balances	**831**	(589)
Cash provided by operating activities	**19,938**	11,631
INVESTING ACTIVITIES		
Additions to property, plant and equipment, and intangible assets	**(18,851)**	(19,717)
Proceeds from disposal of property, plant and equipment	**14**	33
Cash used in investing activities	**(18,837)**	(19,684)
FINANCING ACTIVITIES		
Dividends paid	**(2,500)**	(2,300)
Proceeds from long-term debt	**-**	15,000
Interest income received	**92**	53
Interest paid on long term debt	**(2,230)**	(1,620)
Cash (used in) provided by financing activities	**(4,638)**	11,133
Net (decrease) increase in cash during the year	**(3,537)**	3,080
Cash, beginning of year	**6,412**	3,332
Cash, end of year	**2,874**	6,412

See accompanying notes

Oshawa PUC Networks Inc.

NOTES TO FINANCIAL STATEMENTS

[in thousands of dollars]

December 31, 2019 and 2018

1. INCORPORATION

Oshawa PUC Networks Inc. [the "Corporation"] was incorporated under the *Business Corporations Act* (Ontario) on October 18, 2000. The incorporation was required in accordance with the provincial government's *Electricity Act*, 1998. The Corporation is a local distribution company ["LDC"] that provides electricity distribution services to businesses and residences in the service area of Oshawa, Ontario.

The Corporation is a wholly owned subsidiary of Oshawa Power and Utilities Corporation, which is wholly owned by the Corporation of the City of Oshawa [the "City"].

The Corporation has evaluated the events and transactions after the balance sheet date through to April 30, 2020, when the Corporation's Board of Directors approved and authorized the financial statements.

2. SUMMARY OF ACCOUNTING POLICIES

A) Changes in accounting policies

IFRS 16 Leases ("IFRS 16")
In January 2016, the IASB issued IFRS 16, *Leases* ["IFRS 16"], which replaces IAS 17, *Leases* ["IAS 17"]. IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less, or the underlying asset has a low value. Lessor accounting remains largely unchanged from IAS 17 and the distinction between operating and finance leases is retained. Under the new standard, a lessee recognizes a right of use asset and a lease liability. The right of use asset is subsequently depreciated, similar to other non- financial assets and the liability accrues interest. The lease liability is initially measured as the present value of the lease payments over the lease term, discounted at the rate implicit in the lease. The Corporation applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings at January 1, 2019. Accordingly, the comparative information presented for 2018 is not restated and continues to be presented under IAS 17. The impact of changes is disclosed in notes 2 (B) and 14.

B) Significant accounting policies

The significant accounting policies used in the preparation of these financial statements have been applied consistently to all periods presented herein, except for the new standard IFRS 16, which was adopted effective January 1, 2019. The Balance Sheets and the Statements of Comprehensive Income have been modified from the adoption of the new standard.

Basis of presentation

The Corporation's financial statements have been prepared by management in accordance with International Financial Reporting Standards ["IFRS"] as adopted by the International Accounting Standards Board ["IASB"] and interpretations as issued by the International Financial Reporting Interpretations Committee ["IFRIC"] of the IASB, and reflects the significant accounting policies summarized below.

Rate setting and regulation

The OEB has regulatory oversight of electricity matters in the Province of Ontario. The *Ontario Energy Board Act*, 1998, sets out the OEB's powers, including the issuance of distribution licenses that must be obtained by any person owning or operating a distribution system under the *Ontario Energy Board Act,* 1998. The OEB is charged with the responsibility of approving or setting rates for the transmission and distribution of electricity and for ensuring that LDCs fulfil their obligations to connect and service customers.

On October 18, 2012, the OEB released its report, *Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach* ["RRFE"]. The OEB established three rate-setting methods under RRFE: 4th Generation Incentive Rate, Custom Incentive Rate and Annual Incentive Rate Index. Each LDC has the option to select the method that best meets its needs and circumstances, and apply to the OEB to have its rates set on that basis.

4th Generation Incentive Rate-setting ["4th Generation IR"] is most appropriate for distributors that anticipate some incremental investment needs will arise during the plan term. The OEB expects that this method will be appropriate for most LDCs. LDCs with relatively steady state investment needs (i.e., primarily sustainment), may opt for the Annual Incentive Rate-setting Index ["Annual IR Index"]. The Custom Incentive Rate-setting ["Custom IR"] method may be appropriate for LDCs with significantly large multi-year or highly variable investment commitments with relatively certain timing and level of associated expenditures.

In January 2015, the Corporation filed its Custom IR application with the OEB seeking approval to change rates that it charges for electricity delivery, retail services, allowances, loss factor and specific services charges for a period of five years, to be effective January 1, 2015 to December 31, 2019. This application requested a revenue requirement to recover costs, and provides a rate of return on a deemed capital structure applied to rate base assets.

The OEB issued its decision and rate order on December 22, 2015 approving final 2016 and 2017 rates and charges, and interim rates and charges for subsequent years, 2018 and 2019. On July 4, 2017, the Corporation filed an application with the OEB to seek OEB approval of final rates for 2018 and 2019. OEB final approval of 2018 and 2019 rates and charges was confirmed on February 1, 2018, to be effective January 1, 2018. In addition, the Corporation may introduce new rate riders depending on the timing of the clearance of variance and deferral accounts.

The OEB has the general authority to include or exclude costs and revenue in the rates of a specific period, resulting in a change in the timing of accounting recognition from that which would have applied in an unregulated company under IFRS.

Amendments to the Ontario Rebate for Electricity Consumers Act, 2016 and Associated Regulations

The Ministry of Energy, Northern Development, & Mines has amended portions of the Ontario Rebate for Electricity Consumers Act, 2016 ("OREC") and associated Regulations as part of its effort to improve the transparency of electricity costs for consumers. Beginning November 1, 2019, the following changes were mandated:

1. The subsidies from the Fair Hydro Plan were removed from the Regulated Price Plan (“RPP”);
2. The 8% Ontario Rebate for Electricity Consumers, otherwise known as the ‘Provincial Rebate’ was removed and replaced with a credit of 31.8% called the Ontario Electricity Rebate [“OER”];

3. An additional line item, entitled the Total Ontario Electricity Support, was added, comprising all other forms of support provided to customers, previously identified separately as each of the Ontario Electricity Support Program; Rural or Remote Rate Protection; Distribution Rate Protection; and First Nations Delivery Credit.

These changes are generally applicable to low volume customers. However, the amendments to the regulations also amend the eligibility criteria for customers. Certain groups of customers will now be excluded from the rebate altogether.

The following regulatory practices relating to regulatory balances, and payments in lieu of corporate income taxes, have resulted in accounting treatments that differ from IFRS for enterprises operating in a non-regulated environment.

Regulatory Deferral Accounts
IFRS 14, *Regulatory Deferral Accounts*, allows the Corporation to utilize pre-IFRS Canadian Generally Accepted Accounting Principles [“IFRS 14”] with respect to the recognition of Regulatory Balances that address the deferral of specific non-income related cash inflows and outflows.

Regulatory debits primarily represent costs that have been deferred because it is probable that they will be recovered in future rates. Similarly, regulatory credits can arise from differences in amounts billed to customers for electricity services and the costs that the Corporation incurs to purchase and deliver these services. Certain costs and variance account balances are deemed to be regulatory debits or regulatory credits and are reflected in the LDC's balance sheets until the manner and timing of disposition is determined by the OEB.

Payments in lieu of corporate income taxes ["PILs"]
The Corporation provides for PILs using the deferred income taxes method for its regulated activities as permitted by the IASB and the OEB.

Inventory
Inventory, which consists of parts and supplies acquired for internal maintenance or construction, is valued at the lower of cost and net realizable value, with cost being determined on a weighted average basis.

Property, plant and equipment
Items of property, plant and equipment ["PP&E"] are measured at cost or deemed cost on transition date, less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, and any other costs directly attributable to bringing the asset to a working condition for its intended use. Borrowing costs on qualifying assets are capitalized as part of the cost of the asset and are based on OEB prescribed rates.

When parts of an item of PP&E have different useful lives, they are separately depreciated as components of PP&E.

Subsequent expenditures are included in an asset's carrying amount or recognized as a separate asset, where appropriate, only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost can be reliably measured.

Under IFRS, an asset is derecognized at its carrying value when it is disposed of or when no future economic benefits are expected from its use. The gain or loss arising on the disposal or retirement of an item of PP&E is determined as the difference between the proceeds from sale and the carrying amount of the asset, and is recognized in the Statements of Comprehensive Income.

Depreciation of PP&E is recorded in the statements of comprehensive income on a straight-line basis over the estimated useful lives of the components of PP&E. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each annual reporting period, with the effect of any changes in estimates being accounted for on a prospective basis.

Depreciation rates representing estimated useful lives for the main categories of PP&E are shown in the table below:

Buildings	1.61% - 2.38%
Transmission, distribution system and meters	1.67% - 10%
Equipment and furniture	5% - 20%
Computer hardware	25%
Vehicle fleet	8.33% - 12.50%

Construction in progress comprises capital assets under construction, capital assets not yet placed into service and pre-construction activities related to specific projects expected to be constructed. These assets are not depreciated until they are in the location and condition necessary for them to be capable of operating in the manner intended by the Corporation.

In the absence of rate regulation, overhead costs that are not directly attributable to construction activity are not capitalized.

Intangible assets

Intangible assets are assets that lack physical substance, other than financial assets. Intangible assets, which consist of computer software, deferred indefeasible right of use ["IRU"] leases, and payments made to Hydro One Networks Inc. [“HONI”] for dedicated infrastructure in order to receive connections to transmission facilities, are recorded at cost less accumulated amortization. Amortization of intangible assets is recorded on a straight-line basis over the estimated useful life of the related asset, or over the term of the IRU, and recorded in the statements of comprehensive income.

Amortization rates representing estimated useful lives for intangible assets are shown below:

Computer software	33.33%
Deferred indefeasible right of use lease	20 years

Asset retirement obligations
The need to estimate the cost of decommissioning or asset retirement obligations ["AROs"] at the end of the useful lives of certain assets, is reviewed periodically. A provision is recorded, if required, for the fair value of the future expenditures required to settle legal obligations associated with asset retirements. As at December 31, 2019, the Corporation has determined that there are no material AROs associated with transmission, distribution and generation systems.

Impairment of non-financial assets
The carrying amounts of the Corporation's non-financial assets, other than inventory and deferred payments in lieu of corporate income taxes, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the recoverable amount of the asset is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use and are largely independent of the cash inflows of other assets or groups of assets [the "cash-generating unit"]. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in net income.

Pension and other post-employment benefits
The Corporation provides pension benefits for its employees through the Ontario Municipal Employees' Retirement System ["OMERS"] Fund [the "OMERS Fund"], a multi-employer public sector pension fund. The OMERS Fund is a defined benefit pension plan, which is financed by equal contributions from participating employers and employees and by the investment earnings of the OMERS Fund. Although the plan is a defined benefit plan, sufficient information is not available to the Corporation to account for it as such because it is not possible to attribute the fund assets and liabilities between the various employers who contribute to the fund. Accordingly, contributions payable as a result of employee service are expensed when incurred as part of operating costs.

Employee future benefits, other than pensions provided by the Corporation, include supplemental health, dental and life insurance. These plans provide defined benefits to retired employees, their spouses and surviving spouses when the employees are no longer providing active service. Retiree benefits expense is recognized in the period during which the employees render services.

The liability for post-employment non-pension retirement benefits is recorded on an accrual basis. The Corporation actuarially determines the cost of post-employment benefits offered to employees and retirees, including their spouses and surviving spouses, using the projected benefit method, prorated on service and based on management's best estimates. Under this method, the projected post-retirement benefits are deemed to be earned on a pro rata basis over the employee's years of service in the attribution period commencing at the date of hire, and ending at the earliest age the employee could retire and qualify for benefits.

The current service cost for a period is equal to the actuarial present value of benefits attributed to employees' services rendered during the period. Past service costs from plan amendments are amortized on a straight-line basis over the average remaining service period of employees active at the date of amendment.

Current service costs are recognized in the statements of comprehensive income under operations, maintenance and administrative expenses.

The Corporation applies IFRS 14, *Regulatory Deferral Accounts*, to recognize all cumulative actuarial gains or losses in a deferral account as at January 1, 2014. Remeasurements arising from defined benefit plans are recognized immediately in other comprehensive income ("OCI") and reported in accumulated other comprehensive income. Amounts recorded in OCI are not recycled to the Consolidated Statement of Income and Comprehensive Income. The Corporation, as permitted by the OEB, created a deferral account to capture all actuarial gains and losses going forward. The disposition of this new deferral account will occur sometime in the future in accordance with OEB guidelines in effect at that appropriate time.

Customer advance deposits

Customer advance deposits represent cash collections from customers that are available to offset the payment of energy bills or other services. Customers may be required to post security to obtain electricity or other services. Where the security posted is in the form of cash or cash equivalents, these amounts are recorded in the accounts as securities held in respect of customer deposits. Interest is paid on customer balances at rates established by the Corporation in accordance with OEB guidelines.

Customer advance payments

Customer advance payments consist of both the Equal Payment Plan and customer advance payments.

Deferred contributions

Certain assets may be acquired or constructed with financial assistance in the form of contributions from customers when the estimated revenue is less than the cost of providing service or where special equipment is needed to supply the customers' specific requirements.

Capital contributions received in advance from electricity customers and developers to construct or acquire PP&E for the purpose of connecting a customer to a network are recorded as deferred revenue and amortized into other revenue at an equivalent rate to that used for the depreciation of the related PP&E. Capital contributions received from developers to construct or acquire PP&E for the purpose of connecting future customers to the distribution network are considered out of scope of IFRS 15 Revenue from Contracts with Customers.

Financial instruments

Initial and subsequent measurement

At initial recognition, all financial instruments are measured at fair value plus or minus transaction costs, with the exception of accounts receivable which are initially recognized at the transaction price and financial instruments fair value through profit or loss which are initially recognized at fair value.

Financial assets are subsequently measured at either amortized cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss (“FVTPL”) based on the cash flow characteristics of the assets and the business models under which they are managed. All of the Corporation's financial assets are held for collection of contractual cash flows that represent payments of principal and interest and, accordingly, are subsequently measured at amortized cost using the effective interest rate method. These include cash, restricted cash, and accounts receivables.

Financial liabilities are either subsequently measured at FVTPL or amortized cost, except for interest rate swaps used in hedge accounting. The Corporation’s financial liabilities measured at amortized cost include accounts payable for power – IESO, accounts payable and accrued liabilities, long-term debt, and customer advance deposits.

Impairment
The Corporation recognizes an allowance for expected credit losses (“ECL”) for all financial assets not held at FVTPL. The Corporation applies the simplified approach to its accounts receivable which requires expected lifetime losses to be recognized from initial recognition of the receivables and on an ongoing basis. The measurement of ECLs for accounts receivable is based on management's judgment. This is determined using a provision matrix based on historical observed default rates, adjusted for forward-looking factors specific to the debtors and the economic environment. For financial assets other than accounts receivable, ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default. The Corporation considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Corporation may also consider a financial asset to be in default when internal or external information indicates that the Corporation is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Corporation. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the asset. All impairment losses are recognized in net income.

Derivative financial instruments and hedge accounting
Derivative financial instruments in the form of interest rate swap contracts are used to manage exposure to fluctuations in interest rates on the Corporation's long-term debt, which are designated as cash flow hedges as it is hedging the exposure to variability in cash flows that is attributable to interest rate risk associated with the long-term debt. The Corporation does not enter into derivative agreements for speculative purposes.

At the inception of a hedging relationship, the Corporation designates and formally documents the relationship between the hedging instrument and the hedged item, the risk management objective, and its strategy for undertaking the hedge. The Corporation also assesses on an on-going basis whether the hedge continues to be effective, including that the hedge ratio remains appropriate.

The interest rate swaps are measured at their fair value upon initial recognition and on each subsequent reporting date. When the cash flow hedge meets all the qualifying criteria for hedge accounting, the effective portion of the gain

or loss on the hedging instrument is recognized in other comprehensive income ("OCI"), while any ineffective portion is recognized immediately in net income. The amount accumulated in OCI is reclassified to net income as a reclassification adjustment in the same period or periods during which the hedged cash flows affect net income, and recorded within interest expense.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to net income as a reclassification adjustment.

Leases

The Corporation applied IFRS 16 Leases from January 1, 2019 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings as January 1, 2019. Accordingly, the comparative information presented for 2018 is not restated. It is presented as previously reported under IAS 17 and related interpretations. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

On transition to IFRS 16, the Corporation elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Corporation applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of lease under IFRS 16 was applied only to contracts entered into or changed on or after January 1, 2019.

As a lessee, the Corporation leases its office premises with the Corporation of the City of Oshawa. The Corporation leases IT office equipment, and the rooftops of various premises from the City for the installation of solar panels.

Under IFRS 16, the Corporation recognizes right-of-use assets and lease liabilities for all of these leases. On transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Corporation's incremental borrowing rate as at January 1, 2019. The Corporation has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Corporation previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Corporation. Comparative lease information is reported under IAS 17. Leases in terms of which the Corporation assumes substantially all the risks and rewards of ownership are classified as finance leases in comparative periods. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Revenue recognition

The Corporation has identified that its material performance obligation is the distribution and provision of electricity to customers. Revenue is measured at the fair value of the consideration received or receivable, excluding any discounts, rebates and sales taxes. The Corporation has determined that it acts as a principal in all of its revenue arrangements.

The Corporation is licensed by the OEB to distribute electricity. As a licensed distributor, the Corporation is responsible for billing customers for electricity generated by third parties and the related costs of providing electricity services, such as transmission services and other services provided by third parties. The Corporation is required, pursuant to the regulation, to remit such amounts to these third parties, irrespective of whether the Corporation ultimately collects these amounts from customers. The Corporation has determined that they are acting as a principal for the distribution of electricity and, therefore, have presented the sale of electrical energy revenue on a gross basis.

Distribution revenue for the Corporation is recognized at approved rates, as electricity is delivered to customers and is recorded on the basis of regular meter readings and estimated customer usage since the last meter reading date to the end of the year. The related cost of power is recorded on the basis of power used.

Distribution revenue attributable to the delivery of electricity is based upon OEB-approved distribution tariff rates and includes the amounts billed to customers for electricity, including the cost of electricity supplied, distribution charges and any regulatory charges. Revenue is recognized as electricity is delivered and consumed by customers. Revenue includes an estimate of unbilled revenue. Unbilled revenue represents an estimate of electricity consumed by customers since the date of each customer's last meter reading. Actual electricity usage could differ from those estimates.

Regulated service revenue represents charges to energy customers for services such as late payments, collection fees, account set-up fees, pole attachment charges, and reconnect and disconnect charges. Regulated service revenue is recognized as services are rendered.

Combined heat and power revenue is derived from selling electricity, the provision of capacity and thermal energy. Revenue is recognized upon delivery of the metered electricity and thermal energy.

Service revenue primarily includes duct rental revenue that is recognized as services are rendered and time expires.

Capital contributions received from electricity customers to construct or acquire PP&E for the purpose of connecting a customer to a network, are recorded as a deferred contribution on the balance sheet and amortization is presented as revenue from deferred contributions on the statement of comprehensive income at an equivalent rate to that used for the depreciation of the related PP&E.

Other revenue and interest are recognized as services are rendered, projects completed or when interest is earned. Revenue and costs associated with Conservation and Demand Management ["CDM"] programs are presented using the net basis of accounting within other revenue. Performance incentive payments under CDM programs are recognized by the Corporation when there is reasonable assurance that the program conditions have been satisfied and the incentive payments will be received.

PILs

Under the *Electricity Act*, 1998, and effective October 1, 2001, the Corporation incurs PILs that are remitted to the Ministry of Finance. These payments are calculated in accordance with the rules for computing income and taxable

capital, and other relevant amounts contained in the *Income Tax Act* (Canada) and the *Corporations Tax Act* (Ontario) as modified by the *Electricity Act*, 1998 and related regulations. Payments remitted to Ontario Electricity Financial Corporation are designated to be applied against the stranded debt of Ontario Power Generation, formerly Ontario Hydro.

The Corporation recognizes deferred income taxes using the balance sheet method. Under this method, provisions are made for deferred income taxes as a result of temporary differences between the tax bases of assets and liabilities and their carrying amounts for accounting purposes. Deferred income tax assets and liabilities are measured using enacted or substantively enacted tax rates, at the reporting date, expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. When deferred income taxes become payable, it is expected that they will be included in the rates approved by the OEB and recovered from the customers of the Corporation at that time. Deferred income tax assets and liabilities are offset since they relate to income taxes levied by the same taxation authority.

A deferred income tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The OEB's Electricity Distribution Rate Handbook provides for the recovery of PILs by LDCs through annual distribution rate adjustments as permitted by the OEB.

The method that has been used to set the PILs portion of the Corporation's rates for 2018 is consistent with the approach used in past periods.

Current income taxes are based on taxable profit or loss for the year, which differ from profit or loss as reported in the statements of comprehensive income because it excludes items that are taxable or deductible in other years and items that are neither taxable nor deductible.

Measurement uncertainty

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Certain estimates are necessary since the regulatory environment in which the Corporation operates requires amounts to be recorded at estimated values until finalization and adjustment pursuant to subsequent regulatory decisions or other regulatory proceedings. Due to inherent uncertainty involved in making such estimates, actual results could differ from those estimates, including changes as a result of future decisions made by the OEB, the Ministry of Energy and Infrastructure or the Ministry of Finance.

Future accounting policies

At the date of authorization of these financial statements, certain new standards and amendments to existing standards have been published but are not yet effective, and have not been early adopted by the Corporation. Information on new standards and amendments that are expected to be relevant to the Corporation’s financial statements is provided below.

- Interbank Offered Rate reform and its effects on financial reporting – Phase 1
- Amendments to references to conception framework in IFRS
- Definition of a business (amendments to IFRS 3)
- Definition of material (amendments to IAS 1 and IAS 8)
- IFRS 17 – Insurance
- Sale or contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28).

3. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following as at December 31, 2019:

	January 1, 2019 $	Additions/transfers/ depreciation $	Disposals/ retirements $	**December 31, 2019 $**
Cost				
Transmission and distribution				
Transformers	61,208	4,594	(1,612)	**64,190**
Underground distribution	54,955	8,009	(2,290)	**60,674**
Poles, towers and fixtures	45,900	7,580	(3,159)	**50,321**
Station equipment	27,522	–	(476)	**27,046**
Overhead distribution	24,176	2,494	(979)	**25,691**
Meters	13,316	1,072	(626)	**13,762**
	227,077	23,749	(9,142)	**241,684**
Construction in progress	11,443	(4,976)		**6,470**
Other property, plant and equipment				
Vehicle fleet	4,969	341	(204)	**5,106**
Equipment and furniture	9,315	403	(61)	**9,656**
Computer hardware	3,234	148	(298)	**3,084**
Buildings	5,314	397	–	**5,711**
Land	294	–	–	**294**
	23,127	1,289	(563)	**23,851**
Total cost	261,647	20,062	(9,705)	**272,005**
Accumulated depreciation				
Transmission and distribution				
Transformers	(33,661)	(1,153)	1,580	**(33,234)**
Underground distribution	(21,860)	(1,485)	2,167	**(21,178)**
Poles, towers and fixtures	(16,593)	(866)	2,419	**(15,040)**
Station equipment	(9,285)	(573)	403	**(9,455)**
Overhead distribution	(9,485)	(324)	719	**(9,090)**
Meters	(8,113)	(1,003)	504	**(8,612)**
	(98,997)	(5,404)	7,792	**(96,609)**
Other property, plant and equipment				
Vehicle fleet	(3,014)	(383)	204	**(3,193)**
Equipment and furniture	(7,328)	(498)	72	**(7,754)**
Computer hardware	(2,732)	(193)	298	**(2,627)**
Buildings	(582)	(70)	–	**(652)**
	(13,656)	(1,144)	574	**(14,226)**
Total accumulated depreciation	(112,653)	(6,548)	8,366	**(110,835)**
Carrying amount	148,995	13,514	(1,339)	**161,170**

NOTES TO FINANCIAL STATEMENTS

[in thousands of dollars]

December 31, 2019 and 2018

Property, plant and equipment consist of the following as at December 31, 2018:

	January 1, 2018	Additions/ depreciation	Disposals/ retirements	Reclass	December 31, 2018
	$	$	$	$	$
Cost					
Transmission and distribution					
Transformers	59,310	1,898	–	–	61,208
Underground distribution	49,651	3,791	(295)	1,808	54,955
Poles, towers and fixtures	45,157	236	(30)	537	45,900
Station equipment	23,551	3,562	(15)	424	27,522
Overhead distribution	21,893	770	(3)	1,516	24,176
Meters	12,495	665	(43)	199	13,316
	212,057	10,922	(386)	4,484	227,077
Construction in progress	9,597	3,103	–	(1,254)	11,446
Other property, plant and equipment					
Vehicle fleet	4,835	335	(201)	–	4,969
Equipment and furniture	9,068	246	–	–	9,314
Computer hardware	2,804	426	–	4	3,234
Buildings	757	4,557	–	–	5,314
Land	294	–	–	–	294
	17,758	5,564	(201)	4	23,125
Total cost	239,412	19,589	(587)	3,234	261,648
Accumulated depreciation					
Transmission and distribution					
Transformers	(32,648)	(1,014)	–	1	(33,661)
Underground distribution	(19,204)	(1,311)	–	(1,345)	(21,860)
Poles, towers and fixtures	(15,672)	(807)	–	(114)	(16,593)
Station equipment	(8,389)	(559)	–	(337)	(9,285)
Overhead distribution	(7,783)	(351)	–	(1,351)	(9,485)
Meters	(7,067)	(958)	–	(88)	(8,113)
	(90,763)	(5,000)	–	(3,234)	(98,997)
Other property, plant and equipment					
Vehicle fleet	(2,899)	(350)	234	1	(3,014)
Equipment and furniture	(6,955)	(373)	–	–	(7,328)
Computer hardware	(2,571)	(161)	–	–	(2,732)
Buildings	(527)	(54)	–	(1)	(582)
	(12,952)	(938)	234		(13,656)
Total accumulated depreciation	(103,715)	(5,938)	234	(3,234)	(112,653)
Carrying amount	135,697	13,651	(353)	–	148,995

Certain comparative information presented for the year ended 2018 has been reclassified.

For the year ended December 31, 2019, ascribed interest capitalized to property, plant and equipment as prescribed by the OEB amounted to $357 [2018 - $405]. In the absence of rate regulation, additions to property, plant and equipment would have been $357 lower [2018 - $405 lower] and interest expense would have been $357 higher [2018 - $405 higher].

4. INTANGIBLE ASSETS

Intangible assets consist of deferred IRU lease charges, computer software, and Hydro One Networks Inc. [“HONI”] contribution.

	January 1, 2019 $	Additions/ depreciation $	Disposals/ retirements $	**December 31, 2019 $**
Cost				
Deferred IRU lease	606	–	-	**606**
Computer software	2,383	176	210	**2,348**
HONI Contribution	4,051	84	-	**4,135**
	7,040	260	210	**7,089**
Accumulated depreciation				
Deferred IRU lease	(312)	(30)	-	**(343)**
Computer software	(1,931)	(300)	(210)	**(2,020)**
HONI Contribution	-	(83)	-	**(83)**
	(2,243)	(413)	(210)	**(2,445)**
Carrying amount	4,797	(154)	-	**4,643**

	January 1, 2018 $	Additions/ depreciation $	Disposals/ retirements $	December 31, 2018 $
Cost				
Deferred IRU lease	606	–	-	606
Computer software	2,033	349	-	2,383
HONI Contribution	3,902	149	-	4,051
	6,541	498	-	7,040
Accumulated depreciation				
Deferred IRU lease	(282)	(30)	-	(312)
Computer software	(1,645)	(286)		(1,931)
	(1,927)	(316)	-	(2,243)
Carrying amount	4,614	182	-	4,797

5. REGULATORY BALANCES

Regulatory debits balances consist of the following:

	January 1, 2019 $	Balances arising in the period $	Recovery/ reversal $	**December 31, 2019 $**
Regulatory debit balances				
Retail settlement variance – power	679	(679)	–	**–**
Retail settlement variance – global adjustment	5,306	(5,306)	–	**–**
Post-employment benefits deferral	259	60	–	**320**
Regulatory debit balances – other	321	111	–	**433**
Regulatory Asset Recovery Account [“RARA”]	630		(630)	**–**
Total regulatory debit balances	7,195	(5,814)	(630)	**752**

	January 1, 2018 $	Balances arising in the period $	Recovery/ reversal $	December 31, 2018 $
Regulatory debits				
Retail settlement variance – power	1,244	(565)	–	679
Retail settlement variance – global adjustment	2,567	2,739	–	5,306
Post-employment benefits deferral	1,388	(1,129)	–	259
Regulatory debits - other	213	108	–	321
Regulatory Asset Recovery Account ["RARA"]	40	590	–	630
Total regulatory debits	5,452	1,743	–	7,195

Regulatory credit balances consist of the following:

	January 1, 2019 $	Balances arising in the period $	Recovery/ reversal $	**December 31, 2019 $**
Regulatory credit balances				
Retail Settlement Variance – Power	–	2,123	–	**2,123**
Retail Settlement Variance – global adjustment	–	2,273	–	**2,273**
Retail settlement variances – other	2,426	(514)	–	**1,910**
Regulatory Asset Recovery Account ["RARA"]	–	–	198	**198**
Deferred income taxes *[note 8]*	3,218	(1,146)	–	**2,072**
Smart meter variance	54	–	–	**54**
Regulatory credit balances – other	59	22	–	**81**
Total regulatory credit balances	5,757	2,758	198	**8,712**

	January 1, 2018 $	Balances arising in the period $	Recovery/ reversal $	December 31, 2018 $
Regulatory credits				
Retail settlement variances – other	2,220	206	–	2,426
Deferred income taxes *[note 8]*	4,756	(1,538)	–	3,218
Smart meter variance	54	–	–	54
Regulatory credits – other	22	37	–	59
Total regulatory credits	7,052	(1,295)	–	5,757

Net movements in regulatory balances, net of tax, total $3,260 [2018 - $2,043].

The regulatory balances of the Corporation consist of the following:

Retail settlement variances

The retail settlement variances relate to charges the Corporation has incurred for transmission services, generation and wholesale market operations from the IESO that were not settled with customers during the period through approved rates. The nature of the settlement variances is such that the balance can fluctuate between assets and liabilities over time and are reported at period-end dates in accordance with rules prescribed by the OEB. Under rate regulation, the variances that would be recorded as revenue or expense when incurred under IFRS are deferred until collected or repaid through future rates. The Corporation has accrued interest on the regulatory balances, as directed by the OEB. Management has not yet sought disposal of the regulatory balances but intends to do so as part of the 2021 rate application.

Retail settlement variance – power

The retail settlement variance – power account is established for the purpose of recording the net difference in energy cost only. Net difference refers to the difference between the amount charged by the IESO on the settlement invoice for the energy cost and the amount billed to customers for the energy cost.

Retail settlement variance – global adjustment

The global adjustment variance account is established for the purpose of recording the net difference in the global adjustment attributable to customers. Net difference refers to the difference between the amount charged or credited by the IESO for the global adjustment and the amount billed to customers for the global adjustment.

The global adjustment arises mainly due to a difference between the spot price charged by the IESO to market participants and the blended price paid by the IESO under the various contracts with electricity generators and suppliers.

Retail settlement variances – other

This item refers to a set of accounts that will separately capture information relating to wholesale market service charges, non-recurring wholesale market service charges, retail transmission network service charges and retail transmission connection service charges. Retail settlement variances – other, is used to record the net difference

between the amount paid in the month to the IESO for the services listed above and the amount billed to customers and retailers in the month based on OEB approved rates.

Smart meter variance
The provincial government mandated the installation of smart meters for all residential and small business customers in Ontario by December 31, 2010. The smart meter variance account is used to record expenditures made by the Corporation under the smart meter program; the carrying value of meters replaced and stranded by the installation of smart meters; and amounts received from customers under approved OEB rates, for advances used to fund the installation of smart meters.

On January 10, 2012, the Corporation received approval of the costs incurred under the program and was granted a rate rider to recover the balance in the smart meter variance account which is the excess of costs incurred (including the carrying value of stranded meters) less amounts previously received from customers.

RARA
Effective May 2006, the RARA was approved by the OEB. This account is used to record the disposition of deferral and variance account balances, by means of a rate rider, for which approval to recover (or refund) has been granted by the OEB as part of the regulatory process. The balance remaining as at December 31, 2019 represents the opening balance approved for recovery, amounts collected during the year, and the deferral and variance account balances approved for disposition by the OEB on February 1, 2019 as part of the Corporation's cost of service application for rates effective January 1, 2018.

Deferred income taxes to be paid to customers
An offset to future income tax assets relating to the regulated business has been recorded in the accounts as a regulatory credit. As deferred income tax assets are realized, the liability for deferred income taxes to be paid to customers will be settled through OEB approved rates.

Post-employment benefits deferral
This regulatory balance accumulates the actuarial gains and losses arising from changes in actuarial assumptions and experience adjustments. The balance arising during the years ended December 31, 2019 and December 31, 2018 primarily related to the actuarial gain and loss recorded for each year, respectively.

Regulatory accrued interest
Interest is earned or charged on regulatory balances at OEB prescribed rates and are recorded to the related regulatory account.

6. CURRENT PORTION OF LONG-TERM LIABILITIES

The current portion of long-term liabilities consists of the following:

	2019	2018
	$	$
Customer advance deposits	**916**	915
Upstream capital improvement liability	**–**	2,016
Current portion of long-term liabilities	**916**	2,931

7. DEFERRED CONTRIBUTIONS

The continuity of deferred contributions is as follows:

	2019	2018
	$	$
Deferred contributions, net, beginning of year	**33,746**	33,124
Deferred contributions received	**4,218**	1,863
Reclass of deferred contribution	**2,016**	–
Deferred contributions recognized as revenue	**(1,654)**	(1,241)
Deferred contributions, net, end of year	**38,326**	33,746
Less: current portion	**(1,958)**	(1,654)
Deferred contributions long-term portion	**36,367**	32,092

8. PILs

The provision for PILs differs from the amount that would have been recorded using the combined Canadian federal and Ontario statutory income tax rates. The reconciliation between the statutory and effective tax rates is provided as follows:

	2019	2018
	$	$
Income before PILs	**9,163**	4,060
Net movements in regulatory balances	**(3,200)**	1,924
Net income after net movements in regulatory balances, before PILs	**5,963**	5,984
Combined Canadian federal and Ontario statutory income tax rate	**26.50%**	26.50%
Expected provision for PILs at statutory tax rates	**1,580**	1,586
Property, plant and equipment	**(812)**	(625)
Post-employment non-pension benefits	**38**	50
Other	**38**	(88)
Cost allocations	**(95)**	(107)
Provision for PILs	**749**	815
Effective tax rates	**12.57%**	13.63%

Income tax expense as presented in the statements of comprehensive income is as follows:

	2019 $	2018 $
Current tax expense		
Current PILs charge	**772**	816
Deferred tax expense		
Origination and reversal of temporary differences	**1,125**	1,538
Deferred taxes transferred to regulatory credits *[note 5]*	**(1,148)**	(1,538)
Income tax expense charged to net income for the year	**749**	816

	2019 $	2018 $
Deferred income taxes related to items recognized in OCI during the year		
Net loss (gain) on revaluation of cash flow hedges	–	22
Unrealized loss on derivatives designated as cash flow hedges	–	(50)
Deferred income taxes charged to OCI	–	(28)

As at December 31, 2019, the Corporation has recognized $2,071 in regulatory credit balance and a corresponding offset to deferred income tax assets [2018 - $3,218].

Deferred income tax assets

Deferred income taxes reflect the net effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The net deferred income tax asset consists of the following:

	Net balance, January 1, 2019 $	Recognized in regulatory balance $	**Net balance, December 31, 2019 $**
Components of deferred income tax assets			
Property, plant and equipment	(1,348)	(24)	**(1,372)**
Employee post-employment non-pension benefits	4,567	(1,090)	**3,477**
Other taxable temporary differences	–	(33)	**(33)**
Deferred income tax assets	3,219	(1,148)	**2,072**

	Net balance, January 1, 2018 $	Recognized in regulatory balance $	Recognized in OCI $	Net balance, December 31, 2018 $
Components of deferred income tax assets				
Property, plant and equipment	(241)	(1,107)	–	(1,348)
Employee post-employment non-pension benefits	4,998	(431)	–	4,567
Other taxable temporary differences	(28)	–	28	–
Deferred income tax assets	4,729	(1,538)	28	3,219

The Corporation has no tax loss carry forwards available for use in future periods.

9. EMPLOYEE BENEFITS

The Corporation makes contributions to OMERS, which is a multi-employer plan. The plan is a defined benefit plan that specifies the amount of retirement benefits to be received by the employees based on length of service and rates of pay. Current and future contributions are dependent upon the results of the OMERS plan as actuarially determined from time to time. OMERS reported that its funded status as at December 31, 2019, was 97% [2018 – 96%].

For the year ended December 31, 2019, the Corporation's OMERS current service pension costs were $843 [2018 - $803]. OMERS contribution rates were 9.0% up to the year's maximum pensionable earnings [″YMPE″] and 14.6% over the YMPE for normal retirement age [″NRA″] of 65 [2018 – 9.0% up to YMPE and 14.6% over YMPE for NRA of 65]. The expected payment for 2020 is $847.

Post-employment non-pension retirement benefits

The Corporation provides post-employment benefits, principally supplemental health and dental coverage, for employees who retire from active employment.

Accrued benefit obligations

The Corporation measures its accrued benefit obligations as at December 31 of each year. The latest actuarial valuation was performed as at December 31, 2019.

	2019	2018
	$	$
Accrued benefit obligations, beginning of year	**12,928**	13,862
Employer current service cost	**137**	180
Interest on obligation	**497**	466
Benefits paid	**(500)**	(451)
Actuarial (gain) loss recognized at the end of the year	**60**	(1,129)
Accrued benefit obligations, end of year	**13,122**	12,928

Changes in post-employment non-pension retirement benefits	**2019**	2018
	$	$
Post-employment non-pension retirement benefits, beginning of year	**12,927**	13,862
Net periodic benefits cost accrued	**633**	646
Benefits paid	**(500)**	(451)
Recognized (gains) losses	**60**	(1,129)
Post-employment non-pension retirement benefits, end of year	**13,120**	12,928

Components for net periodic benefit costs	**2019**	2018
		$
Current service cost	**137**	180
Imputed interest cost	**497**	466
Net periodic benefit cost accrual for the year	**634**	646

Significant actuarial assumptions	**2019**	2018
		%
Discount rate applied to the calculation of future benefits	**3.10**	3.90
Rate of compound compensation increase used in determining future costs	**3.0**	3.0

The current service cost for a period is equal to the actuarial present value of benefits attributed to employees' services rendered during the period. Past service costs from plan amendments are amortized on a straight-line basis over the average remaining service period of employees active at the date of amendment.

The actuarial valuation as at December 31, 2019 assumed health care costs would increase 7% [2018 - 7%] in the year following the valuation. This rate of increase is then reduced annually to a rate of 4% six years following the valuation [2018 - 4% after six years].

Dental costs are assumed to increase by 4% [2018 - 4%] in the year following the valuation. This rate of increase is then reduced annually to a rate of 4% six years following the valuation [2018 - 4% after six years].

The dispensing fee portion of health care costs is limited to twelve dollars and ninety-nine cents; the current maximum allowed under the benefits plan.

Sensitivity analysis
The main actuarial assumptions underlying the valuation are as follows:

a) **Interest (discount) rate**
Assumed interest rates have a significant effect on the amounts reported for the total accrued benefit obligations and expense. A 1% change in assumed interest rates would have the following effects for 2019:

	Increase	Decrease
	$	$
Accrued benefit obligations, as at December 31, 2019	**(1,828)**	**2,337**

b) Health care cost trend rate
The health care cost trend is estimated to increase at a declining rate from 7% to 4% over six years following the valuation. Other medical and dental expenses are assumed to increase by 4% after one year, down to 4% after six years following the valuation. The approximate effect on the accrued benefit obligations if the health care cost trend rate assumption was increased or decreased by 1% is as follows:

	Increase	Decrease
	$	$
Accrued benefit obligations, as at December 31, 2019	**1,724**	**(1,390)**

10. NOTE PAYABLE TO SHAREHOLDER

The note payable to the shareholder of $60,064 [2018 - $60,064] has an interest rate of 4.54% [2018 - 4.54%] per annum and is due on demand.

The Corporation does not anticipate that the note will be called upon within one year and, accordingly, the note remains classified as a long-term liability.

In 2019, the Corporation made interest payments of $2,187 [2018 - $1,091] to the shareholder.

11. DEBT

The Corporation's long-term and short-term borrowing facilities are as follows:

Long-term facilities
The Corporation’s term loans totalling $22,000 with Toronto-Dominion Commercial Bank [the "Bank"] were terminated on October 22, 2018.

Net of interest capitalized on construction-in-progress, interest expense charged to the statements of comprehensive income amounted to $1,873 during the year [2018 - $1,215].

Short-term facilities

The Corporation has an operating line of credit for a maximum amount of $20,000 to assist with its working capital requirements. As of December 31, 2019, there were no outstanding balances on this line of credit [2018 - nil].

Interest on short-term debt was $49 [2018 – $81] at an effective interest rate of 3.76%.

The above borrowing facilities are subject to financial tests and other covenants. These financial covenants are to be tested quarterly. In addition, these facilities are subject to other customary covenants and events of default, including an event of cross-default [for non-payment of other debts] of amounts in excess of $5,000. Non-compliance with such covenants could result in accelerated payments of amounts due under the facilities and their termination. The Corporation was in compliance with the above-mentioned covenants as at December 31, 2019.

12. CAPITAL STOCK

Capital stock consists of the following:

	2019	2018
	$	$
Authorized		
Unlimited common shares		
Issued		
1,000 common shares	**23,064**	23,064

During the year ended December 31, 2019, the Corporation declared and paid dividends on common share aggregating $2,500 (2018 - $2,300).

13. RELATED PARTY TRANSACTIONS

[i] The Corporation transacts business with the City and its affiliates in the normal course of business at commercial rates. These transactions are summarized below:

	2019 $	2018 $
REVENUE		
City facilities [from electricity distribution]	**3,516**	3,358
Streetlights [from electricity distribution]	**1,520**	1,424
	5,036	4,782
Streetlight maintenance and construction services	**64**	34
EXPENSES		
Net rent - 100 Simcoe Street South	**330**	323
Property taxes	**136**	136
	466	459
ACCOUNTS RECEIVABLE		
Facilities and streetlights	**348**	153
Construction services	**30**	–
	378	153

[ii] During the year ended December 31, 2019, the Corporation has undertaken transactions with related parties, which are entities under common control. These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Related party transactions are summarized as follows:

	2019 $	2018 $
Oshawa PUC Energy Services Inc.		
Sale of electricity, administration and maintenance services	**514**	529
Purchase of electricity	**56**	86
Oshawa PUC Services Inc.		
Sale of administration and maintenance services	**270**	217
Purchase of fibre optic services	**67**	56
2252112 Ontario Inc.		
Sale of electricity, administration and maintenance services	**30**	26
Purchase of electricity	**523**	538

The Corporation receives management support from its parent, Oshawa Power and Utilities Corporation. During the year, the Corporation paid $360 [2018 - $521] to its parent.

As at December 31, 2019, the amounts owed to the Corporation from affiliated companies consists of $27 from Oshawa PUC Energy Services Inc. [2018 - $218], $2 from Oshawa PUC Services Inc. [2018 - $52] and $2 from 2252112 Ontario Inc. [2018 - $421]. Amounts owed to affiliated companies by the Corporation consists of $5,797 to Oshawa Power and Utilities Corporation [2018 - $6,378].

14. LEASES

The Corporation leases its premises under a net operating lease with the Corporation of the City of Oshawa. The Corporation entered into a new lease in 2017, which expires May 31, 2021.

The Corporation has a contractual agreement to lease office equipment over a period of 74 months. The lease begins June 1, 2017 and expires July 31, 2023.

On transition to IFRS 16, the Company recognized additional right-of-use assets and additional lease liabilities. Lease liabilities were measured at the present value of the remaining lease payments, discounted at the Corporation's incremental borrowing rate of 3.7%. The impact on transition is summarized below.

	$
Balance at 1 January, 2019	
Right-of-use assets presented as property, plant and equipment	838
Lease liabilities	838

	$
Operating lease commitments at December 31, 2018	860
Discounted using the borrowing rate / contractual interest rates	(22)
Lease liabilities recognized at January 1, 2019	838

Leases as lessee (IFRS16)

i. Right-of-use Assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment.

	Building $	IT Equipment $	**Total $**
2019			
Balance at 1 January	780	58	**838**
Depreciation charge for the year	(316)	(13)	**(329)**
Additions to right –of-use assets	-	-	**-**
Balance at 31 December	464	45	**509**

ii. Amounts recognized in profit or loss	2019 $
2019 – Leases under IFRS 16	
Interest on lease liabilities	12
2018 – Operating leases under IAS17	
Lease Expense	342

iii. Amounts recognized in statement of cash flows	
Total cash outflow for leases	358

Repayment of lease liabilities is shown under financing activities on the statement of cash flows.

15. COMMITMENTS AND CONTINGENCIES

Insurance claims

The Corporation is a member of the Municipal Electric Association Reciprocal Insurance Exchange ["MEARIE"], which was created on January 1, 1987. A reciprocal insurance exchange is an Ontario group formed for the purpose of exchanging reciprocal contracts of indemnity of inter-insurance with each other. MEARIE provides general liability insurance to its member utilities.

Insurance premiums charged to each Municipal Electrical Utility consist of a levy per thousand dollars of service revenue subject to a credit or surcharge based on each electric utility's claims experience.

The Corporation refers any claims received to MEARIE under the provisions of this plan. No provision has been recorded in these financial statements in respect of these matters as the Corporation has not received any claim that is not adequately covered by its insurance.

Income taxes

The tax returns filed by the Corporation are subject to review and reassessment by the Ministry of Finance for a period of up to five years from the date of filing. Any reassessment may result in a revision to previously determined tax obligations.

Energy Conservation Agreement

On December 31, 2014, the Corporation entered into an Energy Conservation Agreement with the IESO for the period from January 1, 2015 to December 31, 2020 to deliver Energy Conservation and Demand Management ["CDM"] programs. The agreement provides terms under which the Corporation may engage the IESO to design and pay for province-wide CDM programs in support of the Corporation meeting its CDM targets.

Subject to the terms of the agreement, all IESO CDM program costs are paid by the IESO. The Corporation effectively acts as a delivery agent for those programs that it participates in under the agreement. The Corporation will be entitled to receive all of its estimated administration costs associated with each program. Any administration costs incurred by the Corporation in excess of the pre-approved estimate would not be recoverable. All other program costs incurred by the Corporation (such as customer incentives and goods and services delivered under the programs) are recoverable from the IESO on an invoiced basis in accordance with the agreement.

Under the terms of the Energy Conservation Agreement with the IESO, income incentives are available in the event the Corporation outperforms its expected target. Alternatively, financial penalties are possible if the Corporation does not meet minimum requirements outlined in the Energy Conservation Agreement with the IESO. The Corporation estimates it is meeting its obligations outlined in the Energy Conservation Agreement with the IESO and has not recorded a provision in these financial statements for neither financial incentives nor penalties in respect of these matters.

On March 21, 2019, the Minister of Energy, Northern Development and Mines, with the approval of the Lieutenant Governor in Council, issued a directive to the IESO pursuant to the statutory authority under sections 25. 32(5) and (11) of the *Electricity Act*, 1998. On the same date, the Minister issued a directive to the Ontario Energy Board (the "Board") revoking the main provisions of the March 26, 2014 directive to the Board and providing the Board with the authority to amend or remove license conditions of electricity distributors in respect of electricity CDM that were established pursuant to the March 26, 2014 directive. These directives, which took effect on the date they were issued, have resulted in a change in the laws and regulations that is fundamentally inconsistent with the ECA by requiring the IESO to take all steps necessary to immediately discontinue the 2015-2020 Conservation First Framework [“CFF”] and by revoking, among others, the CFF Direction and authorizing the Board to remove license conditions of electricity distributors in respect of electricity CDM. As a result, the IESO has provided the Corporation with notice that the IESO is terminating the ECA effective June 20, 2019.

Security with IESO

Purchasers of electricity in Ontario, through the IESO, are required to provide security to mitigate the risk of default based on their expected activity in the market. The IESO could draw on this security if the Corporation fails to make the payment required on a default notice issued by the IESO. An Irrevocable Standby Letter of Credit in the amount of $7,000 was issued in October 2012, and renewed in October 2014, in favour of the IESO as collateral support for energy amounts as determined by and payable to the IESO.

Guarantee for obligations of shareholder

The Corporation guarantees an amount recoverable that shall not exceed $68 million to Toronto-Dominion Bank for its shareholder, Oshawa Power and Utilities Corporation, related to the note payable in Note 10.

16. FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the nature of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data.

As at December 31, 2019 and 2018, the Corporation did not have transfers between levels.

The carrying values of cash, restricted cash, accounts receivable, accounts payable for power – IESO, and accounts payable and accrued liabilities approximate their fair values due to the short period to maturity of these financial instruments.

The Corporation has designated its financial instruments as follows:

		2019		2018	
	Level	**Carrying value**	**Fair value**	Carrying value	Fair value
Non-current financial liabilities					
Customer advance deposits	**1**	**2,284**	**2,284**	1,892	1,892
Note payable to shareholder	**3**	**60,064**	**60,064**	60,064	60,064

The Corporation has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies. Considerable judgment is required to develop these estimates. Accordingly, these estimated fair values are not necessarily indicative of the amounts the Corporation could realize in a current market exchange. The estimated fair value amounts can be materially affected by the use of different assumptions or methodologies. The methods and assumptions used to estimate the fair value of financial instruments as well as related interest rate risk, credit risk and liquidity risk are described below.

Note payable to shareholder
The fair value of the note payable to shareholder is indeterminable.

Credit risk
Certain of the Corporation's financial assets are exposed to credit risk.

Cash consists of deposits with major commercial banks.

The Corporation, in the normal course of business, is exposed to credit risk from its customers. These accounts receivable are subject to normal industry credit risks. The Corporation provides for an allowance for doubtful accounts to absorb its credit losses. Unbilled revenue of $10,734 [2018 - $12,458] is collectible from customers and is

considered current with no related credit losses recorded. The Corporation also has insurance in support of certain receivables.

Accounts receivable consists of the following:

	2019	2018
	$	$
Receivables from customers	**8,953**	7,968
Receivables from other trade and projects	**5,318**	2,462
Less allowance for doubtful accounts	**(564)**	(688)
Total accounts receivable	**13,707**	9,742

Credit risk associated with accounts receivable is as follows:

	2019	2018
	$	$
Outstanding for not more than 30 days	**12,722**	9,302
Outstanding for more than 30 days and not more than 90 days	**942**	721
Outstanding for more than 90 days	**607**	407
Less allowance for doubtful accounts	**(564)**	(688)
Total accounts receivable	**13,707**	9,742

The Corporation is also exposed to credit risk from the potential default of any of its counterparties on its interest rate swap agreements. The Corporation mitigates this credit risk by dealing with counterparties who are major financial institutions and which the Corporation anticipates will satisfy their obligations under the contracts. During the year, the Corporation incurred bad debt expense of $251 [2018 – $442] which is included in operations, maintenance, and administrative expense.

Interest rate risk
Long-term debt is at fixed interest rates thereby minimizing cash flow and interest rate fluctuation exposure.

Liquidity risk
The Corporation monitors and manages its liquidity risk to ensure access to sufficient funds to meet operational and investing requirements. The Corporation's objective is to ensure that sufficient liquidity is on hand to meet obligations as they fall due while minimizing interest expense. The Corporation monitors cash balances to ensure that sufficient levels of liquidity are on hand to meet financial commitments as they come due.

	Due within 1 year $	Due between 1 and 5 years $	Due past 5 years $	**2019 Total $**
Accounts Payable for power – IESO	5,694	-	-	**5,694**
Accounts payable and accrued liabilities	9,077	-	-	**9,077**
Due to affiliates	5,765	-	-	**5,765**
Customer advance payments	844	-	-	**844**
Lease liability	357	124	-	**481**
Long-term debt	-	-	60,064	**60,064**
Customer advance deposits	916	2,284	-	**3,200**

	Due within 1 year $	Due between 1 and 5 years $	Due past 5 years $	**2018** Total $
Accounts Payable for power – IESO	10,042	-	-	10,042
Accounts payable and accrued liabilities	10,316	-	-	10,316
Due to affiliates	5,687	-	-	5,687
Customer advance payments	528	-	-	528
Payments in lieu of corporate income taxes	382	-	-	382
Long-term debt	-	-	60,064	60,064
Customer advance deposits	915	1,892	-	2,807

17. COLLATERAL

As part of its electricity purchase agreement with the IESO, an Irrevocable Standby Letter of Credit in the amount of $7,000 was issued in October 2012, and renewed in October 2014, in favour of the IESO, as collateral support for energy amounts as determined by and payable to the IESO.

18. CAPITAL MANAGEMENT

The Corporation defines capital as shareholder's equity. The Corporation's objectives when managing capital are to ensure sufficient liquidity to support its financial obligations and execute its operating and strategic plans; maintain financial capacity and access to capital to support future development of the business while taking into consideration current and future industry, market and economic risks and conditions; and utilize short-term funding sources to manage its working capital requirements.

19. SUBSEQUENT EVENT

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the Corporation's business are not known at this time. These impacts potentially include an impact on the Corporation's ability to access and obtain capital financing, impairment of investments, reduction to operational cash flow as a result of the inability of the Corporation to fully recover on its customer accounts and potential future decreases in revenue or the profitability of the Corporation's ongoing operations.

Oshawa PUC Networks Inc.

Financial statements
December 31, 2018 and 2017

Independent auditor's report

To the Shareholder of
Oshawa PUC Networks Inc.

Opinion

We have audited the financial statements of **Oshawa PUC Networks Inc.** (the Company), which comprise the statements of financial position as at December 31, 2018 and 2017, and the statements of comprehensive income, statements of changes in shareholder's equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises:

- The information, other than the financial statements and our auditor's report thereon, in the Annual Report

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young LLP

Toronto, Canada
May 2, 2019

Chartered Professional Accountants
Licensed Public Accountants

Oshawa PUC Networks Inc.

BALANCE SHEETS

[in thousands of dollars]

As at December 31	2018	2017
	$	$
ASSETS		
Current		
Cash [including customer deposits in 2018 - $2,807; 2017 - $3,405]	**6,412**	3,332
Accounts receivable [notes 13 and 15]	**9,742**	13,426
Unbilled revenue	**12,521**	12,168
Inventory	**120**	114
Prepaid expenses and other	**547**	594
Total current assets	**29,342**	29,634
Property, plant and equipment, net [note 3]	**153,046**	139,598
Intangible assets, net [note 4]	**746**	712
Deferred income tax assets [note 8]	**3,219**	4,729
Unrealized gain on interest rate swaps [note 15]	**—**	105
Other assets	**271**	488
Total assets	**186,624**	175,266
Regulatory asset balances [note 5]	**7,195**	5,452
Total assets and regulatory balances	**193,819**	180,718
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current		
Accounts payable for power - IESO [note 16]	**10,042**	11,424
Accounts payable and accrued liabilities	**10,316**	9,642
Due to affiliates [note 13]	**5,687**	4,731
Payments in lieu of corporate income taxes	**382**	186
Customer advance payments	**528**	3,456
Current portion of long-term liabilities [note 6]	**2,931**	2,929
Total current liabilities	**29,886**	32,368
Note payable to shareholder [note 10]	**60,064**	23,064
Long-term debt [note 11]	**—**	22,000
Customer advance deposits	**1,892**	2,493
Deferred developer contributions [note 7]	**33,746**	33,124
Post-employment non-pension retirement benefits [note 9]	**12,928**	13,862
Total liabilities	**138,516**	126,911
Shareholder's equity		
Capital stock [note 12]	**23,064**	23,064
Retained earnings	**26,482**	23,614
Accumulated other comprehensive income	**—**	77
Total shareholder's equity	**49,546**	46,755
Total liabilities and shareholder's equity	**188,062**	173,666
Regulatory liability balances [note 5]	**5,757**	7,052
Total liabilities, shareholder's equity and regulatory balances	**193,819**	180,718
Commitments and contingencies [note 14]		

See accompanying notes

On behalf of the Board:

Director Director

Oshawa PUC Networks Inc.

STATEMENTS OF COMPREHENSIVE INCOME

[in thousands of dollars]

Years ended December 31	**2018**	2017
	$	$
REVENUE		
Sale of electrical energy	**119,918**	125,611
Distribution revenue	**24,282**	22,709
Regulated service	**896**	1,157
Deferred developer contributions [note 7]	**1,242**	712
Service	**477**	242
Other	**591**	122
Total revenue	**147,406**	150,553
EXPENSES		
Cost of electrical energy	**121,842**	127,198
Operations, maintenance and administrative	**13,775**	13,071
Depreciation - property, plant and equipment and intangible assets	**6,254**	5,213
Income from operations	**5,535**	5,071
Loss on disposal of property, plant and equipment	**(353)**	(405)
Interest income	**93**	64
Interest expense [note 11]	**(1,215)**	(1,461)
Income before payments in lieu of corporate income taxes	**4,060**	3,269
Provision for payments in lieu of corporate income taxes [note 8]	**816**	498
Net income for the year	**3,244**	2,771
Net movements in regulatory balances, net of tax [note 5]	**1,924**	1,586
Net income after net movements in regulatory balances	**5,168**	4,357
Other comprehensive income:		
Unrealized (loss) gain in fair value of derivatives designated as cash flow hedges, net of income taxes	**(140)**	378
Gain in fair value of derivatives designated as cash flow hedges, transferred to net income for the year, net of income taxes	**63**	171
Total comprehensive income for the year	**5,091**	4,906

See accompanying notes

Oshawa PUC Networks Inc.

STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY

[in thousands of dollars]

Years ended December 31, 2018 and 2017	Capital stock	Retained earnings	Accumulated other comprehensive income	Total
	$	$	$	$
Balance as at January 1, 2017	23,064	21,557	(472)	44,149
Net income after net movements in regulatory balances	—	4,357	—	4,357
Other comprehensive income	—	—	549	549
Dividends paid	—	(2,300)	—	(2,300)
Balance as at December 31, 2017	23,064	23,614	77	46,755
Net income after net movements in regulatory balances	—	5,168	—	5,168
Other comprehensive loss	—	—	(77)	(77)
Dividends paid	—	(2,300)	—	(2,300)
Balance as at December 31, 2018	**23,064**	**26,482**	**—**	**49,546**

See accompanying notes

Oshawa PUC Networks Inc.

STATEMENTS OF CASH FLOWS

[in thousands of dollars]

Years ended December 31	**2018**	2017
	$	$
OPERATING ACTIVITIES		
Net income after net movements in regulatory balances for the year	**5,168**	4,357
Add (deduct) items not involving cash:		
Deferred developer contributions	**(1,242)**	(712)
Depreciation - property, plant and equipment and intangible assets	**6,254**	5,213
Deferred income taxes	**1,510**	935
Unrealized loss (gain) on interest rate swaps	**105**	(748)
Accumulated other comprehensive (gain) loss	**(77)**	549
Loss on disposal of property, plant and equipment	**320**	367
Post-employment non-pension retirement benefits, net of cash payments	**(934)**	606
	11,104	10,567
Changes in non-cash working capital balances related to operations:		
Decrease (increase) in accounts receivable	**3,684**	(165)
Decrease in payments in lieu of corporate income taxes	**196**	273
(Increase) decrease in unbilled revenue	**(353)**	4,033
Increase in inventory	**(6)**	(25)
Decrease (increase) in prepaid expenses and other	**47**	(337)
Decrease in other assets	**217**	250
Decrease in accounts payable for power - IESO, and accounts payable and accrued liabilities	**(708)**	(3,300)
Increase (decrease) in due to affiliates	**956**	(2,159)
Decrease in regulatory liabilities, net of regulatory assets	**(3,038)**	(1,569)
(Decrease) increase in customer advance payments	**(2,928)**	787
Cash provided by operating activities	**9,171**	8,355
INVESTING ACTIVITIES		
Additions to property, plant and equipment and intangible assets, net	**(20,089)**	(16,041)
Proceeds from disposal of property, plant and equipment	**33**	38
Cash used in investing activities	**(20,056)**	(16,003)
FINANCING ACTIVITIES		
Dividends paid	**(2,300)**	(2,300)
Deferred developer contributions received	**1,863**	3,425
(Decrease) increase in customer advance deposits	**(598)**	590
Proceeds from long-term debt	**15,000**	—
Cash provided by financing activities	**13,965**	1,715
Net increase (decrease) in cash during the year	**3,080**	(5,933)
Cash, beginning of year	**3,332**	9,265
Cash, end of year	**6,412**	3,332
Supplemental cash flow information:		
Interest paid [prior to capitalization of interest]	**1,620**	1,725
Payments in lieu of corporate income taxes	**620**	225

See accompanying notes

Oshawa PUC Networks Inc.

NOTES TO FINANCIAL STATEMENTS

[in thousands of dollars]

December 31, 2018 and 2017

1. INCORPORATION

Oshawa PUC Networks Inc. [the "Corporation"] was incorporated under the Business Corporations Act (Ontario) on October 18, 2000. The incorporation was required in accordance with the provincial government's Electricity Act, 1998. The Corporation is a local distribution company ["LDC"] that provides electricity distribution services to businesses and residences in the service area of Oshawa, Ontario.

The Corporation is a wholly owned subsidiary of Oshawa Power and Utilities Corporation, which is wholly owned by the Corporation of the City of Oshawa [the "City"].

The Corporation has evaluated the events and transactions after the balance sheet date through to May 2, 2019, when the Corporation's Board of Directors approved and authorized the financial statements.

2. SUMMARY OF ACCOUNTING POLICIES

A) Changes in accounting policies

IFRS 15 Revenue from Contracts with Customers (" IFRS 15")
The Corporation adopted IFRS 15 with a date of initial application on January 1, 2018. IFRS 15 replaces pre-existing revenue recognition guidance, including IAS 18 Revenue and IFRIC 18 Transfers of Assets from Customers. The scope of IFRS 15 excludes lease contracts and financial instruments.

IFRS 15 provides a five-step model that applies to contracts with customers and specifies that revenue is recognized at a point in time or over time, depending on when the entity has satisfied its performance obligation(s) to its customers. Where the Corporation has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the performance to date, the Corporation has elected to adopt the B16 practical expedient under IFRS 15. This practical expedient permits the recognition of revenue in an amount to which the Corporation has a "right to invoice". The right to invoice represents the fair value of the consideration received or receivable.

The Corporation is also required to determine the transaction price of each of its contracts with its customers. In making such determination, the Corporation assesses the impact of any variable consideration in the contract, due to factors such as, but not limited to: discounts or penalties; the existence of any significant financing component; and any non-cash consideration in the contract. The Corporation has determined that there are no variable considerations that will have a significant impact on the transaction price of the services provided.

Prior to the implementation of IFRS 15, contributions from customers and developers were initially recorded as deferred developer contributions when received and recognized as revenue on a straight line basis over the useful life of the asset. The Corporation has assessed the impact of contributions from customers under IFRS 15 and has determined that there is no change to the existing accounting treatment. However, contributions from developers are not within the scope of IFRS 15, as they do not give rise to a contract with the customer. As such, the Corporation has developed an accounting policy for the recognition of cash contributions from developers as currently, there is no specific guidance on accounting for these contributions.

The Corporation adopted IFRS 15 using the modified retrospective approach. The adoption of IFRS 15 resulted in no quantitative impact to the Balance Sheets and Statements of Comprehensive Income.

IFRS 9 Financial instruments ("IFRS 9")
The Corporation adopted IFRS 9 with a date of initial application on January 1, 2018. IFRS 9 replaced IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). The Corporation adopted IFRS 9 retrospectively without restating comparative figures.

IFRS 9 covers three broad topics: Classification and Measurement; Impairment; and Hedging. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 Financial Instruments: Disclosures. The changes with respect to the financial instrument policies from IAS 39 to IFRS 9 are disclosed in Note 2(B). The adoption of IFRS 9 did not result in any transitional adjustments for the Corporation.

B) Significant accounting policies

The significant accounting policies used in the preparation of these financial statements have been applied consistently to all periods presented herein, except for the new standards IFRS 15 and IFRS 9, which were adopted effective January 1, 2018. There was no impact to the Balance Sheets or to the Statements of Comprehensive Income resulting from the adoption of the new standards.

Basis of presentation
The Corporation's financial statements have been prepared by management in accordance with International Financial Reporting Standards ["IFRS"] as adopted by the International Accounting Standards Board ["IASB"] and interpretations as issued by the International Financial Reporting Interpretations Committee ["IFRIC"] of the IASB, including accounting principles prescribed by the Ontario Energy Board ["OEB"] in the Accounting Procedures Handbook for Electric Distribution Utilities, and reflects the significant accounting policies summarized below.

Rate setting and regulation
The OEB has regulatory oversight of electricity matters in the Province of Ontario. The Ontario Energy Board Act, 1998, sets out the OEB's powers, including the issuance of distribution licenses that must be obtained by any person owning or operating a distribution system under the Ontario Energy Board Act, 1998. The OEB is charged with the responsibility of approving or setting rates for the transmission and distribution of electricity and for ensuring that LDCs fulfil their obligations to connect and service customers.

On October 18, 2012, the OEB released its report, Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach ["RRFE"]. The OEB established three rate-setting methods under RRFE: 4th Generation Incentive Rate, Custom Incentive Rate and Annual Incentive Rate Index. Each LDC has the option to select the method that best meets its needs and circumstances, and apply to the OEB to have its rates set on that basis.

4th Generation Incentive Rate-setting ["4th Generation IR"] is most appropriate for distributors that anticipate some incremental investment needs will arise during the plan term. The OEB expects that this method will be appropriate

for most LDCs. LDCs with relatively steady state investment needs (i.e., primarily sustainment), may opt for the Annual Incentive Rate-setting Index ["Annual IR Index"]. The Custom Incentive Rate-setting ["Custom IR"] method may be appropriate for LDCs with significantly large multi-year or highly variable investment commitments with relatively certain timing and level of associated expenditures.

In January 2015, the Corporation filed its Custom IR application with the OEB seeking approval to change rates that it charges for electricity delivery, retail services, allowances, loss factor and specific services charges for a period of five years, to be effective January 1, 2015 to December 31, 2019. This application requested a revenue requirement to recover costs, and provides a rate of return on a deemed capital structure applied to rate base assets.

The OEB issued its decision and rate order on December 22, 2015 approving final 2016 and 2017 rates and charges, and interim rates and charges for subsequent years, 2018 and 2019. On July 4, 2017, the Corporation filed an application with the OEB to seek OEB approval of final rates for 2018 and 2019. OEB final approval of 2018 and 2019 rates and charges was confirmed on February 1, 2018, to be effective January 1, 2018. In addition, the Corporation may introduce new rate riders depending on the timing of the clearance of variance and deferral accounts.

The OEB has the general authority to include or exclude costs and revenue in the rates of a specific period, resulting in a change in the timing of accounting recognition from that which would have applied in an unregulated company under IFRS.

The following regulatory practices relating to regulatory assets and liabilities, and payments in lieu of corporate income taxes, have resulted in accounting treatments that differ from IFRS for enterprises operating in a non-regulated environment.

Regulatory Deferral Accounts
The Corporation follows regulated accounting rules as prescribed by the OEB for rate-regulated enterprises. IFRS 14, Regulatory Deferral Accounts, allows the Corporation to utilize pre-IFRS Canadian Generally Accepted Accounting Principles ["IFRS 14"] with respect to the recognition of Regulatory Assets and Liabilities that address the deferral of specific non-income related cash inflows and outflows.

Regulatory assets primarily represent costs that have been deferred because it is probable that they will be recovered in future rates. Similarly, regulatory liabilities can arise from differences in amounts billed to customers for electricity services and the costs that the Corporation incurs to purchase and deliver these services. Certain costs and variance account balances are deemed to be regulatory assets or regulatory liabilities and are reflected in the LDC's balance sheets until the manner and timing of disposition is determined by the OEB.

Payments in lieu of corporate income taxes [" PILs"]
The Corporation provides for PILs using the deferred income taxes method for its regulated activities as permitted by the IASB and the OEB.

Inventory
Inventory, which consists of parts and supplies acquired for internal maintenance or construction, is valued at the lower of cost and net realizable value, with cost being determined on a weighted average basis.

Property, plant and equipment
Items of property, plant and equipment ["PP&E"] are measured at cost or deemed cost on transition date, less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, and any other costs directly attributable to bringing the asset to a working condition for its intended use. Borrowing costs on qualifying assets are capitalized as part of the cost of the asset and are based on OEB prescribed rates.

When parts of an item of PP&E have different useful lives, they are separately depreciated as components of PP&E.

Subsequent expenditures are included in an asset's carrying amount or recognized as a separate asset, where appropriate, only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost can be reliably measured.

Under IFRS, an asset is derecognized at its carrying value when it is disposed of or when no future economic benefits are expected from its use. The gain or loss arising on the disposal or retirement of an item of PP&E is determined as the difference between the proceeds from sale and the carrying amount of the asset, and is recognized in the Statements of Comprehensive Income.

Depreciation of PP&E is recorded in the statements of comprehensive income on a straight-line basis over the estimated useful lives of the components of PP&E. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each annual reporting period, with the effect of any changes in estimates being accounted for on a prospective basis.

Depreciation rates representing estimated useful lives for the main categories of PP&E are shown in the table below:

Buildings	1.61% - 2.38%
Transmission, distribution system and meters	1.67% - 10%
Equipment and furniture	5% - 20%
Computer hardware	25%
Vehicle fleet	8.33% - 12.50%

Construction in progress comprises capital assets under construction, capital assets not yet placed into service and pre-construction activities related to specific projects expected to be constructed. These assets are not depreciated until they are in the location and condition necessary for them to be capable of operating in the manner intended by the Corporation.

In the absence of rate regulation, overhead costs that are not directly attributable to construction activity are not capitalized.

Intangible assets
Intangible assets are assets that lack physical substance, other than financial assets. Intangible assets, which consist of computer software and deferred indefeasible right of use ["IRU"] leases, are recorded at cost less accumulated amortization. Amortization of intangible assets is recorded on a straight-line basis over the estimated useful life of the related asset, or over the term of the IRU, and recorded in the statements of comprehensive income.

Amortization rates representing estimated useful lives for intangible assets are shown below:

Computer software	33.33%
Deferred indefeasible right of use lease	20 years

Asset retirement obligations
The need to estimate the cost of decommissioning or asset retirement obligations ["AROs"] at the end of the useful lives of certain assets, is reviewed periodically. A provision is recorded, if required, for the fair value of the future expenditures required to settle legal obligations associated with asset retirements. As at December 31, 2018, the Corporation has determined that there are no material AROs associated with transmission, distribution and generation systems.

Impairment of non-financial assets
The carrying amounts of the Corporation's non-financial assets, other than inventory and deferred payments in lieu of corporate income taxes, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the recoverable amount of the asset is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use and are largely independent of the cash inflows of other assets or groups of assets [the "cash-generating unit"]. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in comprehensive income.

Pension and other post-employment benefits
The Corporation provides pension benefits for its employees through the Ontario Municipal Employees' Retirement System ["OMERS"] Fund [the "OMERS Fund"], a multi-employer public sector pension fund. The OMERS Fund is a defined benefit pension plan, which is financed by equal contributions from participating employers and employees and by the investment earnings of the OMERS Fund. Although the plan is a defined benefit plan, sufficient information is not available to the Corporation to account for it as such because it is not possible to attribute the fund

assets and liabilities between the various employers who contribute to the fund. Accordingly, contributions payable as a result of employee service are expensed when incurred as part of operating costs.

Employee future benefits, other than pensions provided by the Corporation, include supplemental health, dental and life insurance. These plans provide benefits to retired employees, their spouses and surviving spouses when the employees are no longer providing active service. Retiree benefits expense is recognized in the period during which the employees render services.

The liability for post-employment non-pension retirement benefits is recorded on an accrual basis. The Corporation actuarially determines the cost of post-employment benefits offered to employees and retirees, including their spouses and surviving spouses, using the projected benefit method, prorated on service and based on management's best estimates. Under this method, the projected post-retirement benefits are deemed to be earned on a pro rata basis over the employee's years of service in the attribution period commencing at the date of hire, and ending at the earliest age the employee could retire and qualify for benefits.

The current service cost for a period is equal to the actuarial present value of benefits attributed to employees' services rendered during the period. Past service costs from plan amendments are amortized on a straight-line basis over the average remaining service period of employees active at the date of amendment.

Current service costs are recognized in the statements of comprehensive income under operations, maintenance and administrative expenses.

The Corporation applies IFRS 14, *Regulatory Deferral Accounts*, to recognize all cumulative actuarial gains or losses in a deferral account as at January 1, 2014. The Corporation, as permitted by the OEB, created a deferral account to capture all actuarial gains and losses going forward. The disposition of this new deferral account will occur sometime in the future in accordance with OEB guidelines in effect at that appropriate time.

Customer advance deposits

Customer advance deposits represent cash collections from customers that are available to offset the payment of energy bills or other services. Customers may be required to post security to obtain electricity or other services. Where the security posted is in the form of cash or cash equivalents, these amounts are recorded in the accounts as securities held in respect of customer deposits. Interest is paid on customer balances at rates established by the Corporation in accordance with OEB guidelines.

Customer advance payments

Customer advance payments consist of both the Equal Payment Plan and customer advance payments.

Deferred developer contributions

Certain assets may be acquired or constructed with financial assistance in the form of contributions from customers when the estimated revenue is less than the cost of providing service or where special equipment is needed to supply the customers' specific requirements.

Since the contributions will provide customers with ongoing access to the supply of electricity, these contributions are classified as deferred developer contributions and are amortized as revenue on a straight-line basis over the useful life of the constructed or contributed asset in accordance with IFRIC 18, Transfers of Assets from Customers ["IFRIC 18"].

Upstream capital improvement liability

The provision for an upstream capital improvement liability levied under the Development Charges Act, 1997, and/or predecessor legislation, is earmarked for specific PP&E related to estimated growth that may occur in the future. Upstream capital improvement liability balances are reduced as expenditures occur.

Financial instruments

Effective January 1, 2019, the Corporation adopted IFRS 9, including hedge accounting. The Corporation applied IAS 39 for the comparative period.

Initial and subsequent measurement

Under IFRS 9, at initial recognition, all financial instruments are measured at fair value plus or minus transaction costs, with the exception of accounts receivable which are initially recognized at the transaction price and financial instruments fair value through profit or loss which are initially recognized at fair value. The initial measurement under IAS 39 were consistent with the policies under IFRS 9.

Under IFRS 9, financial assets are subsequently measured at either amortized cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL") based on the cash flow characteristics of the assets and the business models under which they are managed. All of the Corporation's financial assets are held for collection of contractual cash flows that represent payments of principal and interest and, accordingly, are subsequently measured at amortized cost using the effective interest rate method. These include cash, and accounts receivables. Under IAS 39, these financial assets were classified as loans and receivables and subsequently measured at amortized cost.

Under IFRS 9, financial liabilities are either subsequently measured at FVTPL or amortized cost, except for interest rate swaps used in hedge accounting. The Corporation's financial liabilities measured at amortized cost include accounts payable for power – IESO, accounts payable and accrued liabilities, long-term debt, and customer advance deposits. Under IAS 39, these financial liabilities were classified other financial liabilities and subsequently measured at amortized cost.

Impairment

Under IFRS 9, the Corporation recognizes an allowance for expected credit losses ("ECL") for all financial assets not held at FVTPL. The Corporation applies the simplified approach to its accounts receivable which requires expected lifetime losses to be recognized from initial recognition of the receivables and on an ongoing basis. The measurement of ECLs for accounts receivable is based on management's judgment. This is determined using a provision matrix based on historical observed default rates, adjusted for forward-looking factors specific to the debtors and the economic environment. For financial assets other than accounts receivable, ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12

months. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default. The Corporation considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Corporation may also consider a financial asset to be in default when internal or external information indicates that the Corporation is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Corporation. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Under IAS 39, the Corporation assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Interest on the impaired assets continues to be recognized through the unwinding of the discount. All impairment losses are recognized in net income.

Derivative financial instruments and hedge accounting

Derivative financial instruments in the form of interest rate swap contracts are used to manage exposure to fluctuations in interest rates on the Corporation's long-term debt, which are designated as cash flow hedges as it is hedging the exposure to variability in cash flows that is attributable to interest rate risk associated with the long-term debt. The Corporation does not enter into derivative agreements for speculative purposes.

At the inception of a hedging relationship, the Corporation designates and formally documents the relationship between the hedging instrument and the hedged item, the risk management objective, and its strategy for undertaking the hedge. The Corporation also assesses on an on-going basis whether the hedge continues to be effective, including that the hedge ratio remains appropriate.

The interest rate swaps are measured at their fair value upon initial recognition and on each subsequent reporting date. When the cash flow hedge meets all the qualifying criteria for hedge accounting, the effective portion of the gain or loss on the hedging instrument is recognized in other comprehensive income (“OCI”), while any ineffective portion is recognized immediately in net income. The amount accumulated in OCI is reclassified to net income as a reclassification adjustment in the same period or periods during which the hedged cash flows affect net income, and recorded within interest expense.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to net income as a reclassification adjustment.

Investments
An Irrevocable Standby Letter of Credit in the amount of $7,000 was issued in October 2012, and renewed in October 2014, in favour of the Independent Electricity System Operator ["IESO"] as collateral support for energy amounts as determined by and payable to the IESO.

Leased assets
Leases in terms of which the Corporation assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Deferred IRU leases are lump-sum payments made by the Corporation to lease the IRU of the dark fibre optics networks from its affiliate, Oshawa PUC Services Inc. These payments are amortized over the contracted term of 20 years.

All other leases are classified as operating leases and the leased assets are not recognized on the Corporation's balance sheets. Payments made under operating leases are recognized in net income on a straight-line basis over the term of the lease.

Revenue recognition
The Corporation has identified that its material performance obligation is the distribution and provision of electricity to customers. Revenue is measured at the fair value of the consideration received or receivable, excluding any discounts, rebates and sales taxes. The Corporation has determined that it acts as a principal in all of its revenue arrangements.

The Corporation is licensed by the OEB to distribute electricity. As a licensed distributor, the Corporation is responsible for billing customers for electricity generated by third parties and the related costs of providing electricity services, such as transmission services and other services provided by third parties. The Corporation is required, pursuant to the regulation, to remit such amounts to these third parties, irrespective of whether the Corporation ultimately collects these amounts from customers. The Corporation has determined that they are acting as a principal for the distribution of electricity and, therefore, have presented the sale of electrical energy revenue on a gross basis.

Distribution revenue for the Corporation is recognized at approved rates, as electricity is delivered to customers and is recorded on the basis of regular meter readings and estimated customer usage since the last meter reading date to the end of the year. The related cost of power is recorded on the basis of power used.

Distribution revenue attributable to the delivery of electricity is based upon OEB-approved distribution tariff rates and includes the amounts billed to customers for electricity, including the cost of electricity supplied, distribution charges and any regulatory charges. Revenue is recognized as electricity is delivered and consumed by customers. Revenue includes an estimate of unbilled revenue. Unbilled revenue represents an estimate of electricity consumed

by customers since the date of each customer's last meter reading. Actual electricity usage could differ from those estimates.

Regulated service revenue represents charges to energy customers for services such as late payments, collection fees, account set-up fees, pole attachment charges, and reconnect and disconnect charges. Regulated service revenue is recognized as services are rendered.

Combined heat and power revenue is derived from selling electricity, the provision of capacity and thermal energy. Revenue is recognized upon delivery of the metered electricity and thermal energy.

Service revenue primarily includes duct rental revenue that is recognized as services are rendered and time expires.

Capital contributions received from electricity customers to construct or acquire PP&E for the purpose of connecting a customer to a network, are recorded as a liability and amortized into deferred developer contributions at an equivalent rate to that used for the depreciation of the related PP&E.

Other revenue and interest are recognized as services are rendered, projects completed or when interest is earned. Revenue and costs associated with Conservation and Demand Management ["CDM"] programs are presented using the net basis of accounting within other revenue. Performance incentive payments under CDM programs are recognized by the Corporation when there is reasonable assurance that the program conditions have been satisfied and the incentive payments will be received.

PILs

Under the Electricity Act, 1998, and effective October 1, 2001, the Corporation incurs PILs that are remitted to the Ministry of Finance. These payments are calculated in accordance with the rules for computing income and taxable capital, and other relevant amounts contained in the Income Tax Act (Canada) and the Corporations Tax Act (Ontario) as modified by the Electricity Act, 1998 and related regulations. Payments remitted to Ontario Electricity Financial Corporation are designated to be applied against the stranded debt of Ontario Power Generation, formerly Ontario Hydro.

The Corporation recognizes deferred income taxes using the balance sheet method. Under this method, provisions are made for deferred income taxes as a result of temporary differences between the tax bases of assets and liabilities and their carrying amounts for accounting purposes. Deferred income tax assets and liabilities are measured using enacted or substantively enacted tax rates, at the reporting date, expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. When deferred income taxes become payable, it is expected that they will be included in the rates approved by the OEB and recovered from the customers of the Corporation at that time. Deferred income tax assets and liabilities are offset since they relate to income taxes levied by the same taxation authority.

A deferred income tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The OEB's Electricity Distribution Rate Handbook provides for the recovery of PILs by LDCs through annual distribution rate adjustments as permitted by the OEB.

The method that has been used to set the PILs portion of the Corporation's rates for 2018 is consistent with the approach used in past periods.

Current income taxes are based on taxable profit or loss for the year, which differ from profit or loss as reported in the statements of comprehensive income because it excludes items that are taxable or deductible in other years and items that are neither taxable nor deductible.

Measurement uncertainty

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Certain estimates are necessary since the regulatory environment in which the Corporation operates requires amounts to be recorded at estimated values until finalization and adjustment pursuant to subsequent regulatory decisions or other regulatory proceedings. Due to inherent uncertainty involved in making such estimates, actual results could differ from those estimates, including changes as a result of future decisions made by the OEB, the Ministry of Energy and Infrastructure or the Ministry of Finance.

Future accounting policies

Leases

In January 2016, the IASB issued IFRS 16, *Leases* ["IFRS 16"], which replaces IAS 17, *Leases* ["IAS 17"]. IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less, or the underlying asset has a low value. Lessor accounting remains largely unchanged from IAS 17 and the distinction between operating and finance leases is retained. Under the new standard, a lessee recognizes a right of use asset and a lease liability. The right of use asset is depreciated, similar to other non- financial assets and the liability accrues interest. The lease liability is initially measured as the present value of the lease payments over the lease term, discounted at the rate implicit in the lease. The standard is effective for annual periods beginning on or after January 1, 2019, and will be applied retrospectively with some exceptions. The Corporation is currently evaluating the impact of the new standard.

3. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following as at December 31, 2018:

	January 1, 2018 $	Additions/ depreciation $	Disposals/ retirements $	**December 31, 2018 $**
Cost				
Transmission and distribution				
Transformers	59,310	1,898	–	**61,208**
Underground distribution	49,651	3,791	(295)	**53,147**
Poles, towers and fixtures	45,157	236	(30)	**45,363**
Station equipment	23,551	3,562	(15)	**27,098**
Overhead distribution	21,893	770	(3)	**22,660**
Meters	12,495	665	(43)	**13,117**
	212,057	10,922	(386)	**222,593**
Construction in progress	13,496	3,253	–	**16,749**
Other property, plant and equipment				
Vehicle fleet	4,835	335	(201)	**4,969**
Equipment and furniture	9,068	246	–	**9,314**
Computer hardware	2,805	426	–	**3,231**
Buildings	757	4,557	–	**5,314**
Land	294	–	–	**294**
	17,759	5,564	(201)	**23,122**
Total cost	243,312	19,739	(587)	**262,464**
Accumulated depreciation				
Transmission and distribution				
Transformers	(32,648)	(1,014)	–	**(33,662)**
Underground distribution	(19,204)	(1,311)	–	**(20,515)**
Poles, towers and fixtures	(15,672)	(807)	–	**(16,479)**
Station equipment	(8,389)	(559)	–	**(8,948)**
Overhead distribution	(7,783)	(351)	–	**(8,134)**
Meters	(7,066)	(958)	–	**(8,024)**
	(90,762)	(5,000)	–	**(95,762)**
Other property, plant and equipment				
Vehicle fleet	(2,898)	(350)	234	**(3,014)**
Equipment and furniture	(6,955)	(373)	–	**(7,328)**
Computer hardware	(2,571)	(161)	–	**(2,732)**
Buildings	(528)	(54)	–	**(582)**
	(12,952)	(938)	234	**(13,656)**
Total accumulated depreciation	(103,714)	(5,938)	234	**(109,418)**
Carrying amount	139,598	13,801	(353)	**153,046**

NOTES TO FINANCIAL STATEMENTS

[in thousands of dollars]

December 31, 2018 and 2017

Property, plant and equipment consist of the following as at December 31, 2017:

	January 1, 2017 $	Additions/ depreciation $	Disposals/ retirements $	December 31, 2017 $
Cost				
Transmission and distribution				
Transformers	57,772	1,538	–	59,310
Underground distribution	47,889	1,781	(19)	49,651
Poles, towers and fixtures	43,264	2,256	(363)	45,157
Station equipment	22,439	1,147	(35)	23,551
Overhead distribution	21,063	842	(12)	21,893
Meters	12,122	379	(6)	12,495
	204,549	7,943	(435)	212,057
Construction in progress	6,501	6,995	–	13,496
Other property, plant and equipment				
Vehicle fleet	4,638	465	(268)	4,835
Equipment and furniture	7,595	1,473	–	9,068
Computer hardware	2,733	77	(5)	2,805
Buildings	757	–	–	757
Land	294	–	–	294
	16,017	2,015	(273)	17,759
Total cost	227,067	16,953	(708)	243,312
Accumulated depreciation				
Transmission and distribution				
Transformers	(31,795)	(853)	–	(32,648)
Underground distribution	(18,276)	(928)	–	(19,204)
Poles, towers and fixtures	(14,974)	(698)	–	(15,672)
Station equipment	(7,895)	(494)	–	(8,389)
Overhead distribution	(7,478)	(305)	–	(7,783)
Meters	(6,246)	(820)	–	(7,066)
	(86,664)	(4,098)	–	(90,762)
Other property, plant and equipment				
Vehicle fleet	(2,911)	(290)	303	(2,898)
Equipment and furniture	(6,068)	(887)	–	(6,955)
Computer hardware	(2,532)	(39)	–	(2,571)
Buildings	(515)	(13)	–	(528)
	(12,026)	(1,229)	303	(12,952)
Total accumulated depreciation	(98,690)	(5,327)	303	(103,714)
Carrying amount	128,377	11,626	(405)	139,598

For the year ended December 31, 2018, ascribed interest capitalized to property, plant and equipment as prescribed by the OEB amounted to $405 [2017 - $264]. In the absence of rate regulation, additions to property, plant and equipment would have been $405 lower [2017 - $264 lower] and interest expense would have been $405 higher [2017 - $264 higher].

4. INTANGIBLE ASSETS

Intangible assets consist of deferred IRU lease charges and computer software.

	January 1, 2018 $	Additions/ depreciation $	**December 31, 2018 $**
Cost			
Deferred IRU lease	606	–	**606**
Computer software	2,033	350	**2,383**
	2,639	350	**2,989**
Accumulated depreciation			
Deferred IRU lease	(282)	(30)	**(312)**
Computer software	(1,645)	(286)	**(1,931)**
	(1,927)	(316)	**(2,243)**
Carrying amount	712	34	**746**

	January 1, 2017 $	Additions/ depreciation $	Reclass $	December 31, 2017 $
Cost				
Deferred IRU lease	606	-	-	606
Computer software	2,945	-	(912)	2,033
	3,551	-	(912)	2,639
Accumulated depreciation				
Deferred IRU lease	(252)	(30)	-	(282)
Computer software	(1,790)	(265)	410	(1,645)
	(2,042)	(295)	410	(1,927)
Carrying amount	1,509	(295)	(502)	712

5. REGULATORY ASSETS AND LIABILITIES

Regulatory asset balances consist of the following:

	January 1, 2018 $	Balances arising in the period $	Recovery/ reversal $	**December 31, 2018 $**
Regulatory assets				
Retail settlement variance – power	1,244	(565)	–	**679**
Retail settlement variance – global adjustment	2,567	2,739	–	**5,306**
Post-employment benefits deferral	1,388	(1,129)	–	**259**
Regulatory asset - other	213	108	–	**321**
Regulatory Asset Recovery Account ["RARA"]	40	590	–	**630**
Total regulatory assets	5,452	1,743	–	**7,195**

	January 1, 2017 $	Balances arising in the period $	Recovery/ reversal $	December 31, 2017 $
Regulatory assets				
Retail settlement variance – power	–	1,244	–	1,244
Retail settlement variance – global adjustment	–	2,575	(8)	2,567
Post-employment benefits deferral	975	413	–	1,388
Regulatory asset - other	–	213	–	213
Regulatory Asset Recovery Account ["RARA"]	3,855	(2,569)	(1,246)	40
Total regulatory assets	4,830	1,876	(1,254)	5,452

Regulatory liability balances consist of the following:

	January 1, 2018 $	Balances arising in the period $	Recovery/ reversal $	**December 31, 2018 $**
Regulatory liabilities				
Retail settlement variances – other	2,220	206	–	**2,426**
Deferred income taxes [note 8]	4,756	(1,538)	–	**3,218**
Smart meter variance	54	–	–	**54**
Regulatory liability – other	22	37	–	**59**
Total regulatory liabilities	7,052	(1,295)	–	**5,757**

	January 1, 2017 $	Balances arising in the period $	Recovery/ reversal $	December 31, 2017 $
Regulatory liabilities				
Retail settlement variance – power	129	–	(129)	–
Retail settlement variance – global adjustment	656	–	(656)	–
Retail settlement variances – other	1,717	2,240	(1,737)	2,220
Deferred income taxes [note 8]	5,494	(738)	–	4,756
Smart meter variance	–	54	–	54
Regulatory liability – other	3	19	–	22
Total regulatory liabilities	7,999	1,575	(2,522)	7,052

Net movements in regulatory balances, net of tax, total $1,924 [2017 - $1,586].

The regulatory balances of the Corporation consist of the following:

Retail settlement variances

The retail settlement variances relate to charges the Corporation has incurred for transmission services, generation and wholesale market operations from the IESO that were not settled with customers during the period through approved rates. The nature of the settlement variances is such that the balance can fluctuate between assets and liabilities over time and are reported at period-end dates in accordance with rules prescribed by the OEB. Under rate regulation, the variances that would be recorded as revenue or expense when incurred under IFRS are deferred until collected or repaid through future rates. The Corporation has accrued interest on the regulatory asset and liability balances, as directed by the OEB.

Retail settlement variance – power

The retail settlement variance – power account is established for the purpose of recording the net difference in energy cost only. Net difference refers to the difference between the amount charged by the IESO on the settlement invoice for the energy cost and the amount billed to customers for the energy cost.

Retail settlement variance – global adjustment

The global adjustment variance account is established for the purpose of recording the net difference in the global adjustment attributable to customers. Net difference refers to the difference between the amount charged or credited by the IESO for the global adjustment and the amount billed to customers for the global adjustment.

The global adjustment arises mainly due to a difference between the spot price charged by the IESO to market participants and the blended price paid by the IESO under the various contracts with electricity generators and suppliers.

Retail settlement variances – other

This item refers to a set of accounts that will separately capture information relating to wholesale market service charges, non-recurring wholesale market service charges, retail transmission network service charges and retail transmission connection service charges. Retail settlement variances – other, is used to record the net difference

between the amount paid in the month to the IESO for the services listed above and the amount billed to customers and retailers in the month based on OEB approved rates.

Smart meter variance
The provincial government mandated the installation of smart meters for all residential and small business customers in Ontario by December 31, 2010. The smart meter variance account is used to record expenditures made by the Corporation under the smart meter program; the carrying value of meters replaced and stranded by the installation of smart meters; and amounts received from customers under approved OEB rates, for advances used to fund the installation of smart meters.

On January 10, 2012, the Corporation received approval of the costs incurred under the program and was granted a rate rider to recover the balance in the smart meter variance account which is the excess of costs incurred (including the carrying value of stranded meters) less amounts previously received from customers.

RARA
Effective May 2006, the RARA was approved by the OEB. This account is used to record the disposition of deferral and variance account balances, by means of a rate rider, for which approval to recover (or refund) has been granted by the OEB as part of the regulatory process. The balance remaining as at December 31, 2018 represents the opening balance approved for recovery, amounts collected during the year, and the deferral and variance account balances approved for disposition by the OEB on February 1, 2018 as part of the Corporation's cost of service application for rates effective January 1, 2018.

Deferred income taxes to be paid to customers
An offset to future income tax assets relating to the regulated business has been recorded in the accounts as a regulatory liability. As deferred income tax assets are realized, the liability for deferred income taxes to be paid to customers will be settled through OEB approved rates.

Post-employment benefits deferral
This regulatory balance accumulates the actuarial gains and losses arising from changes in actuarial assumptions and experience adjustments. The balance arising during the years ended December 31, 2018 and December 31, 2017 primarily related to the actuarial gain and loss recorded for each year, respectively.

Regulatory accrued interest
Interest is earned or charged on regulatory assets and liabilities at OEB prescribed rates and are recorded to the related regulatory account.

6. CURRENT PORTION OF LONG-TERM LIABILITIES

The current portion of long-term liabilities consists of the following:

	2018	2017
	$	$
Customer advance deposits	**915**	913
Upstream capital improvement liability	**2,016**	2,016
Current portion of long-term liabilities	**2,931**	2,929

7. DEFERRED DEVELOPER CONTRIBUTIONS

The continuity of deferred developer contributions is as follows:

	2018	2017
	$	$
Deferred developer contributions, net, beginning of year	**33,124**	30,411
Deferred developer contributions received	**1,863**	3,425
Deferred developer contributions recognized as revenue	**(1,241)**	(712)
Deferred developer contributions, net, end of year	**33,746**	33,124

8. PILs

The provision for PILs differs from the amount that would have been recorded using the combined Canadian federal and Ontario statutory income tax rates. The reconciliation between the statutory and effective tax rates is provided as follows:

	2018	2017
	$	$
Income before PILs	**4,060**	3,269
Net movements in regulatory balances	**1,924**	1,586
Net income after net movements in regulatory balances, before PILs	**5,984**	4,855
Combined Canadian federal and Ontario statutory income tax rate	**26.50%**	26.50%
Expected provision for PILs at statutory tax rates	**1,586**	1,287
Property, plant and equipment	**(625)**	(583)
Post-employment non-pension benefits	**50**	103
Corporate minimum taxes paid in prior years recovered	**–**	(71)
Other	**(88)**	(168)
Cost allocations	**(107)**	(70)
Provision for PILs	**816**	498
Effective tax rates	**13.63%**	10.26%

Income tax expense as presented in the statements of comprehensive income is as follows:

	2018 $	2017 $
Current tax expense		
Current PILs charge	**816**	498
Deferred tax expense		
Origination and reversal of temporary differences	**1,538**	738
Deferred taxes transferred to regulatory liabilities [note 5]	**(1,538)**	(738)
Income tax expense charged to net income for the year	**816**	498

	2018 $	2017 $
Deferred income taxes related to items recognized in OCI during the year		
Net loss (gain) on revaluation of cash flow hedges	**22**	(62)
Unrealized loss on derivatives designated as cash flow hedges	**(50)**	(136)
Deferred income taxes charged to OCI	**(28)**	(198)

As at December 31, 2018, the Corporation has recognized $3,218 in regulatory liabilities and a corresponding offset to deferred income tax assets [2017 - $4,756].

Deferred income tax assets

Deferred income taxes reflect the net effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The net deferred income tax asset consists of the following:

	Net balance, January 1, 2018 $	Recognized in regulatory liabilities $	Recognized in OCI $	**Net balance, December 31, 2018 $**
Components of deferred income tax assets				
Property, plant and equipment	(241)	(1,107)	–	**(1,348)**
Employee post-employment non-pension benefits	4,998	(431)	–	**4,567**
Other taxable temporary differences	(28)	–	28	–
Deferred income tax assets	4,729	(1,538)	28	**3,219**

	Net balance, January 1, 2017 $	Recognized in regulatory liabilities $	Recognized in OCI $	Net balance, December 31, 2017 $
Components of deferred income tax assets				
Property, plant and equipment	715	(956)	–	(241)
Employee post-employment non-pension benefits	4,779	219	–	4,998
Other taxable temporary differences	170	–	(198)	(28)
Deferred income tax assets	5,664	(737)	(198)	4,729

The Corporation has no tax loss carryforwards available for use in future periods.

9. EMPLOYEE BENEFITS

The Corporation makes contributions to OMERS, which is a multi-employer plan. The plan is a defined benefit plan that specifies the amount of retirement benefits to be received by the employees based on length of service and rates of pay. Current and future contributions are dependent upon the results of the OMERS plan as actuarially determined from time to time. OMERS reported that its funded status as at December 31, 2018, was 96% [2017 – 94%].

For the year ended December 31, 2018, the Corporation's OMERS current service pension costs were $803 [2017 - $739]. OMERS contribution rates were 9.0% up to the year's maximum pensionable earnings [″YMPE″] and 14.6% over the YMPE for normal retirement age [″NRA″] of 65 [2017 – 9.0% up to YMPE and 14.6% over YMPE for NRA of 65].

Post-employment non-pension benefits

The Corporation provides post-employment benefits, principally supplemental health and dental coverage, for employees who retire from active employment.

Accrued benefit obligations

The Corporation measures its accrued benefit obligations as at December 31 of each year. The latest actuarial valuation was performed as at December 31, 2018.

	2018 $	2017 $
Accrued benefit obligations, beginning of year	**13,862**	13,256
Employer current service cost	**180**	157
Interest on obligation	**466**	504
Benefits paid	**(451)**	(468)
Actuarial (gain) loss recognized at the end of the year	**(1,129)**	413
Accrued benefit obligations, end of year	**12,928**	13,862

Changes in post-employment non-pension retirement benefits	**2018**	2017
	$	$
Post-employment non-pension retirement benefits, beginning of year	**13,862**	13,256
Net periodic benefits cost accrued	**646**	661
Benefits paid	**(451)**	(468)
Recognized (gains) losses	**(1,129)**	413
Post-employment non-pension retirement benefits, end of year	**12,928**	13,862

Components for net periodic benefit costs	**2018**	2017
	$	$
Current service cost	**180**	157
Imputed interest cost	**466**	504
Net periodic benefit cost accrual for the year	**646**	661

Significant actuarial assumptions	**2018**	2017
	%	%
Discount rate applied to the calculation of future benefits	**3.90**	3.40
Rate of compound compensation increase used in determining future costs	**3.0**	3.0

The current service cost for a period is equal to the actuarial present value of benefits attributed to employees' services rendered during the period. Past service costs from plan amendments are amortized on a straight-line basis over the average remaining service period of employees active at the date of amendment.

The actuarial valuation as at December 31, 2018 assumed health care costs would increase 7% [2017 - 8%] in the year following the valuation. This rate of increase is then reduced annually to a rate of 4% six years following the valuation [2017 - 4% after five years].

Dental costs are assumed to increase by 4% [2017 - 6%] in the year following the valuation. This rate of increase is then reduced annually to a rate of 4% six years following the valuation [2017 - 4% after five years].

The dispensing fee portion of health care costs is limited to twelve dollars and ninety-nine cents; the current maximum allowed under the benefits plan.

Sensitivity analysis
The main actuarial assumptions underlying the valuation are as follows:

a) **Interest (discount) rate**
Assumed interest rates have a significant effect on the amounts reported for the total accrued benefit obligations and expense. A 1% change in assumed interest rates would have the following effects for 2018:

	Increase	Decrease
	$	$
Accrued benefit obligations, as at December 31, 2018	**(1,769)**	**2,252**

b) Health care cost trend rate
The health care cost trend is estimated to increase at a declining rate from 7% to 4% over six years following the valuation. Other medical and dental expenses are assumed to increase by 4% after one year, down to 4% after six years following the valuation. The approximate effect on the accrued benefit obligations if the health care cost trend rate assumption was increased or decreased by 1% is as follows:

	Increase	Decrease
	$	$
Accrued benefit obligations, as at December 31, 2018	**1,730**	**(1,396)**

10. NOTE PAYABLE TO SHAREHOLDER

The note payable to the shareholder of $60,064 [2017 - $23,064] has an interest rate of 4.54% [2017 - 4.54%] per annum and is due on demand.

The Corporation does not anticipate that the note will be called upon within one year and, accordingly, the note remains classified as a long-term liability.

In 2018, the Corporation made interest payments of $1,091 [2017 - $1,047] to the shareholder.

11. DEBT

The Corporation's long-term and short-term borrowing facilities are as follows:

Long-term facilities
The Corporation’s term loans totalling $22,000 with Toronto-Dominion Commercial Bank [the "Bank"] were terminated on October 22, 2018.

Net of interest capitalized on construction-in-progress, interest expense charged to the statements of comprehensive income amounted to $1,215 during the year [2017 - $1,461].

Short-term facilities

The Corporation has an operating line of credit for a maximum amount of $20,000 to assist with its working capital requirements. As of December 31, 2018, there were no outstanding balances on this line of credit [2017 - nil].

Interest on short-term debt was $81 [2017 – nil] at an effective interest rate of 3.76%.

The above borrowing facilities are subject to financial tests and other covenants. These financial covenants are to be tested quarterly. In addition, these facilities are subject to other customary covenants and events of default, including an event of cross-default [for non-payment of other debts] of amounts in excess of $5,000. Non-compliance with such covenants could result in accelerated payments of amounts due under the facilities and their termination. The Corporation was in compliance with the above-mentioned covenants as at December 31, 2018.

12. CAPITAL STOCK

Capital stock consists of the following:

	2018	2017
	$	$
Authorized		
Unlimited common shares		
Issued		
1,000 common shares	**23,064**	23,064

13. RELATED PARTY TRANSACTIONS

[i] The Corporation transacts business with the City and its affiliates in the normal course of business at commercial rates. These transactions are summarized below:

	2018 $	2017 $
REVENUE		
City facilities [from electricity distribution]	**3,358**	3,576
Streetlights [from electricity distribution]	**1,424**	1,131
	4,782	4,707
Streetlight maintenance and construction services	**34**	43
EXPENSES		
Net rent - 100 Simcoe Street South	**323**	316
Property taxes	**136**	136
	459	452
ACCOUNTS RECEIVABLE		
Facilities and streetlights	**153**	487
Construction services	**–**	23
	153	510

[ii] During the year ended December 31, 2017, the Corporation has undertaken transactions with related parties, which are entities under common control. These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Related party transactions are summarized as follows:

	2018 $	2017 $
Oshawa PUC Energy Services Inc.		
Sale of electricity, administration and maintenance services	**529**	343
Purchase of electricity	**86**	91
Oshawa PUC Services Inc.		
Sale of administration and maintenance services	**217**	126
Purchase of fibre optic services	**56**	64
2252112 Ontario Inc.		
Sale of electricity, administration and maintenance services	**26**	30
Purchase of electricity	**538**	517

The Corporation receives management support from its parent, Oshawa Power and Utilities Corporation. During the year, the Corporation paid $521 [2017 - $510] to its parent.

As at December 31, 2018, the amounts owed to the Corporation from affiliated companies consists of $218 from Oshawa PUC Energy Services Inc. [2017 - $2,197], $52 from Oshawa PUC Services Inc. [2017 - owed $952] and $421 from 2252112 Ontario Inc. [2017 - $416]. Amounts owed to affiliated companies by the Corporation consist of $6,378 to Oshawa Power and Utilities Corporation [2017 - $6,391].

14. COMMITMENTS AND CONTINGENCIES

Lease commitments

The Corporation leases its premises under a net operating lease with the Corporation of the City of Oshawa. The Corporation entered into a new lease in 2017, which expires May 31, 2021. The Corporation has a contractual agreement to lease office equipment over a period of 74 months. The lease begins June 1, 2017 and expires July 31, 2023.

	100 Simcoe Street S. $	Office equipment $	Total lease commitments $
Less than one year	331	13	**344**
Between one and five years	469	40	**509**
More than five years	–	7	**7**
Total amount of future payments	800	60	**860**

Insurance claims

The Corporation is a member of the Municipal Electric Association Reciprocal Insurance Exchange ["MEARIE"], which was created on January 1, 1987. A reciprocal insurance exchange is an Ontario group formed for the purpose of exchanging reciprocal contracts of indemnity of inter-insurance with each other. MEARIE provides general liability insurance to its member utilities.

Insurance premiums charged to each Municipal Electrical Utility consist of a levy per thousand dollars of service revenue subject to a credit or surcharge based on each electric utility's claims experience.

The Corporation refers any claims received to MEARIE under the provisions of this plan. No provision has been recorded in these financial statements in respect of these matters as the Corporation has not received any claim that is not adequately covered by its insurance.

Income taxes

The tax returns filed by the Corporation are subject to review and reassessment by the Ministry of Finance for a period of up to five years from the date of filing. Any reassessment may result in a revision to previously determined tax obligations.

Energy Conservation Agreement

On December 31, 2014, the Corporation entered into an Energy Conservation Agreement with the IESO for the period from January 1, 2015 to December 31, 2020 to deliver Energy Conservation and Demand Management ["CDM"]

programs. The agreement provides terms under which the Corporation may engage the IESO to design and pay for province-wide CDM programs in support of the Corporation meeting its CDM targets.

Subject to the terms of the agreement, all IESO CDM program costs are paid by the IESO. The Corporation effectively acts as a delivery agent for those programs that it participates in under the agreement. The Corporation will be entitled to receive all of its estimated administration costs associated with each program. Any administration costs incurred by the Corporation in excess of the pre-approved estimate would not be recoverable. All other program costs incurred by the Corporation (such as customer incentives and goods and services delivered under the programs) are recoverable from the IESO on an invoiced basis in accordance with the agreement.

Under the terms of the Energy Conservation Agreement with the IESO, income incentives are available in the event the Corporation outperforms its expected target. Alternatively, financial penalties are possible if the Corporation does not meet minimum requirements outlined in the Energy Conservation Agreement with the IESO. The Corporation estimates it is meeting its obligations outlined in the Energy Conservation Agreement with the IESO and has not recorded a provision in these financial statements for neither financial incentives nor penalties in respect of these matters.

On March 21, 2019, the Minister of Energy, Northern Development and Mines, with the approval of the Lieutenant Governor in Council, issued a directive to the IESO pursuant to the statutory authority under sections 25. 32(5) and (11) of the Electricity Act, 1998. On the same date, the Minister issued a directive to the Ontario Energy Board (the "Board") revoking the main provisions of the March 26, 2014 directive to the Board and providing the Board with the authority to amend or remove license conditions of electricity distributors in respect of electricity CDM that were established pursuant to the March 26, 2014 directive. These directives, which took effect on the date they were issued, have resulted in a change in the laws and regulations that is fundamentally inconsistent with the ECA by requiring the IESO to take all steps necessary to immediately discontinue the 2015-2020 Conservation First Framework [“CFF”] and by revoking, among others, the CFF Direction and authorizing the Board to remove license conditions of electricity distributors in respect of electricity CDM. As a result, the IESO has provided the Corporation with notice that the IESO is terminating the ECA effective June 20, 2019.

15. FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the nature of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data.

As at December 31, 2018 and 2017, the Corporation did not have transfers between levels.

The carrying values of cash, restricted cash, accounts receivable, accounts payable for power – IESO, and accounts payable and accrued liabilities approximate their fair values due to the short period to maturity of these financial instruments.

The Corporation has designated its financial instruments as follows:

		2018		2017	
	Level	**Carrying value**	**Fair value**	Carrying value	Fair value
Non-current financial liabilities					
Customer advance deposits	**3**	**1,892**	**1,892**	2,493	2,493
Note payable to shareholder	**3**	**60,064**	**60,064**	23,064	23,064
Long-term debt	**3**	**–**	**–**	22,000	20,549

The Corporation has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies. Considerable judgment is required to develop these estimates. Accordingly, these estimated fair values are not necessarily indicative of the amounts the Corporation could realize in a current market exchange. The estimated fair value amounts can be materially affected by the use of different assumptions or methodologies. The methods and assumptions used to estimate the fair value of financial instruments as well as related interest rate risk, credit risk and liquidity risk are described below.

Note payable to shareholder
The fair value of the note payable to shareholder is indeterminable.

Long-term debt
The fair value of the Corporation's long-term debt is estimated using present value techniques based on a borrowing rate of 5.45% for debt with similar terms and maturities. Long-term debt is shown net of unamortized debt issue costs.

Credit risk
Certain of the Corporation's financial assets are exposed to credit risk.

Cash consists of deposits with major commercial banks.

The Corporation, in the normal course of business, is exposed to credit risk from its customers. These accounts receivable are subject to normal industry credit risks. The Corporation provides for an allowance for doubtful accounts to absorb its credit losses. The Corporation also has insurance in support of certain receivables. Credit risk associated with accounts receivable is as follows:

	2018	2017
	$	$
Outstanding for not more than 30 days	**9,302**	11,058
Outstanding for more than 30 days and not more than 90 days	**721**	1,558
Outstanding for more than 90 days	**407**	1,669
Less allowance for doubtful accounts	**(688)**	(859)
Total trade and other accounts receivable	**9,742**	13,426

The Corporation is also exposed to credit risk from the potential default of any of its counterparties on its interest rate swap agreements. The Corporation mitigates this credit risk by dealing with counterparties who are major financial institutions and which the Corporation anticipates will satisfy their obligations under the contracts. During the year, the Corporation incurred bad debt expense of $442 [2017 – $719] which is included in operations, maintenance, and administrative expense.

Interest rate risk
Long-term debt is at fixed interest rates thereby minimizing cash flow and interest rate fluctuation exposure.

Liquidity risk
The Corporation monitors and manages its liquidity risk to ensure access to sufficient funds to meet operational and investing requirements. The Corporation's objective is to ensure that sufficient liquidity is on hand to meet obligations as they fall due while minimizing interest expense. The Corporation monitors cash balances to ensure that sufficient levels of liquidity are on hand to meet financial commitments as they come due.

16. COLLATERAL

As part of its electricity purchase agreement with the IESO, an Irrevocable Standby Letter of Credit in the amount of $7,000 was issued in October 2012, and renewed in October 2014, in favour of the IESO, as collateral support for energy amounts as determined by and payable to the IESO.

17. CAPITAL MANAGEMENT

The Corporation defines capital as shareholder's equity. The Corporation's objectives when managing capital are to ensure sufficient liquidity to support its financial obligations and execute its operating and strategic plans; maintain financial capacity and access to capital to support future development of the business while taking into consideration current and future industry, market and economic risks and conditions; and utilize short-term funding sources to manage its working capital requirements.

APPENDIX 4 - RECONCILIATIONS OF 2019 AUDITED FINANCIAL STATEMENTS

Oshawa PUC Networks Inc.
RRR 2.1.13 USofA reconciled to Audited Financial Statements
As of December 31, 2019

Financial Statement Heading	Financial Statement Line Item	USofA	Sum of 2019	Sum of Amount in 1000's	Manual Adjustment	Adjusted Balance	Balance per Audited Financial Statements	Difference between USofA TB and Financial Stmts	Foot Note
A. Current Assets	01. Cash	1005	2,740,484	2,742	132	2,874	2,874	0	(A)
		1010	2,011						
	02. Accounts Receivable	1100	10,793,863	13,839	(132)	13,707	13,707	0	
		1104	3,596,497						
		1105	1,150						
		1110	(2,969)						
		1130	(564,476)						
		1140	13,931						
		1190	1,133						
	03. Unbilled Revenue	1120	17,367,022	17,367	(6,633)	10,734	10,734	0	(A)
	04. Inventory	1330	159,310	159	1	160	160	0	(C)
	06. Prepaid expenses and other	1180	702,243	703	(1)	702	702	(0)	(C)
		1340	306						
B. Non-current Assets	07. Property, plant and equipment	1805	293,875	161,169	1	161,170	161,170	0	(C)
		1808	5,711,005						
		1820	27,046,197						
		1830	50,321,585						
		1835	25,691,581						
		1845	58,204,658						
		1850	64,189,443						
		1860	13,761,150						
		1910	1,097,705						
		1915	800,129						
		1920	3,084,226						
		1930	5,106,219						
		1935	30,767						
		1940	2,793,042						
		1945	1,313,545						
		1955	611,287						
		1960	242,998						
		1970	107,035						
		1975	2,366,234						
		1980	293,582						
		2055	6,655,881						
		2105	(108,553,098)						
	08. Intangible assets	1180	262,427	4,645	(2)	4,643	4,643	(0)	(C)
		1611	2,348,223						
		2105	(2,020,021)						
		1609	4,136,705						
		2120	(82,734)						
	09. Deferred tax asset	2350	2,071,742	2,072		2,072	2,072	(0)	
	ROU Lease Assets	xxxx	0	0	509	509	509	0	(B)
	10. Other Assets	1460	68,092	68		68	68	0	
D. Current Liabilities	05. Payments in lieu of corporate income taxes	2294	151,548	152		152	152	(0)	
	12. Accounts payable for power - IESO	2205	(12,327,243)	(12,327)	6,633	(5,694)	(5,694)	(0)	(A)
	13. Accounts payable and accrued liabilities	1100	(855,655)	(9,042)	(36)	(9,078)	(9,077)	(0)	(B)
		2205	(1,592,541)						
		2210	(1,708,013)						
		2220	(4,653,217)						
		2250	(23,364)						
		2290	(70,363)						
		2292	(138,600)						
	14. Due to affiliates	1200	(5,765,168)	(5,765)		(5,765)	(5,765)	(0)	
	15. Customer advance payments	2208	(844,127)	(844)		(844)	(844)	(0)	
	16. Current portion of long-term liabilities	2210	(323,921)	(916)		(916)	(916)	(0)	
		2335	(592,289)						
E. Non-current Liabilities	17. Note payable to shareholder	2550	(60,064,000)	(60,064)		(60,064)	(60,064)	0	
	20. Customer advance deposits	2335	(2,284,093)	(2,284)		(2,284)	(2,284)	(0)	
	21. Deferred revenue	1995	(49,648,616)	(38,325)		(38,325)	(38,325)	(0)	
		2055	(2,350,670)						
		2105	13,674,087						
	Lease Liability	xxxx	0	0	(481)	(481)	(481)	0	(B)
	22. Post-employment non-pension retirement benefits	2306	(13,120,829)	(13,121)		(13,121)	(13,121)	0	
F. Shareholder's Equity	23. Capital stock	3005	(23,063,665)	(23,064)		(23,064)	(23,064)	0	
	24. Retained Earnings	3045	(26,489,684)	(23,990)	(5,206)	(29,196)	(29,196)	0	(D)
		3049	2,500,000						
G. Regulatory Liabilities	26. Regulatory asset balances	1190	(6)	752		752	752	0	
		1508	752,443						
		1521	1						
	Regulatory liability balances	1551	(81,278)	(8,712)		(8,712)	(8,712)	(0)	
		1555	(54,603)						
		1580	(1,760,132)						
		1582	(1)						
		1584	3,610,519						

		1586	(3,760,332)						
		1588	(2,123,389)						
		1589	(2,272,842)						
		1595	(388,941)						
		2220	(46)						
		2350	(2,071,742)						
		1568	190,512						
H. Revenues	27. Sale of electrical energy	4006	(52,734,415)	(114,842)	(14,592)	(129,434)	(129,434)	0	(B)
		4010	(2,168,855)						
		4015	(37,978,425)						
		4020	(6,178,948)						
		4025	(557,918)						
		4050	4,212,580						
		4055	(1,914,650)						
		4062	(3,436,010)						
		4066	(6,630,533)						
		4068	(7,103,958)						
		4076	(350,615)						
	28. Distribution revenue	4080	(25,169,935)	(25,366)		(25,366)	(25,366)	(0)	
		4084	(494)						
		4086	(195,618)						
	29. Regulated service revenue	4210	(293,620)	(946)	1	(945)	(945)	0	(C)
		4225	(247,470)						
		4235	(404,860)						
	30. Service revenue	4235	(64,584)	(213)	(1)	(214)	(214)	(0)	(C)
		4375	(3,082)						
		4390	(145,804)						
	31. Other revenue	4325	(182,826)	16		16	16	0	
		4330	199,582						
		4375	(4,095,917)						
		4380	4,095,605						
	Deferred Developer Contributions	xxxx	0	0	(1,654)	(1,654)	(1,654)	0	(A)
I. Expenses	32. Cost of electrical energy	4705	59,002,843	114,842	11,393	126,235	126,234	0	(B)
		4707	38,317,789						
		4708	3,436,010						
		4714	6,630,533						
		4716	7,103,958						
		4751	350,615						
	33. Operations, maintenance and administrative expenses	4380	1,567	13,102	(274)	12,828	12,829	(0)	(B)
		5005	813,329						
		5012	46,046						
		5020	748,270						
		5025	(407,467)						
		5040	35,723						
		5045	3,182						
		5065	651,051						
		5085	104,901						
		5110	6,135						
		5114	222,637						
		5120	473,782						
		5145	263,546						
		5155	53,728						
		5305	146,431						
		5310	442,134						
		5315	1,138,471						
		5320	197,591						
		5335	251,338						
		5405	142,302						
		5410	174,481						
		5415	14,991						
		5420	141,415						
		5425	693,492						
		5605	995,134						
		5610	1,032,197						
		5615	968,306						
		5620	369,893						
		5625	(198,299)						
		5630	279,563						
		5635	101,037						
		5640	201,481						
		5645	922,515						
		5655	403,300						
		5660	382						
		5665	169,995						
		5670	329,633						
		5675	941,314						
		6035	58,721						
		6105	135,660						
		6205	32,192						
	34. Depreciation expense	5705	5,620,153	5,703	2,014	7,717	7,717	(0)	(A) (B)
		5715	82,734						
	34. Loss on disposal of property	4355	647,442	(200)		(200)	(200)	0	
		4360	(847,325)						
	36. Interest income	4405	(131,553)	67	25	92	92	0	(B)
		6035	198,814						
	37. Interest expense	6005	2,187,540	1,873	13	1,886	1,886	0	(B)

		6035	42,894						
		6040	(356,953)						
	38. Tax expense	6110	749,446	749		749	749	0	
	Net Movements in Regulatory Balance	xxxx	0	0	3,260	3,260	3,260	0	(B)
Grand Total			**(1)**					**0**	

(A) = Reclassification within financial statements
(B) = adjustment recognized for IFRS purposes
(C) = immaterial rounding adjustment
(D) = current year P&L movement

APPENDIX 5 – ANNUAL REPORT

DO MORE

BE MORE

OSHAWA POWER 2019 ANNUAL REPORT

OSHAWA POWER 2019 ANNUAL REPORT

DO MORE BE MORE

Photo credit: bottom right image on cover courtesy of Colin Williamson.

DO MORE.

2019 HIGHLIGHTS

Overall response time to outages: 20 minutes.

Billing accuracy: 99.93%.

Zero lost-time accidents.

Installed two electric vehicle charging stations in Oshawa's downtown core.

Completed five-year residential solar storage project with Japanese industry partners and the City.

Partnered with ZooShare in our first renewable natural gas generation project.

Audited 75% of 59,773 smart meters as required by Measurement Canada.

Held first Telephone Town Hall where customers could participate in the development of Oshawa Power's *Distribution System Plan.*

Recipient of Electrical Safety Authority 2019 Worker Safety Award.

BE MORE.

OSHAWA POWER & UTILITIES (OSHAWA POWER) AT A GLANCE

We safely and efficiently manage our regulated electricity distribution network, while revitalizing our assets and ensuring grid capacity to provide for our customers' needs today and in the future. With a strategic focus on diversification, we are making practical investments in unregulated initiatives to supplement solid returns from our regulated business.

ASSETS AT A GLANCE

59,582
Total Number of Customers

145.5 km²
Service Area

1,119,129,067 kWh
Energy Supplied

232.5 MW
Total Peak Demand Served

697.6 MVA
Total Maximum Rated Capacity of all Municipal Substations

9
Municipal Substations

10,447
Poles

522.6 km
Overhead Primary Circuit Length

461.7 km
Underground Primary Cable Circuit Length

6,722
Distribution Transformers

2.4 MW
Output of Combined Heat and Power (CHP) Plant

547 kW
Generation Assets (not including CHP)

106.5 km
Fibre Optic Network Length

THE OSHAWA POWER FAMILY OF COMPANIES

Oshawa PUC Networks Inc.

OPUCN is a regulated utility that distributes electricity in the community of Oshawa.

Oshawa PUC Energy Services Inc.

OPUCES develops, constructs and operates clean energy generation assets in Ontario.

Oshawa PUC Services Inc.

OPUCS provides a reliable dark fibre optics communications network within Oshawa and Durham.

2252112 Ontario Inc.

2252112 develops, constructs and operates renewable energy generation assets in Ontario.

2019 BOARDS OF DIRECTORS

Denise Carpenter ◒
Chair

Terry Caputo ● ◒
HR/Governance Committee Chair

Lou Meehan ● ○
Audit Committee Chair

Marc Rosen ○ ◒
Capital Committee Chair

Grant Buchanan ● ◒

Jeff Coles ○

Donna Kingelin ◒

Robert Watson ●

Legend: ● = Audit Committee Member, ○ = Capital Committee Member, ◒ = HR/Governance Committee Member

MAKING OUR VISION A REALITY

Meeting the evolving needs of our customers as a leading enabler of integrated critical energy and communications infrastructure.

LIVING OUR VALUES

We are committed to excellence in all aspects of our business and operations. Through collaboration, communication and engagement, we work together to demonstrate the following principles through our actions:

Ensuring safety and reliability

Providing value to our customers

Living a culture of respect

Valuing our people and encouraging their development and participation

Being accountable and holding each other accountable for delivering results

Embracing innovation and entrepreneurial thinking

(left to right)

Ivano Labricciosa
President & CEO

Denise Carpenter
Chair

JOINT LETTER FROM THE CHAIR AND PRESIDENT & CEO

WE CONTINUE TO DO MORE TO MAXIMIZE OUR UTILITY'S VALUE FOR OSHAWA

Utilities typically focus on improving a single dimension of their business. During 2019, our workforce's persistence moved all of our strategic chess pieces forward. Their efforts allowed us to be successful in maintaining competitive rates; expanding and upgrading our distribution infrastructure; improving customer service; and developing sustainable revenue sources through unregulated business activities. Our achievements would not have been possible without the ever-evolving culture that is empowering employees to drive our success.

By successfully navigating the forces effecting Ontario's energy sector in 2019, we kept the impact of these changes on our income in check. Revenues collected from ratepayers were $35.4 million in 2019, compared to $36.6 million in 2018. This result was compounded by ongoing regulatory challenges that limited our ability to collect disconnection fees and the cancellation of provincial conservation and demand management programs administered by local distribution companies. However, we were able to mitigate these impacts by controlling operating expenses and continuing to implement our long-term business strategy of augmenting income from our regulated activities with revenue from our unregulated operations. We take pride in declaring our 2019 dividend to our shareholder, the City of Oshawa (the City), of $XX million – essentially matching our 2018 dividend of $XX million.

Executing on our 2019 interim rate filing with our regulator, the Ontario Energy Board (OEB), we invested $22.3 million in capital projects. These investments will enable us to make significant improvements in network reliability and prepare for continued customer growth that is expected in the next decade. The project that had the most impact on our distribution system in 2019 was the connection of our new Municipal Station 9 to Hydro One's Enfield Transformer Station. This gave our grid an all-important third point of supply into the city that allows the flexibility to distribute power from all three points and, most importantly, will allow for faster recovery from Hydro One transmission supply issues. We also moved forward with an asset renewal program that is reducing the age of distribution assets by upgrading poles, lines and transformers that are approaching end of service. On the technology front, groundwork was laid for our next wave of operational improvements. This included: completing the initial testing phase of our PI system which is using real-time data management to transform our operations; finalizing preparations for the next generation of smart meters; integrating a new project estimating tool into our enterprise resource planning system; selecting a new computerized maintenance management system; and modernizing our purchasing procedures to significantly reduce our supply chain footprint, while ensuring the same level of service.

Historically, thirty per cent of our total network outages were the result of animals making contact with distribution equipment in municipal substations. To keep animals away from our equipment, we installed specialized fencing and added restraining devices on overhead wires leading into the facilities. By year end, these low-tech solutions had effectively eliminated animal contact as a cause of substation outages.

As an agile utility capable of pivoting in the face of challenges, we continued to do more to drive improvements in customer service. As a result, we exceeded stretch targets for six of our industry-standard performance measures and internal customer service metrics for 2019. We also worked to find innovative ways to engage our customers, including hosting our first-ever telephone townhall where an impressive 9,800 participants joined the call to provide input on our upcoming 2020-2025 Ontario Energy Board rate filing.

We continued to earn the trust of project partners in business and all levels of government. By investing in our distributed generation projects, our partners are reducing operating costs, improving services, and allowing Oshawa Power to grow predictable revenue streams for the long term. Our most noteworthy new partnership saw us sign a 40-year agreement in November to develop and operate theToronto Zoo Biogas Project — the first renewable natural gas (RNG) project in the Oshawa Power portfolio. The operation's anaerobic digester produces RNG from bio-waste supplied by the Toronto Zoo and other GTA sources, which will be used to fuel the project's combined heat and power (CHP) system. Closer to home, we signed an agreement to begin construction of a CHP system that we will own and operate in the City's Delpark Homes Centre. We began preliminary work on a similar project for Durham College's Whitby campus and continue to develop a solution that will best meet their needs.

In 2019, we continued with long-term agreements to develop and operate CHP projects at two massive community housing complexes in the GTA. At the first, we installed two new CHP engines and replaced 20 existing boilers as part of a contract to operate and manage a system that is being expanded to service 30 buildings. At the second, we completed commissioning and began operating the three-tower complex's CHP systems. Based on our performance, we were awarded another contract and entered into an agreement with this client to operate similar systems at 24 additional buildings.

We are doing more to support the City and Durham Region's sustainability and smart city visions. Following our successful deployment of two electric vehicle (EV) charging stations in Oshawa's downtown core in December, we received $1.4 million in funding from National Resources Canada to install an additional 20 stations throughout the City. Also, drawing industry expertise from our Board of Directors, we worked to develop a five-year plan for our non-regulated business, including dark fibre assets which will add high-value services and extend the reach of our high-speed communications network.

With danger always present while working in close proximity to electric distribution infrastructure, doing more to keep our employees and the public safe is our top priority. The success of our health and safety programs didn't go unnoticed, Oshawa Power was proud to be recognized for their efforts contributing to a successful safety record for both workers and the public. In September, the Electrical Safety Authority (ESA) recognized our ongoing efforts to promote safety within the utility and our community by presenting Oshawa Power with their 2019 Worker Safety Award. In June, we received the Infrastructure Health and Safety Association's (IHSA) Recognition of Performance Achievement Award for reaching the milestone of 500,000 hours worked without a lost-time injury. We were also pleased to see that attendance at our second annual Contractor Safety Day more than doubled.

Our 2019 accomplishments would not have been possible without the evolution of a culture of ownership that has infused our workforce in recent years. We have nurtured this change by doing more to make sure we have the right people with the right skills and knowledge in place. During 2019, we welcomed nine new full-time employees to management, supervisory and technical roles; brought on board eight apprentices; and provided internships to four engineering students. We also provided 2,726 hours of employee training and through our tuition reimbursement program we helped support six staff who are completing post-secondary education on their own time. The effects of our company's succession plan can be seen throughout Oshawa Power as this next cohort of leaders make huge strides toward reshaping the company into a modern, data-driven utility.

Oshawa Power is about more than selling electrons. We support our community and encourage employee engagement through involvement and volunteerism. During 2019, Oshawa Power was a prominent participant at Touch-A-Truck, Summerfest and the Crossing Point Music Festival, as well as the two-day Autofest Oshawa where we promoted EV technology for the second year. In addition to running informal office fundraisers throughout the year, with assistance from the utility, employee volunteers rolled up their sleeves to help local charities that included: Big Brothers Big Sisters, Boys and Girls Clubs of Durham, Durham Outlook for the Needy, Durham YWCA, Heart and Stroke Foundation and Simcoe Hall Settlement House.

We would like to thank every Oshawa Power employee for their contributions that are helping Oshawa Power reach its goal of moving from being a good company to becoming a truly great company. This level of change requires vision – underpinned by execution and driven by a culture of ownership where employees constantly strive to move the utility forward. We are confident that in the future, as we transition to becoming a modern entrepreneurial organization, we will do even more to maximize the value of our utility for our customers, business partners, and shareholder, the City of Oshawa.

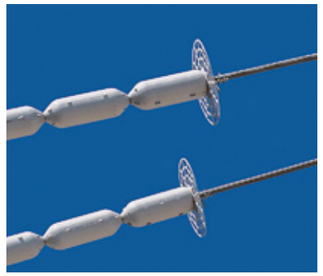
Denise Carpenter
Chair

Ivano Labricciosa
President & CEO

DOING MORE TO EXPAND AND ENHANCE OUR DISTRIBUTION INFRASTRUCTURE

CONNECTING MUNICIPAL SUBSTATION 9 (MS9)

In July, construction of MS9 was completed and the substation was transferred to Oshawa Power to operate moving forward. This state-of-the-art 44 kV to 13.8 kV distribution substation will provide the increased capacity needed to meet Oshawa's future demand and improve network reliability by increasing redundancy and enhancing flexibility for shifting load. During the summer, the utility's crews installed the supply of power to MS9 from Hydro One's Enfield Transformer Station in Clarington. In addition, a 13.8 kV pole line was constructed along Wilson Rd. N. and Conlin Rd. E., connecting MS9 to Oshawa Power's network, and commissioning of the substation's transformers was well underway by year end.



ANIMAL GUARDS — LOW-TECH SOLUTION WITH A HUGE IMPACT

Raccoons and squirrels may be cute, but they're a major nuisance for the electrical industry. Animals making contact with distribution equipment at Oshawa Power's municipal substations historically accounted for up to six per cent of the utility's average number of hours that power to a customer is interrupted. These are major events that can affect thousands of households. To keep animals away from its equipment, the utility installed specialized fencing to cage off transformers within its substation compounds **(above left)** and deployed large rollers on the overhead 44 kV lines that feed the facilities **(above right)**. By year end, this initiative had effectively eliminated outages caused by animal contacts at Oshawa Power's municipal substations.

OUTAGES CAUSED BY ANIMAL CONTACTS
AT OSHAWA POWER'S MUNICIPAL SUBSTATIONS

2018

2019

COMMERCIAL PROJECTS

Oshawa Power is committed to supporting the City's economic development plans. In 2019, the utility:

- Met with the recently formed Hamilton-Oshawa Port Authority to assure them of full support for their activities along Oshawa's waterfront. Oshawa Power installed a transformer to service a new grain elevator constructed at the port **(above)**.
- Supported Panattoni Development Company in their efforts to build a 631,000 ft^2 industrial development on Thornton Rd. South.
- Assisted Trent University with plans for a major expansion of their Durham GTA campus in Oshawa.
- Partnered with the Downtown BIA in organizing events, encouraging business in the core and working to rejuvenate downtown Oshawa.

SAIFI represents the average number of times that power to a customer is interrupted.

LOCAL DISTRIBUTION COMPANIES TRADITIONALLY USE RELIABILITY STATISTICS THAT EXCLUDE FACTORS OUTSIDE OF THEIR CONTROL (E.G., OUTAGES CAUSED BY VEHICLES COLLIDING WITH POLES).

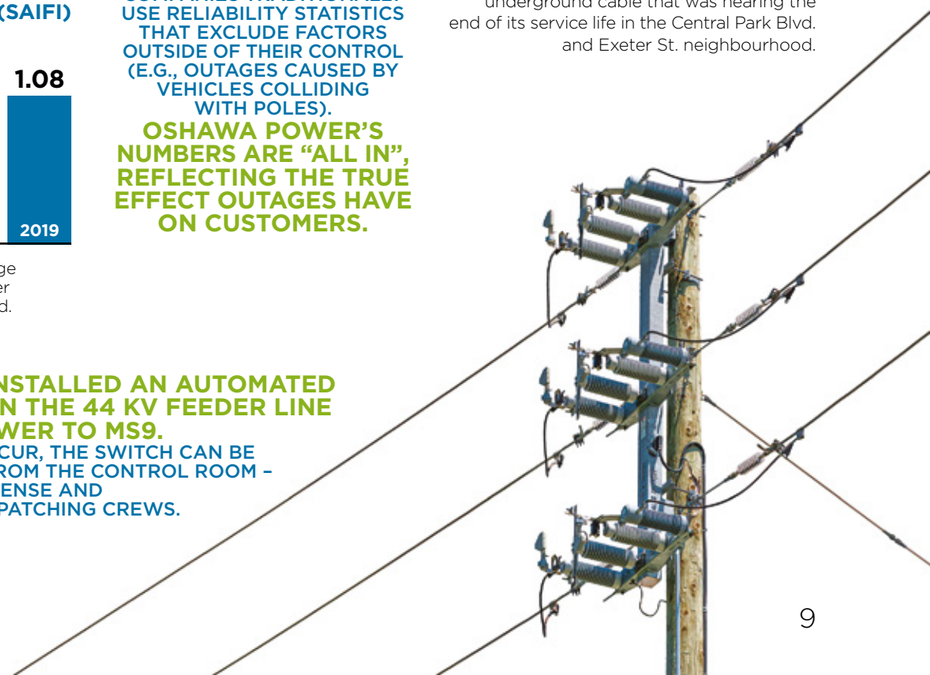
OSHAWA POWER'S NUMBERS ARE "ALL IN", REFLECTING THE TRUE EFFECT OUTAGES HAVE ON CUSTOMERS.

OSHAWA POWER INSTALLED AN AUTOMATED REMOTE SWITCH ON THE 44 KV FEEDER LINE THAT SUPPLIES POWER TO MS9.
IF A FAULT WERE TO OCCUR, THE SWITCH CAN BE OPERATED REMOTELY FROM THE CONTROL ROOM – WITHOUT THE TIME, EXPENSE AND INCONVENIENCE OF DISPATCHING CREWS.

Photo credit: courtesy of Merle Cole.

REBUILDING IT BETTER

Oshawa Power's continuing program for replacing distribution infrastructure is an opportunity for the utility to upgrade the reliability and efficiency of its network. Oshawa Power's construction crews were kept busy on a six-month project during 2019 where they replaced 150 poles, 3.4 km of single-phase lines, 1.1 km of three-phase lines and 47 transformers that service the Waverly neighbourhood, west of the Oshawa Centre. The utility also used boring technology to replace 2 km of underground cable that was nearing the end of its service life in the Central Park Blvd. and Exeter St. neighbourhood.



DOING MORE TO BECOME A DATA-DRIVEN UTILITY

2019 SOLUTIONS DRIVING THE UTILITY'S NEXT WAVE OF OPERATIONAL IMPROVEMENTS INCLUDE:

- **Pi** – the data architecture and hierarchy of Oshawa Power's Pi system was verified in preparation for the final testing phase of this information warehousing system that uses real-time data management to transform the utility's network operations. In 2019, this included developing tools that automated the collection and validation of all data generated by the utility's smart meter, customer information and geographic information systems.
- **Quadra** – this project estimating software was integrated with our financial enterprise resource planning (ERP) system. Supply Chain Management is using the software's digital planning, tracking and analysis tool to continuously compare the costs forecasted on large capital projects against actual expenditures.
- **Connexo** – acquired and installed new front-end software and servers to prepare the utility for the next generation of smart meter technology.

IMPROVING COMMUNICATIONS FOR SMART GRID DEVICES ALSO CUT COSTS

Oshawa Power engineers, control room operators and field staff discovered that cellular communications technology built into smart fault indicators on the network could not maintain continuous communications. Working together, they solved the problem by retrofitting the devices with radio technology. Their solution also eliminated the operational and maintenance expenses associated with the original cellular technology.

DURING 2019, OSHAWA POWER AUDITED 75% OF ITS 59,773 SMART METERS
AS REQUIRED BY MEASUREMENT CANADA TO EXTEND LEGAL SEAL LIFE ON THE METERS BY AN ADDITIONAL EIGHT YEARS.

OUR GOAL IS TO BE BEST-IN-CLASS FOR CYBER SECURITY

Oshawa Power views the OEB's *Cyber Security Framework* as a critical guideline for the utility's efforts to protect IT assets from cyber attacks. 2019 initiatives included: improving network redundancy, performing a deep-dive review of IT assets, reinforcing its *Disaster Recovery Plan*, adding two-factor password authentication, putting in place next-generation firewall technology and developing project management and change processes.

Photo credit: courtesy of Colin Williamson.

MAKING PROGRESS WITH RELIABILITY REQUIRES TEAM WORK

Last year saw Oshawa Power put a renewed focus on its Reliability Team. Immediately following an outage, the group now gathers to complete a detailed analysis to determine the root causes that led to the event, so that educated decisions can be made to minimize future re-occurrences. In support of this initiative, the utility formalized its Red Tag Quarantine program where network devices that are suspected of failure are immediately removed from service, tagged and sent to the utility's warehouse to be isolated in a secure area while they await testing.

OSHAWA POWER HAS REDUCED THE NUMBER OF TRANSFORMERS IT STORES BY 37 PER CENT IN 2019 –
WITHOUT IMPACTING SERVICE.

TAKING STOCK OF SUPPLY CHAIN PROCESSES

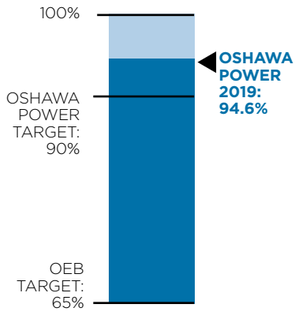
Oshawa Power revamped its inventory management processes in 2019. Now, where possible, vendors are responsible for delivering materials on a just-in-time basis. This has helped the utility reduce its supply chain footprint, maximize the length of manufacturers' warranties and allow the Supply Chain team to improve the services provided to their internal customers.

HELPING PROPERTY MANAGERS GET SMART WITH THEIR METERS

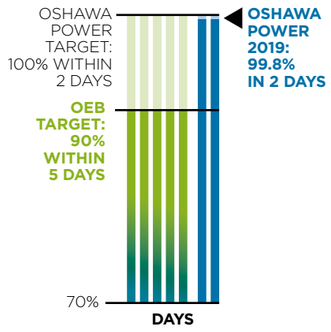
In 2019, Oshawa Power began approaching managers of multi-unit residential buildings with solutions for migrating from bulk meters, which read the total consumption of a building, to smart suite meters. This technology allows individual units to be metered and charged for their actual consumption.

OSHAWA POWER GOES THE EXTRA MILE FOR ITS CUSTOMERS

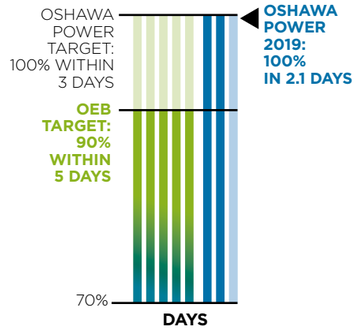
TELEPHONE CALLS ANSWERED WITHIN 30 SECONDS IN 2019



NEW SERVICE CONNECTIONS IN 2019

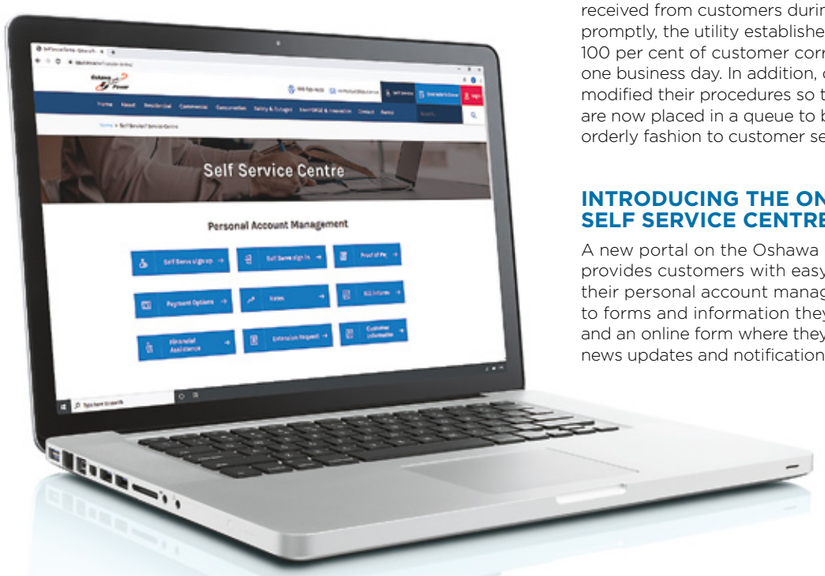


SERVICE RESPONSE TIME ON SERVICE REQUEST



SETTING THE BAR HIGHER TO ENSURE OUR CUSTOMERS ARE SATISFIED

The Ontario Energy Board (OEB) grades the performance of local distribution companies based on a set of stringent metrics **(above)**. Ambitiously pushing the envelope for customer service, Oshawa Power created its own stretch targets that are even more demanding than the OEB's metrics. Surpassing six of its stretch targets during 2019 was quite an achievement for the team.



2018	8,499
2019	21,206

RESPONDING TO A 250% INCREASE IN EMAIL CORRESPONDENCE

To ensure that the 21,206 emails Oshawa Power received from customers during 2019 were answered promptly, the utility established a target of answering 100 per cent of customer correspondence within one business day. In addition, customer service staff modified their procedures so that incoming emails are now placed in a queue to be distributed in an orderly fashion to customer service representatives.

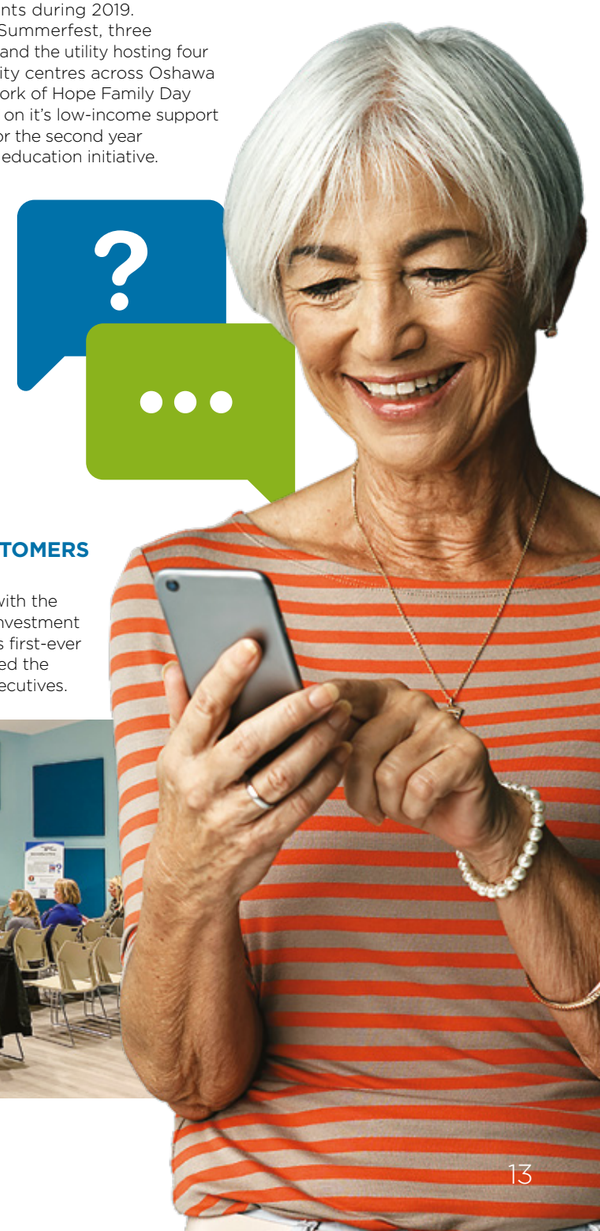
INTRODUCING THE ONLINE SELF SERVICE CENTRE

A new portal on the Oshawa Power website provides customers with easy access to their personal account management; quick links to forms and information they might find useful; and an online form where they can sign up to receive news updates and notification of upcoming events.

FINDING MORE WAYS TO BE FACE-TO-FACE WITH CUSTOMERS

Oshawa Power participated in a record 14 customer-facing events during 2019. This included the Touch-A-Truck event for children of all ages, Summerfest, three Oshawa Generals home games, the Crossing Point Music Festival and the utility hosting four of its own Public Town Hall customer outreach events at community centres across Oshawa **(above left)**. The utility also used the Community Builders Network of Hope Family Day event at the Tribute Centre as an opportunity to spread the word on it's low-income support programs and was an exhibitor at the two-day Autofest Oshawa for the second year **(above right)**, where it promoted eMission, the utility's EV public education initiative.

ON AVERAGE,
IT TOOK OSHAWA POWER CREWS 20 MINUTES TO RESPOND
TO SERVICE CALLS IN 2019.



FIRST-EVER TELEPHONE TOWN HALL GIVES CUSTOMERS AN INNOVATIVE WAY TO HAVE THEIR SAY

As part of Oshawa Power's 2020-2025 rate application process with the OEB, Oshawa Power is required to obtain customer input on its investment plans for distribution assets. In October, Oshawa Power hosted its first-ever Telephone Town Hall where an impressive 9,800 participants joined the call to ask questions and give their opinions to Oshawa Power executives.

BEING MORE THAN AN ELECTRICITY DISTRIBUTION COMPANY

Ivano Labricciosa, President & CEO, addresses members of the ZooShare Biogas Cooperative.

OSHAWA POWER'S FIRST RENEWABLE NATURAL GAS (RNG) PROJECT

In November 2019, the utility signed a 20-year agreement with the 600-member ZooShare Biogas Cooperative to construct and operate their Toronto Zoo Biogas Project which will be located on Meadowvale Rd., across the street from the zoo. When the project is up and running in late 2020, it will be the first electricity generation project in North America to use "zoo poo" – animal waste from a zoo – as a fuel source. The two-stage project's CHP engines will run on RNG produced by the system's anaerobic digesters from bio waste. Twenty per cent of the system's feedstock will come from animal waste collected at the zoo. The balance will be sourced from commercial/industrial organic waste in the Toronto area. Electricity generated by the project will be sold to the province under a long-term generation contract and thermal energy produced by the project will be fed to the zoo for use in its processes.

THE TORONTO ZOO BIOGAS PROJECT IS FORECASTED TO YIELD REDUCTIONS OF 20,000 TONNES OF CO_2 EQUIVALENTS PER YEAR AND OFFSET THE EQUIVALENT OF 30 PER CENT OF THE ZOO'S DEMAND FOR ELECTRICITY.

"ZOOSHARE IS EXTREMELY PLEASED TO HAVE OSHAWA PUC ENERGY SERVICES (OPUCES) AS A PARTNER. THIS INVESTMENT WILL ENABLE THE PROJECT TO REACH COMMERCIAL OPERATIONS NEXT YEAR AND OPUCES' EXPERTISE WILL ENABLE IT TO OUTPERFORM EXPECTATIONS IN THE YEARS TO COME."

DANIEL BIDA, EXECUTIVE DIRECTOR OF ZOOSHARE

OUR GROWING PORTFOLIO OF CHP PROJECTS

Regent Park Energy Inc.

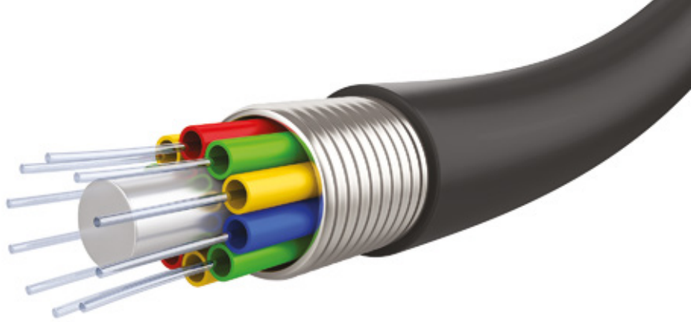
- Installed two new CHP engines **(above)** and replaced 20 existing boilers
- Continued operating a system that services a massive complex with expansion underway to serve 30 buildings by 2030
- Began providing technical services for building maintenance on an ad hoc basis

GTA Social Housing

- Started operating CHP systems supplying a three-tower complex with thermal energy and electricity for the buildings' day-to-day consumption and emergency operations during grid outages
- Signed a contract to manage similar systems that will be operating by 2021 at 24 additional facilities

Durham Region Projects

- The utility will own and operate a CHP system at the Delpark Homes Centre in Oshawa that will sell electricity and thermal energy to the community centre and allow the City to operate the facility as an emergency warming centre during grid outages.
- Worked towards developing a similar agreement where the utility will own and operate a system at Durham College's Whitby Campus.



DARK FIBRE COMMUNICATIONS ASSETS ARE KEY TO OSHAWA'S ECONOMIC DEVELOPMENT

Artificial intelligence, 5G, the Internet of things and autonomous vehicles are emerging technologies that are on the horizon. As this wave approaches, Oshawa Power is actively seeking ways for its dark fibre assets to play a backbone role for the implementation of these technologies in Oshawa. With guidance from its Board of Directors, the utility created a five-year expansion plan that sets out the business case for growing the utility's high-speed communications network and examines the potential of adding services to the network that will help the City and Durham Region achieve their broadband strategies.

TO MEET FORECASTED DEMAND, DURING 2019, THE TRIBUTE COMMUNITY CENTRE WAS CONNECTED TO OSHAWA POWER'S HIGH-SPEED COMMUNICATIONS NETWORK. THE UTILITY TRIPLED THE CAPACITY ON A SECTION OF ITS MAIN DARK FIBRE TRUNK LINE THAT RUNS ALONG GIBB ST. BETWEEN THE OSHAWA CENTRE AND MICHAEL STARR TRAIL.

MAKING INROADS WITH EV CHARGING TECHNOLOGY

In December, Oshawa Power installed two Level-2 EV charging stations in Oshawa's downtown core with funds from Natural Resources Canada (NRCan). Based on the success of the project, NRCan awarded the utility a contract to install 20 Level-2 and Level-3 charging stations at Oshawa locations in 2020. In addition, the utility and a local transit company worked on plans for a pilot project where the utility will be responsible for providing charging infrastructure for eight electric buses.

EMPOWERING A "DO MORE, BE MORE" CULTURE

TAKING ACTION ON THE *2019 EMPLOYEE ENGAGEMENT SURVEY*

Based on results from the survey, Oshawa Power developed its *Culture Transformation Plan*. The three-year initiative puts a renewed focus on the need to strengthen the relationship between employees and their immediate managers, enhance professional development programs and improve communications around organizational change. Acting on a major action point from the plan, the utility formalized new employee communications touch points by year end. These include:

- Monthly "check-in" team meetings
- Monthly interdepartmental management meetings
- Quarterly sit downs between employees and their immediate managers.

"OSHAWA POWER IS CHANGING FROM A VERY CONSERVATIVE, CONTROLLED, HIERARCHICAL MANAGERIAL PARADIGM TO ONE THAT IS MORE ORGANIC, FLAT, SELF-DIRECTED AND AUTONOMOUS, SO THAT EVERY EMPLOYEE WILL HAVE A SENSE OF OWNERSHIP, TAKE INITIATIVE AND DRIVE CHANGE WITHIN THE ORGANIZATION."

MATT STRECKER, VICE PRESIDENT, ENGINEERING AND OPERATIONS

BUILDING A TEAM CAPABLE OF CREATING A MODERN DATA-DRIVEN UTILITY

As 2019 progressed, it was apparent that a new cohort – one with the passion and skills necessary to manage the future success of the utility – had started to lead the company. This ongoing structural change was nurtured throughout the year as the utility provided 78 employees with a total of 2,726 hours of in-house training and continued a tuition reimbursement program which supported six staff who are completing post-secondary education on their own time. In addition, many new faces could be seen throughout the utility as the company welcomed five management hires, brought on one apprentice power line technician (PLT) and two journey person PLTs, as well as cross-trained five PLTs and filled four internships.

DO MORE.

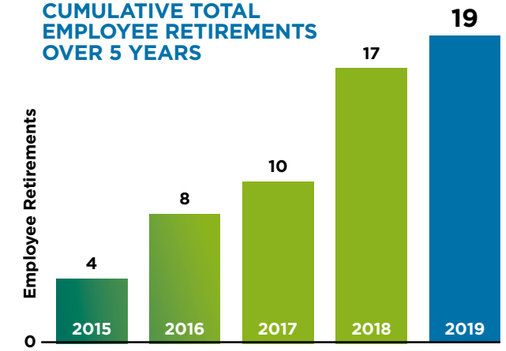
ATTENDANCE DOUBLED AT SECOND ANNUAL CONTRACTOR SAFETY DAY

Oshawa Power joined forces with the Ontario Regional Common Ground Alliance (ORCGA) to host a 2019 workplace safety event at the City's Consolidated Works Depot on November 21. ORGCA promotes public awareness and best practices around underground infrastructure and ground disturbance practices. The 70 guests that gathered for the half-day tradeshow-style event received presentations from workplace safety experts representing the ESA, Ontario One Call, IHSA and Ontario Ministry of Labour.

PEERS PRAISE OSHAWA POWER'S COMMITMENT TO SAFETY

The utility has long viewed its unwavering dedication to providing a safe and healthy workplace as the price of admission in the electricity distribution sector. Its efforts were recognized in September when the Electrical Safety Authority (ESA) presented Oshawa Power with their 2019 Worker Safety Award. The utility's nomination highlighted the work of its Wellness Committee and Ergonomics Team, along with the utility's efforts to promote electrical safety in the community through its Contactor Safety Day event and Hazard Hamlet travelling safety presentation. In June, the Infrastructure Health and Safety Association (IHSA) presented the utility with its Recognition of Performance Achievement Award for passing the milestone of 500,000 hours worked without a lost-time injury. The utility also maintained its IHSA COR™ accreditation for the fifth consecutive year by achieving a grade of 98 per cent in a 2019 audit of its health and safety practices and procedures.

CUMULATIVE TOTAL EMPLOYEE RETIREMENTS OVER 5 YEARS



Oshawa Power continues to execute on succession plans that are revitalizing its workforce as the effects of aging demographics has impacted the utility sector over the past five years.

BE MORE.

DOING MORE TO SUPPORT THE COMMUNITY

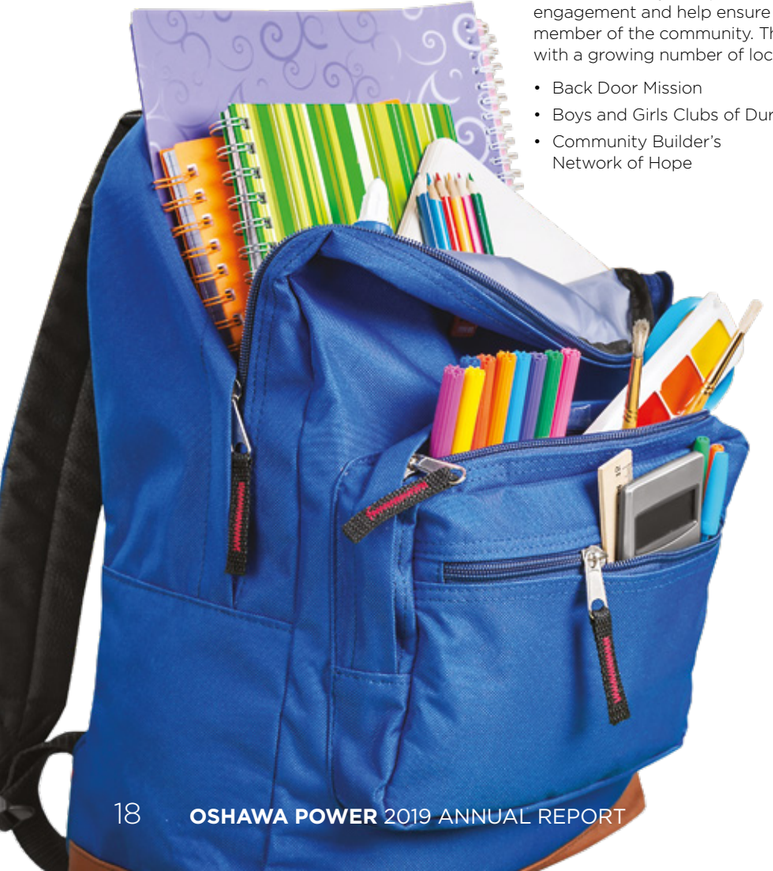
"OSHAWA POWER IS DEDICATED TO THIS COMMUNITY. WE DO NOT SIMPLY WRITE CHEQUES. EMPLOYEES AND MANAGERS ALIKE ROLL UP THEIR SLEEVES AND BECOME INVOLVED BECAUSE WE CARE ABOUT THE COMMUNITY WHERE WE LIVE AND WORK."

IVANO LABRICCIOSA,
PRESIDENT & CEO

COMMUNITY SUPPORT IS ABOUT MORE THAN FUNDRAISERS AND DONATIONS

This past year, Oshawa Power employees were out in their community – volunteering where they live and work more than ever before. By helping in their community, employees continued to show that they care and that their community is important to them. Their efforts also increase employee engagement and help ensure Oshawa Power is looked upon as a valued member of the community. The utility's employees stepped up to volunteer with a growing number of local charities that included:

- Back Door Mission
- Boys and Girls Clubs of Durham
- Community Builder's Network of Hope
- Durham Outlook for the Needy
- Heart & Stroke Foundation
- Oshawa Museum
- Simcoe Hall Settlement House
- YWCA Durham



THERE WAS A "BUZZ" ABOUT HELPING THOSE IN NEED

The Buzz, Oshawa Power's social committee, selected Simcoe Hall Settlement House as the primary recipient of its 2019 charity efforts. The charity's mission is to, "Provide wellness opportunities through our food bank and programs to serve children, individuals and families who experience financial and social challenges." The Buzz supported Simcoe Hall over the year with: an Easter food drive; a charity BBQ that raised funds to purchase and donate 68 backpacks filled with school supplies; and a Christmas Snowflake Tree fundraiser that provided gifts for 48 children.

DO MORE.

"HELPING WITH THE CAREER CHATS PROGRAM AT ONTARIO TECH UNIVERSITY WAS SO REWARDING. I WAS ABLE TO SPEND TIME WITH A DOZEN OR SO STUDENTS AND HELPED THEM WITH THEIR RESUMES, INTERVIEW PREPARATION AND LINKEDIN PROFILES. IT WAS A FANTASTIC EXPERIENCE."

NANCY BRANDON,
DIRECTOR,
HUMAN RESOURCES

SUPPORTING EDUCATION HELPS REFRAME OSHAWA POWER AS A PROGRESSIVE EMPLOYER

With the increasing widespread adoption of distributed generation, large-scale battery storage, renewable energy, smart grids, electric vehicle technology and other advancements, the utility sector is increasingly seen as a desirable career path by students entering post-secondary institutions. Representatives from Oshawa Power increased their presence in the education sector in 2019 by providing industry expertise and promoting the utility as a potential employer to the future workforce. Their efforts included:

- Taking part in Ontario Tech University's Reverse Career Fairs where students and graduates are the exhibitors and employers circulate through the room, sharing information on job and internship opportunities at their organizations
- Ivano Labricciosa, President & CEO, guest lectured on the topic of smart grids in an engineering class at Ontario Tech University
- Participating on Durham College's Program Advisory Committee for its Human Resources Management program
- Providing in-person job search counselling through the Career Chats program at Ontario Tech University.

GIVING THE COMMUNITY A SAY ON THE UTILITY'S FUTURE

Oshawa Power's *2019 Distribution System Plan* customer survey proved to be a win/win/win. Participants were offered their choice of a chance to win one of five $200 pre-paid credit cards or the opportunity to have the company donate $5 on their behalf to one of three local charities. With 1,240 participants, the survey was a major win for the utility. It was also a huge win for Durham Outlook for the Needy, Simcoe Hall Settlement House **(above)** and YWCA Durham, who split the $3,030 pool.

A 2019 VIDEO PRODUCED BY ONTARIO TECH UNIVERSITY FEATURED OSHAWA POWER EXECUTIVES PROVIDING CAREER ADVICE TO GRADUATING ENGINEERING STUDENTS.

BE MORE.

FINANCIAL HIGHLIGHTS

FOR THE YEAR ENDED DECEMBER 31, 2019

Dollars expressed in thousands unless labelled otherwise

OVERVIEW

Oshawa Power and Utilities Corporation, and its subsidiaries (collectively "Oshawa Power" or the "Company") are incorporated under the *Ontario Business Corporation Act* and were formed to conduct regulated electricity distribution and other non-regulated operations that include generating heat and power, operating a fibre optic network and providing other energy management services. Oshawa Power is wholly owned by the Corporation of The City of Oshawa.

The Company provides regulated electricity distribution services to businesses and residences in the service area of Oshawa, Ontario through its principal subsidiary Oshawa PUC Networks Inc. ("Networks").

Oshawa Power distributed electricity to an average of approximately 73,261 customer connections (including street lights) in 2019. There were 59,698 customer connections invoiced in December 2019; an increase of 632 or 1.1% over December 2018.

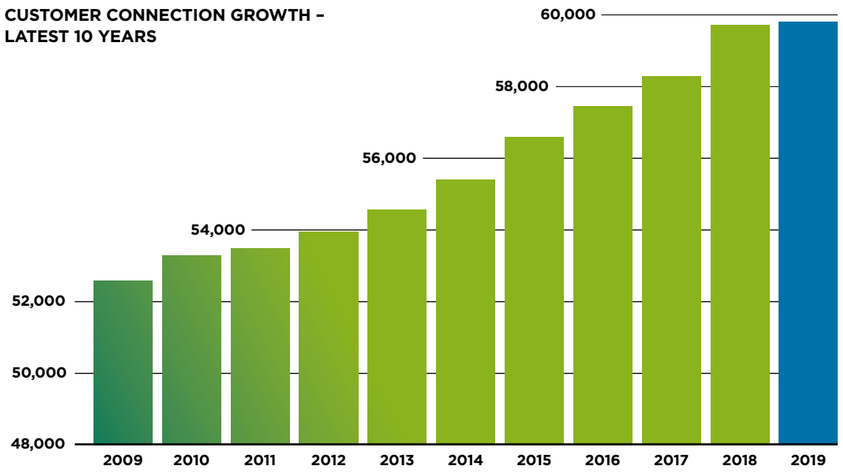
BASIS OF PRESENTATION

The consolidated financial statements include the accounts of Oshawa Power and Utilities Corporation and its subsidiaries: Oshawa PUC Networks Inc., Oshawa PUC Services Inc., Oshawa PUC Energy Services Inc., and 2252112 Ontario Inc.

The Company's consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") as adopted by the International Accounting Standards Board ("IASB") and interpretations as issued by the International Financial Reporting Interpretations Committee of the IASB, including accounting principles prescribed by the Ontario Energy Board ("OEB") in the *Accounting Procedures Handbook for Electric Distribution Utilities*. Oshawa Power follows regulated accounting rules as prescribed by the OEB for rate-regulated enterprises. IFRS 14, Regulatory Deferral Accounts, allows the Company to utilize pre-*IFRS Canadian Generally Accepted Accounting Principles* with respect to the recognition of Regulatory Assets and Liabilities that address the deferral of specific non-income related cash inflows and outflows.

Regulatory assets primarily represent costs that have been deferred because it is probable that they will be recovered in future rates. Similarly, regulatory liabilities can arise from differences in amounts billed to customers for electricity services and the costs that Oshawa Power incurs to purchase and deliver these services. Certain costs and variance account balances are deemed to be regulatory assets or regulatory liabilities and are reflected in the Company's balance sheets until the manner and timing of disposition is determined by the OEB.

CUSTOMER CONNECTION GROWTH – LATEST 10 YEARS



Dollars expressed in thousands unless labelled otherwise

RESULTS OF OPERATIONS

REVENUE

Revenue is earned from regulated activities through Oshawa Power's principal subsidiary, Networks, and unregulated operations carried out in the Company's remaining subsidiaries.

The following table represents regulated revenue, excluding flow-through charges for the sale of electrical energy paid to the Independent Electricity System Operator ("IESO"), and aggregate revenue earned from unregulated operations for 2019 and 2018, comparatively:

Category	2019	2018
Regulated	$28,163	$27,488
Unregulated	4,224	4,058
Energy Management Services	3,055	5,099
Total Revenue	**$35,442**	**$36,645**

Total revenue decreased by $1,203 (3.3%) in 2019 with regulated and unregulated gains offset by a reduction in energy management services: regulated revenue increased $675 (2.5%); unregulated revenue was up by $166 (4.1%); and, energy management services decreased $2,044 (40.1%).

Regulated revenue increased as a result of customer growth and inflationary increases.

Combined unregulated revenue decreased $1,878, or 20.5%. The decrease in energy management services was generated primarily from fees charged to manage capital projects for third-parties: capital project volume in 2019 was considerably lower than 2018.

EXPENSES

Operations, maintenance and administrative ("OM&A") expenses reported in 2019 and 2018 are summarized in the following table:

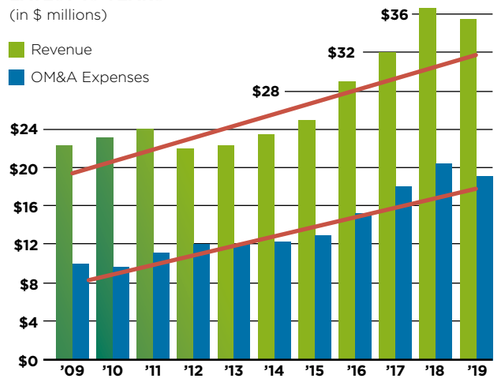
Category	2019	2018
Regulated	$13,073	$13,775
Unregulated	3,111	2,167
Energy Management Services	2,938	4,480
Total OM&A	**$19,122**	**$20,422**

Regulated OM&A expense decreased year-over-year by 5.1% ($702).

The increase in OM&A costs from energy management services year-over-year is directly attributed to the decrease in related revenue.

The margin earned from energy management services decreased from $619 in 2018 to $117 in 2019; lower margin in unregulated activities relates to an increase in business development activities in support of future strategic growth.

TOTAL REVENUE AND OM&A EXPENSES – LATEST 10 YEARS
(in $ millions)



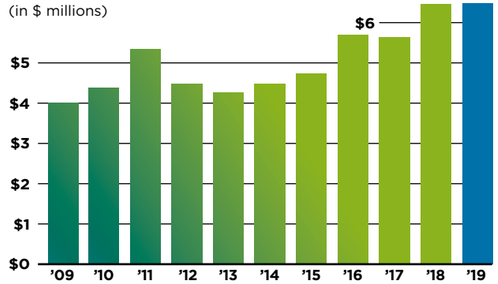
NET INCOME FROM OPERATIONS

Net income from operations (before other comprehensive income) for 2019 was $5,600 compared to $6,486 in 2018. The decrease can be attributed to variances in revenue and expense noted above, plus higher interest and depreciation expense.

Net income from regulated activities increased by $23 (0.4%) from $5,168 in 2018 to $5,191 in 2019.

Net income earned from unregulated operations decreased to $409 in 2019 from $1,318 in 2018; a decrease of approximately 69%.

NET INCOME – LATEST 10 YEARS
(in $ millions)



LIQUIDITY AND CAPITAL RESOURCES

SUMMARY

Cash and cash equivalents as at December 31, 2019 was $6,035 compared to $14,866 on December 31, 2018.

The long-term debt ratio in 2019 is 49% compared to 50% in 2018. Based upon financial covenants with its lenders and industry acceptable norms for its capital structure, the Company has access to sufficient capital as required to support its future operating and strategic plans.

CASH PROVIDED BY OPERATING ACTIVITIES

During 2019, operating activities reported under IFRS generated $11,720 compared with $13,474 in 2018; a decrease of $1,754; $886 from earnings and the remainder from changes in non-cash working capital.

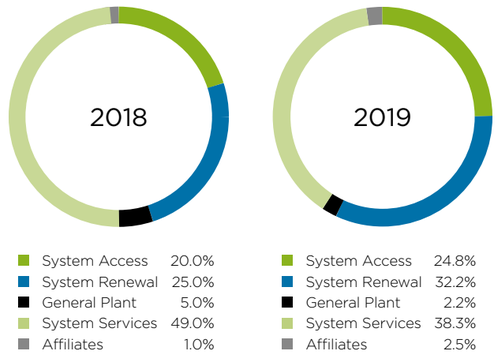
CASH USED IN INVESTING ACTIVITIES

Cash used in investing activities in 2019 and 2018 was $22,280 and $20,269 respectively; an increase of $2,011 including $2,600 related to Toronto Zoo Biogas Project. Excluding investment this project, cash used on capital spending in 2019 was $19,694.

As planned, Oshawa Power continues to invest in capacity constraints related to growth in the City of Oshawa and system renewal in order to maintain a track record of strong system reliability.

The combined percentage of capital investments in System Access and System Services, which addressed capacity and customer growth, decreased from 69% in 2018 to 63% in 2019. Total expenditures related to these categories also decreased, from $13,986 in 2018 to $12,427 in 2019

CAPITAL SPENDING BY CATEGORY



CASH PROVIDED BY FINANCING ACTIVITIES

Cash provided by financing activities was $1,829 in 2019 compared with $13,693 in 2018. The decrease was due to refinancing activities in 2018.

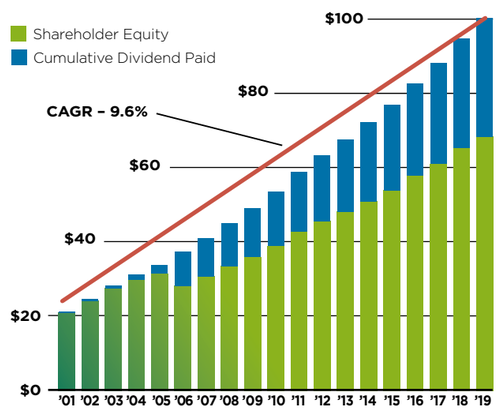
Included in cash used in financing activities were dividend payments made to the Company's shareholder in the amount of $2,500 and $2,300 for 2019 and 2018 respectively.

SHAREHOLDER VALUE

Shareholder value is a term used to define the Company's shareholder equity plus cumulative dividends paid (unadjusted for accumulated other comprehensive loss; that is, mid-contract gains or losses on financial instruments used to provide interest rate certainty). Cumulative shareholder value as of December 31, 2019, has increased to $100.2 million which represents a compound annual growth rate ("CAGR") of approximately 9.6% since 2001.

The following chart is the cumulative shareholder value since 2001 and portrays a consistent focus on maximizing shareholder value which provides a reliable cash flow stream to benefit the ratepayers of the City of Oshawa:

SHAREHOLDER EQUITY & CUMULATIVE DIVIDEND PAID
(in $ millions)



OPUC audited financial statements are available at www.opuc.on.ca

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Oshawa Power & Utilities Corporation

APPENDIX 6 – OPUCN BUSINESS PLAN

OPUCN - Business Plan

Table of Contents

Executive Summary

Oshawa PUC Networks Inc. (OPUCN) is a Local Distribution Company (LDC) in the City of Oshawa. OPUCN has approximately 60,000 residential, commercial, and industrial customers including major manufacturing facilities. OPUCN is regulated by the Ontario Energy Board (OEB).

This Business Plan takes into account the Renewed Regulatory Framework for Electricity Distributors: A Performance Based Approach (RRFE) issued and mandated by the OEB in 2012. Further, this Business Plan considers the economic, political and regulatory environment and possible uncertainties and risks as of mid-2020 related to the service territory in which OPUCN operates. This Business Plan, providing an outlook for 2020 to 2025, provides a consolidation of OPUCN's Vision, Mission, Values, Five Strategic Themes, aligned to the RRFE, and it details OPUCN's goals and objectives.

Various elements of this plan were approved through a series of reports to the Board of Directors over 2019 and 2020, in order to obtain formal approval of the plan it its entirety.

Corporate Overview

Corporate and Utility Organizational Structure

OPUCN is a wholly-owned subsidiary of Oshawa Power and Utilities Corp (OPUC) which is 100% owned by the Corporation of the City of Oshawa ("City of Oshawa"). OPUC also wholly-owns Oshawa PUC Energy Services Inc., Oshawa PUC Services Inc., 2252112 Ontario Inc, and 2720665 Ontario Inc.

The following chart provides the corporate entities relationships:

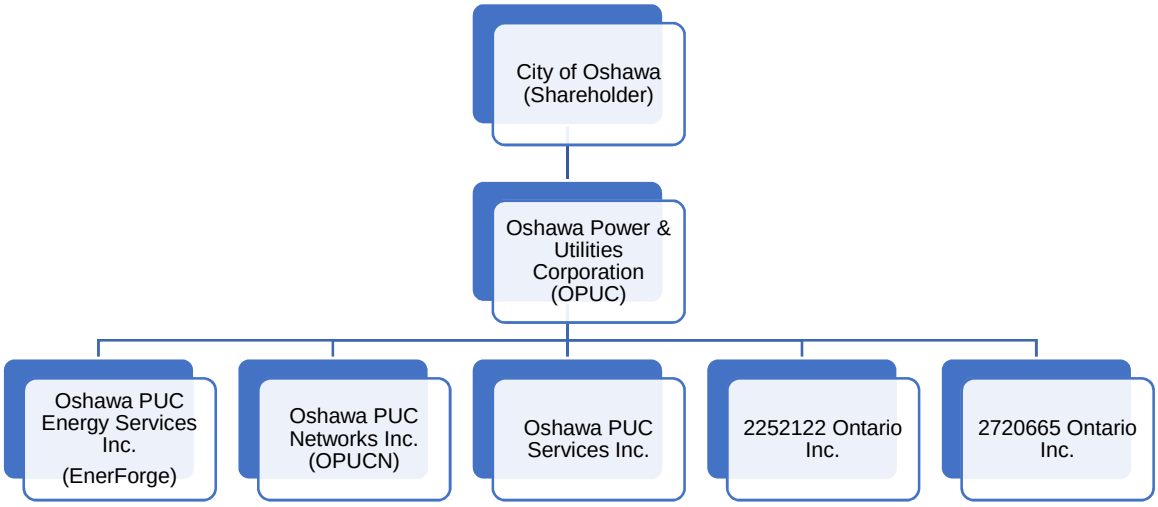

Figure 1: Corporate Organizational Structure

In general, OPUCN shares certain services with its affiliates in functional areas such as Accounting and Information Technology. These services are shared in accordance with Services Agreements between the affiliates. OPUCN provides services to its affiliates and purchases services from certain affiliates. In addition, OPUCN pays a fee to its parent company, OPUC, for its proportionate share of management services and Board of Directors governance.

The following chart provides the Executive and Board organizational structure:

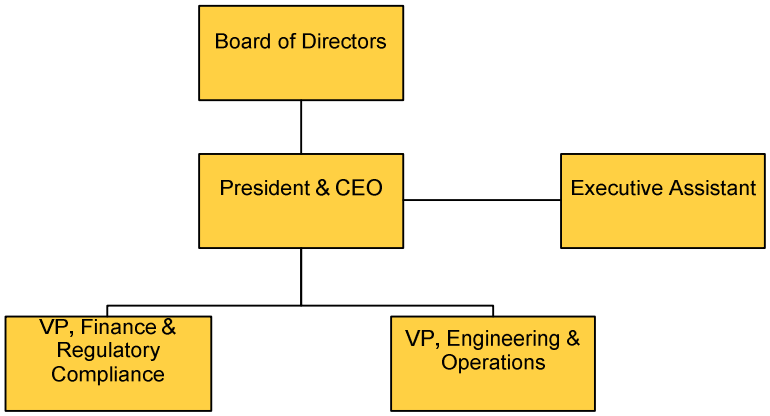

Figure 2: Executive and Board Organizational Structure

The current board of directors of OPUCN consists of 8 directors, of whom none are officers or employees of OPUCN or of any of its affiliates or elected members of the Oshawa City Council. Of the 8 directors, 4 are also directors of OPUCNs and its affiliates noted above.

The Shareholder Declaration, as amended in 2014, permits up to 9 directors of OPUCN, and up to 6 directors of OPUC and the other corporate affiliates. While no explicit local policy has been set as to the number or proportion of independent directors, the City as the Shareholder takes into account, the requirements of the OEB, including specifically the ARC, in specifying the maximum number of directors for OPUCN and its affiliates, and these numbers are established in order to ensure the ability to comply with the OEB's requirements.

The foundation of the ability of OPUCN's board to exercise independent judgment rests in their personal and professional competence, and knowledge of the electricity distribution business and the community. A board without such competence, knowledge and experience has no choice but to rely either on management or on other interested parties to inform its decisions.

On the OPUCN board:

All directors are experienced leaders in business, the professions, or academia.

Of the current complement of 8 directors, 1 has served on the OPUCN board since OPUCN was incorporated, and another has more than a decade of experience and understanding of the issues and specific challenges of the industry. One director brings knowledge and experience acquired through a career culminating in positions of senior management responsibility in the sector.

The individuals bring a complementary variety of backgrounds in business management, teaching and the professions, so that their input to decisions is informed by a range of training and perspective.

As well, the directors have no relationships with OPUCN, or with one another that might inhibit their independent judgment.

The directors do not benefit financially from their relationship with OPUCN, except as to their director fees, and have no relationship with OPUCN that might affect their judgment (i.e. they or their employers are not suppliers of goods or services to OPUCN; do not receive significant donations or other benefits from OPUCN; and are not relatives of the senior management of OPUCN).

The directors are not connected with one another by employment, family, or directorships of other corporations.

Mission, Vision, Values

OPUCN's vision, mission, and values were identified, discussed, and crystalized during a Board of Directors strategy session in September 2019. These were further shared throughout OPUCN management and teams and were finalized as follows.

Our Vision

Meeting the evolving needs of our customers as a leading enabler or integrated critical energy and communications infrastructure.

Our Mission

We earn the trust of our customers every day by delivering safe, sustainable, reliable energy our customers value at a competitive rate.

Our Values

Oshawa PUC Networks Inc. ("OPUCN") is committed to serving its customers in an effective and efficient manner. Specifically, OPUCN commits to excellence in all aspects of our business and operations. Through collaboration, communication, and engagement, we work together to demonstrate the following core value principles through our actions:

- **Ensuring Safety and Reliability** – Demonstrating our strong safety culture every day as we provide reliable energy and communications services to our customers. Committed to improving our operational efficiency and ensuring resilience of our critical infrastructure
- **Providing Value to our Customers** – Caring for our customers by always doing our best to anticipate and address their needs.
- **Valuing Our People & Encouraging Their Development and Participation** – Recognizing the diverse skills and contributions of our people and actively supporting their personal and professional growth.
- **Embracing Innovation and Entrepreneurial Thinking** – Encouraging and rewarding innovation and new ideas as we work together applying new tools and technologies to create solutions.
- **Being Accountable and Holding Each Other Accountable for Delivering Results** – Delivering on the commitments we make to each other, our customers, our community, and our Shareholder.

- **Cultivating a Culture of Respect** – Always treating each other, our customers and all stakeholders with dignity and respect.

Strategic Themes – Areas of Focus

OPUCN strategically operates efficiently day-to-day, while maintaining a forward-looking view by keeping our key objectives at the forefront of our operations. OPUCN's goals are as follows:

1. **Modernize Our Infrastructure and Enhance Public Safety**
2. **Enhance Our Business, Regulatory and Finance Processes**
3. **Enhance the Customer Experience**
4. **Invest in Our People**
5. **Demonstrate Environmental Stewardship and Community Involvement**

OPUCN's goals are evident in this rate application as it is the backbone of the application. We strive to meet our goals by understanding our rate base, evaluating our past performance, and determining what is required to move forward successfully.

OPUCN plans to **Modernize Our Infrastructure and Enhance Public Safety** in 2020 through to 2025 by strengthening the reliability of their critical energy and communication infrastructure. This will be undertaken by driving improvement through asset replacement decisions and automation with modernization at the forefront. It will be of utmost importance to leverage technology as an enabler. Customers will benefit from this modernization as it will increase system reliability, safety, and reduce costs in the long term.

OPUCN plans to **Enhance Our Business, Regulatory and Finance Processes** by driving a best in class service delivery with consistent improvement over our existing industry comparators. We plan to improve productivity by enabling technology to enhance our achievements while maintaining our resources. We commit to focus on continuous improvement by conducting annual risk assessments and annual performance audits to ensure our productivity targets are being met or exceeded.

OPUCN plans to **Enhance the Customer Experience** by driving advanced service outcomes. We strive to be anticipatory rather than reactive, to enhance the customer's experience by setting expectations and continuing to surpass them by going above and beyond the threshold requirements. As well as responding to customer's requests or recommendations for services, OPUCN is committed to continuously improve customer service and customer responsiveness by

optimizing the customer service department; improving and enhancing services; and staying ahead of customer needs.

OPUCN plans to **Invest in Our People** by embedding employee safety in our everyday culture. By designing and systematically implementing a Three-Year Culture Transformation Plan we aim to build and develop the workforce of the future, which will focus on diversity of thought, expertise, and backgrounds. We will be conscious to ensure that employee behaviours support the desired culture. We will systematically improve employee engagement and communications through on-going and planned dialog.

OPUCN plans to **Demonstrate Environmental Stewardship and Community Involvement** by delivering on our customer's energy efficiency needs, enhancing our outreach with the community to leverage our social conscious to build trust, and strengthen relationships, and maintaining community involvement by supporting economic development through strategic community initiatives.

Alignment to Renewed Regulatory Framework for Electricity Distributors (RRFE)

The OEB's Renewed Regulatory Framework for Electricity Distributors as detailed in the Report of the Board dated October 18, 2012 (the "RRFE") guides OPUCN's strategic goals and objectives. The Board's Renewed Regulatory Framework for Electricity ("RRFE") is designed to support the cost-effective planning and operation of the distribution network and that of the Local Distribution Company ("LDC") distribution systems. The RRFE takes an integrated and performance-based approach to planning with the four RRFE outcomes as follows;

- Customer Focus: services are provided in a manner that responds to identified customer preferences;
- Operational Effectiveness: continuous improvement in productivity and cost performance is achieved; and utilities deliver on system reliability and quality objectives;
- Public Policy Responsiveness: utilities deliver on obligations mandated by government (e.g., in legislation and in regulatory requirements imposed further to Ministerial directives to the Board); and,
- Financial Performance: financial viability is maintained.

OPUCN utilizes the RRFE's four outcomes as building blocks for this business plan.

Business Plan Principles and Framework

Responsiveness to Customer Needs

OPUCN aims to continue to improve the customer experience and drive advanced service outcomes. These two key priorities contribute to responsiveness to customer needs and aims to improve OPUCN anticipatory responses and minimize reactive responses.

Actions that will support customer needs include development of a strategy and service plan. The strategy and plan will establish the process to identify changing customer needs and priorities and act as a conduit to regularly communicate customer feedback to employees. This plan will be updated annually and based on evolving customer needs for communication tools, website features and open houses to raise awareness and understanding.

Metrics that will support in evaluation of the enhancement of the customer service are to achieve an increase in the number of e-billing & self-service customers from 35%-50% in 5 years to provide customers with more control with OPUCN staff to support. The number of open houses and community dialogue sessions for feedback will be tracked and attendance analyzed. There will also be achievement of targets on customer satisfaction research and the increase in customer base as the City grows.

Operational Excellence

Operational excellence is a factor that OPUCN fully stands behind and have included key objectives in this business plan to continue to modernize our infrastructure. Customer reliability will be driven through asset replacement decisions and automation. This modernization is the driver to leverage technology to operate efficiently with a substantial increase in visibility into the grid system to allow operators to make decisions based on real time data and to isolate and resolve grid outages.

Growth and Sustainability

Based on OPUCN's consultations with the City of Oshawa and Durham Region, OPUCN expects its customer base to continue to increase over the next five years. OPUCN's consultations and forecast confirm, on average, a projected annual customer connection growth rate of approximately 1.4%, which is slightly lower than customer annual growth rate from 2015 through

2019 but still higher than historical level. The projected rate of customer connection growth is supported by the increase in issued building permits and evidence of several major residential and commercial real estate developments currently in planning and construction stages.

The City of Oshawa published a 2019 total building permit value of approximately $400 million with industrial development being the driving economic growth in 2019. Based on the current development information from the City of Oshawa, OPUCN has projected customer connections growth of an additional 12,755 residential units by 2029.

The demonstrated increase in large residential subdivisions and commercial developments, especially along the extended 407 corridor and Kedron II planning area, has led OPUCN to coordinate the building of new substations including a new OPUCN distribution substation, MS9, and Hydro One Networks Inc. (Hydro One) owned Transmission Station (TS), Enfield TS to address ongoing and future customer load requirements. These projects have been completed in the previous planning cycle and no additional feeder projects were identified as of yet in the forecast period, however, “Connections” and “Expansions” capital expenditure may be impacted as a result of the customer load growth.

Customer Focus

Customer Engagement

Taking A.I.M. Survey

Beginning in 2014, OPUCN augmented their regular telephone-based Customer Satisfaction survey with supplemental questions to help gain insights into, or deal with, issues customers care about. For example, the 2014 telephone survey of 405 OPUCN customers were asked to prioritize investments for ten operational issues. In 2017, 400 interviewees were asked to identify the importance of items as they relate to online access to various items, and in 2018, 402 interviewees were asked to prioritize operational planning items shown in Table 1 - Customer Priority Survey below.

OPUCN embraced the Taking A.I.M. process (Applied Insights Methodology) to gather information and feedback from multiple sources. A process which gives customers multiple opportunities to “make their voice count.”

Through a joint on-site investigative type of review, fifty-eight (58) customer engagement activities were identified as customer interactive touchpoints that could provide information for the Cost of Service (COS) application.

Table 1 - Customer Priority Survey

As an OPUCN customer could you tell us how important each of the following items is to you?			
Top 2 boxes 'Very + Somewhat important'	**OPUCN 2019**	**OPUCN 2018**	**OPUCN 2014**
Continuously improve the safety and reliability of the electricity network	95%	91%	86%
Remain focused on keeping costs low	95%		
Reduce response times to outages	94%	86%	80%
Look for ways to use technology to safeguard the electricity network or get more out of the equipment	92%	91%	
Provide good jobs in the community	91%		
Improve customer service	88%		
Invest in green energy technologies (energy storage, electric vehicles, etc.)	88%		
Invest in smart grid technologies (system automation)	88%	83%	75%
Invest in projects to reduce the environmental impact of the utility's operations	88%	76%	
Improve communications for billing and outages	87%	50%	
Educate the public as it relates to electricity safety	84%	73%	
Investing more in tree trimming to help reduce the number of outages		78%	68%
Provide more self-serve options on the website	78%	44%	40%
Provide sponsorships to support local programs and events	76%	48%	45%
Develop a smartphone application to allow you to view your electricity use and pay your bill	75%	50%	37%
Burying Overhead wires		64%	62%
Make better use of social media such as twitter	62%	29%	33%

There were 83 questions contained in the Online Taking A.I.M. COS DSP Survey with seven Chapters. Each chapter was designed to capture the survey respondent's information, insights, wisdom, feedback, or contact information on various subject areas. These areas were: About OPUCN, The Electricity Industry, Customer Priorities, Billing & Outages, Facilities & General Plant Capital Investments, Customer Care Operational Improvements and, Distribution System Plan (DSP) Capital Investments.

The A.I.M. process (Applied Insights Methodology) to create a two-way communication online survey that allowed for OPUCN to ask plan questions and also asked open ended questions to participants to gather feedback. The survey was made available in paper copy for those who did not have online access.

OPUCN spent the months leading up to the beginning of the campaign educating and informing residents at seven public events of the upcoming online survey and public town halls. Beginning October 1, 2019, the survey was actively advertised through social media campaigns, media release, newspaper ads, email campaigns and the customer service IVR welcome message in the call centre.

Results and Feedback

The survey was live from October 1, 2019 to December 8, 2019. OPUCN achieved:

- 1,240 completed A.I.M. surveys,
    - 26 customers asking to be contacted by an employee and were contacted
    - 305 respondents asked to be notified of any future public meetings regarding OPUCN's rate application
    - Over 900 comments were submitted

In the online survey details and cost of the Distribution System Plan were reviewed. Information was divided into the four main categories, the results were:

- **Facilities and General Plant Investments** - 58% of respondents supported OPUCN's recommendation, 30% wouldn't support an increase, and 11% answered 'Don't know'.
    - **OPUCN facility** – when asked separately about the OPUCN facility there are about 15% of the population who will not support any relocation. A total of 74% of online respondents can support the relocation and upgraded facilities.

- **System Access Investments** – 84% support these investments because they either help our community or they are mandated or both, and 15% do not support these investments
- **System Renewal Investments** - 62% of respondents indicated support for the recommended increase, 8% supported a lesser increase, 17% does not want any increase and 13% didn't know
- **System Service Investments** - 60% of respondents indicated support for the recommended increase, 9% supported a lesser increase, 19% does not want any increase and 13% didn't know

Table 2 – OPUCN Recommendations

Base: Total Respondents 1,240	Support OP's recommendations #	Support OP's recommendations %
General Plant	713	58.3%
New Facility	912	73.5%
System Renewal	763	61.6%
System Service	739	59.6%

OPUCN will take the results of this customer engagement feedback into account for the future planning and operations for 2020-2025. Overall, the results are positive for investment into OPUCN's operations, which will have a positive effect ultimately leading to a better customer experience.

Virtual Telephone Town Hall

The Virtual Town Hall was held between 7:30pm-8:30pm on October 28, 2019. The Town Hall allowed participants:

- Join a city-wide conversation on the 5 Year Infrastructure Investment Plan;
- Learn more about the investment plan and rate application process
- Understand the industry and regulations
- Ask or listen in to budget-related questions and OPUCN's answers
- Answer polling questions on the investment plan and service delivered by OPUCN

Preparation was done ahead of time to create the scripting for the welcome message, recorded message for voice mails and the polling questions. Polling questions were selected that would

provide rich feedback and encourage dialogue throughout the call. The OPUCN 5 Year Infrastructure Investment Plan Virtual Town Hall was advertised through social media, media release, website and an email campaign.

Beginning at 7:28pm on October 28, 2019, OPUCN customer account phone numbers (and community members who R.S.V.P.'d their phone number in advance) received a call inviting them to stay on the line to participate in the Town Hall.

Following opening remarks from President and CEO on the investment plan and the process, participants were invited to enter the queue to ask questions. Those on the line were asked polling questions throughout the event.

At the end of the Town Hall, listeners were informed that recording of the call would be available on the OPUCN website within one week. The recording and the full transcript was posted on OPUCN's dedicated Cost of Service webpage.

In addition, phone number that went directly to voicemail were left a pre-recorded message advising them that although they missed the call, they could still participate in the process and complete the survey.

Results and Feedback

The Virtual Telephone Town Hall hosted 9,798 listeners throughout the duration of call, with a peak of 2,471 listeners on at one time, and an average listen time of 14 minutes during the one-hour Telephone Town Hall,

- 189 listeners entered queue to ask a question and 22 went live
- 4 polling questions were asked during the course of the live call
- 93 customers opted out of the Telephone Town Hall ahead of time

The Telephone Town Hall included four polling questions on the public's opinion on investing in self-serve technology, distribution asset replacement, grid modernization and the OPUCN facility.

Public Town Halls

OPUCN hosted four different Public Town Halls. The first Town Hall was held during the evening at the McLaughlin Public Library on November 5, 2019. In total for all four events there were about 50 attendees.

The senior executive team presented a detailed summary of what OPUCN has accomplished since the last rate application, the rate application process and the cost of proposed projects.

Attendees were able to ask questions throughout the presentation and invited to stay afterwards for further conversation.

OPUCN staff were on hand to assist any attendees with any account or service-related inquiries.

The same format was followed for the three sessions that were held at Oshawa Senior's Community Centres (OSCC). Sessions were held:

- November 6, 2019 11am-1pm, OSCC John St Branch (Central Oshawa)
- November 29, 2019 10am-12pm, OSCC Conant Branch (South Oshawa)
- December 4, 2019 9am-11am, OSCC Delpark Homes Centre Branch (North Oshawa)

Summary

OPUCN's active customer engagement campaign ran from October 1, 2019 to December 8, 2019. Utilizing relatively low-cost advertising methods OPUCN received a positive response in both survey and telephone town hall participation. The in-person town halls did not perform as well in terms of attendance however the attendees were engaged and inquisitive. Valuable open dialogue was generated from the in-person town halls.

In total, OPUCN was able to engage over 12,000 customers in Oshawa which is 20% of the customer base. With the multi-method approach to engaging customers OPUCN was able to reach out to a cross section of all customers that vary in age, income level and geography of Oshawa. Additionally, customers both online and not were able to participate in completing a survey and providing feedback.

Consistent messaging from the OPUCN customers from all outreach formats is to manage costs and maintain safety and reliability of the infrastructure.

During this phase of customer engagement OPUCN customers were introduced to the investment levels proposed, the Distribution System Plan and Rate Application process, completed projects from current Distribution System Plan, and the current and proposed life cycle status of OPUCN assets.

Feedback gathered from the customer engagement campaign will now be provided to the Distribution System Plan team. In the next phase of customer engagement OPUCN will be communicating the final Distribution System Plan and the impact on the customer's bill for the next 5 years.

Customer Satisfaction

OPUCN measures and reports on customer Satisfaction measures that include; First Contact Resolution, Billing Accuracy and Customer Satisfaction Survey Results. OPUCN uses the OEB target for the billing accuracy measure and internal targets developed for first contact resolution and customer satisfaction measures, and empowers their staff to meet these targets.

Customer Satisfaction Survey

Using a third-party vendor, UtilityPulse, OPUCN conducts a customer satisfaction survey on a biannual basis to obtain feedback on the overall value of service offered to customers. The latest such survey took place in 2018. Customers (residential and commercial) are engaged to provide high-level feedback on their perceptions of OPUCN's performance, desired service improvements, customer priorities and communication preferences. OPUCN utilizes this information to help inform future investment planning that will maintain or improve customer satisfaction.

OPUCN's target is to be within a (+/-) 2% than previous survey scores for the following survey metrics:

- Customer Care
- Company Image
- Management Operations
- Customer Centric Engagement Index
- Customer Experience Performance rating

Historical Performance

OPUCN has exceeded its target for customer satisfaction as part of the customer focus section of the scorecard. OPUCN ensures that corporate and asset management objectives are aligned with OEB performance outcomes. OPUCN takes efforts to ensure involvement of their customers in discussions to understand their preferences and concerns. OPUCN utilizes various communication methods through telephone or online surveys or in-person public town halls.

Table 3 – Performance Measures – Customer satisfaction

Measure	2015	2016	2017	2018	2019
First Contact Resolution	149	521	277	103	238
Percent of Calls not resolved on First Contact	0.27%	0.82%	0.51%	0.18%	0.49%
Billing Accuracy	99.93%	100%	99.94%	99.93%	99.91%

Measure	2015	2016	2017	2018	2019
Customer Satisfaction Survey Results	93.00%	92.00%	92.00%	95.00%	95.00%

First contact resolutions are measured based on how many interactions required escalation or further investigation in order to be resolved.

Billing accuracy continues to be strong for OPUCN. Historically we run well above the OEB target of 98%. OPUCN has validation points instilled at every point in the billing process to ensure bills are generated accurately.

Customer Satisfaction Survey Results are a combination of the detailed bi-annual telephone survey conducted by UtiliyPulse and the customer service “instant” automated survey that customers can opt to participate in prior to speaking with a Customer Service Representative in the Customer Service Centre.

The customer survey results over the historical period are shown in Table below:

Table 4 – 2014 - 2018 Customer Service bi-annual survey results

Survey Sub-Measures	2014	(Q1)2017	(Q4)2018
Customer Care	B+	B+	A
Company Image	A	A	A
Management Operations	A	A	A
Customer Centric Engagement Index (CCEI)	81%	83%	84%
Customer Experience Performance rating (CEPr)	84%	85%	86%

The survey results indicate OPUCN’s customer service, care, and experience is good and is consistently improving. The 2018 UtilityPulse Customer satisfaction survey noted an that customers were less concerned about rates as the previous government had reduced rates by 25% and the current government added to the reduction bringing it to a total of 31.8%. Minimum wage increased from $11.40 to $14.00 (up 22.8%) during that period as well.

Respondents for OPUCN were asked in the 2018 bi-annual survey to comment on the priority level of the implementation or execution of 12 different initiatives/projects, which encompass operational aspects and/or financial commitment. The top priorities are:

Table 5: Survey of Top Priorities

Priority Planning within the next 5 years	
Maintaining and upgrading equipment	91%
Reducing response times to outages	86%
Investing more in the electricity grid to reduce outages	83%
Investing more in tree trimming to help reduce the number of outages	78%
Investing in projects to reduce the environmental impact of the utility's operations	76%
Educating the public as it relates to electricity safety	73%
Educating customers about energy conservation	70%
Burying overhead wires	64%
Developing a SMART phone application to allow you to view usage and pay your bill	50%
Providing sponsorships to local community causes	48%
Providing more self-serve services on the website	44%
Making better use of social media (such as Twitter, Facebook, etc.)	29%

In this last survey, we found there is a large interest in improving reliability and modernizing the grid. From 2014 through 2018, OPUCN scored at or higher than National (84%) and Ontario (83%) benchmarks in all three performance categories.

Customer Centric Engagement Index (CCEI)

CCEI is about how customers think, feel and act towards the organization. Ensuring customers respond positively requires they be rationally satisfied with the services provided and emotionally connected to the LDC and its brand.

OPUCN has invested time in increasing customer engagement opportunities and participating in public events, hosting town halls and open houses.

Customer Experience Performance rating (CEPr)

CEPr focuses on the customer experience. Customers expect their utility to act professionally and provide quality customer service when interacting. The CEPr measures the quality of the customer experience.

OPUCN's performance in this area exceeds both National and Ontario utility performance averages.

Customer Feedback

OPUCN posts on its website a listing of its capital investment projects for the upcoming years as well an online outage map to reference during power outages. OPUCN has posted its capital projects for 2020-2022. This allows OPUCN customers to review the upcoming projects and submit their concerns or questions to OPUCN. Any customer feedback or concerns are reviewed

and responses provided accordingly. 77% of survey participants have indicated that they would like to see an outage notification system that automatically sends you a message by phone call, email or text within the next 5 years. OPUCN currently has telephone notification system in place.

OPUCN also provides advance notices to customers at each stage of a renewal project advising them of upcoming overhead or underground plant rebuilds in their area or neighbourhood, including any planned outages. Any questions or concerns (for example location of the proposed poles or pad-mount type transformers) are normally resolved directly with the customer.

OPUCN hosts open houses and information sessions to share plans of upcoming projects, customer service updates and safety related information. OPUCN will solicit and receive customer feedback and address any concerns to the best of its abilities directly with their customers. In the 2019 the online survey and in-person events participants had the opportunity to provide open feedback on the Distribution System Plan and request contact from an OPUCN employee to further discuss questions or concerns.

In addition to adding opportunities for customers to interact with OPUCN in-person more self-serve options were added online. Customers provided feedback that they wanted to be able to take care of their accounts at their convenience. More online forms were created and a Self-Service hub that houses forms, information and account access.

OPUCN took efforts to engage the local contractor and developer community with the goal to keep them up-to-date on safety, incentives and opportunities. OPUCN created a dedicated webpage “Contractor’s Corner” where developers and contractors can access guidelines, specifications and service applications. Centralizing the information simplified the contractor’s process and help streamline the service application process.

In June 2018 OPUCN hosted their first Developer Conference and a Contractor Safety Day in November. In 2019 OPUCN expanded on Contractor Safety and worked with industry partners to host a larger event in November. The attendance more than doubled from the first Contractor Safety Day 2018. In addition to addressing any inquiries contractors have, OPUCN was able to educate them on how to safely work around OPUCN’s infrastructure.

OPUCN continues to meet with its major customers (e.g. Durham College, Lakeridge Health Centre, Region of Durham, The City of Oshawa) and key developers (e.g. Tribute Homes, Panatonni Development Company; Sorbora, Podium Development), for ongoing updates and

service-related consultation on their project plans and future developments as well as account consultation.

OPUCN considers all customer feedback and preferences in determining the pacing of its investments and in optimal selection of projects. Furthermore, OPUCN has been prudent when incurring costs since the customer satisfaction survey results indicate that the low price of electricity is an important factor to customers.

OPUCN is committed to maintaining customer engagement and taking their feedback into account in a meaningful way, to the benefit of the customers. OPUCN will continue to engage with customers through phone and web surveys, bill inserts, bi-annual newsletters, social media postings, and others. The needs of the customers may change over time as the customer base itself changes and different issues become more important.

Operational Effectiveness

Distribution System Plan

The OEB requires all LDC's to file a detailed DSP every 5 years and/or as a mandatory component of their evidence when filing a Cost of Service application. OPUCN will file the DSP for the forecast period of 2021-2025 as part of its 2021 rate application. The Board of Directors have reviewed and approved the five years' budget plan that went into the development of the DSP.

The investments that have been approved by the Board of Directors are based into 4 categories of expenditures:

- System Access (New customer connections, third-party infrastructure needs, and mandated revenue metering and service obligations)
- System Renewal (Replacing end-of-life distribution system components and high failure risk assets)
- System Service (Operational technologies and grid modernization)
- General Plant (Facilities, fleet, and office systems)

<u>System Access</u>

System Access investments are modifications to a LDC's distribution system, which, LDC is, obligated to perform to provide a customer (including a generator customer) or group of customers with access to electricity services via the distribution system.

System Access investments discussed are driven by:

- Municipally driven requests for OPUCN plant relocation; and
- forecast of service connections, system expansions, and metering requirements based on projected growth in customer connections, developed through OPUCN's consultations with the City, Region, and local developers.

Since System Access investment needs are largely driven by customer, municipally, regionally, provincially, or regulatory-driven, they are typically prioritized based on third party deadlines and resource availability. Historically, this investment has been sporadic due to the fluctuating demands.

System Renewal

System Renewal investments involve replacing and/or refurbishing distribution system assets to maintain the ability of the LDC's distribution system to provide customers with electricity services.

Investments described in the System Renewal category are driven by:

- Maintenance and operational inspections and tests reports;
- Recommendations from the ACA; and
- Power outage incident reports and associated analysis of root cause, duration, fault locating, restoration time and customer impact.

System Service

System Service investments are modifications or upgrades to the distribution system that ensure the operational objectives are met while addressing anticipated future customer electricity service requirements. These upgrades are imperative for allowing OPUCN's distribution system to continue meeting operational excellence related to safety, reliability and system efficiency.

System Service investments illustrated in this category are driven by:

- Projected increase in system demand and peak load resulting from anticipated accelerated growth in residential subdivisions and commercial developments.
- System capacity studies;
- Concerns stemming from OPUCN's control room;
- Distribution automation;
- OEB's Cybersecurity Framework;

- Grid Modernization Plan; and
- The consideration of effective and proven technology to modernize the distribution system.

System Service investments requirements over the forecast period are expected to vary due to initiatives to improve Operational Effectiveness (as outlined in OEB's annual scorecard for OPUCN) including the new Grid Modernization Plan, OEB's Cyber Security Framework, and ageing station service equipment.

General Plant

General plant investments are modifications, replacements or additions to a LDC's assets that are not part of its distribution system including land and buildings, tools and equipment, rolling stock and electronic devices and software used to support day to day business and operations activities.

General Plant investments addressed in this category are driven by:

- Investment needs for the refurbishment or replacement of the fleet, office building, substations, and any other property;
- Refurbishment or replacement of major tools and equipment;
- Customer needs; and
- New technologies that are required or advisable to improve OPUCN's efficiency and work environments not in direct relation to the distribution system.

Compared to historical investment in the General Plant category the forecast needs have increased significantly. Specifically, the first years of the forecast period there exists a substantial deviation from the historical General Plant budget. Aside from the ordinary investments, which include Fleet, Facilities, Tools and Equipment, and basic information technology needs, additional investments have been identified concerning the acquisition of the CIS, a more rigorous IT systems upgrade, office systems, and customer facing data access and billing platforms to improve operational efficiencies.

Operational Efficiencies

OPUCN and its customers benefit from operational efficiencies including those from the installation of Smart Meters. These operational advantages include:

- The process of issuing a timely, accurate bill

- Reduce labour costs during the move in/move out process as field trucks are not required for final meter readings
- Customer communications being able to notify customers when there is a power outage more efficiently and customers were directed to check OPUCN outage map.

OPUCN continues to take steps to further operational efficiencies with proven technologies in distributed automation as detailed in the General Plant activities in the previous section. This includes ongoing installation of automated switches introducing 44kV remote switches, integrating smart fault indicators & lateral reclosers, and introducing a Centralize Automation Controller that will be built up across the entire distribution system. These efforts will be a coordinated effort to enable Fault Location, Isolation and Service Restoration to reduce impact of an outage and improve overall efficiency of operation.

The following practices and activities are expected to produce cost savings over the forecast period:

- Proactive or planned replacement of vital distribution system assets exhibiting poor condition or high risk assets reduces reactive maintenance costs and improves service to the customer, resulting in fewer and shorter duration outages, which in turn has a beneficial impact on the cost of outages to customers. The timing of replacing assets is also established according to economic end of TUL.
- Using economy of scale and when possible, capital investments in the same area are identified and assets are grouped together to form a program that will provide the most cost-effective solution. An example of this is renewing an entire subdivision in one year as opposed to individual streets over many years that provides the optimal design and minimizes construction costs by reducing crew/equipment mobilization activities and by streamlining project planning and work execution. Savings are built into the forecast amounts.
- Continued maintenance and update of OT systems including, but not limited to, the Outage Management System (OMS) and Supervisory Control and Data Acquisition (SCADA) will improve situational awareness by having reliable data during outage events. This allows OPUCN to respond quickly and efficiently to outage events by restoring electricity service to affected customers more quickly than is currently possible.
- Improved use of the Geographic Information System (GIS) to capture and access the distribution system assets information are expected to aid in cost control through the

provision of the most up-to-date data available to engineering and operations department being utilized in long-term and short-term decision-making.

- A new web based estimating and job management tool, Quadra, is currently being utilized by OPUCN that provides better estimation when used for proposing overhead and underground line renewal projects. This provides better estimation and improves the forecasted capital expenditures.
- Utility relocation projects and other underground and overhead reconstruction projects described in this DSP are coordinated with regional and municipal roadway construction schedules to ensure that the potential scope and timelines are optimized. The anticipated savings are built into the forecast amounts.
- Prudent investment in distribution automation such as remote controlled and self-healing switches, monitoring equipment and smart grid devices as part of grid modernization are expected to improve situational awareness, shorten response time, reduce truck rolls and outage restoration times.
- OPUCN's new Computerized Maintenance Management Software (CMMS) will optimize the asset condition inspection and maintenance schedule which provides a better understanding of each asset's stage in its lifecycle and will lead to more cost-effective decisions with respect to maintenance, refurbishment and replacement decisions. This recent application software will be adopted by OPUCN starting in 2020.

System Reliability

System reliability is an indicator of quality of electricity supply received by the customer. System reliability and performance is monitored via a variety of weekly, monthly, annual, and on-demand reports generated by the SCADA system and the OMS.

The reliability of supply is primarily measured by internationally accepted indices System Average Interruption Duration Index (SAIDI) and System Average Interruption Frequency Index (SAFI) as defined in the OEB's Electricity Reporting & Record Keeping Requirements dated May 3, 2016.

OPUCN experienced variations in both SAIDI and SAIFI during the historic period from 2015 to 2019 with up to 2.61 in SAIDI and 2.06 in SAIFI in 2016 excluding loss of supply and Major Event Day ("MED"). Service reliability performance were underperforming in 2016 compared to the previous 5-year rolling average SAIDI target of 1.45 and SAIFI target of 1.36 primarily due to outages affecting majority of our customer base. OPUCN experienced an outage in 2016 that resulted from a 44kV quick sleeve failure causing a switch to open with approximately 37,000

customers lasting 6 hours. The outage occurred in the evening after work hours and crews had to be called in to make the necessary repairs. In order to address this type of outage in the future, a “44kV Quick Sleeve Replacement Program” has been included in the capital investment plan. This project will replace existing quick sleeves with permanent sleeves on the 44kV primary overhead conductor lines that will provide better reliability during the period of 2020-2025.

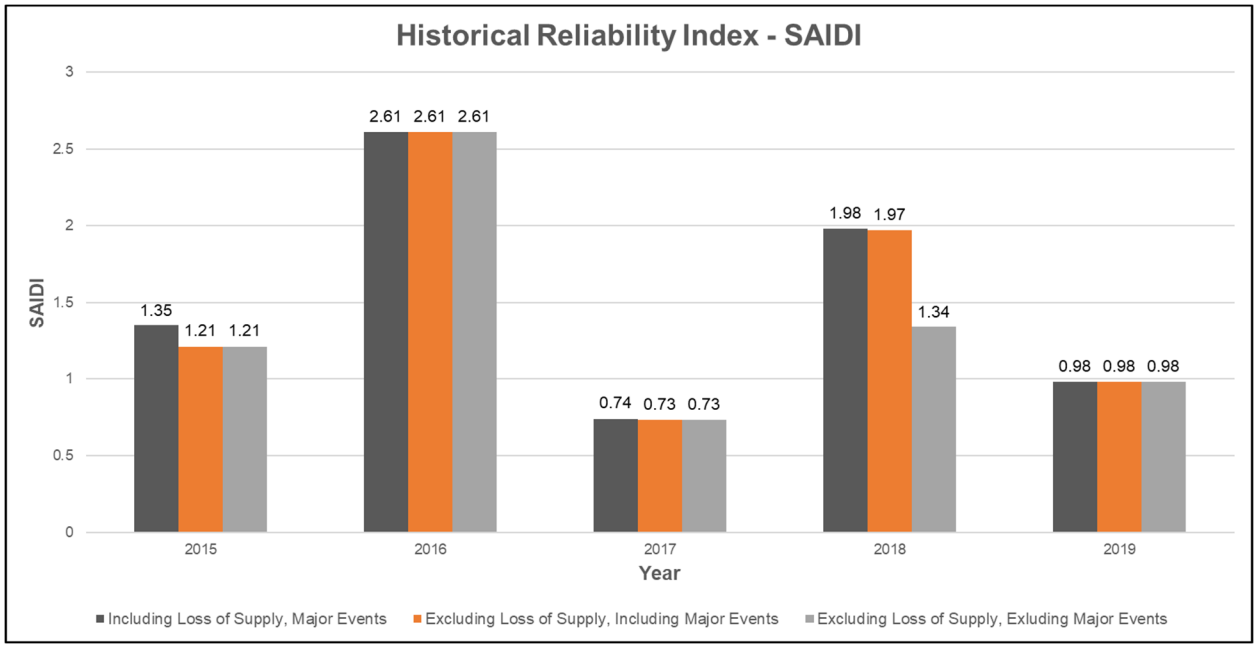

Figure 3: Historical Reliability Index - SAIDI

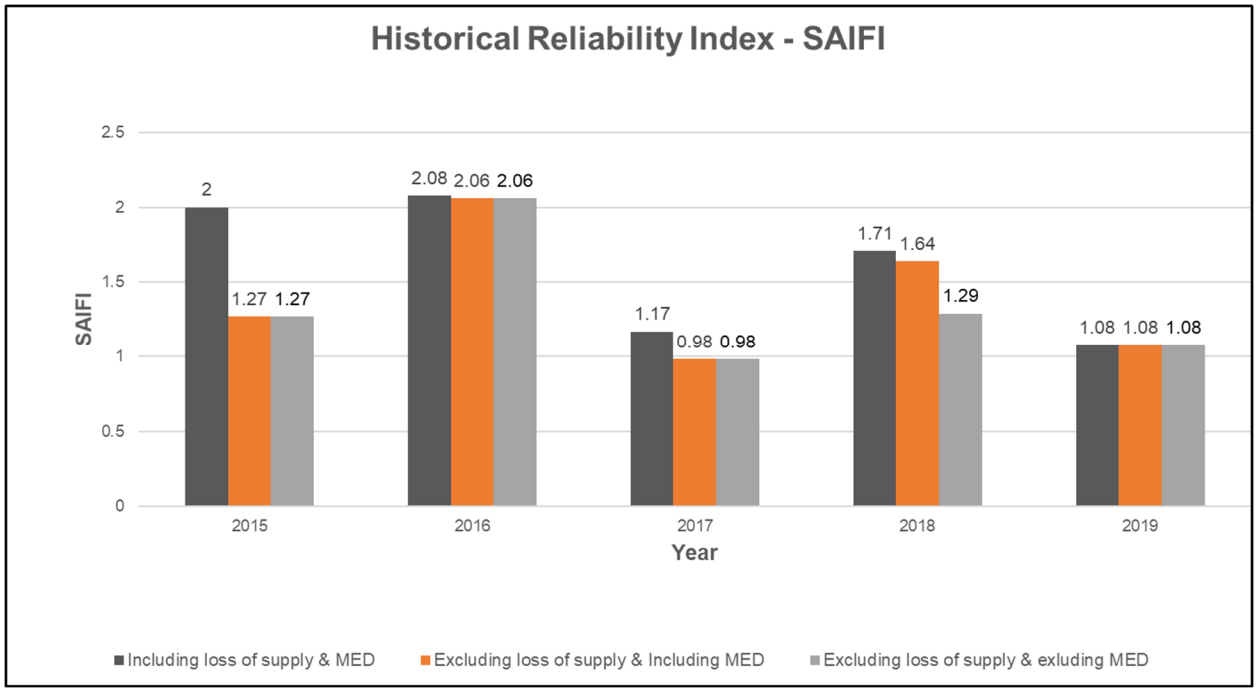

Figure 4: Historical Reliability Index - SAIFI

Public Safety

Safety is paramount at OPUCN, therefore striving for excellence in these areas has and continues to be a focus. The OEB stated that the public safety metric will have the following components and will be included on the LDCs' annual scorecards:

a) Component A - Public Awareness of Electrical Safety
b) Component B - Compliance with Ontario Regulation 22/04
c) Component C - Serious Electrical Incident Index

Public Awareness of Electrical Safety

Component A, Public Awareness of Electrical Safety, measures the level of awareness of key electrical safety precautions among the public within the electricity LDC's service territory, and the degree of effectiveness for LDC's activities on preventing electrical accidents. OPUCN targets a public awareness index score of greater than 80%. OPUCN regularly achieves a score above 80%, with an average over the last 5 years of 84.6%.

Compliance with Ontario Regulation 22/04

Ontario Regulation 22/04 - Electrical Distribution Safety establishes objective based electrical safety requirements for the design, construction, and maintenance of electrical distribution systems owned by licensed LDCs. Specifically, the regulation requires the approval of equipment, plans, specifications and inspection of construction before they are put into service.

OPUCN has a strong commitment to safety, health & wellness, and public safety measures and is in compliance with Ontario Regulation 22/04. OPUCN has been fully compliant with Ontario Regulation 22/04 during the historical period, achieving a score of Compliant. OPUCN's continued achievement of compliance is due to our strong commitment to safety, and adherence to standards and company procedures & policies.

OPUCN continues to promote education, awareness, application of safe work practices and compliance with O.Reg. 22/04 and as such safety continues to play a key role in project prioritization. Ensuring a safe environment for workers and the public has been taken into consideration in the development of the DSP and OPUCN's AM and capital expenditure planning processes.

Serious Electrical Incident Index

OPUCN achieved a score of 0.000 for the Serious Electrical Incident Index per 1,000 km of line during the historical period. OPUCN takes public safety in the vicinity of its distribution equipment very seriously, and regularly carries out activities to take prompt corrective action where potential public safety issues are identified. OPUCN promotes public safety messages through bill inserts, web and social media.

OPUCN also put measures in place to reduce and eliminate serious electrical incident that are within its control and has identified a number of pole line rebuild projects that will eliminate some of the hazards such as 44kV quick sleeve replacements.

Human Resources

OPUCN intends to invest in our people and recognize their daily work that supports the core vision and mission of our company. The key priorities are to embed employee safety in our culture to ensure no harm comes to the team and to design and systematically implement a Three-Year Culture Transformation Plan. This plan would include the development of the future workforce that focuses on diversity of thought, expertise, and backgrounds, ensuring employee behaviours support the desired culture and systematically improve.

The actions that will contribute to these priorities are through the development and implementation of our Annual Health and Safety Plan and our Culture Transformation Plan. The Culture Transformation Plan will systematically develop leadership skills through an Annual Professional Development Plan. This plan will include a talent matrix and succession plan to support knowledge transfer as 25% of OPUCN workforce will retire over the next 5 years. This will be supported through the development of and Employee Engagement Plan to increase contributions and involvement from the workforce.

Success will be measured by the implementation of these plans and measures achieved. The safety of employees will be monitored by success in achieving zero LTI per year. The targets in the Culture Transformation Plan includes metrics for development and training. In addition, the following metrics will be monitored; leadership training for managers, leadership behaviours demonstrated, annual skills assessed, and averaging of 4 training days per employee per year.

The plan will also include metrics for Succession Plan updated annually, employee engagement defined through satisfaction research, employees voluntarily attendance of Buzz event and Performance Review System implementation via check-in meetings.

Information Technology

Grid modernization will continue to advance as OPUCN continues to invest in activities such as communication infrastructure, metering, distribution system monitoring, automated switches, Operational Technology (OT) and Information Technology (IT) systems to meet reliability performance expectations and cybersecurity requirements. Given the current technology available, customers are now expecting electrical utility to minimize service disruptions and better manage outage duration, impact and communications. OPUCN plans to continue and accelerate System Service investments including installation of grid modernizing devices and equipment to allow remote automated switching and fault isolation to reduce restoration time and outage impact on customers. OPUCN will update its IT systems to the latest system version and ensure that all systems and equipment that will be in place are compliant with the cybersecurity framework and requirements. Advanced technology with intelligent devices and management systems will also enable OPUCN to operate a “smarter grid” that will have better visibility and operational flexibility.

Municipal Substation Network Cybersecurity Upgrade

Data for the smart grid is sent through OPUCN’s communication infrastructure between sensors, switches, control room and other devices. OPUCN will be improving the OT cybersecurity through

security measures as indicated in “OEB’s Cybersecurity Framework.” Not only will this increase cybersecurity but also improve data bandwidth and reduce communication latencies for OT devices and other smart grid devices. This project looks to “invest in innovative solutions that make their systems more efficient, reliable, and cost-effective” (refer to Long Term Energy Plan, Chapter 3, Summary) and “ensure cyber security is being addressed in the electricity system and that there is appropriate regulatory oversight to mitigate cyber risks and threats” (refer to 2017 Long Term Energy Plan, Chapter 4, Cyber Security).

GIS, OMS, ODS Software Update

OPUCN will be updating existing GIS, OMS, ODS software to current packages, and align with Microsoft upgrades to maintain security of the system. OPUCN will be upgrading existing powerful software to extend functionality to analyze data and use information to make the network more efficient and reliable. This project looks to “invest in innovative solutions that make their systems more efficient, reliable, and cost-effective” (refer to Long Term Energy Plan, Chapter 3, Summary).

Advanced Metering Infrastructure (AMI) System Update

OPUCN will be replacing all failed smart meters that are currently in service with the next generation of meters. The replacement program includes upgrading the AMI data collector units and communication to provide faster and more reliable data transmission. These upgrades along with Green Button Dashboard and ODS software update will provide customers with near real-time consumption data access. This project is directly linked to Ontario’s 2017 Long Term Energy Plan in providing choice through information, tools and access to energy data (refer to 2017 Long Term Energy Plan, Chapter 5, Providing Choice Through Information, Tools and Access to Energy Data).

Customer Self-Serve Online Portal (Green Button Dashboard)

OPUCN will implement an enhanced self-service tool that will allow customers the ability to log into a secure portal to view balances, due dates, bills as well as smart meter activity and predicted bill statistics. The software has the ability to provide current alerts based on customer settings including bill/usage thresholds, high usage and other configurable options. This project is directly linked to Ontario’s 2017 Long Term Energy Plan in providing choice through information, tools and access to energy data (refer to 2017 Long Term Energy Plan, Chapter 5, Providing Choice Through Information, Tools and Access to Energy Data).

Deployment of Centralized Automation Controller, Smart Fault Indicators, Lateral Reclosers & IEDs

A Centralized Automation Controller will be installed to enable Fault Locating, Isolation and System Restoration (FLISR) across multiple Intelligent Electronic Devices (IED) and remote switches. The Centralized Automation Controller will leverage on a powerful software platform to analyze data from IEDs and remote switches to perform fast automatic outage restoration. IEDs will be used to extend visibility of the electrical distribution system. This project looks to "invest in innovative solutions that make their systems more efficient, reliable, and cost-effective" (refer to Long Term Energy Plan, Chapter 3, Summary).

Municipal Substation Transformer Monitoring and Telemetry

OPUCN will be installing transformer monitoring systems which detect the amount of dissolved gasses in the Municipal Substation (MS) power transformers to determine its real-time condition. Based on the amount of dissolved gasses and associated information, the probability of transformer failure can also be assessed. This project looks into using new technology in grid modernization to extend the use of sensors to reduce truck rolls (carbon footprint) to perform oil sampling and provide greater visibility on probability of failure of Municipal Substation transformers. This project looks to "invest in innovative solutions that make their systems more efficient, reliable, and cost-effective" (see Long Term Energy Plan, Chapter 3, Summary).

Expansion of Overhead Automated Switching & SCADA Operated 44kV Overhead Switches

Automated switches will be installed replacing existing manual switches. Automated switches will have FLISR capabilities that will make the system more efficient and reliable. Both automated switches and remote 44kV operated switches will reduce truck rolls, reducing carbon footprint in operations. This project looks to "invest in innovative solutions that make their systems more efficient, reliable, and cost-effective" (refer to Long Term Energy Plan, Chapter 3, Summary).

Municipal Substation Battery and Battery Charger Replacement

OPUCN will be installing battery condition monitoring systems as the batteries and battery chargers are renewed. The control operators will be able to determine the real-time condition of the batteries and the information gathered can be used to assess associated probability of failure. This project looks into using new technology in grid modernization to extend the use of sensors to reduce truck rolls (carbon footprint) to perform corrective maintenance and provide greater visibility on the probability of failure of MS back-up control power. This project looks to "invest in

innovative solutions that make their systems more efficient, reliable, and cost-effective" (refer to Long Term Energy Plan, Chapter 3, Summary).

Fleet and Facilities Management

General Plant

General Plant investment is variable based on changing annual needs but remains consistent on average throughout the historical period. General Plant peaked in 2020 to address the developing need to renew OPUCN's IT systems, facilities, and fleet. As seen in the figure below, the forecast average is 16% less than the historical average over the DSP period. Forecast expenditures are expected to be similar to historical expenditures.

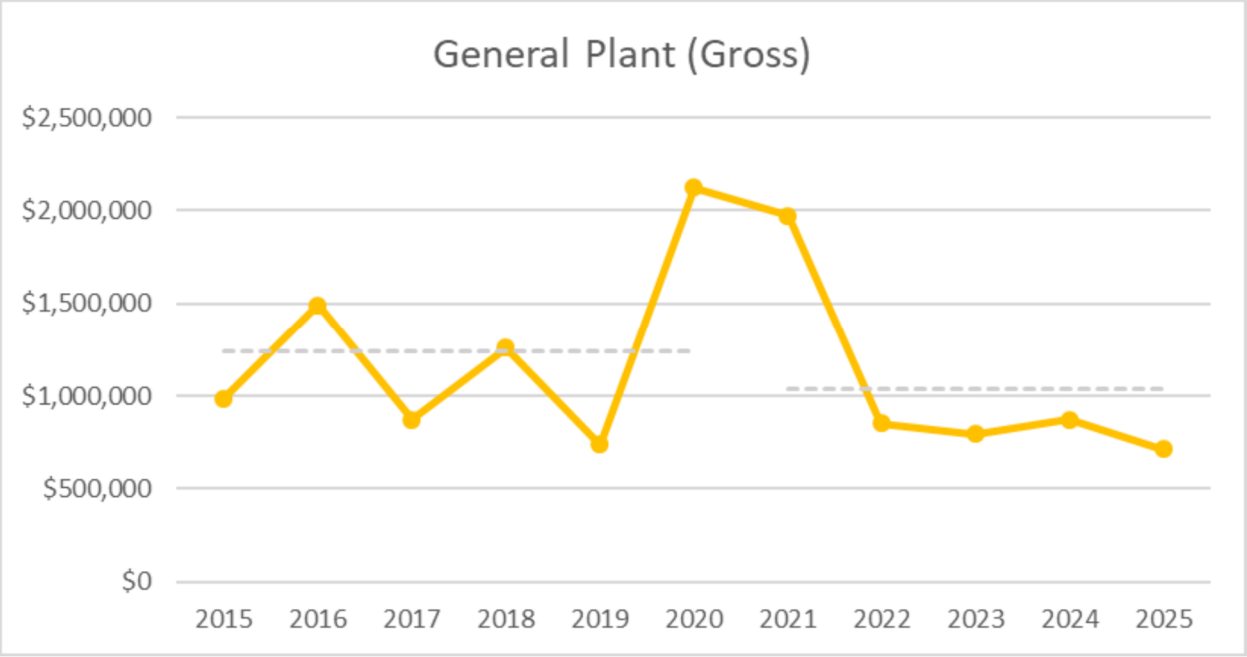

Figure 5: General Plant 2015-2025 Gross Costs

In the General Plant investment category, 2016 and 2018 displayed an increase in spending compared to adjacent years. The OMS implementation and ODS replacement in 2016 and 2018 respectively were the cause for this increased spending.

As mentioned in the System Service narrative, OT, such as GIS and OMS, were reallocated from General Plant investment category to the System Service investment category. On average, OT projects account for approximately $200K spending in the forecast period. If the OT projects were to remain in the General Plant investment category, this category would stand fundamentally unchanged.

In 2020-2021, forecasted spending increases are attributable to the Customer Self-Serve Online Portal (Green Button Dashboard) in 2020, Customer Information System (CIS) Acquisition in 2021 and an increase in Facilities projects that are critical to supporting business operations requirements while fulfilling leasehold improvement needs in ageing facilities.

Fleet replacement expenditures and facilities investment will result in reduced O&M cost for new vehicles and facilities equipment; however, this will be offset by increasing O&M of remaining units as they get older. Investment in acquiring a new CIS will lower O&M cost significantly in the long run as OPUCN switches from a lease model to an ownership model that will be hosted in-house. There are also additional costs anticipated in IT to maintain the current systems and implement requirements of the Cyber Security Framework.

Public Policy Responsiveness

Conservation & Demand Management

Under the 2015 to 2020 CFF, OPUCN was assigned an energy savings target of 73 GWh. The achievement of this energy efficiency target is governed via an Energy Conservation Agreement (ECA). The IESO periodically issues updates to the ECA and OPUCN regularly commits to the updated terms. As of March 21, 2019, the ECA between OPUCN and the IESO has been terminated as per ministerial directive Ontario Bill 87. Prior to the cancellation of the CFF, OPUCN was projected to exceed our 2020 conservation targets.

Connection of Renewable Generation

- Renewable Generation Connection Impact Assessments Completed on Time

Electricity distributors are required to conduct Connection Impact Assessments (CIAs) for renewable generation facilities >10kW within 60 days of receiving a complete application from the Generator. In 2019, OPUCN had two CIA connection request for renewable generation facilities >10kW. Both were connected on time as per OEB guidelines.

- New Micro-embedded Generation Facilities Connected On Time

The minimum acceptable performance level for this measure is 90% of the time. In 2019 there were no requests of this nature.

Our workflow to connect these projects is simplified and transparent with our customers. OPUCN works closely with its customers and their contractors to tackle any connection issues to ensure the project is connected on time.

Financial Performance and Analysis

OPUCN business plan focuses on enhancement of our business, regulatory and financial processes. These activities will support in driving best in class service delivery with improvement over existing industry comparators. Improvement of productivity will be enabled through technology to achieve more through the same resources and focuses on continuous improvements. Managerial financial reporting will be developed to enhance management budget oversight and accountability.

OPUCN will secure financing to suit the investment portfolio activities and stay attuned to the changes in regulations to ensure meeting our obligations. OPUCN will also be developing and implementing a 5 year regulatory strategy and working on IT/Cyber Security. The new security measures will include a privacy plan to meet OEB requirements.

The electricity distributors are divided into five groups based on the magnitude of the difference between their respective individual actual and predicted costs. Utilities whose actual costs are lower than predicted are characterized as efficient and are assigned to Group 1 (25% or more below predicted cost) or Group 2 (between 10% and 25% below predicted). Utilities that are considered average performers will be assigned to Group 3 (actual costs are within +/-10% of predicted costs). Utilities whose actual costs are higher than predicted will be assigned to Group 4 (between 10% and 25% above predicted cost) or Group 5 (in excess of 25% above predicted cost).

OPUCN is forecasting to be in Cohort 2, which is defined as having actual costs below 10% and 25% of predicted costs. OPUCN's Key Performance Indicators (KPIs) include cost per customer and cost per 1,000kms of line. These values provide an indication of the performance of the utility in the past, currently, and into the future. OPUCN produces a forecast of its efficiency ranking using the PEG benchmarking model. OPUCN's goal over the 2020-2025 period, similar to its historic performance, is to sustain current efficiencies, and remain a cost-effective utility in Cohort 2 by having actual costs below predicted costs.

OPUCN Rate Setting

There are three rate-setting options available under OEB regulations:

1. Price Cap IR
    - Rates are rebased through a cost of service (COS) in year one of a fire year rate term; then
    - Base rates from year one are adjusted annually under an incentive rate mechanism (IRM) for the remainder of the rate term using a formula that includes an industry-specific inflation factor, a productivity factor and stretch factor commensurate with a distributor's efficiency assessment.
2. Custom IR
    - Rates are set based upon a five-year forecast of the utility's cost of sales volumes.
    - Oshawa applied this methodology for the 215 through 2019 rates however, forecast capital expenditures over the next rate term (2020-2024) do not meet the threshold for Custom IR
3. Annual IR Index
    - Rates are subject to the same annual adjustment formula as those under an IRM however, under Annual IR Index, distributors are not required to periodically set base rates using COS, but they are required to apply the highest stretch factor.

Additionally, there are two options available to access capital between rebasing:

1. Advanced Capital Module (ACM)
    - Enables funding requests for discrete projects that are part of a distributor's Distribution System Plan, and that are planned to come into service during the IRM period. An ACM is filed in concert with a COS application.
2. Incremental Capital Module (ICM)
    - Enables funding requests for discrete projects that are not part of a distributor's Distribution System Plan; that is, projects that were unplanned and arise during the IRM period. An ICM is generally filed independent of other applications.

OPUCN has set rates in the past based on a Customer IR for 2015 – 2019. The 2020 rates received an approval to defer the Cost of Service rate filing until 2021 to allow more time to develop a relocation plan. These 2020 rates are set based on IRM.

The Cost of Service rate filing will be filed for 2021 rates. The rates for 2022 through 2025 are assumed to be under an IRM with rates adjusted for inflation. At the time of development of this business plan the forecast impact of rates can be seen in the table below which shows details of 2018 to 2025.

New Building Plan

OPUCN is currently strategizing over a new location for our operations. Due to the limitations of our current facility, OPUCN is putting together a plan for a new building that would address the needs, requirements and future growth of our business. Timing at this point is unknown as we are currently assessing alternatives. Plans are not sufficiently advanced to file an Advanced Capital Module at this time.

Table 6: Indicative Bill Impacts

Indicative Bill Impacts - COS/DSP/IRM								
	2018	2019	2020 IRM	2021 COS	2022 IRM	2023 IRM	2024 IRM	2025 IRM
Distribution revenue	$24,282	$25,366	$25,166	$27,356	$24,282	$24,282	$29,512	$30,197
Revenue (customer growth)		$24,525	$25,721	$25,518	$27,821	$28,665	$29,312	$30,014
Prior year's revenue		$24,282	$25,366	$25,166	$27,356	$28,186	$28,822	$29,512
Percent increase in rates (after growth)		3.43%	-2.16%	7.20%	0.58%	0.55%	0.64%	0.61%
Projected customer growth	**2.50%**	**1.00%**	**1.40%**	**1.40%**	**1.70%**	**1.70%**	**1.70%**	**1.70%**
Residential bill impacts	$ 23.23	$ 24.25	$ 25.05	$ 26.61	$ 26.76	$ 26.91	$ 27.08	$ 27.24
		$ 1.02	$ 0.80	$ 1.56	$ 0.15	$ 0.15	$ 0.17	$ 0.16

Enterprise Risk Management (ERM)

A key factor in the development of OPUCNs business plan and rate filings is based on risk assessment and management. OPUCN has actions to continue to conduct annual risk assessment and update risk assessment framework to ensure any new risks are incorporated and assessed.

Risks that have been included in the assessments include, but are not limited to the following:

- The political and regulatory environment;
- The state of financial markets and of investment in the utilities space;
- Labour force demographics;
- The state of the economy and macro-economic trends as well as economic trends unique to OPUCN service territory; and
- The convergence of information technology and operational technology

In combination and with recent changes associated with the COVID-19 pandemic it is important to continue to monitor, assess and expand on the current set of risks and incorporate these factors into OPUCNs business practices. The OEB letter dates March 25, 2020 created certain Deferral and Variance Accounts (DVAs) for COVID-19 related costs. Given the unprecedented nature of the COVID-19 crisis, OPUCN has not ability to forecast 2021 impacts of COVID-19 on the OM&A budget.

Financial Forecast

OPUCN Financial Forecast is determined based on 5 key sections, the rate base, the distribution system plan, recovery of expenses, allowance for ROE and distribution revenue. This business plan incorporated currently known information in development of the financial forecasts below and is subject to updates.

The rate base metrics can be seen in the table below that shows the beginning and ending fixed assets, total working capital, working capital allowance and rates and the rate base.

Table 7: Rate Base Financial Forecast

Description	2018	2019	2020 IRM	2021 COS	2022 IRM	2023 IRM	2024 IRM	2025 IRM
Rate Base	Audit Results	Audit Results	IRM	COS	IRM	IRM	IRM	IRM
Beginning fixed assets	97,503	105,092	122,921	133,293	141,314	152,699	159,484	165,583
Ending fixed assets	105,092	122,921	133,293	141,314	152,699	159,484	165,583	171,132
Average fixed assets (In-service)	**101,297**	**114,006**	**128,107**	**137,304**	**147,006**	**156,091**	**162,533**	**168,357**
Total working capital	**135,617**	**143,265**	**148,110**	**153,121**	**157,951**	**162,936**	**168,080**	**173,389**
Working capital allowance	**11,279**	**11,983**	**12,455**	**10,168**	**9,829**	**10,386**	**10,435**	**10,478**
Working capital allowable rate	9.37%	9.37%	9.37%	7.50%	7.50%	7.50%	7.50%	7.50%
Rate Base ***	**112,576**	**125,989**	**140,562**	**147,471**	**156,836**	**166,477**	**172,969**	**178,835**

The financial forecasts associated with the Distribution System Plan includes the costs associated with system access, system renewal, system service, and general plant. The table below shows the costs associated with providing reliability and services to the customer and enhancement of programs and technology to better service our customers.

Table 8: Distribution System Plan Financial Forecast

Category	Historical Period ($'000)						Forecasted Period ($'000)				
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
System Access	6,236	3,207	1,793	3,438	10,318	5,790	5,911	5,016	4,662	4,767	4,772
System Renewal	7,233	4,193	5,475	3,779	6,524	8,129	7,498	9,311	8,797	8,884	8,818
System Service	722	1,192	941	8,514	11,621	2,508	1,109	799	1,383	886	995
General Plant	988	1,448	874	1,299	704	2,124	1,975	851	794	875	713
Total Gross	**15,179**	**10,040**	**9,083**	**17,030**	**29,168**	**18,551**	**16,493**	**15,977**	**15,636**	**15,411**	**15,299**
Contributions	(3,324)	(843)	(1,207)	(4,073)	(5,931)	(1,958)	(2,043)	(1,813)	(1,718)	(1,738)	(1,733)
Total Net	**11,855**	**9,197**	**7,876**	**12,957**	**23,236**	**16,593**	**14,449**	**14,164**	**13,918**	**13,673**	**13,566**
System O&M	2,797	3,017	2,724	3,154	3,015	3,271	3,168	3,232	3,296	3,362	3,430

OPUCN has also included a forecast of expense recovery in this business plan. The expense recovery will address OM&A, Depreciation & Amortization, Income Taxes (PILs) and Deemed Interest. The expense recovery can be seen in the table below.

Table 9: Expense Recovery Financial Forecast

Description	2018	2019	2020 IRM	2021 COS	2022 IRM	2023 IRM	2024 IRM	2025 IRM
Costs and Expenses	Audit Results	Audit Results	IRM	COS	IRM/ICM	IRM	IRM	IRM
OM&A*	13,751	13,042	14,029	14,294	14,581	14,882	15,190	15,504
Depreciation & Amortization **	4,982	5,703	5,964	6,217	6,221	6,664	7,109	7,552
Income Taxes (PILs)	816	749	0	0	0	0	122	302
Deemed Interest	2,481	2,785	2,987	3,113	3,311	3,514	3,651	3,775
Total Recoverable Costs* **	**22,029**	**22,279**	**22,980**	**23,624**	**24,113**	**25,060**	**26,074**	**27,134**

The allowance for ROE has been forecasted across the business plan and includes a model for with and without the building upgrade and is based upon a cost of service model each year. The net income after tax includes the rate base, deemed equity rate and deemed ROE to produce the deemed net income after tax seen in the table below.

Table 10: Allowance for ROE Financial Forecast

Description	2018	2019	2020 IRM	2021 COS	2022 IRM	2023 IRM	2024 IRM	2025 IRM
Net Income After Tax	Audit Results	Audit Results	IRM	COS	IRM/ICM	IRM	IRM	IRM
Rate Base	**112,576**	**125,989**	**140,562**	**147,471**	**156,836**	**166,477**	**172,969**	**178,835**
Deemed Equity Rate	**40%**	**40%**	**40%**	**40%**	**40%**	**40%**	**40%**	**40%**
Deemed ROE	**9.00%**	**9.00%**	**9.00%**	**8.52%**	**8.52%**	**8.52%**	**8.52%**	**8.52%**
Deemed Net Income After Tax	**4,053**	**4,536**	**5,060**	**5,026**	**5,345**	**5,674**	**5,895**	**6,095**

These factors all contribute to the distribution revenue requirement forecast. The revenue requirement is based on recover of costs and deemed net income after tax. Based on the

forecasts the revenue deficiency result of IRM Rate Strategy is insufficient to generate the deemed revenue requirement. There are two options considered to address; apply for increase to rates under an ACM to recover capital expenditures over that which is recovered under IRM or lower planned costs under Distribution System Plan to be considered in the 2021 COS and future rate applications.

Table 11: Revenue Requirement Financial Forecast

Description	2018	2019	2020 IRM	2021 COS	2022 IRM	2023 IRM	2024 IRM	2025 IRM
Revenue Requirement	Audit Results	Audit Results	IRM	COS	IRM/ICM	IRM	IRM	IRM
Recovery of Costs	22,029	22,279	22,980	23,624	24,113	25,060	26,074	27,134
Deemed Net Income After Tax	4,053	4,536	5,060	5,026	5,345	5,674	5,895	6,095
Base Revenue	26,082	26,815	28,040	28,650	29,458	30,734	31,968	33,229
Other Revenue (Offsets)	1,968	1,669	1,100	1,300	1,353	1,365	1,381	1,397
Revenue Requirement	24,114	25,146	26,940	27,350	28,105	29,369	30,587	31,832
Estimated Distribution Revenue	24,282	25,366	25,166	27,356	28,186	28,822	29,512	30,197
Revenue deficiency	168	220	(1,774)	6	81	(547)	(1,075)	(1,635)

Capital Structure

In the Cost of Capital Report, the OEB deemed a capital structure consisting of 60% debt (56% long-term, 4% short-term) and 40% equity for all Ontario distributors for rate making purposes. OPUCN requests this deemed capital structure for purposes of its recovery of cost of capital. Such structure is unchanged from OPUCN's current Board-approved structure in its 2015 to 2019 Cost of Service Application Decision (EB-2014-0101).

Short-Term Debt

For the 2021 test year, this Application utilizes the Short-Term Debt rate of 2.75% found in the Cost of Capital Parameter Updates for 2020 Cost of Service Applications, issued by the Board on October 31, 2019.

Existing Long-Term Debt

OPUCN's previous Board-approved cost of long-term debt was included in its 2015 Cost of Service Application (EB-2014-0101). This application used the Custom Incentive Rate-setting (Custom IR) option to set rates for each of the years 2015 to 2019, with 2018 and 2019 initially on an interim basis and finalised by way of a mid-term review which adjusted for a limited number of updates including cost of capital. The Board approved a weighted average long-term debt cost of 3.78% for 2019.

The Long-Term Debt rate requested and used is 3.65% for funded Long-Term Debt, and for unfunded debt the deemed Long-Term Debt rate of 3.21% as found in the Cost of Capital Parameter Updates for 2020 Cost of Service Applications, issued by the Board on October 31, 2019.

Funded Debt represents the amount of long-term debt obligations that OPUCN has issued and that are outstanding as at the date of this Application. These amounts represent Notes Payable of $60.064 million to the parent company, Oshawa Power and Utilities Corporation ("OPUC"). The effective interest rate on the Note is 3.65%. The Note is due on demand to the parent company. The rate used for this loan in calculation of the weighted average is the actual rate of 3.65%, which is the effective rate payable by OPUC to the Toronto Dominion Bank on a loan of a similar amount. This loan, for $60.0 million, is due in one repayment obligation at maturity in October 2028. The Loan is structured with a ten-year interest rate swap agreement with the Bank, effectively converting OPUC's obligations to a fixed interest rate of approximately 3.65%.

OPUCN requests a debt rate of 3.65% with respect to the $60.064 million Note Payable, representing the effective yields with respect to such debentures comprising the coupon rates and related costs of issuance.

The aggregate amount of Funded Debt is $75.1 million for the 2021 Test Year due to an increase in anticipated long-term debt.

Anticipated New Long-Term Debt

OPUCN anticipates a requirement to issue new long-term debt in 2020 and 2021. OPUCN estimates an issuance of approximately $10.0 million in 2020, and $5.0 million in 2021. The actual timing, amount, and term of a new debt issuance will be influenced by several factors such as actual versus anticipated cash flow and financial market conditions.

Notional Debt

OPUCN's deemed debt for 2021 is $88.5 million and the actual debt is projected to be $75.0 million. Accordingly, OPUCN has positive notional debt of $13.5 million. As directed in the Chapter 2 Filing Requirements for Electricity Distribution Rate Application, the notional debt attracts the weighted actual cost of long-term debt of 3.21%. This is the same rate as the deemed long-term debt rate prescribed by the OEB in its October 31, 2019 letter.

Return on Equity

OPUCN is requesting a return on equity ("ROE") for the 2021 Test Year of 8.52%, in accordance with the Cost of Capital Parameter Updates for 2020 Applications issued by the Board on October 31, 2019.

Business Plan Summary

The OEB's Renewed Regulatory Framework (RRFE) for Electricity Distributors as detailed in the Report of the Board dated October 18, 2012 has guided and continues to guide OPUCN's strategic goals and objectives. The RRFE is designed to support the cost-effective planning and operation of the distribution network and that of the Local Distribution Company ("LDC") distribution systems and therefore has been formative in the development of OPUCN's Business Plan for the 2020-2025 period. The RRFE takes an integrated and performance-based approach to planning with the four RRFE outcomes as follows;

- Customer Focus: services are provided in a manner that responds to identified customer preferences;
    - OPUCN engages with its customers to better understand its rate base and their needs. By doing this OPUCN can meaningfully use the customer feedback in alignment with strategic planning, operations, and future customer outreach.
- Operational Effectiveness: continuous improvement in productivity and cost performance is achieved; and utilities deliver on system reliability and quality objectives;
    - OPUCN is a cost effective utility, which is proven by its achievements, including its position as a Cohort 2 utility meaning its actual costs are within between 10% and 25% of its predicted costs.
- Public Policy Responsiveness: utilities deliver on obligations mandated by government (e.g., in legislation and in regulatory requirements imposed further to Ministerial directives to the Board); and,
    - OPUCN is committed to delivering on obligations mandated by government including connecting renewable energy assets.
- Financial Performance: financial viability is maintained.
    - Financial viability is maintained through OPUCN maintaining a position in Cohort 2 as well as through its liquidity, leverage, and profitability.

APPENDIX 7 – CERTIFICATION OF EVIDENCE

Oshawa PUC Networks Inc.

Certification of Evidence

In accordance with the Chapter 1 Filing Requirements dated May 14, 2020, an application filed with the OEB must include a certification by a senior officer of the Applicant that the evidence filed is accurate, consistent and complete to the best of his or her knowledge.

I, Ivano Labricciosa, President & CEO of Oshawa PUC Networks Inc., certify that the evidence filed is accurate, consistent and complete to the best of my knowledge.

Ivano Labricciosa
President and Chief Executive Officer
Oshawa PUC Networks Inc.

APPENDIX 8 – CHAPTER 2 APPENDIX 2-A: SPECIFIC APPROVALS REQUESTED

File Number:	EB-2020-0048
Exhibit:	
Tab:	
Schedule:	
Page:	
Date:	

Appendix 2-A
List of Requested Approvals

The distributor must fill out the following sheet with the complete list of specific approvals requested and relevant section(s) of the legislation must be provided. All approvals, including accounting orders (deferral and variance accounts) new rate classes, revised specific service charges or retail service charges which the applicant is seeking, must be separately identified, as well being clearly documented in the appropriate sections of the application.

Additional requests may be added by copying and pasting blank input rows, as needed.

If additional requests arise, or requested approvals are removed, during the processing of the application, the distributor should update this list.

Oshawa PUC Networks Inc. is seeking the following approvals in this application:

1		Approval to charge distribution rates effective January 1, 2021 to recover a service revenue requirement of $28,650,063. The schedule of proposed rates is set out in Exhibit 8.
2		Approval of the Distribution System Plan (“DSP”) as outlined in Exhibit 2.
3		Approval to adjust the Retail Transmission Rates – Network and Connection as detailed in Exhibit 8.
4		Approval of the proposed loss factors as detailed in Exhibit 8.
5		Approval to continue to use the Transformer Allowance as described in Exhibit 8.
6		Approval to charge the Smart Metering Entity Charge, Wholesale Market Service Rate, Rural or Remote Electricity Rate Protection Charge, Standard Supply Service Charge, and microFIT monthly service charge as detailed in Exhibit 8.

7		Approval to charge Retail Service Charges as detailed in Exhibit 8.
8		Approval of a 1-year rate rider for the disposition of the Lost Revenue Adjustment Mechanism Variance Account ("LRAMVA") for lost revenue as presented in Exhibits 4 and 9 of this Application.
9		Approval to charge the Board's updated Pole Attachment Charge, effective January 1, 2021.
10		Approval to continue the use of Account 1509 - Impacts Arising from the COVID-19 Emergency, and its three sub-accounts, for the test year.