

**ONTARIO ENERGY BOARD**

**IN THE MATTER OF** the *Ontario Energy Board Act, 1998*, S.O.  
1998, c. 15, (Schedule B);

**AND IN THE MATTER OF** an application by EPCOR  
Electricity Distribution Ontario Inc. for an order approving just and  
reasonable rates and other charges for electricity distribution  
beginning October 1, 2023.

**EB-2022-0028**

**EPCOR ELECTRICITY DISTRIBUTION ONTARIO INC.**

**Outcomes of Oral Hearing – Undertakings**

**March 3, 2023**

**Day 1 – February 14**

1. UNDERTAKING NO. J1.1: TO PROVIDE AN UPDATE TO APPENDIX 2JA AND APPENDIX 2AA WITH RESPECT TO 2022 YEAR-END ACTUAL. - PAGE 20

**EEDO Response:**

Please refer to attachment: J1.1\_App2 AA and JA

Note that this submission is based on unaudited results and is subject to change.

**App2-AA Revised 2022** – The 2022 column was revised to provide 2022 actual capital expenditures. The annual capital expenditures of \$2.84 million was significantly lower than the updated forecast capital expenditures provided through the IR process of \$3.70 million.

The decrease is explained in the following table:

<b>Description</b>	<b>Capital expenditure (\$ millions)</b>
2022 Forecast capital expenditure	\$3.70
Lower General Plant spend primarily due to supply chain delays for a bucket truck	(0.51)
Lower System Renewal spending due to project carrying over into 2023, partially offset by higher than forecast project costs	(0.08)
Lower general plant spending due to leasehold improvement construction delays	(0.08)
Lower system access spending due to lower customer demanded work and higher ratio of contributions relative to capital costs	(1.10)
Lower system access spending due to lower meters capital costs	(0.07)
Other miscellaneous variances	(0.01)
<b>2022 Actual capital expenditure</b>	<b>\$2.85</b>

EEDO notes that the closing 2022 CWIP balance is 515k which is lower than the forecast closing 2022 CWIP balance of \$977k in our application.

**App2-JA Revised 2022** – The 2022 column contains revised 2022 actual OM&A. 2022 General & Administration costs contain a correction to defer 2021 COS application costs of \$62,100 which were not recorded to the USoA 1525 Deferred Charge account in EEDO's 2021 financial statements. EEDO notes that the 2021 COS application costs were removed from the OM&A presented in the Appendix 2-JA 2021 column as filed in the COS application and in this undertaking. Had this correction not been made then General & Administration expense would be \$62,100 higher.

2. UNDERTAKING NO. J1.2: TO DETERMINE IF THERE WERE PREPAYMENT OR OTHER SORT OF PENALTY FEES ASSOCIATED WITH THE EARLY PREPAYMENT OF THE TD COMMERCIAL BANK LOANS, AND TO DETERMINE IF THOSE COSTS, FULL OR IN PART, ARE LOCATED IN SOME ASPECT OF TABLES IN THE APPLICATION OR THE REGULATORY ACCOUNTS OF THE UTILITY. – PAGE 82

**EEDO Response:**

Response provided on February 15, during the hearing.

3. UNDERTAKING NO. J1.3: TO PROVIDE THE RATE FOR THE PROMISSORY NOTE IN 2022.- PAGE 85

**EEDO Response:**

Response provided on February 15, during the hearing.

4. UNDERTAKING NO. J1.4: TO CONFIRM TRANSFORMER RATINGS WITH AND WITHOUT FANS RUNNING - PAGE 160

**EEDO Response:**

Response provided on February 15, during the hearing.

5. UNDERTAKING NO. J1.5: TO ADVISE IF THE SHARED SERVICES COSTS WERE INCLUDED IN THE APPENDIX. – PAGE 167

**EEDO Response:**

For the 2013 period, the shared service costs and related FTE from Collus PowerStream Solutions Corp. are included in Appendix 2-K on page 35 of the OEB compendium.

For the 2023 Test Year, the shared service costs from EOOMI and all other EPCOR affiliates have been excluded from Appendix 2-K on page 35 of the OEB compendium.

EEDO notes that as part of the pre-settlement conference interrogatories (SEC-8), a revised Appendix 2-K was provided which included 2023 cost and FTE for shared services being provided by EOOMI/EWSI/EDTI.

6. UNDERTAKING NO. J1.6: TO COMPLETE THE TABLE PROVIDED AT PAGE 45 OF THE OEB STAFF COMPENDIUM AND FOR EACH AREA WHERE MATERIAL ADDITIONAL COSTS WERE INCURRED, WE'D LIKE YOU TO EXPLAIN WHY THE INCREMENTAL PORTION OF THE COST WAS NECESSARY AND WHAT BENEFIT OR VALUE THAT INCREMENTAL COST PROVIDED TO CUSTOMERS, WITH A MATERIALITY THRESHOLD OF \$10,000. – PAGE 170

**Table J1.6 – Savings and Additional Costs versus Status Quo**

OM&A (\$000's)	Item Ref	2019	2020	2021	2022	2023
Difference in inflation relative to Status Quo	1	(7)	5	30	117	228
<i>Savings versus Status Quo:</i>						
Higher labour and vehicle costs capitalized	2	(70)	98	(248)	(159)	(201)
Decrease in rent expense	3	(195)	(196)	(202)	(206)	(209)
Restructuring Operations management	4	-	-	(153)	(180)	(180)
Various Cost Savings Initiatives	5	(30)	(10)	(85)	(55)	(91)
Decrease in smart meter billing costs	6	(37)	(38)	(39)	(41)	(42)
Accounting error correction relating to 2018	7	(78)	-	-	-	-
Bad debt expense	8	(6)	4	(53)	18	5
<i>Additional Costs versus Status Quo:</i>						
Information Technology	9	218	184	179	179	164
Regulatory and Customer Service	10	(29)	(39)	(3)	125	141
Engineering and Operational Technology	11	-	21	22	89	138
Net new operating position	12	34	106	107	108	111
Supply Chain Management	13	199	97	65	77	107
Finance/Treasury/Internal Audit	14	98	93	94	109	105
Health, Safety & Environment	15	89	97	88	109	102
Various miscellaneous other	16	(26)	(91)	(69)	11	55
Human Resources	17	147	116	67	62	73
Amortization of Cost of Service application costs	18	-	-	-	-	72
Management Oversight	19	(66)	(27)	(52)	60	52
System Controls	20	-	24	25	40	41
Internal audit finding remediation	21	-	150	103	62	-
Public & Government Affairs	22	12	4	19	11	36
Short-term incentive pay for EEDO employees	23	-	34	102	29	29
Legal	25	10	(2)	(5)	2	3
COVID incremental OM&A	26	-	54	-	-	-
Maintenance Programs	27					40
<b>Net Costs/(Savings) versus Status Quo</b>		<b>263</b>	<b>686</b>	<b>(8)</b>	<b>569</b>	<b>778</b>
1% Rate Rider Adjustment		(48)	(49)	(51)	(52)	(54)
<b>Variance Actual to Status Quo (adj by 1% Rate Rider)</b>		<b>215</b>	<b>637</b>	<b>(59)</b>	<b>517</b>	<b>724</b>

**Variance Explanations:**

*Note each paragraph below corresponds to the item listed in the table above.*

1. The Status Quo forecast included an assumption of flat 1.75% inflation for all years from 2019-2023. True inflation has been higher in this period. This row adjusts Status Quo costs for inflation using the OEB's electricity distributors inflation factor for each year from 2019 to 2023. By 2023 higher inflation than the assumptions used in the Status Quo forecast accounts for \$228k of the \$724k difference in Status Quo forecast costs and 2023 Test Year costs.
2. Labour and vehicle costs have gone down relative to the Status Quo forecast as EEDO is charging more costs to capital. This is the result of both existing headcount working more on capital projects (as compared to operating projects) and adding some additional items into the capital overhead pool, as compared to the Status Quo forecast. EEDO has made many changes to allow operating personnel to focus increased time on capital including adding a locator position (as noted in 15. below) to permit increased focus on contributed capital and investing in additional engineering support which has allowed the utility to plan and begin capital work much earlier each year and has allowed more capital work to be completed.
3. Rent related to EEDO's office and warehouse space in Collingwood used to be included in OM&A expense. With the adoption of IFRS 16 in 2019 the lease of the office and warehouse space is now included in depreciation expense and includes a return on assets for revenue requirement purposes. The impact of the accounting change did not have a material impact to the revenue requirement.
4. EEDO reduced operating costs in 2021 by not backfilling the Hydro Manager position when the incumbent for this position took over the General Manager position, when the former General Manager retired. EEDO has been able to reduce this position in part due to the EOOMI shared services being provided by the Director, Operations Ontario Region.
5. EEDO has been able to reduce various costs as a result of the shared services being provided by its various affiliates. Costs savings here include reducing membership fees to Cornerstone Hydro Electric Concepts ("CHEC") (savings of approximately \$50k per year from 2021 through 2023). CHEC is a utility collaborative which provides shared services support to its participating members for Finance, Regulatory, Operations, Procurement, HR and other disciplines. EEDO has also reduced costs for other outside services relating to consulting, financial, and other general and administrative matters.
6. EEDO has been able to reduce smart meter billing costs due to changes in a vendor agreement which removed a variable component for new account setup.
7. In 2018, EEDO had an accounting error where payroll liabilities were over accrued. This error was corrected in 2019.
8. 2021 Bad Debt expense was lower due to a true-up of the doubtful accounts provision in 2021.
9. IT costs are higher than the Status Quo forecast, primarily due to cost escalation for various items, as well as due to increased service levels. Please refer to undertaking J2.2 for additional details.

10. Regulatory and Customer Service were provided by a single FTE in the Status Quo forecast. Due to EEDO performing most regulatory functions in-house since 2019 and the amount of time required to meet all regulatory requirements, EEDO requires approximately one FTE of regulatory services – with 0.6 of a FTE embedded in EEDO and 0.33 of a FTE being provided by EOOMI, with an approximate additional cost of \$47k over the Status Quo forecast. Customer Service management, who is responsible for the management oversight of the embedded customer service representatives is now provided by EOOMI, as a full FTE is not required to manage customer service activities for the utility. The EOOMI customer service support equates to approximately 0.56 of a FTE and a 2023 cost of \$94k.
11. Engineering and Operational Technology (OT) costs include OT and SCADA Support provided by EOOMI. EEDO replaced its end of life and unsupported SCADA system in 2019 with a modernized platform and was also required to apply the OEB's cyber security framework to this OT network at the same time. There were no qualified resources in EEDO to install, maintain and upkeep the OT systems as the previous employee had retired in 2016 and not been replaced. A modern SCADA system requires a more updated skills set to operate and maintain. EEDO is obtaining these services from its affiliate EOOMI and as a result a full FTE for OT support is not required (in 2023 approximately \$73k will be incurred for OT system support from EOOMI and this represents approximately 0.37 of a FTE). Due to various activities, EEDO will need additional OT system support and has included \$40k to meet all requirements.
12. EEDO is also receiving Engineering support from EOOMI to assist in planning and executing its capital program. Using a shared service approach allows EOOMI to get required services without adding a full FTE. A portion of this positions costs are charged to capital projects as most of the engineering support relates to capital project support (net \$25k of costs are included in OM&A for the services provided by this position to EEDO in 2023 Test Year).
13. In 2019, EEDO added an additional Locator/inspector position. This additional position has helped EEDO deal with backlogs in locating activities which increased by 27% between 2017 and 2019, keep up to date on ESA inspection requirements on EEDO's assets, and to spend the appropriate amount of time inspecting contributed development projects resulting in savings in costs charged to OM&A as noted in Item 1 above.
14. Supply Chain Management includes support which EEDO receives from its affiliates including management of request for interest/proposal (RFP) processes, contract development, negotiation of Master Service Agreements (MSA), creation of purchase orders, governance of the procurement process, procurement escalations and providing access to EPCOR-wide contractor/consumable agreements (which provides enhanced access to goods and services and competitive pricing through higher volume contracts with service providers). Examples include a MSA negotiated by SCM with Davey Tree for vegetation management over a three year period, and a MSA negotiated with KPC for three year substation maintenance. This approach locked in competitive pricing for a three year period reducing the need for an annual bid process, and taking market uncertainty out. In 2023, EEDO anticipated additional support from SCM for the number of RFPs required to deliver the 2023-2027 DSP capital plan.

15. EEDO obtains numerous finance-related services from its affiliate EUI, including (but not limited to), accounts payable processing, income tax compliance preparation, debt financing support and services, bank account management and maintenance services, financial accounting related services and financial policy development and maintenance services. An example of financial accounting related services was the assistance with the implementation of IFRS 16 by EEDO, which EEDO would have otherwise had to out-source to an external party. In addition, EEDO previously had a Controller position which went vacant in 2016. This position would have had to be re-filled if EEDO was not acquired by EPCOR as the CFO did not have sufficient capacity or technical accounting support to fulfill all of the professional accounting requirements for the utility on their own. EEDO also obtains Audit and Risk Management services from EUI which includes audits to ensure compliance with financial policies and financial controls as well as periodic audits of compliance with safety and operational policies and legislative requirements.
16. Prior to 2019, EEDO did not have any direct HSE support. EEDO does not believe that an electrical utility can operate safely without boots-on-the ground HSE support and a safety first culture. The 2023 Test Year includes 0.37 of a FTE for direct HSE support from EEDO's affiliate EOOMI (\$84k), as well as shared services from EEDO's affiliate EUI who provides oversight and direct management of the EOOMI employee as well as developing company-wide HSE policies and determining the HSE-related policies and procedures that apply to EEDO (\$18k of costs). The total 2023 Test Year cost of \$102k represents less than 0.5 of a FTE and provides EEDO not only direct HSE support, but also to HSE professionals to manage the EOOMI individual in Ontario as well as HSE professionals to provide ongoing support for the implementation of HSE requirements, HSE reporting and development/administration of HSE programs.
17. There have been numerous other minor differences between the theoretical Status Quo forecast and actuals/Test Year forecast. Significant individual variances are discussed above and below.
18. EEDO has replaced a Human Resources Manager position with shared services from its affiliates. Please see undertaking 2.3 for additional details.
19. 2023 Test Year includes \$72k of amortization for 2023 EEDO Cost of Service application costs.
20. EEDO has replaced the CEO position with EOOMI shared service costs for Management Oversight and has lower EEDO board costs. Please see undertaking 2.3 for additional details.
21. EEDO required system control services to monitor and update the outage management systems, monitor the SCADA alarms, , open and close remotely operable SCADA devices as directed, and provide field technician emergency oversight. This support is required as the system is modernized with more automated equipment, more field devices, advance metering infrastructure and more customer participation through Distributed Energy Resources in order to provide a safer working environment for our technicians.
22. EEDO incurred remediation costs as a result of internal audit report findings. These costs relate primarily to municipal substation safety improvements, PCB remediation costs associated with 5000 plus transformers and ground grid studies on 14 substations.

23. Please refer to undertaking J2.3 for additional details on the P&GA services provided by EPCOR's affiliate.
24. Short term incentive costs were higher relative to the Status Quo forecast. The current Total Rewards plan is designed to help attract and keep employees, which has been beneficial to EEDO as historically the utility had challenges attracting and retaining resources in a very competitive Ontario labour market. EPCOR's compensation is targeted to be 50<sup>th</sup> percentile.

The higher incentive pay in 2021 relates to additional incentive pay as a result of EPCOR's consolidated financial results (referred to as Pool B); additional incentive pay from EPCOR's consolidated financial results are treated as a shareholder cost and has not been included in Test Year expenses.

25. EEDO has lower legal costs with Corporate Shared services legal replacing the need for the same level of external legal support that was previously required. EPCOR's legal department provides in-house legal services to all Canadian affiliates including on commercial, litigation and regulatory matters. EPCOR's legal department directly engages and manages external counsel for matters requiring additional support or expertise. As new businesses are acquired, EPCOR's legal department expands its knowledge in order to serve all EPCOR affiliates. For instance, two of EPCOR's eight lawyers are expected to understand regulatory law in Ontario to ensure legal services can be provided to EEDO and other Ontario affiliates. EPCOR has been able to access both these resources in order to reduce the external legal counsel spend on this proceeding which given the complexity of the matters, EEDO would otherwise have incurred significantly higher costs. In addition, EPCOR's legal department has provided commercial support to EEDO on numerous contracts.
26. In 2020, EEDO incurred incremental OM&A related to COVID mitigation measures, primarily related to additional operating vehicle time. An additional \$29k of other COVID costs were deferred into a 1509 COVID-19 deferral account and are not included in OM&A. As indicated in our IR responses, our application does not propose disposal and recovery of the COVID - Other Costs deferral costs.
27. EEDO has included \$40k of incremental costs in its 2023 test year related to an increased maintenance program on the municipal substation. Additional maintenance scope includes infrared of transformer and breaker connect points, and the testing for partial discharge (PD) points. The infrared is on the distribution side, while the PD is on the sub-transmission side.

**Day 2 – February 15**

1. UNDERTAKING NO. J2.1: TO FILE THE ANNUAL INFORMATION FORM FOR 2021 AND FOR 2022 WHEN AVAILABLE – PAGE 5

**EEDO Response:**

Please refer to attachments:

- J2.1\_EPCOR AIF\_2021
- J2.1\_EPCOR AIF\_2022

2. UNDERTAKING NO. J2.2: TO COMPLETE THE TABLE AT PAGE 65 OF THE STAFF COMPENDIUM AND PROVIDE A COMPARISON OF IS-RELATED COSTS PRE-ACQUISITION AND CONFIRM THE COSTS IN THE 2023 TEST YEAR; TO EXPLAIN WHAT ADDITIONAL SERVICES ARE BEING PROVIDED IN COMPARISON TO PRE-ACQUISITION. - PAGE 17

Pre-Acquisition - 2017 Actual		2023 Test Year		
1	Position/Service	Cost (\$)	Shared/Corporate Embedded Service & Function	Cost (\$)
2	Manager, IT Services	135,614	Manager, IT Services	-
3	Systems Support Technician	112,066	Systems Support Technician	129,222
4	Other Costs	154,862	Other Costs	17,094
5	Non-utility costs removed	(49,240)	Non-utility costs removed	(35,919)
6			IS Application Support Directly Assigned	83,542
7			IS Infrastructure Operations Directly Assigned	94,624
8			IS EUI Allocated Corporate Services	131,460
			Corporate Asset Usage Fee & Incentive Compensation allocated to IS shared services	64,400
9	Estimated inflation from 2017 to 2023 based on OEB inflation parameter	51,935		
	<b>Total</b>	<b>405,237</b>		<b>484,423</b>

**Explanation and description of additional Services provided in the 2023 Test Year versus 2017 Actual:**

As shown in the table above, the inflation adjusted 2017 pre-acquisition costs were \$405k as compared to the 2023 costs of \$484k. However, there have been significant changes since 2017 that need to be highlighted:

- The Manager, IT Services position was eliminated with IT services now being provided through the costs in rows 6-8. This change in service delivery provides EEDO access to a diverse team of applications, cybersecurity, infrastructure, project governance, and planning resources that has much greater capacity and knowledge than the previous support structure.

- The majority of the ‘Other Costs’ from 2017 in row 4, including software licensing and third party support now form part of the Directly Assigned and Allocated costs in 2023, shown in rows 6-8.

To elaborate further, the \$79k increase in costs between 2017 and 2023 can be broken down as follows:

- An \$8K increase related to additional licensing for new cybersecurity software. These costs would be included in the IS Infrastructure Operations Directly Assigned costs in row 7. This software was required to increase the cybersecurity posture of EEDO to meet the base level cybersecurity and privacy requirements in the Ontario Cybersecurity Framework.
- A \$13k increase related to non-utility costs due to lower recoveries (i.e.; less time allocated to complete work for the Town of Collingwood, such as billing SLAs).
- A number of additional services and initiatives included in the 2023 costs when compared to 2017. Some of these services/initiatives are detailed as follows:
  - Approximately \$30k of the allocated costs are related to operational projects. A more recent trend in IT is that vendors are now moving services to the cloud. Accounting rules are such that these costs cannot be capitalized, which increases operational spend. The projects for 2023 include a replacement of EPCOR Utilities Inc.’s external website which houses EEDO’s online presence, a replacement of IT software called JIRA, which is used to manage IT projects and the replacement of EEDO’s end of life phone system. EEDO receives a small portion of these costs which is much smaller than it would otherwise cost if EEDO was to implement these projects on its own.
  - Approximately \$30k of the directly assigned applications support are related to architecture and planning support. The demand and complexity for IT systems has increased significantly in recent times. These costs include adding new mobile and analytics applications, expanding the use of work management, billing and GIS systems, and increasing integrations between IT and OT networks. EEDO now receives architectural and systems planning resources to support this increased reliance and growth of IT systems.
  - Approximately \$55k of the corporate allocation is related to IS Infrastructure Support. The support is as follows:
    - The operations support team monitors IS infrastructure 24 x 7 for cybersecurity and operational issues. In the event of an issue an EPCOR Infrastructure Manager will work with vendors to respond to network, server, storage and telephony outages.
    - The procurement and architecture teams negotiate hardware and software agreements with vendors to ensure a lower total cost of ownership for IS systems.
    - The IS security operations team supports a suite of tools to ensure that EPCOR’s technology assets are protected from cyber threats.

3. UNDERTAKING NO. J2.3: TO PREPARE A SIMILAR TABLE TO THE ONE ON PAGE 65, SHOWING THE CHANGE IN COSTS FOR HR, PNGA, AND MANAGEMENT OVERSIGHT, AND ALSO PROVIDING AN EXPLANATION OF THE ADDITIONAL SERVICES IN EACH OF THOSE AREAS BETWEEN PRE-ACQUISITION AND THE 2023 TEST YEAR. - PAGE 23

**Human Resources (HR):**

Pre-Acquisition - 2017 Actual		2023 Test Year			
1	Description	Cost (\$)	Shared/Corporate Service & Function	Embedded	Cost (\$)
2	Manager, HR	175,412	HR (Corporate Service)		127,880
			Corporate Asset Usage Fee & Incentive Compensation allocated to this resource		62,649
3			HR (Shared Services – EOOMI)		58,851
			Toronto Office cost allocated to this resource		14,276
4	Administrator, Accounting	77,750	Administrator, Accounting		101,111
5	Payroll/Benefits Coordinator / Finance Assistant	60,811			-
6	Estimated inflation from 2017 to 2023 based on OEB inflation parameter	46,154			-
	<b>Total</b>	<b>360,127</b>			<b>364,767</b>

Note: In 2017 the Payroll/Benefits Coordinator / Finance Assistant position was transformed into the Administrator Accounting position. The costs for the Payroll/Benefits Coordinator / Finance Assistant position in 2017 represent a half year of the position as the employee retired halfway through the year. The 2017 Administrator, Accounting position represents 1 FTE as overlap for training on the Payroll/Benefits Coordinator / Finance Assistant duties. The increase in cost for the Administrator, Accounting position from 2017 to 2023 relate to wage increases for inflation and step increases per the collective agreement. The duties of the Administrator, Accounting and Payroll/Benefits Coordinator / Finance Assistant encompasses both HR and Accounting, the full cost of the position is represented in the table.

**Explanation and description of additional Services provided in the 2023 Test Year versus 2017 Actual:**

- The shared service model employed for both HR (Corporate Services and Ontario Shared Services) resulted in the elimination of an FTE but the provision of increased expertise in a wide variety of

HR functions including talent acquisition, learning and development, total rewards, payroll services, benefits, talent management, diversity equity and inclusion, and labour relations. Having access to experts in these areas provides EEDO with greater opportunities to recruit top talent, increase engagement amongst employees, decrease employee turnover, execute effective labour practices, provide increased opportunities for professional development through the talent management and learning and development functions as well as providing boots on the group HR support in Ontario at less than a FTE (as was required in prior years)..

- EEDO participates in the National EPCOR-wide HR Policies and provides support for local policy development most recently with access to labour relations expertise while developing the Right to Disconnect Policy and Electronic Monitoring Policy. This support ensure compliance with updated regulation and legislation providing clear expectations for employees.
- Total Rewards support provides EEDO with more specialized support in pension plan and savings plan access and administration. Total Rewards provides expertise and governance for all of the benefit programs that EEDO participates in. Total Rewards also provides disability case management for all EEDO employees requiring disability benefits. This active case management results in employees being off on short term disability and away from work for shorter durations of time and contributes to a healthier workforce. This in turn should result in a reduction of benefit costs and provide an increase in employee productivity and consistency amongst employees which positively impacts the rate payer.
- Compensation decisions and support are provided for all of EEDO from the Corporate HR office. This ensures participation in local and geographic specific wage surveys as well as ensuring EEDO management participates in the annual compensation review process through a software module called Compensation Workbench, which is built into the Human Resource Information System called Oracle.
- Payroll Services are provided corporately for all EEDO employees and include providing the Human Resources Information System Pay module in Oracle which provides tools for Time Entry and Time Approval. This HRIS System also provides the legislative requirement for employee records and allows EEDO staff to access all work related information and training records. The HRIS system ensures compliance with all privacy acts (PIPEDA) for EEDO employees.
- Support from learning and development department provides increased access to training and professional development. For example, in 2022 EEDO was able to take advantage of “Unconscious Bias” training and “Becoming an Inclusive Leader” training that will help foster a more inclusive workforce resulting in more engaged employees which will reduce turnover and increase retention. The learning and development department offers several internal courses exclusively to EPCOR employees that EEDO employees would otherwise not have access to. These courses allow employees to increase their knowledge on specific topics, fine tune their skill sets in their professional area of expertise or broaden their scope of knowledge outside their area of expertise.
- Talent Management provides the annual performance management system called, APfR (Aligning Performance for Results), which provides employees the opportunity to develop annual goals aligned with their role and create development plans to help achieve professional goals. Employee

performance is measured using this tool. Having a structure in place for these programs gives employees multiple touchpoints per year with their manager to discuss their performance and career objectives. Corporately led engagement surveys also help identify how management and EPCOR can better support EEDO employees to ensure higher employee engagement.

- Access to expertise in recruitment through the Talent Acquisition department allows EEDO to attract top talent. Being part of a larger organization helps recruit top talent in a small market such as Collingwood. EEDO can offer professional development and career opportunities that a smaller organization would otherwise not be able to. By bringing on highly skilled employees and developing employees further EEDO becomes a more effective and efficiently run utility. EEDO also benefits from the use of an applicant tracking system (Jobvite) that the broader organization uses. This systems helps streamline the recruitment process and cuts down on the administrative time spent on job postings, applicant sorting, communications, and scheduling interviews. The software also ensures a national reach for recruiting for the skilled resources required in Collingwood.
- The shared service model provides access to a range of services which is significantly more than a single embedded HR employee could provide. As noted in the table above, the cost of the shared service model is higher than the 2017 Actual after removing the half-year of the Payroll/Benefits Coordinator/Finance Assistant role. The net result, EEDO believes, is access to a broader, better set of expertise and resources at a slightly higher cost.

**Public & Government Affairs (P&GA):**

Pre-Acquisition - 2017 Actual		2023 Test Year		
1	Description	Cost (\$)	Shared/Corporate Embedded Service & Function	Cost (\$)
2		-	P&GA through Corporate Allocations	\$21,123
3		-	Corporate Asset Usage Fee & Incentive Compensation allocated to this resource	10,348
		-	P&GA through shared services (EWSI)	4,590
4	<b>Total</b>	-		<b>\$36,061</b>

EEDO notes that the Community Relations OM&A category has decreased from \$225k in 2017 to \$188k in the 2023 Test Year, a decrease of \$37k. When factoring in P&GA, costs which has been accounted for in the General & Administration OM&A category, total Community Relations costs in 2023 Test Year are flat to 2017 Actual.

**Explanation and description of additional Services provided in the 2023 Test Year versus 2017 Actual:**

- As part of Public and Government Affairs (P&GA), Operational Communications provides customer communications services related to power outages, pricing, billing, safety, and conservation, as well as supporting direct interactions with customers around specific concerns they may bring forward. This includes: social and media communications on power outages and restoration, safety around downed power lines and vehicle strikes on power infrastructure, safe digging campaigns, emergency preparedness, and helping resolve customer concerns that come through social media or EPCOR’s website. For example, in advance of significant storms, P&GA utilizes social media to remind customers to prepare in the event of a prolonged power outage and provides customers with information regarding outages and restoration times. During significant storm events, P&GA will respond to customer inquiries on social media, as well as occasionally assisting operations by seeking or providing critical information that facilitates repair or restoration.
- P&GA also provides communications support on issues that can affect customers, including those related to price or billing changes, grid reliability, and electric vehicle charging infrastructure. As an example, P&GA designed and provided bill inserts when the timing of customer bills switched to monthly from the previous 35 day cycle.
- P&GA amplifies or facilitates amplification of the support EEDO provides through EPCOR’s community investment program to inspire others to act in support of those initiatives. The community investment portfolio is administered fully by P&GA, and has included support for the Power Workers Union Reconciliation Walk and the Collingwood Pride Parade. During the COVID-19 pandemic, EPCOR provided \$11k to arts organization and charities in communities where it operates. That program was also administered through P&GA, and in the EEDO service territory included \$5,000 for Theatre Collingwood and \$3,500 for the lighthouse revitalization project.

*(NOTE: charitable donations are not included as part of the revenue requirement, but this is included to highlight community benefits that EPCOR is providing).*

- P&GA's existing expertise in the utility industry and continuous support to EEDO means that EEDO works with a team that understands its operations, customer base and industry-specific challenges. P&GA facilitates community and customer input into the priorities for electricity investment and operations through surveys, social media, open houses and other feedback channels and mechanisms. They also provide support for presentations and other communications to local officials on the potential impacts of electricity upgrades, construction and other investment and operations activities, helping them also advise the community and others. During times of emergency, EEDO can quickly draw on P&GA's resources to support the utility and no time is lost trying to engage third party contractors to provide these services. Additionally, when initiatives require specific expertise or more robust support EEDO can access this assistance through P&GA.
- P&GA was instrumental in setting up and launching EPCOR's GoEV program where EPCOR acted as a delivery organization for NRCan's ZEVIP grant funding program towards EV charging infrastructure in Ontario with a focus on EEDO's operating area. The EPCOR GoEV program supported the development of 60 projects and over 200 charge points across SW Ontario in Multi-Residential buildings, workplaces, and public places.

**Management Oversight:**

Pre-Acquisition – 2017 Actual		2023 Test Year		
1	Description	Cost (\$)	Shared/Corporate Embedded Service & Function	Cost (\$)
2	Board costs (2017 actual)	48,368	Board Costs (EEDO)	32,640
			Board Costs through Corporate Allocation (EUI)	12,642
3	CEO (2015 last full year, position vacant in 2017)	225,408	MGMT Oversight (EOOMI)	223,165
			Toronto Office cost allocated to this resource	53,958
4			Executive & Executive Assistant through Corporate Allocation (EUI)	22,036
			Corporate Asset Usage Fee & Incentive Compensation allocated to this resource	10,795
5	Estimated inflation from 2017 to 2023 based on OEB inflation parameter	40,245		
<b>6</b>	<b>Total</b>	<b>314,021</b>		<b>355,236</b>

Explanation and description of additional Services provided in the 2023 Test Year versus 2017 Actual:

Management oversight is provided from Ontario and Edmonton.

The Ontario allocations include EEDO’s Director of Operations and EEDO’s CEO which is the equivalent of 0.64 of an FTE for both roles.

The Director of Operations is based in Collingwood and provides the following services to EEDO:

- Direct management and oversight of the Operations employees (including PowerLine Technicians, GIS, Engineering, Operations Technology, Customer Service & Meter shop):
  - Ensures that the appropriate leadership is in place to operate the utility on a day to day basis.
  - Participates in PWU Union negotiations for operations staff.
  - Ensures that employees have the necessary training and development plans.
  - Sets the tone for the utility’s culture with respect to safety, workplace respect and DEI.
- Operational and business related insight:

- Responsible for planning, design, operation, construction and maintenance of EEDO's electrical power distribution system.
- Leads the development of the Distribution System Plan considering all stakeholder inputs (customers, asset management, operations, regulator).
- Accountable for operational compliance matters with the Electrical Safety Authority (ESA) and any operational compliance matters identified through the corporate Safety Audits.
- Represent EEDO in the community to ensure EEDO's operation is responsive to its stakeholders including quarterly (or as prescribed) meetings with the Town of Collingwood, Creemore, Staynor and Thornbury.
- Participate on industry working groups (such as Electricity Distribution Association and the OEB's Framework for Energy Innovation Work Group) to ensure EEDO's operation is continuously evolving.

The Director of Operations charges 0.37 of an FTE of their time to EEDO and the balance of their time is spent overseeing EPCOR's other Ontario operations

A further 0.27 of an FTE is charged to EEDO and holds the title of CEO of EEDO. The balance of their time is dedicated to other Ontario businesses. EEDO's CEO provides the following services to EEDO:

- Overall management of EEDO and responsible for compliance with Policies & Guidelines as approved and directed by EEDO's Board of Directors.
- Accountable to EEDO's Board for performance and results of EEDO.
- Direct management and oversight of the Director of Operations, the Regulatory, Compliance and Billing functions.
- Accountable for all OEB and IESO regulatory filings, OEB Scorecard metrics and compliance matters.
- Ensures robust stakeholder engagement including but not limited to regulatory agencies, EEDO customers and the broader communities in which EEDO operates.
- Represents EEDO at industry organizations. As an example, EEDO's CEO is a member of the Board of the Electricity Distribution Association, chairs the Advisory & Governance Committee, chairs of the Ontario Utility of the Future Fund and is a member of the OEB's EnergyXchange.
- Sets the tone for the culture with respect to safety, employee engagement, workplace respect and DEI.

Management oversight from Edmonton includes allocations from EPCOR's CEO, the CFO, the SVP Corporate Services and the SVP, Sustainability and General Counsel.

- In addition to strategic leadership, EPCOR's CEO (Mr. Stuart Lee) is Chair of EEDO's Board of Directors as prescribed by the OEB. EEDO's Board provides strategic & financial oversight to EEDO.
- In addition to financial governance and oversight, EPCOR's CFO ensures EEDO is appropriately and adequately capitalized, ensures EEDO has appropriate financial-related policies and ensures services performed on behalf of the utility are appropriately

staffed with individuals with the required requisite skills and experience (for example the Corporate Tax group which prepares all tax-related filings for the utility and the Corporate Finance group which will lead implementation of new or updated accounting standards for the utility).

- In addition to corporate governance and legal oversight, EPCOR SVP, Sustainability and General Counsel provides guidance on ESG metrics specific to EEDO.

4. UNDERTAKING NO. J2.4: FOR THE FIXED COSTS PAID TO OUTSIDE VENDORS THAT'S RECORDED IN ACCOUNT 4830, TO SHOW THE ACTUAL COSTS PAID TO OUTSIDE VENDORS FROM THE LAST REBASING TO 2022. - PAGE 43

**EEDO Response:**

	2017	2018	2019	2020	2021	2022
Total Paid to External Vendors	\$223,395	\$221,562	\$208,912	\$226,856	\$219,781	\$214,656

Note: Prior to 2017, these amounts were captured in the Collus PowerStream Solutions Corp. books and were not included in account 4830.

5. UNDERTAKING NO. J2.5: TO EXPLAIN THE DIFFERENCE BETWEEN THE 4-SEC-40 CONTROLLABLE COST PER CUSTOMER AND TOTAL OM&A PER CUSTOMER CALCULATED IN APPENDIX 2L. - PAGE 59

**EEDO Response:**

The Cost per Customer calculations noted in 4-SEC-40 and per Appendix 2-L are not meant to be the same or similar amounts and there are several factors that cause the difference in amounts between the 2022 STIP target Ontario Cost per customer (Short Term Incentive Plan/STIP metric) OM&A per customer of \$284 and the 2023 OM&A per customer in Appendix 2-L of \$344.

- a) The STIP metric for operating costs OM&A per customer is averaged with other EPCOR Ontario operations. The EEDO portion of the metric is \$295/customer.
- b) The STIP metric operating costs OM&A adjusts for certain items which can be outside of Management's control or highly dependent on market conditions (for example bad debt expense, insurance expense and regulatory expenses) and adjusts for items which are customarily removed from operating cost per customer metrics for STIP purposes across all EPCOR operations (for example corporate allocations). The end result normalizes what is deemed to be non-controllable costs by utility management.
- c) The STIP metric operating costs OM&A is based on IFRS legal entity operating expenses; this would include adjustments from the Appendix 2-L costs to include non-utility expenses (which have been removed from EEDO's application but are legal entity expenses under IFRS) in addition to regulatory accounting adjustments.
- d) The STIP metric operating costs OM&A is based on 2022 budget numbers which would have been forecast mid-year 2021. The costs for the 2022 Bridge Year were developed at a subsequent date and as a result, there are forecasting cost differences between the two numbers.

e) The STIP metric operating costs OM&A amount is for the 2022 period whereas the \$344 OM&A cost per customer in Appendix 2-L is for based on the 2023 test year. As a result, the two figures are not directly comparable as there are differences in operating costs and customer counts between these two time periods.

6. UNDERTAKING NO. J2.6: TO LOOK AT THE 2013 AMOUNT AND CLARIFY WHETHER THERE ARE BILLING COSTS BEING RECOVERED UNDER THOSE COLUMNS, AND IF SO, WHAT THE AMOUNT OF THAT WOULD BE.

**EEDO Response:**

In 2013 billing services were being provided by Collus PowerStream Solutions Corp. to EEDO (Collus PowerStream LDC) for electricity billing and to Collingwood Public Utilities for water billing. In 2016, these billing services moved from being provided by Collus PowerStream Solutions Corp. to now being provided by EEDO. Of the \$974k, approximately \$214k of it relates to billing, collecting and customer service costs for electrical billing. None of the costs represent non-utility or water billing services. None of the other rows in the 2013A column of Table 4.4.2-15 have any billing costs.

7. UNDERTAKING NO. J2.7: TO PROVIDE A TABLE SHOWING THE DEBT ISSUANCES OF EPCOR AND THE COUPON RATES FOR EACH BETWEEN 2018-2022. – PAGE 81

**EEDO Response:**

**Table J2.7-1  
 EPCOR Utilities Inc.  
 2018 to 2022 Long-Term Debt Issuances**

	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
1)	\$200M, 30-year 3.95%	\$350M, 30-year 3.11%	\$300M, 30-year 2.90%	\$200M, 30-year 3.29%	\$450M, 30-year 4.73%
2)		\$100M, 3-year 1.95%	\$100M, 3-year 1.30%	\$100M, 3-year 0.98%	
3)				\$50M USD, 30-year 3.08%	\$50M USD, 30-year 3.13%

8. UNDERTAKING NO. J2.8: TO PROVIDE AN UPDATED LOAD FORECAST. - PAGE 114

**EEDO Response:**

Please refer to attachment: J2.8 EEDO Load Forecast (with 2022 Actuals)