



EXHIBIT 4: OPERATING EXPENSES

2024 Cost of Service

InnPower Corporation
EB-2023-0033



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OEB Chapter 2 Appendices Mapped to InnPower COS Application

OEB Filing Requirements Mapping Exhibit 4			
OEB Chapter 2 Filing Requirements: Heading/Sub-Heading		InnPower Corporation Application: Heading/Sub-Heading	
2.4	Exhibit 4: Operating Expenses	4.0	Exhibit 4: Operating Expenses
2.4.1	Overview	4.1.1 4.1.5	Operating Expenses Overview Property Taxes
2.4.2	OM&A Summary and Cost Driver Tables	4.1.3	OM&A Summary and Cost Driver Analysis
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4-1-1 OPERATING EXPENSES OVERVIEW

1. INTRODUCTION

This Schedule provides an overview of InnPower's total operating expenses for the period 2017 to 2024 Test Year. InnPower has followed Modified International Financial Reporting Standards (MIFRS) since 2012 and therefore, all financial information presented in this Application is in MIFRS format.

In addition, InnPower took careful consideration in the preparation of this Application to ensure that these costs were both reasonable and prudent for the long-term sustainability of its assets. The following information includes audited financial data from 2017 to 2022 and forecasted budgets for the 2023 Bridge Year and the 2024 Test Year. More information on InnPower's planning process can be found in Appendix 1-1-4 (A) – InnPower Planning Process.

InnPower's Operating Expenses include Operations, Maintenance and Administration ("OM&A") expenditures, Property Taxes, Depreciation and Amortization expenses, and Payments in Lieu of Taxes ("PILs").

Detailed information with respect to each of these operating expenses is available as follows:

- Operations, Maintenance and Administration: Exhibit 4-1 and Exhibit 4-2
- Property Taxes: Exhibit 4-1-5
- Depreciation and Amortization: Exhibit 2-3-1
- Payment in Lieu of Taxes: Exhibit: 6-2-1

The following table shows InnPower's Operating Expenses from 2017 to 2024.

Table 4-1: Operating Expenses from 2017 to 2024

Category	2017 OEB Approved	2017 Historical Year	2018 Historical Year	2019 Historical Year	2020 Historical Year	2021 Historical Year	2022 Historical Year	2023 Bridge Year	2024 Test Year	2024 Test Year vs 2017 Actual	2024 Test Year vs 2017 Approved
OM&A	5,329	6,013	5,783	5,640	6,263	6,458	7,025	7,523	8,327	2,314	2,998
Property Tax	111	79	83	93	120	119	119	125	129	50	18
Depreciation	2,699	2,363	2,455	2,607	2,893	3,200	3,535	4,416	5,028	2,665	2,329
PILs	150	66	513	570	-206	114	730	1,493	186	120	36
Total	8,289	8,521	8,834	8,910	9,070	9,891	11,409	13,557	13,670	5,149	5,381

*Please note, the PILS amount reported is not grossed-up

2. OM&A SUMMARY

InnPower's 2024 Test Year Operating Costs are \$13.7M as shown in Table 4-1 above. The 2024 Test Year requested recovery is \$0.1M greater than InnPower's 2017 approved levels and are a 0.8% increase from the 2023 Bridge Year.

Table 4-2: Summary of OM&A Costs from 2017 to 2024

Program	2017 OEB Approved	2017 Historical Year	2018 Historical Year	2019 Historical Year	2020 Historical Year	2021 Historical Year	2022 Historical Year	2023 Bridge Year	2024 Test Year	2024 Test Year vs 2017 Actual	2024 Test Year vs 2017 Approved
Distribution Operations	1,359	1,601	1,397	1,314	1,105	1,549	1,370	1,742	1,975	374	616
Distribution Maintenance	575	616	632	652	762	1,049	948	880	1,116	499	541
Billing and Collecting	1,020	1,016	1,085	1,132	1,251	1,068	1,476	1,156	1,195	178	175
Community Relations	10	6	73	49	77	104	99	110	114	107	104
Administrative and General	2,365	2,773	2,596	2,493	3,068	2,688	3,131	3,635	3,929	1,155	1,564
TOTAL	5,329	6,013	5,783	5,640	6,263	6,458	7,025	7,523	8,328	2,314	2,999
% Change (year over year)		12.8%	-3.8%	-2.5%	11.1%	3.1%	8.8%	7.1%	10.7%	38.5%	56.3%

Overall OM&A costs have risen by \$2.3M vs. the 2017 actual results and by \$3.0M vs. the OEB approved 2017 levels. OM&A levels in the 2024 Test Year is \$804k or 10.7% higher than those in the 2023 Bridge Year.



The OM&A work program activities being proposed for the Test Year reflect the execution of InnPower's strategic and distribution system plans and will address the following items:

- Aging infrastructure
- Ensuring the safety and reliability of the system
- Address customer expectations, and
- Responding to customer growth
- Succession planning

The OM&A expenditures in the 2024 Test Year will enable InnPower to provide reliable, safe service to its customers while maintaining the financial and physical health of the utility's assets going forward. The key drivers for the cost increases are summarized below and described in detail in Exhibits 4-1-3 and 4-1-4. InnPower has reviewed its spending plans to ensure they are prudent and provide value to both its current and future customers.

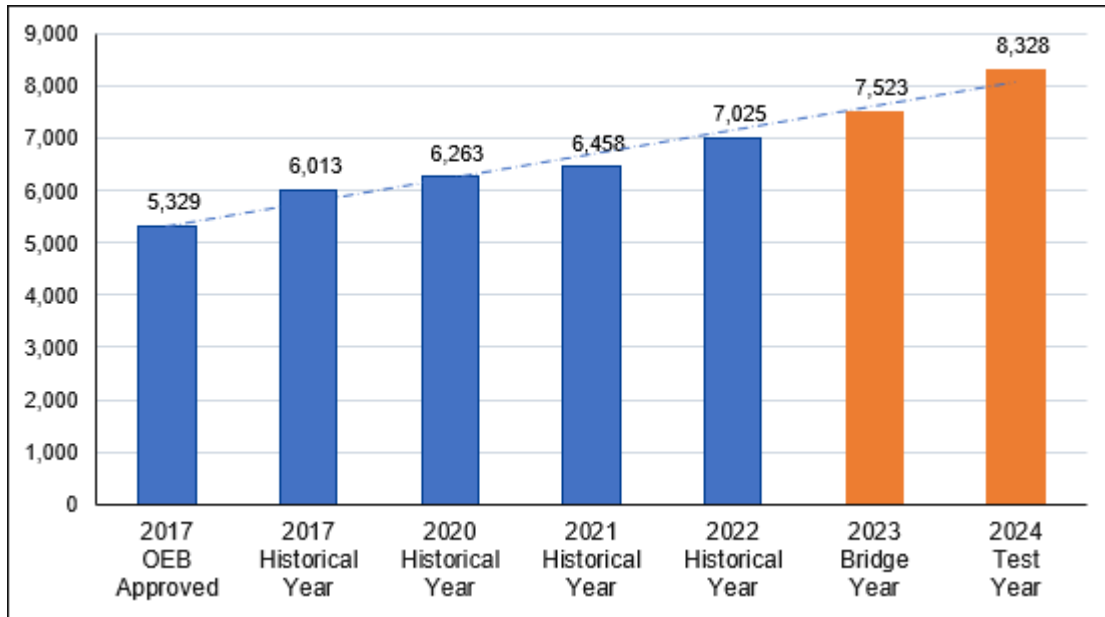
Key Operations and Maintenance Activities in 2024 include:

The following key programs and activities for system maintenance and operations have been planned for 2024:

1. Outage restoration and trouble calls;
2. Disconnect, inspect and reconnect (DIRs) and locates, which continue to increase year over year;
3. Vegetation management to adhere to the OEB cycle guidelines and to maintain and improve system reliability related to tree outages;
4. Asset inspection programs (overhead and underground);
5. Switch maintenance;
6. Insulator washing;
7. Annual distribution station inspections and required repairs; and
8. Overall system control and operations

Figure 4-1 illustrates the OM&A level for the 2017 Board approved, 2017-2022 Actuals, 2023 Bridge Year and 2024 Test Year.

Figure 4-1: Summary of OM&A Costs from 2017 to 2024



InnPower continues to prudently manage its OM&A costs and has performed well when assessed by the PEG cost efficiency assessment. InnPower has consistently placed in Cohort 3, which means that its costs are +/- 10% of the predicted costs for InnPower using the PEG model. While the 2021 PEG report still places InnPower in Cohort 3, its cost differential declined slightly by 1.6% vs the 2020 assessment. Over the five-year period, the utility has significantly improved cost performance. In 2017 actual costs were 4.7% above predicted costs; however, there has been a consistent downward trend to 6.8% below predicted costs in 2021. The results show that InnPower is becoming consistently more cost efficient and is potentially trending toward Cohort 2.

Based on the cost efficiency assessment benchmark, InnPower ranked 20 out of 57 utilities.

In the 2021 Yearbook of Electricity Distributors (issued September 29, 2022), InnPower's OM&A per customer unit cost of \$334.74 ranked 38 in the province and is approximately 2.2% lower than the average OM&A per customer cost of \$341.99.

The following table shows InnPower's OM&A per Customer Unit Cost from 2017 to 2021 as reported in the annual Yearbook of Electricity Distributors. The 2022 to 2024 information comes from InnPower's planning process.

Table 4-3: OM&A per Customer Unit Cost from 2017 to 2024

	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Bridge Year	2024 Test Year
Cost per Customer	353.60	323.71	312.27	332.21	334.74	349.87	363.26	389.86

More details on how InnPower compares against other utilities can be found in Exhibit 1-1-11 Benchmarking.

InnPower would like to note that in March of 2023, Enbridge indicated that it was going to start to charge a locate fee of \$200 / per locate. Specifically, as a result of the Getting Ontario Connected Act passing on April 14, 2022, Enbridge issued an important notice to Excavators on March 10, 2023, stating that "Effective May 1, 2023, Enbridge Gas (including its Ontario based affiliates), will begin to directly charge third-party contractors and other utilities for their utility locates. Enbridge Gas will apply a charge of \$200 CAD (plus applicable taxes) per locate request where a field locate (paperwork and ground markings) is completed by Enbridge Gas.

InnPower's understanding at the time of the filing of this application is that Enbridge has decided not to pursue this charge at this time. If Enbridge does pursue this charge, and if this charge is approved by the OEB, the cost to InnPower will be approximately \$200K per year. If the charge is approved, InnPower will be seeking a deferral account for the costs incurred.



3. PROPERTY TAX SUMMARY

Property taxes are paid to the Town of Innisfil annually based on the value of its buildings and substations and the associated municipal tax rates. For more information, please see Exhibit 4.1.3: OM&A Summary and Cost Drivers and Exhibit 4.1.5 - Property Taxes.

Property taxes for the periods 2017 to 2024 are shown in Table 4-4 below.

Table 4-4: Property Taxes from 2017 to 2024

Category	2017 OEB Approved	2017 Historical Year	2018 Historical Year	2019 Historical Year	2020 Historical Year	2021 Historical Year	2022 Historical Year	2023 Bridge Year	2024 Test Year	2024 Test Year vs 2017 Actual	2024 Test Year vs 2017 Approved
Property Tax	111	79	83	93	120	119	119	125	129	50	18

4. DEPRECIATION AND AMORTIZATION EXPENSE SUMMARY

In accordance with section 2.4.4 of the Chapter 2 Filing Requirements for Electricity Distribution Rate Applications, InnPower confirms that depreciation and amortization expenses appropriately reflect the useful lives of the utility's assets consistent with the Kinectrics Asset Depreciation Study. The rates used are presented in Appendix 2-3-1 (A) OEB Appendix 2–BB of the Chapter 2 Appendices.

InnPower is experiencing increases in depreciation year-over-year due to its growing capital program.

Depreciation and Amortization expenses (excluding amounts for the non-regulated portion of the building) for the period 2017 to 2024 are shown in Table 4-5 below and the detailed depreciation and amortization schedules are filed in Exhibit 2-3-1.

Table 4-5: Depreciation and Amortization Expense from 2017 to 2024

Category	2017 OEB Approved	2017 Historical Year	2018 Historical Year	2019 Historical Year	2020 Historical Year	2021 Historical Year	2022 Historical Year	2023 Bridge Year	2024 Test Year	2024 Test Year vs 2017 Actual	2024 Test Year vs 2017 Approved
Depreciation	2,699	2,363	2,455	2,607	2,893	3,200	3,535	4,416	5,028	2,665	2,329



5. PAYMENT IN LIEU OF TAXES (PILs) SUMMARY

Pursuant to its obligations under Section 93 of the Electricity Act, 1998, InnPower is liable for the payment of PILs to the Ministry of Finance based on its taxable income.

Payment in Lieu of Taxes (PILs) for the period 2017 to 2024 is shown in Table 4-6 below and the detailed tax returns are filed in Exhibit 6-2-1.

Table 4-6: Payment in Lieu of Taxes (PILs) Summary

Category	2017 OEB Approved	2017 Historical Year	2018 Historical Year	2019 Historical Year	2020 Historical Year	2021 Historical Year	2022 Historical Year	2023 Bridge Year	2024 Test Year	2024 Test Year vs 2017 Actual	2024 Test Year vs 2017 Approved
PILs	150	66	513	570	-206	114	730	1,493	186	120	36

*Please note, the PILS amount reported is not grossed-up



4-1-2 INNPOWER CORPORATE ORGANIZATION

1. INTRODUCTION

This Exhibit describes the corporate functions at InnPower. The costs for these areas are allocated to OM&A and Capital consistent with the Accounting Procedures Handbook and other accounting direction provided by the OEB. In some cases, these corporate functions provide services to InnPower's non-regulated affiliates. When this has occurred, costs transferred to the affiliate are consistent with the OEB's Affiliate Relationship Code (ARC).

The following corporate functions deliver value to the customer and the organization by providing core services in an effective and efficient manner. For each Division within the utility, this Exhibit provides the following information:

- A description of key activities and business areas; and
- An overview of business priorities and key activities in the 2023 to 2024 period, with particular emphasis on value for the customer.

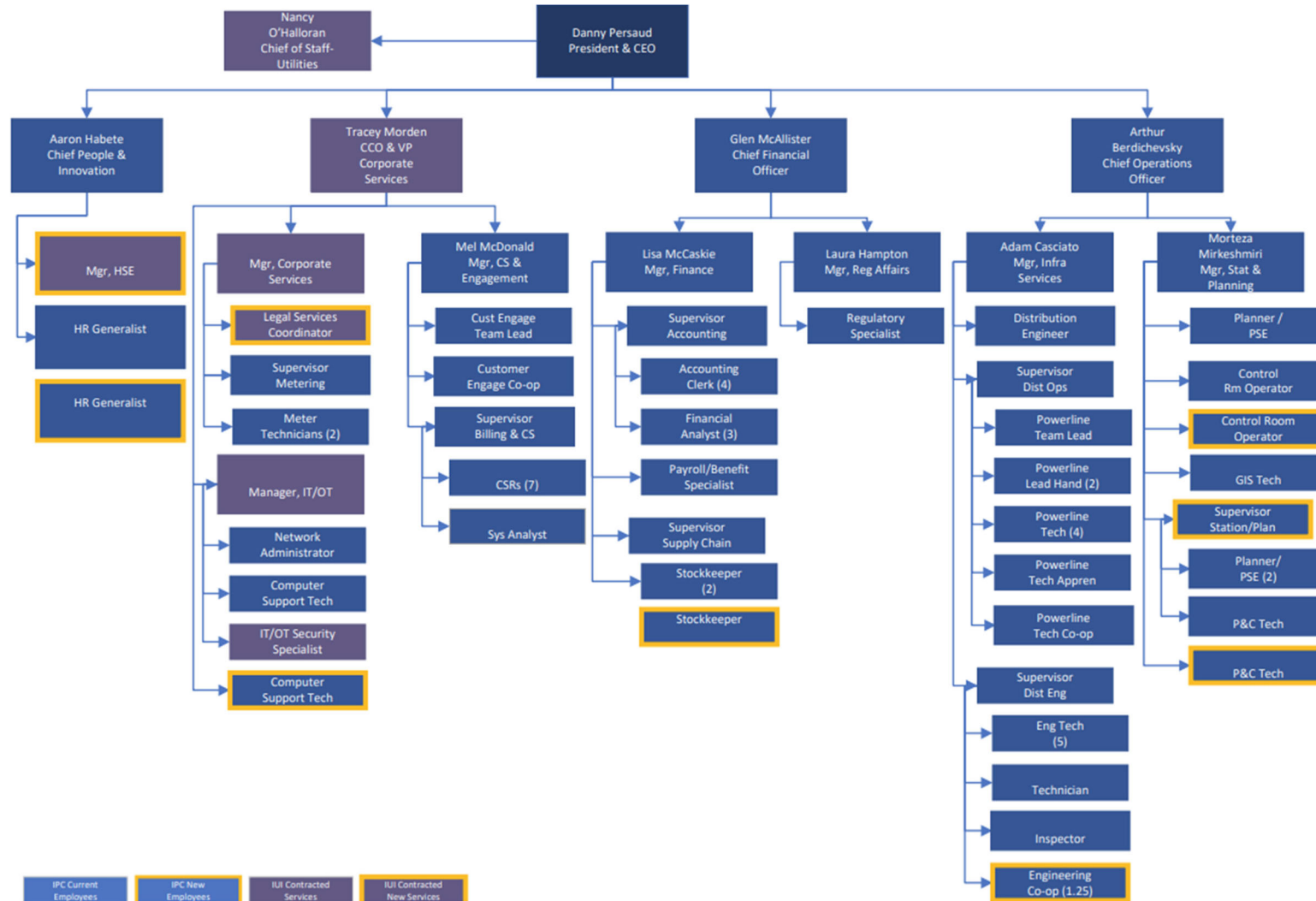
The key corporate business groups at InnPower are:

- Internal Support Team, comprised of:
 - Executive Office (including President and CEO)
 - Finance (including CFO, Treasurer, Finance and Regulatory)
 - People, Information Technology (IT) & Innovation
 - Customer Relations & Engagement
- Distribution Operations (including Infrastructure Services, Stations, System Planning and System Operations)

Figure 4-2 below shows the current organizational chart for InnPower. The boxes in purple represent roles that are contracted from InnServices to InnPower, and the yellow outline represents roles that were added in 2023 to support the growth.



Figure 4-2: InnPower Corporation Organizational Chart





2. EXECUTIVE OFFICE

2.1 Key Activities and Business Areas

The President and CEO has responsibility for the strategic leadership, profitability, sustainability, and growth of the utility, in alignment with the corporate strategy established by the Board of Directors. This individual provides leadership and direction to the executive team, with respect to the execution of the corporate strategy and achievement of corporate performance goals, including its execution of policies and initiatives.

2.2 Business Priorities and Key Activities in 2023 / 2024

- Roll out the five-year strategic plan with associated scorecard and work with all departments to achieve at least 20% (1/5 year) completion of items in the strategic plan.
- Improve public and organizational communication efforts through weekly newsletters, attendance at public meetings and community events.
- Assess corporate growth and innovation opportunities.
- Address escalated issues and concerns across the organization.
- Continue work on corporate sustainability initiatives and goals around Environmental Social Governance (ESG), Equity, Diversity & Inclusion (EDI) and United Nations Sustainable Development Goals (SDG).

3. FINANCE

3.1 Key Activities and Business Areas

The Chief Financial Officer ("CFO") has the responsibility to provide financial support across all aspects of InnPower's business and operations, as well as for other entities within the larger corporate group. This Division performs traditional finance functions such as preparing annual budgets, forecasting, financial planning and reporting, accounting, and treasury. The Division also plays a key support role in the formulation of InnPower's business and strategic plans and has



primary accountability for fulfilling the utility's financial, statutory, and regulatory obligations to its employees, external suppliers, external auditors, Board of Directors, the shareholder, government agencies, OEB, and the Independent Electricity System operator ("IESO").

The main functions of the Finance group are as follows:

Financial Planning & Reporting:

The Finance Team provides financial leadership, planning, guidance and reporting to internal and external customers, including budgeting preparation and support. It is also responsible for all financial reporting to ensure compliance with legislative requirements for InnPower, InnServices and InnTerprises.

General Accounting:

The Finance Team delivers day-to-day transactional needs for accounts payable, accounts receivable, payroll, account reconciliations, inquiries and issue resolution for InnPower, InnServices and InnTerprises.

Payroll:

The Finance Team provides day-to-day support to employees with payroll, benefits, pension and corporate Visa inquiries, as well as full cycle payroll, tracking and reconciliations, monthly and year-end filings and issue resolution for InnPower, InnServices and InnTerprises.

Business Performance:

The Business Performance Team monitors and improves processes and systems across the organization. This Team also identifies opportunities to optimize service delivery and cost efficiencies for InnPower, InnServices and InnTerprises.

Regulatory Compliance:

The Regulatory Team is responsible for all regulatory reporting, documenting and submitting evidence to support operating revenues, expenses and investments (both historically and

prospectively) to the Ontario Energy Board as part of the regulated rate-making process that occurs every five years. This Team also manages compliance for the utility.

Specific Services provided by the Regulatory team include:

1. Accountable and responsible for preparing the Cost of Service (COS), Incentive Rate Mechanism (IRM), Incremental Capital Module (ICM) & Advanced Capital Module (ACM).
2. Prepare and submit regulatory reports to the OEB, IESO and MOE.
3. Ensure utility is compliant with all applicable regulatory codes.
4. Interpret and advise management on regulatory decisions, amendments to codes and new regulations.
5. Develop, implement, and complete internal bill audit.
6. Monitor regulatory variance accounts for anomalies in conjunction with Finance Team.
7. Prepare and submit monthly wholesale settlements to the IESO.
8. Liaise with external parties on regulatory matters including the OEB, IESO and MOE.

Supply Chain:

The Supply Chain Team is responsible for services, assets and tools procurement for the company. The team orders, receives, manages and issues materials to the specific jobs.

Fleet and Facilities:

The Fleet and Facilities Team is responsible for maintenance and management of fleet supply (large, medium and small vehicles) to support InnPower's engineering, operations and metering functions. In addition, this Team is responsible for proper operations of the InnPower's facilities and yards.

3.2 Business Priorities and Key Activities in 2023 / 2024

- Implementation of an Enterprise Resource Planning (ERP) system across all departments to create a “single source” for data storage. The ERP will allow for increased efficiency and minimize additional administrative staffing requirements in the future.
- InnPower expects that the ERP will allow staff to do ‘more with less’ and streamline some of the current complex system set-up processes; however, with the growth of the utility, it is still expected that additional staffing may be required in the future to manage the increased workload from a higher volume of capital and OM&A transactions.
- Continuing to augment internal processes to increase efficiency, ease and speed of reporting and tracking functions in both the financial and regulatory areas of the department.
- Focus on cash management as a result of major capital projects such as BATU and the InnPower Transformer Station.

4. PEOPLE, INFORMATION TECHNOLOGY AND INNOVATION

4.1 Key Activities and Business Areas

The People, Information Technology and Innovation Division is primarily responsible for providing leadership and guidance on all matters related to recruitment, compensation, training, employee and labour relations, organizational development, change management, and health, safety, and wellness. This is achieved through the development and implementation of policies, frameworks, and programs that ensure operational capacity and continuity. Focus is placed on supplying the right talent with the right knowledge and skill sets, providing a safe and healthy work environment, and engaging, aligning, and preparing the workforce.

In addition, the People, Information Technology, and Innovation division provides leadership for developing and implementing information technology (“IT”) and operational technology (“OT”) initiatives, in alignment with InnPower’s business strategy. The Information Technology division

1 plans and oversees the utility's IT/OT initiatives and information management needs, while
2 supporting corporate functions through functional leadership and appropriate IT capabilities.

3
4 With respect to innovation, the division leads the review of current business processes to identify
5 areas of innovation, process improvements, automation, cross functional opportunities and
6 sharing of services.

7
8 The main areas in the People, Information Technology, and Innovation division are as follows:
9

10 Employee Relations:

11 The Human Resources Team provides talent development and business support services to
12 InnPower and InnTerprises. This includes corporate learning and development, attraction and
13 retention, total rewards, performance management and employee engagement.

14
15 Labour Relations:

16 The Human Resources Team leads labour relations in collaboration with stakeholders. They
17 oversee collective agreement negotiations and interpretations. They also promote harmonious
18 labour / management relations, productive work environments, and fair and consistent treatment
19 of our staff.

20
21 Workplace Health and Wellness:

22 The Human Resources Team promotes health, safety and wellness through various programs
23 and initiatives. This Team models and advocates for a positive, safe, healthy and supportive
24 culture as well as facilitates short and long-term disability management (accommodation plans
25 and safe / early return to work programs) and enforces health and safety legislative compliance.

26
27 Innovation and Business Process Improvements:

28 The Human Capital and Innovation Team leads the review of current business processes to
29 identify areas for process improvements, automation, cross functional opportunities and sharing
30 of services.

Information Technology:

The Information Technology Team works closely with all service areas to provide process enhancements, new solution implementation, technical support and hardware / software upgrades. Using hardwired and wireless networks, staff enable connectivity for employees and guests at all InnPower facilities and remote users. IT staff install, maintain, upgrade, and configure network security, enterprise servers, backup systems and communication systems to support various business systems and communication requirements for staff.

4.2 Business Priorities and Key Activities in 2023 / 2024

Key plans for 2023 and 2024 for the People, Information Technology and Innovation Division include:

- **Improve Employee Engagement** - Build on the current Engagement Program to energize staff, reduce employee burnout and increase productivity by creating a top of industry employee experience.
- **Develop Top of Industry Talent Management Program** - Develop a Talent Plan to improve onboarding, internal mobility and attract top candidates using succession planning, employee branding, learning & development programs and coaching.
- **Equity, Diversity & Inclusion (EDI)** - Continue to build an equitable and inclusive environment by creating an EDI playbook in line with our commitment to the Electricity Human Resources Canada (EHRC) Leadership Accord.
- **Health & Safety Program** - Continue to build the utility's health & safety program, utilizing the WSIB Health & Safety Excellence Program as a template, while receiving rebates on WSIB premiums.
- **Improve HR Technology Capabilities** - Research and develop the HR technology capabilities to transform the HR Department into an analytical department, leaving gut decisions behind and providing value added services to employees.
- **Increase Organizational Efficiency** - Utilize the Innovation/Efficiency Committee to develop opportunities to be more innovative across the entire organization.



5. CUSTOMER RELATIONS & ENGAGEMENT

5.1 Key Activities and Business Areas

The Customer Relations and Engagement Division acts as a liaison between the customer and the utility. With customers and the community at the forefront, this Team takes a proactive approach, striving to make the customer experience positive, stress-free, and memorable.

Consumer expectations are higher than ever, requiring InnPower to continually improve business processes and ensure customer needs are met.

The main areas in the Customer Relations group are as follows:

Customer Service

Whether it's on the phone, through email, in-person, or on social media, the Customer Service Team works to support customers in a positive and friendly way. InnPower's service delivery model fosters cross-functional collaboration in resolving customer inquiries and leverages learning opportunities; giving frontline staff greater knowledge and the opportunity to support the goal of answering each inquiry fully at the first point of contact.

Customer Engagement

The Customer Engagement Team has become one of the most in-demand functions for InnPower. Guiding the direction of business in terms of customer needs, the Customer Engagement Team influences corporate activities and initiatives to ensure the customer perspective is understood and considered in all major decisions. They are accountable for delivering timely, informed and quality communications surrounding outages, operational improvements, regulatory processes, financial assistance, community events, safety messaging, energy conservation and more. Our ratepayers expect and appreciate having meaningful communications with them.



Corporate Communications

The Customer Relations Team supports marketing and branding initiatives that enhance customer service and engagement initiatives, ultimately strengthening the customer relationship and building brand trust. As InnPower is a valued member in the community, having a trusted corporate brand is unparalleled. Trust and positive relations with customers lead to increased uptake in services and contribute to a positive customer experience.

5.2 Business Priorities and Key Activities in 2023 / 2024

Key plans for 2023 and 2024 for the Customer Relations group include:

- **Enhanced Customer Experience** - All activities will be centered around improving the overall customer experience, ensuring customers have a positive relationship with InnPower. This includes a focus on ensuring a proactive approach to all customer relations.
- **Improved Customer Engagement** - Building on the current customer engagement efforts, InnPower will seek continuous improvement through enhanced communication, education, and community engagement initiatives. This includes utilizing a mix of communication and engagement technologies to understand and better respond to customer needs and expectations.
- **Strengthened Customer Convenience** - Build on current offerings to continually improve convenience options for customers including enhanced security options, online forms, online live chat, and Green Button data.
- **New & Improved Customer Portal** - Introduce a new SilverBlaze Customer Portal providing new and refreshed features that allow customers to easily access information about their account, smart forms, eBilling, usage, and more.
- **Video Education & Marketing** - Introduce the creation and use of videos to improve the spread of information, brand marketing, and customer education.
- **Community and Public Relations Strategy** - Build on current community and public relations efforts by establishing partnerships with local community groups, researching local sponsorship opportunities, and attending community events.



- **Outage Communications** - Continue to enhance outage communications with customers and research into new technologies that will provide more proactive and effective notice to customers.
- **Internal Communications** - Establish internal communications strategies and improve visual consistency through trademarked logos, company branded email signatures, and virtual meeting backgrounds.

6. DISTRIBUTION OPERATIONS

6.1 Key Activities and Business Areas

The Distribution Operations Division is comprised of seven main business areas that are responsible for planning, engineering, construction, maintenance and system operations to provide a safe and reliable electricity distribution system. The Division also has the responsibility for 24/7 system monitoring and control, as well as emergency response planning, execution, and restoration.

The main areas in the Distribution Operations group are as follows:

System Planning:

The System Planning Team is responsible for the short-term and long-term power supply, ensuring safe and reliable power is delivered to InnPower's growing customer base. The team works closely with the developers; residential, industrial and commercial customers and other third-party stakeholders to ensure InnPower's current and future power demands are met.

System Control:

The System Control Team is responsible for the safe and reliable day-to-day operation of InnPower's distribution system.

Stations Planning and Asset Optimization:

The Stations Planning & Asset Optimization Team is responsible for the planning, engineering, project management (construction) and maintenance of InnPower's distribution stations. Additionally, the team manages the protection, control and automation of the distribution system.

Distribution System Engineering:

The Distribution System Engineering Team is responsible for the engineering of capital projects for the existing and planned distribution system. The team works closely with Municipalities, Developers, Ministries, the County of Simcoe, customer and consultants to ensure that distribution assets are in place to supply power to end users, as well as relocate distribution assets to allow third parties to execute their work (without interference with InnPower's assets).

Distribution Maintenance, Construction and Operations:

The Distribution Maintenance, Construction and Operations Team is responsible for the actual execution of maintenance and capital projects. These projects include, but are not limited to, vegetation management, distribution asset inspections, construction of new and relocation of existing feeders. Together with the System Control Team, this Team is responsible for any power restoration within the InnPower service territory.

6.2 Business Priorities and Key Activities in 2023 / 2024

The Distribution Operations group plans, engineers, constructs, maintains and operates InnPower's assets.

Key capital projects in 2023 / 2024 include:

System Access:

1. In 2024, InnPower continues to expand the main distribution system to accommodate / connect Hewitt and Salem proposed subdivisions in the South Barrie area, as well as developments within Innisfil.
2. Several road relocation projects are forecasted in 2024 at a gross capital amount of \$2.5M.



System Renewal:

1. In accordance with the Asset Condition Assessment, InnPower is planning to replace assets that are in very poor condition. These assets are, but not limited to, transformer replacements (both overhead and underground), poles, reclosers, Load Interrupted Switches (LISs), pad mount switchgears as well as animal mitigation (which is based on the system inspection results).

System Services:

1. InnPower plans to continue to invest in its automation and outage reduction projects (normally open point switch installations).
2. Capital contributions to HONI for the Barrie Area Transmission Upgrade (BATU) project.
3. InnPower plans to continue to advance its new transformer station activities to meet the long-term demand.

General Plant (Fleet):

Final payment for the single bucket truck (purchased in 2021) will be made in 2024 to finalize the delivery of the truck. The truck will be delivered in 2024.

For more information on InnPower's Capital work program, please see the Distribution System Plan filed as Exhibit 2-5-3.

Key Operations and Maintenance Activities in 2023 / 2024 include:

The following key programs and activities for system maintenance and operations have been planned for 2024:

1. Outage restoration and trouble calls;
2. Disconnect, inspect, reconnect (DIRs) and locates, which continue to increase year over year;



- 1 3. Vegetation management to adhere to the OEB cycle guidelines and to maintain and
- 2 improve system reliability related to tree outages;
- 3 4. Asset inspection programs (overhead and underground);
- 4 5. Switch maintenance;
- 5 6. Insulator washing;
- 6 7. Annual distribution station inspections and required repairs; and
- 7 8. Overall system control and operations
- 8
- 9 For more information on InnPower's OM&A programs, please see Exhibits 4-1 and 4-2.



4-1-3 OM&A SUMMARY AND COST DRIVER ANALYSIS

1. INTRODUCTION

This exhibit provides a summary of OM&A costs and an analysis of the change in OM&A from 2017 to 2024, by major cost driver. These changes are outlined in Table 4-7 below.

Table 4-7: OM&A by Major Cost Driver

Program	2017 Last Rebasing Year Actuals	2018 Actuals	2019 Actuals	2020 Actuals	2021 Actuals	2022 Actuals	2023 Bridge Year	2024 Test Year
Reporting Basis	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
Opening Balance	5,316,777	6,013,192	5,782,891	5,639,860	6,263,124	6,458,122	7,024,754	7,522,941
Salaries & Benefits		(100,806)	175,485	72,922	203,247	68,207	187,692	539,908
Employee Pensions and Benefits	973	4,470	(99,134)	92,825	(1,269)	11,044	347	4,800
COVID Related Expenses				172,844	(172,844)			
Legal and Consulting Services	(2,409)	(115,738)	71,720	130,080	(54,717)	(18,647)	134,800	(44,000)
Regulatory (Assessments and Awards)	(2,780)	(4,284)	3,050	2,584	(13,051)	30,945	28	2,819
Regulatory Rate Application Costs	309,525	(83,506)	(169,465)	11,843	(40,497)	(16,200)	11,887	(11,536)
IT and Cybersecurity	3,244	23,276	(19,397)	8,595	6,336	86,674	68,057	6,822
Building and Office Supplies	24,626	59,416	(46,503)	14,793	7,453	67,392	72,618	(3,384)
Insurance	16,632	(7,737)	(1,380)	9,134	18,899	17,203	11,546	4,800
Community Relations	(3,925)	66,316	(24,028)	27,941	27,796	(5,439)	10,708	4,174
Bad Debts	44,681	(11,655)	(61,576)	198,062	(179,588)	353,271	(292,070)	0
Property Tax	(31,525)	3,606	10,132	27,099	(934)	(494)	6,566	3,780
Vegetation Management	2,131	(11,624)	2,622	4,728	323,940	(52,442)	15,590	50,000
Cable Locates	(21,603)	219	10,518	1,419	40,102	21,460	(52,284)	50,000
Distribution Meters	22,433	5,558	(13,964)	(13,450)	141,960	62,102	126,314	14,397
Underground Distribution Lines & Feeders	90,432	(69,063)	25,134	7,044	(86,288)	(1,996)	24,764	3,796
Engineering/Systems Operations	88,812	(19,785)	(59,455)	(249,366)	170,389	(253,239)	61,788	14,506
Other	155,169	31,036	53,209	104,167	(195,936)	196,792	109,836	163,785
Closing Balance	6,013,192	5,782,891	5,639,860	6,263,124	6,458,122	7,024,754	7,522,941	8,327,618

As part of its OM&A Cost Driver variance explanations, InnPower will be referring, from time to time, to the impact of inflation on costs over the period 2017 to 2024. The compound average annualized growth rate (CAAGR) over the period 2017 to 2022 is 3.0%. Larger rates of inflation were experienced in the 2021 and 2022 period.

InnPower Corporation has included an annual inflationary rate of 2.5% over the period of 2024 to 2028. Although the 2022 and 2023 inflationary rates surged over historical levels, the Bank of Canada projects the 2024 inflationary rate to reach a target of 2% (pre pandemic levels). As such, InnPower's estimate for inflation appears conservative. [Monetary Policy Report - January 2023](https://www.bankofcanada.ca/monetary-policy-report-january-2023/) ([bankofcanada.ca](https://www.bankofcanada.ca/))

Given the uncertainty of material costs for expense infrastructure work, InnPower Corporation has assumed that future costs (over the period of 2024 to 2028) will remain at the 2022 levels with a 2.5% inflationary factor added each year.

Table 4-8 below outlines the Ontario CPI over the period 2017 to 2024.

Table 4-8: Ontario CPI

	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Forecast	2024 Forecast	CAGAR 2017/2022
%	1.7%	2.4%	1.9%	0.7%	3.5%	6.8%	2.5%	2.5%	3.0%

Capitalized Overhead

InnPower's Capitalization Overhead has not changed from those approved in InnPower's 2017 Cost of Service Application EB-2016-0085.

Table 4-9, Appendix 2-D Overhead Expense provides a breakdown of OM&A before capitalization. In any given year, the percentage of OM&A that is capitalized is dependent on where InnPower staff has spent their working hours – capital or OM&A work. The percentage of OM&A capitalized has been fairly consistent over the last three years (averaging about 26%); therefore, a percentage of 27% was used for the Test Year.



1 Capitalization of Overhead is discussed in more detail in Exhibit 2-5-5 Capitalization of
2 Overheads.

3

4

Table 4-9, Appendix 2-D Overhead Expense

5

OM&A Before Capitalization	2017 Historical Year	2018 Historical Year	2019 Historical Year	2020 Historical Year	2021 Historical Year	2022 Historical Year	2023 Bridge Year	2024 Test Year
Distribution Operations	\$ 1,600,622	\$ 1,396,958	\$ 1,313,975	\$ 1,104,679	\$ 1,548,761	\$ 1,370,149	\$ 1,741,822	\$ 1,974,901
Distribution Maintenance	\$ 616,264	\$ 631,893	\$ 652,489	\$ 762,332	\$ 1,049,233	\$ 948,218	\$ 880,390	\$ 1,115,647
Billing and Collecting	\$ 1,016,438	\$ 1,085,093	\$ 1,132,149	\$ 1,251,092	\$ 1,067,987	\$ 1,475,945	\$ 1,156,048	\$ 1,194,581
Community Relations	\$ 6,406	\$ 72,722	\$ 48,694	\$ 76,635	\$ 104,431	\$ 98,992	\$ 109,700	\$ 113,874
Administrative and General	\$ 2,773,463	\$ 2,596,226	\$ 2,492,553	\$ 3,068,386	\$ 2,687,710	\$ 3,131,450	\$ 3,634,981	\$ 3,928,615
Total OM&A Before Capitalization (B)	\$ 6,013,192	\$ 5,782,891	\$ 5,639,860	\$ 6,263,124	\$ 6,458,122	\$ 7,024,754	\$ 7,522,941	\$ 8,327,618

6

Capitalized OM&A	2017 Historical Year	2018 Historical Year	2019 Historical Year	2020 Historical Year	2021 Historical Year	2022 Historical Year	2023 Bridge Year	2024 Test Year
Employee benefits	\$ 227,366	\$ 445,012	\$ 655,964	\$ 859,327	\$ 1,117,063	\$ 1,222,077	\$ 1,399,347	\$ 1,488,388
Fleet/truck time	\$ 264,058	\$ 238,369	\$ 268,096	\$ 344,237	\$ 403,335	\$ 484,512	\$ 496,625	\$ 509,041
Initial delivery and handling costs	\$ 91,346	\$ 175,448	\$ 315,527	\$ 278,907	\$ 229,332	\$ 228,407	\$ 234,117	\$ 239,970
Total Capitalized OM&A (A)	\$ 582,771	\$ 858,830	\$ 1,239,587	\$ 1,482,471	\$ 1,749,730	\$ 1,934,996	\$ 2,130,089	\$ 2,237,399
% of Capitalized OM&A (=A/B)	10%	15%	22%	24%	27%	28%	28%	27%

7

8 2. VARIANCE ANALYSIS

9

10 2.1 Salaries & Benefits

11

- 12 • Salary and benefit costs include compensation for all InnPower staff, as well as benefits
- 13 including health and dental and OMERS retirement expenses.
- 14 • The increase in salaries and benefit expenses year-over-year is due to the following:
 - 15 ○ The addition of staff (incremental FTEs) over the period, in particular in 2023 and
 - 16 2024. Please see Exhibit 4-1-6 for a detailed discussion of staff changes in 2023
 - 17 and 2024.
 - 18 ○ In general, the requirement for new FTEs is to support the growth in InnPower's
 - 19 customer base and government-mandated initiatives.
 - 20 ○ Increases in inflation, in particular in 2021 and 2022 (see Table 4-8 above).
 - 21 ○ Annual collective agreement wage adjustments, progression increases for union
 - 22 employees and merit and progression increases for non-union staff.

- Increases in benefit costs for OMERS pension and group benefits, including health and dental benefits, in particular in 2023 and 2024 due to the staff level increases in those years.
- A comprehensive succession-planning program to provide for business continuity has been developed over this period, as a result of a significant number of retirements.

2.2 Employee Pension and Benefits

- InnPower provides some of its retired employees with life insurance and medical benefits beyond those provided by government sponsored plans. The obligations for these post-employment benefit plans are actuarially determined by applying the projected unit credit method and reflect management's best estimate of certain underlying assumptions.
- Remeasurements of the net defined benefit obligations, including actuarial gains and losses and the return on plan assets (excluding interest), are recognized immediately in other comprehensive income. When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized immediately in profit or loss.
- The following outlines the results from InnPower's actuarial reports:
 - The actuarial report as at December 31, 2016 provided forecasts covering the 2017 and 2018 periods (year-end). Health and dental estimations led to an increase of 4.5% each year. The 2016 to 2018 costs were recognized in the income statement based on this report.
 - The actuarial report as at December 31, 2019 provided forecasts covering the 2020 and 2021 periods (year-end). Health estimations led to an increase of 6.5% and dental estimations led to an increase of 4%. The 2019 costs were recognized in the income statement based on this report.
- Due to rapidly changing rates, InnPower received updated reports for the years 2020 to 2022.



- 1 ○ Health estimations led to an increase of 6.5% and dental estimations led to an
2 increase of 4%. The 2020 to 2022 were recognized in the income statement based
3 on this report.
4 ○ In 2019, InnPower recorded an actuarial loss of \$90k.
5
6 InnPower recovers pension and OPEBs using the accrual method. InnPower is not proposing to
7 change the basis in which Pension and OPEB costs are included in OM&A from the last rebasing.
8
9 InnPower has filed the 2022 Actuarial Repot as Appendix 4-1-3 (A).

2.3 COVID Related Expenses

- During the COVID-19 pandemic, InnPower staff seamlessly transitioned to remote work and continued to provide an exceptional level of service to customers as safely and efficiently as possible, while adhering to public health guidelines.
- In 2020, the COVID-19 pandemic impacted OM&A spend due to unforeseen and non-discretionary incremental costs. These include:
 - \$5k in costs related to moving employees to work from home (office supplies, some computer equipment), COVID signage, sanitizer stations, gloves and masks.
 - \$167k in labour costs for quarantining and sick time to comply with health unit and provincial guidelines.

2.4 Legal and Consulting Services

- Legal and consulting services include costs such as auditors, outside consultants and legal costs incurred annually as part of InnPower's business operations. It covers the annual financial audit and related tax returns, as well as legal and consulting costs for human resource and operational issues.
- In 2018, legal costs are significantly lower than other years, as there were no legal or consulting costs approved in the 2017 budget.
 - In 2020, the increase in legal costs is a result of a union grievance and additional consulting costs for union job evaluations.
- The increase in 2020 also includes \$45k in costs for external legal consultants relating to shared services and net metering agreements.
- In 2023, the increase in consulting costs is a result of a privacy audit, compensation consultant for non-union staff, succession planning, an employee survey and an IT audit.

2.5 Regulatory (Assessments and Awards)

- Regulatory costs consist of the OEB annual assessment, OEB membership and intervenor cost awards.
- The annual OEB assessments costs have increased by 50% from 2021 to 2022 (\$60k in 2021 versus \$90k in 2022) and have been budgeted in the \$90k range for 2023 and 2024.

2.6 Regulatory Rate Application and Other Regulatory Costs

- Regulatory Rate Application and Other Regulatory Costs includes InnPower's Cost of Service rate application costs, as well as ongoing legal and consulting costs for regulatory matters. These costs are required to meet regulatory obligations and to address changing policies, legislation, and regulations.

- In an ongoing effort to address previous regulatory matters, InnPower completed a comprehensive review of shared services, with the majority of work completed during 2020. Legal and consulting costs are slightly higher in 2020 compared to other years 2017 to 2022.

- InnPower has also incurred two administrative penalties related to Assurances of Voluntary Compliance ("AVC") issued by the OEB. The first AVC was issued on April 26, 2019 (EB-2019-0090) with a penalty of \$25,000, due to violations to the Affiliate Relationship Code. The second AVC was issued on December 30, 2020 (EB-2020-0282) with a penalty of \$5,000, as a result of overcharging customers by continuing a rate rider beyond the approved expiry date, contrary to the Rate Order.

- InnPower's regulatory rate application costs include carryover from the previous 2017 Cost of Service application. Although InnPower applied for January 1, 2017, rates, the final rate order was not issued until May 3, 2018. As such, InnPower incurred legal, consulting, intervenor and OEB hearing costs for matters related to the 2017 Cost of Service application in 2017 and 2018. Please note that prior to 2017, the utility recorded rate application expenses as incurred; therefore, prior costs have not been allocated over the subsequent five-year period (2017-2021).

- InnPower's regulatory rate application costs do not include expenses incurred for the current 2024 Cost of Service Application until 2024. InnPower has opted to defer the recognition of these costs over a five-year period beginning in 2024. Consequently, the costs are recorded in an 1180 prepaid account and not reflected in OM&A expenses from 2017 to 2023.

2.7 IT and Cyber Security

- IT and cyber security costs include labour and associated costs for IT staff to install, maintain, upgrade and configure network security, enterprise servers, backup systems and communication systems to support InnPower's various business systems and communication requirements. InnPower also includes Software-as-a-Service (SaaS) in the IT OM&A account.
- The risk of security breaches and exposure to cyber-attacks within the electrical energy sector have grown substantially with the implementation of Smart Grids, Smart Metering and Self-Generation. Increased use of automation, different communication networks, and the use of wireless networks, data flows, hand-held electronic devices and the internet have created IT-related threats that have not been considered in the past.
- The growing demand for real-time data exchange between entities within the province to support business units have resulted in increased cyber security risks to Ontario's energy sector. In December 2017, the OEB issued its Ontario Cyber Security Framework with the objective to increase security and privacy in LDC's, with the overall goal of reducing cyber risk and improving service resilience. Furthermore, in 2018 OEB issued a Notice of Amendments to the Distribution System Code, which established regulatory requirements for licensed distributors to provide the OEB with information on the actions they are taking relative to their cyber security risks. As a result, InnPower has implemented additional cyber security initiatives over the period 2017 to 2024.
- InnPower has purchased additional software to monitor systems for potential threats and help secure systems. Additionally, the utility has increased licensing purchases to accommodate additional employees for various systems throughout the organization and purchased additional software over the last few years.



- InnPower has been moving to Software-as-a-Service (SaaS), transitioning expenses from Capital to OM&A. Overall, new SaaS software has helped InnPower become more innovative and efficient.
- During the COVID-19 pandemic, InnPower IT restricted hardware purchases to respond to the uncertain time. As things improved in 2022, InnPower continued regular renewals of IT hardware for staff, in addition to dealing with the backlog of hardware issues not addressed during COVID-19. In 2022, InnPower made some substantial hardware purchases to accommodate growing IT demands and to replace legacy equipment and systems.

2.8 Building and Office Supplies

- The building and office category includes costs for maintenance, internet, postage, phone, bank charges, stationery, utilities, as well as miscellaneous expenses, such as memberships (CHEC, USF, EDA, etc.), training, advertising and safety.
- Building maintenance includes the following: janitorial, floor mats, elevator inspections, monthly fire inspections, waste removal, snow clearing, building security, document shredding, plumbing, building automation system maintenance, mechanical maintenance.
- Over the period 2017 to 2024 approximately \$75,000 of the increase is in corporate development and training.
- Overall, building costs have increased including heating costs, the addition of cameras, more contact points, shatterproof sensors on main floor windows, additional plumbing, fire inspections and testing.
- In 2018, InnPower completed work on the fire separation between the InnPower workspace and the daycare. InnPower also purchased shelving for the warehouse.
- In 2020, snow removal increased for the old yard and for line contractors. Also, in 2020, Guardtech systems and monitoring was moved to building maintenance.
- The decrease in stationary costs in 2020 (and forward) is a result of the impact of the COVID pandemic and the move to working from home.
- In 2022, costs increased as a result of janitorial and plumbing services.



- In 2023, costs increased as a result of full-time snow clearing service being utilized at driveways at all stations.

2.9 Insurance

- Insurance costs represent a risk management strategy employed by InnPower with respect to its assets. Insurance premiums have seen modest increases due to global market factors and higher insured values, as new assets come on-line, and replacement costs increase for existing assets. This program includes costs for liability insurance (including enhanced coverage for Directors & Officers and cyber security), property insurance and trade credit (accounts receivable) insurance.
- In 2018, insurance costs decreased as a result of a reduction in the premium by 14% and adjustments to reported values of insured assets.
- In 2019, base rates for liability increased by 1.6% and reported values of assets increased 5%. InnPower also received a 5% reward for loyalty and multi-program discount. The Fleet/Vehicle program had encountered some adverse claims in the past, so Fleet/Vehicle rates increased 5% to base rates.
- In 2020, InnPower received a 5% reward for loyalty and multi-program discount and modest rate increases across various programs. The Property, Vehicle and Crime policies also had minor changes that were implemented in 2020. These included enhanced directors' and officers' coverage endorsement, privacy, cyber and network security liability endorsement, increased coverages/limits to property/boiler and machinery policy, new Fraudulent Instructions Exclusion endorsement and increased minimum deductibles for fleet/vehicle program.
- Due to the COVID pandemic the insurance situation has become volatile. MEARIE had taken extraordinary steps to shield all Members from the adverse developments occurring in the insurance marketplace. The MEARIE Board authorized a strategy of utilizing reserves from each of the Liability, Property and Vehicle programs that resulted in the 2021 overall pricing being confirmed at no increase over 2020 (with a few exceptions). In 2020, InnPower also purchased enhanced coverage for liability, director and officer, privacy and cyber and network security. This was a result of the increased asset values and revenues from 2020.



- In 2022, InnPower received 5% reward for loyalty and multi-program discount and modest rate increases across various programs (5% liability/fleet, 10% property). In 2020, InnPower also purchased enhanced coverage for liability, director and officer, privacy and cyber and network security. This was a result of the increased asset values and revenues from 2021.
- In 2023, InnPower received a 5% reward for loyalty and multi-program discount and modest rate increases across various programs. InnPower also purchased enhanced coverage for liability, director and officer, privacy and cyber and network security. This was a result of the increased asset values and revenues from 2022.
- In 2024, the planning assumption included a 2.5% inflation increase, as well as an increase in the asset / revenue consistent with the planning values.

2.10 Community Relations

- Community Relations costs include labour and associated expenses with communicating important industry and company information, managing social media, the website, creating marketing materials, and attending community events.
- Customers want to be more involved; they are looking for added tools, information and convenience when dealing with InnPower. It was important for the utility to communicate key information proactively to customers. InnPower expanded communications to include education and safety, as well as involvement in the community.
- In 2019, a co-op student was added to the team to assist with customer engagement and relation activities. This quickly evolved and the co-op student became a full time Customer Engagement Representative (CER) position in 2020.
- The addition of an FTE allows InnPower to fully dedicate company resources and employee efforts to improving engagement, education, and communication with customers. The department has seen great success in customer satisfaction, community perception of InnPower, and having a more positive relationship with the community.

2.11 Bad Debts

- When InnPower has exhausted all efforts to collect overdue amounts from customers these amounts are written off as a “bad debt”.
- In 2020, there was a significant increase in bad debt versus the previous years. The spike was due to an ongoing effort to mitigate impacts of the COVID-19 pandemic. In March 2020, the OEB extended the moratorium for non-payment and called on distributors to be more flexible on arrears payment arrangements. InnPower worked closely with customers during this difficult time, however, it resulted in larger balances of uncollectible accounts and an increased number of customer bankruptcies. Collection action with the third-party agency is ongoing.
- In 2021, bad debt write-offs were significantly lower than 2020, as the expense returned to pre-pandemic levels. During 2021, the aging summary also improved, therefore, the Allowance for Doubtful Accounts (AFDA) provision was reduced significantly at year end.
- In 2022, there was a large write-off (\$280k) for one customer who claimed bankruptcy, which significantly increased the bad debt expense compared to prior years. Through collection efforts of Staff, InnPower was able to recover \$35k in uncollectible accounts.
- In 2023 & 2024 the budgeted amounts reflect historical levels from the pre-COVID period.
- InnPower does not expect any other large customers to default or leave the area in 2023 and 2024.

2.12 Property Tax

- Property taxes are paid to the Town of Innisfil based on the value of the buildings and substations, as well as the associated municipal tax rates.
- In 2019, the upsurge in costs was a result of an increase in assessed values of all InnPower properties.
- In 2020, the upsurge in costs was as a result of a study of allocation methodologies (by the Town) where some costs were reallocated into property taxes.
- In 2023 and 2024, the increases are a result of a projected 2.5% inflationary increase (consistent with InnPower's inflationary assumptions).

2.13 Vegetation Management

- InnPower Corporation manages a four-year vegetation management cycle across the entire service territory to maintain the safety and reliability of the electrical distribution system for existing and new construction. Currently, there are two methods in which tree trimming is carried out:

1. Annual Cycle
2. Spot Inspections and Trouble Reports

Following enhancements made to the program in 2021, It is expected that the tree related outages will decrease. InnPower is responsible for vegetation control on its own distribution equipment.

- From 2018 to 2021, InnPower continued to increase spending year over year to achieve optimal clearances and remove identified hazard trees. During this period there were a significant number of trees and other vegetation encroaching within the limits of approach of the overhead lines.
- In 2021, InnPower implemented an enhanced vegetation management procedure to improve reliability and reduce the number of tree related outages in the cycle area.
- In 2022, the decrease in year over year spend (from 2021) was a result of servicing the smallest physical area within InnPower's four-year vegetation program.
- Overall, the efforts put into ensuring a quality vegetation management program have reduced tree related outages and customer inquiries in Cycle 3 and 4 significantly.

2.14 Cable Locates

- Locates are non-discretionary costs that are solely driven internally & by third parties. InnPower has an obligation to provide locates under the Ontario Underground Infrastructure Notification System Act, 2012 to ensure public safety.
- Due to the growth in InnPower service territory, there has been an increasing number of locate requests over the period 2017 to 2024, particularly in 2021.



- As noted above this work is non-discretionary.
- InnPower is investigating the use of ALA's (Alternate Locate Agreements) to possibly ease the number of locate requests that require a locator to be sent out to the site, therefore, reducing costs.

2.15 Distribution Meters

- The costs included in distribution meters area includes expenses for meter materials betterments, minor repairs, meter vehicles, meter tools, meter communications and meter seminars and training.
- In 2017 and 2018, InnPower placed a large order of meters, as the utility predicted significant growth in developments. However, the anticipated growth was not fully achieved, resulting in an excess of meters and a subsequent decrease in meter purchases for 2019.
- In 2020, the decrease in meter purchases was a direct result of the COVID-19 pandemic with factors including COVID restrictions, supply chain issues, and a decrease in housing developments.
- In 2021, the increase was a result of an uptake in suite metering projects worth \$133k, as well as the addition of a new meter technician position.
- In 2022, InnPower received backorders of Sensus meters (originally ordered in 2020 and 2021) that were delayed due to supply chain issues.
- In 2022, InnPower also purchased approximately \$40,000 of conventional meters (Itron) to help alleviate further shortages and supply chain issues for standard Sensus meters.

2.16 Underground Distribution Lines and Feeders Expenses

- The Underground Distribution Lines & Feeders program covers all trouble calls associated with primary and secondary cable faults. This includes identifying the location of the fault, excavating the fault and repairs to restore power. Contractors are used to assist based on the type of fault.



- From 2021 to 2020, there was a decrease in primary and secondary faults requiring repairs.
- The 2024 Test Year forecast was reduced due to historical trends in secondary cable failures.
- In 2024, it is expected that there will be a small reduction in unplanned faults (e.g., secondary service faulting and repairs/replace services).

2.17 Engineering/Systems Operations

- Engineering and Systems Operations covers several expenses, such as general expenses (postage, training, stationery, consumable clothing and building maintenance), and trouble calls related to load balancing and loading issues.
- A new safety training matrix was implemented for staff that indicates employees that require specific training.
- There was a re-allocation of costs between work orders and job types (more accurate tracking and General Ledger account selection).

2.18 Other

- The 'Other' category represents misc. changes in costs that allow the table to balance. These amounts are generally not material.

4-1-4 OM&A VARIANCE ANALYSIS

This Exhibit contains an analysis of OM&A variances in the major categories of OM&A as indicated in Table 4-10 below.

Table 4-10: OM&A Year over Year Variance from 2017 OEB Approved to 2024 Test Year (\$000's)

Program	2017 OEB Approved	2017 Historical Year	2018 Historical Year	2019 Historical Year	2020 Historical Year	2021 Historical Year	2022 Historical Year	2023 Bridge Year	2024 Test Year	2024 Test Year vs 2017 Actual	2024 Test Year vs 2017 Approved
Distribution Operations	1,359	1,601	1,397	1,314	1,105	1,549	1,370	1,742	1,975	374	616
Distribution Maintenance	575	616	632	652	762	1,049	948	880	1,116	499	541
Billing and Collecting	1,020	1,016	1,085	1,132	1,251	1,068	1,476	1,156	1,195	178	175
Community Relations	10	6	73	49	77	104	99	110	114	107	104
Administrative and General	2,365	2,773	2,596	2,493	3,068	2,688	3,131	3,635	3,929	1,155	1,564
TOTAL	5,329	6,013	5,783	5,640	6,263	6,458	7,025	7,523	8,328	2,314	2,999

Table 4-8 below outlines the Ontario Consumer Price Index (CPI) over the period 2017 to 2024.

Table 4-8: Ontario CPI from 2017 to 2024

	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Forecast	2024 Forecast	CAGAR 2017/2022
%	1.7%	2.4%	1.9%	0.7%	3.5%	6.8%	2.5%	2.5%	3.0%



As part of its OM&A variance explanations, InnPower will be referring, from time to time, to the impact of inflation on costs over the period 2017 to 2024. The compound average annualized growth rate (CAAGR) over the period 2017 to 2022 is 3.0%. Larger rates of inflation were experienced in the 2021 and 2022 period. The inflation rate for 2023 and 2024 is projected to be 2.5%.

InnPower has also filed Appendix 4-1-4 (A) OEB Appendix 2-JA Summary of Recoverable OM&A Expenses, Appendix 4-1-4 (B) OEB Appendix 2-JB Recoverable OM&A Cost Drivers, Appendix 4-1-4 (C) OEB Appendix 2-JC OM&A Programs Table and Appendix 4-1-4 (D) OEB Appendix 2-L Recoverable OM&A per Customer and per FTE.



1. INTERNAL SUPPORT TEAM

The Internal Support Team provides the following services:

Strategic Planning and Reporting:

The Executive Team is responsible for overseeing the day-to-day business and affairs of the Company, including its execution of policies and initiatives for InnPower, InnServices and InnTerprises.

Financial Planning & Reporting:

The Finance Team provides financial leadership, planning, guidance and reporting to internal and external customers, including budgeting preparation and support. They are also responsible for all financial and regulatory reporting to ensure compliance with legislative and regulatory requirements for InnPower, InnServices and InnTerprises.

General Accounting:

The Finance Team delivers day-to-day transactional needs for accounts payable, accounts receivable, payroll, account reconciliations, inquiries, and issue resolution for InnPower, InnServices and InnTerprises.

Payroll:

The Finance Team provides day-to-day support to employees with payroll, benefits, pension and corporate Visa inquiries, as well as full cycle payroll, tracking and reconciliations, monthly and year-end filings and issue resolution for InnPower InnServices and InnTerprises.

Business Performance:

The Business Performance Team monitors and improves processes and systems across the organization. This Team also identifies opportunities to optimize service delivery and cost efficiencies.

Regulatory Compliance:

The Regulatory Team is responsible for documenting and submitting evidence to support operating revenues, expenses and investments (both historically and prospectively) to the Ontario Energy Board as part of the regulated rate-making process that occurs every five years. This Team also manages compliance for the utility.

Information Technology:

The Information Technology Team works closely with all service areas to provide process enhancements, new solution implementation, technical support and hardware/software upgrades. Using hardwired and wireless networks, staff enable connectivity for employees and guests at all InnPower facilities and remote users. IT staff install, maintain, upgrade and configure network security, enterprise servers, backup systems and communication systems to support InnPower, InnServices and InnTerprises various business systems and communication requirements.

Supply Chain:

The Supply Chain Team is responsible for services, assets and tools procurement for the company. The team orders, receives, manages and issues the materials to the specific jobs.

Fleet and Facilities:

The Fleet and Facilities Team is responsible for maintenance and management of fleet supply (large, medium and small vehicles) to support InnPower's engineering, operations and metering functions. In addition, this Team is responsible for proper operations of the InnPower's facilities and yards.

1.1 Billing and Collecting, Community Relations and Administrative OM&A Programs

1.1.1 Community Relation Expenses

Community involvement and public relations remain important core values of InnPower. The Customer Engagement and Communications team works closely with Customer Service to enhance communications and improve public visibility. Responsible for communicating important



industry and company information, managing social media, the website, creating marketing materials, and attending community events, the Customer Engagement and Communications team is vital to strengthening the customer relationship and establishing InnPower as a valued member of the community. InnPower takes the responsibility to inform, engage and respond to customers very seriously. By prioritizing customer engagement and communications, including internal communications, InnPower is better able to educate, meet expectations, and provide service that enhances the overall customer experience.

2024 Test to 2017 Approved (+104K)

- In 2020, InnPower added a full time Customer Engagement Representative (CER). This individual started as a co-op student in 2019 and became a full time CER position in 2020.
- The FTE addition allows InnPower to fully dedicate company resources and employee efforts to improving engagement, education, and communication with customers. The department has seen great success in customer satisfaction, community perception of InnPower, and having a more positive relationship with the community.

2024 Test to 2017 Actual (+107K)

- In 2020, InnPower added a full time Customer Engagement Representative (CER). This individual started as a co-op student in 2019 and became a full time CER position in 2020.
- The FTE addition allows InnPower to fully dedicate company resources and employee efforts to improving engagement, education, and communication with customers. The department has seen great success in customer satisfaction, community perception of InnPower, and having a more positive relationship with the community.

Although customer engagement is encouraged and directed by the OEB, the level of expenses are within the distributor's control.



1 **Table 4-11: Community Relations Expenses from 2017 to 2024 (\$000's)**

Programs	2018-2017		2019-2018		2020-2019		2021-2020		2022-2021		2023-2022		2024-2023		2024 Test to 2017 Approved		2024 Test to 2017 Actual	
	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%
Community Relation Expenses	66	1035 %	-24	-33%	28	57 %	28	36 %	-5	-5%	11	11 %	4	4 %	104	1002 %	107	1678 %



1.1.2 Bad Debt Expense

Bad debt expense represents uncollectable customer revenue. In 2017, the Winter Disconnection Moratorium was introduced by the OEB which prohibits LDCs from disconnecting residential customers for non-payment from November 15 to April 30. The moratorium achieved the important outcome of protecting vulnerable customers from disconnection in the winter months, however it resulted in an increase in the number of customers in collections at the end of the moratorium. Not only is it an increase in the number of customers in collections, but there are also larger balances to be paid.

Overdue final accounts are assigned to an external third-party collection agency after all attempts by internal Collection staff have been unsuccessful. InnPower purchased Credit Insurance to help protect against large losses. Eligible commercial accounts are submitted to the insurance company for partial reimbursement. InnPower performs write-offs for uncollectible accounts monthly. InnPower could experience fluctuations in bad debt expense due to a potential decline in the economy and increased rates.

2020 Actual to 2019 Actual (+\$198k)

- In 2020, there was a significant increase in bad debt versus the previous years. The spike was due to an ongoing effort to mitigate impacts of the COVID-19 pandemic and were largely uncontrollable. In March 2020, the OEB extended the moratorium for non-payment and called on distributors to be more flexible on arrears payment arrangements. InnPower worked closely with customers during this difficult time, however, it resulted in larger balances of uncollectible accounts and an increased number of customer bankruptcies. Collection action with the third-party agency is ongoing.

2020 Actual to 2021 Actual (-\$180k)

- In 2021, bad debt write-offs were significantly lower than 2020, as the expense returned to pre-pandemic levels. During 2021, the aging summary also improved, therefore, the Allowance for Doubtful Accounts (AFDA) provision was reduced significantly at year end.



1 **2022 Actual to 2021 Actual (+\$353k)**

- 2 • In 2022, there was a large write-off (\$280k) for one customer who claimed bankruptcy,
3 which significantly increased the bad debt expense compared to prior years. Through
4 collection efforts of Staff, InnPower was able to recover \$35k in uncollectible accounts.

5
6 **2023 Bridge to 2022 Actual (-\$292k)**

- 7 • In 2023 and 2024, InnPower's budgeted amounts are in line with the pre-COVID era, as it
8 is not expected that other large customers will default or leave the area.

9
10 Although significant efforts for collections are made, these expenses are largely outside of the
11 distributor's control.



1 **Table 4-12: Bad Debt Expense from 2017 to 2024 (\$000's)**

Programs	2018-2017		2019-2018		2020-2019		2021-2020		2022-2021		2023-2022		2024-2023		2024 Test to 2017 Approved		2024 Test to 2017 Actual	
	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%
2 Bad Debt Expense	-12	-10%	-62	-60%	198	491 %	-180	-75%	353	601 %	-292	-71%	0	0 %	51	74 %	6	6 %



1.1.3 Customer Service & Billings

The Customer Service Team are the face of the company, on the frontline responding to customer inquiries by phone, email, and in person. They are responsible for front and back-office support including setting up new accounts, processing move information, producing monthly bills, completing changes to accounts, equal payment plans, processing payments, negotiating payment arrangements, educating on financial assistance programs, and assisting customers when they require support. InnPower offers customers several billing and payment options including electronic bills, pre-authorized payments, equal payment plans, and credit card payments. In addition, customers can view their usage and manage their consumption using our online customer portal.

2019 Actual to 2018 Actual (+\$168k)

- In 2018 to 2019, the increase in Customer Service Billing was due to several factors, including increases in the cost of postage and stationery. In 2019, InnPower also added a new Customer Service Representative, reflecting the growth experienced during that timeframe. As a result of restructuring in the department, several staff were also stepped up to a higher pay band.

2024 Test to 2017 Approved (+\$233k)

- The increase in costs in Customer Service Billing from 2017 (Approved) to the 2024 Test year is primarily due to the addition of a new Customer Service Representative in 2019 reflecting the growth experienced during that timeframe. As a result of restructuring in the department, several staff were also stepped up to a higher pay band.

2024 Test to 2017 Actual (+\$296k)

- The increase in costs in Customer Service Billing from 2017 (Approved) to the 2024 Test year is primarily due to the addition of a new Customer Service Representative in 2019 reflecting the growth experienced during that timeframe. As a result of restructuring in the department, several staff were also stepped up to a higher pay band.



- 1 These expenses fluctuate with the number of customers serviced, therefore, to some extent
- 2 outside of the distributor's control.



1 **Table 4-13: Customer Service and Billing Expenses from 2017 to 2024 (\$000's)**

Programs	2018-2017		2019-2018		2020-2019		2021-2020		2022-2021		2023-2022		2024-2023		2024 Test to 2017 Approved		2024 Test to 2017 Actual	
	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%
Customer Service & Billings	150	27 %	168	24 %	-16	-2%	6	1 %	-8	-1%	-31	-4%	28	3 %	233	37 %	296	53 %

1.1.4 Customer Collections

As a part of the Customer Service team, Collections is also responsible for assisting and responding to customer inquiries on the phone, in person and by email. InnPower's collection procedures strictly follow the Distribution System Code (DSC), Ontario Energy Board regulations, and corporate policies. Our collections team works with customers to collect payments, educate on financial assistance programs, negotiate payment arrangements, and minimize arrears in order to avoid interruption of electricity service. InnPower takes a proactive approach to collections, assisting customers who may be facing financial hardship and working to reduce the number of accounts near the disconnection stage.

2024 Test to 2017 Approved (-\$109k)

- During the COVID years, InnPower focused less on collections and more on customer service, which led to a decrease in overall costs in this area.

2024 Test to 2017 Actual (-\$125k)

- During the COVID years, InnPower focused less on collections and more on customer service, which led to a decrease in overall costs in this area.

These changes were largely outside of the distributor's control and dependent on moratoriums and customer behaviour.



1 **Table 4-14: Customer Collections Expenses from 2017 to 2024 (\$000's)**

Programs	2018-2017		2019-2018		2020-2019		2021-2020		2022-2021		2023-2022		2024-2023		2024 Test to 2017 Approved		2024 Test to 2017 Actual	
	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%
2 Customer Collections	-69	-20%	-59	-22%	-63	-29%	-10	-6%	62	44 %	3	2 %	10	5 %	-109	-33%	-125	-36%



1.1.5 Information Systems

Using hardwired and wireless networks, Information Systems enable connectivity for employees and guests at all InnPower facilities and remote users. IT staff install, maintain, upgrade and configure network security, enterprise servers, backup systems and communication systems to support InnPower, InnServices and InnTerprises various business systems and communication requirements.

2022 Actual to 2021 Actual (+\$87k)

- In 2022, InnPower implemented additional cyber security protocols and monitoring.

2024 to 2017 Approved (+\$184k)

- In 2022, InnPower implemented additional cyber security protocols and monitoring. The increase in costs is primarily a result of inflationary pressures over this period.

2024 Test to 2017 Actual (+\$180k)

- In 2022, InnPower implemented additional cyber security protocols and monitoring.
- The increase in costs is primarily as a result of inflationary pressures over this period.

In order to protect the safety and privacy of customers and staff with increasing security risks, the increase in IT spend is largely outside of the distributor's control. However, the level of spend is within the distributor's control.



1 **Table 4-15: Information System Expenses from 2017 to 2024 (\$000's)**

Programs	2018-2017		2019-2018		2020-2019		2021-2020		2022-2021		2023-2022		2024-2023		2024 Test to 2017 Approved		2024 Test to 2017 Actual	
	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%
Information Systems	23	8 %	-19	-6%	9	3 %	6	2 %	87	27 %	68	17 %	7	1 %	184	62 %	180	60 %



1.1.6 Insurance

Insurance costs represent a risk management strategy employed by InnPower with respect to its assets. Insurance premiums have seen modest increases due to global market factors and higher insured values, as new assets come on-line, and replacement costs increase for existing assets. This program includes costs for liability insurance (including enhanced coverage for Directors & Officers and cybersecurity), property insurance and trade credit (accounts receivable) insurance. Table 4-16 below shows InnPower's insurance costs over the 2017 to 2020 period.

2024 Test to 2017 Approved (+\$69k)

- No Material Differences. Insurance costs have remained relatively stable over the period 2017 to 2024.
- The increase in costs is primarily as a result of inflationary pressures over this period.

2024 Test to 2017 Actual (+\$52k)

- No Material Differences. Insurance costs have remained relatively stable over the period 2017 to 2024.
- The increase in costs is primarily as a result of inflationary pressures over this period.

The modest increases due to global market factors and higher insured values is outside of the distributor's control.



1 **Table 4-16: Insurance Expenses from 2017 to 2024 (\$000's)**

Programs	2018-2017		2019-2018		2020-2019		2021-2020		2022-2021		2023-2022		2024-2023		2024 Test to 2017 Approved		2024 Test to 2017 Actual	
	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%
Insurance	-8	-7%	-1	-1%	9	9 %	19	17 %	17	13 %	12	8 %	5	3 %	69	73 %	52	47 %

1.1.7 Audit, Legal and Consulting

This program includes costs such as auditors, outside consultants and legal costs incurred annually as part of InnPower's business operations. It covers the annual financial audit and related tax returns, legal costs for human resource issues or legal advice relating to InnPower's operations, as well as advice required from outside consultants, such as job evaluations and succession planning.

Additional consulting services were required for the following tasks: union & non-union job evaluations, employee survey, succession planning, privacy audit, IT audit and cybersecurity monitoring.

Legal advice was sought for various human resource grievances and shared services agreements to ensure compliance with the OEB's Affiliate Relationship Code (ARC).

InnPower had a contract in place for KPMG from 2017 to 2021 to provide auditing services. KPMG now also provides audits services for the 2022 to 2024 period. Costs have increased consistent with inflation over the period 2017 to 2024.

2020 Actual to 2019 Actual (+\$136k)

- From 2019 to 2020, the increase in costs in this area was due to several factors including legal costs for human resource grievance, consulting for union job evaluations and costs associate with putting shared services agreements in place.

2021 Actual to 2020 Actual (-\$80k)

- From 2020 to 2021, the decrease in costs is due to the completion of job evaluations, which were started in 2020 and completed 2021.



2023 Bridge to 2022 Actual (+\$129k)

- From 2022 to 2023, the increase in costs was a result of several factors including increased consulting costs for privacy audit, compensation consultant for non-union staff, succession planning, employee survey and an Information Technology audit.

2024 Test to 2017 Approved (+\$112k)

- From 2017 Approved to 2024 Test Year, the increased costs were a result of several factors including increased consulting costs for an IT audit, cyber security / network monitoring, job evaluation restructuring for union staff, succession planning, EDI program and Miscellaneous HR consulting.
- In 2019 and 2022, InnPower also had union negotiations that required additional consulting costs.

2024 Test to 2017 Actual (+\$81k)

- From 2017 Actual to 2024 Test Year, the increased costs are a result of several factors including increased consulting costs for an IT audit, cyber security / network monitoring, job evaluation restructuring for union staff, succession planning, EDI program and Miscellaneous HR consulting.
- In 2019 and 2022, InnPower also had union negotiations that required additional consulting costs.

Audit, legal and consulting costs are within the control of the distributor. Although there were increases in expenses, InnPower found it prudent to seek professional advice on matters pertinent to successful operation of the business and to meet regulatory requirements.



1 **Table 4-17: Audit, Legal and Consulting Expenses from 2017 to 2024 (\$000's)**

Programs	2018-2017		2019-2018		2020-2019		2021-2020		2022-2021		2023-2022		2024-2023		2024 Test to 2017 Approved		2024 Test to 2017 Actual	
	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%
2 Audit, Legal & Consulting	-114	-61%	75	103 %	136	92 %	-80	-28%	-24	-12%	129	72 %	-42	-14%	112	72 %	81	43 %



1.1.8 Building and Office Supplies

Regular building maintenance expenses are required to ensure the safety of all staff and customers of InnPower's administration building and garage facility. This program also includes necessary expenses in connection with the general administration of InnPower's operations (stationary, postage, utilities, computer supplies, bank charges, etc.), as well as expenses in connection with the general management of InnPower (memberships, corporate training, etc.).

2020 Actual to 2019 Actual (+\$188k)

- From 2019 to 2020, the increase in costs was mainly the result of COVID pandemic related expenses. These included, but are not limited to; masks, sanitizing stands, outfitted vehicles with health and safety equipment and the allocated of COVID related labour costs to this area.

2021 Actual to 2020 Actual (-\$165k)

- In 2021, the reduction in costs was a result of a decrease in expenditures on COVID related supplies compared to 2020.

2023 Actual to 2022 Actual (+\$73k)

- Beginning in 2023, full-time snow clearing service are being utilized at driveways at all stations.

2024 Test to 2017 Approved (+\$196k)

- From 2017 Approved to 2024 Test Year, costs to run and maintain the main head office and service center buildings have increased. These increased costs are due to several factors including new heating systems, cameras, more contact points, shatterproof sensors on main floor windows, additional plumbing, fire inspections and testing, as well as increased cleaning costs due to the increased size of the building.



2024 Test to 2017 Actual (+\$172k)

- From 2017 Approved to 2024 Test Year, costs to run and maintain the main head office and service center buildings have increased. These increased costs are due to several factors including new heating systems, cameras, more contact points, shatterproof sensors on main floor windows, additional plumbing, fire inspections and testing, as well as increased cleaning costs.

Building and office supplies change in costs as a result of the COVID-19 pandemic were outside of the control of the distributor. Increased costs to maintain the head office and service center buildings are within the control of the distributor but are pertinent to the health and safety of staff and customers.



1 **Table 4-18: Building and Office Supplies Expenses from 2017 to 2024 (\$000's)**

Programs	2018-2017		2019-2018		2020-2019		2021-2020		2022-2021		2023-2022		2024-2023		2024 Test to 2017 Approved		2024 Test to 2017 Actual	
	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%
Building & Office Supplies	60	19 %	-47	-13%	188	58 %	-165	-32%	67	19 %	73	18 %	-3	-1%	196	69 %	172	55 %

1.1.9 Management, Finance, Administrative, Regulatory and Information Technology

The Chief Financial Officer (“CFO”) division provides financial support across all aspects of InnPower’s business and operations, as well as for other entities within the larger corporate group. This Division performs traditional finance functions such as preparing annual budgets, forecasting, financial planning and reporting, accounting, and treasury. The Division also plays a key support role in the formulation of InnPower’s business and strategic plans and has primary accountability for fulfilling many of the utility’s financial, statutory, and regulatory obligations to its employees, external suppliers, external auditors, and Board of Directors, the shareholder, government agencies, OEB, and the Independent Electricity System operator (“IESO”).

The Information Technology Division provides leadership for developing and implementing information technology (“IT”) and operational technology (“OT”) initiatives, in alignment with InnPower’s business strategy. The information Technology division plans and oversees the utility’s IT/OT initiatives and information management needs, while supporting corporate functions through functional leadership and appropriate IT capabilities.

2022 Actual to 2021 Actual (+\$280k)

- From 2022 to 2021, the increased costs are a result of several factors including additional IT costs, the addition of a temporary contract for accounting staff and overtime costs (due to lack of resources).

2023 Bridge to 2022 Actual (+\$211k)

- InnPower acquired additional contracted services in 2023 associated with the Chief Compliance Officer (CCO), Corporate Services and Information Technology areas (e.g., Cyber Security).
- To mitigate IT and enterprise risk, the Corporate Services area was restructured, and additional staff were added.
- Increased regulatory obligations with respect to the OEB, IESO and Provincial Government.



2024 Test to 2023 Bridge (+\$336k)

- In 2023, InnPower acquired additional contracted services associated with the Health and Safety and legal services functions.

2024 Test to 2017 Approved (+\$968k)

- InnPower acquired additional contracted services over this period associated with the CCO, Corporate Services and Information Technology areas (e.g., Cyber Security), Health and Safety and legal services functions. Additionally, there were increased costs for OMERS and training.
- InnPower also hired new staff and created new positions from 2017. The new staff additions are discussed in detail in Exhibit 4-1-6 Human Resources, Workforce Planning and Employee Compensation.

2024 Test to 2017 Actual (+\$944k)

- InnPower acquired additional contracted services over this period associated with the CCO, Corporate Services and Information Technology areas (e.g., Cyber Security), Health and Safety and legal services functions. Additionally. There were increased costs for OMERS and training.
- InnPower also hired new staff and created new positions from 2017. The new staff additions are discussed in detail in Exhibit 4-1-6 Human Resources, Workforce Planning and Employee Compensation.

Management, Finance, Administrative, Regulatory and Information Technology change in costs as a result of new staff required to service the level of growth in the territory and within the business is largely outside of the control of the distributor.



Table 4-19: Finance, Regulatory, Information Technology, Management and Administrative Expenses from 2017 to 2024
(\$000's)

Programs	2018-2017		2019-2018		2020-2019		2021-2020		2022-2021		2023-2022		2024-2023		2024 Test to 2017 Approved		2024 Test to 2017 Actual	
	Variance		Variance		Variance		Variance		Variance		Variance		Variance		Variance		Variance	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Management, Finance, Administrative, Regulatory & IT	-50	-3%	55	4 %	219	15 %	-108	-6%	280	18 %	211	11 %	336	16 %	968	68 %	944	65 %

2.0 REGULATORY AFFAIRS (ASSESSMENT AND APPLICATION COSTS)

Included in Regulatory Affairs are compensation and benefits costs related to overseeing the implementation of OEB-approved distribution rates and charges, preparation of distribution rate applications, regulatory and compliance reporting, policy research and analysis, public policy engagement, load forecasting, cost allocation, and rate design. With the exception of application costs, OEB assessments represent approximately 67% of the total program costs.

2018 Actual to 2017 Actual (-\$88k)

- In 2017, there were significant costs (~\$300k) related to the 2017 COS application. The process began in June 2016 and was not completed until May 2018. The COS costs were reduced in 2018 as the application was wrapped up. Note, the COS costs were not spread over 5 years, rather expensed as incurred.

2019 Actual to 2018 Actual (-\$166k)

- In 2018, there were residual costs for the 2017 COS application (i.e., legal and consulting fees, as well as OEB and intervenor costs for 2017 COS application). The costs returned back to baseline in 2019.

2024 Test to 2017 Actual (-\$274k)

- The costs for the 2024 COS rate application are budgeted in prepaids (1180), with the expense for the 2024 COS spread over five years. Previously, the COS application costs were expensed as incurred, therefore, the 2017 actual costs for 2017 COS rate application are significantly higher in the expense account.

Regulatory Affairs costs are largely outside of the control of the distributor and are required to meet regulatory requirements from the OEB and other regulatory bodies.



1 **Table 4-20: Regulatory Affairs (Assessment and Application Costs) from 2017 to 2024 (\$000's)**

Programs	2018-2017		2019-2018		2020-2019		2021-2020		2022-2021		2023-2022		2024-2023		2024 Test to 2017 Approved		2024 Test to 2017 Actual	
	Variance \$	Variance %	Variance \$	Variance %	Variance \$	Variance %	Variance \$	Variance %	Variance \$	Variance %	Variance \$	Variance %	Variance \$	Variance %	Variance \$	Variance %	Variance \$	Variance %
Regulatory Affairs (assessment & application costs)	-88	-22%	-166	-54%	15	11 %	-53	-34%	16	15 %	11	9 %	-8	-7%	35	40 %	-274	-69%

3. DISTRIBUTION OPERATIONS & MAINTENANCE

The Infrastructure Services Team provides the following services:

System Planning:

The System Planning Team is responsible for the short-term and long-term power supply, ensuring safe and reliable power is delivered to InnPower's growing customer base. The team works closely with the developers; residential, industrial and commercial customers and other third-party stakeholders to ensure InnPower's current and future power demands are met.

System Control:

The System Control Team is responsible for the safe and reliable day-to-day operation of InnPower's distribution system. The Stations Planning & Asset Optimization Team is responsible for the planning, engineering, project management (construction) and maintenance of InnPower's distribution stations. Additionally, the team manages the protection, control and automation of the distribution system.

Distribution System Engineering:

The Distribution System Engineering Team is responsible for the engineering of capital projects for the existing and planned distribution system. The team works closely with Municipalities, Developers, Ministries, the County of Simcoe, customer and consultants to ensure that distribution assets are in place to supply power to end users, as well as relocate distribution assets to allow third parties to execute their work (without interference with InnPower's assets).

Distribution Maintenance, Construction and Operations:

The Distribution Maintenance, Construction and Operations Team is responsible for the actual execution of maintenance and capital projects. These projects include, but are not limited to vegetation management, distribution asset inspections, construction of new and relocation of existing feeders. Together with the System Control Team, this Team is responsible for any power restoration within the InnPower service territory.

3.1 Distribution Operations Programs

Distribution Operations supports the following programs:

Operations

- Distribution Station
- Overhead Distribution Operations
- Underground Distribution Operations
- Distribution Meters
- Customer Workorders
- Engineering/Systems Ops/Line Construction/SCADA/Ops Admin

Maintenance

- Overhead Distribution Lines/Feeders
- Underground Distribution Lines/Feeders
- Distribution Meters
- Distribution Transformers

3.1.1 Stations Distribution Operations

The Stations Distribution Operations program includes inspection and maintenance activities within the fence of distribution stations. This includes visual inspection, infrared inspection, vegetation abatement, oil testing and battery testing.

2024 Test to 2017 Approved (+\$76k)

- From 2017 to 2024 Test Year, the increase in maintenance incremental programs is a result of several factors including station infrared program to find hot spots, local station electrical house maintenance (A/C, heaters, batteries, exhaust fans, lighting and pest control), yard lighting and station snow removal.
- The increases noted above are in addition to increased costs for labour and contractors.



1 **2024 Test to 2017 Actual (+\$60k)**

- 2 • From 2017 to 2024 Test Year, the increase in maintenance incremental programs is a
- 3 result of several factors including station infrared program to find hot spots, local station
- 4 electrical house maintenance (A/C, heaters, batteries, exhaust fans, lighting and pest
- 5 control), yard lighting and station snow removal.
- 6 • The increases noted above are in addition to increased costs for labour and contractors.

7

8 Stations Distribution Operations costs are within the control of the distributor.



1 **Table 4-21: Stations Distribution Operation Expenses from 2017 to 2024 (\$000's)**

Programs	2018-2017		2019-2018		2020-2019		2021-2020		2022-2021		2023-2022		2024-2023		2024 Test to 2017 Approved		2024 Test to 2017 Actual	
	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%
2 Stations Distribution Operations	-2	-3%	4	5 %	2	3 %	35	44 %	-8	-7%	57	54 %	-28	-17%	76	128 %	60	79 %



3.1.2 Overhead Distribution Operations

The Overhead Distribution Operations program includes trouble calls related to overhead conductor and services, patrols and rental paid for joint use poles.

2022 Actual to 2021 Actual (-\$89k)

- From 2021 to 2022, there was a reduction in trouble calls. It should be noted that trouble calls are unplanned in nature and dependent upon many factors not under InnPower's control. InnPower implemented new inspection and maintenance procedures in 2021, which also assisted in reducing overall costs.

2024 Test to 2017 Approved (-\$100k)

- From 2017 Approved to 2024 Test Year, this category has uncontrollable costs for items that are based on customer demand such as trouble calls, and storm related activities. Over this period, the costs have fluctuated consistently with the nature of costs in this category.
- Some reduction in costs has come from the addition of animal guards put in place on overhead assets.

2024 Test to 2017 Actual (-\$188k)

- From 2017 Actual to 2024 Test Year, this category has uncontrollable costs for items that are based on customer demand such as trouble calls, and storm related activities. Over this period, the costs have fluctuated consistently with the nature of costs in this category.

As noted, Overhead Distribution Operations costs are not within the control of the distributor, rather are driven by weather and customer demand.



1 **Table 4-22: Overhead Distribution Operation Expenses from 2017 to 2024 (\$000's)**

Programs	2018-2017		2019-2018		2020-2019		2021-2020		2022-2021		2023-2022		2024-2023		2024 Test to 2017 Approved		2024 Test to 2017 Actual	
	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%
Overhead Distribution Operations	-156	-66%	11	13 %	-3	-4%	31	34 %	-89	-74%	18	59 %	1	2 %	-100	-66%	-188	-79%



1 **3.1.3 *Underground Distribution Operations***

2 The Underground Distribution Operations category includes 50% of InnPowers non-discretionary
3 locates, the padmount inspection program and trouble calls related to underground assets
4 (switchgears, pedestals, etc.).

- 5
- 6 • No Material Differences. The increase in costs in this category are as a result of
7 inflationary pressures over this period

8

9 Inflationary increases are outside of the control of the distributor.



1 **Table 4-23: Underground Distribution Operation Expenses from 2017 to 2024 (\$000's)**

Programs	2018-2017		2019-2018		2020-2019		2021-2020		2022-2021		2023-2022		2024-2023		2024 Test to 2017 Approved		2024 Test to 2017 Actual	
	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%
Underground Distribution Operations	3	4 %	-6	-9%	4	6 %	69	95 %	13	9 %	-65	-42%	54	59 %	23	19 %	71	98 %



3.1.4 *Distribution Meter Operations*

The Distribution Meter Operation program manages meters, meter reverifications, installations, upgrades to AMI network and meter inspections.

2021 Actual to 2020 Actual (+\$142k)

- In 2021, the Distribution Meter Operations group hired an additional meter technician and elevated an existing staff member to the Team Lead position. This move also helped with identifying succession planning issues in this area.
- There was an increase in vehicle expenses due to additional new connections each year.
- There was also an increase in the number of meter upgrades, installations and verifications based on significant growth in customer base and continued projection of customer growth. This work has slowed down somewhat in 2022 based on supply chain issues.

2023 Bridge to 2022 Actual (+\$126k)

- In 2023, Distribution Meter Operations added a new FTE. The addition is a supervisory position that is setup to manage the area (particularly the safety aspects), and to deal with the forecasted growth in the territory.

2024 Test to 2017 Approved (+\$345k)

- From the 2017 Approved to 2024 Test Year, the increase in costs is due to an increase in staff (as noted above) to deal with significant customer growth.
- There is also an increase in the number of meter upgrades, installations and verifications based on significant growth in customer base and continued projection of customer growth.

2024 Test to 2017 Actual (+\$323)

- From the 2017 Actual to 2024 Test Year, the increase in costs is due to an increase in staff (as noted above) to deal with significant customer growth.



- 1 • There is also an increase in the number of meter upgrades, installations and verifications
2 based on significant growth in customer base and continued projection of customer
3 growth.
4
5 Distribution Meter Operation changes in costs were a result of customer growth, which is outside
6 the control of the distributor.



1 **Table 4-24: Distribution Meter Operation Expenses from 2017 to 2024 (\$000's)**

Programs	2018-2017		2019-2018		2020-2019		2021-2020		2022-2021		2023-2022		2024-2023		2024 Test to 2017 Approved		2024 Test to 2017 Actual	
	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%
Meters Distribution Operations	6	2 %	-14	-5%	-13	-5%	142	61 %	62	17 %	126	29 %	14	3 %	345	148 %	323	126 %



3.1.5 *Customer Workorders*

The Customer Workorders program includes a percentage of non-discretionary locates, other customer inquiries including vegetation requests, general inquiries, and ALA (Alternate Locate Agreement) inquiries. Locates are a big driver of costs in this category and they are unplanned.

2023 Bridge to 2022 Actual (-\$95k)

- In 2023, InnPower is expecting fewer customer inquiries than the recent historical average, which leads to less spending in this area.
- A five-year average was used to develop the forecasts for 2023 and 2024.

2024 Test to 2017 Approved (+\$61k)

- From the 2017 Approved to 2024 Test Year, there was an increasing level of layouts that did not proceed or have expired.
- There is an increased number of customer interactions regarding tree calls, general inquiries and Alternative Locate Agreements.
- There was also an increase in costs as a result of inflationary pressures over this period.

2024 Test to 2017 Actual (+\$57k)

- From the 2017 Actual to 2024 Test Year, there was an increasing level of layouts that did not proceed or have expired.
- There is an increased number of customer interactions regarding tree calls, general inquiries and Alternative Locate Agreements.
- There was also an increase in costs as a result of inflationary pressures over this period.

Customer Workorder change in costs was a result of customer's not proceeding with layouts, increased number of customer interactions and inflation, which are outside the control of the distributor.



1 **Table 4-25: Customer Workorders Expenses from 2017 to 2024 (\$000's)**

Programs	2018-2017		2019-2018		2020-2019		2021-2020		2022-2021		2023-2022		2024-2023		2024 Test to 2017 Approved		2024 Test to 2017 Actual	
	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%
2 Customer Workorders	-8	-7%	13	12 %	39	32 %	46	29 %	49	24 %	-95	-37%	51	31 %	61	40 %	97	82 %



3.1.6 Engineering / Systems Ops / Line Construction / SCADA / Ops Admin

This program covers several expenses, such as general expenses (postage, training, stationary, consumable clothing and building maintenance), operations supervision costs (training, professional fees and labour), resources for Protection and Control (P&C), system control controller and trouble calls related to load balancing and loading issues.

2018 Actual to 2017 Actual (-\$46k)

- There are no material changes.

2019 Actual to 2018 Actual (-\$91k)

- There are no material changes.

2020 Actual to 2019 Actual (-\$238k)

- In 2020, there were some reallocations of staff and greater efficiencies led to the decrease year over year.

2021 Actual to 2020 Actual (+\$121k)

- In 2021, a new safety training matrix was implemented for staff that indicates employees that require specific training.
- In 2021, a new lines supervisor was also added and there was increased switching for load balancing.

2022 Actual to 2021 Actual (-\$206k)

- In 2022, there was a re-allocation of costs between workorders and job types (more accurate tracking and General Ledger account selection).

2023 Bridge to 2022 Actual (+\$329k)

- In 2023, new staff were added including a control room operator, P&C technologist, stations project engineer and asset management engineer.



2024 Test to 2023 Bridge (+\$141k)

- In 2024, new staff are planned to be added including an additional control room operator, an additional P&C technologist and station/planning supervisor. The staff additions are discussed in detail in Exhibit 4-1-6 Human Resources, Workforce Planning and Employee Compensation

2024 Test to 2017 Approved (+\$211)

- In 2024, new staff are planned to be added including an additional control room operator, an additional P&C technologist and station/planning supervisor. The staff additions are discussed in detail in Exhibit 4-1-6 Human Resources, Workforce Planning and Employee Compensation
- InnPower has added more automated switches from 2017, which require maintenance.
- Costs have increased as stations are becoming more automated. However, InnPower has improved in communication upgrades and fuse coordination between stations.

2024 Test to 2017 Actual (+\$11k)

- In 2024, new staff are planned to be added including an additional control room operator, an additional P&C technologist and station/planning supervisor. The staff additions are discussed in detail in Exhibit 4-1-6 Human Resources, Workforce Planning and Employee Compensation
- InnPower has added more automated switches from 2017, which require maintenance.
- Costs have increased as stations are becoming more automated. However, InnPower has improved in communication upgrades and fuse coordination between stations.

Engineering / Systems Ops / Line Construction / SCADA / Ops Admin change in costs was a result of adding additional staff to service growth of the utility, which is largely outside of the control of the distributor.



1 **Table 4-26: Engineering / Systems Ops / Line Construction / SCADA / Ops Admin Expenses from 2017 to 2024(\$000's)**

Programs	2018-2017		2019-2018		2020-2019		2021-2020		2022-2021		2023-2022		2024-2023		2024 Test to 2017 Approved		2024 Test to 2017 Actual	
	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%
Engineering, Systems Ops, Line Construction, SCADA,	-46	-5%	-91	-11%	-238	-34%	121	26 %	-206	-35%	329	86 %	141	20 %	211	33 %	11	1 %



3.2 Distribution Maintenance Programs

3.2.1 Overhead Distribution Lines and Feeders

The Overhead Distribution Lines & Feeders program covers the majority of InnPower's inspection and maintenance program, which is planned (vegetation management, infrared/visual inspection, switch maintenance, insulator washing, pole testing). It also includes unplanned costs for trouble calls related to poles/towers/fixtures (anchors, insulators, brackets, arrestors), overhead conductors, tree calls, as well as costs associated with the DIRs (Disconnect, Inspection and Reconnect) program, which is customer driven and unplanned.

2018 Actual to 2017 Actual (-\$87k)

- There are no material changes.

2020 Actual to 2019 Actual (+\$6k)

- There are no material changes.

2021 Actual to 2020 Actual (+\$381k)

- In 2021, there was an increasing number of Disconnect, Inspection and Reconnect (DIRs). Please note, DIRs are customer driven.
- In 2021, there was also an increase in the distribution station maintenance program, due to customer growth and to address deficiencies found during annual inspection programs.
- In 2020, InnPower's Inspection and Maintenance programs were subject to a process improvement initiative. Better documentation of procedures was put in place and an improved post project completion review process was instituted. InnPower also improved its vendor / contractor's evaluation processes. Processes reviewed include:
 - Vegetation management
 - Infrared inspections
 - Switch maintenance
 - Insulator washing
 - Pole testing
 - Trouble Calls



- These programs were implemented in 2021 and while causing a slight increase in the planned OM&A costs, the corresponding number of trouble calls decreased.

2022 Actual to 2021 Actual (-\$131k)

- In 2022, the decrease in costs is due to a re-allocation of costs between various programs.

2024 Test to 2023 Bridge (+\$224k)

- In 2024, InnPower increased the budget to align with the historical increase of DIRs.
- In 2024, InnPower will continue to increase spending on vegetation management, that will result in significant improvements to safety and reliability.
- In 2024, InnPower will also increase the station maintenance program, due to increased customer growth.

2024 Test to 2017 Approved (+\$584k)

- In 2024, InnPower increased the budget to align with the historical increase of DIRs.
- In 2024, InnPower will continue to increase spending on vegetation management, that will result in significant improvements to safety and reliability.
- In 2024, InnPower will also increase the station maintenance program, due to increased customer growth.
- InnPower has also seen an increase in the number of upgrades on customer-related facilities (e.g., pools, hot tubs, panel upgrades / exchanges).

2024 Test to 2017 Actual (+\$595k)

- In 2024, InnPower increased the budget to align with the historical increase of DIRs.
- In 2024, InnPower will continue to increase spending on vegetation management, that will result in significant improvements to safety and reliability.
- In 2024, InnPower will also increase the station maintenance program, due to increased customer growth.
- InnPower has also seen an increase in the number of upgrades on customer-related facilities (e.g., pools, hot tubs, panel upgrades / exchanges).



- 1 Overhead Distribution Lines and Feeders change in costs was a result of factors related to
- 2 customer growth, which are largely outside of the control of the distributor. Changes are also a
- 3 result of increased spending on programs, which is within the control of the distributor, but
- 4 pertinent to ensuring the delivery of safe and reliable power.



1 **Table 4-27: Overhead Distribution Lines and Feeders Expenses from 2017 to 2024 (\$000's)**

Programs	2018-2017		2019-2018		2020-2019		2021-2020		2022-2021		2023-2022		2024-2023		2024 Test to 2017 Approved		2024 Test to 2017 Actual	
	Variance \$	Variance %	Variance \$	Variance %	Variance \$	Variance %	Variance \$	Variance %	Variance \$	Variance %	Variance \$	Variance %	Variance \$	Variance %	Variance \$	Variance %	Variance \$	Variance %
Overhead Distribution Maintenance	87	25 %	6	1 %	85	19 %	381	72 %	-131	-14%	-57	-7%	224	31 %	584	160 %	595	169 %



3.2.2 *Underground Distribution Lines and Feeders*

The Underground Distribution Lines & Feeders program covers all trouble calls associated with primary and secondary cable faults. This includes identifying the location of the fault, excavating the fault and repairs to restore power. Contractors are used to assist based on the type of fault.

2018 Actual to 2017 Actual (-\$69k)

- There are no material changes.

2021 Actual to 2020 Actual (-\$85k)

- From 2021 to 2020, there was a decrease in primary and secondary faults requiring repairs.

2024 Test to 2017 Approved (-\$6k)

- The 2024 Test Year forecast was reduced due to historical trends in secondary cable failures.
- In 2024, it is expected that there will be a small reduction in unplanned faults (e.g., secondary service faulting and repairs/replace services).

2024 Test to 2017 Actual (-\$96k)

- The 2024 Test Year forecast was reduced due to historical trends in secondary cable failures.
- In 2024, it is expected that there will be a small reduction in unplanned faults (e.g., secondary service faulting and repairs/replace services).

Underground Distribution Lines and Feeders are not within the control of the distributor, as they are associated with trouble calls and equipment failure.



1 **Table 4-28: Underground Distribution Lines and Feeders Expenses from 2017 to 2024 (\$000's)**

Programs	2018-2017		2019-2018		2020-2019		2021-2020		2022-2021		2023-2022		2024-2023		2024 Test to 2017 Approved		2024 Test to 2017 Actual	
	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%
Underground Distribution	-69	-33%	25	18 %	7	4 %	-86	-49%	-2	-2%	25	29 %	4	3 %	-6	-5%	-96	-46%



1 **3.2.3 *Distribution Meters Maintenance***

2 The Distribution Meter Maintenance program includes the following activities:

- 3 • Meter Materials Betterment Minor Repairs
- 4 • Meter Vehicles
- 5 • Meter Tools
- 6 • Meter Communications
- 7 • Meter Seminars/Training
- 8
- 9 • There are no material differences.



1 **Table 4-29: Distribution Meters Maintenance Expenses from 2017 to 2024 (\$000's)**

Programs	2018-2017		2019-2018		2020-2019		2021-2020		2022-2021		2023-2022		2024-2023		2024 Test to 2017 Approved		2024 Test to 2017 Actual	
	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%
Meters Distribution Maintenance	3	11 %	-2	-7%	1	3 %	3	12 %	38	131 %	-40	-60%	7	28 %	9	36 %	9	38 %



1 **3.2.4 *Distribution Transformers Maintenance***

2 Distribution Transformers program covers all trouble calls related to overhead and underground
3 transformers. This includes checking voltage, re-fusing, calls due to animal contacts, as well as
4 cancelled service requests.

5

- 6 • There are no material differences.



1 **Table 4-30: Distribution Transformers Maintenance Expenses from 2017 to 2024 (\$000's)**

Programs	2018-2017		2019-2018		2020-2019		2021-2020		2022-2021		2023-2022		2024-2023		2024 Test to 2017 Approved		2024 Test to 2017 Actual	
	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%	Variance \$	%
Transformers																		
Distribution	-6	-20%	-8	-35%	17	118 %	-11	-35%	-5	-26%	4	28 %	0	0 %	-45	-70%	-8	-30%

4-1-5 PROPERTY TAXES

Property taxes are paid to the Town of Innisfil annually based on the assessed value of InnPower's head office located at 7251 Yonge St with the associated municipal tax rates. The amounts budgeted for the proposed 2024 Test Year have been forecasted based on the known future assessment values and the rate of inflation discussed in Exhibit 4.1.3 OM&A Summary and Cost Driver Analysis.

As instructed in the OEB Accounting Procedures Handbook, property taxes for InnPower's substations positioned throughout the Town of Innisfil and South Barrie have been captured in the OM&A expenditures of InnPower and are located under Distribution Operations – Station (USoA 5012).

For more information on the year-over-year changes in property taxes please see Exhibit 4.1.3: OM&A Summary and Cost Drivers.

Table 4-31 below shows InnPower's property taxes from 2017 to 2024.

Table 4-31: InnPower Property Taxes from 2017 to 2024 (\$000's)

Category	2017 OEB Approved	2017 Historical Year	2018 Historical Year	2019 Historical Year	2020 Historical Year	2021 Historical Year	2022 Historical Year	2023 Bridge Year	2024 Test Year
Property Tax	111	79	83	93	120	119	119	125	129



4-1-6 HUMAN RESOURCES, WORKFORCE PLANNING & EMPLOYEE COMPENSATION

1. INTRODUCTION

This Exhibit provides detailed information on InnPower's approach to ensuring Human Resources' operational capacity is appropriate and that it has the capability to safely and efficiently maintain the reliability of the electricity distribution system.

As stated in InnPower's Corporation Strategic Plan For years 2023 to 2027 (filed as Appendix 1-1-5 (A)).

"As InnPower grows, so does the Human Resource needs of the organization. Human Resources (HR) has historically been an administrative function at InnPower, focusing on operational needs. InnPower now requires a more strategic, coordinated HR effort, focused on its most important asset – People. There are five key strategic HR areas InnPower plans to focus on over the next five years:

1. *Scale up of knowledgeable, high performing talent to meet the growth needs of InnPower,*
2. *Developing an InnPower Culture Roadmap that supports the Strategic Plan,*
3. *Supporting employee training & development through joint, coordinated efforts with InnPower leadership,*
4. *Developing a coordinated strategy to continuously attract the best candidates within and external to our industry into InnPower and retain them, and*
5. *Developing HR analytical capability to make data driven decisions.*¹

This exhibit will discuss how InnPower will address these strategic HR areas and provide an overview of the HR function, Workforce Planning, Staff increases in 2023 and 2024, Employee Compensation and Benefits, Health and Safety & Environment Compliance and Sustainability.

¹ InnPower Corporation, *Strategic Plan for Years 2023 to 2027* (Sept 27, 2022), pages 26-27.

As part of its planning processes, InnPower regularly reviews compensation and staff complement levels and believes that these levels are in line with industry norms. InnPower uses the MEARIE Staff Survey to compare compensation plans to other utilities. The companies Union wages and Benefits are established as part of a collective bargaining process. Wage increases for Union and Non-Union employees that have been agreed to are in line with other Local Distribution Companies in the province over the period 2017 to 2024.

InnPower is further developing its Human Resources capabilities as the company matures and grows, including most recently conducting a survey on potential burnout of staff and identifying areas of opportunities to improve overall employee wellness. This also includes increasing staff complement to assist with the increasing workload from meeting the customer growth needs of the service territory.

2. HUMAN RESOURCE OVERVIEW

Human Resources has developed into an administrative function of InnPower over the last few years including, completing Recruitment and Onboarding, managing records and developing company processes and procedures. InnPower is rapidly growing and so are the needs of the business, including from a Human Resources perspective.

Human Resources supports all functions of the business through any Employee Relations and Labour Relations matters, provides administrative support for Human Resources functions and develops policies and procedures that help govern the organization, mitigating legal and other related enterprise risks to the business.

The Human Resources team has developed strong relationships internally with key stakeholders. InnPower has also been able to effectively develop standard processes, such as performance management, onboarding, recruitment of new staff and development of a health & safety program. InnPower also effectively mitigates risk with sound policies and programs responding to not only legal requirements, but the needs of the utility to help with proper governance.

InnPower's Human Resources department is developing into a truly strategic department to optimize recruitment, training & development to maximize value to ratepayers. This includes, for



example, more strategic recruitment efforts to attract the right individuals to InnPower by developing our employer brand and improving our Equity, Diversity, and Inclusion (EDI) efforts to ensure a great employee experience. In addition, finding these individuals and then developing them with the skills they need to help InnPower be successful, will help scale up high performing talent across InnPower.

To start, Human Resources will work on three critical projects that summarize the five areas identified in the Strategic plan to help enhance InnPower. These include:

- Development of a Multi-Tiered Service Delivery Model with affiliated companies InnServices and InnTerprises
- Development of a Culture Road Map
- Development of a Talent Management Plan using the Acquisition, Activation, Revenue, Referral and Retention (AARRR) Model

Beginning in 2024, InnPower, InnServices and InnTerprises will begin streamlining Human Resources under one department, leading to economies of scale for employees and a more efficient department. InnPower will use a Multi-Tiered Service delivery model to effectively handle Human Resources requests quickly and efficiently. This approach emphasizes Self-Service to staff by providing information needed and responding to questions of a more complex nature. This frees up time to develop Centers of Excellence that develop specialized skills beneficial to the organization, such as in Labour Relations, Learning & Development and Performance Management (in line with being more strategic).

A Culture roadmap will outline the plan to align InnPower's culture with the Mission, Vision and Values outlined in the corporate strategic plan. InnPower has not embarked on this transformation before, therefore, it will be a critical component to ensure that InnPower remains focused on providing stakeholder value and being innovative to fuel the growth in the community.

A Talent Management plan outlines how InnPower will develop, manage and find talented individuals to help InnPower grow and develop. The AARRR model is based on Customer Acquisition, which is very much applicable to Human Resources. This is how the utility will scale



up on *high performing talent, support employee training & development, continuously attract the best candidates within and external to our industry and develop analytical capability to make data driven decisions to meet the growth needs of InnPower.*

3. WORKFORCE PLANNING

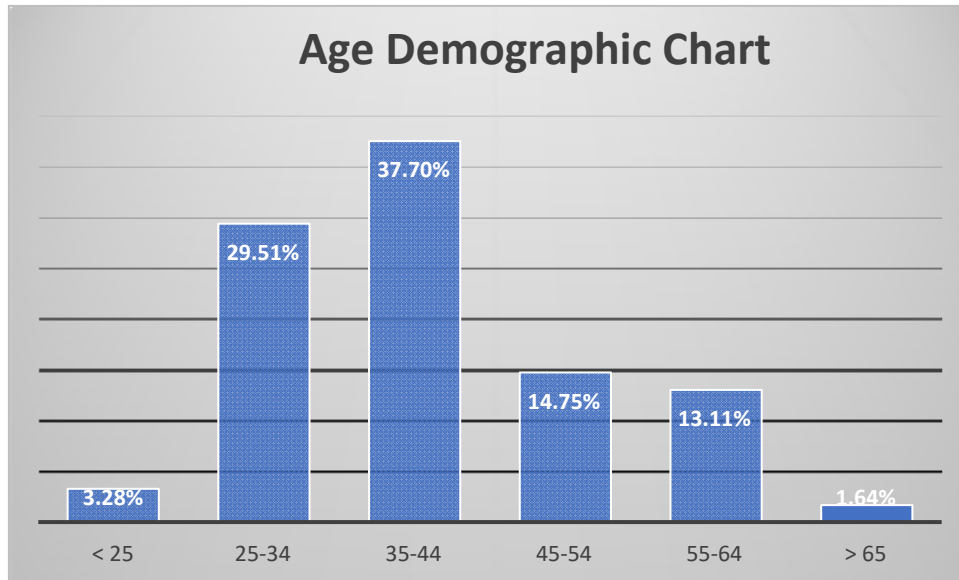
3.1 Employee Profile

3.1.1 Age Demographics

Figure 4-3 outlines InnPower's age demographics. The demographics are split into age ranges, with the percentage of staff that fit into that age range. InnPower's age demographics are as follows:

- 3.28 % of our workforce is below the age of 25.
- 29.51 % of our workforce is between 25 and 34 years or age.
- 37.70 % of our workforce is between 35 and 44 years of age.
- 14.75% of our workforce is between 45 and 54 years of age.
- 13.11 % of our workforce is between 55 and 64 years of age.
- 1.64 % of our workforce is older than 65 years of age.

Figure 4-3: InnPower Age Demographic



Approximately one-third of the employees are under the age of 35 and over two-thirds of employees under the age of 44. This age group represents an opportunity for InnPower to develop employees that grow into future leaders of the company. This also represents a challenge that InnPower must confront from an attrition standpoint. InnPower does not currently have high attrition rates but must be ready to face the realities of a labour shortage and increasing competition for top talent. InnPower already experienced these issues, specifically when recruiting Engineering & Operations roles in the past.

3.1.2 Attrition & Tenure

Table 4-32 below outlines the different age ranges of staff noted above and the tenure of staff in those ranges. The average tenure is lower in the age range of below 25, between 25 years of age and 34 years of age and above 65 years of age. InnPower has a core group of knowledgeable and experienced staff in the 55-64 years of age range, with an average tenure of 14.29.

Lower tenure for staff below the age of 34 is expected as these individuals are generally in the beginning of and entering the intermediate portions of their careers.



Table 4-32: InnPower Attrition and Tenure

Average Tenure	Age Range
2.50	<25
3.39	25-34
6.04	35-44
6.56	45-54
14.29	55-64
2.00	>65

InnPower has an average tenure of just over six (6) years overall. InnPower sees healthy attrition rates between 5-10% per year, leaving InnPower in a strong position to continue to grow and add staff with new skill sets, particularly those that we are looking for to execute its five-year strategic plan.

InnPower anticipates six retirements to occur between 2023 and 2028, leaving InnPower in a good position to continue to grow and outline an effective succession plan. Corporate Services has experienced turnover in some high-profile positions in leadership, leading the utility to think differently about how to retain and prepare for employees who may be at risk of exiting InnPower.

InnPower has identified the need to increase staffing in the Engineering & Operations department due to the growth the utility has been experiencing and will experience in addition to anticipated retirements.

The anticipated retirement by organizational group is shown below in Table 4-33.



1

Table 4-33: Anticipated Retirements by Organization Group

Retirement Year	Number of Expected Employee Retirements	Expected Department
2023	1	Corporate Services
2024	2	Engineering & Operations
2025	2	Engineering & Operations
2026	0	
2027	0	
2028	1	Finance & Regulatory

2



3.1.3 *Streamlining Efforts*

InnPower has been looking closely at streamlining roles and has been able to make the following enhancements:

- Streamlined Distribution Operations and Distribution Engineering into one department, Infrastructure Services in 2020. One Manager overlooks these departments, reporting to the Chief Operating Officer.
- Streamlined all Customer Service functions into one standard Customer Service Representative role, responsible for Customer Service, Collection of Accounts and Billing accounts (as needed) to provide maximum flexibility to respond to the needs of ratepayers.
- Transitioning to Engineering Technologists from Engineering Technicians. This has provided InnPower increased control and flexibility to meet the demands of our capital program.
- The consolidation of executive and management positions in Customer Service, IT and Health & Safety across utilities to provide cost sharing, has allowed InnPower to reinvest in front-line staff to help support growth

For additional information on InnPower productivity and continuous improvement and innovation please refer to Exhibit 1-1-12 and Exhibit 1-1-13.

3.14 *Labour Relations*

InnPower has focused on building a good relationship with our unionized workforce to improve the effectiveness of our organization. Union and Management work closely together to resolve issues that come up and continue to build better relationships for the good of the employees in the organization and ultimately, the ratepayers.

InnPower plans to work together on projects such as coming up with a new pay equity system for staff that is clearer and more equitable for all and creating feedback loops for employees to provide feedback and communication channels to test new ideas and policies.

As of writing this application, InnPower has 41 employees in unionized positions, representing about two-thirds of overall staff (overall staff count as of writing this application is 61). InnPower



1 is expected to add three net new Union employees in the Metering and Engineering departments
2 in 2023. In 2024, InnPower plans to add four additional net new Union employees to keep up
3 with demand in IT, Operations and Engineering.

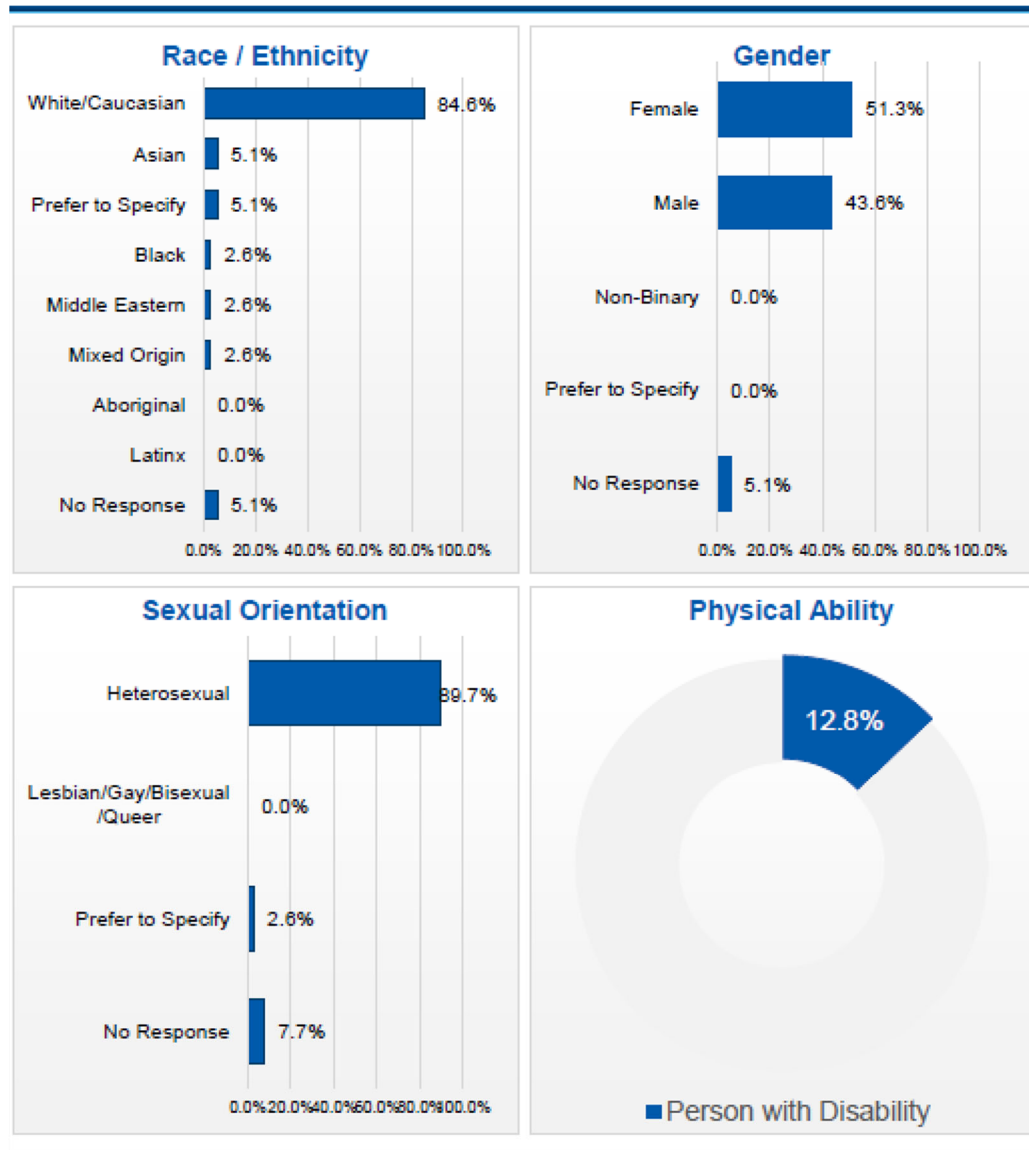
4
5 *3.1.5 Equity Diversity and Inclusion*

6 Equity, Diversity and Inclusion (EDI) is an important feature of the workplace InnPower envisions
7 to build. By committing to Equity, Diversity and Inclusion, InnPower will not only realize a greater
8 culture that will benefit ratepayers but will also create a more diverse and happier workforce,
9 resulting in productivity gains. Overall, InnPower will become more innovative and inclusive by
10 providing an opportunity to have ideas put forth from many different perspectives.

11
12 InnPower has taken some initial steps to become Equitable, Diverse and Inclusive. It started this
13 journey with an employee survey and a commitment to the Electricity Human Resources Canada
14 (EHRC) Leadership Accord. This is a public acknowledgement of a commitment to build an
15 Inclusive working environment and championing EDI initiatives within the organization.

16 InnPower has also partnered with the shareholder to deliver presentations and training to staff on
17 many different topics in EDI.

Figure 4-4: EDI Survey Results



The results show that InnPower has made progress on its EDI journey, but still has work to do. A lack of diversity is a risk to the development of an innovative culture. A Diverse and Inclusive organization helps guard against groupthink and challenges our own ideas of best practices in the industry. Bringing in voices from different perspectives will help guard against these risks. By recruiting more qualified, diverse talent across all spectrums of race, gender, diversities and more, the utility will be able to attract more diverse talent, as this will be an attractive environment to work in.



Equity, Diversity and Inclusion is a requirement for businesses to operate successfully and InnPower plans to be at the forefront of this in the industry.

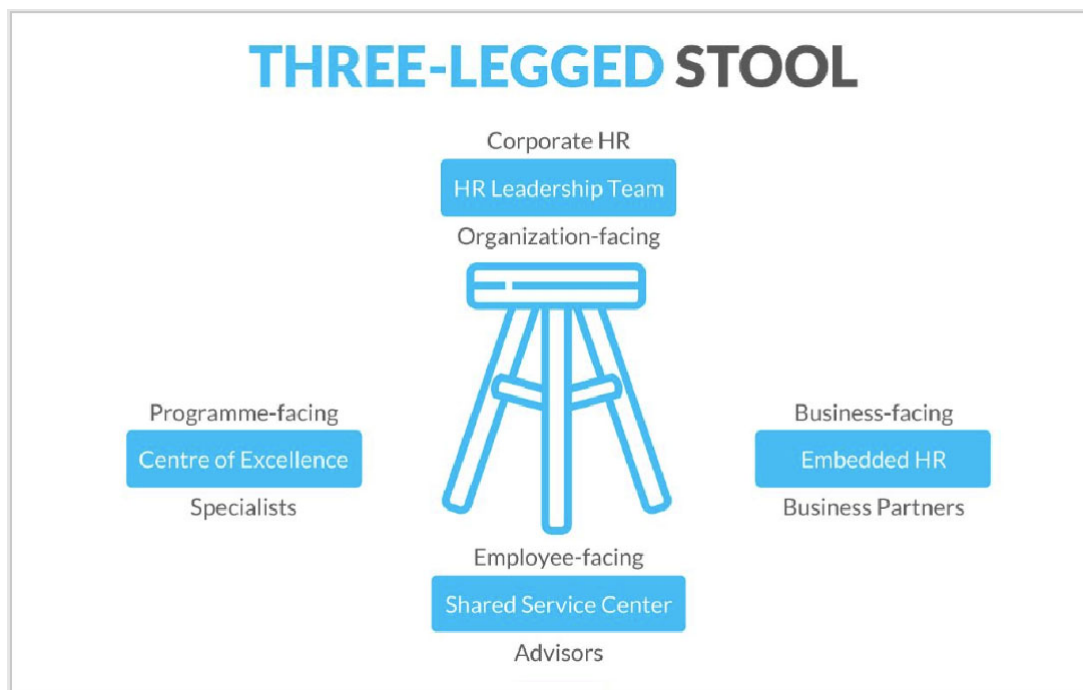
3.2 Talent Management

3.2.1 Multi-Tiered Service Delivery Model – The Three-Legged Stool

Human Resources must ensure its ability to deliver multiple services to internal departments and to be able to support employees. This will create a Win-Win-Win situation; An Employee is able to better focus on their work, resulting in good results for InnPower and ultimately good results for the ratepayer by having productive and motivated staff.

Beginning in 2024, InnPower, InnServices and InnTerprises will begin streamlining Human Resources under one department, leading to economies of scale for employees and a more efficient department. To ensure maximum efficiency, InnPower will use a Multi-Tiered Service delivery model to effectively handle Human Resources requests quickly and efficiently. This model relies on a tiered system of support for staff to get effective service delivery quickly in all facets of Human Resources. This model of Human Resources is often referred to as the “Three-Legged Stool model” for its approach on considering all aspects of Human Resources needs for an organization from a corporate perspective, a program perspective, a business partner facing and an employee facing perspective. Below is a picture of the model outlining the structure of a Human Resources department under the Three-Legged stool.

Figure 4-5: The Three-Legged Stool Model²



To be Employee focused, Human Resources will invest in the near future in shared investments in technology with affiliated companies to provide administrative and internal customer service support. Rather than write requests, await approval and then have Human Resources sign documents, Human Resources technology will provide the ability to execute all of this within an automated system. This will save time and resources not only in Human Resources but for each department. This technology will also be utilized to get staff feedback and provide answers to simple questions.

To be Program focused, InnPower plans to, over time, develop expertise in Health & Safety, and Talent Management, which includes Compensation Programs, Learning & Development Programs and Talent Attraction Programs. This would also provide subject matter experts for the company and employees alike. Human Resources will build these competencies to more

² Academy to Innovate HR, *Three-Legged Stool Model* (<https://www.aihr.com/wp-content/uploads/Three-Legged-Stool-Model-e1622621386904.png>).



effectively respond to the needs of employees and management in the business. InnPower will realize benefits above and beyond the responsive and reactive model currently used.

InnPower currently employs a model of Generalists, who have some expertise in a wide range of Human Resources activities. They are a partner focused on developing our teams and working through any Human Resources issues. With the support of Subject Matter experts, InnPower will obtain a much more effective delivery of Human Resources services and ultimately better support staff so they can focus on providing value to ratepayers.

Lastly, from a corporation perspective, Human Resources can work on large transformative, organizational development projects that will steer the organization towards reaching its strategic plan. This includes steering our Equity, Diversity & Inclusion efforts, change management efforts (including a Culture Roadmap) and ensuring we meet the goals of our Human Resources Strategy in areas such as Succession Planning, Leadership development and leading the development of analytical capabilities for the Human Resources department.

3.2.2 Culture Roadmap

A Culture Roadmap is a document that outlines the plan to align InnPower's culture with its Mission, Vision, and Values, as outlined in the InnPower strategic plan. In order to succeed in delivering on our Mission, Vision, and Values, InnPower needs a strategic plan that supports the type of company we aim to build: a diverse, inclusive, equitable, and innovative organization focused on our mission, vision, and values. Building a culture of trust is crucial to achieving this goal.

Trust is not something that can be imposed on each other; it is something that develops over time as a feeling through the actions of our entire leadership team, which will be felt by our employees. To continue building trust, we need to continue to foster a safe environment for staff to share ideas, collaborate, and share knowledge.

The Culture Roadmap is a strategic plan that will guide InnPower, working with the entire leadership team, on how to achieve our Mission, Vision, and Values.



Our Mission, Vision, and Values are as follows:

Mission: *To Deliver the Energy our Communities Depend on to Grow & Prosper, with a Commitment to Safety & Reliability, and a Passion for Value-Added Services to our Customers, Employees and Shareholder*

Vision: *To be one of Canada's Most Innovative Utilities, Committed to Boldly Leading Change, and Achieving Maximum Value for our Stakeholders*

Values:

- *Health, Safety & Environmental (HSE) Stewardship*
- *Innovation & Sustainability*
- *Fiscal Prudence*
- *Fostering a Collaborative, Supportive & Respectful Culture*
- *Community Leadership & Presence*

InnPower will analyze its current culture, identify what works and what does not work with the strategic plan, and determine any gaps. We will make incremental improvements that help transform our culture and celebrate wins as we move forward. This will help identify what we need to focus on to make our Mission and Vision happen, and to ensure our values are lived.

This transformation is a critical component to ensuring that InnPower remains focused on providing stakeholder value and being innovative to fuel growth and future development in the community.

3.2.3 Talent Management Plan

A Talent Management plan outlines how InnPower will develop, manage and find talented individuals to help InnPower grow and develop. The AARRR model (Figure 4-6 below) is a model based on Marketing and Sales metrics to acquire new customers and retain current customers, which is very much applicable to Human Resources. This model is applicable because the utility is hiring or acquiring talent and supporting the organization in retaining talent, both current and

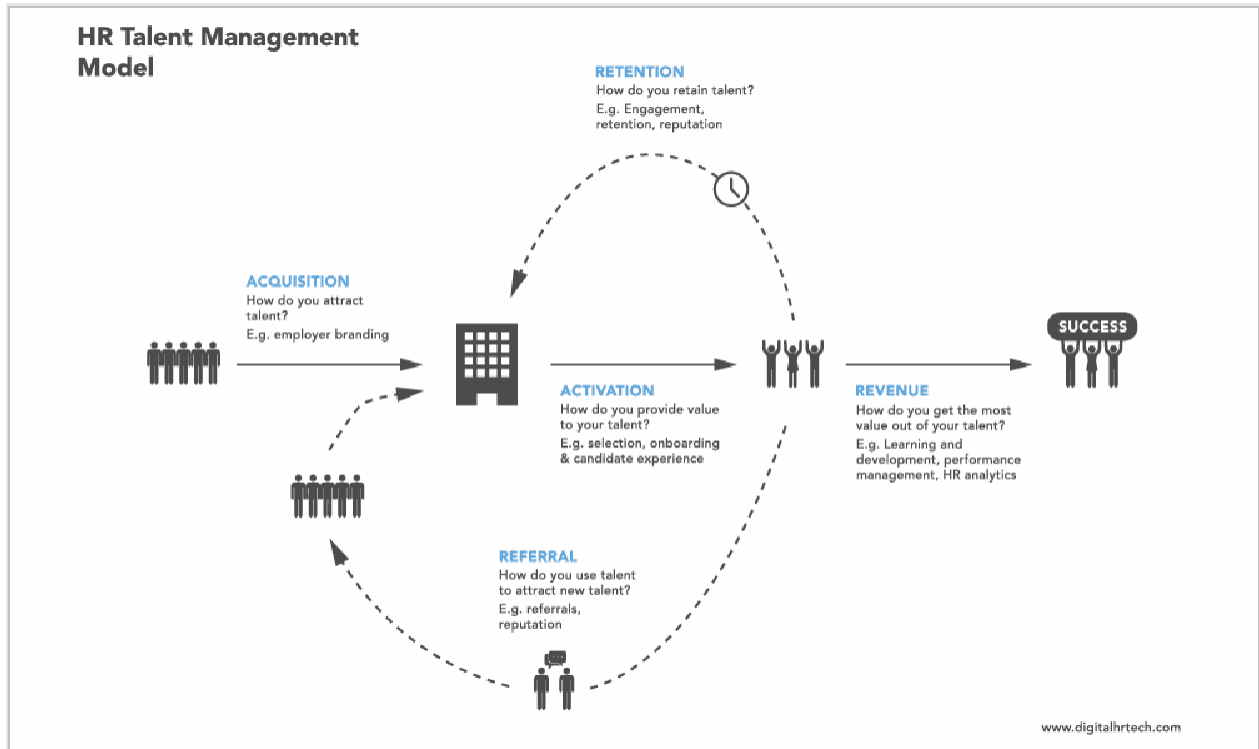


1 new. Programs around acquiring and retaining customers is how InnPower will scale up on *high*
2 *performing talent, support employee training & development, continuously attract the best*
3 *candidates within and external to our industry and develop analytical capability to make data*
4 *driven decisions to meet the growth needs of InnPower.*

5

6

1 **Figure 4-6: A New Talent Management Model: the AARRR Model**



2
3
4 The AARRR Model is used most frequently in professional services and technology organizations
5 as a model of how to acquire new customers and retain and generate revenue from the existing
6 base of customers.

7
8 *Acquisition* in the Human Resources sense refers to how InnPower attracts talented individuals
9 to the organization and takes action to want to work at the organization. InnPower can achieve
10 strong results here by creating an attractive working environment and then branding this success
11 where potential applicants will be looking for companies to work for.

12
13 In a general sense, InnPower is currently doing this by expanding its reach for candidates for job
14 openings by utilizing multiple places to post jobs. InnPower has transitioned to a more attractive
15 job posting, activated its LinkedIn page (to attract more candidates) and targeted job postings to
16 find candidates where they look for work.



1 In order to begin the process of attracting more top candidates to InnPower, the utility must
2 develop its brand further and target new audiences and markets. Branding will be a key
3 component for attracting candidates outside of the utility market for non-operational staff, as an
4 example.

6 Attracting candidates to InnPower is expected to become increasingly difficult as a labour
7 shortage persists in our market. Having moved to hybrid work environment has allowed for
8 flexibility and the opportunity to expand the talent pool into markets where the utility typically would
9 not be competitive. Therefore, it is imperative to develop a coordinated strategy to continuously
10 attract the best candidates within and external to the industry to InnPower and retain them.

12 With respect to *Activation*, once candidates apply, InnPower must ensure an effective and efficient
13 process to communicate with candidates and identify if the talent fits with InnPower's
14 expectations. This is achieved through a smooth recruitment process and excellent candidate
15 experiences. InnPower will be investing in technology to assist with the recruitment process,
16 including efficient tracking of candidates attracted to InnPower (amongst other important support
17 functions). The enhancements will greatly improve our ability to recruit faster, onboard more
18 effectively and develop the technical and industry-related skills required to be successful. Overall,
19 the improvements will provide a benefit to ratepayers, as having productive workers and new
20 perspectives from outside the industry will lead to more efficient and innovative solutions, with
21 better financial results for the company.

23 When InnPower creates a great employee experience and the utility engages staff to ensure they
24 are happy, it could potentially lead to referrals of new candidates. InnPower would benefit from
25 a faster onboarding process, as the candidate would be introduced to the company by a
26 successful employee already engaged by InnPower. The utility will look to build a referral network,
27 while ensuring equity is maintained in the recruitment process.

29 All of the actions and approaches mentioned above would create an environment that fosters
30 champions of the InnPower employer brand. Turning employees into raving fans could lead to
31 further referrals of high performing talent. InnPower anticipates that high performing, energized
32 staff will attract the same quality of candidate to apply and show interest in the utility.



InnPower will need to retain high performing talent and continue to keep them engaged. Human Resources will learn to:

- Develop analytics to monitor employee engagement.
- Help solve business problems that are affecting employee experience and engagement in negative ways.
- Build retention programs to recognize and empower staff to want to be innovative.
- Provide all the tools necessary for staff to feel motivated working at InnPower.

Motivated employees will provide better results for InnPower, which is ultimately a benefit to rate payers. It is important for Human Resources to minimize the risk of negative employee experiences, such as declining employee morale or an undesirable work culture. For example, if an organization is not monitoring turnover or fails to reward behaviors that lead to success, the employee experience may degrade over time. InnPower also needs to ensure our compensation program remains up to date and competitive within the market. Compensation is discussed later in this exhibit.

In terms of *Revenue*, this area is where InnPower begins to invest in employees to foster growth and potential. InnPower can accomplish this through employee wellness programs that provide support, where needed. Supporting an employee's career development with the appropriate learning and development tools will lead them to be successful in their own roles. This can also be accomplished through effective performance management, regular communication with staff and goal setting.

Historically, InnPower has required a substantial amount of Human Resources support, including Labour Relations, Employee Relations, Compensation or Health & Safety. As the department begins to modernize and grow, different support will be required in Talent Management, Equity, Diversity & Inclusion and Recruitment.



3.3 Staff Increases in 2023 and 2024

3.3.1. Introduction

As stated in InnPower's Corporation Strategic Plan For years 2023 to 2027 (filed as Appendix 1-1-5 (A)):

*"InnPower's service territories continue to grow rapidly with an average customer increase of four percent (4%) per year over the previous five (5) years and gross capital expenditures in 2022 of over forty-four million dollars (\$44M). In 2018, InnPower's gross capital expenditures were just over five million dollars (\$5.4M). Even with this significant increase in growth, staffing numbers have only increased by seven (7) full-time-equivalent (FTE) staff over five (5) years, mostly in the infrastructure services division. With the added focus on mental health and burnout of staff in recent years and to mitigate enterprise risk across the organization, InnPower requires an increase in staff complement to achieve its objectives and capitalize on its opportunities."*³

With the pressures that InnPower is facing and will continue to face, it is necessary for InnPower to "right size" the utility for continued success. This will require additional staffing, use of contracted services through collaboration, as well as a new and comprehensive Enterprise Resource Planning (ERP) system. InnPower will continue to prudently manage its annual spending (as it has always done) to be a cost efficient and successful utility.⁴

To effectively deal with this growth and pressures, InnPower is planning to add additional staff in 2023 and 2024.

InnPower's FTE levels from 2017 to 2024 are shown in Table 4-34 below:

³ InnPower Corporation, *Strategic Plan For Years 2023 to 2027* (Sept 27, 2022), page 27.

⁴ *Ibid.*, page 55.

Table 4-34: InnPower FTE Levels from 2017 to 2024

	2017	2018	2019	2020	2021	2022	2023	2024
FTE's	43.83	46.31	48.60	51.00	55.24	56.79	66.92	73.33
Year over Year Change		2.48	2.29	2.40	4.24	1.55	10.13	6.41
2024 vs. 2017								29.50

3.3.2 Staff Additions

InnPower will see an increase of 16.54 FTE by 2024 compared to 2022 actual FTE level. This increase is to better handle growth that is continuing in our service territory. InnPower scaled back much needed staff additions in 2021 and 2022 due to uncertainty surrounding COVID-19 and the effects that could be felt trickling down to the company. Heading into 2023, InnPower is facing strong growth and the organization is expecting to face much stronger growth ahead. InnPower must prepare to handle this growth and thus the FTE additions have followed. The additions are in all aspects of the organization, but really focus on supporting the development happening in our service territory and providing supporting services to more effectively handle this growth. The additions are as follows:

3.3.2.1 2023 Staff Additions

From 2022 to 2023, there is an increase in FTE's from 56.79 to 66.92. This support is in several areas including Metering, Engineering, Operations, Finance and Customer Service among other departments. New positions in 2023 include:

1. Customer Service Supervisor
2. Accounting Supervisor
3. Metering Supervisor



4. Distribution Engineer
5. Power Systems Engineer
6. Protection & Control Technologist
7. Control Room Operator
8. Co-Op Students in Operations, Engineering and Customer Engagement
9. Part Time Employees in Customer Service and Accounting

3.3.2.2 Proposed Staff Additions 2024

For 2023 to 2024, there is a planned increase in FTE's from 66.92 to 73.33. These additional FTE's mostly focus on the Engineering team. The staff additions in new positions in 2024 include:

1. Protection and Control Technologist
2. Control Room Operator
3. Human Resources Generalist
4. Supervisor – Stations
5. Stockkeeper
6. Information Technology (IT Help desk Role – Computer User Support Technician)
7. Engineering Student (Full-time Co-op Student placement – several students a year on an on-going basis)
8. Asset Management student (Summer Student)

Three of these staff (Human Resources, Information Technology, Stockkeeper) will be fully cost shared with InnPower's non-regulated Affiliate (InnServices) consistent with the Affiliate Relationships Code and as summarized in InnPower's Service Level Agreements (Reference Exhibit 4-2-1)

The Operational and Engineering roles added in 2023 and 2024 will provide direct support, ensuring that InnPower can keep up with the growing demand in the territory. There are several major capital projects planned or currently under construction within InnPower's service territory that require significant resources from InnPower for completion. The following items are examples of the work being conducted in the 2022 to 2024 timeperiod:

1 **1. Hewitt/Salem**

- 2 • InnPower has a service area of 292 square kilometres, which includes the entire
- 3 Town of Innisfil and a portion of the South Barrie lands.
- 4 • The South Barrie lands are two greenfield development areas – namely the Hewitt
- 5 and Salem Lands.
- 6 • This is a major ongoing expansion project where InnPower is designing and
- 7 constructing infrastructure to support the development.
- 8 • Once complete, InnPower will have a significant increase in its customer base to
- 9 service.

10

11 **2. Plan for the Orbit**

12 As per the Town of Innisfil Website⁵:

- 13 • The Orbit Potential and Innovation Plan (OPIP) combines a Secondary Plan
- 14 (planning guidelines) and Master Servicing Plan (MSP) (infrastructure needs) to
- 15 plan for the area around the proposed Innisfil GO Station. The aim of OPIP is to
- 16 create a cohesive plan that supports the future growth plans for Innisfil.
- 17 • The Government of Ontario requires municipalities across the Greater Golden
- 18 Horseshoe to review their long-term growth plans to set an overall pattern of
- 19 development and environmental management until the year 2051. The Town of
- 20 Innisfil contributes to the Municipal Comprehensive Review (MCR) led by the
- 21 County of Simcoe, the upper-tier municipality in which we are situated. The County
- 22 must plan for a future population of 555,000 by 2051.
- 23 • As part of this overall growth to 2051, the County's Land Needs Assessment is
- 24 allocating a total population for Innisfil of about 85,000 people (growth of 40,000
- 25 from 2021-2051) and 26,000 jobs (growth of 16,000 from 2021-2051). The Orbit
- 26 will help concentrate this growth into one hub, instead of developing into an
- 27 outward spread of urban areas.
- 28 • The anticipated population of Orbit is approximately 90,000 residents plus
- 29 employment opportunities and will be built in a phased approach over the next 30
- 30 years.

⁵[The Orbit - Town of Innisfil](#)

- This is a major ongoing expansion project where InnPower will be involved in the design and construction of infrastructure to support the development.
- Once complete, InnPower will have a significant increase in its customer base to service.

3. Metrolinx project

- InnPower relocated 11 railways crossing from overhead to underground to support the Metrolinx Electrification project, which enables all trains to run on an electrical grid suspended above the tracks.
- The project has spanned from 2018 to 2023, which includes geotechnical reports, coordination with multiple working groups (Mx, Telecoms, Municipalities and Road Authorities), design, tendering, contract negotiation, training, work plan review and approval and finally construction.
- Costing for each project is approximately \$1.5 million (with all costs included). The Lockhart South crossing is approximately \$2.5 million due to the complexity of a Distribution Station within close proximity to the tracks.
- This is a major project where InnPower invested significant resources to support the development.

4. Transformer Station Project

- Constructing a new Transformer Station (InnPower TS). Currently this project is at Environmental Assessment stage. The completion of the TS is required by the year 2027 to 2028.
- Constructing a new 230kV transmission line from Barrie TS to the InnPower TS site is at Environmental Assessment stage.
- Implementing a Distribution Network egressing from InnPower TS and proposing a 44kV solution for the load growth in South Barrie.
- The Working Group has identified South Barrie as a key load growth point. This area is serviced by both InnPower and Alectra. In the near term, double run 44kV feeders have been committed from the upgraded Barrie TS.
- The near-term solution will address the infrastructure requirements within the current Distribution System Plan (DSP) period; however, the medium- and long-

term plans consider the construction of new TS, Distribution Network, and transmission lines within InnPower's service territory.

- This is a major project where InnPower will invest significant resources to support the development.

5. Barrie Area Transmission Upgrade (BATU)

- Barrie TS is reaching capacity as a 115 kilovolt (kV) station and requires upgrading to a 230 kV station. The station upgrade will require expansion onto adjacent Hydro One owned property.
- The current transmission lines will be upgraded from 115 kV to 230 kV along the existing corridor that runs from Barrie TS to Essa TS.
- The two existing rows of wooden 'H' frame structures will be replaced with a single row of new, steel structures along the corridor. These steel structures will be taller to ensure a safe clearance from the ground for the new lines.
- Plans include installing new equipment and reconfiguring sections of the station to accommodate the upgraded capacity. This work will be within the current station footprint and Essa TS will not require an expansion.
- The Barrie Area Transmission Upgrade project will offer the following benefits to the local community:
 - Upgrading equipment that is reaching capacity and end-of-life in order to continue to provide a reliable and safe supply of electricity to homes and businesses in the area.
 - Adding capacity to meet the forecasted future electricity demand in the area, including growth in the City of Barrie and the Township of Innisfil.
- This is a major project where InnPower will invest significant resources to support the development.



6. Overall increase in capital program

- There is general growth in InnPower's capital expenditure program to keep up with growth in the area and address aging infrastructure and reliability matters. The capital expenditure plan is detailed in InnPower's Distribution System Plan (DSP) filed as Exhibit 2-5-3.

7. System planning work

- There is a need for additional employees to assist in system planning activities given the historical and expected customer growth in InnPower's service territory.

8. Control Room Operation

- InnPower is currently providing controlling Authority services to its staff, as well as internal and external contractors through its engineering/planning department. Due to system expansions and increases in day to day controlling activity and requests, InnPower is planning to hire control room operators, not only to reduce the workloads from engineering and planning department, but to also increase the efficiency and productivity of the system.

9. Number of distribution stations

- InnPower maintains and operates 10 distribution systems. Currently there is only one person to manage stations, P&C and capital work.
- An additional staff is being proposed in this area to assist with the workload.

The staff additions are required to deal with the work requirements noted above, which are generally driven by:

- *Customer Growth,*
- *Succession Planning issues,*
- *Health and Safety concerns, and*
- *Enterprise Risk considerations*

Each of these factors is discussed below.



1 Customer Growth

2 InnPower has experienced an average customer increase of 4% per year over the period 2018 to
3 2023. With an increase in customers comes the need to provide them with basic services and
4 respond to their needs. Customer growth also leads to an increase in work program activity,
5 which is evidenced in InnPower's spending for Operation and Maintenance Programs and Capital
6 Programs over the past several years. A discussion of the capital work programs tied to customer
7 growth can be found in InnPower's Distribution System Plan filed as Exhibit 2-5-3

8
9 Succession Planning

10 In the past, InnPower has been overly reliant on individual employees to provide vital functions
11 and services. InnPower is conscious of the need to build a sound team to deal with current work
12 activities and be well situated to handle staff retirements in the future.

13
14 InnPower will develop a formal Succession Plan to combat areas of concern and ensure the
15 continuity and reliability of our distribution system. InnPower has started this process informally
16 and has identified a need for a succession plan within the Engineering Team. The need stems
17 from the increased demand of Staff in this area and the lack of growth that has happened in prior
18 years, which directly ties to the asks of this department.

19
20 Several key gaps have been identified that need to be dealt with immediately. The positions
21 specifically tied to succession planning issues are the Metering Supervisor, Engineering Roles,
22 Protection and Control role and the Control Room Operator. In 2023, InnPower will be taking a
23 deep dive to understand these gaps and determine how to rectify the situation.

24
25 Risk of Employee Burnout

26 In the workforce, additional work comes with additional stress. This stress can lead to an increase
27 in employee absenteeism and most concerningly, the burnout of staff. The effects may lead to
28 potential Health & Safety incidents and turnover of staff, resulting in lost productivity and
29 knowledge.

30
31 In 2022, Burnout was recognized by the World Health Organization (WHO) as an occupational
32 disease. The WHO is currently working on guidelines to help organizations and employees

1 combat workplace burnout, to which InnPower will be paying very close attention to. There is
2 already research that has directly linked employees feeling burned out and an organization that
3 does not have resources to support staff with burnout and turnover.

4
5 The WHO defines burnout as:

6
7 *“a syndrome conceptualized as resulting from chronic workplace stress that has not been*
8 *successfully managed. It is characterized by three dimensions:*

- 9
10 • *feelings of energy depletion or exhaustion;*
11 • *increased mental distance from one’s job, or feelings of negativism or cynicism related to*
12 *one’s job; and*
13 • *reduced professional efficacy.*

14
15 *Burn-out refers specifically to phenomena in the occupational context and should not be applied*
16 *to describe experiences in other areas of life.”⁶*

17
18 In addition, the Province of Ontario has implemented new *Disconnect from Work* Legislation that
19 requires InnPower to develop a Disconnect from Work Policy. Disconnect from Work is defined in
20 the Employment Standards Act as *“not engaging in work-related communications, including*
21 *emails, telephone calls, video calls or sending or reviewing other messages, to be free from the*
22 *performance of work.”⁷* InnPower has implemented a Disconnect from Work Policy that provides
23 employees with a Work-Life balance.

24
25 This clear definition from the World Health Organization and the Provincial Government’s new
26 Disconnect from Work policy requirement shows the need to protect the well-being of employees.
27 InnPower must be cognizant of this, as the utility asks for more from employees as growth in the
28 organization occurs.

⁶ World Health Organization, “Burn-out an ‘occupational phenomenon’: International Classification of Diseases.” (May 28, 2019): <https://www.who.int/news/item/28-05-2019-burn-out-an-occupational-phenomenon-international-classification-of-diseases>.

⁷ *Employee Standards Act, 2000*, S.O. 2000, c. 41, s. 21.1.1.

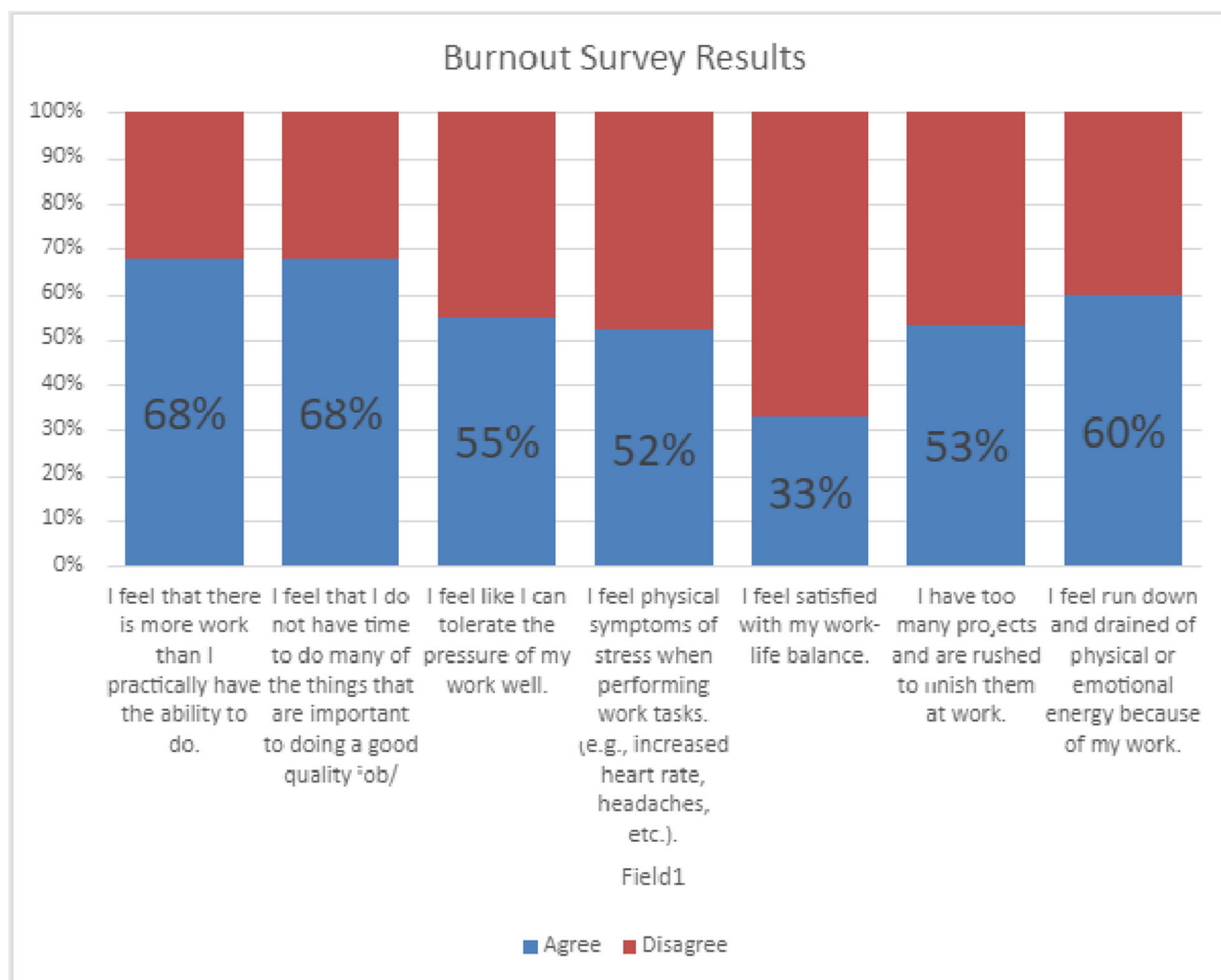


1 In addition to protecting the well-being of employees, as the utility embarks on the growth set out
2 in this application, there is a risk of burn out for key staff that could have a negative impact on
3 productivity and efficiency. Worse, this could turn into a Health & Safety issue if certain staff are
4 in safety sensitive positions, and they are not provided with all the resources needed to be
5 successful.

6
7 InnPower has already been researching the effect of Burnout in the workplace. In 2022, InnPower
8 conducted a staff survey that looked to identify potential warning signs of Burnout. InnPower had
9 a total of 38 employees respond to the survey, representing almost two-thirds of InnPower
10 employees. The results are shown in the two tables below:

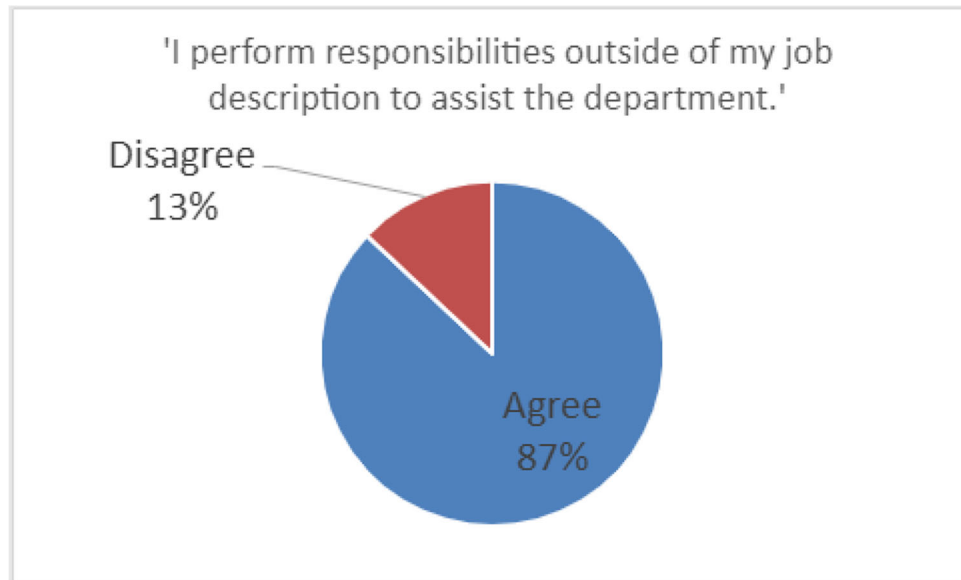
1

Figure 4-8: InnPower Burnout Survey Results



2

Figure 4-9: InnPower Burnout Results – Specific Question



The results of this survey indicate that more than two-thirds of respondents take on more work than they believe they have the ability to do and are not able to devote enough critical time to doing a good quality job. Only one third of respondents believe they have a good work-life balance. This is a concern because this means that their work is negatively affecting their personal lives, presenting a real risk to an employee burning out. This is consistent with 60% of respondents saying that they feel run down and drained because of their work. In addition, 87% of respondents said that they perform responsibilities outside of their job description to help with the department.

Our staff have shown that they are extremely dedicated to InnPower and our ratepayers. By scaling up in a strategic way, InnPower can provide enough relief for staff to feel more motivated and energized. This will help InnPower become more innovative and even more productive, which will become extremely important as the utility moves through a growth period.

InnPower continues to focus on the health and wellness of its employees and offers several benefits including paid sick time, an employee assistance program, and discounted rates at YMCA locations. InnPower is committed to furthering employee wellness, mental health and understanding the risks and impacts of employee burnout through focus groups. The results will



1 help to address emerging challenges, follow best practices in the industry, and develop a strategy
2 that supports employees. Overall, the change will ultimately lead to more innovation and higher
3 productivity of our workforce.

4
5 COVID Pandemic

6 The COVID pandemic has fundamentally shifted the way people interact and the way work gets
7 done. Over the past two years, most of InnPower's staff have been able to work remotely
8 successfully. As we emerge from the pandemic, InnPower is continuing this working arrangement
9 with staff.

10
11 The pandemic has also had a significant impact on InnPower customer relations and engagement
12 efforts. Not only did the pandemic put a hold on InnPower's ability to be physically involved with
13 its communities, but it also solidified the need to transition to and implement a stronger digital
14 strategy. The world is slowly returning to pre-pandemic life and InnPower is excited to improve its
15 in-person engagement and community involvement. InnPower remains committed to developing
16 its digital strategies, enhancing InnPower's visibility and reach in the community, and improving
17 the overall customer experience.

18
19 *Please also see Exhibit 1-1-5 and Exhibit 1-1-15 for additional information on the COVID*
20 *Pandemic and its impact on InnPower.*

21
22 Enterprise Risk

23 The overall risk profile of InnPower will increase significantly if additional staff are not brought on
24 to deal with the factors noted above. The risks include project delays, slower customer response,
25 inability to provide back-up in times of illness / vacations and an increase in staff stress due to the
26 workload. It would also inhibit the ability to proactively identify, assess, and establish tolerance
27 levels for, and effectively manage a full range of business risks (including legal, regulatory,
28 financial, operational, environmental, safety, security, and natural disaster-related) consistent with
29 industry trends and system reliability goals.



3.3.3 *Timing of Hiring*

InnPower applies an approach of using full-time staff to deal with steady state activities and contracting out (where appropriate) to deal with intermittent increases in work activities. This approach helps InnPower maintain its full-time staff at the appropriate level to ensure a safe and reliable system, while responding to customer needs.

InnPower's customer growth has resulted in additional and new work programs to respond to the expanding system. This need is particularly felt in the operational and engineering areas, as noted above in section 2.0.

The hiring planned for 2023 and 2024 is due to the following factors:

1. Timing of capital investments. InnPower's capital investment program has been increasing over the past several years.
2. Five-year capital investments. As noted in InnPower's DSP, the increased capital investment program will be at a higher-than-average level over the next five years.
3. COVID impact. The COVID pandemic contributed to a slower pace of hiring over the past three years.
4. InnPower has experienced some issues with labour shortage and attracting staff in the COVID period.
5. InnPower has experienced several high-profile retirements in key areas over the past few years.
6. As shown in the employee survey noted above, stress and burnout are factors contributing to hires in 2023 and 2024, as opposed to a delay.
7. Increased Government and Regulatory direction and regulations in recent years are contributing to an increased workload.
8. Customer Growth in recent years has averaged an increase of 4% annually. The compounded impact of this growth has contributed to the timing of the hiring.

InnPower has prudently hired in the past, experiencing steady growth from 2017 (43 FTEs) to 2022 (60 FTEs). As noted below in section 3.3.6 Staff Benchmarking, this growth is in linewith



the Provincial Average and the Peer Group. InnPower has hired in a responsible manner with no major spikes in FTE's and has made effective use of contractors (when needed).

3.3.4 Impact of Productivity and Continuous Improvement Initiatives

InnPower's productivity and continuous improvement initiatives have resulted in greater efficiencies, reducing the need to hire staff or delaying the timing of the decision.

The more significant of these initiatives include the following items:

- Implementation of a new ERP system
- New financial analytical system (Prophix)
- Business process study and improvements
- Streamlined engineer design and procurement process (Quadra)
- Implementation of Site Docs
- Workflows – AP/Job Workflow Process
- Implementation of a GIS system
- Improved Customer Service processes
- Enhanced collaboration with affiliates and partners

InnPower is committed to productivity and continuous improvement. A detailed discussion of InnPower's Productivity and Continuous Improvement initiatives can be found in Exhibit 1-1-12.

3.3.5 Customer Benefit

The increased staff levels will result in benefits for InnPower's customers. With additional staff, InnPower will be in a better position to;

- **Maintain reliability at high levels.** As InnPower transitions into a medium-sized, semi-urbanized, medium-density utility, staff continue to work hard to stabilize rates, improve system reliability and provide increased value to its customers, employees, communities, and shareholder.

- 1 • **Maintain service quality.** InnPower will maintain and enhance the condition of all
2 assets over the long-term at the lowest possible life-cycle cost and acceptable risk
3 consistent with customer, community, and regulator-supported service levels, and
4 consistent with anticipated growth and system reliability goals. The utility will ensure
5 that asset repair, rehabilitation, and replacement efforts are coordinated within the
6 community to minimize disruptions and other negative consequences.
- 7 • **Improved staff health and safety.** Improved staff health and safety provides for a
8 longer-term, lower cost solution in terms of total staff compensation. With the added
9 focus on mental health and burnout of staff in the recent years and to mitigate
10 enterprise risk across the organization, InnPower requires the increase in staff
11 complement to achieve its objectives and capitalize on its opportunities.
- 12 • **A better functioning organization.** Additional staff will help create a cohesive work
13 environment, where utility leadership and staff work together internally, and with
14 external organizations, to anticipate, respond to, and avoid large-scale issues and
15 emerging threats.

17 3.3.6 Staff Benchmarking

18 Benchmarking is one way of demonstrating whether a utility is performing favourably versus other
19 “like” utilities. In this section, InnPower provides some benchmarking information to demonstrate
20 that its staff levels are in line with other utilities in Ontario.

22 In summary, InnPower compares favourably against an LDC peer group using several staffing-
23 related metrics. The source of the data was the most recent 2021 OEB Yearbook information.

25 Table 4-35 below compares InnPower versus a peer group⁸ and the provincial average on an
26 OM&A per FTE basis. InnPower compares favourably against both the Peer group and the
27 Provincial Average.

⁸The selection criteria for the peer group is detailed in Exhibit 1-1-9 Benchmarking.

1 **Table 4-35: OM&A per FTE InnPower vs. Provincial Average vs. Peer Group**

	2017	2018	2019	2020	2021	5-Year Average
Peer Group Average	\$137,941	\$143,977	\$146,428	\$152,929	\$155,140	\$147,283
Provincial Average	\$165,716	\$171,389	\$176,046	\$183,475	\$188,181	\$176,961
InnPower Corporation	\$156,199	\$126,960	\$119,715	\$125,595	\$119,396	\$129,573

2
3 InnPower used its 2024 forecast information to develop a view of the OM&A per FTE metric. As
4 shown in Table 4-36 below, the 2024 OM&A per FTE metric for InnPower (assuming the addition
5 of the eight staff as proposed in this application) stills compares favorably to the 2021 metrics of
6 the Peer group and the Provincial Average.

7
8 **Table 4-36: OM&A per FTE**

	OM&A per FTE
2024 IPC Amount	<u>\$115,439.08</u>
2021 IPC Amount	<u>\$119,395.55</u>
2021 Peer Amount	<u>\$155,139.57</u>
2021 Provincial Amount	<u>\$188,181.26</u>

1 Table 4-37 below compares InnPower versus a peer group⁹ and the provincial average on an
2 FTE basis. InnPower compares favourably against both the Peer group and the Provincial
3 Average.

4
5 **Table 4-37: Number of FTE's InnPower vs. Provincial Average vs. Peer Group**

	2017	2018	2019	2020	2021	5-Year Average
Peer Group Average	68.83	68.06	67.33	65.81	65.80	67.16
Provincial Average	196.72	199.83	200.39	190.21	187.42	194.91
InnPower Corporation	39.00	46.31	48.60	51.00	55.24	48.03

6
7 The Peer group is shown below:

- 8 • Bluewater Power Distribution Corporation
- 9 • PUC Distribution Inc.
- 10 • North Bay Hydro Distribution Limited
- 11 • Brantford Power Inc.
- 12 • Kingston Hydro Corporation
- 13 • ERTH Power Corporation
- 14 • Halton Hills Hydro Inc.

15
16 Please refer to Exhibit 1-1-11 for details on how the peer group was chosen.

⁹ The selection criteria for the peer group is detailed in Exhibit 1-1-9 Benchmarking.



4. EMPLOYEE COMPENSATION

InnPower's compensation philosophy is rooted in equity for all employees of the organization.

4.1 Pay Equity

In 2020, InnPower went through an extensive Pay Equity review. InnPower worked directly with the Power Workers Union to review each job in the Union and determine if there are any inequities in each of the roles typically dominated by men and women.

Table 4-38 outlines the results of the Pay Equity Review and hourly wage adjustments for Unionized roles affected by the review.

Table 4-38: Pay Equity Results

Female Job Class	Male Comparator Job Class	Pay Equity Adjustment Required
Accounting Clerk	Computer User Support Technician	\$0.00
Customer Accounts Representative	Stockkeeper	\$4.56
Customer Engagement Representative	Purchaser/Stockkeeper	\$0.00
Customer Service Representative	Computer User Support Technician	\$0.00
Financial Analyst	Job Classification G	\$1.41
Infrastructure Coordinator	Computer User Support Technician	\$1.29

InnPower and the Power Workers Union have agreed to jointly complete the Pay Equity process by July 1, 2026, as prescribed in our collective agreement.



1 InnPower completed collective bargaining in June 2022 and agreed to a four (4) year contract
2 with the Power Workers Union.

3
4 InnPower employees that are part of the Power Workers Union bargaining unit receive annual
5 wage increases, as agreed upon through the collective bargaining process. In turn, our philosophy
6 is to also provide Non-Union employees the same annual wage increase levels.

7
8 Through the collective bargaining process, the following compensation enhancements were
9 agreed upon:

10
11 Wage increases:

- 12
- 13 • 2022: 2.8 %
- 14 • 2023: 2.6 %
- 15 • 2024: 2.4 %
- 16 • 2025: 2.4 %
- 17

18 InnPower also agreed to pay 100% of employee premiums for benefits (up from 96 %) and
19 included enhancements to Psychotherapy and Mental Health benefits to help further support
20 employee wellness. InnPower has also proposed the same increases for Non-Union employees.

21
22 Through regular analysis of other Utility collective agreements, InnPower's rates are competitive
23 for critical roles such as Powerline Technician and Meter Technicians, while wages are
24 competitive for Engineering Technologists. Our wages are also competitive for all Internal Staff
25 Unionized roles.

26
27 A copy of InnPower's collective agreement is provided for reference in Appendix 4-1-6 (A).
28



4.2 Non-Union Compensation

All non-union employees' compensation levels are reviewed by the President/CEO and the Board of Directors on an annual basis. The increase in total compensation paid to employees in non-union and management positions has historically matched the negotiated increases for unionized employees subject to approval. This is not automatic as during the COVID-19 pandemic, Non-Union employees received a 1% raise in 2021, to ensure the continued smooth operations of the business. Once the economy began to improve, InnPower reverted to matching Union employees annual cost of living adjustment in 2022 of 2.1%.

Bonus for Non-Union Staff

Pending annual Board approval of the annual audited financial statements, net income that exceeds the Deemed Adjusted Regulated Net Income would be shared amongst non-union employees up to a maximum of 5% of their rate. Deemed Adjusted Regulated Net Income is calculated using the Regulated Deemed Equity multiplied by the Deemed Return on Equity. As noted in the Strategic plan, InnPower will review this Bonus and consider a Goal and Incentives plan that will lead to the success of the corporate plan, based on targeted Key Performance Indicators (KPIs.).

4.3 Benefits

As noted above, Employee Benefits are 100 % employer paid. In 2022, InnPower provided increased benefits, for less than what InnPower was paying prior to 2022. This was possible as InnPower switched to the MEARIE Benefits plan, which tailored a benefits package to the unique needs of our industry. Immediate savings were realized and will continue moving forward.

InnPower's benefits plan covers Health & Dental Benefits, along with Paramedical benefits, Out of Country Medical benefits and support for Mental Health.

InnPower also provides 100 % employer paid Long Term Disability benefits.

Post-Retirement benefits (OPEB) are also provided to employees to maintain benefit levels. InnPower pays 50% of the premium to these employees. InnPower also offers this for early retirees from 55 to 65 years of age, with a minimum of 15 years of service. InnPower's OPEB

costs for 2017-2022 Actual, 2023 Bridge Year and 2024 Test Year is detailed in Table 4-39 – OPEB below. OPEB is discussed in more detail in Exhibit 4-1-3-2-2 – Employee Pension and Benefits. For the 2023 Bridge Year and 2024 Test Year, InnPower used the projected post-employment benefit costs provided by its independent advisor and actuary Mondelis Actuarial and adjusted them for potential retirements discussed above in 4-1-6-3 – Workforce Planning.

Table 4-39: OPEB

Category	2017 OEB Approved	2017 Historical Year	2018 Historical Year	2019 Historical Year	2020 Historical Year	2021 Historical Year	2022 Historical Year	2023 Bridge Year	2024 Test Year
OPEB	15,944	16,917	21,387	-77,747	15,078	13,809	24,853	25,200	30,000

OMERS Pension Plan:

InnPower employees are members of the Ontario Municipal Employees Retirement System (OMERS). OMERS is a multi-employer defined benefit pension plan that most LDCs participate in and, as such, the pension benefit provided to InnPower Corporation employees is consistent with that of other LDCs.

The plan is a contributory defined benefit pension plan which is financed by equal contributions from the employer and employee based on the employee's contributory earnings. InnPower's pension premium information for 2017-2022 Actual, 2023 Bridge Year and 2024 Test Year is detailed in Table 4-40 – OMERS below. For the 2023 Bridge Year and 2024 Test Year, InnPower assumed rates of 9% on earnings up to CPP earning limits and 14.6% on earnings over CPP earnings limit as per OMER's November 2022 newsletter.

Table 4-40: OMERS

Category	2017 Historical Year	2018 Historical Year	2019 Historical Year	2020 Historical Year	2021 Historical Year	2022 Historical Year	2023 Bridge Year	2024 Test Year
OMERS	361,205	387,329	403,874	497,980	519,933	560,721	616,793	689,575



4.4 Pay Grades & Job Evaluation

InnPower currently has pay grades that pay anywhere up to the midpoint, classified at InnPower as 100% of the pay band, as determined through a job evaluation process. Newly hired staff progress up to the 100% point, the “Midpoint” by successfully passing performance reviews. This is the same process for Union and Non-Union employees. The pay rates are determined by collective bargaining and a Job Evaluation process for Union roles and a Job Evaluation process for Non-Union roles.

Job Evaluation

In 2019, InnPower did a review of all Non-Union jobs to benchmark against the industry and overall job market to test competitiveness. This resulted in a review of all Non-Union jobs in 2019.

InnPower will be reviewing Job Evaluation for Non-Union roles in late 2023 or 2024 to determine if the methodology and process is right for InnPower and its employees, to ensure that the process meets the needs of the strategic plan and to ensure that InnPower is competitive.

InnPower does receive and participate in the MEARIE Salary Survey which provides an idea of where the utility compares to peers. Currently, InnPower’s salaries are competitive. InnPower will also look to utilize shared services further, requiring more top-level talent to help continue to grow the utility. InnPower will continue to regularly monitor its Compensation for competitiveness.

InnPower will go through a similar Job evaluation review process for Union roles. The job evaluation process was created in 2006 and is likely outdated. Power Workers Union and InnPower have agreed to consider other job evaluation methods in order to ensure that we are paying employees in the most equitable manner possible, while maintaining some flexibility in how staff progress through steps all the way to top of the pay band. Currently there is limited direction on how to progress through the pay band. A review of this process will look to rectify these gaps.

In addition, InnPower will continue to monitor other industry collective agreements to benchmark rates compared to our peers. InnPower will not only monitor rates within the industry but will also look at how the utility’s compensation packages compare with the general job market, for non-

specific Industry roles such as in Customer Service, IT, Finance and Engineering among others.
This will ensure the utility can attract the best talent possible, from industry and beyond.

5. HEALTH, SAFETY & ENVIRONMENT COMPLIANCE AND SUSTAINABILITY

In 2020, COVID-19 swept through Ontario, leaving a lot of uncertainty for people and businesses alike. InnPower immediately arranged for employees to work remotely where possible and implemented strict COVID-19 protocols to reduce the spread of the virus. InnPower was able to restrict any transmission between employees by taking this drastic action.

What InnPower has discovered is that hybrid work is a sustainable model for the organization, pandemic or not. This has provided opportunities to retain and attract talent from larger distances, that historically would not have been available. For example, InnPower has successfully hired several staff from deeper into the Greater Toronto Area. Areas where it would be difficult to attract staff to attend the office five days a week.

InnPower did not see a reduction in productivity at all during this time, however, recognizes that because the company is looking to ramp up innovation and team building efforts, some work in the office may be required.

InnPower was able to keep staff counts steady through the pandemic and avoid layoffs. Now that restrictions have eased, most of the staff have acclimatized to hybrid work. InnPower can now implement the staffing enhancements described previously, without a need to increase capacity in its facilities. Although staffing levels are higher, InnPower will be able to maintain a steady stream of intermittent employees in the office and avoid costs from adding additional space or retrofitting space for more employees.

InnPower has always taken Health & Safety seriously and has made several enhancements to its Health & Safety program including enhancing the powers of our Joint Health & Safety Committee to go beyond minimum requirements prescribed in the Occupational Health & Safety Act.

In addition, InnPower has taken a decentralized approach to Health and Safety that provides our Operations and Engineering team with full flexibility to ensure the health and safety of their



workers are being met. Human Resources provides support and is responsible for the overall Health & Safety Program.

InnPower will be participating in the Worker Safety Insurance Board's (WSIB) Health & Safety Excellence Program which requires organizations to enhance their Health and Safety processes. By participating in this program, InnPower could realize discounts on their WSIB premiums. This supports our goal to be a Health & Safety industry leader.

InnPower has attached the OEB Chapter 2 Appendix 2-K – Employee Costs in Appendix 4-1-6 (B).



4-2-1 SHARED SERVICES AND CORPORATE COST ALLOCATION

This Exhibit documents InnPower Corporation's shared corporate services with its affiliated entities. This section details the shared services provided to affiliates, the pricing and costing methodology used, provides an update on the 2018 OEB Affiliate Services audit, summarizes the third-party reviews of the corporate cost allocation methodology and shared services agreements, as well as provides a description of the historical and prospective treatment of affiliate services.

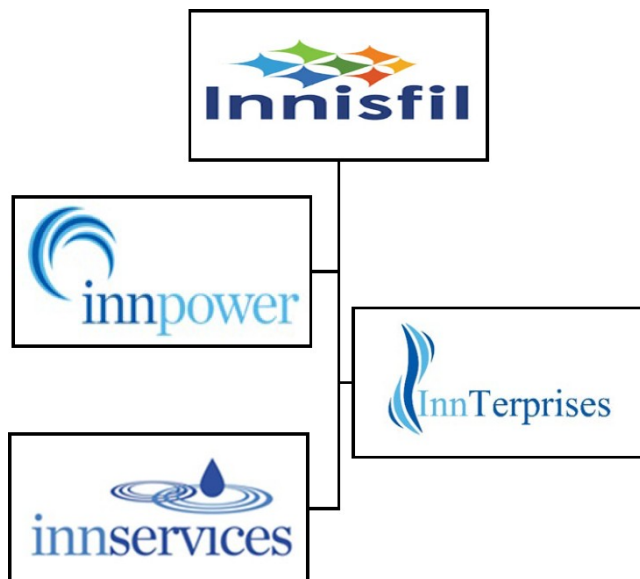
1. BACKGROUND

InnPower Corporation (IPC) is an electricity distribution company that is 100% owned by the Town of Innisfil.

InnTerprises Corporation (ITP) is an unregulated corporation providing sentinel light, telecommunication services and electric vehicle charging services, that is 100% owned by the Town of Innisfil. InnPower provides management, financial, billing services and rental space to this affiliated company.

InnServices Corporation (IUI) is a municipal services corporation providing water and wastewater services that is 100% owned by the Town of Innisfil. InnPower provides management, financial services, billing services and rental space to this affiliated company.

Figure 4-10: Corporate Entity Structure



PROVIDENT ENERGY MANAGER (Provident)

Provident is a third-party company that specializes in the multi-residential market with an emphasis on high-rise condominiums. More specifically, Provident provides thermal and gas services to the Friday Harbour Resort within InnPower's service territory.

InnPower provides third-party billing for thermal and gas services to customers on behalf of Provident. Provident is not an affiliate of InnPower, however, thermal and gas billing services have been included to account for related billing expenses.

2. ARC COSTING METHODOLOGY TERMS AND DEFINITIONS

Throughout this Exhibit InnPower will be using the terms and definition that are contained in the OEB's Affiliate Relationships Code (ARC). The key terms and definitions that will be used are summarized below.

2.1 Fully Allocated Costs

As per ARC section 1.2, "Fully Allocated Costs" are calculated as:

*"The sum of **direct costs** plus a proportional share of **indirect costs**."*

2.2 Market Price

As per ARC section 1.2, "Market Price" is:

"The price reached in an open and unrestricted market between informed and prudent parties, acting at arm's length and under no compulsion to act."

2.3 Direct Costs

As per the Ontario Energy Board (OEB) Affiliate Relationship Code section 1.2, "Direct Costs" are defined as;

"Those costs that can reasonably be identified with a specific unit of product or service or with a specific operation or cost centre;"

2.4 Indirect Costs

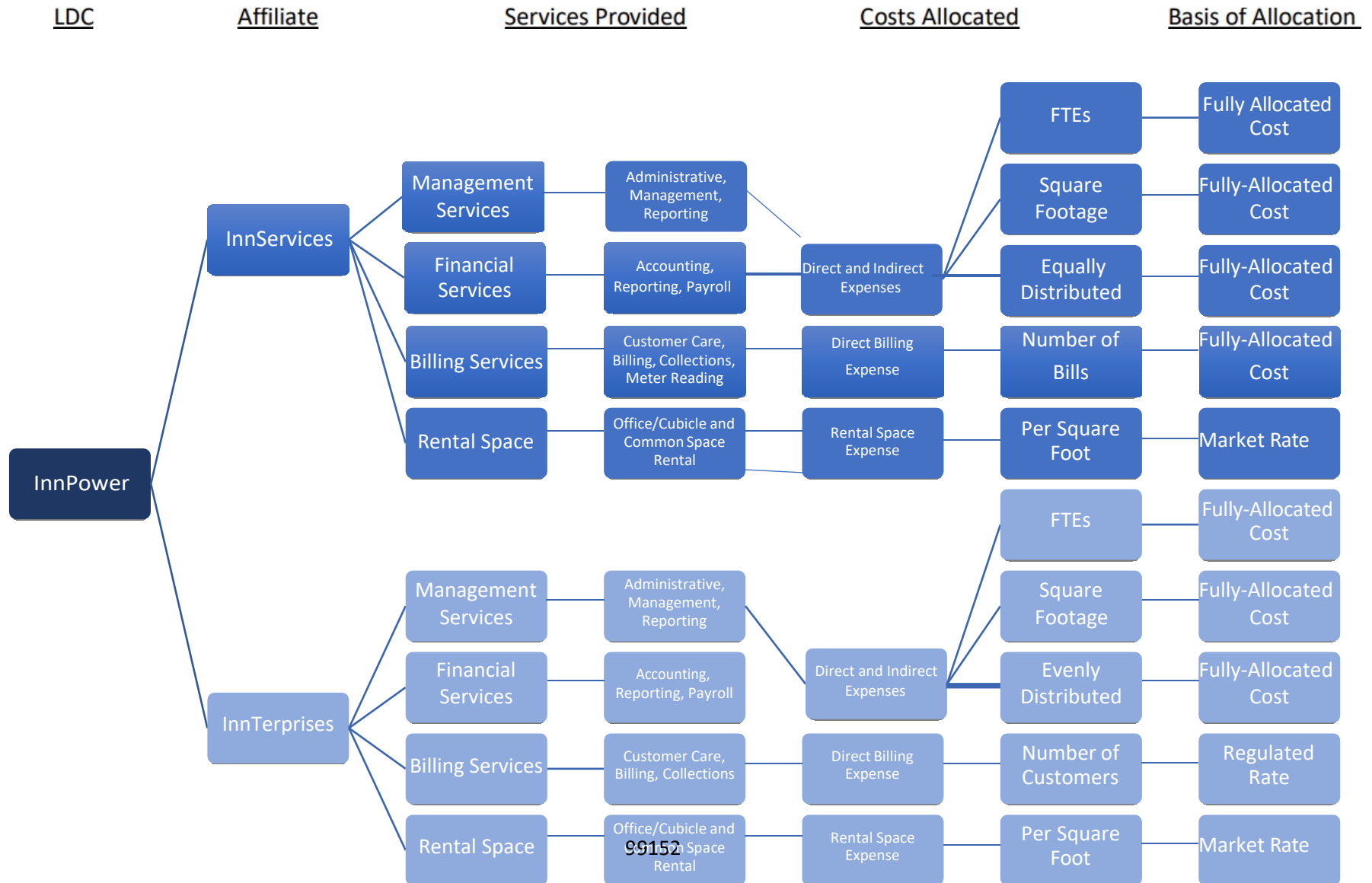
As per the OEB Affiliate Relationship Code section 1.2, "Indirect Costs" are defined as;

"Those that cannot be identified with a specific unit of product or service or with a specific operation or cost centre, & include but are not limited to overhead costs, administrative & general expenses, & taxes;"

3. SUMMARY OF IPC AFFILIATE RELATED SERVICES

Figure 4-11 below provides a pictorial summary of InnPower's relationships with its affiliates (i.e., the services provided to InnServices and InnTerprises), a summary of the how the costs are allocated and the basis of allocation.

Figure 4-11: Shared Services Structure





1 **4. AFFILIATE RELATED SERVICES**

2 The specific services provided by InnPower to its affiliates are detailed below.

3 **INNSERVICES**

Management Services	The nature of management services include:	Administrative Services Management of Contracts and Agreements Reporting Business Affairs to Directors		
	Management services are provided by the following positions:	CFO and CEO		
Financial Services	The nature of financial services include:	General Accounting Financial Reporting	Payroll Administration IT Administration for IPC Network	
	Financial services are provided by the following positions:	Accounting Clerk Payroll Administrator	CFO Financial Analyst	Network Administrator
Billing Services	The nature of billing services include:	Customer Care Services Billing and Collections	Meter Reading Customer Engagement/Social Media	
	Billing services are provided by the following positions:	Meter Technician, Systems Analyst Customer Service/Engagement Rep Billing and Collecting Clerks	Supervisor, Billing and Business Processes Manager, Customer Relations and Engagement	
Office Space Rental	The nature of the office space rental include:	Cubicle / Office Space Desk and Office Furniture	Common Areas & Meeting Rooms	

4
5



1 **INNTERRISES**

Management Services	The nature of management services include:	Administrative Services Management of Contracts and Agreements Reporting Business Affairs to Directors		
	Management services are provided by the following positions:	Finance Manager CFO and CEO		
Financial Services	The nature of financial services include:	General Accounting Financial Reporting Payroll Administration		
	Financial services are provided by the following positions:	Accounting Clerk Payroll Administrator	Financial Analyst CFO	Finance Manager
Billing Services	The nature of billing services include:	Customer Care Services Billing and Collections		
	Billing services are provided by the following positions:	Systems Analyst Customer Service Representatives Billing and Collecting Clerks	Supervisor, Billing and Business Processes Manager, Customer Relations and Engagement	
Office Space Rental	The nature of the office space rental include:	Cubicle / Office Space Desk and Office Furniture	Common Areas & Meeting Rooms	



1 The rest of this exhibit will provide the details of each element of the allocations to affiliates.

2 Each of the following areas will be discussed:

- 3
- 4 5. Costing Methodologies
 - 5 6. Cost Drivers
 - 6 7. Summary of Affiliate Services Cost Allocations
 - 7 8. Direct Costs
 - 8 9. Indirect Costs
 - 9 10. Direct Billing Expenses
 - 10 11. Affiliate Services Billing Structure
 - 11 12. Fully Allocated Cost Model
 - 12 13. Fully Allocated Cost Reconciliation
 - 13 14. Management Review
- 14

15 The remaining sections will discuss:

- 16 15. The 2018 OEB Inspection of Affiliate Services
- 17 16. Third Party Review of Corporate Cost Allocation Methodology
- 18 17. Third Party Review of Affiliate Services Agreements
- 19 18. Historical Affiliate Services Methodology
- 20 19. Prospective Affiliate Services Methodology

5. AFFILIATE RELATIONSHIP CODE COSTING METHODS

The main costing methods used by InnPower for specific services are detailed below:

Table 4-41 below shows the costing methods used by InnPower:

Table 4-41: Affiliate Relationship Costing Methods

Affiliate Service	Costing Method	Competitive Market	Reference
Management Services	Fully-Allocated Cost	Non-Existent	As per ARC 2.3.5.1, the management services are provided under shared corporate services ¹ . As such, the fully-allocated cost-based pricing may be applied in lieu of applying the transfer pricing provision.
Financial Services	Fully-Allocated Cost	Non-Existent	As per ARC 2.3.5.1, the financial services are provided under shared corporate services. ¹ As such, the fully-allocated cost-based pricing may be applied in lieu of applying the transfer pricing provision
Billing Services	Market Price	Exists	As per ARC 2.3.3.6, where a reasonably competitive market exists, a utility shall charge no less than the greater of (i) the market price of the service, product, resource or use of asset and (ii) the utility's fully-allocated cost to provide service, when selling that service, to an affiliate resource or use of asset from an affiliate.
Office Space Rental	Market Price	Exists	As noted in Billing Services above

¹ "Shared Corporate Services" means business functions that provide shared strategic management and policy support to the corporate group of which the utility is a member, relating to legal, regulatory, procurement services, building or real estate support services, information management services, information technology services, corporate administration, finance, tax, treasury, pensions, risk management, audit services, corporate planning, human resources, health and safety, communications, investor relations, trustee, or public affairs.



The next section of the exhibit will outline how the market prices were determined for various services.

5.1 Market Price for InnServices Billing Services

Based on estimates received from other billing providers, the market price for billing services received was on par with the fully allocated costs incurred by InnPower. As both costing methods were comparable, the “greater than” rule under ARC 2.3.5.1 did not apply. For consistency with other affiliate services, IPC selected the *fully allocated cost model* to calculate the IUI billing service rate.

5.2 Market Price for InnTerprises Billing Services

The current rate for sentinel light billing services is based on the fixed and variable OEB Energy Retailer Service charges, which are updated on an annual basis. As revenue for sentinel light billing is immaterial, IPC considered it reasonable to utilize the OEB’s regulated rate.

5.3 Market Price for Office Space Rental

The current rate per square foot is based on a 2015 market rate study, which provides escalated rates up to the year 2025. The rate has been discounted by maintenance, interest and tax expenses (MITs), as the MIT expenses are included in the General and Administrative expenses that are apportioned based on square footage (see General and Administrative Expenses section).

6. COST DRIVERS

The assignment of costs to the affiliates can be done by direct assignment (where possible) or by the use of cost drivers. A cost driver triggers a change in the cost of an activity. Where direct assignment is not possible appropriate cost drivers are selected for certain types of costs.

The following chart shows cost drivers that were selected to allocate expenses in InnPower’s fully-allocated cost model:

Table 4-42: Summary of Cost Drivers

Cost Driver	Cost Allocation Method
Full-Time Equivalent	Proportion of FTEs for Affiliate Services to FTEs for InnPower
Square Footage	Proportion of office/cubicle and common space square footage for Affiliate Services to total square footage of building used by InnPower
Number of Bills	Proportion of bill type combinations to total bills issued
Number of Customers	Number of customers
Evenly Distributed	Costs are disbursed evenly between companies; InnPower, InnServices and InnTerprises

6.1 Detailed Calculation of Cost Driver

The cost drivers that InnPower uses to allocate costs to its affiliates are defined below:

A. Full-time equivalent

The number of full-time equivalents for InnPower is calculated as:

- Full-time staff are counted as (1)
- Part-time staff are counted by the number of hours per week divided by 40 hours

The number of full-time equivalents for affiliates is calculated as:

$$\frac{\text{Number of annual hours recorded to intercompany jobs}}{\text{Number of annual available working hours}}$$

The following table shows a breakdown of the calculation for number of labour hours booked to each affiliate service intercompany job in a year:

Table 4-43: Annual Labour Hours Recorded to Intercompany Jobs

Company	Services	Number of Labour Hours
InnServices	Financial Services	A
	Billing Services	B
InnTerprises	Management Services	C
	Total	A + B + C

Each employee tracks his or her individual time by manually recording the number of hours spent on daily activities to each intercompany job on their timesheet (i.e., financial services job, billing services job, management services job).

The following table shows a breakdown of the calculation for the number of available working hours in a year.

Table 4-44: Annual Available Working Hours

Detail Calculation Vacation/Stat/Float/Sick	Number of Days
Weekdays	D
Statutory holidays	E.1
Floater	E.2
Sick time	E.3
Estimate training/conferences	E.4
# of estimated non working days	Sum E.1-E.4 above = E
Working days	D - E = F
Total annual available working hours	F x 8 working hours

Based on the calculation above, the following table shows a summary of the number of FTEs used to allocate related expenses in a year.

Table 4-45: Summary of FTEs

		Number of Full-Time Employees (FTEs)
Company	Services	
Innpower	Overall	G
InnServices	Financial Services	H
	Billing Services	I
InnTerprises	Management Services	J

*H, I, and J are encompassed within G

Please note the "Overall" number represents InnPower's base of full-time employees (or part-time equivalent). As no additional staff have been hired to service affiliate companies, the InnServices and InnTerprises FTE amounts are encompassed in the overall number.

B. Square footage

The square footage is calculated as:

Office cubicle space =

$$\frac{\text{Number of labour hours recorded to intercompany jobs}}{\text{Number of annual available working hours}}$$

×

(Total square footage of office space for related employees + Common area space)

Where:

$$\text{Common Area Space} = \text{Office/Cubicle Space} \times 30\% \text{ Common Space}$$

C. Number of bills issued

The direct billing expenses are allocated to affiliate services on a proportional basis using the ratio of the bill type combinations to total bills issued.



The formula used to allocate direct billing costs is:

$$= \frac{\text{Billing type combination by service type}}{\text{Total bills issued}} \times \text{Direct billing cost}$$

D. Number of customers

The number of customers served in the affiliate company.

E. Evenly Distributed

Costs are disbursed evenly between three companies; InnPower, InnServices and InnTerprises. This method is used for expenses related to all affiliates where the expense amount is immaterial.

7. SUMMARY OF AFFILIATE SERVICES COST ALLOCATIONS

Table 4-46 below provides a summary of InnPower's affiliate services cost allocations. The Reference number refers to the sections below the table where the item is discussed in detail.



1 **Table 4-46: Summary of Affiliate S services Cost Allocations**

Ref	Expense	Cost Driver	Expense Allocated from InnPower to							
			Internal	Affiliate			Affiliate			Customer
			LDC	InnServices			InnTerprises			Provident
				Mgmt Services	Financial Services	Billing Services	Mgmt Services	Financial Services	Billing Services	Billing Services
8.1	Labour Expense	Directly Assigned		✓	✓	✓	✓	✓		
8.2	Meter Reads	Directly Assigned				✓				
8.3	Rental Space	Directly Assigned		✓	✓	✓	✓	✓		
9.1	G&A – Management & Office Supplies	FTEs	✓	✓	✓	✓	✓	✓		
	G&A – Office Building Costs	Square footage	✓	✓	✓	✓	✓	✓		
	G&A – Postage Meter	Evenly Distributed	✓	✓			✓			
9.2	Depreciation	FTEs	✓	✓	✓	✓	✓	✓		
10.1 & 10.2	“Direct” Billing Expenses	Number of bills	✓			✓		✓	✓	✓

2



8. DIRECT COSTS

8.1 Labour Expenses

8.1.1 Nature of Expenses

Labour expense for affiliate services is the number of labour hours spent on Management, Financial and Billing services for InnTerprises and InnServices, at the employee's grossed-up employment rate.

It should be noted that the grossed-up employment rate includes a burden to account for additional payroll expenses such as EI, CPP, OMERS, vacation, etc. The burden rate is automatically added to the regular employment rate when an employee records time to a job. The labour expense on each job reflects both regular employment and additional payroll expenses.

The following Table 4-47 shows an example of the calculation for the payroll burden rate in a year. The regular employment rate is grossed-up by a percentage to account for the additional payroll expenses.

1

Table 4-47: Calculation of Payroll Burden Rate

Payroll Item	%
¹ Workers Safety and Insurance Board (WSIB)	L
² Health / Dental / Life	M
Vacation / Stat / Float / Sick	N
Ontario Municipal Employees Retirement System (OMERS)	O
Total Payroll Burden % Net Salary	L + M + N + O = P
Payroll burden gross salary less N	P - N
Notes:	
³ Detailed Calculation of WSIB % of payroll	%
Canada Pension Plan (CPP)	L.1
Employer Health Teax (EHT)	L.2
Employment Insurance (EI)	L.3
Total %	Sum of L.1-L.3 = L
² Detailed Calculation of Health / Dental / Life	
Gross Payroll	M.1
Approximate Cost for H/D/L	M.2
% of Gross Payroll	M.2/M.1 = M

2

3 **8.1.2 Cost Allocation**

4 Labour related to affiliate services is tracked directly through the payroll CIS system using specific
5 jobs setup for intercompany transactions. Any labour expense booked to a job will be reflected
6 in the intercompany general ledger expense accounts.

7

8 Please note, if an employee works on a combined electricity and water/wastewater bill, labour
9 time is allocated 50% to electricity and 50% to water/wastewater.

10

11 Employees are responsible for tracking and allocating time spent on affiliate services in their
12 weekly timesheet, with subsequent management review.

13

14 As labour expenses are direct costs recorded based on actual time spent for affiliate services,
15 cost allocation is not required.



8.1.3 Fully Allocated Cost

Labour is charged to the affiliates as coded in the payroll CIS at a burdened rate. Please note InnPower has elected to exclude HST (with CRA) for closely related transactions with InnTerprises. Invoices are issued on a monthly basis, based on the terms outlined in the InnPower Accounts Receivable policy (which is also indicated in the shared services agreements).

8.2 Meter Reads

8.2.1 Nature of Expenses

The expense to carry out water meter reads for InnServices.

8.2.2 Cost Allocation

The water meter read cost is only attributable to water bills.

8.2.3 Fully Allocated Cost

These costs are included as part of the direct billing expenses (as described below)

8.3 Rental Space

8.3.1 Nature of Expenses

Rental space is the cubicle/office and common space used by InnPower staff providing affiliate services, as well as InnServices and InnTerprises staff stationed in the InnPower building.

8.3.2 Cost Allocation

Office / Cubicle Rental Space Expense

The rental space is billed based on a proportional use of space.

For **dedicated** staff (i.e., InnServices and InnTerprises employees working in the IPC building or InnPower staff assigned to affiliate services based on a fixed percentage), the office / cubicle rental space is calculated as:

= **◆Fixed labour allocation (100% or fixed percentage of labour time for affiliate services)◆**

×

◆Square footage of employee's office/cubicle space◆

×

(Rental space expense per square footage)

For **non-dedicated** staff (i.e., InnPower staff whose labour for affiliate services fluctuates by month), the office/cubicle rental space expense is calculated as:

(Proportion of labour hours for affiliate service to total labour hours)

×

◆Square footage of employee's office/cubicle space◆

×

(Rental space expense per square footage)

Common Areas Rental Expense

The rental space expense also includes the use of common space areas within the building, including the lunchroom, meeting rooms, washrooms, hallways, etc. IPC considers a "common area" to be any space that is accessible for use by an employee.

It is estimated that 30% of the IPC building space is considered a "common area".

The common area rental expense is calculated as:

(Office/cubicle rental space square footage)

×

(30% common space area)

×

(Rental space expense per square footage)



1 **8.3.3 Market Price**

2 As stated above, the current rate per square foot is based on a 2015 market rate study, which
3 provided escalated rates up to the year 2025. The rate has been discounted by maintenance,
4 interest and tax expenses (MITs), as the MIT expenses are included in the General and
5 Administrative expenses that are apportioned based on square footage (see General and
6 Administrative Expenses section).

7
8 Rental space is billed to the affiliates based on the adjusted market rate per square foot and HST.
9 Invoices are issued on a monthly basis, based on the terms outlined in the InnPower Accounts
10 Receivable policy (which is also indicated in the shared services agreements).

11

12 **9. INDIRECT COSTS**

13

14 **9.1 General and Administrative Expenses**

15 **9.1.1 Nature of Expenses**

16 The following Table 4-48 outlines the nature of expenses and cost drivers for indirect costs by
17 APH code, as defined in the OEB Accounting Procedure Handbook (Article 220):

1 **Table 4-48: Nature of Expenses and Cost Drivers for General and Administrative Expenses**

APH	APH Description	Cost Driver	Nature of Expenses
5610	Management Salaries & Expenses	FTE	<ul style="list-style-type: none"> Includes expenses for middle managers of the utility Professional dues are required for qualified personnel. Does not include labour expenses (directly allocated)
5615	General Administrative Salaries & Expenses	FTE	<ul style="list-style-type: none"> Includes expenses for staff of the general administration office of the utility Professional dues & training/seminars required for qualified personnel. Does not include labour expenses (directly allocated)
5620	Office Supplies & Expenses	FTE & Sq. Ft.	<ul style="list-style-type: none"> Includes office supplies & expenses incurred in connection with the general administration of the utility's operations Office supply expenses such as internet, stationary, telephone & utilities are necessary to conduct business activities for affiliate services
5635	Property Insurance	Sq. Ft.	<ul style="list-style-type: none"> Includes the cost of insurance to protect the utility against losses & damages to owned or leased property used in its utility operations. Property insurance supports the facilities required to conduct business activities for affiliate services
5640	Injuries & Damages	Sq. Ft.	<ul style="list-style-type: none"> Includes the cost of insurance or reserve accruals to protect the utility against injuries & damages claims of employees or others, losses of such character not covered by insurance, & expenses incurred in settlement of injuries & damages claims.



APH	APH Description	Cost Driver	Nature of Expenses
			<ul style="list-style-type: none"> Injuries & Damage insurance is required to mitigate risk of potential liabilities in conducting business activities for InnPower, as well as affiliate services
5665	Miscellaneous General Expenses	N/A	<ul style="list-style-type: none"> Please note that Miscellaneous General Expenses have not been included in the fully allocated cost model, as amounts related to affiliate services are immaterial
5670	Rent	Evenly Distrib	<ul style="list-style-type: none"> Includes rent properly included in utility operating expenses for the property of others used, occupied, or operated in connection with the customer accounts, customer service & informational, sales, & general & administrative functions of the utility Rent expense encompasses the postage meter for mailing business documents for InnPower, as well as affiliate services
5675	Maintenance of General Plant	FTE	<ul style="list-style-type: none"> Includes materials used & expenses incurred in the maintenance of property Maintenance of general plant includes building, computer & equipment repairs, as well as utility expenses necessary to conduct business activities for affiliate services
6105	Taxes Other Than Income Tax	Sq. Ft.	<ul style="list-style-type: none"> Includes the amounts of ad valorem, gross revenue or gross receipts taxes, “payments-in-lieu of taxes”, capital taxes, payments equivalent to municipal & school taxes, property taxes, property transfer taxes, franchise taxes, commodity taxes, & all other related taxes assessed by federal, provincial, municipal, or other local governmental authorities, except income taxes Property taxes supports the facilities required to conduct business activities for affiliate services



9.1.2 Cost Allocations

General and administrative expenses are allocated to affiliate services on a proportional basis using an appropriate cost driver (see “Cost Driver” section).

The following outlines the cost allocation methods used for the general and administrative expense categories described above.

A. Full-Time Equivalent (FTEs)

The proportion of Full-Time Equivalent employees is an appropriate cost allocator where increases or decreases of an expense correlate with the number of employees.

The following classes of expenses are allocated using FTEs:

- 5605-5615 Expenses related to management and staff of utility
- 5620 Office supplies and expenses (Internet, Stationary, etc.)
- 5675 Maintenance of general plant
-

These categories of expenses increase with the additional need for supplies, equipment and auxiliary labour costs with an increase in staff.

B. Square Footage

The proportion of Square Footage is an appropriate cost allocator where increases or decreases of an expense correlate with the usage of the building facilities.

The following classes of expenses are allocated using Square Footage:

- 5620 Office supplies and expenses (building maintenance and utilities)
- 5635 Property insurance
- 5640 Injuries and damages
- 6105 Taxes other than income tax (property tax)

These categories of expenses are required to operate the facility. As such, an increase in the usage of space within the building would substantiate a higher proportion of expenses.



C. Evenly Distributed

The proportion being evenly distributed between InnPower and its affiliates is an appropriate cost allocator where increases and decreases of an expense are incurred uniformly across all companies or the expense amount is immaterial (further analysis of cost allocation is not reasonable).

The following class of expenses is allocated by Even Distribution:

- 5670 Rent (postage meter)

This category of expenses is evenly distributed across companies, as the annual rental amount is immaterial.

9.1.3 Fully Allocated Cost

General and administrative expenses are charged to the affiliates as coded in the general ledger. Invoices are issued on a monthly basis, based on the terms outlined in the InnPower Accounts Receivable policy (which is also indicated in the shared services agreements).

9.2 Depreciation Expense

9.2.1 Nature of Expenses

The following Table 4-49 outlines the nature of expenses and cost drivers for depreciation expense by APH code, as defined in the OEB Accounting Procedure Handbook (Article 220):



1 **Table 4-49: Nature of Expenses and Cost Drivers for Depreciation**

APH	APH Description	Cost Driver	Nature of Expenses
1915	Office and Furniture	FTE	<ul style="list-style-type: none"> Includes annual depreciation expense for general office furniture and equipment. Employees providing services to affiliate companies are provided with the use of office and furniture equipment. A proportional amount of depreciation expense has been allocated to affiliate services. Please note, all assets within the 1915 assets class are applicable to affiliate services, therefore, the full annual depreciation amount was used as a basis for cost allocation.
1920	Computer Equipment Hardware	FTE	<ul style="list-style-type: none"> Includes annual depreciation expense for computer hardware, which includes all physical equipment associated with the input, processing, storage, and output functions, also word processing equipment. Employees providing services to affiliate companies are provided with the use of computer equipment hardware. A proportional amount of depreciation expense has been allocated to affiliate services. Please note, all assets within the 1920 asset class are applicable to affiliate services, therefore, the full annual depreciation amount was used as a basis for cost allocation.
1925	Computer Software	FTE	<ul style="list-style-type: none"> Includes annual depreciation expense for developed or purchased computer operating and application software that is material in amount. Employees providing services to affiliate companies are provided with the use of computer software. A proportional amount of depreciation expense has been allocated to affiliate services. Please note, not all assets within the 1925 asset class are applicable to affiliate services, therefore, a partial annual depreciation amount was used as a basis for cost allocation.

2



9.2.2 Cost Allocations

Depreciation expenses are allocated to affiliate services on a proportional basis using an appropriate cost driver (see "Cost Driver" section).

The following outlines the cost allocation methods used for the depreciation expense categories described above.

A. Full-Time Equivalent

The proportion of Full-Time Equivalent employees is an appropriate cost allocator where increases or decreases of an expense correlate with the number of employees.

The following classes of expenses are allocated using FTEs:

- 1915 Office furniture and equipment
- 1920 Computer equipment hardware
- 1925 Computer software

These categories of expenses are required for assets used to perform business activities. As such, an increase in the usage of assets (i.e., increase in staff) would substantiate a higher proportion of expenses.

9.2.3 Fully Allocated Cost

Depreciation expense is charged to the affiliates as coded in the general ledger. Invoices are issued on a monthly basis, based on the terms outlined in the InnPower Accounts Receivable policy (which is also indicated in the shared services agreements).



10. DIRECT BILLING EXPENSES

10.1 InnServices Direct Billing Expense for Utility Services

10.1.1 Nature of Expenses

The following outlines the components of direct costs incurred when issuing an electricity, water and wastewater bill (excluding labour and indirect costs):

All service types:

1. **Vendor 1:** A vendor that provides all paper collateral for bill issuance, for InnPower and InnServices.

2. **Vendor 2:** A vendor that undertakes document fulfillment, including processing, printing and mailing bills, for InnPower and InnServices.

3. **Vendor 3:** A vendor that distributes invoices for billing and collecting services, for InnPower and InnServices.

Water service type (exclusive):

1. **Vendor 4:** A vendor that completes the water meter reads for InnServices. This cost is only attributable to water bills, as described in Section 8.2.

10.1.2 Cost Allocations

Table 4-50 below shows how InnPower currently bills on the following service types:



1 **Table 4-50: Service Types for Billings**

Service Type	Description
Electricity	Electricity services are billed on electricity readings
Water	Water services are billed on water readings
Wastewater	Wastewater services are billed on water reading or a flat rate. For water-metered customers the sewer calculation is completed in the CIS based on water volumes. For flat rate sewer, the CIS calculates based on number of days in billing. No service work required
Thermal and Gas	InnPower provides third party billing for Thermal and Gas accounts on behalf of Provident Energy Management Inc. (PEMI). Thermal and Gas are billed on thermal and gas readings provided by PEMI

2
 3 Table 4-51 below shows how InnPower currently bills the following *combinations* of service
 4 types:

5
 6 **Table 4-51: Billing Service Types Combinations**

Bill Service Type Combinations
Electricity, Water and Wastewater
Electricity, Water and Wastewater, Thermal and Gas
Electricity and Water
Electricity and Wastewater
Electricity only
Water only
Wastewater Only
Wastewater and Water only



Table 4-52 below shows a breakdown of the calculation for the number of bills issued by service type (Table 4-50) and bill type combinations (Table 4-51) in a year. The number of bills in the breakdown is used for the cost allocation of direct billing expenses.

Please note, the number of bills for each service type is determined by dividing the total number of bills for each bill type combination by the number of services provided (i.e. Electricity & Water bill is divided by two (i.e., 20,000 electricity & water bills / 2 services = 10,000 bills each for electricity and water)).

Table 4-52: Number of Annual Bills Issued by Service and Bill Type

Bill Type Combination	Number of Bills					
	Electricity	Water	Wastewater	Thermal	Gas	Total
Electricity, Water & Wastewater, Thermal & Gas	N.2	O.2	P.2	Q	R	Sum of Row
Electricity & Water	N.3	O.3				Sum of Row
Electricity & Wastewater	N.4		P.3			Sum of Row
Electricity Only	N.5					Sum of Row
Water Only		O.4				Sum of Row
Wastewater Only			P.4			Sum of Row
Wastewater & Water Only		O.5	P.5			Sum of Row
Total Bills	Sum of N above	Sum of O above	Sum of P above	Sum of Q above	Sum of R above	Sum of Row

Table 4-53 below shows a breakdown of the calculation for direct billing expenses incurred for all services in a year. The expense is allocated to each service type (i.e., Electricity, Water, Wastewater, Gas and Thermal) using the number of annual bills issued to identify the affiliate services expense (as indicated in Table 4-51).

Table 4-53: Total Cost of Bill Components (including 15% Service Fee)

Cost Type	Cost (\$)
All Service Types	
Vendor 1	S.1
Vendor 2	S.2
Vendor 3	S.3
Vendor 4	S.4
Subtotal	Sum of S.1-S.4 = S
15% Service Fee	$S \times 15\% = T$
Total	S + T

Water (Exclusive)	Cost (\$)
Vendor 5	U
Subtotal	Sum of U
15% Service Fee	$U \times 15\% = V$
Total	U + V

Total Annual Direct Cost	T + V
---------------------------------	--------------

Table 4-54. below shows a breakdown of the calculation for total cost by bill type combination and service type for a year. The Total Cost of Bill Components excluding direct Water is divided by the number of bills issued for each service type and bill combination to determine a total cost by Bill Type (as described in the “Cost Driver” section). Direct Water is divided by the number bills issued for Water and Wastewater for each bill combination and added to the costs of those services.

Table 4-54: Total Cost by Bill Type (including 15% Service Fee)

Bill Type Combination	Cost (\$)				
	Electricity	Water	Wastewater	Thermal	Gas
Electricity, Water & Wastewater	W.1	X.1	Y.1		
Electricity, Water & Wastewater, Thermal & Gas	W.2	X.2	Y.2	Z.1	AA.1
Electricity & Water	W.3	X.3			
Electricity & Wastewater	W.4		Y.3		
Electricity Only	W.5				
Water Only		X.4			
Wastewater Only			Y.4		
Wastewater & Water Only		X5	Y.5		
Total Bills	Sum of W above	Sum of X above	Sum of Y above	Sum of Z above	Sum of AA above

10.1.3 Fully Allocated Cost

Direct billing expenses are charged to the affiliates as coded in the general ledger (for the specified vendors). Please note, direct billing expenses charged through affiliate services are strictly limited to water and wastewater cost allocations (excludes Electricity, Thermal and Gas). Invoices are issued on a monthly basis, based on the terms outlined in the InnPower Accounts Receivable policy (which is also indicated in the shared services agreements).

10.2 InnTerprises Direct Billing Expense for Sentinel Lights

10.2.1 Nature of Expenses

InnPower bills customers for sentinel lights on a monthly basis on behalf of InnTerprises.

10.2.2 Cost Allocations

Direct billing costs are allocated using monthly fixed and variable fees (per number of customers). The rates reflect the OEB Energy Retailer Service charges, which are updated on an annual basis.

Please note, billing labour costs for sentinel lights are included in the fixed and variable charges and are not recorded in a separate intercompany job.



10.2.3 Regulated Rates

Direct billing expenses for sentinel lights are charged to the affiliates. Please note, due to the immaterial amount of billing services, InnPower found it prudent to charge regulated rates. Also, please note that InnPower has elected to exclude HST (with CRA) for closely related transactions with InnTerprises. Invoices are issued on a monthly basis, based on the terms outlined in the InnPower Accounts Receivable policy (which is also indicated in the shared services agreements).

10.3 Additional Fees

10.3.1 Service Fee

InnPower is currently charging a 15% service fee on billing services. The service fee is applied to labour, general and administrative expenses and depreciation. Management deemed the 15% service fee as reasonable, to bring pricing in line with market rates.

10.3.2 Return on Capital

As per ARC 2.3.4.2, *"where a reasonably competitive market does not exist for a service, product, resource or use of asset that a utility sells to an affiliate, the utility shall charge no less than its fully-allocated cost to provide that service, product, resource or use of asset. The fully-allocated cost shall include a return on the utility's invested capital. The return on invested capital shall be no less than the utility's approved weighted average cost of capital"*.

InnPower has used its approved weighted average cost of capital of 5.58% to calculate the return to be included to ensure that the criterion of 'fully allocated' costs is met.

Accordingly, a 5.58% return was added on rate base for assets allocated to affiliate services (i.e., office furniture and equipment, hardware, software, and building). Similar to cost allocations for depreciation, the proportion of rate base for office furniture and equipment, hardware and software is based on the number of equivalent FTEs for each affiliate service. For the building, the proportion of rate base is allocated based on the square footage for each affiliate service.

The Total Return on Invested Capital is grossed up by 26.5% (federal and provincial tax rate) to account for Payment in Lieu of Federal and Provincial Corporate Tax (PILS).

The return on capital is calculated as:

$$= (\text{EBITDA} \times 5.58\% \times 7.50\%) + \text{RREARRRRREE ooEE RRRRRREE BBRREEE} \times \frac{1}{1 - 26.50\%}$$

10.3.3 Board of Director Fees

InnPower Corporation confirms there are no Board of Director costs for affiliates included in the utility's own costs, as transactions are recorded through the respective affiliate company's accounting records.

11. AFFILIATE SERVICES BILLING STRUCTURE

Table 4-55: Summary of Affiliate Services Billing Structure

	Affiliate Service	Frequency of Billing	Description	Annual True-Up ²
InnServices	Management Services	Monthly	Labour expense is billed according to time recorded in intercompany jobs. Fully allocated costs are based on previous years expenses recorded in the GL accounts	Yes

² The fully-allocated costs are based on an estimate from prior year expenses. Once the audited financial statements are completed, the expenses are updated and an adjustment is charged/refunded to the affiliate.



	Affiliate Service	Frequency of Billing	Description	Annual True-Up ²
			(allocated over 12 months)	
	Financing Services	Monthly	Labour expense is billed according to time recorded in intercompany jobs. Fully allocated costs are based on previous years expenses recorded in the GL accounts (allocated over 12 months)	Yes
	Billing Services	Monthly	A per bill rate is used based on prior year expenses recorded in the GL accounts and number of bills issued. The per bill rate is multiplied by the number of bills issued in the month	Yes
	Rental Space	Monthly	Billed based on square footage utilized for affiliate	No



	Affiliate Service	Frequency of Billing	Description	Annual True-Up ²
			services in the month (i.e. square footage x rate per square foot)	
InnTerprises	Management Services	Monthly	Labour expense is billed according to time recorded in intercompany jobs. Fully allocated costs are based on previous years expenses recorded in the GL accounts (allocated over 12 months)	Yes
	Financing Services	Monthly	Labour expense is billed according to time recorded in intercompany jobs. Fully allocated costs are based on previous years expenses recorded in the GL accounts (allocated over 12 months)	Yes
	Billing Services	Monthly	Billed based on the number of customers in the	No



	Affiliate Service	Frequency of Billing	Description	Annual True-Up ²
			month using the OEB retailer service charge rates	
	Rental Space	Monthly	Billed based on square footage utilized for affiliate services in the month (i.e. square footage x rate per square foot)	No

1

2 **12. FULLY ALLOCATED COST MODEL**

3 The table below provides a summary of fully allocated costs for affiliate services provided to
4 InnTerprises and InnServices from 2017 to 2022.

5

6 Please note the amounts allocated to InnPower include only an allocation of the subset of costs
7 that are identified as being shared between the affiliates.



Table 4-56: Summary of Fully Allocated Costs by Service Type

		Service Offered	Pricing Methodology	2017		2018		2019		2020		2021		2022		2023		2024	
Frm	To			Price	Cost	Price	Cost	Price	Cost	Price	Cost	Price	Cost	Price	Cost	Price	Cost	Price	Cost
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
IPC	IUI	Financial Labour	Fully-Allocated Cost			\$ 439,274	\$ 422,599	\$ 534,302	\$ 514,910	\$ 708,822	\$ 688,863	\$ 562,834	\$ 544,316	\$ 523,047	\$ 502,331	\$ 1,070,837	\$ 771,947	\$ 1,176,691	\$ 814,712
IPC	IUI	Billing Labour	Fully-Allocated Cost			\$ 200,049	\$ 146,631	\$ 154,978	\$ 107,844	\$ 167,890	\$ 117,236	\$ 170,775	\$ 122,026	\$ 222,697	\$ 167,727	\$ 455,929	\$ 257,751	\$ 500,998	\$ 272,030
IPC	IUI	Rental Space (Financial)	Market Price			\$ 13,213	\$ 13,213	\$ 16,667	\$ 16,667	\$ 16,834	\$ 16,834	\$ 17,654	\$ 17,654	\$ 18,316	\$ 18,296	\$ 37,498	\$ 28,116	\$ 41,205	\$ 29,674
IPC	IUI	Rental Space (Billing)	Market Price			\$ 1,581	\$ 1,581	\$ 1,720	\$ 1,720	\$ 1,817	\$ 1,817	\$ 1,893	\$ 1,893	\$ 2,899	\$ 2,899	\$ 5,935	\$ 4,455	\$ 6,522	\$ 4,702
IPC	ITP	Financial Labour	Fully-Allocated Cost			\$ 22,322	\$ 21,384	\$ 30,790	\$ 29,518	\$ 38,243	\$ 36,811	\$ 93,863	\$ 92,170	\$ 95,171	\$ 94,103	\$ 194,844	\$ 144,611	\$ 214,105	\$ 152,622
IPC	ITP	Rental Space	Fully-Allocated Cost			\$ 431	\$ 431	\$ 443	\$ 443	\$ 541	\$ 541	\$ 5,678	\$ 5,678	\$ 4,469	\$ 4,469	\$ 9,149	\$ 6,868	\$ 10,054	\$ 7,248
Corporate Cost Allocation																			
IPC	IUI	Gen & Admin Exp (Financial)				\$ 40,241	\$ 40,241	\$ 45,858	\$ 45,858	\$ 41,040	\$ 41,040	\$ 36,981	\$ 36,981	\$ 24,056	\$ 24,056	\$ 36,968	\$ 36,968	\$ 39,016	\$ 39,016
IPC	IUI	Gen & Admin Exp (Billing)				\$ 15,158	\$ 15,158	\$ 11,032	\$ 11,032	\$ 8,690	\$ 8,690	\$ 8,660	\$ 8,660	\$ 9,634	\$ 9,634	\$ 14,805	\$ 14,805	\$ 15,625	\$ 15,625
IPC	IUI	Direct Billing Expense				\$ 162,573	\$ 162,573	\$ 169,740	\$ 169,740	\$ 185,301	\$ 185,301	\$ 169,267	\$ 169,267	\$ 161,903	\$ 161,903	\$ 248,801	\$ 248,801	\$ 262,585	\$ 262,585
IPC	IUI	Depreciation (Financial)				\$ 19,110	\$ 19,110	\$ 18,493	\$ 18,493	\$ 19,714	\$ 19,714	\$ 15,521	\$ 15,521	\$ 10,630	\$ 10,630	\$ 16,335	\$ 16,335	\$ 17,240	\$ 17,240
IPC	IUI	Depreciation (Billing)				\$ 9,090	\$ 9,090	\$ 5,483	\$ 5,483	\$ 5,235	\$ 5,235	\$ 4,953	\$ 4,953	\$ 4,892	\$ 4,892	\$ 7,518	\$ 7,518	\$ 7,934	\$ 7,934
IPC	ITP	General & Admin Expense				\$ 2,211	\$ 2,211	\$ 2,428	\$ 2,428	\$ 2,466	\$ 2,466	\$ 8,417	\$ 8,417	\$ 4,393	\$ 4,393	\$ 6,751	\$ 6,751	\$ 7,125	\$ 7,125
IPC	ITP	Depreciation Expense				\$ 1,053	\$ 1,053	\$ 980	\$ 980	\$ 1,292	\$ 1,292	\$ 2,315	\$ 2,315	\$ 1,595	\$ 1,595	\$ 2,451	\$ 2,451	\$ 2,587	\$ 2,587
IPC	ITP	Direct Billing Expense				\$ 2,208	\$ 2,208	\$ 4,416	\$ 4,416	\$ 4,499	\$ 4,499	\$ 4,584	\$ 4,584	\$ 4,416	\$ 4,416	\$ 6,786	\$ 6,786	\$ 7,162	\$ 7,162
Total						\$ 757,539	\$ 704,939	\$ 928,514	\$ 857,483	\$ 997,330	\$ 929,532	\$ 1,202,384	\$ 1,130,339	\$ 1,103,395	\$ 1,034,435	\$ 1,088,118	\$ 1,011,344	\$ 2,114,607	\$ 1,554,162
						\$ 2,308,849	\$ 1,640,262												
GL Account Balance						\$ 927,387	\$ 1,171,945	\$ 1,565,066	\$ 1,226,993	\$ 1,217,885	\$ 985,242	\$ 1,569,564	\$ 1,266,622	\$ 1,569,057	\$ 1,026,780	\$ 925,764	\$ 893,437	\$ 2,114,607	\$ 1,554,162
						\$ 2,308,849	\$ 1,640,262												
Difference						\$ 169,848	\$ 467,006	\$ 636,552	\$ 369,510	\$ 220,555	\$ 55,710	\$ 367,180	\$ 136,283	\$ 465,662	\$ (7,655)	\$ (162,354)	\$ (117,907)	\$ -	\$ -
Adjustments						\$ 169,848	\$ 467,006	\$ 636,552	\$ 369,510	\$ 220,555	\$ 55,710	\$ 367,180	\$ 136,283	\$ 465,662	\$ (7,655)	\$ (162,354)	\$ (117,907)	\$ -	\$ -

InnPower has filed OEB Appendix 2-N Shared Services as Appendix 4-2-1 (B)



13. FULLY ALLOCATED COST RECONCILIATION

Based on the Affiliate Services agreements, the fully allocated costs used in a year are estimated based on the prior year expenses. Once the audited financial statements are completed, the costs are adjusted to actuals. Any differences between the estimated and actual expense are subsequently charged or refunded to the affiliate.

14. MANAGEMENT REVIEW

On a monthly basis, the Finance Manager to review and approve:

- The Financial Analyst prepares the invoice for monthly IUI Financial and Billing Services, as well as the Rental Space.
- The Financial Analyst prepares the invoice for monthly ITP Management, Financial and Billing Services, as well as the Rental Space.
- The Finance and Regulatory Specialist will prepare the estimate and adjustment to actuals (once audited financial statements are received) for Management, Financial and Billing Services fully allocated costs. The Financial Analyst will prepare an invoice to each affiliate based on the estimate and adjustment amount provided.

On a quarterly basis, the Finance Manager and Chief Compliance Officer and VP of Corporate Services to review:

- Allocation of employee labour time to affiliate services to ensure reasonability.

On an annual basis, the Finance Manager to review and approve:

- Calculation of fully allocated costs for affiliate services based on prior year audited financial statements prepared by the Finance and Regulatory Specialist.
- Issuance of invoice for adjustment to fully allocated costs to each affiliate prepared by the Financial Analyst.

On an annual basis, the Finance and Regulatory specialist to review:



- The fully allocated cost model and report to ensure it appropriately reflects affiliate services provided, as well as direct and indirect costs. Any subsequent changes will be documented and communicated to the appropriate parties, with approval from the Finance Manager.

On an annual basis, the CFO to review:

- The Affiliate Service Level Agreements to determine whether any updates or changes are required, with a full review and renewal every three years (as per ARC).

15. THE 2018 OEB INSPECTION OF AFFILIATE SERVICES

15.1 Background

In the Decision and Order for InnPower Corporation's last cost-of-service proceeding (EB-2016-0085), the OEB stated it would undertake an audit of the affiliate transactions to ensure the allocation of costs and approach to costing and applicable revenue complies with the Affiliate Relationship Code (ARC). Additionally, two new variance accounts were created to account for the difference between the approved forecasted affiliate revenues/costs and actual revenues/fully allocated costs (as determined by the audit).

The audit began in August 2018 and was finalized in January 2019. The inspection assessed whether InnPower Corporation complied with OEB Codes and accounting guidance with regards to the accounting for revenues and costs of services provided to its non-rate regulated affiliates, including the allocation of those costs.

OEB staff reviewed InnPower Corporation's processes used to calculate the forecasted affiliate revenues and expenses submitted in the 2017 Cost of Service proceeding, as well as its 2018 year-to-date processes of recording its affiliate transactions.

OEB staff also reviewed InnPower Corporation's procedures, systems, and controls with respect to the tracking, recording, calculating, and reporting of affiliate transactions. OEB staff also



interviewed key InnPower staff and reviewed supporting documents such as Service Agreements, policies and procedures, cost analyses, and accounting records.

After a thorough review, the OEB finalized the audit in January 2021 and issued the Inspection Report for Affiliate Transactions. In the report, OEB staff found that InnPower had not priced or costed services provided its affiliate entities in compliance with the Affiliate Relationship Code (ARC).

More specifically:

- The pricing methodology (for services provided) to affiliates was not based on market price or fully-allocated cost.
- The costing methodology (for services provided) to affiliates was not on a fully-allocated cost basis.
- The service agreements excluded some of the terms required under ARC.
- Management review processes were not established to ensure ongoing compliance with ARC.

Following the audit, InnPower Corporation extensively reviewed internal processes and methodologies based on the OEB inspection report. As a result, InnPower has made the following revisions:

- Identified the pricing methodology for each affiliate service provided and determined the appropriate approach (i.e., market price or fully-allocated cost).
- Identified all indirect costs incurred with affiliate services and determined a method of cost allocation based on an appropriate driver of costs.
- Revised the service agreements to include all of the terms required under ARC and engaged a legal team to review.
- Implemented additional internal control measures, including management review to ensure the accuracy of affiliate service transactions reported to the OEB.



InnPower Corporation has made considerable effort to ensure compliance with the Affiliate Relationship Code. More specifically, that ratepayers are protected from any harm that may arise as a result of transactions between InnPower Corporation and its affiliates, as well as preventing any cross-subsidizing of affiliate activities.

15.2 Affiliate Services Accounting Order

In the Decision and Order for InnPower Corporation's last cost-of-service proceeding (EB-2016-0085), the OEB ordered the creation of two new variance accounts for the difference between the approved forecasted affiliate revenues/costs and actual revenues/fully allocated costs. In a letter dated April 9, 2019, the OEB finalized the audit and ordered InnPower to record an amount for affiliate revenues and affiliate expenses based on the audit findings.

Please refer to Exhibit 9-1-3 for additional details on the variance accounts for affiliate services.

16. THIRD PARTY REVIEW OF CORPORATE COST ALLOCATION METHODOLOGY

InnPower Corporation engaged Elenchus Research Associates (Elenchus) to review a draft report entitled "*InnPower Corporation Costing Methodology for Affiliate Services*", as well as an associated Excel Model entitled "*InnPower ARC Fully Allocated Cost Model*". The purpose of the review was to ensure the methodology addressed the OEB Inspection Report Findings, as well as the regulations outlined in the Affiliate Relationship Code.

Elenchus reviewed the initial documents and subsequent iterations, as InnPower made changes based on the constructive feedback received from Elenchus. The process led both parties to thoroughly review the full scope of affiliate services, pricing methodology and cost allocations.

Following the review, Elenchus issued a report (dated April 18, 2022), confirming that the practices documented by InnPower Corporation are consistent with the Affiliate Relationship Code. Please refer to Appendix 4-2-1 (A) for Elenchus' Affiliate Relationship Code Review report.

Please note, Elenchus reviewed the finalized "*InnPower Corporation Costing Methodology for Affiliate Services*" report dated January 2022 and the associated model. The methodology



outlined in the document is effective for transactions retroactive to January 1, 2020. As InnPower was undergoing a review of the process and model, the annual true-up adjustment entries for 2020 and 2021 were deferred until 2022.

In 2022, InnPower Corporation adjusted its accounting records to reflect pricing and costs for both InnServices and InnTerprises services using the method reviewed by Elenchus. However, as the ARC guidelines indicate that a utility is only required to include a return on the utility's investment capital in an amount no less than the approved weighted average cost of capital, InnPower Corporation waived the 15% service fee on management and financial services for InnServices and InnTerprises.

17. THIRD PARTY REVIEW OF AFFILIATE SERVICES AGREEMENTS

InnPower Corporation engaged Borden Ladner Gervais LLP (BLG) to draft and review the affiliate service agreements for IUI and ITP. As a result of this review InnPower Corporation has revised the agreements to include the following items (as specified in section 2.2.1 of the ARC):

- Cost allocation mechanism for the service provided
- Confidentiality agreements
- Apportionment of risk
- Dispute resolution process

18. HISTORICAL AFFILIATE SERVICES METHODOLOGY

As noted above, the methodology reviewed by Elenchus was made retroactive to January 1, 2020. As a result, the period between January 1, 2018, and December 31, 2019, utilized a similar, but slightly different approach.

As part of the 2018 OEB affiliate services audit, InnPower Corporation redeveloped the affiliate services methodology, which addressed the audit findings and adhered to the rules outlined in the affiliate relationship code. Although the model was sufficient, InnPower found it prudent to undergo a third-party review for additional assurance that InnPower was compliant with the ARC.



Although the most recent revision gave rise to slight changes in the pricing and costing methodology, the modifications are not believed to be material in nature. As such, InnPower Corporation did not make the changes retroactive to January 1, 2018.

19. PROSPECTIVE AFFILIATE SERVICES METHODOLOGY

InnPower Corporation seeks to consistently modify and improve the affiliate services methodology as business practices, regulations and best practices evolve.

In 2022, InnPower has added an additional role to the affiliate services provided. Beginning in 2023, InnPower will also receive services from affiliate companies. Most notably, these include the following:

- The InnPower Chief Financial Officer now serves as the InnServices Chief Financial Officer (2022)
- InnServices plans to share personnel with InnPower including the following positions: Chief Compliance Officer & Vice President of Corporate Services (50% split) (2023)
 - This executive position oversees customer service, corporate communications, corporate services and information technology (IT).
- Legal Services Coordinator (50% split) (2024)
 - This position will manage corporate services, which includes privacy, records management and legal review.
- Manager, Health, Safety and Equity (50% split) (2024)
 - This position will create, manage and maintain all health and safety measures and programs.
- Manager, IT/OT (50% split) (2024)
 - This position will oversee all information technology (IT) and operational technology (OT).
 - IT
 - Laptops
 - Internal infrastructure
 - Servers



- Software
 - OT
 - SCADA system
 - External switches
 - In-line
 - Distribution stations
- IT/OT Security Specialist (50% split) (2024)
 - This position will oversee, implement and maintain cyber security measures.
- The above noted services will be allocated on a 50% split between InnServices and InnPower.
- Affiliate services being provided to InnPower, as noted above, will be charged to InnPower at the lower of fully allocated cost or market pricing, if market pricing exists.
- As the above noted positions reside in the affiliate company, InnPower will also be charging the affiliate for all direct and indirect costs associated with maintaining office/cubicle space at the InnPower building.

20. SHARED SERVICES AND CORPORATE COST VARIANCE ANALYSIS

Table 4-57: Shared Services Revenue and Cost 2017 OEB Approved to 2024 Test Year

Program	2017 OEB Approved	2024 Test Year	Change (\$)	Change (%)
4375 Shared Services Revenue	(1,599,850)	(2,424,049)	(824,199)	52%
4380 Shared Services Costs	1,543,250	1,640,262	97,012	6%
Total	(56,600)	(783,787)	(727,187)	1285%



Assessment:

- From 2017 OEB Approved to 2024 Test Year revenues have increased 52%, which is a result of increased shared services billed to affiliates since 2017.
 - In 2024, InnPower will share several positions with InnServices (as noted in section 19 above).
- From 2017 OEB Approved to 2024 Test Year costs increased 6%.
 - It is unclear how the 2017 OEB costs were derived, given the new Executive and Management since the last rebasing. Given that InnPower has completed a full review of costing methodologies, the amount reported for 2024 is deemed reasonable.

Table 4-58: Shared Services Revenue and Cost 2022 Actuals to 2024 Test Year

Program	2022 Historical Year	2024 Test Year	Change (\$)	Change (%)
4375 Shared Services Revenue	(925,764)	(2,424,049)	(1,498,285)	162%
4380 Shared Services Costs	893,437	1,640,262	746,825	84%
Total	(32,328)	(783,787)	(751,460)	2325%

Assessment:

- From 2022 Actuals to 2024 Test Year revenues have increased 162%.
 - This is a result of increased shared services billed to affiliates going into 2024.
 - Additionally, InnPower trued-up the shared services transactions for 2020 and 2021 following the review. As if was decided that InnPower would no longer charge a 15% service fee on management and financial services, the 2022 invoice was significantly lower than normal to credit the affiliate companies the service fee that accumulated over a period of two years.
- From 2017 OEB Approved to 2024 Test Year costs increased 84%.
 - This is a result of increased shared services billed to affiliates going into 2024.
 - Additionally, InnPower trued-up the shared services transactions for 2020 and 2021 following the review. As if was decided that InnPower would no longer charge a 15% service fee on management and financial services, the 2022



1 invoice was significantly lower than normal to credit the affiliate companies the
2 service fee that accumulated over a period of two years.

3

4

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6



4-2-2 PURCHASES OF NON-AFFILIATE SERVICES

The InnPower Purchasing Policy is provided in this exhibit as Appendix 4-2-2 (A), as required by the Filing Requirements.

InnPower has a formal signing authority policy, which is structured with various levels of approvals. This policy offers significant control for the procurement and payment of vendor invoices and is continually monitored by the Finance Department. The following are the current signing authority levels under the policy:

\$0 to \$25,000	A supervisor or manager shall review and authorize or delegate signing authority to specific staff any purchase approved in the Budget with a total value of up to and including \$25,000.
\$25,001 to \$100,000	A supervisor or manager and that individual's supervisor shall review and authorize any purchase approved in the Budget with a total value between \$25,001 and \$100,000, inclusively.
\$100,001 to \$250,000	An Executive or designate and the CFO/Treasurer shall review and authorize any purchase approved in the Budget with a total value between \$100,001 and \$250,000, inclusively.
\$250,001 or greater	The President & CEO shall review and authorize any annual purchase approved in the Budget equal to or greater than \$250,001 and up to and including a three (3) year term.



1 \$250,001 or greater The Board of Directors shall require the President & CEO
2 & more than to obtain Board authorization for all purchases and renewals
3 4 years that are equal to or greater than \$250,001 and equal to or greater
4 than a four (4) year term, or where single or sole sourcing is
5 required.

6
7 Unique authorities are also utilized under the policy for large recurring items such as power
8 purchases from the IESO, PILs, and payroll deductions, among others. All invoices and payment
9 requisitions greater than \$100,000 must be signed by two Executives.

10
11 The following table provides a listing of the material products and services purchased from Non-
12 Affiliate Suppliers in the year 2022.

1 **Table 4-59: Products and Services from Non-Affiliates in 2022**

Supplier Name	Service Product	Total
INDEPENDENT ELECTRICITY SYSTEM OPERATOR	Electricity	14,810,793.92
HYDRO ONE NETWORKS INC.	Distributor	6,544,301.25
BLACK & McDONALD LIMITED	Maintenance/Capital Work	3,454,315.96
K-LINE MAINTENANCE & CONSTRUCTION LTD.	Maintenance/Capital Work	2,052,325.14
NORAMCO WIRE & CABLE	Maintenance/Capital Work	1,585,917.36
ONT MUNICIPAL EMPLOYEES	Pension Benefits	1,121,442.30
NBM ENGINEERING INC.	Maintenance/Capital Work	950,835.13
ANIXTER POWER SOLUTIONS CANADA INC.	Maintenance/Capital Work	806,518.59
STELLA-JONES INC.	Maintenance/Capital Work	604,009.03
OLAMETER INC.	Locates	545,890.80
W.M. WELLER TREE SERVICE LTD.	Maintenance/Capital Work	544,777.35
Red Power Electric	Maintenance/Capital Work	515,333.00
PROVIDENT ENERGY MANAGEMENT	Thermal/Gas	470,093.26
MANULIFE FINANCIAL	Benefits	362,928.55
G & W CANADA	Maintenance/Capital Work	300,720.00
WORKPLACE SAFETY AND	Benefits	274,308.79
S&C ELECTRIC CANADA LTD	Maintenance/Capital Work	213,260.00
CAM TRAN COMPANY LIMITED	Maintenance/Capital Work	197,356.75
K.P.C. POWER ELECTRICAL LTD.	Maintenance/Capital Work	185,808.19
STURDY POWER LINES LTD.	Maintenance/Capital Work	176,860.10
CES TRANSFORMERS	Maintenance/Capital Work	174,520.00
Hitachi Energy Canada Inc	Maintenance/Capital Work	168,342.69
CANADA POST CORPORATION	Postage	166,820.62
SURVALENT TECHNOLOGY	IT Services	164,143.00
Arete IR Advisors Canada ULC	IT Services	161,903.72
PTI Transformers LP	Maintenance/Capital Work	151,700.00
AEGISYS	IT Services	145,159.24
SENSUS CANADA INC.	Meter Data Management	135,372.68
Domino HighVoltage Supply Inc	Maintenance/Capital Work	134,223.76
HARRIS COMPUTER SYSTEMS	IT Services/Software	127,439.15
KTI LIMITED	Maintenance/Capital Work	116,129.00
BDO CANADA LLP	IT Services/Software	111,451.10
JUBB UTILITY SUPPLY LTD.	Maintenance/Capital Work	106,569.96
ERTH HOLDINGS INC.	IT Services/Software	94,680.32
CDW CANADA INC.	IT Services/Software/Hardware	93,385.15
ONTARIO ENERGY BOARD	Assessments and Fees	92,605.25
UTILISMART CORPORATION	Meter Data Management and Services	92,510.69
Ford Credit Canada Company	Fleet Lease	88,715.19
BORDEN LADNER GERVAIS LLP	Legal Services	87,020.25
Trane Canada ULC	Maintenance/Capital Work	82,910.86
SYSTEMS WITH INTELLIGENCE INC.	IT Services	79,468.65

2
3
4 InnPower confirms that it complies with its Purchasing Policy for all products purchased from non-
5 affiliates and that no exceptions have been identified.



1
2 For 2023 Bridge Year and 2024 Test Year, InnPower anticipates that many of the same vendors
3 will be used as in prior years. It should be noted, InnPower will continually search for new
4 suppliers and materials to maintain cost efficiency, address supply chain issues and maintain
5 quality standards.

4-2-3 ONE-TIME COSTS

1. REGULATORY ONE-TIME COSTS

InnPower Corporation confirms that there are regulatory one-time costs being requested for recovery over the 2024-2028 Test Years related to this Application, per the Chapter 2 Filing Requirements for Electricity Distribution Rate Applications. Please refer to section 4-2-4 and Appendix 4-2-4 OEB Appendix 2-M Regulatory Costs Schedule for an outline of historical, Bridge Year and Test Year costs, which are divided between one-time costs and ongoing costs.

In accordance with the Filing Requirements, InnPower commits to updating these forecasted costs in OEB Appendix 2-M at the Draft Rate Order stage of the proceeding.

2. COVID-19 ONE-TIME COSTS

As a result of the COVID-19 pandemic, InnPower saw an increase in OM&A spend over the period of 2020 to 2022. The incremental costs observed include:

- Increases in labour costs for COVID-19 related sick-time.
- Increases in labour expenses related to COVID-19 related programs including Enhanced LEAP, CEAP, COVID-19 related customer communications, etc.
- Increases in health and safety costs related to purchases of personal protective equipment for staff, signage and protective barriers within the InnPower building.
- Increases in vehicle-related costs, due to social distancing of staff traveling for work (i.e., elimination of vehicle sharing).
- Please note, InnPower was able to mitigate a large influx in costs in 2020, due to the elimination of desktop computers and transition to paperless processes years earlier.

The costs noted above were initially tracked in the 1509 sub-accounts but were later transferred to operational expense accounts. InnPower Corporation notes that although the incremental costs related to the COVID-19 pandemic exceed the materiality threshold as of December 31, 2022, InnPower Corporation was able to manage the pandemic-related impacts within the existing



- 1 budget. As such, the balance in the above noted COVID-19 sub-accounts is nil and disposition
- 2 of the account will not be requested in the current application.
- 3
- 4 InnPower recognizes that these are one-time costs related to an event that has ended. As such,
- 5 the 2024 OM&A expenses do not reflect any additional OM&A costs related to the COVID-19
- 6 pandemic.
- 7
- 8 Except for the regulatory costs noted above, all other costs presented in the proposed 2024 Test
- 9 Year OM&A budget are considered regular year-over-year expenses.



4-2-4 REGULATORY COSTS

Regulatory costs for InnPower Corporation include the OEB's cost assessments and license fees, intervenor and other cost awards, annual regulatory surveys, professional services (legal and consulting) and cost of service applications. InnPower Corporation utilizes the Uniform System Account (USoA), 5655 Regulatory Expenses, 5630 Outside Services and 1180 Prepaid Cost of Service to record these expenses. Please refer to Appendix 4-2-4 (A) OEB Appendix 2-M – Regulatory Cost Schedule for an outline of historical, Bridge Year and Test Year costs, which are divided between one-time costs and ongoing costs.

1. ONGOING COSTS

The following table outlines the historical and projected ongoing regulatory costs from 2017 to 2024:

1 **Table 4-60: Ongoing Regulatory Costs from 2017 to 2024**

USoA		Historical						Bridge	Test
		2017	2018	2019	2020	2021	2022	2023	2024
OEB Annual Assessment	5655	\$72,098	\$68,299	\$70,592	\$72,873	\$60,572	\$90,937	\$91,528	\$94,298
OEB Annual Membership	5655	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800
Legal Costs for Regulatory Matters	5655/ 5630			\$10,155	\$55,089	\$5,217	\$6,938		
Consultant Costs for Regulatory Matters	5655				\$7,469	\$12,095	\$2,475		
Operating Expenses Associated with Resources Allocated to Regulatory Matters	5655	\$16,112	\$11,060	\$21,399	\$11,470	\$22,900	\$11,700	\$23,587	\$12,051
Intervenor Cost Awards	5655	\$1,806	\$1,320	\$2,077	\$2,381	\$1,631	\$2,211	\$1,648	\$1,697
1/5 of Total One-Time Costs									\$62,865
Total		\$90,816	\$81,479	\$105,023	\$150,082	\$103,215	\$115,061	\$117,563	\$171,711

2
3
4



InnPower Corporation's ongoing costs have increased from the period of 2017 to 2024 as a result of the escalating annual assessment fees paid to the OEB. Additionally, in an ongoing effort to address previous regulatory matters, the utility completed a comprehensive review of shared services, with the majority of work completed during 2020. As such, legal and consulting costs are slightly higher in 2020 compared to the average six-year historical period (2017-2022).

2. ONE-TIME COSTS

The following table outlines the historical and projected one-time regulatory costs from 2017 to 2024:



1 **Table 4-61: One-Time Regulatory Costs from 2017 to 2024**

	OEB Approx.	Historical						Bridge	Test
	2017	2017	2018	2019	2020	2021	2022	2023	2024
OEB Costs Awards for COS	5655		\$44,545					16,500	
OEB Assurance of Voluntary Compliance Penalty	5655			\$25,000		\$5,000			
Legal Costs for COS Rate Application	5655 /1180	\$281,654	\$62,547					\$100,000	
Consultant Costs for COS Rate Application	5655 /1180	\$11,759	\$1,101			\$39,442	\$11,662	\$91,720	
Intervenor Cost Awards	5655/ 1180		\$106,766					\$50,000	
Total		\$293,413	\$214,959	\$25,000	\$0	\$44,442	\$11,662	\$258,220	\$0

2
3
4 InnPower Corporation's one-time costs include carry over from the previous 2017 Cost of Service
5 application. On June 16, 2016, the utility filed a Custom IR application for rates effective January
6 1, 2017. Subsequently, on November 28, 2016, the utility opted to change the application to a
7 Price Cap IR option. The final rate order (EB-2016-0085) for 2017 rates was not issued until May
8 3, 2018 (approximately seventeen months later). As such, InnPower Corporation incurred legal,



1 consulting, intervenor and OEB hearing costs for matters related to the 2017 Cost of Service
2 application in 2017 and 2018.

3
4 Please note that the utility recorded one-time costs for the 2017 rate application as incurred,
5 therefore, prior costs have not been allocated over the subsequent five-year period (2017-
6 2021). As a result, InnPower has recorded one-time costs of \$293,413 and \$214,959 in 2017
7 and 2018, respectively. To mitigate rate impacts, InnPower will not be seeking recovery of these
8 expenses in the 2024 rate application.

9
10 InnPower Corporation's one-time costs also include expenses incurred for the current 2024 Cost
11 of Service Application. Under the Price Cap IR rate setting method, the utility is required to rebase
12 distribution rates on a five-year cycle. In lieu of a filing for 2022 electricity distribution rates,
13 InnPower Corporation opted to defer the 2022 and 2023 Cost of Service application. Although
14 the filing deadline was postponed, the management team began work on the application in
15 2021. Most notably, significant expenses were incurred during 2021 when the Distribution
16 System Plan was initiated. InnPower Corporation has included one-time consulting expenses
17 related to the 2024 Cost of Service application over the period of 2021 to 2023.

18
19 In compliance with OEB policy and the Filing Requirements, InnPower has recorded the 2024
20 rate application costs in a prepaid account, that upon Board approval will be amortized over a
21 five-year period (beginning in 2024). To determine the five-year amortization amount, InnPower
22 used the budgeted cost for the 2024 rate application (\$258,220) and actuals spent (\$39,442 +
23 \$11,662), which includes costs related to the Distribution System Plan, consultants, legal
24 representation, and intervenor costs awards. The amortization amount included in the 2024
25 regulatory expense is \$62,865 ($\$258,220 + \$44,442 + \$11,662 / 5 \text{ years}$) (USoA 5655).

26
27 InnPower Corporation's one-time costs also include two administrative penalties related
28 Assurances of Voluntary Compliance (AVC) issued by the OEB. The first AVC was issued on
29 April 26, 2019 (EB-2019-0090) with a penalty of \$25,000, as a result of violations to the Affiliate
30 Relationship Code. The second AVC was issued on December 30, 2020 (EB-2020-0282) with a
31 penalty of \$5,000, as a result of overcharging customers by continuing a rate rider beyond the



1 approved expiry date, contrary to the Rate Order. InnPower confirms that it has taken all
2 appropriate measures to ensure that the above-mentioned regulatory matters have been
3 addressed.

4
5 Please note, InnPower will also not be seeking recovery of these AVC expenses in 2024 rates.

6
7 InnPower Corporation's internal labour costs to prepare the Cost of Service applications have not
8 been included in the USoA 5655 or 1180. Instead, labour costs for regulatory employees, as well
9 as personnel from other departments have been reflected in the budgeted general operations,
10 maintenance and administrative expense accounts.

4-2-5 LOW-INCOME ENERGY ASSISTANCE PROGRAM

InnPower Corporation has outlined the contributions for the Low-Income Assistance Program (LEAP), in the following table:

Table 4-62: LEAP Contributions from 2017 to 2022

	2017	2018	2019	2020	2021	2022
LEAP	\$12,140	\$12,140	\$12,140	\$12,140	\$12,140	\$12,140
Additional Funds from IPC	\$3,331	\$3,331	\$13,331	\$15,000		
COVID-19 Assistance				\$6,000		
OEB Cost Assessments					\$20,413	
Total	\$15,471	\$15,471	\$25,471	\$33,140	\$32,553	\$12,140

1. LEAP CONTRIBUTION AND ADDITIONAL FUNDS FROM INNPOWER CORPORATION FROM 2017 TO 2022

InnPower Corporation's LEAP amount is determined using the OEB's guidelines (as set out in the "Report of the Board on Low Income Energy Assistance Program"), which indicates distributors are to use;

- The greater of 0.12% of a distributor's Board-approved distribution revenue requirement, or;
- \$2,000.

InnPower Corporation's historical LEAP contribution from the period of 2017 to 2022 is \$12,140.55 (OEB approved base revenue requirement of \$10,117,125 x 0.12%). For the years 2017 to 2019, InnPower used the service revenue requirement amount to calculate the LEAP contribution, resulting in an overpayment of \$3,331 each year. InnPower considers the overpayment as an additional charitable donation to the United Way Simcoe Muskoka (United Way). In 2019 and 2020, InnPower contributed a further \$10,000 and \$15,000 (respectively) each year in charitable donations to United Way to provide further assistance to our low-income customers. The funds provided were a result of CDM Management fees from IESO for participation results in energy programs. InnPower Corporation has not included the \$25,000, nor the \$3,331 in overpayment amounts for recovery in rates.

2. COVID-19 ASSISTANCE

In a letter dated July 17, 2020, the OEB approved enhanced funding for LEAP Emergency Financial Assistance for 2020. The Board directed distributors to make a one-time increase to LEAP EFA funding by a maximum of 50% of their 2020 fiscal year funding amount. The Board permitted distributors to record the increased funding amount to the Account Impacts Arising from the COVID-19 Emergency, Sub-account Other Costs. As such, InnPower increased LEAP funding by \$6,000 (49% of \$12,140 fiscal year funding amount). As InnPower will not be seeking disposition of the COVID-19 sub-accounts, the amount was transferred to the 6205 Charitable Donations account (non-LEAP) and has not been included for recovery in rates.

3. OEB COST ASSESSMENTS

In a letter dated July 14, 2021, the OEB informed distributors that it would use a portion of the funds collected from administrative penalties to offset the July 2021 cost assessment invoice amounts. It was expected that utilities would supplement their LEAP EFA budget for 2021 by the same amount, to assist consumers that are most in need. As such, InnPower contributed additional funds of \$10,206 (as indicated in the OEB invoice) to the United Way for the LEAP EFA account in July 2021. In a subsequent invoice received in October 2021, the OEB offset additional administrative penalties, which InnPower confirmed would also supplement the LEAP EFA budget for 2021 for the same amount. As such, InnPower contributed additional funds of \$10,207 (as

indicated in the OEB invoice) to the United Way for the LEAP EFA account in October 2021. Overall, the total amount contributed in 2021 from OEB Cost Assessment offsets is \$20,413.

4. FORECASTED LEAP CONTRIBUTIONS FROM 2024 TO 2028

InnPower Corporation has forecasted an amount of \$19,460 (i.e., 0.12% of \$16,216,303) of the proposed revenue requirement) for financial assistance of low-income customers. InnPower Corporation acknowledges that the LEAP amount will be adjusted to account for changes resulting from the Board's decision on the final service revenue requirement. The need for LEAP in InnPower Corporation's service territory has historically been beyond the \$12,140 provided annually. On average, InnPower Corporation sees LEAP funds being depleted around the June timeframe. To this end InnPower Corporation has provided additional funds to the United Way.

5. LEAP SOCIAL AGENCY

As noted above, InnPower Corporation has selected its lead-social agency and signed an agreement with the United Way - Greater Simcoe County.

In compliance with OEB policy, InnPower Corporation:

- Collects money from ratepayers for LEAP EFA in the amount approved by the OEB;
- Transfers program funds to Greater Simcoe County United Way;
- Determines funding allocations within their service territory by geography;
- Establishes partnerships, contracts, and operational procedures with Lead Agencies;
- Receives, records and takes appropriate action upon notification from an Intake Agency (or Lead Agency as appropriate) that an assessment of eligibility is being undertaken;
- Receives, records and takes appropriate action upon notification from an Intake Agency (or Lead Agency as appropriate) of decisions on applications;
- Confirms customer and account information used in determining program eligibility, including information on payment history; and
- Reports to the OEB in accordance with OEB reporting requirements through RRR filings 2.1.16.

4-2-6 CHARITABLE DONATIONS

InnPower Corporation's does not provide support to any charitable organizations, as it would not be defensible for an organization owned by the Town of Innisfil, to support only select charitable organizations. Instead, InnPower supports community partners and the industry by offering bursaries and corporate sponsorships. Any charitable donations provided by InnPower are employee funded.

InnPower Corporation has outlined the Charitable Donations (I.e., corporate sponsorships) (USoA 6205) over the period of 2017 to 2022, in the following table.

Table 4-63: Charitable Donations (USoA 6205) from 2017 to 2022

	2017	2018	2019	2020	2021	2022
Total Charitable Donation (Corporate Sponsorships)	\$50	\$250	\$1,665	\$6,500	\$550	\$1,250

1. 2017 TO 2022 CHARITABLE DONATIONS (CORPORATE SPONSORSHIPS)

The following section provides a detailed breakdown of the charitable donations (corporate sponsorships) provided in Table 4-63:

- In 2017, InnPower made a \$50 donation to the Multiple Sclerosis Society of Canada.
- In 2018, InnPower made a \$250 donation to the Innisfil YMCA for "Move to Give 2018."
- In 2019, InnPower made a \$250 donation to the Innisfil YMCA for "Move to Give 2019", \$250 to the Senior's Wish Association, and \$1,165 to the Town of Innisfil for the Rizzardo Health and Wellness Center.
- In 2020, InnPower made a \$250 donation to the Innisfil Historical Society, a \$250 donation to the Innisfil Minor Hockey League and a \$6,000 donation to the United Way of Greater Simcoe for additional LEAP funding.



- In 2021, InnPower made a \$250 donation to the Innisfil YMCA for “Move to Give 2021” and a \$300 donation to the Innisfil Minor Hockey League.
- In 2022, InnPower made a \$250 donation to the Innisfil YMCA for “Move to Give 2022” and a \$1,000 donation to the Red Cross for the Ukraine Humanitarian Crisis.

InnPower Corporation confirms that the charitable donations (corporate sponsorships) referred to above have not been included for recovery in distribution rates.

2. 2017 TO 2022 CHARITABLE DONATION ACCOUNT BALANCE

Please note, the balance for 6205 (Charitable Donation) reported in 2018 includes an additional \$10,000 with an offset of the same amount in 2019. The entry was for additional LEAP funds contributed in 2018, which was recorded to the charitable donation account, instead of a CDM account (where the funds resided).

The annual amount for LEAP contributions has been recorded in a separate sub-account of 6205, which is outlined in Exhibit 4-2-5.

3. POLITICAL DONATIONS

InnPower confirms that no political contributions have been included for recovery in distribution rates.

4-3-1 CONSERVATION AND DEMAND MANAGEMENT

1. 2021 TO 2024 CDM FRAMEWORK

InnPower Corporation confirms that costs for dedicated CDM staff to support IESO programs funded under the 2021 to 2024 CDM Framework have not been included in the revenue requirement.

2. PARTNERSHIPS WITH IESO

InnPower Corporation confirms that it does not plan to partner with the IESO for the Local Initiatives Program (LIP) at the time of this cost-of-service application. As such, InnPower has not included any forecasted costs within its revenue requirement.

3. LOST REVENUE ADJUSTMENT MECHANISM (LRAM)

3.1 Introduction

In 2015, the OEB's CDM Guidelines for Electricity Providers (EB-2014-0278) outlined the use of a Lost Revenue Adjustment Mechanism Variance Account (LRAMVA), to track the impact of CDM activities not encompassed in distribution rates (under the Conservation First Framework (CFF)). Specifically, the account tracked the difference between forecast revenue loss attributable to CDM activities embedded in rates and actual revenue losses due to the measured impact of CDM activities. As part of a rate application, distributors could request disposition of the balance for refund or recovery of funds. The goal of the LRAMVA was to incentivize distributors to promote and carry out CDM activities.¹

In line with the 2015 CDM guidelines, InnPower Corporation requested disposition of the 1568 LRMVA account in the 2017 COS application (EB-2016-0085) in the amount of \$26,651. To mitigate bill impacts, InnPower later withdrew the request for disposition and forwent recovery of the 1568 balances accumulated to December 31, 2015.

¹Ontario Energy Board, *Conservation and Demand Management Requirement Guidelines for Electricity Distributors*, EB-2014-0278 (December 19, 2014), pages 9-10.

1 In 2021, the OEB CDM Guidelines for Electricity Providers (EB-2021-0106) outlines updated
2 directions regarding CDM activities and LRAMVA claims. As indicated in Section 8 of the
3 guidelines, the LRAMVA is no longer the default approach to CDM activities, as the programs
4 have transitioned from local distributors to the IESO. In an effort to wind down the previous CFF,
5 distributors filing for 2023 rates were required to “seek disposition of all outstanding LRAMVA
6 balances related to previously held thresholds, including approval of LRAM-eligible amounts in
7 future years (arising from persistent savings) until a distributors next rebasing application, unless
8 a distributor does not have complete information on eligible savings.”²

9
10 In the 2023 IRM application (EB-2022-0043), InnPower Corporation confirmed that, similar to the
11 2017 COS application, it would not be seeking disposition of any outstanding balance in the
12 LRAMVA to mitigate bill impacts for customers. InnPower also confirmed that the LRAMVA
13 balance is not a credit that would be refunded to customers. In the Decision and Order, the OEB
14 noted the above in their findings and indicated that the LRAMVA shall be retained by InnPower
15 for possible CDM activity in a future application, which the OEB can consider on a case-by-case
16 basis. In the current application, InnPower will not be requesting the use of an LRAMVA for
17 distribution-rate funded CDM activities or Local Initiative Program activities.

² Ontario Energy Board, *Conservation and Demand Management Guideline for Electricity Distributors*, EB-2021-0106 (December 20, 2021), page 27.

List of Appendices

Appendix 4-1-3 (A)	InnPower 2022 Actuarial Report
Appendix 4-1-4 (A)	OEB Appendix 2-JA Summary of Recoverable OM&A Expenses
Appendix 4-1-4 (B)	OEB Appendix 2-JB Recoverable OM&A Cost Drivers
Appendix 4-1-4 (C)	OEB Appendix 2-JC OM&A Programs Table
Appendix 4-1-4 (D)	OEB Appendix 2-L Recoverable OM&A per Customer and per FTE
Appendix 4-1-6 (A)	InnPower 2022-2026 Power Workers Union Collective Agreement
Appendix 4-1-6 (B)	OEB Appendix 2-K Employee Costs
Appendix 4-2-1 (A)	Elenchus Affiliate Relationship Code Review Report
Appendix 4-2-1 (B)	OEB Appendix 2-N Corporate Cost Allocations
Appendix 4-2-2 (A)	InnPower Purchasing Policy
Appendix 4-2-4 (A)	OEB Appendix 2-M Regulatory Costs



InnPower Corporation

EB-2023-0033

Exhibit 4

Appendix 4-1-3 (A) InnPower 2022 Actuarial Report

June 22, 2023

Appendix 4-1-3 (A) InnPower 2022 Actuarial Report



January 30, 2023

Lisa McCaskie
Finance Manager
InnPower Corporation
7251 Yonge Street
Innisfil ON L9S 0J3

Dear Lisa:

**Re: InnPower Corporation Actuarial Valuation Report at December 31, 2022:
Post-Employment Benefits Plan**

InnPower Corporation ("the Corporation") has retained the services of Mondelis Corporation to perform an extrapolation of post-employment benefits ("the Plan") effective December 31, 2022. The last full valuation was prepared effective December 31, 2021 and results from that valuation have been extrapolated to December 31, 2022. The following results have been prepared in accordance with our understanding of the International Accounting Standard 19 ("IAS 19").

This document contains the accounting results to be disclosed in the December 31, 2022 financial statements as well as a forecast for the fiscal year ending December 31, 2023. Disclosure exhibits are in Appendix G.

The detailed exhibits and a summary of membership data, Plan provisions and assumptions are provided in this report.

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SUMMARY OF RESULTS

The following tables summarize the results for fiscal year 2022 and the forecast results for fiscal year 2023.

There are no Plan assets since the Plan is not funded.

	Jan 1, 2021 to Dec 31, 2021	Jan 1, 2022 to Dec 31, 2022	Forecast Jan 1, 2023 to Dec 31, 2023
Periodic Benefits Expense:			
Current Service Cost	13,355	19,587	13,686
Interest Cost	<u>3,460</u>	<u>5,266</u>	<u>7,818</u>
Net Periodic Benefit Cost	16,815	24,853	21,504
 Change in Net (Liability) or Asset:	 Jan 1, 2021 to Dec 31, 2021	 Jan 1, 2022 to Dec 31, 2022	 Jan 1, 2023 to Dec 31, 2023
Balance at Beginning	(130,847)	(162,065)	(142,732)
Current year benefit cost	(16,815)	(24,853)	(21,504)
Benefits paid by employer	100	100	100
Actuarial gains/(losses) passed through OCI	<u>(14,503)</u>	<u>44,086</u>	<u>0</u>
Net Balance Sheet Asset/(Liability) at Ending	(162,065)	(142,732)	(164,136)

Benefit obligation at December 31, 2022 is based on a discount rate of 5.0% per year.

CERTIFICATION

I confirm the following:

- The Plan's benefits are defined benefits as per IAS 19.
- The valuation and extrapolations were performed in accordance with the standards of the Canadian Institute of Actuaries. The financial statement items resulting from this valuation and extrapolations were determined in accordance with my understanding of IAS 19.
- The results summarized in this report were prepared using the Corporation's best-estimate assumptions at December 31, 2022.
- I am not aware of any events subsequent to December 31, 2022 which, in my opinion, would have a material impact on the results of the valuations and extrapolations.
- I am a member in good standing of the Canadian Institute of Actuaries. I understand that this report will be used for audit evidence and may be relied on under the terms of the Joint Policy Statement approved by the Actuarial Standards Board (Canada) and the Auditing and Assurance Standards Board (Canada) as described in Section 1520 of the Canadian Institute of Actuaries Standards of Practice.
- I am, and Mondelis Corporation is, independent with respect to the Corporation.
- The data upon which this extrapolation is based are sufficient and reliable for the purposes of the extrapolation.
- This report has been prepared, and my opinion given, in accordance with generally accepted actuarial practice in Canada.

Emerging experience differing from assumptions will result in gains and losses which will be revealed in future valuations. Please let me know if you require further information.

Sincerely,



Kathryn T. Licata, FSA, FCIA, MAAA
kathy.licata@mondelis.com
519-804-2895

Att.

APPENDIX A – ACTUARIAL ASSUMPTIONS

Fiscal Year Ending	December 31, 2022	December 31, 2021
Economic Factors		
Discount rate for calculation of Fiscal 2022 Benefit Expense	2.90%	2.40%
Discount rate for calculation of Fiscal 2022 disclosures and estimate of Fiscal 2023 Benefit Expense	5.00%	2.90%
Salary Increases	3.10%	same
Trend Rates for Dental Cost	4.00% per year	same
Extended Health Care Trend Rates	6.5% increase one year after the valuation date; decreasing to an ultimate rate of 4.50% over 8 years	same
Demographic Factors		
Mortality	Canadian Pensioners' Mortality Table Public Sector projected on a generational basis using CPM Improvement Scale B	same
Termination of employment	Ontario Light Termination Rates	same
Retirement age	Age 60; if necessary, increased to the minimum age at which 15 years of service was reached and age 65	same
Attribution age	Members from age 55 to 65 with a minimum of 15 years of service	same
Sales tax	Inclusive in premium rates	Same
Participation at retirement	50%	same
Expenses for Life and AD&D	10%	same
Disability	None	same
Age difference between retiree and spouse	Female spouses are assumed to be 3 years younger than male spouses	same
Family/Single coverage at retirement	80% of members elect family coverage	same

AD&D coverage is assumed to be 20% of Life Insurance obligation.

In the table above, all rates and percentages are annualized unless otherwise noted.

Discount Rate used under PSAB 3250/3255

The discount rate was determined as the single rate, rounded to the nearest 0.1%, that closely matches the Plan's obligations determined using the Fiera Capital/CIA yield curve as at December 31, 2022. The duration of the defined benefit obligation is 12.0 years.

Actuarial Methods

For all employees, the defined benefit obligation and current service cost were calculated using the projected benefit method prorated on service. Under this method, the defined benefit obligation is equal to the actuarial present value of all future benefits considering the assumptions described above, multiplied by the ratio of service at the valuation date to projected service at the retirement date.

The employer current service cost for a period is equal to the actuarial present value of all future benefits attributed to the current year.

APPENDIX B – COST OF BENEFITS

The following table shows the 2022 monthly retiree premium rates including taxes, prior to applying the below cost sharing percentages:

Health		Dental	
Single	Family	Single	Family
122.02	447.22	53.55	169.34

APPENDIX C - MEMBERSHIP DATA

We have based our valuation on membership data effective December 31, 2021 as supplied by the Corporation. Age and service as at December 31, 2021 is summarized in the following tables:

Age Group	Active and LTD			Average Service
	Male	Female	Total	
20 to 25	2	1	3	3.09
25 to 30	2	2	4	2.76
30 to 35	5	5	10	4.88
35 to 40	8	4	12	6.82
40 to 45	4	3	7	4.88
45 to 50	1	2	3	3.84
50 to 55	3	2	5	13.81
55 to 60	3	4	7	18.98
60 to 65	1	0	1	3.00
65 to 70	<u>1</u>	<u>0</u>	<u>1</u>	0.79
Totals	30	23	53	7.59

Note: Current average life insurance amount is \$135,000.

Retirees			
60 to 65	<u>0</u>	<u>1</u>	<u>1</u>
Totals	0	1	1

Note: Current retiree only receiving life insurance (\$107,000) and AD&D insurance.

APPENDIX D – SUMMARY OF PLAN PROVISIONS

The following summarizes the provisions of the Plan for retiree benefit coverage. The summary is based on information provided by the Corporation.

Benefits	Extended Health, Dental, Life Insurance, and AD&D
Eligibility	Between age 55 and 65 with a minimum of 15 years of service
Termination of Benefits	Age 65
Life Insurance	Two times the member's salary at retirement
Accidental Death & Dismemberment	Two times the member's salary at retirement
Survivor Coverage	Benefits will cease upon death of member
Participant Contributions	Corporation is paying 50% of the cost

APPENDIX E – ACCOUNTING POLICIES

Measurement date – The Corporation uses a December 31 measurement date for valuing post-employment benefits.

APPENDIX F – GAINS AND LOSSES

A summary of the Plan experience as at December 31, 2022, is as follows.

Expected Obligation at December 31, 2022	186,818
Gain/(Loss) due to Change in Discount Rate	(44,086)
Actual Obligation at December 31, 2022	142,732

APPENDIX G - ACCOUNTING DISCLOSURE EXHIBITS

	Forecast	
Period Beginning	2022-01-01	2023-01-01
Period Ending	2022-12-31	2023-12-31
Period Beginning Discount Rate	2.90%	5.00%
Period Ending Discount Rate	5.00%	5.00%
Periodic Benefits Expense for the 12-Month Period		
Current Service Cost	19,587	13,686
Administrative Expenses	-	-
Interest Cost	5,266	7,818
(Expected Return on Plan Assets)	n/a	n/a
Net Periodic Benefit cost	24,853	21,504
Remeasurement effects recognized in OCI		
Actuarial (gain)/loss - experience	-	-
Actuarial (gain)/loss - demographic assumptions	-	-
Actuarial (gain)/loss - financial assumptions	(44,086)	-
Gain/(loss) on asset ceiling	-	-
Remeasurement effects recognized in OCI	(44,086)	0
Total Cost Recognized in Comprehensive Income	(19,233)	21,504
Benefit Obligation		
Balance at Beginning	162,065	142,732
Current Service Cost	19,587	13,686
Net Interest cost on benefit obligation	5,266	7,818
Actuarial (gain)/loss - experience	-	-
Actuarial (gain)/loss - demographic assumptions	-	-
Actuarial (gain)/loss - financial assumptions	(44,086)	-
Gross benefits paid	(100)	(100)
Past service cost	-	-
Balance at End	142,732	164,136
Funded status, end of period:		
Fair value of plan assets	-	-
Benefit obligation	142,732	164,136
Funded status	(142,732)	(164,136)

Period Beginning Period Ending	Forecast	
	2022-01-01 2022-12-31	2023-01-01 2023-12-31
Change in Net (Liability) or Asset:		
Balance at Beginning	(162,065)	(142,732)
Current year benefit cost	(24,853)	(21,504)
Benefits paid by employer	100	100
Change in liability due to recognition of Asset Ceiling	-	-
Actuarial gains/(losses) passed through OCI	44,086	=
Net Balance Sheet Asset/(Liability) at Ending	(142,732)	(164,136)

Sensitivity Testing (Change in Obligation)

Change with 1.0% lower discount rate	22,500
Change with 1.0% higher discount rate	(18,300)
Change with 1.0% lower trend rate	(16,100)
Change with 1.0% higher trend rate	19,500
Change with 1 year greater life expectancy	(1,100)
Change with 1 year reduction in retirement age assumption	25,500

Expected Future Benefit Payments

First Year	100
Second Year	100
Third Year	4,300
Fourth Year	10,800
Fifth Year	16,200
Sixth to Tenth Years	84,700



Appendix 4-1-4 (A) OEB Appendix 2-JA Summary of Recoverable OM&A Expenses

Appendix 2-JA

[illegible]



Appendix 4-1-4 (B) OEB Appendix 2-JB Recoverable OM&A Cost Drivers

Appendix 2-JB
Recoverable OM&A Cost Driver Table^{1,3}

OM&A	Last Rebasing Year (2017 Actuals)	2018 Actuals	2019 Actuals	2020 Actuals	2021 Actuals	2022 Actuals	2023 Bridge Year	2024 Test Year
<i>Reporting Basis</i>	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
Opening Balance ²	\$ 5,316,777	\$ 6,013,192	\$ 5,782,891	\$ 5,639,860	\$ 6,263,124	\$ 6,458,122	\$ 7,024,754	\$ 7,522,941
Salaries & Benefits		-\$ 100,806	\$ 175,485	\$ 72,922	\$ 203,247	\$ 68,207	\$ 187,692	\$ 539,908
Employee Pensions and Benefits	\$ 973	\$ 4,470	-\$ 99,134	\$ 92,825	-\$ 1,269	\$ 11,044	\$ 347	\$ 4,800
COVID Related Expenses				\$ 172,844	-\$ 172,844			
Legal and Consulting Services	-\$ 2,409	-\$ 115,738	\$ 71,720	\$ 130,080	-\$ 54,717	-\$ 18,647	\$ 134,800	-\$ 44,000
Regulatory (Assessments and Awards)	-\$ 2,780	-\$ 4,284	\$ 3,050	\$ 2,584	-\$ 13,051	\$ 30,945	\$ 28	\$ 2,819
Regulatory Rate Application Costs	\$ 309,525	-\$ 83,506	-\$ 169,465	\$ 11,843	-\$ 40,497	-\$ 16,200	\$ 11,887	-\$ 11,536
IT and Cybersecurity	\$ 3,244	\$ 23,276	-\$ 19,397	\$ 8,595	\$ 6,336	\$ 86,674	\$ 68,057	\$ 6,822
Building and Office Supplies	\$ 24,626	\$ 59,416	-\$ 46,503	\$ 14,793	\$ 7,453	\$ 67,392	\$ 72,618	-\$ 3,384
Insurance	\$ 16,632	-\$ 7,737	-\$ 1,380	\$ 9,134	\$ 18,899	\$ 17,203	\$ 11,546	\$ 4,800
Community Relations	-\$ 3,925	\$ 66,316	-\$ 24,028	\$ 27,941	\$ 27,796	-\$ 5,439	\$ 10,708	\$ 4,174
Bad Debts	\$ 44,681	-\$ 11,655	-\$ 61,576	\$ 198,062	-\$ 179,588	\$ 353,271	-\$ 292,070	\$ -
Property Tax	-\$ 31,525	\$ 3,606	\$ 10,132	\$ 27,099	-\$ 934	-\$ 494	\$ 6,566	\$ 3,780
Vegetation Management	\$ 2,131	-\$ 11,624	\$ 2,622	\$ 4,728	\$ 323,940	-\$ 52,442	\$ 15,590	\$ 50,000
Cable Locates	-\$ 21,603	\$ 219	\$ 10,518	\$ 1,419	\$ 40,102	\$ 21,460	-\$ 52,284	\$ 50,000
Distribution Meters	\$ 22,433	\$ 5,558	-\$ 13,964	-\$ 13,450	\$ 141,960	\$ 62,102	\$ 126,314	\$ 14,397
Underground Distribution Lines & Feeders	\$ 90,432	-\$ 69,063	\$ 25,134	\$ 7,044	-\$ 86,288	-\$ 1,996	\$ 24,764	\$ 3,796
Engineering/Systems Operations	\$ 88,812	-\$ 19,785	-\$ 59,455	-\$ 249,366	\$ 170,389	-\$ 253,239	\$ 61,788	\$ 14,506
Other	\$ 155,169	\$ 31,036	\$ 53,209	\$ 104,167	-\$ 195,936	\$ 196,792	\$ 109,836	\$ 163,795
Closing Balance ²	\$ 6,013,192	\$ 5,782,891	\$ 5,639,860	\$ 6,263,124	\$ 6,458,122	\$ 7,024,754	\$ 7,522,941	\$ 8,327,618



Appendix 4-1-4 (C) OEB Appendix 2-JC OM&A Programs Table

**Appendix 2-JC
OM&A Programs Table**

Programs	Last Rebasings Year (2017 OEB- Approved)	Last Rebasings Year (2017 Actuals)	2018 Actuals	2019 Actuals	2020 Actuals	2021 Actuals	2022 Actuals	2023 Bridge Year	2024 Test Year	Variance (Test Year vs. 2022 Actuals)	Variance (Test Year vs. Last Rebasings Year (2017 OEB- Approved))
Reporting Basis	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
Operation											
1) Distribution Station	59,254	75,640	73,531	77,440	79,738	114,553	106,154	163,610	135,371	29,217	76,117
2) Overhead Distribution Operations	150,522	238,535	82,294	93,078	89,631	120,329	31,363	49,780	50,615	19,252	-99,906
3) Underground Distribution Operations	121,273	72,599	75,508	69,030	73,006	142,251	155,708	90,500	144,000	-11,708	22,727
4) Distribution Meters	233,188	255,621	261,179	247,216	233,766	375,725	437,827	564,141	578,539	140,712	345,351
5) Customer Workorders	153,730	117,905	109,705	122,979	162,151	208,520	257,834	163,235	214,619	-43,214	60,889
6) Engineering/Systems Ops/Line Constr/SCADA/Ops Admin	640,997	840,322	794,741	704,233	466,389	587,383	381,263	710,556	851,757	470,495	210,760
										0	0
Sub-Total	1,358,963	1,600,622	1,396,958	1,313,975	1,104,679	1,548,761	1,370,149	1,741,822	1,974,901	604,752	615,938
Maintenance											
1) Overhead Distribution Lines/Feeders	364,046	352,638	439,524	445,475	530,118	911,385	780,019	723,411	947,568	167,549	583,522
2) Underground Distribution Lines/Feeders	120,778	210,954	142,146	167,280	174,324	88,036	86,040	110,804	114,600	28,560	-6,178
3) Distribution Meters	24,752	24,389	27,035	25,017	25,795	28,875	66,625	26,340	33,600	-33,025	8,848
4) Distribution Transformers	65,349	28,283	22,717	14,717	32,054	20,937	15,535	19,836	19,888	4,353	-45,461
										0	0
Sub-Total	574,925	616,264	631,423	652,489	762,292	1,049,233	948,218	880,390	1,115,655	167,437	540,731
Billing and Collecting											
1) Bad Debts	68,874	113,556	101,901	40,325	238,387	58,798	412,070	120,000	120,000	-292,070	51,126
2) Customer Service & Billings	623,898	560,311	709,969	877,928	861,433	867,440	859,628	828,371	856,540	-3,088	232,642
3) Customer Collections	327,279	342,571	273,223	213,895	151,272	141,748	204,248	207,677	218,042	13,794	-109,237
										0	0
										0	0
Sub-Total	1,020,051	1,016,438	1,085,093	1,132,149	1,251,092	1,067,987	1,475,945	1,156,048	1,194,581	-281,364	174,530
Community Relations											
1) Community Relations	10,331	6,406	72,722	48,694	76,635	104,431	98,992	109,700	113,874	14,882	103,542
										0	0
										0	0
										0	0
										0	0
Sub-Total	10,331	6,406	72,722	48,694	76,635	104,431	98,992	109,700	113,874	14,882	103,542
Administrative and General											
1) Information Systems	297,605	300,849	324,126	304,729	313,324	319,660	406,334	474,390	481,212	74,878	183,607
2) Insurance	94,702	111,334	103,598	102,218	111,352	130,251	147,454	159,000	163,800	16,346	69,098
3) Audit, Legal and Consulting	155,911	187,092	72,650	147,498	283,775	204,161	180,633	310,050	267,800	87,167	111,889
4) Building and Office Supplies	286,302	310,929	370,815	323,842	511,519	346,088	413,481	486,099	482,706	69,226	196,404
5) Management, Administrative, Finance, Regulatory and IT	1,444,033	1,468,779	1,418,860	1,473,813	1,692,829	1,585,073	1,865,210	2,076,282	2,412,397	547,187	968,364
6) Regulatory Affairs (assessment & application costs)	86,093	394,479	306,647	140,452	155,626	102,477	118,339	129,159	120,691	2,352	34,598
										0	0
Sub-Total	2,364,647	2,773,463	2,596,696	2,492,553	3,068,426	2,687,710	3,131,450	3,634,981	3,928,606	797,157	1,563,960
Miscellaneous (Property Tax)										0	0
Total	5,328,917	6,013,192	5,782,891	5,639,860	6,263,124	6,458,122	7,024,754	7,522,941	8,327,618	1,302,864	2,998,702



Appendix 4-1-4 (D) OEB Appendix 2-L Recoverable OM&A per Customer and per FTE

Appendix 2-L
Recoverable OM&A Cost per Customer and per FTE ¹

	Last Rebasings Year 2017 - OEB Approved	Last Rebasings Year 2017 - Actual	2018 Actuals	2019 Actuals	2020 Actuals	2021 Actuals	2022 Actuals	2023 Bridge Year	2024 Test Year
Reporting Basis	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
OM&A Costs									
O&M	\$ 1,933,889	\$ 2,216,886	\$ 2,028,851	\$ 1,966,464	\$ 1,867,011	\$ 2,597,994	\$ 2,318,367	\$ 2,622,213	\$ 3,090,548
Admin Expenses ⁶	\$ 3,395,028	\$ 3,796,307	\$ 3,754,041	\$ 3,673,396	\$ 4,396,113	\$ 3,860,128	\$ 4,706,387	\$ 4,900,729	\$ 5,237,070
Total Recoverable OM&A from Appendix 2-JB ⁵	\$ 5,328,917	\$ 6,013,192	\$ 5,782,891	\$ 5,639,860	\$ 6,263,124	\$ 6,458,122	\$ 7,024,754	\$ 7,522,941	\$ 8,327,618
Number of Customers ^{2,4}	19,957	19,957	20,996	22,042	22,460	23,343	24,316	25,102	25,915
Number of FTEs ^{3,4}	44	44	46	49	51	55	57	67	73
Customers/FTEs	458	455	453	454	440	423	428	375	355
OM&A cost per customer									
O&M per customer	\$97	\$111	\$97	\$89	\$83	\$111	\$95	\$104	\$119
Admin per customer	\$170	\$190	\$179	\$167	\$196	\$165	\$194	\$195	\$202
Total OM&A per customer	\$267	\$301	\$275	\$256	\$279	\$277	\$289	\$300	\$321
OM&A cost per FTE									
O&M per FTE	\$44,335	\$50,579	\$43,810	\$40,462	\$36,608	\$47,031	\$40,824	\$39,184	\$42,336
Admin per FTE	\$77,832	\$86,614	\$81,063	\$75,584	\$86,198	\$69,879	\$82,874	\$73,233	\$71,741
Total OM&A per FTE	\$122,167	\$137,194	\$124,873	\$116,046	\$122,806	\$116,910	\$123,697	\$112,417	\$114,077



InnPower Corporation
EB-2023-0033
Exhibit 4
Appendix 4-1-6 (A) InnPower 2022-2026 Power Workers Union Collective Agreement
June 22, 2023

Appendix 4-1-6 (A) InnPower 2022-2026 Power Workers Union Collective Agreement

COLLECTIVE AGREEMENT

between

INNPOWER CORPORATION

and

POWER WORKERS' UNION
C.U.P.E. LOCAL 1000, INNISFIL

July 1, 2022 to June 30, 2026

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COLLECTIVE AGREEMENT

Between

INNPOWER CORPORATION
(hereinafter referred to as the "Company")

and

POWER WORKERS' UNION, C.U.P.E. LOCAL 1000, INNISFIL
(hereinafter referred to as the "Union")

ARTICLE 1 - PURPOSE

- 1.01 The purpose of this agreement is to maintain a harmonious relationship between the Company and its employees and to provide an orderly and amicable method of settling any differences or grievances which arise.

ARTICLE 2 - UNION RECOGNITION AND SECURITY

- 2.01 The Company agrees to recognize the Union as the sole bargaining agent for all employees of the Company, save and except Supervisor, Engineers, those above the rank of Foreperson and Supervisor, persons regularly employed for not more than 24 hours per week, and students.
- 2.02 The Company shall submit bargaining unit members' dues to the Union on a monthly basis. The Company will also supply a current list of all bargaining unit members including their employee number, start date and job classification/occupation code as well as home contact information (address, phone number and email address) on a monthly basis electronically.
- 2.03 In consideration of the deduction and forwarding service by the Company, the Union agrees to indemnify and save the Company harmless against any claim or liability arising out of or resulting from the collection and forwarding of these dues.

ARTICLE 3 – DEFINITIONS

- 3.01 Whenever the singular or masculine is used in this agreement, it shall be considered as if the plural or feminine has been used where the context so requires.

ARTICLE 4 - NO DISCRIMINATION

4.01. The Company and the Union agree that there shall be no discrimination exercised or practiced with respect to an employee by reason of membership or non membership in the Union. Any employee who feels that **they have** suffered discrimination shall have the right to seek redress in accordance with the Grievance and Arbitration Procedure, and legislative Acts and Procedures.

ARTICLE 5 - MANAGEMENT RIGHTS

5.01 The Union agrees that the Company has the exclusive right to manage its affairs including but without restricting the foregoing, the right to direct the staff and hire, promote, transfer, layoff, suspend, discharge or discipline employees for just cause, subject always to the employee's right to lodge a grievance.

ARTICLE 6 - NO STRIKE - NO LOCKOUT

6.01 The Union agrees it will not counsel or authorize any strike during the lifetime of this Agreement and the Company agrees that there will be no lockout of Employees during the term of the agreement. The terms "strike" and "lockout" as used above will be defined in accordance with the definitions set out in the Labour Relations Act of the Province of Ontario.

ARTICLE 7 - SENIORITY

7.01 Seniority shall be defined as the length of continuous service a regular employee and/or regular part time (on a pro-rated basis) employee has established with the Company from the last date the employee entered the employ of the Company. The Company shall post a seniority list on a bulletin board semi-annually. A copy of the seniority list will be sent to the Principal Steward.

7.02 An employee shall lose **their** seniority and shall cease to be an employee of the Company if **an employee:**

- 1) terminates voluntarily;
- 2) is discharged and not reinstated;
- 3) retires;
- 4) is absent from work for three (3) or more days without permission unless the employee provides the Company with documented evidence, judged by the Company to be unavoidable reasons for not reporting for work;
- 5) is laid off for a period of twelve (12) or more months;
- 6) fails to report to work after a layoff within four (4) working days of recall, notice of which has been mailed by registered mail to the last address the employee has reported to Management;
- 7) is absent from work because of non-occupational illness or injury providing the employee's Short Term Income Protection Plan's 119 days has elapsed and a further twelve (12) months has elapsed;
- 8) is absent from work because of occupational illness or injury covered by the Workplace Safety and Insurance Board for twenty-four (24) or more months;

- 9) is permanently disabled and unable to work for the Company in a job classification in which there is a job available and the Company has tried to find other work for them.

ARTICLE 8 - EMPLOYEE CATEGORIES

- 801 Regular employees are persons who have successfully completed the probationary period and have been granted regular status with the Company.
- 802 A probationary employee is a person hired on a trial basis for six (6) months, during which time they shall not be subject to the terms of this agreement, except in the wage rate classification or where clauses specifically refer to probationary employees therein. Employees retained past the six (6) months shall be deemed satisfactory and placed on the seniority list and credited with seniority from the date last hired. Upon written agreement by the Union and the Company, the probationary period may be extended up to three (3) months.
- 803 Regular part-time employees are persons who work more than 24 hours and less than 40 hours per week.
- 804 The Company will provide seven (7) days prior written notification to the Union of a change to an employee's category.
- 805 The Company and Union agree that temporary employment is permitted within this Collective Agreement. The Company will notify the Principal Steward when a temporary employee is utilized for a position. The temporary employment shall not exceed **twelve (12)** months. Temporary employees will not be hired for more than twelve (12) months in a twenty-four (24) month period, unless mutually agreed **upon**. No position after twelve (12) months will be deemed **temporary and the temporary employee will be reclassified as a regular employee** unless mutually agreed upon. In the event that temporary employees become regular through a job posting (without a break in employment), such temporary time will be credited to their seniority. Temporary employees will be covered by the Collective Agreement with the exception of Articles 13 and 16. Temporary employees will not be hired into positions where regular employees can be stepped up.

When an Employee is relieving for a maternity/parental/ adoption leave, the employee will be considered temporary for up to and including the duration of that particular leave.

The temporary employee will be entitled to 4% vacation pay or equivalent time off, as mutually agreed.

The position will be subject to union dues.

ARTICLE 9 - GRIEVANCE PROCEDURES

- 9.01 a) Any difference of opinion regarding the interpretation, application, administration or alleged violation of the terms of this Agreement shall be considered a fit matter for the grievance process

- b) The parties acknowledge that in the interests of promoting good working relationships, the above-mentioned differences should be dealt with and settled at the earliest possible stage. The employee will seek to resolve the issue with their first line of supervision (and Principal Steward/Steward if requested) prior to invoking the aforementioned formal process. Failing resolution after five (5) working days regarding the issue, Step 1 of the grievance process will be applied.
- c) Grievances shall be in writing for all steps and must cite the grievous act or, specific provision(s) of the agreement, which is claimed to have been violated and the redress sought, with a copy to the Manager of Human Resources. Grievances must be filed by the employee, with the assistance of Union or Principal Steward (or delegate) within fifteen (15) working days of the alleged violation and shall be dealt with in the steps outlined below. The time limit set out for the processing of grievances shall be observed strictly by the parties except in the case of mutual agreement to alter the time limits of the grievance procedure.

Step 1

The employee, with assistance of a Principal Steward (or delegate), shall take the grievance up with the first line of supervision. Management shall respond in writing, on or with the grievance document within five (5) working days. The Principal Steward (or delegate) will advise Management in writing within five (5) working days as to the reason(s) why a written settlement offer has been declined. Failing settlement at this stage, the Principal Steward (or delegate) may immediately proceed to Step 2 within an additional five (5) working days.

Step 2

The employee, with the assistance of a Principal Steward (or delegate), may then take the matter up with the next level of supervision within five (5) working days, at which time any or all the people concerned may be present. Failing settlement at this stage, the Principal Steward (or delegate) may immediately proceed to Step 3 within an additional five (5) working days.

Step 3

The employee, with the assistance of a Principal Steward (or delegate), may then take the matter up with the Manager of Human Resources within five (5) working days, at which time any or all the people concerned may be present. Failing settlement at this level within twenty (20) working days, the matter may then be referred to arbitration, as provided in Article 10 of this agreement.

- 9.02 All policy grievances will start at Step 3 of the grievance procedure and will start at the Manager of Human Resources.
- 9.03 All written warnings and disciplinary letters shall not be relied upon or referred to after twenty-four (24) months of the last recorded disciplinary action, unless a lesser time is agreed upon between the parties. Remove all disciplinary letters after twenty-four (24) months of occurrence.

ARTICLE 10 - ARBITRATION

- 1001 It is agreed by the parties hereto that any difference of opinion relating to the interpretation, application, administration or alleged violation of this agreement which cannot be settled after exhausting the grievance procedure, will be settled by arbitration, as defined in the Ontario Labour Relations Act. No Board of Arbitration shall have the power to alter or change any of the provisions of this agreement or to substitute any new provisions for any existing provision or to provide a decision, which is inconsistent with any terms or provision of this agreement.
- 1002 Each party to this agreement will bear the expenses and fee of its arbitrator and the parties will share equally the expenses and fee of the Chairperson.
- 1003 Where mutually agreeable a sole arbitrator may be used in place of a Board of Arbitration.

ARTICLE 11 - COMMITTEES AND STEWARDS

- 11.01 The Company acknowledges the right of the Union to appoint or otherwise select regular employees to committees and stewards in accordance with the section of this Article. The Union shall advise the Company of the names of personnel serving on these committees and as stewards it being agreed to limit stewards to two (2).
- 11.02 It is acknowledged by the Union that stewards and committee members have regular duties to perform on behalf of the Company, and that such persons will not absent themselves from their duties without the express permission of the Supervisor concerned. Such permission will not be unreasonably withheld.
- 11.03 The steward will be provided with a locking file cabinet on the Company property.
- 11.04 The Union and Management recognize that effective Labour Relations depend on cooperation and open communication within the parties. Regular scheduled meetings of the Labour Relations Committee will be held quarterly, if required, a time mutually agreeable to the Union and the Corporation. An agenda outlining the matters for discussion will be submitted by each party to the other not less than seven (7) days prior to the scheduled meeting. The Labour Relations Committee will consist of the Principal Steward and the Union Staff Officer or designate and may bring one (1) subject matter expert to the meeting. Minutes of the meeting will be distributed ten (10) working days after the meeting to the Principal Steward.

ARTICLE 12 - JOB POSTING, LAYOFFS AND RECALLS

- 12.01 When vacancies occur or new positions in the bargaining unit are created, these positions will be sent electronically to all regular employees via corporate email and posted on a bulletin board accessible to all regular employees for a period of seven (7) working days, during which time present regular employees will have opportunity to apply before **external candidates** are considered.

In all appointments/promotions, Management shall give preference to the employee having the best skill, qualifications and ability to perform the job. In the event that skill,

qualifications and ability to perform the job are equal, regular full-time bargaining unit seniority shall govern.

- 12.02. In the event of lay-off, the Company will notify the Union of the job classifications to be laid off at least twenty (20) working days before the effective date of the lay-off, to discuss alternative measures to avoid the lay-off.
- 1203 Prior to a lay-off of regular and regular part-time employees in the bargaining unit, all students, temporary employees and contractors within that classification shall be laid off first.
- 1204 In the event that it is necessary to reduce employees, the Company agrees that regular and regular part-time employees shall be laid off by job classification and level within the bargaining unit in the reverse order of seniority provided that qualified employees remain to perform the work available.
- 1205 Regular and regular part-time employees laid off may exercise their bumping rights providing they are bumping a regular employee with less seniority and they possess the skill, qualifications and ability to perform the job. When bumping into a lower job classification, the rate of pay shall be the highest for that job classification but not greater than the employee's current rate of pay. Regular and regular part-time employees laid off may displace a student, temporary employee or contractor in any job classification providing they possess the skill, qualifications and ability to perform the job.
- 1206 If a senior employee previously held a regular (excluding relief or temporary) position of an employee who has lesser bargaining unit seniority in a higher classification, the senior employee will bump the less senior employee, in event of a layoff.
- 1207 Regular and regular part-time employees shall be recalled in the reverse order of seniority in which they were laid off provided they possess the skills, qualifications and ability to perform the job available. The Corporation will send notice by registered mail to the last known address, which the employee has filed with the Corporation.
- 1208 No regular employee will be laid off as a result of the use of contractors.
- 1209 For the purpose of lay-off, Union Stewards shall be given 1 additional year of service.

ARTICLE 13 - SICK LEAVE

- 13.01 A regular employee and the probationary employee who has completed three months continuous employment, while absent on sick leave, will receive compensation from the Company for all normal working days in accordance with the approved Short Term Income Protection Plan, appended hereto as Schedule "B" to this agreement.
- 13.02 The Company agrees to pay on behalf of regular employees and regular part-time employees 100% of a Long Term Income Protection Plan, appended hereto as Schedule "C" to this agreement.

- 13.03 It is recognized and agreed that additional benefits granted by the Company in settlement of this current agreement satisfy the requirements of the refund provision of the rebate section of the Employment Insurance Sick Leave legislation.

ARTICLE 14 – WORKERS’ COMPENSATION PAYMENTS

- 14.01 Payments under the Workers’ Compensation Act will be made according to the provisions set out within that Act. Pending the decision of the Workplace Safety and Insurance Board regarding the legitimacy of a claim, an amount equal to an employee's normal earnings be advanced at **their** current level of sick leave.

ARTICLE 15 - LEAVE OF ABSENCE

15.01 Bereavement Leave

A regular employee will be allowed a maximum of five (5) days off when a death of a father, mother, sister, brother, spouse/partner, son, daughter, step parent. A regular rate of pay will be maintained.

A regular employee will be allowed a maximum of three (3) days off when a death occurs of a father-in-law, mother-in-law, sister-in-law, brother-in-law, daughter-in-law, son-in-law, grandparent, grandchild, step brother, step sister, step son, step daughter or other relative living with the employee.

In addition, one (1) day bereavement leave will be granted in the death of an aunt or uncle, **niece or nephew**. If requested by the Corporation the employee shall provide proof of death.

Note: The Company will consider request for additional time off under extenuating circumstances.

15.02 Union Business

Subject to workload, leave of absence without pay may be granted to persons delegated to represent the membership on union business.

15.03 Maternity, Parental Leave and Adoption Leave

Pregnancy, Adoption, and Parental Leave will be administered subject to the terms and in accordance to the Employment Standards Act.

15.04 Jury or Witness

Leave of absence with pay without loss of seniority benefits will be granted to an employee who serves as a juror or witness in the Province of Ontario. The Company shall pay such an employee the difference between normal earnings and the payment received for jury service or court witness, excluding payment for travelling, meals, or other expenses. The employee will present proof of service and proof of the amount received, satisfactory to the Company.

15.05 Dependent Care

An employee shall be granted up to two (2) working days per contract year to care for ill dependents. The employee shall notify **their** Department as close as possible to the start of the work day of the need to be absent. Such leave will be charged against the employee's accumulated sick credit. **Employees will be allowed to use half (1/2) days dependent care if they require four (4) hours or less.** An employee will be charged one (1) sick occurrence, from the existing four (4) occurrences, when the **one (1) day has** been utilized.

15.06 Education

An Employee will be granted up to three (3) paid hours off during the employee's regular working day for testing related to approved/budgeted Company courses at a post-secondary College/University.

ARTICLE 16 - BENEFITS

- 1601 As a condition of employment every regular employee shall join the benefit plans stated, either as single or family coverage. Every probationary employee, as a condition of employment, who has completed three months continuous employment, shall join the benefit plans stated, either as single or family coverage, unless otherwise stated. A married employee whose spouse is employed elsewhere may elect not to participate, subject to signing the appropriate waiver. The benefits provided under these conditions will be in accordance with and subject to the terms and conditions of the contract entered into by the Company with the respective insuring agency. The Company may negotiate the terms and conditions and/or select plan carriers for any of the benefits, provided however that the benefits and coverage are basically the same on the understanding there must be mutual agreement from the Union.
- 1602 The Company agrees to pay one hundred percent (100%) of the cost and maintain coverage for a benefits plan that provides for Extended Health Care, Hospitalization, Dental and Life Insurance. The Company and the Union shall meet within thirty (30) days of ratification to review the Benefits booklet, the provisions of which form part of the Collective Agreement. The Company shall make copies of the Benefits booklet available to all employees.
- 1603 The Company reserves the right to change benefit carriers providing the level and continuity of each benefit is not reduced. The Company shall provide the Union with thirty (30) days written notice of their intent to change carriers.
- 1604 For benefit items which may be eligible for coverage under the Assistive Devices Program, as well as the Company's Health Plan, employees can claim the difference between what they actually pay and the amount reimbursed by the government agency.
- 1605 Temporary employees are not entitled to benefits under this Article.
- 1606 In addition to the Canada Pension Plan, every eligible employee, effective the date of commencement of employment shall join the basic O.M.E.R.S. Pension Plan in accordance with the provisions of the plan.

- 1607 The Company shall provide E.I., W.S.I.B., and E.H.T. coverage to all regular and probationary employees in accordance with the provisions of the respective Acts and Regulations and Collective Agreement.
- 1608 The Company agrees to pay fifty percent (50%) of the cost and maintain coverage for a benefits plan that provides for Extended Health Care, Hospitalization, Dental and Life Insurance for early retirees from age 55 to 65 who have a minimum of 15 years of service with InnPower.

ARTICLE 17 - ANNUAL VACATIONS AND PAID HOLIDAYS

- 17.01 Vacation schedules must be mutually agreed upon between the Company and the employees. Vacation requests submitted by February 1st shall be granted on a seniority basis amongst employees within their department. Vacation requests submitted after February 1st will be granted on a first come first serve basis. Vacation credits shall be calculated on the basis of the employee's anniversary date. Employees will be allowed to use their vacation credits at any time within the calendar year of their anniversary date, with carryover only allowed in exceptional circumstances.
- 17.02 Management may, for purposes of granting vacation, permit a level of entitlement that reflects a new employee's experience in other organizations. This will have no change in regards to item 7.01 – Seniority.

Employees with 1 year and less than 3 years' service will receive two (2) weeks' vacation with pay.

Employees with 3 years and less than 5 years' service will receive three (3) weeks' vacation with pay.

Employees with 5 years' service will receive three (3) weeks plus one (1) day vacation with pay.

Employees with 6 years' service will receive three (3) weeks plus two (2) days' vacation with pay.

Employees with 7 years' service will receive three (3) weeks plus three (3) days' vacation with pay.

Employees with 8 years' service will receive three (3) weeks plus four (4) days' vacation with pay.

Employees with 9 years' service will receive four (4) weeks' vacation with pay.

Employees with 13 years' service will receive four (4) weeks plus one (1) day vacation with pay.

Employees with 14 years' service will receive four (4) weeks plus two (2) days' vacation with pay.

Employees with 15 years' service will receive five (5) weeks' vacation with pay.

Employees with 20 years' service will receive five (5) weeks plus one (1) day vacation with pay.

Employees with 23 years' service will receive five (5) weeks plus two (2) days' vacation with pay.

Employees with 24 years' service will receive five (5) weeks plus three (3) days' vacation with pay.

Employees with 25 years will receive six (6) weeks' vacation with pay.

Employees with 26 years' service will receive six (6) weeks plus one (1) day vacation with pay.

Employees with 27 years' service will receive six (6) weeks plus two (2) days' vacation with pay.

Employees with 28 years' service will receive six (6) weeks plus three (3) days' vacation with pay.

Employees with 29 years' service will receive six (6) weeks plus four (4) days' vacation with pay.

Employees with 30 years' service will receive six (6) weeks plus five (5) days' vacation with pay.

- 17.03 The following paid holidays are recognized as requiring time off with normal pay for all regular and probationary employees. When such holidays fall on a Saturday or Sunday, the holiday will be observed on the immediate preceding Friday or following Monday, as the Company may decide.

New Year's Day	Victoria Day	Thanksgiving Day
Family Day	Canada Day	Christmas Day
Good Friday	Civic Holiday	Boxing Day
Easter Monday	Labour Day	

- 17.04 Three floater days per calendar year will be provided to each regular employee, to be taken at a time mutually agreeable by the employee and management. In addition, all employees will receive 1 full paid day on the final work day prior to December 25 and 1/2 paid day on the final work day prior to January 1.

- 17.05 Vacation pay shall be based on the employee's regular classification. The employee's vacation pay will be reduced on a pro-rata basis when:

- (1) on leave of absences without pay aggregating in excess of twenty (20) working days;
- (2) laid off for temporary periods aggregating in excess of thirty (30) working days.

- 17.06 When, during their vacation, an employee is incapacitated due to an illness or injury and produces a medical doctor's certificate, they shall be entitled to take their vacation or part thereof at another time mutually agreed upon.

ARTICLE 18 - HOURS OF WORK AND OVERTIME RATES

- 18.01 The following hours of work shall be considered normal hours and paid at the standard rate as shown on Schedule "A".

Monday to Friday, 8 hours per day (five days per week, 40 hours per week) between the hours of 7:30 am and 6:00 p.m. with a minimum, unpaid, one-half hour for lunch.

All authorized work performed at other than normal hours will be considered overtime and paid at two times the employee's basic rate.

NOTE:

Overtime work, including public weekend events, will be offered first to regular full time employees within the department affected and will be equitably distributed amongst qualified employees. When additional internal support is required from outside the department, the Company will endeavor to distribute overtime in an equitable manner amongst regular full time employees.

- 18.02 Hours of work arrangements other than those noted above may be developed and implemented providing the following principles are adhered to:

- a) Such schedules will be established by mutual agreement between Management and the Principal Steward or delegate.
- b) Operational effectiveness will be maintained.
- c) Either party may cancel such arrangements with thirty (30) days' notice.

Such arrangements may include flexible hours, summer hours, compressed work week.

- 18.03 Employees will have the option to bank their overtime at the appropriate premium rate to a maximum of eighty (80) hours per year. **Employees may carryover the balance of their hours that must be used by June 30 of the following year or shall be paid out based on year earned.**

ARTICLE 19 - OVERTIME MEAL PER DIEM

- 1901 An employee shall be entitled to an overtime meal per diem when the employee is required to work more than 2 hours overtime **continuously** after a regular shift, where a suitable meal cannot be provided to the employee.

If a suitable meal cannot be provided the employee shall receive a per diem of **\$23.00**. If an employee is called out to work extended periods of overtime on Saturday, Sunday or statutory holidays, without forewarning (i.e. unplanned), the Company will provide the employee with an appropriate meal on approximately a four hour interval basis. If forewarned (i.e. planned), the employee shall carry or provide **all meals**. **If an employee works beyond eight (8) planned overtime hours, the Company shall provide a meal after two (2) hours and on a four (4) hour interval basis.**

- 1902 It is recognized that between the hours of midnight and normal starting time, it may not be feasible for the Company to provide a meal, and the employee may not feel the need for one.

ARTICLE 20 - CLOTHING AND PERSONAL TOOLS

- 20.01 It is agreed by the Company that each employee who will be required to work outside, excluding delivery work, will be supplied with the following items that may only be used/worn while performing work for the Company:
- (a) Work gloves, as required.
 - (b) The employee shall be reimbursed the cost of "Green Patch" CSA approved dielectric safety boots/shoes, acceptable to the Company, upon presentation of a bona fide receipt, up to a maximum of **\$285.00 effective July 1, 2022, \$295.00 effective July 1, 2023, \$305.00 effective July 1, 2024.**
 - (c) Overalls to protect clothing when working under adverse conditions.
 - (d) A parka, acceptable to the Company, for the following: Engineering Technician, Engineering Technologist, Purchaser/Stockkeeper and GIS/Autocad Technician, Meter Technician and Protection & Control Technologist. A replacement will be provided when previous parka is worn out and returned.
 - (e) Fire Retardant clothing which is required by law/regulation to be worn, will be supplied by the Company at no cost to the employee.
- 20.02 **The Company shall supply, maintain and replace all tools and equipment necessary for employees to carry out their work duties. All tools are the Company's property and cannot be used for personal use. Employees will be required to exercise due care in the use and treatment of all tools and equipment whether issued to them personally, assigned to them, or used by them.** Replacements will be provided on a return basis and for reasons satisfactory to management.

ARTICLE 21 – ON-CALL

- 21.01 The Company agrees that when it requires an employee to be on standby, (available at a moment's notice) they will be paid **\$44.00, effective July 1, 2022** per diem Monday to Friday. Employees will be paid **\$49.00, effective July 1, 2022** per diem Saturday and Sunday. Employees will be paid **\$59.00, effective July 1, 2022** for recognized paid holidays as per 17.03. **On-Call** will be offered to regular employees prior to contractors.
- 21.02 When an employee is called in for work outside of **their** normal working hours, the employee shall be provided with a minimum payment two (2) hours' pay at the appropriate premium rate or the actual time worked at the appropriate premium rate whichever is the greater, except when a short call follows within two (2) hours of the completion of the previous call or if the call falls within the minimum payment of two (2) hours, in which case time shall be considered continuous from the start of the previous call. There shall be no minimum payment applicable to overtime worked as an extension either before or after an employee's normal daily hours.

ARTICLE 22 - WAGE RATES AND JOB CLASSIFICATIONS

- 22.01 Rates of pay ranges and job classifications shall be as shown on Schedule "A" attached to and forming part of this Collective Agreement.

ARTICLE 23 - RELIEF PAY

- 23.01 When an employee is assigned by a **Supervisory role** to perform the duties of a higher classification (Union position), **they** shall receive eight percent (8%) of **their** current rate. When an employee is relieving in a Non-Union position, **they** shall receive fifteen (15%) of

their current rate. When a Non-Union position is filled for more than eighteen (18) months the Principal Steward must be notified and a bonafide reason must be given to extend the term past the eighteen (18) month duration.

ARTICLE 24 - COPIES OF AGREEMENT

24.01 The Company shall have printed sufficient copies of the Collective Agreement within thirty (30) days of signing.

ARTICLE 25 – TERMINATION AND AMENDMENT

25.01 This agreement shall remain in force for a period of **four (4) year(s) from July 1, 2022 to June 30, 2026** and shall continue in force from year to year thereafter unless in any year not more than ninety (90) days and not less than before its termination date, either party shall furnish the other with notice of a desire to terminate or amend this agreement. The parties agree to meet a minimum of two (2) weeks in advance of the scheduled negotiation commencement date to exchange agendas unless otherwise mutually agreed.

ARTICLE 26 – SUCCESSOR RIGHTS

The parties agree that Section 69 of the Labour Relations Act 1995 is incorporated into this collective agreement as it read on the date of June 6, 2003. Should the Company merge, amalgamate or combine with another organization the Company agrees to advise The Union. The representation rights and collective agreement in respect to the new organizations' members and the status quo of the Power Workers' Union (CUPE local 1000 – C.L.C.) members shall be maintained until the final determination is made under the Labour Relations Act of Ontario or any successor organization as to the proper representation of the combined group.

ARTICLE 27 – MID-TERM AGREEMENTS

Working conditions during the term of this Agreement shall be outlined in this Agreement and any Mid-Term Agreements.*

*A Mid-Term is a modification of the Collective Agreement executed by the parties in the following format during the term of the Collective Agreement.

Mid-Term Agreement

Title _____

Number _____

Date _____

It is jointly agreed that the following Mid-Term shall form part of the Collective Agreement between the parties.


InnPower Corporation

Power Workers' Union


ARTICLE 28 – JOB EVALUATION PLAN

The Job Evaluation Plan and Maintenance Manual shall form part of the Collective Agreement.

SIGNED THIS 5th DAY OF August, 2022



James Middleton, Vice President
Power Workers' Union



Danny Persaud, President & CEO
InnPower Corporation

SCHEDULE "A"

Band/Position	July 1, 2022	July 1, 2023	July 1, 2024	July 1, 2025
Band A	\$27.76	\$28.48	\$29.16	\$29.86
Band B	\$31.29	\$32.11	\$32.88	\$33.67
Stockkeeper (C)	\$32.54	\$33.38	\$34.18	\$35.00
Customer Engagement Representative (D)	\$33.87	\$34.75	\$35.59	\$36.44
Purchaser/Stockkeeper (D)	\$33.87	\$34.75	\$35.59	\$36.44
Computer User Support Technician (E)	\$35.23	\$36.15	\$37.01	\$37.90
Customer Service Representative (E)	\$35.23	\$36.15	\$37.01	\$37.90
Infrastructure Coordinator (E)	\$35.23	\$36.15	\$37.01	\$37.90
Accounting Clerk (E)	\$35.23	\$36.15	\$37.01	\$37.90
Information Systems Analyst (F)	\$36.62	\$37.57	\$38.47	\$39.39
Financial Analyst (G)	\$38.10	\$39.09	\$40.03	\$40.99
GIS/Autocad Technician (H)	\$39.63	\$40.66	\$41.64	\$42.63
Engineering Technician (H)	\$39.63	\$40.66	\$41.64	\$42.63
Network Administrator (H)	\$39.63	\$40.66	\$41.64	\$42.63
Engineering Technologist (I)	\$46.90	\$48.12	\$49.27	\$50.45
Meter Technician (I)	\$46.90	\$48.12	\$49.27	\$50.45
Powerline Technician Journeyman (I)	\$46.90	\$48.12	\$49.27	\$50.45
Protection & Control Technologist (I)	\$46.90	\$48.12	\$49.27	\$50.45

Any licenses or C of Q's that are required by the company for tradespeople will be reimbursed by the company including renewal costs.

4% increase to lead hand for non-foreman linesman (power line technician) responsible for job planning on service truck or as trouble 1 after hours

Any employee who applies for a lower job classification will be compensated at 100% of the lower job classification rate.

Employees moving to higher paid positions will have their rate adjusted to the closest percentage noted above with no reduction in wages.

Progressions are not automatic and are subject to a satisfactory performance appraisal.

New Employees

Progression Steps – Non-Trades

Progression through steps: 85% start, 90% after 6 months, 95% after 12 months, 100% after 24 months.

If an employee is hired at 90%, the employee will be progressed to 95% after six months and 100% after 18 months. If an employee is hired at 95% they will be progressed to 100% after 12 months.

Progression Steps – Trades

Team Lead	108
Lead Hand	104
P&C Technologist	100 (8,000 hours + Level 2 Completed) 90 (6,000 hours + Level 2 Completed) 80 (4,000 hours + Level 2 Completed) 70 (2,000 hours + Level 1 Completed)
Starting Rate	60

Meter Technician Journeyperson	100 (8,000 hours + Level 3 Completed) 90 (6,000 hours + Level 3 Completed) 80 (4,000 hours + Level 2 Completed) 70 (2,000 hours + Level 1 Completed)
Starting Rate	60

Powerline Technician Journeyperson	100 (8,000 hours + Level 4 Completed) 90 (6,000 hours + Level 3 Completed) 80 (4,000 hours + Level 2 Completed) 70 (2,000 hours + Level 1 Completed)
Starting Rate	60

Management will implement a permanent lead hand position for the service crew.

For a period of 6 months commencing at the start of this agreement, management will implement a lead hand position on the construction crew on a trial basis. At the 6-month period, Management will meet with the Union to engage in a discussion regarding the pilot outcome.

Progressions are not automatic to the Journeyperson level but are based on the successful completion of 8000 hours of service, the successful completion of **MEARIE**/Infrastructure Health & Safety Association training programs and the Issuance of a Journeyperson Certificate of Qualification (C of Q). On successful completion of the C of Q employees will receive the Journeyperson rate retroactive to the date the employee was eligible to write the exam (maximum 90 days retro pay).

Employees who are hired as apprentices shall be given credit for all related apprentice hours worked for placement in the progression schedule.

SCHEDULE "B"
SHORT TERM INCOME PROTECTION

1. General

The following plan is designed to provide the regular employee and the probationary employee who has completed six months continuous employment with an income if they cannot perform their normal duties due to illness or injury during a short term disability. This plan does not duplicate or replace any Workers' Compensation benefits. Any reference to employee(s) in this schedule means regular employee(s).

2. Short Term Disability Defined

A period of disability resulting from illness or injury, including but not limited to mental, emotional, nervous disorders, alcoholism, or drug addiction, as determined by a legally qualified medical practitioner, which prevents an employee from attending their regular work and which extends for a period of not more than 119 days.

3. Seniority of Service

Service for all employees, for the purpose of this plan, shall mean completed years of full time continuous service with InnPower.

4. Short Term Income Protection Plan

Employees shall be paid for a non-occupational accidental injury or absence due to illness.

Any absence of four hours or more on a scheduled working day shall constitute an "occasion" for which the employee shall be paid according to the following:

- a) from the first day of absence for the first four (4) occasions of absence in a calendar year; and
- b) from the second day of the fifth (5th) occasion of absence in a calendar year; and
- c) from the third day of the sixth (6th) occasion of absence in a calendar year; and
- d) from the fourth day of the seventh (7th) and subsequent occasions of absence in a calendar year.

Successive absences due to the same or a related cause shall be considered as one continuous occasion of disability, unless separated by return to active employment for a period of two months. A disability due to a different cause shall be considered a new occasion, even if the disability occurs within a two month period.

SCHEDULE "B" (continued)

A certificate from a legally qualified medical practitioner shall be required for each period of absence lasting four (4) or more consecutive days.

5. Wage Rate Determination

For the purposes of this plan, a week's pay shall be the normal regular hours worked per week, in effect at the time of the occurrence. Length of service will be established based on the time of the occurrence.

Short term coverage shall apply to disabilities lasting up to 119 days and pay shall be continued in accordance with the following schedule:

Length of Service	100% of Salary first	70% of Salary balance
Less than one year	2 weeks	15 weeks
1 year, but less than 2	3	14
2 years, but less than 3	4	13
3 years, but less than 4	5	12
4 years, but less than 5	6	11
5 years, but less than 6	7	10
6 years, but less than 7	8	9
7 years, but less than 8	9	8
8 years, but less than 9	10	7
9 years, but less than 10	12	5
10 years, but less than 11	14	3
over 11 years	17	0

6. Termination of Short Term Income Protection

An employee shall be paid while he is disabled until the earlier of:

- i. the employee returns to work; or
- ii. the employee retires, either at the normal retirement age or opts to retire early; or
- iii. the employee exhausts their entitlement under the plan; or
- iv. the employee dies; or
- v. the employee resigns

7. Exclusions

No benefit shall be payable during an approved non-paid leave of absence.

SCHEDULE "B" (continued)

No benefit shall be payable during a period of pregnancy leave of absence to which an employee is entitled under the Employment Standards Act, or during any such longer period of pregnancy leave for which the employee has applied and has been approved by the employer.

Short term disability payments shall be offset by any other disability benefits payable to the employee.

An employee who is engaged in other employment and is receiving remuneration for their services, apart from their employment with InnPower, is not entitled to any benefits under the provisions of the Short Term Income Protection Plan for any occupational injury or sickness sustained during such periods of employment.

An employee who is receiving benefits under the provisions of the Short Term Income Protection Plan shall not engage in other employment and receive remuneration for their services, apart from their employment with InnPower.

Short term disability benefits shall not be paid for periods of absence from work for which an employee receives vacation pay, except as stated in Section 16.06 of the Collective Agreement.

Disability benefits shall not be paid for those days for which an employee is eligible for and receives holiday pay.

8. Benefits and Pension

The employer shall continue to pay its portion of the premiums of benefits including dental, extended health, life insurance, etc., and any other applicable benefits, except where otherwise stated. When required payroll deductions for benefit purposes shall continue to be made from the disability pay.

SCHEDULE "C"
LONG TERM INCOME PROTECTION

1. General

The Company agrees to pay on behalf of eligible regular employees and regular part-time employees 100% of a long term disability plan. Any reference in this schedule to employee(s) means regular employee(s).

2. Provisions

Long term disability (LTD) benefits shall be effective after 119 days of disability. LTD benefits shall be 66.7% of an employee's monthly earnings at the time of the occurrence. The medical non-evidence limit shall be \$3,100.00. Maximum monthly payment of \$4,000.00. Benefit terminates at age 65, or earlier retirement. Full Canada Pension Plan offset for primary benefits only. Definition of disability is two years of own occupation.

3. Details

The details of the plan are provided in a separate document, which would take precedence over anything mentioned above.

LETTER OF UNDERSTANDING #1

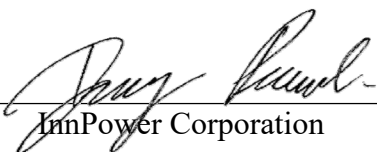
BENEFITS FOR ACTIVE EMPLOYEES BEYOND AGE 65

It is jointly agreed that the following Letter of Understanding shall form part of the Collective Agreement dated **July 1, 2022 to June 30, 2026** between the parties:

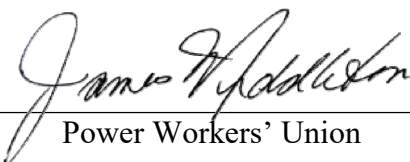
Benefits for Active Employees beyond Age 65

InnPower will not eliminate or reduce any Health & Dental benefit coverage for active employees who work beyond age 65 up to age 70, understanding that the life insurance and AD&D will be reduced to 50% once the employee reaches age 65. All other benefits/insurance coverage will be in accordance with the current benefit plan.

The employee will utilize any Government supplied benefit (example: Ontario Drug Benefit) prior to submitting a benefit claim to the carrier for InnPower.



InnPower Corporation



Power Workers' Union

August 5th, 2022

Date

LETTER OF UNDERSTANDING #2

REST PERIODS IN REGARDS TO OVERTIME WORK

It is jointly agreed that the following Letter of Understanding shall form part of the Collective Agreement dated **July 1, 2022 to June 30, 2026** between the parties:

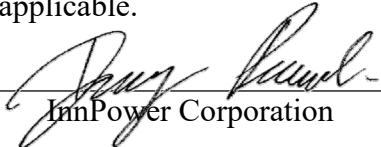
The Rest Periods in Regards to Overtime Work applies to all members of InnPower's workplace community: employees (full-time, part-time, temporary). All participants in InnPower's workplace community are accountable for complying with the following:

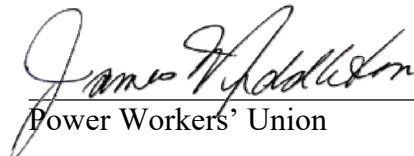
1. During a regular work week, hours worked between 00:00 hours and 06:00 hours will receive the equivalent time plus one-half hour off as a paid rest period. If the overtime work is completed before 06:00 hours, the rest period will be taken at the beginning of the normal work day. If the overtime work is completed after 06:00 hours, the rest period will be taken at the end of the normal work day. *
2. During a regular work week, hours worked in excess of five (5) hours between 00:00 hours and normal start time will receive a full day off as a paid rest period. *
3. Should the employee be required to work during a rest period, the employee will be paid at a regular rate and will be awarded equivalent time as flex hours.

* A paid rest period only qualifies for those regular hours the employee would have otherwise worked. Any hours the rest period falls outside of regular working hours will not be paid. The Manager shall be informed of any pending rest periods before time is taken off. Any rest period alterations shall be approved by the Manager.

Examples:

- Employee works 2 hours between 00:00 and 02:00 hours. Employee is entitled to $2 + \frac{1}{2}$ hours = $2 \frac{1}{2}$ hours taken at the beginning of the work day. Employee can report to work at 10:00 hours, providing an 8 hour rest period.
- Employee works $7 \frac{1}{2}$ hours between 00:00 and 07:30 hours. Employee is entitled to $7 \frac{1}{2} + \frac{1}{2} = 8$ hours rest period. Employee can go home.
- Employee works $2 \frac{1}{2}$ hours between 05:00 and 07:30 hours. Employee is entitled to $1 + \frac{1}{2}$ hours = $1 \frac{1}{2}$ hours rest period. Employee can go home at 14:30 hours. If employee is required to work until 16:00 hours, employee will be entitled to $1 \frac{1}{2}$ hours flex time.
- Employee works $1 \frac{1}{2}$ hours between 06:00 and 07:30 hours. Rest period is not applicable.


InnPower Corporation


Power Workers' Union

August 5th, 2022

Date

LETTER OF UNDERSTANDING #3

Between

InnPower Corporation

And

**Power Workers' Union
CUPE Local 1000**

Re: Paid Lunches for Line Staff

Without prejudice or precedence, the Company and Union agree to provide paid lunches for line staff, as outlined below.

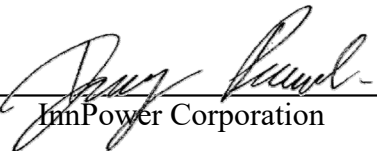
Where there is a productive advantage demonstrated and line staff are required to remain at a job site for the lunch period, the job site will not be dismantled, and line staff will be provided with a 30-minute paid lunch.

The Manager, Infrastructure Services or designate, reserves the right to deem work as authorized or unauthorized for paid lunches, within reason and fairness to both parties.

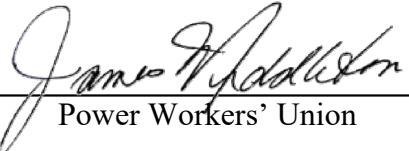
Under no circumstances will InnPower Head Office at 7251 Yonge Street, Innisfil be considered a job site.

When a paid lunch is applicable, the normal hours of work shall be 7:30 am – 3:30 pm. When a paid lunch is not applicable (e.g. training, inclement weather), the hours of work shall be from 7:30 am – 4:00 pm.

Either party may, with one month's notice, opt to terminate this letter of understanding.



InnPower Corporation



Power Workers' Union

Date: August 5th, 2022

Date: August 4, 2022

LETTER OF UNDERSTANDING #4

EFFICIENCY COMMITTEE

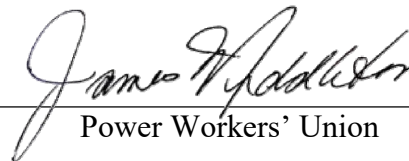
It is jointly agreed that the Management of InnPower Corporation and members of the Power Workers' Union will co-operate on ways to improve the efficiency and reduce the costs of operations at InnPower Corporation.

A group of three Management staff selected by the Corporation and three Union staff selected by the Power Workers' Union, from various departments, will meet quarterly to consider suggestions from staff on ways to improve operations. They will report their findings to the President.

It is not the intent of the Efficiency Committee to limit management's authority, nor is the intent to interfere with union rights by legislation or collective agreements. It should be noted that formal grievances shall not be introduced at this committee since the manner in which grievances are to be processed is prescribed in the collective agreement.

While consultation does not involve mutual decision-making or formal agreement, it does imply that management should take into account the views and suggestions advanced by union representatives.


InnPower Corporation


Power Workers' Union

August 5th, 2022

Date

LETTER OF UNDERSTANDING #5

Job Descriptions, Job Mapping & Job Classifications

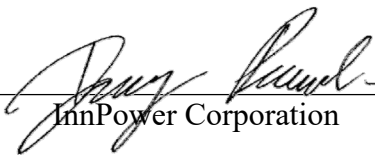
The Company and Union agree to meet within six (6) months of ratification of the Collective Agreement to finalize all job descriptions, job mapping and job classifications.

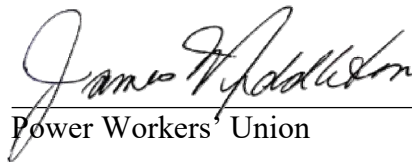
Once the job description, job mapping and job classification processes are completed, the Company and the Union will meet to discuss pay equity review. A finalized pay equity review will be completed within six (6) months of this meeting. The pay equity review will be facilitated by a third party.

By October 1, 2024 all evaluations and reviews will be completed.

It is agreed that any resulting wage increases will be retroactive to the date of the start of the pay equity review. Any changes that would result in a wage decrease will not affect employees that exist at the date of this Letter of Understanding.

A group of two (2) Management staff selected by the Company and the Principal Steward and the Job Classification Staff Officer will meet quarterly (if necessary) to discuss new positions, and any outstanding job classification issues.


InnPower Corporation


Power Workers' Union

August 5th, 2022

Date



Appendix 4-1-6 (B) OEB Appendix 2-K Employee Costs

	Last Rebasing Year (2017 OEB Approved)	Last Rebasing Year (2017 Actuals)	2018 Actuals	2019 Actuals	2020 Actuals	2021 Actuals	2022 Actuals	2023 Bridge Year	2024 Test Year
Number of Employees (FTEs including Part-Time)¹									
Management (including executive)	10.50	8.33	9.08	8.67	7.35	8.83	9.58	9.00	9.00
Non-Management (union and non-union)	33.12	35.50	37.23	39.93	43.65	46.41	47.21	57.92	64.33
Total	43.62	43.83	46.31	48.60	51.00	55.24	56.79	66.92	73.33
Total Salary and Wages including overtime and incentive pay									
Management (including executive)	\$ 1,140,261	\$ 616,999	\$ 1,348,976	\$ 1,471,165	\$ 1,618,207	\$ 1,596,048	\$ 1,659,483	\$ 1,386,597	\$ 1,404,437
Non-Management (union and non-union)	\$ 2,282,760	\$ 2,806,098	\$ 2,672,608	\$ 2,983,508	\$ 3,336,676	\$ 3,780,014	\$ 4,180,936	\$ 4,718,566	\$ 5,467,484
Total	\$ 3,423,021	\$ 3,423,097	\$ 4,021,585	\$ 4,454,672	\$ 4,954,883	\$ 5,376,062	\$ 5,840,419	\$ 6,105,163	\$ 6,871,921
Total Benefits (Current + Accrued)									
Management (including executive)	\$ 232,278	\$ 43,858	\$ 550,141	\$ 590,439	\$ 738,790	\$ 720,621	\$ 751,220	\$ 661,011	\$ 657,862
Non-Management (union and non-union)	\$ 414,958	\$ 196,235	\$ 1,149,826	\$ 1,222,756	\$ 1,458,257	\$ 1,705,128	\$ 1,776,096	\$ 2,293,444	\$ 2,604,835
Total	\$ 647,236	\$ 240,093	\$ 1,699,967	\$ 1,813,195	\$ 2,197,048	\$ 2,425,749	\$ 2,527,316	\$ 2,954,455	\$ 3,262,697
Total Compensation (Salary, Wages, & Benefits)									
Management (including executive)	\$ 1,372,539	\$ 660,857	\$ 1,899,117	\$ 2,061,603	\$ 2,356,997	\$ 2,316,669	\$ 2,410,704	\$ 2,047,608	\$ 2,062,299
Non-Management (union and non-union)	\$ 2,697,718	\$ 3,002,333	\$ 3,822,434	\$ 4,206,264	\$ 4,794,933	\$ 5,485,142	\$ 5,957,031	\$ 7,012,010	\$ 8,072,319
Total	\$ 4,070,257	\$ 3,663,190	\$ 5,721,551	\$ 6,267,867	\$ 7,151,931	\$ 7,801,811	\$ 8,367,735	\$ 9,059,618	\$ 10,134,618
Total Compensation Breakdown (Capital, OM&A)									
OM&A	\$ 3,616,388	\$ 3,209,321	\$ 4,857,535	\$ 4,961,166	\$ 5,592,353	\$ 5,803,130	\$ 6,129,088	\$ 6,536,454	\$ 7,431,407
Capital	\$ 453,869	\$ 453,869	\$ 864,016	\$ 1,306,701	\$ 1,559,578	\$ 1,998,681	\$ 2,238,647	\$ 2,523,164	\$ 2,703,211
Total	\$ 4,070,257	\$ 3,663,190	\$ 5,721,551	\$ 6,267,867	\$ 7,151,931	\$ 7,801,811	\$ 8,367,735	\$ 9,059,618	\$ 10,134,618



Appendix 4-2-1 (A) Elenchus Affiliate Relationship Code Review Report



2 Toronto St, Suite 222
Toronto, Ontario, M5C 2B5
Elenchus.ca

April 18, 2022

Mr. Glen McAllister
Chief Financial Officer
InnPower Corporation
7251 Yonge St.
Innisfil, ON
L9S 0J3

Re: Shared Services Review

Dear Glen,

Elenchus has completed its review of InnPower Corporation Shared Services and a summary of the work and findings is provided as Attachment A. Attachment B is the *InnPower Corporation Costing Methodology for Affiliate Services* report that was prepared by InnPower staff and was the subject of the review by Elenchus. Thank-you for the opportunity to work with you and your staff on this important initiative.

Yours truly,

Ian Innis

Ian R. Innis

Associate Consultant
Elenchus Research Associates
iinnis@elenchus.ca
(289) 208-2190

REVIEW OF INNPOWER SHARED SERVICES

1.0 BACKGROUND

In the March 8, 2018 Decision and Order related to InnPower's Cost of Service proceeding, the decision stated that *"The OEB will undertake an audit of InnPower's affiliate transactions to ensure its allocation of costs and approach to costing and applicable revenue complies with the Affiliate Relationships Code."*¹

The OEB Audit and Investigations Department performed the inspection and issued their report on January 31, 2019. "The objective of the inspection was to determine whether InnPower complies with the OEB's Affiliate Relationships Code and OEB guidance with regard to the accounting for revenues and costs of services provided to its non rate-regulated affiliates, including the allocation of those costs."² The OEB concluded that InnPower did not appear to be in compliance with the Affiliate Relationships Code and the specific findings were included in the Inspection Report.

Subsequent to the OEB Inspection report InnPower undertook a detailed review of the findings and their affiliate transaction processes with the view to addressing all findings and being in complete compliance with the Affiliate Relationships Code. The updated methodology implemented by InnPower was documented in a draft report entitled *"InnPower Corporation Costing Methodology for Affiliate Services"*, in addition an associated Excel Model entitled *"InnPower ARC Fully Allocated Cost Model"* was developed.

In order to help ensure that InnPower fully addressed the OEB Inspection Report findings and the updated methodology is now compliant with the Affiliate Relationships Code, InnPower retained Elenchus Research Associates ("Elenchus") to review the draft report and Excel model developed by InnPower.

The following summarizes the scope, process, findings and conclusion of the Elenchus review.

¹ EB-2016-0085 Decision and Order, March 8, 2018, pg. 17

² Letter: Re. Inspection of Affiliate Transactions, January 31, 2019

2.0 SCOPE OF ENGAGEMENT

The scope of work undertaken by Elenchus included

- Review of case file and relevant background material
- Review of relevant OEB correspondence and OEB Inspection Report
- Detailed review of the *InnPower ARC Fully Allocated Cost Model* (“the Model”)
- Detailed review of *InnPower Corporation Costing Methodology for Affiliate Services* (“the Report”)
- Prepare a summary opinion on InnPower’s approach to being in compliance with the Affiliate Relationships Code

3.0 METHODOLOGY/APPROACH

1. Elenchus reviewed all relevant background information related to the OEB’s concern with InnPower’s compliance with the Affiliate Relationships code.
2. Elenchus received and reviewed a draft of the updated costing methodology Report and Model
3. Elenchus prepared a summary of comments and findings related to its review
4. Elenchus met with InnPower to discuss/confirm findings recommend next steps
5. InnPower updated the Report and the Model based on Elenchus direction
6. Elenchus reviewed final Report and Model
7. Elenchus prepared findings of final review

4.0 FINDINGS OF ELENCHUS REVIEW

In its initial draft document and model, InnPower made significant steps forward in addressing concerns raised by the OEB in the Inspection Report. InnPower responded positively to the feedback provided by Elenchus and improved documentation and refined the model accordingly. This was an iterative process with InnPower providing updated information to Elenchus, Elenchus reviewing it and providing further feedback to InnPower. InnPower has been thorough in identifying the full scope of services, the full costs and the appropriate drivers for allocation. The version of the “*InnPower Corporation Costing Methodology for Affiliate Services*” document dated January 2022 and the associated Model are the final versions that Elenchus reviewed.

5.0 CONCLUSION

Elenchus has relied on information provided by InnPower (the Report and the Model) to accurately represent their current practices with respect to fully allocated costing and affiliate transactions. Based on this information, discussion with InnPower staff (Laura Hampton and Glen McAllister) and Elenchus's understanding of the Affiliate Relationships Code requirements, Elenchus believes that the practices as documented by InnPower are consistent with the Affiliate Relationships Code. Accordingly, as InnPower follows the methodology as documented, it will be operating on a basis consistent with the Affiliate Relationships Code.

Attachment B



InnPower Corporation Costing Methodology for Affiliate Services

Effective Date: January 2020

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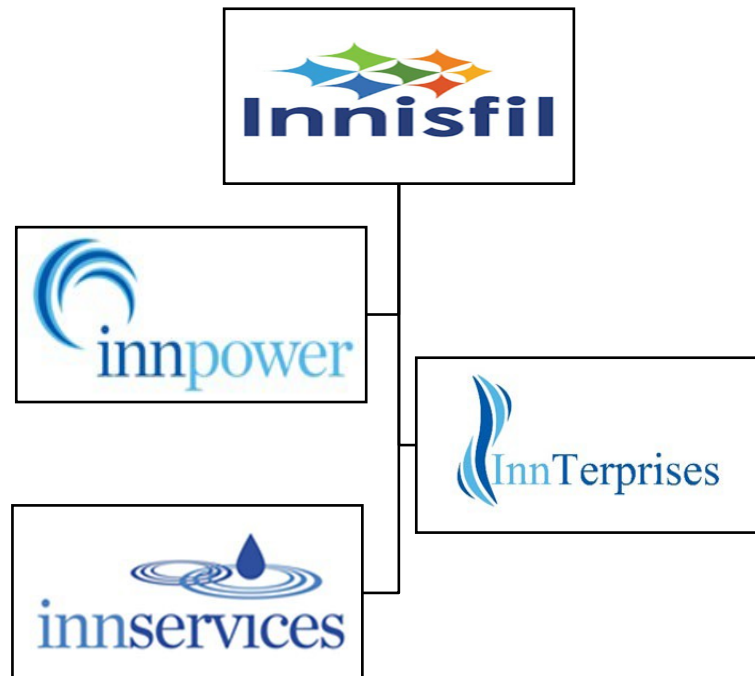
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1.0 Background

InnPower Corporation (IPC) is an electricity distribution company that is 100% owned by the Town of Innisfil.

InnTerprises Corporation (ITP) is an unregulated corporation providing sentinel light and telecommunication services that is 100% owned by the Town of Innisfil. InnPower provides management, financial, billing services and rental space to this affiliated company.

InnServices Corporation (IUI) is a municipal services corporation providing water and wastewater services that is 100% owned by the Town of Innisfil. InnPower provides financial services, billing services and rental space to this affiliated company.



2.0 ARC Costing Methodology Terms and Definitions

2.1 Fully Allocated Costs

As per ARC section 1.2, “Fully Allocated Costs” are calculated as:

*“The sum of **direct costs** plus a proportional share of **indirect costs**.”*

2.2 Market Price

As per ARC section 1.2, “Market Price” is:

“The price reached in an open and unrestricted market between informed and prudent parties, acting at arm’s length and under no compulsion to act.”

2.3 Direct Costs

As per the Ontario Energy Board (OEB) Affiliate Relationship Code section 1.2, “Direct Costs” are defined as;

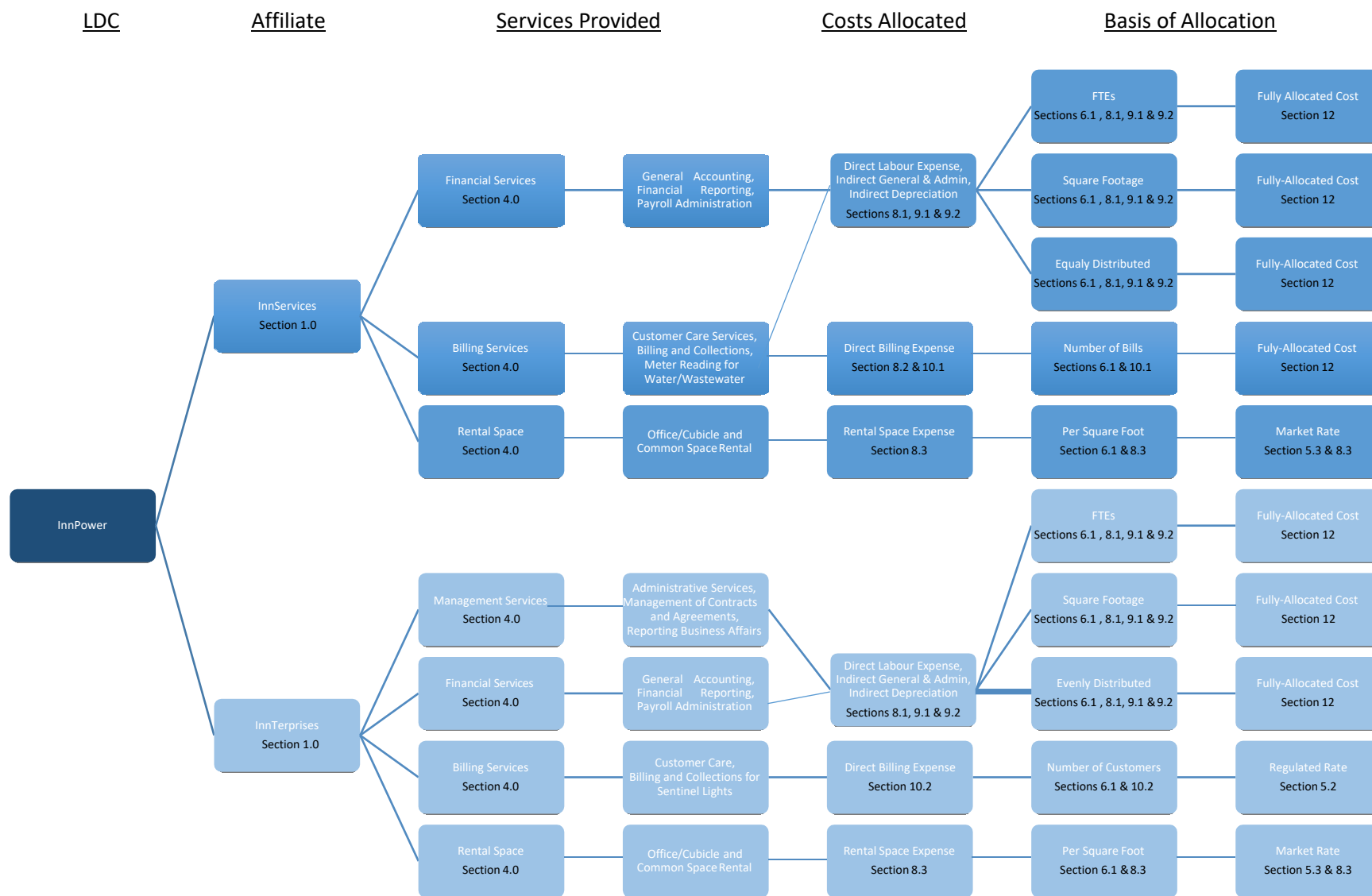
“Those costs that can reasonably be identified with a specific unit of product or service or with a specific operation or cost centre;”

2.4 Indirect Costs

As per the OEB Affiliate Relationship Code section 1.2, “Indirect Costs” are defined as;

“Those that cannot be identified with a specific unit of product or service or with a specific operation or cost centre, & include but are not limited to overhead costs, administrative & general expenses, & taxes;”

3.0 Summary of IPC Affiliate Related Services



4.0 Affiliate Related Services

INNSERVICES



InnPower provides the following services to its affiliate InnServices:

Financial Services	The nature of financial services include:	General Accounting Financial Reporting	Payroll Administration IT Administration for IPC Network
	Financial services are provided by the following positions:	Accounting Clerk Financial Analyst Capital Analyst	Payroll Administrator Network Administrator
Billing Services	The nature of billing services include:	Meter Reading Billing	Customer Care Services Collections
	Billing services are provided by the following positions:	Customer Account Representatives Customer Service Representatives Billing and Collecting Clerks	Meter Technician Supervisor, Billing and Business Processes Manager, Customer Relations and Engagement
Office Space Rental	The nature of the office space rental include:	Cubicle / Office Space Common Areas & Meeting Rooms Desk and Office Furniture	

INNTERPRISES

InnPower provides the following services to its affiliate InnTerprises:



Management Services	The nature of management services include:	Administrative Services Management of Contracts and Agreements Reporting Business Affairs to Directors	
	Management services are provided by the following positions:	Finance Manager CFO	
Financial Services	The nature of financial services include:	General Accounting Financial Reporting Payroll Administration	
	Financial services are provided by the following positions:	Accounting Clerk Financial Analyst Payroll Administrator	Finance Manager CFO
Billing Services	The nature of billing services include:	Customer Care Services Billing and Collections	
	Billing services are provided by the following positions:	Customer Account Representatives Customer Service Representatives Billing and Collecting Clerks	Supervisor, Billing and Business Processes Manager, Customer Relations and Engagement
Office Space Rental	The nature of the office space rental include:	Cubicle / Office Space Desk and Office Furniture	Common Areas & Meeting Rooms



PROVIDENT ENERGY MANAGER (Provident)

Provident is a third-party company that specializes in the multi-residential market with an emphasis on high-rise condominiums. More specifically, Provident provides thermal and gas services to the Friday Harbour Resort within InnPower's service territory.

InnPower provides third-party billing for thermal and gas services to customers on behalf of Provident. Provident is not an affiliate of InnPower, however, thermal and gas billing services have been included to account for related billing expenses.

5.0 Affiliate Relationship Code Costing Methods

Table 1: Affiliate Relationship Code Costing Methods

Affiliate Service	Costing Method	Competitive Market	Reference
Management Services	Fully-Allocated Cost	Non-Existent	As per ARC 2.3.5.1, the management services are provided under shared corporate services ¹ . As such, the fully-allocated cost-based pricing may be applied in lieu of applying the transfer pricing provision.
Financial Services	Fully-Allocated Cost	Non-Existent	As per ARC 2.3.5.1, the financial services are provided under shared corporate services ¹ . As such, the fully-allocated cost-based pricing may be applied in lieu of applying the transfer pricing provision.
Billing Services	Market Price	Exists	As per ARC 2.3.3.6, where a reasonably competitive market exists, a utility shall charge no less than the greater of (i) the market price of the service, product, resource or use of asset and (ii) the utility's fully-allocated cost to provide service, when selling that service, to an affiliate resource or use of asset from an affiliate.
Office Space Rental	Market Price	Exists	As noted in Billing Services above

¹“shared corporate services” means business functions that provide shared strategic management and policy support to the corporate group of which the utility is a member, relating to legal, regulatory, procurement services, building or real estate support services, information management services, information technology services, corporate administration, finance, tax, treasury, pensions, risk management, audit services, corporate planning, human resources, health and safety, communications, investor relations, trustee, or public affairs;



5.1 Market Price for InnServices Billing Services

The market price for billing services received was on par with the fully allocated costs incurred by InnPower. As both costing methods were comparable, the “greater than” rule under ARC 2.3.5.1 did not apply. For consistency with other affiliate services, IPC selected the *fully allocated cost model* to calculate the IUI billing service rate.

5.2 Market Price for InnTerprises Billing Services

The current rate for sentinel light billing services is based on the fixed and variable OEB Energy Retailer Service charges, which are updated on an annual basis. As revenue for sentinel light billing is immaterial, IPC considered it reasonable to utilize the OEB’s regulated rate.

5.3 Market Price for Office Space Rental

The current rate per square foot is based on a 2015 market rate study, which provide escalated rates up to the year 2025. The rate has been discounted by maintenance, interest and tax expenses (MITs), as the MIT expenses are included in the General and Administrative expenses that are apportioned based on square footage (see General and Administrative Expenses section).

6.0 Cost Drivers

As indirect costs are incurred with affiliate services (without a direct unit of cost), a method for cost allocation is determined based on an appropriate driver of costs.

The following cost drivers were selected to allocate expenses in InnPower's fully-allocated cost model:

Table 2: Summary of Cost Drivers

Cost Driver	Cost Allocation Method
Full-Time Equivalent	Proportion of FTEs for Affiliate Services to FTEs for InnPower
Square Footage	Proportion of office/cubicle and common space square footage for Affiliate Services to total square footage of building used by InnPower
Number of Bills	Proportion of bill type combinations to total bills issued
Number of Customers	Number of customers
Evenly Distributed	Costs are disbursed evenly between companies; InnPower, InnServices and InnTerprises

6.1 Detailed Calculation of Cost Driver

These cost drivers are calculated as follows:

1. Full-time equivalent

The number of full-time equivalents for InnPower is calculated as:

- Full-time staff are counted as (1)
- Part-time staff are counted by the number of hours per week divided by 40 hours

The number of full-time equivalents for affiliates is calculated as:

$$\frac{\text{Number of annual hours recorded to intercompany jobs (Table 3)}}{\text{Number of annual available working hours (Table 4)}}$$

Table 3: Annual Labour Hours Recorded to Intercompany Jobs

The following table shows an example of the actual number of labour hours booked to each affiliate service intercompany job for the years 2018 to 2020:

Company	Services	Labour Hours		
		2020	2019	2018
InnServices	Financial Services (P3020IUI)	8,588	7,566	6,302
	Billing Services (P8000)	2,281	2,243	2,998
InnTerprises	Management & Financial Services (P4000)	563	401	347
	Total labour hours	11,431	10,211	9,647

Each employee tracks his or her individual time by manually recording the number of hours spent on daily activities to each intercompany job on their timesheet.

Table 4: Annual Available Working Hours

The following table shows an example of the actual calculation for the number of annual available working hours for the years 2018 to 2020.

Detail Calculation Vacation/Stat/Float/Sick		
Weekdays		260.0 A
Vacation		22.0
Statutory holidays		11.0
Floater		3.0
Sick time		8.0
Estimate training/conferences		-
# of estimated non working days		44.0 B
Working days		216.0 A - B = C
Total annual available working hours		1,728.0 C x 8 hours

Table 5: Summary of FTEs

Based on the calculation above, the following table shows an example of the actual amount of FTEs used to allocate related expenses.

Cost Drivers		Full-Time Employees (FTEs)		
Company	Services	2020	2019	2018
Innpower	Overall	51.00	48.60	44.50
InnServices	Financial Services	4.97	4.38	3.65
	Billing Services	1.32	1.30	1.73
InnTerprises	Management & Financial Services	0.33	0.23	0.20

Please note the overall number represents InnPower's base of full-time employees (or part-time equivalent). As no additional staff have been hired for affiliate services, these amounts are encompassed in the overall number.

2. Square footage

The square footage is calculated as:

$$\text{Office cubicle space} = \frac{\text{Number of labour hours recorded to intercompany jobs}}{\text{Number of annual available working hours}} \times (\text{Total square footage of office space for related employees} + \text{Common area space})$$

Where:

$$\text{Common Area Space} = \text{Office/Cubicle Space} \times 30\% \text{ Common Space}$$

3. Number of bills issued

The direct billing expenses are allocated to affiliate services on a proportional basis using the ratio of the bill type combinations to total bills issued.

The formula used to allocate direct billing costs is:

$$= \frac{\text{Billing type combination by service type}}{\text{Total bills issued}} \times \text{Direct billing cost}$$

4. Number of customers

The number of customers served in the affiliate company.

5. Evenly Distributed

Costs are disbursed evenly between three companies; InnPower, InnServices and InnTerprises. This method is used for expenses related to all affiliates where the expense amount is immaterial.

7.0 Summary of Affiliate Services Cost Allocations

Table 6: Summary of Affiliate Services Cost Allocations

Ref	Expense	Cost Driver	Internal	Expense Allocated from InnPower to:					
				Affiliate		Affiliate			Customer
			LDC	InnServices		InnTerprises			Provident
				Financial Services	Billing Services	Mgmt Services	Financial Services	Billing Services	Billing Services
11.1	Labour Expense	Directly Assigned		✓	✓	✓	✓		
11.2	Olameter	Directly Assigned			✓				
11.3	Rental Space	Directly Assigned		✓	✓	✓	✓		
12.1	G&A – Management & Office Supplies	FTEs	✓	✓	✓	✓	✓		
	G&A – Office Building Costs	Square footage	✓	✓	✓	✓	✓		
	G&A – Postage Meter	Evenly Distributed	✓	✓		✓			
12.2	Depreciation	FTEs	✓	✓	✓	✓	✓		
12.3 & 12.4	“Direct” Billing Expenses	Number of bills	✓		✓		✓	✓	✓

8.0 Direct Costs

8.1 Labour Expenses

Nature of Expenses

Labour expense for affiliate services is the number of labour hours spent on Management, Financial and Billing services for InnTerprises and InnServices, at the employee's grossed-up employment rate.

Please note the grossed-up employment rate includes a burden to account for additional payroll expenses such as EI, CPP, OMERS, vacation, etc. The burden rate is automatically added to the regular employment rate when an employee records time to a job. The labour expense on each job reflects both regular employment and additional payroll expenses.

Table 7: Payroll Burden Rate

The following table shows an example of the actual calculation for the payroll burden rate in 2020. As shown, the regular employment rate is grossed-up by 55.40% to account for the additional payroll expenses.

Payroll Item	Estimate
	2020
¹ EI / CPP / EHT	9.41%
WSIB	1.09%
² Health / Dental / Life	9.93%
Vacation / Stat / Float / Sick (Table 4)	20.37%
OMERS	14.60%
Total Payroll burden % net salary	55.40%

Payroll burden gross salary less stat, vacation 35.03%

Notes:

¹ Detail Cal % of payroll	Estimate
	2020
CPP	5.25%
EHT	1.95%
EI	2.21%
Total	9.41%
Annual maximum	60,100

² Detail Calculation of Health / Dental / Life	Estimate
	2020
Gross Payroll	2,569,087
Approx Green Shield Cost for H/D/L	255,044
% of gross payroll	9.93%

Cost Allocation

Labour related to affiliate services is tracked directly through the payroll CIS system using specific jobs setup for intercompany transactions. Any labour expense booked to a job will be reflected in the intercompany general ledger expense accounts.

Please note, if an employee works on a combined electricity and water/wastewater bill, labour time is allocated 50% to electricity and 50% to water/wastewater.

Employees are responsible for tracking and allocating time spent on affiliate services in their weekly timesheet, with subsequent management review.

As labour expenses are direct costs recorded based on actual time spent for affiliate services, cost allocation is not required.

Fully Allocated Cost

Labour is charged to the affiliates as coded in the payroll CIS at a burdened rate. Please note InnPower has elected to exclude HST (with CRA) for closely related transactions with InnTerprises. Invoices are issued on a monthly basis, with a 30-day payment period and an annual charge equal to prime plus two percent (2%) fee for late payment.

8.2 Olameter

Nature of Expenses

Olameter is a vendor that carries out the water meter reads for InnServices.

Cost Allocation

The water meter read cost is only attributable to water bills.

Fully Allocated Cost

The Olameter costs are included as part of the direct billing expenses (as described below)

8.3 Rental Space

Nature of Expenses

Rental space is the cubicle/office and common space used by InnPower staff providing affiliate services, as well as InnServices and InnTerprises staff stationed in the InnPower building.

Cost Allocation

Office / Cubicle Rental Space Expense

The rental space is billed based on a proportional use of space.

For **dedicated** staff (i.e. InnServices and InnTerprises employees working in the IPC building or InnPower staff assigned to affiliate services based on a fixed percentage), the office / cubicle rental space is calculated as:

$$\begin{aligned}
 &= \text{Fixed labour allocation (100\% or fixed percentage of labour time for affiliate services)} \\
 &\quad \times \\
 &\quad \text{(Square footage of employee's office/cubicle space)} \\
 &\quad \times \\
 &\quad \text{(Rental space expense per square footage)}
 \end{aligned}$$

For **non-dedicated** staff (i.e. InnPower staff who's labour for affiliate services fluctuates by month), the office/cubicle rental space expense is calculated as:

$$\begin{aligned}
 &\text{(Proportion of labour hours for affiliate service to total labour hours)} \\
 &\quad \times \\
 &\quad \text{(Square footage of employee's office/cubicle space)} \\
 &\quad \times \\
 &\quad \text{(Rental space expense per square footage)}
 \end{aligned}$$

Common Areas Rental Expense

The rental space expense also includes the use of common space areas within the building, including the lunch room, meeting rooms, washrooms, hallways, etc. IPC considers a "common area" to be any space that is accessible for use by an employee.

It is estimated that 30% of the IPC building space is considered a "common area".

The common area rental expense is calculated as:

(Office/cubicle rental space square footage)

×

(30% common space area)

×

(Rental space expense per square footage)

Market Price

As stated above, the current rate per square foot is based on a 2015 market rate study, which provided escalated rates up to the year 2025. The rate has been discounted by maintenance, interest and tax expenses (MITs), as the MIT expenses are included in the General and Administrative expenses that are apportioned based on square footage (see General and Administrative Expenses section).

Rental space is billed to the affiliates based on the adjusted market rate per square foot and HST (no service fee is included). Invoices are issued on a monthly basis, with a 30-day payment period and an annual charge equal to prime plus two percent (2%) for late payment.

9.0 Indirect Costs

9.1 General and Administrative Expenses

Nature of Expenses

Table 8: General and Administrative Expenses

The following outlines the nature of expenses and cost drivers for indirect costs by APH code, as defined in the OEB Accounting Procedure Handbook (Article 220):

APH	APH Description	Cost Driver	Nature of Expenses
5610	Management Salaries & Expenses	FTE	<ul style="list-style-type: none"> Includes expenses for middle managers of the utility Professional dues are required for qualified personnel. Does not include labour expenses (directly allocated)
5615	General Administrative Salaries & Expenses	FTE	<ul style="list-style-type: none"> Includes expenses for staff of the general administration office of the utility Professional dues & training/seminars required for qualified personnel. Does not include labour expenses (directly allocated)
5620	Office Supplies & Expenses	FTE & Sq. Ft.	<ul style="list-style-type: none"> Includes office supplies & expenses incurred in connection with the general administration of the utility's operations Office supply expenses such as internet, stationary, telephone & utilities are necessary to conduct business activities for affiliate services
5635	Property Insurance	Sq. Ft.	<ul style="list-style-type: none"> Includes the cost of insurance to protect the utility against losses & damages to owned or leased property used in its utility operations. Property insurance supports the facilities required to conduct business activities for affiliate services
5640	Injuries & Damages	Sq. Ft.	<ul style="list-style-type: none"> Includes the cost of insurance or reserve accruals to protect the utility against injuries & damages claims of employees or others, losses of such character not covered by insurance, & expenses incurred in settlement of injuries & damages claims. Injuries & Damage insurance is required to mitigate risk of potential liabilities in conducting business activities for InnPower, as well as affiliate services

5665	Miscellaneous General Expenses	N/A	<ul style="list-style-type: none"> Please note that Miscellaneous General Expenses have not been included in the fully allocated cost model, as amounts related to affiliate services are immaterial
5670	Rent	Evenly Distrib	<ul style="list-style-type: none"> Includes rent properly included in utility operating expenses for the property of others used, occupied, or operated in connection with the customer accounts, customer service & informational, sales, & general & administrative functions of the utility Rent expense encompasses the postage meter for mailing business documents for InnPower, as well as affiliate services
5675	Maintenance of General Plant	FTE	<ul style="list-style-type: none"> Includes materials used & expenses incurred in the maintenance of property Maintenance of general plant includes building, computer & equipment repairs, as well as utility expenses necessary to conduct business activities for affiliate services
6105	Taxes Other Than Income Tax	Sq. Ft.	<ul style="list-style-type: none"> Includes the amounts of ad valorem, gross revenue or gross receipts taxes, “payments-in-lieu of taxes”, capital taxes, payments equivalent to municipal & school taxes, property taxes, property transfer taxes, franchise taxes, commodity taxes, & all other related taxes assessed by federal, provincial, municipal, or other local governmental authorities, except income taxes Property taxes supports the facilities required to conduct business activities for affiliate services

Cost Allocations

General and administrative expenses are allocated to affiliate services on a proportional basis using an appropriate cost driver (see “Cost Driver” section).

The following outlines the cost allocation methods used for the general and administrative expense categories described above.

1. Full-Time Equivalent (FTEs)

The proportion of Full-Time Equivalent employees is an appropriate cost allocator where increases or decreases of an expense correlate with the number of employees.

The following classes of expenses are allocated using FTEs:

- 5605-5615 Expenses related to management and staff of utility
- 5620 Office supplies and expenses (Internet, Stationary, etc.)
- 5675 Maintenance of general plant

These categories of expenses increase with the additional need for supplies, equipment and auxiliary labour costs with an increase in staff.

2. Square Footage

The proportion of Square Footage is an appropriate cost allocator where increases or decreases of an expense correlate with the usage of the building facilities.

The following classes of expenses are allocated using Square Footage:

- 5620 Office supplies and expenses (building maintenance and utilities)
- 5635 Property insurance
- 5640 Injuries and damages
- 6105 Taxes other than income tax (property tax)

These categories of expenses are required to operate the facility. As such, an increase in the usage of space within the building would substantiate a higher proportion of expenses.

3. Evenly Distributed

The proportion being evenly distributed between InnPower and its affiliates is an appropriate cost allocator where increases and decreases of an expense are incurred uniformly across all companies or the expense amount is immaterial (further analysis of cost allocation is not reasonable).

The following class of expenses is allocated by Even Distribution:

- 5670 Rent (postage meter)

This category of expenses is evenly distributed across companies, as the annual rental amount is immaterial.

Fully Allocated Cost

General and administrative expenses are charged to the affiliates as coded in the general ledger. Invoices are issued on a monthly basis, with a 30-day payment period and an annual charge equal to prime plus two percent (2%) for late payment.

9.2 Depreciation Expense

Nature of Expenses

Table 9: Depreciation Expense

The following outlines the nature of expenses and cost drivers for depreciation expense by APH code, as defined in the OEB Accounting Procedure Handbook (Article 220):

APH	APH Description	Cost Driver	Nature of Expenses
1915	Office and Furniture	FTE	<ul style="list-style-type: none"> Includes annual depreciation expense for general office furniture and equipment. Employees providing services to affiliate companies are provided with the use of office and furniture equipment. A proportional amount of depreciation expense has been allocated to affiliate services. Please note, all assets within the 1915 assets class are applicable to affiliate services, therefore, the full annual depreciation amount was used as a basis for cost allocation.
1920	Computer Equipment Hardware	FTE	<ul style="list-style-type: none"> Includes annual depreciation expense for computer hardware, which includes all physical equipment associated with the input, processing, storage, and output functions, also word processing equipment. Employees providing services to affiliate companies are provided with the use of computer equipment hardware. A proportional amount of depreciation expense has been allocated to affiliate services. Please note, all assets within the 1920 asset class are applicable to affiliate services, therefore, the full annual depreciation amount was used as a basis for cost allocation.

1925	Computer Software	FTE	<ul style="list-style-type: none"> Includes annual depreciation expense for developed or purchased computer operating and application software that is material in amount. Employees providing services to affiliate companies are provided with the use of computer software. A proportional amount of depreciation expense has been allocated to affiliate services. Please note, not all assets within the 1925 asset class are applicable to affiliate services, therefore, a partial annual depreciation amount was used as a basis for cost allocation. Please refer to Table 13 in the fully allocated cost model for further details.
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Cost Allocations

Depreciation expenses are allocated to affiliate services on a proportional basis using an appropriate cost driver (see “Cost Driver” section).

The following outlines the cost allocation methods used for the depreciation expense categories described above.

1. Full-Time Equivalent

The proportion of Full-Time Equivalent employees is an appropriate cost allocator where increases or decreases of an expense correlate with the number of employees.

The following classes of expenses are allocated using FTEs:

- 1915 Office furniture and equipment
- 1920 Computer equipment hardware
- 1925 Computer software

These categories of expenses are required for assets used to perform business activities. As such, an increase in the usage of assets (i.e. increase in staff) would substantiate a higher proportion of expenses.

Fully Allocated Cost

Depreciation expense is charged to the affiliates as coded in the general ledger. Invoices are issued on a monthly basis, with a 30-day payment period and an annual charge equal to prime plus two percent (2%) for late payment.

10.0 Direct Billing Expenses

10.1 InnServices Direct Billing Expense for Utility Services

Nature of Expenses

The following outlines the components of direct costs incurred when issuing an electricity, water and wastewater bill (excluding labour and indirect costs):

All service types:

1. **Lenby:** A vendor that provides all paper collateral for bill issuance, for InnPower and InnServices.
2. **Olameter/KUBRA:** A vendor that undertakes document fulfillment, including processing, printing and mailing bills, for InnPower and InnServices.
3. **Canada Post:** A vendor that distributes invoices for billing and collecting services, for InnPower and InnServices.

Water service type (exclusive):

1. **Olameter:** A vendor that completes the water meter reads for InnServices. This cost is only attributable to water bills, as described in Section 8.2.

Cost Allocations

InnPower currently bills on the following service types:

Table 10: Billing Service Types

Service Type	Description
Electricity	Electricity services are billed on electricity readings
Water	Water services are billed on water readings
Wastewater	Wastewater services are billed on water reading or a flat rate. For water-metered customers the sewer calculation is completed in the CIS based on water volumes. For flat rate sewer, the CIS calculates based on number of days in billing. No service work required
Thermal and Gas	InnPower provides third party billing for Thermal and Gas accounts on behalf of Provident Energy Management Inc. (PEMI). Thermal and Gas are billed on thermal and gas readings provided by PEMI

Table 11: Billing Service Types Combinations

InnPower currently bills the following *combinations* of service types:

Bill Service Type Combinations
Electricity, Water and Wastewater
Electricity, Water and Wastewater, Thermal and Gas
Electricity and Water
Electricity and Wastewater
Electricity only
Water only
Wastewater Only
Wastewater and Water only

Table 12: Number of Annual Bills Issued by Service and Bill Type

The following table shows an example of the actual number of bills issued by service type (Table 10) and bill type combinations (Table 11) for the year 2020. The number of bills shown below is used for the cost allocation of direct billing expenses.

Please note, the number of bills for each service type is determined by dividing the total number of bills for each bill type combination by the number of services provided (i.e. Electricity & Water bill was divided by two ($18,736/2 = 9,368$)).

Bill Type Combination	2020					Total
	Electricity	Water	Wastewater	Thermal	Gas	
Electricity, Water & Wastewater	34,831	34,831	34,831			104,494
Electricity, Water & Wastewater, Thermal & Gas	1,273	1,273	1,273	1,273	1,273	6,366
Electricity & Water	9,368	9,368				18,736
Electricity & Wastewater	7,733		7,733			15,465
Electricity Only	82,146					82,146
Water Only		853				853
Wastewater Only			548			548
Wastewater & Water Only		618	618			1,235
Total Bills	135,351	46,943	45,003	1,273	1,273	229,843

Table 13: Total Cost of Bill Components (including 15% Service Fee)

The following table shows an example of the actual direct billing expenses incurred for all services in the year 2020. The expense is allocated to each service type (i.e. Electricity, Water, Wastewater, Gas and Thermal) using the number of annual bills issued to identify the affiliate services expense (as indicated in Table 14).

Cost Type	2020
All Service Types	
Lenby	\$ 27,327
Postage - Billing	\$ 144,996
Postage - Collecting	\$ 4,000
Olameter/KUBRA	\$ 34,371
Subtotal	\$ 210,694
15% Service Fee	\$ 31,604
Total	\$ 242,298

Water (Exclusive)	
Olameter Costs	\$ 101,016
Subtotal	\$ 101,016
15% Service Fee	\$ 15,152
Total	\$ 116,168

Total Annual Direct Cost	\$ 358,466
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Table 14: Total Cost by Bill Type (including 15% Service Fee)

The following table shows an example of the actual total cost by bill type combination and service type for the year 2020. The Total Cost of Bill Components excluding direct Water (\$242,298 from Table 13) is divided by the number of bills issued for each service type and bill combination (Table 12) to determine a total cost by Bill Type (as described in the “Cost Driver” section). Direct Water (\$116,168 from Table 13) is divided by the number bills issued for Water and Wastewater for each bill combination and added to the costs of those services.

Bill Type Combination	2020				
	Electricity	Water	Wastewater	Thermal	Gas
Electricity, Water & Wastewater	\$ 36,719	\$ 122,915	\$ 36,719	\$ -	\$ -
Electricity, Water & Wastewater, Thermal & Gas	\$ 1,342	\$ 4,493	\$ 1,342	\$ 1,342	\$ 1,342
Electricity & Water	\$ 9,876	\$ 33,058	\$ -	\$ -	\$ -
Electricity & Wastewater	\$ 8,152	\$ -	\$ 8,152	\$ -	\$ -
Electricity Only	\$ 86,598	\$ -	\$ -	\$ -	\$ -
Water Only	\$ -	\$ 3,010	\$ -	\$ -	\$ -
Wastewater Only	\$ -	\$ -	\$ 578	\$ -	\$ -
Wastewater & Water Only	\$ -	\$ 2,179	\$ 651	\$ -	\$ -
Total Bills	\$ 142,686	\$ 165,655	\$ 47,441	\$ 1,342	\$ 1,342

Total less 15% Service Fee

\$ 311,710

Total including 15% Service Fee

\$ 358,466

Fully Allocated Cost

Direct billing expenses are charged to the affiliates as coded in the general ledger (for the specified vendors). Please note, direct billing expenses charged through affiliate services are strictly limited to water and wastewater cost allocations (excludes Electricity, Thermal and Gas). Invoices are issued on a monthly basis, with a 30-day payment period and an annual charge equal to prime plus two percent (2%) for late payment.

10.2 InnTerprises Direct Billing Expense for Sentinel Lights

Nature of Expenses

InnPower bills customers for sentinel lights on a monthly basis on behalf of InnTerprises.

Cost Allocations

Direct billing costs are allocated using monthly fixed and variable fees (per number of customers). The rates reflect the OEB Energy Retailer Service charges, which are updated on an annual basis. An example of the actual 2020 rates are shown below:

Table 15: Billing and Collecting Services for Sentinel Lights

2020		
Monthly fixed charge	\$	40.80
Monthly variable charge	\$	1.02 per month per customer
# of sentinel light customers		205
Monthly variable charge	\$	209.10
Standard distributor-consolidated billing charge	\$	0.61 per month per customer
# of sentinel light customers		205
Monthly billing charge	\$	125.05

Please note, billing labour costs for sentinel lights are included in the fixed and variable charges and are not recorded in a separate intercompany job.

Regulated Rates

Direct billing expenses for sentinel lights are charged to the affiliates. Please note, due to the immaterial amount of billing services, InnPower found it prudent to charge regulated rates. Also, please note that InnPower has elected to exclude HST (with CRA) for closely related transactions with InnTerprises. Invoices are issued on a monthly basis, with a 30-day payment period and an annual charge equal to prime plus two percent (2%) for late payment.

10.3 Additional Fees

Service Fee

InnPower will charge a 15% service fee on the fully-allocated cost. The service fee is applied to labour, general and administrative expenses and depreciation. Management deemed the 15% service fee as a reasonable rate of return for providing affiliate services to benefit InnPower's electricity customers.

Return on Capital

As per ARC 2.3.4.2, “where a reasonably competitive market does not exist for a service, product, resource or use of asset that a utility sells to an affiliate, the utility shall charge no less than its fully-allocated cost to provide that service, product, resource or use of asset. The fully-allocated cost shall include a return on the utility’s invested capital. The return on invested capital shall be *no less* than the utility’s approved weighted average cost of capital”.

InnPower’s approved weighted average cost of capital is 5.58%, which was used to calculate a return on working capital for direct and indirect allocated costs (excluding depreciation). The return is calculated on 7.5% of the total working capital amount based on the OEB’s approved methodology.

Additionally, a 5.58% return was calculated on rate base for assets allocated to affiliate services (i.e. office furniture and equipment, hardware, software, and building). Similar to cost allocations for depreciation, the proportion of rate base for office furniture and equipment, hardware and software is based on the number of equivalent FTEs for each affiliate service. For the building, the proportion of rate base is allocated based on the square footage for each affiliate service.

The Total Return on Invested Capital is grossed up by 26.5% (federal and provincial tax rate) to account for Payment in Lieu of Federal and Provincial Corporate Tax (PILS).

The return on capital is calculated as:

$$= (\text{Working Capital} \times 5.58\% \times 7.50\%) + \text{Rate Base} \times 5.58\% \times \frac{1}{1 - 26.50\%}$$

11.0 Affiliate Services Billing Structure

Table 17: Summary of Affiliate Services Billing Structure

	Affiliate Service	Frequency of Billing	Description	Annual True-Up*
InnServices	Financing Services	Monthly	Labour expense is billed according to time recorded in intercompany jobs. Fully allocated costs are based on previous years expenses recorded in the GL accounts (allocated over 12 months)	Yes
	Billing Services	Monthly	A per bill rate is used based on prior year expenses recorded in the GL accounts and number of bills issued. The per bill rate is multiplied by the number of bills issued in the month	Yes
	Rental Space	Monthly	Billed based on square footage utilized for affiliate services in the month (i.e. square footage x rate per square foot)	No
InnTerprises	Management Services	Monthly	Labour expense is billed according to time recorded in intercompany jobs. Fully allocated costs are based on previous years expenses recorded in the GL accounts (allocated over 12 months)	Yes
	Financing Services	Monthly	Labour expense is billed according to time recorded in intercompany jobs. Fully allocated costs are based on previous years expenses recorded in the GL accounts (allocated over 12 months)	Yes
	Billing Services	Monthly	Billed based on the number of customers in the month using the OEB retailer service charge rates	No
	Rental Space	Monthly	Billed based on square footage utilized for affiliate services in the month (i.e. square footage x rate per square foot)	No

*The fully-allocated costs are based on an estimate from prior year expenses. Once the audited financial statements are completed, the expenses are updated and an adjustment is charged/refunded to the affiliate.

12.0 Fully Allocated Cost Model

Table 18: Summary of Fully Allocated Costs by Service Type

The following table provides an example of a summary of the actual fully allocated costs for affiliate services provided to InnTerprises and InnServices for the years 2018 to 2020.

Please note the amounts allocated to InnPower include only an allocation of the subset of costs that are identified as being shared between the affiliates.

Expenses	Company			Affiliate															Non-Affiliate			Total		
	InnPower Corporation			InnServices Utilities Corporation									InnTerprises Corporation			Provident (Thermal and Gas)								
	Non-Affiliate Services			Financial Services			Billing Services			Management and Financial Services			Billing Services			Billing Services								
	2020	2019	2018	2020	2019	2018	2020	2019	2018	2020	2019	2018	2020	2019	2018	2020	2019	2018	2020	2019	2018	2020	2019	2018
Labour Expense	\$ -	\$ -	\$ -	\$ 688,863	\$ 514,910	\$ 422,599	\$ 117,236	\$ 107,844	\$ 146,631	\$ 36,811	\$ 29,518	\$ 21,384										\$ 842,910	\$ 652,273	\$ 590,614
General & Administrative Expense ^a	\$ 569,566	\$ 626,924	\$ 620,777	\$ 41,040	\$ 45,858	\$ 40,241	\$ 8,690	\$ 11,032	\$ 15,158	\$ 2,466	\$ 2,428	\$ 2,211										\$ 621,761	\$ 686,241	\$ 678,387
Direct Billing Expense ^a	\$ 124,075	\$ 125,625	\$ 123,326	\$ -	\$ -	\$ -	\$ 185,301	\$ 169,741	\$ 162,573				\$ 4,499	\$ 4,416	\$ 2,208	\$ 2,334	\$ 2,409	\$ 1,193				\$ 316,209	\$ 302,191	\$ 289,299
Return on Invested Capital ¹²	\$ -	\$ -	\$ -	\$ 25,530	\$ 24,706	\$ 21,320	\$ 3,859	\$ 3,581	\$ 4,033	\$ 951	\$ 754	\$ 763										\$ 30,340	\$ 29,041	\$ 26,116
Depreciation Expense ^a	\$ 239,016	\$ 225,640	\$ 228,194	\$ 19,714	\$ 18,493	\$ 19,110	\$ 5,235	\$ 5,483	\$ 9,090	\$ 1,292	\$ 980	\$ 1,053										\$ 265,258	\$ 250,597	\$ 257,447
Rental Space ¹³	\$ -	\$ -	\$ -	\$ 17,336	\$ 16,667	\$ 13,213	\$ 1,871	\$ 1,720	\$ 1,581	\$ 557	\$ 443	\$ 431										\$ 19,764	\$ 18,830	\$ 15,225
Subtotal	\$ 932,657	\$ 978,189	\$ 972,297	\$ 792,483	\$ 620,634	\$ 516,483	\$ 322,192	\$ 299,401	\$ 339,065	\$ 42,077	\$ 34,123	\$ 25,842	\$ 4,499	\$ 4,416	\$ 2,208	\$ 2,334	\$ 2,409	\$ 1,193						
15% Service Fee ¹¹				\$ 112,443	\$ 86,889	\$ 72,292	\$ 47,469	\$ 44,115	\$ 50,018	\$ 6,085	\$ 4,939	\$ 3,697	\$ 675	\$ 662	\$ 331	\$ 350	\$ 361	\$ 179						
Total Allocated Cost	\$ 932,657	\$ 978,189	\$ 972,297	\$ 904,925	\$ 707,524	\$ 588,775	\$ 369,661	\$ 343,516	\$ 389,083	\$ 48,162	\$ 39,062	\$ 29,539	\$ 5,174	\$ 5,078	\$ 2,539	\$ 2,684	\$ 2,770	\$ 1,372						

Table 19: Billing Service Costs by Service Type Combinations

The following table provides an example of a summary of actual cost per bill for Water and Wastewater Billing Services by service type combination for the years 2018 to 2020.

The billing services expenses are allocated across the number of bills to determine a cost per bill. Although there are several bill type combinations (as in Table 12), InnPower deemed it reasonable to use two rates to recover expenses for billing services for the following reasons:

- Water only, Wastewater only, as well as Water and Wastewater only, each make up less than 1.5% of total bills. It was not deemed practical to charge a separate billing rate for each bill type combination
- Water bills are more expensive than wastewater (due to water meter read costs), therefore, electricity and wastewater, as well as wastewater only should utilize a separate rate
- Thermal and Gas rates are charged through a separate billing rate to Provident

The Electricity and Wastewater billing rate includes electricity and wastewater and wastewater only expenses. The Electricity, Water and Wastewater billing rate includes all other billing type combination expenses.

Expenses	InnServices Utilities Corporation								
	Electricity, Water & Wastewater			Electricity & Wastewater			Total		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
Labour Expense	\$ 106,678	\$ 98,282	\$ 132,181	\$ 10,558	\$ 9,562	\$ 14,450	\$ 117,236	\$ 107,844	\$ 146,631
General & Administrative Expense*	\$ 7,907	\$ 10,054	\$ 13,665	\$ 783	\$ 978	\$ 1,494	\$ 8,690	\$ 11,032	\$ 15,158
Direct Billing Expense*	\$ 177,710	\$ 161,983	\$ 154,593	\$ 7,591	\$ 7,759	\$ 7,980	\$ 185,301	\$ 169,741	\$ 162,573
Return on Invested Capital ¹³	\$ 3,511	\$ 3,263	\$ 3,635	\$ 347	\$ 318	\$ 397	\$ 3,859	\$ 3,581	\$ 4,033
Depreciation Expense*	\$ 4,764	\$ 4,997	\$ 8,194	\$ 471	\$ 486	\$ 896	\$ 5,235	\$ 5,483	\$ 9,090
Rental Space ¹⁰	\$ 1,703	\$ 1,567	\$ 1,425	\$ 169	\$ 153	\$ 156	\$ 1,871	\$ 1,720	\$ 1,581
Subtotal	\$ 302,273	\$ 280,146	\$ 313,693	\$ 19,919	\$ 19,255	\$ 25,372	\$ 322,192	\$ 299,401	\$ 339,065
15% Service Fee	\$ 44,559	\$ 41,297	\$ 46,295	\$ 2,910	\$ 2,818	\$ 3,723	\$ 47,469	\$ 44,115	\$ 50,018
Total Allocated Cost	\$ 346,832	\$ 321,443	\$ 359,988	\$ 22,829	\$ 22,073	\$ 29,095	\$ 369,661	\$ 343,516	\$ 389,083
Total Cost per Bill	\$ 4.15	\$ 3.74	\$ 4.63	\$ 2.76	\$ 2.64	\$ 3.42			

13.0 Fully Allocated Cost Reconciliation

Based on the Affiliate Services agreements, the fully allocated costs used in a year are estimated based on the prior year expenses. Once the audited financial statements are completed, the costs are adjusted to actuals. Any differences between the estimated and actual expense are subsequently charged or refunded to the affiliate.

14.0 Management Review

On a monthly basis, the Finance Manager to review and approve:

- The Financial Analyst prepares the invoice for monthly IUI Financial and Billing Services, as well as the Rental Space.
- The Financial Analyst prepares the invoice for monthly ITP Management, Financial and Billing Services, as well as the Rental Space.
- The Finance and Regulatory Specialist will prepare the estimate and adjustment to actuals (once audited financial statements are received) for Management, Financial and Billing Services fully allocated costs. The Financial Analyst will prepare an invoice to each affiliate based on the estimate and adjustment amount provided.

On a quarterly basis, the Finance Manager and VP of Corporate Services to review:

- Allocation of employee labour time to affiliate services to ensure reasonability.

On an annual basis, the Finance Manager to review and approve:

- Calculation of fully allocated costs for affiliate services based on prior year audited financial statements prepared by the Finance and Regulatory Specialist.
- Issuance of invoice for adjustment to fully allocated costs to each affiliate prepared by the Financial Analyst.

On an annual basis, the Finance and Regulatory specialist to review:

- The fully allocated cost model and report to ensure it appropriately reflects affiliate services provided, as well as direct and indirect costs. Any subsequent changes will be documented and communicated to the appropriate parties, with approval from the Finance Manager.

On an annual basis, the CFO to review:

- The Affiliate Service Level Agreements to determine whether any updates or changes are required, with a full review and renewal every three years (as per ARC).



Appendix 4-2-1 (B) OEB Appendix 2-N Shared Services

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Appendix 2-N

Shared Services and Corporate Cost Allocation ¹

Note:

- 1 This appendix must be completed in relation to each service provided or received for the Historical (actuals), Bridge and Test years. The required information includes:

- **Type of Service:**

Services such as billing, accounting, payroll, etc. The applicant must identify any costs related to the Board of Directors of the parent company that are allocated to the applicant.

- **Pricing Methodology:**

Pricing Methodology includes approaches such as cost-base, market-base, tendering, etc. The applicant must provide evidence demonstrating the pricing methodology used. The applicant must also provide a description of why that pricing methodology was chosen, whether or not it is in conformity with ARC, and why it is appropriate.

- **% Allocation:**

The applicant must provide the percentage of the costs allocated to the entity for the service being offered. The Applicant must also provide a description of the allocator and why it is an appropriate allocator.

Year:

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			\$	\$

				\$757,539	\$704,939

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	% of Corporate Costs Allocated	Amount Allocated
From	To			%	\$

Year:

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			\$	\$
InnPower Corporation	InnServices	Financial Labour	Fully-Allocated Cost	\$ 439,274	\$ 422,599
InnPower Corporation	InnServices	Billing Labour	Fully-Allocated Cost	\$ 200,049	\$ 146,631
InnPower Corporation	InnServices	Rental Space (Financial)	Market Price	\$ 13,213	\$ 13,213
InnPower Corporation	InnServices	Rental Space (Billing)	Market Price	\$ 1,581	\$ 1,581
InnPower Corporation	InnTerprises	Financial Labour	Fully-Allocated Cost	\$ 22,322	\$ 21,384
InnPower Corporation	InnTerprises	Rental Space (Management & Financial)	Fully-Allocated Cost	\$ 431	\$ 431

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	% of Corporate Costs Allocated	Amount Allocated
From	To			%	\$
InnPower Corporation	InnServices	General & Administrative Expense (Financial)	Fully-Allocated Cost	11%	\$40,241
InnPower Corporation	InnServices	General & Administrative Expense (Billing)	Fully-Allocated Cost	4%	\$15,158
InnPower Corporation	InnServices	Direct Billing Expense	Fully-Allocated Cost	45%	\$162,573
InnPower Corporation	InnServices	Depreciation (Financial)	Fully-Allocated Cost	5%	\$19,110
InnPower Corporation	InnServices	Depreciation (Billing)	Fully-Allocated Cost	3%	\$9,090
InnPower Corporation	InnTerprises	General & Administrative Expense	Fully-Allocated Cost	1%	\$2,211
InnPower Corporation	InnTerprises	Depreciation Expense	Fully-Allocated Cost	0%	\$1,053
InnPower Corporation	InnTerprises	Direct Billing Expense	Fully-Allocated Cost	1%	\$2,208

Year: 2019

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			\$	\$
InnPower Corporation	InnServices	Financial Labour	Fully-Allocated Cost	\$534,302	\$514,910
InnPower Corporation	InnServices	Billing Labour	Fully-Allocated Cost	\$154,978	\$107,844
InnPower Corporation	InnServices	Rental Space (Financial)	Market Price	\$16,667	\$16,667
InnPower Corporation	InnServices	Rental Space (Billing)	Market Price	\$1,720	\$1,720
InnPower Corporation	InnTerprises	Financial Labour	Fully-Allocated Cost	\$30,790	\$29,518
InnPower Corporation	InnTerprises	Rental Space (Management & Financial)	Fully-Allocated Cost	\$443	\$443

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	% of Corporate Costs Allocated	Amount Allocated
From	To			%	\$
InnPower Corporation	InnServices	General & Administrative Expense (Financial)	Fully-Allocated Cost	13%	\$45,858
InnPower Corporation	InnServices	General & Administrative Expense (Billing)	Fully-Allocated Cost	3%	\$11,032

InnPower Corporation	InnServices	Direct Billing Expense	Fully-Allocated Cost	47%	\$169,740
InnPower Corporation	InnServices	Depreciation (Financial)	Fully-Allocated Cost	5%	\$18,493
InnPower Corporation	InnServices	Depreciation (Billing)	Fully-Allocated Cost	2%	\$5,483
InnPower Corporation	InnTerprises	General & Administrative Expense	Fully-Allocated Cost	1%	\$2,428
InnPower Corporation	InnTerprises	Depreciation Expense	Fully-Allocated Cost	0%	\$980
InnPower Corporation	InnTerprises	Direct Billing Expense	Fully-Allocated Cost	1%	\$4,416

Year:

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			\$	\$
InnPower Corporation	InnServices	Financial Labour	Fully-Allocated Cost	\$708,822	\$688,863
InnPower Corporation	InnServices	Billing Labour	Fully-Allocated Cost	\$167,890	\$117,236
InnPower Corporation	InnServices	Rental Space (Financial)	Market Price	\$16,834	\$16,834
InnPower Corporation	InnServices	Rental Space (Billing)	Market Price	\$1,817	\$1,817
InnPower Corporation	InnTerprises	Financial Labour	Fully-Allocated Cost	\$38,243	\$36,811
InnPower Corporation	InnTerprises	Rental Space (Management & Financial)	Fully-Allocated Cost	\$541	\$541

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	% of Corporate Costs Allocated	Amount Allocated
From	To			%	\$
InnPower Corporation	InnServices	General & Administrative Expense (Financial)	Fully-Allocated Cost	11%	\$41,040
InnPower Corporation	InnServices	General & Administrative Expense (Billing)	Fully-Allocated Cost	2%	\$8,690
InnPower Corporation	InnServices	Direct Billing Expense	Fully-Allocated Cost	52%	\$185,301
InnPower Corporation	InnServices	Depreciation (Financial)	Fully-Allocated Cost	5%	\$19,714
InnPower Corporation	InnServices	Depreciation (Billing)	Fully-Allocated Cost	1%	\$5,235
InnPower Corporation	InnTerprises	General & Administrative Expense	Fully-Allocated Cost	1%	\$2,466
InnPower Corporation	InnTerprises	Depreciation Expense	Fully-Allocated Cost	0%	\$1,292
InnPower Corporation	InnTerprises	Direct Billing Expense	Fully-Allocated Cost	1%	\$4,499

Year:

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			\$	\$
InnPower Corporation	InnServices	Financial Labour	Fully-Allocated Cost	\$562,834	\$544,316
InnPower Corporation	InnServices	Billing Labour	Fully-Allocated Cost	\$170,775	\$122,026
InnPower Corporation	InnServices	Rental Space (Financial)	Market Price	\$17,654	\$17,654
InnPower Corporation	InnServices	Rental Space (Billing)	Market Price	\$1,893	\$1,893
InnPower Corporation	InnTerprises	Financial Labour	Fully-Allocated Cost	\$93,863	\$92,170
InnPower Corporation	InnTerprises	Rental Space (Management & Financial)	Fully-Allocated Cost	\$5,678	\$5,678

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	% of Corporate Costs Allocated	Amount Allocated
From	To			%	\$
InnPower Corporation	InnServices	General & Administrative Expense (Financial)	Fully-Allocated Cost	10%	\$36,981
InnPower Corporation	InnServices	General & Administrative Expense (Billing)	Fully-Allocated Cost	2%	\$8,660
InnPower Corporation	InnServices	Direct Billing Expense	Fully-Allocated Cost	47%	\$169,267
InnPower Corporation	InnServices	Depreciation (Financial)	Fully-Allocated Cost	4%	\$15,521
InnPower Corporation	InnServices	Depreciation (Billing)	Fully-Allocated Cost	1%	\$4,953
InnPower Corporation	InnTerprises	General & Administrative Expense	Fully-Allocated Cost	2%	\$8,417
InnPower Corporation	InnTerprises	Depreciation Expense	Fully-Allocated Cost	1%	\$2,315
InnPower Corporation	InnTerprises	Direct Billing Expense	Fully-Allocated Cost	1%	\$4,584

Year:

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			\$	\$
InnPower Corporation	InnServices	Financial Labour	Fully-Allocated Cost	\$523,047	\$502,331
InnPower Corporation	InnServices	Billing Labour	Fully-Allocated Cost	\$222,697	\$167,727

InnPower Corporation	InnServices	Rental Space (Financial)	Market Price	\$18,316	\$18,296
InnPower Corporation	InnServices	Rental Space (Billing)	Market Price	\$2,899	\$2,899
InnPower Corporation	InnTerprises	Financial Labour	Fully-Allocated Cost	\$95,171	\$94,103
InnPower Corporation	InnTerprises	Rental Space (Management & Financial)	Fully-Allocated Cost	\$4,469	\$4,469

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	% of Corporate Costs Allocated	Amount Allocated
From	To			%	\$
InnPower Corporation	InnServices	General & Administrative Expense (Financial)	Fully-Allocated Cost	7%	\$24,056
InnPower Corporation	InnServices	General & Administrative Expense (Billing)	Fully-Allocated Cost	3%	\$9,634
InnPower Corporation	InnServices	Direct Billing Expense	Fully-Allocated Cost	45%	\$161,903
InnPower Corporation	InnServices	Depreciation (Financial)	Fully-Allocated Cost	3%	\$10,630
InnPower Corporation	InnServices	Depreciation (Billing)	Fully-Allocated Cost	1%	\$4,892
InnPower Corporation	InnTerprises	General & Administrative Expense	Fully-Allocated Cost	1%	\$4,393
InnPower Corporation	InnTerprises	Depreciation Expense	Fully-Allocated Cost	0%	\$1,595
InnPower Corporation	InnTerprises	Direct Billing Expense	Fully-Allocated Cost	1%	\$4,416

Year:

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			\$	\$
InnPower Corporation	InnServices	Financial Labour	Fully-Allocated Cost	\$1,151,883	\$771,947
InnPower Corporation	InnServices	Billing Labour	Fully-Allocated Cost	\$490,436	\$257,751
InnPower Corporation	InnServices	Rental Space (Financial)	Market Price	\$40,336	\$28,116
InnPower Corporation	InnServices	Rental Space (Billing)	Market Price	\$6,384	\$4,455
InnPower Corporation	InnTerprises	Financial Labour	Fully-Allocated Cost	\$209,591	\$144,611
InnPower Corporation	InnTerprises	Rental Space (Management & Financial)	Fully-Allocated Cost	\$9,842	\$6,868

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	% of Corporate Costs Allocated	Amount Allocated
From	To			%	\$
InnPower Corporation	InnServices	General & Administrative Expense (Financial)	Fully-Allocated Cost	10%	\$36,968
InnPower Corporation	InnServices	General & Administrative Expense (Billing)	Fully-Allocated Cost	4%	\$14,805
InnPower Corporation	InnServices	Direct Billing Expense	Fully-Allocated Cost	69%	\$248,801
InnPower Corporation	InnServices	Depreciation (Financial)	Fully-Allocated Cost	5%	\$16,335
InnPower Corporation	InnServices	Depreciation (Billing)	Fully-Allocated Cost	2%	\$7,518
InnPower Corporation	InnTerprises	General & Administrative Expense	Fully-Allocated Cost	2%	\$6,751
InnPower Corporation	InnTerprises	Depreciation Expense	Fully-Allocated Cost	1%	\$2,451
InnPower Corporation	InnTerprises	Direct Billing Expense	Fully-Allocated Cost	2%	\$6,786

Year: 2024

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			\$	\$
InnPower Corporation	InnServices	Financial Labour	Fully-Allocated Cost	\$1,176,691	\$814,712
InnPower Corporation	InnServices	Billing Labour	Fully-Allocated Cost	\$500,998	\$272,030
InnPower Corporation	InnServices	Rental Space (Financial)	Market Price	\$41,205	\$29,674
InnPower Corporation	InnServices	Rental Space (Billing)	Market Price	\$6,522	\$4,702
InnPower Corporation	InnTerprises	Financial Labour	Fully-Allocated Cost	\$214,105	\$152,622
InnPower Corporation	InnTerprises	Rental Space (Management & Financial)	Fully-Allocated Cost	\$10,054	\$7,248

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	% of Corporate Costs Allocated	Amount Allocated
From	To			%	\$
InnPower Corporation	InnServices	General & Administrative Expense (Financial)	Fully-Allocated Cost	11%	\$39,016
InnPower Corporation	InnServices	General & Administrative Expense (Billing)	Fully-Allocated Cost	4%	\$15,625
InnPower Corporation	InnServices	Direct Billing Expense	Fully-Allocated Cost	73%	\$262,585
InnPower Corporation	InnServices	Depreciation (Financial)	Fully-Allocated Cost	5%	\$17,240
InnPower Corporation	InnServices	Depreciation (Billing)	Fully-Allocated Cost	2%	\$7,934

InnPower Corporation	InnTerprises	General & Administrative Expense	Fully-Allocated Cost	2%	\$7,125
InnPower Corporation	InnTerprises	Depreciation Expense	Fully-Allocated Cost	1%	\$2,587
InnPower Corporation	InnTerprises	Direct Billing Expense	Fully-Allocated Cost	2%	\$7,162



Appendix 4-2-2 (A) InnPower Purchasing Policy



INNPOWER CORPORATION CORPORATE POLICY

Policy Number: CP-20-05	Revisions: 1
Title: Purchasing Policy	Revision Number: 1
Resolution Number: 20-119	Resolution Number: 23-05
Date: December 9, 2020	Revision Date: February 9, 2023
Issued By: Finance Department	Revisions Require Board Approval – 2 years 2025

1.0 POLICY

All employees will obtain appropriate authorization and use appropriate processes when purchasing goods or services.

2.0 PURPOSE

The purpose of the Purchasing Policy is to provide guidance to all InnPower Corporation employees and Board of Directors with respect to purchasing functions.

All employees delegated with purchasing authority shall follow the guidelines set out in the Purchasing Policy. All procurement activities shall meet the current and future needs of InnPower, providing an economical and efficient service and shall provide fiscal responsibility and accountability.

3.0 SCOPE

The Purchasing Policy applies to the purchase of Goods and Services by any InnPower Corporation employee or Board member on behalf of the Corporation. The policy governs the acquisition of Goods and Services, by purchase or lease, with corporate funds from all sources including operating and capital funds as well as all other funds held in trust or at its disposal. Values referred to in this policy do not include HST unless otherwise noted.

The Chief Financial Officer/Treasurer (CFO/Treasurer) will provide the administrative direction to carry out the policy by stipulating the procedures and controls necessary to ensure that expenditures are made according to sound business practices with appropriate accountability and ethics.

4.0 RESPONSIBILITIES

4.1 All employees are responsible for:

- a) Maintaining high legal, ethical, managerial, and professional standards in the management of the resources entrusted to them.
- b) Obtaining the Best Value for money by achieving fulfillment of specified needs including but not limited to, quality, health and safety standards, productivity and total cost of ownership (where applicable).
- c) Using open, fair and transparent processes when procuring goods and services.
- d) Meeting the legal and ethical obligations in the acquisition of Goods and Services by purchase and/or lease.
- e) Using appropriate purchasing techniques where permitted, including negotiating contractual terms and conditions, cost reduction techniques, and participating in cooperative buying opportunities.
- f) Securing expense authorization prior to any purchase except Emergency Purchases. All related documentation shall be retained for review and auditing.
- g) Identifying and investigating a full range of potential goods or service providers before selecting one for an exclusive contract. Single or sole-source contracts shall be preapproved by the appropriate Manager prior to the acquisition to ensure that the proposed acquisition meets the eligible legislative requirements of a single/sole-sourced contract.
- h) Obtaining appropriate authorization for all purchasing contracts and purchases.
- i) Ensure that there is approved funding available before procuring any good or service.
- j) Obtaining legal assistance or advice if necessary for any non-standard clauses in purchasing contract.

4.2 Managers are responsible for:

- a) Ensuring all purchases are performed in accordance with this policy.
- b) Ensuring purchases have approved funding prior to acquisition.
- c) Ensuring all purchasing processes and procedures are followed by all staff.

- d) Delegating expense authorization in writing to the appropriate levels. Assigning designated staff with specific levels of signing authority for various actions such as: time sheets, approving invoices and Credit Card transactions.
- e) Ensuring that the Purchasing Policy is adhered to for purchases.
- f) Authorizing or delegating appropriate signing authority for the execution of purchasing contracts on behalf of InnPower Corporation.
- g) Coordinating administration and the continuous review of the department's use of goods and/or services to ensure InnPower Corporation is receiving the best quality, quantity, service, price, etc.
- h) Coordinating purchasing record keeping (RFP documentation, quotes, etc.) and retention of records for a period of seven years for auditing purposes, or longer if required by InnPower Corporation's records retention policy.
- i) Where applicable, any single or sole-sourced contract is to be compliant to the CETA – Comprehensive European Trade Agreement (Canadian/European Union) and CFTA – Canadian Free Trade Agreement requirements.

4.3 The CFO/Treasurer is responsible for:

- a) Overseeing all purchasing contracts on behalf of InnPower Corporation.
- b) Ensuring that no payments are made without the appropriate approved funding and authorization.
- c) Providing training and documentation on how to utilize the Purchasing Policy efficiently and effectively.
- d) Communication regarding all developments in the field of purchasing by all government agencies.
- e) Addressing any non-compliance instance(s) to the Purchasing Policy with the appropriate Manager and continued non-compliance shall be reported to the President & CEO.

4.4 The President & CEO is responsible for:

- a) Ensuring that all staff adhere to the Purchasing Policy and the respective procedures and shall address any non-compliance that the CFO/Treasurer has brought to their attention.

- b) The President & CEO, together with the CFO/Treasurer, may approve additional funding for discretionary capital expenditures that are over the value authorized by the Board, with a cumulative per project cost of up to and including \$100,000 – this can apply at time of the award of the contract or during the contract where contract change orders occur.
- c) Acquiring Board of Directors approval for additional funding for discretionary capital expenditures that where cumulatively, the per project cost exceeds \$100,000 – this can apply at time of the award of the contract or during the contract where contract change orders occur
- d) Non-discretionary capital budget variances, are reviewed and approved by an Executive or designate and CFO/Treasurer and third parties who are responsible for the capital costs. Non-discretionary capital expenditures are partially or wholly recoverable from the road authorities, i.e. Town of Innisfil, County of Simcoe, or from the third parties who requested the capital expenditures.

5.0 DEFINITIONS

- 5.1 **Best Value** means the most advantageous balance between performance, price and quality achieved through competitive procurement methods in accordance with stated selection criteria. Best Value may include the useful life of an asset.
- 5.2 **Bid** means an offer to buy or sell goods or services by a vendor or purchaser.
- 5.3 **Budget** means a financial plan outlining expected revenues and expenditures for operating or capital assets that is formally reviewed and approved by the Board of Directors.
- 5.4 **Cheque Requisition** means a form requesting a cheque be prepared for payment of an expense.
- 5.5 **Contract** means a legally binding agreement between two or more parties, written or verbal, comprising of an offer, acceptance, and consideration.
- 5.6 **Contractor** means a person or a business that follows an independent trade, business, or profession in which they provide goods or services.
- 5.7 **Discretionary Capital Expenditures** are capital purchases that are within the control of InnPower.
- 5.8 **Emergency Purchases** are purchases that may occur where a lack of immediate action jeopardizes operations, disrupts public services, or involves the safety of employees and/or the public.

- 5.9 Exclusive rights** mean an arrangement with a Supplier.
- 5.10 Goods and Services** includes supplies, materials and equipment of every kind required to carry out the operations of InnPower Corporation. Services include contractors, consultants, and other non-material requirements.
- 5.11 Non-Discretionary Capital Expenditures** are system access and expansion projects which are recoverable from third parties.
- 5.12 “Request for Tender” or “RFT”** means a written, formal, Call for Bid document used for acquisitions based on clearly defined specifications.
- 5.13 “Request for Proposal” or “RFP”** means a written, informal or formal, Call for Bid document to obtain proposal submissions from firms and/or individuals where detailed specifications are not able to be clearly identified and/or where price is not the primary evaluation factor. RFP’s may have provisions for Negotiations and may be in a single or multi-step process;
- 5.14 “Request for Quotation” or “RFQ”** means a written, informal or formal, Call for Bid document used for Acquisitions based on clearly defined specifications. “Request for Expression of Interest” or “RFEOI” means a written, formal, non-binding solicitation document to determine if there is any interest in the market place to provide Goods, Services and/or Construction that the company is contemplating procuring. It is typically used when it is unknown if a market for the desired Goods, Services and/or Construction exists . A subsequent Call for Bid may follow an RFEOI.
- 5.15 “Request for Information” or “RFI”** means a written, formal, non-binding solicitation document to obtain information on product or service details, comments, feedback or from potential Bidders/Proponents prior to issuing a Call for Bid. It is typically used when the specifications are unknown. Price is generally not required. Feedback may include best practices, industry standards, and technology issues;
- 5.16 “Request for Pre-Qualification” or “RFPQ”** means a written, formal, non-binding solicitation document to obtain detailed information from firms and/or individuals that may include their experience, financial strength, education, background and personnel, to prequalify to supply Goods, Services and/or Construction to the corporation. The RFPQ may be a precondition to a further Call for Bid opportunity;
- 5.17 “Request for Standing Offer” or “RFSO”** means a written, formal, Call for Bid document used for Acquisition based on clearly defined specifications from one or more Vendors to provide pricing for a defined time period on an “as needed” basis, where there are no defined quantities nor commitment to utilize the awarded Vendor(s).

This means purchasing when there is only one available Supplier of a required product or service that meets the needs of InnPower Corporation. Negotiation is used to complete the terms and conditions of this type of purchase.

5.18 Supplier means any person or company that supplies goods or services to InnPower Corporation. Also known as a contractor, seller, subcontractor, or vendor

6.0 PURCHASING AUTHORIZATION

Purchase Authorization Limits

\$0 to \$25,000	A supervisor or manager shall review and authorize or delegate signing authority to specific staff any purchase approved in the Budget with a total value of up to and including \$25,000.
\$25,001 to \$100,000	A supervisor or manager and that individual's supervisor shall review and authorize any purchase approved in the Budget with a total value between \$25,001 and \$100,000, inclusively.
\$100,001 to \$250,000	An Executive or designate and the CFO/Treasurer shall review and authorize any purchase approved in the Budget with a total value between \$100,001 and \$250,000, inclusively.
\$250,001 or greater	The President & CEO shall review and authorize any annual purchase approved in the Budget equal to or greater than \$250,001 and up to and including a three (3) year term.
\$250,001 or greater & more than 4 years	The Board of Directors shall require the President & CEO to obtain Board authorization for all purchases and renewals that are equal to or greater than \$250,001 and equal to or greater than a four (4) year term, or where single or sole sourcing is required.

7.0 NON-BUDGETED/OVER-BUDGET PURCHASES

The Board of Directors shall review and authorize discretionary capital budget variances greater than \$100,000.

The President & CEO and CFO/Treasurer have the authority to authorize any purchase that is over the approved Budget but does not exceed the cumulative value of \$100,000. The President & CEO shall obtain Board authorization on any purchase that cumulatively exceeds \$100,000 over the approved Budget.

7.1 Emergency Purchases

Emergency situations occasionally arise within the Corporation's operations. In emergency situations it is up to the judgement of the highest authority personnel on hand to make a responsible decision regarding obtaining required Goods and Services. Any purchases made outside of normal purchasing procedures must be reported to the appropriate authority and to the CFO/Treasurer as soon as is reasonably possible.

7.2 Authorization of Supplier Invoices

Invoices should be compared to the original purchase authorization document and/or supplier quotation. Invoices must be approved for payment by an authorized department approver.

7.3 Purchases over \$25,000 initiated by Management

All purchases made on behalf of the Corporation must have an authorizing signature other than that of the initiator of the purchase. Where a manager or supervisor initiates a purchase, the authorization will be in accordance with paragraph 6.0 above, or the individual's direct supervisor, whichever level is higher.

8.0 PURCHASING PROCESS

\$0 - \$100,000	<ul style="list-style-type: none">a) Process facilitated by service area directly. Three (3) written quotations where practicalb) Use of normal invoice procedures, Corporate credit card or via a Cheque Requisition.c) A written Request for Quotation may be used.
\$100,001 - \$250,000	<ul style="list-style-type: none">a) Orders may be placed based on receiving three written quotations or proposals where practical and advantageous to the Corporation.b) A written Request for Quotation or Request for Proposal may be used.
\$250,001 or above	<ul style="list-style-type: none">a) An advertised and written Request for Quotation, Request for Proposal or Request for Tender must be used.

- b) Advertisements must include a local newspaper and/or an electronic bidding system where practical and advantageous to the Corporation.
- c) A comprehensive assessment of the proposals or quotations will be undertaken.
- d) A Contract will be required.

8.1 Corporate Purchasing Card

Acquisitions made with the corporate credit card must comply with this policy and InnPower's credit card program and any other applicable policies.

No personal purchases may be made with the corporate credit card that are not authorized by InnPower's policy. InnPower Staff shall not use corporate purchases to gain personal points or other similar benefits in any Vendor reward program.

9.0 CONTRACT INITIATION

The employee who initiated the expenditure should initiate a Contract.

10.0 SOLE/SINGLE SOURCE

Employees must obtain written approval of the Sole Source acquisition by the President & CEO for exceptions to the requirement for quotations and proposals within this policy. The Corporation identifies such instances as:

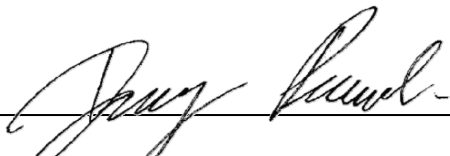
- a) Where the compatibility of a purchase with existing equipment, facilities or service is of paramount consideration and the purchase must be made from a single source;
- b) Where there is an advantage by participating in an affiliate or business partners project
- c) Where an item is purchased for testing or trial use;
- d) Where the only Supplier is a department, agency, or utility of the federal, provincial, regional, or municipal government;
- e) Where the acquisition is of a highly specialized nature and/or is available from only one Supplier; or
- f) Where permitted by legislative trade treaty – CETA or CFTA.

11.0 PROHIBITIONS

The following activities are prohibited, unless specifically approved by the Board of Directors:

- a) The division of purchases to avoid the requirements of this policy by any method, including corporate credit cards.
- b) Purchase by any employee or member of the Board of any Goods and Services for personal use.
- c) The acceptance of gifts or favours by any employee in return for business or the consideration of business. Also, employees who publicly endorse one company in order to give that company an advantage over others. Refer to CP-20-02, Code of Conduct & Conflict of Interest Policy.
- d) Purchases by the Corporation from any member of the Board or employee or their immediate families or other source except when the purchase is competitive.

This policy shall be in effect on the date it is approved by the Board of Directors.



Danny Persaud, President & CEO

February 15, 2023

Date



Appendix 4-2-4 (A) OEB Appendix 2-M Regulatory Costs

Appendix 2-M

Regulatory Cost Schedule

Regulatory Cost Category		USoA Account	USoA Account Balance	Last Rebasing Year (2017 OEB Approved)	Last Rebasing Year (2017 Actual)	Most Current Actuals Year 2022	2023 Bridge Year	Annual % Change	2024 Test Year	Annual % Change
(A)		(B)	(C)	(D)	(E)	(F)	(G)	(H)=[(G)-(F)]/(F)	(I)	(J) = [(I)-(G)]/(G)
Regulatory Costs (Ongoing)										
1	OEB Annual Assessment	5655		68,453	72,098	90,937	91,528	0.65%	94,298	3.03%
2	OEB Section 30 Costs (OEB-initiated)	5655								
3	Expert Witness costs for regulatory matters									
4	Legal costs for regulatory matters	5655/5630		0	0	6,938	0	-100.00%	0	
5	Consultants' costs for regulatory matters	5,655.00		0	0	2,475	0	-100.00%	0	
6	Operating expenses associated with staff resources allocated to regulatory matters									
7	Operating expenses associated with other resources allocated to regulatory matters ¹	5655		0	16,112	11,700	23,587		12,051	
8	Other regulatory agency fees or assessments									
9	Any other costs for regulatory matters (please define)	5655								
10	Intervenor costs	5655			1,806	2,211	1,648	-25.46%	1,697	2.97%
11	OEB Annual Membership	5655			800	800	800	0.00%	800	0.00%
12	1/5 of 2024 COS costs								62,865	
13										
30										
Regulatory Costs (One-Time)										
1	Expert Witness costs									
2	Legal costs	5655/1180			281,654		100,000			-100.00%
3	Consultants' costs	5655/1180			11,759	11,662	91,720	686.49%		-100.00%
4	Incremental operating expenses associated with staff resources allocated to this application.									
5	Incremental operating expenses associated with other resources allocated to this application. ¹									
6	Intervenor costs	5655/1180					50,000			-100.00%
7	OEB Section 30 Costs (application-related)	5655/1180					16,500			-100.00%
8	Include other items in green cells, as applicable									
9										
10										
30										
1	Sub-total - Ongoing Costs ²		\$ -	\$ 68,453	\$ 90,816	\$ 115,061	\$ 117,563	2.17%	\$ 171,711	46.06%
2	Sub-total - One-time Costs ³		\$ -	\$ -	\$ 293,413	\$ 11,662	\$ 258,220	2114.20%	\$ -	-100.00%
3	Total		\$ -	\$ 68,453	\$ 384,229	\$ 126,723	\$ 375,783	196.54%	\$ 234,576	-37.58%

Application-Related One-Time Costs	Total
Total One-Time Costs Related to Application to be Amortized over IRM Period	\$ 314,324
1/5 of Total One-Time Costs	\$ 62,865