

# InnPower Corporation

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2023 DRAFT BUDGET



# 2023 Budget Index

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	Page
Our Roadmap: Innovative InnPower 2030	3
Financial Overview	4
Current Regulation in Ontario	5
Cost of Service	6
Budget Highlights	7
Growth	9
Staff Complement	11
Customer Relations	13
Infrastructure Services	15
Internal Support Services	19
Key Performance Indicators	22
2024 Outlook (Test Year)	27

# Our Roadmap: Innovative 2030



## VISION

To be one of Canada's Most Innovative Utilities, Committed to Boldly Leading Change, to create maximum value for our Stakeholders.



## 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.



## VALUES

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



# Financial Overview: 2023 Budget

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## Introduction

InnPower continues to be one of the fastest growing utilities in Ontario with 24,702 current connections (including approximately 1,500 in South Barrie). Transitioning from a less-dense rural utility to a more-dense urban utility comes with several challenges, particularly in cost control and resource management.

Growth generates both challenges and opportunities for InnPower as the ongoing needs of existing ratepayers are balanced with the pressures associated with growth and the incremental increases in costs for operational needs. When the need to address longer term financial requirements related to asset renewal and replacement are also taken into consideration, it is evident that careful and prudent planning is necessary to ensure that InnPower remains stable, sustainable and affordable for all our ratepayers.



## Our Budgeting Process

InnPower is a rate regulated electricity distribution company that manages the distribution "wires" business to homes, business and industries in Innisfil and South Barrie.

We are transforming to become one of Canada's Most Innovative Utilities. The 2023 Budget affirms our commitment and aligns with the Goals outlined in our Strategic Plan.

Some areas that this Budget has focused on the addition of FTE's. Specifically these will assist to:

- Mitigate risk (enterprise, corporate, etc)
- Address Government initiatives, such as Disconnect from Work and Mental Health and Burnout
- Develop a Talent Plan to improve attraction/retention and plan for Succession
- Collaborate with Affiliate Partners
- Meet Growth Needs
- Improve Community and Stakeholder Engagement

# Current Regulation in Ontario

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The Government of Ontario, through the Ministry of Energy, Northern Development & Mines (MENDM), sets the overall policy for the energy sector through acts and regulations.

The Ontario Energy Board (OEB) regulates Ontario's energy sector through the OEB Act, associated regulations and codes.

## OEB 2021-2024 Key Initiatives

1. Establish OEB Modernization Panel
2. Reorganize OEB structure (Board and Staff), including new CEO
3. Adhere to OEB Mandate Letters
4. Planning for 2021-2024 Business Plan and Five Year Strategic Plan
5. Become Top Quartile Regulator

## OEB 2021-2024 Business Plan

In the OEB 2021-2024 Business Plan, there is no explicit reference to the “Renewed Regulatory Framework” (RRF). Instead, it focuses on the “Performance Measurement Framework”, which centers more on the OEB’s performance, rather than the performance of LDCs.

The goal is to add focus on measuring and reporting the OEB’s progress, while also encompassing industry performance (which uses RFF performance measures for LDCs). Therefore, LDC results are still key to the OEB’s performance.

## ***OEB Vision, Mission and Values***

Vision: To be a trusted regulator who is recognized for enabling Ontario’s growing economy and improving the quality of life for the people of this province who deserve safe, reliable and affordable energy.

Mission: To deliver public value through prudent regulation and independent adjudicative decision-making which contributes to Ontario’s social and economic development.

Values: Accountable, Transparent, Driven, Thoughtful

## ***OEB Strategic Direction***

Accountability: Regulator is accountable for the advancement of public interest

Certainty: Regulatory process should be as predictable as possible

Effectiveness: Regulator should be clear about the outcomes it is aiming to achieve

Efficiency: Regulator should strive to find process improvements in all its functions to increase productivity and value for money

Independence: Regulator should be recognized as making fair and impartial decisions

Innovation: Regulator should modernize its processes and facilitate innovations in the energy sector

# Cost of Service

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IPC will file a Cost of Service application on April 30, 2023 for rates effective January 1, 2024.

IPC will file under the OEB's streamlined requirements for small utilities, however, a full Distribution System Plan (DSP) will be required due to the extensive capital projects being proposed.

## **InnPower Goals and Objectives**

- To identify key areas that will mitigate increases in distribution rates in the 2024 Cost of Service application
- To provide meaningful customer engagement in the CoS process to ensure customers actively participate and contribute to future spend within the LDC
- To actively monitor internal and external key performance indicators and scorecard measures to ensure InnPower's operations meet the goals and objectives of the OEB, as well as those set by the company
- To mitigate areas of risk, including deferral and variance account balances, to ensure accuracy and validity of rates and tariffs charged to customers
- To promote inter-departmental communication and collaboration to ensure regulatory standards are recognized and implemented throughout the company

## **Current OEB Rates**

Inflation for 2023 rates: 3.3%

On October 28, the OEB set the Cost of Capital rates for the 2022 rate year as follows:

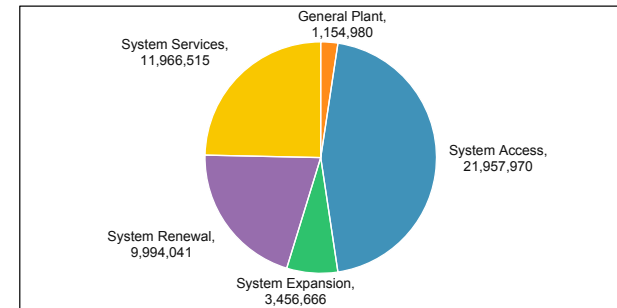
- Allowed Return on Equity: 8.66%
- Deemed Cost of Long-term Debt: 3.49%
- Deemed Cost of Short-term Debt: 1.17%

OEB Prescribed Interest Rate: 2.20% since Q3 2022

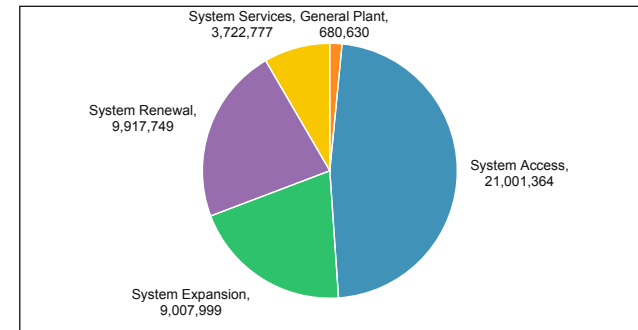
# Capital Budget Highlights

InnPower continues to heavily invest into its capital program. With ratepayers in both Innisfil and South Barrie, and significant projected growth in both settlement areas, InnPower continues to prudently construct, maintain and upgrade its distribution infrastructure in order to connect new customers throughout the service territory and to improve reliability.

2023 Capital Budget by Investment Category (000's)			
Category	Gross Budget	Contributions from Others	Net Budget
General Plant	1,155	0	1,155
System Access	21,958	(20,934)	1,024
System Expansion	3,457	(2,987)	470
System Renewal	9,994	(8,250)	1,744
System Services	11,967	(4,875)	7,091
<b>All</b>	<b>48,530</b>	<b>(37,046)</b>	<b>11,485</b>



2022 Capital Forecast by Investment Category (000's)			
Category	Gross Budget	Contributions from Others	Net Budget
General Plant	681	0	681
System Access	21,001	(18,863)	2,138
System Expansion	9,008	(7,508)	1,500
System Renewal	9,918	(8,112)	1,805
System Services	3,723	(2,538)	1,185
<b>All</b>	<b>44,331</b>	<b>(37,022)</b>	<b>7,309</b>



The credit facilities agreement with TD Bank permits InnPower to leverage up to a maximum of 65% debt-to-equity.

InnPower continues to actively manage this ratio to create future borrowing capacity for investment into major assets.

Debt:Equity			
	2021 Actual	2022 Forecast	2023 Budget
Debt %	55 %	52 %	50 %

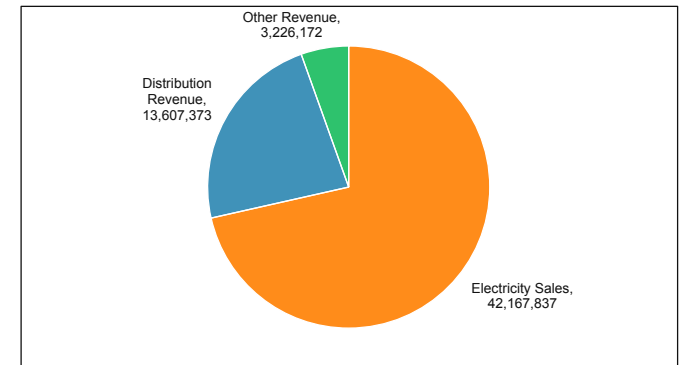
# Operating Budget Highlights

This budget is set by determining the annual needs of InnPower. These needs, or expenditures, are offset by distribution revenue and other revenue, which includes pole rentals, office rental, financial services, miscellaneous service charges, etc.

Distribution revenue represents the amount that InnPower keeps. It does not include electricity sales revenue, which is the amount collected from InnPower customers for commodity, transmission and low voltage. Regardless of the Provincial Government's policies on hydro prices, as a result of COVID-19 or other government policies and initiatives, InnPower continues to remain whole through its settlement process with the Independent Electricity System Operator (IESO).

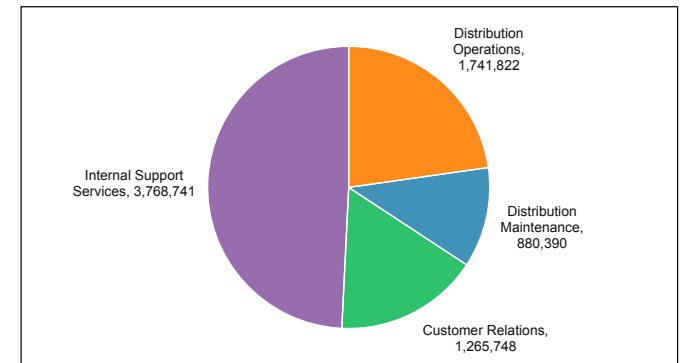
## Operating Budget Summary

	2021	2022	2023	Year to Year % Change
	Actual	Forecast	Budget	
Distribution Revenue	12,287,037	12,832,465	13,607,373	6.0 %
Other Revenue	1,816,570	2,298,623	3,226,172	40.4 %
<b>Total Revenue</b>	<b>14,103,606</b>	<b>15,131,089</b>	<b>16,833,545</b>	<b>11.3 %</b>
Operating Expenses	6,628,224	6,644,940	7,656,701	15.2 %
<b>EBITDA</b>	<b>7,475,382</b>	<b>8,486,149</b>	<b>9,176,843</b>	<b>8.1 %</b>
Depreciation and Amortization	3,248,821	3,597,089	4,463,387	24.1 %
Finance Cost	1,251,044	1,253,205	1,220,316	(2.6)%
Income before Taxes & Regulatory	2,975,517	3,635,855	3,493,140	(3.9)%
Payment in Lieu of Taxes	880,045	1,188,434	925,000	(22.2)%
Net Movement in Regulatory	(501,472)	(826,745)	(65,100)	(92.1)%
<b>Comprehensive Income</b>	<b>2,596,945</b>	<b>3,274,166</b>	<b>2,633,240</b>	<b>(19.6)%</b>



## Total Operating Expenses by Department

	2021	2022	2023	Year to Year % Change
	Actual	Forecast	Budget	
Distribution Operations	1,548,761	1,303,870	1,741,822	33.6 %
Distribution Maintenance	1,049,233	762,309	880,390	15.5 %
Customer Relations	1,222,641	1,323,891	1,265,748	(4.4)%
Internal Support Services	2,807,589	3,254,870	3,768,741	15.8 %
<b>Operating Expenses</b>	<b>6,628,224</b>	<b>6,644,940</b>	<b>7,656,701</b>	<b>15.2 %</b>

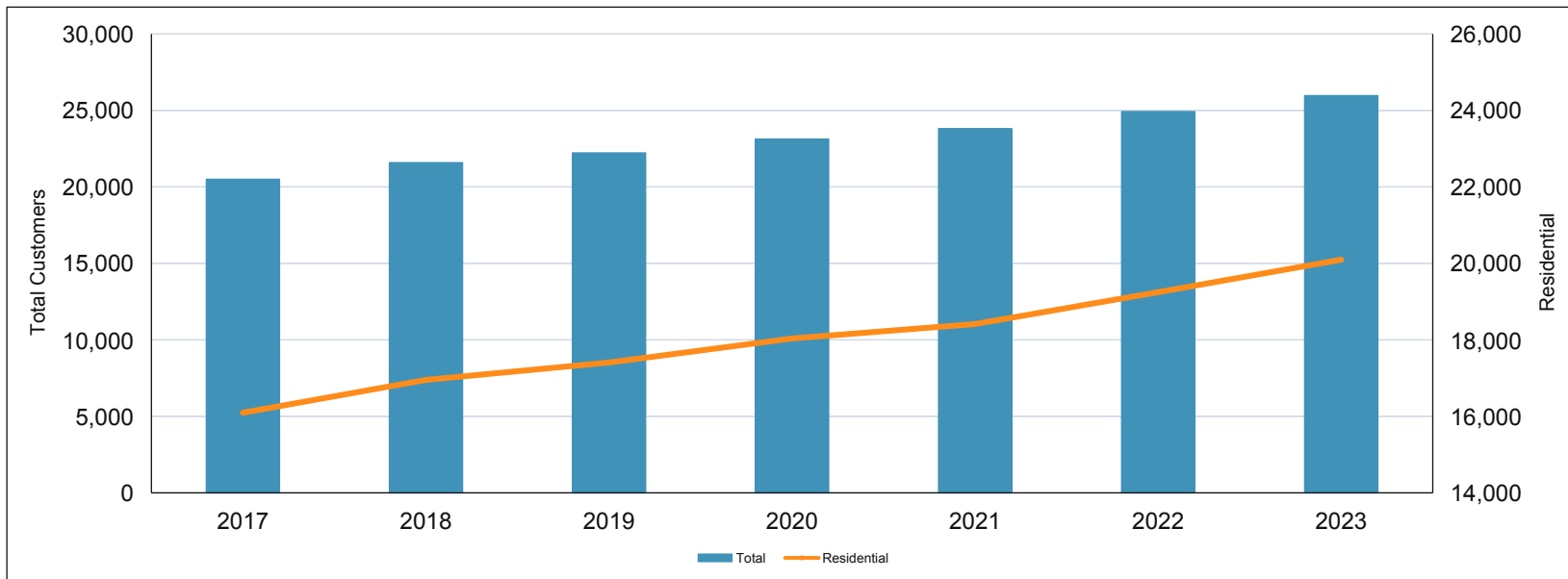




# Customer Growth

InnPower has taken a very conservative and realistic approach in determining the number of new customers in Innisfil and South Barrie. We are committed to delivering services that meet the needs of all its ratepayers.

For the purposes of the 2023 budget we have used a 4.2% growth.



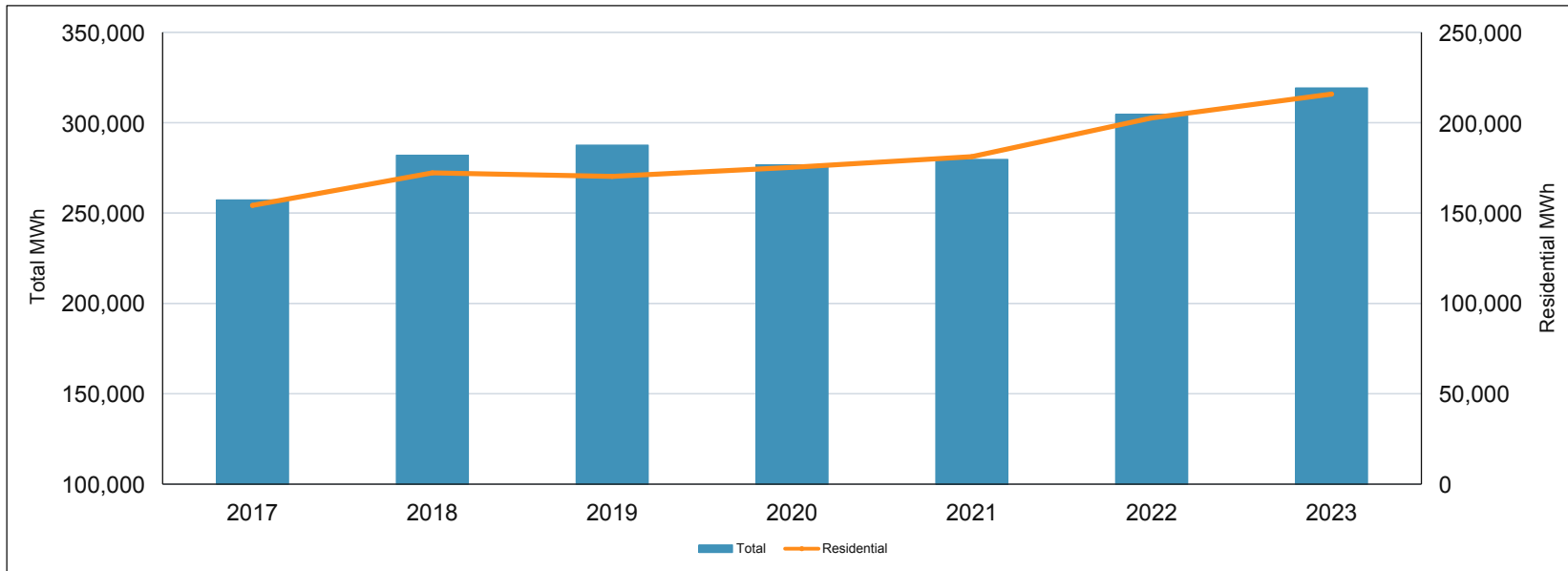
	Actual 2017	Actual 2018	Actual 2019	Actual 2020	Actual 2021	Forecast 2022	Budget 2023	# Change
Residential	16,096	16,954	17,409	18,037	18,415	19,248	20,098	850
GS<50	1,037	1,109	1,140	1,165	1,210	1,299	1,321	22
GS>50	92	93	84	79	77	74	83	9
Sentinel Lights (Non-Retail)	160	162	198	193	189	191	191	0
Street Lights (Non-Retail)	3,044	3,195	3,320	3,588	3,852	4,039	4,201	162
USL	73	75	74	71	71	78	78	0
<b>Total</b>	<b>20,502</b>	<b>21,588</b>	<b>22,225</b>	<b>23,133</b>	<b>23,814</b>	<b>24,929</b>	<b>25,972</b>	<b>1,043</b>

% Change	5.3 %	3.0 %	4.1 %	2.9 %	4.7 %	4.2 %	Ave 4.0 %
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# Load Growth (MWh)

Load growth is primarily driven from new residential, commercial and industrial development. The approach taken to estimate the load growth takes the many variables predicting the customer growth for Innisfil and South Barrie into consideration.

For the purposes of the 2023 budget we have used a 4.8% growth.

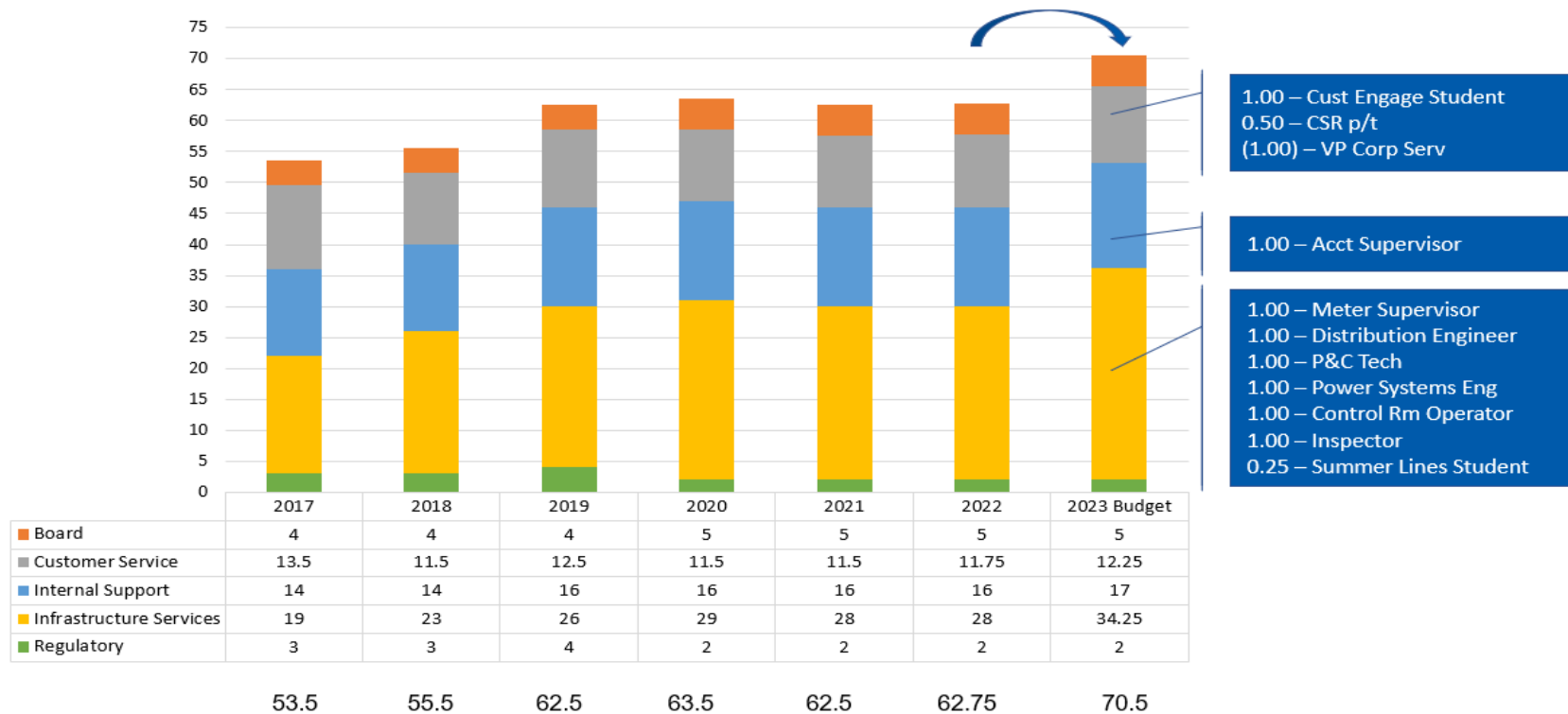


	Actual 2017	Actual 2018	Actual 2019	Actual 2020	Actual 2021	Forecast 2022	Budget 2023	Change
Residential	154,241	172,235	170,286	175,287	181,208	202,630	215,829	13,199
GS<50	33,982	39,250	47,140	40,230	39,114	43,867	44,154	287
GS>50	67,790	69,196	68,805	60,004	58,027	56,663	57,827	1,163
Sentinel Lights (Non-Retail)	111	113	110	101	99	98	100	1
Street Lights (Non-Retail)	611	652	691	670	768	820	846	26
USL	493	512	516	379	439	439	439	0
<b>Total</b>	<b>257,228</b>	<b>281,958</b>	<b>287,547</b>	<b>276,671</b>	<b>279,656</b>	<b>304,518</b>	<b>319,195</b>	<b>14,677</b>

% Change	9.6 %	2.0 %	(3.8)%	1.1 %	8.9 %	4.8 %	Ave 3.8 %
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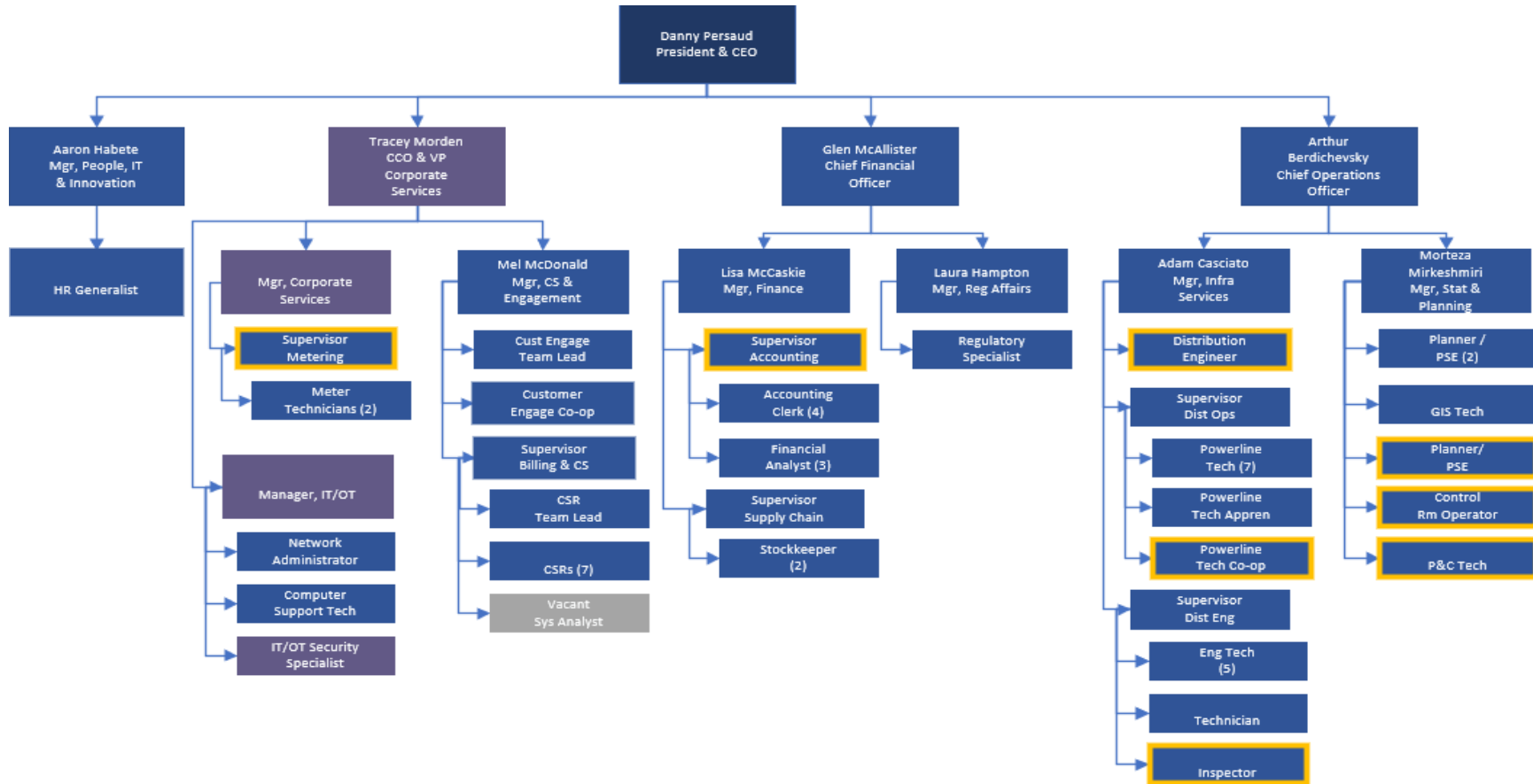
# Staff Complement

InnPower is in the first year of a four year Collective Agreement with the Power Workers' Union. It expires on June 30, 2026 and reflects a 2.8% increase in wages for January 1 - June 30, 2023 and a 2.6% increase in wages for July 1, 2023 - December 31, 2023.



Note: Changes from year to year include transfers of FTEs (full time equivalents) between service areas to better align staff in achieving service delivery excellence. True additions of FTEs have been presented through Staff Enhancement forms throughout the budget book.

# Operating Budget Details



IUI Contracted Services
IPC Current Employees
IPC New Employees

# Customer Relations Business Plan



## Our Team

The Customer Relations is led by Tracey Morden, Chief Compliance Officer & Vice President Corporate Services and is supported by Melissa McDonald, Manager, Customer Relations & Engagement.



## Our Services

### Customer Service:

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

### Community Engagement:

The Community Engagement Team has become one of the most in-demand functions for InnPower. There is a clear understanding that our ratepayers expect and appreciate having meaningful engagement with them. We provide recommendations for the appropriate levels of engagement for all major construction, projects, maintenance and outages.

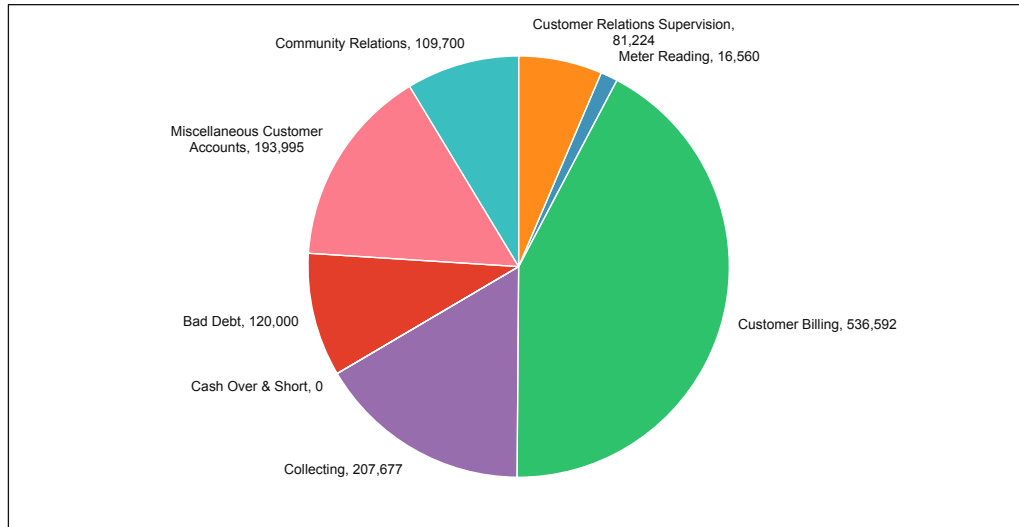


## Measuring Progress

Performance Measure	Actual			Projected	
	2019	2020	2021	2022	2023
# moves	2787	2850	3235	3500	3750
# calls received	22889	23670	25421	27000	27000
# new services	482	419	400	525	650
# social media engagement	18777	143666	72620	50000	50000
ave # social media followers	2758	4006	5215	6000	6500

## Customer Relations

	2021 Actual	2022 Forecast	Budget	2023 Year to Year \$ Change	Year to Year % Change
Customer Relations Supervision	136,720	127,347	81,224	(46,123)	(36.2)%
Meter Reading	8,734	11,985	16,560	4,575	38.2 %
Customer Billing	449,315	484,589	536,592	52,002	10.7 %
Collecting	141,750	238,228	207,677	(30,550)	(12.8)%
Bad Debt	58,798	106,223	120,000	13,777	13.0 %
Miscellaneous Customer Accounts	322,893	256,730	193,995	(62,735)	(24.4)%
Community Relations	104,431	98,788	109,700	10,912	11.0 %
<b>Customer Relations</b>	<b>1,222,641</b>	<b>1,323,891</b>	<b>1,265,748</b>	<b>(58,143)</b>	<b>(4.4)%</b>



# Infrastructure Services Business Plan



## Our Team

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The Infrastructure Services Team is led by Arthur Berdichevsky, Chief Operating Officer and is supported by Adam Casciato, Manager, Infrastructure Services and Morteza Mirkeshmiri, Manager, Stations, Planning & Asset Optimization.



## Our Services

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### **System Planning:**

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

### **System Control:**

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

### **Stations Planning and Asset Optimization:**

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

### **Distribution System Engineering:**

The Distribution System Engineering Team is responsible for capital projects engineering of the existing and proposed distribution system. The team works closely with Municipalities, Developers, Ministries, the County of Simcoe, customers and consultants to ensure that distribution assets are in place to supply power to end users or relocate distribution assets to allow third parties execute their work without interference with/of 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 project 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.

### **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) supply 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.



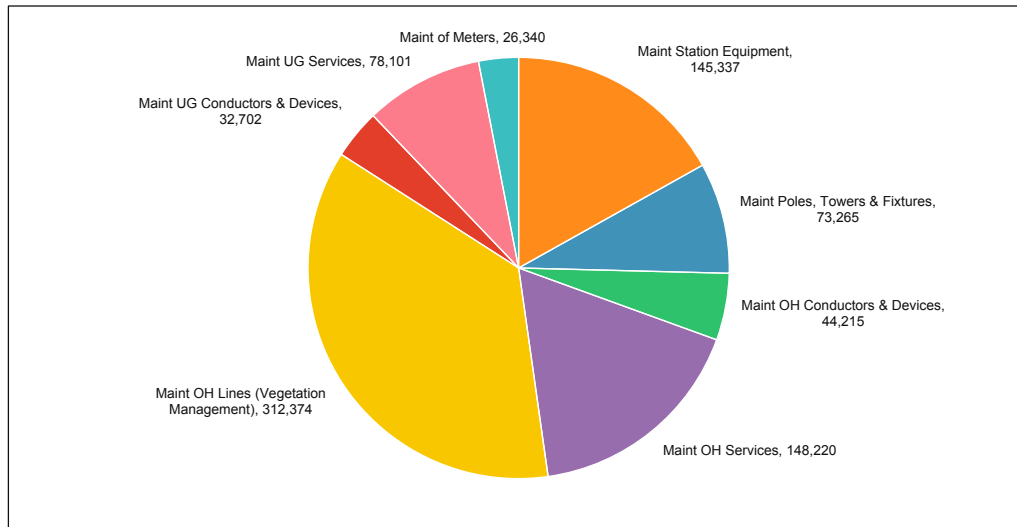
## Measuring Progress

Performance Measure	Actual			Projected	
	2019	2020	2021	2022	2023
ave # hrs interrupted (SAIDI)	1.52	1.81	1.78	1.60	1.53
ave # times interrupted (SAIFI)	0.61	1.10	0.70	0.80	0.80
reconnections conducted on time	100 %	100 %	100 %	95 %	100 %



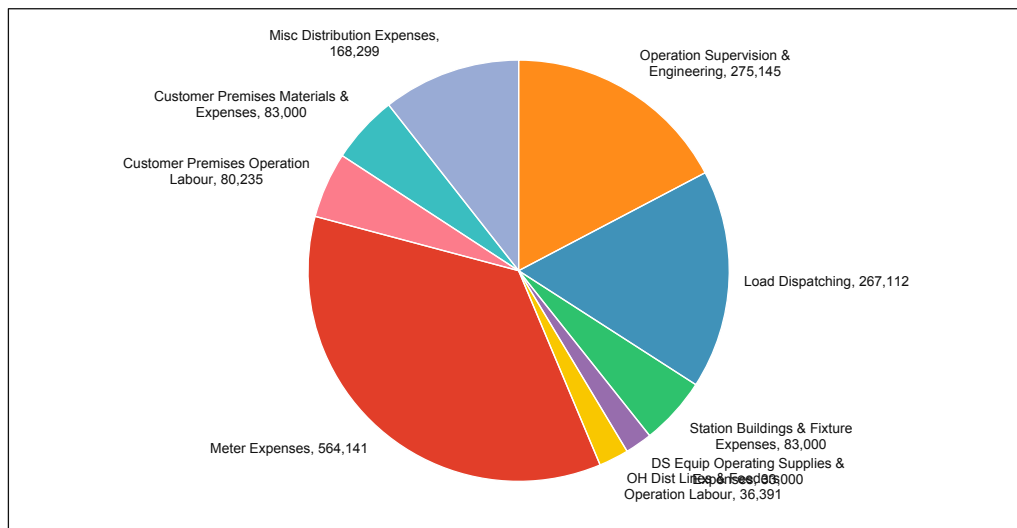
## Distribution Maintenance

	2021 Actual	2022 Forecast	2023 Budget	2023 Year to Year \$ Change	2023 Year to Year % Change
Maint Station Equipment	92,072	70,930	145,337	74,406	104.9 %
Maint Poles, Towers & Fixtures	112,024	53,708	73,265	19,557	36.4 %
Maint OH Conductors & Devices	43,339	61,456	44,215	(17,241)	(28.1)%
Maint OH Services	235,911	188,856	148,220	(40,636)	(21.5)%
Maint OH Lines (Vegetation Management)	428,038	254,725	312,374	57,649	22.6 %
Maint UG Conductors & Devices	50,134	24,735	32,702	7,967	32.2 %
Maint UG Services	37,902	59,070	78,101	19,032	32.2 %
Maint Line Transformers	13,111	8,483	4,477	(4,007)	(47.2)%
Maint Padmount Transformers	7,826	11,695	15,359	3,664	31.3 %
Maint Lighting & Signal Systems	0	1,613	0	(1,613)	(100.0)%
Maint of Meters	28,875	27,036	26,340	(696)	(2.6)%
<b>Distribution Maintenance</b>	<b>1,049,233</b>	<b>762,309</b>	<b>880,390</b>	<b>118,082</b>	<b>15.5 %</b>



## Distribution Operations

	2020 Actual	2021 Forecast	2022 Budget	2022 Year to Year \$ Change	2022 Year to Year % Change
Operation Supervision & Engineering	175,394	237,671	275,145	37,475	15.8 %
Load Dispatching	52,239	83,178	267,112	183,934	221.1 %
Station Buildings & Fixture Expenses	80,842	93,681	83,000	(10,681)	(11.4)%
DS Equip Operating Labour	10,191	20,673	47,610	26,937	130.3 %
DS Equip Operating Supplies & Expenses	23,520	5,760	33,000	27,240	472.9 %
OH Dist Lines & Feeders Operation Labour	107,564	26,255	36,391	10,135	38.6 %
OH Dist Lines & Feeders Operation Supplies & Expenses	2,074	4,610	4,000	(610)	(13.2)%
OH Dist Transformers Operation	602	233	240	7	3.0 %
UG Dist Lines & Feeders Operation Labour	25,286	4,960	0	(4,960)	(100.0)%
UG Dist Lines & Feeders Operation Supplies & Expenses	116,964	81,895	90,500	8,605	10.5 %
Meter Expenses	375,725	439,907	564,141	124,235	28.2 %
Customer Premises Operation Labour	95,208	97,607	80,235	(17,372)	(17.8)%
Customer Premises Materials & Expenses	113,312	85,198	83,000	(2,198)	(2.6)%
Misc Distribution Expenses	359,750	114,043	168,299	54,256	47.6 %
OH Dist Lines & Feeders Rental Paid	10,090	8,200	9,150	950	11.6 %
<b>Distribution Operations</b>	<b>1,548,761</b>	<b>1,303,870</b>	<b>1,741,822</b>	<b>437,952</b>	<b>33.6 %</b>



# Internal Support Services Business Plan



## Our Team

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The Internal Support Team encompasses several services, such as Executive Office, Financial Management, Regulatory, Payroll, Human Capital and Innovation and Information Technology. These Teams are led by Danny Persaud, President & CEO, Glen McAllister, Chief Financial Officer & Treasurer, Aaron Habete, Manager, People, IT & Innovation and Tracey Morden, Chief Compliance Officer & Vice President Corporate Services and is supported by Lisa McCaskie, Finance Manager and Laura Hampton, Regulatory Affairs Manager.



## Our Services

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### **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.

### **Financial Planning & Reporting:**

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

### **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.

**Employee Relations:**

The Human Capital and Innovation Team provides talent development and business support services to Innpower and InnTerprises. This includes corporate learning and development, attraction and retention, total rewards, performance management and employee engagement.

**Labour Relations:**

The Human Capital and Innovation Team leads labour relations in collaboration with stakeholders. We oversee collective agreement negotiations and interpretations. We promote harmonious labour/management relations, productive work environments, and fair and consistent treatment of our staff.

**Workplace Health and Wellness:**

The Human Capital and Innovation Team promotes health, safety and wellness through various programs and initiatives. Our Team models and advocates for a positive, safe, healthy and supportive culture. We facilitate short and long-term disability management, accommodation plans and safe/early return to work programs. We also enforce health and safety legislative compliance.

**Innovation and Business Process Improvements:**

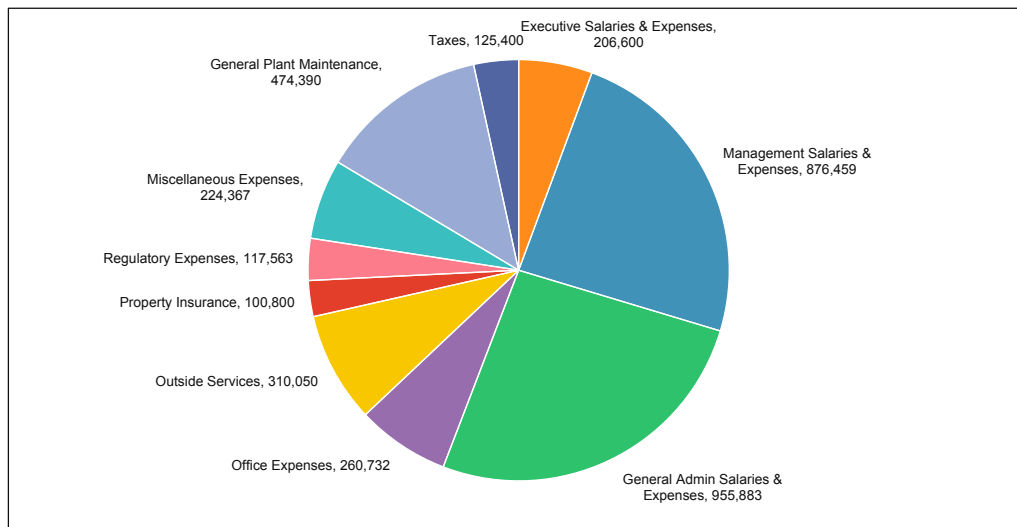
The Human Capital and Innovation Team leads the review of current business processes to identify areas for process improvements, automation, cross-functional opportunities and sharing of services.

**Measuring Progress**

Performance Measure	Actual			Projected	
	2019	2020	2021	2022	2023
<b>Finance</b>					
% of AP payments made electronically	53.0%	63.7%	74.8%	79.0%	85.0%
# of AP invoices posted	2938	2783	2698	2900	3000
% of capital planned spending	50.2%	61.0%	79.3%	90.0%	90.0%
ROE	10.1%	9.7%	9.3%	11.8%	11.8%
<b>Information Technology</b>					
# helpdesk tickets	956	1199	1260	1300	1400
<b>Human Capital and Innovation</b>					
% employee turnover	10.0%	8.0%	8.0%	6.8%	10.0%
ave # days for recruitment	23	23	23	20	20

## Internal Support Services

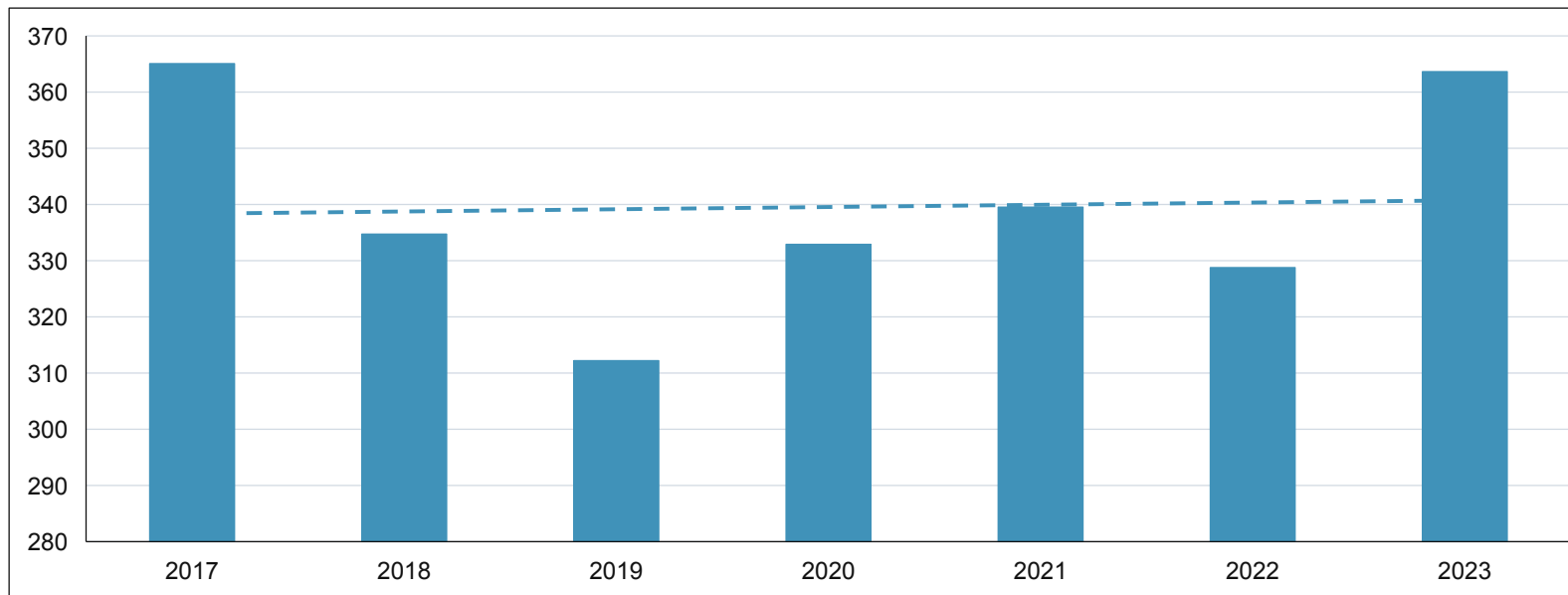
	2021 Actual	2022 Forecast	2023 Budget	2023 Year to Year \$ Change	2023 Year to Year % Change
Executive Salaries & Expenses	219,526	209,346	206,600	(2,746)	(1.3)%
Management Salaries & Expenses	622,247	858,467	876,459	17,992	2.1 %
General Admin Salaries & Expenses	717,351	837,230	955,883	118,654	14.2 %
Office Expenses	221,141	233,241	260,732	27,490	11.8 %
Outside Services	204,161	141,632	310,050	168,418	118.9 %
Property Insurance	89,348	96,887	100,800	3,913	4.0 %
Injury & Damages Insurance	40,902	56,093	58,200	2,107	3.8 %
Employee Pension & OPEB	13,809	24,852	25,200	348	1.4 %
Regulatory Expenses	90,903	105,648	117,563	11,915	11.3 %
Miscellaneous Expenses	124,040	141,414	224,367	82,954	58.7 %
Rent	907	997	1,000	3	0.3 %
General Plant Maintenance	319,660	393,890	474,390	80,501	20.4 %
Electrical Safety Authority Fees	11,574	12,768	11,596	(1,172)	(9.2)%
Taxes	119,329	118,809	125,400	6,591	5.5 %
Donations & Other Deductions	12,691	23,596	20,500	(3,096)	(13.1)%
<b>Internal Support</b>	<b>2,807,589</b>	<b>3,254,870</b>	<b>3,768,741</b>	<b>513,871</b>	<b>15.8 %</b>



# Cost per Customer

In the 2021 PEG Report, InnPower maintained a ranking in Group 3 in terms of efficiency. Group 3 is considered average and is defined as having actual costs within +/- 10% of predicted costs. We have stayed within the same cohort, but have seen a reduction in our costs. As can be seen in the current budget, we continue to look for ways to find efficiencies while delivering quality, reliable services to customers, manage customer growth and implement mandated government directives.

We have been able to reduce our controllable costs per customer from \$329 to \$364 in the current budget and we continue to work towards increased efficiencies to manage and maintain the OM&A as the customer base increases.



	Actual 2017	Actual 2018	Actual 2019	Actual 2020	Actual 2021	Forecast 2022	Budget 2023
Controllable Costs per Customer	365	335	312	333	340	329	364



# Capital Budget Details

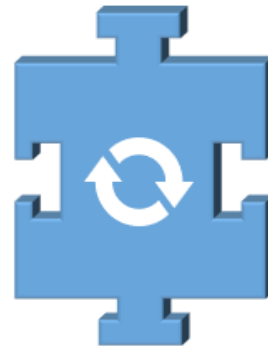
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**System Access**  
Customer requests  
Developer requirements  
Mandated service requirements



**System Expansion**  
Investment needed to achieve planning objectives in the DSP



**System Renewal**  
Refurbish /replace assets at the end of their service life



**System Services**  
Expected changes in load that will constrain the ability of the system  
Fulfills system operational objectives



**General Plant**  
System support  
Business operations efficiency  
Non-system physical plant





**CAPEX Budget**

**2023 Budget**

Project List by Category	Gross CAPEX	Contributions	Net CAPEX
IPCGP01 - IT Hardware	79,600	0	79,600
IPCGP02 - IT Software	126,300	0	126,300
IPCGP04 - Building & Fixtures	75,000	0	75,000
IPCGP05 - Finance IT	200,000	0	200,000
IPCGP06 - Engineering IT	119,640	0	119,640
IPCGP10 - Tools, Shop & Garage Equipment	78,750	0	78,750
IPCGP12 - Fleet	475,690	0	475,690
<b>GP_1 - General Plant - Current Projects</b>	<b>1,154,980</b>	<b>0</b>	<b>1,154,980</b>
IPC2018SA07 - SALEM LANDS GENERAL PRE-WORKS - 100% SALEM	30,000	(30,000)	0
IPCSA01 - New Services (L, RPO, DG)	774,000	(774,000)	0
IPCSA02 - ROAD AUTHORITY WORKS (TOI, COS, COB, MTO) 50% L&LSD	875,000	(375,000)	500,000
IPCSA03 - Expansion Developments 100% Recoverable	3,200,000	(3,200,000)	0
IPCSA05 - Residential, Commercial, Wholesale Metering	524,282	0	524,282
IPCSA06 - Hewitts Developments 100% Recoverable	7,676,845	(7,676,845)	(0)
IPCSA07 - Salem Developments 100% Recoverable	8,877,843	(8,877,843)	(0)
<b>SA_1 - System Access - Current Projects</b>	<b>21,957,970</b>	<b>(20,933,688)</b>	<b>1,024,282</b>
IPC2021SD198 - SUBDIVISION: CORM STREET	893,971	(813,205)	80,766
IPC2021SD199 - SUBDIVISION: THE MAYORS RESIDENCE	893,971	(813,205)	80,766
IPCSD202 - SUBDIVISION: GG LIMITED - PHASE 2	1,620,850	(1,360,198)	260,652
IPCSD203 - SUBDIVISION: BISTRO 6 PHASE 4	21,137	0	21,137
IPCSD204 - SUBDIVISION: BISTRO 6 PHASE 5	26,737	0	26,737
<b>SD_1 - System Expansion - Current Projects</b>	<b>3,456,666</b>	<b>(2,986,609)</b>	<b>470,057</b>
IPC2018SR13 - METROLINX ELECTRIFICATION PROJECT	8,450,000	(8,250,000)	200,000
IPCSR01 - Capital Trouble Calls and Emerging Projects	348,000	0	348,000



**CAPEX Budget**

**2023 Budget**

<b>Project List by Category</b>	<b>Gross CAPEX</b>	<b>Contributions</b>	<b>Net CAPEX</b>
IPCSR02 - Transformer Replacement Program	149,500	0	149,500
IPCSR03 - Pole Replacement Program	360,000	0	360,000
IPCSR04 - Reclosure Replacement Program	182,000	0	182,000
IPCSR05 - Switch Replacement Program	151,021	0	151,021
IPCSR06 - Switchgear Replacement Program	21,515	0	21,515
IPCSR07 - Voltage Regulators - Yonge & Hwy 89	160,000	0	160,000
IPCSR08 - Delta/Substandard Transformer Replacement	69,500	0	69,500
IPCSR13 - Animal Mitigation	50,000	0	50,000
IPCSR14 - Oil Re-inhibit Treatment	52,505	0	52,505
<b>SR_1 - System Renewal - Current Projects</b>	<b>9,994,041</b>	<b>(8,250,000)</b>	<b>1,744,041</b>
IPC2021SS09 - Big Bay Point DS Phase 2 - 100% Hewitt	1,297,670	(1,297,670)	(0)
IPCSS05 - 27.6kV OH Dist Fault Indicators	48,617	0	48,617
IPCSS06 - 44kV OH Dist Fault Indicators	47,217	0	47,217
IPCSS07 - 44kV Switch Commissioning	118,608	0	118,608
IPCSS11 - South Barrie TS Pre-Works	1,367,484	0	1,367,484
IPCSS12 - Station Rehab	3,681,495	(3,577,608)	103,887
IPCSS17 - Barrie Area Transformer Upgrade (BATU)	4,099,270	0	4,099,270
IPCSS18 - 44kV Line Extension from Barrie	1,003,404	0	1,003,404
IPCSS21 - Scadamate/Viper Commissioning	101,750	0	101,750
IPCSS24 - Normal Open Point Switch Installation	201,000	0	201,000
<b>SS_1 - System Services - Current Projects</b>	<b>11,966,515</b>	<b>(4,875,278)</b>	<b>7,091,237</b>
<b>Total</b>	<b>48,530,172</b>	<b>(37,045,575)</b>	<b>11,484,597</b>

# InnPower Corporation

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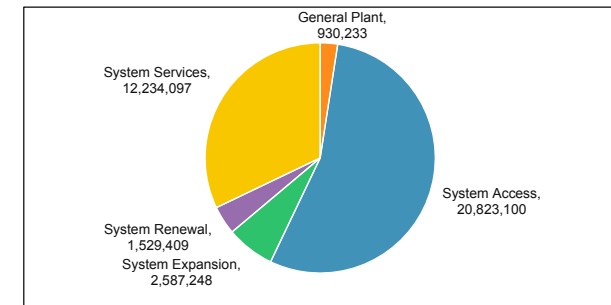
2024 OUTLOOK (TEST YEAR)



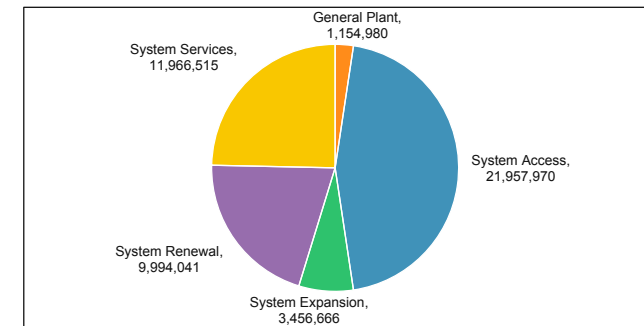
# 2024 Capital Outlook Highlights

InnPower continues to heavily invest into its capital program. With ratepayers in both Innisfil and South Barrie, and significant projected growth in both settlement areas, InnPower continues to prudently construct, maintain and upgrade its distribution infrastructure in order to connect new customers throughout the service territory and to improve reliability.

2024 Capital Outlook by Investment Category (000's)			
Category	Gross Budget	Contributions from Others	Net Budget
General Plant	930	0	930
System Access	20,823	(18,573)	2,250
System Expansion	2,587	(2,587)	0
System Renewal	1,529	0	1,529
System Services	12,234	(3,100)	9,134
<b>All</b>	<b>38,104</b>	<b>(24,260)</b>	<b>13,844</b>



2023 Capital Budget by Investment Category (000's)			
Category	Gross Budget	Contributions from Others	Net Budget
General Plant	1,155	0	1,155
System Access	21,958	(20,934)	1,024
System Expansion	3,457	(2,987)	470
System Renewal	9,994	(8,250)	1,744
System Services	11,967	(4,875)	7,091
<b>All</b>	<b>48,530</b>	<b>(37,046)</b>	<b>11,485</b>



The credit facilities agreement with TD Bank permits InnPower to leverage up to a maximum of 65% debt-to-equity.

InnPower continues to actively manage this ratio to create future borrowing capacity for investment into major assets.

Debt:Equity			
	2022 Forecast	2023 Budget	2024 Outlook
Debt %	52 %	50 %	51 %

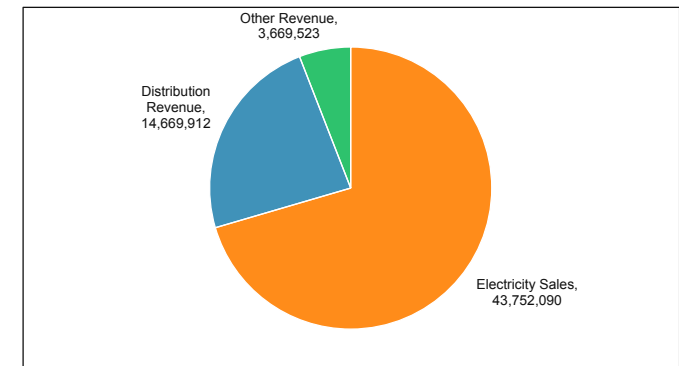
# 2024 Operating Outlook Highlights

This budget is set by determining the annual needs of InnPower. These needs, or expenditures, are offset by distribution revenue and other revenue, which includes pole rentals, office rental, financial services, miscellaneous service charges, etc.

Distribution revenue represents the amount that InnPower keeps. It does not include electricity sales revenue, which is the amount collected from InnPower customers for commodity, transmission and low voltage. Regardless of the Provincial Government's policies on hydro prices, as a result of COVID-19 or other government policies and initiatives, InnPower continues to remain whole through its settlement process with the Independent Electricity System Operator (IESO).

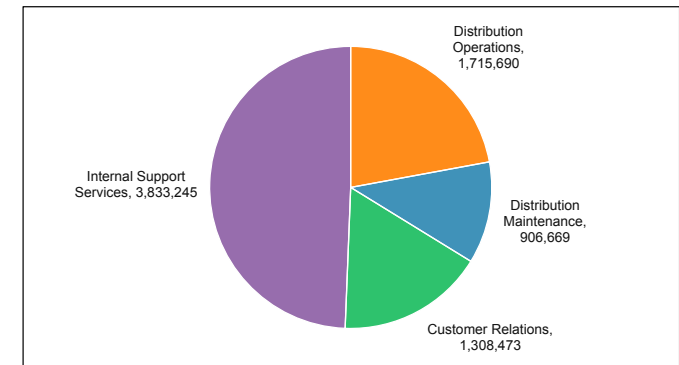
## Operating Budget Summary

	2022	2023	2024	
	Forecast	Budget	Outlook	Year to Year % Change
Distribution Revenue	12,832,465	13,607,373	14,669,912	7.8 %
Other Revenue	2,298,623	3,226,172	3,669,523	13.7 %
<b>Total Revenue</b>	<b>15,131,089</b>	<b>16,833,545</b>	<b>18,339,434</b>	<b>8.9 %</b>
Operating Expenses	6,644,940	7,656,701	7,764,078	1.4 %
<b>EBITDA</b>	<b>8,486,149</b>	<b>9,176,843</b>	<b>10,575,356</b>	<b>15.2 %</b>
Depreciation and Amortization	3,597,089	4,463,387	5,091,443	14.1 %
Finance Cost	1,252,499	1,220,316	1,169,241	(4.2)%
Income before Taxes & Regulatory	3,636,561	3,493,140	4,314,672	23.5 %
Payment in Lieu of Taxes	1,188,434	925,000	1,100,000	18.9 %
Net Movement in Regulatory	(826,039)	(65,100)	(65,100)	(0.0)%
<b>Comprehensive Income</b>	<b>3,274,166</b>	<b>2,633,240</b>	<b>3,279,772</b>	<b>24.6 %</b>



## Total Operating Expenses by Department

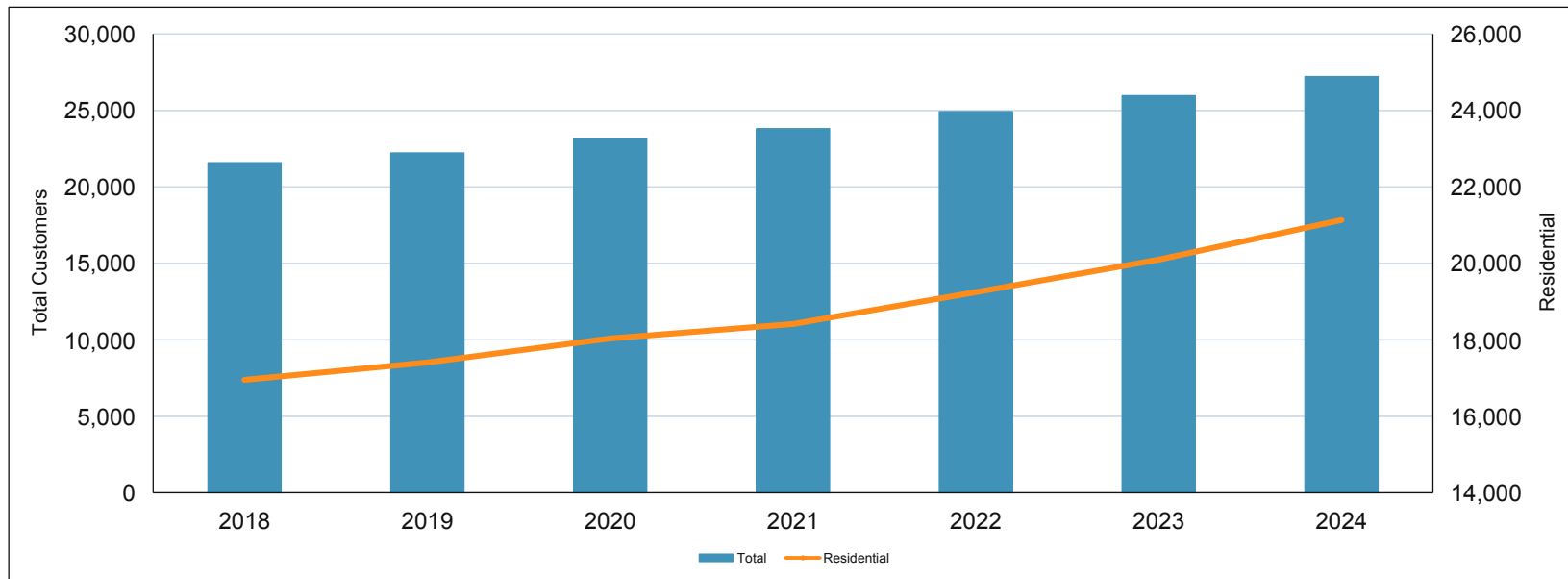
	2022	2023	2024	
	Forecast	Budget	Outlook	Year to Year % Change
Distribution Operations	1,303,870	1,741,822	1,715,690	(1.5)%
Distribution Maintenance	762,309	880,390	906,669	3.0 %
Customer Relations	1,323,891	1,265,748	1,308,473	3.4 %
Internal Support Services	3,254,870	3,768,741	3,833,245	1.7 %
<b>Operating Expenses</b>	<b>6,644,940</b>	<b>7,656,701</b>	<b>7,764,078</b>	<b>1.4 %</b>



# 2024 Outlook Customer Growth

InnPower has taken a very conservative and realistic approach in determining the number of new customers in Innisfil and South Barrie. We are committed to delivering services that meet the needs of all its ratepayers.

For the purposes of the 2024 outlook we have used a 4.8% growth.



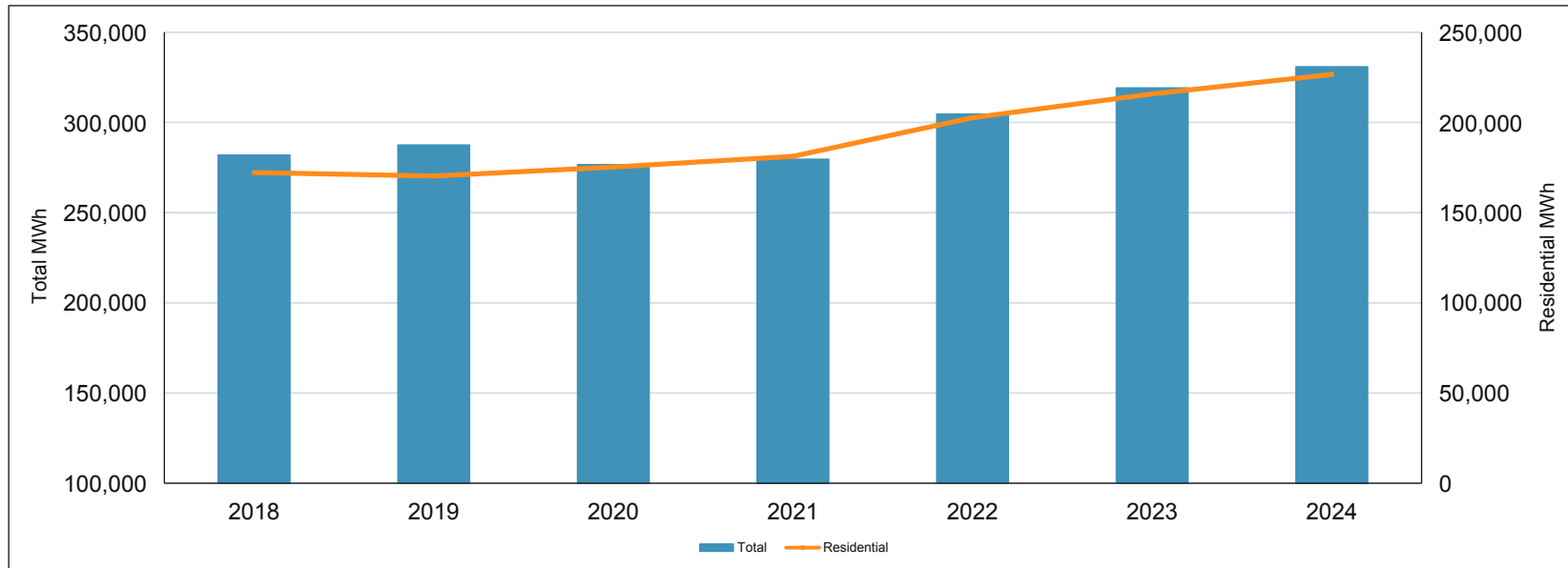
	Actual 2018	Actual 2019	Actual 2020	Actual 2021	Forecast 2022	Budget 2023	Outlook 2024	# Change
Residential	16,954	17,409	18,037	18,415	19,248	20,098	21,135	1,037
GS<50	1,109	1,140	1,165	1,210	1,299	1,321	1,332	11
GS>50	93	84	79	77	74	83	86	3
Sentinel Lights (Non-Retail)	162	198	193	189	191	191	191	0
Street Lights (Non-Retail)	3,195	3,320	3,588	3,852	4,039	4,201	4,398	197
USL	75	74	71	71	78	78	78	0
<b>Total</b>	<b>21,588</b>	<b>22,225</b>	<b>23,133</b>	<b>23,814</b>	<b>24,929</b>	<b>25,972</b>	<b>27,220</b>	<b>1,248</b>

% Change	3.0 %	4.1 %	2.9 %	4.7 %	4.2 %	4.8 %	Ave 3.9 %
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# 2024 Outlook Load Growth (MWh)

Load growth is primarily driven from new residential, commercial and industrial development. The approach taken to estimate the load growth takes the many variables predicting the customer growth for Innisfil and South Barrie into consideration.

For the purposes of the 2024 outlook we have used a 3.7% growth.

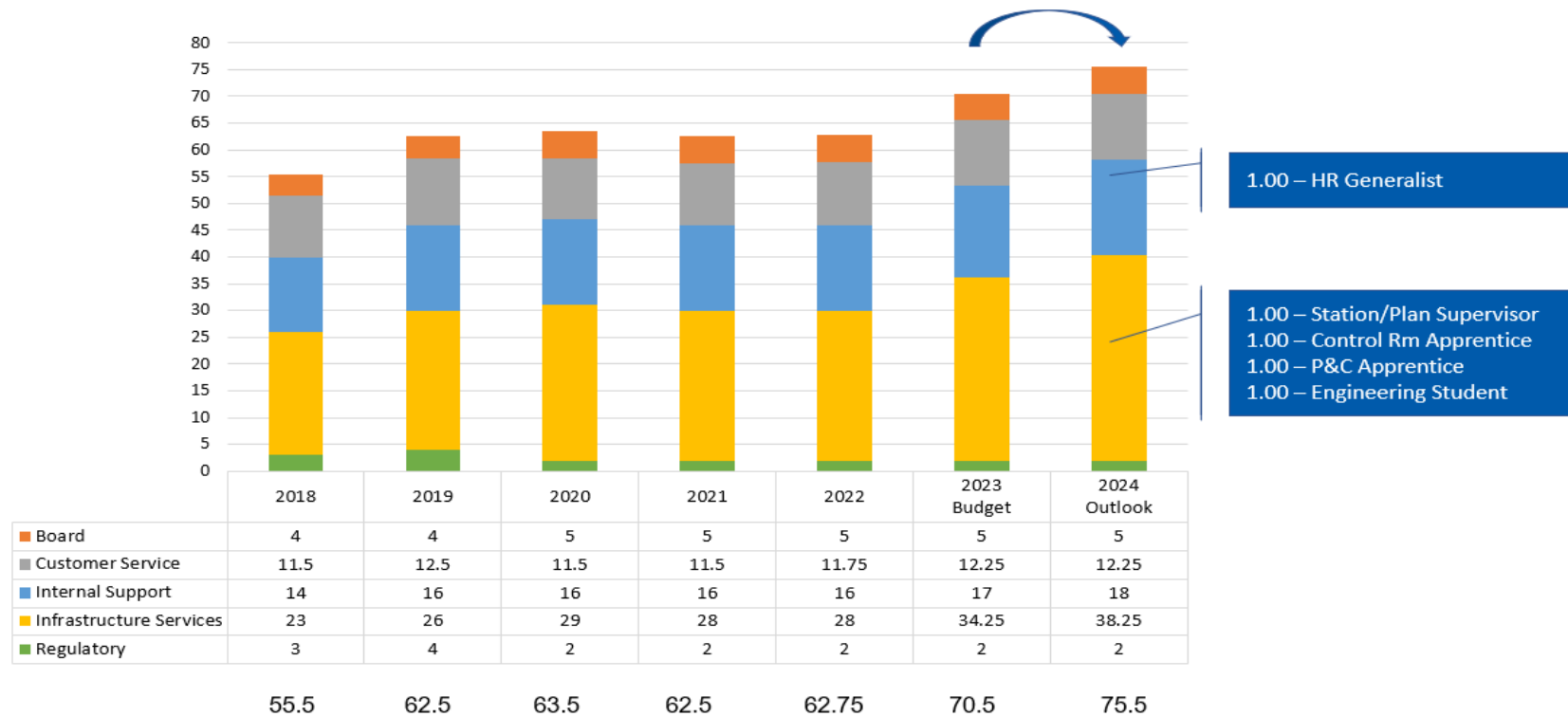


	Actual 2018	Actual 2019	Actual 2020	Actual 2021	Forecast 2022	Budget 2023	Outlook 2024	Change
Residential	172,235	170,286	175,287	181,208	202,630	215,829	226,611	10,783
GS<50	39,250	47,140	40,230	39,114	43,867	44,154	44,331	177
GS>50	69,196	68,805	60,004	58,027	56,663	57,827	58,541	714
Sentinel Lights (Non-Retail)	113	110	101	99	98	100	100	0
Street Lights (Non-Retail)	652	691	670	768	820	846	892	46
USL	512	516	379	439	439	439	439	0
<b>Total</b>	<b>281,958</b>	<b>287,547</b>	<b>276,671</b>	<b>279,656</b>	<b>304,518</b>	<b>319,195</b>	<b>330,914</b>	<b>11,720</b>

	2018	2019	2020	2021	2022	2023	2024	Ave
<b>% Change</b>		<b>2.0 %</b>	<b>(3.8)%</b>	<b>1.1 %</b>	<b>8.9 %</b>	<b>4.8 %</b>	<b>3.7 %</b>	<b>2.8 %</b>

# 2024 Outlook Staff Complement

This is the second year of a four year Collective Agreement with the Power Workers' Union. It expires on June 30, 2026. The 2024 Outlook reflects a 2.6% increase in wages for January 1 - June 30, 2024 and a 2.4% increase in wages for July 1, 2024 - December 31, 2024.



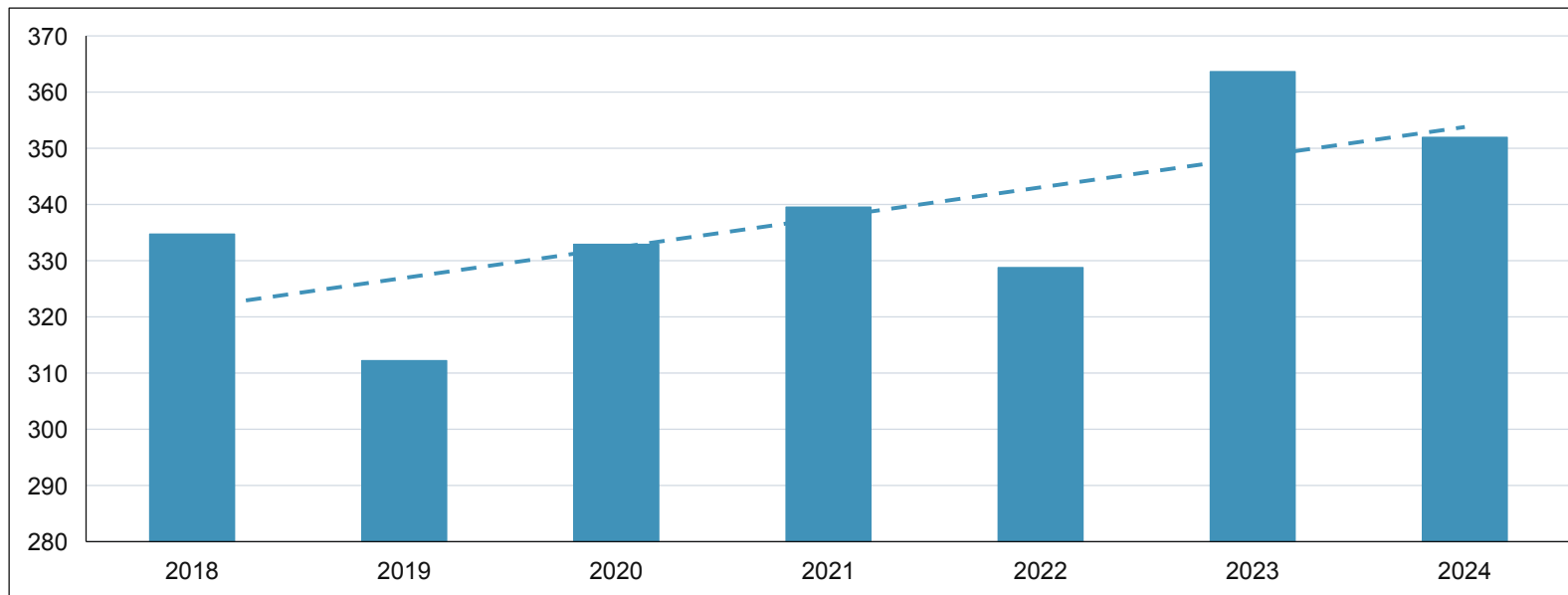
Note: Changes from year to year include transfers of FTEs (full time equivalents) between service areas to better align staff in achieving service delivery excellence. True additions of FTEs have been presented through Staff Enhancement forms throughout the budget book.



# 2024 Outlook Cost per Customer

In the 2021 PEG Report, InnPower maintained a ranking in Group 3 in terms of efficiency. Group 3 is considered average and is defined as having actual costs within +/- 10% of predicted costs. We have stayed within the same cohort, but have seen a reduction in our costs. As can be seen in the current budget, we continue to look for ways to find efficiencies while delivering quality, reliable services to customers, manage customer growth and implement mandated government directives.

We have been able to reduce our controllable costs per customer from \$364 to \$352 in the current budget and we continue to work towards increased efficiencies to manage and maintain the OM&A as the customer base increases.



	Actual 2018	Actual 2019	Actual 2020	Actual 2021	Forecast 2022	Budget 2023	Outlook 2024
Controllable Costs per Customer	335	312	333	340	329	364	352