EXHIBIT 4 – OPERATING EXPENSES

2024 Cost of Service

Westario Power Inc.
EB-2023-0053

TABLE OF CONTENTS

Table of Contents **2**

Table of Figures **3**

4.1. Overview **4**

4.1.1 Budget Tracking and Reporting Process 6

4.2. Analysis of Operating Expenses **8**

4.2.1 Overview 8

4.2.3 OM&A Variance Analysis (by grouping) 12

4.2.4 Actual Yearly Increase vs. Inflationary Increase 16

4.2.5 Cost Drivers Analysis 17

4.2.2 OM&A Costs per Customer and FTE 28

4.2.6 Non-Affiliate Services, One-Time Costs, Regulatory Costs 29

4.2.8 Charitable Donations and Disallowed Expenses 34

4.2.9 Leap and CDM Costs 34

4.3. Workforce Planning and compensation **36**

4.5.2 Previous Workforce Plans and Compensation Strategy 37

4.5.3 Proposed Workforce Plans and Compensation Strategy 38

4.5.4 Employee Compensation Analysis 40

4.5.5 Basis for Performance Pay 41

4.5.6 Employee Compensation Studies 42

4.5.7 Employee Benefit Programs 43

4.5.8 Business Case for Employee Hires 44

Appendices **53**

Appendices 4A **54**

TABLE OF FIGURES

Table 1 – 2024 OM&A vs 2018 Board Approved OM&A 4
Table 2 – Summary of Recoverable OM&A Expenses (Appendix 2-JA) 5
Table 3 – Summary of Recoverable OM&A Expenses (Appendix 2-JA) 8
Table 4 – OM&A Details (Appendix 2-JC) 10
Table 5 – 2018 Board Approved vs 2018 Actuals 12
Table 6 – Last Cost of Service Actuals (2018) vs Historical (2019) 13
Table 7 – Historical (2019) vs Historical (2020) 13
Table 8 – Historical (2020) vs Historical (2021) 14
Table 9 – Historical (2021) vs Historical (2022) 14
Table 10 – Historical (2022) vs Bridge Year (2023) 15
Table 11 – Bridge Year (2023) vs Proposed Test Year (2024) 15
Table 12 – Hypothetical OM&A Trend Using Inflation Factor 16
Table 13 – Operation Expenses above 25K (Appendix 2-JB) 17
Table 14 – Maintenance Expenses above 25K (Appendix 2-JB) 19
Table 15 – Billing and Collecting Expenses above 25K (Appendix 2-JB) 22
Table 16 – Administrative and General Expenses above 25K (Appendix 2-JB) 24
Table 17 – Recoverable OM&A Cost per Customer and FTE (Appendix 2-L) 28
Table 18 – Regulatory Costs (App 2-M) 32
Table 19 – Regulatory Costs (App 2-M) Cont'd 33
Table 20 – LEAP Contributions 35
Table 21 – Employee Costs – Appendix 2-K 36
Table 22 – Comparison of Customers FTES and Cost per Customer (2021) 39
Table 23 – Comparison of Customers per FTE 40
Table 24 – Employee Compensation YoY changes 40
Table 25 – OMERS Contributions 43

4.1. OVERVIEW

OM&A costs are incurred in order to provide safe and reliable electricity distribution, maintain regulatory compliance, and meet other operational and maintenance requirements. OM&A also includes the costs associated with maintaining a client accounts system in order to track customer usage, billing, and payments. The utility incurs indirect costs for meter reading and billing preparation. In addition to processing bill payments, collection procedures are in place to address past-due accounts. Answering customer inquiries, managing their complaints, and responding to service outages and emergencies are included in billing and collecting related costs. Among the administrative costs are employee salaries, benefits, office supplies, insurance, outside services, and regulatory fees.

These operating costs are necessary to comply with the Distribution System Code, environmental regulations, and government directives, as well as to ensure the safety of all stakeholders and maintain the quality and dependability of distribution services.

WPI's 2024 Test Year operating costs are projected to be $6,971,717 representing an increase of $1,160,684 or 20.00% from its 2018 Board Approved costs. Details are introduced in Table 1 below. Explanations and details are presented in the next section and throughout this exhibit.

Table 1 – 2024 OM&A vs 2018 Board Approved OM&A

	2018 Board Approved	2024	Variance from 2018 BA
Operations	$580,760	$670,580	$89,820
Maintenance	$1,386,773	$1,879,524	$492,751
Subtotal	**$1,967,533**	**$2,550,104**	**$582,571**
Billing and collecting	$1,132,000	$850,197	-$281,803
Community Relations	$31,000	$35,422	$4,422
Administrative and General+LEAP	$2,680,500	$3,535,994	$855,494
Subtotal	**$3,843,500**	**$4,421,613**	**$578,113**
Total	**$5,811,033**	**$6,971,717**	**$1,160,684**
%Change (Test Year vs 2018BA			20%

Table 2 – Summary of Recoverable OM&A Expenses (Appendix 2-JA)

	Board Approved	2018	2019	2020	2021	2022	2023	2024	Variance from 2018BA
Operations	$580,760	$522,033	$655,009	$758,568	$709,495	$620,655	$666,970	$670,580	$89,820
Maintenance	$1,386,773	$1,427,339	$1,480,065	$1,496,436	$1,346,049	$2,033,085	$1,892,422	$1,879,524	$492,751
Subtotal	**$1,967,533**	**$1,949,372**	**$2,135,074**	**$2,255,004**	**$2,055,545**	**$2,653,740**	**$2,559,392**	**$2,550,104**	**$582,571**
%Change (year over year)		-0.9%	9.5%	5.6%	-8.8%	29.1%	-3.6%	-0.4%	
Billing and collecting	$1,132,000	$839,486	$903,280	$762,523	$865,406	$1,021,751	$1,044,744	$1,079,683	-$52,317
Community Relations	$31,000	$29,323	$53,566	$14,104	$25,068	$15,930	$33,760	$35,422	$4,422
Administrative and General+LEAP	$2,680,500	$2,638,752	$2,816,581	$2,898,310	$3,793,056	$4,194,260	$3,059,486	$3,306,508	$626,008
Subtotal	**$3,843,500**	**$3,507,561**	**$3,773,427**	**$3,674,937**	**$4,683,530**	**$5,231,942**	**$4,137,990**	**$4,421,613**	**$578,113**
%Change (year over year)		-8.7%	7.6%	-2.6%	27.4%	11.7%	-20.9%	-85.0%	
Total	**$5,811,033**	**$5,456,933**	**$5,908,501**	**$5,929,941**	**$6,739,075**	**$7,885,682**	**$6,697,382**	**$6,971,717**	**$1,160,684**
%Change (year over year)		-6.1%	8.3%	0.4%	13.6%	17.0%	-15.1%	4.1%	

4.1.1 Budget Tracking and Reporting Process

Budgeting Process

WPI begins to prepare its annual budget plan in the third quarter for the following year and receives final approval from its Board of Directors in the fourth quarter. Developing the budget is a key process as it identifies past successes as well as future initiatives, regulatory requirements, and projections for capital and operating costs. Care is taken to ensure that the capital and operating budgets support WPI's core business objectives as well as being prudent, financially sustainable, and considerate of the related rate impacts on customers. For this Cost-of-Service application, a 2024 Test Year budget was prepared in 2022 along with an updated budget for the 2023 bridge year.

WPI employs the following process:

1. The Management Team works collectively to look at higher level issues including changes in revenue, strategic initiatives, cost pressure from specific areas or performance concerns that must be considered by each Department. A business planning session is undertaken, and costs tied to the following year's goals are integrated into the various departments. Management is always mindful of the costs of supplying services vs. the rate impact to its customers.
2. Each department then develops capital and operating plans with these issues or objectives in mind. The following directives are provided to each management member to assist them with preparation:
    a. Expenses are built from the bottom up; each department is expected to examine every line item to determine its annual needs.
    b. Prior year's spending levels are used as a base for preparing the budget.
    c. Each department is required to review their department headcount based on requirements for staff and need for change.
    d. Each department works with the Managers of Finance and Regulation/CFO to prepare a labour budget using projected wage and benefit costs. Overtime is based on projected needs and historical comparisons with an expectation that it will be closely managed to reduce costs where possible. Salaries, overtime, and payroll burden are distributed over accounts based on historical and forecasted allocations.
    e. Vehicle costs are forecasted, and an hourly rate is determined based on the estimated run time per truck per working hour in the fiscal year. Costs are then distributed over operations, recoverable and capital based on total labour hours budgeted. WPI notes that the MIFRS policy related changes regarding capitalization of overheads discussed below reduced the overheads capitalized and increased operations costs.
3. Overhead rates are calculated for Stores (excluding Fleet mentioned above) and applied to the appropriate operating and capital budgets. Overhead rates for Stores are based on material required. WPI notes that the MIFRS policy change regarding capitalization of

overheads discussed below has reduced the overheads capitalized and increased operations costs.

4. The Management of each department reviews the budgets with the Managers of Finance and Regulation and CFO and discusses rationale and alternatives and any applicable changes are made.
5. The Management of each department along with the Managers of Finance and Regulation and CFO reviews the budgets with the President/CEO and discusses rationale and alternatives and any applicable changes that are made.
6. The Shared Services Department then completes an initial consolidation of all departments to develop an initial budget. Finance works with each department to identify year over year variances and issues for consideration.
7. The Executive Team finalizes the budgets once ensuring that an acceptable level of reliability and customer service will be provided. The team looks in detail for discretionary costs and identifies cost areas with alternative approaches that could result in long-term cost savings. This process results in OM&A costs with an adequate degree of assurance that WPI will be able to continue to serve its customers in a safe, effective, reliable, and sustainable way.
8. The Executive Team presents the budget, significant business environmental changes and strategic direction at the Q4 Board meeting. After review, discussion, and amendment where warranted, formal approval is then received.

The 2023 Bridge Year Forecast is based actual financial data to the end of August 2023 and estimates for the remainder of the year. Both the 2023 Bridge Year and 2024 Test Year forecasts have been vetted through this rigorous process.

WPI follows the OEB's Accounting Procedures Handbook (the "APH") in distinguishing work performed between operations and maintenance. A summary of WPI's OM&A expenses, for the 2018 Board Approved, 2019, 2020, 2021 and 2022 Actuals, the 2023 Bridge Year and the 2024 Test Year is provided in Table 5, Board Appendix 2-JA.

WPI notes that it does not capitalize overhead costs.

4.2. ANALYSIS OF OPERATING EXPENSES

4.2.1 Overview

The table below shows a summary of recoverable OM&A expenses for relevant years. As can be seen, the level of spending has remained stable since the last Board approval in 2018, with a total increase of $1,160,684 or 20.00%.

The utility manages unforeseen expenses as they occur and tries to balance the increase, if any, by reducing costs or finding efficiencies wherever possible. Cost drivers are presented and explained in the upcoming section 4.2.3.

OEB Appendix 2-JA below shows a summary of WPI Operations, Maintenance, and Administrative ("OM&A") costs as required by the OEB's filing guidelines.

Table 3 – Summary of Recoverable OM&A Expenses (Appendix 2-JA)

	Board Approved	2018	2019	2020	2021	2022	2023	2024	Variance from 2018BA
Operations	$580,760	$522,033	$655,009	$758,568	$709,495	$620,655	$666,970	$670,580	$89,820
Maintenance	$1,386,773	$1,427,339	$1,480,065	$1,496,436	$1,346,049	$2,033,085	$1,892,422	$1,879,524	$492,751
Subtotal	**$1,967,533**	**$1,949,372**	**$2,135,074**	**$2,255,004**	**$2,055,545**	**$2,653,740**	**$2,559,392**	**$2,550,104**	**$582,571**
%Change (year over year)		-0.9%	9.5%	5.6%	-8.8%	29.1%	-3.6%	-0.4%	
Billing and collecting	$1,132,000	$839,486	$903,280	$762,523	$865,406	$1,021,751	$1,044,744	$1,079,683	-$52,317
Community Relations	$31,000	$29,323	$53,566	$14,104	$25,068	$15,930	$33,760	$35,422	$4,422
Administrative and General+LEAP	$2,680,500	$2,638,752	$2,816,581	$2,898,310	$3,793,056	$4,194,260	$3,059,486	$3,306,508	$626,008
Subtotal	**$3,843,500**	**$3,507,561**	**$3,773,427**	**$3,674,937**	**$4,683,530**	**$5,231,942**	**$4,137,990**	**$4,421,613**	**$578,113**
%Change (year over year)		-8.7%	7.6%	-2.6%	27.4%	11.7%	-20.9%	-85.0%	
Total	**$5,811,033**	**$5,456,933**	**$5,908,501**	**$5,929,941**	**$6,739,075**	**$7,885,682**	**$6,697,382**	**$6,971,717**	**$1,160,684**
%Change (year over year)		-6.1%	8.3%	2.1%	11.8%	17%	-15.1%	4.1%	

As shown in Table 2, WPI projects 2024 Operating, Maintenance, and Administration (OM&A) costs of $6,791,717 which represents an increase of $1,160,684 over the 2018 Board Approved amount.

The utility has had 3 CEO or Acting CEOs since the last Cost of Service. Each leader came to WPI with different backgrounds, expertise, plans and visions for the utility. Leadership and management change can often provide opportunities for employee growth and development; however, such change takes time and patience. Unfortunately, frequent organisational changes along with a two-year pandemic can cause significant alterations to the structure, processes, culture, or strategies of an organization which in turn contributed to a high turnover rate as it did with Westario Power.

Due to employee turnover, a substantial amount of time and resources were required to train new employees, management, and leadership team with the complexities of the distribution system, all of which have caused pressure on the utility’s OM&A costs.

Recruiting staff with utility experience in rural areas such as Walkerton can be a significant challenge for utilities such as WPI. The traditional hiring approach is no longer practical when hiring in rural locations. To find highly qualified people, WPI has had to consider other variables such as flexibility in remote work and offering competitive wages and robust packages. Using a similar approach to recruitment as an urban LDC ultimately results in too few candidates, more open positions, and high turnover. Rural utilities often must put in much more effort then urban utilities to entice candidates to even consider the position.

Consequently, WPI has struggled for the past several years to fulfill the workload of all operational departments as well as trying to maintain the conservative level of spending that was approved in the previous application.

In its prior application, WPI decreased its OM&A expenses from 2013 to 2018. The current leadership team acknowledges the utility's past endeavors in mitigating the financial impact on customers through the reduction of OM&A expenses. However, the utility has encountered significant challenges in sustaining these cost reductions while simultaneously ensuring the safe and reliable operation of the distribution system and the overall efficiency of the utility as a business entity. 5 positions were required to run the utility operations (President and CEO, manager of HR, accounting, and engineering). They were hired during 2023.

Table 4 – OM&A Details (Appendix 2-JC)

Description	2018	2018	2019	2020	2021	2022	2023	2024
Operations								
5005-Operation Supervision and Engineering	$20,000	$0	$0	$0	$0	$0	$0	$0
5016-Distribution Station Equipment - Operation Labour	$15,000	$3,205	$12,926	$10,891	$3,081	$0	$0	$0
5017-Distribution Station Equipment - Operation Supplies and Expenses	$40,000	$0	$959	$0	$0	$0	$0	$0
5020-Overhead Distribution Lines and Feeders - Operation Labour	$139,281	$134,131	$98,774	$120,229	$96,810	$3,371	$4,680	$4,463
5035-Overhead Distribution Transformers- Operation	$51,000	$84,267	$117,757	$112,874	$58,239	$0	$0	$0
5040-Underground Distribution Lines and Feeders - Operation Labour	$162,279	$173,276	$188,310	$199,719	$158,443	$171,307	$192,740	$199,880
5055-Underground Distribution Transformers - Operation	$38,000	$18,294	$54,062	$50,373	$20,928	$2,839	$4,680	$4,463
5065-Meter Expense	$85,000	$69,876	$43,395	$44,600	$44,264	$43,869	$47,850	$49,220
5070-Customer Premises - Operation Labour	$0	$0	$0	$55,290	$157,123	$189,253	$236,520	$225,382
5075-Customer Premises - Materials and Expenses	$0	$0	$0	$5,826	$364	$15,186	$0	$0
5085-Miscellaneous Distribution Expense	$20,200	$15,066	$83,619	$117,103	$124,691	$150,453	$132,500	$137,396
5095-Overhead Distribution Lines and Feeders - Rental Paid	$10,000	$23,918	$55,208	$41,665	$45,551	$44,379	$48,000	$49,776
Total - Operations	**$580,760**	**$522,033**	**$655,009**	**$758,568**	**$709,495**	**$620,655**	**$666,970**	**$670,580**
Maintenance								
5105-Maintenance Supervision and Engineering	$15,000	$1,470	$0	$0	$0	$0	$0	$0
5110-Maintenance of Buildings and Fixtures - Distribution Stations	$20,000	$12,529	$5,264	$3,950	$2,093	$3,413	$12,684	$12,767
5114-Maintenance of Distribution Station Equipment	$190,304	$191,334	$222,202	$282,163	$222,458	$280,818	$230,164	$235,556
5120-Maintenance of Poles, Towers and Fixtures	$160,424	$126,521	$170,197	$150,152	$116,109	$169,037	$103,848	$102,780
5125-Maintenance of Overhead Conductors and Devices	$263,153	$190,153	$135,003	$180,090	$147,113	$379,356	$400,432	$382,157
5130-Maintenance of Overhead Services	$120,000	$136,076	$106,833	$88,422	$79,272	$127,980	$125,276	$119,729
5135-Overhead Distribution Lines and Feeders - Right of Way	$102,895	$125,873	$153,258	$316,768	$278,023	$378,859	$407,908	$417,290
5145-Maintenance of Underground Conduit	$0	$43	$1,953	$375	$3,207	$0	$0	$0
5150-Maintenance of Underground Conductors and Devices	$60,000	$34,636	$54,202	$18,405	$27,819	$31,521	$35,284	$33,837
5155-Maintenance of Underground Services	$177,038	$258,308	$185,408	$118,716	$160,935	$229,963	$233,216	$225,394
5160-Maintenance of Line Transformers	$160,000	$117,932	$75,236	$50,661	$50,714	$62,929	$73,946	$72,544
5170-Sentinel Lights - Labour	$0	$402	$598	$1,239	$1,541	$1,774	$0	$0
5172-Sentinel Lights - Materials and Expenses	$0	$300	$0	$0	$0	$0	$0	$0
5175-Maintenance of Meters	$115,959	$231,762	$369,119	$284,257	$256,766	$367,435	$269,664	$277,471
5195-Maintenance of Other Installations on Customer Premises	$2,000	$0	$792	$1,239	$0	$0	$0	$0
Total - Maintenance	**$1,386,773**	**$1,427,339**	**$1,480,065**	**$1,496,436**	**$1,346,049**	**$2,033,085**	**$1,892,422**	**$1,879,524**

Billing and collecting								
5310-Meter Reading Expense	$225,000	$245,384	$150,247	$117,044	$117,536	$117,517	$146,476	$151,900
5315-Customer Billing	$400,000	$277,014	$383,666	$378,563	$359,649	$409,545	$408,016	$421,911
5320-Collecting	$380,000	$211,639	$296,925	$214,211	$323,280	$328,016	$341,622	$351,746
5330-Collection Charges	$27,000	$22,025	$29,112	$21,106	$16,849	$16,608	$18,850	$19,546
5335-Bad Debt Expense	$100,000	$83,425	$43,329	$31,599	$47,478	$150,065	$129,780	$134,580
Total - Billing and Collecting	**$1,132,000**	**$839,486**	**$903,280**	**$762,523**	**$865,406**	**$1,021,751**	**$1,044,744**	**$1,079,683**
Community Relations								
5410-Community Relations - Sundry	$13,500	$3,321	$3,333	$460	$2,168	$0	$0	$0
5420-Community Safety Program	$12,500	$23,434	$15,802	$12,151	$0	$0	$4,900	$5,081
5425-Miscellaneous Customer Service and Informational Expenses	$5,000	$2,568	$34,431	$1,493	$22,900	$15,930	$28,860	$30,341
Total - Community Relations	**$31,000**	**$29,323**	**$53,566**	**$14,104**	**$25,068**	**$15,930**	**$33,760**	**$35,422**
Administrative and General Expenses								
5605-Executive Salaries and Expenses	$670,000	$377,589	$585,516	$544,122	$976,669	$1,160,753	$605,699	$770,783
5610-Management Salaries and Expenses	$260,000	$408,962	$368,598	$552,467	$719,339	$824,027	$624,168	$637,556
5615-General Administrative Salaries and Expenses	$320,000	$275,432	$321,645	$253,244	$257,188	$261,966	$314,854	$324,130
5620-Office Supplies and Expenses	$630,000	$634,373	$548,357	$504,107	$610,538	$688,093	$532,308	$448,638
5630-Outside Services Employed	$150,000	$175,544	$155,097	$129,035	$319,971	$295,770	$131,552	$136,436
5635-Property Insurance	$110,000	$92,182	$88,596	$90,553	$98,831	$119,171	$127,000	$131,692
5640-Injuries and Damages	$0	$0	$0	$7,257	$5,585	$6,857	$7,200	$7,464
5645-Employee Pensions and Benefits	$0	$126,204	$173,794	$186,644	$226,672	$255,541	$229,589	$243,825
5655-Regulatory Expenses	$175,000	$180,158	$171,836	$182,848	$180,687	$189,161	$124,921	$232,952
.5660-General Advertising Expenses	$12,500	$12,463	$6,868	$59,018	$30,239	$21,744	$7,844	$8,132
5665-Miscellaneous General Expenses	$225,000	$227,296	$254,588	$231,097	$214,234	$220,228	$208,802	$214,871
5675-Maintenance of General Plant	$115,000	$115,550	$128,684	$134,918	$138,103	$125,950	$120,549	$125,029
6205-Sub-account LEAP Funding	$13,000	$13,000	$13,000	$13,000	$25,000	$25,000	$25,000	$25,000
6215-Penalties	$0	$0	$0	$10,000	-$10,000	$0	$0	$0
Total - Administrative and General Expenses	**$2,680,500**	**$2,638,752**	**$2,816,581**	**$2,898,310**	**$3,793,056**	**$4,194,260**	**$3,059,486**	**$3,306,508**
Total OM&A	**$5,811,033**	**$5,456,933**	**$5,908,501**	**$5,929,941**	**$6,739,075**	**$7,885,682**	**$6,697,382**	**$6,971,717**

4.2.3 OM&A Variance Analysis (by grouping)

The variance between the 2024 OM&A and previously Board Approved OM&A for 2018 was introduced in the previous section and explained below. Tables 3 to 5 provide comparatives deemed essential in determining the reasonableness of the 2024 OM&A.

WPI has used the $25,000 as a materiality threshold for the purpose of explaining year over year variances.

The next section presents the following variances.

- Last Board Approved (2018BA) vs Last Cost of Service Actuals (2018)
- Last Cost of Service Actuals (2018) vs Historical (2019)
- Historical (2019) vs Historical (2020)
- Historical (2020) vs Historical (2021)
- Historical (2021) vs Historical (2022)
- Historical (2022) vs Bridge Year (2023)
- Bridge Year (2023) vs Proposed Test Year (2024)

Table 5 – 2018 Board Approved vs 2018 Actuals

	Board Approved	2018	Var $	Var %
Operations	$580,760	$522,033	-$58,727	-10.11%
Maintenance	$1,386,773	$1,427,339	$40,566	2.93%
Billing and collecting	$1,132,000	$839,486	-$292,514	-25.84%
Community Relations	$31,000	$29,323	-$1,677	-5.41%
Administrative and General	$2,680,500	$2,638,752	-$41,748	-1.56%
Total OM&A Expenses	**$5,811,033**	**$5,456,933**	**-$354,100**	**-6.09%**

Operations, Maintenance and Administrative Costs were relatively stable between 2018 Board Approved and 2018 Actual. Reduction in Billing and Collecting was due to the reduction of one billing clerk and partial cost of one collections clerk during 2018. In the Board-Approved budget of 2018, Westario Power budgeted for the delivery of disconnection notices via X-press Post (approx. $90k); an alternate delivery method was utilized resulting in a cost savings.

Table 6 – Last Cost of Service Actuals (2018) vs Historical (2019)

	2018	2019	Var $	Var %
Operations	$522,033	$655,009	$132,976	25.47%
Maintenance	$1,427,339	$1,480,065	$52,726	3.69%
Billing and collecting	$839,486	$903,280	$63,794	7.60%
Community Relations	$29,323	$53,566	$24,243	82.67%
Administrative and General	$2,638,752	$2,816,581	$177,829	6.74%
Total OM&A Expenses	**$5,456,933**	**$5,908,501**	**$451,568**	**8.28%**

The primary driver of the increase in OM&A costs between 2018 and 2019 relates to Operational Costs, specifically the underground distribution transformer project.
A $69k investment was required in the underground service to upgrade the distribution system. Higher maintenance expenses of $31k for the distribution station's equipment as well as labor and material costs of $43k for the pole and tower infrastructure component have contributed to the increase.

A billing clerk's returning from maternity leave is the main driver for the increase in billing and collection. In addition, internal promotions—the Vice President of Operations taking on the position of CEO and the hiring of a new Vice President of Operations—caused a significant year-over-year increase in the Administration and General Expenses category. WPI notes that the company did not have a CEO in 2018.

Table 7 – Historical (2019) vs Historical (2020)

	2019	2020	Var $	Var %
Operations	$655,009	$758,568	$103,559	15.81%
Maintenance	$1,480,065	$1,496,436	$16,371	1.11%
Billing and collecting	$903,280	$762,523	-$140,757	-15.58%
Community Relations	$53,566	$14,104	-$39,462	-73.67%
Administrative and General	$2,816,581	$2,898,310	$81,729	2.90%
Total OM&A Expenses	**$5,908,501**	**$5,929,941**	**$21,440**	**0.36%**

The overall increase from 2019 to 2020 was not overly significant. Billing and Collection costs decreased by $140K, while Administrative and General expenses saw an increase of $272k. The reason for the changes was turnover in the respective departments.

Table 8 – Historical (2020) vs Historical (2021)

	2020	2021	Var $	Var %
Operations	$758,568	$709,495	-$49,073	-6.47%
Maintenance	$1,496,436	$1,346,049	-$150,387	-10.05%
Billing and collecting	$762,523	$865,406	$102,882	13.49%
Community Relations	$14,104	$25,068	$10,964	77.74%
Administrative and General	$2,898,310	$3,793,056	$894,746	30.87%
Total OM&A Expenses	**$5,929,941**	**$6,739,075**	**$809,133**	**13.64%**

WPI had a large increase in Administrative and General Expenses between 2020 and 2021, owing mostly to executive personnel turnover. The reconfiguration of key leadership roles, including President and CEO and Vice President of Operations, necessitated the reappointment of individuals to these positions with higher remuneration to execute the company's strategic objectives during that period.

Additionally, WPI created a new IT Director role which contributed to the increase of those expenses. The remainder of the increased spending can be attributed to the implementation of critical IT initiatives mandated by the OEB such as cyber security and the Green Button initiative.

The utility also incurred costs adapting its day-to-day operations to accommodate the increasing demands of a hybrid work environment.

Table 9 – Historical (2021) vs Historical (2022)

	2021	2022	Var $	Var %
Operations	$709,495	$620,655	-$88,840	-12.52%
Maintenance	$1,346,049	$2,033,085	$687,035	51.04%
Billing and collecting	$865,406	$1,021,751	$156,346	18.07%
Community Relations	$25,068	$15,930	-$9,138	-36.45%
Administrative and General	$3,793,056	$4,194,260	$401,204	10.58%
Total OM&A Expenses	**$6,739,075**	**$7,885,682**	**$1,146,607**	**17.01%**

WPI saw a continued increase in Administrative and General Expenses from 2021 to 2022, primarily due to additional modifications in the composition of executive roles. These changes related to the previous President and CEO, addition of the Vice President of Operations and Chief Financial Officer (in September 2022). Maintenance increase relates to the accounts 5125, 5135 and 5175 explained below under each account. General increase in maintenance pertains to the specific areas of increased maintenance.

Table 10 – Historical (2022) vs Bridge Year (2023)

	2022	2023	Var $	Var %
Operations	$620,655	$666,970	$46,315	7.46%
Maintenance	$2,033,085	$1,892,422	-$140,663	-6.92%
Billing and collecting	$1,021,751	$1,044,744	$22,993	2.25%
Community Relations	$15,930	$33,760	$17,830	111.92%
Administrative and General	$4,194,260	$3,059,486	-$1,134,774	-27.06%
Total OM&A Expenses	**$7,885,682**	**$6,697,382**	**-$1,188,300**	**-15.07%**

WPI experienced a decline in Administrative and General expenses, primarily attributed to a strategic realignment, which involved the elimination of the IT Director role. The corporation decided not to rehire for this position and utilize the external service for the IT needs.

The decrease in maintenance expenses was driven by an increased emphasis on capital works, reflecting a shift in WPI priorities and corporate strategy execution.

Table 11 – Bridge Year (2023) vs Proposed Test Year (2024)

	2023	2024	Var $	Var %
Operations	$666,970	$670,580	$3,610	0.54%
Maintenance	$1,892,422	$1,879,524	-$12,898	-0.68%
Billing and collecting	$1,044,744	$1,079,683	$34,939	3.34%
Community Relations	$33,760	$35,422	$1,662	4.92%
Administrative and General	$3,059,486	$3,306,508	$247,022	8.07%
Total OM&A Expenses	**$6,697,382**	**$6,971,717**	**$274,335**	**4.10%**

WPI anticipates an increase in General and Administrative expenses, primarily due to a shift from partial-year to full-year employment for key positions, including the Manager of Accounting, Manager of Engineering, President and CEO. This increase is further influenced by the general inflationary trend observed on a year-over-year basis.

4.2.4 Actual Yearly Increase vs. Inflationary Increase

Inflation Rate and Assumptions

WPI adopted a PriceCap Inflation of 3.3% as a starting point to calculate its base OM&A budget for the 2023 Bridge and 2024 Test Year. The utility then uses a combination of methods to adjust its budgets, such as quotes or the most recent costs from recent bills, as well as inflation if necessary. WPI's Board of Directors governs the salary process and approves the overall budgets. The table below shows the rate trend using the Price Cap index.

Table 12 – Hypothetical OM&A Trend Using Inflation Factor

	Board Approved	2018	2019	2020	2021	2022	2023	2024
Operations	$580,760	$522,033	$532,474	$543,123	$553,986	$572,267	$599,736	$628,523
Maintenance	$1,386,773	$1,427,339	$1,455,886	$1,485,004	$1,514,704	$1,564,689	$1,639,794	$1,718,504
Billing and Collecting	$1,132,000	$839,486	$856,276	$873,402	$890,870	$920,268	$964,441	$1,010,734
Community Relations	$31,000	$29,323	$29,910	$30,508	$31,118	$32,145	$33,688	$35,305
Administrative and General	$2,680,500	$2,638,752	$2,691,527	$2,745,357	$2,800,264	$2,892,673	$3,031,522	$3,177,035
Total	**$5,811,033**	**$5,456,933**	**$5,566,072**	**$5,677,393**	**$5,790,941**	**$5,982,042**	**$6,269,180**	**$6,570,101**
%Change (year over year)		0.0%	2.0%	2.0%	2.0%	3.3%	4.8%	4.8%

4.2.5 Cost Drivers Analysis

Following the OEB's minimum filing requirements, OEB Appendix 2-JB, OM&A Cost Drivers, presented below, outlines the key drivers of OM&A costs throughout 2018 to 2024. An overview of the reasons behind the cost drivers is given following the table, and detailed explanations are presented in Section 4.2.2-Year over Year Variance Analysis.

WPI notes that it has used a 25K materiality threshold for the purpose of year over year variance analysis.

EXPLANATIONS – OPERATIONS

Table 13 – Operation Expenses above 25K (Appendix 2-JB)

Description	2018-2018BA	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
Operations							
5035-Overhead Distribution Transformers- Operation	$33,267	$33,490	-$4,883	-$54,635	-$58,239	$0	$0
5055-UG Distribution Transformers - Operation	-$19,706	$35,768	-$3,688	-$29,445	-$18,090	$1,841	-$217
5070-Customer Premises - Operation Labour	$0	$0	$55,290	$101,833	$32,129	$47,267	-$11,138
5085-Miscellaneous Distribution Expense	-$5,134	$68,554	$33,483	$7,588	$25,762	-$17,953	$4,896
5095-OH Distribution Lines and Feeders - Rental Paid	$13,918	$31,291	-$13,544	$3,887	-$1,173	$3,621	$1,776
Total - Operations	**-$58,727**	**$132,976**	**$103,559**	**-$49,073**	**-$88,840**	**$46,315**	**$3,610**

5035-Overhead Distribution Transformers- Operation

2018BA to 2018: increase of $33,267.

- The cost increase can be attributed to the need for additional follow-ups such as extended pole testing and the extra time involved. Asset assessment involved the collection of supplementary data from transformers, including information from their nameplates which necessitated the use of bucket trucks.

2018-2019: increase of $33,490.

- The work as described above continued on in 2019 which caused an increase in costs.

5055-Underground Distribution Transformers - Operation

2018-2019: increase of $35,768.
- Explanation: The same asset assessment requirements that applied to the overhead system above also applied to the underground distribution system. The follow up and collection of data caused an increase in this category as well.

5070-Customer Premises - Operation Labour

2019-2020: increase of $55,290.
- The increase relates to the external meter base work completed by electrician due to the customer driven work performed. Including upgrading the service.

2020-2021: increase of $101,833.
- The increase relates to the customers electrician meter base work for higher amount of meter base faults. Also increasing customer-driven service complaints, field investigations, meter checks.

2021-2022: increase of $32,130.
- The increase relates to the customers electrician meter base work for higher amount of meter base faults. Also increasing customer-driven service complaints, field investigations, meter checks.

2022-2023: increase of $47,843.
- The anticipated increase in 2023 is a result of the year-over-year increase meter base work by electrician for high amount of meter base faults. Customer-driven service complaints, field investigations, meter checks, and customer service adjustments.

5085-Miscellaneous Distribution Expense

2018-2019: increase of $68,544.
- Implementation of SCADA and outage management system as referenced in the DSP.

2019-2020: increase of $33,483.
- Third party studies for smart meter data collector and Kincardine voltage conversion analysis.

2021-2022: increase of $25,762.
- Third party study plan of Walkerton distribution system for the capacity and station system for potential system constraints.

5095-Overhead Distribution Lines and Feeders - Rental Paid

2018-2019: increase of $31,291.

- Pole attachment rental costs increase year over year higher than expected.

EXPLANATIONS – MAINTENANCE

Table 14 – Maintenance Expenses above 25K (Appendix 2-JB)

Description	2018-2018BA	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
Maintenance							
5114-Maintenance of Distribution Station Equipment	$1,030	$30,868	$59,961	-$59,704	$58,359	-$50,654	$5,392
5120-Maintenance of Poles, Towers and Fixtures	-$33,903	$43,676	-$20,045	-$34,043	$52,929	-$65,189	-$1,068
5125-Maintenance of Overhead Conductors and Devices	-$73,000	-$55,151	$45,087	-$32,977	$232,243	$21,076	-$18,275
5130-Maintenance of Overhead Services	$16,076	-$29,243	-$18,411	-$9,151	$48,709	-$2,704	-$5,547
5135-Overhead Distribution Lines and Feeders - Right of Way	$22,978	$27,385	$163,511	-$38,745	$100,836	$29,049	$9,382
5155-Maintenance of Underground Services	$81,270	-$72,900	-$66,692	$42,220	$69,027	$3,253	-$7,822
5175-Maintenance of Meters	$115,803	$137,357	-$84,862	-$27,491	$110,669	-$97,771	$7,807
Total - Maintenance	**$40,566**	**$52,726**	**$16,371**	**-$150,387**	**$687,035**	**-$140,663**	**-$12,898**

5114-Maintenance of Distribution Station Equipment

2018-2019: increase of $30,868.

- Maintenance of distribution stations requires a greater allocation of labor and materials as infrastructure ages. A significant portion of the expense increase is attributable to the increased time spent by WPI personnel assisting station contractors with planned and unplanned tasks. In hindsight, it is evident that the 2018 Board Approved allocated to the maintenance of the 27 stations was approximately $50,000 short.

2019-2020: increase of $59,961.

- Overall increase aligns with the underestimated initial service in 2018 applicated outlined above. 3-year cycle.

2021-2022: increase of $58,360.

- The overall increase is consistent with the above-described underestimated 2018 Board approved.

5120-Maintenance of Poles, Towers and Fixtures:

2018-2019: increase of $43,676.

- When WPI replaces a pole, third-party attachments are typically left on the pole until the 3rd party comes to remove it. The pole is most often cut and left on the premise. Once the 3rd party has relocated its attachment, the utility then returns to the location to remove the no longer-in-use pole. This is a time-consuming process which incurs additional costs, especially given the size of Westario Power's territory.

2021-2022: increase of $52,928.

- The process as described above continued on in subsequent years and was more prominent in 2021-2022.

5125-Maintenance of Overhead Conductors and Devices:

2019-2020: increase of $45,087.

- The increase relates mainly to primary faults after hours and high number of fuse replacement for animal and tree contact of overhead lines.

2021-2022: increase of $232,243.

- Unexpected rise in after hours switch replacements and conductor repair due to animal and tree contact of overhead lines.

5130-Maintenance of Overhead Services:

2021-2022: increase of $48,708.

- The year over year increase in maintenance costs for labor and materials in overhead secondary service can be attributed to unforeseen conductor failures and the resulting repair work, primarily exacerbated by severe weather events and abnormal climatic conditions.

5135-Overhead Distribution Lines and Feeders - Right of Way:

2018-2019: increase of $27,385.

- The annual increase in workload can be attributed to storm-related damages and responsive maintenance, which stemmed from customer feedback. Customers complained about the drastic cuts to trees under a 5-year cycle. In response to this feedback, WPI made the strategic decision to revert back to a 3-year tree trimming cycle. Furthermore, areas such as Saugeen Shores, Port Elgin, and Kincardine have been given particular attention due to their coastal locations which attracts stronger winds and damages to the overhead distribution system. The communities listed represent a large customer base, and in turn, generate the highest volume of complaints received, mainly from the large community of cottage-goers and urban customers.

2019-2020: increase of $163,511.

- WPI transitioned to a new tree trimming contractor following a competitive tender process that resulted in the selection of the most advantageous option. The service territory was subdivided into three significant sections. The remaining portion of the $44k can be allocated to storm-induced damages and reactive maintenance initiatives, driven by customer feedback. The average cost for each service visit falls within the range of $2k to $3k per visit. By doing so WPI focuses on implementing pro-active vegetation management execution and freeing up employees for the completion of the capital and OM&A programs.

2021-2022: increase of $100,836.

- The variance of $20K is attributed to the initial work performed by the third-party tree trimming service. Based on consumer feedback, the remaining $86,000 can be allocated to storm-related damages and reactive maintenance initiatives. As stated previously, the average cost per service appointment ranges between $2,000 and $3,000 per visit.

2022-2023: increase of $29,217.

- The remaining increase relates to the inflationary increase to maintain the service area, as well a response to the weather challenging events.

<u>5155-Maintenance of Underground Services</u>

2018BA to 2018: increase of $81,270.

- The additional costs are associated with the subterranean burn-offs for secondary aluminum services, which cost between $2k and $3k per occurrence. WPI underestimated the costs of such occurrences in its 2018 Cost of Service. The cost of using a Vac Truck alone is $250 per hour, with a four-hour minimum billing period. The historical average spending in this account is between $230k to $250k annual range. The budget estimates for 2023–2024 are in line with this pattern.

2020-2021: increase of $42,219.

2021-2022: increase of $69,028.

- The above explanation is also applicable to 2020-2021 and 2021-2022.

5175-Maintenance of Meters

2018BA to 2018: increase of $115,803.

- Meter failures and maintenance calls higher than expected budget. Measurement Canada mandatory meter sample testing for single and three phase ten-year smart meter deployment in 2009.

2018-2019: increase of $137,357.

- Measurement Canada mandatory meter sample testing for single and three phase ten-year smart meter deployment in 2010. Contract labour rate increased by 50 percent for all single phase and three phase metering work.

2021-2022: increase of $110,669.

- Measurement Canada mandates meter sample testing for primary metering units at three locations. Meter trouble call and cross phase testing increase for three phase customers. Additional labour hours by metering contractor for new engineering staff metering design assistance.

EXPLANATIONS – BILLING AND COLLECTING

Table 15 – Billing and Collecting Expenses above 25K (Appendix 2-JB)

Description	2018-2018BA	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
Billing and collecting							
5310-Meter Reading Expense	$20,384	-$95,137	-$33,204	$493	-$20	$28,959	$5,424
5315-Customer Billing	-$122,986	$106,653	-$5,104	-$18,913	$49,896	-$1,529	$13,895
5320-Collecting	-$168,361	$85,287	-$82,714	$109,070	$4,736	$13,606	$10,124
5335-Bad Debt Expense	-$16,575	-$40,096	-$11,730	$15,879	$102,586	-$20,285	$4,800
Total - Billing and Collecting	**-$292,514**	**$63,794**	**-$140,757**	**$102,882**	**$156,346**	**$22,993**	**$34,939**

5310-Meter Reading Expense:

2022-2023: increase of $28,959.

- The year over year variance captures the reallocation of the AMI meter reading software, Connexo-NetSense; previously captured in consulting costs across the previous three years. The general decrease in the account from the 2018 OEB approved to 2018 actual represents a one-off cost of the conversion to the Utilismart.

5315-Customer Billing:

2018-2019 increase of $106,653.

- The majority of the year over year increase represents the return of one billing clerk from maternity leave (approx. $45k). The remainder of the increase of approx. $16k is attributed to five months of capturing the entire Utilismart MV90 reading expense in 5315 previously captured in 5310.Approximately $13.8k is attributed to an order of bill stock and envelopes, which was used subsequently in the next year and a half.

2021-2022 increase of $49,896.

- The year over year variance captures the wage expense for one billing clerk returning from maternity leave (approx. $48k).

5320-Collecting:

2018-2019 increase of $85,287

- The difference relates to the extra salaries and wages with payroll burden, legal fees and other expenses related to the proactive collections of accounts which contributed to the overall reduction of the bad debts from 2018 to 2019 for $40k.

5335-Bad Debt Expense:

2021-2022 increase of $102,586

- WPI increased the provision for doubtful accounts for 2021, as concerns increased on the financial impact of the global pandemic. Majority of the increase relates to the specific bad debt from one customer ($72k) who went out of business.

EXPLANATIONS – ADMINISTRATIVE AND GENERAL EXPENSES

Table 16 – Administrative and General Expenses above 25K (Appendix 2-JB)

Description	2018-2018BA	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
Administrative and General Expenses							
5605-Executive Salaries and Expenses	-$292,411	$207,927	-$41,394	$432,547	$184,084	-$555,054	$165,084
5610-Management Salaries and Expenses	$148,962	-$40,364	$183,869	$166,872	$104,688	-$199,859	$13,388
5615-General Administrative Salaries and Expenses	-$44,568	$46,213	-$68,401	$3,944	$4,778	$52,888	$9,276
5620-Office Supplies and Expenses	$4,373	-$86,016	-$44,249	$106,431	$77,555	-$155,785	-$83,670
5630-Outside Services Employed	$25,544	-$20,446	-$26,062	$190,936	-$24,201	-$164,218	$4,884
5645-Employee Pensions and Benefits	$126,204	$47,591	$12,850	$40,028	$28,869	-$25,952	$14,236
5655-Regulatory Expenses	$5,158	-$8,322	$11,012	-$2,161	$8,474	-$64,240	$108,031
5660-General Advertising Expenses	-$37	-$5,595	$52,150	-$28,779	-$8,495	-$13,900	$288
5665-Miscellaneous General Expenses	$2,296	$27,292	-$23,491	-$16,863	$5,994	-$11,426	$6,069
Total - Administrative and General Expenses	**-$41,748**	**$177,829**	**$81,729**	**$894,746**	**$401,204**	**-$1,134,774**	**$247,022**
Total OM&A	**-$354,100**	**$451,568**	**$21,440**	**$809,133**	**$1,146,607**	**-$1,188,300**	**$274,335**

5605-Executive Salaries and Expenses:

2018-2019: increase of $207,927.

- The main year over year increase was due to an internal promotion from VP of Operations to CEO, as well as the appointment of a new VP of Operations. There was no CEO or VP of Operations in 2018.

2020-2021: increase of $432,547.

- In 2020, the CEO resigned, and a new CEO joined WPI. The significant increase was due to the salary and benefit package of the new CEO.

2021-2022: increase of $184,084.

- The increase is attributed to the hiring of the Vice President of Operations, in 2022 which had been vacant from 2020. WPI also hired a new Communications manager in 2022.

2023-2024: increase of $165,084.

- There was a significant drop in the expenditure during 2023 due to the CEO role being vacant for the majority of the 2023 year. The CEO position was filled on the interim basis starting May 2023 util October 2024.The remainder of the variance relates to the addition of the manager of accounting, drafter and lines supervisor halfway through 2023.

5610-Management Salaries and Expenses:

- Overall, the year over year changes in the management salaries related to the compensation, staffing levels, and turnover during the specific periods.

2018BA-2018 increase of $148,962.

- The increase was due to the addition of a new Health Safety Manager. Furthermore, one Supervisor was replaced, and the departing employee was offered a severance compensation. A business case is presented at section 4.5.8.

2019-2020: increase of $183,869.

- The increase can be attributed to a return to normal staffing after a decline in 2019 due to the departure of several team members who had joined in 2018 and severance for them.

2020-2021 increase of $166,872.

- The increase can be attributed to the appointment of the new IT Director, whose primary objective was to develop and implement Green Button and other technology advancements. WPI, the job of IT Director was removed in the year 2022. The remaining portion can be attributed to various personnel changes within the organization.

2021-2022: increase of $104,688.

- WPI hired a Human Resource manager to provide support in addressing cultural concerns. The remaining portion of the budget increase is attributed to the recruitment of three new employees and the provision of compensation for turnover-related items. A business case for a HR manager can be found at section 4.5.8.

5615-General Administrative Salaries and Expenses:

2018-2019 increase of $46,213.

- Mainly turnover related to 2 employees hired in 2018 and hiring cost associated to that (engineering and operations).

2022-2023 increase of $52,888.

- The increase can be attributed to the hiring of a summer coop students. A business case for the coop program can be found at section 4.5.8.

5620-Office Supplies and Expenses:

2020-2021 increase of $106,431.

- This increase can be attributed to the implementation costs of transitioning to MNP Digital whose purpose is to meet the utility's cyber security requirements and other digital initiatives required to transition to the remote and hybrid work arrangements. The services acquired through MNP Digital include Security Architecture, Risk Management, Privacy and Data Protection, Offensive Security, Incident Management, and Cyber (SOC) Managed Services. An initial setup fee of 130K is the main contributor to the increase.

2021-2022 increase of $77,555.

- This increase was due to MNP Digital's ongoing work, which included a separate project dealing to server improvements and digital initiatives to aid with migrating to remote and then hybrid work arrangements, essentially transferring document management to the cloud.

5630-Outside Services Employed:

2018BA-2018 increase of $25,544.

- Expenses catch up on the projects initially planned in the previous 2019-2020 years and represent around $50k for those respective years combined. Main year over year increase relates to the legal fees.

2020-2021 increase of $190,936.

- The increase is attributed to recruiting costs which amounted to 50K. WPI required legal services in the amount of 25K. The remainder of the variance can be attributed to reorganizational costs related to the CEO and Board of Director matters.

5645-Employee Pension and Benefits:

WPI Omer's pensions were allocated within the multiple accounts in the prior application. Starting 2018 Non-Burden Group Employees portion started to be tracked in the account 5645.

2018BA-2018: increase of $126,204.

- The majority of the increase relates to the pensions tracked as lump in the accounts 5605, 5610, 5615.

2018-2019: increase of $47,591.

2020-2021: increase of $40,028.

2021-2022: increase of $28,869 .

- Year over year variances is In line with employees' retirement and compensation, see also accounts 5605, 5610, and 5615.

5660-General Advertising Expenses:

2018-2019 increase of $52,150

- Year-over-year increase mainly relates to miscellaneous vendors for recruiting agencies and ads. Eliminated going forward.

5665-Miscellaneous General Expenses:

2018-2019 increase of $27,292

- Cost related to the utility's corporate governance fall under Miscellaneous General Expenses. The increase is related to inflationary costs associated with compensation and board of directors' expenses.

4.2.2 OM&A Costs per Customer and FTE

The table below shows the OM&A per customer and full-time employee. The 2024 OM&A per customer of $245.62.

Table 17 – Recoverable OM&A Cost per Customer and FTE (Appendix 2-L)

	2018BA	2018	2019	2020	2021	2022	2023	2024
OM&A Costs								
O&M	$1,967,533	$1,949,372	$2,135,074	$2,255,004	$2,055,545	$2,653,740	$2,559,392	$2,550,104
Admin Expenses	$3,843,500	$3,507,561	$3,773,427	$3,674,937	$4,683,530	$5,231,942	$4,137,990	$4,421,613
Total Recoverable OM&A from Appendix 2-JB [5]	$5,811,033	$5,456,933	$5,908,501	$5,929,941	$6,739,075	$7,885,682	$6,697,382	$6,971,717
Number of Customers [2,4]	$23,596	$23,528	$23,713	$23,916	$24,141	$24,393	$24,585	$24,778
Number of FTEs [3,4]	$35	$35	$36	$37	$37	$39	$40	$40
Customers/FTEs	$674	$672	$659	$646	$652	$625	$615	$619
OM&A cost per customer								
O&M per customer	$83	$83	$90	$94	$85	$109	$104	$103
Admin per customer	$163	$149	$159	$154	$194	$214	$168	$178
Total OM&A per customer	$246	$232	$249	$248	$279	$323	$272	$281
OM&A cost per FTE								
O&M per FTE	$56,215	$55,696	$59,308	$60,946	$55,555	$68,045	$63,985	$63,753
Admin per FTE	$109,814	$100,216	$104,817	$99,323	$126,582	$134,152	$103,450	$110,540
Total OM&A per FTE	$166,030	$155,912	$164,125	$160,269	$182,137	$202,197	$167,435	$174,293

4.2.6 Non-Affiliate Services, One-Time Costs, Regulatory Costs

Non-Affiliate Services and Purchasing Policy

WPI Purchasing Policy establishes the principles, requirements, accountabilities, and guidelines for the purchase of goods and services. The Purchasing Policy outlines authorization levels, requirements, and approvals necessary to appropriately purchase goods and services from suppliers, vendors and contractors through the use of competitive bids, quotations and awards. The purchasing policy is as follows:

Purchases < $100,000

Generally, goods and services with a total value not exceeding $100,000 are priced through invited quotations. A minimum of three prices must be sought, however should there not be three vendors available to supply the required goods or services, backup documentation must remain on file to support having gone to fewer than three suppliers. There are some instances where purchases are made that are less than $1,000 and the purchase does not go to quotes. These are usually purchases that have a fixed price or where the market value of the item does not change. If quotes are not obtained for the purchase, there must be documentation on the P.O. with the reason a quote was not obtained.
Unless there are special factors such as service, delivery, compatibility or variation from specifications, the supplier who meets the specifications and has the lowest life cycle cost will be awarded the bid. If there are special factors then the bids will be evaluated and the best bid, considering all of the factors, will be accepted subject to approval by the requesting Manager.

Purchases > $100,000

Goods and services with a total value greater than $100,000 are to be priced through sealed tenders. As with quotations for purchases under $100,000, a minimum of three prices must be sought. The requesting manager makes a recommendation to the CEO for final approval based on the information received.

Purchase requisitions and purchase orders

The request for pricing, availability and delivery for goods and services originates with the completion of a Goods and Services Requisition (Pricing Request component) by the manager requesting the items.

The Goods and Services Requisition must include:

- Description of item(s)
- Quantity of each item

- Date required.
- Work order or material # if available - if not available then cost center or usage description must be provided.
- Department contact name for inquiries.
- Authorized signature of the Manager

Completed Goods and Services Requisitions are forwarded to the accounting clerk in the Shared Services Department for processing. Goods and Services Requisitions, which bear the signature of the manager, are required for purchases > $1,000. Once the approved Goods and Services Requisition is received by the Shared Services Department, the accounting clerk will start the quote or tender process, as explained above. Once the supplier has been chosen for the purchase the accounting clerk prepares the purchase order (PO). The PO is printed and given to the CFO for approval. Once approved the accounting clerk then faxes or scans and e-mails the PO to the supplier and keeps a copy.

Goods receipt and invoice

When goods are received, the actual goods received are matched to the packing slip and the person who received the goods signs the receiving order. The signed receiving order is then forwarded to the accounting clerk.

Invoices received are forwarded to the accounting department where they are matched with the packing slip and PO. The entire package is then forwarded to the accounts payable clerk who enters the invoice into the accounting system. There are some cases where a PO is not required for purchases, i.e., purchases made directly by managers or contracted services. In these instances, the invoice is received directly by the accounts payable clerk, who then obtains approval from the appropriate manager who may also code the invoice. The accounts payable clerk will then enter it into the system. For regular monthly purchases such as telephone, cleaning, etc., the bill does not require approval. The accounts payable clerk and accounting clerk can set up new vendors in the system. The accounting clerk must set up a new vendor in the system when they are making a purchase from that vendor for the first time, so that the PO can be generated. The accounts payable clerk would set up new vendors if necessary for any purchases made without a PO. There is also a miscellaneous vendor code that can be used for one-time purchases from vendors.

Payment to suppliers

A cheque/EFT run is usually done weekly; however, the frequency generally depends on the volume of invoices. The accounts payable clerk prepares the batch in the system, forwards the batch to the manager of accounting and CFO to authorize payments and obtains the cheque writing machine key from the Accounting Supervisor. The Accounting Supervisor is the only person with a key to the cheque printing system.

Once the cheques are run, the accounts payable clerk writes the cheque number on each invoice, prints the cheque register and packages all of the cheques, invoices and cheque register. This package is given to the Accounting Supervisor who ensures continuity of the cheque register reviews and approves each invoice and ensures that it has been authorized and recorded properly in SAP. For cheques <$10,000 the system will automatically apply electronic signatures. For cheques >$10,000 the signatures are left blank, and they must be signed by two of the following people: CEO; CFO; Executive Assistant; Accounting Supervisor; VP of Operations; Chairman of the Board; or designated Board Member.

The policy ensures that all procurement activities of WPI follow legal, ethical, managerial, and professional standards. WPI's purchasing policy does identify certain situations where a competitive bid process may not be followed. WPI confirms that it is following the Purchasing Policy.

WPI has not had any material transactions where they have deviated from the procurement policy.

One-Time Costs - Regulatory Costs

The only significant one-time costs associated with this cost-of-service application which, in compliance with policy and requirements, are being amortized over five years are Regulatory Costs, which are explained in detail in the next section and include legal and accounting costs.

Table 18 – Regulatory Costs (App 2-M)

	Regulatory Cost Category	USoA Account	Last Rebasing Year (2018 OEB Approved)	Last Rebasing Year (2018 Actual)	Most Current Actuals Year 2022	2023 Bridge Year	Annual % Change	2024 Test Year	Annual % Change
	Regulatory Costs (Ongoing)								
1	OEB Annual Assessment	5655	$102,000	$97,632	$105,313	$121,500	15.37%	$126,000	3.70%
2	OEB Section 30 Costs (OEB-initiated)		$2,000	$800	$800	$800	0.00%	$830	3.75%
3	Expert Witness costs for regulatory matters								
4	Legal costs for regulatory matters		$1,500						
5	Consultants' costs for regulatory matters		$3,000						
6	Operating expenses associated with staff resources allocated to regulatory matters								
7	Operating expenses associated with other resources allocated to regulatory matters [1]								
8	Other regulatory agency fees or assessments			$125	$125	$125	0.00%	$130	4.00%
9	Any other costs for regulatory matters (please define)								
10	Intervenor costs			$1,762					
11	OEB and Intervenor Cost Awards for non-ORPC matters				$3,208	$2,496		$2,592	
12	Safety and Satisfaction Surveys	5655							
13	Amortization of 2016 COS	5655							
14	External Auditor Fees	5655							

Table 19 – Regulatory Costs (App 2-M) Cont'd

USoA Account	USoA Account Balance		Last Rebasing Year (2018 OEB Approved)	Last Rebasing Year (2018 Actual)	Most Current Actuals Year 2022	2023 Bridge Year	Annual % Change	2024 Test Year	Annual % Change
Expert Witness costs									
Legal costs	1460							$30,000	
Consultants' costs	1460							$50,000	
Incremental operating expenses associated with staff resources allocated to this application.									
Incremental operating expenses associated with other resources allocated to this application. [1]									
Intervenor costs	1460							$75,000	
OEB Section 30 Costs (application-related)									
DSP (Metsco)	1460							$275,000	
Accounting Assistance - Auditors (KPMG)	1460							$20,000	
Accounting Assistance - Auditors (BT)	5655							$50,000	
Public Notice	1460							$2,000	
Settlement/Oral hearing								$10,000	
Reply submission	1460							$5,000	
Sub-total - Ongoing Costs [2]		$0	$108,500	$100,319	$ 109,446	$124,921	14.14%	$129,552	3.71%
Sub-total - One-time Costs [3]		$0	$0	$0	$ -	$0		$517,000	
Total		$0	$108,500	$100,319	$ 109,446	$124,921	14.14%	$232,952	86.48%
Application-Related One-Time Costs	**Total**								
Total One-Time Costs Related to Application to be Amortized over IRM Period	$517,000								
1/5 of Total One-Time Costs	$103,400								

The WPI's regulatory costs consist of two primary components. Most ongoing expenses relate to OEB assessment costs. The second component of Regulatory expenses relates to the Cost-of-Service application and includes legal expenses associated with reviewing the application, reviewing the IRs, and attending a settlement conference. Other expenses include external accounting fees for populating the PILs model and evaluating deferral and variance account balances.

Based on its prior experiences with Cost-of-Service applications, the utility did not include a contingency amount for an oral hearing; should an oral hearing be required, the costs associated with such a hearing will need to be estimated and included in WPI's claimed regulatory costs associated with the Cost-of-Service application.
All regulatory expenses are recorded in account 5655 - Regulatory Expenses. The Cost-of-Service application's associated costs are amortized over five years (2024-2028).
Most of the increase in regulatory costs is attributable to the costs associated with updating the DSP and conducting the Asset Condition Assessment, which were required to support the capital budget.

4.2.8 Charitable Donations and Disallowed Expenses

In compliance with the filing requirements, WPI has not included any charitable donations or political donations in its revenue requirements and rates.

4.2.9 Leap and CDM Costs

In 2018, the Board approved a contribution to Low-Income Energy Assistance Programs ("LEAP") in the amount of $13,000 annually. WPI has contributed $13,000 annually from 2018 to 2020 and increased its support to 25,000 annually starting in 2021 following the OEB's letter and guidance issued on July 14, 2021, "July 2021 Cost Assessment Invoice and Temporary Changes to the Screening Guidelines for the Low-income Energy Assistance Program – Emergency Financial

In compliance with OEB policy, WPI:

1. Collects money from ratepayers for LEAP EFA in the amount approved by the OEB as part of the recoverable OM&A expenses.
2. Transfers program funds to Bruce County Housing.
3. Allows Bruce County Housing to determine funding allocations within their service territory by geography.
4. Receives reports from the Bruce County Housing showing the disbursements and balance of the remaining LEAP funds.
5. Leaves the assessment of eligibility of WPI customers and records to Bruce County Housing.
6. Confirms customer and account information used in determining program eligibility, including information on payment history and arrears owing; and

WPI Reports to the through filings 2.1.16, which is summarized below.

Table 20 – LEAP Contributions

	2018	2019	2020	**2021**	**2022**
Agency Fee	$3750	3750	$3750	$3750	$3750
Grant to Cust	$20650	21250	$20291.43	$12260.71	$37857.84
Unit Sub-Metered	$600	0	$288.57	0	0
# Customer	43	44	40	27	56
Total	$25000	$25000	$25000	$16,010.71	$41,607.84

WPI confirms that its OM&A does not include costs directly attributable to CDM programs. Assistance". For purposes of this Rate Application, this amount has been included in USoA Account 6205 Donations, to ensure that it is captured appropriately in the Revenue Requirement. WPI will continue to provide low-income customers with emergency financial assistance in the future.

4.3. WORKFORCE PLANNING AND COMPENSATION

Table 17 provides an overview of WPI's salary and benefit compensation broken down between Management and Non-Management employees for 2018 Board Approved and Actuals to the 2024 Test Year. The number of FTEs has been calculated based on the actual number of employees at the beginning of the year and the end of the year. As WPI does not employ any part-time employees, an FTE is defined as an individual in a full-time position. Positions that were vacant for the entire year are not accounted for below board approved 2018.

Workforce planning is described in the next section.

Table 21 – Employee Costs – Appendix 2-K

	Board Approved 2018	2018	2019	2020	2021	2022	2023	2024
Number of Employees (FTEs including Part-Time)[1]								
Management (including executive)	9	10	11	10	11	11	13	13
Non-Management (union and non-union)	26	25	25	27	26	28	27	27
Total	35	35	36	37	37	39	40	40
Total Salary and Wages including overtime and incentive pay								
Management (including executive)	$1,101,293	$1,464,206	$1,390,822	$1,204,928	$1,607,664	$1,934,443	$1,534,535	$1,716,512
Non-Management (union and non-union)	$1,990,859	$1,903,290	$2,014,431	$2,149,731	$2,290,381	$2,382,590	$2,454,709	$2,552,897
Total	$3,092,152	$3,367,496	$3,405,253	$3,354,659	$3,898,045	$4,317,033	$3,989,244	$4,269,409
Total Benefits (Current + Accrued)								
Management (including executive)	$297,349	$323,280	$340,525	$348,885	$473,612	$524,520	$325,435	$341,446
Non-Management (union and non-union)	$554,189	$484,919	$510,788	$523,327	$578,860	$641,079	$579,215	$595,143
Total	$851,538	$808,199	$851,313	$872,211	$1,052,472	$1,165,599	$1,037,204	$1,139,351
Total Compensation (Salary, Wages, & Benefits)								
Management (including executive)	$1,398,642	$1,787,485	$1,731,348	$1,553,813	$2,081,276	$2,458,963	$1,859,970	$2,057,958
Non-Management (union and non-union)	$2,545,048	$2,388,210	$2,525,219	$2,673,058	$2,869,241	$3,023,669	$3,033,924	$3,260,751
Total	$3,943,690	$4,175,695	$4,256,566	$4,226,871	$4,950,517	$5,482,632	$5,026,448	$5,521,471

4.5.2 Previous Workforce Plans and Compensation Strategy

Establishing staffing levels and wages is part of Westario Power's business planning process. As such, there is a thorough review and approval process in order to ensure that the staffing levels are at optimal levels. The starting assumption in the business planning process is that current filled staffing levels are sufficient and any increases to these levels needs to be justified. Factors such as staff turnover and the quantitative performance measures used on RRR filings are examples of items that may be used to justify changes in staffing levels.

Despite having a customer base that continues to increase year over year, aging workforce, technological advances, cyber threats, specialized skill sets (potential crisis management skills etc.) as well as increasing reporting requirements WPI has tried to keep staffing levels consistent, during the 2018 to 2022 WPI and attempted to fill vacancies as they arose without increasing the total staff complement. However, due to the high level of staff turnover and the difficulty attracting skilled workers to the area WPI has not been able to retain what it considers a full complement of staff over the period 2018 to 2022.

WPI's 2018 Board Approved Full-Time Equivalent (FTE) complement was 35. This FTE calculation includes all permanent staff, co-operative and summer students and contract positions. CDM personnel are excluded. The students and contract positions were included in compliance with the Board's RRR Filing Guide directions which states: "Contract staff on the distributor payroll should be included in the FTE count. The same goes for paid summer students, co-ops and interns." The student and contract positions are included in WPI's revenue requirement; however, CDM costs are not. Therefore, CDM personnel have been excluded from Table 20.

Overall compensation for all employees of WPI are designed to reflect the market in order to be competitive and therefore attract and retain qualified personnel. Total compensation includes base salary/pay, incentive pay, overtime and non-financial benefits. These are the gross amounts paid to employees including both capitalized and OM&A labour.

4.5.3 Proposed Workforce Plans and Compensation Strategy

At the end of 2022, the Board of Directors at WPI had a discussion of the organization's succession planning, recognizing its importance within the company. Given the overall challenges faced by WPI and the industry at large, the Board plans to obtain the revised succession planning for the corporation.

WPI plans to address the following important components of the new succession plan including addressing the following challenges: aging workforce, leaders capable of comprehending and navigating technological advancements, responsiveness to regulatory changes, cultivation of specialized skill sets in the employees which are in turn aligned with industry requirements; development of crisis management capabilities in the leadership team to effectively respond to potential challenges such as natural disasters, cyber threats, and system failures. Furthermore, a commitment was made to embed diversity and inclusion objectives into the succession planning framework.

By tackling these multifaceted challenges, the WPI Board is unwaveringly dedicated to fostering effective succession planning. This commitment positions WPI to cultivate a resilient and adaptable leadership pipeline, thereby ensuring the seamless continuity and success of the organization in the face of the dynamic changes evolving within the industry.

The approved Full-Time Equivalent (FTE) complement was 40 to run efficiently the utility of this size.

In general, WPI has experienced increased demand for services and a higher customer expectation for the reliability of the distribution system and company's ability to reduce or shorten outages to the customers. There is also increasing demand around customer engagement and WPI's ability to address their inquiries by providing information in a timely manner.

For the most part WPI has been able to handle these increasing demands through workflow efficiency improvements and prioritization of work activities incorporated in the 2023-2024 budgets. The utilization of third-party service providers has allowed some flexibility in maintaining a lean organization while still being able to implement provincial policy initiatives, regulators requirements and meet customer demand. WPI continues to monitor the costs associated with using third party organizations in order to determine whether and when it would be financially beneficial to add employees or bring the services in house while still being able to provide a high level of customer satisfaction.

The utilities with the closest total number of customers have been extracted to be shown in comparison to Westario Power. WPI is at the top of its cohorts when it comes to customers per FTE. Table 18 below is an excerpt from the 2021 Yearbook of Electricity Distributors and Scorecards.

Table 22 – Comparison of Customers FTES and Cost per Customer (2021)

	Bluewater	CNPI	ERTH	Essex	Festival	Halton Hills	Inn Power	North Bay	PUC	Welland	Westario
Total Customers	37,016	30,041	23,976	30,904	21,908	22,738	19,703	24,280	33,865	24,627	24,201
FTEs	115	87	45	43	39	47	55	47	78	35	36
Cust/FTE	321	345	539	711	562	484	357	520	435	706	672

As can be noted from the table, WPI's FTEs relative to the number of customers was one of the lowest of all comparable LDCs in 2021 and will continue to be one of the lowest in 2024. Having a low number of FTEs results in a higher need for contracted services as well as a greater risk of operation issues when staff vacancies arise.

WPI has projected a staffing level increase going into the Test Year that it feels is required in order to keep up with the growing customer base and increasing demands. The years between 2018 and 2022 had a relatively high level of staff turnover that WPI has had to address to ensure that all levels of the organization are sufficiently staffed.

Being properly staffed allows WPI to provide a better customer experience as well as reduce the amount of work that is required to be contracted out at potentially higher costs. WPI also recognizes that some of the staff turnover issues it has experienced in the past could possibly have been avoided or the impact mitigated by having maintained a larger staff with some more redundancy.

By keeping a smaller staff, the workload on each employee is increased and the impact of losing a staff member is larger since there are less people available to take a part of the workload. By bringing staffing levels back to full and carrying this level into the 2018 Test Year WPI will be able to strengthen its succession plan and avoid the large issues caused by losing staff.

Table 23 – Comparison of Customers per FTE

	2018BA	2018	2019	2020	2021	2022	2023	2024
OM&A Costs								
O&M	$1,967,533	$1,949,372	$2,135,074	$2,255,004	$2,055,545	$2,653,740	$2,559,392	$2,550,104
Admin Expenses	$3,843,500	$3,507,561	$3,773,427	$3,674,937	$4,683,530	$5,231,942	$4,137,990	$4,421,613
Total Recoverable OM&A from Appendix 2-JB [5]	$5,811,033	$5,456,933	$5,908,501	$5,929,941	$6,739,075	$7,885,682	$6,697,382	$6,971,717
Number of Customers [2,4]	$23,596	$23,528	$23,713	$23,916	$24,141	$24,393	$24,585	$24,778
Number of FTEs [3,4]	$35	$35	$36	$37	$37	$39	$40	$40
Customers/FTEs	$674	$672	$659	$646	$652	$625	$615	$619
OM&A cost per customer								
O&M per customer	$83	$83	$90	$94	$85	$109	$104	$103
Admin per customer	$163	$149	$159	$154	$194	$214	$168	$178
Total OM&A per customer	$246	$232	$249	$248	$279	$323	$272	$281
OM&A cost per FTE								
O&M per FTE	$56,215	$55,696	$59,308	$60,946	$55,555	$68,045	$63,985	$63,753
Admin per FTE **$109,814**	$100,216	$104,817	$99,323	$126,582	$134,152	$103,450	$110,540	$82,663
Total OM&A per FTE	$166,030	$155,912	$164,125	$160,269	$182,137	$202,197	$167,435	$174,293

4.5.4 Employee Compensation Analysis

The below table is prepared with information from table 20 Employee Costs – Appendix 2K.

Table 24 – Employee Compensation YoY changes

	2018 Actuals	2019 Actuals	2020 Actuals	2021 Actuals	2022 Actuals	2023 Bridge Year	2024 Test Year
Management Salaries and Wages	$1,464,206	$1,390,822	$1,204,928	$1,607,664	$1,934,443	$1,534,535	$1,716,512
Year over Year Change		($73,383)	($185,894)	$402,735	$326,780	($399,908)	
Non-Management	$1,903,290	$2,014,431	$2,149,731	$2,290,381	$2,382,590	$2,454,709	$2,552,897
Year over Year Change		$111,141	$135,300	$140,650	$92,209	$72,119	$98,188
Management Benefits	$323,280	$340,525	$348,885	$473,612	$524,520	$325,435	$341,446
Year over Year Change		$17,246	$8,359	$124,728	$50,907	($199,085)	$16,011
Non-Management Benefits	$484,919	$510,788	$523,327	$578,860	$641,079	$579,215	$595,143
Year over Year Change		$25,869	$12,539	$55,533	$62,220	($61,864)	$15,928

Management salaries are consistent from year to year with the only variances over materiality being the increases in 2022. These variances are the result management turnover in these years. The overall result is that from the 2018 actual to the 2024 Test Year the management salaries have increased at an annualized rate of 2.45%. WPI feels that the amount of management salaries and wages budgeted for the 2024 test year represents the level required to maintain a management team that is required for a utility of this size.

Non-Management salaries increased at an annualized rate of 4.24% with the addition of a lineman. Given the current size of WPI's distribution system 12 (10 in 2018) linemen are required to adequately maintain the system. Given the size of WPI's customer base and the distance between areas that WPI services this level of linemen is required to meet all customer needs. Office Non-management staff have remained fairly consistent over the years. WPI's business case for hiring linemen is presented at 4.5.8

There have been no material changes in management benefits between the 2018 actual numbers and the 2024 test year amounts. Benefit payments are very closely linked to wages. The wages have grown at an annualized rate of 3.52% while the benefits have grown at an annualized rate of 4.53%.

4.5.5 Basis for Performance Pay

Short-Term Incentive compensation is commonly referred to as the annual "STI" payment. All executive and management are eligible to participate annually in this program. For the STI, Executives and Management are rewarded for the achievement of goals specifically related to their job, and for the achievement of overall corporate goals. The corporate goals are identified and tracked and are reported to the Board of Directors on a regular basis.

As part of the STI calculation, management are incented upon the successful achievement of targets related to a number of customer-focused metrics (e.g. customer service, reliability, safety). Executives have a greater weighting of corporate goals for their STI reflecting their greater influence on overall corporate achievement. These metrics are key to ensuring that the organization continues to focus on its customers and provides a level of service and reliability consistent with the needs of the customer.

STIs span a calendar year and the assessments are done in the second quarter of the following year, when results are known. The President and CEO's STI payment is reviewed and approved by the Audit Committee and Board of Directors. All other payments to the balance of Executive and Management employees are reviewed and approved by the President and CEO.

4.5.6 Employee Compensation Studies

WPI's overall compensation for all employees is designed to be competitive and equitable in order to attract and retain qualified personnel in an industry that is facing an aging workforce and is very competitive for skilled resources. The compensation package includes a base wage and benefits package. WPI's workforce is comprised of both non-unionized management employees and unionized employees. In 2022 approximately 77% of WPI's workforce was unionized.

WPI's Collective Agreement with unionized staff provides for annual payroll increases and employee step progressions. Labour rates and benefits are adjusted annually based on the collective agreement. WPI's current collective agreement covers a three-year period that expires on April 30, 2024. Wages and benefits are a result of a collaborative and negotiated process, based on factors such as; economics, recent settlements in the LDC sector including neighbouring LDC's. Each job classification at WPI has a basic job description and wage rate progression scale that increases from a base rate to a maximum rate.

Management wage increases follow the general economic indicators, performance and a position/responsibility rating by an industry leading independent third party. Annual pay increases for non-union and management employees are based on the performance of the person discharging their job duties, centred on the economics and relative position within the pay grid developed through the Hay system.

The Korn Ferry Hay system or similar will be considered by WPI to evaluate job classifications and develop a wage rate progression scale. The Korn Ferry Hay or similar system is standard job evaluation system used to develop and maintain pay structures by comparing similarities and differences in the content and value of jobs. The system establishes pay differentials between jobs, establishes fair and equitable compensation programs, identifies and eliminates wage inequities and establishes a sound foundation for consistent pay administration. The Korn Ferry Hay or similar has the evaluation process includes a job analysis, job descriptions, job evaluation and job structure or ordering of jobs based on their relative value or content. Job evaluation factors include know how, problem solving, accountability and working conditions. Within each factor are a number of sub factors each with a defined number of points available. The points are assessed and totalled for each job and the Korn Ferry Hay or similar system divides the total range of points into an appropriate number of grades. This system uses a multi-factor approach to rate jobs relative to each other.

The MEARIE Group - 2021 Management Salary Survey - All Organizations Results is file along with this application.

4.5.7 Employee Benefit Programs

Changes in Operating Portions of Benefits

Increases in benefit and pension costs are primarily due to increases in OMERS Pension expenses. Pension contributions have increased due to additional OMERS administrative cost for staffing levels to meet operational demands. To eliminate the funding deficit, OMERS introduced contribution increases for both the employee and employer portion. Please refer to the following Table 24 for a summary of OMERS contribution changes.

Table 25 – OMERS Contributions

Year	YMPE	NRA 65 Up to YMPE	Over YMPE
2018	$55,900	9.00%	14.60%
2019	$57,400	9.00%	14.60%
2020	$58,700	9.00%	14.60%
2021	$61,000	9.00%	14.60%
2022	$64,900	9.00%	14.60%

The increase in the OMERS Rates is also the primary driver of the change in benefits year over year.

4.5.8 Business Case for Employee Hires

One (1) Foreman

With a supervisor position still vacant, having a foreman is crucial for operational team, team management, safety, quality control, efficiency, communication, training, problem-solving, decision-making, and customer service. This role ensures the smooth and effective execution of field operations, ultimately contributing to the reliable delivery of electricity and customer satisfaction:

1. Supervision and Team Management: the foreman plays a key role in supervising and managing the utility's field operations and workforce. He oversees the activities of crews, ensuring that work is performed safely, efficiently, and according to established standards and procedures. The foreman provides guidance, monitors progress, and addresses any issues or concerns that arise in the field to Line Superintendent. Effective supervision and team management help maintain productivity and quality of work.

2. Safety and Risk Mitigation: Safety is paramount in electricity distribution work due to the potential hazards involved. The foreman is responsible for enforcing safety protocols, conducting safety briefings, and ensuring that workers follow appropriate safety practices. He identifies and mitigates risks in the field, promotes a culture of safety, and take proactive measures to prevent accidents, injuries, and damage to property.

3. Quality Control: The foreman is responsible for maintaining the quality of work performed by the utility's field crews. He ensures that installations, repairs, and maintenance activities meet established standards and specifications. The foreman conducts inspections, monitors workmanship, and provides feedback to employees, ensuring that work is completed to the utility's expectations and customer satisfaction.

4. Communication and Coordination: Effective communication and coordination are vital in the field operations of an electricity distribution utility. The foreman serves as a liaison between field crews and Line Superintendent. He facilitates clear and timely communication, ensuring that work requirements, instructions, and information flow smoothly.

5. Training: The foreman plays a role in training and developing field personnel. He provides on-the-job training, mentorship, and guidance to less-experienced workers, helping them develop their skills and knowledge.

6. Problem Solving and Decision Making: In the field operations of an electricity distribution utility, unforeseen challenges and problems can arise. The foreman is responsible for resolving issues and making informed decisions in real-time. The foreman's problem-solving and decision-making abilities contribute to the overall success and efficiency of field operations.

7. Customer Service: The foreman plays a role in maintaining positive relationships with customers by delivering service in a professional and customer-centric manner.

Two (2) Lineman

Westario Power inc. hired two additional Lineman to address increased workload, supports maintenance and repairs, enhances emergency response capabilities, provides workforce flexibility and backup, diversifies skillsets, contributes to succession planning, and promotes workload distribution and safety. These additions help ensure reliable service, prompt response to emergencies, and the overall efficiency and effectiveness of the utility's electrical operations:

1. Increased Workload: Hiring two additional linemen helps ensure that the utility can effectively meet the growing demand for electricity and maintain reliable service.

2. Maintenance and Repairs: Linemen play a crucial role in maintaining and repairing the utility's electrical infrastructure. Over time, electrical equipment and power lines require regular inspections, maintenance, and occasional repairs. By hiring two additional linemen, Westario Power Inc. can allocate sufficient resources to conduct proactive maintenance activities, promptly address equipment failures or damages, and reduce downtime for customers.

3. Emergency Response: Electricity distribution utilities must be prepared to respond to emergencies such as storms, natural disasters, or unexpected power outages. Additional linemen enable the utility to enhance its emergency response capabilities. During emergencies, linemen are responsible for assessing damages, restoring power, and ensuring the safety of the electrical system. By having two extra linemen, the utility can deploy more personnel to address emergencies promptly and minimize service disruptions for customers.

4. Workforce Flexibility and Backup: Linemen work in physically demanding and potentially hazardous conditions. Having two additional linemen provides workforce flexibility and allows for adequate backup in case of employee absences due to illness, injuries, vacations, or other unforeseen circumstances. This ensures that the utility can maintain its operational efficiency and respond to work demands without compromising employee safety or service quality.

5. Workload Distribution and Safety: Heavy workloads can lead to fatigue and an increased risk of accidents or errors. By hiring two additional linemen, Westario Power Inc. distributes the workload more evenly among the linemen team, reducing the likelihood of fatigue-related incidents and promoting overall safety. This helps maintain a healthy and safe working environment for the linemen and improves the quality and efficiency of their work.

One (1) HR Manager

The HR Manager role was briefly combined with the board secretary and Executive Assistant role. The extensive workload and the need of segregation of the duties justified the role separation into: Board Secretary/Executive Assistant and HR Manager roles.

Having a Human Resources (HR) Manager at Westario Power Inc. is crucial for following reasons:

1. Workforce Management: The HR Manager plays a crucial role in managing the utility's workforce. They oversee various HR functions, such as recruitment, onboarding, performance management, and employee relations. By ensuring the right people are hired, trained, and supported, the HR Manager helps maintain a capable and efficient workforce.
2. Employee Engagement and Satisfaction: Employee engagement and satisfaction are key factors in promoting productivity and reducing turnover. The HR Manager designs and implements initiatives to enhance employee engagement, such as employee recognition programs, wellness initiatives, and professional development opportunities. They also address employee concerns, facilitate communication channels, and foster a positive work environment, contributing to higher employee satisfaction levels.
3. Talent Acquisition and Retention: The HR Manager is responsible for attracting and retaining talent within the company. HR Manager develops recruitment strategies, coordinate job postings, screen candidates, and manages the hiring process. By identifying and attracting skilled professionals, the HR Manager helps build a strong and capable workforce. HR Manager also oversees retention efforts, including employee development programs, competitive compensation, and benefits packages, to retain valuable talent.
4. Training and Development: In a technical field like electricity distribution, ongoing training and development are crucial. The HR Manager works with managers and Health and Safety administrator to identify training needs, design training programs, and facilitate their implementation. This helps enhance employee skills, knowledge, and performance, benefiting the utility and its customers.
5. Policy Development and Compliance: The HR Manager develops and implements HR policies and procedures that align with applicable labor laws, regulations, and industry standards. HR Manager ensures compliance with employment laws, health and safety regulations, and other HR-related legal requirements. This helps mitigate legal risks, avoid penalties, and maintain a fair and equitable work environment for all employees.
6. Employee Relations and Conflict Resolution: The HR Manager plays a vital role in managing employee relations and resolving conflicts within the utility. HR Manager serves as a point of contact for employees to address concerns, complaints, or conflicts; provides guidance and support to managers and employees in navigating challenging situations, fostering effective communication, and promoting a harmonious work environment.
7. Performance Management: The HR Manager facilitates performance management processes, including performance evaluations, goal setting, and performance

improvement plans. HR Manager works closely with managers and employees to ensure performance expectations are clear and aligned with the utility's goals. Through regular feedback and coaching, the HR Manager helps drive employee performance and development.

8. Legal Compliance and Risk Mitigation: The HR Manager ensures compliance with employment laws and regulations, minimizing legal risks for the utility. They maintain accurate employee records, handle confidential information, and ensure compliance with privacy and data protection requirements. The HR Manager also helps address workplace health and safety concerns, promoting a safe working environment and mitigating associated risks.
9. Having an HR Manager dedicated to payroll ensures accurate and timely payment of salaries, wages, and benefits to employees. HR Manager handles tasks such as calculating employee compensation, deductions, and tax withholdings, ensuring compliance with payroll laws and regulations.
10. Employee Satisfaction: Timely and accurate payroll processing contributes to employee satisfaction. When employees receive their salaries and benefits on time and without errors, it promotes trust and confidence in the organization. An HR Manager proficient in payroll management helps maintain a positive relationship between employees and the utility.
11. Compliance with Legal and Regulatory Requirements: Payroll, benefits, and pensions management involve complex legal and regulatory obligations. The HR Manager ensures compliance with relevant employment laws, tax regulations, and benefit plan requirements. They stay updated with changes in legislation and make necessary adjustments to ensure the utility's payroll practices align with legal requirements.
12. Benefits Administration: Employee benefits, such as health and dental insurance, and other perks, play a crucial role in attracting and retaining talent. An HR Manager responsible for benefits administration handles tasks such as enrollment, employee communications, and liaising with insurance providers and pension administrators. HR Manager assists employees in understanding and utilizing their benefits effectively.
13. Pension Management: Pensions are a significant aspect of employee compensation. The HR Manager manages the pension program, including enrollment, contributions, record-keeping, and coordination with pension providers. They ensure that employees' pension accounts are accurate and appropriately managed throughout their employment and retirement.
14. Confidentiality and Data Security: Payroll, benefits, and pensions management involve handling sensitive employee information. An HR Manager trained in data privacy and security protocols ensures the confidentiality and integrity of employee data. They implement proper access controls, maintain secure systems for data storage, and comply with privacy regulations, protecting employee information from unauthorized access or misuse.
15. Reporting and Analytics: Payroll and benefits data provide valuable insights for financial reporting, budgeting, and workforce analytics. An HR Manager can generate accurate reports and analytics related to labor costs, benefits utilization, and retirement plan contributions. These reports assist management in making informed decisions and evaluating the financial impact of human resources-related matters.

16. Efficiency and Streamlining: Centralizing payroll, benefits, and pensions management under an HR Manager allows for streamlined processes and improved efficiency. HR Manager leverages payroll software and systems to automate calculations, generate reports, and reduce manual errors. This improves overall efficiency, frees up time for other HR functions, and enhances the utility's ability to respond to employee inquiries promptly.
17. Diversity and inclusion: HR Managers play a big role in fostering a diverse and inclusive workplace culture. They implement strategies to attract, retain, and promote individuals from diverse backgrounds and ensure that all employees feel respected, valued, and included.

Co-op Students

After 8 years of break, Westario Power started a co–op program for local high-school students and invited three (3) co-op students to join the team. Two have been assigned to the operational department and one to the Engineering department.

Having co-op students in an organization can provide numerous advantages, including fresh perspectives, talent acquisition, skill development, knowledge transfer, increased productivity, diversity and inclusion, and corporate social responsibility.

A co-op student program at Westario benefits the community by enhancing the skill development and employability of students, retaining local talent, fostering collaboration between organizations and educational institutions, generating economic impact, contributing to community development and engagement, and facilitating knowledge and innovation transfer. These factors collectively contribute to the growth and prosperity of the community as a whole.

One (1) Health & Safety Administrator

Having a health and safety Manager in an electricity distribution utility as Westario Power Inc. is crucial to prioritize employee safety, comply with regulations, manage risks, prevent incidents, ensure emergency preparedness, and drive continuous improvement. Their role not only protects employees but also contributes to the overall operational efficiency, reputation, and sustainability of the utility.

1. Employee Safety: The primary responsibility of a health and safety Manager is to ensure the well-being and safety of employees. In an electricity distribution utility, employees are exposed to various hazards such as electrical shocks, falls, and exposure to hazardous substances. The Manager plays a crucial role in developing and implementing safety policies, procedures, and training programs to minimize the risk of accidents and injuries. They oversee safety inspections, incident investigations, and the implementation of safety protocols, ultimately creating a safer work environment for all employees.
2. Compliance with Regulations: Electricity distribution utilities are subject to numerous health and safety regulations, standards, and codes. A health and safety Manager helps ensure that the utility complies with these requirements. They stay up to date with the latest regulations, interpret them for the organization, and develop strategies to meet the necessary compliance obligations. This helps the utility avoid legal issues, penalties, and reputational damage.
3. Risk Management: Electricity distribution utilities inherently involve various risks due to the nature of the work and the presence of high-voltage electrical systems. A health and safety Manager identifies potential hazards, assesses risks, and implements measures to control and mitigate those risks. They conduct risk assessments, develop safety protocols, and provide guidance on the use of personal protective equipment (PPE) to minimize the likelihood and severity of accidents and injuries.

4. Incident Prevention: By proactively identifying and addressing potential hazards, a health and safety Manager plays a vital role in preventing incidents from occurring in the first place. They work closely with employees, supervisors, and managers to establish a safety culture and promote safe work practices. This includes conducting safety training, raising awareness about potential risks, and implementing preventive measures such as equipment inspections, maintenance programs, and safety audits.
5. Emergency Preparedness: In an electricity distribution utility, emergencies and power outages can occur. A health and safety Manager ensures that emergency response plans and procedures are in place and effectively communicated to employees. They coordinate drills and exercises to test the readiness of the organization in handling emergencies, including evacuation procedures, first aid protocols, and communication plans. Their role is crucial in ensuring a prompt and efficient response to emergencies, minimizing the impact on employees, customers, and the community.
6. Continuous Improvement: A health and safety Manager fosters a culture of continuous improvement in terms of health and safety performance. They collect and analyze safety data, identify trends, and provide recommendations for improvement. By monitoring incident rates, near misses, and safety metrics, they can identify areas that require attention and implement proactive measures to enhance safety performance. This ongoing commitment to improvement helps the organization continually evolve and create a safer work environment.

Gap Analysis for Manager of Accounting Role

Current State:
Vacant and limited Finance team cross-training and segregation of duties:
The Manager of Accounting position at Westario Power, a customer-focused energy distribution corporation, presents an exciting and challenging opportunity for a self-motivated and results-oriented individual. With headquarters located in the Municipality of Brockton, the organization serves over 24,500 customers across fifteen communities within Grey, Bruce, Huron, and Wellington Counties.
Reporting directly to the Chief Financial Officer, the Manager of Accounting holds a pivotal role within the organization. The key responsibilities include:

1. First-level review and oversight of corporate accounting, ensuring adherence to external financial reporting requirements and internal monthly management reporting requirements.
2. Maintenance and enhancement of accounting systems and processes to ensure efficiency and effectiveness.
3. Overseeing the operations of the accounting department, including designing an organizational structure that aligns with departmental goals and objectives.
4. Leading and improving processes related to accounts payable (AP), accounts receivable (AR), expenses, financial accounting, fixed assets, and periodic management reporting.
5. Preparation and maintenance of Economic Evaluation Models for third-party developers.
6. Creation of annual capital and operational budgets for facilities, encompassing buildings, grounds, supplies, and services.
7. Managing the daily, weekly, and monthly cash cycle.
8. Leading the financial close process, encompassing the review and processing of period-end journal entries, preparation of period-end consolidation reporting and analysis.
9. Reviewing corporate balance sheet accounts and preparing schedules and analytical reports for management.
10. Timely preparation and publication of monthly financial statements.
11. Presenting financial statements for approval to senior management.
12. Calculating variances from the budget and promptly reporting significant issues to management.
13. Planning and monitoring capital expenditures.
14. Fulfilling additional duties as required.

Desired State:

To bridge the gap between the current state and an ideal managerial accounting role at Westario Power, the following attributes and competencies are sought:

1. Possession of a Business/Accounting Degree from a recognized college or university, accompanied by an accredited accounting designation (CPA).
2. Demonstrated experience of 5+ years in a related role.
3. Broad business acumen and comprehensive knowledge of key financial aspects within the utility industry would be advantageous.
4. Strong management and leadership skills, coupled with excellent communication abilities, are highly valued.
5. Proficient analytical, research, and problem-solving skills.
6. Demonstrated ownership and initiative in delivering high-quality work.
7. Effective delegation skills, combined with the ability to assume full responsibility for delegated activities.
8. Keen attention to detail to ensure accuracy and precision.
9. Expertise in Microsoft Office applications, including Word, Excel, PowerPoint, and Outlook.
10. Aptitude for meeting deadlines in a rapidly evolving business environment.
11. Proficiency in managing and measuring work to ensure teams remain on track.
12. By identifying and addressing these gaps, the Manager of Accounting will be equipped to excel in the role and contribute effectively to the success of Westario Power.

Note: This gap analysis outlines the desired qualifications, skills, and competencies for the Manager of Accounting role and serves as a guide for recruitment, training, and development activities.

7.

APPENDICES

List of Appendices

Appendix 4A	Actuary Report

APPENDICES 4A

Filed as a seperate document