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4.1 Overview

The operating costs presented in this Exhibit represent the required expenditures necessary to operate and maintain EPLC's distribution system assets; the costs associated with metering, billing and collecting from its customers; the costs associated with implementing and carrying out government mandated initiatives; the expenditures associated with ensuring the safety of all stakeholders (e.g. public, employee's, etc.), and the costs to maintain the distribution business service quality and reliability standards in compliance with the Distribution System Code and other regulatory bodies (e.g. IESO, ESA, etc.), while continuing to maintain the level of reliability and service that our communities and customers expect.

4.1.1 2025 Test Year OM&A Summary

EPLC's 2025 Test Year total OM&A is summarized in Table 4-1 below. Total OM&A Expenses in the 2025 Test Year are $10,312,735 inclusive of the Low-Income Energy Assistance Program ("LEAP"). EPLC proposes to recover total OM&A expenses in distribution rates. In this Exhibit, information is provided on key initiatives, trends, and material year-over-year variances. Details on staffing and compensation costs, and details on shared services are also provided.

Table 4-1: 2025 Test Year OM&A Summary

Description	2025 Test Year
Operations	$1,890,101
Maintenance	$1,298,792
Subtotal	**$3,188,893**
Customer Service	$2,000,474
Administration	$5,123,368
Subtotal	**$7,123,842**
Total OM&A	**$10,312,735**

4.1.2 OM&A Budgeting Process

In managing its distribution system assets and operations, EPLC's main objective is to optimize performance of the assets at a reasonable cost with due regard for system reliability, safety, and customer service expectations.

Developing the budget is a key process as it identifies past success and future initiatives and establishes projections for capital and operational costs. Care is taken to ensure that the capital and operating

budgets support EPLC's core business objectives as well as being prudent, financially sustainable, and with a keen awareness and consideration of rate impacts to EPLC's customers.

For the purpose of this Application, in 2023, a budget was prepared for the 2024 bridge year in the 4th quarter of 2023. As is typical of the process, this budget was reviewed and approved by the Board of Directors in December 2023. The budget for the 2025 test year was prepared immediately following and was reviewed and approved by the Board of Directors in early 2024. The budget provides a plan, against which actual results are evaluated, and it serves as a foundation for this Application.

EPLC takes the following steps when preparing its upcoming operating and capital budgets:

- Senior management team meets early at the beginning stages of the budgeting process to lay the foundation of fundamental work, challenges, and goals to be achieved in the upcoming year. When evaluating the proposed work, challenges, and goals, EPLC senior management is continuously managing these requirements against rate and reliability impacts to its customers. The EPLC senior management team generally expects and requires adjustments to be in line with the rate of inflation unless detailed substantiation can be provided to support any incremental difference.
- Department managers/supervisors then complete their own respective operating and capital budgets for the upcoming budget years. Department managers/supervisors work closely with the EPLC finance team to ensure proper allocations to labour including, but not limited to, changes to wages and benefit costs, vehicle/material/equipment rates, burden/overhead rates, etc. Significant year-over-year variances are highlighted and explained. Budgeted third party expenditures are reviewed by finance for reasonability and opportunity for reduction.
- The EPLC finance team then consolidates all manager/supervisor budgets to form a preliminary draft budget for review. Finance independently and jointly reviews large variances with department managers/supervisors.
- The EPLC finance team reviews with senior management team to ensure that work, challenges, and goals identified in the above are satisfied.
- The senior management team submits budgets to EPLC Board of Directors for approval.

EPLC's Distribution System Plan ("DSP") and Asset Management Plan, are also used to determine the necessary distribution system operations and maintenance expenditures needed to ensure safe and reliable delivery of electricity to customers. This information is provided in Exhibit 2, Attachment 2-A (DSP).

4.1.3 Associated Cost Drivers and Significant Changes

EPLC's OM&A plan is developed to ensure that it continues to provide reliable, efficient, and safe energy solutions to the community by achieving its core strategic objectives. The plan was formed using a number of factors, including operational needs (e.g., requirements relating to capital investment; operations and

maintenance; and staffing), legislative and regulatory obligations, and ongoing engagement with customers.

As shown in Table 4-2, EPLC's increase in OM&A spending from the 2018 OEB Approved to the 2025 Test Year amounts to $3,067,780, or 42.3 % over 7 years or an average of 6.0% per year. The OM&A costs in the 2025 Test Year reflect the resourcing mix and work activities required to meet customer expectations, growth, and broader public policy requirements. The primary reasons for this increase are higher levels of General Administration costs in support of work programs, inflation impacts on labour and non-labour costs, and increased costs in support of the expanding customer and asset base. Also included are the costs of new initiatives in support of EPLC's strategic objectives, infrastructure development, staff resourcing and succession planning, new systems, and control room operations being partially insourced to best support the distribution system. A more detailed review of the increase from 2018 to 2025, and an explanation of material year-over-year increases in OM&A, is provided in Exhibits 4-2 and 4-3.

Table 4-2: 2025 Test Year vs. 2018 OEB Approved

Description	2018 OEB Approved	2025 Test Year	Variance
Operations	$1,353,708	$1,890,101	$536,393
Maintenance	$1,518,463	$1,298,792	($219,671)
Subtotal	**$2,872,171**	**$3,188,893**	**$316,722**
Customer Service	$1,542,573	$2,000,474	$457,901
Administration	$2,830,211	$5,123,368	$2,293,157
Subtotal	**$4,372,784**	**$7,123,842**	**$2,751,058**
Total OM&A	**$7,244,955**	**$10,312,735**	**$3,067,780**
% Change			42.3%

4.1.4 Inflation and Overall Trends

For 2024 and 2025 budgeted OM&A expenses, EPLC incorporated increases for unionized labour in accordance with prior year collective agreement, Executive and Management labour increases per EPLC's management compensation policy. EPLC has calculated the inflation on non-labour items for 2024, based on the Board-Approved Inflation Factor of 4.8% as published for electricity distributors on June 29, 2023. For 2025, EPLC has assumed inflation for budgeting purposes of 2.0% to forecast inflationary increases, in line with economic forecasts below.

Table 4-3: CPI Forecast by Major Financial Institutions

CPI	2023F	2024F	2025F	Report Date
BMO	3.9%	2.8%	2.2%	22-Dec-23
CIBC	3.9%	2.2%	2.0%	12-Dec-23
RBC	2.8%	2.0%	1.5%	19-Dec-23
Scotia	3.9%	2.6%	2.1%	15-Dec-23
TD	3.8%	2.7%	2.1%	12-Dec-23
Average	3.7%	2.5%	2.0%	

The energy landscape has evolved significantly over the past decade and continues to evolve at a rapid pace. Since EPLC's last rebasing in 2018, there have been significant business environment changes that impact operating costs. Utilities across the globe are shifting towards a smarter, more resilient and sustainable grid, and Ontario utilities are in line with this direction. Significant change has occurred, challenging the ways local distribution companies currently operate and impacting the costs associated with traditional operations. Local distribution companies need to grow and evolve to keep pace with the changing landscape of the industry and to ensure federal, provincial, and municipal mandates and targets are being met. As such, the evolution of the sector has, and will continue to have, significant impacts on distribution system operations. This section highlights some of the factors that have impacted Essex Powerlines and its operating costs.

Regulatory and Policy Changes

The regulatory landscape has evolved significantly in the last decade, with an increase in regulatory and public policy initiatives that utilities are mandated to follow and report on. Essex Powerlines has maintained compliance with the increasing regulatory landscape, however, at a cost to its employees and customers. With the expectation that local distribution companies must evolve their operations to meet the demands of the changing electricity landscape, they are also encumbered with ensuring that compliance is met for the growing regulatory needs, while at the same time ensuring better and increased engagement with customers. Employees have increased pressure to maintain existing duties while conforming to new mandates in a short period of time. Below are some of the mandated programs that have been introduced since EPLC's 2018 COS, some of which have put upward pressure on costs:

- Implementation of the OEB Cyber Security Framework (2018)
- Increased reporting for Activity and Program-based Benchmarking Initiative (2019)
- The cancellation and centralization of Conservation and Demand Management (2019 & 2020)
- Implementation of the Ontario Rebate for Electricity Consumers Act ("OREC") (2019)
- Implementation of changes to Customer Service Rules (2019 & 2020)
- Continued connection of Renewable Generation

- Implementation of the OEB's standardized accounting process for RPP settlement (2019)
- Elimination of the Collection of Account Charge (2019)
- Installation of Metering Inside the Settlement Timeframe (MIST) meters for GS>50kW customers (2020)
- Implementation of COVID-19 Billing Changes (2020)
- Implementation of Time-of-Use Opt-Out and Tiered-Pricing (2020)
- Implementation of Ultra Low Pricing (2023)
- Implementation of Green Button (2023)

Resources to address regulatory demands and processes continue to be a concern for Essex Powerlines. EPLC has experienced significant turnover in regulatory roles, and jobs remain unfilled due to the inability to find and recruit qualified individuals.

Workforce and Job Market Changes

The utility sector has an impending obstacle as it relates to the current aging workforce and prospective job market, and EPLC's existing labour force is no exception. The utility sector across Ontario will see many of its employees becoming eligible for retirement in a relatively short timeframe, and as such, succession planning is key for knowledge transfer and dissemination of current operations.

Historically, jobs in the utility industry have been difficult to fill due to the institutional knowledge needed to navigate such a niche market. Onboarding new employees takes several months to years to reach optimal knowledge retention. Essex Powerlines has been pro-active in identifying positions with highest priority for succession planning but has had challenges in recruiting talent to its workforce, as competition for trades, engineering, regulatory, and experienced executive management has been historically high. Retaining and recruiting utility skills continues to be a major challenge in this market.

In the past year, EPLC has experienced significant turnover in its regulatory, engineering, and operations roles. While some jobs remain unfilled due to the inability to find and recruit qualified individuals, others have been filled but are currently undergoing the vigorous training needed to combat the large learning curve that is typical to the industry. When reviewing the ratio of metered customers to full time employees from EPLC's previous Cost-of-Service year in 2018 and comparing it to 2022, the ratio has significantly increased from 654 customer-per-employee to 734. This is primarily due to the growth of EPLC's customer base, as well as the reduced number of FTEs.

Moreover, with the changing landscape of the utility industry, EPLC will face even more challenges with recruiting new talent to fill the gaps between operating as a traditional local distribution company and transforming into a distribution system operator (DSO). More resources will be needed to mitigate constraints and burnout of existing employees and to successfully evolve with the market and occupy new market roles such as operating as a DSO.

As such, Essex Powerlines is making every effort to build up its existing workforce by attracting and retaining top talent, continuing to develop succession planning for critical/priority positions, and continuing to work on individual employee development plans for specific positions within the organization.

Customer Preferences and Expectations

Customers are becoming increasingly aware and knowledgeable of the electricity system and as such, are transitioning from a traditional consumer to an energy prosumer, where they are becoming active participants in the grid through both the consumption and supply of electricity. To enable consumer choice through electrification and conservation efforts, LDCs must evolve their current operations and implement new structures that enable the integration of increased DERs in a way that maximizes value to the ratepayer, while also maintaining reliability and safety.

LDCs are aware of the electricity transition that needs to occur to support the future of the grid, and as such, need to continue to emphasize their interactions with consumers by informing and engaging with them to ensure needs are being met and understood. As the lowest common denominator and direct point of contact with customers, LDCs must be able to respond to their demands by offering more innovative and customer-centric solutions. As such, Essex Powerlines will continue to deliver value to its customers, shareholders, and society by providing high-quality, low-cost, and reliable electricity, and by engaging with its customers to ensure maximum value is being achieved.

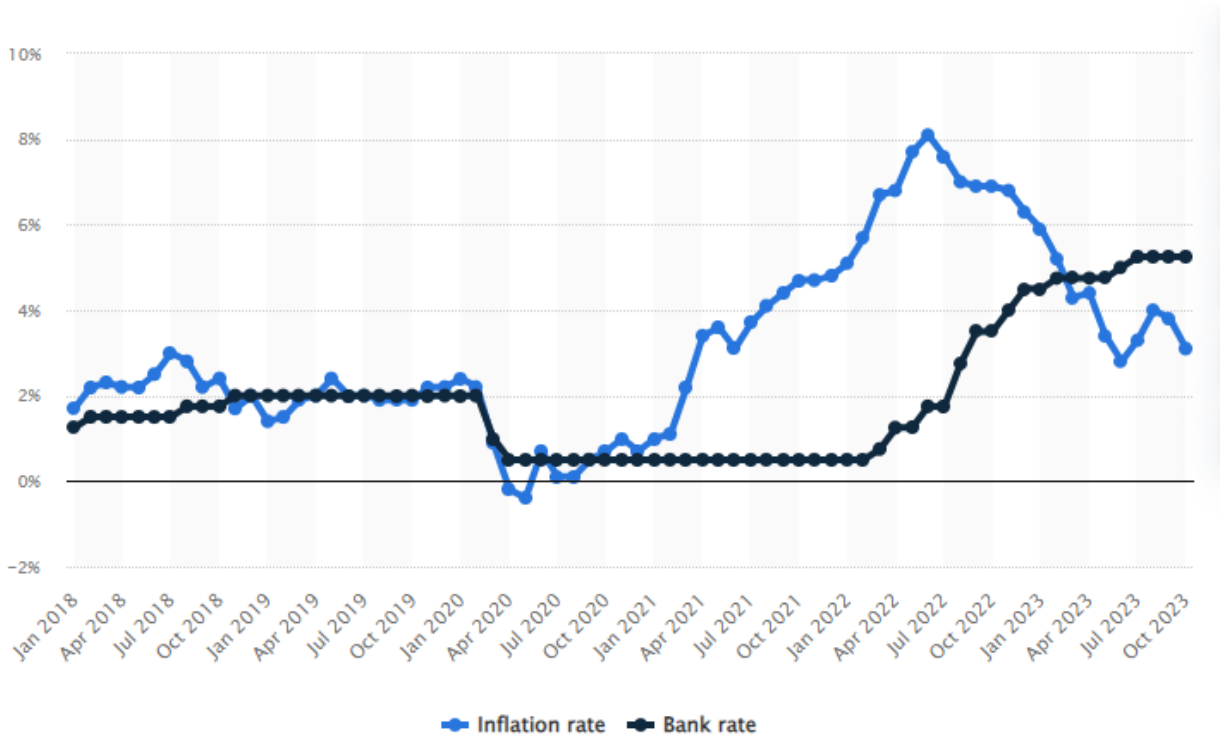
Technological Advancement and Cyber Security

Utilities are at the forefront of technological advancement, with new technologies being integrated into the grid, as well as used in the back-office to create efficiencies within the operations of the utility. Advancements in technology within the grid that EPLC has been exposed to include, but are not limited to, the integration of distributed energy resources, battery energy storage systems, market trading platforms, and microgrid solutions, among others. These new technologies are important and necessary for the advancement of the grid and to meet the growing needs of consumers.

With the implementation of new and innovative technologies, utilities have become susceptible to cyberattacks, and as their technology portfolio grows, they will become more exposed to cyber threats. Essex Powerlines has been proactively addressing vulnerabilities within the organization by integrating cybersecurity measures into its practices, to comply with industry best practices and the implementation of the OEB Cybersecurity Framework. As Essex Powerlines continues its roadmap to a more comprehensive and digitized utility, they are cognizant of the fact that they will become subjected to more frequent cybersecurity threats. EPLC will continue to take a multi-faceted approach to its cyber security practices by investing in advanced cyber security technologies, continuing to adapt and evolve its cybersecurity protocols, and implementing best-practice solutions to mitigate cyber security risk.

Global Inflation

Canada's annual inflation rate in 2023 was 3.1%, down from 6.9% in 2022, the highest level seen since 1991. The graph below indicates the average inflation rate and bank rate in Canada from January 2018 to October 2023.



Source: https://www.statista.com/statistics/1312251/canada-inflation-rate-bank-rate-monthly/

These inflationary increases over the last few years have caused significant cost increases on materials, goods, and services related to Essex Powerlines' capital and operating costs. Some examples of costs that have gone up between 2018 and 2023 include, but are not limited to:

- 66% increase in the price of diesel fuel and 37% increase in gasoline fuel costs.
- 47% average increase in costs for transformers
- 67% average increase in costs for wood poles
- 85% average increase in costs for wire and cable

EPLC continues to navigate through the operational changes that have occurred due to inflation and seeks areas of improvement to maintain affordable rates for customers, without compromising the safety and reliability of the distribution system.

COVID-19 Pandemic

The COVID-19 pandemic has caused significant increases in costs due to major supply chain disruptions. EPLC, alongside other utilities in Ontario, is facing pressure on ongoing supply costs and significant delays in the delivery of materials. This has greatly impacted timelines for completing some projects, and while the availability of materials and distribution system equipment is now beginning to alleviate, costs remain high. EPLC continues to manage customer relations as it relates to supply chain delays and is finding ways to mitigate the impact of COVID-19 on its day-to-day activities.

Adverse Weather Events

The energy industry has been facing increasing challenges to protect its distribution system from an increase in adverse weather events. As the climate changes, the frequency and intensity of weather events has become increasingly prevalent, threatening critical utility infrastructure, and making utilities vulnerable to reliability pressures. In addition, utilities are experiencing additional operational and reactive maintenance costs to restore power and reverse damage to the distribution system.

Understanding that these storms and adverse events are becoming more frequent, EPLC plans to invest in technology and tools that will help improve system reliability and resiliency. In addition, EPLC has focused on creating its Asset Condition Assessment Plan and Asset Replacement Plan to improve asset health and ensure system hardening. By having a proactive asset management plan, EPLC hopes to mitigate future costs related to adverse weather events.

Electrification of Transportation

The electrification of transportation in Canada will be profound for utilities, as they will play a pivotal role in the future of the transportation landscape. According to the IESO Planning Outlook Report[1], the overall electricity demand from transportation electrification is forecast to grow from about 2 TWh in 2025 to 44 TWh in 2050, an average annual growth rate of 12.8 percent. This is in part, due to the Government of Canada's announcement of achieving 100% zero-emission vehicle sales by 2035 for all new light-duty vehicles.

The transition to electrification poses many obstacles for utilities, including lack of visibility into current and future EV growth forecasts to ensure proper planning and opportunities for grid management and integration. EPLC has been proactive in its management of the transition by investing in and developing technologies, such as its DER & EV Visibility Tool embedded in SmartMAP, that uses detection algorithms to determine households that have EVs. In addition, EPLC has been successful in obtaining Natural Resources Canada funding through its Zero-Emission Vehicle Infrastructure Program, to act as a delivery organization to distribute funding to organizations who would like to install charging infrastructure in

[1] IESO Planning Outlook Report, https://ieso.ca/Sector-Participants/Planning-and-Forecasting/Annual-Planning-Outlook, p. 24.

public places, on-street, in multi-unit residential buildings, at workplaces, or for light-duty vehicle fleets. To date, 451 EV charging stations have been, or are in the process of being, installed within the Windsor-Essex Region.

While the above-mentioned initiatives are just stepping stones in the greater scheme of electrification of transportation, EPLC believes that larger steps need to be taken to support the wave of EVs that are expected to penetrate the region (and Ontario). A combination of investments in smart grid technologies, non-wires alternatives, and technology to retrieve real-time utility data and load forecasting at the distribution level are all necessary and imperative for a successful electrification transition. EPLC believes that through collaboration efforts with municipalities, regional government, Shareholders, the IESO, and the OEB, a fully integrated, modern, and innovative model could be developed for the utility of the future. This model would provide renewable and smart energy solutions to residential and commercial customers, utilizing advanced technologies, such as smart meters, microgrids, and blockchain to optimize the distribution and consumption of electricity.

Greenhouse Development, Manufacturing and Agriculture Landscape

According to the Windsor-Essex Regional Planning and Integrated Regional Resource Plan developed by the IESO, electricity demand in the Windsor-Essex Region, particularly in Kingsville-Leamington, is growing rapidly due to agriculture and manufacturing development. Electricity demand in Windsor-Essex and Chatham-Kent alone are forecast to grow from roughly 500MW of peak demand today to about 2,100 MW in 2035, almost the equivalent of adding a city the size of Ottawa to the grid. As such, the provincial government has announced the timely development of new electricity transmission infrastructure projects in the region to help alleviate some of the expected constraints, however, does not solve all the constraints that will emerge through the continued growth of both the indoor agriculture and manufacturing industry.

The greenhouse and agriculture industry has no signs of slowing down, as the existing geographic area is preferred due to the local industry expertise, access to labour, access to both Canadian and U.S. markets, and the availability of supporting services and infrastructure in nearby towns.

"Ontario's power system is operating within a period of tighter supply conditions" [2] according to the IESO's December 2023 18-month Reliability Outlook Report, and these tight supply conditions are paired with pronounced forecasted capacity constraints in southwest of the province.

The total locational capacity requirement West of London grows to 1,975 MW by 2035, 550 MW of which is in the Windsor-Essex and Chatham-Kent areas closer to the greenhouse loads (i.e., West of Chatham).[3] Forecasted growth in Windsor-Essex and Chatham Kent is significant and expected to exceed existing transmission system capacity such that the "Leamington T1/T2 and T3/T4 DESNs [are] expected to be

[2] IESO, Reliability Outlook January 2024 to June 2025, published December 2023, page 31
[3] IESO, 2022 Annual Planning Outlook, published December 2022, page 69

loaded above their long-term emergency ratings during the 10-year forecast period on both summer and winter".[4] [5] [6] In addition, the government recognized the importance of this need by issuing an Order in Council in April 2022 declaring the three transmission line projects recommended in the regional and bulk plans as priorities.[7] [8]

To be more certain in the materiality of the region's need, agricultural growth continues past 2035 as the total sector is "forecasted to grow from 5 TWh in 2024 to 8 TWh in 2043"[9] "primarily in the Kingsville-Leamington and Dresden areas".[10]

While new transmission infrastructure systems will be important in mitigating some of the constraints that Southwestern Ontario is expected to experience, it comes at a large cost to ratepayers and still leaves gaps for more permanent solutions to the lack of supply issue at hand. EPLC is cognizant of the demand and supply concerns in the area and continues to closely monitor the situation. Moreover, EPLC is investigating innovative solutions to help mitigate grid constraints while also minimizing the need for large build-out costs through its PowerShare project. PowerShare explores the opportunity of operating as a Distribution System Operator and creating local energy markets that allow for customers with existing DERs to participate. Utilizing existing capacity (as non-wires solutions) within the distribution system to alleviate constraints has many benefits, including allowing customers to maximize the value and monetize their DER assets, avoiding large build-out costs that would get passed down to ratepayers, and creating more visibility and control within the grid for local distribution companies and the IESO alike. Details regarding PowerShare can be found in EPLC's DSP attached to Exhibit 2, Section 5.4.1.

LDCs need to be creative in their approach to accommodate expected load growth in coming years, whether it is due to increased electrification or growth in the agriculture and manufacturing industries. With the support from the greenhouse industry, EPLC is developing a plan for increased investment in regulated assets and is looking forward to exploring new opportunities and methods to resolve grid constraints, while also being attentive to municipal, provincial, and federal mandates.

[4] IESO, Windsor-Essex Region Scoping Assessment Outcome Report, published May 2023, page 9
[5] Ministry of Energy, Powering Ontario's Growth, published July 2023, page 42
[6] IESO, Reliability Outlook January 2024 to June 2025, page 28
[7] Ministry of Energy, News Release published April 2022, "Ontario Supporting Economic Growth in Southwest Ontario"
[8] IESO, Windsor-Essex Region Scoping Assessment Outcome Report, published May 2023, page 7
[9] IESO, 2022 Annual Planning Outlook, published December 2022, page 22
[10] IESO, 2022 Annual Planning Outlook, published December 2022, page 21

4.2 Summary & Cost Drivers

4.2.1 Summary of Recoverable OM&A Expense

EPLC follows the Board's Accounting Procedures Handbook ("APH") in distinguishing work performed between operations and maintenance. A summary of EPLC's OM&A expenses (5005-5695, 6205), including LEAP payments, for the 2018 Board Approved, 2018-2023 Actuals, 2024 Bridge Year and 2025 Test Year is provided in Table 4-4: Summary of Recoverable OM&A Expenses below, which is consistent with the Boards' Appendix 2-JA. EPLC is proposing to recover 2025 Test Year costs through distribution rates for the 2025 Test Year. A copy of Appendix 2-JA is also included as Attachment 2-A of this Exhibit.

Table 4-4: EPLC Recoverable OM&A Expenses

	2018 Last Rebasing Year OEB Approved	2018 Last Rebasing Year Actuals	2019 Actuals	2020 Actuals	2021 Actuals	2022 Actuals	2023 Actuals	2024 Bridge Year	2025 Test Year
Operations	$ 1,353,708	$ 1,157,299	$ 1,420,487	$ 1,530,903	$ 1,650,600	$ 1,664,498	$ 1,668,725	$ 1,505,256	$ 1,890,101
Maintenance	$ 1,518,463	$ 1,342,812	$ 1,216,418	$ 1,116,273	$ 1,060,418	$ 1,345,704	$ 1,337,792	$ 1,108,968	$ 1,298,792
SubTotal	**$ 2,872,171**	**$ 2,500,110**	**$ 2,636,906**	**$ 2,647,176**	**$ 2,711,018**	**$ 3,010,202**	**$ 3,006,517**	**$ 2,614,224**	**$ 3,188,893**
%Change (year over year)		-13.0%	5.5%	0.4%	2.4%	11.0%	-8.1%	-5.5%	22.0%
%Change (Test Year vs Last Rebasing Year - Actual)									27.6%
Billing and Collecting	$ 1,520,150	$ 1,489,524	$ 1,405,915	$ 1,481,584	$ 1,363,856	$ 1,573,477	$ 1,776,082	$ 1,678,202	$ 1,972,974
Community Relations	$ 22,423	$ 38,490	$ 29,389	$ 33,268	$ 7,500	$ 8,082	$ 29,500	$ 12,500	$ 27,500
Administrative and General	$ 2,830,210	$ 3,786,773	$ 3,466,828	$ 3,936,991	$ 3,450,327	$ 3,909,209	$ 4,269,925	$ 4,700,485	$ 5,123,368
SubTotal	**$ 4,372,783**	**$ 5,314,788**	**$ 4,902,133**	**$ 5,451,843**	**$ 4,821,683**	**$ 5,490,769**	**$ 6,075,507**	**$ 6,391,187**	**$ 7,123,842**
%Change (year over year)		16.4%	-7.5%	12.0%	-10.1%	12.5%	13.1%	5.9%	11.5%
%Change (Test Year vs Last Rebasing Year - Actual)									40.0%
Total	**$ 7,244,955**	**$ 7,814,898**	**$ 7,539,038**	**$ 8,099,019**	**$ 7,532,701**	**$ 8,500,971**	**$ 9,082,024**	**$ 9,005,411**	**$ 10,312,735**
	%Change (year over year)		4.8%	-3.2%	7.8%	-5.9%	12.0%	5.5%	2.3%

4.2.2 Cost Driver Tables

EPLC has prepared a cost driver summary of historical and forecasted OM&A expenses consistent with Board Appendix 2-JB as Table 4-5 below. A copy of Board Appendix 2-JB is also included as Attachment 2-B of this Exhibit.

2025 Test Year OM&A costs of $10,312,735 are $3,067,780 higher than the 2018 OEB Approved level. Table 4-5, which is OEB Appendix 2-JB with a "Total" column added, provides a summary of the main cost drivers associated with OM&A changes from 2018 OEB Approved levels to the 2025 Test Year.

Table 4-5: EPLC OM&A Cost Drivers

OM&A	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Bridge Year	2025 Test Year	Total
Opening Balance	$7,244,955	$7,814,897	$7,539,038	$8,099,019	$7,532,700	$8,500,969	$9,082,022	$9,005,410	
Salaries, Wages and Benefits	($84,622)	($195,697)	$279,084	($228,735)	$390,197	$266,094	$209,423	$800,582	$1,436,326
Training	$24,414	($973)	($8,261)	($17,205)	$62,044	$19,621	($26,340)	$5,000	$58,300
Memberships, Licences, Fees	$53,235	($68,079)	$19,514	$24,220	$5,868	$15,539	$5,941	$4,274	$60,512
Safety Training	$86,870	$78,744	($109,817)	$46,574	$14,663	($5,522)	($4,001)	$2,150	$109,661
Vehicles	$48,690	($43,997)	$1,688	($100,762)	$148,074	($23,898)	($19,446)	$11,231	$21,580
Bad Debts	($12,858)	($66,961)	$113,409	($145,118)	$73,208	$133,520	($124,718)	$0	($29,518)
Customer Billing and Collecting	$142,622	($21,401)	$116,067	$114,610	$116,999	($28,964)	($12,705)	$5,178	$432,406
Materials	$2,125	$263,475	$162,104	$25,786	($207,783)	$176,876	$290,840	$265,295	$978,718
Computer Systems, Hardware and Software	($2,666)	$32,810	$29,563	$8,833	$1,142	$38,253	$48,494	$20,964	$177,393
Telephone/Communication	$9,024	($15,543)	$1,823	($8,668)	$32,900	$16,029	($13,164)	$2,572	$24,973
Outside Services incl tree trimming	$60,313	$36,220	($42,958)	($149,793)	$116,664	($34,409)	($449,844)	$116,438	($347,369)
Professional Services	$89,276	($153,473)	$35,898	($69,827)	$84,674	($68,963)	$69,886	$7,781	($4,748)
Administrative	$143,010	($130,164)	($17,616)	($50,896)	$99,990	$88,709	($61,097)	$14,360	$86,297
Building	$1,211	$6,008	$505	($18,189)	$17,148	($4,613)	$15,930	$51,500	$69,500
Closing Balance[2]	$7,814,897	$7,539,038	$8,099,019	$7,532,700	$8,500,969	$9,082,022	$9,005,410	$10,312,735	$3,067,780

For each driver, costs increase and decrease on a year-over-year basis throughout the 2018 to 2025 period. In general, these changes relate to timing differences on the execution of work, changing priorities, new initiatives, and general escalation.

The following discusses the material changes in the 2025 Test Year as compared to the 2018 OEB Approved levels by primary driver. 92% of the overall OM&A increase from 2018 Approved to the 2025 Test Year is in categories that exceed EPLC's materiality threshold and those are identified in Table 4-6 as follows:

Table 4-6: Primary Cost Drivers 2018-2025

Primary Cost Drivers 2018-2025	Total
Salaries, Wages and Benefits	$1,436,326
Materials	$978,718
Customer Billing and Collecting	$432,406
Computer Systems, Hardware and Software	$177,393
Building	$69,500
Administrative	$86,297
Outside Services incl tree trimming	($347,369)
Total	**$2,833,271**

Salaries, Wages and Benefits have increased by $1,436,326 between the 2018 OEB Approved amounts and the 2025 Test Year. There are two main impacts here; impacts of inflation, and costs associated to the addition of new positions in support of EPLC's growing customer base, the increasing demand for electricity, and to maintain and improve services to EPLC customers.

Inflationary increases from 2019 through 2025, based on OEB approved inflation factors, total 23.3% (compounded) and the increase Salaries, Wages and Benefits, between the OEB Approved Amount in 2018 and the 2024 Bridge Year amount is $794,711, which equates to 19.7%. There is some variation year-over-year with retirements, resignations and replacement hires, as well as due to progressions in union wages, however overall, the increase in costs is less than inflation.

In the 2025 Test Year, there is an increase over the 2024 Bridge Year of $800,582. Approximately $230,000 of this variance is the result of inflation when calculated at the OEB published rate of 4.8%. The balance is explained by the addition of 4 full-time positions in the organization as EPLC works to reduce the customer to FTE ratio, improve support to customers, and meet growing demand for electricity. The new positions include Distribution System Engineer; IT Cyber Security Analyst; Director of Customer Experience, and; Purchasing Manager. Salaries for these positions fall in line with others in the industry as outlined in the MEARIE 2023 Management Salary Survey of Local Distribution Companies. Descriptions of these positions and their importance as part of EPLC's workforce planning strategy are further detailed in Section 4.4 below.

Materials Variances

Materials increased by $978,718 during the 2018-2025 years. Contributors to this cost driver include a 2019 change to the inventory handling procedure so that material is taken out of inventory and moved to O&M when placed on a truck. Materials are then only charged to a capital job is used for such a job, and this created a one-time increase in material costs in O&M. Additionally, charges for material costs for locate work, when performed by EPLC staff, increased by over $300k during this time period; $100k in pole rental cots in excess of planned amounts and $50k related to materials used in the general maintenance of the EPLC building.

Customer Billing and Collecting Variances

Customer Billing and Collecting costs increases of $432,406 are the result of additional unplanned costs to amend/update the billing system to accommodate changes required by OEB regulation such as offering Green Button accessibility, introduction of OREC, and the Ultra Low Overnight Rate, as well as during the COVID-19 pandemic as billing changes were necessary to adjust for flat rate billing and other emergency measures. These one-time costs were incurred over the period under examination in this analysis, however, these costs have levelled off in the 2024 Bridge and 2025 Test Years as these changes have been made and these costs are not recurring.

Computer Systems, Hardware and Software Variances

Computer Systems, Hardware and Software increases of $177,393 are the result of investments in digitalization, as well as upgrades to tools and systems that provide additional and necessary cyber security protections to EPLC customer data.

Building Variances

Building increases of $69,500 are primarily the result of repairs that have proven necessary in 2023 and 2024, with some additional costs expected to be incurred for repairs in 2025.

Administrative Variances

Administrative increases in total account for an increase of $86,297 in costs. These costs have varied year over year with an annual average of approximately $10,000. This is the result of a variety of factors including increases and decreases in costs associated to maintaining administrative services such as office supplies, and small equipment or services used in running the administrative sections of the distributor. Costs for secure digital records storage and associated licensing are increases while these are partially offset by a reduction in costs for printing and office supplies.

Outside Services including Tree Trimming Variances

Outside Services (including Tree Trimming) reductions of $347,369 are the result of careful planning and stewardship of work programs associated with vegetation management. This program was managed through the COVID-19 pandemic and subsequently with an eye to improving efficiency through planning across the dis-contiguous service territories that EPLC serves. The 2024 Bridge Year shows a significant portion of this reduction with planned work in Outside services planned and executed in 2023 (where costs overall were increased). The 2025 Test Year shows a levelling off of these costs to a more 'expected' amount.

4.2.3 OM&A Cost Per Customer & Full-Time Equivalent

EPLC has prepared a recoverable cost per customer and FTE summary of historical and forecasted OM&A expenses consistent with Board Appendix 2-L as Table 4-7 below. A copy of Board Appendix 2-L is also included as Attachment 2-C of this Exhibit.

Table 4-7: EPLC Recoverable Cost per Customer & FTE

	2018 OEB Approved	2018 Actuals	2019 Actuals	2020 Actuals	2021 Actuals	2022 Actuals	2023 Actuals	2024 Bridge Year	2025 Test Year
Reporting Basis	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
OM&A Costs									
O&M	$ 2,872,171	$ 2,500,110	$ 2,636,906	$ 2,647,176	$ 2,711,018	$ 3,010,202	$ 3,006,517	$ 2,614,224	$ 3,188,893
Admin Expenses[6]	$ 4,372,784	$ 5,314,787	$ 4,902,133	$ 5,451,843	$ 4,821,683	$ 5,490,768	$ 6,075,507	$ 6,391,187	$ 7,123,842
Total Recoverable OM&A from Appendix 2-JB[5]	$ 7,244,955	$ 7,814,897	$ 7,539,039	$ 8,099,019	$ 7,532,701	$ 8,500,970	$ 9,082,024	$ 9,005,411	$ 10,312,735
Number of Customers [2,4]	33,073	33,008	33,328	33,674	33,926	34,169	34,362	34,659	34,958
Number of FTEs [3,4]	46	46	46	43	43	42	45	47	51
Customers/FTEs	719	718	725	783	789	814	764	737	685
OM&A cost per customer									
O&M per customer	$87	$76	$79	$79	$80	$88	$87	$75	$91
Admin per customer	$132	$161	$147	$162	$142	$161	$177	$184	$204
Total OM&A per customer	$219	$237	$226	$241	$222	$249	$264	$260	$295
OM&A cost per FTE									
O&M per FTE	$62,439	$54,350	$57,324	$61,562	$63,047	$71,671	$66,811	$55,622	$62,527
Admin per FTE	$95,061	$115,539	$106,568	$126,787	$112,132	$130,733	$135,011	$135,983	$139,683
Total OM&A per FTE	$157,499	$169,889	$163,892	$188,349	$175,179	$202,404	$201,823	$191,604	$202,210

Total OM&A per FTE and OM&A per customer has increased over the historical period. Total OM&A per customer was $219 and total OM&A per FTE was $157,499 per customer in the last rebasing application in 2018. In the 2025 Test Year, these figures are $295 and $202,210 respectively.

OM&A per customer is $76 (33%) higher in 2025 as compared to the 2018 OEB approved level; the compounded OEB inflationary increases during that same time frame is 23.3%. The remaining difference is largely the result of increased staff resources to adequately support electrification of the grid and an increasing customer base, along with additional costs for billing and collecting. Variance analysis by work program is detailed below in Section 4.3 of this Exhibit.

OM&A per FTE is $44,711 (27%) higher in 2025 as compared to the 2018 OEB approved level. While EPLC is proposing to increase the number of FTEs in this Application, the measure of cost/FTE is at a rate slightly above that of inflation.

A portion of both the increase per Customer and per FTE occurs in 2018, when comparing 2018 Actuals to the 2018 OEB Approved amounts. EPLC's previous Application (EB-2017-0039), was settled well into that rate year and during that settlement process, the one-time costs associated with the preparation of that application, and which were approved to be included in OM&A over the 5-year rebasing period, were actually expensed in 2018. Analysis shows that between the 2018 Actuals and the 2025 Test Year figures for OM&A per customer and per FTE, increases are 28.3% and 22.6% respectively which are more closely in line with inflation during that same period.

Benchmarking against several other utilities highlights that although costs per FTE and customer have increased at EPLC, they reflect reasonable consideration of costs and spending requirements across customers and on a low employee headcount. Metrics from several other LDCs that are either geographically close, similar size or similar service territory composition, have been compared with EPLC. The benchmarking highlights that EPLC is in the bottom two or three of its cohort for overall costs per customer and costs per kilometer of line.

Table 4-8: Benchmarking Cost per Customer and Cost per Km of Line

	Total Cost ($) per Customer				
	2018	2019	2020	2021	2023
Bluewater Power Distribution Corp	$ 730	$ 734	$ 710	$ 714	$ 779
E.L.K. Energy Inc.	$ 402	$ 418	$ 380	$ 437	$ 559
Entegrus Powerlines Inc.	$ 563	$ 566	$ 553	$ 558	$ 627
EnWin Utilities Ltd.	$ 717	$ 709	$ 692	$ 675	$ 717
ERTH Power Corporation	$ 703	$ 691	$ 680	$ 676	$ 720
Essex Powerlines Corporation	$ 578	$ 580	$ 577	$ 564	$ 625
Westario Power Inc.	$ 575	$ 601	$ 588	$ 610	$ 691
	Total Cost ($) per Km of Line				
	2018	2019	2020	2021	2023
Bluewater Power Distribution Corp	$ 34,186	$ 34,186	$ 34,871	$ 21,695	$ 21,932
E.L.K. Energy Inc.	$ 30,795	$ 30,795	$ 31,613	$ 28,537	$ 31,789
Entegrus Powerlines Inc.	$ 26,787	$ 26,787	$ 10,982	$ 11,008	$ 10,670
EnWin Utilities Ltd.	$ 13,660	$ 13,660	$ 13,539	$ 13,236	$ 12,989
ERTH Power Corporation	$ 39,341	$ 39,341	$ 36,992	$ 36,142	$ 35,797
Essex Powerlines Corporation	$ 37,960	$ 37,960	$ 10,907	$ 10,979	$ 10,789
Westario Power Inc.	$ 24,850	$ 24,850	$ 25,517	$ 24,427	$ 25,340

Benchmarking of total cost customer shows that EPLC has the second lowest cost per customer in the cohort and is 24% lower than the highest.

It is noted that the Cost per Km of Line benchmarking has some clear differences in the way that Km of Line is calculated, and even within EPLC's numbers, there is a change in the reporting methodology between 2019 and 2020, however, these numbers still demonstrate that EPLC is in the lower 1/3 of cost when compared to similar LDC's.

4.3 Program Delivery and Variance Analysis

4.3.1 Overview

EPLC's various OM&A programs are summarized below as Table 4-9. Table 4-9 has been completed, consistent with Board Appendix 2-JC which is also included as Attachment 4-D of this Exhibit. All programs align with EPLC's Core Values outlined in Exhibit 1 of this Application.

In accordance with Chapter 2 Filing Requirements, an applicant must provide justification for changes from year to year to its rate base, capital expenditures, and OM&A spending above a materiality threshold. As detailed in Exhibit 1, EPLC has used a materiality threshold of $90,000. In some cases, EPLC has provided analysis of variance below the materiality threshold.

Table 4-9: EPLC OM&A Programs

Programs	2018 OEB Approved	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Bridge Year	2025 Test Year	Variance 2025 Test Year vs. 2023 Actual	Variance (2025 Test Year vs. 2018 OEB Approved
Reporting Basis	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS		
Operations											
Cable Locates	$451,196	$301,253	$406,916	$549,396	$548,230	$420,767	$569,695	$325,207	$564,506	($5,189)	$113,310
General Customer Inquiries & Miscellaneous	$224,633	$246,215	$299,581	$317,377	$353,678	$293,521	$297,897	$272,206	$325,584	$27,687	$100,951
Meter Operations	$216,785	$271,854	$219,982	$220,278	$219,733	$257,891	$212,034	$175,541	$332,491	$120,457	$115,706
Operations Management	$201,357	$91,358	$243,107	$210,614	$215,323	$147,663	$100,035	$323,293	$274,404	$174,369	$73,047
Overhead Operations	$114,893	$108,865	$99,041	$139,668	$146,066	$361,405	$336,912	$225,164	$231,872	($105,040)	$116,979
Transformer Operations	$86,805	$72,240	$55,100	$29,232	$58,958	$62,477	$26,765	$69,371	$38,399	$11,634	($48,406)
Underground Operations	$58,040	$65,513	$96,760	$64,338	$108,612	$120,775	$125,387	$114,474	$122,845	($2,542)	$64,805
Sub-Total	$1,353,709	$1,157,299	$1,420,487	$1,530,903	$1,650,600	$1,664,498	$1,668,725	$1,505,256	$1,890,101	$221,376	$536,392
Maintenance											
Emergency Response	$254,709	$272,763	$208,890	$191,964	$197,356	$247,390	$211,437	$185,376	$205,567	($5,870)	($49,142)
Field Service Maintenance	$56,877	$36,318	$89,102	$79,763	$34,471	$101,457	$121,401	$45,518	$112,290	($9,111)	$55,413
Overhead/Underground Maintenance	$473,031	$506,559	$387,938	$356,504	$366,518	$459,439	$392,669	$344,270	$381,768	($10,901)	($91,263)
Vegetation Control	$653,126	$477,072	$460,912	$400,555	$407,054	$466,343	$539,192	$453,314	$514,612	($24,580)	($138,514)
Transformer Maintenance	$80,720	$50,099	$69,577	$87,487	$55,019	$71,075	$73,093	$80,490	$84,555	$11,462	$3,835
Sub-Total	$1,518,463	$1,342,812	$1,216,418	$1,116,273	$1,060,418	$1,345,704	$1,337,792	$1,108,968	$1,298,792	($39,000)	($219,671)
Customer Service											
Bad Debts	$159,518	$96,660	$29,699	$143,108	($2,010)	$71,198	$204,718	$80,000	$80,000	($124,718)	($79,518)
Community Relations	$22,423	$40,954	$36,261	$34,168	$8,459	$12,679	$27,662	$12,500	$27,500	($162)	$5,077
Customer Service & Billing	$1,151,144	$1,021,010	$1,037,817	$1,022,104	$1,047,360	$1,165,802	$1,129,234	$1,201,706	$1,275,198	$145,964	$124,054
Customer Collections	$209,488	$369,390	$331,529	$315,473	$317,547	$331,880	$443,968	$396,496	$617,776	$173,808	$408,288
Sub-Total	$1,542,573	$1,528,014	$1,435,305	$1,514,852	$1,371,356	$1,581,560	$1,805,582	$1,690,702	$2,000,474	$194,892	$457,901
Administration											
General Building Expenses	$342,304	$442,620	$490,713	$529,386	$540,875	$563,312	$703,581	$805,035	$795,008	$91,427	$452,704
Office Supplies	$238,850	$240,803	$233,928	$221,237	$199,165	$250,348	$294,302	$279,738	$282,160	($12,142)	$43,310
Audit, Legal & Consulting	$63,891	$207,013	$189,699	$225,597	$141,488	$223,178	$168,496	$442,368	$249,149	$80,653	$185,258
Regulatory Affairs	$393,533	$519,964	$254,114	$283,882	$293,427	$339,699	$366,370	$446,297	$556,416	$190,046	$162,883
Administration & HR Expenses	$1,791,632	$2,376,373	$2,298,374	$2,676,890	$2,275,372	$2,532,672	$2,737,176	$2,727,047	$3,240,635	$503,459	$1,449,003
Sub-Total	$2,830,210	$3,786,773	$3,466,828	$3,936,991	$3,450,327	$3,909,209	$4,269,925	$4,700,485	$5,123,368	$853,443	$2,293,158
Total	**$7,244,955**	**$7,814,897**	**$7,539,039**	**$8,099,019**	**$7,532,701**	**$8,500,970**	**$9,082,024**	**$9,005,411**	**$10,312,735**	**$1,230,711**	**$3,067,780**

Table 4-10 below is the year-over-year comparison of OM&A expenses by work program. Where a material variance is noted, analysis and explanations are provided in the subsections below. UsoA are grouped as follows:

ADMINISTRATION			
	General Building Expenses		
		5665	Miscellaneous General Expenses
		5675	Maintenance of General Plant
	Office Supplies		
		5620	Office Supplies and Expenses
	Audit, Legal and Consulting		
		5630	Outside Services Employed
	Regulatory Affairs		
		5655	Regulatory Expenses
	Administration and HR Expenses		
		5605	Executive Salaries and Expenses
		5610	Management Salaries and Expenses
		5615	General Administrative Salaries and Expenses
		5635	Property Insurance
		5640	Injuries and Damages
		5645	Employee Pensions and Benefits
		5647	Employee Sick Leave
		6205	Donations - LEAP Funding - Sub-account
CUSTOMER SERVICE			
	Bad Debt		
		5335	Bad Debt Expense
	Community Relations		
		5405	Supervision
		5410	Community Relations - Sundry
		5415	Energy Conservation
		5420	Community Safety Program
		5425	Miscellaneous Customer Service and Information
		5505	Supervision
		5510	Demonstrating and Selling Expense
		5515	Advertising Expense
		5520	Miscellaneous Sales Expense
	Customer Service and Billings		
		5305	Supervision
		5310	Meter Reading Expense
		5315	Customer Billing
	Customer Collections		
		5320	Collecting
		5330	Collection Charges
		5340	Miscellaneous Customer Account Expenses

MAINTENANCE			
	Emergency Response		
		5105	Maintenance Supervision and Engineering
		5125	Maintenance of Overhead Conductors and Devices
		5130	Maintenance of Overhead Services
		5145	Maintenance of Underground Conduit
		5150	Maintenance of Underground Conductors and Devices
		5155	Maintenance of Underground Services
	Field Service Maintenance		
		5120	Maintenance of Poles, Towers and Fixtures
		5175	Maintenance of Meters
	Overhead/Underground Maintenance		
		5105	Maintenance Supervision and Engineering
		5125	Maintenance of Overhead Conductors and Devices
		5130	Maintenance of Overhead Services
		5145	Maintenance of Underground Conduit
		5150	Maintenance of Underground Conductors and Devices
		5155	Maintenance of Underground Services
	Vegetation Control		
		5135	Overhead Distribution Lines and Feeders - Right of Way
	Transformer Maintenance		
		5114	Maintenance of Distribution Station Equipment
		5160	Maintenance of Line Transformers
OPERATIONS			
	Cable Locates		
		5070	Customer Premises - Operation Labour
	General Customer Inquiries and Miscellaneous		
		5085	Miscellaneous Distribution Expense
		5096	Other Rent
	Meter Operations		
		5065	Meter Expense
	Station Operations		
		5016	Distribution Station Equipment - Operation Labour
		5017	Distribution Station Equipment - Operation Supplies and Materials
	Operations Management		
		5005	Operation Supervision and Engineering
		5010	Load Dispatching
	Overhead Operations		
		5020	Overhead Distribution Lines and Feeders - Operation Labour
		5025	Overhead Distribution Lines and Feeders - Operation Supplies and Expenses
	Transformer Operations		
		5035	Overhead Distribution Transformers - Operation
		5055	Underground Distribution Transformers - Operation
	Underground Operations		
		5040	Underground Distribution Lines and Feeders - Operation Labour
		5045	Underground Distribution Lines and Feeders - Operation Supplies and Expenses
		5050	Underground Subtransmission Feeders - Operation

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Table 4-10: Year-over-Year Variances by Work Program

Programs	2018 OEB Approved	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Bridge Year	2025 Test Year
Reporting Basis		MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
Operations				-------- Year Over Year Changes ------					
Cable Locates	$451,196	($149,943)	$105,663	$142,480	($1,167)	($127,463)	$148,928	($244,488)	$239,299
General Customer Inquiries & Miscellaneous	$224,633	$21,582	$53,366	$17,796	$36,302	($60,157)	$4,376	($25,691)	$53,378
Meter Operations	$216,785	$55,069	($51,871)	$295	($545)	$38,158	($45,857)	($36,493)	$156,950
Operations Management	$201,357	($109,999)	$151,748	($32,493)	$4,709	($67,660)	($47,628)	$223,258	($48,889)
Overhead Operations	$114,893	($6,028)	($9,825)	$40,627	$6,398	$215,339	($24,493)	($111,748)	$6,708
Transformer Operations	$86,805	($14,565)	($17,140)	($25,868)	$29,726	$3,519	($35,712)	$42,606	($30,972)
Underground Operations	$58,040	$7,473	$31,247	($32,422)	$44,274	$12,164	$4,612	($10,913)	$8,371
Sub-Total	$1,353,709	($196,410)	$263,189	$110,415	$119,697	$13,898	$4,227	($163,469)	$384,845
Maintenance									
Emergency Response	$254,709	$18,054	($63,873)	($16,926)	$5,392	$50,034	($35,953)	($26,061)	$20,191
Field Service Maintenance	$56,877	($20,559)	$52,783	($9,338)	($45,292)	$66,986	$19,944	($75,883)	$66,772
Overhead/Underground Maintenance	$473,031	$33,528	($118,621)	($31,434)	$10,014	$92,921	($66,770)	($48,399)	$37,498
Vegetation Control	$653,126	($176,054)	($16,160)	($60,357)	$6,499	$59,289	$72,849	($85,878)	$61,298
Transformer Maintenance	$80,720	($30,621)	$19,477	$17,911	($32,468)	$16,055	$2,018	$7,397	$4,065
Sub-Total	$1,518,463	($175,651)	($126,394)	($100,145)	($55,855)	$285,286	($7,912)	($228,824)	$189,824
Customer Service									
Bad Debts	$159,518	($62,858)	($66,961)	$113,409	($145,118)	$73,208	$133,520	($124,718)	$0
Community Relations	$22,423	$18,531	($4,693)	($2,093)	($25,709)	$4,221	$14,983	($15,162)	$15,000
Customer Service & Billing	$1,151,144	($130,134)	$16,807	($15,713)	$25,257	$118,442	($36,568)	$72,472	$73,492
Customer Collections	$209,488	$159,902	($37,862)	($16,056)	$2,074	$14,333	$112,088	($47,472)	$221,280
Sub-Total	$1,542,573	($14,559)	($92,709)	$79,547	($143,496)	$210,203	$224,022	($114,880)	$309,772
Administration									
General Building Expenses	$342,304	$100,316	$48,093	$38,673	$11,489	$22,436	$140,269	$101,454	($10,027)
Office Supplies	$238,850	$1,953	($6,875)	($12,691)	($22,072)	$51,183	$43,954	($14,564)	$2,422
Audit, Legal & Consulting	$63,891	$143,122	($17,315)	$35,898	($84,109)	$81,691	($54,682)	$273,872	($193,219)
Regulatory Affairs	$393,533	$126,431	($265,849)	$29,768	$9,545	$46,272	$26,671	$79,927	$110,119
Administration & HR Expenses	$1,791,632	$584,741	($77,999)	$378,516	($401,518)	$257,300	$204,504	($10,129)	$513,588
Sub-Total	$2,830,210	$956,563	($319,945)	$470,164	($486,665)	$458,882	$360,716	$430,560	$422,883
Total	**$7,244,955**	**$569,942**	**($275,859)**	**$559,981**	**($566,318)**	**$968,269**	**$581,054**	**($76,613)**	**$1,307,324**

4.3.2 Operations Work Programs

The Operations category is comprised of Cable Locates, General Customer Enquiries, Meter Operations, Operations Management, Overhead, and Transformer and Underground Operations work programs. In this category, productivity improvements and careful planning have permitted efficiency gains that have largely offset inflationary increases in most areas.

4.3.2.1 Cable Locates

Program Overview

EPLC is required under the Ontario Underground Infrastructure Notification System Act, 2012 (the Act) to identify the location of its underground distribution system when requested, to ensure that homeowners and contractors can dig safely when excavating a new building, repairing buried infrastructure, landscaping, or pursuing any other project which requires them to break ground. This service is referred to as 'cable locating' or 'locates' and is facilitated by Ontario One Call. EPLC is responsible for the service costs associated with locate requests in its service territory and EPLC's duties under the Act include but are not limited to:

- Providing excavators with responses to excavation requests within five business days;

- Reporting the completion of those locate responses to Ontario One Call within three business days; and
- Ensuring Ontario One Call has factual up-to-date information.

EPLC relies on a third-party provider to perform this work. The cost of the locate program includes the service fee to Ontario One Call and the cost of performing the locate, which can vary depending on the nature of the locate requested.

Program Costs

Programs	2018 OEB Approved	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Bridge Year	2025 Test Year	Variance 2025 Test Year vs. 2023 Actual	Variance (2025 Test Year vs. 2018 OEB Approved
Operations											
Cable Locates	$451,196	$301,253	$406,916	$549,396	$548,230	$420,767	$569,695	$325,207	$564,506	($5,189)	$113,310

Variance Analysis and Explanation

Locate costs have varied year-over-year during the historical period shown above. The 2025 Test Year is slightly lower than 2023 Actuals, and $113,310 higher than the 2018 OEB Approved amount. This increase is due to challenges with third-party contractors being able to perform work as needed, and this combined with the current third-party locate provider announcing their plan to cease providing locating services in southwestern Ontario, led to a change to providers that ultimately was a slight cost reduction.

4.3.2.2 General Customer Enquiries

Program Overview

This program relates to EPLC assessing and responding to various customer inquiries including low voltage calls, power quality issues, high bill investigations, and other miscellaneous requests.

Program Costs

Programs	2018 OEB Approved	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Bridge Year	2025 Test Year	Variance 2025 Test Year vs. 2023 Actual	Variance (2025 Test Year vs. 2018 OEB Approved
Operations											
General Customer Inquiries & Miscellaneous	$224,633	$246,215	$299,581	$317,377	$353,678	$293,521	$297,897	$272,206	$325,584	$27,687	$100,951

Variance Analysis and Explanation

The is an increase in this work program in the 2025 Test Year over the 2018 OEB approved amount of $100,951 (44.9%). 23.3% can be attributed to inflationary increases over that time period and the remaining is the result in investments in tools such as an AI assistant on EPLC's website and an automated call answering program.

4.3.2.3 Meter Operations

Program Overview

The Meter Operations program at EPLC supports over 34,000 meters and metering equipment necessary to record consumption and demand for billing and market settlement purposes. This program includes Metering Services which is responsible for maintaining and testing metering equipment to ensure proper functionality and compliance with applicable legislative and regulatory requirements. Meter testing is a requirement under the Electricity and Gas Inspection Act (R.S.C., 1985, c. E-4) ("Electricity and Gas Inspection Act") enforced and administered by Measurement Canada.

Metering is a fundamental activity for a distribution company and the implementation of Smart Meters has had a significant impact on this Program. In addition to a complete transition from an 'analog' to a 'digital' meter environment, the Meter Operations Program has also been required to integrate three new technology streams: wireless communications, data system management, and customer facing applications, all based on new digital technologies.

The Meter Operations work program is responsible for the installation, testing, and commissioning of new metering and for the ongoing operations of existing metering, including simple and complex metering installations. Testing of complex metering installations ensures the accuracy of the installation (e.g., to verify that the appropriate meter multipliers are applied through the billing process). The scope of work also includes investigation of potential stopped meters, diversion and/or theft of power which may give rise to unsafe conditions or cause other customers to be inappropriately held financially responsible for overall costs.

The metering program benefits customers in two ways:

1. The ongoing accurate operation of meters provides real time operating data to SCADA and other systems that support Systems Operations, and
2. Ensuring that bills are computed correctly, therefore ensuring that customers are fairly charged for the services received.

EPLC's Metering Operations group ensures accurate and compliant metering, meter reading, and other services to ultimately support accurate billing. These programs have ensured that EPLC has achieved billing accuracy that exceeds the OEB performance scorecard of >98%. Smart Meters have also become a foundational data source for other operational processes (i.e., outage data, voltage data), customer consumption and demand data made available through self-serve online portals and the Green Button Download My Data ("DMD") and Connect My Data ("CMD") interfaces. The goal of EPLC's Meter Operations Program is to install, maintain, and operate utility metering, sensors, information, and communications technology to support an enhanced utility, industry, and end-use customer experience.

Metering Services' operations includes a full scope of activities starting with measuring energy flows within the EPLC's system, for both purchases and distribution, to providing individual customer usage amounts for billing and revenue collection.

This program seeks to realize OEB Renewed Regulatory Framework performance outcomes in the areas of Customer Focus and Operational Effectiveness. Accurate metering and billing underpin ratepayer trust and confidence in the entire electricity system and promote EPLC's capable as an electricity distributor to their customers.

Program Costs

Programs	2018 OEB Approved	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Bridge Year	2025 Test Year	Variance 2025 Test Year vs. 2023 Actual	Variance (2025 Test Year vs. 2018 OEB Approved
Operations											
Meter Operations	$216,785	$271,854	$219,982	$220,278	$219,733	$257,891	$212,034	$175,541	$332,491	$120,457	$115,706

Variance Analysis and Explanation

Costs in the Meter Operations work program have increase in the 2025 Test Year by $120,457 in comparison to 2023 Actuals and by $115,706 in comparison to the 2018 OEB approved amount. This work program averages $214,000 per year and the variance is the result of an increase in 2025 (while 2024 was lower than average). There is an increase in Meter Operations in the 2025 Test Year, as EPLC's AMI 1.0 meter population is now approaching end of life and the second round of seal reverifications will be necessary beginning in 2025. The cost for that activity plus ongoing and increasing meter failures due to age are the contributing factors to this increase. A full examination of the Metering Program and associated costs plus future plans is detailed in the DSP appended to Exhibit 2 as Attachment 2-A.

4.3.2.4 Operations Management

Program Overview

This program relates to management and supervision required to operate the distribution grid effectively and safely. Included are various health and safety initiatives, system modelling, system optimization, and the control room operations.

The control room is responsible for the ongoing monitoring, control, and management of the distribution network with the objective of maintaining a safe and reliable supply of electricity for customers. The primary functions of the Control Room are acting as the controlling authority, preparation and issuing of work permits to establish safe work areas for all crews, preparing switching orders for load transfer and isolation, providing supporting guarantees, outage management (which includes dispatching, restoration efforts and event tracking), security monitoring, and communicating with customers regarding outages. The Control Room is also responsible for keeping the "as operated" model of the distribution system up to date with current field conditions.

Program Costs

Programs	2018 OEB Approved	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Bridge Year	2025 Test Year	Variance 2025 Test Year vs. 2023 Actual	Variance (2025 Test Year vs. 2018 OEB Approved
Operations											
Operations Management	$201,357	$91,358	$243,107	$210,614	$215,323	$147,663	$100,035	$323,293	$274,404	$174,369	$73,047

Variance Analysis and Explanation

Operations Management expenses have fluctuated over the 2018-2025 period, largely due to significant variation in control room costs. There is an increase between the 2025 Test Year and 2023 Actuals of $174,369 (53.9%) and an increase of $73,047 (36.2%) from the 2025 Test Year over the 2018 OEB Approved amounts.

EPLC undertook to implement a third-party control room through services acquired from another LDC and realized planned costs for that initiative in 2019 through 2022. EPLC was not able to achieve desired results with the third-party and had to reassess the value of continuing to invest without achieving expected outcomes.

EPLC's intention was to further leverage a software tool, SmartMAP, to enable control room operations. EPLC already uses this software tool for engineering and load flow analyses, and to process meter data and notifications as the distributor's Outage Management System (OMS).

With these plans in mind and looking forward to additional grid modernization, automation, and digitization activities, EPLC made the decision to discontinue the original third-party control room work and evaluate other options. EPLC has since partnered with Welland Hydro to leverage complementary skill sets across the two utility teams and has successfully achieved implementation of a fully functional Control Room. Furthermore, this implementation was achieved on an expedited schedule due to the natural synergies between the two LDCs.

Additionally, this work resulted in enhancements to the original plan, such as full Supervisory Control and Data Acquisition (SCADA) integration. Real-time breaker status and voltage and current readings from distribution stations and signals from reclosers are communicated to the control room and displayed on the SCADA system. The Control Room uses these devices to support system operations, and when necessary, dispatch repair crews to manage equipment failures.

These improvements also leverage other grid-modernization initiatives underway at EPLC, such as deployment of a full complement of reclosers across several of EPLC's service territories, which in combination with SCADA and Control Room, are a key step towards achieving the self-healing grid and thereby improving reliability and resiliency for EPLC customers.

This Control Room work highlights the opportunity to achieve enhanced results while at the same time delivering those results at the best cost to ratepayers.

<u>2018 Actual vs 2018 OEB Approved</u>

The lower 2018 Actual expenditure compared to and the 2018 OEB Approved amount is due to a delay in implementation of the 3rd party control room.

<u>2019 Actual vs 2018 Actual</u>

The increase of $151,748 between the 2019 Actuals and the 2018 Actuals in this work program is the result of incurring planned 3rd party control room costs in 2019 that were anticipated in 2018 also. This is a reversal of the prior year's decrease.

2022 Actual vs 2021 Actual

There is a decrease of $67,670 in 2022 Actual when compared to 2021 Actual expenditures. This is due to the discontinuation of control room services with the original 3rd party and these costs begin again with a new implementation in 2024.

2024 Bridge Year to 2023 Actual

There is an increase of $223,258 in this work program in the 2024 Bridge Year when compared to 2023 Actual expenditures. This increase represents the costs for the new 3rd party control room work replacing costs that were discontinued when there was a change of partners for the work.

4.3.2.5 Overhead Operations

Program Overview

This program relates to the operational work that EPLC completes in relation to its overhead plant. Typical Overhead Operations work includes switching, load transfers, inspections, line-testing, and voltage analysis.

Program Costs

Programs Operations	2018 OEB Approved	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Bridge Year	2025 Test Year	Variance 2025 Test Year vs. 2023 Actual	Variance (2025 Test Year vs. 2018 OEB Approved
Overhead Operations	$114,893	$108,865	$99,041	$139,668	$146,066	$361,405	$336,912	$225,164	$231,872	($105,040)	$116,979

Variance Analysis and Explanation

In the Operations Overhead work program, EPLC recorded a significant increase in expenses in 2022 and although these have tapered slightly in subsequent years, the 2025 test year budget is $116,979 greater than the 2018 OEB approved amount.

2022 Actual vs 2021 Actual

The 2022 Actual amount is $215,339 higher than the 2021 Actual. Contributing to this increase is a greater than expected cost for disconnect/reconnect activities for both residential and commercial customers (in 2022 this expense was 150% of plan) and the addition of infrared preventative maintenance. The infrared PM program permits drone aerial inspections and is a key enhancement to EPLC's PM program.

4.3.2.6 Transformer Operations

Program Overview

The transformer operations program relates to the operational work that EPLC completes on its transformers. Typical Transformer Operations work generally includes testing, inspecting, resetting, or removing various transformers (both overhead and underground) in EPLC's system.

Program Costs

Programs	2018 OEB Approved	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Bridge Year	2025 Test Year	Variance 2025 Test Year vs. 2023 Actual	Variance (2025 Test Year vs. 2018 OEB Approved
Operations											
Transformer Operations	$86,805	$72,240	$55,100	$29,232	$58,958	$62,477	$26,765	$69,371	$38,399	$11,634	($48,406)

Variance Analysis and Explanation

There is no material variance in this work program.

4.3.2.7 Underground Operations

Program Overview

The Underground Operations work program relates to the operational work that EPLC completes in relation to its underground plant. Typical Underground Operations work includes switching, load transfers, load tests, inspections, line-testing, and voltage analysis.

Program Costs

Programs	2018 OEB Approved	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Bridge Year	2025 Test Year	Variance 2025 Test Year vs. 2023 Actual	Variance (2025 Test Year vs. 2018 OEB Approved
Operations											
Underground Operations	$58,040	$65,513	$96,760	$64,338	$108,612	$120,775	$125,387	$114,474	$122,845	($2,542)	$64,805

Variance Analysis and Explanation

There is no material variance in this work program.

4.3.3 Maintenance Work Programs

The Maintenance category is comprised of Emergency Response, Field Service Maintenance, Overhead/Underground Maintenance, Vegetation Control, and Transformer Maintenance work programs. In this category, productivity improvements and careful planning have permitted efficiency gains that have largely offset inflationary increases in most areas.

4.3.3.1 Emergency Response

Program Overview

This program relates to costs incurred for work that EPLC completes that is considered emergency. This includes dispatch by police, fire, paramedics, or other entities that require EPLC to respond to. Typical emergency response calls are related to motor vehicle accidents, damaged electrical plant due to weather,

or other foreign interference requiring immediate assistance. This work includes responding to customer calls and "lines down" calls, as well as cutting faulty lines clear. This is often performed outside normal working hours at considerably more cost.

Program Costs

Programs	2018 OEB Approved	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Bridge Year	2025 Test Year	Variance 2025 Test Year vs. 2023 Actual	Variance (2025 Test Year vs. 2018 OEB Approved
Maintenance											
Emergency Response	$254,709	$272,763	$208,890	$191,964	$197,356	$247,390	$211,437	$185,376	$205,567	($5,870)	($49,142)

Variance Analysis and Explanation

Costs in this program do not vary materially year-over-year.

4.3.3.2 Field Service Maintenance

Program Overview

This program relates to EPLC representatives performing various asset condition related testing in the field. This testing includes pole testing (hammer test, pole drilling), infrared scanning of various EPLC plant, vegetation growth review in a particular area, etc. Generally, the results of Field Service Maintenance work are used to validate or disprove the need for other, more specific maintenance.

Program Costs

Programs	2018 OEB Approved	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Bridge Year	2025 Test Year	Variance 2025 Test Year vs. 2023 Actual	Variance (2025 Test Year vs. 2018 OEB Approved
Maintenance											
Field Service Maintenance	$56,877	$36,318	$89,102	$79,763	$34,471	$101,457	$121,401	$45,518	$112,290	($9,111)	$55,413

Variance Analysis and Explanation

There is no material variance in this work program from 2018 to 2025.

4.3.3.3 Overhead/Underground Maintenance

Program Overview

Overhead/Underground Maintenance Programs encompass the cost of labour, materials, and expenses for the ongoing preventative and reactive maintenance of overhead and underground distribution assets such as poles, conductors, fixtures, services, duct, vaults, manholes, and other service equipment. Overhead preventative maintenance includes programs such as switch maintenance, and insulator repairs and replacement. It also includes such activities as, installing additional line clamps or strain insulators, moving, readjusting, and changing position of guys or braces, straightening and realigning poles and ancillary equipment, refusing line cut-outs and repairing grounds. It can also be work required by customers such as supporting conductors, transformers, and other fixtures due to customer work in proximity or due to joint use attachment. There is also preventative maintenance involved in ensuring

that customers' overhead services are connected, repaired, or maintained in a prompt and efficient manner and that overhead system maintenance is completed as scheduled. These activities help to minimize customer outages and avoid potentially costly repairs or replacement should equipment fail. Equipment maintenance and repairs are also expensed under this program as are tools required to maintain the distribution system such as hydraulic tools, recording equipment, jumper cables, and confined space rescue equipment.

The preventative work of the Overhead and Underground Maintenance Programs is critical for minimizing the need for reactive and emergency work through effective and proactive planned maintenance activities (including predictive and preventative actions), which minimizes customer outages and avoids potential costly repairs or replacements should equipment fail catastrophically.

EPLC strives to provide safe, reliable service at an appropriate level of quality and cost throughout its service territories. Operations on Overhead and Underground equipment are an important part of its overall strategy of minimizing undesirable service conditions and maintaining continuity of service through timely restoration.

Program Costs

Programs	2018 OEB Approved	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Bridge Year	2025 Test Year	Variance 2025 Test Year vs. 2023 Actual	Variance (2025 Test Year vs. 2018 OEB Approved
Maintenance											
Overhead/Underground Maintenance	$473,031	$506,559	$387,938	$356,504	$366,518	$459,439	$392,669	$344,270	$381,768	($10,901)	($91,263)

Variance Analysis and Explanation

There is an overall decrease of $91,263 between the 2025 Test Year and the 2018 OEB Approved amounts in this work program.

2022 Actual vs 2021 Actual

There is an increase in 2022 Actuals versus 2021 Actuals. This is due to timing of work and the increase is reversed in the following year.

4.3.3.4 Vegetation Control

Program Overview

This program relates to the removal or trimming of vegetation on, close, or near EPLC assets to prevent damage, interference, or failure. EPLC's rigorous vegetation control program has led to substantial reductions in SAIDI and SAIFI identified in Exhibit 2 (Service Reliability Indicators) of this Application.

Program Costs

Programs	2018 OEB Approved	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Bridge Year	2025 Test Year	Variance 2025 Test Year vs. 2023 Actual	Variance (2025 Test Year vs. 2018 OEB Approved
Maintenance											
Vegetation Control	$653,126	$477,072	$460,912	$400,555	$407,054	$466,343	$539,192	$453,314	$514,612	($24,580)	($138,514)

Variance Analysis and Explanation

The Vegetation Control work program costs in the 2025 Test Year are $24,580 lower than the 2023 Actuals, and costs in the 2025 Test Year are $138,514 lower (-21%) than the 2018 OEB Approved amounts. This reduction between the 2025 Test Year and the 2018 OEB Approved amounts is due to careful and consistent management of the Vegetation Control work program. With a slight reduction in trimming activity during the COVID-19 Pandemic, and moderate increase since, it is anticipated that these costs will remain at the 2025 Test Year level.

4.3.3.5 Transformer Maintenance

Program Overview

This program relates to various maintenance and upkeep work that EPLC completes on its transformers and previously on substations (prior to their retirement under the Single Voltage Utility initiative). Typical Transformer Maintenance work includes miscellaneous conversion work, investigation of potential problem areas identified through Field Service Maintenance, cleaning, and repair of damaged plant.

Two maintenance activities can result from a detailed inspection of a padmount or polemount transformer. One of which is that when the paint condition on the tank is visibly pealing or rusted, the transformer is removed from service for sandblasting and/or painting to restore the exterior and ensure that rusting does not result in a leaking tank. This activity is performed on both polemounted and padmounted transformers as well as those in stock. This ensures that the stock in the yard is available and in good condition to go into the field in an emergency. The second activity that can result from a detailed inspection is using a hydrovac to clean the concrete base or walls of a padmount transformer. This is done to determine the source and staining of oil on any surface. Rather than replacing the transformer due to staining present on the base and sides, the transformer and stain is cleaned and reinspected within 3 months to determine if staining reoccurs. If it does, the transformer is then scheduled for replacement, however, it has saved the utility from replacing transformers due to a stain that may have occurred during installation.

Program Costs

Programs	2018 OEB Approved	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Bridge Year	2025 Test Year	Variance 2025 Test Year vs. 2023 Actual	Variance (2025 Test Year vs. 2018 OEB Approved
Maintenance											
Transformer Maintenance	$80,720	$50,099	$69,577	$87,487	$55,019	$71,075	$73,093	$80,490	$84,555	$11,462	$3,835

Variance Analysis and Explanation

There is no material variance in this work program from 2018 to 2025.

4.3.4 Customer Service Work Programs

The Customer Service program is responsible for customer call center management and payment and collection functions. The Customer Service program expenses include salaries and benefits of the Customer Service staff, bad debt expense, and costs associated with collections management, credit management, and EPLC's telephone and answering system. Further details on the sub-programs are provided below.

4.3.4.1 Bad Debts

Program Overview

This program relates to amounts provided for losses on accounts receivable which have become uncollectible.

Program Costs

Programs	2018 OEB Approved	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Bridge Year	2025 Test Year	Variance 2025 Test Year vs. 2023 Actual	Variance (2025 Test Year vs. 2018 OEB Approved
Customer Service											
Bad Debts	$159,518	$96,660	$29,699	$143,108	($2,010)	$71,198	$204,718	$80,000	$80,000	($124,718)	($79,518)

Variance Analysis and Explanation

Bad Debt expenses have fluctuated year-over-year with the 7-year average being $88,972. 2021 Actuals are a significant deviation from the average due to a correction to the accounting related to planning for bad debts. The Allowance for Doubtful Accounts balance had been overprovided and the correction that that allowance resulted in the recorded amount for Bad Debts in 2021 appearing to be a recovery. With that correction, the average provides a more clear amount of what can be anticipated as bad debt going forward.

4.3.4.2 Community Relations

Program Overview

This program includes the cost of salaries and wages of employees, 3rd party services, and materials directly involved in providing services to the community. Communications is an important component of this work program. Communications is responsible for external and internal communications. This department develops communication plans and strategies to inform and educate customers on changes or new developments that may affect the services that they receive from EPLC. This department also runs campaigns for programs such as public safety initiatives and e-billing options.

Program Costs

Programs	2018 OEB Approved	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Bridge Year	2025 Test Year	Variance 2025 Test Year vs. 2023 Actual	Variance (2025 Test Year vs. 2018 OEB Approved
Customer Service											
Community Relations	$22,423	$40,954	$36,261	$34,168	$8,459	$12,679	$27,662	$12,500	$27,500	($162)	$5,077

Variance Analysis and Explanation

There are no material variances from 2018 to 2025 in this work program.

4.3.4.3 Customer Service & Billing

Program Overview

This program relates to EPLC's cost of answering various customer inquiries, maintaining a call center, and creating and issuing a monthly electricity bill to each of EPLC's electricity customers.

Program Costs

Programs	2018 OEB Approved	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Bridge Year	2025 Test Year	Variance 2025 Test Year vs. 2023 Actual	Variance (2025 Test Year vs. 2018 OEB Approved
Customer Service											
Customer Service & Billing	$1,151,144	$1,021,010	$1,037,817	$1,022,104	$1,047,360	$1,165,802	$1,129,234	$1,201,706	$1,275,198	$145,964	$124,054

Variance Analysis and Explanation

The Customer Service & Billing work program analysis shows an increase of $145,964 (12.9%) in the 2025 Test Year versus the 2023 Actuals and an increase of $124,054 (11%) in the 2025 Test Year versus the 2018 OEB Approved amount. These variances represent an overall increase in the 8 years that is less than the inflationary increases approved by the Board.

2018 Actual vs 2018 OEB Approved

The 2018 Actual result was $130,134 lower than the OEB Approved amount. This variance is offset by a similar overage in the Customer Collections work program. Costs were budgeted in one account but recorded in the other.

2022 Actual vs 2021 Actual

The 2021 Actual amount in this work program was an increase of $118,442. This is related to the implementation of an enhanced phone system that leverages automation and AI in allowing customers to self-serve and get information and answers to common questions; thereby permitting customer service agents to be available for customer interactions that require more detailed answers or individual assistance.

4.3.4.4 Customer Collections

Program Overview

This program relates to EPLC's cost of collecting amounts receivable from customers related to electricity charges.

Program Costs

Programs	2018 OEB Approved	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Bridge Year	2025 Test Year	Variance 2025 Test Year vs. 2023 Actual	Variance (2025 Test Year vs. 2018 OEB Approved
Customer Service											
Customer Collections	$209,488	$369,390	$331,529	$315,473	$317,547	$331,880	$443,968	$396,496	$617,776	$173,808	$408,288

Variance Analysis and Explanation

There is an increase in the Customer Collections work program of $173,808 (39%) in the 2025 Test Year over the 2023 Actuals and an increase of $408,288 (195%) when comparing the 2025 Test Year to the 2018 OEB Approved amounts.

2018 Actual vs 2018 OEB Approved

There is an increase of $159,902 in the 2018 actual vs the 2018 OEB Approved amount. This is offset by the decrease in the Customer Service & Billing work program. Costs were budgeted in one work program but recorded in the other.

2023 Actual vs 2022 Actual

There is an increase of $112,088 in the 2023 Actual amount in comparison to the 2022 Actual. Again, there is a partially offsetting amount in the Customer Service work program as costs associated to overtime related to several severe storms and working with customers and internal staff during those times was all allocated to accounts that fall in this category. Beyond that, additional spend in this area has been necessary with a planned overlap leading up to a maternity leave and then hiring and training a back filling staff.

2025 Test Year vs 2024 Bridge Year

There is an increase of $221,280 in the 2025 Test Year when compared to the 2024 Bridge Year. This is the result of increased spending on collection efforts and disconnection activities as we work closely alongside customers as we manage costs between collection efforts and bad debt expenses. The goal is to mitigate overall customer impacts.

4.3.5 Administration Work Programs

Administration Work Programs include General Building Expenses, Office Supplies, Audit, Legal & Consulting Fees, Regulatory Affairs, and Administration & HR Expenses. Details of the sub-programs are listed below.

4.3.5.1 General Building Expenses

Program Overview

This program relates to the overall expenses incurred to keep EPLC's Operations Centre, located at 2730 Highway #3, Oldcastle, ON functioning and safe. Costs include utilities, miscellaneous supplies required for maintenance, etc. EPLC had a building inspection completed in 2016 and the results of that inspection identified several areas of the building that would require maintenance or update within a 5-year window. Some of that work has been necessary in the years since that original inspection and a more focused inspection is planned in 2024, looking specifically at the building's exterior 'envelope', to plan future work.

Program Costs

Programs	2018 OEB Approved	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Bridge Year	2025 Test Year	Variance 2025 Test Year vs. 2023 Actual	Variance (2025 Test Year vs. 2018 OEB Approved
Administration											
General Building Expenses	$342,304	$442,620	$490,713	$529,386	$540,875	$563,312	$703,581	$805,035	$795,008	$91,427	$452,704

Variance Analysis and Explanation

This work program shows an increase of $91,427 in the 2025 Test Year vs the 2023 Actual and an increase of $452,704 in the 2025 Test Year when compared to the 2018 OEB Approved amount.

2018 Actual vs 2018 OEB Approved

The 2018 Actual amount is $100,316 higher than the 2019 OEB Approved amounts. This is due to some maintenance and repair work being necessary in the parking lot and associated drainage work, to ensure the safety of staff and to avoid potential vehicle or personal damage, as well as to mitigate ongoing deterioration of the asphalt.

2023 Actual vs 2022 Actual

The 2023 Actual amount is $140,269 higher than the 2022 Actual result in this work program, primarily due to required spending to repair the roof of the building, with the goal of ensuring no interior damage and to maintain a healthy and safe work environment for staff. A full roof recovering is necessary and is planned in 2025.

2024 Bridge Year vs 2023 Actual

The 2024 Bridge Year expense is $101,454 higher than the 2023 Actual due to the planned building envelope inspection (quoted at ~$50k) and some additional minor repairs.

4.3.5.2 Office Supplies

Program Overview

This program relates to the general office supplies that EPLC requires to effectively manage its day-to-day business with its customers. Costs range from photocopiers, scanners, computer software, and other miscellaneous office supplies.

Program Costs

Programs	2018 OEB Approved	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Bridge Year	2025 Test Year	Variance 2025 Test Year vs. 2023 Actual	Variance (2025 Test Year vs. 2018 OEB Approved
Administration											
Office Supplies	$238,850	$240,803	$233,928	$221,237	$199,165	$250,348	$294,302	$279,738	$282,160	($12,142)	$43,310

Variance Analysis and Explanation

There are no material variances in the work Program.

4.3.5.3 Audit, Legal & Consulting

Program Overview

This program includes EPLC's cost of its yearly financial audit, the procurement of 3rd party legal assistance where required, and the engagement of any consultants if needed. EPLC has generally used limited legal services and uses various consulting services from time to time. Specifically included in this work program is the costs for 3rd party consultants to assist EPLC in maintaining its cybersecurity program to ensure compliance with the OEB Cybersecurity Framework and to improve and maintain its cybersecurity posture with the goal to maintain the confidentiality, integrity, and availability of all information and data services.

Program Costs

Programs	2018 OEB Approved	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Bridge Year	2025 Test Year	Variance 2025 Test Year vs. 2023 Actual	Variance (2025 Test Year vs. 2018 OEB Approved
Administration											
Audit, Legal & Consulting	$63,891	$207,013	$189,699	$225,597	$141,488	$223,178	$168,496	$442,368	$249,149	$80,653	$185,258

Variance Analysis and Explanation

This work program shows an increase in costs of $185,258 in the 2025 Test Year over the 2018 OEB Approved amount.

2018 Actual vs 2018 OEB Approved

There is an increase in this work program in the 2018 Actual over the 2018 OEB Approved amount of $143,122. This is due to additional costs for a 3rd party regulatory reporting tool. The decision to add this tool arose out of the result of a recent OEB audit, its findings, and the need to reinforce the validation of regulatory reporting and the associated regulatory balances.

2024 Bridge Year over 2023 Actual

There is an increase of $259,213 in the 2024 Bridge Year compared to 2023 Actuals. This is due to anticipated legal costs related to collective agreement negotiations and additional legal costs related to specific initiatives like PowerShare, the DSO Pilot and how to incorporate appropriate new distribution models into planning, and to address significant economic development related growth and electrification. These costs return to a more historic level in 2025.

4.3.5.4 Regulatory Affairs

Program Overview

The Regulatory Affairs program is accountable for all aspects of regulatory processes for EPLC including regulatory filings, compliance with applicable codes and legislation, regulatory accounting, wholesale settlements, related internal operational support, and external customer facing support. The Regulatory group builds and supports key relationships with the regulator, industry peers, and stakeholders to

monitor, influence, and evaluate potential impacts and opportunities related to industry regulation and government energy policy. A primary function of the Regulatory Affairs Program is developing and defending applications for electricity distribution rates (i.e., Cost of Service Applications and annual Incentive Rate Mechanism ("IRM") applications). The Regulatory department advises executive management of the financial, operational, and customer implications of current and evolving regulation with respect to corporate strategy and compliance. The Regulatory Program also includes the annual OEB Cost Assessments, OEB Cost Awards, and going forward, it includes the annual portion of the Cost-of-Service rate filing costs and professional staff and related costs.

Program Costs

Programs	2018 OEB Approved	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Bridge Year	2025 Test Year	Variance 2025 Test Year vs. 2023 Actual	Variance (2025 Test Year vs. 2018 OEB Approved
Administration											
Regulatory Affairs	$393,533	$519,964	$254,114	$283,882	$293,427	$339,699	$366,370	$446,297	$556,416	$190,046	$162,883

Variance Analysis and Explanation

There is an increase of $190,046 (51.8%) between the 2025 Test Year and 2023 Actual and an increase of $162,883 (41.4%) in the 2025 Test Year compared to the 2018 OEB Approved.

2018 Actual vs 2018 OEB Approved

There is an increase of $126,431 in costs for the Regulatory Affairs work program in the 2018 Actuals compared to the 2018 OEB Approved amount. Certain one-time costs that were included in the previous Application and planned to be recovered using the 1/5 methodology were expensed in 2018.

2019 Actual vs 2018 Actual

There is a decrease of $265,849 in costs in the Regulatory Affairs work program in 2019 Actuals compared to 2018 Actuals. This is attributable to the prior year significant one-time increase in costs along with reduced costs related to regulatory affairs staff as turnover resulted in a vacancy for a period in 2019 in this department.

2024 Bridge Year vs 2023 Actual

There is an increase of $79,927 between the 2024 Bridge Year compared to 2023 Actual expenses. The 2024 Bridge Year costs include some one-time consulting fees specifically related to Regulatory Affairs due to challenges in sourcing and retaining regulatory affairs staff.

2025 Test Year vs 2024 Bridge Year

There is an increase of $110,119 in the 2025 Test Year when compared to the 2024 Bridge Year. This increase is the result of inclusion of 1/5th of the one-time costs related to preparation of this Application in the Test Year.

4.3.5.5 Administration & HR Expenses

Program Overview

This program relates to the compensation of administrative staff not specifically allocated to a specific job or activity as well as the HR related expenses associated with all EPLC staff.

Program Costs

Programs	2018 OEB Approved	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Bridge Year	2025 Test Year	Variance 2025 Test Year vs. 2023 Actual	Variance (2025 Test Year vs. 2018 OEB Approved
Administration											
Administration & HR Expenses	$1,791,632	$2,376,373	$2,298,374	$2,676,890	$2,275,372	$2,532,672	$2,737,176	$2,727,047	$3,240,635	$503,459	$1,449,003

Variance Analysis and Explanation

There is an increase in this work program of $513,588 in 2025 Test Year expenses over 2023 Actuals and an increase of $1,449,003 in the 2025 Test Year expenses over the 2018 OEB Approved amount. These increases are the result of increases in wages due to inflation, progressions and a job evaluation process that was carried out. Additional job positions are also contributing to an increase in this work program.

2018 Actual vs 2018 OEB Approved

There is an increase of $584,741 in 2018 Actuals compared to the 2018 OEB Approved amount. This is the result of a pension plan amendment and associated cost adjustment for a remeasurement of post-employment benefits. The amount of that amendment was $275,000. The remainder of the variance is due to a planned reduction in costs based on outcomes of the 2018 COS proceeding which were not achieved with that settlement being realized late into 2018. 2019 shows some reduction and overall, as is seen in the chart above, these costs fluctuated in the first few years following that proceeding.

2020 Actual vs 2019 Actual

There is an increase of $378,516 in 2020 Actual results compared to 2019 Actual results. This is a temporary increase in costs associated to a-typical work arrangements and increased absences during the COVID 19 pandemic.

2021 Actual vs 2020 Actual

There is a decrease in 2021 Actual results compared to 2020 Actual results of $401,518. This is a timing difference and is offset in 2020.

2022 Actual vs 2021 Actual

There is an increase of $257,300 in 2022 Actual versus 2021 Actual results. This is the result of the outcomes of the job evaluation process that weas undertaken in 2020 and the associated alignment of

pay structures and pay bands with job requirements as reviewed using the Hay point methodology and in alignment with the MEARIE Survey results.

2023 Actual vs 2022 Actual

There is an increase of $204,504 in 2023 Actual versus 2022 Actual results. This is due to additional costs being incurred for staff engaged in succession planning and the associated overlap of job functions for training purposes.

2025 Test Year vs 2024 Bridge Year

There is an increase of $513,588 in 2025 Test Year amounts versus 2024 Bridge Year amounts. The main reason for the increase is additional staffing costs in support of new initiatives the need for additional staff due to increasing customer base, the evolution of electrification, and the need to evolve the staff compliment to keep pace with those changes. Increases in this work program in 2025 are discussed in more detail in Exhibit 4.4 Workforce Planning and Employee Compensation.

4.4 Workforce Planning and Employee Compensation

4.4.1 Overview

Workforce planning at EPLC is an ongoing initiative that takes a broad view of trades group and trades supervisory staff, including those specific skills that are required to maintain and grow its distribution system and meet the changing demands of its customers over the next five years and beyond. Workforce planning contemplates both internal and external factors of its workforce.

Internal and external factors include:

- An industry-wide shortage of skilled labour;
- Technology advancements that will demand new skills from trades & technical staff;
- Competition within the industry for available skilled labour;
- Responding to electrification, economic development, and an increasing customer base; and
- An aging workforce and upcoming retirements

The goal of effective workforce planning is to balance the supply of the right talent with the demand for that talent to ultimately maintain the distribution system and delivery effectively and consistently to EPLC's customers.

EPLC's Employee Compensation is intended to be fair, competitive, and equitable for all employees with the intent of attracting, retaining, and training the best and most qualified people possible. EPLC's typical compensation package includes base wage and benefits as well as incentive-based compensation for non-unionized staff.

Unionized Employees

EPLC's current workforce is comprised of approximately 65% unionized employees. EPLC negotiates compensation with unionized employees through the collective bargaining process for both inside and outside employees. Unionized employees are represented by the International Brotherhood of Electrical Workers ("IBEW"), Local 636. IBEW represents approximately 750,000 unionized members across the construction, utilities, manufacturing, telecom, broadcasting, rail, and government sectors.

Table 4-11 below outlines EPLC's negotiated compensation increases for unionized employees, both inside and outside, from 2019 through March 2024.

Table 4-11: EPLC Collective Bargaining Agreement Summary

Effective Date	Wage Increase	Agreement Expiry
April 1st, 2019	1.75%	March 31st, 2024
April 1st, 2020	2.00%	
April 1st, 2021	2.00%	
April 1st, 2022	2.00%	
April 1st, 2023	2.00%	

EPLC has worked diligently and jointly with the IBEW and its unionized employees to ensure fair and reasonable wage increases while also minimizing costs to EPLC ratepayers. In preparation for any re-negotiation of a collective bargaining agreement, EPLC management studies and assesses other local LDCs in Southwestern Ontario for the period of time in question. EPLC has been historically at, or slightly below, regional wage increase trends. Costs and Models in this application have not been updated to reflect any anticipated new contractual obligations; EPLC has continued with the above noted 2% increase at this time.

The most recent round of negotiations is currently underway and at such time as negotiations are successfully concluded, EPLC will update all affected schedules to reflect those new increase amounts. It is expected that this will be completed during the interrogatory or draft rate order phase of the Application process.

Management & Executive Employees

Since 2011, EPLC has been participating in the annual MEARIE salary benchmarking survey. These confidential surveys benchmark a group of approximately 40 Ontario LDCs and 56 benchmark positions representing a cross-section of functions within each LDC.

The 56 benchmark positions that the survey considers includes, but is not limited to:

- Senior Management (ie. President & CEO, COO, CFO, Head of Regulatory, etc.);
- Administration (i.e. Executive Assistant, Administrative Assistant, etc.);

- Engineering (i.e. Director of Engineering, Project Engineer, Distribution Engineer, etc.);
- Operations (i.e. Director of Operations, Line Supervisor, etc.);
- Accounting/Finance (i.e. Controller, Manager of Accounting, Financial Analyst, etc.);
- Customer Service (i.e. Director of Customer Service, Supervisor of Customer Service, etc.);
- Information Technology (i.e. Manager of Information System, Director of Information Systems, etc.);
- Communications (i.e. Director of Communications, Manager of Communications, etc.);
- Human Resources (i.e. Human Resources Manager, Human Resources Coordinator, etc.);

In 2020, EPLC also engaged Marjorie Richards & Associates Ltd. to complete a third-party review and development of Job Description and Job Evaluation of each management and non-union position, against the Hay Point methodology. The Job Evaluations resulting from this engagement were used to ensure alignment between job requirements and EPLC's compensation structure and pay bands.

Benefits

Benefits for EPLC management and unionized employees are largely the same with some variations. Unionized employees have benefit plans that are subject to the Collective Bargaining process and can change as a result. Generally, benefits for EPLC management and other non-union employees closely mirror the unionized employee benefits.

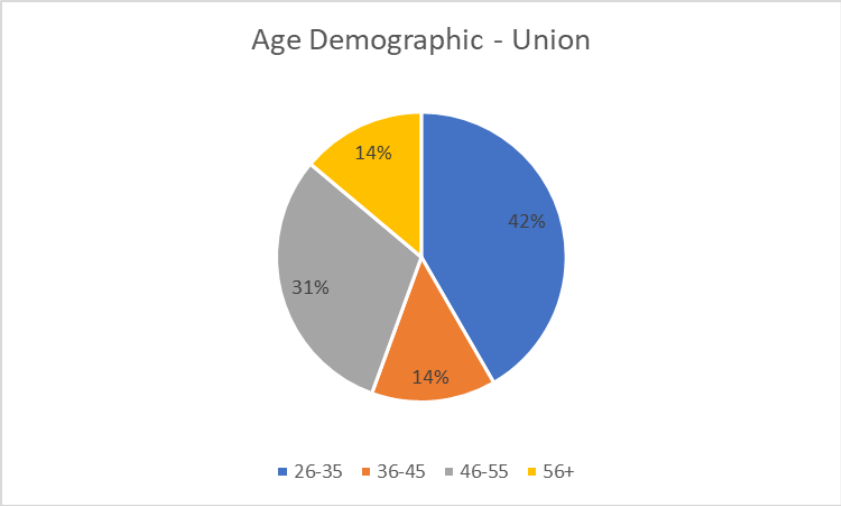
Current benefit packages generally include:

- Post-retirement benefits to age 65;
- Employer's portion of government taxes;
- Leave policies;
- Health & Safety protection and considerations;
- Disability and life insurance coverage;
- Health & Dental coverage;
- Company sponsored retirement plan through OMERS;

Aging Demographics

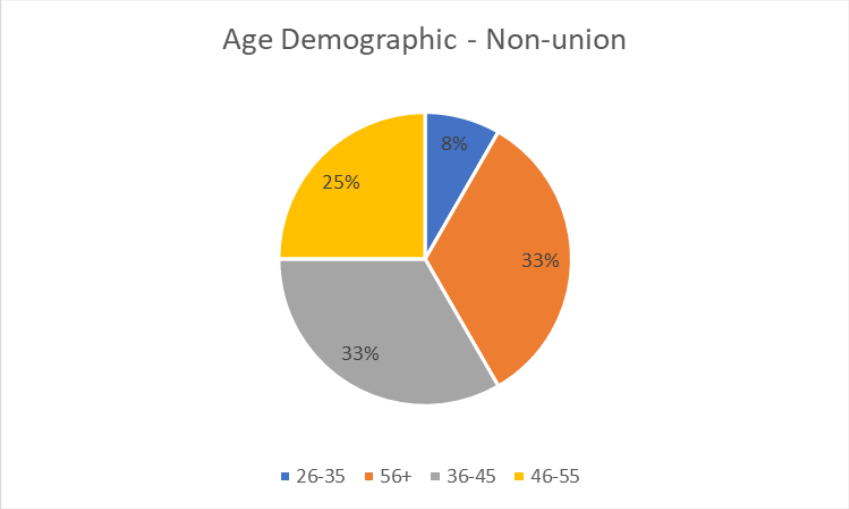
Consistent with many distributors in Ontario, EPLC has been dealing with an aging workforce. The overall average age of EPLC employees is 42, however, a deeper analysis highlights that the union staff demographic is younger than the non-union demographic. Tables 4-12 and 4-13 below outline the breakdown of EPLC Employee age distribution for union and non-union employees.

Table 4-12: Union Age Demographic



42% of union staff is 35 years of age or below, and 56% is age 45 or below. The average age is 42.

Table 4-13: Non-Union Age Demographics



The average age of non-union staff is 49 with 66% over the age of 46 and 33% over the age of 55.

EPLC is continually working to ensure that retiring and departing employees are replaced with competent and skilled equivalents. For lineman apprentices, EPLC has partnered with St. Clair College, along with other Southwestern LDCs in the development of the Powerline Technician program and is pleased to continue to seek recruits from that initiative for succession planning, and to replace workers as they are at, or nearing retirement.

Employee Turnover

Table 4-14 below outlines EPLC's historical employee turnover.

Table 4-14: EPLC Employee Turnover

Department	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual
Billing & Collecting		2.0	2.0	2.0		
Engineering & Metering	1.0		1.0	2.0		2.0
Operations				2.0	3.0	5.0
IT						
Finance & Regulatory	1.0				1.0	1.0
Administrative						
Total	2.0	2.0	3.0	6.0	4.0	8.0

80% of turnover between 2018 and 2023 was with union staff. Also, 50% of turnover was due to retirements. A deeper analysis of those two metrics reveals that of the retirements, 83% were retirements by union staff.

These metrics are impactful to the workforce planning activities of EPLC as they have been evolving in recent years and because of how they need to be planned for, and carried out, in the coming years. In recent years, due to retirements as noted above, and also influenced by shifting expectations and plans of the workforce during the COVID-19 pandemic, EPLC has seen a notable decrease in the average age and tenure of skilled trades and technical staff. This highlights the need for strong attraction and retention planning with respect to this demographic.

EPLC has been and continues to address this reduced availability in skilled and technical labour by evolving the planning processes. In recent years, EPLC has had to adjust the hiring plan for linepersons as it has become increasingly difficult to hire fully licensed linepersons and as such EPLC has shifted the strategy back to hiring Apprentice Linepersons and training them on the job and through the necessary schooling. EPLC has worked carefully during and since the pandemic to develop staff in these types of technical roles that can replace retiring workers. EPLC plans to continue using this strategy as it seems to be providing the best result, although it should be noted that there is always a risk of trained linepersons moving on to other LDC's or roles outside the Distribution sector, and so planning continues and is revisited at least annually to check progress and ensure adequate staff.

The other important information that these metrics reveal is the upcoming wave of retirements in the non-union component of EPLC workforce. With 33% of that portion of the workforce over 55, those retirements can be expected imminently, and planning is underway to ensure that EPLC is prepared. Details of that planning can be found in subsequent sections of this Exhibit; they include the addition of

several key non-union staff to meet the evolving requirements of the distribution section alongside upcoming departures.

Of the twenty-five historical departures identified above, approximately 80% were due to retirement and the remaining 20% of departures were for other positions. EPLC continues to actively monitor retirements and employee departures closely as replacing key roles within the organization continues to be a major challenge for all LDCs, but even more so in southwestern Ontario with only a small number of regionally segregated LDCs still in operation.

EPLC is forecasting two retirements in 2025, however, EPLC also respects the fact that the decision to retire is private and personal for each individual employee. EPLC has had several Operations department departures in 2024 and several others at the end of 2023.

4.4.2 FTE & Employee Costs

Consistent with Board Appendix 2-K, EPLC has summarized its employee complement by FTE, compensation, and benefits in Table 4-15 below. EPLC has included historical years from 2018 through 2023 as well as the 2024 Bridge and 2025 Test Years. A completed copy of Board Appendix 2-K is also included as Attachment 4-E of this Exhibit.

Appendix 2-K summarizes in dollars, plans that EPLC has undertaken to adjust its workforce to meet ongoing changes to regulatory and cybersecurity requirements and advancements in technology, while maintaining and reinforcing teams that directly support customers and to plan for succession specifically in the non-management team.

Table 4-15: EPLC FTE & Employee Costs

	Last Rebasing Year (2018 OEB Approved)	2018 Actuals	2019 Actuals	2020 Actuals	2021 Actuals	2022 Actuals	2023 Actuals	2024 Bridge Year	2025 Test Year
Number of Employees (FTEs including Part-Time)[1]									
Management (including executive)	11	11	12	12	11	10	13	14	18
Non-Management (union and non-union)	35	35	34	31	32	32	32	33	33
Total	46	46	46	43	43	42	45	47	51
Total Salary and Wages including ovetime and incentive pay									
Management (including executive)	$1,149,926	$1,102,514	$1,036,673	$1,181,191	$1,185,732	$1,140,737	$1,212,274	$1,673,558	$2,219,265
Non-Management (union and non-union)	$2,894,971	$3,322,986	$3,409,786	$3,152,377	$3,211,289	$3,210,424	$3,732,287	$3,506,261	$3,533,552
Total	$4,044,897	$4,425,500	$4,446,458	$4,333,568	$4,397,021	$4,351,161	$4,944,561	$5,179,819	$5,752,817
Total Benefits (Current + Accrued)									
Management (including executive)	$ 213,995	$ 222,703	$ 219,187	$ 253,991	$ 268,359	$ 255,651	$ 266,673	$ 335,046	$ 428,591
Non-Management (union and non-union)	$ 683,005	$ 671,228	$ 720,942	$ 677,855	$ 726,791	$ 719,490	$ 821,021	$ 701,954	$ 682,409
Total	$ 897,000	$ 893,931	$ 940,129	$ 931,846	$ 995,150	$ 975,141	$1,087,694	$1,037,000	$1,111,000
Total Compensation (Salary, Wages, & Benefits)									
Management (including executive)	$1,363,921	$1,325,216	$1,255,860	$1,435,182	$1,454,091	$1,396,389	$1,478,947	$2,008,604	$2,647,856
Non-Management (union and non-union)	$3,577,976	$3,994,215	$4,130,728	$3,830,232	$3,938,079	$3,929,913	$4,553,308	$4,208,215	$4,215,961
Total	$4,941,897	$5,319,431	$5,386,588	$5,265,414	$5,392,170	$5,326,302	$6,032,255	$6,216,819	$6,863,817
Total Compensation Breakdown (Capital, OM&A)									
OM&A	$3,577,977	$3,536,039	$3,568,406	$3,296,918	$3,254,501	$3,437,892	$3,593,937	$3,916,596	$4,186,928
Capital	$1,363,920	$1,783,392	$1,818,182	$1,968,496	$2,137,669	$1,888,410	$2,438,318	$2,300,223	$2,676,889
Total	$4,941,897	$5,319,431	$5,386,588	$5,265,414	$5,392,170	$5,326,302	$6,032,255	$6,216,819	$6,863,817

The salary and wage costs above include all salaries and wages paid, including incentive pay, overtime, vacation, holidays, sick leave, bereavement, and other miscellaneous paid leave. Further, the benefit costs above include EPLC's portion of all statutory benefits including CPP, EI, EHT, WSIB, OMERS, LTD insurance, life insurance, health benefits and other miscellaneous benefits. Further details relating to EPLC's paid benefits are summarized in section 4.4.5 of this Exhibit.

Table 4-16 below details FTEs by department consistent with the FTE projection of 51 full-time staff in the 2025 test year as noted above in Table 4-15.

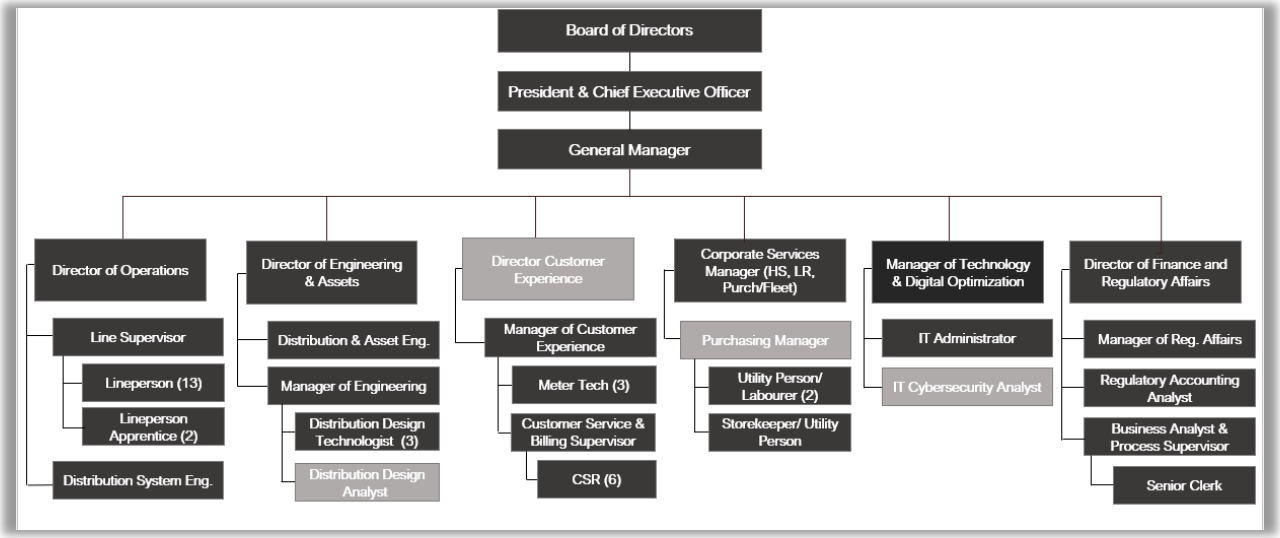
Table 4-16: EPLC FTEs by Department

Deparment	2018 Bridge Year OEB Approved	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Bridge Year	2025 Test Year
Billing & Collecting	9.2	8.2	7.5	6.7	6.7	6.5	7.1	8.0	9.0
Engineering & Metering	7.7	8.8	8.7	7.5	8.2	9.0	11.3	10.0	10.0
Operations	20.7	21.2	22.7	21.6	21.6	20.9	21.3	18.0	18.0
Corporate Services								4.0	5.0
IT	2.0	2.0	2.0	2.0	2.0	1.0	1.0	1.3	3.0
Finance & Regulatory	4.2	4.8	4.0	4.0	4.0	4.0	4.3	5.0	5.0
Administrative	2.0	1.0	1.0	1.0	1.0	1.0	0.0	1.0	1.0
Total	45.7	45.9	45.8	42.8	43.4	42.4	45.0	47.3	51.0

EPLC calculated the FTE totals in Table 4-15 above by pro-rating new employees based on their starting month in a given year, pro-rating departing employees based on their last month of work. EPLC included co-op students and contract employees in this analysis. New positions budgeted for 2025 are planned to commence January 1 of that year and costs above reflect a full year of costs for any new positions. EPLC plans to begin the recruiting process at the start of the fourth quarter of 2024 to achieve that timing. EPLC excluded Board of Directors and employees dedicated to non-rate regulated activities in affiliates.

EPLC's projected organizational chart is included below as Table 4-17.

Table 4-17: EPLC Organizational Chart (2025 Test Year)



This organizational chart and previous FTE by department charts also identify a new department within EPLC. The Corporate Services Department was separated from Operations and Engineering, bringing that group together with a focus on supporting both of those groups and providing overall focus in the areas of health & safety, procurement, and material planning and handling. The position of Purchasing Manager is added to round out the group in terms of functional roles.

4.4.3 FTE By Department

Table 4-16 above outlines EPLC FTE count by department for 2018 OEB Approved, historical years 2018 through 2023 and as projected for the 2024 Bridge and 2025 Test Years. It is restated below as Table 4-18 in this section and further discussion is provided below.

Table 4-18: EPLC FTE by Department

Deparment	2018 Bridge Year OEB Approved	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Bridge Year	2025 Test Year
Billing & Collecting	9.2	8.2	7.5	6.7	6.7	6.5	7.1	8.0	9.0
Engineering & Metering	7.7	8.8	8.7	7.5	8.2	9.0	11.3	10.0	10.0
Operations	20.7	21.2	22.7	21.6	21.6	20.9	21.3	18.0	18.0
Corporate Services								4.0	5.0
IT	2.0	2.0	2.0	2.0	2.0	1.0	1.0	1.3	3.0
Finance & Regulatory	4.2	4.8	4.0	4.0	4.0	4.0	4.3	5.0	5.0
Administrative	2.0	1.0	1.0	1.0	1.0	1.0	0.0	1.0	1.0
Total	45.7	45.9	45.8	42.8	43.4	42.4	45.0	47.3	51.0

The reduction in FTE's that started in 2020 is the result of voluntary departures and retirements in the Billing & Collecting, Engineering & Metering and Operations departments. This reduction coincides with the start of the COVID-19 pandemic and filling these positions proved challenging during that time. As

retirements and voluntary departures continued, it took until near the end of the pandemic to be able to fully recover the staffing in these areas.

Additional staff are being added to continue to bridge the gap as current staff is aging toward retirement, and to cover new requirements. Greater detail on planned staffing additions is included below.

It is noted that in EPLC's previous Application (EB-2017-0039), that FTE by department in the 2010 OEB Approved numbers was 59.7 and during the years covered by that Application the staffing numbers dropped to a total FTE count of 48.4. This decrease in FTEs of just under 19% has a significant influence on the ongoing workforce planning activities at EPLC. Although automation and digitalization enabled a portion of these reductions, the full impact of these reductions continues to impact EPLC's ability to be agile, be responsive and plan for the future. Efforts continue to focus on workforce and succession planning.

Beginning in 2024 and fully included in the 2025 Test Year, EPLC has included four new positions that reflect a re-alignment of previous positions and were not considered in EB-2017-0039. These new positions are enablers for EPLC to adapt to the evolving needs in the areas of technology adoption and advancements in cyber threats, while maintaining the appropriate focus on customer relations and support. These positions include:

i) **Director of Customer Experience:** The Director of Customer Experience role is designed to provide senior level support to customers with a focus on overall enhancement of the experience of customer in all interactions with EPLC. This role evolved out of the need for support that bridges both billing and customer service activities to ensure that customers are informed, accurately billed, and to continue to improve satisfaction with the interactions that they have with EPLC. Ongoing automation, improved communication tools and methodologies, and improved billing practices are all within the umbrella of responsibilities for this key role. The commitment to renew and maintain customer focus will enable the EPLC team to connect to the needs of all account holders and understand the unique circumstances of key accounts, monitor the customer experience more closely, and keep the customer focus at the core of every conversation, activity, and decision.

ii) **IT Cybersecurity Analyst:** This position is required due to additional focus on cyber security threats. The OEB is reinforcing requirements on LDC's under their published framework in this area, and in combination with increased threats overall and greater than ever deployments and reliance on technology solutions to operate an efficient distribution system, make this role essential. Risk is increasing and so is the potential impact of any incident, and thus from a risk-management perspective, dedicating adequate resource time to this area is critical.

iii) **Distribution System Engineer**: The Distribution System Engineer is the EPLC functional lead for the collaborative activity of full control room implementation that is underway with Welland Hydro. This individual was added at the start of 2024 and full control room functionality is live in the first quarter of 2024. This role is the on-site individual at EPLC responsible for response, coordination, updating data points, and reacting to outages. The activities of this role are one part of the ongoing work with Welland and will expand over-time to encompass coordinated support of Welland as necessary, and to drive improvement in EPLC reliability improvements and continued self-healing grid automation.

iv) **Purchasing Manager:** EPLC plans to add a Purchasing Manager to work alongside the Operations team and manage material requirements from procurement through installation in the field, ensure proper tracking of inventory and stores, and plan procurements to achieve best pricing while managing supply chain constraints that all industries continue to face. Additional work that creates a need for this position is the ongoing advancements in technology that EPLC uses to maintain, expand, and protect its distribution system. Purchasing at the utility must be managed in a way to pace spending to match planned work, while understanding and buffering for long lead-times for some equipment, all while ensuring we do not over-purchase and overstock, and ultimately waste money when stores become redundant or unusable.

No positions are being formally eliminated as part of this Application, however, it is noted that there was a significant reduction in FTE count between the 2010 OEB Approved staffing levels and the 2018 subsequently approved numbers. 2010 OEB Approved FTE count was 57.4 and the 2018 OEB Approved FTE count was 45.7 (EB-2017-0039).

EPLC acknowledges that automation has contributed to and continues to contribute to enabling these reductions, however, as EPLC transitions through the wave of retirements that have occurred in recent years and prepares for the next wave that is upcoming (based on aged demographics discussed above), EPLC aims to be well-positioned to react and properly maintain both the distribution system and improve reliability for customers.

4.4.4 FTEs, Wages & Benefits Variance Analysis

Consistent with Board Appendix 2-K and included as Attachment 4-E of this Exhibit, EPLC has included Table 4-19 below which outlines year over year variances of EPLC FTEs and wages & benefits. For the purpose of this analysis, EPLC has included the 2018 OEB Approved amounts, historical years 2018 through 2023 and the 2024 Bridge and 2025 Test years.

Table 4-19: EPLC, FTE, Wages & Benefits Variance Analysis

		2018 Actual vs 2018 OEB Approved	2019 Actual vs. 2018 Actual	2020 Actual vs 2019 Actual	2021 Actual vs 202 Actual	2022 Actual 2021 Actual	2023 Actual vs 2022 Actual	2024 Bridge Year vs. 2023 Actual	2025 Test Year vs 2024 Bridge Year
Number of Employees (FTEs including Part-Time)[1]									
Management (including executive)		-	1	-	- 1	- 1	3	1	4
Non-Management (union and non-union)		-	- 1	- 3	1	-	-	1	-
Total		-	-	- 3	-	- 1	3	2	4
Total Salary and Wages including ovetime and incentive pay									
Management (including executive)		-$ 47,412	-$ 65,841	$ 144,518	$ 4,541	-$ 44,994	$ 71,537	$ 461,284	$ 545,707
Non-Management (union and non-union)		$ 428,015	$ 86,799	-$ 257,408	$ 58,912	-$ 865	$ 521,863	-$ 226,026	$ 27,291
Total		$ 380,603	$ 20,958	-$ 112,891	$ 63,453	-$ 45,860	$ 593,400	$ 235,258	$ 572,998
Total Benefits (Current + Accrued)									
Management (including executive)		$ 8,708	-$ 3,516	$ 34,804	$ 14,368	-$ 12,708	$ 11,022	$ 68,373	$ 93,544
Non-Management (union and non-union)		-$ 11,777	$ 49,714	-$ 43,087	$ 48,936	-$ 7,301	$ 101,531	-$ 119,067	-$ 19,545
Total		-$ 3,069	$ 46,198	-$ 8,284	$ 63,304	-$ 20,009	$ 112,554	-$ 50,694	$ 74,000
Total Compensation (Salary, Wages, & Benefits)									
Management (including executive)		-$ 38,705	-$ 69,356	$ 179,322	$ 18,909	-$ 57,702	$ 82,559	$ 529,657	$ 639,251
Non-Management (union and non-union)		$ 416,239	$ 136,513	-$ 300,496	$ 107,848	-$ 8,166	$ 623,395	-$ 345,093	$ 7,746
Total		$ 377,534	$ 67,157	-$ 121,174	$ 126,757	-$ 65,868	$ 705,954	$ 184,564	$ 646,998
Total Compensation Breakdown (Capital, OM&A)									
OM&A		-$ 41,938	$ 32,367	-$ 271,488	-$ 42,417	$ 183,391	$ 156,045	$ 322,659	$ 270,332
Capital		$ 419,472	$ 34,790	$ 150,314	$ 169,173	-$ 249,259	$ 549,908	-$ 138,095	$ 376,666
Total		$ 377,534	$ 67,157	-$ 121,174	$ 126,756	-$ 65,868	$ 705,953	$ 184,564	$ 646,998

2018 Actual vs. 2018 OEB Approved

EPLC experienced one unexpected retirement in the Engineering & Metering department, and one voluntary departure from the Regulatory department in 2018. Both staff were replaced in 2018.

2019 Actual vs. 2018 Actual

There are no material variances in comparing the 2019 Actuals to the 2018 Actual amounts.

The compensation-related variances are solely related to yearly increases in salary, wages, and benefits for non-management employees.

2020 Actual vs. 2019 Actual

The FTE variance from 2019 Actual to 2020 Actual is a result of three departures/retirements. Two of these departures occurred in EPLC's Billing & Collecting and one was from Engineering & Metering. EPLC was unable to fill these positions due to hiring constraints during the COVID-19 Pandemic. The compensation-related variances are a result of these departures.

2021 Actual vs. 2020 Actual

There are no material variances in the 2021 Actual comparison to 2020 Actual.

2022 Actual vs. 2021 Actual

There are no material variances in the 2022 Actual comparison to 2021 Actual.

2023 Actual vs. 2022 Actual

The increase in the number of staff and associated dollars for non-management employees between the 2023 Actual and the 2022 Actual results is the result of hiring to replace retiring staff in the Engineering department. Specifically, EPLC hired 2 additional Design Technicians and they were employed for all of 2023 in anticipation of 2 upcoming retirements. There was an extended period of overlap to permit adequate training for the role, especially considering that the 2 existing long-term staff were expected to retire at approximately the same time early in 2024. Other compensation-related variances are solely related to yearly increases in salary, wages and benefits.

2024 Bridge Year vs. 2023 Actual

2024 brings one additional non-management staff with the return of the Customer Service Supervisor from a maternity leave and her temporary replacement returning to the union. EPLC plans to retain the temporary union Customer Service Representative to continue to build expertise in delivering to customers and in alignment with the corporate goal of developing traditional customer service roles into key account reps to better serve customers.

In 2024 EPLC is also adding a full-time Control Room position as planned in the re-establishment of full control room services in collaboration with Welland Hydro. This position will support the EPLC control room initiative from a day-to-day operations perspective and be supported through collaborative undertaking.

2025 Test Year vs. 2024 Bridge Year

The FTE and compensation related variances from 2025 Test Year and the 2024 Bridge Year are the result of additions of new positions at outlined in section 4.4.3 above and include:

v) **Director of Customer Experience:** The Director of Customer Experience role has been designed to provide senior level support to customers with a focus on overall enhancement of the experience of customer in all interactions with EPLC. This role evolved out of the need for support that bridges both billing and customer service activities to ensure that customers are informed, accurately billed, and to continue to improve satisfaction with the interactions that they have with EPLC. Ongoing automation, improved communication tools and methodologies, and improved billing practices will all be within the umbrella of responsibilities for this key role. The commitment to renew and maintain customer focus will enable the EPLC team to connect to the needs of all account holder and understand the unique circumstances of key accounts, monitor the customer experience

more closely, and keep the customer focus at the core of every conversation, activity, and decision.

vi) **IT Cybersecurity Analyst:** This newly created position highlights the required additional focus on cyber security threats. The OEB is reinforcing requirements on LDC's under their published framework in this area, and that in combination with increased threats overall, and greater than ever deployments and reliance on technology solutions to operate an efficient distribution system, make this role essential. Risk is increasing and so is the potential impact of any incident, and thus from a risk-management perspective, dedicating adequate resource time to this area is critical.

vii) **Purchasing Manager:** EPLC plans to add a Purchasing Manager to work alongside the Operations team and manage material requirements from procurement through installation in the field, ensure proper tracking of inventory and stores, and plan procurements to achieve best pricing while managing supply chain constraints that all industries continue to face. Additional work that creates a need for this position is the ongoing advancements in technology that the EPLC uses to maintain, expand, and protect its distribution system. Purchasing at the utility must be managed in a way to pace spending to match planned work, while understanding and buffering for long lead-times for some equipment all while ensuring we do not over-purchase and overstock, and ultimately waste money when stores become redundant or unusable.

4.4.5 Employee Benefit Programs

EPLC offers the following statutory benefits summarized below:

- Canada Pension Plan ("CPP");
- Employment Insurance ("EI");
- Employer Health Tax ("EHT");
- Workplace Safety Insurance Board ("WSIB");

EPLC offers the following company benefits summarized below:

- **Ontario Municipal Employee Retirement Savings ("OMERS");**
- **Long Term Disability ("LTD")** – administered through the MEARIE Group;
- **Life Insurance** - administered through the MEARIE Group;
- **Health Care Benefits** – includes dental, vision, medical, etc. Administered through Green Shield Canada;

- **Employee Assistance Program ("EAP")** – program offered to assist employees and/or their families with various health, work, and life related issues;
- **Safety Equipment Allowance Program** – Reimbursement for various safety articles includes shoes, hardhat, reflective clothing, etc.;
- **Fitness Reimbursement Program** – incentive for employees to join various fitness related groups including gyms, running clubs, yoga classes, etc.;

Table 4-20 below outlines EPLC's Benefit Expenses by category. As evidenced below, year over year increases are mainly related to increases related to Health Care Benefits and the OMERS pension plan.

Table 4-20: EPLC Benefit Expenses

Description	2018 Actuals	2019 Actuals	2020 Actuals	2021 Actuals	2022 Actuals	2023 Actuals	2024 Bridge Year	2025 Test Year
Employee Benefit Expense	$ -							
EI - Employer Portion	$ 55,092	$ 57,221	$ 52,254	$ 56,005	$ 57,602	$ 64,838	$ 60,000	$ 60,000
CPP - Employer Portion	$ 118,230	$ 126,491	$ 124,812	$ 139,769	$ 148,826	$ 169,777	$ 150,000	$ 201,000
WSIB Premiums	$ 40,742	$ 47,592	$ 49,202	$ 43,536	$ 28,829	$ 55,984	$ 57,000	$ 58,000
OMERS	$ 383,402	$ 388,508	$ 402,231	$ 404,543	$ 388,546	$ 416,638	$ 405,000	$ 410,000
Banked OT	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Health Care Benefits	$ 141,225	$ 168,512	$ 154,253	$ 197,683	$ 195,521	$ 205,023	$ 202,000	$ 204,000
Life Insurance	$ 16,477	$ 14,672	$ 14,105	$ 16,307	$ 17,640	$ 17,703	$ 17,000	$ 17,000
STD/LTD Premiums	$ 39,919	$ 35,506	$ 37,491	$ 36,919	$ 39,073	$ 45,562	$ 40,000	$ 42,000
Employer Health Tax	$ 86,229	$ 89,711	$ 84,359	$ 85,720	$ 84,422	$ 97,651	$ 92,000	$ 105,000
Safety Equipment Allowance Program	$ 11,261	$ 10,166	$ 12,203	$ 12,181	$ 12,363	$ 11,915	$ 12,000	$ 12,000
Fitness Reimbursement Program	$ 1,354	$ 1,750	$ 935	$ 2,486	$ 2,319	$ 2,603	$ 2,000	$ 2,000
Total	$ 893,931	$ 940,129	$ 931,846	$ 995,150	$ 975,141	$ 1,087,694	$ 1,037,000	$ 1,111,000

EPLC's post-employment benefit costs are actuarially determined using the projected benefit method pro-rated on service and based on assumptions that reflect management's best estimates at the time. As a result of this methodology, the projected post-retirement benefit is deemed to be earned on a pro-rata basis over the years of service in the relevant period commencing on the date of hire and ending at the earliest age the employee could retire and qualify for benefits. EPLC has procured Mondelis Actuarial in 2023 to complete full actuarial valuations of EPLC and its affiliate companies. EPLC's post-employment benefits are proposed to be recovered on an accrual basis. EPLC's most recent Actuarial report is attached as Attachment 4-F of this Exhibit.

4.5 Shared Services & Corporate Cost Allocation

4.5.1 Overview

EPLC currently has Shared Services arrangements with the following wholly owned entities:

- Essex Power Corporation ("EPC") – EPLC parent company;
- Essex Power Services Corporation ("EPS") – wholly-owned subsidiary of EPC and sister company of EPLC;
- Essex Energy Corporation ("EE") - wholly-owned subsidiary of EPC and sister company of EPLC;

- Utilismart Corporation ("UC") - wholly-owned subsidiary of EE and sister company of EPLC;

EPLC also has Shared Services arrangements with its shareholders as follows:

- Municipality of Leamington – Municipal shareholder of EPC;
- Town of Amherstburg - Municipal shareholder of EPC;
- Town of Tecumseh - Municipal shareholder of EPC;

The services summarized below are set up accordingly for the provision of products or services to, or by EPLC, in order to benefit from cost savings due to increases in efficiency or by leveraging economies of scale.

Tables 4-21 through 4-28 below outline the shared services employed by EPLC from 2018 through to the 2025 Test Year. EPLC receives various HR, finance, communications, and executive services rendered from EPC listed as a shared service in Tables 4-21 through 4-28 below.

Table 4-21: Shared Services – 2018 Actual

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			$	$
EPLC	Municipalities of Tecumseh, Amherstberg, Leamington	Water billing & collection	Flat monthly service charge	$ 731,757	
EEC	EPLC	Engineering support services	Hourly rate		$ 253,995
EEC	EPLC	CDM Services	Hourly rate		$ 507,767
EPLC	EPS	Streetlight Maintenance, MSP	Fully allocated cost	$ 94,230	
EPC	EPLC	HR Services, Finance Services, Executive Services	Fully allocated cost		$ 846,565
UC	EPLC	Wholesale Settlement Services, Meter Reading Services	Negotiated contract with market tested rates		$ 371,925
Total				$ 825,987	$ 1,980,252

Table 4-22: Shared Services - 2019 Actual

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			$	$
EPLC	Municipalities of Tecumseh, Amherstberg, Leamington	Water billing & collection	Flat monthly service charge	$ 680,412	
EEC	EPLC	Engineering support services	Hourly rate		$ 337,012
EEC	EPLC	CDM Services	Hourly rate		$ 547,135
EPLC	EPS	Streetlight Maintenance, MSP	Fully allocated cost	$ 85,953	
EPC	EPLC	HR Services, Finance Services, Executive Services	Fully allocated cost		$ 849,850
UC	EPLC	Wholesale Settlement Services, Meter Reading Services	Negotiated contract with market tested rates		$ 381,491
Total				$ 766,365	$ 2,115,488

Table 4-23: Shared Services – 2020 Actual

Name of Company From	Name of Company To	Service Offered	Pricing Methodology	Price for the Service $	Cost for the Service $
EPLC	Municipalities of Tecumseh, Amherstberg, Leamington	Water billing & collection	Flat monthly service charge	$ 570,000	
EEC	EPLC	Engineering support services	Hourly rate		$ 351,480
EEC	EPLC	CDM Services	Hourly rate		$ 444,244
EEC	EPLC	IT Development Services	Hourly rate		
EPLC	EPS	Streetlight Maintenance, MSP	Fully allocated cost	$ 88,510	
EPC	EPLC	HR Services, Finance Services, Executive Services	Fully allocated cost		$ 977,087
UC	EPLC	Wholesale Settlement Services, Meter Reading Services	Negotiated contract with market tested rates		$ 370,013
Total				$ 658,510	$ 2,142,824

Table 4-24: Shared Services – 2021 Actual

Name of Company From	Name of Company To	Service Offered	Pricing Methodology	Price for the Service $	Cost for the Service $
EPLC	Municipalities of Tecumseh, Amherstberg, Leamington	Water billing & collection	Flat monthly service charge	$ 403,333	
EEC	EPLC	Engineering support services	Hourly rate		$ 284,617
EEC	EPLC	CDM Services	Hourly rate		$ 247,800
EEC	EPLC	IT Development Services	Hourly rate		
EPLC	EPS	Streetlight Maintenance, MSP	Fully allocated cost	$ 48,620	
EPLC	EEC	Streetlight Maintenance, MSP	Fully allocated cost	$ 47,161	
EPC	EPLC	HR Services, Finance Services, Executive Services, Board Costs	Fully allocated cost		$ 986,506
UC	EPLC	Wholesale Settlement Services, Meter Reading Services	Negotiated contract with market tested rates		$ 372,050
Total				$ 499,114	$ 1,890,973

Table 4-25: Shared Services – 2022 Actual

Name of Company From	Name of Company To	Service Offered	Pricing Methodology	Price for the Service $	Cost for the Service $
EPLC	Municipalities of Tecumseh, Amherstberg	Water billing & collection	Flat monthly service charge	$ 320,000	
EEC	EPLC	Engineering support services	Hourly rate		$ 310,340
EPLC	EEC	Streetlight Maintenance, MSP	Fully allocated cost	$ 130,386	
EPC	EPLC	HR Services, Finance Services, Executive Services, Board Costs	Fully allocated cost		$ 1,165,838
UC	EPLC	Wholesale Settlement Services, Meter Reading Services	Negotiated contract with market tested rates		$ 371,972
Total				$ 450,386	$ 1,848,150

Table 4-26: Shared Services – 2023 Actual

Name of Company From	Name of Company To	Service Offered	Pricing Methodology	Price for the Service $	Cost for the Service $
EPLC	Municipalities of Tecumseh, Amherstberg	Water billing & collection	Flat monthly service charge	$ 329,600	
EEC	EPLC	Engineering support services	Hourly rate		$ 357,948
EPLC	EEC	Streetlight Maintenance, MSP	Fully allocated cost	$ 186,482	
EPC	EPLC	HR Services, Finance Services, Executive Services, Board Costs	Fully allocated cost		$ 1,427,817
UC	EPLC	Wholesale Settlement Services, Meter Reading Services	Negotiated contract with market tested rates		$ 550,359
Total				$ 516,082	$ 2,336,124

Table 4-27: Shared Services – 2024 Bridge Year

Name of Company From	Name of Company To	Service Offered	Pricing Methodology	Price for the Service $	Cost for the Service $
EPLC	Municipalities of Tecumseh, Amherstberg	Water billing & collection	Flat monthly service charge	$ 329,600	
EEC	EPLC	Engineering support services	Hourly rate		$ 235,423
EEC	EPLC	IT Development Services	Hourly rate		$ 41,229
EPLC	EEC	Streetlight Maintenance, MSP	Fully allocated cost	$ 141,610	
EPC	EPLC	HR Services, Finance Services, Executive Services, Board Costs	Fully allocated cost		$ 1,215,778
UC	EPLC	Wholesale Settlement Services, Meter Reading Services	Negotiated contract with market tested rates		$ 398,417
Total				$ 471,210	$ 1,890,847

Table 4-28: Shared Services – 2025 Test Year

Name of Company From	Name of Company To	Service Offered	Pricing Methodology	Price for the Service $	Cost for the Service $
EPLC	Municipalities of Tecumseh, Amherstberg	Water billing & collection	Flat monthly service charge	$ 329,600	
EEC	EPLC	Engineering support services	Hourly rate		$ 302,870
EEC	EPLC	IT Development Services	Hourly rate		$ 41,229
EPLC	EEC	Streetlight Maintenance, MSP	Fully allocated cost	$ 142,539	
EPC	EPLC	HR Services, Finance Services, Executive Services, Board Costs	Fully allocated cost		$ 1,433,296
UC	EPLC	Wholesale Settlement Services, Meter Reading Services	Negotiated contract with market tested rates		$ 398,417
Total				$ 472,139	$ 2,175,812

4.5.2 Shared Services to Affiliates

EPLC provides water and wastewater meter reading, billing, collecting, and general customer administration services to two of its four shareholder Municipalities (Amherstburg and Tecumseh). EPLC bills its Municipal clients a flat, monthly service charge for services rendered. Two of the Municipalities (Lasalle and Leamington) have in-sourced that work in 2017 and 2020, respectively. As such, revenues from this work have decreased over time.

EPLC is also preparing for the potential departure of other Municipal water billing client(s) by re-negotiating meter reading agreements and evaluating the re-alignment of department staff.

4.5.3 Shared Services from Affiliates

i. **Services from EPS:** EPS provides streetlight maintenance and MSP services to EPLC based on fully allocated costs required to complete the requisite work. Streetlight services include repairs, maintenance, inspection, and customer service. MSP work relates to ongoing compliance, meter verification, meter reading, and troubleshooting. EPS was amalgamated into EE in 2021, and these services and their associated costs have been acquired through EE since that time.

ii. **Services from UC:** UC provides EPLC with turnkey meter data management services and online display for its wholesale and interval metering customers, along with various other settlement services. Pricing is based on a negotiated agreement annually that is consistent with market rates.

iii. **Services from EE:** EE provides engineering & software development services, as needed, for EPLC. Additionally, EE provides streetlight maintenance and MSP services to EPLC based on fully allocated costs required to complete the requisite work. MSP work relates to ongoing compliance, meter verification, meter reading, and troubleshooting.

iv. **Services from EPC:** EPC provides financial, human resource, communication, executive and information technology support to EPLC. Financial services include financial reporting, banking, business planning, and audit support. Human Resource support includes recruitment, labour relations, training, benefit management, and health & safety. Communication services include website updates, social media presence, branding, and marketing. Information technology support includes various computer and network services.

4.5.4 Corporate Cost Allocations

All Corporate Costs from EPC are included as shared services described in Tables 4-20 through 4-27 above.

4.5.5 Variance Analysis

Table 4-29 below outlines the variance between the 2025 Test Year and the 2018 OEB Approved as well as 2023 Actuals for Shared Services and Corporate Cost Allocations.

Table 4-29: Shared Services Variances

Description	2018 OEB Approved	2023 Actual	2025 Test Year	2025 Test Year vs 2018 OEB Approved	2025 Test Year vs 2023 Actual
Services provided by EPLC	$ 765,456	$ 516,082	$ 472,139	($293,317)	($43,943)
Services provided to EPLC	$ 2,326,577	$ 2,336,124	$ 2,175,812	($150,765)	($160,312)
Corporate Cost Allocation					
Total	$ 3,092,033	$ 2,852,206	$ 2,647,951	($444,082)	($204,255)

2018 OEB Approved vs 2025 Test Year

The net services provided by EPLC to affiliates decreased by $444,082 from the 2018 OEB Approved to the 2025 Test Year. This is largely the result of the removal of CDM services as a service provided to EPLC, at an annual amount of approximately $550,000; and by a reduction in water billing to one of EPLC's municipal shareholder communities equal to approximately $160,000, annually. Note that EPLC lost one of the three municipal water billing customers in 2020.

2023 Actual vs 2025 Test Year

The services provided by EPLC to affiliates decreased by $43,943 from the 2023 Actuals to the 2025 Test Year as a result of a small reduction in services providing water and wastewater meter reading, billing, collecting, and general customer administration services to two of our shareholder communities. Additionally, there was a reduction in services provides to EPLC by affiliates from the 2023 Actuals to the

2025 Test Year. This decrease is less than the 2018 actual to 2025 Test Year comparison due to a moderate increase in shared services costs incurred by EPLC from EPC in the 2018-2025 period.

4.6 Purchases of Non-Affiliate Services

EPC's Purchasing Policy, included as Attachment 4-H of this Exhibit, outlines and details EPLC's process relating to acquisition of 3rd party services. EPLC's policy also outlines the required approval process that must be adhered to in order to purchase goods and services from suppliers, vendors and contractors. EPLC confirms that purchases for non-affiliate services comply with the policy.

4.7 Regulatory Costs

The regulatory department is staffed by the Manager of Regulatory Accounting and the Regulatory Accounting Analyst positions. These positions report to the Director, Finance & Regulatory Affairs, and as a group these positions are responsible for the preparation of all regulatory reporting and associated filings, rate applications, reviewing, and implementing changes related to regulation and ensuring regulatory compliance. Due to the overall and growing complexity of these positions, the regulatory department is also often assisted by EPLC finance department. These costs are not included for recovery as part of EPLC Regulatory Costs.

For the purpose of this section, EPLC has completed Table 4-30 and Table 4-31 below, in conjunction with Board Appendix 2-M which is also included with this Exhibit as Attachment 4-G.

Table 4-30: EPLC One Time Regulatory Costs

	Regulatory Costs (One-Time)	Last Rebasing (2018 OEB Approved)	Last Rebasing (2018 Actual)	Sum Of Historical Years (2019-2023)	2024 Bridge Year	2025 Test Year
		(A)	(B)	(C)	(D)	(E)
1	Expert Witness costs					
2	Legal costs	50,417		4,225	50,000	
3	Consultants' costs	167,447		59,570	100,000	
4	Intervenor costs	35,000			35,000	
5	OEB Section 30 Costs (application-related)					
6	Incremental operating expenses associated with staff resources allocated to this application.	36,961				
7	Incremental operating expenses associated with other resources allocated to this application.	2,191		142,317	166,718	
	Sub-total - One-time Costs	$ 292,017	$ -	$ 206,112	$ 351,718	$ -

Table 4:31– EPLC Annual Cost of Service Application Costs

Application-Related One-Time Costs	Total (F =C+D+E)
Total One-Time Costs Related to Application to be Amortized over IRM Period	$ 557,830
1/5 of Total One-Time Costs	$ 111,566

Table 4-30 above outlines EPLC's cost associated with the creation of this Cost of Service application which is currently estimated at $557,830. This cost includes legal, consulting, administrative, and intervenor

costs. Consulting costs include costs for customer engagement (Innovative Research $22.5), DSP (Metsco $100k) and third-party application support and review (Elenchus $60k). EPLC also included $300k in incremental costs associated to other resources required to generate the required information in support of this Application.

Table 4-31 above outlines EPLC's cost associated with the creation of this Cost of Service application, as allocated across the IRM period at 1/5th per year. EPLC proposes to recover the amount of $557,830 in distribution rates over five (5) years. As a result, EPLC has included $111,566 in 2025 OM&A costs.

4.8 Low Income Energy Assistance Programs

The LEAP program provides assistance to eligible low-income consumers towards paying their electricity bills. This Emergency Financial Assistance Program helps those in need and funds are distributed to customers that meet the set criteria to qualify for assistance. EPLC has a number of customers who face financial hardships, and as such, the Company has been contributing to the LEAP Program annually. EPLC staff work closely with the LEAP program to ensure customers have knowledge of this grant and provide direct contact to ensure timely assistance is given to customers in need.

As set out in the Report of the Board on Low Income Energy Assistance Program ("the LEAP Report"), the OEB determined that LDCs provide LEAP funding calculated as greater of 0.12% of a distributor's approved distribution revenue requirement, or $32,500. EPLC is committed to continuing with this form of financial assistance in the future. EPLC has included $22,000 in the 2025 Test Year which represents an estimated increase in line with the proposed increase to EPLC's Service Revenue Requirement. EPLC understands that this value can and will most likely change, based on the final approved Service Revenue Requirement resulting from this Application.

Table 4-32: Calculation of LEAP Funding

Description	Total
Service Revenue Requirement	$ 18,388,098
Funding % of Service Revenue Requirement	0.12%
LEAP Funding Calculated	$ 22,066
LEAP funding included in 2025 OM&A (rounded)	$ 22,000

4.9 Charitable & Political Donations

4.9.1 Charitable Donations

EPLC confirms that it does not make any charitable donations and therefore there are no such contributions included for recovery in this Application.

Essex Power Corporation ("EPC") does make a variety of charitable donations within our community. There are no such contributions included for recovery in this Application.

4.9.2 Political Donations

EPLC confirms that it does not make political contributions and therefore there are no such contributions included for recovery in this Application.

4.10 Conservation & Demand Management

4.10.1 Overview

EPLC's last LRAMVA claim was approved as part of its 2024 IRM Proceeding for savings from 2019-2023 and a prospective claim for 2024.

EPLC confirms that no CDM costs are included in its test year revenue requirement.

ATTACHMENTS

Attachment 4-A

Summary of Recoverable OM&A Expenses

Appendix 2-JA

Summary of Recoverable OM&A Expenses

	2018 Last Rebasing Year OEB Approved	2018 Last Rebasing Year Actuals	2019 Actuals	2020 Actuals	2021 Actuals	2022 Actuals	2023 Actuals	2024 Bridge Year	2025 Test Year
Reporting Basis	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
Operations	$ 1,518,463	$ 1,157,299	$ 1,420,487	$ 1,530,903	$ 1,650,600	$ 1,664,498	$ 1,668,725	$ 1,505,256	$ 1,890,101
Maintenance	$ 1,353,709	$ 1,342,812	$ 1,216,418	$ 1,116,273	$ 1,060,418	$ 1,345,704	$ 1,337,792	$ 1,108,968	$ 1,298,792
SubTotal	**$ 2,872,172**	**$ 2,500,110**	**$ 2,636,906**	**$ 2,647,176**	**$ 2,711,018**	**$ 3,010,202**	**$ 3,006,517**	**$ 2,614,224**	**$ 3,188,893**
%Change (year over year)		-13.0%	5.5%	0.4%	2.4%	11.0%	-0.1%	-13.0%	22.0%
%Change (Test Year vs Last Rebasing Year - Actual)									27.6%
Billing and Collecting	$ 1,520,150	$ 1,489,524	$ 1,405,915	$ 1,481,584	$ 1,363,856	$ 1,573,477	$ 1,776,082	$ 1,678,202	$ 1,972,974
Community Relations	$ 22,423	$ 38,490	$ 29,389	$ 33,268	$ 7,500	$ 8,082	$ 29,500	$ 12,500	$ 27,500
Administrative and General	$ 2,830,210	$ 3,786,773	$ 3,466,828	$ 3,936,991	$ 3,450,327	$ 3,909,209	$ 4,269,925	$ 4,700,485	$ 5,123,368
SubTotal	**$ 4,372,783**	**$ 5,314,788**	**$ 4,902,133**	**$ 5,451,843**	**$ 4,821,683**	**$ 5,490,769**	**$ 6,075,507**	**$ 6,391,187**	**$ 7,123,842**
%Change (year over year)		21.5%	-7.8%	11.2%	-11.6%	13.9%	10.6%	5.2%	11.5%
%Change (Test Year vs Last Rebasing Year - Actual)									34.0%
Total	**$ 7,244,955**	**$ 7,814,898**	**$ 7,539,038**	**$ 8,099,019**	**$ 7,532,701**	**$ 8,500,971**	**$ 9,082,024**	**$ 9,005,411**	**$ 10,312,735**
%Change (year over year)		7.9%	-3.5%	7.4%	-7.0%	12.9%	6.8%	-0.8%	14.5%

	2018 Last Rebasing Year OEB Approved	2018 Last Rebasing Year Actuals	2019 Actuals	2020 Actuals	2021 Actuals	2022 Actuals	2023 Actuals	2024 Bridge Year	2025 Test Year
Operations[4]	$ 1,518,463	$ 1,157,299	$ 1,420,487	$ 1,530,903	$ 1,650,600	$ 1,664,498	$ 1,668,725	$ 1,505,256	$ 1,890,101
Maintenance[5]	$ 1,353,709	$ 1,342,812	$ 1,216,418	$ 1,116,273	$ 1,060,418	$ 1,345,704	$ 1,337,792	$ 1,108,968	$ 1,298,792
Billing and Collecting[6]	$ 1,520,150	$ 1,489,524	$ 1,405,915	$ 1,481,584	$ 1,363,856	$ 1,573,477	$ 1,776,082	$ 1,678,202	$ 1,972,974
Community Relations[7]	$ 22,423	$ 38,490	$ 29,389	$ 33,268	$ 7,500	$ 8,082	$ 29,500	$ 12,500	$ 27,500
Administrative and General[8]	$ 2,830,210	$ 3,786,773	$ 3,466,828	$ 3,936,991	$ 3,450,327	$ 3,909,209	$ 4,269,925	$ 4,700,485	$ 5,123,368
Total	**$ 7,244,955**	**$ 7,814,898**	**$ 7,539,038**	**$ 8,099,019**	**$ 7,532,701**	**$ 8,500,971**	**$ 9,082,024**	**$ 9,005,411**	**$ 10,312,735**
%Change (year over year)		7.9%		3.6%	-7.0%	12.9%	6.8%	-0.8%	14.5%

Attachment 4-B

Recoverable OM&A Cost Driver Table

Appendix 2-JB
Recoverable OM&A Cost Driver Table[1,3]

OM&A	Last Rebasing Year (2018 Actuals)	2021 Actuals	2022 Actuals	2023 Actuals	2024 Bridge Year	2025 Test Year
Reporting Basis						
Opening Balance[2]	$ 7,244,955	$ 8,099,019	$ 7,532,701	$ 8,500,970	$ 9,082,023	$ 9,283,195
Salaries, Wages and Benefits	-$ 84,622	-$ 228,735	$ 390,197	$ 266,094	$ 283,768	$ 800,582
Training	$ 24,414	-$ 17,205	$ 62,044	$ 19,621	-$ 15,560	$ 5,000
Memberships, Licences, Fees	$ 53,235	$ 24,220	$ 5,868	$ 15,539	$ 5,941	$ 4,274
Safety Training	$ 86,870	$ 46,574	$ 14,663	-$ 5,522	-$ 4,001	$ 2,150
Vehicles	$ 48,690	-$ 100,762	$ 148,074	-$ 23,898	-$ 19,446	$ 11,231
Bad Debts	-$ 12,858	-$ 145,118	$ 73,208	$ 133,520	$ 3,147	$ -
Customer Billing and Collecting	$ 142,622	$ 114,610	$ 116,999	-$ 28,964	$ 1,157	$ 5,178
Materials	$ 2,125	$ 25,786	-$ 207,783	$ 176,876	$ 343,872	$ 265,295
Computer Systems, Hardware and Softv	-$ 2,666	$ 8,833	$ 1,142	$ 38,253	$ 48,494	$ 20,964
Telephone/Communication	$ 9,024	-$ 8,668	$ 32,900	$ 16,029	-$ 12,181	$ 2,572
Outside Services incl tree trimming	$ 60,313	-$ 149,793	$ 116,664	-$ 34,409	-$ 457,510	$ 116,438
Postage/Courier	$ 9,298	$ 2,851	$ 12,481	-$ 7,219	-$ 5,811	$ -
Professional Services	$ 89,276	-$ 69,827	$ 84,674	-$ 68,963	$ 72,062	$ 7,781
Administrative	$ 143,010	-$ 50,896	$ 99,990	$ 88,709	-$ 58,690	$ 14,360
Building	$ 1,211	-$ 18,189	$ 17,148	-$ 4,613	$ 15,930	$ 51,500
Closing Balance[2]	$ 7,814,897	$ 7,532,701	$ 8,500,970	$ 9,082,023	$ 9,283,195	$ 10,590,519

Attachment 4-C

Recoverable OM&A Per Customer & Per FTE

Appendix 2-L
Recoverable OM&A Cost per Customer and per FTE [1]

	Last Rebasing Year 2018 - OEB Approved	Last Rebasing Year (2018 Actuals)	2019 Actuals	2020 Actuals	2021 Actuals	2022 Actuals	2023 Actuals	2024 Bridge Year	2025 Test Year
Reporting Basis									
OM&A Costs									
O&M	$ 2,872,171	$ 2,500,110	$ 2,636,906	$ 2,647,176	$ 2,711,018	$ 3,010,202	$ 3,006,517	$ 2,614,224	$ 3,188,893
Admin Expenses[6]	$ 4,372,784	$ 5,314,788	$ 4,902,133	$ 5,451,843	$ 4,821,683	$ 5,490,769	$ 6,075,507	$ 6,391,187	$ 7,123,842
Total Recoverable OM&A from Appendix 2-JB [5]	$ 7,244,955	$ 7,814,898	$ 7,539,038	$ 8,099,019	$ 7,532,701	$ 8,500,971	$ 9,082,024	$ 9,005,411	$ 10,312,735
Number of Customers [2,4]	32,736	33,008	33,328	33,674	33,926	34,169	34,362	34,659	34,958
Number of FTEs [3,4]	46	46	46	43	43	42	45	47	51
Customers/FTEs	712	718	725	783	789	814	764	737	685
OM&A cost per customer									
O&M per customer	$88	$76	$79	$79	$80	$88	$87	$75	$91
Admin per customer	$134	$161	$147	$162	$142	$161	$177	$184	$204
Total OM&A per customer	$221	$237	$226	$241	$222	$249	$264	$260	$295
OM&A cost per FTE									
O&M per FTE	$62,439	$54,350	$57,324	$61,562	$63,047	$71,671	$66,811	$55,622	$62,527
Admin per FTE	$95,061	$115,539	$106,568	$126,787	$112,132	$130,733	$135,011	$135,983	$139,683
Total OM&A per FTE	$157,499	$169,889	$163,892	$188,349	$175,179	$202,404	$201,823	$191,604	$202,210

Attachment 4-D

OM&A Programs Table

Appendix 2-JC
OM&A Programs Table

Programs	Last Rebasing Year (2018 OEB-Approved)	Last Rebasing Year (2018 Actuals)	2021 Actuals	2022 Actuals	2023 Actuals	2024 Bridge Year	2025 Test Year	Variance (Test Year vs. 2023 Actuals)	Variance (Test Year vs. Last Rebasing Year (2018 OEB-Approved)
Reporting Basis									
Operation									
Cable Locates	451,196	301,253	548,230	420,767	569,695	325,207	564,506	(5,189)	113,310
General Customer Inquiries & Misc	224,633	246,215	353,678	293,521	297,897	272,206	325,584	27,687	100,951
Meter Operations	216,785	271,854	219,733	257,891	212,034	175,541	332,491	120,457	115,706
Operations Management	201,357	91,358	215,323	147,663	100,035	323,293	274,404	174,369	73,047
Overhead Operations	114,893	108,865	146,066	361,405	336,912	225,164	231,872	(105,040)	116,979
Transformer Operations	86,805	72,240	58,958	62,477	26,765	69,371	38,399	11,634	(48,406)
Underground Operations	58,040	65,513	108,612	120,775	125,387	114,474	122,845	(2,542)	64,805
Sub-Total	1,353,709	1,157,299	1,650,600	1,664,498	1,668,725	1,505,256	1,890,101	221,376	536,392
Maintenance									
Emergency Response	254,709	272,763	197,356	247,390	211,437	185,376	205,567	(5,870)	(49,142)
Field Service Maintenance	56,877	36,318	34,471	101,457	121,401	45,518	112,290	(9,111)	55,413
Overhead/Underground Maintenan	473,031	506,559	366,518	459,439	392,669	344,270	381,768	(10,901)	(91,263)
Vegetation Control	653,126	477,072	407,054	466,343	539,192	453,314	514,612	(24,580)	(138,514)
Transformer Maintenance	80,720	50,099	55,019	71,075	73,093	80,490	84,555	11,462	3,835
Sub-Total	1,518,463	1,342,812	1,060,418	1,345,704	1,337,792	1,108,968	1,298,792	(39,000)	(219,671)
Billing and Collecting									
Bad Debts	159,518	96,660	-2,010	71,198	204,718	80,000	80,000	(124,718)	(79,518)
Community Relations	22,423	40,954	8,459	12,679	27,662	12,500	27,500	(162)	5,077
Customer Service & Billing	1,151,144	1,021,010	1,047,360	1,165,802	1,129,234	1,201,706	1,275,198	145,964	124,054
Customer Collections	209,488	369,390	317,547	331,880	443,968	396,496	617,776	173,808	408,288
Sub-Total	1,542,573	1,528,014	1,371,356	1,581,560	1,805,582	1,690,702	2,000,474	194,892	457,901
Administrative and General									
General Building Expenses	342,304	442,620	540,875	563,312	703,581	805,035	795,008	91,427	452,704
Office Supplies	478,697	240,803	199,165	250,348	294,302	279,738	282,160	(12,142)	(196,537)
Audit, Legal & Consulting	63,891	207,013	141,488	223,178	168,496	442,368	249,149	80,653	185,258
Regulatory Affairs	393,533	519,964	293,427	339,699	366,370	446,297	556,416	190,046	162,883
Administration & HR Expenses	1,551,785	2,376,373	2,275,372	2,532,672	2,737,176	2,727,047	3,240,635	503,459	1,688,850
Sub-Total	2,830,210	3,786,773	3,450,327	3,909,209	4,269,925	4,700,485	5,123,368	853,443	2,293,158
Miscellaneous								0	0
Total	**7,244,955**	**7,814,897**	**7,532,701**	**8,500,970**	**9,082,024**	**9,005,411**	**10,312,735**	**1,230,711**	**3,067,780**

Attachment 4-E

EPLC Employee Costs

Appendix 2-K
Employee Costs

	Last Rebasing Year 2018 - OEB Approved	Last Rebasing Year (2018 Actuals)	2019 Actuals	2020 Actuals	2021 Actuals	2022 Actuals	2023 Actuals	2024 Bridge Year	2025 Test Year
Number of Employees (FTEs including Part-Time)[1]									
Management (including executive)	11	11	12	12	11	10	13	14	18
Non-Management (union and non-union)	35	35	34	31	32	32	32	33	33
Total	46	46	46	43	43	42	45	47	51
Total Salary and Wages including ovetime and incentive pay									
Management (including executive)	$ 1,149,926	$ 1,102,514	$ 1,036,673	$ 1,181,191	$ 1,185,732	$ 1,140,737	$ 1,212,274	$ 1,673,558	$ 2,219,265
Non-Management (union and non-union)	$ 2,894,971	$ 3,322,986	$ 3,409,786	$ 3,152,377	$ 3,211,289	$ 3,210,424	$ 3,732,287	$ 3,506,251	$ 3,533,552
Total	$ 4,044,897	$ 4,425,500	$ 4,446,459	$ 4,333,568	$ 4,397,021	$ 4,351,161	$ 4,944,561	$ 5,179,809	$ 5,752,817
Total Benefits (Current + Accrued)									
Management (including executive)	$ 213,995	$ 222,703	$ 219,187	$ 253,991	$ 268,359	$ 255,651	$ 266,673	$ 335,046	$ 428,591
Non-Management (union and non-union)	$ 683,005	$ 671,228	$ 720,942	$ 677,855	$ 726,791	$ 719,490	$ 821,021	$ 701,954	$ 628,409
Total	$ 897,000	$ 893,931	$ 940,129	$ 931,846	$ 995,150	$ 975,141	$ 1,087,694	$ 1,037,000	$ 1,057,000
Total Compensation (Salary, Wages, & Benefits)									
Management (including executive)	$ 1,363,921	$ 1,325,217	$ 1,255,860	$ 1,435,182	$ 1,454,091	$ 1,396,388	$ 1,478,947	$ 2,008,604	$ 2,647,856
Non-Management (union and non-union)	$ 3,577,976	$ 3,994,214	$ 4,130,728	$ 3,830,232	$ 3,938,080	$ 3,929,914	$ 4,553,308	$ 4,208,205	$ 4,161,961
Total	$ 4,941,897	$ 5,319,431	$ 5,386,588	$ 5,265,414	$ 5,392,171	$ 5,326,302	$ 6,032,255	$ 6,216,809	$ 6,809,817
Total Compensation Breakdown (Capital, OM&A)									
OM&A	$ 3,577,977	$ 3,536,039	$ 3,568,406	$ 3,296,918	$ 3,254,501	$ 3,437,892	$ 3,593,937	$ 3,916,596	$ 4,186,928
Capital	$ 1,363,920	$ 1,783,392	$ 1,818,182	$ 1,968,496	$ 2,137,170	$ 1,888,410	$ 2,438,318	$ 2,300,223	$ 2,676,889
Total	$ 4,941,897	$ 5,319,431	$ 5,386,588	$ 5,265,414	$ 5,391,671	$ 5,326,302	$ 6,032,255	$ 6,216,819	$ 6,863,817

Attachment 4-F

EPLC Post-Employment Benefits Actuary Report

MONDELIS
ACTUARIAL

January 31, 2024

Maxim Picco, CPA, CA
Corporate Controller
Essex Power Corporation
200-2199 Blackacre Dr
Oldcastle, ON N0R 1L0
mpicco@essexpower.ca

sent by email only

Dear Max:

Re: Post-Employment Benefits Accounting - December 31, 2023

This document contains the accounting results to be disclosed in the December 31, 2023 financial statements of Essex Power Corporation, Essex Powerlines Corporation and Essex Energy Corporation (the "Companies"). The results have been prepared in accordance with our understanding of the International Financial Reporting Standards ("IFRS 19(R)"). It is assumed that the plan sponsor has chosen to recognize gains and losses through adjustments to Other Comprehensive Income.

A valuation was prepared effective December 31, 2023. The results from the valuation were used for ending obligations at December 31, 2023, and have been extrapolated for projections for fiscal years 2024, 2025 and 2026.

PREMIUMS

The monthly retiree premium rates were provided by the plan sponsor for the December 31, 2023 valuation. The rates are shown in the table below and do not include provincial sales tax.

	Health		Dental	
Division	**Single**	**Family**	**Single**	**Family**
Grandfathered Amherstburg	127.95	367.59	36.84	116.48
Grandfathered Leamington		367.59		116.48
Grandfathered LaSalle		367.59		116.48
Union/Mgmt Retirees – Reduced Benefits	94.95	200.99	34.37	71.51
Union Retirees - Full	150.31	360.55	61.89	136.86
Management Retirees - Full	214.61*	383.23	89.36*	159.58

** Assumed Single Management premiums are 56% of Family rate*

DATA

The following tables summarize the data provided by the plan sponsor for the December 31, 2023 valuation for the Post-employment benefits plan.

	Dec 31 2023 Active Employees	Dec 31 2023 Retired Employees
Essex Powerlines Corporation		
Number	41	26
Average Age	43.4	62.0
Average Years of Service	9.7	
Essex Power Corporation		
Number	9	1
Average Age	46.4	59.9
Average Years of Service	13.0	
Essex Energy Corporation		
Number	11	none
Average Age	41.2	
Average Years of Service	7.8	

BENEFIT COVERAGE

The following plan provisions were in effect at the December 31, 2023 valuation.

Employees must meet the following conditions to be eligible for any Post-Employment Benefits under this plan:

- Retirement with OMERS pension and with age plus service totaling 80 points.
- In addition, for Essex Power Corporation Management employees with Date of Hire (Full-time) on or after June 1, 2003: 5 years of service at Essex Power Corporation

The following table describes the Post-employment benefits packages offered under this plan to employees who retire under specific conditions. In this valuation, we have assumed that all union Employees meet the attendance criteria for increased benefits.

Group / Conditions	Hired prior to June 1, 2003	Hired on or after June 1, 2003
Union Employees (who meet attendance criteria)	• Full benefits to age 65 • Retirement Allowance $700/year of OMERS Service • Reduced benefits to age 70 with Vision & Out of Province	• Full benefits to age 65
Union Employees (do not meet attendance criteria)	• Full benefits to age 65 • Retirement Allowance $600/year of OMERS Service • Reduced benefits to age 70 – with reduced Vision and no Out of Province coverage	• Reduced benefits to age 65 – with reduced Vision and no Out of Province coverage
Management Employees	• Full benefits to age 65 • Retirement Allowance $700/year of OMERS Service • Reduced benefits to age 70 with Vision & Out of Province	• Full benefits to age 65

The following table describes the Health and Dental coverage provided to the eligible employees.

	Full Coverage – Management	**Full Coverage – Union**	**Reduced Coverage – Management/Union**
Drugs	$2.00 co-pay	$5.00 prescription fee	N/A
	100% employer paid (excludes over the counter)	100% employer paid (excludes over the counter)	80% employer paid to $20,000/year
Extended Health	Employer pay all – no deductible	Employer pay all – no deductible	$25/$50 employee co-pay
	Physiotherapy to $500/year	Physiotherapy to $500/year	Physiotherapy to $300/year
	Psychologist to $500/year	Psychologist, $35/visit to $350/year	N/A
	Chiropractor to $500/year ($10 co-pay 15 visits)	Chiropractor to $400/year ($10 co-pay 15 visits)	Chiropractor to $300/year
	Osteopath/Chiropodist/ Podiatrist to $500/year	Osteopath/Chiropodist/ Podiatrist to $400/year	Chiropodist/Podiatrist to $300/year
	Speech Therapist to $500/year	Speech Therapist to $200/year	N/A
	Massage Therapy to $500/year	Massage Therapy to $250/year, $25 copay	N/A
	Private Hospital, $1,000 lifetime maximum	Private Hospital, $1,000 lifetime maximum	N/A
	Semi Private Hospital	Semi Private Hospital	Semi Private Hospital, 15 day max
	Orthotics $450/3 yrs	Orthotics $450/3 yrs	N/A
	Private Duty Nurse, $10,000 per year	N/A	N/A
	Audio, Company self-funded, $500/3 years	Audio, Company self-funded, $300/3 years	N/A
	Safety Glasses Prescription, Company self-funded	N/A	N/A
	Vision to $400/24 months and one eyes exam/12 months	Vision to $400/24 months and one eyes exam/24 months	Vision to $400*/24 months *remains at $200/month for union that does not meet attendance criteria
	Out of Province, 180 days to $1 Million/year	Out of Province, 180 days to $1 Million/year	30 days/$1 million* *N/A for union that does not meet attendance criteria
	Employee Assistance Plan	Employee Assistance Plan	N/A

	Full Coverage – Management	Full Coverage – Union	Reduced Coverage – Management/Union
Dental	No deductible ($3,000 maximum)	No deductible ($3,500 maximum)	N/A
	100% Basic	100% Basic	90% Basic to $1,000 annual maximum
	100% Comprehensive	100% Endodontics/periodontics	N/A
	50% Crowns/bridges/caps	50% Crowns/bridges/caps	N/A
	50% Dentures	50% Dentures	N/A
	50% Orthodontics (lifetime max $2,500)	50% Orthodontics	N/A
	One recall exam/9 months	N/A	N/A
	Current ODA fees	N/A	N/A
Spousal Benefits	Continues to surviving spouse and eligible dependents.	Continues to surviving spouse and eligible dependents.	Continues to surviving spouse and eligible dependents.

Grandfathered Groups (for employees who retired prior to June 2003):

Amherstburg

Life insurance at 50% of final annual earnings, reducing by 2.5% per year to an ultimate level of 25% of final earnings. Benefit is provided for life. Only two retirees remain with this benefit.
Health and Dental coverage is for the retiree and his/her spouse's lifetime.

Leamington

Life insurance at 50% of final annual earnings, reducing by 2.5% per year to an ultimate level of 25% of final earnings. Audio Coverage is excluded. Benefit is provided for life. One retiree remains with this benefit.
Health and Dental coverage is for the retiree and his/her spouse's lifetime.

LaSalle

Health and Dental coverage is for the retiree and his/her spouse's lifetime. Three retirees remain with these benefits.

ATTESTATION

We are pleased to provide the following certifications:

a. This report provides a summary of the valuation.
b. The assumptions outlined below provide methods and principles applied in their establishment.
c. The data summarized above was provided by the plan sponsor and have been relied upon for purposes of the valuation and extrapolation. Rigorous tests were not carried out on the data provided, with the exception of comparing current data to previous valuation data.
d. We are not aware of any events subsequent to the fiscal year end that would impact on the valuation results.
e. IFRS 19(R) accounting policies were adopted prior to current reporting period.
f. We are not aware of any significant events that occurred during the reporting period.
g. We confirm the following:
    (i) We have been appointed by the management of Essex Power Corporation to carry out the valuation and extrapolation. I am aware that your auditor intends to use my work for audit evidence.
    (ii) In our valuation and extrapolation we have been objective and are free from material financial interest in the outcome of the valuation and extrapolation.
    (iii) I am a fully qualified Fellow of the CIA in good professional standing and possess the requisite competency to perform the extrapolation.
    (iv) The valuation and extrapolation have been performed with due care.
    (v) There have been no restrictions imposed on me regarding what may be communicated to your auditor.
    (vi) I agree to preserve the confidentiality of any information provided by the auditor.
    (vii) The benefit plan is a defined benefit plan.
    (viii) I have confirmed with the plan sponsor that:
        1. The valuation includes all employee future benefit plans required to be included in the valuation.
        2. The plan's provisions are up to date as at the date of the report.
        3. The plan sponsor will advise us of changes to the plan's provisions and events that could have a material effect on the valuation.
    (ix) The valuation and extrapolation have been performed in accordance with the standards of the CIA.
    (x) The amounts derived from the valuation and extrapolation are in accordance with the framework as described above.
    (xi) In performing the valuation and extrapolation, we have used a discount rate determined in accordance with the framework and best estimate assumptions developed by management following discussions with us. It is our opinion that the assumptions are appropriate for the valuation and extrapolation and disclosure.

The significant actuarial assumptions used in the calculations are as follows:

- The date of all calculations is December 31, 2023.
- A discount rate of 4.60% per year was chosen for use as at December 31, 2023 and subsequent extrapolations. This is the single discount rate, rounded to the nearest 0.10%, that closely matches the plan's obligations determined using the Fiera Capital/CIA yield curve as at December 31, 2023. A discount rate of 5.00% per year was used to establish liabilities at December 31, 2022 and for extrapolations during 2023.
- No assets have or are expected to be accumulated for the plan.
- A salary growth rate is not incorporated as no benefits are related to earnings.
- Mortality is based on the Canadian Pensioner Mortality Table (CPM2014) projected on a generational basis using CPM Improvement Scale B.
- Termination of employment is based on the Ontario Light Scale.
- The following table shows rates of employee termination at certain ages:

	Termination
Age	**Rate**
20	0.100
25	0.100
30	0.056
35	0.032
40	0.022
45	0.017
50	0.012

- Retirement is assumed to occur at the later of age 57, current age plus one, or the age where age plus OMERS service equals 80.
- Health care trend rates of 5.5% in the first year after the valuation, reducing linearly to 4.0% over 15 years has been used.
- Dental care trend rates of 4.0% per year are assumed.
- Expenses related to the payout of life insurance benefits are presumed to be 10% of the amount of insurance paid.
- 100% of Union employees are assumed to meet the attendance criteria for increased benefits.
- The value of projected benefits is prorated over the attribution period to determine the amount of expense to charge to various periods. The accrued obligation represents the present value of benefits assigned to periods prior to the valuation date.
- Remeasurements (Gains and losses) are recognized immediately through adjustments to Other Comprehensive Income.
- Plan amendments are recognized fully as a past service component of expense.
- The attribution method is based on prorating benefits over each employee's period of service to the later of attainment of age 55, current age or the attainment of age plus service totaling 80.

DISCLOSURES

On the basis of the assumptions and methods noted above, we have determined the present value of benefit obligations related to service through 2023. The attached tables show the calculated obligation amounts at the December 31, 2022 fiscal end date and at the December 31, 2023 fiscal end date, as well as projections for fiscal years 2024 through 2026. The projections will remain reasonable for reporting purposes provided the above assumptions remain reasonable (notably the discount rate, plan provisions and data). Separate tables are provided for Essex Powerlines Corporation, Essex Power Corporation and Essex Energy Corporation.

Please contact me should you have any questions.

Sincerely,

Harish Pawagi
Fellow, Society of Actuaries
Fellow, Canadian Institute of Actuaries
harish.pawagi@mondelis.com
519-804-2896

Att.

APPENDIX A: ESSEX POWERLINES CORPORATION Fiscal Year	IFRS 2022	IFRS 2023	Projection 2024	Projection 2025	Projection 2026
Discount rate at start of period	2.75%	5.00%	4.60%	4.60%	4.60%
Discount rate at end of period	5.00%	4.60%	4.60%	4.60%	4.60%
Interest rate on assets	n/a	n/a	n/a	n/a	n/a
CPI increase assumption	2.00%	2.00%	2.00%	2.00%	2.00%
Termination rates	Ont. Light	Ont. Light	Ont. Light	Ont. Light	Ont. Light
Mortality table	CPM2014	CPM2014	CPM2014	CPM2014	CPM2014
Retirement Age	57	57	57	57	57
Health Care Initial Trend Rate	6.25%	5.50%	5.50%	5.50%	5.50%
Ultimate Trend Rate	4.50%	4.00%	4.00%	4.00%	4.00%
Dental Care Initial Trend Rate	4.50%	4.00%	4.00%	4.00%	4.00%
Ultimate Trend Rate	4.50%	4.00%	4.00%	4.00%	4.00%
Reconcile Obligation					
Obligation at start of year	2,674,090	2,185,279	2,114,700	2,137,500	2,125,100
Plan amendments in year	0	0	0	0	0
Employer current service cost	67,000	51,600	53,200	55,600	58,200
Member contributions	0	0	0	0	0
Benefit payments	(194,245)	(180,000)	(127,200)	(165,100)	(182,400)
Interest on obligation	72,700	107,300	96,800	97,100	96,200
Obligation at end of year	2,619,545	2,164,179	2,137,500	2,125,100	2,097,100
Actual obligations at end of year	2,185,279	2,114,700	2,137,500	2,125,100	2,097,100
(Gain)/Loss recognized at end of year	(434,266)	(49,479)	0	0	0
Reconcile Plan Funds					
Asset at start of period	0	0	0	0	0
Employer contributions	194,245	180,000	127,200	165,100	182,400
Benefit payments	(194,245)	(180,000)	(127,200)	(165,100)	(182,400)
Fund earnings	0	0	0	0	0
Asset at end of period	0	0	0	0	0

APPENDIX A: ESSEX POWERLINES CORPORATION Fiscal Year	IFRS 2022	IFRS 2023	Projection 2024	Projection 2025	Projection 2026
Expense					
Current service cost	67,000	51,600	53,200	55,600	58,200
Interest on obligation	72,700	107,300	96,800	97,100	96,200
Interest on assets	0	0	0	0	0
Plan improvements	0	0	0	0	0
Expense	139,700	158,900	150,000	152,700	154,400
Prior service costs					
Unamortized prior costs at start of year	0	0	0	0	0
Plan Amendment in year					
Amortization during period	0	0	0	0	0
Unamortized prior costs at start of year	0	0	0	0	0
Actuarial (gains) & losses					
Unamortized amount at start	0	0	0	0	0
(Gain) or Loss in period	(434,266)	(49,479)	0	0	0
Recognized through OCI	(434,266)	(49,479)	0	0	0
Unamortized amount at end	0	0	0	0	0
Balance Sheet asset (liability)					
Amount at start of period	(2,674,090)	(2,185,279)	(2,114,700)	(2,137,500)	(2,125,100)
Expense in period	(139,700)	(158,900)	(150,000)	(152,700)	(154,400)
Remeasurements gain(loss)	434,266	49,479	0	0	0
Employer contribution	194,245	180,000	127,200	165,100	182,400
Amount at end of period	(2,185,279)	(2,114,700)	(2,137,500)	(2,125,100)	(2,097,100)
Reconcile funded status					
Benefit obligation at end of period	2,185,279	2,114,700	2,137,500	2,125,100	2,097,100
Asset value at end of period	0	0	0	0	0
Funded status - surplus (deficit)	(2,185,279)	(2,114,700)	(2,137,500)	(2,125,100)	(2,097,100)

APPENDIX A: ESSEX POWERLINES CORPORATION Fiscal Year	IFRS 2022	IFRS 2023	Projection 2024	Projection 2025	Projection 2026
Estimated benefit costs					
First year following fiscal year		127,200			
Second year following fiscal year		165,100			
Third year following fiscal year		182,400			
Fourth year following fiscal year		188,800			
Fifth year following fiscal year		231,000			
Sixth-Tenth years following fiscal year		902,800			
Sensitivity Testing					
Liability change resulting from:					
1% increase in trend rate		168,000			
1% decrease in trend rate		(149,000)			
Liability change resulting from:					
1% increase in discount rate		(164,000)			
1% decrease in discount rate		189,000			
Sources of (Gain)/Loss					
Demographic Changes		(58,379)			
Premiums Experience		(63,700)			
Trend rate change		4,400			
Discount Rate change		68,200			
Total (Gain)/Loss		(49,479)			

APPENDIX B: ESSEX POWER CORPORATION Fiscal Year	IFRS 2022	IFRS 2023	Projection 2024	Projection 2025	Projection 2026
Discount rate at start of period	2.75%	5.00%	4.60%	4.60%	4.60%
Discount rate at end of period	5.00%	4.60%	4.60%	4.60%	4.60%
Interest rate on assets	N/A	N/A	N/A	N/A	N/A
CPI increase assumption	2.00%	2.00%	2.00%	2.00%	2.00%
Termination rates	Ont. Light	Ont. Light	Ont. Light	Ont. Light	Ont. Light
Mortality table	CPM2014	CPM2014	CPM2014	CPM2014	CPM2014
Retirement Age	57	57	57	57	57
Health Care Initial Trend Rate	6.25%	5.50%	5.50%	5.50%	5.50%
Ultimate Trend Rate	4.50%	4.00%	4.00%	4.00%	4.00%
Dental Care Initial Trend Rate	4.50%	4.00%	4.00%	4.00%	4.00%
Ultimate Trend Rate	4.50%	4.00%	4.00%	4.00%	4.00%
Reconcile Obligation					
Obligation at start of year	317,105	278,366	309,700	330,900	332,600
Plan amendments in year	0	0	0	0	0
Employer current service cost	11,100	8,600	13,500	14,100	14,700
Member contributions	0	0	0	0	0
Benefit payments	(5,929)	(7,000)	(7,000)	(27,600)	(11,500)
Interest on obligation	8,900	14,200	14,700	15,200	15,700
Obligation at end of year	331,176	294,166	330,900	332,600	351,500
Actual obligations at end of year	278,366	309,700	330,900	332,600	351,500
(Gain)/Loss recognized at end of year	(52,810)	15,534	0	0	0
Reconcile Plan Funds					
Asset at start of period	0	0	0	0	0
Employer contributions	5,929	7,000	7,000	27,600	11,500
Benefit payments	(5,929)	(7,000)	(7,000)	(27,600)	(11,500)
Fund earnings	0	0	0	0	0
Asset at end of period	0	0	0	0	0

APPENDIX B: ESSEX POWER CORPORATION Fiscal Year	IFRS 2022	IFRS 2023	Projection 2024	Projection 2025	Projection 2026
Expense					
Current service cost	11,100	8,600	13,500	14,100	14,700
Interest on obligation	8,900	14,200	14,700	15,200	15,700
Interest on assets	0	0	0	0	0
Plan improvements	0	0	0	0	0
Expense	20,000	22,800	28,200	29,300	30,400
Prior service costs					
Unamortized prior costs at start of year	0	0	0	0	0
Plan Amendment in year					
Amortization during period	0	0	0	0	0
Unamortized prior costs at start of year	0	0	0	0	0
Actuarial (gains) & losses					
Unamortized amount at start	0	0	0	0	0
(Gain) or Loss in period	(52,810)	15,534	0	0	0
Recognized through OCI	(52,810)	15,534	0	0	0
Unamortized amount at end	0	0	0	0	0
Balance Sheet asset (liability)					
Amount at start of period	(317,105)	(278,366)	(309,700)	(330,900)	(332,600)
Expense in period	(20,000)	(22,800)	(28,200)	(29,300)	(30,400)
Remeasurements gain(loss)	52,810	(15,534)	0	0	0
Employer contribution	5,929	7,000	7,000	27,600	11,500
Amount at end of period	(278,366)	(309,700)	(330,900)	(332,600)	(351,500)
Reconcile funded status					
Benefit obligation at end of period	278,366	309,700	330,900	332,600	351,500
Asset value at end of period	0	0	0	0	0
Funded status - surplus (deficit)	(278,366)	(309,700)	(330,900)	(332,600)	(351,500)

APPENDIX B: ESSEX POWER CORPORATION Fiscal Year	IFRS 2022	IFRS 2023	Projection 2024	Projection 2025	Projection 2026
Estimated benefit costs					
First year following fiscal year		7,000			
Second year following fiscal year		27,600			
Third year following fiscal year		11,500			
Fourth year following fiscal year		42,600			
Fifth year following fiscal year		20,800			
Sixth-Tenth years following fiscal year		168,400			
Sensitivity Testing					
Liability change resulting from:					
1% increase in trend rate		25,000			
1% decrease in trend rate		(22,000)			
Liability change resulting from:					
1% increase in discount rate		(24,000)			
1% decrease in discount rate		27,000			
Sources of (Gain)/Loss					
Demographic Changes		17,534			
Premiums Experience		(13,300)			
Trend rate change		1,300			
Discount Rate		10,000			
Total (Gain)/Loss		15,534			

APPENDIX C: ESSEX ENERGY CORPORATION Fiscal Year	IFRS 2022	IFRS 2023	Projection 2024	Projection 2025	Projection 2026
Discount rate at start of period	2.75%	5.00%	4.60%	4.60%	4.60%
Discount rate at end of period	5.00%	4.60%	4.60%	4.60%	4.60%
Interest rate on assets	N/A	N/A	N/A	N/A	N/A
CPI increase assumption	2.00%	2.00%	2.00%	2.00%	2.00%
Termination rates	Ont. Light	Ont. Light	Ont. Light	Ont. Light	Ont. Light
Mortality table	CPM2014	CPM2014	CPM2014	CPM2014	CPM2014
Retirement Age	57	57	57	57	57
Health Care Initial Trend Rate	6.25%	5.50%	5.50%	5.50%	5.50%
Ultimate Trend Rate	4.50%	4.00%	4.00%	4.00%	4.00%
Dental Care Initial Trend Rate	4.50%	4.00%	4.00%	4.00%	4.00%
Ultimate Trend Rate	4.50%	4.00%	4.00%	4.00%	4.00%
Reconcile Obligation					
Obligation at start of year	170,333	128,688	153,100	174,600	197,600
Plan amendments in year	0	0	0	0	0
Employer current service cost	17,700	11,600	13,800	14,400	15,100
Member contributions	0	0	0	0	0
Benefit payments	(100)	0	0	(100)	(100)
Interest on obligation	5,200	7,000	7,700	8,700	9,800
Obligation at end of year	193,133	147,288	174,600	197,600	222,400
Actual obligations at end of year	128,688	153,100	174,600	197,600	222,400
(Gain)/Loss recognized at end of year	(64,445)	5,812	0	0	0
Reconcile Plan Funds					
Asset at start of period	0	0	0	0	0
Employer contributions	100	0	0	100	100
Benefit payments	(100)	0	0	(100)	(100)
Fund earnings	0	0	0	0	0
Asset at end of period	0	0	0	0	0

APPENDIX C: ESSEX ENERGY CORPORATION Fiscal Year	IFRS 2022	IFRS 2023	Projection 2024	Projection 2025	Projection 2026
Expense					
Current service cost	17,700	11,600	13,800	14,400	15,100
Interest on obligation	5,200	7,000	7,700	8,700	9,800
Interest on assets	0	0	0	0	0
Plan improvements	0	0	0	0	0
Expense	22,900	18,600	21,500	23,100	24,900
Prior service costs					
Unamortized prior costs at start of year	0	0	0	0	0
Plan Amendment in year					
Amortization during period	0	0	0	0	0
Unamortized prior costs at start of year	0	0	0	0	0
Actuarial (gains) & losses					
Unamortized amount at start	0	0	0	0	0
(Gain) or Loss in period	(64,445)	5,812	0	0	0
Recognized through OCI	(64,445)	5,812	0	0	0
Unamortized amount at end	0	0	0	0	0
Balance Sheet asset (liability)					
Amount at start of period	(170,333)	(128,688)	(153,100)	(174,600)	(197,600)
Expense in period	(22,900)	(18,600)	(21,500)	(23,100)	(24,900)
Remeasurements gain/(loss)	64,445	(5,812)	0	0	0
Employer contribution	100	0	0	100	100
Amount at end of period	(128,688)	(153,100)	(174,600)	(197,600)	(222,400)
Reconcile funded status					
Benefit obligation at end of period	128,688	153,100	174,600	197,600	222,400
Asset value at end of period	0	0	0	0	0
Funded status - surplus (deficit)	(128,688)	(153,100)	(174,600)	(197,600)	(222,400)

APPENDIX C: ESSEX ENERGY CORPORATION Fiscal Year	IFRS 2022	IFRS 2023	Projection 2024	Projection 2025	Projection 2026
Estimated benefit costs					
First year following fiscal year		0			
Second year following fiscal year		100			
Third year following fiscal year		100			
Fourth year following fiscal year		200			
Fifth year following fiscal year		300			
Sixth-Tenth years following fiscal year		74,900			
Sensitivity Testing					
Liability change resulting from:					
1% increase in trend rate		27,000			
1% decrease in trend rate		(22,000)			
Liability change resulting from:					
1% increase in discount rate		(23,000)			
1% decrease in discount rate		28,000			
Sources of (Gain)/Loss					
Demographic Changes		6,012			
Premiums Experience		(7,400)			
Trend rate change		(2,300)			
Discount Rate		9,500			
Total (Gain)/Loss		5,812			

Attachment 4-G

Regulatory Cost Schedule

Appendix 2-M
Regulatory Cost Schedule

	Regulatory Costs (One-Time)	Last Rebasing (2018 OEB Approved)	Last Rebasing (2018 Actual)	Sum Of Historical Years (2019-2023)	2024 Bridge Year	2025 Test Year
		(A)	(B)	(C)	(D)	(E)
1	Expert Witness costs					
2	Legal costs	50,417		4,225	50,000	
3	Consultants' costs	167,447		59,570	100,000	
4	Intervenor costs	35,000			35,000	
5	OEB Section 30 Costs (application-related)					
6	Incremental operating expenses associated with st	36,961				
7	Incremental operating expenses associated with ot	2,191		142,317	166,718	
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
	Sub-total - One-time Costs	$ 292,017	$ -	$ 206,112	$ 351,718	$ -

Application-Related One-Time Costs	Total (F =C+D+E)
Total One-Time Costs Related to Application to be Amortized over IRM Period	$ 557,830
1/5 of Total One-Time Costs	$ 111,566

Attachment 4-H

EPC Purchasing Policy

Purchasing & Tender Policy	
Approved by:	**Approval date:**
Reference No.:	**Revision date:**

Policy Statement

It is the policy of Essex Power Corporation to acquire needed goods and services in such a manner as to obtain maximum value for each dollar disbursed, subject to the terms and conditions set forth by the company. Essex Power Corporation is committed to a fair and open competitive tendering policy for all interested, qualified suppliers. This objective will be achieved by the use of informal and formal tender documentation and appropriate authorization as outlined in the Purchasing Policy. The policy also provides employees with guidelines to receive competitive pricing and best overall value in a manner that meets the company objectives.

Policy Details

Essex Power Corporation's Tendering Policy is based on the following fundamental principles:

- open and effective competition
- best overall value for money disbursed (best overall value for money takes into account both price and non price factors and the need to ensure benefits are commensurate with costs)
- enhancing, where reasonably possible, the capabilities of local business and industry
- environmental protection

Purchasing Thresholds with Respect to the Purchasing/Tendering Process

1.0 Essex Power Corporation's policy on purchasing (Tendering) is based on the following thresholds:

1.1 $0 but less than $100

- No purchase order form or quoting process is required; petty cash or company credit cards may be used to purchase items. Supervisor is to sign the credit card statements to authorize the transactions.

1.2 $100 to less than $1,000

- No purchase order form or quoting process is required; Supervisor is to verbally approve before purchasing and sign the supplier invoice to authorize the

transaction or if on a credit card the Supervisor is to sign the credit card statements to authorize the transactions.

1.3 $1,001 but less than $10,000

- Purchase order form completed and valid quoting process (at least 2 quotes) is required; Manager authorization required

1.4 $10,001 and above

- Purchase order form completed and valid quoting process (at least 3 quotes) is required; EPC President or designate

All non budgeted purchases require the authorization of the President of EPC or his designate.

Other policy conditions

1. Multiple, similar small purchases/requisitions, to circumvent Purchase value limits, do not meet the intent of this policy, will not be processed and as such should be refrained from occurring.
2. Quotations required – quotes are required when if and possible from not less than 2 appropriate suppliers; it is understood however, that best price sources are established on an annual basis and hence subsequent purchases of the same item are made without competitive quotes; however, from time to time one of, or out of the ordinary item purchases will occur, and therefore competitive quotes are required.
3. Order quantities should equal semi-annual or annual needs (once determined), if applicable, thereby eliminating the need for frequent orders of the same items, and lessening administration time, where carrying cost is not an issue and if storage space is negatively impacted.
4. Planning and lead times are a key part of the purchasing process and must be considered at all times.
5. Requisition/purchase order forms should be forwarded by the originating department.
6. A standard Request for Quote (RFQ) form is required where appropriate as above, with a covering letter when necessary. (EPL) The RFQ must provide the specific product information, quantity, unit price, freight charges and conditions, discounts, payment terms, deliver dates (if applicable) to be evaluated as part of the selection process.

7 Annual Quotes which "lock in" the detailed purchase arrangements for items to be delivered throughout the subsequent year, should be obtained whenever possible thereby reducing the need for frequent quotes for the same item.

8 Based on larger quantity orders, split delivery dates will be required to locations as designated.

9 Where the minimum required quotations cannot be obtained, documentation should be included to detail reasons why and provide appropriate authorization.

Contracts for Services

There are occasions when contracts for purchasing services are entered into for a duration that exceeds one year. In no circumstance should these contracts exceed 3 years. Contracts are required to be subject to the tendering/quotation process before being renewed to the same vendor. Any exception to this policy requires the approval of the President of EPC.

Other Guidelines

Obsolete and/or surplus assets, or assets with no demonstrated value, that are not donated or sold, will be disposed of in the garbage in accordance with pertinent regulations.

Key Points to Remember

- ✓ Disposal of assets will occur when assets become obsolete and/or surplus.
- ✓ Disposal of assets will be managed to ensure sound business and accounting practices and fairness.
- ✓ The purchaser is accountable to pay for the asset in advance of removing it from Essex Power in a timely manner, and with liability for safe removal.

Purchasing & Tender Policy	
Approved by:	**Approval date:**
Reference No.:	**Revision date:**