

EXHIBIT 4 - OPERATING EXPENSES 2025 COST OF SERVICE

Atikokan Hydro Inc.

EB-2024-0008

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2.4 Exhibit 4: Operating Expenses

2.4.1 Overview

The Operations, Maintenance and Administrative (OM&A) costs in this application represent the operating costs associated with metering, billing, collecting from its customers, the costs associated with ensuring all stakeholders safety (public, employees, etc) and costs to maintain distribution business service quality and reliability standards in compliance with the Distribution System Code and with regulatory bodies.

These costs represent the reasonably incurred cost to provide services to customers connected to Atikokan's distribution system, and to meet the expected service levels by customers but by as stipulated in the Standard Supply Service Code and the Retailer Settlement Codes.

The operating budget is prepared annually and coordinated by management. Management presents the OM&A and capital budget to be reviewed and approved by the Board of Directors. Known and estimated inflationary increases are considered when preparing the budget; in addition to any other impacts that may affect expense and revenues. Once the Board of Directors approves the annual budget, the budget becomes the plan that actual results are evaluated against. The plan and actual results are also measured against the Board Approved OM&A from the most recent Cost of Service Application. The operating budget process at Atikokan Hydro is an integral planning tool and ensures that appropriate resources are available to maintain its distribution system assets. In preparation of the OM&A budget, managing Atikokan's distribution system assets, Atikokan Hydro's main objective is to optimize performance of assets at a reasonable cost with due regard for system reliability, safety and customer service expectations.

Atikokan is proposing recovery of 2025 Test Year OM&A costs, excluding amortization, property tax, PILs and interest totaling \$1,340,301.

As shown in Table 4-1 below, Atikokan's OM&A increased \$242,905 or 22.1% from its 2017 Cost of Service ("COS") to the 2025 Test Year. This is an annual average increase of 2.76%.

Table 4-1: OM&A Expenses – 2017 Board Approved Versus 2025 Test Year

	Last Rebasing Year (2017 Board-Approved)	2025 Test Year	Variance
Operations	376,877	444,842	67,965
Maintenance	120,741	173,697	52,956
Billing and Collecting	184,336	213,543	29,207
Community Relations	-		-
Administrative and General	415,442	508,219	92,777
Total OM &A Expenses	1,097,396	1,340,301	242,905
% Change (year over year)		22.1%	

As determined appropriate by the OEB; Atikokan assumed an inflation rate of 3.6% where expense increases were unknown or unpredicted. This rate is based on the OEB's letter issued June 20, 2024, providing the 2025 inflation parameters.

The variance used to determine the OM&A accounts requiring analysis has been prescribed by the Filing Requirements as \$50,000 for distributor with a distribution revenue requirement less than or equal to \$10 million.

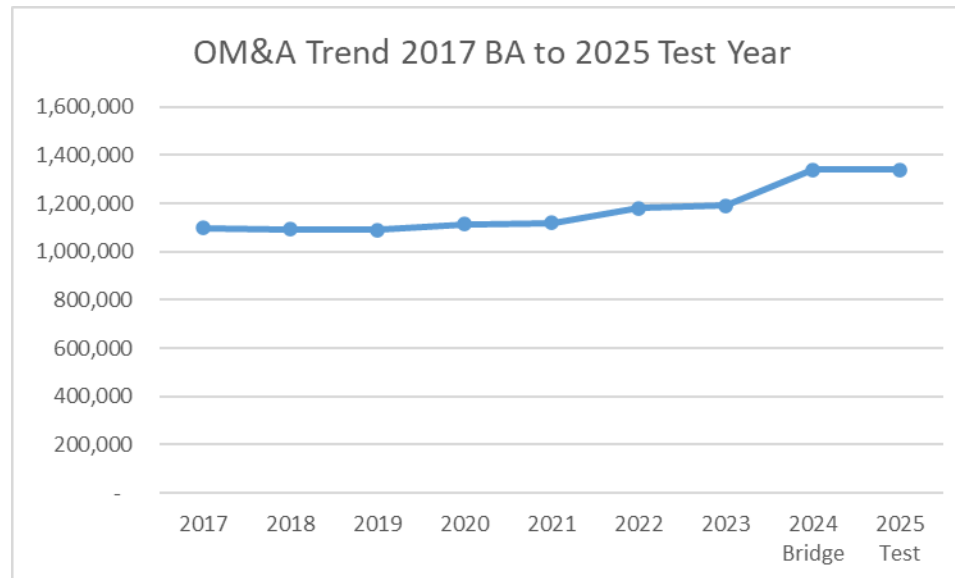
A summary of OM&A expense from 2017 Board Approved, 2017 Actual, 2018 Actual, 2019 Actual, 2020 Actual, 2021 Actual, 2022 Actual, 2023 Actual, 2024 Bridge and the 2025 Test Year is below in Table 4-2.

Table 4-2: Summary of OM&A Expenses – 2017 Board Approved to 2025 Test Year

	2017 Last Rebasing Year OEB Approved	2017 Last Rebasing Year Actuals	2018 Actuals	2019 Actuals	2020 Actuals	2021 Actuals	2022 Actuals	2023 Actuals	2024 Bridge Year	2025 Test Year
Operations ⁴	\$ 376,877	\$ 441,293	\$ 419,737	\$ 396,072	\$ 438,048	\$ 387,285	\$ 412,872	\$ 375,225	\$ 422,392	\$ 444,842
Maintenance ⁵	\$ 120,741	\$ 102,932	\$ 86,747	\$ 99,359	\$ 78,733	\$ 119,321	\$ 128,373	\$ 155,191	\$ 172,897	\$ 173,697
Billing and Collecting ⁶	\$ 184,336	\$ 172,365	\$ 177,401	\$ 177,818	\$ 177,886	\$ 182,332	\$ 178,502	\$ 187,912	\$ 212,511	\$ 213,543
Community Relations ⁷	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Administrative and General ⁸	\$ 415,442	\$ 416,357	\$ 408,261	\$ 415,798	\$ 419,084	\$ 428,982	\$ 461,285	\$ 473,188	\$ 476,461	\$ 508,219
Total	\$ 1,097,396	\$ 1,132,947	\$ 1,092,146	\$ 1,089,048	\$ 1,113,751	\$ 1,117,919	\$ 1,181,032	\$ 1,191,516	\$ 1,284,261	\$ 1,340,301
%Change (year over year)		3.2%		-3.9%	2.3%	0.4%	5.6%	0.9%	7.8%	4.4%

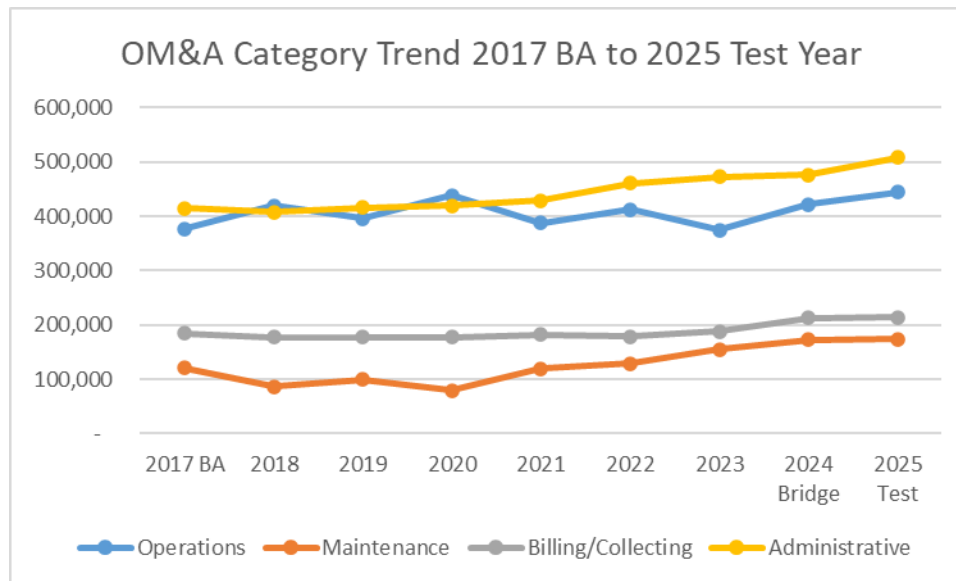
While the above table quantifies the year over year OM&A changes, the below illustrates visually Atikokan's OM&A trend for years 2017 Board Approved through 2025 Test Year.

Table 4-3: OM&A Trend



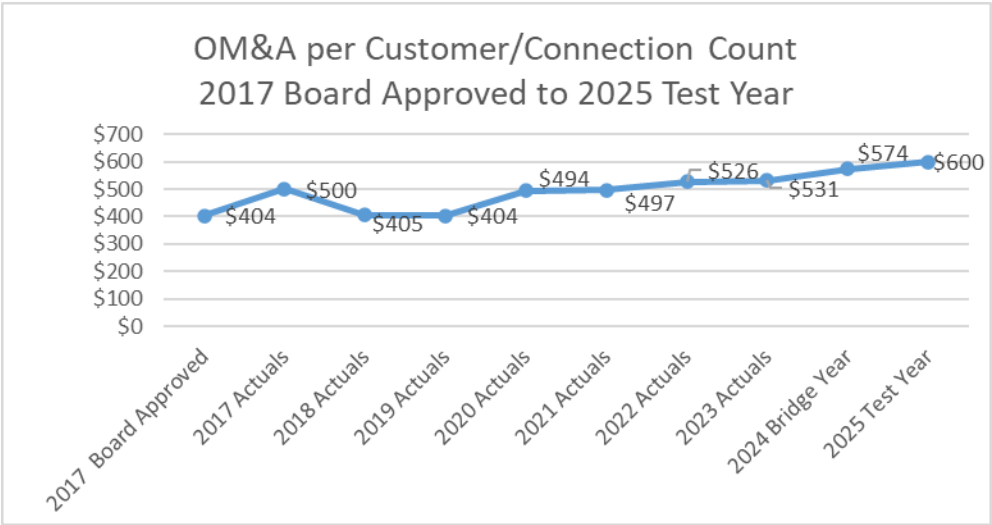
The following table shows the trend in the historical OM&A trend and forecasted 2025 Test year by category: Operations, Maintenance, Billing & Collecting and Administrative Expenses. The table also illustrates most expenses fall within the administrative and operations categories.

Table 4-4: OM&A Category Trend



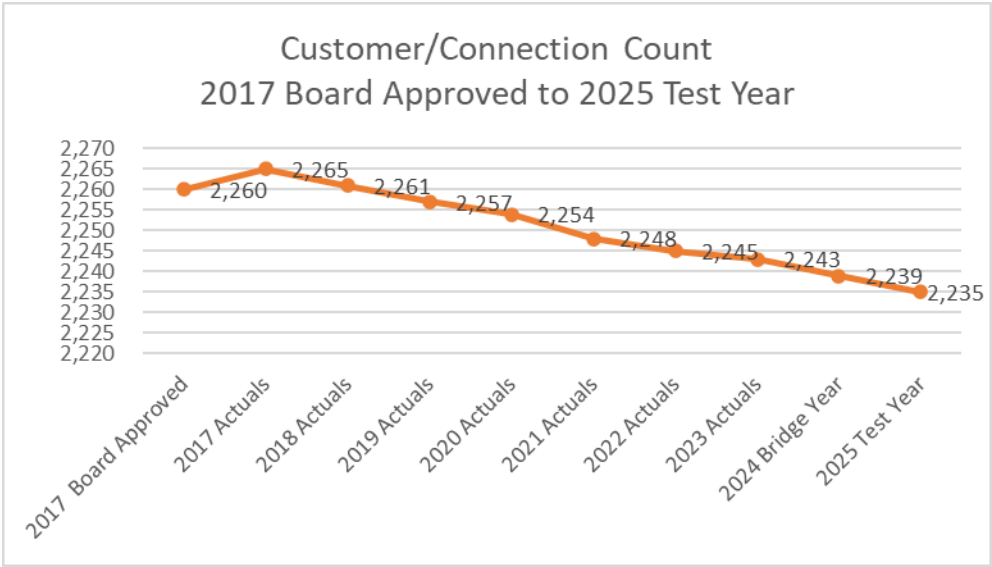
The next table shows the OM&A per customer/connection count trend from the 2017 Board Approved to the 2025 Test Year. The 2017 Board Approved OM&A per customer was \$404 whereas the 2025 Test Year is forecasted to be \$600 per customer count/connection. This is a result of increasing costs but also the decline in customers. Atikokan's revenue requirement is static regardless of the customer count to distribute the recovery of the rates.

Table 4-5: OM&A per Customer/Connection Count



The following table illustrates the trend in the decline of the customer count/connections of the historical and test year period; 2017 through 2025; the decline is one driver in the increased OM&A per customer.

Table 4-6: Customer/Connection Count



The factors driving OM&A increase in Atikokan's costs include employee wages and compensation as per negotiated collective agreements, inflationary increases on other non-personnel costs of maintaining and operating the utility, mandated initiatives such as Green Button compliance and cyber security to name a few that add pressure on total OM&A expenditures.

Table 4-7 below provides a summary of the variances by OM&A category from Atikokan's 2017 Last Rebasing Board Approved costs to the 2025 Test Year costs. Cost drivers for the variances are explained following the table.

Table 4-7: 2017 Board Approved vs. 2025 Test Year

	Last Rebasing Year (2017 Board-Approved)	2025 Test Year	Variance
Operations	376,877	444,842	67,965
Maintenance	120,741	173,697	52,956
Billing and Collecting	184,336	213,543	29,207
Community Relations	-		-
Administrative and General	415,442	508,219	92,777
Total OM&A Expenses	1,097,396	1,340,301	242,905
%Change (year over year)		22.1%	

The main cost drivers:

- Increase in wages, salaries and benefits as per the collective agreement; this impacts all OM&A accounts \$140,259
- Outside Professional Services \$23,302
 - Increased cost of outside professional services
 - Implementation of managed IT Service Provider
- Increase in metering service provider and maintenance of meters; impacts Maintenance and Billing & Collecting accounts \$20,725
- Other immaterial differences less than the Board Approved materiality threshold of \$50,000

Business Environment Changes

There has been a number of business environment changes that impact operating costs since Atikokan's last 2017 rebasing year. There have been several regulatory and policy changes; OREC, Time of Use Opt-Out, installation of MIST meters for GS > 50 kW customers, Winter Disconnection Moratorium, installation of Electronic Logging Devices, etc but the mandated implementation of the Green Button Initiative required the utility to invest in a new customer service portal provider to meet the required demands of the Green Button Standard. With greater emphasis on Cyber Security, Atikokan now has a managed IT service provider and a more robust backup solution as of April 2024 in efforts to meet compliance but also for business continuity.

2.4.2 OM&A Summary and Cost Driver Tables

Atikokan follows the Board's Accounting Procedure Handbook ("APH") in distinguishing work performed between operations and maintenance. A Summary of Atikokan's OM&A expenses (5005 - 5695, 6205) including payments in lieu of taxes and LEAP for the 2017 Board Approved, 2017 Actual, 2018 Actual, 2019 Actual, 2020 Actual, 2021 Actual, 2022 Actual, 2023 Actual, 2024 Bridge Year and 2025 Test Year is provided in Table 4-8 which is consistent with the OEB Appendix J-A.

Atikokan is proposing to receive the 2025 Test Year costs through distribution rates for the 2025 Test Year.

Table 4-8 : OEB Appendix 2-JA: Summary of Recoverable OM&A Expenses

	2017 Last Rebasing Year OEB Approved	2017 Last Rebasing Year Actuals	2018 Actuals	2019 Actuals	2020 Actuals	2021 Actuals	2022 Actuals	2023 Actuals	2024 Bridge Year	2025 Test Year
Reporting Basis										
Operations	\$ 376,877	\$ 441,293	\$ 419,737	\$ 396,072	\$ 438,048	\$ 387,285	\$ 412,872	\$ 375,225	\$ 422,392	\$ 444,842
Maintenance	\$ 120,741	\$ 102,932	\$ 86,747	\$ 99,359	\$ 78,733	\$ 119,321	\$ 128,373	\$ 155,191	\$ 172,897	\$ 173,697
SubTotal	\$ 497,618	\$ 544,225	\$ 506,485	\$ 495,432	\$ 516,781	\$ 506,606	\$ 541,245	\$ 530,416	\$ 595,289	\$ 618,539
%Change (year over year)		9.4%	-6.9%	-2.2%	4.3%	-2.0%	6.8%	-2.0%	12.2%	3.9%
%Change (Test Year vs Last Rebasing Year - Actual)										13.7%
Billing and Collecting	\$ 184,336	\$ 172,365	\$ 177,401	\$ 177,818	\$ 177,886	\$ 182,332	\$ 178,502	\$ 187,912	\$ 212,511	\$ 213,543
Community Relations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Administrative and General	\$ 415,442	\$ 416,357	\$ 408,261	\$ 415,798	\$ 419,084	\$ 428,982	\$ 461,285	\$ 473,188	\$ 476,461	\$ 508,219
SubTotal	\$ 599,778	\$ 588,722	\$ 585,661	\$ 593,616	\$ 596,970	\$ 611,314	\$ 639,787	\$ 661,100	\$ 688,972	\$ 721,763
%Change (year over year)		-1.8%	-0.5%	1.4%	0.6%	2.4%	4.7%	3.3%	4.2%	4.8%
%Change (Test Year vs Last Rebasing Year - Actual)										22.6%
Total	\$ 1,097,396	\$ 1,132,947	\$ 1,092,146	\$ 1,089,048	\$ 1,113,751	\$ 1,117,919	\$ 1,181,032	\$ 1,191,516	\$ 1,284,261	\$ 1,340,301
%Change (year over year)		3.2%	-3.6%	-0.3%	2.3%	0.4%	5.6%	0.9%	7.8%	4.4%

	2017 Last Rebasing Year OEB Approved	2017 Last Rebasing Year Actuals	2018 Actuals	2019 Actuals	2020 Actuals	2021 Actuals	2022 Actuals	2023 Actuals	2024 Bridge Year	2025 Test Year
Operations ⁴	\$ 376,877	\$ 441,293	\$ 419,737	\$ 396,072	\$ 438,048	\$ 387,285	\$ 412,872	\$ 375,225	\$ 422,392	\$ 444,842
Maintenance ⁵	\$ 120,741	\$ 102,932	\$ 86,747	\$ 99,359	\$ 78,733	\$ 119,321	\$ 128,373	\$ 155,191	\$ 172,897	\$ 173,697
Billing and Collecting ⁶	\$ 184,336	\$ 172,365	\$ 177,401	\$ 177,818	\$ 177,886	\$ 182,332	\$ 178,502	\$ 187,912	\$ 212,511	\$ 213,543
Community Relations ⁷	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Administrative and General ⁸	\$ 415,442	\$ 416,357	\$ 408,261	\$ 415,798	\$ 419,084	\$ 428,982	\$ 461,285	\$ 473,188	\$ 476,461	\$ 508,219
Total	\$ 1,097,396	\$ 1,132,947	\$ 1,092,146	\$ 1,089,048	\$ 1,113,751	\$ 1,117,919	\$ 1,181,032	\$ 1,191,516	\$ 1,284,261	\$ 1,340,301
%Change (year over year)		3.2%		-3.9%	2.3%	0.4%	5.6%	0.9%	7.8%	4.4%

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2 Consistent with the OEB Appendix 2-JB, Table 4-9 below provides a list of the cost drivers that
3 affected year over year OM&A spending. As the table shows, Atikokan does not have many
4 drivers that meet the materiality threshold of \$50,000.

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- 2

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2 In accordance with Filing Requirements OEB Appendix 2-JC has been completed and as such
3 included in Table 4-10 below.

4 The appendix includes a variance analysis for changes from the Test year vs 2023 Actuals and
5 the Test Year vs Last Rebasing Year 2017. Those variances that meet or exceed the materiality
6 threshold will be explained. However, similarly for the explanation above for OM&A Cost drivers,
7 in reviewing OM&A on a program basis on a year over year spending basis Atikokan does not
8 have many drivers that meet the materiality threshold of \$50,000.

9

1 **Table 4-10: OEB Appendix 2-JC OM&A Programs Table**

	Last Rebasng Year (2017 OEB Approved)	Last Rebasng Year (2017 Actuals)	2018 Actuals	2019 Actuals	2020 Actuals	2021 Actuals	2022 Actuals	2023 Actuals	2024 Bridge Year	2025 Test Year	Variance (Test Year vs. 2023 Actuals)	Variance (Test Year vs. Last Rebasng Year (2017 OEB- Approved))
Programs												
Reporting Basis												
Operation												
Substation Equipment/Labour		5,953	17,455	5,489	6,345	20,001	7,040	16,897	23,000	23,000	6,103	23,000
Op. Supervision & Engineering								20,450	23,900	23,900		
O/H Distribution Lines Labour	324,558	363,877	337,680	326,278	346,006	290,033	300,377	243,756	300,196	321,997	78,241	-2,561
O/H Distribution Supplies	42,089	44,649	44,188	44,053	32,121	42,731	51,798	37,504	46,225	46,800	9,296	4,711
Customer Premises						5,749	12,741	11,468	12,000	12,000		
Meter Expense	10,230	16,788	16,654	17,913	29,773	23,840	27,595	30,755	5,500	5,500	-25,255	-4,730
Miscellaneous Distribution Expense		8,274	3,710	2,164	22,818	2,732	13,270	10,124	10,571	10,646	522	10,646
other		1,750	50	175	985	2,199	50	4,271	1,000	1,000		
Sub-Total	376,877	441,293	419,737	396,072	438,048	387,285	412,872	375,225	422,392	444,843	69,618	67,966
Maintenance												
Maintenance of Distribution & Station	13,800	7,281	5,599	7,385	7,291	7,365	8,055	18,064	24,704	24,704	6,640	10,904
Maintenance of Poles, Towers/fixtures						2,632	5,408	7,676	7,000	7,000		
Maintenance of O/H Services	1,000		1,275	0	2,782	30,346	38,376	26,348	31,700	32,500	6,152	31,500
O/H Lines - Right of Way	72,000	60,544	41,588	53,479	34,127	41,837	41,721	58,246	65,100	65,100	6,854	-6,900
Maintenance of Line Transformers		1,026		1,144	0	0	0	3,245	2,000	2,000	-1,245	2,000
Maintenance of Meters	33,941	34,081	38,285	37,352	34,534	37,140	34,814	41,613	42,393	42,393	780	8,452
Sub-Total	120,741	102,932	86,747	99,359	78,733	119,321	128,373	155,191	172,897	173,697	18,506	52,956
Billing and Collecting												
Meter Reading	35,210	33,368	31,215	29,967	29,274	29,552	31,773	35,456	51,633	51,749	16,293	16,539
Customer Billing	143,126	135,741	137,308	138,275	143,184	142,753	143,650	151,743	152,877	153,795	2,052	10,669
Bad Debt	6,000	2,981	3,955	4,380	2,254	7,081	3,060	308	6,000	6,000	5,692	0
Miscellaneous Customer Accounts		75	2,000	2,100							0	0
LEAP									2,000	2,000		
other		201	2,923	3,096	3,174	2,946	19	404			-404	0
Sub-Total	184,336	172,365	177,400	177,818	177,887	182,332	178,502	187,912	212,510	213,544	25,632	29,208
Community Relations												
											0	0
											0	0
											0	0
											0	0
											0	0
Sub-Total	0	0	0	0	0	0	0	0	0	0	0	0
Administrative and General												
Admin Salaries & Expenses	206,254	213,885	212,816	217,720	225,362	227,481	229,423	212,889	228,391	253,107	40,218	46,853
Outside Professional Services	57,150	2,340	48,760	55,874	54,699	56,094	77,442	107,286	90,716	80,452	-26,834	23,302
Office Expenses	4,500	45,998	2,440	3,498	2,985	7,507	8,318	6,054	6,200	6,200	146	1,700
Property Insurance	8,572	7,904	6,660	6,850	8,329	9,088	10,635	10,094	12,058	12,492	2,398	3,920
Miscellaneous General Expense	18,085	24,670	22,241	29,844	20,976	18,456	20,700	21,039	22,400	21,920	881	3,835
Maintenance of General Plant	28,948	26,205	32,292	27,842	27,664	29,230	33,999	35,395	28,808	42,675	7,280	13,727
Regulatory Expenses	25,103	31,368	19,118	12,256	12,332	12,265	13,072	11,509	15,000	15,584	4,075	-9,519
General Advertising Expense	1,800	225	1,094	1,166	422	491	1,303	1,209	1,500	1,500	291	-300
Travel/Mail Allowance	2,400				1,585						0	-2,400
Pension	62,630	63,761	62,839	60,748	64,730	62,370	64,394	65,613	69,288	72,114	6,501	9,484
Electrical Safety Fee								2,100	2,100	2,176	76	2,176
LEAP						6,000	2,000					
Sub-Total	415,442	416,357	408,261	415,798	419,084	428,982	461,285	473,188	476,461	508,220	35,032	92,778
Miscellaneous											0	0
Total	1,097,396	1,132,947	1,092,146	1,089,048	1,113,751	1,117,919	1,181,032	1,191,516	1,284,260	1,340,304	148,788	242,908

Test Year (2025) vs 2023 Actuals Variance Analysis

Comparing the 2025 Test Year to the 2023 Actuals, expenses are forecasted to increase by \$148,788 and are broken down as follows:

Operations \$69,618

Maintenance \$18,506

Billing & Collecting \$25,632

Administrative \$35,032

Operations is the only category to increase by more than the materiality threshold of \$50,000. This is mainly attributed to operations distribution line labour increase of \$78,241 and offset by other expenses including meter expenses recorded to operations. The increase in distribution lines is increase in wages. The total staff compliment of wages charged to distribution lines has not changed but step increases in addition to increases per the collective agreement have occurred creating the variance between the Test Year versus the 2023 actuals.

Test Year (2025) vs 2017 Board Approved Last Rebasing Year Variance Analysis

Comparing the 2025 Test Year to 2017, the last rebasing year, expenses have and are forecasted to increase by \$242,908 and are broken down by the following programs:

Operations \$67,966

Maintenance \$52,956

Billing & Collecting \$29,208

Administrative 92,778

While most of the programs increases exceed the materiality threshold; there is no single driver itemized to be a material driver for the variances in the programs.

1

2 Per the filing requirements, Atikokan has completed and included OEB Appendix 2-L. Salaries,
3 wages and benefits are a driver of Atikokan's OM&A since the last Rebasing Year. Atikokan's
4 complement of 7 employees in both the 2024 Bridge year and the 2025 Test Year are status quo
5 to the Board Approved complement of 7 for the 2017 rebasing year. Referencing the OEB
6 Appendix 2-L shows the Recoverable OM&A Cost per Customer and per Full Time Employee
7 ("FTE") . OM&A per customer for the 2025 Test Year is \$600 which is a 48.6% increase from the
8 2017 Board Approved \$404 OM&A cost per customer. Atikokan's number of customers has
9 continued to decline over the historical years. See Exhibit 3 for more details. The same impact
10 stands for OM&A per FTE. Atikokan's total OM&A has increased since the last Rebasing year it
11 is further driving the cost per customer ratio, but this is further affected by a loss of customers.

Table 4-11: OEB Appendix 2-L Recoverable OM&A Costs per Customer and per FTE

	Last Rebasing Year 2017 - OEB Approved	Last Rebasing Year (2017 Actuals)	2017 Actuals	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	\$ 497,618	\$ 544,225	\$ 544,225	\$ 506,485	\$ 495,432	\$ 516,781	\$ 506,606	\$ 541,245	\$ 530,416	\$ 595,289	\$ 618,539
Admin Expenses ⁶	\$ 415,442	\$ 588,722	\$ 416,357	\$ 408,261	\$ 415,798	\$ 596,970	\$ 611,314	\$ 639,787	\$ 661,100	\$ 688,972	\$ 721,763
Total Recoverable OM&A from Appendix 2-JB ⁵	\$ 913,060	\$ 1,132,947	\$ 960,581	\$ 914,745	\$ 911,230	\$ 1,113,751	\$ 1,117,919	\$ 1,181,032	\$ 1,191,516	\$ 1,284,261	\$ 1,340,301
Number of Customers ^{2,4}	2,260	2,265	2,265	2,261	2,257	2,254	2,248	2,245	2,243	2,239	2,235
Number of FTEs ^{3,4}	7	7	7	7	7	7	7	7	7	7	7
Customers/FTEs	323	324	324	323	322	322	321	321	320	320	319
OM&A cost per customer											
O&M per customer	\$220	\$240	\$240	\$224	\$220	\$229	\$225	\$241	\$236	\$266	\$277
Admin per customer	\$184	\$260	\$184	\$181	\$184	\$265	\$272	\$285	\$295	\$308	\$323
Total OM&A per customer	\$404	\$500	\$424	\$405	\$404	\$494	\$497	\$526	\$531	\$574	\$600
OM&A cost per FTE											
O&M per FTE	\$71,088	\$77,746	\$77,746	\$72,355	\$70,776	\$73,826	\$72,372	\$77,321	\$75,774	\$85,041	\$88,363
Admin per FTE	\$59,349	\$84,103	\$59,480	\$58,323	\$59,400	\$85,281	\$87,331	\$91,398	\$94,443	\$98,425	\$103,109
Total OM&A per FTE	\$130,437	\$161,850	\$137,226	\$130,678	\$130,176	\$159,107	\$159,703	\$168,719	\$170,217	\$183,466	\$191,472

2.4.3 OM&A Variance Analysis

The following pages provide explanations of OM&A year over year cost drivers for 2017 Board Approved, 2017 Actual, 2018 Actual, 2019 Actual, 2020 Actual, 2021 Actual, 2022 Actual, 2023 Actual, 2024 Bridge Year and 2025 Test Year. Atikokan will provide analysis for all variances greater than \$50,000, the materiality threshold.

Table 4-12: 2017 Board Approved vs. 2017 Actual

	Last Rebasing Year (2017 Board-Approved)	Last Rebasing Year (2017 Actuals)	Variance from Board Approved
Operations	376,877	441,293	64,416
Maintenance	120,741	102,932	(17,809)
Billing and Collecting	184,336	172,365	(11,971)
Community Relations	-	-	-
Administrative and General	415,442	416,357	915
Total OM&A Expenses	1,097,396	1,132,947	35,551
Percent Change		3.2%	

The total expenses in 2017 are \$35,551 more or 3.2% more than the 2017 Board Approved amount. The total OM&A variance is less than the materiality threshold but the variance for Operations is greater than the threshold with a variance of \$64,416 but offset by maintenance, billing and collecting credit variances. The operations variance is mainly attributable to \$51,232; reclassified dollars for costs associated with merchandising. Costs that generally belong to UsoA 4330 but were included in UsoA 5020; Overhead Distribution Line. This is a clerical error.

Table 4-13: 2017 Actual vs. 2018 Actual

	2017 Actuals	2018 Actuals	Variance
Operations	441,293	419,737	(21,556)
Maintenance	102,932	86,747	(16,185)
Billing and Collecting	172,365	177,401	5,036
Community Relations	-	-	-
Administrative and General	416,357	408,261	(8,096)
Total OM&A Expenses	1,132,947	1,092,146	- 40,801
Percent Change		-3.6%	

The total expenses in 2018 are \$40,801 less or 3.6% less than the 2017 Actual expenses.

Table 4-14: 2018 Actual vs. 2019 Actual

	2018 Actuals	2019 Actuals	Variance
Operations	419,737	396,072	(23,665)
Maintenance	86,747	99,359	12,612
Billing and Collecting	177,401	177,818	417
Community Relations	-	-	-
Administrative and General	408,261	415,798	7,537
Total OM&A Expenses	1,092,146	1,089,048	- 3,098
Percent Change		-0.3%	

The total expenses in 2019 are (\$3,098) lower or 0.30% lower than the prior year 2018. No further discussion required, variance less than materiality threshold.

Table 4-15: 2019 Actual vs. 2020 Actual

	2019 Actuals	2020 Actuals	Variance
Operations	396,072	438,048	41,975
Maintenance	99,359	78,733	(20,627)
Billing and Collecting	177,818	177,886	68
Community Relations	-	-	-
Administrative and General	415,798	419,084	3,286
Total OM&A Expenses	1,089,048	1,113,751	24,703
Percent Change		2.3%	

The total expenses in 2020 are \$24,703 greater than or 2.3% more than 2019 total expenses. No further discussion required, variance less than materiality threshold.

Table 4-16: 2020 Actual vs 2021 Bridge Year

	2020 Actuals	2021 Actuals	Variance
Operations	438,048	387,285	(50,763)
Maintenance	78,733	119,321	40,588
Billing and Collecting	177,886	182,332	4,446
Community Relations	-	-	-
Administrative and General	419,084	428,982	9,898
Total OM&A Expenses	1,113,751	1,117,919	4,168
Percent Change		0.4%	

The total expenses in 2021 are \$4,168 greater than or 0.4 % more than 2020 total expenses. The total OM&A variance is less than the materiality threshold but the variance for Operations is

greater than the threshold with a variance of \$(50,763) and will be explained. The actual 2021 operations expense is less than 2021 by \$(50,763) but is offset by maintenance of \$40,588. Atikokan as of 2021 has been trying to have a greater use of the Uniform System of Accounts (“USoA”) and articles from the OEB’s Accounting Procedures Handbook (APH) in consideration of the OEB’s activity performance benchmarking. The differences between the OM variance reflect this. Atikokan recorded costs in maintenance for 2021 that historically were recorded in operations USoA’s. For example, on call and responding to calls expenses were historically included in USoA 5020; Overhead Distribution Lines Labour but as of 2021 is recorded in USoA 5125 Maintenance of Overhead and Conductors and Devices. “Standing by phones, going to calls” is included as an example in the APH and as such Atikokan classified \$27,414 to maintenance for 2021 that would have previously been recorded in operations.

Table 4-17: 2021 Actual vs 2022 Actual

	2021 Actuals	2022 Actuals	Variance
Operations	387,285	412,872	25,587
Maintenance	119,321	128,373	9,052
Billing and Collecting	182,332	178,502	(3,830)
Community Relations	-	-	-
Administrative and General	428,982	461,285	32,303
Total OM&A Expenses	1,117,919	1,181,032	63,113
Percent Change		5.6%	

The total expenses in 2022 are \$63,113 or 5.6% more than the year prior 2021. This is greater than the materiality threshold of \$50,000 but it should be noted there is no single material driver.

The variance is mainly attributable to operations and administrative expenses. Operations had various incremental increases that are immaterial; administrative increase was primarily driven by a total increased expenditure to outside professional services expenses of \$21,347. This included utilizing a third party for completing Atikokan’s mandated biannual Electrical Awareness Safety Survey and management utilizing consultants for other matters that were not necessary in the prior comparative year.

Table 4-18: 2022 Actual vs 2023 Actual

	2022 Actuals	2023 Actuals	Variance
Operations	412,872	375,225	(37,647)
Maintenance	128,373	155,191	26,818
Billing and Collecting	178,502	187,912	9,410
Community Relations	-	-	-
Administrative and General	461,285	473,188	11,903
Total OM&A Expenses	1,181,032	1,191,516	10,484
Percent Change		0.9%	

The 2023 actual expenses are \$10,484 or 0.9% greater than 2022. No further discussion required, variance less than materiality threshold.

Table 4-19: 2023 Actual vs 2024 Bridge

	2023 Actuals	2024 Bridge Year	Variance
Operations	375,225	422,392	47,167
Maintenance	155,191	172,897	17,706
Billing and Collecting	187,912	212,511	24,599
Community Relations	-	-	-
Administrative and General	473,188	476,461	3,273
Total OM&A Expenses	1,191,516	1,284,261	92,745
Percent Change		7.8%	

The total 2024 bridge year expenses are forecasted to be \$92,745 or 7.8% more than the 2023 actual expenses. The total OM&A expenses is forecasted to be materially more than prior year; none of the OM&A expense classes are forecasted to be \$50,000 more than the prior year. The increased expense is mainly attributable to wages. Atikokan's collective agreement expired March 31, 2023, and was not negotiated until mid year of 2024. The final settlement includes wage increases including retroactive wage adjustments contributing to the increased expenses for the 2024 Bridge Year.

Table 4-20: 2024 Bridge vs 2025 Test

	2024 Bridge Year	2025 Test Year	Variance
Operations	422,392	444,842	22,450
Maintenance	172,897	173,697	800
Billing and Collecting	212,511	213,543	1,032
Community Relations	-		-
Administrative and General	476,461	508,219	31,758
Total OM&A Expenses	1,284,261	1,340,301	56,040
Percent Change		4.4%	

The 2025 Test Year expenses are planned to be \$56,040 or 4.4% more than the 2024 Bridge Year expenses. The total OM&A Test Year expenses is forecasted to be materially more than the 2024 Bridge Year but none of the OM&A expense classes are forecasted to be \$50,000. The increase to OM&A is mainly attributable to employee compensation per the collective agreement, inflationary increases on costs to operate the utility.

2.4.3 Program Delivery Costs with Variance Analysis

OM&A costs and programs in this Exhibit represent Atikokan's integrated set of asset maintenance and customer activity needs to meet public and employee safety objectives; to comply with the Distribution System Code, environmental requirements and government direction; and to maintain distribution business service quality and reliability at targeted performance levels; ensuring the Town of Atikokan is provided with safe, reliable and affordable electricity. OM&A costs also include providing services to customers connected to Atikokan's distribution system and meeting the requirements of the OEB's Standard Supply Service Code and Retail Settlement Code. This also includes costs to contributing and achieving the new Renewed Regulatory Framework performance outcomes of Customer Focus, Operational Effectiveness and Public Policy Responsiveness. While Atikokan strives to meet or exceed all stakeholder requirements, it all comes at a cost and with a declining customer count it puts added pressure on the remaining customers as reflected earlier in this Exhibit in Table 4-11; OM&A Recoverable Costs per Customer.

1

2 Table 4-21 below provides a summary of OM&A overhead charges before capitalization for the
3 historical years, 2017 through 2023 as well as the 2024 Bridge Year and 2025 Test Year. This is
4 consistent with Board Appendix 2-D.

5 The data shows over the historical years Atikokan has capitalized approximately 4 to 5% of OM&A
6 annually. For both the bride and test year, Atikokan forecasts to capitalize 4% of its OM&A and
7 consistent with the past years.

1

2

Table 4-21: OEB Appendix 2-D Overhead Expenses

OM&A Before Capitalization	2017 Historical Year	2018 Historical Year	2019 Historical Year	2020 Historical Year	2021 Historical Year	2022 Historical Year	2023 Historical Year	2024 Bridge Year	2025 Test Year
Operating and Maintenance	\$ 596,500	\$ 554,220	\$ 529,326	\$ 538,012	\$ 535,832	\$ 561,782	\$ 581,642	\$ 628,384	\$ 662,719
Billing and collecting	\$ 172,365	\$ 177,401	\$ 177,818	\$ 177,886	\$ 182,332	\$ 178,502	\$ 187,912	\$ 212,511	\$ 213,543
General and Administrative	\$ 416,357	\$ 408,261	\$ 415,798	\$ 419,084	\$ 428,982	\$ 461,285	\$ 473,188	\$ 476,461	\$ 508,219
Total OM&A Before Capitalization (B)	\$ 1,185,222	\$ 1,139,881	\$ 1,122,943	\$ 1,134,982	\$ 1,147,146	\$ 1,201,568	\$ 1,242,742	\$ 1,317,356	\$ 1,384,481

Applicants are to provide a breakdown of capitalized OM&A in the below table. Capitalized OM&A may be broken down using the categories listed in the table below if possible. Otherwise, applicants are to provide its own break down of capitalized OM&A.

Capitalized OM&A	2017 Historical Year	2018 Historical Year	2019 Historical Year	2020 Historical Year	2021 Historical Year	2022 Historical Year	2023 Historical Year	2024 Bridge Year	2025 Test Year
employee benefits	\$ 4,980	\$ 5,365	\$ 4,218	\$ 2,777	\$ 4,420	\$ 4,175	\$ 6,005	\$ 4,935	\$ 6,005
costs of site preparation									
initial delivery and handling costs									
costs of testing whether the asset is functioning properly									
professional fees									
Direct Wages	\$ 47,295	\$ 42,370	\$ 29,677	\$ 18,454	\$ 24,806	\$ 16,361	\$ 45,221	\$ 28,160	\$ 38,175
Equipment		\$ 22,655	\$ 15,593	\$ 12,415	\$ 21,760	\$ 26,182	\$ 27,450	\$ 14,020	\$ 15,820
Total Capitalized OM&A (A)	\$ 52,275	\$ 70,390	\$ 49,487	\$ 33,646	\$ 50,986	\$ 46,718	\$ 78,676	\$ 47,115	\$ 60,000

3

% of Capitalized OM&A (=A/B)	4%	6%	4%	3%	4%	4%	6%	4%	4%
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2.4.3.1 Workforce Planning and Employee Compensation

Atikokan employs a total complement of 7. Where staffing turnover and changes have occurred since the last 2017 Rebasing year, overall, the staff complement remains to be the same at the beginning and end of each year. No future changes are planned. As of this point in time, Atikokan is not aware of any specific retiree plans. Its managements belief, one employee may be eligible to retire in the next 2 years, but no indication has been given and for this reason, no specifics can be quantified at this time nor included in this application.

Compensation - Union

Compensation for unionized employees consists of wages and benefits and is negotiated through the collective bargaining process. Atikokan's unionized employees is represented by the Canadian Union of Public Employees Local 752. The collective agreement that expired March 31, 2023, was renegotiated and settled late May of 2024; new term of agreement effective to March 31, 2027. Consideration of the current collective agreement was used when planning the employee compensation for the 2025 test year.

Executive/Management

Executive and management compensation consists of salaries and benefits. Each position within the company has been placed on a pay scale which is reviewed annually by senior management and the Board of Directors'. The review is based on performance and an inflationary adjustment. Changes to senior management compensation, if any, are approved by the Board of Directors. Atikokan does not offer any incentive or bonus compensation.

Pension

Employees of all LDCs are required to participate in the OMERS retirement plan. Therefore, the pension benefits provided to the employees of Atikokan Hydro are consistent with the pension benefits provide to employees of other LDCs. The defined benefit pension plan includes equal contributions by both the employer and its employees.

The following pension amounts are included in OM&A.

Table 4-22: Pension Amounts

	2017 Board Approved	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Bridge	2025 Test
Pension	62,630.00	63,760.83	62,839.23	60,747.85	64,730.40	62,369.62	64,394.37	65,613.17	69,288.00	72,114.00

Benefits

Atikokan offers its employees a comprehensive and competitive benefits package that includes health and dental insurance, life insurance, vacation and leave policies. The plans are designed to address the health and wellness needs of the employees; the plans are both the same for management and union employees.

The only Post-Employment Benefit (OPEB) is the death benefit to retirees. Medical coverage is excluded.

Employee Compensation and Benefits

Atikokan has set out employee compensation and benefits information in Table 4-23 below in accordance with the filing requirements which outlines that where there are three or fewer employees in any category, the applicant should aggregate this category with the category to which it is most closely related. This higher level of aggregation should be continued, if require, to ensure that no category contains three or fewer employees. In this regard, Atikokan has aggregated the executive and management together in the union category.

The benefits amounts comprise the employer's portion of statutory benefits, including CPP, EI, EHT and WSIB. In addition, benefit amounts comprise of the company's cost for providing OMERS and Employee Benefits.

In accordance with the filing requirements, OEB Appendix 2-K for Employee costs has been completed and is included in the table below.

Table 4-23: OEB Appendix 2-K Employee Costs

**Appendix 2-K
Employee Costs**

	Last Rebasing Year 2017 - OEB Approved	Last Rebasing Year (2017 Actuals)	2017 Actuals	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)											
Non-Management (union and non-union)	7	7	7	7	7	7	7	7	7	7	7
Total	7	7	7	7	7	7	7	7	7	7	7
Total Salary and Wages including overtime and incentive pay											
Management (including executive)											
Non-Management (union and non-union)	\$ 609,591	\$ 613,857	\$ 613,857	\$ 598,256	\$ 585,388	\$ 610,852	\$ 604,946	\$ 640,916	\$ 632,088	\$ 707,796	\$ 728,450
Total	\$ 609,591	\$ 613,857	\$ 613,857	\$ 598,256	\$ 585,388	\$ 610,852	\$ 604,946	\$ 640,916	\$ 632,088	\$ 707,796	\$ 728,450
Total Benefits (Current + Accrued)											
Management (including executive)											
Non-Management (union and non-union)	\$ 127,630	\$ 174,394	\$ 174,394	\$ 173,122	\$ 161,025	\$ 167,095	\$ 168,568	\$ 171,211	\$ 170,544	\$ 181,232	\$ 193,959
Total	\$ 127,630	\$ 174,394	\$ 174,394	\$ 173,122	\$ 161,025	\$ 167,095	\$ 168,568	\$ 171,211	\$ 170,544	\$ 181,232	\$ 193,959
Total Compensation (Salary, Wages, & Benefits)											
Management (including executive)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-Management (union and non-union)	\$ 737,221	\$ 788,251	\$ 788,251	\$ 771,378	\$ 746,413	\$ 777,946	\$ 773,514	\$ 812,127	\$ 802,632	\$ 889,028	\$ 922,409
Total	\$ 737,221	\$ 788,251	\$ 788,251	\$ 771,378	\$ 746,413	\$ 777,946	\$ 773,514	\$ 812,127	\$ 802,632	\$ 889,028	\$ 922,409
Total Compensation Breakdown (Capital, OM&A)											
OM&A											
Capital		\$ 52,275	\$ 52,275	\$ 47,735	\$ 33,895	\$ 21,231	\$ 29,226	\$ 20,536	\$ 51,226	\$ 42,180	\$ 42,180
Total	\$ -	\$ 52,275	\$ 52,275	\$ 47,735	\$ 33,895	\$ 21,231	\$ 29,226	\$ 20,536	\$ 51,226	\$ 42,180	\$ 42,180

Change in Employee Compensation & Benefits

2017 Actual vs. 2018 Actual

Change in FTE: Not applicable

Change in Wages: - \$16,873.23

No permanent changes in FTEs. During 2018, wages increased per the collective agreement, but Atikokan had turnover of two employees, one retiree and one resignation. Both positions were filled in the same year, but one position was vacant for three months of the year while the position was re-filled. As a result of running short staffed for a few months and the classification of the new hires, there were some savings in wages and benefits.

2018 Actual vs. 2019 Actual

Change in FTE: Not Applicable

Change in Wages: -\$24,964.99

No permanent change in FTE. While turnover occurred during 2019 by way of one resignation, most of the year the total staff complement remained the same including at the beginning and end of the year. The decrease in wages from the prior year is a result of differences in the pay scale of losing a Journeyman Powerline Technician and hiring a PLT apprentice as a replacement. Furthermore, during 2019 Atikokan had two powerline technician apprentices; creating savings in wages and benefits and offsetting wage increases per the collective agreement with still having an overall yearly compensation cost less than the prior year.

2019 Actual vs. 2020 Actual

Change in FTE: Not Applicable

Change in Wages: + 31,533.04

No change in FTE from 2019 to 2020. The increase in wages from the prior year was a result of wage increases per the collective agreement and the PLT apprentices progressing through their apprenticeship.

2020 Actual vs. 2021 Actual

Change in FTE: Not Applicable

Change in Wages: -\$4,432.09

No change in FTE from 2020 to 2021. The 2020 year had 27 pay periods whereas 2021 had 26 pay periods; thereby, 2021 change in wages being a slight immaterial decrease from the prior year; any increases were offset by less pay periods for the year.

2021 Actual vs. 2022 Actual

Change in FTE: Not Applicable

Change in Wages: +38,612.76

No change in FTE from 2021 to 2022. Total wages increased by \$38,612.76 for 2022. This is attributable to increases per the collective agreement and the PLT apprentices progressing through their apprenticeship.

2022 Actual vs. 2023 Actual

Change in FTE: Not Applicable

Change in Wages: -\$9,495.04

No permanent change in FTEs. Atikokan had one admin staff resignation during 2023 and did run short staffed for nearly 2 months until the position was filled. Because of the turnover 2023 had temporary and permanent savings. The temporary savings were a result of the starting position of a new hire until the full pay scale is met. The permanent savings are the hours of the new hire were slightly reduced; the savings are not material but do offset other increased costs.

2023 Actual vs. 2024 Bridge

Change in FTE: Not Applicable

Change in Wages: +\$86,395.95

No permanent change in FTEs. Atikokan had one lineman resignation during 2024 and did run short staffed for 5 weeks until the position was filled. Because of the turnover 2024 has temporary savings. The temporary savings were a result of the starting position of the new hire until the full pay scale is met. 2024 Bridge year wages and benefits include terms of the recently negotiated collective agreement including retroactive pay adjustments.

2024 Bridge vs. 2025 Test

Change in FTE: Not Applicable

Change in Wages: +\$33,381.19

The 2025 test year has no planned changes to FTEs. The test year's compensation is based on keeping the same staff compliment as 2024 (count of 7); and assumes increases as per the collective agreement.

2.4.3.2 Shared Services and Corporate Cost Allocation

Atikokan Hydro and its affiliate Atikokan Enercom share some equipment and office space. Atikokan Enercom hires Atikokan Hydro employees for various contracting and cell phone sales that Atikokan Enercom is involved in as an authorized cell phone dealer.

Atikokan Enercom maintains separate financial records from Atikokan Hydro. While the actual data entry for Atikokan Enercom is provided by employees of Atikokan Hydro, confidentiality is maintained. Customer lists of Atikokan Hydro and Atikokan Enercom are not shared and there is no distribution of these list to any other person or group within the Town or any other person or organization. Staff of the Town of Atikokan is not permitted access to the customer list or any other information relating to Atikokan Enercom and Atikokan Hydro.

Atikokan Enercom pays Atikokan Hydro for work provided by secretarial and other staff of Atikokan Hydro. The expense for the work provided varies based on the employees' time. Atikokan Enercom is also billed for related services after hours or recoverable contracted jobs. Atikokan Enercom is billed monthly for these services. Atikokan Enercom is also billed its proportionate share of operating costs at a rate of 5-10% of yearly costs; currently set at 10% for the test year.

Office Rental

Atikokan Hydro rents office space to Atikokan Enercom. Enercom occupies 150 square feet of space in the building owned by Hydro and pays to Hydro the sum of \$150 per month. Rental revenue is recorded in USoA 5675 sub account Operating Expenses.

Street Light Services

Atikokan Hydro employees are contracted by Atikokan Enercom, the licence holder, to perform streetlight maintenance for the Town of Atikokan, Atikokan's shareholder. This service is billed to the town and includes labour charges based on employee time as well as associated trucks and material expenses. These costs are summarized in the tables below. These services are recorded to USoA 4325, revenues from merchandising jobbing.

Atikokan has included its Shared Services Agreement with its affiliate Atikokan Enercom in Appendix A of this Exhibit.

OEB Appendix 2-N showing Shared Services and the costing and allocation methodology for historical years 2017 through 2023 including 2024 the bridge year and 2025 the test year are included per the filing requirements.

Table 4-24: Shared Services 2017

Year: 2017

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			\$	\$
Atikokan Hydro Inc.	Atikokan Enercom Ltd	Labour	Cost Recovery	\$22,300	\$22,300
Atikokan Hydro Inc.	Atikokan Enercom Ltd	Shared Operations - operating costs	Cost Based, allocated costs	\$5,048	\$50,479
Atikokan Hydro Inc.	Atikokan Enercom Ltd	Office space	1.00/square foot (monthly)	\$1,720	
Atikokan Hydro Inc.	Atikokan Enercom Ltd	Street Light Maintenance	Cost Recovery	\$48,365	\$48,365

Table 4-25: Shared Services 2018

Year: 2018

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			\$	\$
Atikokan Hydro Inc.	Atikokan Enercom Ltd	Labour	Cost Recovery	\$23,940	\$23,940
Atikokan Hydro Inc.	Atikokan Enercom Ltd	Shared Operations - operating costs	Cost Based, 10% allocated costs	\$5,560	\$55,603
Atikokan Hydro Inc.	Atikokan Enercom Ltd	Office space	1.00/square foot (monthly)	\$1,800	
Atikokan Hydro Inc.	Atikokan Enercom Ltd	Street Light Maintenance	Cost Recovery	\$30,278	\$30,278

Table 4-26: Shared Services 2019

Year: 2019

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			\$	\$
Atikokan Hydro Inc.	Atikokan Enercom Ltd	Labour	Cost Recovery	\$23,749	\$23,749
Atikokan Hydro Inc.	Atikokan Enercom Ltd	Shared Operations - operating costs	Cost Based, 10% allocated costs	\$5,370	\$53,704
Atikokan Hydro Inc.	Atikokan Enercom Ltd	Office space	1.00/square foot (monthly)	\$1,800	
Atikokan Hydro Inc.	Atikokan Enercom Ltd	Street Light Maintenance	Cost Recovery	\$32,644	\$32,644

Table 4-27: Shared Services 2020

Year: 2020

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			\$	\$
Atikokan Hydro Inc.	Atikokan Enercom Ltd	Labour	Cost Recovery	\$20,700	\$20,700
Atikokan Hydro Inc.	Atikokan Enercom Ltd	Shared Operations - operating costs	Cost Based, 10% allocated costs	\$3,074	\$30,738
Atikokan Hydro Inc.	Atikokan Enercom Ltd	Office space	1.00/square foot (monthly)	\$1,800	
Atikokan Hydro Inc.	Atikokan Enercom Ltd	Street Light Maintenance	Cost Recovery	\$25,943	\$25,943

Table 4-28: Shared Services 2021

Year: 2021

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			\$	\$
Atikokan Hydro Inc.	Atikokan Enercom Ltd	Labour	Cost Recovery	\$21,600	\$21,600
Atikokan Hydro Inc.	Atikokan Enercom Ltd	Shared Operations - operating costs	Cost Based, 10% allocated costs	\$3,248	\$324,778
Atikokan Hydro Inc.	Atikokan Enercom Ltd	Office space	1.00/square foot (monthly)	\$1,800	
Atikokan Hydro Inc.	Atikokan Enercom Ltd	Street Light Maintenance	Cost Recovery	\$22,896	\$22,896

Table 4-29: Shared Services 2022

Year: 2022

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			\$	\$
Atikokan Hydro Inc.	Atikokan Enercom Ltd	Labour	Cost Recovery	\$24,639	\$24,639
Atikokan Hydro Inc.	Atikokan Enercom Ltd	Shared Operations - operating costs	Cost Based, 10% allocated costs	\$3,778	\$37,776
Atikokan Hydro Inc.	Atikokan Enercom Ltd	Office space	1.00/square foot (monthly)	\$1,800	
Atikokan Hydro Inc.	Atikokan Enercom Ltd	Street Light Maintenance	Cost Recovery	\$41,100	\$41,100

Table 4-30: Shared Services 2023

Year: 2023

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			\$	\$
Atikokan Hydro Inc.	Atikokan Enercom Ltd	Labour	Cost Recovery	\$20,700	\$20,700
Atikokan Hydro Inc.	Atikokan Enercom Ltd	Shared Operations	Cost Based, 10% allocated costs	\$1,809	\$36,182
Atikokan Hydro Inc.	Atikokan Enercom Ltd	Office space	1.00/square foot (monthly)	\$1,800	
Atikokan Hydro Inc.	Atikokan Enercom Ltd	Street Light Maintenance	Cost Recovery	\$24,240	\$24,240

Table 4-31: Shared Services 2024 Bridge Year

Year: 2024

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			\$	\$
Atikokan Hydro Inc.	Atikokan Enercom Ltd	Labour	Cost Recovery	\$21,600	\$21,600
Atikokan Hydro Inc.	Atikokan Enercom Ltd	Shared Operations - operating costs	Cost Based, 10% allocated costs	\$4,081	\$40,808
Atikokan Hydro Inc.	Atikokan Enercom Ltd	Office space	1.00/square foot (monthly)	\$1,800	
Atikokan Hydro Inc.	Atikokan Enercom Ltd	Street Light Maintenance	Cost Recovery	\$29,365	\$29,365

Table 4-32: Shared Services 2025 Test Year

Year: 2025

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			\$	\$
Atikokan Hydro Inc.	Atikokan Enercom Ltd	Labour	Cost Recovery	\$21,600	\$21,600
Atikokan Hydro Inc.	Atikokan Enercom Ltd	Shared Operations - operating costs	Cost Based, 10% allocated costs	\$4,181	\$41,811
Atikokan Hydro Inc.	Atikokan Enercom Ltd	Office space	1.00/square foot (monthly)	\$1,800	
Atikokan Hydro Inc.	Atikokan Enercom Ltd	Street Light Maintenance	Cost Recovery	\$29,365	\$29,365

The filing requirements ask for a variance analysis between the test year versus the last OEB approved and the test year versus most recent actual. See Table 4-32 and 4-33. Both table variances are less than the materiality threshold, \$50,000; therefore, no further discussion is required.

Table 4.33: Shared Services Test year vs Last Cost of Service

Shared Services 2025 Test Year vs 2017 Last Approved Cost of Service						
Name of Company		Service Offered	Pricing Methodology	2025 Test Year Price for the Service	2017 OEB Approved Price for the Service	Variance
From	To			\$	\$	\$
Atikokan Hydro Inc.	Atikokan Enercom Ltd	Labour	Cost Recovery	\$ 21,600	\$ 18,883	\$ 2,717
Atikokan Hydro Inc.	Atikokan Enercom Ltd	Shared Operations - operating costs	Cost Based, 10% allocated costs	\$ 4,181	\$ 4,311	-\$ 130
Atikokan Hydro Inc.	Atikokan Enercom Ltd	Office space	1.00/square foot (monthly)	\$ 1,800	\$ 1,608	\$ 192
Atikokan Hydro Inc.	Atikokan Enercom Ltd	Street Light Maintenance	Cost Recovery	\$ 29,365	\$ 23,730	\$ 5,635

Table 4.34: Shared Services Test Year to 2015

Shared Services 2025 Test Year vs 2023 Actuals						
Name of Company		Service Offered	Pricing Methodology	2025 Test Year Price for the Service	2023 Actual Price for the Service	Variance
From	To			\$	\$	\$
Atikokan Hydro Inc.	Atikokan Enercom Ltd	Labour	Cost Recovery	\$ 21,600	\$ 20,700	\$ 900
Atikokan Hydro Inc.	Atikokan Enercom Ltd	Shared Operations - operating costs	Cost Based, 10% allocated costs	\$ 4,181	\$ 1,809	\$ 2,372
Atikokan Hydro Inc.	Atikokan Enercom Ltd	Office space	1.00/square foot (monthly)	\$ 1,800	\$ 1,800	\$ -
Atikokan Hydro Inc.	Atikokan Enercom Ltd	Street Light Maintenance	Cost Recovery	\$ 29,365	\$ 24,240	\$ 5,125

Atikokan confirms there are no Board of Directors-related costs for affiliated that are included in the LDC's costs.

2.4.3.3 Purchases of Non-Affiliate Services

Atikokan has a purchasing policy; a copy is included in Appendix B. Purchases of equipment, materials and services are purchased in a cost-effective manner with full consideration of price, product quality, ability to deliver on time, reliability, compliance with engineering and specifications and quality of service. The objective is to be cost effective, obtaining the best value when

purchasing, where reasonably able purchase at the lowest costs for the required quality. At all times, efforts are made to make cost effective purchases.

Atikokan Hydro's Board of Directors annually approves both the Operating and Capital budgets.

The CEO and appropriate staff have the authority to purchase goods and services that have been approved in the capital and operating budget. Good and services that have not been approved in the capital and operating budget that are material in nature or expenditure are to be brought forward to the board of directions for review and approval.

The board of directors reviews and approves all quotes and expenditures over \$50,000.

A minimum of two quotes, three if reasonably possible are required.

When goods or services are tendered, tenders are reviewed and approved by the board of directors.

2.4.3.4 One-time Costs

Atikokan has included one-time costs of \$10,000 in its 2025 Test Year revenue requirement based on a five-year recovery of \$50,000, allocating \$10,000 per year. These one-time costs are Regulatory costs are discussed in the regulatory section 2.3.4.5 of this Exhibit.

2.4.3.5 Regulatory Costs

In accordance with Filing Requirements, OEB Appendix 2–M: Regulatory (One-Time) Costs has been completed and is below. These are historical and forecasted regulatory costs directly attributable to Cost of Service Applications.

Atikokan is proposing forecast one-time regulatory costs of \$50,000. The costs will be amortized over a 5-year period for an annual recovery of \$10,000 per year.

All regulatory costs, ongoing and one-time are tracked in Regulatory Expenses USoA 5655 as per OEB Accounting Procedures Handbook.

Table 4-35: Regulatory Costs Appendix 2-M

**Appendix 2-M
Regulatory Cost Schedule**

Regulatory Costs (One-Time)		Last Rebasing (2017 OEB Approved)	Last Rebasing (2017 Actual)	Sum Of Historical Years (2018-2023)	2024 Bridge Year	2025 Test Year
		(A)	(B)	(C)	(D)	(E)
1	Expert Witness costs					
2	Legal costs					
3	Consultants' costs	6,000	4,710		14,000	8,000
4	Intervenor costs	1,600	9,323			18,000
5	OEB Section 30 Costs (application-related)		4,286			10,000
6	Operating expenses associated with staff resources allocated to regulatory matters	2,400				
7						
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		\$ 10,000	\$ 18,318	\$ -	\$ 14,000	\$ 36,000

Application-Related One-Time Costs	Total (F =C+D+E)
Total One-Time Costs Related to Application to be Amortized over IRM Period	\$ 50,000
1/5 of Total One-Time Costs	\$ 10,000

2.4.3.6 Low-income Energy Assistance Programs (LEAP)

Atikokan has included an expense of \$2,000 for the Low-Income Energy Assistance Program (LEAP), in OM&A (USoA 5341), for the 2025 test year. This amount is based on the OEB's determination that the greater of 0.12% of a distributor's distribution revenue requirement or \$2,000 is a reasonable commitment to emergency financial assistance.

Rainy River Distribution Social Services Administration Board is the Intake Agency for Atikokan, who administers, approve or denies the delivery of funds assisting low-income energy consumers.

2.4.3.7 Charitable and Political Donations

Atikokan does not donate to charities; therefore, Atikokan confirms that no charitable donations have been included in OM&A expenses for the 2025 test year other than the LEAP Funding of \$2,000.

Atikokan does not make political donations and as such no amounts have been included in the 2025 test year for recovery.

2.4.3.8 Property Taxes

Atikokan has forecasted the 2024 Bridge year property taxes using actual property tax billings for the year \$27,959. Note that while the entire amount is not yet due, Atikokan has received the final quarter installment notice and for this reason can accurately state the total property tax payable for 2024. The 2025 Test year property tax has been forecasted at \$28,966 using the OEB approved inflation rate of 3.6% since the actual increases are not known this time.

Atikokan has recorded Property Tax in account 6105 for the 2025 Test Year as defined in the APH.

2.4.5.1 Non-recoverable and Disallowed Expenses

Atikokan has no non-recoverable disallowed expenses recorded.

1

2 2.4.4 Conservation and Demand Management

3

4 Atikokan Hydro is not currently engaged in any CDM projects. No costs for dedicated CDM staff
5 or other activities to support IESO programs funded under the 20121-2024 CDM framework are
6 included in the revenue requirement.

7

8

1 [Appendix A: Shared Service Agreement](#)
2

SERVICE AGREEMENT



117 Gorrie Street, Box 1480
Atikokan, Ontario P0T 1C0

Telephone (807) 597-6600
Fax (807) 597-6988



Dates this day December 11, 2023

BETWEEN:

ATIKOKAN HYDRO INC.

(hereinafter called "Hydro"
of the first part)

and

ATIKOKAN ENERCOM INC.

(hereinafter called "Enercom"
of the second part)

WHEREAS Hydro is an electricity distributor licensed under Part 5 of the
Ontario Energy Board Act, 1998

AND WHEREAS Enercom is currently involved in various business activities
including the cellular phone business, in Northwestern Ontario:

AND WHEREAS Hydro and Enercom are affiliates as described in the Affiliate
Relationships Code and the *Ontario Energy Board Act, 1998*.

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the
mutual covenants herein contained, the parties hereto agree as follows:

1. Hydro is a licensed utility with the resources necessary to perform as
required by the Ontario Energy Board:
2. Enercom is an authorized cellular phone dealer for TBaytel and is entitled
to carry on business in Ontario as a Limited Licence Electrical Contractor;

3. In order to achieve financial viability, Enercom rents space and shares certain staff with Hydro. In particular:
 - Enercom occupies 150 square feet of space in the building Owned by Hydro and pays to Hydro the sum of \$150.00 per month plus its proportionate share of operating costs; at a rate of 10% of yearly cost.
 - Equipment: Enercom rents equipment from Hydro on an as need basis.
 - Employees: Enercom pays Hydro for the work provided by hydro employed secretarial staff and as needed other staff of Hydro Enercom will pay a minimum of \$900 per pay period plus applicable billable services.
 - Inventory: Enercom maintains its own separate inventory of supplies required to carry out its task;
 - Bookkeeping: Enercom maintains separate financial records from Hydro and separate books of account. While the actual data entry for Enercom bookkeeping is provided by employees of Hydro, confidentiality is maintained. Customer lists of Hydro and Enercom are not shared and there is no distribution of these lists to any other person or group within the Town or any other person or organization. Staff of the Town of Atikokan is not permitted access to the customer list or any other information relating to Enercom and Hydro.
 - Pricing: the cost of any resource, product, or service provided to Enercom by Hydro or by Hydro to Enercom is at fair market value for the service, resource, or product available elsewhere.
4. Enercom maintains appropriate computer data management and data access protocols protecting all confidential information from Hydro access.
5. In the event that there is any breach of any access protocol or any disagreement arising over the terms or implementation of this agreement, the parties agree to submit such issue to arbitration pursuant to the Arbitrations Act of Ontario and the determination under such arbitration shall be binding upon the parties. In the determination of any arbitration issues, the terms of the Affiliate Relationships Code in the *Ontario Energy Board Act*, its rules and regulations shall form the basis of any such arbitration.

IN WITNESS WHEREOF the parties have hereunto affixed their corporate seals.

ATIKOKAN HYDRO INC.

Per: 


Name/Title Herb Roehrig/ President

Per: 

Name/Title: Jennifer Wiens
CEO Secretary/Treasurer

I/We have authority to bind the Corporation.

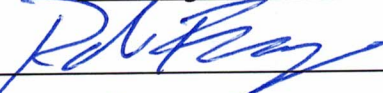
ATIKOKAN ENERCOM INC.

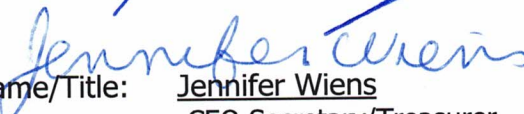
Per: 

Name/Title Herb Roehrig/ President

Per: _____


Name/Title Rob Ferguson/Director

Per: 


Name/Title: Jennifer Wiens
CEO Secretary/Treasurer

I/We have authority to bind the Corporation

1 [Appendix B: Purchasing Policy](#)

	PURCHASING POLICY		
Developed by:	Jennifer Wiens, CEO/Sec/Treas.	Resolution:	1427
Supersedes:		Effective Date:	September 29, 2023

PURPOSE:

To have documented procedures to procure and obtain the best value when purchasing goods and services for Atikokan Hydro Inc and where reasonably able purchase from suppliers providing the lowest costs for the required quality. Products and services purchase considerations are outlined within this policy.

PARAMETERS

Judgement and consideration shall be given to the following to procure equipment, materials, and services cost effectively:

- Price
- Product quality
- Delivery time
- Reliability
- Compliance with engineering and specifications
- Quality of service
- Local supplier preference
- Impact on the ongoing work process
- Shared services
- Reputation, long standing relationship with the utility

PROCEDURE AND RESPONSIBILITY

It is the responsibility of the CEO to present an annual capital and operating budget to be approved by the Board of Directors.

The CEO and appropriate staff shall have the authority to purchase goods and services that have been approved in the capital and operating budget.

Goods and services that have not been approved in the capital and operating budget that are material in nature or expenditure shall be brought forward to the board of directors for review and approval.

PURCHASE ORDERS

A purchase order must be completed for all purchases of goods and services over \$100 (before tax) unless

- It is an emergency situation
- A blanket order exists
- It is listed under purchase order exemptions
- It is purchased on credit card

PETTY CASH

No purchase order is required for purchases up to \$100 (before tax). All receipts must be provided.

BLANKET ORDERS

Blanket order can be used when purchasing goods or services that are needed on a varied but predictable basis from a known and approved vendor.

PURCHASE ORDER EXEMPTIONS

The following do not require a purchase order:

- Small cash purchases under \$100 (before tax)
- IESO invoices
- Hydro One invoices
- ESA charges
- OEB costs
- Insurance
- Employee Benefits
- Postage
- Taxes
- Utility Bills
- Customer refunds
- External audit invoices
- Memberships and Subscriptions
- Freight and courier charges
- Legal expenses
- Travel, training and conference expenses
- Refundable employee expenses
- Professional Services

CREDIT CARD PURCHASES

All receipts must accompany the monthly credit card statement.

NEGOTIATION METHOD

Despite provisions of this policy, the CEO in consultation with the board of directors may enter negotiations with one or more vendors for the supply of goods or services when any of the following exists:

- Market conditions good or services are in short supply
- There is only one source of the subject goods or services
- All acceptable bids are not acceptable
- All acceptable bids exceed the amount budgeted for the goods or services
- The extension or reinstatement of an existing contract would be more cost effective or beneficial
- When authorized by the board of directors

COMPETITIVE PROCESS / QUOTES

For goods and services greater than \$20,000 a minimum of two quotes, 3 if reasonably possible are required.

For goods and services less than \$20,000 efforts should be sought to make cost effective purchases.

For goods and services greater than \$20,000 or items of a complex nature that require well-defined specifications and terms and conditions a tender may be issued. A fixed closing date and time are required. Tenders to be reviewed and approved by the board of directors. The board members shall authorize the acceptance of all external costs and contracts.

The board of directors will review and approve all quotes and expenditures over \$50,000.

RECEIPT OF GOODS AND SERVICES

Upon receipt of materials, an employee must verify the materials have been delivered and must sign the receipt or packing slip. Should any items be damaged or items missing, the supplier must be notified immediately.

The CEO with the input of the Board of Directors approves all purchases of goods and services.

INVOICES

A completed purchase order and signed packing slip must be matched to the invoice for payment. Invoices must be approved by the CEO before processed payment.