

EXHIBIT 4 – OPERATION COSTS

2025 Cost of Service

Hydro 2000 Inc.
EB-2024-0030

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4.1. OVERVIEW

OM&A expenses are costs incurred in providing safe and reliable electricity distribution, meeting regulatory compliance, and satisfying other operational and maintenance needs. Also included in OM&A are expenses related to maintaining a customer accounts system to keep records of customer usage, billing, and payments. The utility incurs indirect costs in reading meters and preparing invoices. Bill payments are processed, and collection processes are in place to contend with past-due accounts. Billing and collecting related costs include answering customer questions, managing their complaints, and responding to service outages and emergencies. The administrative expenses include employee salaries, benefits, office supplies, insurance, outside services, and regulatory costs, amongst administrative-related other expenditures.

These operating costs are necessary to comply with the Distribution System Code, environmental requirements, government direction and expenses associated with ensuring the safety of all stakeholders, and costs to maintain distribution service quality and reliability.

H2000's 2025 Test Year operating costs are projected to be \$687,474, representing an increase of \$194,775 or 39.5% from its 2020 Board Approved costs. Details are introduced in Table 1 below. Explanations and details are presented in the next section and throughout this exhibit.

Table 1 – 2025 OM&A vs 2020 Board Approved OM&A

| | 2020 Board Approved | 2025 | Var \$ | Var % |
|-----------------------------------|---------------------------|------------------|------------------|--------------|
| Operations | \$10,000 | \$24,872 | \$14,872 | 148.7% |
| Maintenance | \$31,146 | \$44,220 | \$13,074 | 42.0% |
| Billing and Collecting | \$155,231 | \$262,463 | \$107,232 | 69.1% |
| Community Relations | \$0 | \$0 | \$0 | |
| Administrative and General | \$296,322 | \$355,920 | \$59,598 | 20.1% |
| Total | \$492,699 | \$687,474 | \$194,775 | 39.5% |

The bulk of the OM&A variances from the 2020 Board Approved to the 2025 Test Year can be attributed to an increase in administrative costs of \$59,598 and \$107,232 in Billing and Collecting Costs.

The increase in Billing and Collecting Costs are largely related to adjustments in salaries, significant increase in billing software costs and increases in billing fees.

The increase in Administrative Costs is related to an increase to administration software and an adjustment in remuneration to bring the pay scale to reflect the sector and the extreme increases in the cost of living over the last few years.

Relevant Notes on H2000's OM&A

H2000 does not have any unionized employees (ref: Section 4.3). All salaries are adjusted yearly to reflect the inflation factor published by the Bank of Canada Consumer Price Index of October (ref: Section 4.3). The utility does not have a Collective Agreement, has no affiliates, and is not a virtual utility (ref: Section 4.4). The utility does not expect significant changes in its business environment (ref: Strategic Outlook Ex 1) other than a moderate increase in residential customers (ref: Exhibit 3).

H2000 does not participate in OMERS and therefore has no OPEB in its OM&A costs.

H2000 notes that it does not, nor has it ever, capitalized overhead. Therefore, there are no effects on the Test Year's OM&A. Appendix 2-D Overhead Expenses is not applicable in H2000's case.

4.1.1 Budget Tracking and Reporting Process

H2000's approach to budgeting demonstrates a structured and thorough method for managing budgets, tracking performance, and ensuring compliance with financial commitments. H2000's practices involve a detailed review and adjustment process, proactive management of procurement, and diligent oversight through financial audits and variance analysis.

Budget Tracking and Approval:

H2000's General Manager oversees the utility's Operating, Maintenance, and Administrative (OM&A) budget on a monthly basis. The OM&A spending is compared against the yearly budget approved by the Board of Directors, with adjustments made as necessary.

Procurement and Service Providers:

In smaller rural areas like the villages of Alfred and Plantagenet, there may be fewer service providers available. Despite this, H2000 management actively seeks and evaluates more cost-effective alternatives to existing services and costs. Details on the procurement policy are specified in section 4.2.7 of the utility's documentation.

Rate Application and Budget Adjustments:

When preparing its application for 2025 rates, H2000 reviewed its bridge and test year budgets and presented them to the Board for approval. H2000 has updated its bridge year budgets to include six months of actual expenditures and six months of forecasted budgets. The test year budget remained unchanged.

Cost-of-Service Process:

H2000 uses the Cost-of-Service process for financial and budget planning, which includes:

- Forward test year determination
- Load forecasting
- Rate design
- Return on Equity (ROE) tracking

Audit and Variance Tracking:

After the annual audit of financial statements, H2000 inputs its trial balance into an internal cost-of-service model. Variances are explained, and budgets are updated accordingly. H2000 also tracks its spending variances against the Distribution System Plan to ensure alignment with the spending commitments from the previous Cost of Service.

4.2. ANALYSIS OF OPERATING EXPENSES

4.2.1 Overview

The table below shows a summary of recoverable OM&A expenses for relevant years. As can be seen, the level of spending has remained stable since the last Board approval in 2020 given the size of H2000 and its corresponding sensitivity to cost increases, with a total increase of \$194,775 or 39.50%.

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

OEB Appendix 2-JA below shows a summary of H2000 Operations, Maintenance, and Administrative (“OM&A”) costs as required by the OEB’s filing guidelines.

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

| | Board Approved | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | Var 2020- 2025 |
|--|-------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|
| Operations | \$10,000 | \$28,125 | \$16,054 | \$22,384 | \$17,129 | \$18,962 | \$24,872 | \$14,872 |
| Maintenance | \$31,146 | \$31,669 | \$26,381 | \$49,074 | \$39,308 | \$42,194 | \$44,220 | \$13,074 |
| Subtotal | \$41,146 | \$59,794 | \$42,435 | \$71,458 | \$56,436 | \$61,156 | \$69,092 | \$27,946 |
| %Change (year over year) | | 45.3% | -29.0% | 68.4% | -21.0% | 8.4% | 13.0% | 67.9% |
| Billing and Collecting | \$155,231 | \$145,696 | \$176,958 | \$204,078 | \$237,401 | \$246,629 | \$262,463 | \$107,232 |
| Community Relations | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Administrative and General+LEAP | \$296,322 | \$297,653 | \$300,102 | \$301,477 | \$319,741 | \$338,883 | \$355,920 | \$59,598 |
| Subtotal | \$451,553 | \$443,349 | \$477,059 | \$505,555 | \$557,142 | \$585,513 | \$618,383 | \$166,830 |
| %Change (year over year) | | -1.8% | 7.6% | 6.0% | 10.2% | 5.1% | 5.6% | 5.6% |
| Total | \$492,699 | \$503,143 | \$519,495 | \$577,012 | \$613,578 | \$646,669 | \$687,474 | \$194,775 |
| %Change (year over year) | | 2.1% | 3.2% | 11.1% | 6.3% | 5.4% | 6.3% | 39.5% |
| | Board Approved | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | Var 2020- 2025 |
| Operations | \$10,000 | \$28,125 | \$16,054 | \$22,384 | \$17,129 | \$18,962 | \$24,872 | \$14,872 |
| Maintenance | \$31,146 | \$31,669 | \$26,381 | \$49,074 | \$39,308 | \$42,194 | \$44,220 | \$13,074 |
| Billing and Collecting | \$155,231 | \$145,696 | \$176,958 | \$204,078 | \$237,401 | \$246,629 | \$262,463 | \$107,232 |
| Community Relations | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Administrative and General | \$296,322 | \$297,653 | \$300,102 | \$301,477 | \$319,741 | \$338,883 | \$355,920 | \$59,598 |
| Total | \$492,699 | \$503,143 | \$519,495 | \$577,012 | \$613,578 | \$646,669 | \$687,474 | \$194,775 |
| %Change (year over year) | | 2.1% | 3.2% | 11.1% | 6.3% | 5.4% | 6.3% | 39.5% |

4.2.2 OM&A Programs

Hydro 2000 is not reporting any changes in its Operating, Maintenance & Administration (OM&A) programs since its last Cost of Services (COS) filing in 2020. Below is an overview of the existing key operational programs.

1. Distribution System Effectiveness

Operational Effectiveness

- **Load Dispatching:** This program oversees the real-time coordination of the electrical distribution network to ensure efficient and reliable power delivery. It includes monitoring system performance, managing outages, and optimizing load distribution to avoid system overloads.
- **Miscellaneous Distribution Expense:** This program covers various operational costs related to distribution that don't fall under specific categories. These expenses may include minor repairs, operational support, and unexpected costs necessary to maintain the system.
- **Overhead Distribution Lines and Feeders - Rental Paid:** This program accounts for rental expenses paid to third parties for the use of their overhead distribution lines and feeders to deliver electricity, typically when external infrastructure is utilized.

Maintenance Effectiveness

- **Maintenance of Poles, Towers, and Fixtures:** Focuses on the upkeep, repair, and replacement of poles, towers, and other support structures to ensure the safety and reliability of the distribution system.
- **Maintenance of Overhead Conductors and Devices:** Ensures the functionality and reliability of overhead conductors and devices through regular inspections and repairs to prevent outages and disruptions.
- **Overhead Distribution Lines and Feeders - Right of Way:** Involves maintaining the right-of-way for overhead lines and feeders by clearing vegetation and obstacles to ensure safe and reliable power delivery.
- **Maintenance of Underground Services:** Covers the inspection, repair, and maintenance of underground electrical cables and related infrastructure to provide consistent, uninterrupted service.
- **Maintenance of Line Transformers:** Involves routine servicing, repair, and replacement of line transformers to maintain efficiency and longevity in electricity distribution.
- **Maintenance of Meters:** Includes the upkeep, calibration, and repair of customer meters to ensure accurate tracking of energy usage and billing.

2. Customer Focus

Customer Service, Mailing Costs, Billing, and Collections, Bad Debt: This program encompasses all customer-related services, including account management, billing, collections, and managing bad debt to ensure timely payment and financial stability.

- **Meter Reading Expense:** Covers the costs of reading customer meters, whether manually or via automated systems, to ensure accurate billing.
- **Customer Billing:** Manages the creation and distribution of bills, ensuring accuracy in account statements and timely payment processing.
- **Collecting:** Involves the processes for collecting customer payments, including follow-up on overdue accounts.
- **Collection Charges:** Includes fees associated with overdue payments and collection efforts, potentially involving third-party collection agencies.
- **Bad Debt Expense:** Reflects losses from uncollectible customer debts, impacting the financials of the utility.

3. Administrative Effectiveness

Wages

- **Executive Salaries and Expenses:** Covers the compensation, bonuses, and related expenses for the executive leadership team, who provide strategic oversight and decision-making for the utility.
- **Management Salaries and Expenses:** Includes the salaries and expenses for management-level employees responsible for daily operations and ensuring operational efficiency.
- **General Administrative Salaries and Expenses:** Covers wages and expenses for administrative staff, including office personnel, who support internal operations and customer service activities.

Office Related Expenses

- **Office Supplies and Expenses:** Covers the costs of general office supplies, materials, equipment, and consumables necessary for daily business operations.
- **Property Insurance:** Provides insurance coverage for the utility's property and assets, safeguarding against damage, theft, or other potential losses.
- **Employee Pensions and Benefits:** Includes contributions to employee pensions and benefits, such as healthcare, to ensure the well-being and financial security of staff.
- **General Advertising Expenses:** Covers costs associated with advertising, public outreach, and customer education efforts, including informational campaigns.
- **Rent:** Covers the costs of leasing or renting office space and other properties used for utility operations.

4. Public and Regulatory Responsiveness

Regulatory & Compliance (Regulatory and Accounting Services, ESA)

- **Outside Services Employed:** Covers fees paid to external professionals, such as consultants, auditors, and legal advisors, who provide specialized services to ensure regulatory compliance and operational efficiency.
- **Regulatory Expenses:** Includes costs related to fulfilling regulatory obligations, such as preparing and submitting filings, attending hearings, and ensuring compliance with regulatory bodies.
- **Electrical Safety Authority Fees:** Mandatory fees paid to the Electrical Safety Authority (ESA) to comply with safety standards and regulations for electrical systems and installations.
- **Sub-account LEAP Funding:** Tracks the utility's contributions to the Low-income Energy Assistance Program (LEAP), which provides financial support to low-income customers facing difficulties in paying their energy bills.

Table 3 –OM&A Programs (Appendix 2-JB)

| Programs | 2020 BA | 2020 Actual | 2021 Actual | 2022 Actual | 2023 Actual | 2024 Bridge Year | 2025 Test Year | Variance (Test Year vs. 2022 Actuals) | Test Year Versus Last Rebasings |
|--|----------------|----------------|----------------|----------------|----------------|------------------|----------------|---------------------------------------|---------------------------------|
| Customer Focus | | | | | | | | | |
| Customer Service, Mailing Costs, Billing and Collections, Bad Debt | \$155,231 | \$145,696 | \$176,958 | \$204,078 | \$237,401 | \$246,629 | \$262,463 | 25,062 | 107,232 |
| Sub-Total | 155,231 | 145,696 | 176,958 | 204,078 | 237,401 | 246,629 | 262,463 | 25,062 | 107,232 |
| Distribution System Effectiveness | | | | | | | | | |
| Operational Effectiveness | \$10,000 | \$28,125 | \$16,054 | \$22,384 | \$17,129 | \$18,962 | \$24,872 | 7,743 | 14,872 |
| Maintenance Effectiveness | \$31,146 | \$31,669 | \$26,381 | \$49,074 | \$39,308 | \$42,194 | \$44,220 | 4,912 | 13,074 |
| Sub-Total | 41,146 | 59,794 | 42,435 | 71,458 | 56,436 | 61,156 | 69,092 | 12,655 | 27,946 |
| Administrative Effectiveness | | | | | | | | | 0 |
| Wages | \$112,995 | \$122,452 | \$119,988 | \$120,578 | \$128,142 | \$135,965 | \$142,491 | 14,349 | 29,496 |
| Office related expenses | \$68,818 | \$60,044 | \$67,238 | \$78,578 | \$75,600 | \$81,518 | \$86,297 | 10,697 | 17,479 |
| Sub-Total | 181,813 | 182,496 | 187,226 | 199,156 | 203,742 | 217,483 | 228,788 | 25,046 | 46,975 |
| Public and Regulatory Responsiveness | | | | | | | | | |
| Regulatory & Compliance (Regulatory and Accounting Services, ESA) | \$114,509 | \$115,157 | \$112,876 | \$102,321 | \$115,999 | \$121,400 | \$127,132 | 11,133 | 12,623 |
| Sub-Total | 114,509 | 115,157 | 112,876 | 102,321 | 115,999 | 121,400 | 127,132 | 11,133 | 12,623 |
| Total | 492,699 | 503,143 | 519,495 | 577,012 | 613,578 | 646,669 | 687,474 | 73,896 | 194,775 |

4.2.3 OM&A Costs per Customer and FTE

The table below shows the OM&A per customer and full-time employee. Although the utility strives to find cost efficiencies, it recognizes that a minimum cost level is necessary to run a utility of any size, and that its relatively high OM&A cost per customer is a function of having to recover that minimum cost level from a small customer base.

Table 4 – Recoverable OM&A Cost per Customer and FTE (Appendix 2-L)

| | 2020 Board Appr | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|--|-----------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| OM&A Costs | | | | | | | |
| O&M | \$41,146 | \$59,793.98 | \$42,435.08 | \$71,457.52 | \$56,436.32 | \$61,156.26 | \$69,091.76 |
| Admin Expenses | \$451,544 | \$443,348.64 | \$477,059.48 | \$505,554.90 | \$557,141.73 | \$585,512.50 | \$618,382.59 |
| Total Recoverable OM&A from Appendix 2-JB ⁵ | \$492,690 | \$503,142.62 | \$519,494.56 | \$577,012.42 | \$613,578.05 | \$646,668.77 | \$687,474.36 |
| Number of Customers ^{2,4} | 1267 | 1257 | 1264 | 1268 | 1285 | 1291 | 1298 |
| Number of FTEs ^{3,4} | 3 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| Customers/FTEs | 422.33 | 419.06 | 421.28 | 422.75 | 428.17 | 430.49 | 432.82 |
| OM&A cost per customer | | | | | | | |
| O&M per customer | \$32 | \$47.56 | \$33.58 | \$56.34 | \$43.94 | \$47.35 | \$53.21 |
| Admin per customer | \$356 | \$352.66 | \$377.47 | \$398.62 | \$433.74 | \$453.37 | \$476.24 |
| Total OM&A per customer | \$389 | \$400.22 | \$411.05 | \$454.97 | \$477.68 | \$500.73 | \$529.45 |
| OM&A cost per FTE | | | | | | | |
| O&M per FTE | \$13,715 | \$19,931.33 | \$14,145.03 | \$23,819.17 | \$18,812.11 | \$20,385.42 | \$23,030.59 |
| Admin per FTE \$150,518 | \$150,515 | \$147,782.88 | \$159,019.83 | \$168,518.30 | \$185,713.91 | \$195,170.83 | \$206,127.53 |
| Total OM&A per FTE | \$164,230 | \$167,714.21 | \$173,164.85 | \$192,337.47 | \$204,526.02 | \$215,556.26 | \$229,158.12 |

4.2.4 OM&A Variance Analysis (by grouping)

The variance between the 2025 OM&A and the previously Board Approved OM&A for 2020 was introduced in the previous section and explained below. Tables 3 to 5 provide comparatives deemed essential in determining the reasonableness of the 2025 OM&A.

The official materiality threshold when comparing two years is \$50,000. The variance used to compare the last Board-approved OM&A expenses vs. the 2025 proposed expenses is \$20,000.

Variances above the materiality threshold of \$20,000 are explained in section 4.2.5.

In compliance with the filing requirements released in December 2023, H2000 is presenting the following comparisons.

- Table 4 - Last Board Approved (2020BA) vs Last Board Actuals (2020)
- Table 5 - Historical (2020) vs 2021 Actual
- Table 6 - Historical (2022) vs 2023 Actual
- Table 7 - Historical (2023) vs Bridge Year (2024)
- Table 8 - Bridge Year (2024) vs Proposed Test Year (2025)

Table 5 – 2020 Board Approved vs 2020 Actuals

| | 2020 Board Approved | 2020 Actuals | Variance \$ | Variance % |
|--------------------------------|---------------------------|------------------|-----------------|---------------|
| Operations | \$10,000 | \$28,125 | \$18,125 | 181.3% |
| Maintenance | \$31,146 | \$31,669 | \$523 | 1.7% |
| Billing and collecting | \$155,231 | \$145,696 | -\$9,535 | -6.1% |
| Community Relations | \$0 | \$0 | \$0 | |
| Administrative and General | \$296,322 | \$297,653 | \$1,331 | 0.4% |
| Total OM&A Expenses | \$492,699 | \$503,143 | \$10,444 | 2.1% |

The actual 2020 OM&A was slightly higher than the Board-approved OM&A. Operations was higher by 18K while Billing and collecting went down by approximately 10K. Variances are below the materiality threshold.

Table 6 – 2020 Board Approved vs 2021 Actuals

| | 2020 Actuals | 2021 Actuals | Variance \$ | Variance % |
|--------------------------------|------------------|------------------|-----------------|---------------|
| Operations | \$28,125 | \$16,054 | -\$12,071 | -42.9% |
| Maintenance | \$31,669 | \$26,381 | -\$5,288 | -16.7% |
| Billing and collecting | \$145,696 | \$176,958 | \$31,262 | 21.5% |
| Community Relations | \$0 | \$0 | \$0 | |
| Administrative and General | \$297,653 | \$300,102 | \$2,449 | 0.8% |
| Total OM&A Expenses | \$503,143 | \$519,495 | \$16,352 | 3.2% |

The total OM&A expenses for 2021 increased by \$16,352 (3.2%) compared to 2020. The key points contributing to this change are:

- **Billing and Collecting** costs increased by \$31,262 (a 21.5% increase). This rise is primarily attributed to the reception position being filled in November 2020 after a 10-month vacancy, leading to higher staffing costs for billing and collecting activities in 2021.

Table 7 – 2021 Board Approved vs 2022 Actuals

| | 2021 Actuals | 2022 Actuals | Variance \$ | Variance % |
|--------------------------------|------------------|------------------|-----------------|---------------|
| Operations | \$16,054 | \$22,384 | \$6,329 | 39.4% |
| Maintenance | \$26,381 | \$49,074 | \$22,693 | 86.0% |
| Billing and collecting | \$176,958 | \$204,078 | \$27,120 | 15.3% |
| Community Relations | \$0 | \$0 | \$0 | |
| Administrative and General | \$300,102 | \$301,477 | \$1,375 | 0.5% |
| Total OM&A Expenses | \$519,495 | \$577,012 | \$57,518 | 11.1% |

The major contributors to the overall increase in OM&A expenses were Maintenance and Billing and Collecting costs, accounting for the bulk of the \$57,518 variance from 2021 to 2022.

The key drivers of these variances are as follows:

- **Maintenance costs** rose significantly by \$22,693 (an 86.0% increase), primarily driven by the Ministry of the Environment's order to demolish the transformer storage shed and perform testing on transformers for PCB contamination in preparation for compliance with R.R.O. 1990, Reg. 362: Waste Management – PCBs.
- **Billing and collecting** increased by \$27,120 (a 15.3% rise). This was mainly due to:
 - A new annual software fee for the Honeywell meter, amounting to \$9,500.

- An increase in bad debt expenses by \$9,000, attributed to the impacts of COVID-19.
- A payroll increase of 4.7%, reflecting the Bank of Canada's Price Index for October 2021.
- **Operations** expenses also increased by \$6,329 (39.4%).

Table 8 – 2022 Board Approved vs 2023 Actuals

| | 2022 Actuals | 2023 Actuals | Variance \$ | Variance % |
|--------------------------------|------------------|------------------|-----------------|---------------|
| Operations | \$22,384 | \$17,129 | -\$5,255 | -23.5% |
| Maintenance | \$49,074 | \$39,308 | -\$9,766 | -19.9% |
| Billing and collecting | \$204,078 | \$237,401 | \$33,323 | 16.3% |
| Community Relations | \$0 | \$0 | \$0 | |
| Administrative and General | \$301,477 | \$319,741 | \$18,264 | 6.1% |
| Total OM&A Expenses | \$577,012 | \$613,578 | \$36,566 | 6.3% |

OM&A expenses in 2023 were higher than 2022 by \$36,566, representing a 6.3% increase. The main reason for this increase is the significant rise in **Billing and Collecting** costs, which increased by \$33,323 (16.3%).

The primary contributors to this increase in **Billing and Collecting** are:

- A \$32,000 bad debt from a business that ceased its activities.
- An additional \$1,400 cost due to an oversight related to an employee's disconnection process.

Other notable changes include:

- **Operations** costs decreased by \$5,255 (23.5%), reflecting reduced operational spending in 2023.
- **Maintenance** expenses also decreased by \$9,766 (19.9%), suggesting fewer maintenance activities or a reduction in maintenance needs.
- **Administrative and General** costs rose by \$18,264 (6.1%), which contributed to the overall increase in total OM&A expenses, though this category's rise was smaller compared to Billing and Collecting.

Table 9 – 2023 Actual vs 2024 Bridge

| | 2023 | 2024 Bridge | Variance \$ | Variance % |
|--------------------------------|------------------|------------------|-----------------|---------------|
| Operations | \$17,129 | \$18,962 | \$1,833 | 10.7% |
| Maintenance | \$39,308 | \$42,194 | \$2,887 | 7.3% |
| Billing and collecting | \$237,401 | \$246,629 | \$9,228 | 3.9% |
| Community Relations | \$0 | \$0 | \$0 | |
| Administrative and General | \$319,741 | \$338,883 | \$19,143 | 6.0% |
| Total OM&A Expenses | \$613,578 | \$646,669 | \$33,091 | 5.4% |

The 2024 Bridge Year OM&A expenses are \$33,091 (5.4%) higher than the 2023 Actuals. The key contributors to this increase are as follows:

- **Billing and Collecting** costs rose by \$9,228 (3.9%), primarily due to payroll increment and the software amendments required to accommodate the Customers Choice options, OESP System Enhancement, Green Button and SilverBlaze platforms. These changes led to additional software-related expenses in the 2024 Bridge Year.
- **Administrative and General** expenses saw a significant rise of \$19,143, representing a 6.0% increase. This increase is largely driven by a 6.9% rise in administrative salaries, coupled with a 12% overall increase in salary-related benefits, which includes the introduction of the new CPP contributions for 2024. Additionally, rent has experienced an annual increase of 10% over the past three years. The landlord has attributed these rent hikes to substantial increases in insurance costs

Table 10 – 2024 Bridge vs 2025 Test Year

| | 2024 Bridge | 2025 Test Year | Variance \$ | Variance % |
|----------------------------|------------------|-------------------|-----------------|---------------|
| Operations | \$18,962 | \$24,872 | \$5,910 | 31.2% |
| Maintenance | \$42,194 | \$44,220 | \$2,025 | 4.8% |
| Billing and collecting | \$246,629 | \$262,463 | \$15,834 | 6.4% |
| Community Relations | \$0 | \$0 | \$0 | |
| Administrative and General | \$338,883 | \$355,920 | \$17,037 | 5.0% |
| Total OM&A Expenses | \$646,669 | \$687,474 | \$40,806 | 6.3% |

The 2025 Test Year OM&A expenses are projected to be \$40,806 (6.3%) higher than the 2024 Bridge Year. The key factors driving this increase are:

Billing and Collecting costs are projected to increase by \$15,834, or 6.4%. This rise is mainly due to the additional expenses associated with maintaining various software systems necessary to comply with new regulatory requirements, as well as salary adjustments for staff involved in billing and collection functions. A significant factor is the annual maintenance cost for Silverblaze, which stands at \$18,138. This maintenance cost, introduced with the system's implementation in June 2024, represents a new expense and covers less than a full year. Additionally, there is a potential cost increase of around \$5,500 for the Customer's Choice adaptation for MIST meters, pending necessary adjustments from Harris.

- **Administrative and General** expenses are projected to rise by \$17,037, or 5.0%. This increase is primarily due to a 4% uptick in costs related to several areas, including rent, insurance, and general administrative expenses. Additional costs also stem from professional development and training programs, such as those offered by The Mearie Group, the Achieve Centre for Leadership, and the Harris User Group's annual training. Furthermore, the increase encompasses higher salary benefits tied to overall salary adjustments, reflecting Hydro 2000's commitment to employee development and operational support.
- **Operations** costs are anticipated to increase by \$5,910 (31.2%), driven by the additional expenses related to locates required to support the Broadband program.
- **Maintenance expenses will see a smaller increase of \$2,025 (4.8%).**

4.2.5 Actual Yearly Increase vs. Inflationary Increase

Inflation Rate and Assumptions

To prepare its OM&A costs for the 2024 Bridge and 2025 Test Year, H2000 uses the PriceCap Inflation of 4.8%. When designing its yearly budgets (i.e., 2020-2023), the utility hasn't consistently applied a constant inflation factor to each cost. Instead, it uses a combination of methods, including quotes or the most up-to-date costs from recent invoices and inflation where applicable. Concerning salaries, the process is dictated by H2000's Board of Directors, who generally approves the inflation published by Stats Canada. The executive management may adjust the inflation rate downwards if appropriate, as in 2023.

In preparing the Cost of Service, it was decided that the PriceCap index would be used going forward.

4.2.6 Cost Drivers Analysis

Following the OEB's minimum filing requirements, OEB Appendix 2-JB, OM&A Cost Drivers, presented below, outlines the key drivers of OM&A costs throughout 2020 to 2025. An overview of the reasons behind the cost drivers is given in the table, and detailed explanations are presented in Section 4.2.3 -Year over Year Variance Analysis.

Table 11 – OM&A Details

| Description | 2020 BA | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Operations | | | | | | | |
| 5010-Load Dispatching | \$10,000 | \$16,424 | \$8,075 | \$9,173 | \$10,842 | \$11,362 | \$16,908 |
| 5085-Miscellaneous Distribution Expense | \$0 | \$0 | \$0 | \$4,966 | \$0 | \$0 | \$0 |
| 5090-Underground Distribution Lines and Feeders - Rental Paid | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 5095-Overhead Distribution Lines and Feeders - Rental Paid | \$0 | \$11,701 | \$7,979 | \$8,245 | \$6,287 | \$7,599 | \$7,964 |
| 5096-Other Rent | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total - Operations | \$10,000 | \$28,125 | \$16,054 | \$22,384 | \$17,129 | \$18,962 | \$24,872 |
| Maintenance | | | | | | | |
| 5120-Maintenance of Poles, Towers and Fixtures | \$6,032 | \$6,008 | \$4,022 | \$15,086 | \$7,940 | \$8,321 | \$8,721 |
| 5125-Maintenance of Overhead Conductors and Devices | \$6,261 | \$2,220 | \$10,841 | \$9,999 | \$14,564 | \$15,263 | \$15,996 |
| 5135-Overhead Distribution Lines and Feeders - Right of Way | \$5,100 | \$3,343 | \$5,300 | \$7,033 | \$9,080 | \$9,516 | \$9,973 |
| 5155-Maintenance of Underground Services | \$1,236 | \$518 | \$638 | \$233 | \$2,384 | \$2,498 | \$2,618 |
| 5160-Maintenance of Line Transformers | \$554 | \$12,015 | \$1,397 | \$14,178 | \$0 | \$1,000 | \$1,048 |
| 5175-Maintenance of Meters | \$11,963 | \$7,565 | \$4,185 | \$2,546 | \$5,340 | \$5,596 | \$5,865 |
| Total - Maintenance | \$31,146 | \$31,669 | \$26,381 | \$49,074 | \$39,308 | \$42,194 | \$44,220 |
| Billing and Collecting | | | | | | | |
| 5310-Meter Reading Expense | \$0 | \$0 | -\$1,850 | \$627 | \$204 | \$214 | \$225 |
| 5315-Customer Billing | \$140,071 | \$139,453 | \$174,852 | \$187,607 | \$201,171 | \$223,660 | \$238,391 |
| 5320-Collecting | \$5,987 | \$1,499 | \$1,039 | \$1,839 | \$2,971 | \$3,113 | \$3,263 |
| 5330-Collection Charges | \$4,173 | \$1,013 | -\$100 | \$1,673 | \$2,215 | \$2,321 | \$2,433 |
| 5335-Bad Debt Expense | \$5,000 | \$3,731 | \$3,018 | \$12,333 | \$30,840 | \$17,320 | \$18,151 |
| Total - Billing and Collecting | \$155,231 | \$145,696 | \$176,958 | \$204,078 | \$237,401 | \$246,629 | \$262,463 |
| Administrative and General Expenses | | | | | | | |
| 5605-Executive Salaries and Expenses | \$34,000 | \$37,128 | \$37,960 | \$29,112 | \$28,769 | \$29,000 | \$30,392 |
| 5610-Management Salaries and Expenses | \$68,995 | \$77,099 | \$72,495 | \$82,730 | \$89,228 | \$95,384 | \$99,962 |
| 5615-General Administrative Salaries and Expenses | \$10,000 | \$8,225 | \$9,532 | \$8,736 | \$10,145 | \$11,581 | \$12,137 |
| 5620-Office Supplies and Expenses | \$39,086 | \$27,260 | \$27,240 | \$38,131 | \$28,381 | \$29,744 | \$31,171 |
| 5630-Outside Services Employed | \$44,115 | \$56,170 | \$39,780 | \$24,771 | \$41,286 | \$43,268 | \$45,345 |
| 5635-Property Insurance | \$5,733 | \$5,497 | \$6,035 | \$7,100 | \$10,790 | \$11,308 | \$11,851 |
| 5645-Employee Pensions and Benefits | \$11,584 | \$14,559 | \$20,186 | \$18,457 | \$20,961 | \$23,400 | \$24,523 |
| 5655-Regulatory Expenses | \$66,768 | \$55,387 | \$69,495 | \$73,941 | \$71,098 | \$74,511 | \$78,088 |
| 5660-General Advertising Expenses | \$100 | \$413 | \$1,339 | \$1,299 | \$245 | \$257 | \$269 |
| 5670-Rent | \$12,315 | \$12,315 | \$12,438 | \$13,591 | \$15,222 | \$16,809 | \$18,482 |
| 5680-Electrical Safety Authority Fees | \$1,626 | \$1,600 | \$1,601 | \$1,609 | \$1,614 | \$1,621 | \$1,699 |
| 6205-Sub-account LEAP Funding | \$2,000 | \$2,000 | \$2,000 | \$2,000 | \$2,000 | \$2,000 | \$2,000 |
| Total - Administrative and General Expenses | \$296,322 | \$297,653 | \$300,102 | \$301,477 | \$319,741 | \$338,883 | \$355,920 |
| Total OM&A | \$492,699 | \$503,143 | \$519,495 | \$577,012 | \$613,578 | \$646,669 | \$687,474 |

Table 12 – OM&A Expenses & Cost Drivers (Appendix 2-JB)

| Description | 2020-2020BA | 2020-2021 | 2021-2022 | 2022-2023 | 2023-2024 | 2024-2025 |
|---|-------------|-----------|-----------|-----------|-----------|-----------|
| <i>Operations</i> | | | | | | |
| 5010-Load Dispatching | \$6,424 | -\$8,349 | \$1,098 | \$1,669 | \$520 | \$5,545 |
| 5085-Miscellaneous Distribution Expense | \$0 | \$0 | \$4,966 | -\$4,966 | \$0 | \$0 |
| 5090-Underground Distribution Lines and Feeders - Rental Paid | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 5095-Overhead Distribution Lines and Feeders - Rental Paid | \$11,701 | -\$3,722 | \$265 | -\$1,958 | \$1,313 | \$365 |
| 5096-Other Rent | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total - Operations | \$18,125 | -\$12,071 | \$6,329 | -\$5,255 | \$1,833 | \$5,910 |
| <i>Maintenance</i> | | | | | | |
| 5120-Maintenance of Poles, Towers and Fixtures | -\$24 | -\$1,987 | \$11,064 | -\$7,146 | \$381 | \$399 |
| 5125-Maintenance of Overhead Conductors and Devices | -\$4,041 | \$8,621 | -\$841 | \$4,565 | \$699 | \$733 |
| 5135-Overhead Distribution Lines and Feeders - Right of Way | -\$1,758 | \$1,958 | \$1,733 | \$2,047 | \$436 | \$457 |
| 5155-Maintenance of Underground Services | -\$718 | \$120 | -\$405 | \$2,151 | \$114 | \$120 |
| 5160-Maintenance of Line Transformers | \$11,461 | -\$10,618 | \$12,781 | -\$14,178 | \$1,000 | \$48 |
| 5175-Maintenance of Meters | -\$4,398 | -\$3,381 | -\$1,639 | \$2,794 | \$256 | \$269 |
| Total - Maintenance | \$523 | -\$5,288 | \$22,693 | -\$9,766 | \$2,887 | \$2,025 |
| <i>Billing and Collecting</i> | | | | | | |
| 5310-Meter Reading Expense | \$0 | -\$1,850 | \$2,477 | -\$422 | \$10 | \$10 |
| 5315-Customer Billing | -\$618 | \$35,398 | \$12,756 | \$13,563 | \$22,489 | \$14,731 |
| 5320-Collecting | -\$4,488 | -\$461 | \$800 | \$1,132 | \$143 | \$149 |
| 5330-Collection Charges | -\$3,161 | -\$1,113 | \$1,773 | \$543 | \$106 | \$111 |
| 5335-Bad Debt Expense | -\$1,269 | -\$713 | \$9,316 | \$18,507 | -\$13,520 | \$831 |
| Total - Billing and Collecting | -\$9,535 | \$31,262 | \$27,120 | \$33,323 | \$9,228 | \$15,834 |
| <i>Administrative and General Expenses</i> | | | | | | |
| 5605-Executive Salaries and Expenses | \$3,128 | \$832 | -\$8,848 | -\$343 | \$231 | \$1,392 |
| 5610-Management Salaries and Expenses | \$8,104 | -\$4,603 | \$10,235 | \$6,497 | \$6,156 | \$4,578 |
| 5615-General Administrative Salaries and Expenses | -\$1,775 | \$1,307 | -\$796 | \$1,410 | \$1,436 | \$556 |
| 5620-Office Supplies and Expenses | -\$11,826 | -\$19 | \$10,890 | -\$9,749 | \$1,362 | \$1,428 |
| 5630-Outside Services Employed | \$12,055 | -\$16,390 | -\$15,009 | \$16,516 | \$1,982 | \$2,077 |
| 5635-Property Insurance | -\$236 | \$538 | \$1,065 | \$3,690 | \$518 | \$543 |
| 5645-Employee Pensions and Benefits | \$2,975 | \$5,627 | -\$1,729 | \$2,504 | \$2,439 | \$1,123 |
| 5655-Regulatory Expenses | -\$11,381 | \$14,108 | \$4,446 | -\$2,843 | \$3,413 | \$3,577 |
| 5660-General Advertising Expenses | \$313 | \$926 | -\$40 | -\$1,054 | \$12 | \$12 |
| 5670-Rent | \$0 | \$123 | \$1,153 | \$1,631 | \$1,587 | \$1,673 |
| 5680-Electrical Safety Authority Fees | -\$26 | \$1 | \$8 | \$5 | \$7 | \$78 |
| Total - Administrative and General Expenses | \$1,331 | \$2,449 | \$1,375 | \$18,264 | \$19,143 | \$17,037 |
| Total OM&A | \$10,444 | \$16,352 | \$57,518 | \$36,566 | \$33,091 | \$40,806 |

OPERATIONS

5095-Overhead Distribution Lines and Feeders - Rental Paid

2020BA-2020: increase of **\$11,701**

- Explanation: This represents the Pole Rental fee paid out which was higher than expected.

MAINTENANCE

5120-Maintenance of Poles, Towers and Fixtures:

2021-2022: increase of **\$11,064.**

- Explanation: In May 2022 derecho storm affected the Alfred-Plantagenet area which experienced significant damage to electrical infrastructure, trees, and properties due to the storm's high winds and destructive impact. The storm caused widespread power outages, downed trees, and damaged electrical lines, similar to what occurred in Hawkesbury.

5160-maintenance of line transformers:

2020BA-2020: increase of **\$11,461.**

- Explanation: In preparation for compliance with R.R.O. 1990, Regulation 362: Waste Management – PCBs, H2000 is required to conduct PCB analyses of its older equipment, especially transformers manufactured before 1975, to identify and safely manage or dispose of any equipment containing PCBs.

2021-2022: increase of **\$12,781.**

- Explanation: same as above.

BILLING AND COLLECTING

5315-customer billing:

2020-2021 increase of **\$35,398.**

- Explanation: Reception Position Filled After a 10-Month Vacancy – Increase of \$31,111. The reception position had been vacant for a significant period (10 months)

in 2020. When it was filled in November 2020, this led to a noticeable increase in billing salaries.

- Explanation: Additional costs include \$208 for Northstar software training, \$2,680 for setting up ITM-Silverblaze email software, and \$900 for ITM support to implement Time-of-Use (TOU) billing. There was also a \$500 increase in Harris software fees. These expenses reflect a combination of staffing needs and software enhancements to improve operational efficiency, customer communication, and billing accuracy.

2021-2022 increase of **\$12,756.**

- Explanation: Harris software modification for OESP for \$2,800. This modification ensured that the billing system could properly apply Ontario Electricity Support Program (OESP) credits to low-income customers, automate rebate calculations, and meet regulatory reporting requirements, allowing the utility to comply with OESP regulations efficiently.
- Explanation: Honeywell Connexo software for \$9,900. Honeywell Connexo is a utility management platform that supports smart meter data collection, validation, and analysis. It enables remote monitoring of meters, improves billing accuracy, enhances customer engagement, and helps the utility comply with regulatory standards. This software upgrade modernizes the utility's metering system, increasing operational efficiency and service quality.

2022-2023 increase of **\$13,563.**

- Explanation: The cost increases include a \$6,300 salary increment for staff, due to inflation or performance adjustments, and several software-related upgrades. The Harris software was modified for both the Customers' Choice program (\$2,808), offering more customer flexibility, and for the Green Button and ULO implementations (\$3,000), enabling secure customer access to energy data and ensuring compliance. Additionally, a minor \$880 increase in Honeywell Connexo software reflected updates or licensing fees, while a general 5% software price increase was applied due to industry-wide adjustments. These changes reflect investments in improving customer service, operational efficiency, and regulatory compliance.

2023-2024 increase of **\$22,489.**

- Explanation: The cost increases include a \$6,326 salary annual increment, reflecting routine compensation adjustments. There was also a \$2,800 cost for a Harris software modification to support the Ontario Electricity Support Program (OESP), and \$6,324 for integrating GreenButton and Silverblaze systems to enhance

customer data access and communication. Additionally, the ORPC billing contract added \$3,500, and EARTH Silverblaze software testing contributed \$3,539 to ensure system reliability. These expenses focus on both operational efficiency and customer service improvements.

2024-2025 increase of **\$14,731**.

- Explanation The additional costs include an \$8,400 salary annual increment, reflecting both the routine annual increase and adjustments to the salary scale. Additionally, there was a 4.8% increase in software costs due to cost-of-living adjustments. These expenses reflect ongoing efforts to maintain competitive compensation and adapt to inflationary pressures on software costs.

5335-bad debt expense:

2022-2023 **\$18,507**.

- Explanation: a bad debt from a business that ceased activities in the amount of \$32,000 created a financial burden in 2023

ADMINISTRATIVE AND GENERAL EXPENSES

5610-management salaries and expenses:

2021-2022 increase of **\$10,235**

- Explanation. The \$10,235 increase from 2021 to 2022 is attributed to salary adjustments, which include both the annual increment and adjustments to the salary scale, reflecting standard compensation updates.

5630-Outside Services:

2020BA-2020 increase of **\$12,055**.

- Explanation. The \$12,055 increase in 2020 was due to the need to replace a billing employee on sick leave with an outside agency, resulting in higher costs for temporary staffing during that period.

•
2022-2023 increase of **\$16,516**.

- Explanation: This represents a return to normal costs of approximately 34K by MNP. Less work was required in 2022 which caused a spike in costs in 2023.

5655-Regulatory Expenses:

2020-2021 increase of **\$14,108.**

- Explanation. The cost increases include a \$2,500 annual portion for cybersecurity development, with the expense shared among three utilities to reduce customer impact. The Cost of Service (COS) rebasing in 2020 was \$4,608 higher than the previous year, reflecting adjustments for the quinquennial portion. Additionally, the ****IRM accountant fee**** increased by \$4,500, and there was a \$2,500 increment for the regulatory consultant, contributing to overall cost adjustments during the period.

4.2.7 One-Time Costs and Regulatory Costs

One-Time Costs

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

4.2.8 Bad Debts

H2000 confirms that its bad debt is calculated per IFRS and the OEB's previously accepted methodology, where it records its bad debts as an allowance for doubtful accounts.

4.2.9 Software Costs (OM&A vs 1508 vs Capital)

This table outlines software-related expenses across three main categories: Deferral Account (1508), OM&A (Operations, Maintenance, and Administration), and Capital Spending.

Deferral Account 1508: These deferral accounts capture initial installation costs for various software solutions such as Harris (for different customer modules like Customer's Choice, Green Button, and ULO Implementation), Silverblaze, and Green Button. The costs are significant in 2020-2023, with Green Button and Silverblaze being major expenditures. The main observation here is that these installation costs are largely front-loaded, reducing by 2025.

The most significant cost is in 2023 with a total of \$30,121.70, driven by Green Button (\$27,146.70) and Silverblaze (\$2,975.00). These investments reduce significantly in 2024 and disappear by 2025.

Capital Accounts (1611) This capital account holds capital expenditures associated with system enhancements and website design.

Harris OESP: There is a one-time cost in 2021 (\$28,492.00).

Website Design: Costs are relatively minor but exist consistently in 2020 and 2021.

New Smart Meters Software (Honeywell Connexo): No listed expenditures post-2021, which likely reflects the completion of this upgrade.

The capital expenditures are clustered early in 2021 and decrease by 2024-2025 as is expected.

OM&A (Operations, Maintenance, and Administration): These accounts capture regular, ongoing software and platform costs that the utility incurs to maintain its operations. They include annual cost shares for Harris, Honeywell Connexo, Silverblaze, Green Button, and other software such as Sage (accounting), ERTM/ITM (client portal), Survey Monkey, GoDaddy (website domain), and various office productivity tools (Google Apps, Adobe, Microsoft, Norton, etc.).

The ongoing costs gradually increase each year, reflecting either service upgrades or inflationary pressures.

Key Software:

- Harris consistently incurs significant annual costs, increasing from \$20,571.37 in 2020 to \$37,659.93 by 2025.
- Honeywell Connexo and ERTM/ITM both shows increasing annual costs.
- Silverblaze, Green Button, and various Harris modules also contribute to rising costs.

Table 13 – Software Costs

| Software | Explanation | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---------------------------------------|-------------------|-------------------|---------------|--------------------|--------------------|--------------------|---------------|
| Deferral Accounts (1508) | | | | | | | |
| Initial Installation Costs | | | | | | | |
| Harris (1508) | Customers' Choice | \$5,000.00 | | | | | |
| Harris Silverblaze (1508) | Silverblaze | | | | | \$12,000.00 | |
| Green Button (1508) | Green Button | | | \$20,000.00 | \$27,146.70 | | |
| ULO Implementation (1508) | Customer's Choice | | | | \$2,975.00 | | |
| Total Deferral Accounts (1508) | | \$5,000.00 | \$0.00 | \$20,000.00 | \$30,121.70 | \$12,000.00 | \$0.00 |

| Software | Explanation | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|--------------------------------------|---------------------------|-------------------|--------------------|---------------|---------------|-------------------|---------------|
| Capital Accounts (1611) | | | | | | | |
| Harris OESP | OESP System Enhancement | | | | | \$4,560.00 | |
| Honeywell Connexo | New Smart Meters software | | \$28,492.00 | | | | |
| Website design | Website | \$2,635.00 | \$3,056.20 | | | | |
| Total Capital Accounts (1611) | | \$2,635.00 | \$31,548.20 | \$0.00 | \$0.00 | \$4,560.00 | \$0.00 |

| Software | Explanation | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|--------------------------------------|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| OM&A On-going Costs | | | | | | | |
| Harris | regular annual cost share | \$20,571.37 | \$23,171.10 | \$21,044.00 | \$31,496.34 | \$37,659.93 | \$37,659.93 |
| Honeywell Connexo | regular annual cost share | | | \$9,497.00 | \$10,276.19 | \$10,687.34 | \$11,114.83 |
| Silverblaze | regular annual cost share | | | | \$1,799.50 | \$1,799.50 | \$1,799.50 |
| Green Button | regular annual cost share + initial cost reduced @line 37 | | | \$327.05 | \$31,033.20 | \$1,854.00 | \$1,854.00 |
| ERTH/ITM - Client Portal | regular annual cost share | \$5,656.60 | \$6,486.23 | \$4,411.06 | \$3,686.62 | \$3,870.95 | \$4,064.50 |
| Utilismart | regular annual cost share | \$4,563.00 | \$4,563.00 | \$4,563.00 | \$4,563.00 | \$4,563.00 | \$4,563.00 |
| Harris - Customers choice TOU | Customers Choice | \$5,000.00 | | | | | |
| Harris - Customers choice ULO | | | | | \$2,808.00 | | |
| Harris - OESP Modifications | 2022 OESP modification to software / 2024 OESP Enhancement | | | \$2,800.00 | | \$4,560.00 | |
| Sage | Accounting software - 3 licenses | \$2,516.53 | \$1,529.00 | \$2,674.40 | \$2,849.40 | \$3,134.40 | \$3,447.84 |
| Survey Monkey portion | Surveys share of software | | \$68.00 | \$68.00 | \$81.60 | \$81.60 | \$81.60 |
| GoDaddy - Website domain | Domain name | | \$99.95 | \$10.99 | | \$65.97 | |
| Google Apps - Gmail/Drive | emails | \$450.00 | \$470.00 | | \$728.49 | \$963.51 | \$964.55 |
| Adobe | software license | \$82.73 | \$282.38 | \$271.08 | \$304.98 | \$352.44 | \$405.00 |
| Microsoft | software license | \$132.00 | \$143.00 | \$132.00 | \$121.00 | \$33.00 | |
| Norton | software license | \$109.99 | \$0.00 | | | | |
| Website | Annual maintenance | | | \$421.20 | \$421.20 | \$421.20 | \$421.20 |
| Software variance | Removal of exp recorded in acct 1508 | -\$5,000.00 | | | -\$28,633.20 | | |
| Total OM&A On-going Costs | | \$34,082.22 | \$36,812.66 | \$46,219.78 | \$61,536.32 | \$70,046.84 | \$66,375.95 |
| Deferral Accounts (1508) | | \$5,000.00 | \$0.00 | \$20,000.00 | \$30,121.70 | \$12,000.00 | \$0.00 |
| Capital Accounts (1611) | | \$2,635.00 | \$31,548.20 | \$0.00 | \$0.00 | \$4,560.00 | \$0.00 |
| OM&A On-going Costs | | \$34,082.22 | \$36,812.66 | \$46,219.78 | \$61,536.32 | \$70,046.84 | \$66,375.95 |
| Total | | \$41,717.22 | \$68,360.86 | \$66,219.78 | \$91,658.02 | \$86,606.84 | \$66,375.95 |

4.2.10 Regulatory Costs

H2000s Regulatory Costs consist of two primary elements. The first category of expenses pertains to the expenditures associated with filing the current application, which includes accounting and legal expenses. The second component includes an annual contractual agreement with Tandem Energy Services to provide support in regulatory services.

The specific costs associated with the Cost-of-Service application include legal expenses for reviewing the application, examining the IRs, and participating in a settlement conference. Additional expenses encompass payments for external accounting services to input data into the PILs model and assess the balances in the deferral and variance accounts. H2000 confirms that it has not expended any funds to create the utility's DSP, as the entire development process was carried out internally.

Due to past experiences with Cost-of-Service applications, the utility did not allocate any funds for a potential oral hearing. If an oral hearing becomes necessary, the costs related to it will need to be estimated and included in H2000's claimed regulatory costs for the Cost-of-Service application. The regulatory charges mentioned below are recorded and monitored in account 5655, specifically designated for regulatory expenses. The expenses directly related to the Cost-of-Service application are spread out over a period of five years (2025-2030) through amortization.

Table 14 – Regulatory Costs (Appendix 2-M)

[illegible]

Table 15 - Regulatory Costs specific to the 2025 Cost of Service

| Regulatory Costs | Cost |
|-------------------------------------|----------|
| | |
| Legal costs | \$25,000 |
| DSP | \$5,000 |
| MNP | \$17,000 |
| Intervenor costs | \$30,000 |
| | |
| | |
| | |
| Total | \$77,000 |
| | |
| | |
| Cost of Service 1/5 per year | \$15,400 |
| | |

4.2.11 Charitable Donations and Disallowed Expenses

Charitable Donations

H2000 confirms that no charitable donations other than LEAP are included in its OM&A Costs

4.2.12 Leap and CDM Costs

H2000 has included \$2,000 for the Low-Income Assistance Program (LEAP) under Deductions Donation Expense-LEAP (USoA #6205). This amount is based on the Board's determination that the greater amount of 0.12% of a distributor's Board-approved distribution revenue requirement or \$2,000 should be included in the utility's costs.

H2000 has partnered with United Way- Centraide / Prescott Russell to assist in a program intended to provide emergency relief to eligible low-income customers who may be having trouble paying current arrears to be our lead agency.

The United Way of Prescott-Russell will pre-screen customers to see if they meet the household low-income criteria, and other eligibility requirements, including if the customer is in threat of disconnection for non-payment.

In compliance with OEB policy, H2000:

1. Collects money from ratepayers for LEAP EFA in the amount approved by the OEB as part of the recoverable OM&A expenses.
2. Transfers program funds to United Way Centraide Prescott-Russell.
3. Allows United Way Centraide Prescott-Russell to determine funding allocations within their service territory by geography.
4. Receives a monthly report from the United Way Centraide Prescott-Russell agency showing the disbursements and balance of the LEAP funds remaining.
5. Leaves the assessment of eligibility of Hydro 2000 customers and records to United Way Centraide Prescott-Russell.
6. Confirms customer and account information used in determining program eligibility, including information on payment history and arrears owing; and
7. Reports to the OEB in accordance with OEB reporting requirements through filings 2.1.16 which are presented in the table below:

Reports to the OEB in accordance with OEB reporting requirements through filings 2.1.16 which are presented in the table below.

Table 16 – LEAP Contributions

| Year | Leap fund received Distributor | Agency administration and program delivery | Grants to distributor customers | Total grants disbursed | Total funds disbursed | Customer | Avg. grant per accepted applicant | Overall Avg. |
|-------------|-----------------------------------|---|------------------------------------|---------------------------|--------------------------|----------|--|-----------------|
| 2019 | 2,000.00 | 221.74 | 1,778.26 | 2,000.00 | 2,000.00 | 4 | 444.56 | 444.56 |
| 2020 | 3,000.00* | 391.30 | 2,608.70 | 3,000.00 | 3,000.00 | 5 | 521.74 | 521.74 |
| 2021 | 2,000.00 | 565.43 | 3,516.55** | 2,000.00 | 2,000.00 | 6 | 586.09 | 586.09 |
| 2022 | 2,000.00 | 260.87 | 1,992.15 | 2,000.00 | 2,000.00 | 4 | 498.04 | 498.04 |
| 2023 | 2,000.00 | 260.87 | 1,739.13 | 2,000.00 | 2,000.00 | 3 | 579.71 | 579.71 |

*OEB allowed a \$3,000 Leap Funding for COVID-19 constraint in 2020.

**In 2021, OEB supplement to LEAP from Cost Assessment Offset in the amount of \$2,335.00 in addition to Distributor Contribution.

The utility is aware of the letter and guidance issued on July 14, 2021, “*July 2021 Cost Assessment Invoice and Temporary Changes to the Screening Guidelines for the Low-income Energy Assistance Program – Emergency Financial Assistance*”.

H2000 confirms that its OM&A does not include costs directly attributable to CDM programs.

4.2.13 Procurement Policy

H2000's procurement policy has not changed since its last two Cost of Services (2018).

H2000 purchases equipment, materials, and services cost-effectively with full consideration given to price and product quality, the ability to deliver on time, reliability, compliance with engineering specifications, and quality of service. Vendors are screened to ensure knowledge, reputation, and the capability to meet H2000's needs. The procurement of goods or services for H2000 is carried out with ethical standards and consideration to the public nature of the expenditures.

Purchase Authorization: The General Manager, with the input of the Board of Directors, approves all purchases of goods or services.

Tendering: When goods or services are tendered, a Tender/Request for Proposal/Request for Quote will be issued to a minimum of three vendors, if available. Once again, the General Manager, along with the board members' input, shall authorize the acceptance of all external costs and contracts.

Although tendering processes provide essential information to potential suppliers and ensure a fair chance for businesses, the tendering process is not always possible in small towns where there is a limited supply of skilled services that can support utilities. The utility does not have a written procurement policy per se, however as described above, the General Manager, with the input of board members, approves all purchases of goods or services.

Certain services are acquired that fall outside of the procurement policy. For example, Hydro One, Tandem Energy Services Inc. SFIEO, Ottawa River Power, and Sproule Powerline Const. Ltd have a long-standing relationship with the utility as well as fairly consistent yearly transactions. These specific suppliers offer services that are not commonly found in the service area or general surrounding area or offer efficiencies due to their intimate knowledge of H2000's distribution system (i.e., Sproule Powerline Construction Ltd). These vendors are evaluated on a regular basis to establish the value they bring to the utility as well as the cost benefit of continuing with their services. It's evident from the reduction in costs and rates that H2000 's methodology and constant evaluation is working and in favor of all stakeholders, especially its customers.

4.3. WORKFORCE PLANNING

4.3.1 Compensation

H2000 operates with 3 full-time employees. A General Manager, 1 CSR and one Administrative Coordinator.

H2000 operates with three full-time employees, a General Manager, an Administrative Coordinator, and a Collection Agent/CSR. Although titles and job descriptions have slightly changed since the last Cost of Service in 2020 the utility's workforce composition has not changed and does not intend to change in the next rate period (2025-2029).

Table 17 - Headcount (number of months worked per year)

| Employee's months worked per year | 2020 BA | 2020 | 2021 | 2022 | 2023 |
|---|---------|------|------|------|------|
| General Manager | 12 | 12 | 12 | 12 | 12 |
| Administrative Coordinator | 12 | 12 | 12 | 12 | 12 |
| Collection Agent /CSR | | | | 10 | 12 |
| Collection Agent /CSR (resigned) | 12 | 12 | 12 | 2 | |
| | | | | | |
| Total Headcount | 3 | 3 | 3 | 3 | 3 |

Pension and Benefits

H2000 and its employees do not participate in the OMERS retirement plan. Because Hydro 2000 does not participate in the OMERS retirement plan, Appendix 2-KA OPEBs (Other Post-Employment Benefits) Costs and an Actuarial Report are not applicable.

Finding qualified staff in smaller rural areas can be challenging, therefore, similar to other smaller utilities Hydro 2000 prefers to invest time and energy in training its existing employees rather than hiring skilled workers.

In doing so Hydro 2000 must also balance reliance on third party contractors and use its workforce to its best advantage for the customer and community. The utility evaluates on a yearly basis its agreements with its consultants and contractors to ensure that they are the best option possible for the utility.

Annually, the utility's Board of Directors, in conjunction with management, will adjust employee salaries to align with neighboring cohorts and cost of living. Typically, the utility uses the "Bank of Canada Consumer Price Index" October Total CPI rate for adjustments. The price index factor is

applied to salaries and wages, and management may also increase salaries for staff who gain additional training and qualifications.

The salaries and wage amounts include all salaries and wages paid, inclusive of overtime, vacations, float holidays, sick leave, bereavement leave and other miscellaneous paid leave. The benefit amounts include the employer's portion of statutory benefits (CPP and EI), employer contributions to EHT, WSIB, and Hydro 2000's costs for providing extended health care, dental, long-term disability, life insurance and the Employee Assistance Program.

Hydro 2000 level of staffing has not changed since the last Cost of Service. Although there was a change over of employees twice in 2021, the most recent hires have remained in their positions since then. There are no anticipated staffing increases for the 2025 Test Year.

Table 18 – Employee Costs (Appendix 2-K)

| Board Approved | | | | | | | |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 2020 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
| Number of Employees (FTEs including Part-Time) ¹ | | | | | | | |
| Management (including executive) | - | - | - | - | - | - | - |
| Non-Management (union and non-union) | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Total | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Total Salary and Wages including overtime and incentive pay | | | | | | | |
| Management (including executive) | \$34,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Non-Management (union and non-union) | \$176,316 | \$163,946 | \$191,286 | \$192,186 | \$204,633 | \$224,537 | \$234,013 |
| Total | \$210,316 | \$163,946 | \$191,286 | \$192,186 | \$204,633 | \$224,537 | \$234,013 |
| Total Benefits (Current + Accrued) | | | | | | | |
| Management (including executive) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Non-Management (union and non-union) | \$11,584 | \$14,559 | \$20,186 | \$18,457 | \$20,961 | \$23,400 | \$24,523 |
| Total | \$11,584 | \$14,559 | \$20,186 | \$18,457 | \$20,961 | \$23,400 | \$24,523 |
| Total Compensation (Salary, Wages, & Benefits) | | | | | | | |
| Management (including executive) | \$34,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Non-Management (union and non-union) | \$187,900 | \$178,505 | \$211,472 | \$210,643 | \$225,594 | \$247,937 | \$258,536 |
| Total | \$221,900 | \$178,505 | \$211,472 | \$210,643 | \$225,594 | \$247,937 | \$258,536 |
| | | | | | | | |
| OM&A | \$492,699 | \$503,143 | \$519,495 | \$577,012 | \$652,886 | \$646,669 | \$687,474 |
| Capital | \$120,454 | \$93,781 | \$136,166 | \$177,815 | \$77,971 | \$126,615 | \$97,600 |
| Total | \$492,699 | \$503,143 | \$519,495 | \$577,012 | \$652,886 | \$646,669 | \$687,474 |
| | | | | | | | |
| Reconciliation to USoA | | | | | | | |
| 5315-Customer Billing | \$107,321 | \$49,719 | \$80,831 | \$80,344 | \$86,636 | \$100,153 | \$103,658 |
| 5605-Executive Salaries and Expenses | \$34,000 | \$37,128 | \$37,960 | \$29,112 | \$28,769 | \$29,000 | \$30,392 |
| 5610-Management Salaries and Expenses | \$68,995 | \$77,099 | \$72,495 | \$82,730 | \$89,228 | \$95,384 | \$99,962 |
| 5645-Employee Pensions and Benefits | \$11,584 | \$14,559 | \$20,186 | \$18,457 | \$20,961 | \$23,400 | \$24,523 |
| Total: | \$221,900 | \$178,505 | \$211,472 | \$210,643 | \$225,594 | \$247,937 | \$258,536 |
| | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

Compensation – Non-Union

All utility employees are non-union employees; compensation levels are reviewed by the general manager and the Board of Directors. The increase in total compensation paid to employees is attributable to the cost-of-living increase and a provision for benefit coverage.

Pension and Benefits

H2000 and its employees do not participate in OMERS' retirement plan.

Table 16 below shows employee compensation from 2020 to 2023. Per Board policy which states: “Where there are three, or fewer, full-time equivalents (FTEs) in any category, H may aggregate this category with the category to which it is most closely related. This higher level of aggregation may be continued, if required, to ensure that no category contains three, or fewer, FTEs”, The Applicant has aggregated information relating to its three full-time employees in the FTE class. The number of employees is based on the compensation of the number of full-time equivalent (FTE) positions throughout each fiscal year.

A detailed summary of benefit program costs is presented in Table 17. Total benefits have increased 43.95% between 2020 Actual and 2023 Test Year from statutory rate increases and wage increases.

Table 19 – Employee Costs (Appendix 2-K)

| | 2020 | 2021 | 2022 | 2023 |
|----------------------------|-----------|-----------|-----------|-----------|
| Benefit | Actual | Actual | Actual | Actual |
| Statutory | | | | |
| CPP | 6,031.60 | 7,825.73 | 8,326.12 | 9,457.14 |
| EI | 2,311.90 | 3,053.79 | 3,111.30 | 3,373.09 |
| WSIB | 1,167.79 | 1,904.20 | 1,411.46 | 1,426.87 |
| Total Statutory | 9,511.29 | 12,783.72 | 12,848.88 | 14,257.10 |
| | | | | 19.9% |
| Company | | | | |
| Health Plan | 3,577.53 | 5,879.24 | 5,607.84 | 4,829.05 |
| Health Tax | 1,470.35 | 1,904.20 | 0.00* | 1,871.75 |
| Total Company | 5,047.88 | 7,783.44 | 5,607.84 | 6,700.80 |
| Total Benefit Costs | 14,559.17 | 20,567.16 | 18,456.72 | 20,957.90 |
| | | | | 43.95 |

*Change in accounting method: CA recorded in year of expense instead of taxable year.

4.3.2 Succession Planning

As explained in the above section, finding qualified staff in smaller rural areas can be challenging; therefore, similar to other smaller utilities, Hydro 2000 prefers to invest time and energy in training its existing employees rather than hiring skilled workers.

Hydro 2000 initially developed a Succession and Talent Management Plan as part of its 2020 Cost of Service application. This plan outlines strategies for identifying and nurturing future leaders within the organization to ensure continuity and stability. While the document underwent a review for the 2024 cycle, only minor updates were made, with the overall structure and content of the plan remaining unchanged. The decision to maintain the existing plan reflects Hydro 2000's belief that the foundational strategies are still relevant and effective in addressing its long-term leadership and talent management needs.

List of Appendices

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| Appendix 4A | Succession and Talent Management Plan 2024 |
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Succession and Talent Management Plan 2024

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1. Executive Summary
2. Succession Plan Steps
3. Benefits of a Talent Management Strategy
4. Roles of Constituencies
5. Internal and External Communication Plan

Appendices

- A. General Manager Position Description
- B. General Manager Core Competencies
- C. Sample Interview Questions

1. EXECUTIVE SUMMARY

This document was developed internally. In today's competitive labour market, electricity distributors are paying very close attention to how they manage their human capital. The loss of experience that is preparing to retire and walk out the door, the overall shortage of talented leaders, the need to engage and retain high-potential employees at every level of the organization, and an environment which demands that businesses continually do more with less, all combine to make Succession Planning and Talent Management an organizational priority. Building and enhancing employee potential will not only benefit employees, but it will also support the organization in meeting its strategic goals and objectives and encourage a culture of customer-centric excellence.

Succession Planning and Talent Management has grown significantly in recent years as more and more organizations have recognized the value of aligning workforce and human capital planning with business strategy. A systematic approach to the alignment of human capital with the business needs can ensure the future viability of an organization. No matter how comprehensive a business plan is, if an organization does not have the workforce to support it, it is unlikely to achieve its business objectives.

Overall, the risk to Hydro 2000 is considerable given the job types that will be affected and its ability to hire. That said, Hydro 2000's is of the mind that continuous alignment to Hydro 2000's Business Plan is key to a successful workforce planning. Knowing where the business is headed – and how it's organized – is the only way to understand the future demands on employees and leaders.

Hydro 2000 continually reviews its business and operational goals against its workforce needs, its financial strength, and the impact on its customers. Hydro 2000 also recognizes the importance and value of maintaining a highly skilled and engaged workforce, where all employees are customer-focused and proud to work for the company.

An integrated approach to Succession Planning and Talent Management recognizes the interweaving of human resource strategies and practices with the organization's strategic goals and business results. Hydro 2000 continues to develop its human resources practices to prepare the organization to respond to current and future workforce challenges.

2. SUCCESSION PLAN STEPS

- Review and update Core Competencies and Position Description
- Determine Key Leaders within the organization for potential development:
 - Identify those who may have General Manager potential.
 - Develop skills and experience for those with General Manager potential
 - Exposure to the Board: have the candidate attend and run the updates to the Board of Director meetings
 - Coach/Mentor: Have the candidate shadow the outgoing General Manager. (onboarding)
 - Industry experience: Provide candidate with opportunities to challenge him or herself with real industry experience (IRM applications/Cost of Service/RRR filing/going out in the field to shadow operation work).
 - Higher Continuing education: Send candidate for training in an effort to gain industry experience.
- Determine interim leadership for unplanned absences
- Partnerships and Collaborations - Consider potential affiliations in addition to searching for new General Manager
- Appoint Search Committee - Board appoints Personnel Committee as ad hoc Search Committee with defined authority/responsibilities
- Conduct Search
 - Recruitment Strategy
- Hire a search firm or use a Board-managed process
- Search internally, externally or both
- Review and update General Manager Position Description
- Review and update General Manager Salary Range and Benefit Package
- Develop a timeline for the search
- Determine if interim appointment needed

- Incoming General Manager Successor -
 - Orientation: The outgoing General Manager and Board of Director will provide an orientation session for the incoming General Manager
 - Mentoring/coaching: ensure adequate overlap (onboarding) of duties so that the incoming General Manager can shadow the outgoing General Manager for a period of time.
 - Performance review process: The incoming General Manager should be provided with feedback from both the outgoing General Manager and Board of Director.

3. BENEFITS OF A TALENT MANAGEMENT STRATEGY

In the past, the electricity sector has generally benefited from its ability to attract young talent. Additionally, once employed in the sector, workers tended to remain in the sector throughout their careers. Today these conditions are changing. Competition for staff from within Hydro 2000 industry is coming from small but growing independent power producers, as well as organizations outside the electricity industry. As a result of these changes, talented younger workers have considerably more career choices. Concurrently as employees who are eligible to retire leave Hydro 2000, it is faced with recruiting employees coming out of the education system value personal time, flexibility, paid time off, and cross-training opportunities more than the promise of a pension after thirty years of service.

An attractive alternative to hiring externally is to identify and develop internal talent. Organizations that effectively manage their ability provide benefits to the employee and to the customers whom the organization serves. The basis of Talent Management is to attract, retain and engage its current talents.

- **Attracting Employees**

Hydro 2000 believes in a collaborative approach to employee coaching and building the employee/manager relationship. In its effort to make Hydro 2000 an attractive place to work, Hydro 2000 plans on reviewing and enhancing its training criteria to ensure sufficient focus is placed on the importance of the employee/manager relationship. It shall also consider, and determine which model provides both internal and external support to managers, relative to their positions and the needs of the organization.

- **Retaining Employees**

Hydro 2000 continues its focus on enhancing the employee experience while meeting the needs of the customer. High levels of employee engagement in an organization are linked to superior business performance, including increased employee retention & profitability, customer excellence, and safety performance.

Hydro 2000 commits to getting feedback from its employees on the current state of the workforce, relative to its engagement and concerns. The results of the feedback will provide Hydro 2000 with reasonable action plans to gauge success and continued and new areas of focus.

- **Engaging Employees**

Hydro 2000 recognizes the strategic advantages of successfully engaging its employees, bringing them into the organization, making sure they know what is expected of them, making sure they understand how they are going to add value, and making sure they know how they fit into its culture and business.

Hydro 2000 shall develop and execute a long-term strategic employee engagement plan that links with the organization's business objectives and its performance management system; that exemplifies its employment brand and company mission and is aligned to its leadership training programs for management staff.

The outcomes associated with integrated talent management are:

- ✓ Supports effective Workforce Planning
- ✓ Assists organizational development of talent

- ✓ More affluent career development and mapping
- ✓ Supports business continuity
- ✓ Focuses on customer service excellence
- ✓ Supports employee engagement efforts
- ✓ Aligns employees with organizational goals

4. ROLE OF CONSTITUENCIES

- Board of Directors
 - Owns the process and is responsible for the successful appointment and transition of the new General Manager
 - Periodically reviews with the General Manager the General Manager Succession Plan
 - Periodically reviews with the General Manager the organization's leadership pipeline
- Outgoing General Manager
 - Provides input and support to the succession process, as requested
 - Working with the Personnel Committee of the Board of Directors periodically updates the General Manager Succession Plan
 - Develops the leadership pipeline
- Existing Staff and 3rd party regulatory support
 - Aware of General Manager Core Competencies
 - Aware of General Manager Position Description
 - Work toward full qualification
- Stakeholders
 - Includes customers, staff, shareholder, debt holder, and regulatory bodies
 - Aware of process and progress

5. COMMUNICATION STRATEGY - REVIEW, UPDATE AND IMPLEMENT INTERNAL AND EXTERNAL COMMUNICATION PLAN

Hydro 2000 believes that the Succession and Talent Management plan is a living document and as such should be reviewed and updated as part of the business plan on a yearly basis.

APPENDIX A - GENERAL MANAGER POSITION DESCRIPTION

Specifically, the General Manager will be responsible for:

- The general supervision of the business and affairs of Hydro 2000 and the performance of Hydro 2000 by directing and coordinating all activities in accordance with Ontario Energy Board regulations for LDCs, in addition to the laws and regulations governing the operation of a corporation in Ontario
- Completing, with the Board, a clear delineation of duties and responsibilities, and once established create a CEO/General Manager performance contract
- Learning and understanding the business, its line of products and services, its competitive environment, and its employees to remain successful in offering customers a level of service and product quality that differentiates Hydro 2000 from the competition
- Working with an engaged and articulate Board of Directors to further the mandate of Hydro 2000
- Explore, assess and recommend to the Board new unregulated and regulated business ventures that fit within Hydro 2000's risk profile and contribute to the long-term sustainability of the business; balance core business demands with new revenue and profit-generating opportunities.
- Examining the capital structure of Hydro 2000 and leveraging the available capital through appropriate strategies to maximize returns for growth and shareholder dividends.
- Ensuring Hydro 2000 operates in a responsible environment with due regard to the environmental footprint and public and employee safety
- Providing the appropriate level of engagement of the sole Shareholder through transparent information flow to members of Hydro 2000.
- Developing with the collaboration of the Boards Vision, Mission, Value Statement, and actionable Strategic Plan within the inaugural year and developing supporting business development plans to suit.
- Overseeing company operations to ensure compliance, production efficiency, accuracy, quality, service and the cost-effective management of resources
- Develop a comprehensive, inclusive, and transparent process of operational planning designed to meet strategic priorities established by the Board/changing needs in the electricity sector
- Manage and motivate a team of staff to support and further Hydro 2000's mission and to provide staff members the opportunity to develop their skills and competencies further.
- Maintaining an excellent relationship and playing an active role in interacting with all stakeholders of Hydro 2000 as well as the broader public
- Working with other like-minded utilities, potential business partners and businesses to achieve common goals and expand/explore business opportunities
- Taking on and accepting accountability for assigned business unit P&L management, and,
- Gaining stability in the business.

APPENDIX B - GENERAL MANAGER CORE COMPETENCIES

- 10+ years of progressive management experience in executive leadership positions
- University Degree or equivalent in Business Administration or Finance.
- Fully bilingual in French and English in both written and spoken.
- Strong track record managing the bottom-line of business-to-business or business-to-consumer services organizations
- Experience managing within both, highly regulated and non-regulated industry sectors; knowledge of the electricity/power sector would also be an asset
- Experience leading a government-owned entity would be ideal
- Expertise in leading organizations and their governing bodies/owners through significant change and transformation
- Demonstrated operational understanding of the work of an organization that serves multiple stakeholders, often with differing priorities and needs
- Experience sourcing, assessing, recommending, and commercializing regulated or non-regulated business opportunities would be a solid asset
- An ability to operate effectively at both a strategic and tactical level; is able to roll up their sleeves and, with a strong technical foundation, participate in execution when necessary; can effectively balance delegation with participation
- Superior qualitative and quantitative analytical skills and judgment; looks for new opportunities and employs good judgment and rigor before making recommendations; can create a framework that grants decision-making authority while holding people accountable
- Strong operational leadership experience combined with solid business acumen; has developed financial management skills and P&L operating knowledge as well as experience working with ROI models, can help embed these disciplines across the organization and promote better decision making
- Knowledge of governance responsibilities and practices
- Experience working with a Board of Directors would be an asset
- Takes responsibility and likes to be held accountable for results
- A humble, confident and curious professional who can respectfully stand their ground in making and defending recommendations
- Tenacious and resilient in working towards meeting objectives and encouraging others to deliver results
- Nimble; able to deal with ambiguity; can take and encourage others to take educated risks
- Entrepreneurial spirit with a keen interest in being part of a growing business striving to be the best in its industry; enjoys walking the floor and interacting with employees; projects a 'down-to-earth' and engaging manner; enthusiastic with a positive attitude
- Open, honest and respectful; will embrace Hydro 2000's values and collaborative working environment
- Customer-focused

APPENDIX C - SAMPLE INTERVIEW QUESTIONS

The following questions are organized around the General Manager Core Competencies (Appendix B) and are designed to elicit specific examples of how General Manager candidates demonstrate their competencies. The organization provided here is to a certain extent contrived, and answers to questions might easily provide clues to more than one Competency. Of course, these questions may lead to naturally occurring follow up questions.

Personal

- Tell us about yourself. Describe your professional career and those factors that relate to the leadership position of this organization.
- What accomplishments would you point to in your present position? Which has given you the greatest satisfaction? Why?
- What do you see as the probable length of your commitment to this organization?
- What does our Mission Statement mean to you?
- What needs to happen over the next five years for you to feel good about those years?
- Describe your experience in managing and improving services for customers.
- What do you get passionate about, what really gets you excited?
- Give us an example of when you went above and beyond for a customer. What did you do? What prompted you to take this action? What was the outcome?

Maturity And Integrity

- What do you see as your strengths? Why should we hire you for this position?
- What are your weaknesses?
- It is said we learn the most from our failures. What has been a recent "learning" experience? [Bad Decision]
- How would those who work for you describe your management style and philosophy? If they could change something about you, what would they change?

Vision And Strategic Thinking:

- You have had an opportunity to review our Board Directives (business plan); what skills and abilities do you bring to help us accomplish the plan?
- What aspects of the position would you find most challenging or of greatest concern? (or: If you are selected for the General Manager position, what do you expect to be your greatest initial challenge? After six months? In the second year?)
- Describe your experience in long-range strategic planning.
- Describe your experience in coalition building with other organizations.
- Describe your experience in public policy.
- What do you think is the most important public policy issue facing our organization over the next few years?
- Share with us an idea you have for further developing our mission to serve the customers.

Interpersonal

- Tell us about a time when your team accomplished a major objective, but one particular individual performed extraordinarily well and went above and beyond efforts of the rest of the team. What did you do to recognize the achievement?
- How do you adjust your style when interacting with people from different levels within the organization? Give me an example of a time you did things differently due to the varying levels of people involved.

Written And Verbal Communication Skills:

- Tell us about a time when it was important for you to communicate about the mission of the organization to a specific constituency. Who was the constituency, what was the situation, how did you approach the communication, and how did it turn out?

Leadership:

- Are there mentors who helped you in your career? What did you learn from them?
- Why does the General Manager position interest you?
- Describe your experience and knowledge in Board relations.
- What do you think makes a good Board?
- Describe how you would work with the Board.
- What is your method of delegation, and how do you assure accountability of the delegated functions to your subordinates?
- How do you keep abreast of changes in the industry?
- Have you ever actively partnered with others toward a common goal? Tell us about it. How did it turn out?

Business

- Describe your experience in financing.
- Describe your experience in electricity or similar industry.
- What are the keys to operating a successful business?
- Give a specific example of when you said "no" and saved significant dollars.
- Have you ever had to close or sell off a business? Tell us about it.

Organization Skills And Specialized Knowledge:

- What technique do you use in team building? How would you go about developing a robust internal organization?
- Give an example of a situation that required careful or extensive planning. How did you approach the development of the plan? How did the execution of the plan go?
- Describe a time when you felt overloaded with work tasks. How did you deal with the situation? What was the outcome?
- Have you ever started/acquired a business? If so, tell us about it. How did it turn out?
- Tell us about your experience in a particularly challenging situation and give us an explanation of how you handled the situation.