

EXHIBIT 4

OPERATING COSTS

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- Attachment6_2023_Management_NonUnion_EmployeePayReport_BHI_04162025

EXHIBIT 4 – OPERATING EXPENSES

4.1 OVERVIEW

BHI provides an overview of its operating expenses in this Exhibit 4. These expenses include Operations, Maintenance and Administration (“OM&A”) expenditures for the 2021 to 2024 Actuals, the 2025 Bridge Year and the 2026 Test Year. OM&A reported in this Exhibit is exclusive of property taxes unless specifically indicated otherwise.

Table 1 below summarizes BHI’s total OM&A expenses for the 2026 Test Year including a comparison to the 2021 Actuals. BHI proposes to recover total OM&A of \$30,415,993 in distribution rates in the 2026 Test Year which includes Property Taxes.

1 **Table 1 – Total Operating Expenditures**

Description	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals	2025 Bridge Year	2026 Test Year	2026 vs. 2024 Actuals Incr/(Decr) \$	2026 vs. 2021 Actuals Incr/(Decr) \$
Total OM&A excluding Property Taxes	\$21,127,400	\$21,626,185	\$23,079,436	\$23,834,655	\$26,759,971	\$30,040,101	\$6,205,447	\$8,912,701
Property Taxes	\$341,940	\$343,675	\$361,048	\$355,468	\$365,427	\$375,892	\$20,424	\$33,952
Total OM&A including Property Taxes	\$21,469,340	\$21,969,860	\$23,440,484	\$24,190,123	\$27,125,399	\$30,415,993	\$6,225,871	\$8,946,653

2
3 **4.1.0 Executive Summary – OM&A**

4 BHI's OM&A plan is developed to ensure that it continues to provide reliable, efficient and safe energy solutions to the community by
5 achieving its seven core strategic objectives as identified in Figure 1 below. The plan was informed by a number of factors, including
6 operational needs (e.g. requirements relating to capital investment; operations and maintenance; and staffing), legislative and
7 regulatory obligations and ongoing engagement with customers.

Figure 1 - BHI's Strategic Objectives



In addition to achieving BHI's strategic objectives, BHI's 2026 operating expenditures address specific key operational requirements:

- responding to evolving policy and customer expectations in response to the energy transition, such as connecting electric vehicles ("EVs"), solar panels, and energy storage;

- 1 • responding to increased demand in the City of Burlington due to electrification and
- 2 population growth;
- 3 • ensuring a sustainable, resilient and reliable distribution system capable of
- 4 accommodating increasing extreme weather events;
- 5 • addressing declining reliability, due to failure of aging infrastructure, through increased
- 6 asset testing and maintenance;
- 7 • integrating cloud computing, artificial intelligence, and non-wires solutions into
- 8 operations;
- 9 • protecting customers' data and the grid against intensifying cyber security threats driven
- 10 by rapid technology advancements and changing geopolitical dynamics;
- 11 • complying with new or expanded legal and regulatory requirements, including customer
- 12 service, safety, and environmental obligations;
- 13 • addressing upward cost pressures on labour which are impacting outsourced services
- 14 such as tree trimming; and
- 15 • addressing a variety of externally-driven costs such as regulatory costs, audit fees and
- 16 insurance.

17 **4.1.0.1 OM&A Budgeting Process**

18 BHI develops its OM&A budget using a combination of zero-based budgeting and inflationary
19 increases. Inflationary increases on non-labour expenditures are used in circumstances where
20 the dollar amount of the forecast expenditure is unknown. Inflation rates assumed are discussed
21 in Section 4.1.4.

22
23 BHI prepares an annual budget and ten-year plan that is reviewed and approved by its Board of
24 Directors. The ten-year plan provides a long-term outlook of BHI's financial position and the
25 implications to its stakeholders. Department owners are responsible for developing budgets by
26 program and sub-program with the assistance of the Finance Department who coordinates the
27 budgeting process.

28
29 The 2026 Test Year budget and 2026-2030 capital expenditures underpinning this Application
30 were approved by BHI's Board of Directors on November 12, 2024.

1 Table 2 below provides an overview of BHI's 2021 to 2026 OM&A. Total OM&A excluding property taxes for the 2026 Test Year is
2 \$30,040,101 representing an increase of \$8,912,701 as compared to the 2021 Actuals, and an increase of \$6,205,447 as compared
3 to the 2024 Actuals.

4 **Table 2 – Summary OM&A**

Description	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals	2025 Bridge Year	2026 Test Year	2026 vs. 2024 Actuals Incr/(Decr) \$	2026 Test Year vs. 2021 Actuals		
								Total Incr/ (Decr)	Incr/(Decr) Due to Inflation	Incr/(Decr) Due to Operational Factors
Total Salaries and Benefits	\$13,713,177	\$13,559,951	\$14,389,647	\$14,619,071	\$15,971,010	\$18,292,369	\$3,673,299	\$4,579,192	\$2,332,437	\$2,246,755
Operational Changes	\$2,597,600	\$2,779,924	\$3,167,326	\$3,650,210	\$3,977,173	\$4,292,697	\$642,487	\$1,695,096	\$532,312	\$1,162,784
Policy/Business Changes	\$2,789,977	\$3,105,484	\$2,961,648	\$3,418,950	\$3,777,736	\$4,104,441	\$685,491	\$1,314,464	\$571,735	\$742,729
Technological Changes	\$1,430,568	\$1,604,093	\$1,866,786	\$1,736,736	\$2,076,996	\$2,279,832	\$543,096	\$849,264	\$293,159	\$556,105
Other Costs	\$596,078	\$576,732	\$694,028	\$409,688	\$957,055	\$1,070,762	\$661,074	\$474,684	\$122,151	\$352,533
Total	\$21,127,400	\$21,626,185	\$23,079,436	\$23,834,655	\$26,759,971	\$30,040,101	\$6,205,447	\$8,912,701	\$3,851,794	\$5,060,907
Total Ex Salaries and Benefits	\$7,414,223	\$8,066,233	\$8,689,788	\$9,215,584	\$10,788,961	\$11,747,732	\$2,532,148	\$4,333,508	\$1,519,357	\$2,814,152

5
6
7 Total salaries and benefits are expected to increase by \$4,579,192 as compared to the 2021 Actuals. Inflation accounts for
8 \$2,332,437 or 43% of this increase. The remaining amount of \$2,246,755 is attributable to an increase in headcount of 11 Full-time
9 Equivalents ("FTE") from the 2021 Actuals to the 2026 Test Year as identified in Table 5 below, merit/progression increases, and
10 benefit provider increases beyond inflation.

All other costs are expected to increase by \$4,333,508 as compared to the 2021 Actuals. Inflation accounts for \$1,519,357 of this increase. The remaining amount of \$2,814,152 is attributable to operational factors, excluding salaries and benefits impacts. The primary drivers of the cost increase associated with BHI's OM&A are as follows:

- An increase in costs related to **operations and maintenance** programs of \$1,695,096 (including inflation) for which BHI investigated alternatives and selected the option which provided an appropriate balance between costs and operational risks. The drivers of this increase and alternatives considered are discussed in Section 4.1.2.2 below.
- An increase in costs of \$1,314,464 (including inflation) associated with **policy decisions and changes in the business environment** which are primarily outside of BHI's control and discussed in Section 4.1.2.3 below.
- An increase in costs primarily driven by **technological changes** of \$849,264 (including inflation) - these increases are across several categories and are discussed in Section 4.1.2.4 below.
- An increase in all other costs of \$474,684; approximately 26% of which is due to inflation.

4.1.1 Materiality Threshold

BHI has calculated its materiality threshold for operating expenditures as \$242,000, determined as 0.5% of BHI's proposed 2026 Base Revenue Requirement of \$48,485,131. In appropriate circumstances, BHI's variance analysis also discusses certain OM&A variances below the threshold.

4.1.2 Associated Cost Drivers and Significant Changes

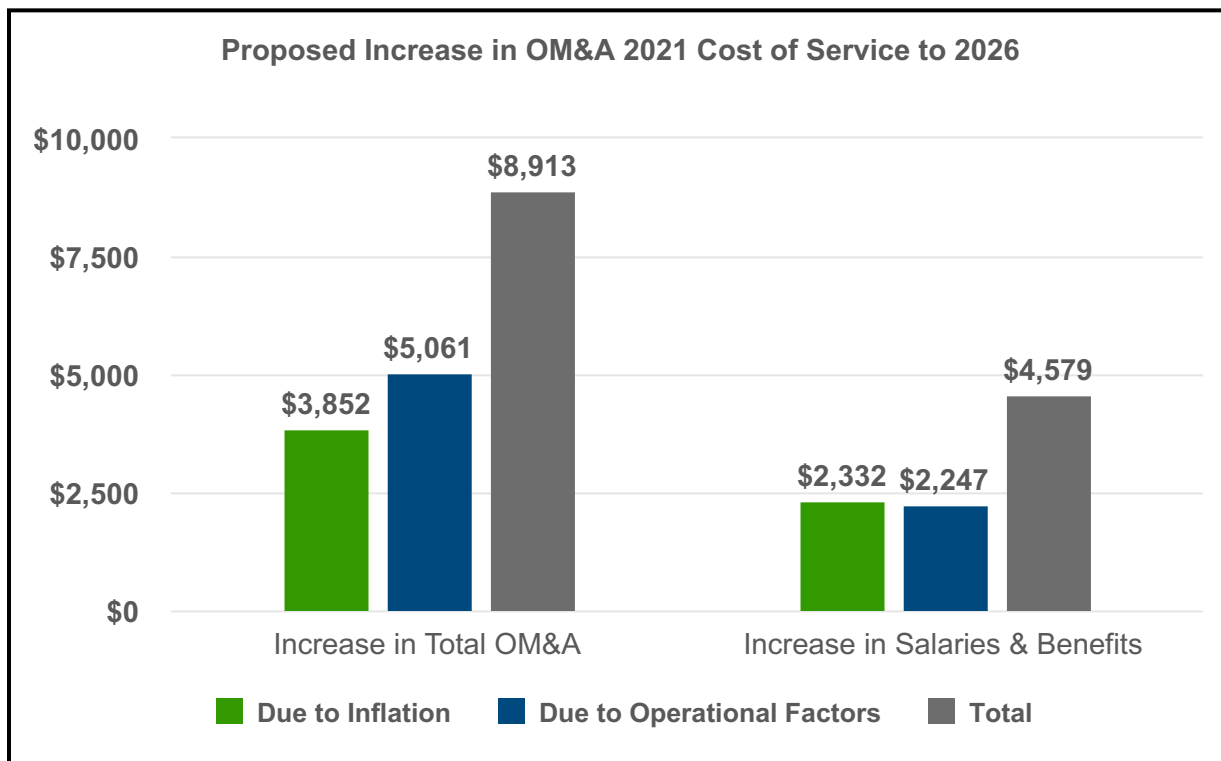
The main drivers of the OM&A increase of \$8,912,701 from the 2021 Actuals to the 2026 Test Year are identified in Table 3 below and discussed in detail in Section 4.3 OM&A Program Delivery Costs with Variance Analysis of this Exhibit 4.

1 **Table 3 – OM&A Main Cost Drivers**

Description	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals	2025 Bridge Year	2026 Test Year	2026 vs. 2021 Actuals Incr/(Decr)	Incr/(Decr) Due to Inflation	Incr/(Decr) Due to Operational Factors
Total Salaries and Benefits	\$13,713,177	\$13,559,951	\$14,389,647	\$14,619,071	\$15,971,010	\$18,292,369	\$4,579,192	\$2,332,437	\$2,246,755
Asset Inspection, Testing & Scheduled Maintenance	\$325,609	\$369,836	\$310,234	\$665,243	\$569,518	\$574,703	\$249,094	\$66,725	\$182,369
Contracted Labour	\$384,982	\$232,962	\$327,154	\$500,648	\$508,635	\$525,791	\$140,810	\$78,892	\$61,917
Equipment Maintenance/Repairs	\$56,040	\$58,967	\$78,767	\$80,141	\$103,700	\$104,737	\$48,697	\$11,484	\$37,213
Locates	\$389,799	\$409,406	\$408,675	\$464,437	\$505,923	\$520,695	\$130,896	\$79,879	\$51,016
Material	\$344,346	\$367,018	\$306,238	\$303,060	\$346,755	\$400,153	\$55,807	\$70,565	\$(14,758)
Station Buildings Operation and Maintenance	\$198,211	\$183,120	\$192,823	\$212,117	\$209,427	\$211,249	\$13,038	\$40,618	\$(27,581)
Training	\$104,289	\$130,115	\$162,343	\$156,041	\$197,500	\$222,525	\$118,236	\$21,371	\$96,864
Vegetation Management	\$445,140	\$630,791	\$1,049,846	\$820,832	\$1,195,007	\$1,400,724	\$955,583	\$91,220	\$864,363
Vehicle Operations and Maintenance	\$349,184	\$397,710	\$331,245	\$447,692	\$340,709	\$332,120	\$(17,064)	\$71,556	\$(88,620)
Total Operational Costs	\$2,597,600	\$2,779,924	\$3,167,326	\$3,650,210	\$3,977,173	\$4,292,697	\$1,695,096	\$532,312	\$1,162,784
Consulting Fees	\$262,834	\$302,812	\$280,217	\$366,175	\$379,918	\$424,947	\$162,113	\$53,861	\$108,251
Customer Communications	\$67,147	\$79,041	\$60,647	\$76,090	\$90,393	\$88,217	\$21,070	\$13,760	\$7,310
Customer Services - Collections/IVR/Credit Mgmt	\$452,260	\$536,968	\$416,097	\$605,121	\$602,700	\$610,700	\$158,440	\$92,679	\$65,761
Director Remuneration	\$107,269	\$120,857	\$118,482	\$145,910	\$146,000	\$148,563	\$41,293	\$21,982	\$19,311
Insurance	\$337,360	\$390,421	\$430,755	\$439,895	\$527,923	\$575,873	\$238,513	\$69,133	\$169,380
OEB Regulatory Costs	\$262,091	\$315,516	\$344,839	\$403,739	\$418,093	\$426,189	\$164,098	\$53,709	\$110,389
Office Operating/Maintenance Costs	\$274,891	\$279,108	\$317,298	\$344,744	\$336,932	\$387,662	\$112,771	\$56,332	\$56,439
Postage/Mail Service/Stationery	\$532,779	\$635,106	\$527,154	\$537,965	\$660,000	\$666,620	\$133,841	\$109,180	\$24,662
Professional Fees	\$213,668	\$159,732	\$156,900	\$197,520	\$226,031	\$328,579	\$114,912	\$43,786	\$71,126
Rate Rebasing Costs	\$134,040	\$134,040	\$134,040	\$134,040	\$134,040	\$189,784	\$55,744	\$27,468	\$28,276
Subscriptions/Memberships	\$145,637	\$151,884	\$175,219	\$167,750	\$255,707	\$257,307	\$111,670	\$29,845	\$81,825
Total Policy/Business Costs	\$2,789,977	\$3,105,484	\$2,961,648	\$3,418,950	\$3,777,736	\$4,104,441	\$1,314,464	\$571,735	\$742,729
AMI Operations/Settlement/Web Presentment	\$258,575	\$267,915	\$265,948	\$252,487	\$255,200	\$257,752	\$(823)	\$52,988	\$(53,812)
Business Continuity & Disaster Recovery	\$5,596	\$2,524	\$29,546	\$61,420	\$67,000	\$72,000	\$66,404	\$1,147	\$65,258
Hosting Services	\$128,471	\$141,134	\$153,606	\$144,044	\$139,000	\$205,000	\$76,529	\$26,327	\$50,202
Software Licensing, Support and Maintenance	\$799,681	\$800,048	\$955,771	\$951,640	\$1,191,776	\$1,301,463	\$501,782	\$163,874	\$337,908
Technology Consulting Services	\$68,072	\$192,151	\$253,742	\$155,643	\$225,439	\$239,000	\$170,928	\$13,950	\$156,979
Technology Managed Services	\$92,430	\$133,166	\$156,273	\$124,357	\$145,000	\$150,500	\$58,070	\$18,941	\$39,128
Telecommunication Services	\$77,743	\$67,154	\$51,900	\$47,145	\$53,581	\$54,117	\$(23,626)	\$15,932	\$(39,558)
Total Technology Costs	\$1,430,568	\$1,604,093	\$1,866,786	\$1,736,736	\$2,076,996	\$2,279,832	\$849,264	\$293,159	\$556,105
Other	\$596,078	\$576,732	\$694,028	\$409,688	\$957,055	\$1,070,762	\$474,684	\$122,151	\$352,533
Total	\$21,127,400	\$21,626,185	\$23,079,436	\$23,834,655	\$26,759,971	\$30,040,101	\$8,912,701	\$3,851,794	\$5,060,907

Approximately 43% or \$3,851,794 of the \$8,912,701 increase is due to inflationary increases, primarily in salaries and benefits as identified in Figure 2 below. The remaining 57% or \$5,060,907 is a result of changes in BHI's operations. The increases due to operational, policy/business, and technological changes are identified in Figures 3-5 below.

Figure 2 – OM&A 2026 Test Year vs. 2021 Actuals - Total and Salaries and Benefits



4.1.2.1 Salaries and Benefits

Salaries and benefits are projected to increase by \$4,579,192 from the 2021 Actuals to the 2026 Test Year. Approximately 51% or \$2,332,437 of this increase is a result of salary and wage inflationary increases. The remainder of \$2,246,755 is primarily the result of an increase in headcount of 11 FTE as identified in Table 5 below, merit increases and step progressions for non-union and union staff respectively, and an increase in benefit provider costs beyond inflation.

There are several factors which have influenced and continue to influence BHI's staffing levels over the 2021 to 2026 period, resulting in the need to increase salaries and benefits beyond

1 inflation. BHI's workforce is expected to undergo significant change as a result of the following
2 internal and external factors:

- 3
- 4 • The Ontario energy sector is undergoing transformational change driven by changing
5 legislative and regulatory requirements, climate change, technological advancements,
6 provincially mandated housing targets, and evolving consumer expectations. These
7 changes, some of which are identified below, create both challenges and opportunities
8 for BHI and the broader industry, and require adequate resources to address and
9 accomplish the following initiatives:

- 10 ◦ **The Ministry of Energy and Electrification ("MENDM") issued its renewed**
11 **Letter of Direction to the OEB on December 19, 2024¹ which included the**
12 **following expectations/directives:**

- 13 ▪ LDCs must work with the OEB and other agencies to strengthen Ontario's
14 grid and ensure the energy system is prepared to respond to future
15 extreme weather events and cyber threats;
- 16 ▪ The OEB expects that LDCs will continue to strengthen their governance
17 and accountability to improve their operational efficiencies, so that they
18 are able to advance grid modernization, improving the grid's overall
19 resilience, and directly support Ontario's economic development and
20 housing targets;
- 21 ▪ LDCs are expected to modernize their infrastructure to provide the energy
22 and services that ratepayers need into the future
- 23 ▪ LDCs are expected to expedite electricity system connections to allow for
24 the ongoing and upcoming rapid demand;
- 25 ▪ A directive to protect individual, business or organization data by actively
26 managing data and cyber security and reporting artificial intelligence uses
- 27 ▪ Acknowledgment that, according to the IESO's latest forecast, demand for
28 affordable, reliable and clean, electricity is expected to increase by 75 per
29 cent by 2050 – an increase of 25 percent over the previous year's
30 forecast - which requires that infrastructure and resources are built quickly
31 and cost-effectively;

¹ <https://www.oeb.ca/sites/default/files/Letter%20from%20the%20Minister%20of%20Energy%20and%20Electrification%20-%202024-1074.pdf>

- Support customer choice, address barriers to adoption of Distributed Energy Resources, and optimize the use of these resources to meet provincial and local energy demands.
- **The OEB, as of the time of filing, had 32 active policy initiatives and consultations², 27 of which were launched after BHI's last Cost of Service application. These initiatives, while improving sector resiliency, reliability, and customer choice, among other benefits, require additional resources to implement:**
 - Development of Distribution System Operator capabilities.
 - Vulnerability Assessment and System Hardening (VASH) Project
 - System Expansion for Housing Developments Consultation
 - Benefit-Cost Analysis Framework for Addressing Electricity System Needs
 - Electricity Utility Cyber Security
 - Distribution Sector Resilience, Responsiveness & Cost Efficiency
 - Electric Vehicle Integration including the provision of distribution system capacity maps
 - Energy Transition
 - Enabling the Implementation of an Ultra-Low Overnight Price Plan
 - Green Button Implementation
 - Design of an Optional Enhanced Time-of-Use (TOU) Rate
 - Reliability and Power Quality Review (RPQR)
 - Activity and Program-based Benchmarking (APB) Initiative
- **BHI has experienced a significant deterioration in reliability since its last Cost of Service application** as identified in Figure 7 in Section 4.3.0.7 of this Exhibit 4, primarily driven by defective equipment and adverse weather as identified in Figure 8 and Figure 9 respectively. These reliability trends have a direct impact on OM&A expenditures as outages due to defective equipment and adverse weather require immediate corrective action to repair and restore assets to their normal operating condition to reduce safety risk to crews and the public, and restore power. This is discussed in further detail in Section 4.3.0.7 of this Exhibit 4.

² <https://www.oeb.ca/consultations-and-projects/policy-initiatives-and-consultations>

- 1 ◦ **The overall technology landscape has changed significantly since BHI's**
2 **last Cost of Service resulting in the need for BHI to increase its FTE**
3 **complement to:**
 - 4 ▪ support the development and integration of Artificial Intelligence driven
5 initiatives;
 - 6 ▪ facilitate the consolidation of operational technology and information
7 technology to improve IT governance and manage cyber risk. Technology
8 projects, identified in General Plant Investments in Sections 5.4.1.2.4 and
9 5.4.2 of the Distribution System Plan, which require additional resources
10 to maintain and monitor, include BHI's new Outage Management System
11 ("OMS") described in further detail on page 156 in this Exhibit 4;
12 Supervisory Control and Data Acquisition ("SCADA") enabled devices;
13 Advanced Distribution Management System ("ADMS") technology; and
14 digital transformation;
 - 15 ▪ support implementation of increased functionality within BHI's systems,
16 improvement to business processes and changing business
17 requirements;
 - 18 ▪ support end users for computers, printers, and BHI's network and
19 applications as a result of the conversion from desktops to laptops to
20 facilitate business continuity
 - 21 ▪ mitigate cyber risk including compliance with Ontario Cyber Security
22 Framework ("OCSF") standards and regulations.
- 23 ◦ **The City of Burlington's Vision 2040 Strategic Plan³ anticipates significant**
24 **population, employment and housing growth as identified in Section**
25 **5.3.2.1.6 of BHI's Distribution System Plan ("DSP"), filed as Appendix A in**
26 **Exhibit 2 of this Application, which will require additional BHI resources to**
27 **build, connect, bill and service:**
 - 28 • A population of 216,800 by 2031 which represents an increase of 16.0%
29 as compared to the population of 186,948 in May 2021, as identified in
30 Table 4 below.⁴ This is a significant change as compared to BHI's 2021

³ Appendix A, BHI's DSP, EB-2025-0051

⁴ https://www.burlington.ca/en/council-and-city-administration/resources/Plans-Reports-and-Studies/Burlington%E2%80%99s-Plan-From-Vision-to-Focus/23-516-CM-Burlingtons-Plan-From-Vision-to-Focus_FINAL_WEB.pdf

Cost of Service application for which population growth since 2016 was 2.0%.

Table 4 - City of Burlington Population Growth

Year	Population	Growth
2016	183,314	
2021	186,948	2.0%
2031	216,800	16.0%
2051	265,000	22.2%

- A minimum of 50% of new housing units produced annually in the form of townhouses or multi-story buildings.
- The creation of 1,000 new jobs every year over the Vision 2040 Strategic Plan horizon.⁵
- While workforce planning has always been critical, BHI must now shift from a strategy centered primarily on workforce and succession planning its trades and engineering to ensure knowledge transfer, to a more dynamic approach. This approach involves both upskilling existing employees and creating new positions to meet the anticipated growth driven by external factors.
- Adding to this challenge is an aging workforce and a highly competitive labor market. BHI has experienced a wave of retirements among long-serving employees, with BHI seeing a 75% turnover in its workforce over the past five to ten years. This results in a significant loss of institutional knowledge unless robust succession plans and talent pipelines are developed. The current competitive labor market has also driven turnover rates to an all-time high. In the last five years, BHI's average turnover rate was over 11% as compared to an average of under 4% a decade ago, making it more challenging to attract and retain talent.
- The importance of, and public focus on, sustainability, resilience, and reliability, especially in light of climate change, increases the pressure on BHI to be proactive in workforce planning. To meet future demands, BHI must ensure it has the capacity to innovate while maintaining and hardening its grid. Inadequate planning could lead to

⁵ <https://investburlington.ca/data-centre/demographics/>

delays in grid modernization, service interruptions, and an inability to meet regulatory requirements and government net-zero targets. These challenges are compounded by increasing work demands, driven in part by anticipated housing growth, and the need to maintain and replace aging distribution infrastructure.

The above factors are driving the increase in headcount and associated salaries and benefits from the 2021 to the 2026 Test Year. As identified in Table 5 below BHI's head count is expected to increase from 112 FTE in 2021 to 123 FTE in the 2026 Test Year.

Table 5 – Change in FTE from 2021 to the 2026 Test Year

Department	2021 Test Year	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals	2025 Bridge Year	2026 Test Year
Accounting	5	6	5	5	5	5	6
Administration	4	5	5	4	5	5	5
Billing	4	8	6	7	7	6	6
Communications	2	2	2	2	2	2	2
Control Room	10	9	8	8	8	8	9
Customer Service	7	9	7	8	7	7	7
Distribution Maintenance and Operations	20	21	21	20	22	22	22
Engineering	18	19	20	19	15	17	24
Human Resources	4	4	4	4	5	4	5
Information Services	6	7	7	9	11	11	11
Metering	5	5	5	4	5	5	6
Purchasing	3	3	2	3	3	3	3
Regulatory	3	3	3	2	4	3	5
Safety	3	3	3	3	3	3	4
Stations Maintenance and Operations	8	8	8	8	8	8	8
Total	102	112	106	106	110	109	123
YoY Increase/(Decrease)		10	(6)	—	4	(1)	14
Cumulative Change since CoS		10	4	4	8	7	21
Cumulative Change since 2021 Actuals			(6)	(6)	(2)	(3)	11

Table 6 below compares base salaries and benefits for the 2021 Actuals to the 2026 Test Year on a dollar and per FTE basis. Base salaries and benefits are increasing by \$4,182,417, due to:

- annual inflationary increases, merit increases and step progressions of 4.3% per year on average; and
- a net increase of 21 and 11 FTEs since the 2021 Cost of Service application and the 2021 Actuals respectively, as identified above in Table 5 above.

1 **Table 6 – Salaries and Benefits per FTE – 2026 Test Year vs. 2021 Actuals**

Description	2021 Actuals	2026 Test Year	2026 vs. 2021 Actuals Incr/(Decr)	2026 vs. 2021 CAGR
Salaries and Benefits	\$11,805,264	\$15,987,682	\$4,182,417	6.3 %
FTE	112.0	123.0	11.0	1.9 %
Salaries and Benefits per FTE	\$105,404	\$129,981	\$24,577	4.3 %

2021 Salaries and Benefits per FTE	\$105,404	
Annual Inflationary Increases	\$17,928	73 %
Step Progressions/Other	\$6,649	27 %
2026 Salaries and Benefits per FTE	\$129,981	

Variance Due to:	\$ Increase
Increase in Average Salaries and Benefits	\$3,022,972
Increase in FTE	\$1,159,446
Total	\$4,182,417

2
3
4 The largest driver of the increase in base salaries and benefits as compared to the 2021
5 Actuals, is an increase in salaries and benefits per FTE of 4.3% per year on average, which
6 accounts for \$3,022,972 of the \$4,182,417 increase as identified in Table 6 above.

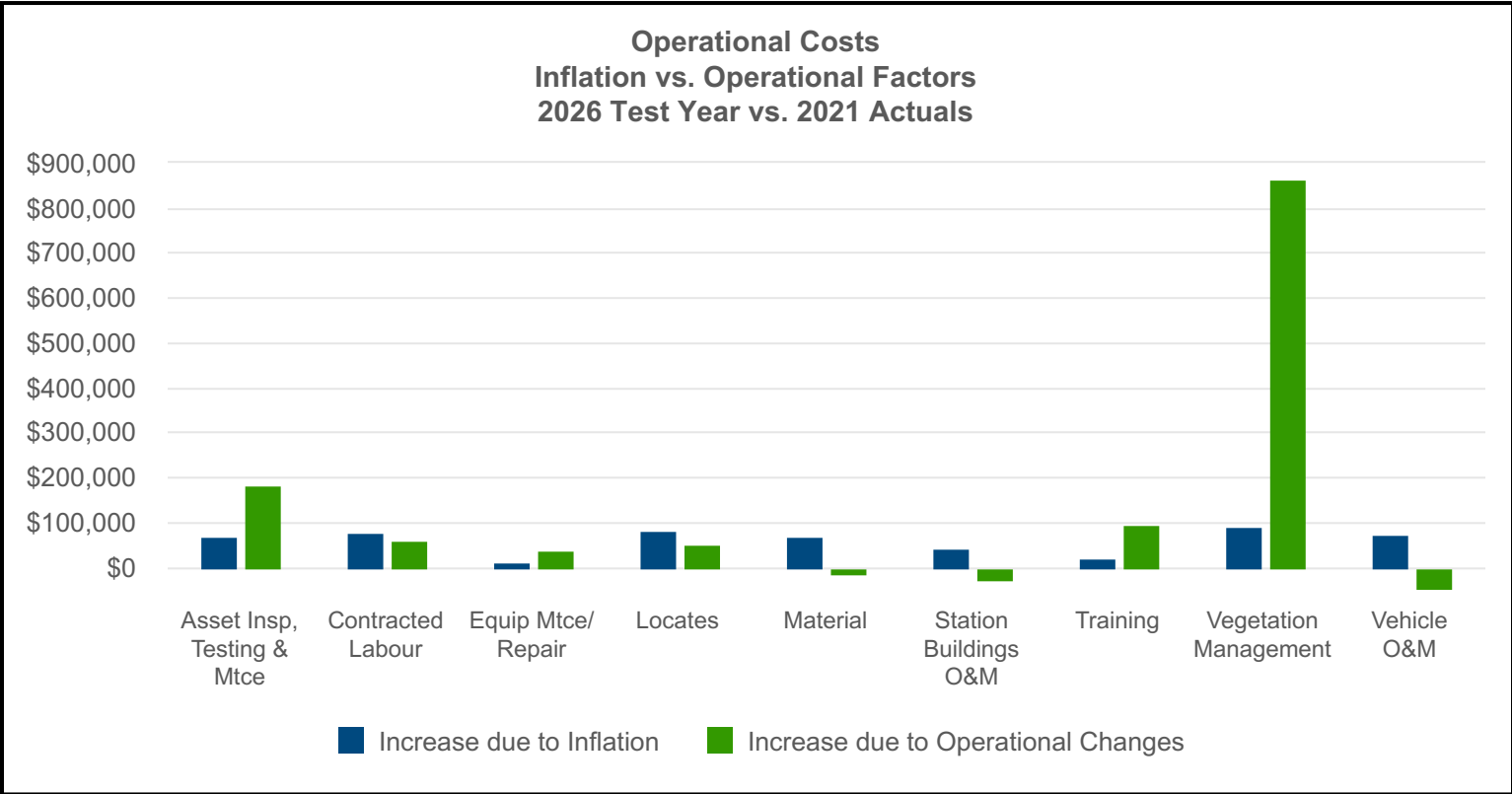
7
8 The remainder of the increase in base salaries and benefits from the 2021 Actuals to the 2026
9 Test Year is an increase in headcount of 11 FTEs, driven by changing industry, customer,
10 technological, legislative and regulatory requirements, the majority of which are outside of BHI's
11 control. This increase accounts for \$1,159,446 of the \$4,182,417 increase, as identified in Table
12 6 above. A summary of new roles is provided in Table 48 and Table 49 in this Exhibit 4.

13
14 Further details in respect of the FTE changes since the 2021 Actuals and the 2021 Cost of
15 Service application, in addition to detailed job descriptions, are provided in Section 4.3.1 -
16 Workforce Planning and Compensation of this Exhibit 4.

4.1.2.2 Operational Costs

As identified in Figure 3 below and in Table 3 above, increases due to changes in operations account for \$1,695,096 of the \$8,912,701 increase in OM&A from the 2021 Actuals to the 2026 Test Year (exclusive of any changes to salaries and benefits). Of this \$1,695,096, \$532,312 is driven by inflation (as defined by the OEB) and \$1,162,784 is driven by changes in BHI's operations and associated cost structures.

Figure 3 - OM&A 2026 Test Year vs. 2021 Actuals - Operational Costs



The primary drivers of the increase in operational costs of \$1,695,096 are:

- **Vegetation Management (increase of \$955,583)** - BHI's vegetation management program is required to ensure the safe and reliable distribution of electricity, and its vegetation management practices have not changed since its last Cost of Service application. BHI outsources its vegetation management program to third parties which employ certified arborists who have the expertise, experience and ability to manage vegetation growth and clear overhead lines. The primary drivers of the increase in vegetation management costs are:

- an increase in the fixed price costs for scheduled vegetation management services. These costs are based on market pricing and account for 80% of the increase in costs from the 2021 Actuals to the 2026 Test Year; and
- additional tree trimming for customers and emergency vegetation management primarily due to increasing extreme weather in BHI's service territory - this accounts for 16% of the increase in costs from the 2021 Actuals to the 2026 Test Year.

BHI conducts a competitive bidding and evaluation process every three years with the latest contracts awarded for 2025-2027. For this period, BHI issued its Request for Proposal to three proponents and received responses from three. There are several factors which BHI uses to evaluate bids including pricing, safety, experience and response time. BHI awards to multiple contractors to provide flexibility and minimize costs. Although multiple factors informed the contract awards, the combination of contractors selected for BHI's tree trimming zones was also the lowest price option. BHI discusses its vegetation management program in detail in Section 4.3.0.7 of this Exhibit 4.

- **Asset Inspection, Testing & Scheduled Maintenance (increase of \$249,094)** - This increase is primarily due to:
 - changes to BHI's pole testing program which involves testing poles every three years instead of the practice of testing poles every seven years, which was in

1 place at the time of BHI's 2021 Cost of Service application. This practice aligns
2 BHI's pole testing cycle with the requirements of the DSC and allows BHI to
3 collect more frequent data on potential failures for timely intervention and risk
4 mitigation; and

- 5 ◦ the introduction of a maintenance program for Scada-Mate switches.

6
7 BHI is experiencing an increase in outages due to defective equipment, specifically
8 poles, underground cables and Scada-Mate switches, as identified in Figure 8 in
9 Section 4.3.0.7 of this Exhibit 4. Asset Inspection, Testing & Scheduled Maintenance
10 programs were changed or introduced, as applicable, to identify at-risk assets; mitigate
11 failure risk in order to defer more expensive capital replacements; manage the
12 frequency of customer outages; and address issues associated with reliability, which
13 has been declining as identified in Figure 7 in Section 4.3.0.7 of this Exhibit 4. More
14 details on asset inspections, testing and scheduled maintenance are provided in
15 Sections 4.3.0.7 and 4.3.0.8 of this Exhibit 4.

- 16
17 • **Provision of Locates (increase of \$130,896)** - Table 3 above indicates that \$79,879 of
18 the increase is driven by inflation, and \$51,016 of the increase is driven by operational
19 factors. As mentioned above in this Section 4.1.2.2, inflation as defined by the OEB,
20 was used to generally determine the inflation component of the operational OM&A
21 increases by category identified in Table 3. For the provision of locates, BHI was able to
22 limit its cost increase per locate to an average of 0.9% per year - significantly less than
23 OEB inflation - as identified in Table 7 below. As such, the primary driver of the increase
24 is driven by the volume of locates. Locate volumes are directly proportional to non-
25 discretionary System Access projects outside of BHI's control, such as residential and
26 commercial developments and renovations, and road widening projects, which have
27 increased since 2021 as identified in Appendix 2-AA in the DSP filed as Appendix A in
28 Exhibit 2 of this Application.

Table 7 - Provision of Locates

Description	2021	2026 Test Year	2026 vs. 2021 CAGR
# of locates	12,905	16,498	5.0 %
\$ Cost of locates	\$389,799	\$520,695	6.0 %
\$ Cost/locate	\$30	\$32	0.9 %

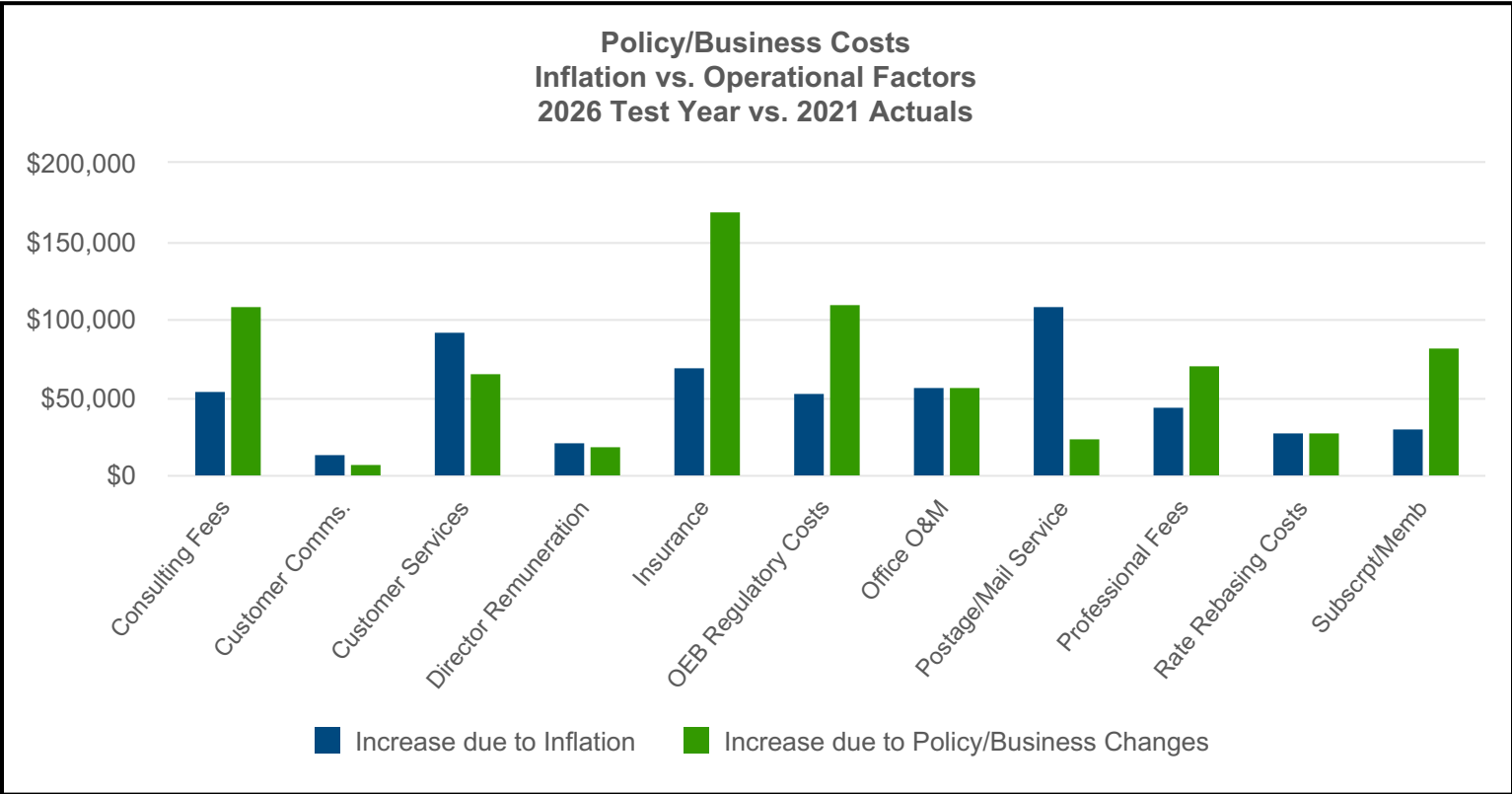
BHI outsources its locating program to a third party, with the exception of emergency locates which it performs in-house. Similar to its vegetation management program, BHI conducts a competitive bidding and evaluation process every two years with the latest contract awarded for 2024-2025. For this period, BHI issued its Request for Proposal to six proponents and received responses from three. There are several factors which BHI uses to evaluate bids including pricing, safety, experience and response time. BHI will award to multiple contractors to provide flexibility and reduce cost. Locates are discussed in further detail in Section 4.3.0.7 of this Exhibit 4; and

- **Training (increase of \$118,236)** - the increase in training is due to an increase in both headcount and training requirements since 2021 of \$96,864 and inflation of \$21,371:
 - BHI's FTEs are expected to increase from 112 in 2021 to 123 in 2026 and training costs are directly proportional to the number of headcount;
 - Rising turnover rates and a growing focus on retention and development require additional resources to be allocated to training;
 - An increasing focus on cyber security and artificial intelligence has necessitated additional training and development to that end; and
 - BHI promotes job shadowing, cross-functional teams, and training to enable employees to take on new responsibilities, which improves flexibility and resilience in addressing workforce gaps. BHI uses this approach to help mitigate the business and safety risk associated with a high number of new hires with less experience, ensuring a smooth knowledge transfer and better understanding of workflow processes.

4.1.2.3 Policy/Business Costs

As identified in Figure 4 below and in Table 3 above, increases in policy/business costs account for \$1,314,464 of the \$8,912,701 increase in OM&A from the 2021 Actuals to the 2026 Test Year (exclusive of any changes to salaries and benefits). Of this \$1,314,464, \$571,735 is driven by inflation (as defined by the OEB) and \$742,729 is driven by policy and business changes.

Figure 4 - OM&A 2026 Test Year vs. 2021 Actuals - Policy/Business Costs



1 The primary drivers of the increase in policy/business costs of \$1,314,464 are:

- 2 • **Insurance (increase of \$238,513)** - BHI and the industry are experiencing a hard
3 insurance market which is characterized by an upswing in the insurance market cycle
4 when premiums increase, coverage terms are restricted and capacity for most types of
5 insurance decreases. This commenced in 2022 and continues. These markets pose
6 challenges such as limited capacity, extraordinarily tight/restrictive underwriting
7 requirements, higher pricing and deductibles. Pressures on reinsurance markets have
8 meant both higher pricing and less reinsurance for BHI's insurer than desired, which has
9 also driven up premiums. In addition, BHI increased its Commercial General Liability
10 insurance in 2025 to mitigate risk associated with large construction projects such as
11 road widening and electrification projects, and conducting work on third party owned
12 lands. Insurance is discussed in further detail in Section 4.3.0.2 of this Exhibit 4.
13
14 • **OEB Regulatory Costs (increase of \$164,098)** - OEB regulatory costs include the
15 OEB Annual Assessment and Cost Awards. An increase in the OEB's Annual
16 Assessment costs beyond inflation, and to a lesser extent, an increase in the costs
17 associated with Cost Awards, account for \$110,389 of this increase. Inflation accounts
18 for the remaining increase of \$53,709. The OEB's Annual Assessment has increased by
19 63.3%, or 10.3% per year on average, as identified in Table 8 below. Cost awards
20 compensate eligible intervenors for time spent preparing for, and participating in, a
21 proceeding - BHI is obligated to pay its portion of these costs for generic proceedings.
22 As identified in Section 4.1.2.1 above, the volume of OEB policy initiatives and
23 consultations has increased since 2021, resulting in higher costs associated with Cost
24 Awards. OEB Regulatory Costs, which are outside of BHI's control, are discussed in
25 further detail in Section 4.3.0.14 of this Exhibit 4.

Table 8 - OEB Annual Assessment Costs

Year	Amount \$	Increase %
2021 Actuals	\$252,815	
2022 Actuals	\$300,630	18.9 %
2023 Actuals	\$333,613	11.0 %
2024 Actuals	\$383,085	14.8 %
2025 Bridge Year	\$404,793	5.7 %
2026 Test Year	\$412,889	2.0 %
Total Increase 2026 vs. 2021	\$160,074	63.3 %
CAGR 2026 vs. 2021		10.3 %

- Consulting Fees (increase of \$162,113)** - BHI leverages consultants to provide expertise not available in-house, and to alleviate resourcing constraints. These costs exclude Technology Consulting Services costs which are captured separately in Section 4.1.2.4 of this Exhibit 4. The primary driver of the increase in these costs is due to an increase in consulting services of \$108,251 beyond inflation in the following departments:
 - Engineering fees associated with design services for non-capital projects which have increased since 2021; and
 - Regulatory and Accounting fees associated with an integrated reporting platform which automates financial statement reporting and rate application filings
- Postage/Mail Service/Stationery Costs (increase of \$133,841)** - Inflation is the primary driver of this increase. Canada Post mailing costs increased approximately 26% effective January 2025 to better align stamp prices with the rising cost of providing letter mail service to all Canadians. This cost increase is outside of BHI's control but was mitigated by transitioning customers from paper bills to e-billing. The number of customers on e-billing increased from approximately 40% in 2021 to over 45% in 2024, in part due to an e-billing campaign conducted in 2022. More details are provided in Section 4.3.0.6 of this Exhibit 4.
- Subscriptions/Memberships (increase of \$111,670)** - BHI has several subscriptions and memberships to facilitate management of the business. The main reason for the increase from the 2021 Actuals to the 2026 Test Year is a new subscription which

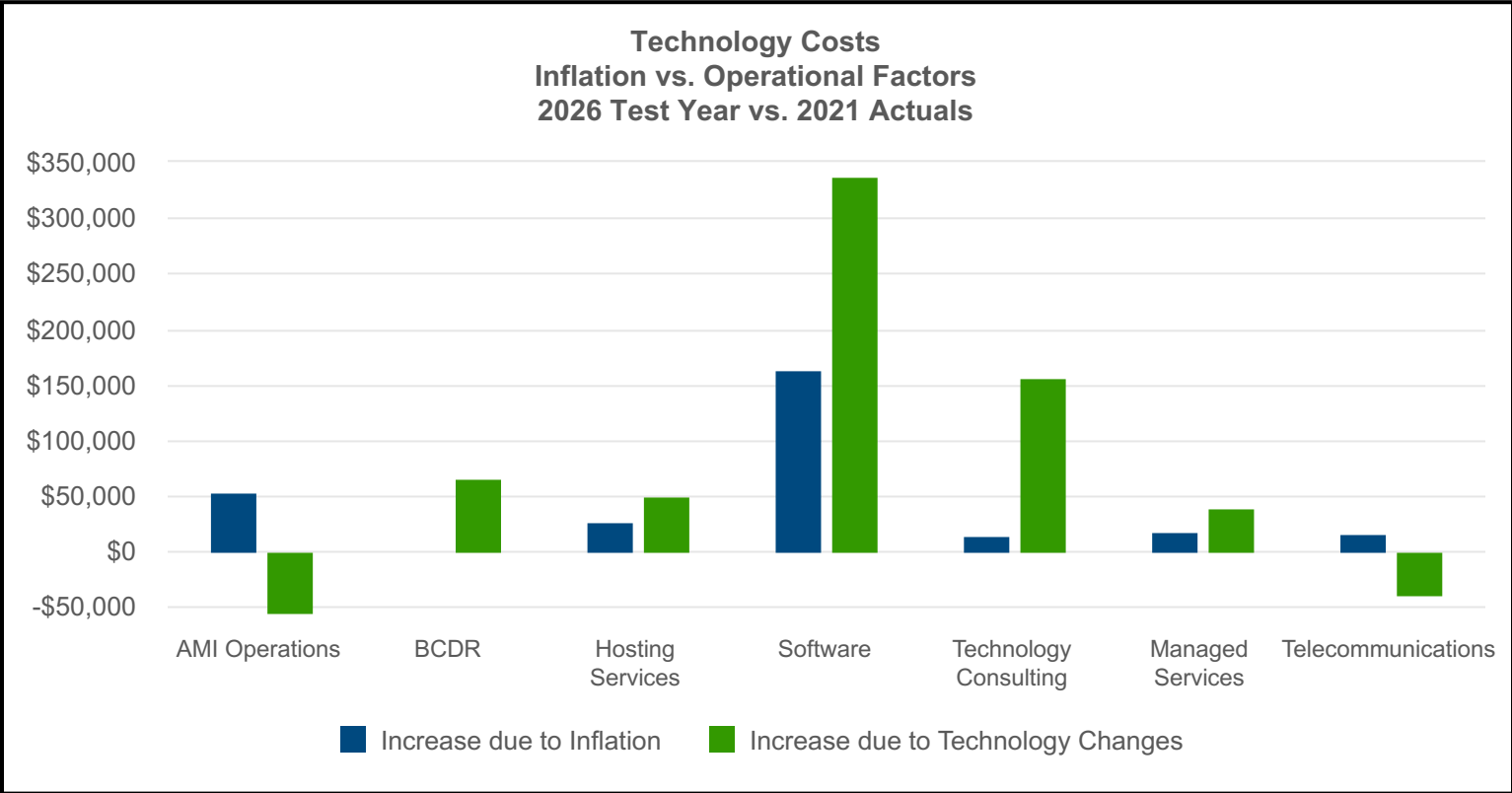
1 provides BHI access to research, education, and advice not available in-house to assist
2 it with the execution of its enterprise-wide IT/OT strategy and operating model. This is
3 discussed in further detail in Section 4.3.0.12 of this Exhibit 4.

- 4
- 5 • **Professional Fees (increase of \$114,912)** - Increases are primarily a result of new
6 cyber security audit requirements mandated by the OEB as part of the Ontario Cyber
7 Security Framework ("OCSF") which are outside of BHI's control; and an increase in
8 financial audit and tax fees. BHI manages the prudence of these vendors by following a
9 competitive bidding process.
10
 - 11 • **Office Operating/Maintenance Costs (increase of \$112,771)** - Approximately half of
12 the increase in Office Operating/Maintenance Costs is due to an increase in costs
13 associated with operating and maintaining BHI's head office building, in the amount of
14 \$56,439. The remaining amount of \$56,332 is due to inflation. BHI's building was
15 originally built in 1961 (64 years old) and as such, repairs and maintenance needs have
16 changed since 2021. Increased expenditures beyond inflation as compared to 2021 are
17 required to: (i) accommodate an increase in maintenance contracts for general
18 maintenance and maintenance for critical building infrastructure such as HVAC systems,
19 plumbing and roofing; and (ii) repair and maintain aging equipment such as fuel pumps,
20 garage doors and access gates.

4.1.2.4 Technology Costs

As identified in Figure 5 below and in Table 3 above technology costs account for \$849,264 of the \$8,912,701 increase in OM&A from the 2021 Actuals to the 2026 Test Year (exclusive of any changes to salaries and benefits). Of this \$849,264, \$293,159 is driven by inflation (as defined by the OEB) and \$556,105 is driven by technological changes.

Figure 5 - OM&A 2026 Test Year vs. 2021 Actuals - Technology Costs



1 The primary drivers of the increase in technology costs of \$849,264 are:

- 2 • **Software Licensing, Support and Maintenance (increase of \$501,782)** - These costs
3 include licensing, support and maintenance for BHI's enterprise software applications.
4 Costs have increased significantly due to (i) recurring fees associated with subscription
5 based models (recorded as operating expenses) which have transitioned from
6 traditional, one-time software license purchases (recorded as capital expenditures); (ii)
7 the requirement for specialized cyber security software to mitigate the growing risk of
8 cyber attacks; (iii) an overall increase in vendor support and maintenance costs
9 associated with the lifecycle of BHI's software applications; and (iv) the introduction of
10 new technology applications such as engineering design and estimating software,
11 accounts payable software to automate invoice coding and payment processing, and
12 support and maintenance associated with BHI's new Outage Management System
13 ("OMS"). Further details are provided in Section 4.3.0.12 of this Exhibit 4.

- 14
15 • **Technology Consulting Services (increase of \$170,928)** - These costs have
16 increased since 2021, primarily due to an increase in costs to support BHI's CIS and
17 Customer Portal which is outsourced to third parties.

18
19 The main functions of BHI's CIS are to (i) facilitate the issuance of timely and accurate
20 bills to customers, process payments and manage billing cycles, (ii) store and manage
21 customer data and processes service requests (e.g. new connections, disconnections
22 and repairs); and (iii) interface with smart meters and collectors to collect and process
23 consumption data to calculate usage, verify billing accuracy and offer usage insights to
24 customers.

25
26 BHI enhanced its Customer Portal in order to implement the Green Button initiative in
27 December 2023, which helps customers manage their electricity usage and provides
28 them with greater control over their energy consumption. Through the Green Button
29 platform, households and businesses can access and securely download detailed
30 energy data, authorize its automatic transfer to third party Green Button applications of
31 their choice, and select the price plan most suitable for their needs; thereby enabling
32 them to make their own energy decisions. This change is discussed in more detail in the
33 Customer Service Program in Section 4.3.0.6.

- 1 • The reason for the increase in Technology Consulting Services costs is three-fold:
 - 2
 - 3 ◦ BHI replaced its legacy CIS, which was 24 years old in 2021, as identified in its
 - 4 2021 Cost of Service application.⁶ Its legacy CIS was technologically obsolete,
 - 5 not flexible enough to respond to regulation and policy changes, and could not
 - 6 meet customer demand for new functionality. Support was provided through a
 - 7 combination of in-house resources with specialized skills and third party vendor
 - 8 resources both of which are no longer available and cannot be replaced. These
 - 9 support costs were replaced with vendor-provided consulting services at a
 - 10 higher cost than proposed in BHI's 2021 Cost of Service application.
 - 11 ◦ Evolving regulatory, policy and business needs have required an increase in CIS
 - 12 support costs to meet billing and customer service requirements. These changes
 - 13 include RPP Optionality, ULO rate plan implementation, expansion of OER
 - 14 eligibility, an increase in net metering customers, and the implementation of the
 - 15 IESO's Market Renewal Program. These have led to a more complex billing
 - 16 process and consequently higher vendor costs. These changes are discussed
 - 17 further in the Billing Program in Section 4.3.0.3 and the Information Services
 - 18 Program in Section 4.3.0.12 of this Exhibit 4.
 - 19 ◦ BHI's new Customer Portal contributed to an increase in vendor costs as a result
 - 20 of product modifications and enhancement of system and business processes.
 - 21 As part of the broader digital transformation, BHI has invested in improving
 - 22 customer experience through digital platforms. This includes self-serve options
 - 23 to enhance customer service. Meeting evolving customer needs requires more
 - 24 complex systems which in turn requires more extensive training and support
 - 25 services, leading to higher overall expenses.
 - 26
 - 27 • **Hosting Services (increase of \$76,529)** - These costs are associated with third party
 - 28 services used to host BHI's business applications such as public websites, CIS
 - 29 solutions, Smart Metering solutions, financial transactions applications, Cloud based file
 - 30 storage solutions, Outage Management Systems and DNS hosting solutions. The
 - 31 increase is primarily driven by new solutions and applications implemented since 2021,
 - 32 in particular the implementation of the OEB-mandated Green Button and BHI's new

⁶ p171, DSP, EB-2020-0007

- 1 Customer Account Portal which is hosted by a third party. These changes are described
- 2 in further detail in Section 4.3.0.12 of this Exhibit 4.

4.1.3 Overall Trends in Costs

4.1.3.0 Overview

OM&A costs in the 2026 Test Year have increased by \$9,482,326 and \$8,912,701 as compared to the 2021 Cost of Service application and the 2021 Actuals respectively, as identified in Table 9 below.

Table 9 – Changes in OM&A

Description	2021 Cost of Service	2026 Test Year	2026 vs. 2021 CoS Incr/ (Decr)	2026 vs. 2021 CAGR
Total OM&A excluding Property Taxes	\$20,557,775	\$30,040,101	\$9,482,326	7.9 %

Description	2021 Actuals	2026 Test Year	2026 vs. 2021 Actuals Incr/ (Decr)	2026 vs. 2021 CAGR
Total OM&A excluding Property Taxes	\$21,127,400	\$30,040,101	\$8,912,701	7.3 %

Approximately 43% of this increase is due to inflation (as defined by the OEB). The remaining 57% is due to changes in operational and business needs, policy/regulation and technology. The main drivers of the increase, described above are:

- an increase in FTE required to support grid modernization, the energy transition, growth in the City of Burlington, operating and maintenance activities, and customer-focused initiatives as described in Section 4.1.2.1 of this Exhibit 4;
- higher vegetation management and locate costs as identified in Section 4.1.2.2 above;
- an increase in costs to manage the business including insurance, professional fees, consulting fees, and regulatory costs as identified in Section 4.1.2.3 above; and
- significant changes in the technology landscape since BHI's last Cost of Service application resulting in a material increase in IT/OT requirements and costs as described in Section 4.3.0.12 of this Exhibit 4.

4.1.3.1 OM&A per Customer

OM&A costs per customer are expected to increase from \$309 in the 2021 Actuals to \$430 in the 2026 Test Year; OM&A costs per FTE are expected to increase from \$192,067 in the 2021 Actuals to \$244,228 in the 2026 Test Year as identified in Table 10 below. This increase is due to the same drivers summarized above and further detailed in the programmatic evidence.

1 BHI provides a summary of its recoverable OM&A Cost per Customer and per FTE for the 2021
2 Cost of Service application, the 2021 to 2024 Actuals, 2025 Bridge Year and 2026 Test Year in
3 Table 10 below and in Tab "App.2-L_OM&A_per_Cust_FTE" of the OEB Chapter 2 Appendices
4 filed as Attachment1_OEB_Chapter2Appendices_BHI_04162025. The number of customers is
5 based on the residential, GS<50 kW and GS>50 kW rate classes and represents the average
6 for the year. microFIT and FIT customers are excluded from the total. FTEs are based on the
7 average of the opening and closing balance for the year and are consistent with the FTE
8 reported in OEB Appendix 2-K.

1 **Table 10 – OM&A per Customer (Appendix 2-L)**

	Last Rebasing Year 2021 - OEB Approved	Last Rebasing Year (2021 Actuals)	2022 Actuals	2023 Actuals	2024 Actuals	2025 Bridge Year	2026 Test Year
Reporting Basis	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
OM&A Costs							
O&M	\$9,387,412	\$10,691,431	\$10,407,244	\$11,693,262	\$11,341,661	\$12,754,618	\$13,903,537
Admin Expenses	\$11,170,364	\$10,435,970	\$11,218,941	\$11,386,174	\$12,492,994	\$14,005,354	\$16,136,564
Total Recoverable OM&A from Appendix 2-JB	\$20,557,775	\$21,127,400	\$21,626,185	\$23,079,436	\$23,834,655	\$26,759,971	\$30,040,101
Number of Customers	68,623	68,458	68,636	68,849	69,241	69,567	69,894
Number of FTEs	100	110	108	107	116	109	123
Customers/FTEs	684	622	636	646	599	638	568
OM&A cost per customer							
O&M per customer	\$137	\$156	\$152	\$170	\$164	\$183	\$199
Admin per customer	\$163	\$152	\$163	\$165	\$180	\$201	\$231
Total OM&A per customer	\$300	\$309	\$315	\$335	\$344	\$385	\$430
OM&A cost per FTE							
O&M per FTE	\$93,593	\$97,195	\$96,363	\$109,796	\$98,196	\$117,015	\$113,037
Admin per FTE	\$111,370	\$94,872	\$103,879	\$106,912	\$108,164	\$128,489	\$131,192
Total OM&A per FTE	\$204,963	\$192,067	\$200,242	\$216,708	\$206,361	\$245,504	\$244,228

2

4.1.4 Inflation Rate Assumed

BHI has used an inflation rate of 2% on non-labour expenditures in 2026, only in the circumstances where the dollar amount of the forecast expenditure was unknown. BHI's labour inflation rates are provided in Section 4.3.1.2 of this Exhibit 4.

4.1.5 Business Environment Changes

The business landscape and environment in which BHI operates continues to evolve and change. Factors affecting operating expenses and BHI's broader business plan include:

4.1.5.1 City Growth

The City of Burlington is an area of moderate economic growth, with a fixed urban boundary and a limited supply of land designated for warehouse, manufacturing, and office use. At the time of filing, the City plan, as committed to the Province of Ontario, is to add 29,000 housing units in complete communities by 2031. The City of Burlington is intensifying vertical development and refurbishment in the downtown core and at Major Transit Station Areas ("MTSAs"), specifically the Appleby, Burlington and Aldershot GO Stations to address housing objectives and urban planning needs.

4.1.5.2 Competitive Labour Market

BHI's ability to attract and retain proficient and competent workers has been impacted by several factors including:

- High workforce turnover rates averaging 11.3% annually over the past five years driven by retirements and voluntary attrition;
- The long lead times required to achieve full competency after a new employee enters a role; and
- Increased competition for resources, heightened by the demands of electrification and the energy transition, including skilled trades, engineers, and technicians but also experts in fields such as digital solutions, data analytics, distributed energy resources, and sustainability initiatives

4.1.5.3 Technological Advancements (including Cyber Security)

BHI must strategically navigate the challenging and rapid technology changes within the industry and the IT/OT infrastructure support arena, including the ever advancing cyber security threat landscape. For BHI, these challenges demand strategic outsourcing of selected IT/OT

services in balance with the realignment of internal IT/OT resource skill sets in order to effectively manage costs and meet IT/OT commitments. Changes since BHI's last Cost of Service application are discussed in further detail in Section 4.3.0.12 of this Exhibit 4.

4.1.5.4 Deteriorating Condition of Distribution Infrastructure

A material percentage (17%) of BHI's asset base is in Very Poor, Poor or Fair condition, indicating at a minimum that replacement may be required depending on the asset's criticality, as identified in Section 5.3.2.2.2 of the DSP. BHI is proposing a proactive replacement program for certain assets, as identified in Table 5.3-15 of the DSP, in order to address those assets currently in Poor or Very Poor condition, while mitigating the risk of an increasing renewal backlog from the group of assets currently in Fair condition. However, until such time as the backlog is addressed, BHI will continue to incur operating and maintenance efforts related to testing and maintenance; and repairs and restoration of service in the event of failure due to defective equipment. Defective equipment is one of the largest contributors to the frequency (35%), and duration (38%) of BHI's outages as identified in Table 25 in Section 4.3.0.7 of this Exhibit 4.⁷ In addition to service disruptions, which can lead to customer dissatisfaction, and increased repair and maintenance costs, there is an accelerated risk associated with defective equipment which can pose safety hazards for employees and customers.

4.1.5.5 Adverse Weather Events

Extreme weather is becoming an increasingly regular condition of operating BHI's distribution system which affects its maintenance and operations plans; and its response to emergencies. The Government of Ontario's *Vulnerability Assessment for Ontario's Electricity Distribution Sector Report*⁸ recognizes that "climate change is already having significant impacts on the province of Ontario and is guaranteed to affect the province in years and decades to come. Changing weather patterns as a result of climate change will have important implications for the energy sector". Some of these changes include but are not limited to:

- The frequency and intensity of extreme wind gusts are likely to increase in some regions, particularly in northern Ontario and on the coasts of the Great Lakes. By 2046-2065, the number of annual hours with wind gusts > 70 km/h could increase by 11 – 47% across Ontario compared to 1994-2007.⁹ Based on an analysis of major event reports from

⁷ 2024 Outage Statistics, excluding Loss of Supply and Major Events

⁸ <https://www.ontario.ca/page/vulnerability-assessment-ontarios-electricity-distribution-sector>

⁹ Ibid, p27

1 Ontario LDCs from 2016-2021, wind is the most common contributing factor to major
2 outages.¹⁰

- 3 • Climate change is expected to bring with it an increase in the frequency and intensity of
4 extreme precipitation events across Ontario. Over the course of the century, all regions
5 of the province are expected to experience an increase in maximum 1-day and 5-day
6 precipitation by 4 – 18 mm (11 – 45%) and by 7 – 22 mm (11 – 29%), respectively.¹¹

7
8 Outage trends due to adverse weather are identified in Figure 9 in Section 4.3.0.7 of this Exhibit
9 4. BHI's outages due to adverse weather in the four year period from 2021-2024 increased by
10 218% over the previous four-year period (2017-2020).

11 12 **4.1.5.6 Electrification and the Energy Transition**

13 Canada's net zero carbon emissions goals enshrined by the Canadian Net-Zero Emissions
14 Accountability Act and the consequent shift from traditional fossil fuels to cleaner, renewable
15 sources of energy are driving significant changes and initiatives such as:

- 16 • increased use of renewable energy and integration with the grid;
17 • grid modernization and adoption of smart grid technologies to, among other things,
18 facilitate renewable energy integration;
19 • energy efficiency programs, which are currently centralized with the IESO, can be
20 offered locally by LDCs commencing in 2026;
21 • greater use of electricity in sectors traditionally powered by natural gas or oil, such as
22 transportation, heating, and industrial processes:
23 ◦ Electric Vehicle ("EV") adoption
24 ◦ Use of electric heat pumps and other electric heating technologies;
25 • decentralization and microgrids; and
26 • grid resilience and climate change adaptation.

27
28 These changes and initiatives will require investment in capital and OM&A in the form of
29 resourcing capacity (headcount), capabilities (enhanced skills), and other priorities to address
30 the following:

¹⁰ Ibid, p51

¹¹ Ibid, p35

- 1 • Developing long-term plans for grid investment and capacity building that are responsive
2 to the merging pressures of electrification and the energy transition;
- 3 • Investments in new technologies such as Advanced Distribution Management Systems
4 ("ADMS") and Advanced Metering Infrastructure ("AMI") to automate and optimize grid
5 operations requires additional resources to plan and manage;
- 6 • Required training activities for new and replacement headcount, in particular trades and
7 technical staff, who require a minimum number of hours in training to fulfil their roles;
- 8 • The complexity of the distribution system is increasing with the energy transition and
9 electrification which consequently increases both the volume and complexity of policies,
10 regulations and compliance issues. BHI requires additional resources in the Regulatory,
11 Accounting and Safety programs, with the skills and experience to provide these
12 services.
- 13 • The volume and complexity of customer needs and inquiries are expected to increase
14 requiring investment in headcount and self-service tools. Customers are looking for
15 information to improve their understanding of climate change, decarbonization and
16 electrification as well as opportunities to reduce their overall energy costs;
- 17 • BHI must adapt to evolving customer needs and preferences, and more complex
18 information. As an example, customer interactions with respect to bill inquiries must
19 consider more factors today than in BHI's 2021 Cost of Service application such as (i)
20 the availability of multiple pricing plans (Tiered, Time of Use, Ultra Low Overnight Time of
21 Use) and (ii) an increase in the number of net metered accounts which are significantly
22 more complex than regular load accounts, due to generation credits and the treatment of
23 the Harmonized Sales Tax;
- 24 • Ensuring the resilience and reliability of the grid as it undergoes modernization efforts
25 through investment in preventative and predictive maintenance, cyber security risk and
26 threat management.

1 **4.2 OM&A SUMMARY AND COST DRIVER TABLES**

2 BHI provides a summary of its recoverable OM&A expenditures for the 2021 to 2024 Actuals,
3 2024 Actuals, 2025 Bridge Year and 2026 Test Year in Table 11 below and in Tab “App.2-
4 JA_OM&A_Summary_Analys” of the OEB Chapter 2 Appendices.

1 **Table 11 – Recoverable OM&A Expenses (Appendix 2-JA)**

	2021 Last Rebasing Year OEB Approved	2021 Last Rebasing Year Actuals	2022 Actuals	2023 Actuals	2024 Actuals	2025 Bridge Year	2026 Test Year
Reporting Basis	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
Operations	\$ 3,850,665	\$ 4,928,079	\$ 4,640,425	\$ 4,753,610	\$ 5,043,595	\$ 5,385,844	\$ 5,859,812
Maintenance	\$ 5,536,747	\$ 5,763,352	\$ 5,766,819	\$ 6,939,651	\$ 6,298,065	\$ 7,368,774	\$ 8,043,725
SubTotal	\$ 9,387,412	\$ 10,691,431	\$ 10,407,244	\$ 11,693,262	\$ 11,341,661	\$ 12,754,618	\$ 13,903,537
%Change (year over year)		13.9%	-2.7%	12.4%	-3.0%	12.5%	9.0%
%Change (Test Year vs Last Rebasing Year - Actual)							30.0%
Billing and Collecting	\$ 2,999,028	\$ 2,683,766	\$ 2,878,417	\$ 2,697,778	\$ 2,865,187	\$ 3,195,522	\$ 3,363,904
Community Relations	\$ 36,800	\$ 14,800	\$ 21,050	\$ 14,392	\$ 23,911	\$ 21,000	\$ 31,300
Administrative and General	\$ 8,134,535	\$ 7,737,404	\$ 8,319,474	\$ 8,674,003	\$ 9,603,896	\$ 10,788,832	\$ 12,741,360
SubTotal	\$ 11,170,363	\$ 10,435,970	\$ 11,218,941	\$ 11,386,174	\$ 12,492,994	\$ 14,005,354	\$ 16,136,564
%Change (year over year)		-6.6%	7.5%	1.5%	9.7%	12.1%	15.2%
%Change (Test Year vs Last Rebasing Year - Actual)							54.6%
Total	\$ 20,557,775	\$ 21,127,400	\$ 21,626,185	\$ 23,079,436	\$ 23,834,655	\$ 26,759,971	\$ 30,040,101
%Change (year over year)		2.8%	2.4%	6.7%	3.3%	12.3%	2.4%

	2021 Last Rebasing Year OEB Approved	2021 Last Rebasing Year Actuals	2022 Actuals	2023 Actuals	2024 Actuals	2025 Bridge Year	2026 Test Year
Operations	\$ 3,850,665	\$ 4,928,079	\$ 4,640,425	\$ 4,753,610	\$ 5,043,595	\$ 5,385,844	\$ 5,859,812
Maintenance	\$ 5,536,747	\$ 5,763,352	\$ 5,766,819	\$ 6,939,651	\$ 6,298,065	\$ 7,368,774	\$ 8,043,725
Billing and Collecting	\$ 2,999,028	\$ 2,683,766	\$ 2,878,417	\$ 2,697,778	\$ 2,865,187	\$ 3,195,522	\$ 3,363,904
Community Relations	\$ 36,800	\$ 14,800	\$ 21,050	\$ 14,392	\$ 23,911	\$ 21,000	\$ 31,300
Administrative and General	\$ 8,134,535	\$ 7,737,404	\$ 8,319,474	\$ 8,674,003	\$ 9,603,896	\$ 10,788,832	\$ 12,741,360
Total	\$ 20,557,775	\$ 21,127,400	\$ 21,626,185	\$ 23,079,436	\$ 23,834,655	\$ 26,759,971	\$ 30,040,101
%Change (year over year)		2.8%	2.4%	6.7%	3.3%	12.3%	12.3%

- 1 BHI identifies the cost drivers of OM&A expenses in Table 12 below and in Tab “App.2-
- 2 JB_OM&A_Cost_Drivers” of the OEB Chapter 2 Appendices.

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

OM&A	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals	2025 Bridge Year	2026 Test Year
Opening Balance	\$20,557,775	\$21,127,400	\$21,626,185	\$23,079,436	\$23,834,655	\$26,759,971
Salaries and Benefits	\$1,699,613	\$(347,892)	\$813,225	\$(30,615)	\$1,443,597	\$2,210,848
Incentive Pay	\$1,510	\$194,666	\$16,471	\$260,038	\$(91,657)	\$110,511
Contracted Labour	\$128,945	\$(152,020)	\$94,192	\$173,494	\$7,987	\$17,156
Training	\$(26,711)	\$25,826	\$32,228	\$(6,302)	\$41,459	\$25,025
Consulting Fees	\$(38,977)	\$39,977	\$(22,594)	\$85,958	\$13,743	\$45,029
Postage/Mail Service/Stationery	\$(127,585)	\$102,327	\$(107,953)	\$10,811	\$122,035	\$6,620
Rate Rebasing Costs	\$(35,729)	\$0	\$0	\$0	\$0	\$55,744
OEB Regulatory Costs	\$(46,209)	\$53,425	\$29,324	\$58,900	\$14,354	\$8,096
Locates	\$2,799	\$19,607	\$(731)	\$55,762	\$41,486	\$14,772
Vegetation Management	\$(323,362)	\$185,651	\$419,055	\$(229,015)	\$374,175	\$205,717
Equipment Maintenance/Repairs	\$(9,888)	\$2,927	\$19,800	\$1,374	\$23,559	\$1,037
Asset Inspection, Testing & Scheduled Maintenance	\$(67,223)	\$44,227	\$(59,602)	\$355,009	\$(95,725)	\$5,185
Material	\$(97,914)	\$22,672	\$(60,779)	\$(3,179)	\$43,695	\$53,398
Vehicle Operations and Maintenance	\$15,476	\$48,526	\$(66,465)	\$116,447	\$(106,983)	\$(8,589)
Station Buildings Operation and Maintenance	\$(15,289)	\$(15,091)	\$9,703	\$19,294	\$(2,691)	\$1,822
Software Licensing, Support and Maintenance	\$(180,443)	\$367	\$155,724	\$(4,131)	\$240,136	\$109,687
Technology Managed Services	\$2,430	\$40,735	\$23,107	\$(31,915)	\$20,643	\$5,500
Technology Consulting Services	\$8,072	\$124,080	\$61,590	\$(98,099)	\$69,796	\$13,561
Hosting Services	\$(1,529)	\$12,664	\$12,472	\$(9,562)	\$(5,044)	\$66,000
Business Continuity & Disaster Recovery	\$(56,204)	\$(3,071)	\$27,021	\$31,874	\$5,580	\$5,000
Telecommunication Services	\$(284)	\$(10,589)	\$(15,254)	\$(4,755)	\$6,436	\$536
Customer Services - Collections/IVR/Credit Mgmt	\$(152,953)	\$84,708	\$(120,871)	\$189,025	\$(2,421)	\$8,000
AMI Operations/Settlement/Web Presentment	\$(39,347)	\$9,340	\$(1,966)	\$(13,462)	\$2,713	\$2,552
Customer Communications	\$(47,537)	\$11,894	\$(18,394)	\$15,443	\$14,303	\$(2,176)
Professional Fees	\$64,208	\$(53,936)	\$(2,831)	\$40,620	\$28,511	\$102,549
Subscriptions/Memberships	\$(1,050)	\$6,247	\$23,335	\$(7,469)	\$87,957	\$1,600
Insurance	\$(17,928)	\$53,061	\$40,333	\$9,140	\$88,029	\$47,950
Director Remuneration	\$(22,487)	\$13,588	\$(2,375)	\$27,429	\$89	\$2,563
Office Operating/Maintenance Costs	\$(25,995)	\$4,216	\$38,191	\$27,446	\$(7,812)	\$50,730
Other	\$(18,786)	\$(19,346)	\$117,296	\$(284,340)	\$547,367	\$113,707
Closing Balance	\$21,127,400	\$21,626,185	\$23,079,436	\$23,834,655	\$26,759,971	\$30,040,101

2
3
4 Table 13 below summarizes the cumulative change by major cost driver from the 2021 Cost of
5 Service application to the 2026 Test Year. Year over Year variances are discussed in further detail in
6 Section 4.3 OM&A Program Delivery Costs with Variance Analysis.

1 **Table 13 – Cumulative OM&A Cost Drivers**

Description	\$
2021 Cost of Service	\$20,557,775
Salaries & Benefits including Incentives	\$6,280,316
Vegetation Management	\$632,222
Software Licensing, Support and Maintenance	\$321,339
Contracted Labour	\$269,755
Insurance	\$220,585
Asset Inspection, Testing & Scheduled Maintenance	\$181,871
Professional Fees	\$179,119
Technology Consulting Services	\$179,000
Locates	\$133,695
Consulting Fees	\$123,135
OEB Regulatory Costs	\$117,889
Subscriptions/Memberships	\$110,620
Training	\$91,525
Office Operating/Maintenance Costs	\$86,776
Hosting Services	\$75,000
Other	\$479,478
Net Change	\$9,482,326
2026 Test Year	\$30,040,101

2

4.3 OM&A PROGRAM DELIVERY COSTS WITH VARIANCE ANALYSIS

4.3.0 Summary by OM&A Program

BHI provides a summary of OEB Appendix 2-JC – OM&A Programs as Table 14 below which identifies OM&A costs by each of the following programs. OEB Appendix 2-JC – OM&A Programs is provided in the OEB Chapter 2 Appendices.

1 **Table 14 – OM&A by Program**

Description	2021 CoS	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals	2025 Bridge Year	2026 Test Year	2021 Actuals vs. 2021 CoS Incr/(Decr) \$	2026 vs. 2023 Actuals Incr/(Decr) \$	2026 vs. 2021 CoS Incr/(Decr) \$	2026 vs. 2021 CoS CAGR
Accounting	\$608,967	\$590,452	\$632,368	\$661,220	\$743,755	\$771,820	\$954,659	\$(18,515)	\$293,440	\$345,692	9.4 %
Administration	\$2,673,579	\$2,843,300	\$3,254,782	\$3,072,430	\$3,518,057	\$3,679,062	\$4,019,329	\$169,721	\$946,900	\$1,345,750	8.5 %
Billing	\$1,006,045	\$965,993	\$1,102,876	\$1,032,132	\$990,968	\$1,229,621	\$1,300,134	\$(40,052)	\$268,002	\$294,089	5.3 %
Communications	\$366,481	\$295,462	\$299,039	\$336,839	\$376,639	\$450,336	\$487,426	\$(71,019)	\$150,588	\$120,945	5.9 %
Control Room	\$1,545,177	\$1,566,262	\$1,382,956	\$1,164,429	\$1,243,213	\$1,479,531	\$1,616,699	\$21,084	\$452,270	\$71,522	0.9 %
Customer Service	\$1,392,341	\$1,213,548	\$1,269,623	\$1,163,490	\$1,365,178	\$1,384,954	\$1,461,991	\$(178,793)	\$298,501	\$69,650	1.0 %
Distribution Maintenance and Operations	\$3,878,894	\$4,238,009	\$4,145,072	\$5,231,163	\$5,140,114	\$5,810,124	\$6,128,367	\$359,116	\$897,204	\$2,249,474	9.6 %
Engineering	\$1,998,406	\$2,031,288	\$2,296,522	\$2,458,146	\$2,237,625	\$2,677,854	\$3,352,739	\$32,882	\$894,593	\$1,354,333	10.9 %
Facilities	\$463,385	\$447,279	\$431,790	\$498,301	\$523,538	\$522,714	\$596,324	\$(16,106)	\$98,022	\$132,939	5.2 %
Fleet	\$221,990	\$242,583	\$292,451	\$206,498	\$324,542	\$212,984	\$188,665	\$20,593	\$(17,834)	\$(33,325)	(3.2)%
Human Resources	\$1,103,009	\$1,092,865	\$889,092	\$1,079,348	\$1,166,733	\$1,254,602	\$1,397,773	\$(10,143)	\$318,426	\$294,765	4.9 %
Information Services	\$1,456,883	\$1,232,343	\$1,495,353	\$1,657,133	\$1,814,501	\$2,529,329	\$3,087,916	\$(224,541)	\$1,430,782	\$1,631,032	16.2 %
Metering	\$1,097,647	\$1,330,952	\$1,116,890	\$1,226,010	\$1,096,931	\$1,314,809	\$1,287,051	\$233,306	\$61,041	\$189,404	3.2 %
Regulatory	\$1,029,102	\$907,947	\$937,239	\$952,660	\$1,044,976	\$1,094,453	\$1,540,573	\$(121,155)	\$587,913	\$511,472	8.4 %
Safety	\$723,637	\$607,355	\$645,656	\$716,013	\$755,630	\$812,830	\$1,021,294	\$(116,282)	\$305,281	\$297,657	7.1 %
Stations Maintenance and Operations	\$1,486,628	\$1,455,394	\$1,363,737	\$1,545,453	\$1,421,304	\$1,451,098	\$1,505,154	\$(31,234)	\$(40,299)	\$18,527	0.2 %
Other - FTE Adj	\$(572,068)	\$0	\$0	\$0	\$0	\$0	\$0	\$572,068	\$0	\$572,068	(100.0)%
Miscellaneous	\$77,673	\$66,368	\$70,738	\$78,170	\$70,950	\$83,850	\$94,007	\$(11,305)	\$15,837	\$16,334	3.9 %
Total	\$20,557,775	\$21,127,400	\$21,626,185	\$23,079,436	\$23,834,655	\$26,759,971	\$30,040,101	\$569,625	\$6,960,666	\$9,482,326	7.9 %

2

- 1 BHI provides a description of each program and a year over year variance analysis from the
- 2 2021 Cost of Service application to the 2026 Test Year.
- 3
- 4 BHI has further broken down a number of OM&A programs into sub-programs or discrete
- 5 activity-based areas in order to provide a more thorough variance analysis.

4.3.0.1 Accounting

Program Overview

The Accounting program is responsible for financial and statistical reporting and analysis, cost of power settlement, overseeing the budgeting process, managing accounts payable/receivable, cash flow management, debt service, and credit use. Its costs primarily consist of salaries and benefits to perform these functions.

BHI introduced an automated accounts payable work flow process in January of 2025. This initiative was designed to enhance efficiency and accuracy across the organization by streamlining the invoice approval process for the accounting team and approvers. It eliminates manual tasks and provides better visibility and control over invoice processing. The costs associated with this solution are captured in the Information Technology Program.

Program Costs

BHI is budgeting \$954,659 in 2026 to execute the functions in the Accounting program as identified in Table 15 below. This represents an increase of \$345,692 and an average annual increase of 9.4% compared to the 2021 Cost of Service application.

Table 15 - Accounting Program Expenditures

Description	2021 CoS	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals	2025 Bridge Year	2026 Test Year	2021 Actuals vs. 2021 CoS Incr/(Decr) \$	2026 vs. 2023 Actuals Incr/(Decr) \$	2026 vs. 2021 CoS Incr/(Decr) \$	2026 vs. 2021 CoS CAGR
Salaries and Benefits	\$560,352	\$566,900	\$591,743	\$642,693	\$646,732	\$707,795	\$871,005	\$6,547	\$228,312	\$310,653	9.2 %
Bad Debt Expense	\$25,000	\$3,449	\$25,000	\$6,343	\$79,925	\$50,000	\$50,000	\$(21,551)	\$43,657	\$25,000	14.9 %
Accounting - All Other	\$23,615	\$20,103	\$15,624	\$12,183	\$17,098	\$14,025	\$33,654	\$(3,512)	\$21,471	\$10,039	7.3 %
Total	\$608,967	\$590,452	\$632,368	\$661,220	\$743,755	\$771,820	\$954,659	\$(18,515)	\$293,440	\$345,692	9.4 %

Variance Analysis

Costs have increased by \$345,692 from the 2021 Cost of Service application to the 2026 Test Year primarily due to inflationary increases in salaries and benefits, the addition of a financial analyst in 2026, and an increase in bad debts expense.

2021 Cost of Service application-2021 Variance Explanation

Actual expenditures were \$(18,515) lower in 2021 vs. the 2021 Cost of Service application primarily due to lower than forecasted Bad Debt Expense \$(21,551) costs due to lower than expected Miscellaneous Accounts Receivable write offs.

2021-2022 Variance Explanation

Expenditures increased by \$41,916 from 2021 to 2022 driven by higher Bad Debt Expense of \$21,551 due to the provision of a bad debt allowance for anticipated write offs.

2022-2023 Variance Explanation

Expenditures increased by \$28,852 from 2022 to 2023 primarily due to:

- i) An increase in Salaries and Benefits of \$50,950 costs due to the mid-year hiring of a financial analyst which was previously filled by temporary staff; and
- ii) Lower Bad Debt Expense of \$(18,657) due to lower Miscellaneous Accounts Receivable write offs than prior year.

2023-2024 Variance Explanation

With the exception of inflationary increases and an increase in Bad Debt Expense of \$73,582 due to higher Miscellaneous Accounts Receivable write offs than prior year, there are no material year-over-year variances for the 2023 - 2024 period and no significant changes within or outside BHI's control.

2024-2025 Variance Explanation

Expenditures are expected to increase by \$28,065 from 2024 - 2025 primarily due to an increase in Salaries and Benefits of \$61,063, partially offset by a decrease in Accounts Receivable write offs. 2025 includes temporary support for capital budgeting and forecasting, financial statement preparation, and managing new developments within the City of Burlington.

2025-2026 Variance Explanation

Expenditures are expected to increase by \$182,839 from 2025 to 2026 primarily due to the addition of a financial analyst in 2026. This position is required to manage an increase in workload. It will ensure that BHI continues to, among other things, (i) comply with regulations including meeting the required standards for regulatory filings; (ii) track BHI's financial performance results; (iii) track and monitor actual expenditures against budgets and forecasts as BHI faces regulatory changes, and population and capital growth; and (iv) support automation and digitalization initiatives. Further details are provided in Section 4.3.1.1 of this Exhibit 4.

4.3.0.2 Administration

Program Overview

The Administrative program is responsible for the overall governance and leadership of the organization and ensures that an appropriately skilled and experienced BHI Board of Directors and executive management team are in place. In addition to the salaries and benefits of executive management and BHI Board of Director remuneration, other expenses incurred by BHI to deliver the governance and leadership necessary for adherence to strong business practices include legal, strategic consulting, industry association dues and risk management (insurance) services. This program also includes the annual incentive compensation expense for all non-union personnel.

Incentive Pay

Incentive Pay includes the annual incentive compensation paid to non-union personnel. The increase in incentive pay since the 2021 Cost of Service application is driven by an increase in FTEs eligible for incentive pay. BHI's annual incentive compensation plan is discussed in further detail Section 4.3.1.2 of this Exhibit 4.

Director Remuneration

Director Remuneration includes the annual and per meeting stipends of BHI's Board of Directors.

Insurance

The insurance sub-program oversees BHI's comprehensive insurance requirements, the purpose of which is to provide BHI protection for asset exposure, corporate liability and other activities which may expose the utility to financial losses well beyond that incurred in premium expenses. Insurance costs represent the premium cost incurred for insurance coverage, including for general liability, bodily and personal injury, property damage liability, environmental impairment, privacy, cyber and network security, and Director and Officer liability. BHI's coverage is provided by the reciprocal insurance exchange MEARIE. Costs are expected to increase primarily due to higher premiums on existing insurance policies for commercial general liability, property and casualty, and cyber security insurance. These programs are in place to cover all material risks to BHI. Further details are provided in the Program Cost section below.

1 **Professional Fees**

2 Professional Fees include audit and legal fees. Legal fees include the cost of legal advice for
3 receivables collection, governance and BHI Board matters, subdivision agreements, right of way
4 agreements and third party contracts.

5
6 **Administration - All Other**

7 All other administration expenses include conference and seminar fees, consulting fees,
8 association fees (e.g. GridSmartCity), executive and Board of Director training and education,
9 and shared services costs which are discussed in further detail in Section 4.3.2 of this Exhibit 4.

Program Costs

BHI is budgeting \$4,019,329 in 2026 to execute the functions in the Administration Program as identified in Table 16 below. This represents an increase of \$1,345,750 and an average annual increase of 8.5% compared to the 2021 Cost of Service application.

Table 16 - Administration Program Expenditures

Description	2021 CoS	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals	2025 Bridge Year	2026 Test Year	2021 Actuals vs. 2021 CoS Incr/(Decr) \$	2026 vs. 2023 Actuals Incr/(Decr) \$	2026 vs. 2021 CoS Incr/(Decr) \$	2026 vs. 2021 CoS CAGR
Salaries and Benefits	\$1,292,740	\$1,466,043	\$1,648,130	\$1,379,258	\$1,542,256	\$1,620,715	\$1,711,266	\$173,303	\$332,008	\$418,526	5.8 %
Incentive Pay	\$765,444	\$766,954	\$961,620	\$978,092	\$1,238,129	\$1,146,473	\$1,256,983	\$1,510	\$278,892	\$491,539	10.4 %
Insurance	\$170,000	\$138,599	\$169,439	\$200,893	\$197,698	\$285,565	\$326,050	\$(31,401)	\$125,157	\$156,050	13.9 %
Director Remuneration	\$129,756	\$107,269	\$120,857	\$118,482	\$145,910	\$146,000	\$148,563	\$(22,487)	\$30,081	\$18,807	2.7 %
Memberships and Dues	\$86,300	\$85,589	\$87,807	\$90,443	\$96,473	\$97,658	\$98,600	\$(711)	\$8,157	\$12,300	2.7 %
Professional Fees	\$116,300	\$173,560	\$122,648	\$112,532	\$103,970	\$167,681	\$270,029	\$57,260	\$157,498	\$153,729	18.3 %
Bank Fees	\$48,000	\$43,752	\$45,685	\$45,265	\$50,025	\$47,992	\$48,472	\$(4,248)	\$3,208	\$472	0.2 %
Administration - All Other	\$65,039	\$61,534	\$98,598	\$147,467	\$143,595	\$166,979	\$159,366	\$(3,505)	\$11,899	\$94,327	19.6 %
Total	\$2,673,579	\$2,843,300	\$3,254,782	\$3,072,430	\$3,518,057	\$3,679,062	\$4,019,329	\$169,721	\$946,900	\$1,345,750	8.5 %

Variance Analysis

Costs have increased by \$1,345,750 from the 2021 Cost of Service application to the 2026 Test Year primarily driven by the following considerations, as further discussed below in this section:

1. an increase in incentive pay of \$491,539;
2. an increase in salaries and benefits of \$418,526;
3. an increase in general administration costs (as part of the Administration - All Other subprogram) of \$94,327;
4. an increase in insurance of \$156,050; and
5. an increase in professional fees of \$153,729

The increase in incentive pay since 2021 is due to an increase in FTEs eligible for incentive pay from 34 in the 2021 Actuals to 56 in the 2026 Test Year. Incentive pay is discussed in more detail in Section 4.3.1.2 of this Exhibit 4. BHI has added, or plans to add, 22 FTEs eligible for incentive pay under this program from the 2021 Actuals to the 2026 Test Year. The driver for the increase in number of eligible FTEs is an increase in non-union roles since BHI's 2021 Cost of Service application. The key drivers for the increase in FTEs are:

- Increasing requirements from legislative and regulatory bodies as identified in Section 4.1.2, including electrification, the energy transition and grid modernization;
- An increase in the frequency and magnitude of extreme weather events which requires BHI to increase its focus on maintaining a sustainable, resilient and reliable distribution system;
- Rapid technology advancements and associated emerging security issues as identified in Section 4.3.0.12;
- Increased work volumes necessary to manage reliability performance as BHI has experienced an increase in the duration and frequency of outages as described in Section 4.3.0.7;
- An increase in the demand for customer services, connections, and support due to rapid housing and employment growth;
- Failure of aging distribution infrastructure, which requires increased asset testing and maintenance, and resources to manage outages; and
- Aging building infrastructure with increased operating and maintenance needs.

In addition to inflationary increases associated with salaries and benefits for employees under this program, salaries and benefits are increasing due to the addition of new position in 2024 - Corporate Services Advisor. This position performs the functions of corporate governance and provides executive assistance to the Board, CEO and senior leadership team, in addition to other duties. These duties include preparing and filing corporate legal documents, and ensuring compliance with legislation including the Accessibility for Ontarians with Disabilities Act ("AODA") and privacy legislation. Duties associated with privacy compliance have increased since BHI's last Cost of Service application, in part due to the evolution of the OCSF. There are a number of privacy elements of the OCSF framework and BHI must ensure its current privacy

1 program is consistent with those elements. In addition, the growing digitalization footprint
2 creates additional risk of data theft and breaches. As such regulators, such as the OEB and the
3 Information and Privacy Commissioner of Ontario ("IPC"), have heightened expectations with
4 respect to protection of customers' personal information, which requires additional resources to
5 manage. A dedicated resource will help ensure BHI maintains compliance with legislation and
6 regulations, enhance BHI's policies and procedures, coordinate necessary activities such as
7 audits (OCSF audit), and mitigate the risk of any data breaches. BHI does not have an
8 executive assistant role.

9
10 The duties now performed by the Corporate Services Advisor, including the executive
11 administration functions, were performed on a part time basis by other individuals in the
12 organization prior to 2024. Consolidation of duties into one role facilitates time and task
13 management, increased productivity and efficiency, improved communications and coordination,
14 and compliance with legislative and regulatory requirements.

15
16 All Other general administration costs have increased as compared to the 2021 Cost of Service
17 application due to an increase in conferences and seminars, consulting costs primarily related to
18 strategic planning, education, and health and wellness; and a decrease in administration
19 support charges to affiliates due to the hiring of full-time staff in affiliate companies to support
20 operations. The main drivers of the increase are as follows:

- 21 • a decrease in shared services provided by BHI to its affiliates of \$89,574. Management
22 and administration services provided to BHI's affiliates were, and are expected to be,
23 significantly reduced due to the hiring of a full-time General Manager and Executive
24 Assistant who will be responsible for functions previously provided by BHI;
- 25 • an increase in board education and training of \$29,504, which was budgeted at \$2,000 in
26 the 2021 Cost of Service application;
- 27 • an increase in health and wellness expenses of \$20,720 which was not budgeted for in
28 the 2021 Cost of Service application; and
- 29 • an increase in consulting fees of \$19,650 to support BHI's strategic planning process.

30
31 Insurance costs have increased by 13.9% due to an increase in premiums for commercial
32 general liability, property and casualty, and cyber security insurance. BHI and the industry are
33 experiencing a hard insurance market which is characterized by an upswing in the insurance

1 market cycle when premiums increase, coverage terms are restricted and capacity for most
2 types of insurance decreases. This commenced in 2022 and continues to persist. These
3 markets pose challenges such as limited capacity, extraordinarily tight/restrictive underwriting
4 requirements, higher pricing and deductibles. Pressures on reinsurance markets have meant
5 both higher pricing and less reinsurance for BHI's insurer than desired, which has also driven up
6 premiums. In addition, BHI increased its Commercial General Liability insurance in 2025 to
7 mitigate risk associated with large construction projects and conducting work on third party
8 owned lands.

9
10 Professional fees have increased by \$153,729 since the 2021 Cost of Service application
11 primarily due to (i) cyber security audit requirements mandated by the OEB and outside of BHI's
12 control. The OEB released Ontario Cyber Security Standard v2.0 on December 16, 2024¹²
13 which includes requirements for distributors to periodically complete independent cyber security
14 assessments; and (ii) an increase in financial audit fees due to higher labour costs caused by
15 the renewal of BHI's contract. BHI manages the prudence of these costs by following a
16 competitive bidding process.

17
18 **2021 Cost of Service application-2021 Variance Explanation**

19 Actual expenditures were \$169,721 higher in 2021 vs. the 2021 Cost of Service application
20 primarily due to:

- 21 i. higher than planned Salaries and Benefits of \$173,303. In 2021 BHI hired a VP
22 Engineering Services and Network Operations to replace the outgoing Chief Operating
23 Officer who retired in 2022. The cross-over period permitted BHI to proactively plan for
24 succession to facilitate a smooth leadership transition and ensure business continuity;
25 and
26 ii. An increase in Professional Fees of \$57,260 primarily due to higher than budgeted legal
27 fees primarily for legal work in the finance and engineering departments. BHI was
28 required to transition the majority of its legal work to a firm at market rates as a result of
29 the retirement of its existing legal counsel.

30
31 **2021-2022 Variance Explanation**

32 Expenditures increased by \$411,482 from 2021 to 2022 primarily due to:

¹² https://www.oeb.ca/sites/default/files/Ontario%20Cyber%20Security%20Standard_v2.pdf

- i. an increase in incentive pay of \$194,666 partially due to a change in plan design, and an increase of four non-union staff eligible for incentive pay; and
- ii. an increase in Salaries and Benefits of \$182,087 primarily driven by inflation and the advanced replacement of the Chief Financial Officer position to replace the incumbent who retired in 2023. The cross-over period in 2022 permitted BHI to proactively plan for succession to facilitate a smooth leadership transition and ensure business continuity; partly offset by
- iii. a decrease in Professional Fees of \$(50,912) due to lower legal activity compared to 2021.

2022-2023 Variance Explanation

Expenditures decreased by \$(182,353) from 2022 to 2023 primarily due to a decrease in Salaries and Benefits of \$(268,872) due to the retirement of the Chief Financial Officer as mentioned above.

2023-2024 Variance Explanation

Expenditures increased by \$445,628 from 2023 to 2024 primarily due to:

- i. an increase in incentive pay of \$260,038 due to a payout above target and an increase of six non-union staff eligible for incentive pay;
- ii. an increase in Salaries and Benefits of \$162,999 mainly due to the addition of a Corporate Services Advisor, as described above, and inflation;
- iii. an increase in general administration costs of \$(3,871) due to an increase in education costs and a decrease in administration support charges to affiliates due to the hiring of full time staff in affiliate companies to support operations.

2024-2025 Variance Explanation

Expenditures are expected to increase by \$161,005 from 2024 to 2025 primarily due to:

- i. an increase in insurance costs of \$87,867 due to higher premiums on existing insurance policies for commercial general liability, property and casualty, and cyber security insurance, as described above; and

- 1 ii. an increase in Professional Fees of \$63,711 relating to financial audit and tax
2 preparation services caused by the renewal of BHI's contract. Costs are expected to
3 increase due to higher labour costs at audit firms.
4

5 **2025-2026 Variance Explanation**

6 Expenditures are expected to increase by \$340,267 from 2025 to 2026 primarily due to:

- 7 i. an increase in incentive pay of \$110,511 primarily due to an increase of nine non-union
8 staff eligible for incentive pay. The key drivers for the increase in FTEs are identified
9 above in this Section 4.3.0.2 and the rationale for these new roles is identified in Section
10 4.3.1.1 of this Exhibit 4;
11 ii. and increase in professional fees of \$102,349 primarily due to cyber security audit
12 requirements mandated by the OEB and outside of BHI's control. The OEB released
13 Ontario Cyber Security Standard v2.0 on December 16, 2024¹³ which includes
14 requirements for distributors to periodically complete independent cyber security
15 assessments. BHI is expecting to incur this assessment in 2026; and
16 iii. an increase in Salaries and Benefits of \$90,551 primarily driven by inflation.

¹³ https://www.oeb.ca/sites/default/files/Ontario%20Cyber%20Security%20Standard_v2.pdf

4.3.0.3 Billing

The Billing program is responsible for the accurate and timely billing of residential and commercial customers. This involves collecting, validating, and managing the accuracy of meter data and ensuring the integrity of the billing data received from the provincial Metering Data Management/Repository ("MDM/R"). The Billing program ensures compliance with regulatory requirements, implements changes relating to customer billing including rate changes, annual rate class reclassifications and the Industrial Conservation Initiative ("ICI"), and consults with customers on billing charges, electricity rate plans and distributed energy resource options such as net metering. The Billing program also receives requests from customers for electricity consumption and demand data, such as data requests from owners of commercial, industrial, and multi-unit residential buildings with a gross floor area of 50,000 square feet in order to comply with the requirements of the Large Buildings Energy and Water Consumption Reporting and Benchmarking ("EWRB") program.¹⁴

The majority of the costs of the Billing program expenses are salaries & benefits and printing and postage costs associating with issuing customer invoices - BHI issued 836,981 bills in 2024.

Postage, Mail Service and Stationery

Postage, Mail Service and Stationery costs represent 51% of the Billing program costs in the 2026 Test Year. BHI issued over 836,000 bills in 2024 for its approximately 69,000 customers. BHI offers its customers electronic billing as a delivery option and encourages customers to sign up for paperless billing to reduce printing and postage costs. More than 45% of BHI's customers receive electronic bills which provide convenience and accessibility.

Program Costs

BHI has budgeted \$1,300,134 in the 2026 Test Year to execute the functions in the Billing Program as identified in Table 17 below. This represents an increase of \$294,089 and an average annual increase of 5.3% compared to the 2021 Cost of Service application.

¹⁴ Ontario Regulation 506/18, under the Electricity Act, 1998, SO 1998, c. 15, Schedule. A

1 **Table 17 - Billing Program Expenditures**

Description	2021 CoS	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals	2025 Bridge Year	2026 Test Year	2021 Actuals vs. 2021 CoS Incr/(Decr) \$	2026 vs. 2023 Actuals Incr/(Decr) \$	2026 vs. 2021 CoS Incr/(Decr) \$	2026 vs. 2021 CoS CAGR
Salaries and Benefits	\$318,959	\$419,409	\$445,480	\$475,377	\$429,006	\$543,056	\$607,257	\$100,450	\$131,880	\$288,298	13.7 %
Postage	\$503,364	\$410,705	\$489,445	\$373,753	\$396,691	\$504,000	\$509,060	\$(92,659)	\$135,307	\$5,696	0.2 %
Mail Service Contract - Billing	\$118,800	\$87,074	\$111,661	\$106,114	\$87,033	\$102,000	\$103,020	\$(31,726)	\$(3,094)	\$(15,780)	(2.8)%
Stationery	\$35,000	\$35,000	\$34,000	\$47,287	\$54,241	\$54,000	\$54,540	\$0	\$7,253	\$19,540	9.3 %
Billing - All Other	\$29,922	\$13,805	\$22,291	\$29,601	\$23,997	\$26,565	\$26,257	\$(16,117)	\$(3,344)	\$(3,665)	(2.6)%
Total	\$1,006,045	\$965,993	\$1,102,876	\$1,032,132	\$990,968	\$1,229,621	\$1,300,134	\$(40,052)	\$268,002	\$294,089	5.3 %

2
3
4 **Variance Analysis**

5 Costs have increased by \$294,089 from the 2021 Cost of Service application to the 2026 Test Year primarily due to an increase in
6 Salaries and Benefits of \$288,298. Postage and Mail Service costs were lower in 2021-2024 as compared to the 2021 Cost of
7 Service application as the number of customers on e-billing has increased from approximately 40% in 2021 to over 45% in 2024. This
8 favourability was offset in 2025 and 2026 due to an approximate increase in Canada Post mailing costs of 26% effective January
9 2025 to better align stamp prices with the rising cost of providing letter mail service to all Canadians. This cost increase is outside of
10 BHI's control.

The increase in Salaries and benefits from the 2021 Cost of Service application to the 2026 Test Year is due the addition of two FTE which are required to (i) support the issuance of timely and accurate bills to customers, process payments, and manage billing cycles; and (ii) implement and maintain programming and testing changes to support government policies and OEB regulations. Some of these changes include:

- Regulated Price Plan ("RPP") Optionality - Customer Choice for Regulated Price Plans (November 2020)
- Expansion of the Ontario Electricity Rebate ("OER") Eligibility Criteria (March 2022)
- Meter Inside Settlement Timeframe ("MIST") Meter project (June 2022 for BHI)
- Ultra Low Overnight (ULO) implementation (November 2023)
- Requirement to source generation quantities from the IESO's MDM/R (January 2025)
- IESO Market Renewal Program (expected 2025)
- Increase in net metering customers with more complex billing requirements

The rationale for the addition of two FTE in the Billing program since BHI's 2021 Cost of Service application is discussed in further detail in Section 4.3.1.1 of this Exhibit 4.

2021 Cost of Service application-2021 Variance Explanation

Actual expenditures were \$(40,052) lower in 2021 vs. the 2021 Cost of Service application, primarily due to:

- i. favorable Postage and Mail Service costs of \$(124,385). Postage and Mail Service Costs in the 2021 Cost of Service application included the costs of monthly billing from January to April 2021 which were recorded in the monthly billing deferral and variance account in 2021; partially offset by
- ii. a net increase in Salaries and Benefits of \$100,450. The 2021 Cost of Service application budgeted for four FTE as compared to the 2021 Actuals of eight FTE, three of which were allocated to capital projects - the new CIS implementation and the RPP Optionality - Customer Choice Initiative. The remaining FTE was allocated to OM&A to support the issuance of timely and accurate bills to customers, process payments, and manage billing cycles. The rationale for the additional headcount in the Billing Program is provided in Section 4.3.1.1 of this Exhibit 4.

2021-2022 Variance Explanation

Expenditures increased by \$136,884 from 2021 to 2022 driven by an increase in Postage and Mail Service costs which reflected a full year of costs associated with monthly vs. bi-monthly billing.

2022-2023 Variance Explanation

Expenditures decreased by \$(70,745) from 2022 to 2023 driven by a decrease in Postage and Mail Service costs. BHI continued to migrate customers from paper bills to e-bills, supported by a paperless e-billing campaign in 2022 as described in Section 4.3.0.4 of this Exhibit 4. In addition, BHI's mail room stamp cost decreased as BHI transitioned a portion of its correspondence to email.

2023-2024 Variance Explanation

Expenditures decreased by \$(41,164) from 2023 to 2024 primarily due to a decrease in Salaries and Benefits of \$(46,371) as a result of vacancies throughout the year, which were filled on a temporary basis.

2024-2025 Variance Explanation

Expenditures are expected to increase by \$238,653 from 2024 to 2025 primarily due to (i) an increase in Salaries and Benefits of \$114,050 due to the conversion of a temporary staff FTE to permanent; and (ii) a net increase in Postage and Mail Service costs of \$107,309. Canada Post mailing costs increased by approximately 26% effective January 2025 to better align stamp prices with the rising cost of providing letter mail service to all Canadians. This cost increase is outside of BHI's control.

2025-2026 Variance Explanation

Expenditures are expected to increase by \$70,513 from 2025 to 2026 primarily due to an increase in Salaries and Benefits of \$64,201.

4.3.0.4 Communications

Program Overview

The Communications program is accountable for delivering timely, informed and quality communications to BHI's customers and stakeholders as it relates to BHI operations and programs. This can include, but is not limited to: marketing programs, branding initiatives, digital content, social media, promotions, customer and stakeholder engagement activities, media relations and information with direct relevance to the interests of BHI's customers (i.e. outage communications / safety messaging).

BHI undertakes communications planning on an annual basis to assist in anticipating communications issues and to formulate strategic and tactical approaches to address them. BHI strives to contribute to the quality of life in the community it serves, with a focus on corporate responsibility.

Communications are delivered through information-rich channels that are easily accessible to customers. A primary function of the program is to provide enhanced customer engagement and communications, with the goal of helping customers make better choices and create healthy, sustainable results for themselves and the community BHI serves. This includes engaging with customers and stakeholders through community events and festivals, and community-based groups (e.g. Chamber of Commerce).

Communications is also required as public policy evolves in Ontario's electricity space. Examples include communication needs around the launch of a new Ultra-Low Overnight rate, the Green Button Initiative, and electrification.

The Communications program functions include:

- Customer direct communications (e.g. information bulletins, newsletters, inserts, surveys);
- Corporate communications (e.g. strategic planning, crisis management, annual reporting, news releases, internal communications to support culture, community engagement, media and government relations, marketing, brand management); and,

- Digital communications (e.g. social media, public website, systems (e.g. Outage Management System and Interactive Voice Response)).

Customer Direct Communications

By communicating key information proactively and in a timely manner, customers are able to address their concerns and resolve issues without having to contact BHI directly. This consequently mitigates increasing operating costs. This is of particular relevance during power outages and major storm-related incidents (discussed further below under digital communications) but can also be applied to the kind of proactive/preventative information relayed through inserts and customer newsletters on subjects such as electrical safety, conservation, promotions, new services, special initiatives, and billing/public policy changes.

BHI engages customers directly through its annual customer satisfaction surveys which are a yearly sounding board and provide important customer feedback. They are a direct conduit between customers and BHI, and help to prioritize communication initiatives and efforts important to customers. Similarly, results gleaned from the biennial Public Awareness of Electrical Safety Survey have helped BHI shape its communications priorities as it relates to educating the public about electrical safety.

Corporate Communications

Corporate communications supports marketing and branding initiatives that strengthen customer relationships and build brand trust.

A trusted corporate brand helps to strengthen the uptake of programs and services. An example of this is BHI's paperless e-billing campaign in support of the Burlington Food Bank (BHI makes a five dollar donation to the food bank for every new paperless registration). The campaign, conducted in 2022 not only increased paperless billing uptake, but supported and provided meaningful donations for an important community organization. 1,350 new e-billing enrolments resulted in \$6,750 raised for the Burlington Food Bank which BHI topped up to \$10,000). Approximately 45% of BHI's customers receive an e-bill.

Promoting the value of electricity in customers' everyday lives and demonstrating BHI's value to the community are important public relation themes.

Media relation activities, including the issuance of news releases, play an important role in disseminating information important to public safety, public relations and educating customers about the changes in the electricity sector affecting them. Positive local media relationships play a significant role in providing additional information channels, particularly during major storm and outage emergencies.

Importantly, communications support includes programs that feature BHI's most vulnerable customers, including marketing efforts to promote the Low-Income Energy Assistance Program ("LEAP"), the Affordability Fund Trust ("AFT") and the Ontario Electricity Support Program ("OESP").

Corporate Communications also provides annual reporting via publicly released Community Reports, which provide highlights of each year's operations, capital programs, campaigns and activities.

Digital Communications

BHI's public website and its social media presence on X/Instagram/LinkedIn/Facebook expand the range of information exchange available to customers and stakeholders.

Digital communications provide information that is easily accessed when customers are looking for answers. BHI's social media presence has been embraced by stakeholders, media and customers as a go-to source for outage information and other BHI news. BHI's outage map on its public website and tweets that provide up-dates on current outages and storm conditions are important digital tools through which customer expectations are being met.

BHI's public website (burlingtonhydro.com) is continually monitored and revised to ensure the latest news is being communicated and customer information needs are being met. A highly responsive site ensures emergency bulletins and updates can be easily posted on the homepage for easy access by customers, media and stakeholders. The website is fully compliant with AODA legislation. A Web Accessibility assessment was performed and found compliant by the Ministry for Seniors and Accessibility (October 2022).

1 Starting in 2025, through the launch of a new OMS, the communications team is able to
2 proactively communicate to customers through SMS/text and emails alerts. The OMS will be
3 integrated with BHI's Interactive Voice Response ("IVR"), MyBurlington Account portal and CIS
4 enabling automated messaging around estimated time of restoration, safety and outage
5 restoration efforts. The IVR will also provide upfront personalized messaging if customers
6 choose to call BHI directly. This will provide faster and more accurate information to customers
7 during power outages and emergencies.

8 9 **Communications Program Costs**

10 BHI is budgeting \$487,426 in 2026 to execute the functions in the Communications Program as
11 identified in Table 18 below. This represents an increase of \$120,945 and an average annual
12 increase of 5.9% compared to the 2021 Cost of Service application.

13
14 There are a number of factors that account for an increase in expenditures for the
15 Communications Program since 2021. Customers are looking for added tools, information and
16 convenience when dealing with their local utility. The responsibility to inform and/or educate
17 customers about government and industry programs, and increased responsibilities in public
18 safety awareness programs, are just some examples of the kind of enhanced communications
19 being developed and delivered. Several regulatory and policy changes since 2021, as identified
20 in Section 4.1.2.1 of this Exhibit 4, have resulted in increased communications expenditures
21 (e.g. website changes and enhancements; and bill inserts). BHI's efforts align with a refreshed
22 customer-centric approach to how it communicates with its customers.

23
24 Just as importantly, digital technologies continue to impact all areas of BHI's business, including
25 communications. BHI is serving a more technically savvy and informed customer – whether they
26 are looking for tips and tools to better manage usage and electricity costs, or seeking accurate
27 and timely power outage information. In recent years, BHI's investments in web-based
28 technologies have been helping it to respond to those expectations.

29
30 How BHI communicates, delivers information and provides resources to its customers impacts
31 its communication approach and associated expenditures. Customer feedback through surveys,
32 social media, or everyday correspondence, continues to shape BHI's approach to delivering

- 1 cost effective and meaningful programs that customers request, and which deliver sustainable
- 2 benefits to BHI's customers.

Table 18 - Communications Program Expenditures

Description	2021 CoS	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals	2025 Bridge Year	2026 Test Year	2021 Actuals vs. 2021 CoS Incr/(Decr) \$	2026 vs. 2023 Actuals Incr/(Decr) \$	2026 vs. 2021 CoS Incr/(Decr) \$	2026 vs. 2021 CoS CAGR
Salaries and Benefits	\$193,220	\$192,871	\$195,959	\$236,794	\$249,960	\$283,342	\$300,248	\$(349)	\$63,454	\$107,028	9.2 %
Customer Communications	\$77,404	\$42,581	\$44,664	\$48,891	\$48,475	\$49,325	\$46,738	\$(34,823)	\$(2,153)	\$(30,666)	(9.6)%
BHI Website	\$32,004	\$25,147	\$37,915	\$22,372	\$31,346	\$39,390	\$39,784	\$(6,857)	\$17,412	\$7,780	4.4 %
Communications - All Other	\$63,853	\$34,863	\$20,501	\$28,782	\$46,859	\$78,279	\$100,656	\$(28,990)	\$71,875	\$36,803	9.5 %
Total	\$366,481	\$295,462	\$299,039	\$336,839	\$376,639	\$450,336	\$487,426	\$(71,019)	\$150,588	\$120,945	5.9 %

Variance Analysis

Costs have increased by \$120,945 from the 2021 Cost of Service application to the 2026 Test Year primarily due to:

1. An increase in salaries and benefits due to the full time allocation of a Corporate Communications Associate to the Communications program. This additional resource supports an increased and more robust program aimed at engaging BHI customers, and significantly benefits customers in several ways:
 - i. By ensuring that customers are well-informed about important issues, such as service upgrades or disruptions, maintenance schedules, or changes to rates and pricing. Having clear, proactive communication helps prevent misunderstandings and fosters trust.
 - ii. The role supports handling of customer inquiries, complaints, and feedback, so that customers receive timely and accurate responses, which ultimately can improve overall customer satisfaction.
 - iii. In the event of emergencies, such as power outages or severe weather, the role is responsible for coordinating messaging, keeping customers informed about power restoration and what steps BHI is taking towards resolution, which helps to alleviate frustration and confusion.
 - iv. By gathering customer feedback through engagement, the role helps the company in identify recurring issues or areas of improvement and enhance more customer-centric policies and service enhancements.

2021 Cost of Service application - 2021 Variance Explanation

Expenditures in 2021 were \$(71,019) lower than the 2021 Cost of Service application primarily due to:

- i) Lower than planned Customer Communications \$(34,823) costs primarily due to the cancellation of an Open House in 2021; and
- ii) A decrease in Communications – All Other costs of \$(28,990) due to the deferral of a corporate photo shoot and work associated with a new outage portal.

2021-2022 Variance Explanation

There were no material variances.

2022-2023 Variance Explanation

Expenditures increased by \$37,799 from 2022 to 2023 primarily due to salaries and benefits as the Corporate Communications Advisor, whose time was shared across multiple departments, allocated more time to the Communications program to support customer communications as identified above.

2023-2024 Variance Explanation

Expenditures increased by \$39,801 from 2023 to 2024 primarily due to:

- i) An increase in salaries and benefits of \$13,166 as the Corporate Communications Advisor was allocated full-time to the Communications program; and
- ii) An increase in BHI's website costs of \$8,974. BHI enhanced its website to include an engineering and operations portal called "Works". The portal provides customers with more information about BHI's engineering and operations services such as automated forms for new service or upgrades, distributive energy resources and net metering. It also includes general educational information regarding EVs and other emerging technologies, power outages, and safety around electrical equipment. This facilitates achievement of BHI's goal to increase transparency, trust and confidence in its ability to serve its customers. The ability of customers to quickly and efficiently access services through the website in a user friendly manner contributes to a positive customer experience.

2024-2025 Variance Explanation

Expenditures are expected to increase by \$73,696 from 2024 to 2025 mainly due to an increase in Communications – All Other costs of \$31,420. This increase is driven by one-time costs associated with conducting a review of the company brand. The review will help to ensure that BHI is evolving and staying current with industry trends such as electrification, new technology such as distributive energy resources and customer expectations. A modern and strong brand signals to customers that BHI is reliable, efficient and staying current with technology, in turn communicating to customers that they can be confident in the services we provide them and able to meet their future energy needs. This facilitates an overall improved experience for BHI's employees and customers.

2025-2026 Variance Explanation

Expenditures are expected to increase by \$37,091 from 2025 to 2026 primarily due to an increase in Communications – All Other costs of \$22,377. BHI plans to host an open house for its customers in 2026. The goal of the open house is to create a forum that allows customers to interact directly with BHI team representatives to build better relationships and showcase the services BHI can provide for them and the community as a whole. Customers will have the opportunity to ask questions, give direct feedback, receive education and attain a deeper understanding of BHI's services that will inform better decision making and increase customer satisfaction.

4.3.0.5 Control Room

The primary objective of BHI's control room is the safe and reliable operation of BHI's distribution system. This is accomplished with a full complement of system operators that provide and ensure safe work protection for BHI's employees, its contractors and the public. The control room is responsible for system monitoring, outage management (outage planning for construction and maintenance, dispatching, restoration efforts and event tracking), reviewing and preparing switching orders, communicating with Hydro One's Integrated System Operating Centre ("ISOC"), updating records and communicating with contractors and customers regarding outages.

BHI's control room is staffed 24 hours a day, seven days a week and is linked to the distribution system by a data communication network. Information is processed by a SCADA system. Real-time breaker status, and voltage and current readings from five Hydro One transformer stations and 32 BHI substations are communicated to the control room and displayed on the SCADA system. BHI's control room operators continuously monitor the distribution system through SCADA and BHI's OMS, relying increasingly on automated devices which are remotely controlled by equipment such as Scada-Mates, IntelliRupters, Vista switchgear, and IntelliTeam II devices. The control room and these devices support systems operations, and when necessary, dispatch repair/trouble crews to manage equipment failures. The Control Room also co-ordinates field work to establish and preserve work protection and safe conditions for the crews doing work on the system. BHI replaced its OMS January 1, 2025 - further details are provided in Section 4.3.0.12 of this Exhibit 4.

BHI provided control room services from late 2017 to early 2023 to its affiliate, Burlington Electricity Services Inc. ("BESI") five days a week, eight hours a day or on an as needed, as requested basis. This service required one FTE. The costs associated with this are not included in the 2021-2023 OM&A - these costs are recorded in USoA Account 4380 in Other Revenue and included in Table 11 of Exhibit 6 in this Application.

The majority of the costs for operating the control room are attributed to labour (salary and benefits). BHI requires eight fully competent and qualified FTE, comprised of seven journey person operators and one supervisor to provide coverage for its 24/7 control room (excluding affiliate requirements). This does not include apprentices; and as such the FTE for this program

1 can be higher to manage current and future workforce planning. In 2026, the control room will
2 be required to develop an Apprentice to become a fully certified Electrical Operator in advance
3 of a future retirement. This will ensure knowledge transfer and continuity of skills and
4 proficiency. This position is responsible for the monitoring, safe and efficient operation of the
5 electrical distribution system and is required to monitor all phases of the distribution lines,
6 substations, and loads by maintaining control of the central system. The FTE will prepare work
7 protection forms and switching orders and oversee switching operations for maintenance,
8 construction and repair work while ensuring safe working environments exists for crews. The
9 addition of this FTE is discussed in further detail in Section 4.3.1.1 of this Exhibit 4.

10
11 In the event that a full complement of staff is unavailable due to retirements or unplanned
12 vacancies, BHI can incur overtime at a premium to provide adequate coverage, through the
13 assignment of additional shifts. The difficulty in filling the specialized positions in the control
14 room with qualified staff can lead to extended vacancies. In addition, new hires to BHI, whether
15 at the apprentice or journey person level are not permitted to join the control room rotation until
16 they have completed all training and competency requirements. This can result in additional
17 costs – salaries and benefits are incurred for the new hires and overtime is incurred for the fully
18 trained journey person operators who must take on extra shifts to ensure 24/7 coverage.

19
20 Control Room FTE from 2021 to 2026 are identified in Table 19 below. As mentioned above, the
21 full complement of staff for the Control Room program is eight, however BHI budgeted for ten
22 employees in 2021 to manage work force planning. These positions were eliminated in 2021
23 and 2022 as retirements occurred and apprentices became fully competent.

24
25 During 2021-2022, BHI incurred higher overtime to ensure 24/7 coverage - BHI experienced
26 three major event days over those two years. The control room also experienced turnover
27 which negatively impacted costs over that period. As mentioned above, BHI plans to hire one
28 apprentice in 2026 to replace an upcoming retirement.

1 **Table 19 - Control Room FTE**

Year	FTE at Year End		
	BHI Control Room	BESI Control Room Services	Total
2021 CoS	10	1	11
2021	9	1	10
2022	8	1	9
2023	8		8
2024	8		8
2025	8		8
2026	9		9

2

BHI is budgeting \$1,616,699 in 2026 to execute all functions in the Control room as identified in Table 19 below. This represents an increase of \$71,522 and an average annual increase of 0.9% compared to the 2021 Cost of Service application. 2021-2023 costs exclude incremental staffing required to provide control room services to BESI - these costs are recorded in Other Operating Revenue as discussed above.

Table 19 - Control Room Program Expenditures

Description	2021 CoS	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals	2025 Bridge Year	2026 Test Year	2021 Actuals vs. 2021 CoS Incr/(Decr) \$	2026 vs. 2023 Actuals Incr/(Decr) \$	2026 vs. 2021 CoS Incr/(Decr) \$	2026 vs. 2021 CoS CAGR
Salaries and Benefits	\$1,248,135	\$1,224,111	\$1,095,285	\$950,893	\$1,012,451	\$1,242,616	\$1,370,090	\$(24,024)	\$419,198	\$121,955	1.9 %
Overtime	\$197,135	\$311,396	\$270,885	\$191,011	\$207,610	\$206,040	\$208,100	\$114,261	\$17,089	\$10,965	1.1 %
Maintenance	\$31,000	\$3,923	\$0	\$307	\$1,500	\$4,949	\$4,998	\$(27,077)	\$4,691	\$(26,002)	(30.6)%
Bell Canada Line Rental	\$35,664	\$8,820	\$0	\$0	\$0	\$0	\$0	\$(26,844)	\$0	\$(35,664)	(100.0)%
Tower Rental	\$12,046	\$12,360	\$5,501	\$5,400	\$5,400	\$12,120	\$12,241	\$314	\$6,841	\$195	0.3 %
Control Room - All Other	\$21,197	\$5,652	\$11,284	\$16,818	\$16,252	\$13,805	\$21,269	\$(15,545)	\$4,451	\$72	0.1 %
Total	\$1,545,177	\$1,566,262	\$1,382,956	\$1,164,429	\$1,243,213	\$1,479,531	\$1,616,699	\$21,084	\$452,270	\$71,522	0.9 %

Variance Analysis

BHI Control Room costs are expected to increase by \$71,522 from the 2021 Cost of Service application to the 2026 Test Year primarily due to:

- (1) an increase in salaries and benefits of \$121,955; partly offset by
- (2) a decrease in line rental fees of \$(35,664); and
- (3) a decrease in system maintenance costs of \$(26,002).

1 There were no significant changes in total control room costs since the 2021 Cost of Service
2 application to the 2026 Test Year with the exception of salaries and benefits. The increase in
3 salaries and benefits of \$121,955 is due to inflationary increases, partially offset by the
4 elimination of one FTE as compared to the 2021 Cost of Service and a higher percentage of
5 labour allocated to capital projects for capital work performed by the control room (e.g. switching
6 and preparing utility work protection code work permits for crews to perform capital work).

7
8 From 2022-2025, BHI maintained, and plans to maintain, a full staff complement of eight FTE.
9 Salaries, benefits and overtime fluctuate annually dependent upon the proportion of capital to
10 operating work, and the number/duration of outages.

11
12 **2021 Cost of Service application-2021 Variance Explanation**

13 Actual expenditures were \$21,084 higher in 2021 vs. the 2021 Cost of Service application,
14 primarily due to overtime costs of \$114,261; partly offset by salaries and benefits, maintenance
15 costs and Bell Canada line rental. BHI incurred higher overtime than planned in 2021 to ensure
16 24/7 coverage - in addition to experiencing a major event day, the Control Room had three
17 departures of which two were replaced.

18
19 **2021-2022 Variance Explanation**

20 Expenditures decreased by \$(183,306) from 2021 to 2022 due to a decrease in salaries and
21 benefits of \$(128,826). BHI eliminated a position partway through 2022 and a higher percentage
22 of labour was allocated to capital projects for capital work performed by the control room. Staff
23 in the Control program support both Capital and Operations & Maintenance programs, and as
24 such, the salaries, benefits and overtime apportioned to operations & maintenance costs can
25 fluctuate significantly year over year, irrespective of any changes in headcount.

26
27 **2022-2023 Variance Explanation**

28 Expenditures decreased by \$(218,526) from 2022 to 2023 due to a decrease in salaries and
29 benefits of \$(144,392); and a decrease in overtime of \$(79,874). Salaries and benefits were
30 lower than prior year due to the full year impact of the eliminated position in 2022; and a partial
31 year vacancy for the Control Room Supervisor for three months in 2023.

2023-2024 Variance Explanation

There were no material variances.

2024-2025 Variance Explanation

Expenditures are expected to increase by \$236,317 from 2024 to 2025 due to an increase in salaries and benefits. A higher percentage of labour was allocated to capital projects for capital work performed by the control room in 2022 and 2023. Staff in the Control program support both capital and O&M programs, and as such, the salaries, benefits and overtime apportioned to O&M costs can fluctuate significantly year over year dependent on the number and type of capital and O&M projects requiring Control Room support.

2025-2026 Variance Explanation

Expenditures are expected to increase by \$137,169 from 2025 to 2026 driven by salaries and benefits. BHI plans to advance hire one apprentice in 2026 to replace a future retirement as discussed above and in Section 4.3.1.1 of this Exhibit 4.

4.3.0.6 Customer Service

Program Overview

The Customer Service program is responsible managing the activities of the Customer Service department, and ensuring alignment with the organization to enhance the overall customer experience by identifying, developing and implementing customer centered processes and frameworks across the organization.

The Customer Service program plays a critical role in managing customer interactions, addressing enquiries, and ensuring a positive customer experience. Typical activities include customer account management, billing and payment advice such as equal billing and preauthorized payments, processing accounts receivables and payment arrangements related to arrears and collections, new service processing, handling general inquiries for operations and organizational activities such as engineering, operations and conservation. The program is also responsible for investigating and resolving any complaints promptly, consistently and professionally on behalf of the company.

The Customer Service program expenses include salaries and benefits, bad debt expense, and costs associated with collections management, credit management, and BHI's telephone and answering system.

BHI provides further details on the major sub-programs in the Customer Service program below.

Bad Debt Expense

BHI attempts to minimize losses prior to account finalization through the application of deposits, modifying billing frequency, placement of outstanding receivables with third party collection agencies and pursuing legal action if applicable. Material bad debt exposure can occur when catastrophic events take place (e.g. large commercial customer insolvencies or unplanned events such as fire/floods that render the customer's property unusable).

Collections Management

Collections Management includes Collections Support costs, Collections Charges and Field Collection Services as identified below.

1 **Collections support costs** account for approximately 80% of the collections management
2 budget. These charges represent the costs associated with the early stages of BHI's
3 Collections Process (i.e. the period from seven days past due, up to the issuance of the
4 Disconnection/Collections notice). BHI outsources this activity to a third party who has expertise
5 in managing delinquent accounts and the knowledge, resources, and skills to handle complex
6 debt recovery processes effectively and efficiently. This allows customer service representatives
7 to focus on core customer service operations and ensuring positive customer experience.

8
9 **Field Collections Services** account for approximately 18% of the collections management
10 budget. These charges represent the costs associated with producing and distributing BHI's
11 Collection of Account notice which serves as an effective collections tool.

12
13 **Collections charges** account for approximately 2% of the collections management budget.
14 These charges represent the commission paid to BHI's third party collection agencies for
15 recovering funds owed to BHI on finalized accounts. BHI assigns accounts with balances owing
16 to third party collections 60 days after the final notice is issued to customers on finalized
17 accounts. The collection agency contacts the customer to recover the amount owing on BHI's
18 behalf. Customers have the option of remitting payment to either BHI or the Collection Agency,
19 which in turn deducts its commission charge and remits the difference to BHI.

20
21 **Credit Management (Credit Checks/Insurance/Risk Monitoring)**

22 Credit Management includes the costs of credit checks, credit insurance and risk monitoring as
23 identified below:

- 24 • BHI provides customers with the option of completing a Deposit Waiver Application
25 which permits BHI to perform a soft credit check against their credit file to determine if
26 they meet the requirements to have their Deposit waived. The costs associated with
27 credit checks are recovered through Specific Service Charges.
- 28 • BHI subscribes to an outsourced automated account management tool which assists
29 BHI to monitor and action vital changes in its customers' credit profiles before BHI's
30 revenues and account receivables are impacted. Alerts are triggered by changes in
31 credit score credit balance, credit utilization, address changes and new credit inquiries.

1 **2022 – Enhancement of Inbound Call Centre Management Systems**

2
3 BHI enhanced its cloud-based telephone system in 2022, upgrading to a new IVR platform.
4 This upgrade allowed BHI to enhance its customer experience and communication by offering
5 both inbound and outbound flow of communication interaction. BHI is now able to offer inbound
6 callers call backs, which are offered to customers while they are waiting in queues. Customers
7 are also provided with their position in a queue while they are waiting. BHI has also
8 implemented queue managed email communications that seamlessly integrate with inbound/
9 outbound call activity. This increases the effective management of inbound communications
10 from BHI's customers and allows for conversation history retention to give the customer a better
11 communications experience.

12
13 The upgrade also enabled BHI to create and complete email campaigns/communications to its
14 customer base when required. This eliminated the need for paper, printing and postage when
15 communicating with customers for specific campaigns.

16
17 Other features and capabilities include analytics and insights through call tracking, call routing,
18 self-serve options such as account inquiries and reporting of outages without needing to speak
19 to a representative.

20
21 **2024 - Implementation of Green Button**

22 The Green Button platform, mandated to be implemented across all Ontario LDCs by the
23 Province of Ontario, was designed to empower residents and businesses by providing detailed
24 insight into their energy consumption. BHI enhanced its MyAccount portal in order to implement
25 this initiative (in December 2023) which helps customers manage their electricity usage and
26 provides them with greater control over their energy consumption.

27
28 Through the Green Button platform, households and businesses can effortlessly access and
29 securely download detailed energy data and authorize its automatic transfer to third party Green
30 Button applications of their choosing. Using the Green Button platform customers can:

- 31 • Gain a comprehensive understanding of their energy usage, enabling informed decision-
32 making.

- 1 • Select the most suitable electricity price plan tailored to their specific needs.
- 2 • Track and analyze energy consumption trends, facilitating optimization and cost savings.
- 3 • Make informed decisions regarding energy efficiency upgrades, promoting sustainability
- 4 and reducing environmental impact.

5
6 By leveraging the Green Button platform, customers can make smarter energy choices,
7 ultimately leading to greater efficiency, cost savings, and environmental stewardship.

8 9 **2024 – Migration to new Customer Account Portal**

10
11 BHI implemented a new customer account portal to better serve its customer base. The portal
12 is a self-serve platform that allows customers to log into their account, view current balances,
13 view current and historical bills, register and participate in E-billing, keep tabs on their energy
14 consumption, manage their account details, perform service requests such as move in and out
15 activities, link to BHI's outage map, change electricity price plans and opt-in to the Green Button
16 program.

17 18 **2024 – Implementation of enhanced Customer Service Forms**

19
20 BHI implemented enhanced Customer Service Forms on its website and customer portal.
21 These digital forms provide customers with electronic confirmation numbers upon submission
22 and are electronically submitted to online work queues for completion. Customers can provide/
23 update banking information, open/close service accounts and submit requests to change rate
24 plans. The automation of these forms reduces delays and errors, delivering faster service and
25 greater transparency. BHI plans to further enhance this feature by integrating these forms with
26 its CIS system to reduce redundancy.

Program Costs

BHI is budgeting \$1,461,991 in the 2026 Test Year to execute the functions in the Customer Service Program as identified in Table 20 below. This represents an increase of \$69,650 and an average annual increase of 1.0% compared to the 2021 Cost of Service application.

Table 20 - Customer Service Program Expenditures

Description	2021 CoS	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals	2025 Bridge Year	2026 Test Year	2021 Actuals vs. 2021 CoS Incr/(Decr) \$	2026 vs. 2023 Actuals Incr/(Decr) \$	2026 vs. 2021 CoS Incr/(Decr) \$	2026 vs. 2021 CoS CAGR
Salaries and Benefits	\$658,413	\$655,861	\$679,979	\$682,115	\$701,109	\$741,317	\$798,591	\$(2,551)	\$116,476	\$140,178	3.9 %
Bad Debt Expense	\$200,000	\$58,023	\$182,595	\$108,870	\$200,451	\$150,000	\$150,000	\$(141,977)	\$41,130	\$(50,000)	(5.6)%
Collections	\$280,836	\$245,157	\$225,708	\$242,747	\$250,476	\$224,600	\$229,900	\$(35,679)	\$(12,847)	\$(50,936)	(3.9)%
Credit Checks/Insurance/ Risk Monitoring	\$76,272	\$91,547	\$18,723	\$19,317	\$20,778	\$94,300	\$94,800	\$15,275	\$75,483	\$18,528	4.4 %
Lockbox	\$26,796	\$23,414	\$21,179	\$(886)	\$0	\$0	\$0	\$(3,382)	\$886	\$(26,796)	(100.0)%
Interactive Voice Response	\$44,820	\$72,031	\$80,589	\$70,821	\$89,399	\$96,000	\$102,000	\$27,211	\$31,179	\$57,180	17.9 %
Telephone Answering Service	\$30,525	\$33,991	\$27,167	\$23,382	\$30,415	\$28,800	\$30,000	\$3,466	\$6,618	\$(525)	(0.3)%
Customer Service - All Other	\$74,679	\$33,524	\$33,683	\$17,124	\$72,551	\$49,937	\$56,700	\$(41,155)	\$39,576	\$(17,979)	(5.4)%
Total	\$1,392,341	\$1,213,548	\$1,269,623	\$1,163,490	\$1,365,178	\$1,384,954	\$1,461,991	\$(178,793)	\$298,501	\$69,650	1.0 %

Variance Analysis

Costs have increased by \$69,650 from the 2021 Cost of Service application to the 2026 Test Year primarily due to decreases in:

1. an increase in salaries and benefits and temporary staff costs of \$140,178 primarily due to inflation;
2. an increase in costs of \$57,180 associated with BHI's upgrade to a new IVR platform, described above; partially offset by

3. collections costs of \$(50,936) due to the reduction of collection partner resources that were no longer required, and lower costs for Collection Field Services due to reduced volumes;
4. bad debt expense of \$(50,000); BHI reduced its provision for bad debts to reflect historical experience over 2021-2024; and
5. lockbox expenses of \$(26,796) - BHI ceased to offer its lock box service in 2024 to mitigate cost increases in other areas of the organization.

2021 Cost of Service application-2021 Variance Explanation

Actual expenditures were \$(178,793) lower in 2021 vs. the 2021 Cost of Service application, primarily due to favorable bad debt expense of \$(141,977) and collections costs of \$(35,679). BHI experienced fewer write-offs than typical in 2021.

2021-2022 Variance Explanation

Expenditures increased by \$56,075 from 2021 to 2022 due to an increase in bad debt expense of \$124,572 as write-offs returned to historical levels, partly offset by a decrease in credit management costs of \$(72,824). BHI cancelled its credit insurance for \$75,000 in 2022.

2022-2023 Variance Explanation

Expenditures decreased by \$(106,133) from 2022 to 2023 due to a decrease in bad debts expense of \$(73,726) which fluctuates from year to year and a decrease in costs associated with BHI's lock box service of \$(22,064). BHI cancelled this service in 2023.

2023-2024 Variance Explanation

Expenditures increased by \$201,688 from 2023 to 2024 due to an increase in bad debts expense of \$91,581 which fluctuates from year to year, and an increase in all other costs of \$55,427 driven by the costs associated with conducting BHI's annual customer survey.

2024-2025 Variance Explanation

Expenditures are expected to increase by \$19,776 from 2024 to 2025 due to an increase in credit checks/insurance/risk monitoring costs of \$73,522 to mitigate the financial risk of large customer-specific catastrophic losses, partly offset by a decrease in bad debts expense of \$(50,451).

1 **2025-2026 Variance Explanation**

- 2 Expenditures are expected to increase by \$77,036 from 2025 to 2026. There are no material
3 variances expected.

4.3.0.7 Distribution Maintenance and Operations

Program Overview

The Distribution Operations and Maintenance program is responsible for the on-going operation and maintenance of BHI's overhead and underground distribution system including labour and materials. Primary functions of this program are:

- Emergency and Trouble Call Response including Storms;
- Equipment Maintenance and Repairs;
- Locates;
- Vegetation Management;
- Insulator Washing;
- Switch Cubicle Inspections and Cleaning; and
- Scada-Mate Switch Maintenance and Repairs

BHI provides emergency and trouble call response 24 hours per day, seven days per week. The sub-programs associated with the Distribution Operations and Maintenance program are described in further detail below

Salaries, Benefits and Overtime

Staff in the Distribution, Operations and Maintenance program support both Capital and Operations & Maintenance programs, and as such, the salaries, benefits and overtime apportioned to operations & maintenance costs can fluctuate significantly year over year, irrespective of any changes in headcount. Operations & Maintenance work performed by BHI staff includes emergency and trouble call response including storms; distribution system maintenance and repairs, equipment maintenance and repairs, emergency locates, and supervision of third party vegetation management services. Since BHI's last Cost of Service application the proportion of time staff time allocated to Operations and Maintenance work has increased materially. This is discussed in further detail below under Program Costs.

Contracted Labour

Contracted labour includes (i) third party costs associated with distribution system maintenance and repairs, typically required during extreme weather where external resources, in addition to BHI's staff complement, are required to respond to outages; and (ii) asset removal costs

1 associated with the removal of half-cut poles which BHI outsources to a third party. When BHI is
2 required to relocate its overhead infrastructure it rebuilds its pole lines, leaving stranded poles
3 which require removal. The number of poles requiring removal has increased since BHI's last
4 Cost of Service application due to (i) delays with third party attachers transferring their assets to
5 the new pole so the old pole can be removed; and (ii) an increase in the number of new pole
6 installations related to road widening and electrification projects. BHI currently has 360 half-cut
7 poles in its service territory which require removal. 62 and 38 poles were removed in 2024 and
8 2023 respectively.

9 10 **Equipment Maintenance and Repairs**

11 Equipment maintenance and repairs are for tools required to operate and maintain the
12 distribution system such as hydraulic tools, recording equipment, jumper cables and confined
13 space rescue equipment.

14 15 **Materials**

16 Materials are required to repair or maintain BHI's distribution system, the cost of which is directly
17 proportional to the type of repair or maintenance, the number of failures - which can be rectified
18 by repair - and the incidence of extreme weather events. Repairs to BHI's distribution system
19 can sometimes lag months behind the actual extreme weather event, as damage is not always
20 evident and does not immediately cause failures.

21 22 **Locates**

23 BHI is required under the Ontario Underground Infrastructure Notification System Act, 2012 ("the
24 Act") to identify the location of its underground distribution system when requested, to ensure
25 that homeowners and contractors can dig safely when excavating a new building, repairing
26 buried infrastructure, landscaping or pursuing any other project which requires them to break
27 ground. This service is referred to as 'cable locating' or 'locates' and is facilitated by Ontario
28 One Call. BHI's duties under the Act include but are not limited to:

- 29
- 30 • providing excavators with responses to excavation requests within five business days;
 - 31 • providing emergency locates;
 - 32 • reporting the completion of those locate responses to Ontario One Call within three
 - 33 business days; and

- ensuring Ontario One Call has factual up-to-date information.

BHI is responsible for the service costs associated with locate requests in its service territory.

BHI outsources its cable locating function (with the exception of emergency locates) to third party providers who process incoming requests and identify the location of BHI's underground infrastructure. Excavators are not charged for using Ontario One Call. This encourages the widespread adoption of the service, which yields significant public safety benefits and prevents costly damage to utility infrastructure. The cost of the locate program includes the service fee to Ontario One call and the cost of performing the locate, which varies depending on the nature of the locate requested. BHI internal staff respond to emergency locates.

Distribution Assets Maintenance Activities

The Distribution, Maintenance and Operations program is responsible for certain maintenance activities as identified in Table 21 below. These are discussed in further detail below. Costs associated with distribution assets inspections are recorded in the Engineering program commencing in 2024 and discussed in further detail in Section 4.3.0.8.

Table 21 - Distribution Assets Maintenance Activities

Assets	Category	Activity	Frequency
Overhead distribution assets	Preventative maintenance	Vegetation Management	3-year cycle
		Insulator Washing	Twice per year
		Scada-Mate Switch Maintenance	5-year cycle
		Manual Load-interrupting Switch Maintenance	3-year cycle
Underground distribution assets	Preventative maintenance	Switching Cubicle inspection and cleaning	3-year cycle

Vegetation Management

BHI performs vegetation management on 161 overhead primary feeders extending almost 1,000 circuit kilometres along Burlington's arterial thoroughfares, rights-of-way, and residential streets. These feeders co-exist with the City of Burlington's mature and dense tree canopy which is located on streets, right-of-ways and trees on customer property. The City of Burlington's wooded natural areas cover more than 5,500 hectares with 71,000 trees along streets and in

1 parks. Some of BHI's overhead distribution system runs along/through these wooded areas.
2 BHI conducts trimming of vegetation near overhead feeders to reduce the likelihood and
3 minimize the impact of power interruptions on system reliability as a result of tree damage.

4
5 Planned vegetation management activities are executed by contractors with support from BHI's
6 internal resources. Trees and branches are pruned according to minimum clearance standards
7 based on the American National Standards Institute ("ANSI") A300 – Standard Practices for
8 Trees, Shrubs and other Woody Plant Maintenance, and the City of Burlington's Urban Forest
9 Master Plan. In addition to the minimum clearance standards, BHI considers other factors such
10 as:

- 11
- 12 • Species and growth patterns of a tree: fast-growing trees are trimmed more and slow-
13 growing trees are trimmed less;
 - 14 • Natural trimming practices: branches are pruned back to a natural point of growth in the
15 crown of the tree and leaders are "trained" (shaped) to grow away from the lines;
 - 16 • Distance of major limbs that exhibit minimal growth, versus minor branches that can
17 exhibit aggressive growth;
 - 18 • Directional pruning practices: maintenance of tree shape and branch patterning;
 - 19 • Overall aesthetics and balance of the tree;
 - 20 • Removal of dead limbs; and
 - 21 • Storm hardening: select removal of branches within the canopy to minimize the possible
22 effects of wind and severe weather, but maintain the overall tree appearance.
- 23

24 BHI avoids the practice of "tree topping", which is the indiscriminate removal of branches to
25 reduce the size of the tree crown. Tree topping can adversely affect the overall health of the tree
26 and has several disadvantages, such as weakening of the tree structure, increased risk of
27 disease and pests, shortened tree life, and reduced aesthetic appeal. As a result, and given the
28 above-noted factors, BHI mandates the use of certified utility arborists for vegetation
29 management activities with training, knowledge, and certification in the practice of arboriculture.

30
31 Vegetation management mitigates the risk of vegetation interference by pruning trees near BHI's
32 overhead feeders. Vegetation interference is one of the most common causes of power
33 interruptions, as overhead feeders are prone to tree branch contacts. On average, during the

1 years 2021-2024, 13% of the outages, 19% of Customers Interrupted, and 17% of Customer
2 Hours Interrupted were a result of tree contact (excluding loss of supply and major events).
3 Vegetation-related power interruptions have a significant impact on system reliability and are
4 one of BHI's leading causes of system outages. These statistics exclude interruptions that
5 occurred on major event days. During such days, the distribution system is particularly
6 vulnerable to tree contacts and costly tree damage. Trees may make contact with distribution
7 feeders as a result of natural growth, or when severe weather causes branches to break and fall
8 onto lines or to bend and make intermittent contact. Conductors on feeders can also naturally
9 stretch and sag due to ice and snow build-up, heavy loading or warm weather, bringing the lines
10 closer to tree limbs. Branch contacts with lines result in a new path for current to travel; causing
11 the branch to become energized which poses a safety risk.

12
13 As more time passes since the last tree pruning for a particular feeder, it becomes more likely
14 that tree contacts will occur and associated risks will increase (including system reliability,
15 financial, and safety risks). These risks can be effectively mitigated through vegetation
16 management.

17
18 Vegetation management is also a widely accepted means of effectively "storm-hardening" a
19 system (i.e. proactively mitigating against storm damage and associated system reliability risks).
20 Storm hardening involves selectively removing portions of a tree canopy to reduce the "sail
21 effect" of branches during high winds and to reduce the likelihood that broken branches will
22 make contact with lines. As such, more frequent tree pruning further reduces risks posed by
23 severe weather.

24
25 BHI's distribution system is increasingly susceptible to damage from severe weather and
26 storms, as evidenced by five major event days over 2021-2023, four of which were attributable
27 to adverse weather including tree contacts. BHI provides a summary of its major event days in
28 Section 5.2.3.2.3 of the DSP.

29
30 In many cases, the effects of these storms continue well after the storm has passed. Broken and
31 weakened trees and tree limbs continue to pose a threat to overhead lines until the tree is
32 pruned.

1 In addition to ensuring system reliability, proper vegetation management can mitigate safety
2 risks, such as trees and vegetation that grows or is blown into power lines. This vegetation can
3 become energized, and in certain situations, can cause fires or cause 'step and touch' potential
4 risks to the general public. Another safety risk stems from branches or trees that bring energized
5 conductors to the ground when they fall, which pose significant safety hazards to the public.
6 Vegetation management is expected to mitigate these risks.

7
8 Vegetation has presented an increasing risk to BHI's system in recent years due to invasive
9 species infestation such as the Emerald Ash Borer and the Asian Long-Horned Beetle. Both
10 these species compromise a tree's structural integrity and greatly increase the risk of a branch
11 or tree falling into overhead feeders. These infestations add extra complexity for execution of
12 BHI's vegetation management plans. Tree health deteriorates and can lead to premature death.
13 The removal of dead trees results in an increase in costs associated with traffic control, work
14 protection for outages, and right of way access, as trees are often located outside of the road
15 right of way. Timely vegetation management enables BHI to mitigate the risks associated with
16 invasive species by removing the resulting dead and dying tree limbs.

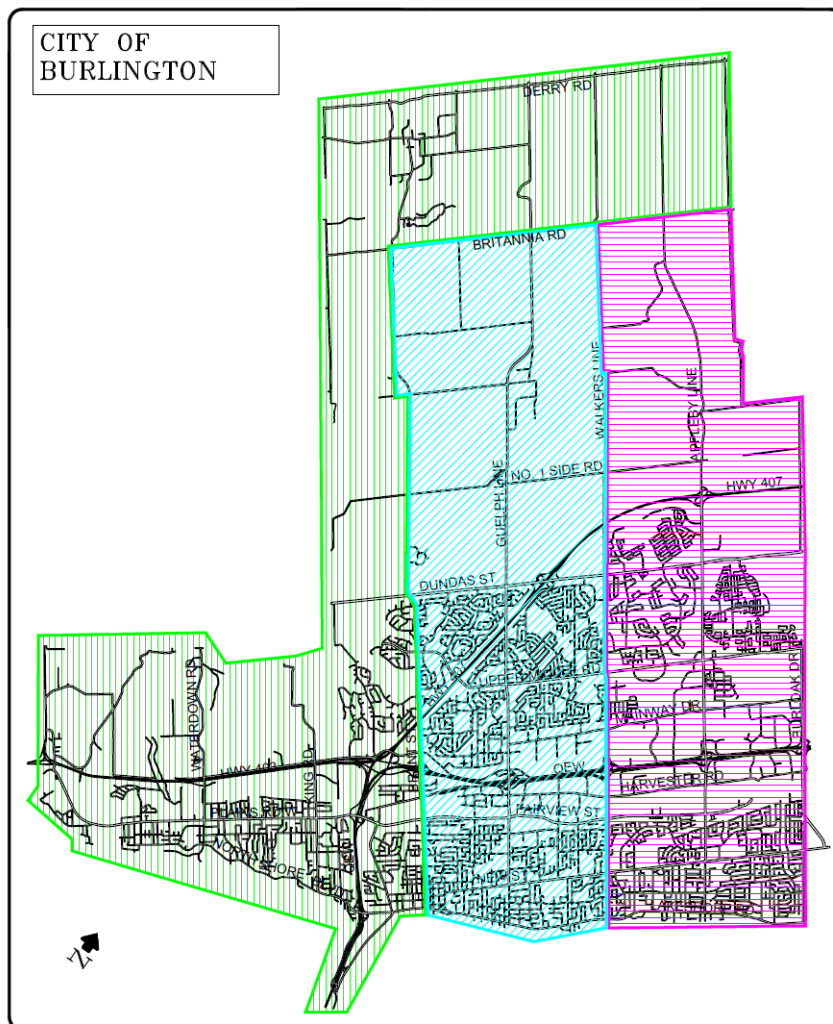
17
18 To facilitate carrying out its vegetation management work on a three-year cycle, BHI divides its
19 service territory into three sections with one section being completed each year. i.e. vegetation
20 management is conducted on a three-year cycle. Sections are further divided into a total of 17
21 zones in order to effectively manage each section. For each section, BHI clears three meters in
22 from the high voltage lines or wires (primary distribution system) in all directions to address
23 three years of growth. This is an established utility practice based on Electrical Safety Authority
24 ("ESA") guidelines.

25
26 BHI awards the contract through a competitive tendering process in respect of each of the 17
27 zones. The tendering process is designed to award the contract to multiple vendors based on
28 several criteria to maximize customer value. BHI selects the lowest price which satisfies
29 competence, safety and experience requirements.

30
31 The outcomes of segregating the contract by zones are (i) to provide BHI with flexibility for
32 vendor selection to maximize customer value, (ii) to achieve faster completion of the zones in

each section during the January to May prior to commencement of foliage growth, and (iii) to have access to more trained arborists who are familiar with characteristics of BHI's distribution system – this is critical and useful during storm related outages . This is facilitated by dividing the work among multiple contractors. The advantage of completing vegetation management earlier in the year mitigates heavy foliage growth which can increase damage to limbs and consequently overhead infrastructure, causing longer power interruptions and higher costs to repair. BHI identifies its three vegetation management sections in Figure 6 below.

Figure 6 - BHI's Vegetation Management Sections



Vegetation Management expenditures include (i) fixed price costs for scheduled vegetation management services for a three-year cycle based on market pricing described above; (ii) external variable costs from 'as requested' line clearing work as a result of customer calls, trouble calls, and storm related work throughout the year; and (iii) BHI's supervisory management costs. These expenditures are identified in Table 22 below. The majority of the increase from the 2021 Cost of Service application to the 2026 Test Year (i.e. \$549,163 of the \$632,222 increase) is driven by fixed price costs for scheduled vegetation management services which are based on market pricing. BHI has effectively managed this increase through its competitive tendering process which results in the lowest price option that satisfies competence, safety and experience requirements.

Table 22 - Breakdown of Vegetation Management Expenditures

Description	2021 CoS	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals	2025 Bridge Year	2026 Test Year	2026 vs. 2021 CoS Incr/ (Decr) \$
Scheduled Vegetation Management Services	\$482,020	\$265,256	\$388,852	\$732,221	\$974,141	\$834,867	\$1,031,183	\$549,163
"As Requested" Line Clearing Work	\$121,428	\$57,718	\$110,557	\$170,981	\$224,635	\$205,000	\$206,500	\$85,072
Supervisory Management	\$(165,054)	\$(122,166)	\$(131,383)	\$(146,644)	\$(148,648)	\$(155,140)	\$(163,041)	\$2,013
Total Vegetation Management	\$768,502	\$445,140	\$630,791	\$1,049,846	\$820,832	\$1,195,007	\$1,400,724	\$632,222

Overhead Insulator Washing

Overhead insulator washing is a planned, preventative maintenance activity conducted in areas subject to salt spray and heavy contamination. BHI contracts this work out to a third party. Insulator washing prevents insulator breakdown and reduces pole fires, particularly on overhead lines in close proximity to the QEW/403 corridor. Insulator washing is conducted twice in the winter at high-risk locations on BHI's 27.6kV network where porcelain insulators are prone to contamination build-up. Average annual expenditures are approximately \$40,000 per year with no material variance year over year.

Switching Cubicle Inspections and Cleaning

BHI contracts a third party to perform CO2 cleaning of its underground distribution switchgear to remove contaminants such as dust, salt spray and dirt. This is a responsive program based on inspections that occur on an annual basis as part of a three-year inspection cycle.

1 **Scada-Mate Switch Maintenance**

2 BHI contracts a third party to perform initial infrared scanning and visual inspection prior to BHI
3 crew maintenance of its Scada-Mate switches, which BHI performs in accordance with
4 manufacturer recommendations. This is a responsive program based on inspections that occur
5 on an annual basis. BHI introduced this program in 2024 to mitigate the risk of failures and
6 customer outages. BHI experienced an unprecedented number of premature failures from 2020
7 to 2023. In addition, the maintenance recommendations from the manufacturer have changed
8 since BHI's 2021 Cost of Service application. These changes resulted in the requirement to
9 maintain these assets on regular basis. Mitigation of failure risk is critical for the following
10 reasons:

- 11
- 12 • Scada-Mate switches are vendor specific and technology intensive. They are not
13 interchangeable with those from other vendors without potential compatibility issues or
14 loss of functionality. BHI cannot maintain a sizeable off-the-shelf inventory due to the risk
15 of obsolescence from changing technologies and components. As SCADA enabled
16 devices, these switches play a pivotal role in the Fault Location Isolation and Service
17 Restoration ("FLISR") schemes as part of the overhead distribution system to reduce
18 response time to outage events and minimize the impact on customers through
19 improved overall system reliability.
 - 20 • Scada-Mate switches have a significant lead time and unplanned failures can place the
21 reliability of BHI's distribution system at risk, particularly during storms and other climate
22 related events.
- 23

24 This program is executed as part of a five-year maintenance cycle.

25

26 **Manual Overhead Switch Maintenance:** BHI conducts preventative maintenance on its
27 manual overhead switches, such as its three-phase gang-operated switches, on a three-year
28 cycle. Overhead switches are susceptible to damage caused by road salt, environmental
29 conditions, moisture, wind and rain water that can impact their operating mechanism and cause
30 deterioration of contacts leading to tracking and creation of hot-spots. If left undetected the high
31 resistance related heat can cause the operating mechanism to seize and/or cause burnouts at
32 terminations of connected cables or contacts, leading to failures. As such, BHI's switch

1 inspection and maintenance program includes visual and thermographic inspections to detect
2 hot-spots. Identified equipment is maintained, through cleaning of terminals, or replaced.

3
4 **Transformer Oil Cleanup/Disposal**

5 This sub-program includes costs associated with the removal of mineral oils from transformers,
6 transformer disposals and on-site services. Transformers that are at the end of their useful life
7 are tested, removed and disposed by a third party environmental company in compliance with
8 municipal, provincial and federal requirements. BHI also disposes of scrap metal, transformer
9 waste material, and cable for which it receives payment. As a result, this sub-program can be in
10 a credit position in any particular year if the payments received for scrap materials exceed the
11 costs of transformer testing, removal and disposal. This was the case in 2021.

12
13 **Feeder Rental**

14 This sub program includes costs for (i) two feeder rentals from a neighbouring LDC to supply
15 BHI customers in the east end of Burlington and (ii) property rental fees to Hydro One Networks
16 Inc. for a municipal substation. Average annual expenditures are \$25,000 with no material
17 variance year over year, with the exception of the 2023 Actuals.

18
19 **Easements**

20 BHI incurs costs for easements to access land owned by the Ontario Infrastructure and Lands
21 Corporation (407ETR corridor) and CN Rail for the purposes of constructing, maintaining and
22 operating its distribution system.

1 **Program Costs**

2 BHI is budgeting \$6,128,367 in the 2026 Test Year to execute the functions in the Distribution Maintenance and Operations Program
3 as identified in Table 23 below. This represents an increase of \$2,249,474 and an average annual increase of 9.6% compared to the
4 2021 Cost of Service application.

6 **Table 23 - Distribution Maintenance and Operations Program Expenditures**

Description	2021 CoS	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals	2025 Bridge Year	2026 Test Year	2021 Actuals vs. 2021 CoS Incr/(Decr) \$	2026 vs. 2023 Actuals Incr/(Decr) \$	2026 vs. 2021 CoS Incr/(Decr) \$	2026 vs. 2021 CoS CAGR
Salaries and Benefits	\$1,272,753	\$1,890,638	\$1,558,041	\$2,114,768	\$2,040,531	\$2,396,656	\$2,437,734	\$617,885	\$322,965	\$1,164,981	13.9 %
Overtime	\$456,438	\$573,028	\$671,496	\$638,416	\$568,885	\$606,000	\$612,060	\$116,590	\$(26,356)	\$155,622	6.0 %
Contracted Labour	\$152,000	\$279,188	\$178,000	\$260,768	\$418,753	\$415,635	\$419,791	\$127,188	\$159,023	\$267,791	22.5 %
Equipment Maintenance/ Repairs	\$65,928	\$56,040	\$58,967	\$78,767	\$80,141	\$103,700	\$104,737	\$(9,888)	\$25,970	\$38,809	9.7 %
Materials - Distribution Mtce and Ops	\$394,489	\$264,653	\$322,546	\$285,537	\$309,493	\$286,706	\$324,042	\$(129,836)	\$38,506	\$(70,447)	(3.9)%
Locates	\$387,000	\$389,799	\$409,406	\$408,675	\$464,437	\$505,923	\$520,695	\$2,799	\$112,020	\$133,695	6.1 %
Vegetation Management	\$768,502	\$445,140	\$630,791	\$1,049,846	\$820,832	\$1,195,007	\$1,400,724	\$(323,362)	\$350,877	\$632,222	12.8 %
Distribution Assets Inspection	\$150,000	\$187,247	\$99,629	\$132,459	\$(67)	\$0	\$0	\$37,247	\$(132,459)	\$(150,000)	(100.0)%
Insulator Washing	\$45,600	\$43,541	\$44,559	\$38,357	\$49,722	\$38,000	\$38,380	\$(2,060)	\$23	\$(7,220)	(3.4)%
Switch Cubicle Cleaning	\$32,564	\$32,180	\$22,946	\$42,457	\$23,840	\$26,260	\$26,523	\$(384)	\$(15,934)	\$(6,041)	(4.0)%
Scada-Mate Switch Maintenance	\$0	\$0	\$0	\$0	\$175,748	\$72,210	\$72,422	\$0	\$72,422	\$72,422	n/a
Transformer Oil Cleanup/ Disposal	\$6,737	\$(63,486)	\$(12,876)	\$13,909	\$6,442	\$7,613	\$7,689	\$(70,223)	\$(6,219)	\$952	2.7 %
Feeder Rental	\$24,403	\$24,790	\$24,000	\$44,332	\$27,771	\$24,507	\$24,752	\$387	\$(19,580)	\$349	0.3 %
Easements	\$28,800	\$32,212	\$60,282	\$30,210	\$38,341	\$51,599	\$52,115	\$3,412	\$21,905	\$23,315	12.6 %
Tools and Clothing	\$51,555	\$39,693	\$39,383	\$56,713	\$42,202	\$49,743	\$50,240	\$(11,862)	\$(6,473)	\$(1,315)	(0.5)%
Distribution Mtce and Ops - All Other	\$42,124	\$43,346	\$37,903	\$35,949	\$73,042	\$30,566	\$36,464	\$1,222	\$515	\$(5,660)	(2.8)%
Total	\$3,878,894	\$4,238,009	\$4,145,072	\$5,231,163	\$5,140,114	\$5,810,124	\$6,128,367	\$359,116	\$897,204	\$2,249,474	9.6 %

Variance Analysis

Costs have increased by \$2,249,474 from the 2021 Cost of Service application to the 2026 Test Year primarily due to:

1. an increase in salaries and benefits of \$1,164,981 due to (i) an increase in FTE from 20 to 22 as discussed under the "Salaries, Benefits and Overtime" heading below; (ii) an increase in average salaries and benefits per FTE due to the negotiated labour contract and wage step progressions; and (iii) an increase in the percentage of time allocated to operations and maintenance activities as compared to capital work;
2. an increase in vegetation management expenditures of \$632,222 due to an increase in fixed price costs for scheduled vegetation management services from line clearing contractors, outside of BHI's control;
3. an increase in contracted labour of \$267,791 due to an increase in third party costs associated with distribution system repairs as a result of an increased incidence of outages; and (ii) and increase in asset removal costs associated with the removal of half-cut poles which BHI outsources to a third party;
4. an increase in overtime of \$155,622 due to an increased incidence and severity of extreme weather events and increased equipment failures;
5. an increase in the cost of providing locates of \$133,695 due to an increase in volume, outside of BHI's control, as identified in Table 26 below; and
6. an increase in Scada-Mate Switch Maintenance of \$72,422, a new program introduced by BHI in 2024 to mitigate the risk of premature equipment failures.

partially offset by:

7. a decrease in distribution assets inspection costs of \$(150,000) - this sub-program was transferred from the Distribution Maintenance and Operations Program to the Engineering Program in 2024; and
8. a decrease in materials of \$(70,447).

Salaries, Benefits and Overtime

Salaries & Benefits, and Overtime have increased by \$1,164,981 and \$155,622 respectively from the 2021 Cost of Service application to the 2026 Test Year. The increase is due to:

1. Staffing in the program was budgeted at 20 FTE in the 2021 Cost of Service application and is expected to be 22 FTE in the 2026 Test Year. BHI added two Powerline Technicians, one in each of 2021 and 2024.
2. Staff time expected to be apportioned to operating work as compared to capital work is higher than that budgeted in 2021. In the 2021 Cost of Service application, 48% of staff time was allocated to operating, as compared to 76% expected in 2026. BHI has had to increase its reliance on contractors to complete its capital work to address the increase in operating requirements.
3. higher salaries and benefits per FTE due to labour inflation and wage step progressions.

The number of staff and percentage of staff allocated to operations and maintenance work has increased due to:

- an increased incidence and severity of extreme weather events since BHI's 2021 Cost of Service application. The frequency and duration of customer outages due to adverse weather has increased on average by 218% and 45% respectively from the 2017-2020 period to the 2021-2024 period as identified in Figure 9 below;
- an increase in equipment failures. The number of customer outages due to defective equipment has increased by 255% from 10,494 in 2021 to 37,204 in 2024 as identified in Figure 8 below; and
- and an increase in emergency and trouble calls. The number of customer outages has increased by 79% from 59,469 in 2021 to 106,714 in 2024 .

Salaries, benefits and overtime have increased primarily due to:

1. increased repairs and troubleshooting associated with distribution infrastructure damage due to increased extreme weather events and premature equipment failures as mentioned above. Repairs and troubleshooting for overhead distribution lines and underground cables include the following activities:
 - overhead distribution lines - overhauling and repairing line cut-outs; repairing damaged conductors and secondary bus; pulling slack on service wires; retying

- 1 service wire; refastening and/or tightening service brackets; and realigning and
2 relocating equipment on poles.
- 3 • underground cables - cleaning ducts, repairing underground service plant, identifying
4 cable faults and splicing to repair; changing lightning arrestors; replacing bushing
5 inserts, junction bars); and
- 6 2. a high rate of turnover and vacancies – seven employees have left the distribution
7 maintenance and operations department since 2021. Existing, fully competent
8 employees are required for operations and maintenance work, and incur overtime. In
9 addition, BHI relies on contractors to complete work, while new hires and apprentices
10 complete all training and competency requirements which can take up to seven years as
11 identified in Table 24 below.

Table 24 - Apprentices Years to Reach Proficiency

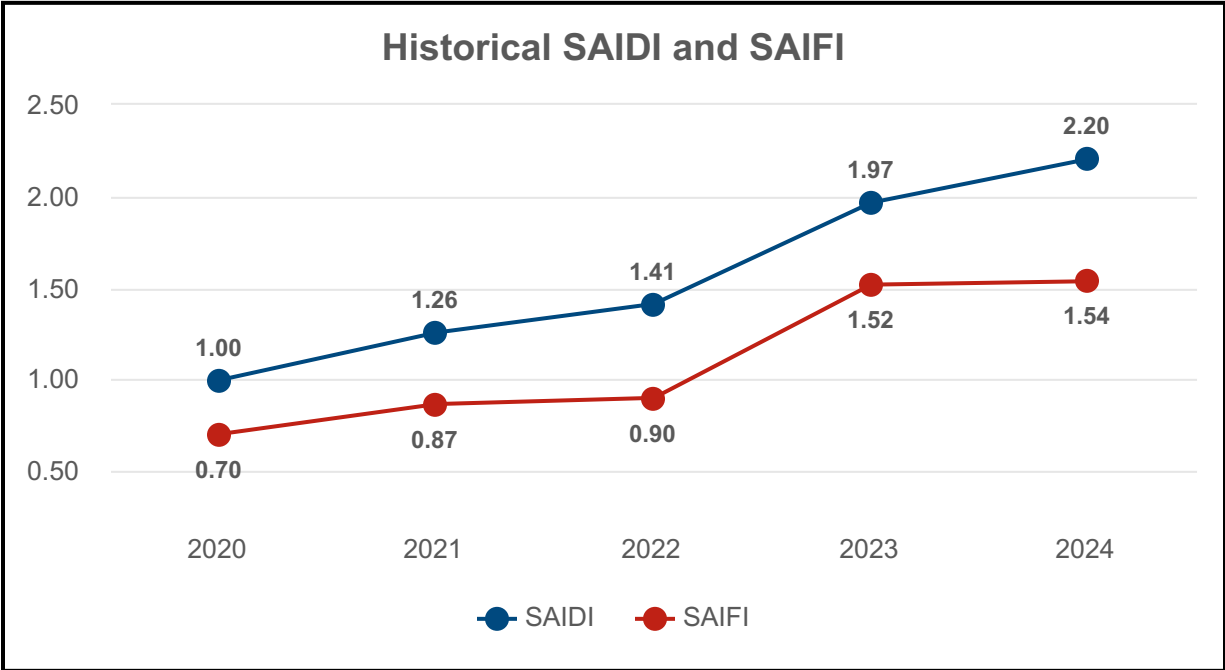
Trades & Technical Positions	Years to Reach Proficiency	Comments
Powerline Technician	5	May require longer for lead hand positions
Substation Maintainer	5	May require longer for lead hand positions
Meter Technician	5	May be able to work on limited meters in first two years
Control Operator	5	May require longer for lead hand positions
Design Technician	4	Engineering design work requires college degree & hours
Distribution Engineer	4	Takes four years to qualify for P. Eng.
Supervisory Positions	5-7	Requires leadership, right competencies and business skills

15 Although the incidence and severity of extreme weather events are outside of BHI's control; BHI
16 does have some control in the medium to long term over equipment failures; and the associated
17 emergency and trouble calls. An increase in capital expenditures to replace infrastructure at the
18 end of its useful life and in poor/very poor health condition, as proposed in Section 5.4.1.2.2 of
19 the DSP, may mitigate repair and troubleshooting costs in the medium term (2027 and
20 onwards).

22 SAIDI and SAIFI, including major events and loss of supply are trending upward as identified in
23 Figure 7 below. The number of hours of outages due to defective equipment was 58,917 in 2024
24 compared to 24,900 in 2021, an increase of 137%, as identified in Figure 8 below. Outages due

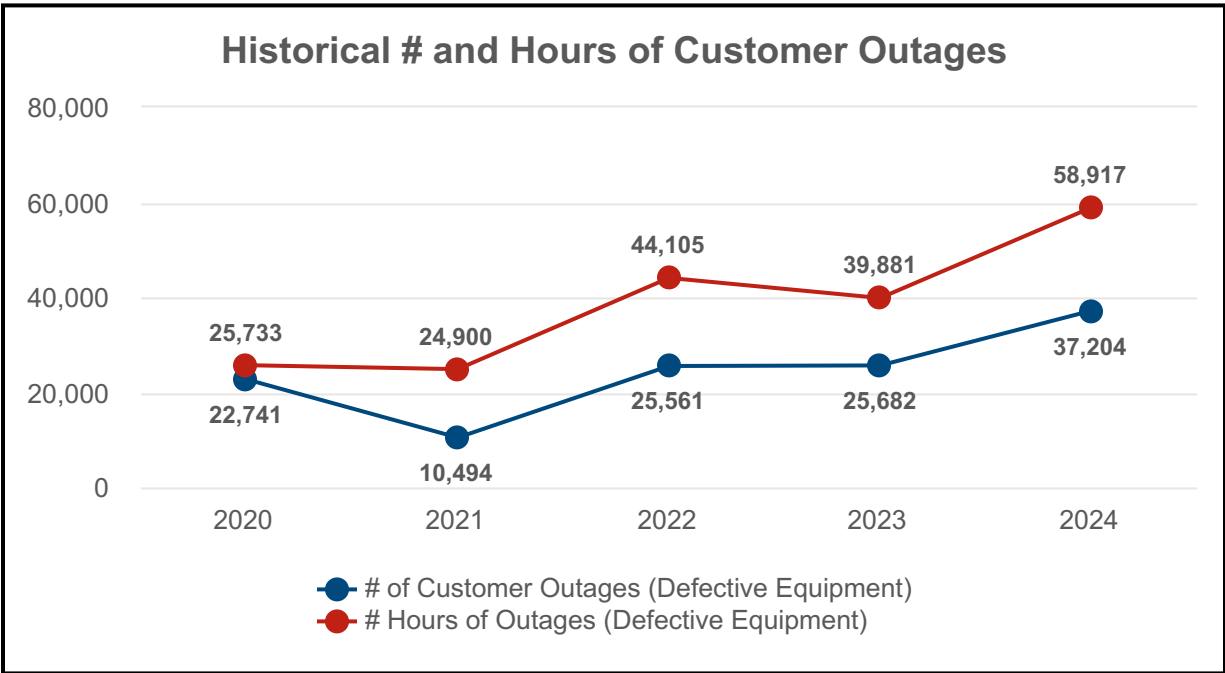
1 to defective equipment accounted for 38% and 35% of the number of outage hours and number
2 of outages respectively, in 2024 as identified in Table 25. Outages due to adverse weather have
3 been trending upward since BHI's last Cost of Service application as identified in Figure 9
4 below. These reliability trends have a direct impact on the expenditures required for the
5 Distribution Operations and Maintenance Program. Outages due to defective equipment and
6 adverse weather require immediate corrective action to repair and restore assets to their normal
7 operating condition to reduce safety risk to crews and the public, and restore power. An increase
8 in the frequency of these type of outages leads to increased OM&A costs, as more resources
9 than originally scheduled are required to restore power. Standby crews and contractors are
10 called in at overtime and premium rates respectively, particularly when outages occur outside of
11 business hours. BHI crews are shifted from regularly scheduled O&M work and proactive capital
12 replacements to reactive operating maintenance and repairs. The shift from capital work results
13 in a higher percentage of staff time and consequently salaries and benefits being allocated to
14 OM&A versus capital. This shift also results in delays to planned work such as customer
15 connections, maintenance and replacements which can negatively impact customers.

1 **Figure 7 – Historical SAIDI and SAIFI**



2
3

4 **Figure 8 – Outages due to Defective Equipment**



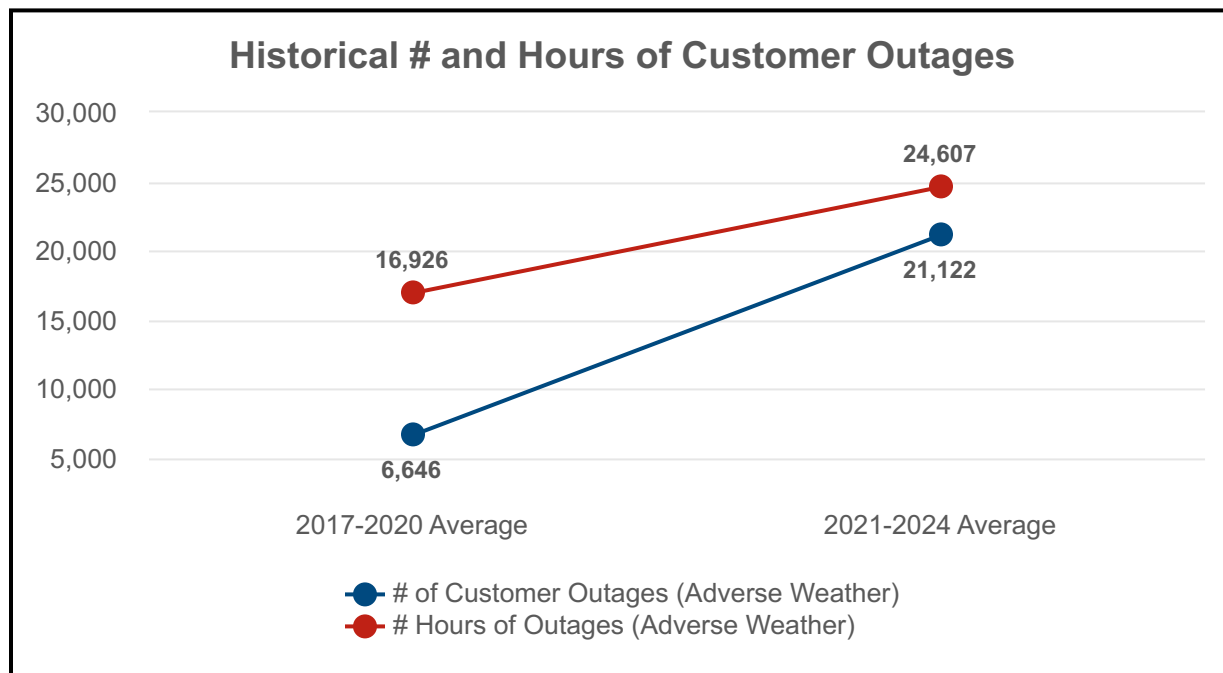
5

Table 25 - Defective Equipment Proportion of Outages

Hours - Duration (ex LoS/MEDs)	2024
Defective Equipment	58,917
Total	153,073
% Total	38 %

# - Frequency (ex LOS/MEDs)	2024
Defective Equipment	37,204
Total	106,713
% Total	35 %

Figure 9 - Outages due to Adverse Weather (excluding Loss of Supply/MEDs)



Vegetation Management

Costs have increased by \$632,222 from the 2021 Cost of Service application to the 2026 Test Year. As identified in Table 22 above, this is due to:

- an increase in fixed price costs for scheduled vegetation management services, which are reflected in BHI's three-year contract for 2025 to 2027. This change in fixed price costs accounts for 87% of the \$632,222 increase; and

- an increase in tree trimming and emergency vegetation management costs primarily due to an increase in extreme weather events (thunder storms and high winds) as identified in Figure 9 above, which cause "residual" emergency tree or large limb removals. This accounts for 13% of the increase. "Residual" removals refers to additional tree or limb removals that were not addressed during routine or scheduled maintenance, but are deemed urgent due to immediate risks to the electrical grid. They occur in the days or week(s) after an event when customers report broken or cracked limbs or trees that are either in close proximity to, or lying over power lines.

BHI mitigates the cost impacts of vegetation management services (i) through its competitive tendering process which results in the lowest price option that satisfies competence, safety and experience requirements; and (ii) by structuring its tree trimming contract to allow for more than one successful proponent i.e. the contract is awarded by section and zone as discussed in further detail above in this Section 4.3.0.7.

Equipment Maintenance and Repairs

Expenditures associated with equipment maintenance and repairs have increased by \$38,809 from the 2021 Cost of Service application to the 2026 Test Year.

Locates

Expenditures associated with underground cable locates have increased by \$133,695 from the 2021 Cost of Service application to the 2026 Test Year as identified in Table 26 below. These expenditures are non-discretionary and are directly proportional to (i) the number of locates requested by customers and contractors who are excavating a new building, repairing buried infrastructure, landscaping or pursuing any other project in Burlington which requires them to break ground; (ii) the time required to complete each locate; and (iii) the contracted rate negotiated by BHI. BHI pays for locates on an hourly basis not on a per locate basis and contracts its locates work out to a third party. Despite general industry cost pressures for locating services, BHI has limited the increase in its hourly rate per locate to an average of 0.9% per year - significantly less than inflation - as identified in Table 7 in Section 4.1.2.2 in this Exhibit 4. Cost increases are primarily due to an increase in volumes as identified in Table 26, which are outside of BHI's control.

Table 26 - Cost per Locate

Description	2021	2022	2023	2024	2025 Bridge Year	2026 Test Year
# of locates	12,905	14,603	14,203	15,775	15,931	16,498
\$ Cost of locates	\$389,799	\$409,406	\$408,675	\$464,437	\$505,923	\$520,695
\$/locate	\$30	\$28	\$29	\$29	\$32	\$32

2021 Cost of Service application - 2021 Variance Explanation

Expenditures in 2021 were \$359,116 higher than the 2021 Cost of Service application due to an increase in salaries and benefits and overtime of \$617,885 and \$116,590 respectively due to the following:

1. staff were shifted from capital to operating work due to a deferral in customer connection requests and capital work during the COVID-19 pandemic.
2. BHI hired a Powerline Technician Apprentice to replace a future retirement. BHI advance hires apprentices within a three to four year window of projected qualified tradespeople leaving as it takes between four to five years for trades and technical positions to reach full proficiency as identified in Table 24; and
3. BHI experienced an increase in the incidence of outages (number of total customer interruptions increased from 47,985 in 2020 to 59,469 in 2021; similarly customer hours of interruptions increased from 68,148 in 2020 to 86,303 in 2021). Increased outages drive up costs for labour and equipment. BHI is required to deploy additional crews and trucks for immediate restoration and repair work which can involve overtime pay or premium rates for workers, and the mobilization of contractors.

partially offset by:

1. lower vegetation management costs of \$(323,362) as compared to budget due to a difference in the timing of zone completion as compared to budget. Due to a change in BHI's third party tree trimming contractor, Zone 6 was not completed in 2021 as planned; and only 50% of Zone 2 was completed vs. 100%. This was related to the COVID-19 pandemic as contractors had difficulty retaining staff who left to collect the Federal Government's Canada Emergency Response Benefit ("CERB");

2. lower materials of \$(129,836) as compared to budget which fluctuate year over year dependent on the nature of repairs and maintenance work; and
3. lower costs associated with transformer oil clean-up and disposal of \$(70,223). This sub-program also includes payments received by BHI for the sale of scrap materials. In 2021, payments received for transformer waste material and scrap cable exceeded the costs of transformer testing, removal and disposal.

2021-2022 Variance Explanation

Expenditures decreased by \$(92,938) from \$4,238,009 in 2021 to \$4,145,072 in 2022 due to:

1. a net decrease in salaries, benefits, overtime and temporary staff of \$(234,130) which was due to the allocation of a higher percentage of labour to capital as capital work deferred due to the COVID-19 pandemic resumed.
 2. a decrease in contracted labour of \$(101,188) which fluctuates from year to year dependent on the nature of work (capital vs. operating) ; and
 3. a decrease in distribution assets inspection of \$(87,618) which can fluctuate annually dependent on the cycle, type of asset and geographical area being inspected;
- partly offset by
4. an increase in tree trimming costs of \$185,651 which was due to the difference in annual costs across the three-year tree trimming cycle. Total annual costs are dependent upon which zones are completed - zone size varies as does the extent of foliage growth within each zone;
 5. an increase in materials costs of \$57,893 which fluctuate year over year dependent on the nature of repairs and maintenance work
 6. an increase in costs associated with mineral oil clean-up and disposal of \$50,610. 2021 included higher than normal credits for disposition of transformer waste material and cable.

2022-2023 Variance Explanation

Expenditures increased by \$1,086,092 from \$4,145,072 in 2022 to \$5,231,163 in 2023 due to:

1. an increase in salaries and benefits of \$556,728 due to the allocation of a higher percentage of labour to operating as compared to capital work. The number of customer outages increased by 69% from 61,952 in 2022 to 104,837 in 2023, primarily relating to defective equipment and adverse weather. This results in an increase in time and dollars allocated to this O&M program, as BHI staff are required for emergency and trouble call response including storms; and distribution system maintenance and repairs. This trend continued into 2024..
2. an increase in vegetation management of \$419,055 as identified in Table 27 below.

Table 27 - 2022 to 2023 Vegetation Management

Description	2022 Actuals	2023 Actuals	\$ Incr/(Decr)
Scheduled Vegetation Management Services	\$388,852	\$732,221	\$343,369
"As Requested" Line Clearing Work	\$110,557	\$170,981	\$60,424
Supervisory Management	\$(131,383)	\$(146,644)	\$(15,261)
Total Vegetation Management	\$368,026	\$756,558	\$388,532

As stated above zone size varies as does the extent of foliage growth within each zone. 2023 included vegetation management for three of BHI's larger zones and an increase in unplanned vegetation management due to extreme weather; partially offset by

3. an increase in contracted labour of \$82,768 primarily due to third party support costs associated with an increase in operating and maintenance activities as compared to prior year, including removal costs, and manhole and Scada-Mate switch inspection costs.

2023-2024 Variance Explanation

Expenditures decreased by \$(91,050) from \$5,231,163 in 2023 to \$5,140,114 in 2024 due to:

1. a decrease in vegetation management of \$(229,015) due to the completion of zones with higher costs in 2023 as compared to zones completed in 2024;
2. a decrease in distribution assets inspection of \$(132,526) - costs associated with distribution assets inspections is instead recorded in the Engineering program commencing in 2024 at a cost of \$200,000;
3. a decrease in salaries and benefits of \$(74,237) due to (i) vacancies throughout the year; partly offset by the addition of a Powerline Technician Apprentice in 2024; partly offset by

4. an increase in Scada-Mate Switch maintenance of \$175,748. BHI introduced this program in 2024 to mitigate the risk of premature failures of Scada-Mate Switches and consequent customer outages. Replacement units are not readily available and have long-lead times. The program will be executed as part of a five-year maintenance cycle, however in 2024 BHI performed maintenance on all units to mitigate risk of failure; and
5. an increase in contracted labour of \$157,985 partly due to an increase in the number of pole removals as a result of overhead asset relocation projects and higher inspection and project administration costs associated with distribution assets repairs and maintenance.

2024-2025 Variance Explanation

Expenditures are expected to increase by \$670,010 from \$5,140,114 in 2024 to \$5,810,124 in 2025 primarily due to:

1. an increase in salaries and benefits of \$356,125 due to (i) the filling of two positions which were vacant throughout the year in 2024; and ii) salary and benefits increases as per BHI's collective agreement; and
2. an increase in vegetation management of \$374,175 primarily due to increased costs associated with BHI's scheduled vegetation management services as identified in Table 28 below.

Table 28 - 2024 to 2025 Vegetation Management

Description	2024 Actuals	2025 Actuals	\$ Incr/(Decr)
Scheduled Vegetation Management Services	\$974,141	\$834,867	\$(139,274)
"As Requested" Line Clearing Work	\$224,635	\$205,000	\$(19,635)
Supervisory Management	\$(148,648)	\$(155,140)	\$(6,492)
Total Vegetation Management	\$1,050,127	\$884,727	\$(165,400)

BHI has contracted with multiple third parties to conduct its scheduled vegetation management for the period from 2025 to 2027. This service, based on a fixed price per zone and on market prices, has increased significantly since BHI's last contract period from 2022-2024 as mentioned above. BHI's tree trimming procedures have not changed since its last Cost of Service application including its practice of trimming on a three year cycle which is consistent with good utility practice and in accordance with ESA Guidelines for line clearing clearances. BHI mitigates the cost impacts of vegetation

1 management services through its competitive tendering process which results in the
2 lowest price option that satisfies competence, safety and experience requirements. BHI
3 plans to complete Zones 1, 13 and 14 in 2025 (the cost associated with completing Zone
4 1 has increased by 581% as compared to 2021); partly offset by

- 5 3. a decrease in Scada-Mate switch maintenance of \$(103,538) as activity reverts to
6 normalized levels (5-year maintenance cycle).

7
8 **2025-2026 Variance Explanation**

9 Expenditures are expected to increase by \$318,243 from \$5,810,124 in 2025 to \$6,128,367 in
10 2026 primarily due to inflation.

4.3.0.8 Engineering

Program Overview

The Engineering Program is accountable for (i) all aspects of distribution system design and construction for BHI including equipment specifications and approvals, asset management, system planning and forecasting, grid modernization, engineering procedures, overhead and underground distribution system design, and engineering standards; (ii) operating and updating BHI's Geographic Information System ("GIS"); (iii) pole and cable testing programs; and (iv) distribution asset inspections.

A primary function of Engineering is developing new designs and standards associated with BHI's distribution system in order to maintain and add new plant in compliance with Ontario Regulation 22/04 Electrical Distribution Safety.

The Engineering program expenses include salaries and benefits of the engineering staff engineering consulting services, designs and estimates, engineering software, licensing and support, and pole and cable testing.

BHI provides further details on the major sub-programs in the Engineering program below.

Consultants

Consulting services includes the costs associated with developing and maintaining engineering procedures to improve and standardize work flow, facilitate training for new employees and improve customer service. Consulting services also include non-capital expenditures associated with engineering design; asset and capital expenditure management; arc flash studies; connection impact assessments; development and revision of engineering standards; and the completion of specific studies to aid in the design and operation of the distribution system, such as cable ampacity calculations.

GIS/OMS Licensing & Support

GIS/OMS licensing and support includes on-going support, operations and maintenance of the applications, data integrity maintenance, bug fixes, and database maintenance. BHI replaced its OMS in January 2025 and the costs associated with this sub-program were moved under the IT

1 program in 2026. The implementation of BHI's new OMS is discussed in further detail in Section
2 4.3.0.12 of this Exhibit 4.

3 4 **Distribution Assets Testing and Inspection Activities**

5 BHI's distribution system consists of approximately 830 km of overhead powerlines, 686 km of
6 underground powerlines, 32 substations, approximately 15,300 poles and 3,179 overhead
7 transformers, among other assets, which are critical for the safe and reliable delivery of
8 electricity to its customers. All BHI assets are inspected and maintained in accordance with
9 applicable legislation, manufacturers' recommendations, and good utility practice. Inspection
10 and maintenance activities are a critical component of BHI's asset management process.
11 Inspection programs help determine asset conditions, identify risks to safety, reliability and/or
12 the environment, and subsequently address findings through prudent capital, operations, and
13 maintenance expenditures, as necessary.

14
15 The overall goal of testing and inspections is to identify and prevent problems and damage from
16 occurring or causing the asset to fail prematurely. All maintenance activities are preceded by
17 routine or extraordinary inspections and/or testing to determine the condition of the assets. The
18 following criteria are used for determining the applicable inspection and/or testing cycles:

- 19 • Regulatory requirements as determined by the minimum inspections schedule in the
20 Distribution System Code (DSC); and
- 21 • Actual usage, expected life, physical conditions, risk and consequence of failure, and the
22 health and safety of the public and employees.

23
24 The responsibility for the distribution assets inspection activities identified in Table 29 was
25 transferred from the Distribution Maintenance and Operations Program to the Engineering
26 Program in 2024 (specifically visual inspections for overhead and underground distribution
27 assets, and infrared thermography for overhead distribution assets)

28
29 As part of its asset lifecycle optimization policy, discussed in Section 5.3.3 of the DSP, BHI
30 employs several inspection and maintenance programs to deliver an optimal level of service to
31 its customers through asset specific active inspection, maintenance, and asset management
32 processes. This ensures the distribution system operates as designed, constructed, and is
33 maintained to ensure its reliability, safety, and affordability. The asset lifecycle practices and

procedures employed by BHI are asset-specific and range from visual inspections to more in-depth examinations, such as testing and analysis. Further details on BHI's asset maintenance practices are provided in Section 5.3.3.2 of the DSP. The information gathered from these practices is used to determine a course of action with respect to the asset and primarily informs the System Renewal portion of BHI's capital plan. BHI must address asset maintenance requirements in a timely manner in order to: (i) remain compliant with the DSC, (ii) satisfy electrical distribution safety requirements under Ontario Regulation 22/04, (iii) prevent system faults and large scale disruption to customers, and (iv) maintain a safe and reliable system in accordance with good utility practice. Without sufficient funding for Distribution Assets Testing and Inspection Activities, all of these critical outcomes are placed at risk.

The Engineering program is responsible for certain testing and inspection activities as identified in Table 29 below. These are discussed in further detail below. Costs associated with distribution assets inspections are recorded in the Engineering program commencing in 2024.

Table 29 - Distribution Assets Testing and Inspection Activities

Assets	Category	Activity	Frequency
Overhead distribution assets	Predictive maintenance	Pole Testing	After 20 years of service life and every 3 years thereafter
	Distribution Assets Inspections	Visual	3-year cycle
		Infrared Thermography	Annually
Underground distribution assets	Distribution Assets Inspections	Visual	3-year cycle
		Cable Testing (targeted)	Annually

Pole & Cable Testing

BHI's overhead electrical distribution equipment is supported by poles, the majority of which (approximately 15,000) are wood poles. Wood fibre can weaken if exposed to environmental elements, including wide seasonal temperature variations and accumulation of dirt or debris. This compromises the strength and integrity of the poles, which can lead to the partial or total failure of the electrical distribution system that they support. Regular pole testing and visual inspections allow BHI to monitor the condition of wood poles and take corrective action (such as like-for-like replacement) before they fail. Failure of wood poles can lead to live wires making contact with nearby structures (such as buildings, bus shelters, communication wires and

1 equipment etc.). These issues can create public safety hazards such as contact voltage, which
2 has the potential to cause electric shock. For example, a downed high voltage conductor, due to
3 a pole line failure, can energize the earth it comes into contact with and can potentially create a
4 severe shock hazard for pedestrians and vehicles. Contact voltage endangers the public,
5 employees, and pets that can come into contact with the energized surface. Pole failures also
6 impact system reliability as the overhead distribution system is inter-connected and failure of
7 one section of the pole line can have a cascading effect, impacting potentially hundreds of
8 customers, even those not directly connected to the failed equipment.

9
10 Wood poles are tested after 20 years of service and every three years thereafter. The testing is
11 performed by a third-party contractor using specialized test equipment. Various degradation
12 factors are assessed, including remaining pole strength, rot, mechanical defects, and whether
13 the pole is out of plumb. The condition data is used to determine a Health Index (HI), which BHI
14 uses to identify poles for replacement. Poles identified for replacement that are equipped with
15 transformers or underground cable connections are assigned a higher priority due to an
16 increase in risk (reliability, environmental, safety) if that pole fails.

17
18 BHI owns approximately 686 km of underground primary cables within its service territory, of
19 which 159km (23%) of cables are in very poor condition and 68km (10%) are in poor condition
20 based on BHI's Asset Condition Assessment ("ACA"), attached as Appendix I to the DSP. BHI's
21 underground system typically consists of TR-XLPE type cables. Because they are situated
22 underground, they are more expensive and challenging than overhead lines to manage and
23 assess their condition. Some of the older underground infrastructure is radially connected and
24 as such, failure of a cable as part of the supply backbone can potentially cause an outage for all
25 the customers connected downstream of that segment. Since the majority of these cables are
26 direct buried, locating and isolating these faults is difficult, and the duration of the outages can
27 be significant, adversely impacting reliability. In addition, once a cable fails in one location, it
28 becomes highly likely that there will be other failures in the future, if detection and intervention is
29 not planned in a timely manner.

30
31 In the past, underground cable data such as age, historical failures, and number of joints were
32 used to determine appropriate replacement strategies for underground primary cables. The

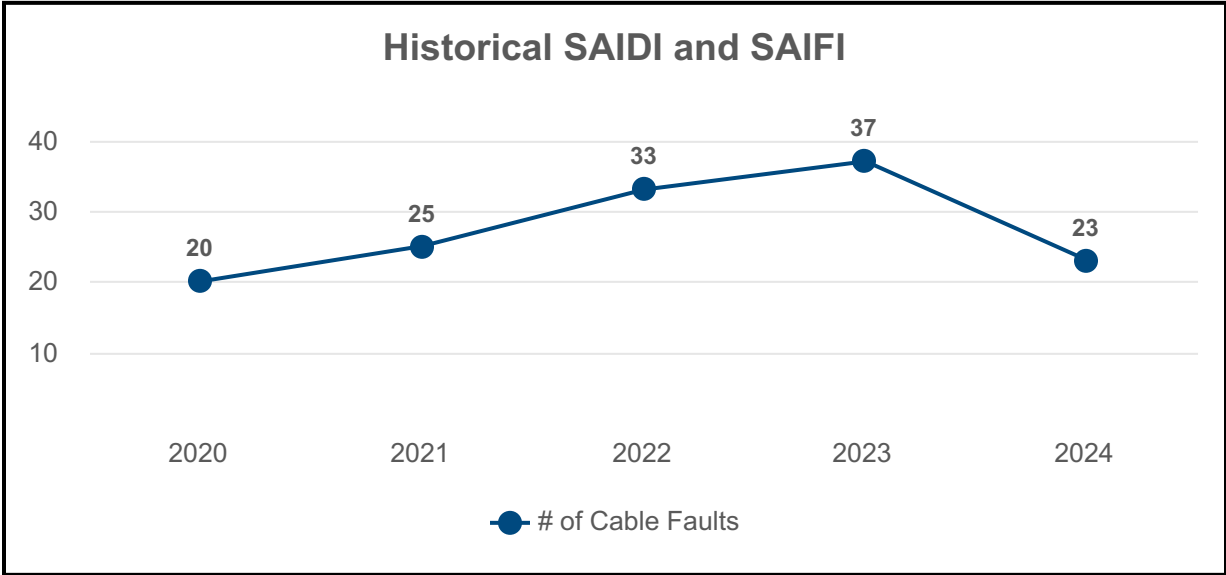
1 reason for this was that these cables are installed below grade, and visual inspection to
2 determine their condition is not possible except at the termination points (where the cables
3 connect to end equipment). Today, BHI utilizes cable diagnostic testing which provides a more
4 accurate assessment of the condition of underground cables, splices, joints, and terminations. It
5 enables predictive analysis and allows BHI planners and engineers to effectively determine the
6 cables that currently are, or will potentially be, at risk of failure. Cable testing is an accepted
7 practice industry-wide and used in numerous other electrical utilities in Canada and the United
8 States.

9
10 As cables age, the likelihood of failure increases as a result of water treeing, electrical treeing,
11 and insulation breakdown, particularly in areas with high moisture levels, lower heat dissipation
12 (due to ground resistivity or ambient temperature) or operational conditions (such as loading).
13 Testing is performed on cables which are at or near their end of service life, or in areas which
14 have already experienced outages due to cable failures. This is part of BHI's annual testing
15 program. The results from the cable testing can identify candidates for cable injection (cable
16 injection is a proprietary method of injecting a solution to reduce the formation of water trees in
17 the insulation, thereby restoring its dielectric strength and potentially extending the life of the
18 cable). Cables that cannot be injected (e.g. due to large number of splices in a particular section
19 of the cable) are identified for replacement under the primary underground rebuild program, if
20 reactive repair is not economically feasible and replacement or rejuvenation is warranted .

21
22 Sample cable testing is performed by a third party engineering company and is prioritized in
23 areas exhibiting higher frequencies of cable faults – notably Brant Hills in 2022 and Palmer in
24 2024. Other areas of concern include Tyandaga South, Tyandaga North and Headon Forest.

25
26 BHI has experienced an upward trend of cable failures in the last five years, as identified in
27 Figure 10 below, which is indicative of aging infrastructure which requires repair or replacement.

Figure 10 - Cable Failures from 2020 to 2024



If the level of funding for wood pole and cable diagnostic testing was reduced, BHI would (i) be unable to identify and correct deficiencies to mitigate failure risk; (ii) be unable to leverage diagnostic data and insights into asset degradation to improve project planning and prioritization for underground and overhead installations; and (iii) expose BHI to potential safety risks and more frequent or prolonged outages.

Distribution Assets Inspection

BHI's Distribution Assets Inspection activities are summarized in Table 29 above. Inspection activities are conducted by third party contractors. Specific technical knowledge, skills, expertise, and specialized tools are required to perform inspection activities, which are not readily available with internal resources. In addition, inspection activities have fluctuating demands and seasonal needs and as such do not warrant employing dedicated staff on a full-time basis. BHI crews perform the majority of the repairs, the cost of which is recorded in Salaries and Benefits. This sub program was moved from the Distribution, Maintenance and Operations Program to the Engineering Program in 2024.

Overhead Distribution Assets: BHI conducts periodic line patrols to inspect all overhead distribution equipment, including pole-mounted transformers, switches, auxiliary equipment and conductor wire. In addition to line patrols, BHI performs thermography patrols. Thermographic

1 scanning is used to detect abnormal temperature conditions or hotspots in equipment and
2 connections. These hotspots, if left uncorrected, will result in mechanical failure and unplanned
3 outages. BHI's service territory is split into three areas and the visual inspections are on a
4 three-year cycle. Thermography patrols are completed annually.

5
6 **Underground Distribution Assets:** Inspections for underground distribution assets are
7 conducted on a three-year cycle and include:

- 8 • locating and repairing defective primary underground circuits and faulted underground
9 secondary circuits; and require specific equipment (e.g. horizontal directional drills) and
10 specialized equipment and skilled labour which BHI does not have on hand or staff for;
11 and
- 12 • Visual inspections on other underground distribution assets such as:
 - 13 ◦ Transformers - transformers are the primary means of delivering energy at usable
14 voltages to customers. Generally, transformers are highly resilient to load
15 fluctuations and are built to stringent specifications, however, over time, they are
16 impacted by environmentally induced degradation, such as rusting from road salt,
17 rainwater, flooding, as well as physical damage from vehicular or construction
18 accidents or ground movement that can lead to oil leaks and potential
19 environmental disasters (e.g. if the leaking oil leaches into the ground and
20 contaminates the water table below). Remediation then becomes both expensive
21 and time consuming leading to long outages for connected customers which
22 negatively impacts reliability (generally 10-12 residential customers are served by
23 a single phase transformer and one large industrial/commercial customer is
24 served by a three phase transformer). If BHI does not maintain a regular
25 inspection program for transformers, unplanned failures can lead to significant
26 remediation expenditures and BHI's ability to maintain an adequate inventory of
27 replacement units, which are subject to long lead delivery times, is at risk.
 - 28 ◦ Switching Cubicles - Switching cubicles or switchgears act as manual or remote
29 (SCADA operated) switch nodes in the underground distribution system (i) for
30 load transfers and moving open-points to balance the feeder loads during normal
31 operation or (ii) to facilitate FLISR schemes during abnormal operation in order to
32 limit the impact of system faults on BHI customers. The majority of the switching

1 cubicles form part of the main (backbone) feeders that deliver large amounts of
2 energy downstream of these nodes. As such, they are a critical piece of
3 equipment whose failure can cause widespread outages within the network and
4 can potentially affect hundreds and even thousands of customers. Currently
5 these devices are severely impacted by supply chain related delays and any
6 unplanned failure can significantly deplete BHI's inventory and it's ability to
7 replace equipment in a timely manner. Switching cubicles are vulnerable to
8 environmental elements such as salt, and moisture in the air and below grade,
9 which can lead to tracking on their contacts, terminals and insulation leading to
10 premature failure. BHI conducts visual inspection and thermographic inspection
11 to detect hot-spots.

- 12 ◦ Underground chambers - Underground chambers serve two purposes. They
13 house BHI owned high value equipment (such as submersible transformers) or
14 support such equipment above them (as part of the foundation); and they provide
15 a safe working area for BHI staff to carry out the necessary maintenance and
16 operation of this equipment. Integrity of this civil infrastructure is critical in
17 maintaining the on-going operation of BHI's underground distribution system.
18 Since this infrastructure is mostly below grade it is vulnerable to ground
19 movements due to frost, water ingress due to above ground flooding, and
20 movement from vehicular traffic in proximity. Concrete walls, floors and ceiling of
21 these chambers can develop cracks and crevices which, if left undetected, can
22 expand over time and jeopardize the integrity of the entire structure, which can
23 potentially lead to a complete failure, damaging the electrical plant. BHI uses
24 both visual inspection to monitor the structural integrity of these underground
25 chambers which allows it to mitigate failure risk.

1 **Program Costs**

2 BHI is budgeting \$3,352,739 in the 2026 Test Year to execute the functions in the Engineering Program as identified in Table 30
3 below. This represents an increase of \$1,354,333 and an average annual increase of 10.9% compared to the 2021 Cost of Service
4 application.

5 **Table 30 - Engineering Program Expenditures**

6

Description	2021 CoS	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals	2025 Bridge Year	2026 Test Year	2021 Actuals vs. 2021 CoS Incr/(Decr) \$	2026 vs. 2023 Actuals Incr/(Decr) \$	2026 vs. 2021 CoS Incr/(Decr) \$	2026 vs. 2021 CoS CAGR
Salaries and Benefits	\$2,304,484	\$2,238,740	\$2,322,921	\$2,670,017	\$2,780,008	\$2,597,129	\$3,697,700	\$(65,744)	\$1,027,684	\$1,393,217	9.9 %
Consultants	\$115,000	\$125,609	\$144,222	\$151,242	\$182,034	\$163,418	\$165,052	\$10,609	\$13,810	\$50,052	7.5 %
Computer Software	\$61,823	\$18,238	\$34,598	\$48,465	\$46,904	\$76,593	\$0	\$(43,585)	\$(48,465)	\$(61,823)	(100.0)%
Design and Estimates	\$24,830	\$3,643	\$1,008	\$0	\$0	\$0	\$0	\$(21,187)	\$0	\$(24,830)	(100.0)%
GIS/OMS Licensing and Support	\$214,000	\$239,044	\$203,431	\$263,728	\$215,342	\$220,975	\$0	\$25,044	\$(263,728)	\$(214,000)	(100.0)%
Pole/Cable Testing	\$134,000	\$53,853	\$156,688	\$46,029	\$180,478	\$171,700	\$173,417	\$(80,147)	\$127,388	\$39,417	5.3 %
Distribution Assets Inspection	\$0	\$0	\$0	\$0	\$179,744	\$202,000	\$204,020	\$0	\$204,020	\$204,020	n/a
Memberships and Dues	\$41,000	\$47,446	\$48,056	\$60,818	\$41,313	\$44,837	\$45,285	\$6,446	\$(15,533)	\$4,285	2.0 %
Prints and Supplies	\$25,437	\$10,074	\$13,852	\$10,955	\$8,382	\$10,768	\$10,768	\$(15,363)	\$(187)	\$(14,669)	(15.8)%
Engineering - All Other	\$92,985	\$52,284	\$76,299	\$73,716	\$38,924	\$65,934	\$78,735	\$(40,701)	\$5,019	\$(14,250)	(3.3)%
Allocated to Capital/Billable	\$(1,015,153)	\$(757,643)	\$(704,553)	\$(866,824)	\$(1,435,505)	\$(875,500)	\$(1,022,239)	\$257,510	\$(155,415)	\$(7,086)	0.1 %
Total	\$1,998,406	\$2,031,288	\$2,296,522	\$2,458,146	\$2,237,625	\$2,677,854	\$3,352,739	\$32,882	\$894,593	\$1,354,333	10.9 %

Variance Analysis

Costs have increased by \$1,354,333 from the 2021 Cost of Service application to the 2026 Test Year primarily due to:

1. an increase in salaries and benefits of \$1,393,217 due to (i) a net increase of six FTEs which accounts for \$768,161 of the variance and (ii) an increase in average salaries and benefits of \$26,044 per FTE which accounts for \$625,055 of the variance, as identified in Table 32 below. The average increase in salaries and benefits of 3.8% per FTE is primarily due to inflation.

The Engineering Program eliminated one position over the 2021-2025 period and is proposing to add seven FTEs in 2026, resulting in a net increase of six FTEs since the 2021 Cost of Service application. These seven new positions are identified in Table 31 below.

Table 31 - Engineering Positions Proposed for 2026

Supervisor, Energy Transition Integration
Engineering Services Technician (Energy Transition)
Supervisor, GIS
GIS Technician
Supervisor, Planning & Grid Modernization
Engineering Services Technician (Capital Projects)
Operations Clerk

The rationale for the increase of six FTEs is discussed further in Section 4.3.1.1 of this Exhibit 4.

Table 32 - Engineering Salaries and Benefits Variance Analysis

Description	2021 CoS	2026 CoS	2026 vs. 2021 CoS CAGR
FTE	18	24	n/a
Average Salaries	\$128,027	\$154,071	3.8 %

Variance Due to:	Amount
Increase in FTE	\$768,161
Increase in Average S&B	\$625,055
Total	\$1,393,217

The Engineering Program eliminated one position over the 2021-2025 period and is proposing to add seven FTEs in 2026, resulting in a net increase of six FTEs since the 2021 Cost of Service application.

2. an increase in distribution assets inspection costs of \$204,020 - these costs were accounted for in the Distribution Maintenance and Operations Program in the 2021 Cost of Service application and are identified on a consolidated basis in Table 33 below. Costs are expected to increase by \$54,020 from the 2021 Cost of Service application to the 2026 Test Year, approximately 50% of which is due to inflation. Costs increased in 2024 to include inspections of underground chambers in response to a recommendation from BHI's ESA (Reg 22/04) Audit. In addition, costs can fluctuate annually dependent on the cycle, type of asset and geographical area being inspected.

Table 33 - Distribution Assets Inspection

Distribution Assets Inspection	\$
2021 CoS	\$150,000
2021 Actuals	\$187,247
2022 Actuals	\$99,629
2023 Actuals	\$132,459
2024 Actuals	\$179,744
2025 Bridge Year	\$202,000
2026 Test Year	\$204,020

partially offset by:

3. a decrease in GIS/OMS Licensing and Support costs of \$(214,000) which are recorded in the Information Technology Program commencing in 2026.

2021 Cost of Service application-2021 Variance Explanation

Expenditures in 2021 were \$32,882 higher than the 2021 Cost of Service application primarily due to:

1. a higher proportion of salaries allocated to capital versus operating work of \$257,510; partly offset by
2. lower than budgeted expenditures for pole/cable testing of \$(80,147) due to a lower incidence of pole testing than in past years.

2021-2022 Variance Explanation

Expenditures increased by \$265,234 from 2021 to 2022 primarily due to:

1. an increase in expenditures for pole and cable testing of \$102,835 due to:
 - a. focused cable testing in the Brant Hills area due to the high frequency of cable faults; and
 - b. a higher number of poles requiring testing resulting from the changed practice to test poles after 20 years in service and every three years after that, rather than the previous seven-year cycle. This practice aligns BHI's pole testing cycle with the requirements of the DSC and allows BHI to collect more frequent data on potential failures for timely intervention and risk mitigation; and

2. an increase in salaries and benefits of \$84,181 primarily due to inflation.

2022-2023 Variance Explanation

Expenditures increased by \$161,624 from 2022 to 2023 primarily due to:

1. an increase in salaries and benefits of \$347,096 primarily due to five partial year vacancies in 2022; partially offset by
2. a decrease in expenditures for pole and cable testing of \$(110,659) primarily due to a deferral in BHI's cable testing program. BHI was unable to perform cable testing due to supply chain issues outside of its control. BHI was unable to source long lead time cable accessories that were required for emergency repairs in the event of cable failures during testing.

2023-2024 Variance Explanation

Expenditures decreased by \$(220,521) from 2023 to 2024 primarily due to:

1. a net decrease in Salaries and Benefits of \$(458,690) due to two partial year vacancies which were filled by the end of 2024, the transfer of two FTE to the IT program, and an increase in the percentage of time allocated to capital work as compared to operations and maintenance activities; partly offset by
2. an increase in expenditures associated with distribution assets inspections of \$179,744 - this sub-program was transferred from Distribution, Maintenance and Operations to Engineering. 2023 expenditures were \$132,459. The increase over the prior year is associated with a higher number of assets forecasted to be inspected. Costs can fluctuate annually dependent on the cycle, type of asset and geographical area being inspected; and
3. an increase in expenditures for pole and cable testing of \$134,449 due to resuming the cable testing deferred in 2023, as explained above.

2024-2025 Variance Explanation

Expenditures are expected to increase by \$440,229 from 2024 to 2025 primarily due to an expected net increase in Salaries and Benefits of \$377,126 as the percentage of time allocated to operations and maintenance activities reverts to historical levels.

2025-2026 Variance Explanation

Expenditures are expected to increase from 2025-2026 by \$674,885 from 2025 to 2026 primarily due to the following:

1. an increase in salaries and benefits of \$1,100,572 primarily due to the addition of seven new positions primarily to support growth, the energy transition and grid modernization as described further in Section 4.3.1.1 of this Exhibit 4. Two of these positions - Supervisor GIS and GIS Technician - are to replace two FTE who were transferred to the Information Services program in new roles. The rationale for this transfer is discussed in further Section 4.3.1.1 of this Exhibit 4.
2. a decrease in GIS/OMS support costs of \$(220,975) and Computer Software costs of \$(76,593) which were transferred to the IT Program.

4.3.0.9 Facilities

Program Overview

The Facilities Program is accountable for maintenance of BHI's head office and 32 substations, procurement and warehousing. Primary functions of this program are:

- operations and maintenance of BHI's buildings and substations including but not limited to utilities, buildings and grounds maintenance, janitorial services and insurance;
- the administration of procurement policies;
- procurement of materials and services; and
- management of the inventory and equipment used to construct and maintain BHI's distribution assets.

Salaries and benefits associated with the Facilities Manager and Facilities Coordinator are reported in the Safety Program.

Program Costs

BHI is budgeting \$596,324 in 2026 (net of the burden allocated to materials) to execute the functions in the Facilities Program as identified in Table 34 below. This represents an increase of \$132,939 and an average annual increase of 5.2% compared to the 2021 Cost of Service application.

Table 34 - Facilities Program Expenditures

Description	2021 CoS	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals	2025 Bridge Year	2026 Test Year	2021 Actuals vs. 2021 CoS Incr/(Decr) \$	2026 vs. 2023 Actuals Incr/(Decr) \$	2026 vs. 2021 CoS Incr/(Decr) \$	2026 vs. 2021 CoS CAGR
Facilities - Office Building Maintenance	\$300,886	\$274,891	\$279,108	\$317,298	\$344,744	\$336,932	\$387,662	\$(25,995)	\$70,364	\$86,776	5.2 %
Facilities - Service Centre and Stores	\$623,009	\$590,951	\$623,093	\$651,414	\$649,206	\$656,194	\$679,073	\$(32,058)	\$27,659	\$56,064	1.7 %
Total before Allocation	\$923,895	\$865,842	\$902,201	\$968,713	\$993,950	\$993,126	\$1,066,735	\$(58,053)	\$98,022	\$142,840	2.9 %
Burden Allocated to Materials	\$(460,510)	\$(418,563)	\$(470,411)	\$(470,411)	\$(470,411)	\$(470,411)	\$(470,411)	\$41,947	\$0	\$(9,901)	0.4 %
Total	\$463,385	\$447,279	\$431,790	\$498,301	\$523,538	\$522,714	\$596,324	\$(16,106)	\$98,022	\$132,939	5.2 %

Variance Analysis

Total costs have increased by \$132,939 from the 2021 Cost of Service application to the 2026 Test Year primarily due to an increase in facilities requirements in 2026. Cost increases from 2021-2025 are primarily driven by inflation. BHI's building was originally built in 1961 (64 years old) and as such, repairs and maintenance needs have changed since 2021. Increased expenditures as compared to the 2021 Cost of Service are required to (i) accommodate an increase in maintenance contracts for general maintenance and maintenance for critical building infrastructure such as HVAC systems, plumbing and roofing; and (ii) repair and maintain aging equipment such as fuel pumps, garage doors and access gates.

4.3.0.10 Fleet

Program Overview

The Fleet program is responsible for the acquisition, operations and maintenance of BHI's fleet which includes approximately 50 vehicles including trailers. The primary objective of the program is to ensure that BHI's fleet and associated equipment operate safely and reliably at the lowest overall lifecycle cost. This program ensures that fleet vehicles are always available so that BHI can conduct its electricity distribution activities and meet customer expectations in a safe, reliable, and expedient manner.

BHI conducts preventive vehicle maintenance activities on a regularly scheduled basis in accordance with legislative and regulatory requirements such as those administered by the Ministry of Transportation ("MTO"), the Electrical Utility Safety Rules ("EUSR"), the Occupational Health and Safety Act, 1990 (Ontario) ("OHSA") and Halton Region (for certain fleet vehicles).

Program Costs

BHI is budgeting \$188,665 in 2026 to maintain and operate its fleet of vehicles and equipment as identified in Table 35 below. This represents a decrease of \$(33,325) and an average annual decrease of (2.7)% compared to the 2021 Cost of Service application.

1 **Table 35 - Fleet Program Expenditures**

Description	2021 CoS	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals	2025 Bridge Year	2026 Test Year	2021 Actuals vs. 2021 CoS Incr/(Decr) \$	2026 vs. 2023 Actuals Incr/(Decr) \$	2026 vs. 2021 CoS Incr/(Decr) \$	2026 vs. 2021 CoS CAGR
Salaries and Benefits	\$30,338	\$0	\$0	\$4,066	\$0	\$36,957	\$38,745	\$(30,338)	\$34,679	\$8,407	4.2 %
Vehicle Operations and Maintenance	\$482,058	\$482,322	\$568,638	\$496,376	\$660,430	\$482,567	\$482,567	\$264	\$(13,809)	\$509	— %
Vehicles - All Other	\$11,947	\$38,584	\$22,036	\$41,050	\$21,633	\$28,460	\$28,460	\$26,637	\$(12,590)	\$16,513	15.6 %
Total before Allocation to Capital/Billable	\$524,343	\$520,906	\$590,674	\$541,493	\$682,064	\$547,984	\$549,772	\$(3,438)	\$8,279	\$25,429	0.8 %
Allocated to Capital/Billable	\$(302,353)	\$(278,323)	\$(298,222)	\$(334,994)	\$(357,521)	\$(335,000)	\$(361,107)	\$24,030	\$(26,113)	\$(58,754)	3.0 %
Total	\$221,990	\$242,583	\$292,451	\$206,498	\$324,542	\$212,984	\$188,665	\$20,593	\$(17,834)	\$(33,325)	(2.7)%

2
3
4 **Variance Analysis**

5 Operations and maintenance costs have decreased by \$(33,325) from the 2021 Actuals to the 2026 Test Year primarily due to an
6 increase in the amount allocated to capital and billable projects of \$(58,754), partially offset by an increase in all other vehicle costs of
7 \$16,513.

8
9 BHI is able to control costs and extend the life of vehicles beyond the typical useful life through its Fleet Evaluation Matrix (filed as
10 Appendix M of the DSP), which assesses the condition of vehicles based on six factors: age, usage (i.e. mileage), type of service,
11 reliability of the vehicles, repair costs (i.e. maintenance requirements) and overall conditions. BHI regularly analyzes the condition of
12 each vehicle and performs regular preventative maintenance on its trucks including annual rust protection service (spray-on rust
13 inhibitor applied to vehicle cavities and under carriage); which has extended the useful life of its vehicles and avoided costly
14 replacements and expensive reactive maintenance, providing value to BHI customers. BHI conducts all required vehicle maintenance
15 as per recommended maintenance plans and keeps all large vehicles indoors. All vehicles are regularly inspected, and all
16 deficiencies are immediately reported and corrected. In addition, annual operations and maintenance costs have decreased since
17 2021, despite inflation and fuel cost increases, in particular for diesel for large vehicles.

1 **2021-2026 Variance Explanation**

2 Operating and maintenance expenditures are expected to decrease from 2021 to 2026 due to
3 prudent management of vehicle operations and maintenance costs. The reduction in costs is
4 due to regularly scheduled maintenance of vehicles, a minimum of twice a year, using synthetic
5 oils and annual rust inhibitor spraying. In addition, BHI commenced the electrification of its fleet
6 and introduced eight EVs by the end of 2024. BHI will continue to electrify its' fleet and explore
7 potential cost savings on maintenance and operations of vehicles, while continuing to maintain
8 required response and service levels.

4.3.0.11 Human Resources

Program Overview

The Human Resources program is responsible for effective management of all employee and labour relations, including the interpretation and administration of the collective agreement provisions, non-occupational and occupational illness or injury employee claims, case management, talent acquisition, training and development, payroll administration, design and administration of the compensation, pension and benefits program, and associated technology systems and solutions. The Human Resources program supports both unionized and non-unionized work groups to ensure workplace issues are addressed promptly and appropriately, and in compliance with legislation, policies, and collective agreement procedures.

The program develops and executes the strategic workforce staffing plan, organization and job design, job evaluation, succession planning, employee communication, performance and productivity, and employee development strategies and programs.

The payroll function ensures that BHI employees are compensated for their services in a timely and accurate manner, consistent with relevant time-keeping and other records. The function also ensures that all relevant legislative requirements and statutory deductions are appropriately applied to employee payments and that payroll withholdings amounts are remitted on a timely basis. The payroll function is responsible for the year-end reconciliation, preparation and implementation of annual T4s. In addition, the function maintains accurate OMERS pension fund records for participating employees.

Consultants

Human Resources Consultant costs includes third party expertise services such as Total Compensation Reviews, Incentive Plan reviews, HR assistance to fill in gaps (i) where there is no in-house expertise or (ii) to accommodate work volume overflow. Consultants have also been used for recruitment, the development and execution of training and other HR programs such as Diversity, Equity and Inclusion ("DEI"), third party audits of Human Resources programs and harassment and workplace violence investigations.

1 **Retiree Benefits and Group Insurance**

2 Retiree Benefits and Group Insurance are associated with post-retirement health, dental and
3 life insurance benefits. Retirees are eligible for health and dental benefits up to the age 65 while
4 post 65 benefits include life insurance only for which Burlington pays 100% of the premium.
5 Both Unionized and Non-Union Employees that were hired after 2014 are no longer eligible for
6 post-retirement life insurance. This was agreed to during collective bargaining as part of BHI's
7 efforts to find efficiencies with the benefit plan.

Human Resources Program Costs

BHI is budgeting \$1,397,773 in 2026 to execute the functions in the Human Resources Program as identified in Table 36 below. This represents an increase of \$294,765 and an average annual increase of 4.9% compared to the 2021 Cost of Service application.

Table 36 – Human Resources Program Expenditures

Description	2021 CoS	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals	2025 Bridge Year	2026 Test Year	2021 Actuals vs. 2021 CoS Incr/(Decr) \$	2026 vs. 2023 Actuals Incr/(Decr) \$	2026 vs. 2021 CoS Incr/(Decr) \$	2026 vs. 2021 CoS CAGR
Salaries and Benefits	\$497,821	\$487,708	\$484,097	\$518,784	\$592,496	\$623,622	\$785,814	\$(10,114)	\$267,030	\$287,993	9.6 %
Union Expenses	\$28,000	\$31,730	\$3,024	\$4,609	\$44,421	\$5,000	\$6,144	\$3,730	\$1,535	\$(21,856)	(26.2)%
Retiree Benefits and Group Insurance	\$345,505	\$347,613	\$151,372	\$303,134	\$292,946	\$338,621	\$326,801	\$2,108	\$23,667	\$(18,704)	(1.1)%
Consultants	\$70,000	\$57,986	\$71,604	\$73,498	\$52,647	\$81,000	\$71,700	\$(12,014)	\$(1,798)	\$1,700	0.5 %
Professional Fees	\$31,200	\$38,148	\$36,104	\$43,389	\$92,681	\$57,350	\$57,540	\$6,948	\$14,152	\$26,340	13.0 %
Payroll Software	\$27,978	\$31,987	\$32,121	\$38,688	\$27,513	\$37,200	\$37,572	\$4,009	\$(1,116)	\$9,594	6.1 %
Advertising	\$12,000	\$20,733	\$14,690	\$15,243	\$21,210	\$15,500	\$15,600	\$8,733	\$357	\$3,600	5.4 %
Health and Wellness	\$15,000	\$585	\$300	\$2,168	\$854	\$11,800	\$11,796	\$(14,415)	\$9,628	\$(3,204)	(4.7)%
Human Resources - All Other	\$75,504	\$76,376	\$95,779	\$79,836	\$41,964	\$84,509	\$84,806	\$872	\$4,970	\$9,302	2.4 %
Total	\$1,103,009	\$1,092,865	\$889,092	\$1,079,348	\$1,166,733	\$1,254,602	\$1,397,773	\$(10,143)	\$318,426	\$294,765	4.9 %

Variance Analysis

Costs have increased by \$294,765 from the 2021 Cost of Service application to the 2026 Test Year primarily due to an increase in salaries and benefits of \$287,993 as a result of an increase in FTE in 2024 and 2026, as discussed in the 2023-2024 and 2025-2026 Variance Explanations below respectively.

2021 Cost of Service application-2021 Variance Explanation

There were no material variances.

2021-2022 Variance Explanation

Expenditures decreased by \$(203,773) from 2021 to 2022 due to a decrease in Retiree Benefits and Group Insurance of \$(196,241). This favorability was due to a one-time past service cost gain of \$215,600 as a result of an update to the post retirement benefits to reflect that employees hired after April 1, 2014 were no longer eligible for post-retirement life benefits.

2022-2023 Variance Explanation

Expenditures increased by \$190,255 from 2022 to 2023 due to an increase in Retiree Benefits and Group Insurance of \$151,762. 2022 included a one-time past service cost gain of \$215,600 as identified above.

2023-2024 Variance Explanation

Expenditures increased by \$87,385 from 2023 to 2024 due to:

- i) An increase in Salaries and Benefits of \$73,712 which were required to provide administrative support during key activities during 2024 including collective bargaining, the Cost of Service application and HR systems implementation;
- ii) An increase in Professional Fees of \$49,292 due to legal fees associated with labour negotiations, arbitrations and settlements; and
- iii) An increase in Union Expenses of \$39,812 relating to negotiation of the collective bargaining agreement in 2024.

2024-2025 Variance Explanation

There were no material variances.

2025-2026 Variance Explanation

Expenditures are expected to increase by \$143,171 from 2025 to 2026 primarily due to the addition of an HR Analyst/Generalist in 2026 which is required to support the organizational changes required as a result of the key business drivers, organizational needs and activities described in Section 4.3.1.1 of this Exhibit 4. Workload has increased due to the competitive

1 labour market, high turnover of staff, and shift in employee needs and preferences post the
2 COVID-19 pandemic. This has caused increasing demand for workforce planning, regular
3 recruitment and onboarding of new staff, and digitalization of existing HR processes to meet
4 employee expectations. In addition, these factors have made all HR functions more complex,
5 requiring additional tasks related employee engagement, development, and workforce analytics.
6
7 Further details on the rationale for adding this position are provided in Section 4.3.1.1 of this
8 Exhibit 4.

4.3.0.12 Information Services

Program Overview

BHI's Information Services program is designed to oversee and manage all aspects of BHI's Informational and Operational Technology ("IT/OT") infrastructure, ensuring that digital tools, systems, and networks support business operations while maintaining cyber security and facilitating efficiency. The Information Services program aligns with BHI's vision, mission, strategic objectives, and enterprise risk management ("ERM") program. Information Services plays a critical role in enabling business functions and strategic and operational plans, enhancing productivity, strengthening cyber security measures to protect company assets and data, and driving digital transformation to meet the evolving needs of BHI customers. This program contributes to delivering safe, secure and reliable electricity by maintaining IT/OT infrastructure, cyber security controls, business applications, and services. The program is responsible for managing and supporting the following:

- **Enterprise and Business Applications** - This includes but is not limited to Enterprise Resource Planning ("ERP"), CIS, Outage Management System ("OMS"), AMI, Geographical Information Systems ("GIS"), Supervisory Control and Data Acquisition ("SCADA") and other business-facing systems / applications. Costs associated with managing and supporting Enterprise and Business Applications are included in the Technology - Software, Licensing, Support and Maintenance sub program described below.
- **IT/OT Infrastructure** - This forms the backbone of BHI's systems and applications, ensuring seamless communication, data management and control of critical systems. IT/OT infrastructure includes but is not limited to hardware and software related to servers, storage, backup, networks, virtualization and cloud services/environments, and the costs associated with the operations and maintenance of this infrastructure are included in the Technology – Hardware Maintenance and Support sub program described below. Costs associated with upgrades and replacements of IT/OT Infrastructure are included as capital expenditures in the General Plant category as identified in Table 5.4.-13 of the DSP.

- 1 • **End User Technical Support and Services** - This involves assisting employees,
2 customers, and other stakeholders who use BHI's technology (IT/OT), ensuring they can
3 effectively operate digital tools, systems and applications such as laptops, printers,
4 computers and tablets. This support involves help desk support, user account and
5 access management, problem resolution, cyber security and data protection, network
6 connectivity issues, installing updates and maintenance, and cloud deployment and
7 service models. The latter ensures secure, scalable, and reliable IT/OT that supports
8 grid management, customer services and other business functions. Cloud deployment
9 models, whether managed internally or outsourced to a cloud service provider, are
10 selected to optimize operational efficiency, improve resilience, and accelerate digital
11 transformation while maintaining security and reliability.
- 12 • **Telecommunications, Collaboration and Messaging systems** - These systems
13 support the oversight and performance monitoring of communication infrastructure that
14 enables seamless interaction and engagement between employees, field crews,
15 customers and other stakeholders. Systems include voice communication (Voice over
16 Internet Protocol ("VOIP")), smart phones, fibre optic assets, wireless infrastructure,
17 radio, Microsoft teams, IVR, and email systems. Effective management of this area
18 supports digital transformation by enabling real-time data exchange, remote work
19 capabilities, and enhanced situational awareness for employees working in the office or
20 out in the field; and Information / Cyber Security / Risk Management.
- 21
22
23 Information / Cyber Security / Risk Management involves managing privacy, protecting
24 sensitive data, maintaining operational resilience, and safeguarding infrastructure
25 against cyber threats in accordance with industry standards and the OCSF. According to
26 cyber security experts', electrical distribution critical infrastructure is an increasing target
27 for threat actors.¹⁵ Given the increasing frequency of cyber threats targeting critical
28 infrastructure and BHI's most recent cyber incident that took place in 2025, having in
29 house talent and a strong security and risk management framework is essential to
30 manage these risks and threats.

¹⁵ National Cyber Threat Assessment 2025-2026 online: <https://www.cyber.gc.ca/en/guidance/national-cyber-threat-assessment-2025-2026>

- 1 • **Business Continuity Planning, Disaster Recovery and Incident Response Planning**
2 This is essential for maintaining operations, minimizing disruptions, and protecting critical
3 infrastructure from cyber threats, natural disasters, equipment failures or other
4 emergencies. This involves assessing risk, developing strategies, implementing tactics
5 such as backups and monitoring techniques, training, and conducting tabletop exercises.
6 These programs help ensure BHI can quickly respond to incidents, recover systems, and
7 continue to deliver reliable electricity services to customers.
- 8
9 • **Vendor Management** - This involves maintaining relationships and monitoring
10 performance with critical service providers both for information / cyber security and for
11 organization technology requirements.
- 12
13 • **Technology Assessment** - This includes, but is not limited to, the assessment of new
14 IT/OT systems and applications that are required to achieve BHI's strategic objectives
15 and regulatory requirements, and analyzing emerging technologies including but not
16 limited to Artificial Intelligence ("AI"), Machine Learning ("ML") and Edge Computing.
- 17
18 • **IT Governance** - Establishes governance structures such as steering committees for
19 decision making, prioritization, and oversight of IT investments and operations to ensure
20 alignment with BHI's strategic objectives, regulatory requirements, and risk management
21 principles. IT Governance facilitates transparency and communication between IT/OT
22 and business functions ensuring documentation and justification are developed to align
23 with BHI's strategy.

24
25 Desired outcomes and measures of the Information Services program are:

26
27 **Improved Customer and Stakeholder Experience**

- 28 • Improved service delivery, and user satisfaction and experience by providing
29 faster, more personalized services and increasing operational efficiency to create
30 a more responsive and engaging experience. Some examples include customer
31 data integration across different touchpoints, faster response times, enhancing

1 service offerings, and improving data security and customer trust through
2 technology employment and solutions for efficient problem resolution.

- 3 • Provide enhanced digital tools such as on-line self service options in order to
4 meet customer and employees evolving needs and preferences. This includes (i)
5 streamlining processes through digitalization that gives customers access to
6 information in a more convenient manner; and (ii) working with internal
7 stakeholders to identify ways to digitize workflows.
- 8 • Strengthened IT support for customer and business-facing applications ensuring
9 limited down time and reliable working conditions.

10 11 **Operational Reliability, Safety and Effectiveness**

- 12 • Support the creation and maintenance of cyber security controls to mitigate
13 against potential vulnerabilities and threats that may jeopardize the safe and
14 proper functioning of IT/OT assets.
- 15 • Support outage restoration efforts by ensuring that employees have the
16 necessary tools to promptly identify and resolve power outages in an efficient and
17 safe manner, and effectively communicate to customers.

18 19 **Operational Performance**

- 20 • Support BHI strategic objectives for all business functions such as customer
21 service, regulatory, engineering & operations, finance, billing, communications,
22 and human resources.
- 23 • Support and maintain modern, reliable and secure IT/OT systems that improve
24 operational performance, and support the energy transition and grid
25 modernization.

The Information Services Program includes the following sub programs:

1. Technology Software Licensing, Support and Maintenance
2. Technology Hardware Maintenance and Support
3. Technology Managed Services provided by critical vendors
4. Technology Hosting Services provided by critical vendors
5. Technology Consulting Services provided by Subject Matter Experts ("SME")
6. Technology Business Continuity and Disaster Recovery Planning ("BCPDR")
7. Technology Telecommunication Services provided by critical service providers
8. Technology Subscriptions for third party research and advice

An overview of these sub-programs is provided below.

Software Licensing, Support and Maintenance

This sub-program includes the operating costs associated with recurring licensing fees, and ongoing support and maintenance for BHI's business software applications (including but not limited to ERP, CIS, OMS, AMI, GIS, SCADA) and business-facing systems. Software licensing, support and ongoing maintenance are essential components of IT/OT management to ensure BHI has legal access to software, continues to receive technical support, and keeps systems updated for security, performance, and compliance reasons. Common license models include (i) perpetual models (one-time purchase), (ii) subscription-based models (installed locally and subject to a recurring fee for continuous access); and Software as a Service ("SaaS") models for which the software is hosted in the cloud, accessed over the internet and subject to recurring fees for continuous access, (iii) enterprise (bulk) models, and (iv) user or device based models for which BHI incurs a charge per user. Support and maintenance of these applications includes (i) access to vendor technical support; (ii) ensuring security patches, vulnerabilities and performance issues are addressed; and (iii) ensuring software remains compliant with industry regulations and cyber security best practices.

Software **licensing costs** are increasing primarily due to the following:

- vendors are transitioning from perpetual to subscription-based models;

- increased cyber security and compliance requirements which require ongoing investment; and
- vendors are transitioning to cloud-based solutions.

Vendors are raising prices by as much as 30% annually as they embed AI into SaaS and other solutions.¹⁶ In addition, more than 80% of vendors will have embedded Generative AI ("GenAI") capabilities in their enterprise applications by 2026 (up from less than 5% now today).

Software **maintenance and support costs** are increasing primarily due to the incorporation of software applications necessitated by evolving business imperatives, in conjunction with the escalation of maintenance and support fees imposed by software vendors or resellers for business applications pertinent to network security, email systems, and various other products within the information and operational technology spheres. Illustrative examples encompass Project Management, Help Desk, Document Management, Security platforms, and database applications. Vendors are augmenting costs to sustain and support these business applications for several reasons identified below:

- Software systems are becoming increasingly intricate, exhibiting numerous interdependent connections and interfaces. This complexity mandates recurrent updates and patches to safeguard against emergent cyber threats. For instance, antivirus software must perpetually update its virus definitions to counteract new malware, while network security applications necessitate regular updates to address the latest vulnerabilities and attack vectors.
- As BHI requires more sophisticated functionalities and integration capabilities, the foundational codebases expand in size and intricacy, necessitating more extensive testing and debugging throughout maintenance cycles.
- The dynamic technology stacks, and user demands for innovative features such as AI, alongside performance and scalability requisites, have collectively amplified maintenance and support costs. There is a growing requirement for applications capable

¹⁶ Gartner, Research Roundup: Enhance Products and Services With GenAI

1 of managing larger data volumes and expediting processing speeds. Software vendors
2 must invest in upgrading infrastructure to accommodate high bandwidth usage and
3 extensive data storage solutions.

- 4 • To fulfill performance expectations of systems and applications, continuous monitoring
5 and optimization of applications are imperative, contributing to an increase in operating
6 expenses.
- 7 • Software vendors are unveiling new features and upgrades to align with shifting
8 customer requirements, such as refined user interfaces for enhanced user experience,
9 advanced analytics capabilities for business intelligence, and automated workflows for
10 augmented productivity. Those whose software is contingent upon substantial data
11 storage or high bandwidth utilization have increased prices to account for the
12 corresponding increase in their operational costs.

13
14 In the absence of essential maintenance and support for these software applications, BHI will be
15 unable to delivering customer-centric solutions, effectively operate business applications, secure
16 necessary support, or address security vulnerabilities within emerging technology domains. For
17 instance, obsolete email systems may fail to adhere to security standards. Further details on the
18 potential impacts to BHI's systems and its customers are provided below.

19
20 In summary, the augmenting software maintenance and support costs are precipitated by the
21 necessity to remain abreast of technological advancements, secure systems against cyber
22 threats, and furnish robust and scalable solutions to satisfy evolving business exigencies.

23
24 In addition to the above factors and due to the shifting trends in the industry, many software
25 vendors no longer provide perpetual licenses which are capitalized, and organizations are
26 compelled to transition to subscription models.

The business software applications listed below are critical for business operations and without adequate funding to license, maintain, and operate these applications, BHI's ability to serve its customers would be adversely impacted as follows:

- *CIS*

- inability to issue timely and accurate bills to customers, process payments, and manage billing cycles, payment reminders, and overdue notices.
- inability to respond effectively to customers and provide personalized service as BHI's CIS stores and manages customer data and processes service requests (e.g. new connections, disconnections and repairs)
- inability to accurately manage meter data - the CIS interfaces with smart meters and collectors to collect and process consumption data to calculate usage, verify billing accuracy and offer usage insights to customers

- *ERP*

- inability to integrate with BHI's CIS to ensure all financial data is recorded, reported and managed within one system
- inability to effectively handle the procurement of materials and equipment - BHI's ERP system automates its purchasing procedures, tracks inventory and manages vendors
- inability to manage assets and control inventory effectively which would impact the ability to provide reliable service to customers

- *Operational Technology*

- inadequate operational funding for BHI's OMS, which was replaced in 2025 and is described in further detail on page 156 of this Section, will adversely impact service to customers. BHI would be unable to effectively manage and respond to power outages, and ensure timely, accurate and proactive two-way communication with customers using various communications channels
- BHI's GIS is used to visualize, analyze, and interpret data to make more informed decisions about network management, outage response, asset management, and planning. Inadequate funding could lead to affect data inaccuracy which in turn can lead to poor decision-making, causing inefficiencies in maintenance, repairs, and

asset management. Response times to outages or emergencies could be delayed as staff may not have access to real-time, accurate information about the location of issues.

- SCADA systems are critical for monitoring and controlling infrastructure in real-time. Inadequate funding could result in delayed detection and response to outages, and affect predictive analytics, remote monitoring, and real-time decision-making. A lack of automation due to insufficient SCADA funding can lead to higher labor costs, as operators need to manually monitor systems, respond to alerts, and adjust infrastructure. In the absence of predictive maintenance, BHI may experience more frequent breakdowns that require emergency repairs.
- AMI uses smart meters and communication networks to enable real-time data collection and communication about energy consumption. Without funding, BHI will not have access to detailed, real-time data about its customers' energy usage. It would not be able to offer time-of use pricing or provide customers with detailed usage reports or recommendations on how to reduce consumption.

Hardware Maintenance and Support

The Hardware Maintenance and Support sub-program includes maintenance and support for all technology related hardware (e.g., servers, storage, routers, switches, firewalls, access points, Uninterruptible Power Supplies ("UPS"), and Remote Terminal Units ("RTUs")). Critical business functions are dependent on a variety of hardware devices which require appropriate support plans in case of any hardware failures. The Hardware Maintenance and Support sub program is responsible for the deployment and management of the following asset components and services:

- Data and voice, including radio, telephony, and communication infrastructure;
- Grid management connectivity networks;
- Servers, network and storage infrastructure; and
- Physical data centre infrastructure

Technology Managed Services

Critical services and monitoring such as Network Security, Managed Detection & Response, Threat Response Unit, Incident Response Unit, Traffic Interruption, End Point Protection, Wireless Networks, SCADA hardware and software services and corporate digital footprint on

1 the public internet are outsourced to several entities who work closely with BHI to manage and
2 monitor these critical components on 24/7/365 basis through their Security Operations Centre
3 ("SOC") and Network Operations Centre ("NOC") teams.

4
5 The global cyber security threat landscape is constantly evolving, with attacks ranging from
6 social engineering, to destructive ransomware attacks, to nation-state backed Advanced
7 Persistent Threats ("APTs"). A recent Statistics Canada survey¹⁷ of more than 12,400
8 companies revealed that over one in eight businesses (13%) reported experiencing ransomware
9 attacks in 2023, up from 11% in 2021. Total spending on recovery from cyber security incidents
10 increased in 2023, doubling from approximately \$600 million in 2021 to \$1.2 billion in 2023.

11
12 Recent ransomware attacks include:

- 13
14 • a ransomware attack at Colonial Pipeline (a major fuel pipeline in the United States) that
15 carries gasoline, diesel and jet fuel from refiners on May 7, 2021¹⁸;
16 • a ransomware attack at Toronto's Hospital for Sick Children on December 18, 2022¹⁹;
17 • a January 2023 cyber security incident at the Liquor Control Board of Ontario²⁰; and
18 • a February 2024 cyber security incident at the City of Hamilton²¹.

19
20 These attacks highlight the ongoing need to prevent security breaches to protect the privacy of
21 BHI's customers and employees and maintain the integrity of the grid. As mentioned above, BHI
22 also recently experienced a cyber incident involving a third party vendor in 2025, which
23 reinforces the critical requirement for technology managed services.

24
25 The core components of Managed Services that BHI outsources are as follows:

¹⁷ <https://www150.statcan.gc.ca/n1/daily-quotidien/241021/dq241021a-eng.htm>

¹⁸ Colonial Pipeline, *Media Statement Update: Colonia Pipeline System Disruption* (May 17, 2021)

¹⁹ Sick Kids, *SickKids Lifts Code Grey with 80 percent of priority systems restored* (January 5, 2023) online: <<https://www.sickkids.ca/en/news/archive/2023/sickkids-lifts-code-grey-with-80-per-cent-of-priority-systems-restored/#:~:text=Summary%3A,a%20ransomware%20attack%20on%20Dec.>>

²⁰ Liquor Control Board of Ontario, *LCBO Statement Regarding Cybersecurity Incident and Response*, (January 12, 2023) online: < <https://www.lcbo.com/content/lcbo/en/corporate-pages/about/media-centre/news/2023-01>

²¹ <https://www.hamilton.ca/cyberincident>

1 **Perimeter Network Security**

2 Managed Service Providers (MSPs") continuously monitor the health and performance of an
3 organization's perimeter network security devices. MSPs manage and configure firewalls to
4 protect BHI's network from cyberattacks and unauthorized access. This proactive monitoring
5 ensures that potential issues, such as denial of service attacks, unauthorized access and
6 network penetration attempts are identified early. With real-time 24/7 monitoring, any issues
7 or failures in the systems can be addressed promptly before they escalate into major
8 problems.

9
10 **Managed Detection and Response**

11 BHI works with third parties to provide managed detection and response services to prevent
12 cyber-attacks before they spread to other networks across the organization.

13
14 There are several key benefits of IT Managed Services:

15
16 **Expertise:** MSPs employ highly skilled professionals with expertise and experience across
17 various IT/OT disciplines, which is difficult for BHI to replicate in-house.

18
19 **Proactive Monitoring & Maintenance:** With 24/7 monitoring, potential issues are detected
20 and resolved before they cause significant downtime or damage to BHI's IT/OT systems,
21 leading to improved up time.

22
23 **Security:** MSPs often provide advanced cyber security measures, such as firewalls,
24 encryption, and threat detection, to safeguard businesses against cyberattacks.

25
26 **Scalability:** One of the foremost advantages of scalability within managed services is the
27 capacity to modulate resources in alignment with the evolving needs of BHI. As BHI
28 undergoes expansion or fluctuating demands, managed services can be scaled up or down
29 without necessitating extensive capital investments or long-term commitments. For example,
30 the capacity to increase or decrease log ingestion, add or remove end points in vulnerability
31 scanning, and increase or decrease computational resources in scalability without a need to
32 undersized or oversized platforms. This methodology ensures that businesses incur

1 expenses solely for utilized resources. Scalability further permits BHI to assimilate new
2 technologies, manage escalating workloads, and augment operations seamlessly without
3 impinging upon daily activities.

4 Costs related to technology managed services are expected to increase in the future as cyber
5 security measures are needed as a result of BHI's growing technology footprint due to
6 digitalization.

7 **Hosting Services**

9 Some of the most critical technological solutions utilized by BHI, such as BHI's website,
10 Customer Portal, customer-facing OMS interface (Outage Map), and CIS, are hosted by third
11 parties. BHI works closely with these vendors, who host critical business applications and digital
12 footprint on behalf of BHI and are responsible for maintaining these platforms.

14 Technology hosting services encompass a wide range of solutions, from dedicated hosting and
15 shared hosting to more complex services such as cloud hosting. The costs associated with IT/
16 OT hosting services are driven by various factors, including infrastructure investments, network
17 bandwidth, security measures, compliance requirements, scalability, and specialized services.
18 Technology hosting services are leveraged for the following applications:

- 20 • **Customer-facing Applications - Website, Customer Portal and OMS Outage Map -**
21 BHI does not have the required infrastructure in-house to host customer-facing
22 platforms. Shared models for customer-facing platforms are advantageous as hosting
23 providers have systems and resources already in place to support and maintain these
24 critical infrastructures 24/7. This improves operational efficiency, ensures optimal
25 performance and provides redundancy for these critical services. These shared
26 platforms are effective solutions that can meet the changing requirements of BHI in
27 response to industry changes or best practices.
- 28
29 • **CIS** - BHI's CIS system is hosted by a third party who provides platform services,
30 software development, process integration, application support and hosting services.
31 Hosting providers have infrastructure in place to adapt to the changing requirements of
32 BHI, and have resources to support and develop the product and services. Hosting with

third parties transfers risk from BHI to the vendor, reduces downtime and facilitates effective management of application support, implementation and maintenance.

Technology Consulting Services

BHI's Technology department works with subject matter experts on an as-needed-basis to maintain and support BHI critical systems and applications. Consulting services are contracted by BHI for specific skill sets which are not available in-house such as components of the Software Development Life Cycle ("SDLC"). Software engineering and development are not core skill sets that BHI employs in house as more economical solutions are offered by third parties through "out-of-the-box" or off the shelf solutions. Software development, implementation, testing and maintenance is outsourced to customer information systems and web services providers. Technology consulting services include:

- Main frame and front-end programming, changes to relational database management systems, application programming interfaces, software performance testing, user acceptance testing and continuous maintenance;
- CIS post implementation support in response to regulatory changes, enhancements, process improvements and automation; and
- Supporting changes to BHI's digital footprint which require a specialized skill set for web development to modify application components and software services

Business Continuity and Disaster Recovery Planning ("BCPDR")

BHI's BCPDR sub-program includes planning, implementing, and testing the Business Continuity Plan ("BCP"), Disaster Recovery Plan ("DRP") and Incident Response Plan ("IRP"). BCP includes information about business applications, processes, critical vendor contacts, business applications Recovery Time Objectives ("RTOs"), and Recovery Point Objectives ("RPOs") as part of the Enterprise Risk Management ("ERM") program.

BHI's BCP is created to ensure that BHI can continue its critical operations and services in the event of disruptions, such as natural disasters, cyberattacks, power failures, or other unforeseen crises. The BCP outlines strategies and processes to maintain or quickly restore key business functions to minimize downtime.

1 The DRP constitutes a paramount aspect of IT/OT governance, aimed at ensuring the
2 recuperation of an organization's indispensable IT/OT systems, data, and operations
3 subsequent to a catastrophe, disruption, or unforeseen failure. The plan explains specific
4 recovery procedures and protocols, encompassing backup solutions, data replication, and
5 system redundancies to ensure minimal operational downtime.

6
7 An IRP for cyber security is a structured approach that outlines the actions that BHI will take to
8 detect, respond to, and recover from cyber security incidents or attacks. The goal is to minimize
9 the damage caused by a security breach, contain the incident, and restore normal operations as
10 quickly as possible. It also assists BHI with learning from the incident to improve future security
11 measures.

12
13 RTOs and RPOs are key metrics in BHI's BCP:

- 14 • RTOs define the maximum acceptable amount of time that an organization can tolerate
15 for recovering its critical systems, processes, or services after a disruption or disaster.
- 16 • RPOs define the maximum amount of data loss an organization can tolerate in the event
17 of a disruption or disaster. In other words, RPOs specify the point in time at which data
18 must be restored after an incident, helping to determine the frequency of backups or
19 data replication.

20
21 BHI can minimize the impact of disruptions, and ensure it can return to normal operations as
22 quickly as possible after a disaster, by maintaining an organized and structured approach to
23 BCPDR. Components of the BCP include Business Impact Analysis ("BIA"), risk classification
24 based on criticality to business operations, strategy, training, testing and maintenance. The
25 components of BHI's BCDRP are:

- 26
27 • **Governance:** Senior leadership involvement in both BCP and DRP efforts.
- 28 • **Planning:** Detailed business continuity and disaster recovery planning, including risk
29 assessments, impact analysis, and strategy development.
- 30 • **Implementation:** Procedures for crisis response, recovery, and resource allocation
- 31 • **Testing:** Regular drills and simulation exercises to ensure readiness
- 32 • **Maintenance:** Continual review and updates to keep plans relevant and effective.

1 **Telecommunication Services**

2 Telecommunication expenses are related to multiple Internet Service Providers ("ISPs")
3 terminated into corporate networks to provide BHI with redundancy, failover, high availability and
4 increased bandwidth to support network traffic between internet, cloud and local network routes
5 to critical vendor networks.

6
7 **Subscriptions**

8 BHI subscribes to research, education and advisory services to assist it with executing an
9 enterprise-wide technology strategy and governance model to drive business strategy in the
10 face of rapid technological changes and an evolving cyber threat landscape. This subprogram
11 provides BHI with research-based advice and guidance through expert analyst calls, and
12 industry forums and webinars related to technology domains. It also supplements and enhances
13 current technology (IT/OT) staff knowledge and expertise. Research is based on industry
14 surveys, analysis, and trends in technology governance, risk management, cyber security,
15 compliance, privacy, third party vendor management, emerging technologies, business
16 continuity, technical operations and shared services.

1 **Program Costs**

2 BHI is budgeting \$3,087,916 in 2026 to execute the functions for the Information Technology Program as identified in Table 37 below.
3 This represents an increase of \$1,631,032 and an average annual increase of 16.2% compared to the 2021 Cost of Service
4 application.

5 **Table 37 - Information Technology Program Expenditures**

Description	2021 CoS	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals	2025 Bridge Year	2026 Test Year	2021 Actuals vs. 2021 CoS Incr/(Decr) \$	2026 vs. 2023 Actuals Incr/(Decr) \$	2026 vs. 2021 CoS Incr/(Decr) \$	2026 vs. 2021 CoS CAGR
Salaries and Benefits	\$700,794	\$661,748	\$688,948	\$661,274	\$910,712	\$1,239,313	\$1,277,814	\$(39,047)	\$616,540	\$577,020	12.8 %
Software Licensing, Support and Maintenance	\$261,764	\$173,664	\$216,350	\$281,943	\$303,657	\$478,260	\$901,494	\$(88,100)	\$619,551	\$639,730	28.1 %
Hardware Maintenance and Support	\$63,352	\$26,574	\$35,805	\$41,866	\$31,897	\$37,250	\$41,350	\$(36,778)	\$(516)	\$(22,003)	(8.2)%
Technology Managed Services	\$90,000	\$92,430	\$133,166	\$156,273	\$124,357	\$145,000	\$150,500	\$2,430	\$(5,773)	\$60,500	10.8 %
Hosting Services	\$130,000	\$128,471	\$141,134	\$153,606	\$144,044	\$139,000	\$205,000	\$(1,529)	\$51,394	\$75,000	9.5 %
Technology Consulting Services	\$60,000	\$68,072	\$192,151	\$253,742	\$155,643	\$225,439	\$239,000	\$8,072	\$(14,742)	\$179,000	31.8 %
Business Continuity & Disaster Recovery	\$61,800	\$5,596	\$2,524	\$29,546	\$61,420	\$67,000	\$72,000	\$(56,204)	\$42,454	\$10,200	3.1 %
Telecommunication Services	\$44,473	\$55,337	\$46,314	\$42,123	\$39,672	\$45,000	\$45,450	\$10,864	\$3,327	\$977	0.4 %
Subscriptions	\$0	\$(925)	\$0	\$5,385	\$0	\$93,000	\$93,000	\$(925)	\$87,615	\$93,000	n/a
Information Services - All Other	\$44,700	\$21,376	\$38,961	\$31,376	\$43,099	\$60,068	\$62,308	\$(23,324)	\$30,932	\$17,608	6.9 %
Total	\$1,456,883	\$1,232,343	\$1,495,353	\$1,657,133	\$1,814,501	\$2,529,329	\$3,087,916	\$(224,541)	\$1,430,782	\$1,631,032	16.2 %

Variance Analysis

Costs have increased by \$1,631,032 from the 2021 Cost of Service application to the 2026 Test Year primarily driven by the following considerations, some of which are further discussed below in this section:

1. an increase in salaries and benefits of \$577,020 discussed in further detail below;
2. an increase in software licensing, support and maintenance of \$639,730 of which approximately \$300,000 was transferred from the Engineering department and is not incremental. The remaining increase is discussed in further detail below and driven by:
 - a. recurring fees associated with subscription based models which have transitioned from traditional, one-time software license purchases;
 - b. an increase in cyber security costs;
 - c. an increase in licensing costs due to an increase in the complexity of software and changing licensing requirements for BHI; and
 - d. an increase in operating costs associated with new software implementations including a new OMS, as discussed on page 156 below, to more effectively manage business operations.
3. an increase in technology consulting services of \$179,000;
4. an increase in subscription services of \$93,000;
5. an increase in hosting services of \$75,000; and
6. an increase in technology managed services of \$60,500 due to an increase in costs associated with (i) managed services for network security components, cyber security monitoring tools, and BHI's ERP; and (ii) hosting, maintaining and supporting BHI's iSeries hardware which operates BHI's ERP.

The overall technology landscape has changed significantly since BHI's last Cost of Service application resulting in a material increase in IT requirements and costs:

Salaries and Benefits

The increase pertaining to Salaries and Benefits is primarily driven by the addition of five FTE in the Information Technology program since the 2021 Cost of Service application including: an IT/OT Systems Specialist (2021), an Information Technology Business Analyst (2023), a Technical Support Analyst (2023), a Manager, Projects & Business Systems (2024) and a Business

1 Applications/Data Specialist (2024). These positions, described in further detail in Section
2 4.3.1.1, are required to support the broader digital transformation of the energy sector, changes
3 in technology, and evolving industry demands.

4
5 The IT/OT systems required to manage BHI's operations are becoming increasingly complex
6 and require specialized knowledge and expertise. The growing digitalization of BHI's operations
7 and the expansion of connected devices have significantly increased the risk of cyberattacks.
8 BHI has added staff to (i) support AI-driven initiatives, (ii) facilitate the consolidation of
9 operational technology and information technology under one department to improve IT
10 governance and manage cyber risk, (iii) support implementation of increased functionality within
11 BHI's systems, improvement to business processes and changing business requirements; (iv)
12 support end users for computers, printers, and BHI's network and applications as a result of the
13 conversion from desktops to laptops to facilitate business continuity; and (v) mitigate cyber risk
14 including compliance with OCSF standards and similar regulatory requirements.

15
16 **Software Licensing, Support and Maintenance Costs**

17 The traditional model of purchasing perpetual software licenses has shifted towards
18 subscription-based or Software as a Service (SaaS) models, particularly for cloud-based
19 solutions. This shift to subscription from the traditional perpetual licensing model is expected to
20 grow as more IT vendors move towards a subscription model for both cloud-based and on-
21 premises systems. Many vendors are adopting "cloud only" solutions that rely solely on cloud
22 technologies instead of providing an option to host a solution on-premises. This transition is
23 outside of BHI's control and has resulted in increased costs as follows:

- 24
25
- Subscription-based models require payment of ongoing monthly or annual fees that are
26 based on the number of users, the scale of data being processed, and the level of
27 service required, which has resulted in higher recurring operational costs compared to
28 traditional, one-time software license purchases which were capitalized. Fees are
29 expected to increase as BHI's usage and data requirements continue to grow.
 - An increase in the costs associated with cyber security controls to ensure confidentiality,
30 integrity and availability of BHI data, information and assets. This includes secure data
31 handling, encryption, access control, and compliance with regulatory frameworks (e.g.
32 OCSF). BHI's internet facing digital footprint has expanded through the use of
33

1 subscription-based and cloud computing models, which increases the attack surface for
2 cyber threats. As such BHI needs to invest more in cyber security controls to protect
3 sensitive customers and grid data hosted in these models

4
5 According to the Canadian Cybersecurity Center, critical infrastructure ("CI") is
6 increasingly at risk from cyber-attacks. The energy sector was in the top three, next to
7 health care and oil and gas industries, of the CI sectors reporting a cyber incident.²² As
8 such, cyber security has become a top priority for BHI. Securing IT systems, especially
9 in the face of increased digitalization, requires specialized cyber security software, which
10 has also contributed to higher Software Licensing, Support and Maintenance Costs.
11 Some examples include Privileged Access Management for BHI's critical systems, email
12 and applications monitoring.

- 13
14 • Increased licensing costs due to
- 15 ◦ an increase in the complexity of software. Software tools have become more
16 sophisticated, with additional features and enhanced capabilities (e.g., AI-
17 powered analytics, cyber security, real-time monitoring) which is reflected in
18 increased licensing costs.
 - 19 ◦ an increase in number of users and change in licensing requirements for existing
20 applications to support cyber security measures and business operations (e.g.
21 Microsoft licensing)
- 22
- 23 • BHI has implemented and plans to implement new software to more effectively manage
24 business operations, including by advancing automation, such as: automated accounts
25 payable software, AutoCad design and drafting software, and document management
26 software.

27 **Technology Consulting Services**

28
29 The costs for Technology Consulting Services have increased since 2021, primarily due to an
30 increase in vendor support costs for BHI's CIS and new Customer Portal. Evolving regulatory,

²² National Cyber Threat Assessment 2025-2026 online: <https://www.cyber.gc.ca/en/guidance/national-cyber-threat-assessment-2025-2026>

1 policy and business needs, which are beyond BHI's control, have required an increase in CIS
2 support costs to meet billing and customer service requirements:

- 3
4 • BHI replaced its legacy CIS, which was 24 years old in 2021, as identified in its 2021
5 Cost of Service application.²³ Its legacy CIS was technologically obsolete, not flexible
6 enough to respond to regulation and policy changes, and could not meet customer
7 demand for new functionality. Support was provided through a combination of in-house
8 resources with specialized skills and third party vendor resources both of which are no
9 longer available and cannot be replaced. These support costs were replaced with
10 vendor-provided consulting services at a higher cost than forecasted in BHI's 2021 Cost
11 of Service application.
- 12
13 • Regulatory and policy changes include RPP Optionality, ULO rate plan implementation,
14 expansion of OER eligibility, an increase in net metering customers, and the
15 implementation of IESO's Market Renewal Program. These changes require
16 implementation support, for which BHI's vendors must modify software code and change
17 processes. Specifically, each change has to follow the SDLC process including code
18 writing, software testing, documentation and software delivery. These changes have
19 resulted in a more complex billing system which has led to an increase in vendor costs to
20 support the Billing, Customer Service and IT/OT programs to ensure appropriate
21 processing of customer requests, and facilitate timely and accurate billing practices.
22 Services for which BHI receives vendor support for include, among others, meter data
23 collection and verification, pricing and rate class changes, bill calculation and
24 presentment, move-in/move-out requests, and CIS integration with support systems
25 such as document management, the IESO's MDM/R, meter reading software, and BHI's
26 Customer Portal.
- 27
28 • BHI implemented a new Customer Portal, including the Green Button initiative as
29 described in Section 4.3.0.6 of this Exhibit 4 which contributed to an increase in support
30 costs as a result of product modifications and enhancement of system and business
31 processes. As part of the broader digital transformation, BHI has invested in improving

²³ p171, DSP, EB-2020-0007

customer experience through digital platforms. This includes self-serve options to enhance customer service. Meeting evolving customer needs requires more complex systems which in turn require more extensive training and support services, leading to higher overall expenses.

Inadequate funding for this sub-program would impact BHI's ability to issue timely and accurate bills, maintain its billing accuracy results and provide timely, appropriate responses to customer service requests.

Hosting Services

Hosting Services have increased primarily as a result of the implementation of Green Button through BHI's customer account portal. The Green Button initiative, mandated by the OEB, was implemented by BHI in December 2023. These changes are described in further detail in Section 4.3.0.6 of this Exhibit 4.

2021 Cost of Service application-2021 Variance Explanation

Actual expenditures were \$(224,541) lower in 2021 vs. the 2021 Cost of Service application primarily due to:

- i. lower Software Licensing, Support and Maintenance of \$(88,100) some of which was suspended during a review of required maintenance activities;
- ii. lower Business Continuity and Disaster Recovery expenses of \$(56,204) due to a delay in implementation; and
- iii. a decrease in Hardware Maintenance and Support of \$(36,778) due to supply chain challenges.

2021-2022 Variance Explanation

2022 expenditures were \$263,010 higher than 2021 due to:

- i. An increase in Technology Consulting Services of \$124,080. This increase is primarily related to consulting services provided by BHI's CIS vendor in response to business requirements. BHI implemented a new CIS in July 2021 to replace its Daffron CIS system which was 24 years old, heavily customized, hosted and managed internally, and did not provide functionality requested by customers. In addition, CIS upgrades were no

longer provided by the vendor²⁴. BHI's new CIS solution is hosted, managed and provided by a third party. Cost increases, specifically in 2022 and 2023 are associated with higher than normal operating costs for implementation services, training and support related to the launch of a new CIS. In addition, changing regulatory, policy and business needs have required an increase in CIS support costs to meet billing and customer service requirements. These costs are outside of BHI's control. As identified in the Billing and Customer Service programs (Sections 4.3.0.3 and 4.3.0.6 of this Exhibit 4 respectively), BHI has implemented several changes since 2021 to deliver positive customer outcomes, and comply with policy and regulatory changes;

- ii. An increase in Software Licensing, Support and Maintenance of \$42,686 due to the resumption of required maintenance activities for BHI's CIS; and
- iii. An increase in Technology Managed Services costs of \$40,735 due to an increase in testing to mitigate cyber security risk.

2022-2023 Variance Explanation

Expenditures increased by \$161,780 from 2022 to 2023 due to:

- i. An increase in Software Licensing, Support and Maintenance of \$65,593 due to an increase in licensing and subscription costs such as Office MS365 licenses, Adobe annual subscriptions, and BHI's document management system; and costs associated with implementing Privileged Access Management for BHI's critical systems. These costs are required to effectively manage business operations, advance automation and mitigate cyber security risk; and
- ii. An increase in Technology Consulting Services of \$61,590 costs related to the implementation of the new CIS and changing regulatory, policy and business needs as identified above.

2023-2024 Variance Explanation

Expenditures increased by \$157,368 from 2023 to 2024 due to:

- i. An increase in Salaries and Benefits of \$249,438 due to the addition of two headcount, hired later in 2023 - a Technical Support Analyst and an IT Business Analyst. The addition of these positions was driven by rapid changes in technology and cyber security measures. In addition, digitalization has increased since BHI's last Cost of Service

²⁴ EB-2020-0007, Exhibit 2, Appendix B, p92

1 application, in part due to the COVID-19 pandemic and the consequent shift to remote
2 work and online services. As a result IT/OT support for BHI customers and employees
3 has increased to meet their evolving needs
4

5 The Technical Support Analyst is responsible for delivering End User Compute and
6 Technical Support within IT/OT Infrastructure, Identity and Access, software applications
7 and mobile devices support, to ensure the seamless functioning of systems,
8 applications, and networks. Responsibilities include troubleshooting technical issues,
9 assisting end-users, and maintaining IT/OT infrastructure to meet business and
10 operational requirements. Key duties involve diagnosing and resolving hardware and
11 software problems, managing user accounts, supporting enterprise applications, and
12 escalating complex issues. The Technical Support Analyst contributes to cyber security
13 awareness, performs system updates, and documents technical processes. This role is
14 essential for maintaining business continuity, minimizing downtime, and ensuring
15 employees have the necessary technical resources. BHI did not previously have a
16 dedicated role for end-user support - this role also includes cell phone management and
17 laptop support (which is more time intensive than desktop support due to encryption
18 requirements and required software management). BHI's conversion from desktops to
19 laptops was to facilitate business continuity through the ability for staff to work remotely.
20 This function was previously performed on a part-time basis by the infrastructure
21 specialist.
22

23 The IT Business Analyst role was required due to the increase of digitalization; the
24 adoption of a new CIS, new Customer Portal and Green Button; and the upgrade of
25 BHI's ERP since BHI's last Cost of Service application. This position entails gathering
26 and translating business requirements into application processes in coordination with
27 departments and vendors. The responsibilities include analyzing business processes,
28 collecting requirements, and collaborating with the business to implement and optimize
29 technology solutions that enhance efficiency and process automation, and improve
30 systems reliability. The role serves as a liaison between users, IT/OT teams, and
31 external vendors to analyze business and functional requirements and establish data
32 requirements and processes pertinent to both existing and new enterprise applications.

This role is integral in driving digital transformation, ensuring IT investments align with business objectives, and improving operational effectiveness. The role also (i) evaluates business requests to determine requirements, feasibility, and recommends appropriate business solutions, (ii) focuses on planning for the adoption of emerging technologies such as Artificial Intelligence; and (iii) provides business intelligence reporting, and application mapping and information flow.

- ii. An increase in Software Licensing, Support and Maintenance of \$21,713 due to (i) an increase in costs associated with cyber security solutions to protect BHI's data and systems; (ii) an increase in subscription costs associated with project and document management tools; and (iii) software maintenance for BHI's servers; partly offset by:
- iii. A decrease in Technology Consulting Services of \$(98,099). Support costs associated with BHI's new CIS reverted to normal operating levels as implementation services and training related to the launch concluded.

2024-2025 Variance Explanation

Expenditures are expected to increase by \$714,829 from 2024 to 2025 due to:

- i. An increase in Salaries and Benefits of \$328,601 due to the redeployment of two FTE from Engineering to the Information Services program to perform the newly created roles of IT Manager, Projects and Business Applications (SCADA, OMS, AMI, GIS) and Business Applications/Data Specialist. The rationale for this change was to consolidate operational technology (SCADA, OMS, AMI, GIS) and information technology under one department to improve IT governance, manage risk and cyber security.

The IT Manager, Projects and Business Systems ensures seamless project execution and the alignment of applications with organizational goals. With a focus on optimizing processes, improving application performance, and leveraging analytics, this role supports operational efficiency and decision-making. The IT Manager enhances the organization's ability to deliver reliable, modern, and customer-focused energy solutions.

The Business Applications/Data Specialist is responsible for optimizing business applications, processes and leveraging data analytics to support strategic decision-making and operational efficiency. This role ensures seamless integration of systems

1 and processes, which enhances operational reliability and enables better service
2 delivery to meet customer needs and expectations.

- 3 ii. An increase in Software Licensing, Support and Maintenance of \$174,603 due to (i) an
4 increase in third party ERP vendor costs outside of BHI's control; and (ii) annual support
5 fees for an automated accounts payable solution as identified in Section 4.3.0.1 of this
6 Exhibit 4.
- 7 iii. An increase in Subscriptions costs of \$93,000 - this service provides research about best
8 practices, education, advisory and strategic IT governance to assist BHI with emerging
9 technologies, and risk and governance frameworks.

10
11 **2025-2026 Variance Explanation**

12 Expenditures are expected to increase by \$558,586 from 2025 to 2026 primarily due to:

- 13 i. an increase in Software Licensing, Support and Maintenance of \$423,234 costs due to:
- 14 1. costs associated with BHI's new OMS of \$155,526. OMS and GIS costs were
15 recorded in Engineering prior to 2026. BHI replaced its OMS in January 2025,
16 however software maintenance and licensing costs were waived for the first year.
17 The majority of implementation costs for new systems are recorded in capital
18 expenditures in accordance with IFRS. Recurring software licensing, support
19 and maintenance costs are recorded in operating expenses. The rationale for
20 replacing BHI's OMS is identified below on page 156 and in Section 5.2.1.3 of the
21 DSP.
- 22 2. costs associated with BHI's GIS of \$140,175 which were transferred to IT from
23 the Engineering department - these are not incremental costs; and
- 24 3. an increase of \$137,393 in costs associated with MS Office 365 licenses,
25 AutoCAD design and drafting software; new remote network access software to
26 mitigate cyber risk; and implementation of advanced functionality for BHI's
27 internal communication platform.
- 28 ii. an increase in Hosting Services of \$66,000 associated with the implementation of Green
29 Button through BHI's customer account portal. The Green Button initiative, mandated by
30 the OEB, was implemented by BHI in December 2023. Prior to 2026, these costs were
31 recorded in a Deferral and Variance account, proposed for disposition in this Cost of
32 Service Application. This initiative is discussed in further detail in Section 4.3.0.6 of this
33 Exhibit 4.

1 **OMS Replacement**

2 Although the OMS replacement resulted primarily in capital costs in 2024, BHI has and will incur
3 additional OM&A costs to maintain this new system, as described above. As such, the following
4 discussion provides additional context as to the ratepayer benefits of BHI's new OMS system.
5

6 BHI's new OMS facilitates better alignment with strategic objectives - specifically, addressing
7 customer needs more effectively and efficiently; and enhancing operational efficiencies. It has
8 improved BHI's ability to manage and respond to power outages, and streamline restoration
9 efforts which in turn improves overall grid resiliency. The new OMS will ensure timely, accurate
10 and proactive two-way communication with customers using various communications channels
11 which were not available options in BHI's legacy system. Customers have indicated that they
12 would like to be notified of planned and unplanned outages through texts or email alerts and
13 messages, functionality which was not available in BHI's legacy OMS.
14

15 The new OMS provides real time monitoring, automated fault location and reduced downtime.
16 BHI plans to utilize proactive notification, reporting and performance metrics, and integrate with
17 other components of the grid. Enhanced reliability and grid resiliency will help drive down the
18 total cost of ownership in the long term by lowering operational costs and improving asset
19 management. The new OMS will integrate directly with other systems under the Advanced
20 Distribution Management System ("ADMS") umbrella, providing real-time system visibility and
21 control during outages. This will allow for faster restoration times, improved outage
22 communication to customers, and a more robust outage portal. In addition to operational
23 improvements, the new OMS will streamline the reporting process by automating tasks that
24 were previously handled manually, increasing both efficiency and accuracy. Additionally, the
25 new system is built to support future grid modernization initiatives, enabling advanced
26 functionalities like FLISR, Volt-Var Optimization ("VVO"), and Distributed Energy Resources
27 Management System (DERMS). These capabilities will help BHI continue to reduce outage
28 times, improve system efficiency, enhance customer experience and support the integration of
29 renewable energy sources into the grid. By leveraging real-time data, automation, and
30 integration with advanced technologies, the new OMS enables faster outage detection and
31 resolution, better resource management, and proactive communication with customers.

4.3.0.13 Metering

Program Overview

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

BHI's Metering program maintains approximately 69,000 smart, suite, commercial and industrial meters. BHI has partnerships and contracts with third party metering specialists in suite metering for multi-residential buildings, and wholesale metering for its registered Wholesale Meter points with the Independent Electricity System Operator ("IESO").

The Metering program also performs field checks of its metering installations. These field checks consist of two parts; a static test, and a dynamic test:

- The static test involves a visual review of the instrument transformer serial numbers, ratios, meter information, meter type, wiring, grounding, condition of cabinets, evidence of tampering, by-passed conductors, loose connections and any other safety issues.
- The dynamic test involves the physical connections of test equipment (circuit analyzer), that take voltage, current, power and phase angle measurements to verify that instrument transformer ratios and billing multipliers are correct.

The primary objective of the Metering Program is to maintain an accurate meter population that provides accurate data for billing purposes and provides added value by using hourly data for engineering and operations purposes such as loading calculations, and power outage and power restoration information. This objective is accomplished with a full complement of meter service technicians that are proficient in power system calculations, knowledge of communication systems and cellular technology and safe operations around energized equipment. Qualified staff are able to detect theft, errors and safety issues that arise. The

Metering Program maximizes the efficiency of the communication network of BHI's AMI system to ensure fewer instances of missing data, a timely response to defective meters, and completeness and accuracy of customer data. BHI employs contractors when necessary for bulk or large quantity meter changes to avoid hiring permanent staff for a temporary need.

Measurement Canada Compliance

BHI is required to comply with the metering requirements set out by Measurement Canada, which state that all meters must be resealed at specific intervals in order to ensure that customers' electricity use is accurately metered. BHI's meter sampling and testing program verifies the accuracy of meters, ensuring compliance with applicable requirements under the Electricity and Gas Inspection Act and the Weights and Measures Act. These federal legislative schemes permit the use of meters for a set period of time, also referred to as a "seal period", before they must be either tested (i.e. re-verified) or replaced. The time span for smart meters is typically ten years. When meters are tested and re-verified for accuracy, the seal period is extended. For meter testing purposes, Measurement Canada permits utilities to form lots (i.e. groups of meters with homogeneous meter characteristics), and test only a small number (the "sample group") from the lot. Typically, between two to five percent of randomly selected meters from each lot form the sample group. For smaller homogeneous lots, the sampling rate could be as high as 50 percent. The number of meters to be tested is determined in accordance with Measurement Canada's specification S-S-06, *Sampling Plans for the Inspection of Isolated Lots of Meters in Service* ("the Specification"). The seal period of the isolation lot of meters can be extended if the accuracy statistics for the sample group meet tolerances stipulated in Measurement Canada's Specification. Some unique meters do not belong to any isolation lot and must be removed from service and tested individually before their seal periods expire.

When conducting meter testing, BHI relies on field crews and contracted meter crews to remove meters that are part of a sample group and return them to an Accredited Meter Services shop for testing. Test results are forwarded to BHI for documentation and further action based on the test results. A "pass" results in an update to the meter records and the extension of seal periods, dependent on the tested accuracy levels. Seals for BHI's smart meters with a ten-year initial seal period, are extended for all of the meters within the group by up to an additional eight years, if a "pass" is achieved for the sample size.

BHI provides details on the remaining sub-programs in the Metering program below.

Advanced Meter Infrastructure ("AMI") Operations

BHI utilizes a third party mesh network AMI system with a head end system to measure, collect and analyze energy usage and has agreements with this third party to host and operate the system on its behalf. Additionally, BHI has a separate AMI system for its suite meters that utilize a multi-customer metering system. BHI uses the head end system to collect and analyze suite meter data which is hosted by a third party through an agreement with BHI's suite metering contractor. Both of these contracts are based on a per meter charge and therefore increase proportionally as BHI's meter count increases..

Computer Software MV90 and Maintenance Fees

BHI incurs fixed annual software maintenance fees for its AMI system. This provides BHI with five day/nine hour support for its operations and Customer Information Systems (CIS) integration. BHI previously also paid licensing fees for MV90 Meters Inside Settlement Timeframe ("MIST") metering software, however with a newly structured agreement with its third party settlement provider to fully operate their MV90 as a service, those costs are no longer incurred, resulting in reduced costs for licensing and maintenance fees.

Web Presentment and Wholesale Settlement

BHI contracts a third party to provide web presentment, wholesale settlement services, and Commercial and Industrial Energy Manager via MV90 as a service, for its Meters Inside Settlement Timeframe ("MIST") meters.

Other

The metering group is also responsible for 24/7 emergency response to customer trouble call requests. When the Control Room determines that the trouble call is related to an isolated area or single customer, a meter technician is dispatched to perform the initial investigation, determine a root cause for the trouble call using various troubleshooting techniques and take appropriate action to resolve the issue or call for further assistance when needed.

- 1 The majority of expenditures in the Metering Program are non-discretionary because they are (i)
- 2 driven by statutory or regulatory obligations, or (ii) the requirement to resolve a meter issue in
- 3 the field on a reactive basis.

Program Costs

BHI is budgeting \$1,287,051 in 2026 to execute the functions for the Metering Program as identified in Table 38 below. This represents an increase of \$189,404 and an average annual increase of 3.2% compared to the 2021 Cost of Service application.

Table 38 - Metering Program Expenditures

Description	2021 CoS	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals	2025 Bridge Year	2026 Test Year	2021 Actuals vs. 2021 CoS Incr/(Decr) \$	2026 vs. 2023 Actuals Incr/(Decr) \$	2026 vs. 2021 CoS Incr/(Decr) \$	2026 vs. 2021 CoS CAGR
Salaries and Benefits	\$407,818	\$646,718	\$521,915	\$663,661	\$518,872	\$666,213	\$644,764	\$238,900	\$(18,897)	\$236,946	9.6 %
Contracted Labour	\$26,100	\$30,442	\$10,969	\$11,889	\$15,574	\$52,343	\$60,347	\$4,342	\$48,458	\$34,247	18.3 %
AMI Operations	\$283,672	\$247,400	\$247,915	\$250,952	\$252,487	\$255,200	\$257,752	\$(36,272)	\$6,800	\$(25,920)	(1.9)%
Computer Software - MV90/ Maintenance	\$135,132	\$113,213	\$96,647	\$113,259	\$133,760	\$101,011	\$79,716	\$(21,919)	\$(33,543)	\$(55,416)	(10.0)%
Wholesale Settlement	\$145,855	\$123,450	\$123,783	\$123,216	\$124,882	\$172,830	\$176,725	\$(22,405)	\$53,509	\$30,870	3.9 %
Communications	\$36,204	\$23,996	\$20,841	\$9,777	\$7,473	\$11,126	\$8,667	\$(12,208)	\$(1,110)	\$(27,537)	(24.9)%
Web Presentment	\$14,250	\$11,175	\$20,000	\$14,997	\$0	\$0	\$0	\$(3,075)	\$(14,997)	\$(14,250)	(100.0)%
Metering - All Other	\$48,616	\$134,558	\$74,821	\$38,260	\$43,884	\$56,085	\$59,080	\$85,942	\$20,820	\$10,464	4.0 %
Total	\$1,097,647	\$1,330,952	\$1,116,890	\$1,226,010	\$1,096,931	\$1,314,809	\$1,287,051	\$233,306	\$61,041	\$189,404	3.2 %

Approximately 50% of the costs for executing the metering program are attributable to salaries and benefits. The full complement of staff to perform metering services is four journeyperson Meter Technicians and one Manager, Metering and Technical Services; however, FTE may be higher to allow for succession planning and training which is the case in 2026, where BHI is proposing to hire a Metering Technician Apprentice, resulting in total FTEs of six.

1 As part of workforce planning, there will be a need to develop an Apprentice to become a fully
2 certified Metering Technician in advance of a future retirement. This will ensure knowledge
3 transfer and continuity of skills and proficiency. The Metering Technician Apprentice will be
4 responsible for the installation, maintenance, repair, and troubleshooting of electrical meters and
5 related equipment. The Apprentice will assist with the setup and operation of interval data
6 collection systems, as well as smart metering systems.

7
8 This position plays a key role in BHI's energy transition and growth efforts by assisting with the
9 installation and maintenance of smart metering systems which ensures accurate billing and
10 enhances customer satisfaction through efficient service delivery. The Apprentice supports the
11 expansion of metering infrastructure, critical for monitoring and optimizing energy usage to
12 inform customers in making informed energy consumption choices. It also supports the
13 development of new talent, ensuring reliable and efficient metering services for the future.

14 15 **Variance Analysis**

16 Costs have increased by \$189,404 from the 2021 Cost of Service application to the 2026 Test
17 Year primarily due to an increase of \$236,946 in salaries and benefits (including overtime).
18 2026 includes the advance hire of one apprentice in 2026 to replace a future retirement.
19 Overtime costs fluctuate with BHI customer needs and requirements. Meter Technicians are on
20 "stand by" as first responders to emergency trouble calls during the day and after-hours.

21
22 Year over year fluctuations in salaries and benefits are typically the result of (i) staff turnover due
23 to retirements or departures, and the resulting partial year vacancies prior to recruiting and
24 staffing these positions again; and (ii) fluctuations in the percentage of time allocated to capital
25 vs. operating tasks. Operating tasks include: changing of defective or non-communicating
26 meters, field testing meter installations, high bill complaint investigations, power quality
27 investigations, emergency trouble calls, meter downloading and communications
28 troubleshooting, collections and disconnect / reconnects of commercial/industrial customers,
29 and meter shop maintenance. Capital work includes: new meter installations, installing and
30 wiring new meter backplates, installation of new primary metering, commissioning of new suite
31 metering systems, and new modem installations.

2021 Cost of Service application-2021 Variance Explanation

Actual expenditures were \$233,306 higher in 2021 vs. the 2021 Cost of Service application, primarily due to:

1. higher than budgeted salaries and benefits of \$238,900 due to a higher percentage of labour allocated to operating as compared to capital; partially offset by
2. lower AMI Operations costs of \$(36,272) due to the implementation of an CIS hosted AMI resulting in reduced costs from BHI's meter reading providers.

2021-2022 Variance Explanation

Expenditures decreased by \$(214,062) from 2021 to 2022 primarily due to lower salaries and benefits of \$(124,803) as compared to prior year - more time was allocated to capital than planned as a higher number of meter reverifications were capitalized as part of the 2022 reverification program, as compared to prior year.

2022-2023 Variance Explanation

Expenditures increased by \$109,119 from 2022 to 2023 primarily due to higher salaries and benefits of \$141,746 as compared to prior year. Less time was allocated to capital than in the prior year.

2023-2024 Variance Explanation

Expenditures decreased by \$(129,078) from 2023 to 2024 primarily due to lower salaries and benefits of \$(144,789) as compared to prior year. This was partly due to a journey person meter technician leaving the organization in December 2023, resulting in a partial year vacancy in 2024.

2024-2025 Variance Explanation

Expenditures are expected to increase by \$217,877 from 2024 to 2025 primarily due to an increase in salaries and benefits of \$147,342 as the Metering program is expected to be fully staffed.

1 **2025-2026 Variance Explanation**

2 Expenditures are expected to decrease by \$(27,758) from 2025 to 2026. BHI plans to hire an
3 apprentice in 2026 as described above. The resulting increase in salaries and benefits is offset
4 by an increase in the percentage of time allocated to capital work versus operating tasks. BHI
5 realized savings for its meter reading and verification services for large customers by
6 consolidating MV90 services from two vendors into one as explained above.

4.3.0.14 Regulatory Affairs

Program Overview

The Regulatory Affairs Program is accountable for all aspects of regulatory processes for BHI including: regulatory filings; compliance with applicable codes and legislation; and related internal operational support. Regulatory Affairs builds and supports key relationships with government, regulators, industry peers, and stakeholders to monitor, influence, and evaluate potential impacts and opportunities related to industry regulation and government energy policy.

A primary function of Regulatory Affairs is developing and advancing applications for electricity distribution rates (e.g. Cost of Service Applications) and annual Incentive Rate Mechanism (“IRM”) applications. Regulatory Affairs advises executive management of the financial, operational and customer implications of current and evolving regulation with due regard for corporate strategy and compliance. The department is also responsible for overall management and monitoring of the capital budget.

The Regulatory Affairs program expenses include salaries and benefits of the Regulatory Affairs staff, the OEB Annual Assessment; OEB Cost Awards, rate filing costs, LEAP funding and legal and consulting services.

BHI provides further details on the major sub-programs in the Regulatory Affairs program below.

OEB Regulatory Costs

OEB regulatory costs include the OEB Annual Assessment and Cost Awards.

Rate Rebasing Costs

The forecast and actual costs associated with preparing BHI’s 2021 Cost of Service were \$848,844 and \$622,809 respectively, and were amortized over five years from 2021 to 2025.

BHI’s costs associated with preparing its 2026 Cost of Service are forecast at \$948,920, or \$189,784 per year amortized over five years from 2026 to 2030. The primary driver of the decrease as compared to the 2021 Cost of Service is lower forecasted legal, consultants, intervenor and Customer Engagement costs; partly offset by higher costs associated with other

resources allocated to this Application as identified in Table 39 below. Incremental operating expenses associated with other resources have increased due to the implementation of a new cloud-based reporting platform that brings improved data accuracy, as well as increased efficiency in preparing this Application.

Table 39 – Rate Rebasing Costs 2021 Cost of Service vs. 2026 Cost of Service

Description	2021 Cost of Service	2021 Actuals	2026 Cost of Service	\$ Incr/ (Decr) vs. 2021 CoS	\$ Incr/ (Decr) vs. 2021 Actual
Legal costs	\$240,145	\$201,721	\$331,048	\$90,903	\$129,327
Consultants' costs	\$441,872	\$338,452	\$310,809	\$(131,063)	\$(27,643)
Intervenor costs	\$125,000	\$82,637	\$90,900	\$(34,100)	\$8,264
Incremental operating expenses associated with other resources allocated to this application.	\$41,828	\$0	\$216,164	\$174,336	\$216,164
Total	\$848,844	\$622,809	\$948,920	\$100,076	\$326,111

LEAP funding

LEAP funding for 2026 represents 0.12% of BHI's 2026 revenue requirement as identified in Section 4.3.6 of this Exhibit and mandated by the OEB²⁵ and is expected to increase from \$47,000 to \$65,000.

²⁵ p.34, Section 2.4.3.5, Chapter 2 Filing Requirements

Program Costs

BHI is budgeting \$1,540,573 in 2026 to execute the functions in the Regulatory Program as identified in Table 40 below. This represents an increase of \$511,472 and an average annual increase of 8.4% compared to the 2021 Cost of Service application.

Table 40 - Regulatory Program Expenditures

Description	2021 CoS	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals	2025 Bridge Year	2026 Test Year	2021 Actuals vs. 2021 CoS Incr/(Decr) \$	2026 vs. 2023 Actuals Incr/(Decr) \$	2026 vs. 2021 CoS Incr/(Decr) \$	2026 vs. 2021 CoS CAGR
Salaries and Benefits	\$458,077	\$443,522	\$409,280	\$401,142	\$443,438	\$467,687	\$799,824	\$(14,555)	\$398,683	\$341,748	11.8 %
OEB Regulatory Costs	\$308,300	\$262,091	\$315,516	\$344,839	\$403,739	\$418,093	\$426,189	\$(46,209)	\$81,350	\$117,889	6.7 %
Rate Rebasing Costs	\$169,769	\$134,040	\$134,040	\$134,040	\$134,040	\$134,040	\$189,784	\$(35,729)	\$55,744	\$20,015	2.3 %
IRM Filing Costs	\$9,500	\$0	\$4,199	\$11,706	\$0	\$1,869	\$10,000	\$(9,500)	\$(1,706)	\$500	1.0 %
Leap Funding	\$47,000	\$47,000	\$47,000	\$47,000	\$47,000	\$47,000	\$65,000	\$0	\$18,000	\$18,000	6.7 %
Regulatory - All Other	\$36,456	\$21,294	\$27,204	\$13,933	\$16,760	\$25,764	\$49,776	\$(15,162)	\$35,843	\$13,320	6.4 %
Total	\$1,029,102	\$907,947	\$937,239	\$952,660	\$1,044,976	\$1,094,453	\$1,540,573	\$(121,155)	\$587,913	\$511,472	8.4 %

Variance Analysis

Costs have increased by \$511,472 from the 2021 Cost of Service application to the 2026 Test Year primarily due to:

1. an increase in salaries and benefits of \$341,748 as a result of two new positions in 2026 - a Regulatory Analyst and a Senior Manager of Capital Planning/Supply Chain; and
2. an increase in annual OEB regulatory costs of \$117,889.

The increase in costs associated with the annual OEB cost assessment are outside of BHI's control. Rationale for the increase in FTE is provided below.

2021 Cost of Service application-2021 Variance Explanation

Actual expenditures were \$(121,155) lower in 2021 vs. the 2021 Cost of Service application primarily due to:

1. a decrease in OEB Regulatory Costs of \$(46,209) - this was mainly due to lower annual Regulatory Costs charged to LDCs to recover OEB and intervenor costs (OEB Cost Assessment Billing & Cost Awards) than anticipated; and
2. a decrease in Rate Rebasing Costs of \$(35,729) -primarily due to intervenor costs which were lower than planned as BHI's 2021 CoS application was settled prior to proceeding to an oral hearing.

2021-2022 Variance Explanation

Expenditures increased by \$29,292 from 2021 to 2022 primarily due to:

- 1) an increase in OEB Regulatory Costs of \$53,425 due to higher OEB Cost Assessments than prior year; partly offset by
- 2) a decrease in Salaries and Benefits of \$(34,241) due to a change in staffing mix within the department.

2022-2023 Variance Explanation

Expenditures increased by \$15,422 from 2022 to 2023 with no material sub-program variances.

2023-2024 Variance Explanation

Expenditures are expected to increase by \$92,316 from 2023 to 2024 primarily due to an increase in OEB Regulatory Costs of \$58,900 due to higher OEB Cost Assessments than prior year.

2024-2025 Variance Explanation

Expenditures increased by \$49,476 from 2024 to 2025. There are no material variances.

2025-2026 Variance Explanation

Expenditures are expected to increase by \$446,121 from 2025 to 2026, due to an increase in Salaries and Benefits due to the addition of two FTE - a Regulatory Analyst and a Senior Manager of Capital Planning/Supply Chain. These positions are required to (i) support the energy transition, growth in the City of Burlington, and grid modernization in 2026 and beyond;

- 1 (ii) facilitate compliance with evolving regulatory developments; and (iii) participate in various
- 2 OEB policy initiatives. Further rationale and job summaries are provided in Section 4.3.1.1 of
- 3 this Exhibit 4..

4.3.0.15 Safety

Program Overview

The Safety Program is accountable for ensuring a safe work environment for BHI's employees, contractors and customers through inspections, audits, training, implementation of policies and procedures, and compliance with statutory health and safety requirements. The Safety Program ensures BHI employees are working safely with minimal exposure to hazards and provides training to employees on safety in the workplace. It reduces employee risk of injury through the development and implementation of programs, the application of risk-based management system standards, effective training, diligent inspections, and thorough investigations into incidents and near misses.

The Safety program expenses include salaries and benefits and costs associated with Safety sub-programs such as the Health, Safety & Environment Management System ("HSEMS"), BHI's Public Safety Campaign, Safety Incentives and Training.

BHI provides further details on the major sub-programs in the Safety program below.

Health, Safety & Environment Management System ("HSEMS")

A HSEMS provides a structured approach to managing risks and ensuring compliance with regulatory and organizational standards. It provides a framework that improves system efficiency and effectiveness through the centralized management of common activities such as inspections, audits, safety meetings, reporting, investigations, and training. The framework elements also include policy and leadership commitment, risk assessment and hazard identification, employee engagement and communication processes, creation of standard operating policies, incident management, and emergency planning. It facilitates compliance with the Distribution System Code, the Occupational Health & Safety Act ("OHSA"), O.Reg 22/04 Electrical Distribution Safety and other legislative requirements. An HSEMS also provides a mechanism for mitigating the risk in achieving corporate objectives relating to health, safety, and environmental performance.

BHI enhanced and implemented a new digital solution of its HSEMS in 2021 to a centralized single platform to manage data, workflows, and reports related to Health, Safety and the

Environment ("HSE"). The system components include features such as workplace inspections, risk assessment and management, incident management, training, competency tracking, mobile accessibility, analytics and reporting. The new technology system offers benefits compared to traditional manual approaches by enhancing efficiency and accuracy through faster incident response, increased employee engagement and reducing risks; and ensures compliance while driving operational performance and critical business decision-making.

Public Safety Campaign

BHI is committed to promoting and educating its key stakeholders such as employees, residential and commercial customers, contractors/developers, Burlington's youth and first responders on safe practices and the safe use of electricity. The public safety campaign is designed to inform, education and influence public behaviour to prevent harm, protect lives, and promote well-being. It is a proactive approach to fostering awareness and encouraging safer actions within our community. BHI's Public Safety Campaign promotes safety education in the following ways:

- BHI has delivered thousands of presentations on safety awareness in community elementary schools focusing on junior kindergarten to Grade eight. BHI attended 12 schools and reached 5,953 students in 2024;
- BHI, in partnership with the Burlington Chamber of Commerce, hosted and organized the 'Building Safer & Resilient Communities Summit' which engaged local businesses and stakeholders in Burlington with the goal of educating and informing the community about health and safety, and emphasizing that building a safe and resilient Burlington requires collaboration.
- BHI is a large supporter of Rob Ellis's 'MySafeWork' program that targets high school student and supports local and provincial safety and awareness programs for young and new worker awareness;
- BHI promotes public safety by leveraging the ESA's online safety video series featuring "Lucky the Squirrel";
- BHI promotes and communicates public safety messages through various communications channels such as social media, website, print media (promotional

1 campaigns) and community engagement opportunities such as city festivals and town
2 halls.

- 3 • BHI's website has a dedicated Safety page which provides video links, presentations
4 and tips to educate families, businesses, teachers and youth and first responders on
5 safe practices; and
- 6 • BHI belongs to and supports the Bolt Video series and contributes both financial and
7 technical expertise to the Bolt Video development, the technical review process, and the
8 use and distributing of the videos; these safety videos are used safety meetings, trades
9 training and to support the development of provincial standardized training.

10 11 **Health and Safety Training**

12 BHI's health and safety training program equips employees with the knowledge and skills to
13 work safely, prevent accidents, and comply with compliance and legal requirements. It fosters a
14 culture of safety, reduces workplace incidents, and promotes employee well-being. There are
15 three categories of training such as general safety training for all employees and more specific,
16 targeted training for its apprentices. Other training focuses on areas of well-being and soft skills
17 that are required to effectively carry out roles and responsibilities as defined by the Occupational
18 Health and Safety Act of Ontario.

19 20 *General Safety Training*

21 The General Safety program is designed for all employees. Key training components include
22 workplace safety policies and procedures, hazard identification, personal protective equipment
23 ("PPE"), emergency preparedness and response, equipment safety, ergonomics and workplace
24 wellness. It also coordinates specialized training for high risk activities for BHI's highly skilled,
25 electrical staff including power line technicians, electrical substation technicians, control
26 operators, and metering technicians such as confined space entry, working at heights and
27 handling of hazardous materials. Training is conducted at the required frequency and includes
28 training mandated by provincial regulations such as the construction verification program
29 identified in O.Reg 22/04 Electrical Distribution Safety.

1 In addition, general training includes safety leadership development and training for BHI's Joint
2 Health and Safety Committee ("JHSC") whose members require additional competencies such
3 as incident investigation risk management and implementing workplace inspections.

4
5 *Apprenticeship Training*

6 Apprenticeship training includes ongoing training of a new apprentice hire through to full journey
7 person status. This training includes, but is not limited to, a five-year comprehensive
8 apprenticeship training program, transportation of dangerous goods, working at heights, the
9 construction verification program, Workplace Hazardous Materials Information System
10 ("WHMIS") training and the multiple training requirements of the Ministry of Labour and the
11 Workplace Safety and Insurance Board ("WSIB").

12
13 *Other Training*

14 Other training for all eligible employees includes leadership development, relevant skills
15 development, and harassment and violence in the workplace.

16
17 All training is scheduled, tracked, and monitored through BHI's HSEMS technology system.

Program Costs

BHI is budgeting \$1,021,294 in 2026 to execute the functions in the Safety Program as identified in Table 41 below. This represents an increase of \$297,657 and an average annual increase of 7.1% compared to the 2021 Cost of Service application.

Table 41 - Safety Program Expenditures

Description	2021 CoS	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals	2025 Bridge Year	2026 Test Year	2021 Actuals vs. 2021 CoS Incr/(Decr) \$	2026 vs. 2023 Actuals Incr/(Decr) \$	2026 vs. 2021 CoS Incr/(Decr) \$	2026 vs. 2021 CoS CAGR
Salaries and Benefits	\$424,813	\$408,506	\$444,644	\$478,138	\$502,462	\$523,760	\$676,479	\$(16,307)	\$198,341	\$251,666	9.8 %
Consultants	\$35,000	\$5,280	\$11,276	\$11,600	\$8,858	\$6,000	\$6,060	\$(29,720)	\$(5,540)	\$(28,940)	(29.6)%
Training - Safety/ Apprenticeships/Other	\$131,000	\$104,289	\$130,115	\$162,343	\$156,041	\$197,500	\$222,525	\$(26,711)	\$60,182	\$91,525	11.2 %
Safety Incentives Program	\$35,000	\$22,608	\$3,907	\$18,064	\$18,923	\$11,000	\$11,200	\$(12,392)	\$(6,864)	\$(23,800)	(20.4)%
H&S Excellence (Paths to Zero)	\$35,000	\$16,650	\$4,995	\$10,561	\$11,043	\$12,000	\$12,500	\$(18,350)	\$1,939	\$(22,500)	(18.6)%
HSEMS Technology Solution	\$0	\$0	\$11,041	\$10,743	\$10,443	\$12,000	\$13,000	\$0	\$2,257	\$13,000	n/a
Public Safety Campaign	\$35,000	\$14,800	\$21,050	\$14,392	\$23,911	\$21,000	\$21,300	\$(20,200)	\$6,908	\$(13,700)	(9.5)%
Safety - All Other	\$27,824	\$35,222	\$18,628	\$10,173	\$23,950	\$29,570	\$58,230	\$7,398	\$48,057	\$30,406	15.9 %
Total	\$723,637	\$607,355	\$645,656	\$716,013	\$755,630	\$812,830	\$1,021,294	\$(116,282)	\$305,281	\$297,657	7.1 %

Variance Analysis

Costs have increased by \$297,657 from the 2021 Cost of Service application to the 2026 Test Year primarily due to:

1. an increase in salaries and benefits of \$251,666 primarily as a result of the addition of a Facilities Specialist/Coordinator in 2026;
2. an increase in training costs of \$91,525; and
3. an increase in other costs of \$30,406 which is associated with the consolidation of all office stationery and printing supplies into the safety program.

1 The main change as compared to the 2021 Cost of Service application is the addition of a
2 Facilities Specialist/Coordinator in 2026 who will provide essential administrative support and
3 assist with key activities to ensure the safe, secure, and efficient operation of the BHI's
4 properties and buildings, which include the corporate office and 32 substation buildings. This
5 role is responsible for coordinating maintenance, repairs, and inspections, liaising with vendors,
6 processing contracts and invoices, and maintaining accurate records to support compliance with
7 safety, security, and operational standards (AODA). It also supports the execution of facility-
8 related capital projects.

9
10 The Facilities Coordinator will work closely with various departments to address facility-related
11 needs, ensuring a safe, clean, and functional environment for employees and visitors.
12 Maintaining and securing buildings that contain high-voltage electrical equipment helps ensure
13 the safety of BHI's community. Facilities and security responsibilities have increased since 2021
14 due to increased maintenance and improvement requirements for BHI's aging facilities,
15 continuation of office workstation (ergonomic) renovations including accommodation of new
16 FTEs in 2026, and increased security requirements. By supporting facility and security
17 management, this position supports the organization's overall efficiency and contributes to a
18 positive workplace experience.

19
20 **2021 Cost of Service application-2021 Variance Explanation**

21 Actual expenditures were \$(116,282) lower in 2021 vs. the 2021 Cost of Service application, due
22 to a reduction in all sub-programs as shown in Table 41 above due to the COVID-19 pandemic,
23 as only mandatory or essential sub programs were carried out in 2021. Activities were cancelled
24 or deferred to future years. In addition the Safety program had partial year vacancies in 2021
25 affecting salaries and benefits.

26
27 **2021-2022 Variance Explanation**

28 Expenditures increased by \$38,301 from 2021 to 2022 due to (i) an increase in safety training to
29 catch up on training that was missed due to COVID-19; (ii) the delivery of presentations on
30 safety awareness in community elementary schools; and iii) a full year of salaries and benefits
31 as compared to 2021.

2022-2023 Variance Explanation

Expenditures increased by \$70,357 from 2022 - 2023. There were no material variances across sub programs.

2023-2024 Variance Explanation

Expenditures increased by \$39,617 from 2023 to 2024. There are no material variances.

2024-2025 Variance Explanation

Expenditures are expected to increase by \$57,200 from 2024 to 2025. There are no material variances expected.

2025-2026 Variance Explanation

Expenditures are expected to increase by \$208,464 from 2025 to 2026 mainly due to an increase in salaries and benefits of \$152,719 due to the addition of a Facilities Specialist/Coordinator in 2026 as mentioned above.

4.3.0.16 Stations Maintenance and Operations

Program Overview

The Stations Program is responsible for the operations and maintenance of all equipment at BHI's 32 Municipal Stations ("substations") that house 44 substation power transformers. BHI's substation maintenance strategy focuses on minimizing, to the extent possible, emergency, reactive work by improving the effectiveness of BHI's planned maintenance program (including predictive and preventative actions) for its substations. This program is also responsible for maintenance activities for BHI's assets located at customer-owned buildings or dedicated areas on customer premises.

The Stations Program conducts inspection and maintenance tasks typically on a fixed cycle and is focused on preserving and maximizing an asset's performance over its expected useful life while mitigating a wide variety of system risks. Inspections focus on predetermined conditions indicative of a potential failure.

The Stations program expenses include salaries and benefits, Equipment Operations and Maintenance and Building Operations and Maintenance.

BHI provides further details on the major sub-programs in the Stations program below.

Substation Equipment Operations and Maintenance

The Substation Equipment Operations and Maintenance sub-program includes planned preventive and unplanned corrective maintenance of Substation Power Transformers, Substation Switchgear, Breakers and Relays, and the DC and Supervisory Control and Data Acquisition ("SCADA") Systems. Preventive maintenance performed on the above mentioned equipment includes electrical, mechanical, and type-specific maintenance tasks.

BHI owns and maintains 32 substations. The substations undergo a complete detailed preventive maintenance at least once every five years. Power Transformer maintenance includes electrical testing and mechanical maintenance. However, Breaker and Relay preventive maintenance work is carried out every three years and includes detailed internal visual inspection, insulation resistance tests, and confirmation that there are no structural deficiencies

1 in breakers. In addition, Relay maintenance includes function testing, calibration of
2 electromechanical relays, and protection setting updates, if required. System operations data
3 (e.g. faults experienced by a transformer) is also relied on to identify the need for and plan the
4 maintenance activities. The type and extent of maintenance activities are based on
5 assessments and recommendations for each substation and as such can fluctuate from year to
6 year. Expenditures can vary year over year depending on the nature of the work required and
7 the number of substations scheduled for maintenance.

8 9 **Substation Building Operations and Maintenance**

10 The Substation Building Operations and Maintenance sub-program includes inspection and
11 maintenance activities. BHI performs (i) a monthly visual inspection of all 32 substations to
12 check for any deficiencies and identify corrective actions; and (ii) an annual inspection of BHI
13 owned electrical equipment such as transformers and switches located within customer – owned
14 buildings (vaults) or dedicated areas on customer premises. Inspections are conducted for
15 Substation structure, Substation Power Transformers; Breakers and Relays; and DC and
16 SCADA Systems. During the inspection a records of the transformer's oil and winding
17 temperature, and transformer oil level has been taken and documented findings in monthly and
18 annual reports.

19
20 Planned annual thermographic or Infra-red (IR) Scanning and DC systems (Batteries and
21 Chargers) detailed preventative maintenance is performed as well. Good utility practice guides
22 BHI's scheduling of dissolved gas analysis testing; for example, the frequency of testing is
23 greater for those transformers with higher levels of dissolved gas. This data is considered with
24 other inspection data to assess transformers 'health' and to identify the need for and plan
25 maintenance activities. Costs can vary depending on the nature of the work involved and the
26 number of problems resolved.

27 28 **Oil Testing**

29 Oil testing is conducted for station transformers based on samples obtained annually, monthly or
30 quarterly, depending on the criticality of the transformer and the results of the last oil test. Oil
31 testing is an important part of the Asset Condition Assessment process for station transformers.

1 Table 42 below provides a summary of inspection and maintenance activities in the Stations
2 program.

3 **Table 42 - Stations Assets Inspection and Maintenance Activities**

Assets	Category	Activity	Frequency
Station Assets	Station Asset Inspections	Visual	Monthly
	Predictive maintenance	Oil testing of Power Transformers	Annually, monthly or quarterly
	Preventative maintenance	Whole Station	5-year cycle
		Breakers and Relays	3-year cycle

1 **Program Costs**

2 BHI is budgeting \$1,505,154 in 2026 to execute the functions in the Stations Program as identified in Table 43 below. This represents
3 an increase of \$18,527 and an average annual increase of 0.2% compared to the 2021 Cost of Service application.

4 **Table 43 – Stations Program Expenditures**

Description	2021 CoS	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals	2025 Bridge Year	2026 Test Year	2021 Actuals vs. 2021 CoS Incr/(Decr) \$	2026 vs. 2023 Actuals Incr/(Decr) \$	2026 vs. 2021 CoS Incr/(Decr) \$	2026 vs. 2021 CoS CAGR
Salaries and Benefits	\$902,187	\$879,283	\$821,087	\$953,921	\$838,505	\$801,220	\$833,700	\$(22,904)	\$(120,221)	\$(68,487)	(1.6)%
Materials - Station Mtce/Ops	\$73,260	\$61,185	\$71,712	\$89,886	\$53,080	\$99,957	\$115,238	\$(12,075)	\$25,352	\$41,978	9.5 %
Building Operations and Maintenance	\$125,510	\$111,997	\$97,059	\$105,680	\$119,960	\$122,475	\$123,427	\$(13,513)	\$17,747	\$(2,083)	(0.3)%
Insurance	\$48,300	\$71,964	\$74,964	\$81,974	\$88,985	\$83,695	\$84,532	\$23,664	\$2,557	\$36,232	11.8 %
Telephone/Utilities	\$98,440	\$90,426	\$89,378	\$90,949	\$96,656	\$91,910	\$92,784	\$(8,014)	\$1,834	\$(5,656)	(1.2)%
Leases/Rent	\$29,077	\$26,479	\$28,458	\$27,476	\$35,408	\$43,597	\$43,863	\$(2,598)	\$16,387	\$14,786	8.6 %
Oil Tests	\$18,531	\$33,985	\$29,088	\$35,222	\$34,261	\$36,360	\$36,724	\$15,454	\$1,502	\$18,192	14.7 %
Software Maintenance	\$161,050	\$132,033	\$125,064	\$125,161	\$127,095	\$141,602	\$143,018	\$(29,017)	\$17,857	\$(18,032)	(2.3)%
Station Mtce/Ops - All Other	\$30,273	\$48,042	\$26,926	\$35,184	\$27,352	\$30,283	\$31,869	\$17,769	\$(3,315)	\$1,596	1.0 %
Total	\$1,486,628	\$1,455,394	\$1,363,737	\$1,545,453	\$1,421,304	\$1,451,098	\$1,505,154	\$(31,234)	\$(40,299)	\$18,527	0.2 %

Variance Analysis

Costs have increased by \$18,527 from the 2021 Cost of Service application to the 2026 Test Year primarily due to:

1. an increase in materials of \$41,978; and
2. an increase in insurance of \$36,232 due to higher than budgeted premiums versus the 2021 Cost of Service application

partially offset by:

1. a decrease in the costs associated with salaries and benefits increase of \$(68,487).

There are no material changes from 2021 to 2026.

2021-2026 Variance Explanation

Salaries and Benefits, and Materials fluctuate year over year dependent on (i) the number of substations maintained; (ii) the corrective actions required to resolve issues discovered during maintenance; and (iii) the shift between operating and capital work, dependent on substation renewal work.

4.3.1 Workforce Planning and Compensation

BHI provides detailed information on its workforce planning ("WFP"), employee complement, compensation and benefits below.

4.3.1.1 Workforce Planning

Overview

The Ontario energy sector is undergoing transformational change driven by technological advancements, changing legislative and regulatory requirements, climate change, provincially-mandated housing targets, and evolving consumer expectations. These changes create both challenges and opportunities for BHI. While WFP has always been critical, BHI must now shift from a strategy centered primarily on workforce and succession planning its trades and engineering to ensure knowledge transfer, to a more dynamic approach. This approach involves both upskilling existing employees and creating new positions to meet the anticipated increase in workload driven by external factors described below.

In Ontario's evolving energy landscape, the demand for renewable energy sources like solar, electrification through EVs and heat pumps, and smart grid technologies is increasing. To stay reliable, resilient, efficient, and safe, BHI and other LDCs must align their workforce with these emerging trends. This requires not only skilled trades, engineers, and technicians but also experts in fields such as digital solutions, data analytics, distributed energy resources (DERs), and sustainability initiatives. Without a well-planned human resources approach, BHI's ability to meet the demands of the energy transition is at risk.

Adding to this challenge is an aging workforce and a highly competitive labor market. Many LDCs, including BHI, have experienced a wave of retirements among long-serving employees, with BHI seeing a 75% turnover in its workforce over the past five to ten years. This results in a significant loss of institutional knowledge unless robust succession plans and talent pipelines are developed. The current competitive labor market has also driven BHI turnover rates to an all-time high. In the last five years, BHI's average turnover rate was over 11% as compared to an average of under 4% a decade ago, making it more challenging to attract and retain talent.

The importance of, and public focus on, sustainability, resilience, and reliability, especially in light of climate change, increases the pressure on BHI to be proactive in WFP. To meet future demands, BHI must ensure it has the capacity to innovate while maintaining and hardening its

grid. Inadequate planning could lead to delays in grid modernization, service interruptions, and an inability to meet regulatory requirements and government net-zero targets.

The challenges are compounded by increasing work demands, driven in part by anticipated housing growth and the need to replace aging distribution infrastructure.

WFP is essential to ensure BHI has the agility to adapt to changes in technology, customer preferences and needs, and legislative and regulatory requirements. It positions BHI to manage growth, meet infrastructure demands, and maintain high customer service standards. Workforce investment is critical to ensuring that BHI can continue to power the community safely, reliably, efficiently and sustainably.

WFP Considerations

WFP at BHI involves identifying and analyzing the organization's needs in terms of employee experience, knowledge, and skills to meet its business objectives. WFP remains a critical business driver for several reasons:

- a. **Demographic pressures** - The aging workforce and the influx of a new generation require a clear understanding of the skills and expertise that may be leaving the organization.
- b. **Turnover and upskilling** - Rising turnover rates and a growing focus on retention and development require additional resources to be allocated to training.
- c. **Skills gaps** - Skill gaps in the existing workforce must be identified so that BHI can either offering training or recruit new talent to bridge those gaps.

The main objectives of WFP are:

- a. Understanding current workforce capabilities, gaps, and demographics through a workforce assessment.
- b. Predicting future workforce needs based on business goals and internal/external factors.
- c. Identifying the gap between the current workforce and future requirements.
- d. Developing recruitment and training strategies to address gaps and build the workforce over the next five years.
- e. Executing workforce strategies and monitoring progress to ensure adaptability and continuous improvement.

1 **Key Business Drivers Affecting WFP**

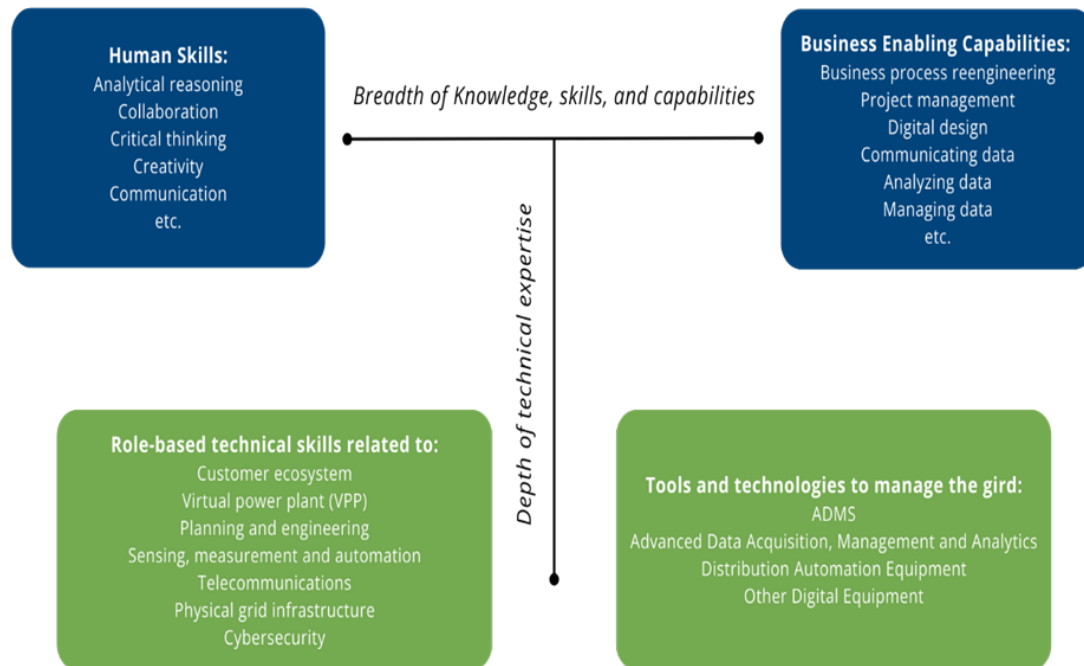
2 There are several key trends and factors affecting the business environment in which BHI
3 operates and consequently influencing WFP as follows:

- 4
- 5 a. **Electrification and the Energy Transition** - Canada's net zero carbon emissions
6 targets for 2035 and 2050 are accelerating change in the energy sector. Electrification
7 and the energy transition are expected to have a transformational impact on LDCs,
8 employees, and society as a whole. The Minister of Energy and Electrification has
9 outlined a clear vision for the energy transition in Ontario, emphasizing the need to
10 leverage the province's clean energy grid to drive electrification and job creation, while
11 continuously improving reliability, resiliency, and customer choice. As the economy
12 decarbonizes, electricity demand is expected to grow significantly by 60% over the next
13 25 years as forecasted by the IESO.²⁶ Customer preferences and choices are changing
14 and will require investments in electrification (e.g. EVs) and consumer technologies like
15 distributed energy resources (DERs), active energy management, and local energy
16 solutions. In response, the expertise, skills, and capabilities identified in Figure 11²⁷
17 below are becoming essential for LDCs.

²⁶ <https://www.ieso.ca/en/Sector-Participants/Planning-and-Forecasting/Annual-Planning-Outlook>

²⁷ p7 2023 Electric Power Research Institute "Workforce Skills of the Future: A Grid Modernization Case Study"

Figure 11 - Workforce Expertise, Skills and Capabilities - Electric Sector



- b. **Climate Change** - the impetus for energy transition is climate risk. Increased weather events are increasing in frequency and magnitude. The City of Burlington has created a Climate Action Plan and expects to be net zero by 2050, in alignment with Canada's net zero carbon emissions goals enshrined by the Canadian Net-Zero Emissions Accountability Act. BHI must prepare to support and enable these goals in addition to incorporating the necessary system capacity. Further, BHI's own experience with increasing adverse weather events, as identified in Figure 9 of this Exhibit 4, requires it to increase its focus on maintaining a sustainable, resilient and reliable distribution system.
- c. **Increased Workload**- BHI's workload has increased, and is expected to continue to increase in 2025 and beyond. Total employment in the Canadian electricity sector has increased by over 12% in the past five years – equivalent to an average annual growth rate of 2.3%. Close to 28,000 new employees will be needed by 2028, equivalent to 25% of the current labour force. 57% of these new employees will replace retirees and 43%

1 will be required to meet expansion needs, according to a Labour Market Insights report
2 published by Electricity Human Resources Canada (EHRC).²⁸

3
4 The following factors are contributing to an increase in BHI's workload:

- 5 • Housing and employment is expected to grow rapidly. The Province of Ontario
6 plans to build 1.5 million homes over the next decade and the City of Burlington
7 is planning to add 29,000 new housing units by 2031. As a result the demand for
8 customer services, connections, and support will significantly increase. BHI has
9 already experienced a significant increase in residential service requests from
10 317 in 2021 to 881 in 2024. Locate volumes, which are directly proportional to
11 non-discretionary System Access projects such as residential and commercial
12 developments and renovations, and road widening projects, are expected to
13 increase by 28% from 2021 to 2026. Additional resources will be required to
14 ensure that underground infrastructure is accurately identified, supporting safe
15 and efficient operations for contractors and crews
- 16 • The complexity of the distribution system is increasing with electrification and the
17 energy transition, which consequently increases both the volume and complexity
18 of policies, regulations and compliance issues. As identified above in Section
19 4.1.2.1 of this Exhibit 4, the OEB, as of the time of filing, had 32 active policy
20 initiatives and consultations²⁹ which, while improving sector resiliency, reliability,
21 and customer choice, among other benefits, require additional resources to
22 implement.
- 23 • Electrification has contributed to and will contribute to an increase in capital
24 expenditures and customer service upgrades, which require additional resources
25 to implement. Examples are an increase in the volume of transit electrification
26 projects as identified in Section 5.2.2.8 of the DSP, and an anticipated increase in
27 service to accommodate the electrification of transit and heating.
- 28 • Increased work volumes necessary to manage reliability performance as BHI has
29 experienced an increase in the duration and frequency of outages as described
30 in Section 4.3.0.7 and identified in Figure 7 of this Exhibit 4;

²⁸ <https://ehrc.ca/wp-content/uploads/2023/10/Release-EHRC-LMI-Report-ENG-2.pdf>

²⁹ <https://www.oeb.ca/consultations-and-projects/policy-initiatives-and-consultations>

- Failure of aging distribution infrastructure as identified in Figure 8, which requires increased asset testing and maintenance, and resources to manage outages;
- Aging building infrastructure with increased operating and maintenance needs as identified in Section 4.3.0.9 of this Exhibit 4;
- The volume and complexity of customer needs and inquiries are expected to increase requiring investment in headcount and self-service tools. Customers are looking for information to improve their understanding of climate change, decarbonization and electrification as well as opportunities to reduce their overall energy costs; and
- BHI must develop long-term plans for grid investment and capacity building that are responsive to the merging pressures of electrification and the energy transition.

d. **Digitalization, New Technologies and Cyber Security** - There is a need for rapid advancement of technology to meet new customer and employee demands. BHI expects to add significantly more DERs which must be integrated into its infrastructure, and AI will accelerate digitalization, both of which will introduce increased cyber risk. Grid modernization will not only enhance how power is distributed and stored but also create job opportunities for workers with the right skills, knowledge, and adaptability.

As such, BHI's workforce will need to be more adaptive and open to change. Creating a culture of continuous learning and agility will be a key competency for all workers and supervisors as BHI continues its transformative journey to a more technologically advanced workplace. According to the 2023-2028 EHRC Electricity in Demand Labour Market Insights report, the information and communication technology (ICT) occupational group has grown rapidly per year between 2017-2022, with the largest occupation being information system specialists. Employment for these positions has grown on average by more than 30% each year. Another indication of the growing need for resources in the Canadian Electricity sector was an increase of 60% in the number of job postings by hydro employers between 2018 and 2022.³⁰

³⁰ <https://ehrc.ca/labour-market-intelligence/electricity-in-demand-labour-market-insights-2023-2028/>

Key factors influencing growing workforce needs with respect to Digitalization, New Technologies and Cyber Security include:

- grid modernization and adoption of smart grid technologies to, among other things, facilitate renewable energy integration;
- the development and integration of AI driven initiatives which necessitates additional training and development;
- the consolidation of operational technology and information technology to improve IT governance and manage cyber risk;
- implementation of increased functionality within BHI's systems, improvement to business processes, and changing business requirements;
- mitigation of cyber risk including compliance with OCSF standards and regulations; and
- evolving employee and customer expectations related to digitalization and the energy transition, such as seamlessly connecting electric vehicles, solar panels, and energy storage to BHI's grid.

As such, BHI added four new roles in IT/OT to meet these needs as follows: Information Technology Business Analyst (2023), Technical Support Analyst (2023), IT Manager, Projects and Business Applications (2024), and a Business Applications/Data Specialist (2024). These roles are described in more detail below in the Section titled "Full Time Equivalents ("FTEs") and New Positions".

e. **Competitive Labour Market** - An aging workforce, combined with energy sector growth makes attraction and retention challenging. As stated above, EHRC predicts that 28,000 new employees in the Canadian electricity sector will be required by 2028, equivalent to 25% of the labour force.³¹ The current labour market is being shaped by several external factors according to EHRC:

- Employment growth in the electricity sector driven by EVs and renewable energy is outpacing the broader Canadian job market (2.3% vs. 1.4%).³²

³¹ <https://ehrc.ca/wp-content/uploads/2023/10/Release-EHRC-LMI-Report-ENG-2.pdf>

³² p11, <https://ehrc.ca/labour-market-intelligence/electricity-in-demand-labour-market-insights-2023-2028/>

- Half of the industry's core occupations are projected to face labour shortages.³³
This includes managers, engineers, technicians, technologists, trades, and ICT professionals.
- As mentioned above, roles in ICT are in high demand, in addition to roles in the following occupational groups (i) managers & supervisors, (ii) engineers, technicians and technologists and (iii) trades.
- The ratio of workers aged 55 or older to younger employees in the electricity sector is three to one, compared to five to one across Canada.³⁴

WFP – Internal Factors

To inform its WFP, BHI considered a number of internal factors including an internal demographic analysis, and an evaluation of data related to attrition, retention, and turnover rates as provided below.

- a. **Trades Demographics**– BHI's previous efforts in WFP for the trades workforce have been successful, with only a few retirements remaining. The average age of the trades workforce is relatively young at 37 years, as compared to the rest of BHI's workforce, as identified in Table 44 below. However, while BHI's age demographics have improved through a decrease in average age, the broader sector has not, which is continuing to have an indirect impact on BHI's ability to recruit. As a result, BHI will need to attract new workers to sustain and grow its workforce.

Table 44 - Average Age of Employees by Category

Category	Average Age
Management & Non-Union Staff	45.8
Office Staff	45.1
Trades /Technical Staff	37.2
Total Average	42.6

- b. **Workforce Tenure**– Currently 54% of BHI's workforce have less than five years of experience with the organization, an increase from 48% in 2020. BHI's overall workforce average tenure is 8.1 years. While the influx of new hires presents opportunities, it also

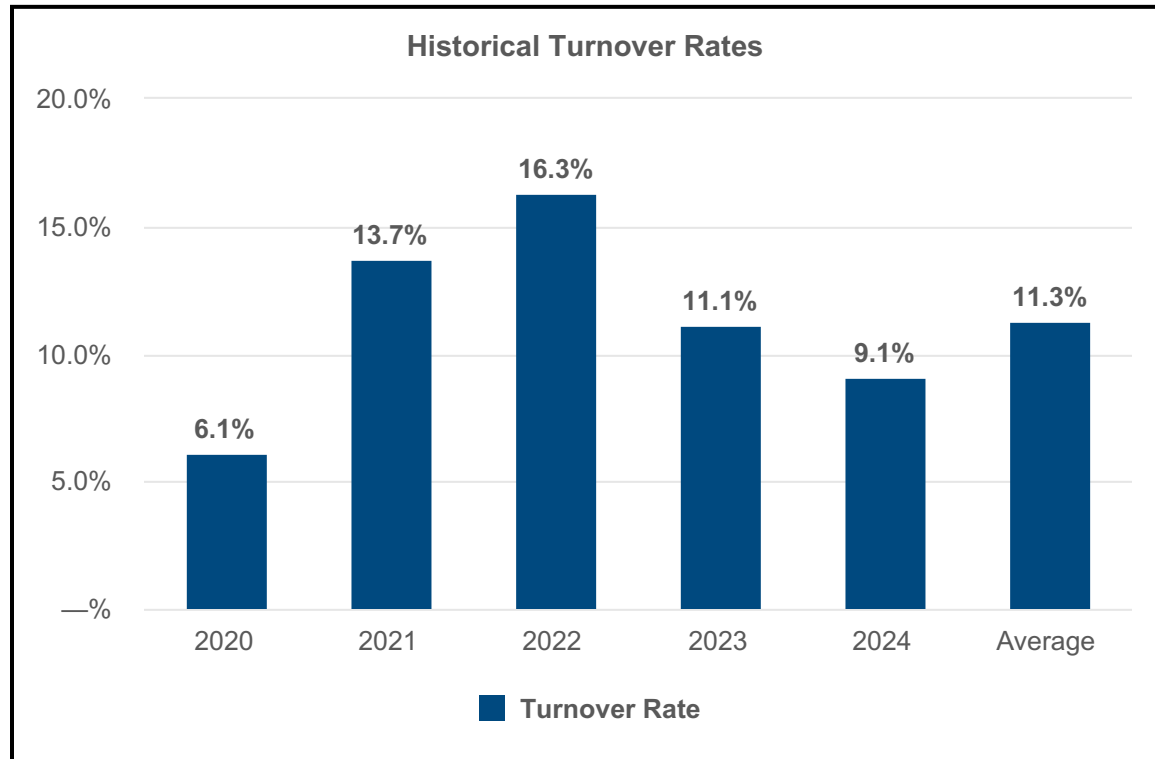
³³ p13, Ibid

³⁴ p23, Ibid

1 contributes to the loss of substantial institutional knowledge and experience. BHI expects
2 that more than two-thirds of the workforce will turn over in less than a ten year period.
3 As a result, training and development and transference of knowledge are a priority.
4

- 5 c. **High Unwanted Turnover** – BHI has experienced double-digit turnover rates over the
6 last five years, averaging 11.3% annually, as identified in Figure 12 below, while less
7 than a decade ago, the turnover rate was approximately 4%. While some level of
8 turnover is natural and even beneficial, excessive or unplanned departures from staff
9 who leave unexpectedly can disrupt operations, increase costs and weaken morale. BHI
10 has become more reliant on filling vacancies with temporary staff, which increases
11 onboarding, recruiting and training costs until a permanent solution can be found. More
12 competition in the current labor market is leading to resignations as employees leave to
13 take advantage of better offers. Unlike retirements, resignations are harder to predict
14 and plan for, which can lead to disruption and loss of expertise and knowledge.

Figure 12 - Historical Turnover Rates



- d. **Competitive Pressures**– BHI faces competition from larger utilities, electricity providers and municipalities which operate within the same region and offer higher salaries and more options for career advancement. Table 45 below indicates the number of resignations where individuals left BHI for a role with a competitor.

Table 45 - Reasons for Resignations

Turnover Reasons	2024	2023	2022	2021	2020	2019
Total Resignations due to Competitor	5	8	9	6	2	4
Retirements	0	2	4	7	2	8
Other Reasons	4	1	3	1	2	2
Total Resignations	9	11	16	14	6	14

- e. **Outsourcing for Talent**– According to a report by EHRC³⁵, 50% of the industry will increasingly rely on outsourcing to meet HR needs, up from 27% in 2017. Conversely, only 13% of utilities anticipate reducing outsourcing over the next five years. This trend

³⁵ p51, <https://ehrc.ca/labour-market-intelligence/electricity-in-demand-labour-market-insights-2023-2028/>

suggests BHI will face growing challenges in supplementing its workforce with external talent sources.

Future Workforce and Upskilling Requirements

To address the challenges posed by increased turnover, competitive market conditions, and evolving industry and customer needs, BHI will need to safeguard its workforce and ensure employees have the right training and skills. As such, the following identified actions are required:

- a. **Workforce Expansion**– Proactively increase the workforce by 14 FTEs from 2025 to 2026 (11 FTEs since the 2021 Actuals and 21 FTEs since the 2021 Cost of Service application) to meet higher workload demands driven by electrification, legislative and regulatory requirements, climate change, technological advancements, and customer growth. The key positions BHI is proposing to add in 2026 are identified in Table 46 below. The rationale for these positions is provided below in this Section.

Table 46 - Proposed FTE Additions in 2026

Department	Position
Accounting	Financial Analyst
Control Room	Electrical Operator Apprentice
Engineering	Supervisor, Energy Transition Integration
	Engineering Services Technician (Energy Transition)
	Supervisor, GIS
	GIS Technician
	Supervisor, Planning & Grid Modernization
	Engineering Services Technician (Capital Projects)
	Operations Clerk
HR	HR Analyst/Generalist
Metering	Metering Technician Apprentice
Regulatory	Regulatory Analyst
	Senior Mgr, Capital Planning & Supply Chain
Safety	Facilities Specialist/Coordinator

- b. **Upskilling and Development** - Equip the current workforce with the skills and knowledge needed to thrive and excel in a rapidly evolving industry, enhancing capabilities in emerging fields and reducing dependency on external talent. This would involve launching a comprehensive upskilling program focused on high-demand skill

1 areas such as digital literacy, data analytics, EV integration, sustainability initiatives and
2 microlearning and certification programs in leadership, AI, and change and project
3 management.

4
5 c. **Leadership Development-** Establish a formal leadership development program aimed
6 at preparing the next generation of frontline and mid-level leaders. Key leadership
7 competencies would include change management, critical thinking, conflict resolution,
8 and transformational leadership.

9
10 d. **Cross-Training Initiatives-** Promote job shadowing, cross-functional teams and training
11 to enable employees to take on new responsibilities, improving flexibility and resilience in
12 addressing workforce gaps. Use this approach to mitigate the business risk associated
13 with a high number of new hires with less experience, ensuring a smooth knowledge
14 transfer and better understanding of workflow.

15
16 e. **Combine Operational and Information Technology–** establish a centralized IT
17 governance framework to meet the company's needs under a unified structure to reduce
18 cyber risks and shadow IT (any software, hardware or information technology resource
19 used on an enterprise network without the IT department's approval, knowledge or
20 oversight). This has involved creating two new roles in IT/OT in 2024 - an IT Manager of
21 Projects & Business Applications and a Business Applications/Data Specialist. These
22 individuals were transferred from their roles in Engineering of GIS Supervisor and
23 Business Intelligence Analyst, respectively, to IT/OT.

24
25 f. **Develop a Strong Employer Brand-** Position BHI as a top employer in the sector by
26 promoting its investment in employee development, well-being and a positive work
27 culture in order to attract and retain talent.

28 29 **Full Time Equivalents ("FTEs") and New Positions**

30 To meet the evolving demands of BHI's business, BHI plans to add 21 FTEs as compared to the
31 2021 Cost of Service application as identified in Table 47 below. BHI created and added seven
32 new positions to its staff complement from the 2021 Cost of Service application to the 2025
33 Bridge Year. BHI is proposing to add 14 positions in the 2026 Test Year.

1 As identified above, and in summary, the need for these positions have emerged over the last
2 five years due to reasons that include:

- 3 • Increasing legislative and regulatory requirements as identified in Section 4.1.2, include
4 those relating to electrification, the energy transition and grid modernization;
- 5 • An increase in the frequency and magnitude of extreme weather events which requires
6 BHI to increase its focus on maintaining a sustainable, resilient and reliable distribution
7 system;
- 8 • Rapid technology advancements and associated emerging security issues as identified
9 in Section 4.3.0.12;
- 10 • Increased work volumes necessary to manage reliability performance as BHI has
11 experienced an increase in the duration and frequency of outages as described in
12 Section 4.3.0.7;
- 13 • An increase in the demand for customer services, connections, and support due to rapid
14 housing and employment growth;
- 15 • Failure of aging distribution infrastructure, which requires increased asset testing and
16 maintenance, and resources to manage outages; and
- 17 • Aging building infrastructure with increased operating and maintenance needs.

Table 47 - Changes in FTE from the 2021 Cost of Service application to the 2026 Test Year

Department	2021 Test Year	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals	2025 Bridge Year	2026 Test Year
Accounting	5	6	5	5	5	5	6
Administration	4	5	5	4	5	5	5
Billing	4	8	6	7	7	6	6
Communications	2	2	2	2	2	2	2
Control Room	10	9	8	8	8	8	9
Customer Service	7	9	7	8	7	7	7
Distribution Maintenance and Operations	20	21	21	20	22	22	22
Engineering	18	19	20	19	15	17	24
Human Resources	4	4	4	4	5	4	5
Information Services	6	7	7	9	11	11	11
Metering	5	5	5	4	5	5	6
Purchasing	3	3	2	3	3	3	3
Regulatory	3	3	3	2	4	3	5
Safety	3	3	3	3	3	3	4
Stations Maintenance and Operations	8	8	8	8	8	8	8
Total	102	112	106	106	110	109	123
YoY Increase/(Decrease)		10	(6)	—	4	(1)	14
Cumulative Change since CoS		10	4	4	8	7	21
Cumulative Change since 2021 Actuals			(6)	(6)	(2)	(3)	11

BHI previously filed for 107 FTEs in its 2021 Cost of Service application and settled with 102 FTEs. BHI sought approval for seven new positions at that time, all of which were filled.

For the Test Year, BHI will be adding 21 incremental FTEs since its previous Cost of Service application. Of these 21 FTEs, seven of them were (or will be) added during the current rate period, and 14 FTEs will be added during the Test Year. The reasons for these additions, outlined in Table 47 and Table 48, respectively, is discussed in more detail below.

1 **Table 48 - New Positions from the 2021 Cost of Service application to 2025**

Department	Position	Year
Administration	Corporate Services Advisor	2024
Billing	Billing Representative	2021
Billing	Billing Representative	2021
Distribution Mtce/Opns	Powerlines Apprentice	2021
Distribution Mtce/Opns	Powerlines Apprentice	2024
Engineering	Director of Engineering	2021
Engineering	Engineering Services Technician - O&M Projects	2022
Information Services	IT and Operations Technology Systems Specialist	2021
Information Services	Information Technology Business Analyst	2023
Information Services	Technical Support Analyst	2023

Total Net New Positions	10
Eliminated 2 Control Room Positions/1 IT_OT Specialist in Engineering	(3)
Net Change	7

2

The positions added in the current rate period are described in further detail below. In order to mitigate the cost increases associated with the new positions, BHI eliminated three positions - two Control Room Operators and one Engineering OT/IT specialist - which resulted in a net addition of seven FTE from the 2021 Cost of Service application to 2025.

Administration

Corporate Services Advisor - This position reports to the Executive Vice-President, Corporate Services and is responsible for various administrative duties supporting the CEO/President, Senior Leadership Team, and Board of Directors.

A Corporate Services Advisor is required to address critical operational and regulatory needs across multiple business functions, including governance, compliance, and administrative services. BHI eliminated its Executive Assistant position in 2019 to mitigate increases in operating expenses. In 2020, it hired a Communications Associate whose role was to manage increased communications activities and perform functions previously managed by the Executive Assistant, such as corporate governance and provision of executive assistance to the Board, CEO and senior leadership team. The dual position was created in an effort to deliver efficiencies by combining the roles and responsibilities of communications and executive administration into one position. However, since 2020, the volume of work associated with communications activities has increased such that a full time position is required to support these activities alone. This position manages communications with customers during outages which have increased from 430 in 2020 to 566 in 2024. This position also manages BHI's social media platforms: X, LinkedIn, Facebook, Instagram, Google My Business and YouTube. The number of followers for social media sites has increased from 2021 to 2024 as identified below, which requires more resources to manage customers outreach and engagement:

- X – 9K to 11.2k followers
- LinkedIn – 2K to 3.6k followers
- Instagram (established 2022) – 0 to 4k followers
- Facebook (established 2023) – 0 to 133 followers

Digital communications in general have increased and an engagement rate of 4.48% across all platforms is a solid indicator of active customer interaction with content. BHI has enhanced its website to incorporate digital forms, an engineering and operations portal, customer and outage

1 portals, and a new outage map. This position provides support to implement changes in
2 regulations where customer engagement and communications are required. All of these
3 activities require communications support and coordination. BHI will be developing proactive
4 communications messages such as SMS texting of Outage notices to customers so they receive
5 more timely and accurate information which will result in an increase in workload for the
6 communications team.

7
8 As a result, BHI hired a Corporate Services Advisor in 2024 to perform the functions of
9 corporate governance and provide executive assistance to the Board, CEO and senior
10 leadership team, in addition to other duties. The Communications Associate did not have the
11 capacity to perform these duties for the reasons identified above.

12
13 These duties include preparing and filing corporate legal documents, and ensuring compliance
14 with legislation including the AODA and privacy legislation. Duties associated with privacy
15 compliance have increased since BHI's last Cost of Service application, in part due to the
16 evolution of the OCSF. There are a number of privacy elements of the OCSF framework and
17 BHI must ensure its current privacy program is consistent with those elements. In addition, the
18 growing digitalization footprint creates additional risk of data theft and breaches. As such
19 regulators, such as the OEB and the Information and Privacy Commission ("IPC"), have
20 heightened expectations with respect to protection of customers' personal information, which
21 require additional resources to manage. A dedicated resource will help ensure BHI maintains
22 compliance with legislation and regulations, enhance BHI's policies and procedures, coordinate
23 necessary activities such as audits (OCSF audit), and mitigate the risk of any data breaches.

24
25 In addition, the Corporate Services Advisor provides support to the senior leadership team as
26 the organization grows and navigates evolving regulatory requirements and digital
27 transformation demands. The role will also contribute to corporate initiatives spanning HR, IT/
28 OT, communications, customer service, and strategic planning, ensuring cross-functional
29 support and operational efficiency.

1 **Billing**

2 **Billing Representative** - This position is responsible for ensuring accurate and timely billing for
3 customers based on data received from the provincial MDM/R. This role involves processing
4 invoices, verifying account information, handling customer inquiries, the daily processing of
5 inbound and outbound retailer transactions, preparing retailer settlement payments, and
6 maintaining financial records. The Billing Representative works closely with the finance,
7 customer service, and operations teams to ensure billing accuracy, regulatory compliance, and
8 efficient payment processing. A key part of this position is resolving billing discrepancies,
9 assisting customers with payment-related concerns, and supporting revenue collection efforts.
10 This position is also responsible for analyzing and verifying meter data to maintain accurate and
11 timely billing of customers.

12
13 Two billing representative positions have been added to the Billing program since BHI's 2021
14 Cost of Service application due to an increase in the volume of work required to maintain
15 accurate and timely billing, and ensure BHI continues to meet the OEB's billing accuracy metric
16 of 98%. Some of these changes are due to new policy initiatives, regulatory changes and
17 compliance requirements. Others are due to an increase in billing and reporting processing
18 volumes. Volume of work has increased due to:

- 19 • an increase in customer service requests (measured by service orders) of 99% from
20 4,785 in 2022 to 9,505 in 2024, to process services such as meter changes,
21 connections, disconnections and billing inquiries/corrections (BHI does not have 2021
22 service order data readily available in its old CIS which was replaced in July 2021).
23 Billing representatives are involved in processing and resolving these service requests.
24 Inadequate funding would directly impact BHI's ability to serve its customers in a timely
25 and efficient manner.
- 26 • an increase in net metering customers with more complex billing requirements from 25
27 customers in 2021 to 127 customers in 2024;
- 28 • an increase in customers moving in and out of BHI's service territory. Final bills, which
29 have increased from 4,186 bills in 2021 to 6,449 billing in 2024, require additional time
30 and resources to process;
- 31 • an increase in the number of customers transitioning between Class A and Class B year
32 over year which adds additional complexity to the billing process due to the requirement
33 to create separate rate classes and manual adjustments;

- 1 • an increase in the number of customers on OESP. Billing representatives prepare and
2 issue letters to customers notifying them of contract expiry, which have increased from
3 94 in 2021 to 309 in 2024;
- 4 • the introduction of Regulated Price Plan ("RPP") Optionality - Customer Choice for
5 Regulated Price Plans in November 2020, and the Ultra Low Overnight (ULO)
6 implementation in November 2023 has increased the number of price plan options for
7 customers and in turn the number of customers requesting price plan changes. Billing
8 representatives receive, verify and process forms, and make modifications to BHI's CIS
9 in order to ensure the appropriate price plan is accurately reflected on the customer's
10 bill. Further, price changes and any modifications to BHI's CIS require additional testing
11 as a result of the new ULO price plan. The number of customers on Tiered and ULO
12 pricing increased from 5,095 customers in 2021 to 5,989 customers in 2024.
- 13 • the expansion of the Ontario Electricity Rebate ("OER") Eligibility Criteria in March 2022.
14 Billing representatives receive, verify and process forms, and make modifications to
15 BHI's CIS in order to ensure the OER is accurately reflected on the customer's bill. OER
16 eligibility requests increased from 137 in 2021 to 171 in 2024.
- 17 • the Meter Inside Settlement Timeframe ("MIST") Meter project (mandated by the OEB
18 and implemented in June 2022 for BHI) which required all GS>50kW customers to be
19 billed on the Hourly Ontario Energy Price. This project required BHI to implement a new
20 billing process which requires additional resources to manage.
- 21 • Expansion of the Energy and Water Reporting and Benchmarking ("EWRB") program
22 from buildings 100,000 square feet and larger in 2019 to 50,000 in 2023. Additional
23 resources are required to analyze and consolidate data to provide to customers who are
24 mandated to report their electricity consumption as part of the EWRB program;
- 25 • the requirement to source generation quantities from the IESO's MDM/R (January 2025)
26 which has created a new interface with the MDM/R and requires additional resources to
27 manage. BHI previously sourced this data through its CIS; and
- 28 • review and analysis of issues identified in the Smart Meter Entity's two dozen daily
29 reports which require investigation and correction.

30
31 Without these two positions, BHI would be unable to issue accurate bills to customers, process
32 payments and service requests, and manage billing cycles on a timely basis. Its ability to meet

1 the OEB's billing accuracy metric of 98% would be compromised and customer satisfaction
2 would be adversely impacted.

3 4 **Distribution Maintenance and Operations**

5 Two additional powerline apprentice staff were required to ensure the reliability and safety of
6 BHI's grid infrastructure. Hiring apprentices allows BHI to have the appropriate level of
7 journeypersons required to meet operational demands to restore power outages and build
8 infrastructure in a safe and efficient manner. Employee and public safety is a top priority for BHI
9 and hiring the appropriate level of operations staff supports BHI in achieving its safety and
10 compliance goals. The rationale for hiring these roles is as follows:

- 11 • It takes a minimum of five years for a journeyperson to become competent in their role,
12 as identified in Table 24 in Section 4.3.0.7 of this Exhibit 4. As such, the hiring of
13 apprentices in advance of a future retirement ensures BHI has the appropriate level of
14 competent staff to operate and maintain its infrastructure.
- 15 • the City of Burlington is expected to grow rapidly as identified in Section 4.1.5.1 and
16 Table 4 in this Exhibit 4. This growth will require additional capital infrastructure which in
17 turn requires additional staff to operate and maintain.
- 18 • BHI has experienced, since its last Cost of Service application, (i) an increase in the
19 incidence and severity of extreme weather events, (ii) an increase in equipment failures
20 and (iii) an increase in emergency and trouble calls, as identified in the Salaries, Benefits
21 and Overtime overview of Section 4.3.0.7 of this Exhibit 4. As a result, additional staff
22 are required to restore outages and ensure the reliability and safety of BHI's distribution
23 network.

24
25 **Powerline Apprentice** - Two positions were added, one in 2021 and one other in 2024. These
26 positions assist in the construction, maintenance, and repair of overhead and underground
27 electrical distribution systems. Under the supervision of experienced Powerline Technician Lead
28 Hand, the apprentice learns to install, inspect, troubleshoot, and repair power lines, and related
29 equipment to ensure reliable service to customers. Key responsibilities include assisting with
30 pole installations, ensuring vehicles and equipment are in safe working order, climbing
31 structures, operating equipment, and following safety protocols. The apprentice also gains

1 hands-on experience in responding to outages, performing line maintenance, and adhering to
2 industry safety regulations.

3
4 These positions are essential for ensuring the reliability and safety of the electrical distribution
5 network. Without these positions, BHI could experience:

- 6 • delayed responses to safety and environmental risks which would increase customer
7 and employee exposure to unsafe conditions;
- 8 • more frequent and longer outage durations, adversely affecting customers; and
- 9 • delays in inspections, repairs and maintenance adversely affecting the health of BHI's
10 distribution assets.

11 12 **Engineering**

13 Two additional Engineering roles - a Director of Engineering and an Engineering Services
14 Technician - were added between the 2021 Cost of Service application and 2025.

15 16 **Director of Engineering**

17 The Director of Engineering role was an existing role that was vacant for a number of years due
18 to the inability to fill the position. The electrical industry is experiencing a competitive labour
19 market with a high degree of turnover as identified above in this Section. As such, it has been
20 difficult to attract and retain certain positions particularly in key roles such as engineering. BHI
21 attempted to absorb these duties for a period of time across several manager roles but
22 ultimately a new Director was required to provide dedicated leadership to the department.

23
24 This position is responsible for the day-to-day operations of the Engineering department. It
25 oversees the full range of Engineering portfolios, including distribution system protection and
26 control schemes, short and long-term system planning, and continued enhancements to SCADA
27 capabilities conducive to building a smart grid while ensuring adherence to applicable federal
28 and provincial legislation. In addition, this position has oversight of new capital projects
29 associated with infrastructure needs and the maintenance of the distribution system are
30 designed in accordance with stringent safety and design standards, ensuring long-term plans
31 and expenditures are appropriate.

Engineering Services Technician

The Engineering Services Technician position, added in 2022, was required to support some of the growth in activities such as service connections, adoption of EVs and distributed energy resources (DERs), capital infrastructure projects, and service upgrades as follows:

- The number of requested service connections increased from 423 in 2021 to 1,050 in 2024.
- An increase in the number of net metering customers from 25 in 2021 to 127 in 2024.
- An increase in service upgrades and connections which are captured in the General Service programs identified in Table 5.4-9 of the DSP. General Service projects have increased by 54% from \$3.6M in 2021 to \$5.5M in 2024.
- An increase in the volume of subdivision completions which were \$1.6M in 2024 as compared to \$—M in 2021.

This position supports the planning, design, and maintenance of utility infrastructure by providing technical expertise, data analysis, and field support. This role involves assisting engineers in system modeling, project coordination, and asset management while ensuring compliance with safety regulations and industry standards. Responsibilities include drafting and updating engineering drawings, conducting site inspections, preparing reports, and collaborating with internal teams and external stakeholders to ensure the reliability and efficiency of BHI's distribution system. The Engineering Services Technician under the direction of an Engineering Manager is responsible for providing customers with the necessary information regarding the company's policies, procedures, design standards and charges for servicing new and existing industrial, commercial, and residential facilities for both overhead pole lines and underground electrical distribution. This position is responsible for performing field visits for maintenance inquiries and preparing instruction orders.

1 **Information Services**

2 Three additional positions were added in Information Services between the 2021 Cost of
3 Service application and 2025, driven by rapid changes in technology and cyber security
4 measures. Digitalization has increased since BHI's last Cost of Service application, in part due
5 to the COVID-19 pandemic and the consequent shift to remote work and online services. As a
6 result, IT/OT support for BHI customers and employees has increased to meet their evolving
7 needs.

8
9 In addition, these positions support the broader digital transformation of the energy sector,
10 changes in technology, and evolving industry demands. The IT/OT systems required to manage
11 BHI's operations are becoming increasingly complex and require specialized knowledge and
12 expertise. The growing digitalization of BHI's operations and the expansion of connected
13 devices have significantly increased the risk of cyberattacks. BHI has added staff to (i) support
14 AI-driven initiatives, (ii) facilitate the consolidation of operational technology and information
15 technology under one department to improve IT governance and manage cyber risk, (iii) support
16 implementation of increased functionality within BHI's systems, improvement to business
17 processes and changing business requirements; (iv) support end users for computers, printers,
18 and BHI's network and applications as a result of the conversion from desktops to laptops to
19 facilitate business continuity; and (v) mitigate cyber risk and compliance with OCSF standards
20 and similar regulatory requirements.

21
22 **IT and Operations Technology Systems Specialist** - This position is responsible for
23 managing and supporting critical IT and OT systems which ensures the reliability, security, and
24 efficiency of the company's operations. This role involves maintaining, troubleshooting, and
25 optimizing hardware, software, and network infrastructure for both enterprise IT systems and
26 operational technology. Key responsibilities include system administration, cyber security
27 management, data integration, and providing technical support for both IT and OT teams. This
28 position works closely with engineering, operations, and IT teams to enhance system
29 performance, ensures regulatory compliance, and supports real-time monitoring and control of
30 assets. This role is essential in bridging the gap between traditional IT and operational
31 technology, ensuring seamless communication, security, and functionality across all critical
32 systems.

1 **Information Technology Business Analyst** - This position supports the increase of
2 digitalization; the adoption of a new CIS, new Customer Portal and Green Button; and the
3 upgrade of BHI's ERP since BHI's last Cost of Service application. This position entails
4 gathering and translating business requirements into application processes in coordination with
5 departments and vendors. The responsibilities include analyzing business processes, collecting
6 requirements, and collaborating with the business to implement and optimize technology
7 solutions that enhance efficiency and process automation, and improve systems reliability. The
8 role serves as a liaison between users, IT/OT teams, and external vendors to analyze business
9 and functional requirements and establish data requirements and processes pertinent to both
10 existing and new enterprise applications. This role is integral in driving digital transformation,
11 ensuring IT investments align with business objectives, and improving operational effectiveness.
12 The role also (i) evaluates business requests to determine requirements, feasibility, and
13 recommends appropriate business solutions, (ii) focuses on planning for the adoption of
14 emerging technologies such as Artificial Intelligence; and (iii) provides business intelligence
15 reporting, and application mapping and information flow.

16
17 **Technical Support Analyst** - This position is responsible for delivering End User Compute and
18 Technical Support within IT/OT Infrastructure, Identity and Access, software applications and
19 mobile devices support, to ensure the seamless functioning of systems, applications, and
20 networks. Responsibilities include troubleshooting technical issues, assisting end-users, and
21 maintaining IT/OT infrastructure to meet business and operational requirements. Key duties
22 involve diagnosing and resolving hardware and software problems, managing user accounts,
23 supporting enterprise applications, and escalating complex issues. The Technical Support
24 Analyst contributes to cyber security awareness, performs system updates, and documents
25 technical processes. This role is essential for maintaining business continuity, minimizing
26 downtime, and ensuring employees have the necessary technical resources. BHI did not
27 previously have a dedicated role for end-user support - this role also includes cell phone
28 management and laptop support (which is more time intensive than desktop support due to
29 encryption requirements and required software management).

BHI's conversion from desktops to laptops was to facilitate business continuity through the ability for staff to work remotely. This function was previously performed on a part-time basis by the infrastructure specialist. This role service BHI's growing number of FTEs noting that BHI is proposing to add an additional 14 FTE alone in 2026, bringing its total FTE to 123 in the 2026 Test Year. These positions are identified in Table 49 and described in further detail below.

Table 49 - New Positions in 2026

Department	Position
Accounting	Financial Analyst
Control Room	Electrical Operator Apprentice
Engineering	Supervisor, Energy Transition Integration
	Engineering Services Technician (Energy Transition)
	Supervisor, GIS
	GIS Technician
	Supervisor, Planning & Grid Modernization
	Engineering Services Technician (Capital Projects)
	Operations Clerk
HR	HR Analyst/Generalist
Metering	Metering Technician Apprentice
Regulatory	Regulatory Analyst
	Senior Mgr, Capital Planning & Supply Chain
Safety	Facilities Specialist/Coordinator

Total Net New Positions

14

Accounting

Financial Analyst - This position is required to manage an increase in workload. It will ensure that BHI continues to, among other things, (i) comply with regulations including meeting the required standards for regulatory filings; (ii) track BHI's financial performance results; (iii) track and monitor actual expenditures against budgets and forecasts as BHI faces regulatory changes, and population and capital growth; and (iv) support automation and digitalization initiatives.

A number of initiatives implemented by the OEB, such as (i) the System Expansion for Housing Developments Consultation, (ii) the Benefit-Cost Analysis Framework for Addressing Electricity System Needs, (iii) Activity and Program-based Benchmarking, and (iv) Distribution Sector

1 Resilience, Responsiveness & Cost Efficiency, have resulted in and will result in policy and
2 regulatory changes which require additional resources to implement and comply with.

3 The expected population growth within the City of Burlington necessitates additional financial
4 resources in advance of energization to support BHI's requirements to serve new developments,
5 including by conducting economic evaluations and reporting on capital expenditures.

6
7 BHI's capital expenditures over the 2026-2030 period are expected to be over 40%
8 higher than the historical average, partly in support of energy transition and growth
9 forecasts. An additional resource is required to:

- 10 • ensure in-service assets are componentized, depreciated and allocated to the
11 correct accounts in accordance with IFRS and the OEB's Accounting Procedures
12 Handbook
- 13 • ensure funds received from, and refunds to, developers for system expansions
14 are recorded and tracked according to the DSC and appropriately allocated
15 between capital contributions and expansion deposits. BHI expects over \$43.4M
16 in expenditures for Major Transit Station Area Developments alone, over the
17 2026-2030 rate period, as identified in Section 5.4.1.2.1 of the DSP. The financial
18 analyst will manage the financial tracking of these developments.
- 19 • monitor, process, invoice, and close capital work orders including determination
20 of percentage of completion The volume of work orders is directly proportional to
21 capital expenditure dollars.

22
23 The accounting department is responsible for all non-customer billing including invoicing third
24 parties for damages to distribution infrastructure as a result of accidents and fires for which they
25 are responsible. Collecting these damages is an onerous process involving the third party, the
26 police department, insurance companies, and internal BHI departments such as operations,
27 engineering and accounting. BHI's accident claims have increased from 16 in 2021 to 36 in
28 2024. BHI does not currently have adequate resources in the accounting department to process
29 and claim these damages in a timely manner, which results in an increase to capital and
30 operating expenses or bad debt expenses in the event that the damages cannot be recovered.

31 In addition, this role will support projects that promote automation and digitalization such as the
32 ERP replacement identified in Section 5.4.1.2.4 of the DSP, to streamline business processes,

1 automate reporting, allow for more accurate and detailed end-user reporting, reduce manual
2 entry, and minimize the risk of input error.

3
4 Without funding for the Financial Analyst position, BHI would experience:

- 5 • reduced governance and oversight of financial planning activities that can limit BHI's
6 ability to execute its plans and deliver outcomes to the benefit of ratepayers;
- 7 • reduced oversight of key performance measures such as operating expenses including
8 depreciation, in-service assets and net income;
- 9 • lack of integration of financial planning activities with operational and regulatory financial
10 plans;
- 11 • compromised month-end and financial analysis for management reports to enable timely
12 decision making related to operational expenditures and capital investments;
- 13 • inability to effectively protect BHI against a variety of potential insurance losses outside
14 of normal business operations; and
- 15 • lack of regulatory and revenue management leading to increased risk of material
16 misstatements and inability to comply with the OEB's financial and regulatory accounting
17 requirements.

18 19 **Engineering**

20 The energy transition is driving a fundamental shift in grid infrastructure, requiring integration of
21 new technologies, enhanced system capacity, and more complex operational planning.
22 Customers are playing a more active role in energy management, investing in electrification and
23 DERs, which necessitates an increase in engineering support to assess, connect, and manage
24 these resources, and modernize the grid.

25
26 The rapid growth of housing and employment, driven by the Province of Ontario's plan to build
27 1.5 million homes over the next decade and the City of Burlington's target of 29,000 new
28 housing units by 2031, is expected to further increase the volume of customer service requests,
29 connections, and system upgrades. Residential connections requests have increased from 317
30 in 2021 to 881 in 2024. BHI's forecasted average capital expenditures over the 2026-2030
31 period are expected to be over 40% higher than the historical average, partly in support of
32 energy transition and growth forecasts.

1 Additionally, the City of Burlington's Climate Action Plan and Canada's commitment to net-zero
2 emissions by 2050 require significant investments in system capacity, resiliency, and
3 sustainable modern grid technology solutions. More frequent and severe extreme weather
4 events are also increasing the need for system hardening and proactive grid planning. The
5 expanding volume of data generated by modern grid technologies must be leveraged to
6 optimize operations, requiring skilled engineering expertise to implement and manage data-
7 driven decision-making processes. The scope of work in the engineering department has
8 evolved to include (i) investigating causes of outages, equipment failures and power quality
9 issues, (ii) monitoring and modifying network performance parameters such as operation of
10 integrated self-healing switch networks for FLISR schemes, and (iii) modifying standard
11 assemblies to serve a specific location or need.

12
13 More specifically, BHI's Engineering program is experiencing and expects to experience an
14 increase in the volume of work to support growth in a number of areas as follows:

- 15 • growth in the number of requested service connections from 423 in 2021 to 1,050 in
16 2024
- 17 • an anticipated increase in the adoption of EVs and DERs due to electrification. BHI has
18 already experienced historical growth as evidenced by an increase in the number of net
19 metering customers from 25 in 2021 to 127 in 2024;
- 20 • an increase in the quantity and dollar value of system renewal projects required to
21 address assets in very poor and poor health; and mitigate the number of outages due
22 defective equipment, which has increased by 255% from 2021 to 2024. The number of
23 assets that BHI plans to replace in 2026 has increased as follows, which requires
24 additional engineering resources to manage:
 - 25 ◦ Pole replacements 84 in 2021 vs. 154 in 2026
 - 26 ◦ Underground cable 2.6km in 2021 vs. 14.5km in 2026
 - 27 ◦ Stations relays 3 in 2021 vs. 8 in 2026
- 28 • an increase in capital infrastructure projects:

- 1 ◦ BHI is experiencing an increase in road widening projects which BHI is mandated
2 to complete under the Public Services Works on Highways Act ("PSWHA"). The
3 dollar value of these projects has increased from \$3.3M in the 2021 Cost of
4 Service application to \$21.6M over 2025/2026. These projects require additional
5 engineering resources to plan, design and implement
- 6 ◦ The City of Burlington is intensifying vertical development and refurbishment in
7 the downtown core and at Major Transit Station Areas ("MTSAs"), specifically the
8 Appleby, Burlington and Aldershot GO Stations to address housing objectives
9 and urban planning needs. As identified in Section 5.4.1.2.1 of the DSP, these
10 MTSA projects involve the mandatory costs of connecting the increasing
11 numbers of residential customers - currently there are 34 multi-unit residential
12 developments in and around the MTSAs. These projects are complex system
13 expansions, involving multiple developers. At the time of this Application, BHI is
14 aware of additional 53 multi-unit residential buildings proposed for development.
15 BHI expects the capital expenditures associated with the system expansions
16 required to connect these projects to be \$43.4M by the end of 2030.
- 17 • an increase in service upgrades and connections which are captured in the General
18 Service programs identified in Table 5.4-9 of the DSP. General Service projects have
19 increased by 54% from \$3.6M in 2021 to \$5.5M in 2024.
- 20 • an increase in grid modernization projects such as the Station Relays Replacement
21 Program identified in Section 5.4.1.2.2 of the DSP, and the transition to AMI 2.0 - a
22 metering technology with enhanced capabilities over AMI 1.0, including real-time two-
23 way communication, advanced data collection and analytics, support for distributed
24 energy resources and integration with modern grid systems such as ADMS. Two
25 examples of projects which will support the transition to AMI 2.0, and will require
26 additional engineering resources to implement are:

- Smart Meter Replacement (Table 5.4-9 of the DSP): This program is primarily driven by BHI's obligation to comply with Measurement Canada regulations around re-certification and end-of-life replacement as well as the need to upgrade AMI to accommodate grid modernization initiatives, including those required for DER integration and to perform anticipated IESO distribution system operator ("DSO") capabilities. It is also driven by the need to ensure that BHI's meters operate properly to ensure that customer billing is based on accurate information. This program includes upgrading to Alpha 4 generation series meters with advanced data collection and communication features.
- AMI Collector System Conversion/Upgrade (Table 5.4-12 of the DSP): Deploying "Next Generation Gatekeepers" to enable data collection from Alpha 4 meters.

This growth requires engineering support across several functions including system and capital planning, design, contract administration, asset management, technology review and adoption, and GIS management, among others.

BHI requires a dedicated team (Supervisor, Energy Transition Integration/DER and Engineering Services Technician) to manage the increase in workload associated with the energy transition. BHI must develop a plan to accommodate the future needs of the distribution system, which must include, among others, electrification of transit and home heating.

- 100% of new light-duty vehicle sales must be zero-emissions by 2035. Medium-and-heavy-duty vehicles are converting to electric, including the conversion of the City of Burlington Transit's fleet of buses. Annual energy consumption is expected to increase exponentially as identified in the Burlington Distribution Sustainability Report.³⁶
- Air source heat pumps are expected to be in 40% of residential buildings and 30% of commercial buildings by 2050, and ground source heat pumps are expected to be in 20% of residential and 25% of commercial buildings by 2050.³⁷
- Electrification of transit and home heating requires additional engineering resources to support grid modernization, manage peak demand, integrate renewable energy and ensure the grid can handle the growing demand for electricity.

³⁶ Figure 7, Burlington Distribution Sustainability Report, June 19, 2024

³⁷ Ibid, Figure 9

BHI anticipates an increase in the adoption of DERs due to electrification. BHI has already experienced historical growth as evidenced by an increase in the number of net metering customers from 25 in 2021 to 127 in 2024. In addition, these positions are required to manage the increase in legislative and regulatory requirements such as the OEB's *DER Connection Procedures*³⁸, the OEB's *EV Charging Connection Procedures*³⁹, and the OEB's *Draft Benefit-Cost Analysis Framework for Addressing Electricity System Needs*⁴⁰ introduced in 2022, 2024 and 2023 respectively.

Further, these roles will be required to support the DSO model by providing the necessary technological infrastructure, data management systems, and operational tools to effectively manage a grid that integrates a variety of DERs.

Without funding for these positions, BHI would experience:

- Difficulty in integrating advanced technologies (e.g., smart grids, renewable energy systems, energy storage) in a timely and effective manner;
- Delays in connecting DERs, resulting in the inability to meet customer timelines and regulatory obligations;
- Inadequate planning for the integration of DERs and intermittent renewable energy, leading to grid instability and reliability issues;
- Inability to contribute to the achievement of net-zero targets;
- Inability to adapt to changing energy demands and customer preferences; and
- Failure to develop customer-centric solutions such as demand response programs, EV infrastructure, or energy efficiency services, negatively affecting customer satisfaction and engagement.

Supervisor, Energy Transition Integration/DER - This position will play a critical role in researching technologies, evaluating connection designs for integration, and project planning to enhance engineering processes to ensure compliance with legislative and regulatory requirements. The Supervisor will facilitate and expedite connection uptake of DERs and EV

³⁸ <https://www.oeb.ca/sites/default/files/DER-Connection-Procedures-DERCP-20220914.pdf>

³⁹ https://www.oeb.ca/sites/default/files/Electric%20Vehicle%20Charging%20Connection%20Procedures%20%28EVCCP%29_20240216.pdf

⁴⁰ <https://www.oeb.ca/sites/default/files/OEB-Draft-BCA-Framework-20231214.pdf#:~:text=The%20Benefit-Cost%20Analysis%20%28BCA%29%20Framework%20is%20an%20OEB,solutions%20%28NWS%29%20to%20address%20defined%20electricity%20system%20needs.>

charging infrastructure through (i) connection impact assessments, (ii) execution of operating agreements, (ii) contract administration, (iii) liaison with vendors, service providers and permitting authorities (such as Hydro One and the IESO), and (iv) oversight of project management and execution, site acceptance testing and commissioning. The role will also develop and implement innovative energy transition initiatives such as demand side management and related technologies.

This position will work closely with customers to identify their needs and preferences, ensuring a smooth and efficient connection process. By driving grid enhancements and supporting innovative energy solutions, this role will help align the company's operations with evolving customer expectations and energy transition goals, and contribute to the reliability, efficiency, and sustainability of BHI's distribution system.

Engineering Services Technician (Energy Transition Integration) - This position will support the energy transition through the integration of DER and EV charging infrastructure by (i) reviewing customer and system needs and (ii) providing appropriate design and project solutions for timely coordination and connections. This will enable efficient system upgrades and new services, ensuring reliable and sustainable distributed energy infrastructure. This role will be responsible for:

- determining customer and systems requirements
- preparing designs
- project planning and execution
- technology review and adoption (e.g. smart inverters, battery storage, micro-grid solutions etc.)
- procurement and acceptance testing of new grid-sense devices
- field verification and coordination with service providers, customers and transmitters

As mentioned above, BHI has experienced an increase in the number of net metering connections and expects this growth trend to continue in light of net-zero targets and an anticipated DSO model which incentivizes adoption of DERs.

The Engineering Services Technician will play a supporting role in ensuring reliable and sustainable electricity for current and future customers. Through accurate designs, resource

1 optimization, and proactive problem-solving, this role enhances operational efficiency and
2 contributes to sustainability goals.

3
4 **Supervisor, GIS** - The GIS Supervisor will lead the management, maintenance, and
5 enhancement of the GIS to support BHI's operations, planning, asset management, and
6 engineering functions. This position will be responsible for ensuring the accuracy and integrity of
7 GIS data, including mapping of the electrical distribution network, asset management, and
8 geospatial analysis. Key responsibilities will include overseeing the GIS team and coordinating
9 with internal departments such as Engineering, Operations, and IT/OT. The GIS Supervisor will
10 drive process improvements by integrating GIS capabilities with other operational systems to
11 enhance grid planning, outage management, and resource allocation. The GIS Supervisor will
12 also collaborate with stakeholders to provide accurate data and mapping for capital and
13 maintenance projects, ensuring operational efficiency and timely project execution. The volume
14 of this work is expected to increase due to an increase in the volume of System Access and
15 System Renewal projects as identified in Table 5.4-1 of the DSP.

16
17 This position will be responsible for implementing data structures to facilitate asset management
18 processing and data mining as well as maintaining records of all major and minor modifications
19 to the distribution system, both planned and unplanned (e.g. as a result of an emergency
20 replacement due to asset failure). By delivering reliable GIS solutions and driving innovation in
21 data management, this position will contribute to ensuring grid reliability, optimizing resource
22 deployment, and enhancing the customer experience through faster response times and better
23 service delivery.

24
25 **GIS Technician** - The GIS Technician will be responsible for maintaining and updating BHI's
26 GIS, ensuring accurate mapping of the electrical distribution network, which is critical to ensure
27 the continuity of BHI's operations in the field, and effective asset management and capital
28 planning. This role will involve producing and analyzing system data, preparing maps for capital
29 and maintenance projects, and supporting regulatory audits. The technician will work closely
30 with Engineering and Operations to verify field data, assist in design tasks, and provide
31 technical support for various capital and customer connections projects. The GIS Technician
32 will play a key role in maintaining accurate data to ensure service reliability, support efficient
33 maintenance, and enable quicker outage response. The role will streamline processes for

1 completing service connections and reduces delays in project timelines by maintaining up-to-
2 date and accurate information in the GIS, which will eliminate the requirement to verify that
3 information through field checks.

4
5 This position is critical due to (i) the increase in requests for service connections, (ii) the
6 increase in capital project expenditures for which individual assets need to be recorded in the
7 GIS, (iii) increasing regulatory requirements such as publishing BHI's capacity map as
8 mandated by the OEB⁴¹, (iv) digitalization of paper records such as easements and third party
9 attachments to eliminate manual processing and improve the accuracy of the GIS, (v)
10 implementing and resolving connectivity related to the integration of DERs and EVs; and (vi) an
11 increase in field checks and system audits to confirm accuracy of data capture. This position
12 will optimize resources for capital and maintenance projects, by producing and maintaining
13 accurate data and maps related to site specific needs and requirements.

14
15 The Supervisor, GIS and GIS Technician positions were previously staffed by individuals who
16 were transferred to Information Services as an IT Manager, Projects and Business Applications,
17 and a Business Applications/Data Specialist, respectively. The reason for the transfer was due
18 to technological changes and increased digitalization of BHI's GIS, CIS, OMS, SCADA and
19 other operational technology. As such, the incumbents' roles were becoming more focused on
20 system administration, software maintenance, system coding and development, IT/OT
21 infrastructure, and integration with other enterprise systems - job functions better managed
22 within the Information Services department. The new roles in Information Services were
23 required to (i) manage the increase in the volume of work associated with increased operational
24 technology projects, (ii) enhance IT/OT governance, (iii) enable integration with other
25 operational technologies, and (iv) reduce cyber security risk and shadow IT.

26
27 The individuals transferred to Information Services do not have the capacity to continue to
28 supervise and manage the engineering functions associated with operating BHI's GIS (i.e.
29 infrastructure planning, asset management, mapping, and system design) in addition to the new
30 IT/OT duties. The increase in BHI's capital expenditure program from 2021 to 2030, as
31 identified in Tables 5.4-1 and 5.4-2 of the DSP increases the number of assets for which BHI is

⁴¹ https://engagewithus.oeb.ca/derandevchargingconnections/news_feed/oeb-guidance-letter-on-distribution-system-capacity-information-map-phase-1

1 responsible. This directly impacts the GIS team who is responsible for updating and ensuring
2 the accuracy and integrity of GIS data, including mapping of the electrical distribution network,
3 asset management, and geospatial analysis. Some examples are an increase in system
4 renewals, MTSAs development and road widening projects as identified above in the
5 Engineering Services section of this Exhibit 4.

6
7 It is expected that IT/OT workload will also increase due to the key business drivers described
8 above under the Digitalization, New Technologies and Cyber Security subheading of this
9 Section. As such, BHI requires the Supervisor, GIS and GIS Technician roles to be backfilled in
10 2026.

11
12 The implications of not having a dedicated GIS team (Supervisor, GIS and GIS Technician,
13 described below) are as follows:

- 14 • inaccurate or outdated infrastructure mapping which can lead to errors in locating assets
15 during maintenance or emergency repairs;
- 16 • delays in responding to outages or emergencies which can lead to increased outage
17 times, slower response to maintenance needs, and potential service disruptions;
- 18 • poor asset management and maintenance which can lead to unnecessary equipment
19 failures, increased repair costs, and potentially more frequent service disruptions due to
20 poorly maintained infrastructure;
- 21 • limited planning and expansion capabilities. The GIS team helps in long-term planning
22 by mapping out where new infrastructure is needed, and assists BHI's system planning
23 engineers. Inadequate funding can lead to slower grid expansion, slow adoption of
24 innovative technologies, inefficient energy distribution, or areas with insufficient service
25 capacity, potentially leading to service limitations or higher costs;
- 26 • limited data integration with BHI's systems such as asset management, CIS and OMS.
27 This could result in fragmented data across the organization leading to reduced ability to
28 analyze and optimize system performance, potentially leading to inefficiencies, higher
29 operational costs, and poor customer service.
- 30 • Inability to accommodate the increase in mapping edits, and asset changes and
31 additions associated with the anticipated growth in the City of Burlington as identified in
32 Table 4.

1 **Supervisor, System Planning & Grid Modernization** - The Supervisor, System Planning &
2 Grid Modernization, will support the development and execution of short and long-term system
3 planning initiatives to enhance the capacity, and modernization of the electrical distribution
4 system. This role will assist in distribution system design, evaluation, and implementation of grid
5 enhancements, including (i) advanced protection and control schemes that will enable DERs to
6 dispatch capacity under current market conditions and the DSO model, and (ii) SCADA system
7 upgrades.

8
9 Key responsibilities will include system load forecasting, capacity assessments (including
10 publication of BHI's capacity map as mandated by the OEB⁴²), and providing recommendations
11 for infrastructure investments that support grid readiness for electrification and renewable
12 energy adoption. The supervisor will collaborate with internal teams across Engineering,
13 Operations, and IT to ensure planning efforts align with operational needs, regulatory
14 requirements, and industry standards. By contributing to proactive planning and modernization
15 initiatives, the Supervisor, System Planning & Grid Modernization will (i) assist in the
16 development of a long term sustainable capacity plan of the distribution system, (ii) identify and
17 design controlled open points for efficient dispatch of DERs, (iii) recommend system automation
18 and communication network requirements for SCADA interface with smart field devices and the
19 future ADMS as identified in Section 5.2.1.3 of the DSP, and (iv) maintain reliable protection and
20 control schemes on all network feeders, to ensure reliable operation of such devices as
21 reclosers, circuit breakers, switches and fuses to reduce the impact of outage events on BHI
22 customers. The number of customer outages have increased by 79% from 59,469 in 2021 to
23 106,714 in 2024. This position will play a vital role in ensuring reliable, efficient, and sustainable
24 electricity delivery to meet the needs of current and future customers.

25
26 If BHI were not to receive funding for this position it could:

- 27 • face compliance risks and inefficiencies, including:
 - 28 ◦ ineffective system planning;
 - 29 ◦ delays in system expansion projects (e.g. MTSAs) due to lack of adequate
 - 30 demand forecasting;

⁴² https://engagewithus.oeb.ca/derandevchargingconnections/news_feed/oeb-guidance-letter-on-distribution-system-capacity-information-map-phase-1

- difficulty adhering to OEB requirements, including DSC connection and performance requirements;
 - ineffective capacity allocations and reporting to benefit DER and EV proponents;
 - increased risk of higher outage impacts to customers due to inefficient network redundancy design and load transfer capability;
 - inability to manage risks around growth and electrification, failing to maximize benefits of new technologies connected to modernization initiatives, and
 - significant safety and reliability risks if reliable protection and control schemes are not maintained.
- lead to sub-optimal coordination with the IESO and regional planning groups, and with customers for purposes of enabling DER connections (resulting in potential non-compliance with OEB prescribed processes and timelines)

Engineering Services Technician (Capital Projects) - The Engineering Services Technician will be responsible for designing and planning overhead and underground electrical distribution systems, performing field verification, analyzing system requirements, preparing construction plans, contract administration and project management. This role is required due to an increase in the volume and complexity of capital projects (which require additional engineering resources to plan, design and implement) including:

- System Access projects which include:
 - Road widening projects which BHI is mandated to complete under the Public Services Works on Highways Act ("PSWHA"). The dollar value of these projects has increased from \$3.3M in the 2021 Cost of Service application to \$21.6M over 2025/2026.
 - Vertical development and refurbishment in the downtown core and at Major Transit Station Areas ("MTSAs"), specifically the Appleby, Burlington and Aldershot GO Stations to address housing objectives and urban planning needs. As identified in Section 5.4.1.2.1 of the DSP, these MTSA projects involve the mandatory costs of connecting the increasing numbers of residential customers - currently there are more than 34 multi-unit residential developments in and around the MTSAs. These projects are complex system expansions, involving

multiple developers. At the time of this Application, BHI is aware of additional 53 multi-unit residential buildings proposed for development. Capital investment in these projects is expected to be \$43.4M by the end of 2030.

- System Renewal projects which include
 - an increase in the quantity and dollar value of system renewal projects required to address assets in very poor and poor health; and mitigate the number of outages due defective equipment, which has increased by 255% from 2021 to 2024. The number of assets that BHI plans to replace in 2026 has increased as follows, which requires additional engineering resources to manage:
 - Pole replacements 84 in 2021 vs. 154 in 2026
 - Underground cable 2.6km in 2021 vs. 14.5km in 2026
 - Stations relays 3 in 2021 vs. 8 in 2026

This role will collaborate with contractors, customers, and internal teams to ensure the seamless execution of projects and provide on-site support during construction as needed. The Engineering Services Technician will support BHI's energy transition and housing growth, as identified in Table 4 in Section of this Exhibit 4, by enabling efficient system upgrades and new services, ensuring reliable and sustainable electricity distribution. This role will enhance the customer experience by addressing inquiries, providing project updates, and coordinating with contractors and crews. It will also improve operational efficiency through accurate designs, resource optimization, proactive problem-solving, and reducing delays. By ensuring reliable system designs and seamless project execution, this position directly benefits customers through improved service quality, timely upgrades and/or new services, and minimized delays and constraints during construction.

Without funding for this position BHI would :

- face execution risks due to the inability of current staff to manage a larger capital portfolio, including a slower pace of work, compromised quality and inability to meet completion deadlines;
- risk non-compliance with legislative and regulatory requirements; and
- experience a reduction in the number of projects being executed in a given year which would put renewal of assets and upgrade or expansion of the distribution system at risk.

1 This would introduce the risk of reduced reliability due to aged assets, and the inability
2 for customers (residential and commercial) to expand as needed to accommodate
3 growth and/or the energy transition.
4

5 **Operations Clerk** - This position is required to support the increasing administrative demands
6 and workload in the Engineering department, which can no longer be solely managed by BHI's
7 Engineering Clerk. The number of service connection requests, as an example, has increased
8 from 423 in 2021 to 1,050 in 2024 and is expected to continue to increase with the anticipated
9 growth in the City of Burlington, identified in Table 4 in this Exhibit 4. Locate volumes have
10 increased as identified below. In addition to engineering administrative duties, the Operations
11 Clerk will assist the Metering Program with processing metering service orders, and
12 appointment scheduling (e.g. indoor meter changes and outage scheduling), as BHI implements
13 its next generation AMI technology. Specifically, this position will be responsible for, among
14 other duties:

- 15 • facilitating locate requests to accurately identify underground infrastructure, supporting
16 safe and efficient operations for contractors and crews. The number of locates requests
17 is expected to increase from 12,905 in 2021 to 16,498 in 2026 as identified in Table 26.
18 This number is expected to continue to increase as a result of anticipated housing
19 growth in the City of Burlington, as identified in Section 4.1.5.1 and Table 4 in this Exhibit
20 4.
- 21 • supporting the implementation of BHI's next generation AMI technology, including the
22 AMI Collector System Conversion/Upgrade (identified in Table 5.4-12 of the DSP), and
23 the Smart Meter Replacement program (identified Table 5.4-9 of the DSP). The latter
24 requires changing a significant portion of BHI's metering infrastructure. The Operations
25 Clerk will assist with meter communication troubleshooting, liaise with relevant vendors,
26 assist with appointment scheduling, and coordinate scheduled outages for commercial
27 customers. The increase in the volume of work cannot be managed by existing
28 resources. Smart meter replacements in 2026 account for \$2.6M as compared to \$406k
29 in 2024, an increase of 540%, which is primarily driven by volume.
- 30 • Other operational activities, such as maintaining detailed records for Personal Protective
31 Equipment ("PPE"), currently being performed by supervisors.

Without adequate funding for this position BHI could experience the following:

- Inability to process new services and upgrades requests accurately and in a timely manner, negatively impacting customer satisfaction. The duties performed by the operations clerk would need to be performed by an existing resource in engineering, leaving the latter with no capacity to manage the increased workload due to growth and the energy transition;
- Additional difficulty complying with Measurement Canada regulations around re-certification and end-of-life replacement of smart meters and metering infrastructure;
- Inability to upgrade the AMI to accommodate grid modernization initiatives;
- Digs by excavators without proper information about the location of underground infrastructure, which could potentially result in damage to distribution assets, system outages, and major safety risks to field workers or the public;
- Reduced performance in providing locate information in a timely manner, resulting in administrative monetary penalties and other compliance enforcement actions by Ontario One Call; and
- Inability to comply with stricter locate performance standards imposed by Bill 93.

Human Resources

An HR Generalist/Analyst is required to support the organizational changes and additional headcount required as a result of the key business drivers, organizational needs and activities described above in this Section. Workload has increased due to the competitive labour market, high turnover of staff, and a shift in employee needs and preferences post the COVID-19 pandemic. This has caused an increased demand for workforce planning, regular recruitment activities, onboarding of new staff, and digitalization of existing HR processes to meet employee expectations. In addition, these factors have made all HR functions more complex, requiring additional service requests of HR related to employee engagement, development, and workforce analytics.

BHI has experienced a wave of retirements among long-serving employees, with BHI experiencing a 75% turnover in its workforce over the past five to ten years. This results in a significant loss of institutional knowledge which requires additional focus on maintaining processes, procedures and succession planning to ensure knowledge transfer takes place. This

1 role also monitors changing employment legislation and evolving workplace policies which
2 requires dedicated oversight to mitigate risk and ensure adherence to regulations.

3
4 **HR Analyst/Generalist** - The HR Analyst/Generalist will provide comprehensive human
5 resources support across all core HR functions. This role will encompass employee
6 engagement initiatives; labour and employee relations; recruitment, selection, and retention;
7 performance management; attendance and disability management; total rewards; and training
8 and onboarding. The HR Analyst/Generalist will also perform data analysis to better inform the
9 development and enhancement of various HR programs as described above. The HR team
10 currently does not have in house talent that can conduct data analysis, develop and maintain
11 HR metrics, or track their effectiveness to support data-driven decision-making.

12
13 This position will ensure professional and courteous services continue to be provided to both
14 internal and external stakeholders. The HR Analyst/Generalist will deliver hands-on support for
15 HR program implementation and initiatives, offering client-centered HR solutions. Ensuring a
16 skilled, engaged, and well-supported workforce, this role will contribute to overall operational
17 excellence, directly benefiting customers through enhanced customer support and service
18 delivery. If BHI does not receive the funding for this position, it will be unable to hire and retain
19 the appropriate resources to meet BHI's needs and requirements.

1 **Control Room and Metering**

2 BHI requires two new apprentice positions - an electrical operator apprentice in the Control
3 Room Program, and a metering technician apprentice in the Metering Program - to ensure the
4 reliability and safety of BHI's grid infrastructure. These positions are primarily required for
5 succession planning due to upcoming retirements. Hiring apprentices ensures that BHI has the
6 appropriate level of journeypersons required to meet operational demands to restore power
7 outages and build infrastructure in a safe and efficient manner. Employee and public safety is a
8 top priority for BHI and hiring the appropriate level of operations staff supports the achieving
9 BHI's safety and compliance goals. It takes a minimum of five years for a journeyperson to
10 become competent in their role, as identified in Table 24 in Section 4.3.0.7 of this Exhibit 4. BHI
11 forecasts future retirements based on OMERS pension plan eligibility and on a case by case
12 basis - these two new positions will replace employees who are expected to retire in the
13 2026-2030 rate term. As such, the hiring of apprentices in advance of a future retirement
14 ensures BHI has the appropriate level of competent staff to operate and maintain its
15 infrastructure. This will ensure knowledge transfer and continuity of skills and proficiency.

16
17 **Electrical Operator Apprentice** - This position will be responsible for the monitoring, safe and
18 efficient operation of the electrical distribution system. It is required to monitor all phases of the
19 distribution lines, substations, and loads by maintaining control of the central system. The role
20 will prepare work protection forms and switching orders and oversee switching operations for
21 maintenance, construction and repair work while ensuring safe working environments exist for
22 crews. This role will enable BHI to manage outages effectively and minimize disruptions to
23 customers.

24
25 **Metering Technician Apprentice** - This position will be responsible for the installation,
26 maintenance, repair, and troubleshooting of electrical meters and related equipment. The
27 Apprentice will assist with the setup and operation of interval data collection systems, as well as
28 smart metering systems. This position will play a key role in BHI's energy transition and growth
29 efforts by assisting with the installation and maintenance of smart metering systems which
30 ensures accurate billing and enhances customer satisfaction through efficient service delivery. It
31 will support the increase in the number of new meters requiring installation which is directly
32 proportional to the anticipated growth in the City of Burlington from 186,948 people in 2021 to
33 216,800 people in 2031; and the addition of add 29,000 housing units by 2031.

The Metering Technician Apprentice will support the expansion of metering infrastructure, critical for monitoring and optimizing energy usage to inform customers in making informed energy consumption choices. It will also support the development of new talent, ensuring reliable and efficient metering services for the future.

Regulatory (Regulatory Affairs, Supply Chain & Capital Planning)

Regulatory Analyst - This position will support BHI's regulatory compliance and reporting functions, including by ensuring accurate and timely submissions to regulatory bodies such as the OEB and IESO. This role involves monitoring, analyzing and interpreting industry regulations, assisting in the preparation of regulatory filings and compliance reports, and collaborating with internal teams to ensure coordinated regulatory strategies. Specific industry changes driving the need for this additional resource include:

- Increasing number of policy initiatives and consultations – the OEB has launched 27 new policy initiatives and consultations⁴³ since BHI's last Cost of Service application (as outlined in Section 4.1.2.1) with a number of other planned initiatives expected to launch in 2025 (e.g. Retail Transmission Service Rates Review, Intervenor Process Review). BHI leverages industry associations such as the Electricity Distributors Association ("EDA") to monitor and participate in these consultations, but an increasing number of them require direct participation from BHI (e.g. list of questions posed to LDCs as part of the Reliability and Power Quality Review⁴⁴). This role will support BHI's ability to participate in and execute on these consultations while continuing to provide customers with safe and reliable service in accordance with OEB requirements and policy guidance.
- New reporting and procedural changes including but not limited to:
 - Reliability sub-cause code reporting and feeder-level reliability reporting, requiring more detailed tracking and analysis;
 - Enhanced approach to setting reliability performance targets⁴⁵;
 - Activity and Program-based Benchmarking ("APB") – an additional seven data points and eight new APB metrics were introduced in the 2025 Reporting and

⁴³ <https://www.oeb.ca/consultations-and-projects/policy-initiatives-and-consultations>

⁴⁴ EB-2021-0307, Reliability and Power Quality Review, Appendix A, November 30, 2021

⁴⁵ Setting Reliability Performance Targets (Reliability and Power Quality Review EB-2021-0307), January 28, 2025

Record-keeping Requirements ("RRRs"), with no offsetting reduction in reporting requirements applicable to electricity distributors⁴⁶; and

- Requirement to submit an independent cyber security assessment based on the Ontario Cyber Security Framework.

- Amendments to the DSC to facilitate the connection of housing developments and residential customers⁴⁷, increasing the level of regulatory support required to interpret and comply with Appendix B of the Distribution System Code (DSC), as well as update and test economic evaluation models. An OEB consultation is also underway to develop a capacity allocation model ("CAM") to address issues related to system expansions for connecting housing developments⁴⁸. BHI's DSP is forecasting a significant number of system expansions that will be impacted by these code amendments over the 2026-2030 period, each of which will require regulatory support that is currently at capacity.

BHI will be unable to effectively meet its compliance and reporting obligations without the addition of this resource.

Senior Manager, Capital Planning & Supply Chain - The Senior Manager, Capital Planning & Supply Chain will lead the Capital Planning and Supply Chain functions, ensuring the effective management of the capital budget, forecasting, and project implementation. This role will involve collaborating with internal teams across Engineering, Operations, IT, and Facilities to ensure the successful planning and execution of capital projects consistent with BHI's Asset Management Process (described further in section 5.3.1.3 of the DSP). This requirement for this additional resource is being driven by a growing capital expenditure program combined with an increased need to consider non-traditional investments to meet distribution system needs, including specific changes to BHI's capital planning processes in order to effectively evaluate, prioritize and optimize its capital expenditures. This position is key to BHI's energy transition, growth, and grid modernization efforts. Forecasted average capital expenditures over the 2026-2030 period

⁴⁶ EB-2022-0267, Reporting and Record-keeping Requirements (RRR) Consultation, Stakeholder Meeting, January 20, 2025

⁴⁷ EB-2024-0092

⁴⁸ Consultation on a Capacity Allocation Model for System Expansions to Connect Housing Developments and Invitation to Participate on an Advisory Group (EB-2024-0092), November 21, 2024

are expected to be over 40% higher than the historical average, partly in support of energy transition and growth forecasts, and this role will help ensure capital is deployed in alignment with BHI's goals, regulatory requirements, and with the needs of the rapidly approaching energy transition. The need for traditional investments such as asset renewal and customer connections are also increasing and as such, this role is critical for BHI to continue to effectively plan, optimize and deliver on a growing capital portfolio.

Over the next several years, BHI must evolve its Asset Management and Capital Planning processes to incorporate (i) Vulnerability Assessment and System Hardening ("VASH") analysis, ii) increased consideration and evaluation of non-wires solutions ("NWS") and the OEB's Benefit-Cost Analysis Framework for Addressing Electricity System Needs ("BCA Framework") for assessing the economic feasibility of NWS, and (iii) facilitate the transition to DSO functionality. BHI is committed to continuously improving its processes to align with changing environmental factors and industry best practices but does not currently have the internal capacity to manage these significant process changes.

Another driver of the need for this role is the changing supply chain landscape for local distribution companies, including the potential impacts of evolving geopolitical factors, which require increased strategic oversight to ensure BHI can continue to secure equipment and materials when required and at competitive pricing. The Senior Manager, Capital Planning & Supply Chain will ensure BHI is appropriately positioned to mitigate against an increasing number of supply chain risk factors to meet the needs of BHI's 2026-2030 investment plan.

Safety

Facilities Specialist/Coordinator

The addition of a Facilities Specialist/Coordinator is required to address the growing demands of maintaining BHI's aging main office and 32 substations, and continue to ensure compliance with legislative and regulatory requirements such as the AODA , municipal codes, the Ministry of Transportation, building codes, the ESA, and the OHSA. On average, over 80 reactive maintenance issues arise annually—including but not limited to HVAC failures, roof and plumbing repairs, and flooding incidents. These issues are beyond the planned annual capital and maintenance facilities program and cannot be managed in a timely manner by the Facilities

1 Manager. Further, compliance with the AODA requires ongoing modifications to the facility to
2 ensure accessibility, and frequent staff changes necessitate workspace reconfigurations and
3 accommodations. A dedicated Facilities Specialist/Coordinator will ensure proactive
4 maintenance planning, timely responses to facility issues, regulatory compliance, and overall
5 operational efficiency, ultimately reducing the risk of costly unexpected repairs.

6
7 The Facilities Specialist/Coordinator will provide essential administrative support and assists
8 with key activities to ensure the safe, secure, and efficient operation of the organization's
9 properties and buildings which include the corporate office and 32 substation buildings. This role
10 will be responsible for coordinating maintenance, repairs, and inspections, liaising with vendors,
11 processing contracts and invoices, and maintaining accurate records to support compliance with
12 safety, security, and operational standards (AODA). It will also support the execution of facility-
13 related capital projects. The Facilities Specialist/Coordinator will work closely with various
14 departments to address facility-related needs, ensuring a safe, clean, and functional
15 environment for employees and visitors. Maintaining and securing buildings that contain high-
16 voltage electrical equipment helps ensure the safety of BHI's community. By supporting facility
17 and security management, this position will support the organization's overall efficiency and
18 contribute to a positive workplace experience.

4.3.1.2 Compensation

Overview

BHI is committed to ensuring that it operates safely, reliably and efficiently. In order to remain a viable and attractive employer for prospective new hires and maintain valuable talent, BHI remains focused on offering a competitive market-driven total compensation package. This includes remaining competitive, yet prudent in negotiating its two Collective Agreements and offering an LDC peer group competitive incentive program for its non-union team.

As described above, BHI's workforce has experienced and continues to experience significant change – a high average annual turnover rate of 11.3% as identified in Figure 12 in Section 4.3.1.1, a competitive labour market, skill shortage, technological advancements, electrification and the energy transition, unprecedented growth in the City of Burlington as identified in Table 4 of this Exhibit 4, and increasing legislative and regulatory requirements. To manage this level of change in its workforce, BHI must position itself to attract, motivate and retain talent with the appropriate skill set to:

- Operate its distribution system reliably, safely and efficiently;
- Incorporate customers' needs and preferences into its operations;
- Respond in a timely manner to increasing legislative and regulatory requirements;
- Accommodate customer growth and grid modernization and electrification investments;
- Execute its asset management and capital expenditure plans;
- Execute its planned infrastructure renewal to address assets at the end of their service lives and in poor and very poor condition as measured by a health index;
- Mitigate and manage the impacts of an aging workforce and a competitive labour market; and
- Implement and leverage technological advancements.

Consequently, BHI's total compensation package and ability to offer a rewarding work experience must enable it to compete successfully for employees with the requisite skill sets.

BHI's workforce is comprised of unionized and non-unionized employees.

Unionized Employees

BHI's workforce is comprised of two different unions (i.e., Inside Office Workers and Outside Trades Workers) for which the International Brotherhood of Electrical Workers ("IBEW") Local 636 is the sole bargaining agent. Approximately 57% of BHI's employees are unionized. The Inside Office workers are comprised of Customer Service Representatives, Billing Representatives, Engineering Services Technicians and Accounting Clerks. The Outside Trades workers are comprised of Power line, Metering and Substation Maintenance Technicians and Control Operators.

Compensation for unionized employees is negotiated through the collective bargaining process. When negotiating wage levels, consideration is given to the skill sets required to work within BHI's distribution system, as well as the competitive wage levels of its geographic market.

BHI's most recent collective bargaining agreement covers a three year period from April 1, 2024 to March 31, 2027. Wage increases were negotiated at 3.75% 3.75% and 3.00%, for each contract year in 2024, 2025 and 2026 respectively. This is consistent with other negotiated settlements in its immediate geographic area that it competes for talent in, such as Alectra Utilities, Oakville Hydro, the IESO, Toronto Hydro, Hydro One and Niagara Peninsula Energy. Table 50 below summarizes the annual wage adjustments for both unions from 2021 to 2026.

Table 50 – Unionized Annual Wage Increase

Year	%
2021	2.25%
2022	2.25%
2023	2.25%
2024	3.75%
2025	3.75%
2026	3.00%

Every position and job classification covered by the collective agreements has been evaluated using the Korn Ferry (Hays) job evaluation point method. The methodology used in determining the job point worth is based on Know-How, Problem Solving, Accountability and Working Conditions. As a result of the evaluations, an appropriate rate is determined for each position and job classification. Each job classification has a wage rate progression scale that increases

1 from a base starting rate to a maximum rate. The annual wage increase also impacts each
2 progression scale.

4 **Executive/Management/Non-Union Employees**

5 BHI provides its non-unionized employees (Executive, Managers and Non-union) with a total
6 cash compensation package comprised of two elements: base salary and incentive pay. BHI's
7 performance-based philosophy ensures that rewards are appropriately aligned with the strategic
8 direction of the company.

9
10 A customer service focused utility requires a team of highly talented and skilled individuals. To
11 attract, retain, motivate, and develop talented individuals, BHI provides a competitive and
12 rewarding compensation plan. The plan has been developed to ensure and reward teamwork,
13 leadership excellence, business acumen, integrity, and commitment to customers. Inherent in
14 this philosophy is the opportunity for employees who achieve above-average performance levels
15 to receive compensation increases consistent with the Company's Pay for Performance and
16 Incentive Compensation Plan.

18 ***Salaries***

19 BHI uses a pay grade salary structure that includes fifteen pay grades. These grades are for all
20 levels of Executive/Management/Non-union employees. Each pay grade has a higher base
21 salary job rate and range according to level of responsibility. Each pay grade and job rate has a
22 salary range set between 80% and 120%. Job rate (100% compa-ratio) is the rate at which a
23 fully experienced and competent individual achieves or is expected to operate at. Below job
24 rate, the individual is considered developing (Junior). Achieving above job rate is possible for
25 individuals who have demonstrated superior performance. The use of salary ranges provides
26 for the:

- 27 • Opportunity to reward, retain and attract top talent beyond job rate;
- 28 • Opportunity to mitigate compression issues between Unionized and Non-Unionized staff;
- 29 and
- 30 • Opportunity to provide developmental opportunities for high potential employees.

31 Each position within each grade has been evaluated using the Korn Ferry (Hays) job evaluation
32 point method.

Table 51 below summarizes the annual average salary increases for the non-union group from 2021 to 2026.

Table 51 – Non-Unionized Annual Salary Increase

Year	%
2021	2.50%
2022	2.50%
2023	2.50%
2024	4.00%
2025	4.25%
2026	4.00%

BHI's total compensation plan is reviewed regularly for its competitiveness against two market comparators – the All Industrial Market and Ontario Utilities Market.

BHI considers its primary competition for talent to be the Ontario Utilities market. It recognizes the importance of offering a competitive compensation package to its non-union staff and conducts a compensation review approximately every three years. The last review was completed by Korn Ferry in December 2023⁴⁹. The compensation analysis was conducted using job size analysis in which BHI's roles are benchmarked against roles of a similar size from selected comparator groups. Job size is determined using the Korn Ferry Hay Guide Chart - Profile Method of job evaluation. The results of the review indicated that BHI was competitive for all compensation elements, however, BHI's positioning in both markets is slightly lower than the 2019 market review.⁵⁰

Incentive Pay

BHI offers an incentive compensation variable pay plan in which all non-union employees are eligible to participate. The plan, funding for which is presented in the Administration OM&A program, is designed to promote teamwork and encourage all participants to achieve the overall mission, strategy, and objectives of the Company. Performance in BHI is measured against a balanced scorecard of key performance indicators in each of four categories:

- Financial
- Customer

⁴⁹ Attachment 6, 2023 Management & Non-Union Employee Pay Report, EB-2025-0051
⁵⁰ 2019 Management & Non-Union Employee Pay Report

- Operations – Continuous Improvement
- Employee – Safe Work Environment

Both Corporate and Individual Objectives are set based on the four balanced scorecard categories above and are weighted annually and differ by position level. The objectives are:

- (1) set based on a SMART setting approach i.e. Specific, Measurable, Achievable, Realistic and Timely ;
- (2) considered stretch targets; and
- (3) over and above activities considered part of an employee's day to day job.

The Plan design is reviewed by a third party approximately once every three to four years. The last review was completed in January 2024 by Korn Ferry⁵¹ – BHI changes its plan to be consistent with industry practice.

BHI provides its historical and forecast incentive pay per employee in Table 52 below. Increases in incentive pay in the 2025 Bridge Year and 2026 Test Year are due to an increase in FTE and employees eligible for incentive pay. Average payout per employee is expected to decrease as compared to 2021 - the majority of the FTEs added since 2021 are new, lower level positions and earn incentive pay at a lower percentage than the 2021 average.

Table 52 – Average Incentive Pay per Employee

Description	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals	2025 Bridge Year	2026 Test Year
# of Eligible Employees	34	38	36	42	47	56
Incentive Pay	\$766,954	\$961,620	\$978,092	\$1,238,129	\$1,146,473	\$1,256,983
Average Amount	\$22,557	\$25,306	\$27,169	\$29,479	\$24,393	\$22,446

Performance Management Program

Non-Unionized Employees

Performance management is a shared communication process that includes input from the employee and the supervisor. It is the collaborative process that facilitates the link between the employee's job duties and expectations and the organization's mission, vision, values and

⁵¹ Short Term Incentive Program Review, Korn Ferry, January 2024

corporate strategic objectives. The performance management process assists employees in identifying where there may be opportunities for development and to learn about potential career paths that may be available to them in the organization. This feedback process improves productivity and enhances employee motivation and commitment.

Unionized Employees

All unionized employees participate in a formal performance review annually to discuss their performance with their supervisors. Goals and objectives in areas that require improvement to meet job or performance targets are agreed to for the next review period.

Compensation Studies

BHI conducted a benchmarking study for its Management and Non-union employees "2023 Management & Non-Union Employee Pay Report" since its last Cost of Service application which is filed as Attachment6_2023_Management_NonUnion_EmployeePayReport_BHI_04162025.

4.3.1.3 Employee Benefits Program

BHI has a comprehensive and competitive benefits package which includes health and dental insurance, life insurance, vacation and leave policies, Employer health tax, CPP, EI contributions and WSIB insurance. The plans are designed to address the health and wellness needs of BHI's employees.

All benefit plans for each employee group are essentially the same. The unionized benefit plans, negotiated through collective bargaining, are comparable to recent settlements in the LDC sector in BHI's geographic area.

In addition to a pension benefit from OMERS, employees also receive post-retirement health, dental and life insurance benefits up to the age of 65. Post-retirement benefits for retirees post the age of 65 include life insurance only, for which BHI pays 100% of the premium. Both Unionized and Non-Union Employees that were hired after April 1, 2014 are no longer eligible for post-retirement life insurance. This was agreed to during collective bargaining as part of BHI's efforts to find efficiencies within the benefit plan.

- 1 Please refer to the Employee Benefits Variances Section below for further analysis of Employee
- 2 Benefits.

1 **4.3.1.4 Employee Costs and Variance Analysis**

2 Table 53 below reproduces Appendix 2-K in accordance with the Chapter 2 Filing Requirements and
3 summarizes the employee complement, compensation and benefits for BHI's 2021 last rebasing
4 application (EB-2020-0007), the 2021 to 2024 Actuals, 2024 Actuals, 2025 Bridge Year and 2026
5 Test Year. Appendix 2-K is filed in the OEB Chapter 2 Appendices. All compensation is included
6 whether expensed or capitalized. The number of employees is based on the average of the number
7 of full-time equivalents ("FTEs") at the beginning and end of the year.

1 **Table 53 – OEB Appendix 2-K**

Description	2021 CoS	2021 Actual	2022 Actual	2023 Actual	2024 Actuals	2025 Bridge Year	2026 Test Year
Number of Employees (FTEs including Part-Time)							
Management (including executive)	29.0	31.0	30.0	29.0	31.0	31.0	35.0
Non-Management (union and non-union)	71.0	79.0	78.0	77.5	84.5	78.0	88.0
Total	100.0	110.0	108.0	106.5	115.5	109.0	123.0
Total Salary and Wages including overtime and incentive pay							
Management (including executive)	\$4,725,173	\$4,699,979	\$5,258,472	\$5,015,326	\$5,200,781	\$5,714,438	\$6,515,535
Non-Management (union and non-union)	\$7,249,403	\$7,955,295	\$8,191,751	\$8,412,948	\$8,470,721	\$9,297,645	\$10,672,784
Total	\$11,974,576	\$12,655,274	\$13,450,222	\$13,428,274	\$13,671,502	\$15,012,083	\$17,188,319
Total Benefits (Current + Accrued)							
Management (including executive)	\$1,186,731	\$1,197,237	\$1,312,928	\$1,288,751	\$1,411,135	\$1,429,945	\$1,655,885
Non-Management (union and non-union)	\$1,779,190	\$1,768,552	\$1,814,092	\$1,969,773	\$2,073,288	\$2,327,876	\$2,775,332
Total	\$2,965,921	\$2,965,789	\$3,127,020	\$3,258,524	\$3,484,423	\$3,757,821	\$4,431,218
Total Compensation (Salary, Wages, & Benefits)							
Management (including executive)	\$5,911,904	\$5,897,216	\$6,571,399	\$6,304,077	\$6,611,916	\$7,144,383	\$8,171,421
Non-Management (union and non-union)	\$9,028,593	\$9,723,847	\$10,005,843	\$10,382,722	\$10,544,009	\$11,625,521	\$13,448,116
Total	\$14,940,497	\$15,621,063	\$16,577,242	\$16,686,799	\$17,155,925	\$18,769,904	\$21,619,537
Total Compensation Breakdown							
OM&A	\$12,769,771	\$13,835,642	\$14,139,345	\$14,267,242	\$14,479,391	\$16,683,724	\$19,120,618
Capital	\$2,170,726	\$1,785,421	\$2,437,897	\$2,419,556	\$2,676,534	\$2,086,181	\$2,498,919
Total	\$14,940,497	\$15,621,063	\$16,577,242	\$16,686,799	\$17,155,925	\$18,769,904	\$21,619,537

2

1 **Table 54 - Customers Served per Employee Benchmarking**

LDC	# of FTES	# of Customers	# of Customers Served/ FTE
BHI 2021 (EB-2020-0007)	100	68,623	686
BHI 2025 (EB-2025-0052)	109	69,567	638
BHI 2026 (EB-2025-0052)	123	69,894	568
BHI ¹ (2024)	116	69,241	599
Oakville Hydro (2022)	98	75,884	774
Essex Powerlines	45	31,347	704
Grandbridge Energy	180	113,075	627
Milton Hydro	75	43,285	577
Entegrus	109	62,912	576
London Hydro	305	167,081	548
Enwin Utilities	168	91,478	545
NPEI	112	59,008	526
Enova Power	311	162,021	521
Halton Hills Hydro	46	23,055	501

1. for BHI, # of FTEs is based on the average of 2024 per 2-K and includes temporary staff

2 1. Customers excludes microFIT/FIT generation customers

Employee Benefits Variances

BHI provides details of its employee benefits programs, including pensions, other post-employment retirement benefits ("OPEBs") and other costs charged to OM&A below.

Table 55 below summarizes the OMERS, EHT, WSIB, CPP and EI contribution rates for the 2024 Actuals and the 2026 Test Year.

Table 55 – Benefits Expense Rates

Benefit	2024		2026 Test Year	
	Maximum	Rates	Maximum	Rates
OMERS - Tier 1 (up to CPP Maximum)	\$68,500	9.00%	\$71,200	9.00%
OMERS - Tiers 2/3 (over CPP Maximum)	>\$68,500	14.60%	>\$71,200	14.60%
EHT	n/a	1.95%	n/a	1.95%
WSIB	\$112,500	0.61%	\$117,500	0.61%
CPP YMPE (Employer Portion)	\$68,500	5.95%	\$71,200	5.95%
CPP 2nd MAX (YAMPE)			\$81,200	4.000%
EI (Employer Portion)	\$63,200	1.263%	\$67,300	1.275%

A detailed summary of BHI's actual benefit program costs are presented in Table 56 below.

Table 56 – Benefits Expense

Type of Benefit	2021 Test Year	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals	2025 Bridge Year	2026 Test Year
CPP - Employer Portion	\$ 302,550	\$ 324,954	\$ 367,781	\$ 385,085	\$ 432,712	\$ 461,676	\$ 534,526
EI - Employer Portion	\$ 112,567	\$ 116,471	\$ 126,503	\$ 129,077	\$ 139,867	\$ 154,385	\$ 180,209
Employer Health Tax	\$ 231,848	\$ 237,425	\$ 255,138	\$ 254,719	\$ 227,818	\$ 239,871	\$ 282,167
WSIB	\$ 77,913	\$ 77,494	\$ 64,655	\$ 63,901	\$ 67,345	\$ 67,808	\$ 79,463
TOTAL STATUTORY	\$ 724,879	\$ 756,343	\$ 814,078	\$ 832,782	\$ 867,743	\$ 923,740	\$ 1,076,365
OMERS	\$ 1,272,687	\$ 1,212,994	\$ 1,255,473	\$ 1,307,962	\$ 1,297,329	\$ 1,379,179	\$ 1,630,776
Health & Dental	\$ 818,976	\$ 693,431	\$ 696,336	\$ 750,589	\$ 907,207	\$ 1,092,738	\$ 1,321,728
LTD Insurance	\$ 113,914	\$ 101,724	\$ 117,985	\$ 123,851	\$ 137,596	\$ 155,411	\$ 183,000
Life Insurance	\$ 35,466	\$ 33,282	\$ 32,346	\$ 35,580	\$ 39,123	\$ 46,061	\$ 54,698
Other	\$ —	\$ 97,232	\$ 148,433	\$ 130,040	\$ 146,575	\$ 151,938	\$ 156,664
TOTAL COMPANY	\$ 2,241,042	\$ 2,138,663	\$ 2,250,572	\$ 2,348,023	\$ 2,527,831	\$ 2,825,327	\$ 3,346,866
TOTAL BENEFITS EXPENSE	\$ 2,965,921	\$ 2,895,005	\$ 3,064,650	\$ 3,180,805	\$ 3,395,573	\$ 3,749,067	\$ 4,423,231

Table 57 below summarizes the year over year variances for to benefit expenses.

Table 57 – Benefits Expense Year over Year Variance Analysis

Type of Benefit	2021 Actuals vs. 2021 CoS	2022 vs. 2021	2023 vs. 2022	2024 vs. 2023	2025 Bridge Year vs. 2024	2026 Test Year vs. 2025 Bridge Year	2026 Test Year vs. 2021 Actuals
CPP - Employer Portion	\$ 22,403	\$ 42,828	\$ 17,304	\$ 47,627	\$ 28,964	\$ 72,850	\$ 209,572
EI - Employer Portion	\$ 3,904	\$ 10,033	\$ 2,573	\$ 10,791	\$ 14,518	\$ 25,824	\$ 63,739
Employer Health Tax	\$ 5,577	\$ 17,713	\$ (419)	\$ (26,901)	\$ 12,053	\$ 42,296	\$ 44,743
WSIB	\$ (420)	\$ (12,838)	\$ (754)	\$ 3,444	\$ 463	\$ 11,655	\$ 1,969
TOTAL STATUTORY	\$ 31,464	\$ 57,735	\$ 18,704	\$ 34,961	\$ 55,998	\$ 152,625	\$ 320,022
OMERS	\$ (59,693)	\$ 42,479	\$ 52,490	\$ (10,633)	\$ 81,849	\$ 251,597	\$ 417,782
Health & Dental	\$ (125,545)	\$ 2,905	\$ 54,253	\$ 156,618	\$ 185,531	\$ 228,990	\$ 628,298
LTD Insurance	\$ (12,190)	\$ 16,261	\$ 5,866	\$ 13,745	\$ 17,815	\$ 27,589	\$ 81,276
Life Insurance	\$ (2,184)	\$ (937)	\$ 3,235	\$ 3,543	\$ 6,938	\$ 8,638	\$ 21,416
Other	\$ 97,232	\$ 51,200	\$ (18,392)	\$ 16,535	\$ 5,363	\$ 4,726	\$ 59,432
TOTAL COMPANY	\$ (102,379)	\$ 111,909	\$ 97,451	\$ 179,808	\$ 297,496	\$ 521,539	\$ 1,208,203
TOTAL BENEFITS EXPENSE	\$ (70,915)	\$ 169,645	\$ 116,155	\$ 214,768	\$ 353,494	\$ 674,164	\$ 1,528,226

Benefits expenses can fluctuate unpredictably and significantly over time, contributing to increases in operating expenses and consequently distribution rates. As such, BHI looks for opportunities to pursue efficiencies to manage increases to these expenses. BHI has taken the following actions to mitigate increases in benefits expenses:

- BHI tendered benefits with its GridSmartCity partners in 2019 realizing an overall premium decrease of approximately \$130,000 per year for Health, Dental, Long-Term Disability ("LTD") and Life Insurance benefits.
- In 2021, health and dental benefits were retendered which precipitated a change in benefit carriers to Blue Cross Medavie from Great West Life, resulting in a premium rate freeze for two years (2021 and 2022) and approximately \$125,000 per year in savings.
- In 2023, BHI negotiated a maximum increase cap of 15% for health and dental benefits combined, which resulted in avoided costs of approximately \$100,000. In absence of this cap, costs would have increased by 28%.
- In 2024, BHI negotiated an increase of 24% for health and dental benefits combined, as compared to a proposal of 33%, which resulted in avoided costs of approximately \$83,000.

Benefits are expected to increase by \$1,528,226 from the 2021 Cost of Service application to the 2026 Test Year as identified in Table 57 above. The cost of providing benefits coverage has increased due to:

- rising healthcare and dental costs beyond OEB inflation as identified in Table 58 below;
- increased utilization; and
- an increase in headcount of 21 FTE since BHI's 2021 Cost of Service application.

Table 58 – Annual Benefits Increases

Benefit Type	Effective Date	2022	2023	2024	2025	2026
Group Life	Jan 1	3%	—%	—%	5%	8%
LTD Benefits	Jan 1	9%	4%	3%	3%	5%
Extended Health Benefits	Jun 1	9%	10%	31%	—%	15%
Dental Benefits	Jun 1	19%	26%	9%	18%	16%

4.3.1.5 OMERS and Post-Employment Benefits

OMERS Pension Plan

The employees of all LDCs are required to participate in the Ontario Municipal Employees Retirement System ("OMERS"). Therefore, the pension benefits provided to the employees of BHI are consistent with the pension benefits provided to employees of other LDCs.

The plan is a contributory plan with employees contributing 50 percent of the premiums and BHI contributing 50 percent.

Table 59 below summarizes the OMERS Pension Plan contribution costs year over year. OMERS was forecast for the 2025 Bridge Year and the 2026 Test Year using projected salaries and the rates provided in Table 55.

Table 59 – OMERS Contribution Costs

Description	2021 CoS	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals	2025 Test Year	2026 Bridge Year
OMERS	\$ 1,272,687	\$ 1,212,994	\$ 1,255,473	\$ 1,307,962	\$ 1,297,329	\$ 1,379,179	\$ 1,630,776

Other Post-Employment Retiree Benefits

BHI provides post-retirement health, dental and life insurance benefits up to the age of 65. Post-retirement benefits for retirees past the age of 65 include only life insurance for which Burlington pays 100% of the premium. Both Unionized and Non-Union Employees that were hired after April 1, 2014 are no longer eligible for post-retirement life insurance. This was agreed to during collective bargaining as part of BHI's efforts to find efficiencies with the Benefit plan.

Under IFRS, the defined benefit obligation ("DBO") and the current service costs are actuarially determined by using the projected benefit method, pro-rated on service and reflecting management and the actuary's best estimate of certain underlying assumptions. Re-measurements of the net defined benefit obligation, which is comprised of actuarial gains and losses are recorded to the income statement in the year that they arise.

Table 60 below provides the actual and forecasted amounts of the DBO included in benefit expenses for 2021 to 2024, the 2025 Bridge Year and the 2026 Test Year. Other Post-

Employment Retiree Benefits were forecast for the 2025 Bridge Year and the 2026 Test Year using a projection provided by BHI's actuary which is included in its most recent actuarial extrapolation, attached as Appendix B. BHI's most recent Actuarial Report is attached as Appendix A.

Table 60 – Post Retirement Benefits Expense

Description	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals	2025 Bridge Year	2026 Test Year
Post Retirement Benefits Expense	\$ 344,013	\$ 365,616	\$ 301,666	\$ 292,946	\$ 337,421	\$ 325,589
Past Service Gain/(Cost)	\$ —	\$ (215,564)	\$ —	\$ —	\$ —	\$ —
Net OM&A Expense	\$ 344,013	\$ 150,052	\$ 301,666	\$ 292,946	\$ 337,421	\$ 325,589

Table 61 below identifies the year over year changes in the DBO liability for 2021 to 2024, the 2025 Bridge Year and the 2026 Test Year.

Table 61 – DBO Liability

Description	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals	2025 Bridge Year	2026 Test Year
Opening Balance	\$(4,896,430)	\$(4,642,193)	\$(3,414,867)	\$(3,591,397)	\$(4,123,005)	\$(4,191,793)
Post Retirement Benefits Expense	\$ (344,013)	\$ (365,616)	\$ (301,666)	\$ (292,946)	\$ (337,421)	\$ (325,589)
Past Service Gain/(Cost)	\$ —	\$ 215,564	\$ —	\$ —	\$ —	\$ —
Benefits Paid	\$ 289,249	\$ 304,112	\$ 322,233	\$ 359,212	\$ 268,633	\$ 228,342
Actuarial Gain/(Loss)	\$ 309,001	\$ 1,073,266	\$ (197,097)	\$ (597,874)	\$ —	\$ —
Closing Balance	\$(4,642,193)	\$(3,414,867)	\$(3,591,397)	\$(4,123,005)	\$(4,191,793)	\$(4,289,040)

BHI uses the accrual method of accounting for employee future benefits in compliance with the OEB report on the Regulatory Treatment of Pension and Other Post-Employment Benefits Costs⁵² with the exception of the accounting for OMERS. OMERS is accounted for on a cash basis because OMERS is a multi-employer pension plan and individual employee future benefit obligations are not available at an employee level.

BHI records OPEB actuarial gains and losses in Other Comprehensive Income which is consistent with its 2021 Cost of Service application.

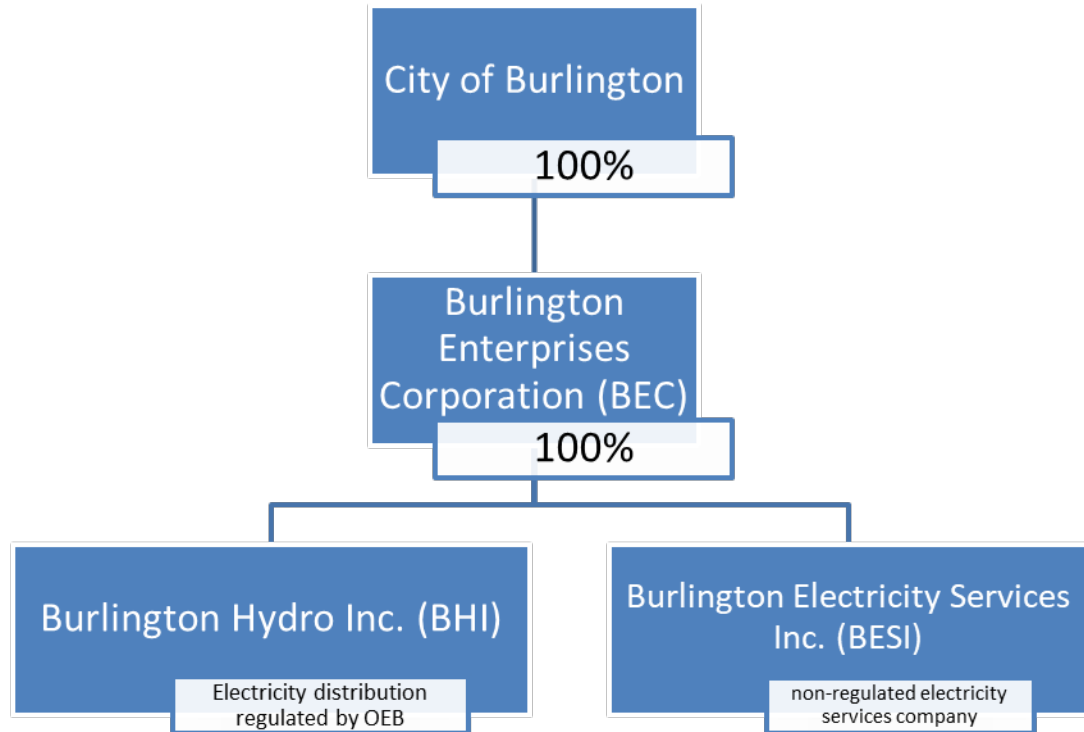
⁵² EB-2015-0040

4.3.2 Shared Services and Corporate Allocation

In accordance with section 2.4.3.2 of the Chapter 2 Filing Requirements, BHI provides information about shared services and corporate cost allocation between BHI and its affiliated entities below.

BHI is wholly owned by Burlington Enterprises Corporation (“BEC”), which in turn is wholly owned by the City of Burlington. The other affiliated company is Burlington Electricity Services Inc. (“BESI”). BESI’s primary lines of business are Water and Gas Sub Metering, installation and operation of EV Charging Stations, the provision of water/waste-water billing services; and control room support for non-affiliated entities (up to 2023). In addition, BESI coordinates the 40-day seasonal Burlington Festival of Lights, a holiday tradition at Spencer Smith Park on the City of Burlington’s waterfront.

The ownership structure is identified below.



BHI provides services to its affiliated companies in order to realize economies of scale, manage costs, and maintain service levels.

BHI supports its affiliates through the provision of shared services such as:

- Billing Services including, bill preparation and presentment, payment processing, collections, bad debt management, customer care and systems support;
- Control Room Operations (up to 2023); and
- Accounting.

BHI also provides shared corporate services to BESI in the form of:

- Management Services including Executive, Finance, HR, Facilities, and Communications.

4.3.2.1 Shared Services Model

BHI determines its pricing for shared services in accordance with the Affiliate Relationships Code for Electricity Distributors and Transmitters ("ARC") in which prices for services are determined by fully-allocated cost-based pricing in the absence of a reasonably competitive market. Where a reasonably competitive market exists for a service, the price for services is determined by the market price.

4.3.2.2 Pricing Methodology

Table 62 identifies the type of service provided by BHI to its affiliated companies in the 2026 Test Year and the pricing methodology.

Table 62 – Type of Service and Pricing Methodology – BHI to Affiliated Companies 2026 Test Year

Service	Pricing Methodology	Service Provided	
		By	To
Shared Services			
Water/Waste Water Billing	Cost-base	BHI	BESI
Accounting	Cost-base	BHI	BESI
Accounting	Cost-base	BHI	BEC
Corporate Cost Allocation			
Management Services 1	Cost-base	BHI	BESI

1. Management Services includes Executive, Finance, HR, Facilities, and Communications

Table 63 identifies the type of service provided by BESI to BHI in the 2026 Test Year and the pricing methodology. BEC does not provide any services to BHI.

Table 63 - Type of Service and Pricing Methodology – Affiliated Companies to BHI 2026 Test Year

Service	Pricing Methodology	Service Provided	
		By	To
Shared Services			
Sales/Marketing	Cost-base	BESI	BHI

BHI provides details on its shared services below.

Water/Waste-Water Billing (BHI provides to BESI)

Water/Waste-Water billing services are directly allocated to BESI from BHI based on the actual fully burdened costs to perform this service, including a return on capital equal to BHI's approved weighted average cost of capital. These costs include:

- a full time billing representative (bill preparation and presentment);
- a full time customer service representative (payment processing, collections, bad debt management and customer care);
- a system programmer (system maintenance, programming and testing); and
- billing and customer service management/supervision.

Accounting (BHI provides to BESI and BEC)

BHI performs accounting services for BESI and BEC. These costs are recovered on a fixed basis throughout the year. At year-end the actual cost is determined using actual time spent and the fully allocated cost per hour. Any actual costs over and above the fixed charge are remitted by BESI or BEC to BHI.

Sales and Marketing (BESI provides to BHI)

BESI performs sales and marketing services for BHI. These costs relate to electric suite metering programs and are based on the actual fully burdened costs to perform this service.

4.3.2.3 Corporate Cost Allocation

Management Services (BHI provides to BESI)

BHI provides shared corporate services in the form of strategic direction, oversight, project management and administrative support in areas such as Executive, Accounting/Finance, HR, Facilities, and Communications. All costs are allocated based on time incurred using a fully burdened cost per hour and include a return on capital equal to BHI's approved weighted average cost of capital. BHI provides a list of shared services, the allocation methodology and allocators in Table 64 below.

Table 64 – Shared Corporate Services Cost Allocation

Functional Service	Allocation Methodology	Allocator	Rationale
Executive, Finance, Human Resources, Communications	Fully allocated cost rate	Time Incurred	Most accurate, appropriate and representative allocator. Using the # of customers, invoices or employees would generate an immaterial \$ value due to the small size of the affiliate in comparison to the LDC
Facilities	Proportionate share of cost for operations and maintenance, property taxes, property insurance, furnishings	Square Footage	Cost of Facilities is directly proportionate to square footage

4.3.2.4 OEB Appendix 2-N

BHI files Appendix 2-N Shared Services and Corporate Cost Allocation in the OEB Chapter 2 Appendices.

4.3.2.5 Reconciliation of Revenue in OEB Appendix 2-N

BHI provides the amount associated with BHI Affiliate Services transactions by type of service with a reconciliation to Appendix 2-H (Other Operating Revenue) in Table 65 below. BHI provides generated revenue from Connection Impact Assessments for FIT and microFIT projects, and CDM programs which were non-affiliate transactions and as such are included in OEB Appendix 2-H but not in Shared Services.

Table 65 – BHI Affiliate Services Revenue by Service Type

Service Provided		Service	2021	2022	2023	2024	2025 Bridge Year	2026 Test Year
By	To							
BHI	BESI	Water/Waste Water Billing	\$403,504	\$374,001	\$453,522	\$468,889	\$489,227	\$501,000
BHI	BESI	Control Room Operations	\$158,752	\$227,635	\$37,921	\$0	\$0	\$0
BHI	BEC	Accounting Services	\$6,500	\$6,500	\$6,800	\$7,400	\$7,700	\$8,000
BHI	BESI	Accounting Services	\$11,500	\$11,800	\$19,892	\$20,892	\$21,392	\$21,992
BHI	BESI	Management Services	\$56,284	\$56,041	\$54,159	\$121,826	\$123,967	\$130,796
Total BHI Affiliate Services Revenue			\$636,540	\$675,977	\$572,294	\$619,007	\$642,286	\$661,788
n/a	n/a	Add FIT & microFIT Revenue	\$(5,000)	\$(5,000)	\$(5,000)	\$0	\$12,000	\$12,000
n/a	n/a	Add CDM Program Revenue	\$0	\$11,759	\$0	\$840	\$0	\$0
Total BHI Affiliate Services Revenue per 2-H			\$631,540	\$682,736	\$567,294	\$619,847	\$654,286	\$673,788

4.3.2.6 Variance Analysis

BHI provides a variance analysis in Table 66 and below for the following:

- 2026 Test Year vs. the 2021 Cost of Service application
- 2026 Test Year vs. 2024 Actuals

Table 66 – Variance Analysis

Shared Services and Corporate Cost Allocation	2021 CoS	2024	2026	2026 Test Year vs. 2021 CoS	2026 Test Year vs. 2024 Actuals
Services Provided by BHI					
Water/Waste Water Billing	\$402,734	\$468,889	\$501,000	\$98,266	\$32,111
Control Room Operations	\$159,000	\$0	\$0	\$(159,000)	\$0
Accounting	\$18,000	\$28,292	\$29,992	\$11,992	\$1,700
Management Services	\$63,484	\$121,826	\$130,796	\$67,312	\$8,970
Total Services Provided by BHI	\$643,218	\$619,007	\$661,788	\$18,570	\$42,781
Services Provided to BHI					
Heating Supply and Back-up Generation	\$0	\$102,000	\$0	\$0	\$(102,000)
Sales/Marketing	\$0	\$76,662	\$90,412	\$90,412	\$13,750
Total Services Provided to BHI	\$0	\$178,662	\$90,412	\$90,412	\$(88,250)

2026 Test Year vs. 2021 Cost of Service application

Total Services provided by BHI to its affiliated companies have increased by \$18,570 from the 2021 Cost of Service application to the 2026 Test Year, due to (i) increased revenue from the provision of water/waste water billing and management services, partly offset by the provision of control room services from BHI to BESI which ended in 2023.

Total Services provided to BHI by its affiliated companies have increased by \$90,412 from the 2021 Cost of Service application to the 2026 Test Year, due to the provision of sales and marketing services related to electricity suite metering by BESI.

2026 Test Year vs. 2024 Actuals

Total Services provided by BHI to its affiliated companies have increased by \$42,781 from the 2024 Actuals to the 2026 Test Year, primarily due to an increase in revenue from the provision of water/waste water billing services.

Total Services provided to BHI by its affiliated companies have decreased by \$(88,250) from the 2024 Actuals to the 2026 Test Year due to the elimination of heating supply and back-up generation services from BESI; partly offset by (ii) an increase in the provision of sales and marketing services related to electricity suite metering by BESI.

4.3.2.7 Board of Directors Costs

The Chapter 2 Filing Requirements specifies that utilities must identify any Board of Director-related costs for affiliates that are included in the utility's own costs. BHI confirms that there are no Board of Directors-related costs for its affiliated companies included in its costs.

4.3.3 Purchases of Non-affiliate Services

BHI purchases many goods and services from non-affiliated third parties. Vendors are screened to ensure they have the experience, reputation, and capability to meet BHI's requirements. BHI has developed a purchasing policy to ensure purchases are made in a cost effective manner with full consideration given to price, goods or service quality, the ability to deliver on time, reliability, and compliance with engineering specifications and standards.

BHI provides a copy of its purchasing policy as Appendix C in this Exhibit 4, which includes information on the level of signing authority and a description of its competitive tendering process. BHI confirms that its non-affiliate goods and services purchases are in compliance with its purchasing policy.

BHI is also a member of the GridSmartCity Cooperative ("GSC Cooperative"), a group of 15 LDC members who manage approximately \$2.7 Billion in assets and serve approximately 766,000 customers across more than 25 communities. The GSC Cooperative bridges the need for innovation and infrastructure renewal, with the benefits of collaboration and cost efficiency. The GSC Cooperative leverages its size to increase its purchasing power and BHI participates in several joint RFPs, RFQs, and information sharing and networking sessions. Benefits of cooperative purchasing include:

- Securing preferential pricing and services;
- Reducing time spent on procurement across LDCs;
- Leveraging best practices;
- Implementing commons specifications and standards to support joint RFPs; and
- Sourcing new or "difficult to source" goods and services.

BHI confirms that there are no material transactions which are not in compliance with its purchasing policy.

4.3.4 Regulatory One-time Costs

BHI identifies regulatory one-time costs in the historical, bridge and test years in Table 67 below. BHI proposes that these costs be recovered over the test year and the subsequent IRM term i.e. 1/5th in each of 2026 to 2030. These represent the costs associated with the preparation of BHI's 2026 Cost of Service Application. Further details are provided above in Section 4.3.0.14 Regulatory Affairs.

Table 67 – Regulatory One-time Costs

Description	2023 Actuals	2024 Actuals	2025 Bridge Year	2026 Test Year
Incurred	\$42,436	\$338,829	\$476,755	\$90,900
Amortized (1/5th per year 2026-2030)				\$189,784

BHI files Appendix 2-M Regulatory Costs in the OEB Chapter 2 Appendices.

4.3.5 Low-Income Energy Assistance Programs (LEAP)

BHI follows the OEB's Accounting Procedures Handbook ("APH") with respect to charitable and political donations. In accordance with the APH, donations are tracked in the USoA Account 6205 and are not included in the revenue requirement for the Test Years.

Only donations specifically for the Low-Income Energy Assistance Program ("LEAP"), as per section 2.4.3.5 of the Chapter 2 Filing Requirements are tracked in the USoA Sub-Account 6205 Donations, sub-account LEAP Funding, and are included in the revenue requirement for the 2026 Test Year. The OEB has prescribed the LEAP program to provide one-time assistance to eligible low-income consumers towards paying their electricity bills. As set out in the *Report of the Board on Low Income Energy Assistance Program* ("the LEAP Report"), the OEB determined that the greater of 0.12% of a distributor's approved distribution revenue requirement, or \$2,000, is a reasonable commitment by all distributors to emergency financial assistance.

BHI identifies its LEAP fund for 2026 as \$65,000 in Table 68 below.

Table 68 – Calculation of LEAP Fund

Description	2026 Test Year
Service Revenue Requirement	\$52,840,656
% of Revenue Requirement	0.12%
LEAP Funding - Calculated	\$63,409
LEAP Funding - Recorded in OM&A	\$65,000

BHI confirms it has included this LEAP amount in its OM&A expenses and excluded all other charitable donations as identified in Table 69 below.

Table 69 – Inclusion of LEAP in OM&A Expenses

Description	2026 Test Year
Operations	\$5,859,812
Maintenance	\$8,043,725
Billing and Collecting	\$3,363,904
Community Relations	\$31,300
Administration and General	\$12,676,360
LEAP	\$65,000
Total OM&A excluding Property Taxes	\$30,040,101
Property Taxes	\$375,892
Total OM&A including Property Taxes	\$30,415,993
Other Donations - excluded from recovery	\$71,370
Total OM&A	\$30,487,363

4.3.6 Charitable and Political Donations

BHI confirms that it has not included charitable donations for recovery in its 2026 Test Year with the exception of contributions to programs that provide assistance to low income consumers (e.g. LEAP identified in Section 4.3.5 above). BHI is claiming recovery for LEAP in the amount of \$65,000 as identified above.

BHI confirms that it has not included any political contributions for recovery in its 2026 Test Year.

4.4 COSTS OF NON-WIRES SOLUTIONS AND CONSERVATION AND DEMAND MANAGEMENT

4.4.0 Overview

BHI confirms that no costs for dedicated CDM staff to support IESO programs funded under the 2021-2024 CDM Framework are included in the revenue requirement.

4.4.1 Funding Options for Future Non-Wires Solutions

BHI confirms that no costs for Non-Wires Solutions (NWS) are included in the revenue requirement, nor is BHI proposing treatment similar to an ACM for any future NWSs.

APPENDICES

Appendix A – Actuarial Report



BURLINGTON HYDRO INC.

REPORT ON THE ACTUARIAL
VALUATION OF POST-RETIREMENT
NON-PENSION BENEFITS
AS AT DECEMBER 31, 2022

FINAL – February 6, 2023

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EXECUTIVE SUMMARY

Purpose

RSM Canada Consulting LP was engaged by Burlington Hydro Inc. (the “Corporation”) to perform an actuarial valuation of the post-retirement non-pension benefits sponsored by the Corporation and to determine the accounting results for those benefits for the fiscal period ending December 31, 2022. The nature of these benefits is defined benefit.

This report is prepared in accordance with the International Financial Reporting Standards (“IFRS”) guidelines for post-retirement non-pension benefits as outlined in the International Accounting Standard 19 – Employee Benefits (“IAS 19”).

The most recent full valuation was prepared as at December 31, 2019 based on the assumptions chosen by management at that date and in accordance with IAS 19.

The purpose of this valuation is threefold:

- i) To determine the Corporation’s liabilities in respect of post-retirement non-pension benefits at December 31, 2022;
- ii) To determine the defined benefit costs to be recognized for fiscal year 2022; and
- iii) To provide all other pertinent information necessary for compliance with IAS 19.

Note that all monetary figures in this report are rounded to the nearest hundreds of dollars and summated figures in this report may not match total figures due to rounding.

The intended users of this report include the Corporation and its auditors. This report is not intended for use by the plan beneficiaries or for use in determining any funding of the benefit obligations.

Included in the Appendix attached hereto are detailed accounting schedules containing the results of the valuation.



SECTION A — VALUATION RESULTS

Section A.1 shows the key valuation results compared to previous year's figures projected from the most recent full valuation as well as a breakdown between active and retired individuals and type of benefit.

Section A.2 shows the sensitivity of the valuation results to certain changes in assumptions. We have shown an increase/decrease in the health and dental claims cost trend rates by 1% per annum and an increase/decrease in the discount rate by 1% per annum.

Section A.3 shows the development of changes in the present value of defined benefit obligation as a result of the re-measurement at December 31, 2022.

Valuation Results

Section A.1—Valuation Results

Results from the actuarial valuation as at December 31, 2022 compared to previous year's figures projected from the most recent full valuation, disclosed in the consolidated Financial Statement as at December 31, 2021:

	December 31, 2021	December 31, 2022
Present Value of Defined Benefit Obligation (PV DBO)	4,642,200	3,410,900

	CY 2021	CY 2022
Current Service Cost	225,200	231,000
Past Service Cost/(Gain)	-	(215,600)
Interest Cost	118,800	134,600
Defined Benefit Cost Recognized in Income Statement	344,000	150,000
Actuarial (Gain)/Loss	(309,000)	(1,073,300)
Defined Benefit Cost Recognized In OCI	(309,000)	(1,073,300)
Defined Benefit Cost	35,000	(923,200)

The following table provides results from the actuarial valuation as at December 31, 2022 broken down by active (including LTD) and retired individuals and type of post-retirement non-pension benefit:

Dec. 31, 2022 PV DBO	Actives (incl. LTD)	Retirees	Total
Life	177,400	1,253,200	1,430,600
Health	898,800	471,300	1,370,100
Dental	398,200	212,000	610,200
Total	1,474,400	1,936,500	3,410,900

Sensitivity Analysis

Section A.2—Sensitivity Analysis

	Dec. 31, 2022 PV DBO	Difference	% Difference
Base Assumptions	3,410,900		
Cost Trends +1%	3,570,100	159,200	5%
Cost Trends -1%	3,271,000	(139,900)	-4%
Discount Rate +1%	3,088,900	(322,000)	-9%
Discount Rate -1%	3,803,600	392,700	12%

Management's best estimate assumptions are those outlined in *Section C – Summary of Actuarial Method and Assumptions* in this report.

Development of Changes in the Present Value of Defined Benefit Obligation

Section A.3—Development of Changes in the Present Value of Defined Benefit Obligation

PV DBO at December 31, 2021	4,642,200
2022 Current Service Cost	231,000
2022 Benefit Payments	(308,100)
2022 Interest Cost	134,600
Expected PV DBO at December 31, 2022	4,699,700
Past Service Cost/(Gain)	(215,600)
Expected PV DBO after Past Service Cost/(Gain)	4,484,100
Actuarial (Gain)/Loss at December 31, 2022	(1,073,300)
PV DBO at December 31, 2022	3,410,900

The past service gain listed above arose as a result of an update of the post-retirement benefits where employees that are hired after April 1, 2014 are no longer eligible for post-retirement life benefits. Pursuant to IAS 19, past service costs/gains are recognized immediately in income in the period in which they occur.

The decrease indicated above of \$1,073,300 in the PV DBO from the expected PV DBO after accounting for past service at December 31, 2022 is due to the re-measurement of the liability; a breakdown of the changes is as follows:

Change in composition of active and retiree data (actual experience different from expected)	255,200
Change in assumptions:	
Claims Cost	(406,400)
Salary Scale	1,100
Withdrawal	(16,700)
Discount Rate	(906,500)
Total Actuarial (Gain)/Loss at December 31, 2022	(1,073,300)

Pursuant to IAS 19, the re-measurement of the PV DBO at December 31, 2022 based on the changes in the assumptions and experience is recognized immediately in other comprehensive income at December 31, 2022.



SECTION B — PLAN PARTICIPANTS

Section B.1 sets out the summary information with respect to the plan participants valued in the current valuation compared to those valued in the previous valuation.

Section B.2 reconciles the number of participants in the previous valuation to the number of participants in the current valuation.

Participation Data

Section B.1—Participant Data

Membership data as at October 31, 2022 was received from the Corporation and included information such as name, gender, age, date of hire, current salary, benefit amounts and other applicable details for all active employees and people in receipt of benefits.

Although the data provided reflected status and benefit information as at October 31, the Corporation has indicated that no changes in status and other member data occurring from October 31 to December 31 are expected to be material to the valuation results.

We have reviewed the data and compared it to the data used in the previous valuation for consistency and reliability for use in this valuation. The main tests of sufficiency and reliability that were conducted on the membership data are as follows:

- Date of hire prior to date of birth;
- Ages under 18 or over 100;
- Abnormal levels of benefits and/or premiums; and
- Duplicate records

In addition, the following tests were performed:

- A reconciliation of statuses from the prior valuation to the current valuation;
- A review of the consistency of individual data items and statistical summaries between the current and prior valuations; and
- A review of the reasonableness of changes in such information since the prior valuation.

	December 31, 2019	October 31, 2022
Employee (incl. LTD) Count		
Male	68	69
Female	24	27
Total	92	96
Employee Average Service		
Male	12.1	7.7
Female	11.1	8.8
Total	11.8	8.0
Retiree (in Receipt of Benefits) Count		
Male	61	74
Female	19	19
Total	80	93

Burlington Hydro Inc.
Actuarial Valuation of Post-Retirement Non-Pension Benefits as at December 31, 2022

Employee Count as of October 31, 2022				Employee Avg Service as of October 31, 2022		
Age	Male	Female	Total	Male	Female	Total
< 30	15	3	18	2.9	1.5	2.7
30 - 35	13	3	16	5.0	2.4	4.5
36 - 40	10	2	12	8.8	2.0	7.7
41 - 45	10	4	14	7.5	5.6	6.9
46 - 50	5	2	7	7.5	12.8	9.0
51 - 55	14	8	22	13.5	15.4	14.2
56 - 60	2	3	5	17.3	9.0	12.3
61 - 65	-	2	2	-	11.4	11.4
66 - 70	-	-	-	-	-	-
71 - 75	-	-	-	-	-	-
> 75	-	-	-	-	-	-
Total	69	27	96	7.7	8.8	8.0

Participant Reconciliation

Section B.2—Participation Reconciliation

	Actives	Disabled	Retired
As at Dec. 31, 2019	90	2	80
New Entrants	37	-	-
Actives	-	-	15
Terminated	(16)	-	-
Retired	(15)	(2)	-
Deceased	-	-	(2)
Disabled	-	-	2
Not Eligible*	-	-	(2)
Data Correction	-	-	-
As at Oct 31, 2022	96	-	93

* One retiree is no longer eligible for any post-retirement benefits as of the current valuation date, as indicated by the Corporation. One other retiree is listed as terminated but indicated as not eligible for any post-retirement benefits.

SECTION C — SUMMARY OF ACTUARIAL METHOD AND ASSUMPTIONS

Actuarial Method

The aim of an actuarial valuation of post-retirement non-pension benefits is to provide a reasonable and systematic allocation of the cost of these future benefits to the years in which the related employees' services are rendered. To accomplish this, it is necessary to:

- make assumptions for discount rates, mortality, and other decrements;
- use these assumptions to calculate the present value of the expected future benefits; and,
- adopt an actuarial cost method to allocate the present value of expected future benefits to the specific years of employment.

The Defined Benefit Obligation and Current Service Cost were determined using the projected benefit method, pro-rated on service. This is the method stipulated by IAS 19. Under this method, the projected post-retirement benefits are deemed to be earned on a pro-rata basis over the years of service in the attribution period. IAS 19 stipulates that the attribution period commences on the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service) and ends on the date when further service by the employee will lead to no material amount of further post-retirement non-pension benefits under the plan, other than from further salary increases.

For each employee not yet fully eligible for benefits, the Present Value of the Defined Benefit Obligation (PV DBO) is equal to the present value of expected future benefits multiplied by the ratio of the years of service to the valuation date to the total years of service in the attribution period. The Current Service Cost is equal to the present value of expected future benefits multiplied by the ratio of the year (or part) of service in the fiscal year to total years of service in the attribution period.

The PV DBO at December 31, 2022 is based on membership data as at October 31, 2022 and management's best estimate assumptions established for calculations as at December 31, 2022.

For health and dental benefits, the Corporation has selected the premium rates charge to retirees as management's best estimate of the benefits costs to be incurred. The total monthly premium rates, inclusive of expenses and taxes, used are as follows:

Effective Period	Benefit Grouping	Health Single	Health Family	Dental Single	Dental Family
Jun. 1, 2019 – Dec. 31, 2019	Management	\$213.74	\$584.62	\$62.83	\$155.37
	Union	\$164.39	\$452.40	\$66.30	\$161.37
Jan. 1, 2022 – Dec. 31, 2022	Management	\$185.32	\$506.87	\$78.26	\$193.50
	Union - Office	\$156.08	\$429.67	\$85.45	\$207.88
	Union - Trades	\$142.52	\$392.24	\$82.58	\$200.98

The above rates are at the 100% level and prior to any cost-sharing provisions under the plan.

Management's Best Estimate Assumptions

The following are management's best estimate economic and demographic assumptions for calculations as at December 31, 2022.

Economic Assumptions

Discount Rate

The rate used to discount future benefits is assumed to be 5.05% per annum as of December 31, 2022 using the most recent spot rates curve from Fiera as of the date of preparing the valuation results. This rate reflects the Corporation's expected projected benefit cash flows for post-retirement non-pension benefits and the market yields on high quality bonds at the time of preparing the valuation.

The assumption used in the most recent extrapolation for the Corporation was 3.00% per annum at December 31, 2021.

Salary Increase Rate

The rate used to increase salaries is assumed to be 3.50% per annum up to December 31, 2024 and 3.30% per annum thereafter. This rate has been chosen by the Corporation's management and reflect the expected Consumer Price Index adjusted for productivity, merit and promotion and for company-specific information.

This salary increase rate assumption used in the previous valuation was 2.60% per annum for the first 2 years up to December 31, 2021 and 3.30% per annum thereafter.

Claims Cost Trend Rate

The rates used to project benefit costs into the future were chosen based on a research paper published by the Canadian Institute of Actuaries – *Model of Long-Term Health Care Cost Trends in Canada* - dated March 2018. This assumption was unchanged from the previous valuation.

The following table provides a sample of the health and dental trend rates used in the valuation:

Year	Current Valuation	
	Health	Dental + Vision
2023	4.90%	5.10%
2025	5.30%	5.60%
2030	5.30%	5.30%
2035	4.60%	4.60%
2040 and thereafter	4.00%	4.00%

Demographic Assumptions

Mortality Table

The mortality tables used are as per the Canadian Institute of Actuaries Canadian Pensioners' Mortality Pension Experience Subcommittee final report dated February 11, 2014 (CIA Report). More specifically, the Canada Pensioners Mortality ("CPM") Table Public Sector (CPM2014 PUBL) has been used with the generational projection of mortality improvement based upon the CIA MI-2017 mortality improvement scale published in 2017.

The mortality table assumption remains unchanged from the previous valuation.

Rates of Withdrawal

Termination of employment is assumed to be in accordance with the following withdrawal table:

Age Bucket	Current Valuation	Previous Valuation
18 – 29	2.75%	3.50%
30 – 34	2.20%	2.00%
35 – 39	1.65%	1.65%
40 – 49	1.40%	1.30%
50 – 54	1.20%	0.95%

Retirement Age

All active employees are assumed to retire at age 60 (or immediately if currently over age 60), which was based on the Corporation's retirement experience as well as a seven year retirement experience study on a group of local distribution companies for which data was available.

This assumption remains unchanged from the previous valuation.

Disability

No provision was made for future disability.

This assumption remains unchanged from the previous valuation.

Other Assumptions

Family/Single Coverage

The following assumptions were chosen for the current valuation and are unchanged from the previous valuation:

- Coverage Type at Retirement (i.e. family, single) – The employee's coverage type at the valuation date will remain the same until the employee reaches the assumed retirement age.
- Spousal Gender – For employees with family coverage, the retiree has a spouse of the opposite gender at the date of retirement.
- Spousal Age Offset – Male spouses are assumed to be one year older than female spouses

Expenses and Taxes

For health and dental coverage, the above premium rates are inclusive of expenses and taxes and therefore no additional assumptions regarding expenses is required.

For life coverage, it is assumed that 10% of the accrued benefit obligation reflects the cost of sponsoring and administering the program for life insurance. No additional information is available regarding the costs for the life insurance program.

These assumptions remain unchanged from the previous valuation.

SECTION D — SUMMARY OF POST-RETIREMENT BENEFITS

The following is a summary of the plan provisions that are pertinent to this valuation, based on information provided by and discussions with the Corporation.

Eligibility

Upon retirement, all employees who retire from the Corporation after April 1, 1987 and qualify to receive an Early Retirement Pension under OMERS are eligible for post-retirement health and dental benefits.

All employees who are hired at the Corporation prior to April 1, 2014 and qualify to receive an Early Retirement Pension under OMERS are eligible for post-retirement life benefits.

Participant Contributions

The Corporation shall pay 100% of the cost of the post-retirement life, health, and dental benefits for the eligible retirees.

Past Service

Past service is defined as continuous service prior to joining the plan if the participant was employed by another electrical distribution company/hydro prior to joining the Corporation.

Length of Service

Length of service is defined as continuous service from the date of hire to the valuation date, measured in years and months.

Summary of Benefits

Life Insurance

Upon retirement, all employees are entitled to post-retirement life insurance benefits, as per the MEARIE plan, based upon the following table:

Plan Option	Amount of Coverage	Eligibility
1	Flat \$2,000.	Employee retires with less than 10 years of service in the Plan.
2	50% of final annual earnings, reducing by 2.5% of final annual earnings each year for 10 years, to a final benefit equal to 25% of final annual earnings. Reduction occurs on the anniversary date of retirement.	If employee was ever insured under Employee Plan option 2, 3, or 4, or if employee retires with 10 or more years of service in Plan but was never in superseded plan.
3	50% of final annual earnings.	Employee was insured under the superseded plan and was hired on or after May 1, 1967 and elected coverage under option 1 only.
4	70% of final amount insured under the life plan immediately prior to retirement.	Employee was insured under the superseded plan and was hired before May 1, 1967 and elected coverage under option 1 only.

Health and Dental Benefits

Eligible employees are entitled to post-retirement health and dental benefits to age 65. Coverage for health and dental benefits continues to the dependents of a deceased pensioner until the pensioner would have turned age 65.

A detailed description of the health and dental benefits covered under the post-retirement non-pension benefits plan can be found in benefit information booklets provided to employees.

ACTUARIAL CERTIFICATION

An actuarial valuation has been performed on the post-retirement non-pension benefit plans sponsored by Burlington Hydro Inc. (the "Corporation") as at December 31, 2022, for the purposes described in this report.

In accordance with the Canadian Institute of Actuaries Consolidated Standards of Practice General Standards, we hereby certify that, in our opinion, for the purposes stated in the Executive Summary:

1. The data on which the valuation is based is sufficient and reliable;
2. The assumptions employed, as outlined in this report, have been selected by the Corporation as management's best estimate assumptions (no provision for adverse deviations) and we express no opinion on them;
3. All known legal and constructive obligations with respect to the post-retirement non-pension benefits sponsored by and identified by the Corporation are included in the calculations; and
4. This report has been prepared, and our opinions given, in accordance with accepted actuarial practice in Canada.

We are not aware of any subsequent events after the date of completing this valuation that would have a significant effect on the valuation results contained herein.

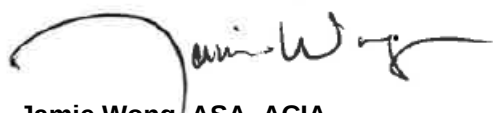
The latest date on which the next actuarial valuation should be performed is December 31, 2025. If any supplemental advice or explanation is required, please advise the undersigned.

Respectfully submitted,

RSM CANADA CONSULTING LP



Stanley Caravaggio, FSA, FCIA
Director



Jamie Wong, ASA, ACIA
Manager

Toronto, Ontario

February 6, 2023

SECTION E —
EMPLOYER CERTIFICATION

Post-Retirement Non-Pension Benefit Plan
of Burlington Hydro Inc.
Actuarial Valuation as at December 31, 2022

I hereby confirm, as an authorized signing officer of the administrator of the Post-Retirement Non-Pension Benefit Plan of Burlington Hydro Inc. that, to the best of my knowledge and belief, for the purposes of the valuation:

- i) The membership data summarized in Section B is accurate and complete;
- ii) The assumptions upon which this report is based as summarized in Section C, are management's best estimate assumptions and are adequate and appropriate for the purposes of this valuation; and
- iii) The summary of Plan Provisions in Section D is an accurate and complete summary of the terms of the Plan in effect on December 31, 2022.

BURLINGTON HYDRO INC.

February 3rd/2023	Sally Blackwell
Date	Signature
Sally Blackwell	Executive VP and CFO
Name	Title

Digitally signed by Sally
Blackwell
Date: 2023.02.03 10:44:40
-05'00'



APPENDIX — DETAILED ACCOUNTING SCHEDULES

Burlington Hydro Inc.
Estimated Benefit Expense (IAS 19)
Total

	Actuals CY 2022 *	Projected ** CY 2023	Projected ** CY 2024	Projected ** CY 2025
Discount Rate at January 1	3.00%	5.05%	5.05%	5.05%
Discount Rate at December 31	5.05%	5.05%	5.05%	5.05%
Health Benefit Cost Trend Rate at December 31	4.70%	4.90%	5.10%	5.30%
Dental Benefit Cost Trend Rate at December 31	4.90%	5.10%	5.40%	5.60%
Long Term Health and Dental Benefit Cost Trend Rate	4.00%	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2040	2040	2040	2040
Salary Scale Rate	3.30%	3.50%	3.50%	3.30%
Assumed Increase in Employer Contributions	expected ***	expected ***	expected ***	expected ***

A. Change in the Net Defined Benefit Liability/(Asset) Recognized in Balance Sheet

Net Defined Benefit Liability/(Asset) as at January 1	4,642,193	3,410,880	3,411,442	3,424,330
Defined Benefit Cost Recognized in Income Statement	150,052	301,667	290,494	282,655
Defined Benefit Cost Recognized in Other Comprehensive Income	(1,073,266)	-	-	-
Benefits Paid by the Employer	(308,099)	(301,105)	(277,606)	(231,480)
Net Defined Benefit Liability/(Asset) as at December 31	3,410,880	3,411,442	3,424,330	3,475,505

B. Determination of Defined Benefit Cost

B1. Determination of Defined Benefit Cost Recognized in Income Statement

Current Service Cost	230,972	136,926	125,139	115,499
Past Service Cost/(Gain)****	(215,564)	-	-	-
Interest Cost	134,644	164,741	165,355	167,156
Defined Benefit Cost Recognized in Income Statement	150,052	301,667	290,494	282,655

B2. Remeasurements of the Net Defined Benefit Liability/(Asset) Recognized in Other Comprehensive Income

Net Actuarial Loss/(Gain) arising from Changes in Financial Assumptions	(1,311,716)	-	-	-
Net Actuarial Loss/(Gain) arising from Changes in Demographic Assumptions	(16,734)	-	-	-
Net Actuarial Loss/(Gain) arising from Experience Adjustments	255,184	-	-	-
Return on Plan Assets (Excluding Amounts Included in Net Interest Cost)	-	-	-	-
Change in Effect of Asset Ceiling	-	-	-	-
Defined Benefit Cost Recognized in Other Comprehensive Income	(1,073,266)	-	-	-
Total Defined Benefit Cost	(923,214)	301,667	290,494	282,655

C. Change in the Present Value of Defined Benefit Obligation

Present Value of Defined Benefit Obligation as at January 1	4,642,193	3,410,880	3,411,442	3,424,330
Current Service Cost	230,972	136,926	125,139	115,499
Interest Cost	134,644	164,741	165,355	167,156
Benefits Paid	(308,099)	(301,105)	(277,606)	(231,480)
Past Service Cost/(Gain)****	(215,564)	-	-	-
Net Actuarial Loss/(Gain)	(1,073,266)	-	-	-
Present Value of Defined Benefit Obligation as at December 31	3,410,880	3,411,442	3,424,330	3,475,505

* The expected December 31, 2022 PV DBO and CY 2022 defined benefit cost are calculated based on membership data as of December 31, 2019 and management's best estimate assumptions at December 31, 2021.

** Projected CY 2023, 2024 and 2025 results are provided for informational purposes only. Significant changes such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require revised projections or a full actuarial review.

*** Based on expected benefits to be paid to those eligible for benefits.

**** Past service gain arising as a result of the update of benefit provisions such that employees hired after April 1, 2014 are not eligible for post-retirement life benefits.

Burlington Hydro Inc.
Estimated Benefit Expense (IAS 19)
Total

	Actuals CY 2022 *	Projected ** CY 2023	Projected ** CY 2024	Projected ** CY 2025
Discount Rate at January 1	3.00%	5.05%	5.05%	5.05%
Discount Rate at December 31	5.05%	5.05%	5.05%	5.05%
Health Benefit Cost Trend Rate at December 31	4.70%	4.90%	5.10%	5.30%
Dental Benefit Cost Trend Rate at December 31	4.90%	5.10%	5.40%	5.60%
Long Term Health and Dental Benefit Cost Trend Rate	4.00%	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2040	2040	2040	2040
Salary Scale Rate	3.30%	3.50%	3.50%	3.30%
Assumed Increase in Employer Contributions	expected ***	expected ***	expected ***	expected ***

D. Calculation of Component Items

Interest Cost

Present Value of Defined Benefit Obligation as at January 1	4,642,193	3,410,880	3,411,442	3,424,330
Benefits Paid	(154,050)	(150,553)	(138,803)	(115,740)
Accrued Benefits	4,488,144	3,260,328	3,272,639	3,308,590
Interest Cost	134,644	164,741	165,355	167,156

Expected Present Value of Defined Benefit Obligation as at December 31

Present Value of Defined Benefit Obligation as at January 1	4,642,193	3,410,880	3,411,442	3,424,330
Current Service Cost	230,972	136,926	125,139	115,499
Benefits Paid	(308,099)	(301,105)	(277,606)	(231,480)
Interest Cost	134,644	164,741	165,355	167,156
Expected Present Value of Defined Benefit Obligation as at December 31	4,699,710	3,411,442	3,424,330	3,475,505

E. Net Actuarial Loss/(Gain)

Net Actuarial Loss/(Gain) as at December 31

Expected Present Value of Defined Benefit Obligation	4,699,710	3,411,442	3,424,330	3,475,505
Past Services Cost/(Gain)****	(215,564)	-	-	-
Expected Present Value of Defined Benefit Obligation after Past Service Cost/(Gain)	4,484,146	3,411,442	3,424,330	3,475,505
Actual Present Value of Defined Benefit Obligation	3,410,880	3,411,442	3,424,330	3,475,505
Net Actuarial Loss/(Gain) as at December 31	(1,073,266)	-	-	-

* The expected December 31, 2022 PV DBO and CY 2022 defined benefit cost are calculated based on membership data as of December 31, 2019 and management's best estimate assumptions at December 31, 2021.

** Projected CY 2023, 2024 and 2025 results are provided for informational purposes only. Significant changes such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require revised projections or a full actuarial review.

*** Based on expected benefits to be paid to those eligible for benefits.

**** Past service gain arising as a result of the update of benefit provisions such that employees hired after April 1, 2014 are not eligible for post-retirement life benefits.

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Appendix B – Actuarial Extrapolation as at December 31, 2024



February 6, 2025

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DELIVERED BY E-MAIL: SBlackwell@burlingtonhydro.com

Ms. Sally Blackwell, MBA, CPA, CMA
Executive Vice President and Chief Financial Officer
Burlington Hydro Inc.
1340 Brant St
Burlington, ON L7R 3Z7

Dear Ms. Blackwell:

**Re: Burlington Hydro Inc. ("the Corporation") –
Actuarial Extrapolation as at December 31, 2024: Post-Retirement Non-Pension Benefit Plan**

RSM Canada Consulting LP has been engaged by the Corporation to provide an update to the accounting extrapolations regarding the Corporation's post-retirement non-pension benefits for fiscal year ending December 31, 2024. Attached are accounting exhibits providing the results of the roll-forward of the Corporation's liabilities of post-retirement non-pension benefits for fiscal year 2024. Also included in the exhibits, for illustrative purposes only, are extrapolations for fiscal years 2025 and 2026.

The most recent full actuarial valuation performed for the Corporation was at December 31, 2022 with our final report dated February 6, 2023 provided to the Corporation. More recently, we prepared updated accounting extrapolation for the period ending December 31, 2023 with our final results provided to the Corporation in our correspondence dated February 8, 2024.

The intended users of this letter and attachments include the Corporation and its auditors for financial reporting in compliance with the accounting guidelines in respect of its post-retirement non-pension benefit plan for FY 2024. The calculations were performed in accordance with the International Financial Reporting Standards (IFRS) guidelines, specifically International Accounting Standards 19 (IAS 19) Employee Benefits.

Our calculations for FY 2024 are based on the same benefit plan provisions, data, assumptions, and methodology as summarized in our actuarial valuation report at December 31, 2022 and accounting extrapolation update at December 31, 2023, with the exception of the health and dental premium rates chosen by the Corporation. The total monthly premium rates, inclusive of expenses and taxes, used are shown in the table below. The updated premium rates result in an increase in the liability of \$526,337 at December 31, 2024.

Benefit Grouping	Health Single	Health Family	Dental Single	Dental Family
December 31, 2022 Valuation				
Management	\$185.32	\$506.87	\$78.26	\$193.50
Union - Office	\$156.08	\$429.67	\$85.45	\$207.88
Union - Trades	\$142.52	\$392.24	\$82.58	\$200.98
December 31, 2024 Valuation				
Management	\$255.76	\$699.57	\$107.77	\$266.48
Union - Office	\$216.51	\$595.99	\$117.68	\$286.28
Union - Trades	\$197.67	\$544.08	\$113.72	\$276.78

The discount rate chosen by the management remains at 4.60% per annum for the December 31, 2024 extrapolation. The discount rate assumption is based on the projected benefit cash flows for the post-retirement non-pension benefits of the Corporation and the Fiera Capital yield curve for December 31, 2024, representing high quality bond yields in the market at that date.

We note that the extrapolations for fiscal year 2024 incorporate actual payments made by the Corporation in respect of retiree benefits, including post-retirement non-pension health, dental and life benefits of \$349,143. The amount was provided by the Corporation. The difference between the actual benefit payment and expected benefit payment results in an increase in the liability of \$71,537.

In addition to the attached accounting exhibits which contain the detailed extrapolation, we have also provided sensitivity analysis at December 31, 2024 below. The sensitivity analysis shows the change in the present value of the defined benefit obligation at December 31, 2024 by increasing or decreasing the discount rate and claim cost trend rates by 1% increments. The sensitivity is done separately for each assumption, while keeping other assumptions the same.

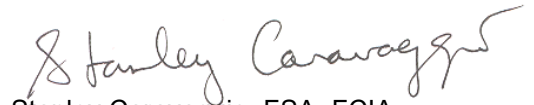
	Base	Discount Rate +1%	Discount Rate -1%	Trend +1%	Trend -1%
PV DBO @ Dec. 31, 2024	4,123,000	3,716,100	4,619,100	4,414,200	3,871,100
% Difference		-10%	12%	7%	-6%

We are not aware of any subsequent events that would have a significant impact on the results of our calculations contained herein.

The latest date on which the next full actuarial valuation should be performed is December 31, 2025.

If you have any questions regarding the above or the attached exhibits, please do not hesitate to give us a call.

Yours truly,

A handwritten signature in dark ink, reading "Stanley Caravaggio".

Stanley Caravaggio, FSA, FCIA

Director, Actuarial Services

Telephone: 416.408.5306

E-mail: stanley.caravaggio@rsmcanada.com

SC:ecs

Copy: Cecilia Cao, Gloria Deng (RSM Canada)

Burlington Hydro Inc.
Estimated Benefit Expense (IAS 19)
Total

	Actuals CY 2024 *	Projected ** CY 2025	Projected ** CY 2026
Discount Rate at January 1	4.60%	4.60%	4.60%
Discount Rate at December 31	4.60%	4.60%	4.60%
Health Benefit Cost Trend Rate at December 31	5.10%	5.30%	5.30%
Dental Benefit Cost Trend Rate at December 31	5.40%	5.60%	5.30%
Long Term Health and Dental Benefit Cost Trend Rate	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2040	2040	2040
Salary Scale Rate	3.50%	3.30%	3.30%
Assumed Increase in Employer Contributions	Actual	expected ***	expected ***

A. Change in the Net Defined Benefit Liability/(Asset) Recognized in Balance Sheet

Net Defined Benefit Liability/(Asset) as at January 1	3,581,328	4,123,005	4,191,793
Defined Benefit Cost Recognized in Income Statement	292,946	337,421	325,589
Defined Benefit Cost Recognized in Other Comprehensive Income	597,874	-	-
Benefits Paid by the Employer	(349,143)	(268,633)	(228,342)
Net Defined Benefit Liability/(Asset) as at December 31	4,123,005	4,191,793	4,289,040

B. Determination of Defined Benefit Cost

B1. Determination of Defined Benefit Cost Recognized in Income Statement

Current Service Cost	134,520	153,872	137,959
Interest Cost	158,426	183,549	187,630
Defined Benefit Cost Recognized in Income Statement	292,946	337,421	325,589

B2. Remeasurements of the Net Defined Benefit Liability/(Asset) Recognized in Other Comprehensive Income

Net Actuarial Loss/(Gain) arising from Changes in Financial Assumptions	526,337	-	-
Net Actuarial Loss/(Gain) arising from Changes in Demographic Assumptions	-	-	-
Net Actuarial Loss/(Gain) arising from Experience Adjustments	71,537	-	-
Return on Plan Assets (Excluding Amounts Included in Net Interest Cost)	-	-	-
Change in Effect of Asset Ceiling	-	-	-
Defined Benefit Cost Recognized in Other Comprehensive Income	597,874	-	-
Total Defined Benefit Cost	890,820	337,421	325,589

C. Change in the Present Value of Defined Benefit Obligation

Present Value of Defined Benefit Obligation as at January 1	3,581,328	4,123,005	4,191,793
Current Service Cost	134,520	153,872	137,959
Interest Cost	158,426	183,549	187,630
Benefits Paid	(349,143)	(268,633)	(228,342)
Net Actuarial Loss/(Gain)	597,874	-	-
Present Value of Defined Benefit Obligation as at December 31	4,123,005	4,191,793	4,289,040

* The expected December 31, 2024 PV DBO and CY 2024 defined benefit cost are calculated based on membership data as of December 31, 2022 and management's best estimate assumptions at December 31, 2023.

** Projected CY 2025 and 2026 results are provided for informational purposes only. Significant changes such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require revised projections or a full actuarial review.

*** Based on expected benefits to be paid to those eligible for benefits.

Burlington Hydro Inc.
Estimated Benefit Expense (IAS 19)
Total

	Actuals CY 2024 *	Projected ** CY 2025	Projected ** CY 2026
Discount Rate at January 1	4.60%	4.60%	4.60%
Discount Rate at December 31	4.60%	4.60%	4.60%
Health Benefit Cost Trend Rate at December 31	5.10%	5.30%	5.30%
Dental Benefit Cost Trend Rate at December 31	5.40%	5.60%	5.30%
Long Term Health and Dental Benefit Cost Trend Rate	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2040	2040	2040
Salary Scale Rate	3.50%	3.30%	3.30%
Assumed Increase in Employer Contributions	Actual	expected ***	expected ***

D. Calculation of Component Items

Interest Cost

Present Value of Defined Benefit Obligation as at January 1	3,581,328	4,123,005	4,191,793
Benefits Paid	(174,571)	(134,317)	(114,171)
Accrued Benefits	3,406,757	3,988,689	4,077,622
Interest Cost	158,426	183,549	187,630

Expected Present Value of Defined Benefit Obligation as at December 31

Present Value of Defined Benefit Obligation as at January 1	3,581,328	4,123,005	4,191,793
Current Service Cost	134,520	153,872	137,959
Benefits Paid	(349,143)	(268,633)	(228,342)
Interest Cost	158,426	183,549	187,630
Expected Present Value of Defined Benefit Obligation as at December 31	3,525,131	4,191,793	4,289,040

E. Net Actuarial Loss/(Gain)

Net Actuarial Loss/(Gain) as at December 31

Expected Present Value of Defined Benefit Obligation	3,525,131	4,191,793	4,289,040
Actual Present Value of Defined Benefit Obligation	4,123,005	4,191,793	4,289,040
Net Actuarial Loss/(Gain) as at December 31	597,874	-	-

* The expected December 31, 2024 PV DBO and CY 2024 defined benefit cost are calculated based on membership data as of December 31, 2022 and management's best estimate assumptions at December 31, 2023.

** Projected CY 2025 and 2026 results are provided for informational purposes only. Significant changes such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require revised projections or a full actuarial review.

*** Based on expected benefits to be paid to those eligible for benefits.

Appendix C – Purchasing Policy



Burlington **hydro** inc.

Purchasing & Disposal Policy

April 2025



Purchasing & Disposal Policy

Version History

Version #	Date	Nature of Changes (reasons/comments)
1	September 30, 2020	Original
1.1	October 5, 2020	Supervisor limit increased and wording changes
1.2	March 31, 2021	To align purchasing methods limit on page 17 with page 9
1.3	June 20, 2023	To align with Corporate Credit Card Policy
1.4	April 01, 2025	Update titles of responsible parties. Update Min/Max level initiation and approval workflow. Update P-card vendors. Update office supply purchase workflow. Update item descriptions for Purchase orders not required. Update to Invoice Processing.

Purchasing & Disposal Policy

1. Purpose

The purpose of this policy is to document the principles that govern the acquisition of goods/services and disposal of goods by Burlington Hydro Inc. ("BHI").

The objectives of this Policy are to:

- Establish an efficient process for the purchase of quality goods and services and to clearly define roles and responsibilities of BHI's staff;
- Ensure competitive prices are obtained to maximize the value of all purchases for BHI's stakeholders;
- Ensure BHI procures all goods and services from reputable/ethical vendors;
- Ensure all procurement supports the protection of the environment;
- Ensure fair, open, transparent and accountable competitive processes are followed in the acquisition of goods and services;
- Ensure assets are only disposed of where they meet identified criteria for disposal and that appropriate planning and approval is undertaken prior to any asset disposal; and
- Ensure compliance with all applicable laws and regulations.

2. Scope

This policy applies to all Board members and employees of BHI.

3. Definitions

"BHI" Burlington Hydro Inc.

"Emergency" A sudden, urgent, unexpected occurrence or occasion requiring immediate action.

"Goods" Any moveable property, including the costs of installing, maintaining or manufacturing such moveable property, including raw materials, products, equipment and other physical objects of every kind and description, whether in solid, liquid, gaseous or electronic form, unless they are purchased in connection with Construction.

"Purchasing Card" A card issued in accordance with BHI's Purchasing Card policies and procedures for the purchase of goods and services.

"Purchasing Department" the Department charged with carrying out the Purchasing function.

"Purchase Order (PO)" A standard Contract issued by BHI to a Supplier to evidence an agreement for the purchase of Deliverables.

Purchasing & Disposal Policy

“PRF” Purchase Requisition Form: A form used by the Requesting Department to initiate a purchase of goods or services by the Purchasing Department.

“RFP” Request for Proposal: a process in which a need is identified, but the method by which it will be achieved is not necessarily prescribed at the outset and price is not the only evaluation criterion.

“RFQ” Request for Quotation: including formal and informal quotations, but not including RFPs or RFTs.

“RFI” Request for Information: a process for gathering information from potential suppliers of a good or service.

“RFT” Request for Tender: a process to request supplier responses to supply goods and services in compliance with stated requirements, performance specifications, terms and conditions and evaluation is made solely on price.

“Requesting Department” the Department initiating the request for the purchase of goods and/or services to the Purchasing Department.

“Services” Intangible products not having a physical presence.

4. Purchase Authorization

All purchase requests in excess of \$1,000 must be made through the Purchase Requisition Form (“PRF”) which is to be completed by the Requesting Department with the exception of (i) purchases made with a Purchasing Card; (ii) purchases for budgeted engineering projects; and (iii) re-stocking of distribution plant inventory.

Purchases for budgeted engineering projects: identification and reservation of items required for engineering projects is via the material commitment process; the item will be sourced from inventory in stock if available; if unavailable the Purchase Guide (report in iXP which flags all inventory items below the min/max level¹) will be triggered by the purchasing department, subject to the approval matrix below.

Re-stocking inventory: the Purchase Guide will be triggered by the purchasing department if inventory falls below the min/max level.

All purchases in excess of \$1,000, and as identified above, must be initiated by the Purchasing Department after receiving an approved PRF in accordance with the below approval matrix by a

¹ Min/Max level is a pre-defined optimal level of inventory; Min/Max levels are the minimum and maximum levels of inventory deemed optimal to meet BHI’s distribution system needs. The Supply Chain Manager initiates changes to Min/Max levels with approvals required by the Director of Regulatory, Supply Chain & Capital Planning, and Executive Vice President and CFO.

Purchasing & Disposal Policy

person one level higher than the requisitioner.

The request should include Capital Budget #, Work Order # and/ or GL account as applicable.

Approvals will be obtained by the Requesting Department.

Table 1 – Approval Limits for Purchase Requisitions

Approver	Approval Limits Capital/Operating*	
	Budgeted	Unbudgeted
Supervisor	up to \$9,999	
Manager	\$10,000 – \$49,999	Up to \$4,999
Director	\$50,000 - \$99,999	\$5,000 - \$24,999
Vice President	\$100,000 - \$249,999	\$25,000 - \$99,999
Executive Vice President and CFO	\$250,000 - \$499,999	\$100,000 - \$249,999
President and CEO	>=\$500,000	>=\$250,000
Executive Vice President and CFO		All Capital**
VP, Requesting Department		All Operating**

*Requesting department to ensure that the request is included in the budget. Further, for all capital related requests, Purchasing department to consult the Manager, Capital Planning & Analysis for budget availability before initiating the purchasing process. Manager, Capital Planning & Analysis will sign all capital-related PRFs.

**All unbudgeted requests which result in the department budget being exceeded, must be accompanied by clear justification of the requirement and must be approved by the Requesting Department Manager and either the Executive Vice President and CFO or the Requesting Department VP.

- General Purchasing

- All computer and peripheral purchases must be approved by the Director, IT & Business Transformation to ensure conformance with system standards and configuration.
- Purchase Cards can be signed out in the Purchasing Department for the following vendors: Home Depot and Lowes. Receipts must be immediately sent to the Accounting Department and signed by the immediate supervisor with the appropriate departmental charge or GL number.
- All Office Supplies, if available are purchased through the Staples Eway portal. Standard items are purchased and stocked by Facilities. More specific items can be purchased by each department, approvals are automatically obtained through the portal based on a predetermined approval hierarchy set up by the Purchasing Department.

Purchasing & Disposal Policy

- The Purchasing Department will consult with the appropriate Responsible Manager and/or HR/Health & Safety, if applicable, prior to the purchase of new equipment, tools or materials to ensure new hazards due to change of process, standards or equipment are considered.
- All PRFs for building upgrades must be approved by EVP Corporate & CPO.
- All purchases, regardless of whether they are made through the Purchasing department or not, must meet the following criteria:
 - include an invoice/receipt displaying the supplier's HST#;
 - ensure suppliers record full and proper descriptions of items or services on invoices/receipts;
 - confirm the supplier site is secure when placing an order via the internet;
 - ensure goods and services are received in good order and condition.

The Purchasing Department will not initiate the purchase process on any request until all approvals have been obtained, unless otherwise permitted under this policy.

5. Purchasing Methods

The following purchasing methods shall be used by BHI and the Purchasing Department.

- Quotations/Proposals/Tenders

A. Quotations

- Informal quotations can be administered by the Requesting Department whereas formal quotations will be administered by the Purchasing Department.
- The Supply Chain Manager may obtain up to three quotes from qualified suppliers in the most expeditious manner possible either by phone, fax, E-mail, or correspondence.

B. Tenders (RFQ/RFP)

- The act of tendering is an important part of BHI's Purchasing Policy as it ensures that BHI receives the benefits of competitive pricing.
- Sealed tenders shall be invited based on the ability to provide the products or services, due diligence documentation, and if applicable, past business relationships.
- Tenders not received by BHI at the stated time and place stipulated in the tendering document will be returned to the vendor unopened.

C. Direct/Single Sourcing

- Direct/Single sourcing may be used for certain types of goods and services as determined by the requesting and purchasing departments for e.g. switches and trucks with certain product and operating specifications that can only be provided by one vendor.

Purchasing & Disposal Policy

D. RFI

- The purchasing department may initiate the purchasing process using RFIs if an optimal purchasing decision can be made with the information obtained in the RFI (e.g. provision of goods or services and associated pricing).

- Negotiations

A. The Supply Chain Manager may negotiate where:

- there is only one source of supply for the goods or services; or
- there is merit in purchasing at a public auction; or
- all tenders or quotations received fail to meet specifications or terms and conditions and it is unreasonable to recall tenders or quotations.

B. The negotiation procedures shall be those accepted as standard negotiating procedures that employ fair and ethical practices.

- Partnerships

A. Depending on the individual circumstances, if BHI believes that it can obtain greater benefits by adopting a strategic procurement alliance for the purchase of goods and/or services rather than treating individual purchases in isolation then it may opt for partnership. The benefits include:

- reduced total inventory levels arising from closely matching production schedules with actual requirements;
- reduced administrative burden and overall costs due to streamlining the procurement process and taking advantage of economies of scale;
- improved service levels;
- better project estimates and improved ability to control final project costs;
- improved ability to meet project schedules;
- reduced expediting and inspection costs;
- innovation is encouraged; and
- adoption of agreed terms and conditions and specifications reduces time required in engineering and purchasing.

B. Where it is demonstrated that BHI will realize these benefits, a partnership agreement will be submitted for approval. As part of the process, in order to ensure open competition, BHI may entertain expressions of interest from the marketplace. The ability to add and delete products or services to the agreement will be a requirement of the agreement.

Purchasing & Disposal Policy

- Cooperative Purchasing

BHI encourages cooperative purchasing with other utilities or public agencies whenever the best interests of BHI will be served.

- Purchasing Methods

The following table identifies the applicable purchasing method by dollar value. These documents, if applicable, must accompany the PRF.

Table 2 – Matrix for Purchasing Methods

Method	# of quotes	Limit
Informal quote by Requesting Department	1	Up to \$1,000
Informal quote by Requesting Department	2	\$1,000-\$9,999
Formal quote by Purchase Department	3	\$10,000 - \$49,999
RFQ/RFP/RFI	N/A	>=\$50,000
Others*	N/A	No Limit

*Others include and are limited to purchases made through direct sourcing, negotiations, partnerships or cooperative purchasing.

- Selection Criteria

A. The selection criteria for goods shall be based on the following where relevant:

- Specifications or requirements
- Quality
- Service
- Delivery
- Location
- Life cycle costs
- Price

B. The selection criteria for services shall be based on the following where relevant:

- the ability, capacity and skill of the vendor to perform the contract in a safe manner;
- whether the vendor can perform the service promptly within the time specified without delay or interference;

Purchasing & Disposal Policy

- the character, integrity, reputation, judgment, experience and efficiency of the vendor and the proposed staff for this service;
- the quality of performance provided on previous contracts or services; and
- all costs to BHI that would result from selecting the vendor.

6. Purchase Orders

The purchasing department will issue a Purchase Order (“PO”) to the supplier upon receipt of an approved PRF. The Supply Chain Manager must initial all POs prior to issuance and the Director of Regulatory, Supply Chain & Capital Planning must initial all POs greater than \$5,000 prior to issuance.

7. Emergency Purchasing

- A. Notwithstanding the provisions of this policy, goods and services required to address an emergency, as defined herein, shall be acquired by the most open market procedure. Selection shall be based on the quality, specifications and timeliness of service and where possible at the lowest cost.
- B. The following shall apply in the case of an emergency situation which requires the immediate procurement of goods and/or services to prevent serious financial consequences to BHI, to restore a customer’s supply, to ensure the health and safety of employees or customers, or to respond to any environmental emergency:
 - During normal business hours, the Supply Chain Manager shall procure any required goods and/or services by the quotation/negotiation method.
 - Outside normal business hours, or in the absence of the Supply Chain Manager, VP/Director may purchase directly any required goods or services. Where such purchase occurs, the Supply Chain Manager shall be notified immediately upon starting normal business hours.

8. Extensions

Where it is to BHI’s advantage, purchasing arrangements may be extended for successive periods, as defined in the original arrangement.

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9. Purchase Orders not required

A purchase order is not normally required for the following list of items.

Item	Responsible Department
Payroll & HR employee benefits related items	HR
Legal Costs	All
Insurance premiums	Accounting
Bank, interest and financing Charges	Accounting
Property & Corporate Taxes	Accounting
Professional & Consulting Fees specified in RFP/Contract	All
Approved Conferences and Training (and associated travel and expenses)	All
Subscriptions, publications & corporate memberships	All
IESO, Hydro One, OEB, Embedded Generators (FIT, microFIT, HCI, RESOP) Charges	Accounting
Demand Side Management programs	Regulatory
Payments to Halton Region (Water/Waste Water Billing)	Accounting
Payments to Retailers	Billing
Petty Cash Expenses	Accounting
Debenture/Loan	Accounting
Damage Claims	All
Catering for Company events	HR
HR Assessments	HR
Miscellaneous supplies not stocked in warehouse or head office and with a value of less than \$1,000	All

The above list is not exhaustive. The Supply Chain Manager and the Executive Vice President and CFO shall have the authority to consider which items require or do not require a PO.

10. Invoice Processing

All invoices will be processed for payment by the Accounting Department.

- All invoices for goods based on a PO will be processed based on a stamped “received” and dated packing slip provided by the Storekeeper. If a stamped and dated packing slip is unavailable, two signatures are required to process the invoice.
- The following approval matrix applies to all other invoices for goods and services. Two signatures must be obtained for invoices without a PO.

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Table 4 – Approval Limits for Invoices

Approver	PO exists (one signature required)	No PO or No Packing Slip (two signatures required)
Supervisor	up to \$9,999	
Manager	\$10,000 – \$49,999	Up to \$4,999
Director	\$50,000 - \$99,999	\$5,000 - \$24,999
Vice President	\$100,000 - \$249,999	\$25,000 - \$99,999
EVP & CFO	\$250,000 - \$499,999	\$100,000 - \$249,999
President and CEO	>=\$500,000	>=\$250,000

- The following approval matrix applies to specific invoices for goods & services irrespective of threshold as identified in the table.

Table 5 – Specific Approvals that do not Require a PO

Expense Item	Approvers
Power Bills	any two of the following: VPs, EVP & CFO, CEO
CRA remittances including HST	
Region of Halton water payments	

11. Conflict of Interest

All BHI employees are subject to its Code of Conduct & Conflict of Interest policy and shall disclose all conflicts as required by the policy and shall take adequate steps to address any actual or perceived conflict of interest.

No employee or Board member shall knowingly act in such a way as to provide any Supplier with an unfair advantage or disadvantage in any Purchasing opportunity.

Any employee who becomes aware of any actual or perceived conflict of interest in relation to any solicitation or purchase shall immediately refer the matter to the Executive Vice President and CFO and take steps under BHI's Code of Conduct & Conflict of Interest policy.

12. Insurance

The Supply Chain Manager shall ensure the following insurance requirements are in place prior to awarding POs and contracts.

- **Contractor's Insurance**

Upon award of the PO/contract, the Contractor, at its own expense, shall take out and maintain during the life of this contract, the following policies of insurance:

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A. General Liability Insurance

Commercial General Liability insurance ensuring against damage or injury to persons or property with limits of not less than Five Million Dollars (\$5,000,000.00) per occurrence.

B. Professional Liability Insurance

For POs/contracts for consulting or professional services, Professional Liability Insurance (Errors & Omissions) with an inclusive limit of not less than Five Million Dollars (\$5,000,000) per occurrence.

C. Automobile Insurance

Owned and unowned automobile insurance with an inclusive limit of not less than Two Million Dollars (\$2,000,000) per occurrence.

- **Insurance Policy Requirements**

The insurance policies shall:

- Name BHI as an additional insured;
- Be non-contributing and apply only as primary and not be excess to any other insurance or self-insurance available to a Party;
- Contain a cross liability and separation of insured clause;
- Be written with an insurer licensed to do business in the Province of Ontario;
- Require 30 days' notice to BHI in the event the that such policies are to be cancelled, not renewed or materially altered such that they no longer comply with the requirements of this section; and
- Contain a waiver of the rights of subrogation against BHI and those for whom BHI is, at law, responsible.

- **No Limitation of Liability**

The Contractor shall agree that the insurance requirements do not in any way limit the Contractor's liability pursuant to any of the indemnity provisions in the contract.

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- Certificate of Insurance

The Contractor shall provide BHI with a certificate evidencing the required insurance coverages upon execution of the contract.

The Contractor shall also maintain adequate insurance of its own interest during the term of the contract or any extensions or renewals thereof.

The Supply Chain Manager may consult with the Health and Safety Director for appropriate insurance clauses for an agreement.

The Supply Chain Manager shall have the authority to consider a variation in insurance requirements as required with the approval of the EVP & CFO.

13. Liability and Indemnification

The Supply Chain Manager shall include the following insurance clauses in contracts.

- A. The Contractor will indemnify and save harmless BHI, its officers, directors and employees, (collectively "Indemnified Parties") from and against any and all claims, demands, losses, costs, damages, interest, actions or lawsuits or other proceedings by whomsoever made, that may be advanced against the Indemnified Parties or any of them, arising directly or indirectly from this Agreement, save and except any such claim, demands, losses, costs, damages, interest, actions or lawsuits or other proceedings by whomsoever made, arising from the negligence or willful misconduct of the Indemnified Parties, or any of them, in connection with the performance of the contract.
- B. The Contractor shall agree that in no event shall BHI be liable for any indirect, special, incidental, consequential, punitive or exemplary damages, including without limitation, loss of revenue or loss of profits, regardless of the form of action, whether in contract or in tort including negligence, even if the BHI has been advised of the possibility of such damages.

The Supply Chain Manager shall have the authority to consider a variation in the liability and indemnification clauses as required with the approval of the EVP & CFO.

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14. Health and Safety

Occupational Health and Safety

- A. Prior to commencement of work, Contractors will be required to supply proof of all applicable insurance, Workplace Safety and Insurance Board, liability, equipment and other documentation as identified. Contractors will also be responsible for ensuring due diligence documentation is completed, maintained, updated, and supplied through the pre-qualification procedure or completed and submitted through electronic means as prescribed. Failure to submit, maintain or update documentation can lead to contract discipline up to and including contract termination. If the Contractor is exempt, satisfactory evidence of such exemption.
- B. Contractors are expected to follow all Occupational Health and Safety Regulations, industry specific rules, industry specific regulations including standards as may be prescribed based on the scope of the work.
- C. Contractors are expected to follow all Environmental safety regulations, standards and specific rules based on the scope of the expected work and as may be prescribed based on the scope of the work.
- D. Contractors are expected to complete, maintain, update and provide additional documentation such as proof of worker and supervisor competency, equipment/tools/machinery testing, company policy, CVOR (Commercial Vehicle Operation Registration), and other requirements that may be identified within the scope of their work.
- E. Contractors are required to report to the BHI contract supervisor or the BHI contract administrator any incidents, workplace injuries, critical injuries, fatalities, spills, or incidents of violence or harassment that has the potential to be or meets the requirements of a critical incident. The BHI contract supervisor or the BHI contract administrator shall investigate to determine course of action.
- F. Failure to meet BHI's Environmental Health and Safety requirements can lead to contract discipline up to and include contract termination.

Contractors are considered an extension of BHI and as such are expected to uphold its core values including, but not limited to, ensuring environmental health and safety.

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15. Disposals

- A. The Supply Chain Manager in co-operation with the Director of Regulatory, Supply Chain & Capital Planning shall have the authority to sell, exchange or otherwise dispose of all goods declared as surplus to the needs of BHI. A request to dispose of an item can be made by a Manager with Director approval.

Where it is in the best interest of BHI, items or groups of items may:

- Be offered to other public agencies;
- Be sold by external advertisement, formal request, auction or public sale;

- B. In the event that all efforts to dispose of goods by sale are unsuccessful, these items may be offered for refuse or donated to a charity.
- C. The Supply Chain Manager may sell or trade obsolete or surplus goods to the original supplier or others in that line of business where it is determined that a higher net return will be obtained than by following the procedures set out above.
- D. Where it is deemed appropriate by the Supply Chain Manager, a reserve price may be established.

The Supply Chain Manager shall provide timely notification to the Accounting Department of any disposal except for Transformers and Meters in order that the item be removed from BHI's accounting system.

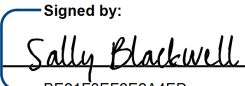
Disposal of Meters and Transformers will be communicated by the Metering Services Department and the Stations Maintenance Department respectively to Accounting Department.

16. Review of Policy

This Policy is the responsibility of the Purchasing Department and shall be reviewed and amended as required at a minimum every five years. An interim review is to be completed in the event of major changes or organizational restructuring in consultation with relevant stakeholders.

Signed by: 
 6C0C988F8EA7455...
 John Buhagiar
 Supply Chain Manager

4/1/2025
 Date

Signed by: 
 BE21F3EF2E2A4ED...
 Sally Blackwell
 Executive Vice President and CFO

4/1/2025
 Date

Purchasing & Disposal Policy

Appendix A – Approval Limits

Purchase Requisitions

Approver	Approval Limits Capital/Operating*	
	Budgeted	Unbudgeted
Supervisor	up to \$9,999	
Manager	\$10,000 – \$49,999	Up to \$4,999
Director	\$50,000 - \$99,999	\$5,000 - \$24,999
Vice President	\$100,000 - \$249,999	\$25,000 - \$99,999
Executive Vice President and CFO	\$250,000 - \$499,999	\$100,000 - \$249,999
President and CEO	>=\$500,000	>=\$250,000
Executive Vice President and CFO		All Capital**
VP, Requesting Department		All Operating**

Purchasing Methods

Method	# of quotes	Limit
Informal quote by Requesting Department	1	Up to \$1,000
Informal quote by Requesting Department	2	\$1,000-\$9,999
Formal quote by Purchase Department	3	\$10,000 - \$49,999
RFQ/RFP/RFI	N/A	>=\$50,000
Others*	N/A	No Limit

*Others include and are limited to purchases made through direct sourcing, negotiations, partnerships or cooperative purchasing.

Invoices

Approver	PO exists (one signature required)	No PO or No Packing Slip (two signatures required)
Supervisor	up to \$9,999	
Manager	\$10,000 – \$49,999	Up to \$4,999
Director	\$50,000 - \$99,999	\$5,000 - \$24,999
Vice President	\$100,000 - \$249,999	\$25,000 - \$99,999
EVP & CFO	\$250,000 - \$499,999	\$100,000 - \$249,999
President and CEO	>=\$500,000	>=\$250,000