OSHAWA POWER

# Exhibit 4:
## Operating Expenses

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# 4.1 OVERVIEW

## 4.1.1 Background

This Exhibit provides evidence for Operating Expenses, which include Operations, Maintenance and Administration (OM&A) costs. OM&A costs include the provision of services to customers connected to Oshawa Power's distribution system and meeting the requirements of the OEB's Standard Supply Service Code, Distribution System Code and Retail Settlement Code. More particularly, OM&A costs in this Exhibit represent Oshawa Power's integrated set of asset maintenance and customer activity needs to meet public and employee safety objectives; to comply with environmental requirements and government direction; and to maintain distribution business service quality and reliability that meet or exceed regulated performance levels.

## 4.1.2 OM&A Test Year Levels

The proposed OM&A cost for the 2026 Test Year is $22.3 million, an increase $8.4 million or 60.6% higher than the 2021 expenditures approved of $13.8 million by the OEB in Oshawa Power's last rebasing application (EB-2020-0048), and an increase of $3.5 million or 18.5% higher than actual 2024 expenditures. Overall, the cost increases from the 2021 OEB Approved to 2026 Test Year amounts represent an average of 12.1% a year.

This level of spending will support Oshawa Power to modernize and optimize its systems and processes, provide enhanced support for customers, and ensure excellent continued reliability. As described below and in Exhibit 1, in section 1.7 on Performance Measurement, Oshawa Power has succeeded in offering among the lowest OM&A costs per customer in Ontario, based largely on having a smaller staffing contingent compared to other local distribution companies (LDCs) per customers served. While sufficient in the past, the compound effect of growth, talent retention, technological advancement and increased policy and regulatory requirements means that significant investment is required now to ensure Oshawa Power can meet current and future customer demand for reliable electricity distribution.

As described in Exhibit 1, as well as in the Resource Optimization Review (Attachment 4-1, and described in section 4.4), Oshawa Power requires investment in new staff, subcontractors, software and hardware, and support to collect increasing outstanding debts from customers, which continues to grow following the COVID-19 pandemic. These plans will require prudent investment to benefit both current and future customers, as described throughout this Exhibit. Details supporting the cost increases can be found in Section 4.2.2 of this Exhibit.

In proposing this $22.3 million in OM&A spending for the 2026 Test Year, Oshawa Power has endeavoured to maintain a reasonable balance between appropriate investment in staffing, subcontractors and other operating expenses while balancing customer bill impacts. As discussed in Exhibit 1, in section 1.7 on Performance Measurement, Oshawa Power expects to maintain its Cohort II status within the OEB's total cost benchmarking at this level of spending, maintaining strong performance in comparison to LDC peers.

To support its customers with the resulting bill impacts of this increase in OM&A spending, and particularly to support low-income customers, Oshawa Power is also proposing in section 4.7 to provide additional support for low-income customers through contributions to the Low-income Energy Assistance Program (LEAP). This is in addition to Oshawa Power continuing to identify and implement efficiencies throughout its operations.

### 4.1.3 OM&A Budgeting Process

In managing distribution system assets and operations, Oshawa Power's main objective is to optimize asset performance while maintaining reasonable costs. Oshawa Power's OM&A budget was developed based on a two-year forecast for the 2025 Bridge Year and 2026 Test Year. The budgeting process places system safety, reliability and customer focus as operational themes aligning with Oshawa Power's strategic objectives.

During the budgeting process, all departments were consulted to develop an operating budget to ensure Oshawa Power was strategic and thorough. The following directives and objectives are considered:

- Labour Expenses – Any requests outside of the baseline headcounts were submitted by department Managers, including justification, by way of a business case to Oshawa Power's Executive team for review. Annual budget increases to current labour complement were reflective of the active collective agreement for union employees and an inflationary increase for non-union employees.
- Non-labour expenses were calculated using a combination of a zero based budgeting and inflationary increase approach which considered key initiatives, latest actual information, current budget information and known inflation adjustments. The department Managers were required to justify any significant increases from the prior budgeting cycle.
- Emphasis was placed on finding cost savings opportunities and efficiencies.

Once the department Managers submitted their preliminary budgets, the Finance team initiated the following process:

- Reviewed all headcounts for accuracy and needs. Any new headcount requests were identified and outlined for review and approval with Executive team.
- Ensure explanations were obtained and validated for all significant increases to labour and non-labour expenses from prior year and current year budget.
- Consolidated all department budgets for review by CEO and Executive team.

The provisional budget was then approved by the CEO and presented to Oshawa Power's Board of Directors for approval. After first review by the Board of Directors, a second round with Board of Director questions and input was prepared and circulated for commentary to department Managers, once commentary is collected, a second final presentation to the Board of Directors was organized. The formally approved budget is then used as a reference for comparison and explanation against actual results for each year.

Oshawa Power's Distribution System Plan (DSP) and Strategic Asset Management Plan (SAMP) were referenced to ensure necessary and appropriate distribution operations and maintenance costs required were budgeted appropriately.

### 4.1.4 Summary of OM&A Expenses and Cost Drivers

Oshawa Power's Test Year OM&A expenses are forecast to be $22,271,990, a 60.6% increase compared to 2021 OEB Approved of $13,866,092. Table 4-1 below provides a summary of operating costs for the 2021 OEB Approved and the relevant historical years, the 2025 Bridge Year and the 2026 Test Year.

**Table 4-1: Summary of Operating Costs 2021-2026 (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 |
|---|---|---|---|---|---|---|---|
| Operations[4] | $ 2,891,000 | $ 2,427,693 | $ 2,613,290 | $ 3,143,980 | $ 2,833,190 | $ 2,565,658 | $ 4,003,063 |
| Maintenance[5] | $ 1,349,949 | $ 996,991 | $ 1,103,692 | $ 1,175,488 | $ 1,442,317 | $ 1,295,390 | $ 1,349,796 |
| Billing and Collecting[6] | $ 3,500,467 | $ 2,862,727 | $ 3,254,066 | $ 3,949,857 | $ 4,899,646 | $ 4,767,079 | $ 5,247,373 |
| Community Relations[7] | $ 239,216 | $ 230,409 | $ 297,797 | $ 422,398 | $ 270,588 | $ 335,661 | $ 394,033 |
| Administrative and General[8] | $ 5,885,460 | $ 6,782,354 | $ 7,110,887 | $ 7,072,385 | $ 9,354,202 | $ 10,261,426 | $ 11,277,725 |
| **Total** | **$ 13,866,092** | **$ 13,300,173** | **$ 14,379,731** | **$ 15,764,108** | **$ 18,799,942** | **$ 19,225,214** | **$ 22,271,990** |
| %Change (year over year) | | -4.5% | 8.1% | 9.6% | 19.3% | 2.3% | 15.8% |

Recoverable OM&A cost drivers since 2021 OEB Approved to 2026 Test Year are summarized in Table 4-2.

**Table 4-2: Recoverable OM&A Cost Driver Table - 2021 – 2026 Variances**

| Cost Driver | Amount |
|---|---|
| **2021 OEB-approved OM&A** | **$ 13,866,092** |
| Labour & Benefits | $ 4,366,376 |
| Subcontract Services | $ 1,850,984 |
| Software and Hardware Fees | $ 745,669 |
| Bad Debt Provision | $ 744,464 |
| Other | $ 189,267 |
| Insurance | $ 143,514 |
| OEB Regulatory Fees | $ 135,785 |
| Management Fees | $ 125,972 |
| Rent | $ 79,486 |
| LEAP Donations | $ 78,784 |
| Materials | $ 43,277 |
| Communications | $ 38,044 |
| Audit & Legal | $ 4,391 |
| Consulting | -$ 40,594 |
| Training | -$ 43,332 |
| Safety Supplies | -$ 56,190 |
| **2026 Test Year OM&A** | **$ 22,271,990** |
| **2021 to 2026 increase** | **60.6%** |

The major cost drivers that resulted in an increase in OM&A levels in the 2026 Test Year relative to the historical years and the 2025 Bridge Year are as follows:

- Inflation on both labour and non-labour costs in a post COVID-19 environment.

- Labour and benefit costs for additional full time equivalent employees (FTEs) associated with increased focus on customer engagement, business transformation and innovation.
- Information Technology (IT) costs associated with modernizing IT infrastructure, including developing and maintaining Cyber Security guidelines.

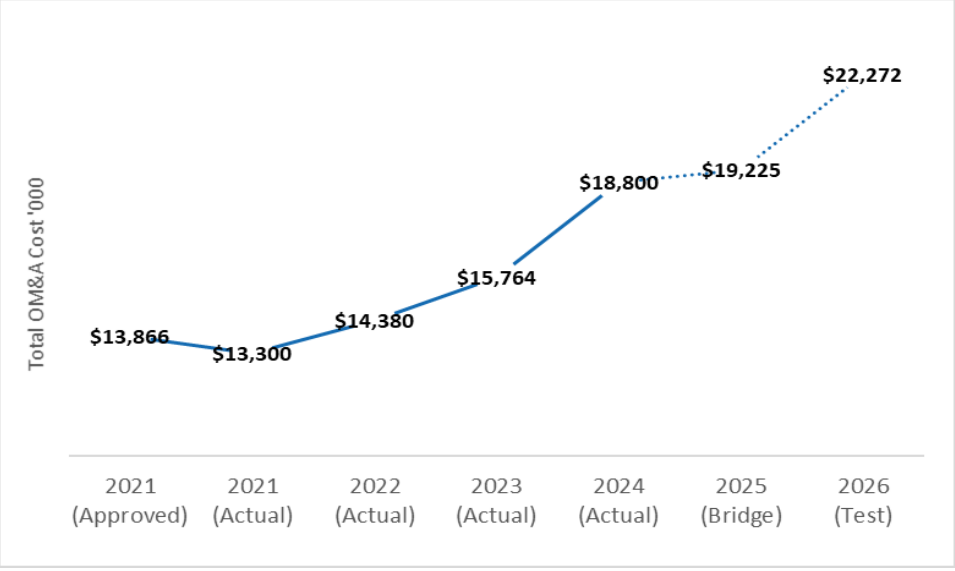
The OM&A cost drivers are discussed in more detail in section 4.2 below.

### 4.1.5 OM&A Cost Trend Analysis

The OM&A trend analysis on key OM&A metrics from 2021 OEB Approved, 2021-2024 Actuals through to the 2026 Test Year is shown in Figures 4-1 to 4-4 below. Note that FTE and customer values matched mid-year averages, as required per Appendix 2-L, and as a result, values slightly differ than those shown in Exhibit 1, section 1.7 on Performance Measurement and section 4.4.4, where end of year values have been used in alignment with the OEB's Reporting and Record-keeping Requirements (RRRs).

Figure 4-1 below shows the increase in OM&A spending from the 2021 OEB Approved amount to the 2026 Test Year.

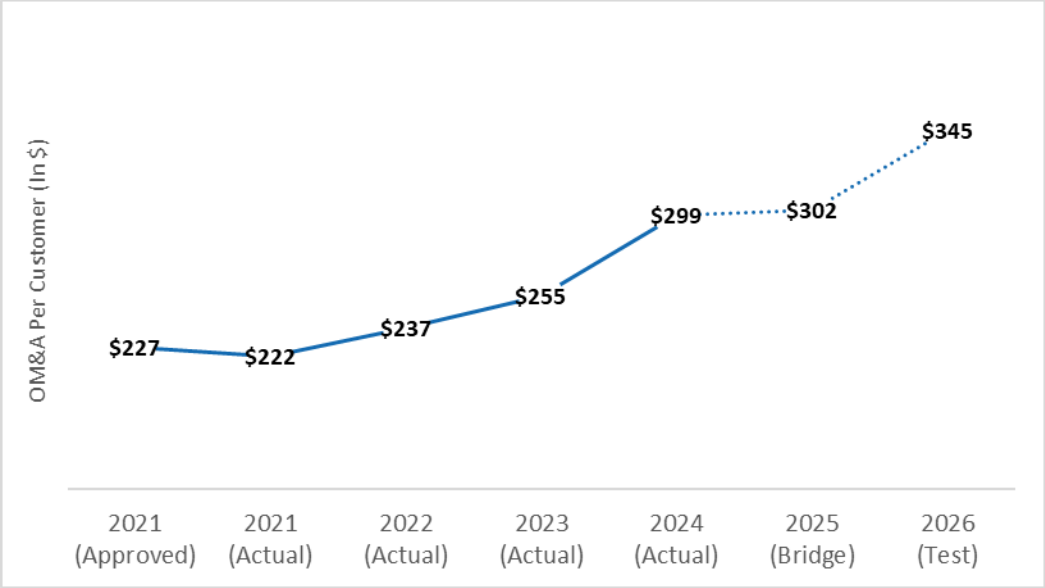
**Figure 4-1: OM&A 2021-2026**



OM&A spending has increased steadily since 2021 following a decrease in OM&A spending in 2021. In that year, Oshawa Power operated below its target FTE complement, primarily due to staff turnover and difficulties re-hiring new staff. In response, the organization redirected existing resources as needed, focusing on identifying cost-saving opportunities and efficiencies to maintain its reasonable costs and rates. While this was a financially prudent decision, it was not without its impacts. The lean resourcing added risk to Oshawa Power's ability to implement critical projects and to fully capitalize on opportunities to participate in modernization projects.

Figure 4-2 below shows the change in OM&A spending per customer from the 2021 OEB Approved amount to the 2026 Test Year.

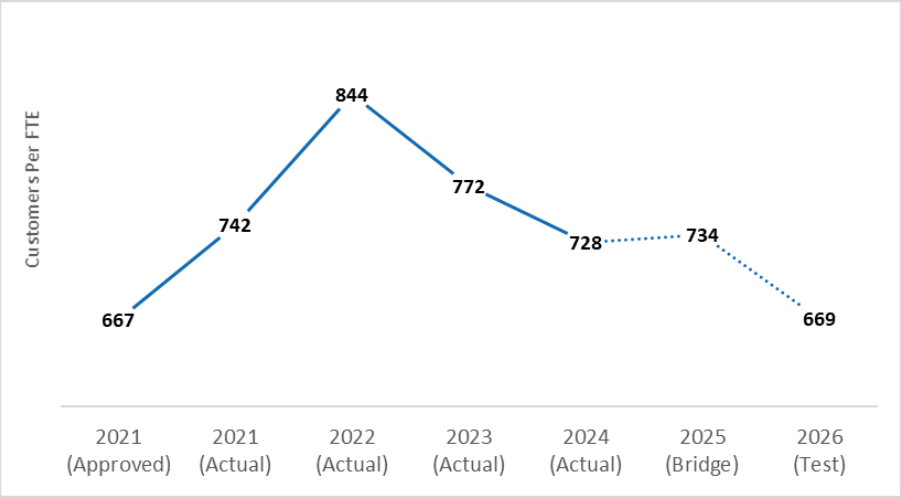
**Figure 4-2: OM&A Per Customer 2021-2026**




As seen in the Figure 4-2 above, OM&A per customer has increased steadily from 2021 to 2026 as the cost to serve customers has increased. Nevertheless, Oshawa Power's OM&A cost per customer is anticipated to remain lower than its peers through 2026. See Exhibit 1, section 1.7 on Performance Measurement which showcases Oshawa Power's superior performance on this metric against other LDCs, including geographical, size and cohort peers.

Figure 4-3 below shows the change in customers served per FTE employee from the 2021 OEB Approved amount to the 2026 Test Year.

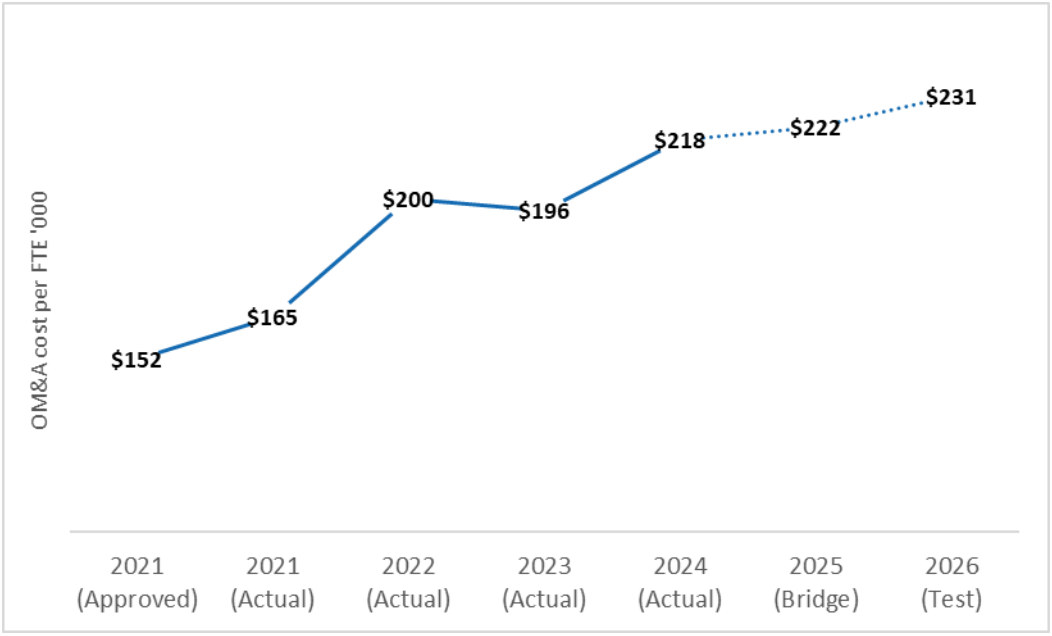
**Figure 4-3: Customer Per FTE 2021-2026**




As discussed below in section 4.4.4, Oshawa Power services more customers per FTE than any LDC peers of similar size, particularly in years in which it operated with reduced staff in 2021 and 2022. With the proposed staffing increases in this Application, Oshawa Power's customer served per FTE will decrease to a level more closely aligned with other LDCs.

Figure 4-4 below shows the change in OM&A spending per FTE employee from the 2021 OEB Approved amount to the 2026 Test Year.

**Figure 4-4: OM&A Per FTE 2021-2026**



Oshawa Power recognizes the expectation of the OEB for productivity and is committed to cost-effectively serving its customers. Efficiencies and plans for new spending are showcased below.

### 4.1.6 Inflation Rate Assumptions

The OEB has specified an approach to an inflation factor within the Report of the Board on Rate Setting Parameters and Benchmarking under the Renewed Regulatory Framework for Ontario's Electricity Distributors (EB-2010-0379). The OEB has adopted a 2-factor input price index (IPI) that includes a labour and non-labour component that are weighted based on estimates from a review of the proportionate cost shares by medium and large distributors (70% Non-Labour and 30% Labour).

Oshawa Power has used the 3.0% inflation rate for labour costs as per its current collective bargaining agreement, details of which are described in the Workforce Planning and Employee Compensation in section 4.4 below. For other OM&A costs Oshawa Power has used 3.0% for 2025, reflecting best available information when the 2025 budget was approved, and 2.5% for 2026 anticipating less inflation.

### 4.1.7 Business Environment Changes

As noted in Oshawa Power's 2026-2030 Strategic and Business Plan located in Exhibit 1, section 1.2 and Attachments 1-2 and 1-3, Oshawa Power is addressing significant changes in its business environment through the operational decisions and requirements outlined in this Application. Rising costs, economic pressures, regulatory changes, and the need to modernize outdated systems, adapt to an evolving cyber landscape, and tackle workforce challenges are placing considerable resource pressures on the Organization. In response to these intersecting challenges, the Organization must adopt a deliberate and strategic approach to ensure it continues to serve customers effectively while meeting the growing electrical demand across its service territory.

## Economic Shifts, Post COVID-19

As discussed in Exhibit 1, Oshawa Power, like all LDCs, has faced significant challenges in sourcing materials and managing rising costs in the post-pandemic environment. In addition, new economic uncertainty related to tariffs will have further impacts. The economic climate has had a considerable impact on its customer base, with the increased cost of living affecting customers' ability to manage and pay their bills. This has contributed to heightened levels of outstanding customer debt, an increase in late payments, bankruptcies, and delinquent accounts requiring disconnection.

## Regulatory Environment

The pace of policy and regulatory changes is increasing since Oshawa Power's last Cost of Service application, with the timelines to implement the resulting changes decreasing. Some examples include:

- Getting Ontario Connected Act (2022)
- Green Button Implementation (2023)
- The Ontario Cyber Security Framework (2023)
- The Non-Wires Solutions Guidelines for Electricity Distributors (2024)
- Benefit-Cost Analysis (BCA) Framework for Addressing Electricity System Needs (2024)
- The Building Homes Faster Act (2024)
- Changes to the Low-income Energy Assistance Program Emergency Financial Assistance (LEAP) (2024)
- IESO Market Renewal (ongoing)
- IESO 2025-2036 Electricity Energy Efficiency Framework (2025)

In addition, there have been federal and municipal mandates and programs that Oshawa Power was required to follow, such as the federal electric vehicle (EV) mandate, regional transport electrification and housing development targets.

Keeping current on regulatory updates, complying with new requirements and participating in regulatory processes and proceedings have created additional pressure on Oshawa Power's existing staffing resources. As discussed below, the Organization has created a new regulatory department to be better equipped to meet these demands, as well as additional resources to support new areas of focus such as cybersecurity.

### Rapid Innovation, Technology and Cybersecurity

As the business environment continues to evolve across all sectors, technology and cybersecurity requirements are advancing at a rapid pace. Modernization efforts, such as replacing end-of-life software, executing roadmaps for geographic information systems (GIS), outage management systems (OMS), Meter Data Management (MDM), and CIS systems, integrating data, optimizing processes, and enhancing data accessibility are all critical to supporting the growing need for data-driven decision-making.

Emerging policy and technological changes, including transactive energy platforms, non-wires solutions (NWS), and advanced electricity demand-side management (eDSM) initiatives, further underscore the urgency of adaptation. Additionally, the OEB's cybersecurity requirements emphasize the importance of addressing not only the technological needs of modernization but also the skills required to enable digital transformation. See Exhibit 1, section 1.2 and Attachment 1-4 for Oshawa Power's IT Business Transformation Strategy for more information.

### Customer Needs

As discussed in Exhibit 1, section 1.6 on Customer Engagement, the post-pandemic environment has shifted customer behaviours and needs. Since the pandemic, engagement has taken a digital-first approach, emphasizing the importance of understanding when and where customers engage. In response, Oshawa Power has invested in digital tools and self-service features, ensuring that platforms such as the phone system, customer portal, website, and communication tools are accessible, user-friendly, and promoted through multiple channels including social media channels. These efforts have allowed critical information to be readily available to customers 24/7. Integrating integrated voice response (IVR) text messaging with the OMS has further enhanced trust in the system and improved response effectiveness. Beyond digital

engagement, Oshawa Power has prioritized in-person interactions by focusing its community involvement on flagship events to maximize direct customer engagement opportunities. In addition to large events, smaller targeted populations (e.g. students & seniors) are engaged on topics of interest, such as electrical safety education and bill understanding. Understanding customer needs remains a top priority. Oshawa Power regularly conducts bi-annual customer surveys and public safety surveys to gather insights and inform its focus areas.

### Competitive Labour Market

Like many LDCs, Oshawa Power is facing an industry wide shortage of skilled labour in addition to its location being situation in a very competitive area – the GTA. Emerging technological advancements are changing the skills required within the Organization, resulting in increased competition for new skills across the industry. In addition, increased work demands due to aging distribution infrastructure create additional pressure, compounded by expected increases to electricity demand resulting from a growing customer base and electrification.

To better understand the needs of tomorrow's workforce, Oshawa Power conducted a comprehensive review of its resources to assess the current workforce to develop its staffing plan for 2026 onwards. Key priorities identified include succession planning, ensuring worker and public safety, balancing workforce utilization with optimization, and maintaining an efficient workforce equipped with the necessary tools and skills to remain responsive to customer needs. The findings and recommendations from this study are discussed in more detail in section 4.4 Workforce Planning.

### Risk and Uncertainty

As noted in Exhibit 1, at the time of filing in April 2025, there remains significant political and economic uncertainty nationally and globally related to recently announced tariffs on trade. These may have a material impact on Oshawa Power and its customers, as well including related to inflation affecting the internal and external costs for the Organization, as well as customers' ability to pay due to local economic impacts.

# 4.2 OM&A SUMMARY AND COST DRIVERS

## 4.2.1 Summary of Recoverable OM&A Expenses

Oshawa Power's total recoverable OM&A expenses, excluding property taxes, are provided in Table 4-3 below, with 2021 OEB Approved 2021 to 2024 Actuals, 2025 Bridge Year and 2026 Test Year per major function are provided with in Appendix 2-JA.

**Table 4-3: Summary of Recoverable OM&A Expenses 2021 – 2026 (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*** | | | | | | | |
| Operations | $ 2,891,000 | $ 2,427,693 | $ 2,613,290 | $ 3,143,980 | $ 2,833,190 | $ 2,565,658 | $ 4,003,063 |
| Maintenance | $ 1,349,949 | $ 996,991 | $ 1,103,692 | $ 1,175,488 | $ 1,442,317 | $ 1,295,390 | $ 1,349,796 |
| **SubTotal** | **$ 4,240,949** | **$ 3,424,684** | **$ 3,716,982** | **$ 4,319,468** | **$ 4,275,507** | **$ 3,861,048** | **$ 5,352,859** |
| %Change (year over year) | | 54.0% | 8.5% | 16.2% | -1.0% | -9.7% | 38.6% |
| %Change (Test Year vs Last Rebasing Year - Actual) | | | | | | | 26.2% |
| Billing and Collecting | $ 3,500,467 | $ 2,862,727 | $ 3,254,066 | $ 3,949,857 | $ 4,899,646 | $ 4,767,079 | $ 5,247,373 |
| Community Relations | $ 239,216 | $ 230,409 | $ 297,797 | $ 422,398 | $ 270,588 | $ 335,661 | $ 394,033 |
| Administrative and General | $ 5,885,460 | $ 6,782,354 | $ 7,110,887 | $ 7,072,385 | $ 9,354,202 | $ 10,261,426 | $ 11,277,725 |
| **SubTotal** | **$ 9,625,144** | **$ 9,875,490** | **$ 10,662,750** | **$ 11,444,640** | **$ 14,524,435** | **$ 15,364,167** | **$ 16,919,131** |
| %Change (year over year) | | -15.6% | 8.0% | 7.3% | 26.9% | 5.8% | 10.1% |
| %Change (Test Year vs Last Rebasing Year - Actual) | | | | | | | 75.8% |
| **Total** | **$ 13,866,092** | **$ 13,300,173** | **$ 14,379,731** | **$ 15,764,108** | **$ 18,799,942** | **$ 19,225,214** | **$ 22,271,990** |
| %Change (year over year) | | -4.5% | 8.1% | 9.6% | 19.3% | 2.3% | 15.8% |

Table 4-4 below provides a variance analysis on major functions as per Appendix 2-JA.

### Table 4-4: Recoverable OM&A Expenses 2021 – 2026 Variances (Appendix 2-JA)

| | Last Rebasing Year 2021 OEB Approved | Last Rebasing Year 2021 Actuals | 2022 Actuals | 2023 Actuals | 2024 Actuals | 2025 Bridge Year | Variance 2025 Bridge vs. 2024 Actuals | 2026 Test Year | Variance 2026 Test vs. 2025 Bridge |
|---|---|---|---|---|---|---|---|---|---|
| **Operations** | **$ 2,891,000** | **$ 2,427,693** | **$ 2,613,290** | **$ 3,143,980** | **$ 2,833,190** | **$ 2,565,658** | **-$ 267,532** | **$ 4,003,063** | **$ 1,437,405** |
| **Maintenance** | **$ 1,349,949** | **$ 996,991** | **$ 1,103,692** | **$ 1,175,488** | **$ 1,442,317** | **$ 1,295,390** | **-$ 146,927** | **$ 1,349,796** | **$ 54,407** |
| **Billing and Collecting** | **$ 3,500,467** | **$ 2,862,727** | **$ 3,254,066** | **$ 3,949,857** | **$ 4,899,646** | **$ 4,767,079** | **-$ 132,566** | **$ 5,247,373** | **$ 480,294** |
| **Community Relations** | **$ 239,216** | **$ 230,409** | **$ 297,797** | **$ 422,398** | **$ 270,588** | **$ 335,661** | **$ 65,073** | **$ 394,033** | **$ 58,372** |
| **Administrative and General** | **$ 5,885,460** | **$ 6,782,354** | **$ 7,110,887** | **$ 7,072,385** | **$ 9,354,202** | **$ 10,261,426** | **$ 907,224** | **$ 11,277,725** | **$ 1,016,299** |
| **Total OM&A Expenses** | **$ 13,866,092** | **$ 13,300,173** | **$ 14,379,731** | **$ 15,764,108** | **$ 18,799,942** | **$ 19,225,214** | **$ 425,272** | **$ 22,271,990** | **$ 3,046,776** |
| **Adjustments for Total non-recoverable items[3]** | | | | | | | | | |
| **Total Recoverable OM&A Expenses** | **$ 13,866,092** | **$ 13,300,173** | **$ 14,379,731** | **$ 15,764,108** | **$ 18,799,942** | **$ 19,225,214** | **$ -** | **$ 22,271,990** | **$ -** |
| **Variance from previous year** | | $ - | $ 1,079,558 | $ 1,384,377 | $ 3,035,834 | $ 425,272 | $ - | $ 3,046,776 | |
| **Percent change (year over year)** | | | 8% | 10% | 19% | 2% | | 16% | |
| **Percent Change: Test year vs. Most Current Actual** | | | | | | | | 18.47% | |
| **Simple average of % variance for all years** | | | | | | | | 11.02% | |
| **Compound Annual Growth Rate for all years** | | | | | | | | | 10.9% |
| **Compound Growth Rate (2024 vs. 2021 Actuals)** | | | | | | | | 12.2% | |

## 4.2.2 Recoverable OM&A Cost Drivers and Tables

Oshawa Power has provided its OM&A Cost Drivers in Table 4-5 below (aligns with Appendix 2-JB). The closing balance for each year becomes the opening balance for the following year for purposes of assessing incremental cost drivers. The opening balance in the 2021 column reflects the 2021 OEB Approved amount.

### Table 4-5: Recoverable OM&A Cost Driver Table 2021 – 2026

| OM&A | Last Rebasing Year (2021 Actuals) | 2022 Actuals | 2023 Actuals | 2024 Actuals | 2025 Bridge Year | 2026 Test Year | Variance 2021 Approved to 2026 Test YearTotal |
|---|---|---|---|---|---|---|---|
| **Opening Balance** | 13,866,092 | 13,300,173 | 14,379,721 | 15,764,109 | 18,799,943 | 19,225,214 | |
| Bad Debt Provision | (97,130) | 61,453 | 699,959 | 352,134 | (471,952) | 200,000 | 744,464 |
| Subcontract Services | 494,476 | 270,812 | 146,708 | (119,174) | 598,411 | 459,751 | 1,850,984 |
| Labour & Benefits net of Allocations | (1,106,870) | 566,448 | 151,568 | 2,112,081 | 563,398 | 2,079,751 | 4,366,376 |
| Materials | 55,715 | (5,679) | 72,109 | (21,198) | (64,426) | 6,756 | 43,277 |
| Software and Hardware Fees | 216,441 | (187,338) | 122,983 | 359,451 | 171,267 | 62,865 | 745,669 |
| Audit & Legal | 34,790 | (44,554) | 20,610 | (37,885) | 20,453 | 10,976 | 4,391 |
| Insurance | (39,601) | 27,673 | 65,801 | 25,645 | 52,325 | 11,671 | 143,514 |
| Management Fees | (130,017) | 22,665 | 24,756 | 201,755 | (9,359) | 16,172 | 125,972 |
| Safety Supplies | (30,727) | 3,995 | 65,826 | 45,157 | (150,059) | 9,617 | (56,190) |
| OEB Regulatory Fees | (53,389) | 50,461 | 21,768 | 35,178 | 45,147 | 36,620 | 135,785 |
| Consulting | 34,952 | 210,095 | (76,548) | 161,506 | (369,653) | (946) | (40,594) |
| LEAP Donations | 12,534 | 928 | 1,522 | 1,404 | 1,121 | 61,275 | 78,784 |
| Rent | 4,861 | 725 | (3) | 1,619 | 8,914 | 63,369 | 79,486 |
| Communications | 48,027 | 10,967 | (157) | (79,665) | 56,724 | 2,148 | 38,044 |
| Training | (143,334) | 2,513 | 57,162 | (18,850) | 42,181 | 16,996 | (43,332) |
| Other | 133,351 | 88,383 | 10,323 | 16,676 | (69,221) | 9,755 | 189,267 |
| **Closing Balance** | 13,300,173 | 14,379,721 | 15,764,109 | 18,799,943 | 19,225,214 | 22,271,990 | 8,405,897 |
| **Increase from 2021 Approved to 2026** | | | | | | | 60.6% |

### 4.2.3 Analysis of Principal Cost Drivers

The 2026 Test Year OM&A expenditures are increasing compared to 2021 OEB Approved by $8,405,897 or 60.6%. The principal cost drivers are further analyzed below and material variances that are outliers to the historical trend are explained.

#### Labour and Benefits

Total labour and benefit costs (net of allocated labour to capital and affiliates) increased from 2021 OEB Approved by $4,366,376. Oshawa Power has a net increase of 13.79 FTEs between the 2021 OEB Approved and the end of the 2026 Test Year, with significant changes and turnover over the past five years, including operating with a much lower number staff in 2021 than were approved. The new workforce plan for 2026 is informed by a Resource Optimization Review (Attachment 4-1) conducted by an independent consultant, and focuses on properly resourcing the organization to support modernization, with investments such as renewed leadership structure and investments in the IT department. The annual labour salary increases over the five years for both union and non-union employees have also contributed to the increase in costs. The details can be found in section 4.4 Workforce Planning.

#### Subcontract Services

Subcontractor costs are increasing from 2021 OEB Approved by $1,850,984. Subcontractors provide a number of critical services to Oshawa Power and its customers including tree trimming, customer billing, utility Locates, building and equipment maintenance, metering services, IT support, and security services. The costs decreased between the 2021 OEB Approved and 2021 Actuals due to COVID-19 impacts. The costs have increased since then as more activities are outsourced, with further increases in the 2025 Bridge and 2026 Test Years.

The increases over the last five years are related to the following:

- COVID-19 costs for additional security incurred for all facilities.
- Billing costs increased due to an increase in customers and inflation.

- Collections costs increased in 2024 with a renewed strategic focus on collections activity following continued growth of bad debt since the pandemic.
- Customer service outsourced the call centre in Q1 2024.
- Substation maintenance increased to comply with International Electrical Testing Authority (NETA) maintenance testing specifications (MTS) standards which includes specialized testing of substation components requiring specialized training and testing equipment to prepare quality reports.
- Payroll service charges increased as a result of the implementation of a new payroll service application which provides new functionality including a new employee onboarding module and job costing support for improved reporting and efficiency.
- Vegetation management maintenance program incurred increases due to inflation.
- Increased meter service provider services to read and maintain wholesale meters, investigate and resolve trouble reports, and represent Oshawa Power through IESO installation audits. In 2024, additional support was required given the departure of experienced staff in the meter reading department and a need for specialized industry knowledge for a planned metering upgrade.

### Software and Hardware Fees

Software and hardware costs decreased from 2021 OEB Approved to 2022 Actuals, but then increased to 2026 Test Year representing an overall increase of $745,669. The costs incurred related to various tools essential for effective cybersecurity controls, such as password management, remote monitoring and management (RMM) software, cloud backup, endpoint detection and response (EDR) software. New software expenses included engineering analysis software, new GIS tools, upgraded advanced distribution management system (ADMS) and outage management system (OMS) licensing, and automation tools.

## Bad Debt Expense

The 2026 Test Year increased by $744,464 compared to 2021 OEB Approved following an increase in the amount of outstanding customer debt in Oshawa Power's service territory since the pandemic, despite a renewed focus on collections activity in 2024, 2025 and 2026 to curb further bad debt growth. Further details can be found in section 4.3 OM&A Variance Analysis.

### 4.2.4 Recoverable OM&A Costs per Customer and per FTE

Table 4-6 below summarizes OM&A costs year-over-year on a per-customer and per FTE basis, based on average mid-year customer values and average mid-year FTE values.

**Table 4-6: OM&A per Customer and per FTE 2021 – 2026 (Appendix 2-L)**

| | 2021 OEB Approved | 2021 Actuals | 2022 Actuals | 2023 Actuals | 2024 Actuals | 2025 Bridge Year | 2026 Test Year |
|---|---|---|---|---|---|---|---|
| Reporting Basis | | | | | | | |
| OM&A Costs | | | | | | | |
| O&M | $ 4,240,949 | $ 3,424,684 | $ 3,716,982 | $ 4,319,468 | $ 4,275,507 | $ 3,861,048 | $ 5,352,859 |
| Admin Expenses[6] | $ 9,625,144 | $ 9,875,490 | $ 10,662,750 | $ 11,444,640 | $ 14,524,435 | $ 15,364,167 | $ 16,919,131 |
| Total Recoverable OM&A from Appendix 2-JA[5] | $ 13,866,092 | $ 13,300,173 | $ 14,379,731 | $ 15,764,108 | $ 18,799,942 | $ 19,225,214 | $ 22,271,990 |
| Number of Customers[2,4] | 61,008 | 59,955 | 60,629 | 61,915 | 62,899 | 63,732 | 64,576 |
| Number of FTEs[3,4] | 91 | 81 | 72 | 80 | 86 | 87 | 97 |
| Customers/FTEs | 667 | 742 | 843 | 772 | 728 | 734 | 669 |
| OM&A cost per customer | | | | | | | |
| O&M per customer | $70 | $57 | $61 | $70 | $68 | $61 | $83 |
| Admin per customer | $158 | $165 | $176 | $185 | $231 | $241 | $262 |
| Total OM&A per customer | $227 | $222 | $237 | $255 | $299 | $302 | $345 |
| OM&A cost per FTE | | | | | | | |
| O&M per FTE | $46,400 | $42,358 | $51,711 | $53,832 | $49,502 | $44,492 | $55,459 |
| Admin per FTE | $105,308 | $122,146 | $148,341 | $142,630 | $168,165 | $177,047 | $175,291 |
| Total OM&A per FTE | $151,708 | $164,504 | $200,052 | $196,462 | $217,668 | $221,540 | $230,750 |

Total OM&A per customer in 2021 was $227 for OEB-Approved and $222 2021 Actuals respectively. This metric is projected to increase in the 2026 Test Year to $345. See benchmarking comparisons in Exhibit 1, in section 1.7 on Performance Measurement, for comparison to other LDCs using RRR data.

### 4.2.5 Capitalized OM&A

Oshawa Power's rebasing in 2021 was completed based on MIFRS and the Organization's capitalization policy overview shared in section 2.8 in Exhibit 2. This Application does not include any further changes in OM&A expense related to capitalization policies. The OM&A expense in 2026 Test Year in relation to the capitalized overhead has increased compared to 2024 Actuals by $1.1M. This is due to the increase in capital projects going into service in 2026 Test Year as a result of the 2026-2030 DSP. Tables 4-7 and 4-8 summarize the amount of OM&A costs that are part of overhead capitalization, in '000s.

**Table 4-7: OM&A Before Capitalization, '000s (Appendix 2-D)**

| OM&A Before Capitalization | 2021 Historical Year | 2022 Historical Year | 2023 Historical Year | 2024 Historical Year | 2025 Bridge Year | 2026 Test Year |
|---|---|---|---|---|---|---|
| Customer Service | $ 2,597 | $ 2,889 | $ 3,520 | $ 4,148 | $ 4,077 | $ 4,389 |
| Operations and Metering | $ 7,062 | $ 6,635 | $ 7,389 | $ 7,375 | $ 8,161 | $ 9,967 |
| General and Admin | $ 7,946 | $ 8,740 | $ 9,525 | $ 11,871 | $ 12,309 | $ 13,570 |
| **Total OM&A Before Capitalization (B)** | $ 17,605 | $ 18,264 | $ 20,434 | $ 23,394 | $ 24,547 | $ 27,926 |

**Table 4-8: Capitalized OM&A, '000s (Appendix 2-D)**

| Capitalized OM&A | 2021 Historical Year | 2022 Historical Year | 2023 Historical Year | 2024 Historical Year | 2025 Bridge Year | 2026 Test Year |
|---|---|---|---|---|---|---|
| Labour and Benefits | $ 3,077 | $ 2,789 | $ 3,485 | $ 3,605 | $ 4,246 | $ 4,540 |
| Material Handling | $ 201 | $ 211 | $ 271 | $ 193 | $ 298 | $ 305 |
| Vehicle and Related Costs | $ 1,027 | $ 884 | $ 914 | $ 796 | $ 778 | $ 809 |
| | | | | | | |
| **Total Capitalized OM&A (A)** | $ 4,305 | $ 3,884 | $ 4,670 | $ 4,594 | $ 5,322 | $ 5,654 |
| | | | | | | |
| **% of Capitalized OM&A (=A/B)** | 24% | 21% | 23% | 20% | 22% | 20% |

## 4.3 OM&A VARIANCE ANALYSIS

### 4.3.1 Overview of Program Delivery Costs

This section provides a variance analysis of Oshawa Power's OM&A cost by major function, consistent with section 2.4.3 of the OEB's Chapter 2 Filing Requirements (the Filing Requirements). Although Oshawa Power's internal systems are set up to capture OM&A costs primarily by cost centre or function, Oshawa Power has identified OM&A costs by program, and, if not, by major functions.

The Table 4-9 below (Appendix 2-JC) summarizes Oshawa Power's OM&A costs by major program and is provided in this Exhibit for the 2021 Actual and OEB Approved amounts through the 2026 Test Year.

**Table 4-9: OM&A Cost by Program 2021-2026 (Appendix 2-JC)**

| Programs | 2021 OEB Approved | 2021 Actuals | 2022 Actuals | 2023 Actuals | 2024 Actuals | 2025 Bridge Year | 2026 Test Year | Variance (Test Year vs. 2024 Actuals) | Variance (Test Year vs. 2021 OEB Approved) |
|---|---|---|---|---|---|---|---|---|---|
| *Reporting Basis* | MIFRS | MIFRS | MIFRS | MIFRS | MIFRS | MIFRS | MIFRS | | |
| Operation | | | | | | | | | |
| Operations Supervision | 455,301 | 415,942 | 250,953 | 283,333 | 158,288 | 116,887 | 348,193 | 189,905 | -107,108 |
| Overhead Lines Operations | 753,124 | 251,295 | 838,380 | 419,239 | 918,765 | 650,479 | 1,197,997 | 279,232 | 444,873 |
| Underground Lines Operations | 41,556 | 56,878 | 60,620 | 34,501 | 23,257 | 24,147 | 24,751 | 1,495 | -16,805 |
| Distribution Station Operations | 92,323 | 100,650 | 149,088 | 314,557 | 378,281 | 233,060 | 238,181 | -140,100 | 145,858 |
| Vegetation Management | 157,790 | 140,061 | 162,646 | 202,004 | 169,743 | 215,000 | 220,375 | 50,632 | 62,585 |
| Underground Locates | 321,070 | 433,389 | 340,520 | 457,350 | | | 484,343 | 484,343 | 163,273 |
| System Control Operations | 286,997 | 376,912 | 256,755 | 474,884 | 230,572 | 277,109 | 283,844 | 53,272 | -3,153 |
| Metering | 359,346 | 306,615 | 330,914 | 395,016 | 186,208 | 382,713 | 398,739 | 212,531 | 39,393 |
| Engineering Administration | 423,493 | 345,950 | 223,415 | 563,096 | 768,076 | 666,261 | 806,639 | 38,564 | 383,147 |
| | | | | | | | | 0 | 0 |
| | | | | | | | | 0 | 0 |
| Sub-Total | 2,891,000 | 2,427,693 | 2,613,290 | 3,143,980 | 2,833,190 | 2,565,658 | 4,003,063 | 1,169,873 | 1,112,063 |
| Maintenance | | | | | | | | | |
| Maintenance Supervision | 409,281 | 95,690 | 211,261 | 229,137 | 147,232 | 101,704 | 128,717 | -18,515 | -280,564 |
| Overhead Lines Maintenance | 424,896 | 326,471 | 245,980 | 283,019 | 461,115 | 559,679 | 574,046 | 112,930 | 149,150 |
| Underground Lines Maintenance | 313,830 | 172,232 | 203,391 | 236,107 | 311,791 | 194,467 | 199,328 | -112,463 | -114,501 |
| Distribution Station Maintenance | 201,942 | 402,598 | 443,060 | 427,226 | 522,179 | 439,540 | 447,705 | -74,474 | 245,763 |
| | | | | | | | | 0 | 0 |
| | | | | | | | | 0 | 0 |
| Sub-Total | 1,349,949 | 996,991 | 1,103,692 | 1,175,488 | 1,442,317 | 1,295,390 | 1,349,796 | -92,521 | -152 |
| Billing and Collecting | | | | | | | | | |
| Meter Reading & Data Mgmt. | 446,414 | 274,990 | 605,191 | 548,125 | 752,746 | 700,578 | 868,875 | 116,129 | 422,461 |
| Customer Billing | 1,124,771 | 1,109,647 | 1,125,229 | 1,361,082 | 1,299,464 | 1,589,946 | 1,343,538 | 44,075 | 218,767 |
| Customer Success & Collecting | 1,473,746 | 1,119,685 | 1,103,787 | 920,832 | 1,375,483 | 1,476,555 | 1,834,959 | 459,476 | 361,213 |
| Bad Debt Expense | 455,536 | 358,406 | 419,859 | 1,119,818 | 1,471,952 | 1,000,000 | 1,200,000 | -271,952 | 744,464 |
| | | | | | | | | 0 | 0 |
| | | | | | | | | 0 | 0 |
| Sub-Total | 3,500,467 | 2,862,727 | 3,254,066 | 3,949,857 | 4,899,646 | 4,767,079 | 5,247,373 | 347,727 | 1,746,906 |
| Community Relations | | | | | | | | | |
| Communications & Community Rela | 239,216 | 230,409 | 297,797 | 422,398 | 270,588 | 335,661 | 394,033 | 123,445 | 154,817 |
| | | | | | | | | 0 | 0 |
| | | | | | | | | 0 | 0 |
| Sub-Total | 239,216 | 230,409 | 297,797 | 422,398 | 270,588 | 335,661 | 394,033 | 123,445 | 154,817 |
| Administrative and General | | | | | | | | | |
| General Administration | 2,610,949 | 3,377,547 | 3,552,454 | 3,144,238 | 4,651,081 | 5,637,225 | 6,294,835 | 1,643,754 | 3,683,886 |
| Information Technology | 744,509 | 1,095,997 | 817,258 | 1,118,633 | 1,519,265 | 1,745,262 | 1,921,339 | 402,074 | 1,176,830 |
| Human Resources & Safety | 429,508 | 444,171 | 453,197 | 529,014 | 550,902 | 459,274 | 507,210 | -43,692 | 77,702 |
| Insurance | 262,553 | 222,952 | 250,625 | 316,426 | 334,334 | 380,851 | 389,970 | 55,636 | 127,417 |
| Audit Legal Consulting | 278,018 | 347,760 | 513,301 | 457,363 | 580,984 | 231,784 | 241,814 | -339,171 | -36,204 |
| Facilities | 769,344 | 686,659 | 836,866 | 780,080 | 754,168 | 807,876 | 870,610 | 116,442 | 101,266 |
| Regulatory Affairs (assessments, a | 415,032 | 361,643 | 412,104 | 433,872 | 469,050 | 514,197 | 550,818 | 81,767 | 135,785 |
| Board Expenses | 375,547 | 245,625 | 275,080 | 292,758 | 494,418 | 484,957 | 501,129 | 6,712 | 125,582 |
| | | | | | | | | 0 | 0 |
| | | | | | | | | 0 | 0 |
| Sub-Total | 5,885,460 | 6,782,354 | 7,110,887 | 7,072,385 | 9,354,202 | 10,261,426 | 11,277,725 | 1,923,523 | 5,392,264 |
| Miscellaneous | | | | | | | | 0 | 0 |
| Total | **13,866,092** | **13,300,173** | **14,379,731** | **15,764,108** | **18,799,942** | **19,225,214** | **22,271,990** | **3,472,048** | **8,405,897** |

Oshawa Power has included below a description of each program and a variance analysis between the 2026 Test Year and 2021 OEB Approved, between 2021 OEB Approved and 2021 Actuals, and between the 2026 Test Year and 2024 Actuals for variances that are close to or exceed its materiality threshold of $195,000 noted in Exhibit 1. Oshawa Power has explained below when cost increases were within its control or not.

Table 4-10 below provides the detailed USoA included in each program.

Table 4-10: USoA by OM&A Program

| Program | USofA Accounts |
|---|---|
| Operations | |
| Operations Supervision | 5005 |
| Overhead Lines Operations | 5020, 5025 |
| Underground Lines Operations | 5040, 5045 |
| Distribution Station Operations | 5012, 5016 |
| Vegetation Management | 5135 |
| Underground Locates | 5020 |
| System Control Operations | 5010 |
| Metering | 5065 |
| Engineering Administration | 5085 |
| | |
| Maintenance | |
| Maintenance Supervision | 5105 |
| Overhead Lines Maintenance | 5120 |
| Underground Lines Maintenance | 5145, 5155 |
| Distribution Station Maintenance | 5114 |
| | |
| Customer Service | |
| Meter Reading & Data Mgmt. | 5310 |
| Customer Billing | 5315, 5320, 5425 |
| Customer Success & Collecting | 5305, 5315, 5320, 5340, 5405, 5410, 5425 |
| Bad Debt Expense | 5335 |
| Communications and Community Relations | 5410, 5415, 6205 |
| | |
| Administrative and General | |
| General Administration | 5605, 5610, 5615, 5620, 5625, 5645, 5665 |
| Information Technology | 5610, 5615, 5620 |
| Human Resources & Safety | 5420, 5610, 5615, 5620 |
| Insurance | 5635, 5640 |
| Audit Legal Consulting | 5620, 5630 |
| Facilities | 5675 |
| Regulatory Affairs (assessments, application costs) | 5655 |
| Board Expenses | 5605 |

Oshawa Power has refined the OM&A programs from its last Cost of Service application to be more representative of the current functions within the Organization. The Table 4-11 below provides mapping of the 2021 OEB Approved OM&A programs to the new program grouping, with variances explanations by program in the sections below.

1

## Table 4-11: Mapping 2021 OEB Approved OM&A Program Format to 2026 CoS Program Format

| 2021 Test Year - 2021 OEB-Approved Format | | 2021 Test Year - 2026 Cost of Service Format | |
|---|---|---|---|
| **Operations & Metering** | | **Operations** | |
| Operations Management | 887,482 | Operations Supervision | 455,301 |
| Engineering | 408,655 | Overhead Lines Operations | 753,124 |
| Technical Design | 584,523 | Underground Lines Operations | 41,556 |
| Grid Construction and Operations | 5,087,676 | Distribution Station Operations | 92,323 |
| Underground Utility Locates | 321,070 | Vegetation Management | 157,790 |
| Tree Trimming | 157,790 | Underground Locates | 321,070 |
| Meter Reading & Data Management | 524,144 | System Control Operations | 286,997 |
| Materials, Tools & Consumables | 210,754 | Metering | 359,346 |
| Allocations to Capital & Other Jobs | -4,280,385 | Engineering Administration | 423,493 |
| | | **SUBTOTAL** | **2,891,000** |
| | | **Maintenance** | |
| | | Maintenance Supervision | 409,281 |
| | | Overhead Lines Maintenance | 424,896 |
| | | Underground Lines Maintenance | 313,830 |
| | | Distribution Station Maintenance | 201,942 |
| | **3,901,709** | **SUBTOTAL** | **1,349,949** |
| **Customer Service** | | **Customer Service** | |
| Customer Service Management | 298,763 | **Billing and Collecting** | |
| Customer Service General | 1,172,583 | Meter Reading & Data Mgmt. | 446,414 |
| Customer Billing (outsourced) | 625,052 | Customer Billing | 1,124,771 |
| Bad Debts | 431,056 | Customer Success & Collecting | 1,473,746 |
| Postage and Printing | 499,719 | Bad Debt Expense | 455,536 |
| Collections, Reconnects & Notices | 100,120 | **Community Relations** | |
| LEAP Program | 34,374 | Communications & Community Relations | 239,216 |
| | **3,161,667** | **SUBTOTAL** | **3,739,683** |
| **General & Administrative** | | **Administrative and General** | |
| Finance & Regulatory Affairs | 729,213 | General Administration | 2,610,949 |
| IT Operations | 709,601 | Information Technology | 744,509 |
| Community Relations | 230,748 | Human Resources & Safety | 429,508 |
| Employee Health & Safety | 189,161 | Insurance | 262,553 |
| Human Resources | 295,549 | Audit Legal Consulting | 278,018 |
| Purchasing & Stores | 357,448 | Facilities | 769,344 |
| **Facilities** | | Regulatory Affairs | 415,032 |
| Facilities Management | 327,396 | Board Expenses | 375,547 |
| Rent - Property | 341,964 | | |
| Vehicles Expenses | 347,452 | | |
| Utility Costs | 91,637 | | |
| Maintenance, Janitorial & Security | 357,100 | | |
| **Corporate** | | | |
| Management Fees | 375,156 | | |
| Post Retirement Benefits expense | 787,370 | | |
| Insurance - General & Property | 315,055 | | |
| Regulatory Costs | 415,032 | | |
| Audit, Legal & Consulting Fees | 213,795 | | |
| Allocations & Recoveries | -272,805 | | |
| Labour & Related Costs | 944,947 | | |
| | **6,755,819** | **SUBTOTAL** | **5,885,460** |
| **Miscellaneous** | 46,898 | **Miscellaneous** | |
| **Total** | **13,866,092** | **Total** | **13,866,092** |

### 4.3.2 Operations Programs

Operations programs include Operations Supervision, Overhead Lines Operations, Underground Lines Operations, Distribution Station Operations, Vegetation Management, Underground Locates, System Control Operations, Metering, and Engineering Administration. The following Figure 4-5 and Table 4-12 illustrates the overall expenditure trend from the 2021 OEB Approved level to the 2026 Test Year. Specific work programs are discussed with variance explanations for material changes below.

**Figure 4-5: 2021-2026 Operations Program Cost Trends**

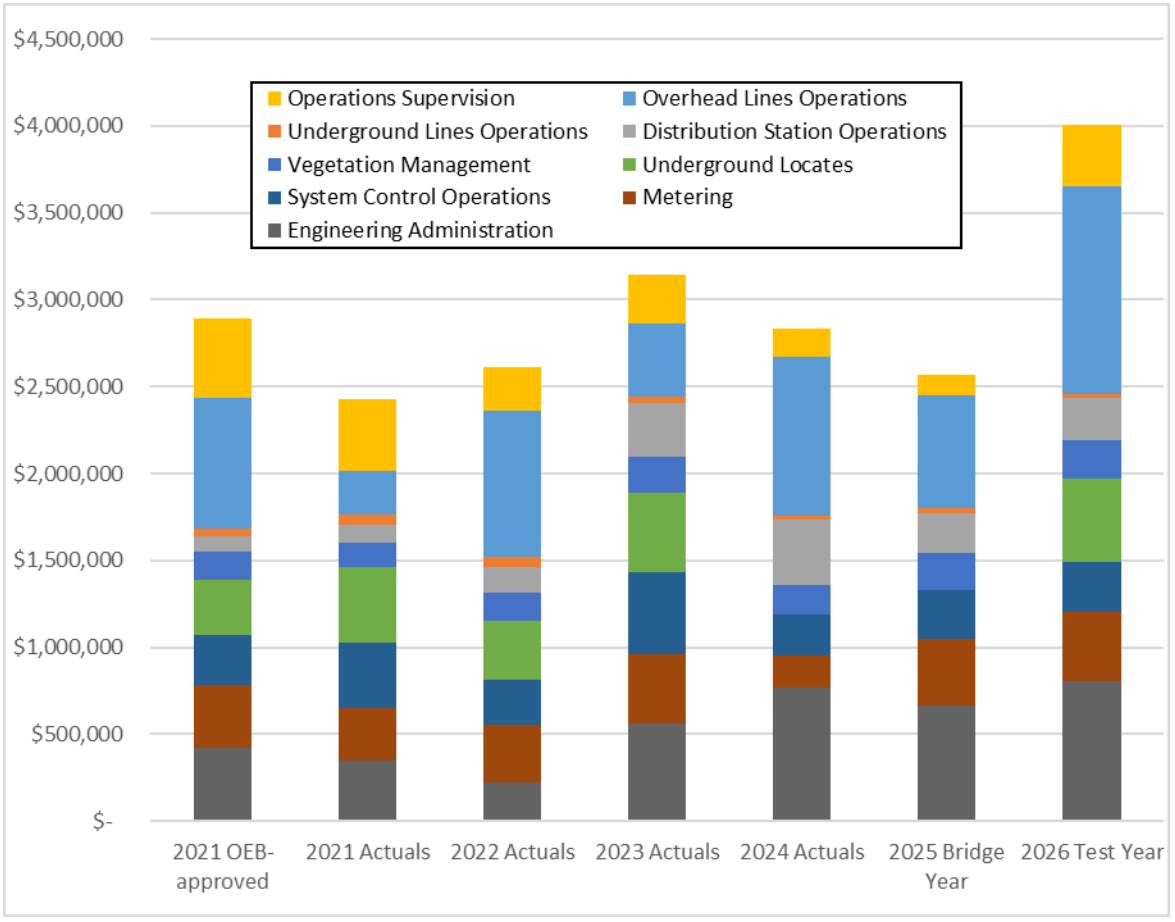


**Table 4-12: 2021-2026 Operations Program Cost Trends**

| Operations Program | 2021 OEB-approved | 2021 Actuals | 2022 Actuals | 2023 Actuals | 2024 Actuals | 2025 Bridge Year | 2026 Test Year |
|---|---|---|---|---|---|---|---|
| Operations Supervision | $ 455,301 | $ 415,942 | $ 250,953 | $ 283,333 | $ 158,288 | $ 116,887 | $ 348,193 |
| Overhead Lines Operations | $ 753,124 | $ 251,295 | $ 838,380 | $ 419,239 | $ 918,765 | $ 650,479 | $ 1,197,997 |
| Underground Lines Operations | $ 41,556 | $ 56,878 | $ 60,620 | $ 34,501 | $ 23,257 | $ 24,147 | $ 24,751 |
| Distribution Station Operations | $ 92,323 | $ 100,650 | $ 149,088 | $ 314,557 | $ 378,281 | $ 233,060 | $ 238,181 |
| Vegetation Management | $ 157,790 | $ 140,061 | $ 162,646 | $ 202,004 | $ 169,743 | $ 215,000 | $ 220,375 |
| Underground Locates | $ 321,070 | $ 433,389 | $ 340,520 | $ 457,350 | | | $ 484,343 |
| System Control Operations | $ 286,997 | $ 376,912 | $ 256,755 | $ 474,884 | $ 230,572 | $ 277,109 | $ 283,844 |
| Metering | $ 359,346 | $ 306,615 | $ 330,914 | $ 395,016 | $ 186,208 | $ 382,713 | $ 398,739 |
| Engineering Administration | $ 423,493 | $ 345,950 | $ 223,415 | $ 563,096 | $ 768,076 | $ 666,261 | $ 806,639 |
| **Operations Program Total** | **$ 2,891,000** | **$ 2,427,693** | **$ 2,613,290** | **$ 3,143,980** | **$ 2,833,190** | **$ 2,565,658** | **$ 4,003,063** |

Staff supporting the Operations Programs also support Maintenance programs. The FTEs supporting these programs are highlighted in table 4-13 below, reflecting end of year FTE counts for each program.

**Table 4-13: FTEs for O&M Programs (Staff in Operations Programs Highlighted)**

| O&M Program FTEs | 2021 OEB-approved | 2021 Actuals | 2022 Actuals | 2023 Actuals | 2024 Actuals | 2025 Bridge Year | 2026 Test Year |
|---|---|---|---|---|---|---|---|
| Distribution | 29.0 | 22.0 | 22.0 | 25.5 | 23.4 | 24.0 | 30.0 |
| Metering Service - Technicians | 3.0 | 2.0 | 2.0 | 2.3 | 2.7 | 3.0 | 3.0 |
| System Control - Operators | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Engineering | 4.0 | 2.0 | 1.0 | 4.0 | 4.3 | 4.0 | 5.0 |
| Technical Services | 5.0 | 6.0 | 6.0 | 6.0 | 7.7 | 8.0 | 8.7 |
| Operations Management | 7.0 | 4.0 | 3.0 | 2.0 | 2.0 | 2.0 | 3.0 |
| **Total** | **50.0** | **38.0** | **36.0** | **41.8** | **42.0** | **43.0** | **51.7** |

## Operations Supervision

Operations Supervision is responsible for day-to-day general management, supervision and direction of the distribution and sub-transmission grid operations activities. All labour and expenses incurred in supervision are charged to this function. Any supervision of specific activities such as overhead lines operations or stations operations is charged to the appropriate function.

This program leverages staff from the Operations Management department. Since 2021, a number of positions in the operations management department were eliminated (Manager of Metering & Operations, Operational System Specialist, Technical Services Supervisor, Maintenance Planner, Distribution Supervisor). In addition, a new Director of Engineering and Operations has been added in 2026 to support increased workload in

the department. The details of this new position can be found in section 4.4 Workforce Planning. Labour and benefits costs have been split between Operations Supervision and Operation Maintenance programs based upon work performed as 53% and 47% respectively.

### Variance Explanations

| Programs | Last Rebasing Year (2021 OEB-Approved) | Historical | | | | 2025 Bridge Year | 2026 Test Year | Variance (2026 Test Year vs. 2021 OEB Approved) | Variance (2021 Actuals vs. 2021 OEB Approved) | Variance (2026 Test Year vs. 2024 Actuals) |
|---|---|---|---|---|---|---|---|---|---|---|
| | | 2021 Actuals | 2022 Actuals | 2023 Actuals | 2024 Actuals | | | | | |
| Operations Supervision | 455,301 | 415,942 | 250,953 | 283,333 | 158,288 | 116,887 | 348,193 | -107,108 | -39,359 | 189,905 |

*Test Year 2026 vs. 2021 OEB Approved*

No material variances were identified.

*2021 Actuals vs. 2021 OEB Approved*

No material variances were identified.

*Test Year 2026 vs. 2024 Actuals*

2026 Test Year expenses increased by $189,905 compared to 2024 Actuals due to an increase in one FTE for the Director of Engineering and Operations.

## Overhead Lines Operations

Overhead Lines Operations is responsible for the day-to-day operations of the overhead components of the distribution and sub-transmission grid operations activities. This includes any labour and expenses required to inspect, patrol and conduct routine switching operations or any other non-maintenance activities that may be required on the overhead components of the distribution and sub-transmission system.

### Variance Explanations

| Programs | Last Rebasing Year (2021 OEB-Approved) | Historical | | | | 2025 Bridge Year | 2026 Test Year | Variance (2026 Test Year vs. 2021 OEB Approved) | Variance (2021 Actuals vs. 2021 OEB Approved) | Variance (2026 Test Year vs. 2024 Actuals) |
|---|---|---|---|---|---|---|---|---|---|---|
| | | 2021 Actuals | 2022 Actuals | 2023 Actuals | 2024 Actuals | | | | | |
| Overhead Lines Operations | 753,124 | 251,295 | 838,380 | 419,239 | 918,765 | 650,479 | 1,197,997 | 444,873 | -501,829 | 279,232 |

*Test Year 2026 vs. 2021 OEB Approved*

2026 Test Year expenses increased by $444,873 compared to 2021 OEB Approved. From 2020 until 2022, Oshawa Power struggled to attract, retain, and hire new Power Line Technicians (PLTs), augmenting its workforce with contractors during this time. In 2024, retirements of experienced staff led to the need to hire new staff in 2025 and 2026. The headcount of distribution department will increase by one FTE in 2026 compared to 2021 OEB Approved, as well as incorporate wage rates as part of Oshawa Power's collective agreement with the union in 2024. These costs were partially offset with an increase in allocated costs for capital work as the proposed DSP is increased from historical expenditure levels.

*2021 Actuals vs. 2021 OEB Approved*

2021 Actual expenses decreased by ($501,829) compared to 2021 OEB Approved due to six vacant PLT positions, two PLT departures, partially offset by an increase by one Power Maintenance Electrician (PME) apprentice in the overall Operations and Maintenance programs. Due to the impacts of COVID-19, Oshawa Power saw higher than normal levels of employee turnover and based upon the labour market conditions at the time, also struggled to attract staff. The FTE labour and benefit costs of the above seven vacancies are allocated throughout various Operations and Maintenance programs.

*Test Year 2026 vs. 2024 Actuals*

2026 Test Year expenses increased by $279,232 compared to 2024 Actuals. Labour increased from 2024 by 6.6 FTEs including new PLTs and apprentices, aligned with Oshawa Power's workforce planning strategy to meet current and future needs and knowledge transfer. These FTEs are allocated throughout various Operation and Maintenance programs.

Costs for this program decreased from 2024 Actuals to 2025 Bridge Year by $268,286 as more labour is allocated to capital in 2025.

## Underground Lines Operations

Underground Lines Operations is responsible for the day-to-day operations of the underground components of the distribution and sub-transmission grid operations activities. Costs of this function include labour and expenses required to inspect, patrol and conduct any routine switching operations or any other non-maintenance activities that may be required.

### Variance Explanations

| | | Historical | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Programs | Last Rebasing Year (2021 OEB-Approved) | 2021 Actuals | 2022 Actuals | 2023 Actuals | 2024 Actuals | 2025 Bridge Year | 2026 Test Year | Variance (2026 Test Year vs. 2021 OEB Approved) | Variance (2021 Actuals vs. 2021 OEB Approved) | Variance (2026 Test Year vs. 2024 Actuals) |
| Underground Lines Operations | 41,556 | 56,878 | 60,620 | 34,501 | 23,257 | 24,147 | 24,751 | -16,805 | 15,322 | 1,495 |

No material variances were identified.

## Distribution Station Operations

Distribution Station Operations is responsible for the day-to-day operations of the distribution station components of the distribution and sub-transmission grid. Charges to this function include labour and expenses required to adjust station equipment, keep station logs and records, inspect and calibrate station equipment, operate station equipment or any other non-maintenance activities that may be required.

### Variance Explanations

| | | Historical | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Programs | Last Rebasing Year (2021 OEB-Approved) | 2021 Actuals | 2022 Actuals | 2023 Actuals | 2024 Actuals | 2025 Bridge Year | 2026 Test Year | Variance (2026 Test Year vs. 2021 OEB Approved) | Variance (2021 Actuals vs. 2021 OEB Approved) | Variance (2026 Test Year vs. 2024 Actuals) |
| Distribution Station Operations | 92,323 | 100,650 | 149,088 | 314,557 | 378,281 | 233,060 | 238,181 | 145,858 | 8,327 | -140,100 |

*Test Year 2026 vs. 2021 OEB Approved*

While not material, the increase in 2026 Test Year vs. 2021 OEB Approved of $145,858 is a result of a need across the industry to enact added security measures at all stations due to an increase in copper theft and unauthorized access to these facilities over the last several years. The increase in costs is beyond Oshawa Power's control.

*2021 Actuals vs. 2021 OEB Approved*

No material variances were identified.

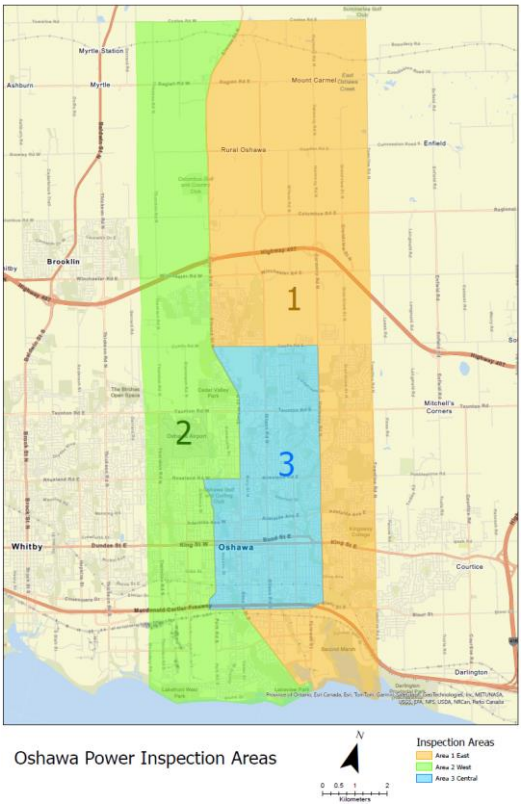
### *Test Year 2026 vs. 2024 Actuals*

While not material, the decrease in 2026 Test Year vs. 2024 Actuals of ($140,100) is a result of a decrease in overtime. In 2024, overtime was incurred due to more maintenance work on substation equipment which is not expected to occur in 2026.

## Vegetation Management

Vegetation Management is responsible for ensuring all overhead distribution and sub-transmission conductors and componentry are clear of vegetation per Oshawa Power Tree Trimming specifications. Charges to this function includes all subcontractor costs as well as labour and expenses required to administer or inspect the tree trimming contract. Oshawa Power conducts tree trimming on one third of its system on an annual basis. The three areas are shown in the Figure 4-6 below.

**Figure 4-6: Oshawa Power Tree Trimming Areas**



**Variance Explanations**

| Programs | Last Rebasing Year (2021 OEB-Approved) | Historical | | | | 2025 Bridge Year | 2026 Test Year | Variance (2026 Test Year vs. 2021 OEB Approved) | Variance (2021 Actuals vs. 2021 OEB Approved) | Variance (2026 Test Year vs. 2024 Actuals) |
|---|---|---|---|---|---|---|---|---|---|---|
| | | 2021 Actuals | 2022 Actuals | 2023 Actuals | 2024 Actuals | | | | | |
| Vegetation Management | 157,790 | 140,061 | 162,646 | 202,004 | 169,743 | 215,000 | 220,375 | 62,585 | -17,729 | 50,632 |

No material variances were identified.

## Underground Locates

Underground Locates is responsible for ensuring all requested locates within the Oshawa Power distribution and sub-transmission system are completed. Costs of this function include subcontractor costs, labour and expenses incurred to locate underground cabling for customers and contractors excavating within the City of Oshawa.

In 2023, the OEB established a generic, sector wide variance account (Decision and Order Getting Ontario Connected Act Variance Account EB-2023-0143, GOCA variance account) to specifically track the incremental costs of Locates beginning April 1, 2023 and future years arising from Bill 93. Schedule A within the Decision and Order provides the accounting treatment for recording these costs which states that all costs associated with all locate costs incurred by the utility for the period, including those associated with Bill 93 and costs not associated with Bill 93, are to be recorded in the GOCA variance account offset by the locate "revenue" amount representing OM&A locate costs approved in base rates.[1] In accordance with the proposed accounting entries for this variance account, Oshawa Power has recorded incremental costs in the GOCA variance account for 2024 and 2025 along with the amounts representing OM&A locate costs approved in base rates for 2024 and 2025 recorded in USoA 4305 Regulatory Debits.

**Variance Explanations**

| Programs | Last Rebasing Year (2021 OEB-Approved) | Historical | | | | 2025 Bridge Year | 2026 Test Year | Variance (2026 Test Year vs. 2021 OEB Approved) | Variance (2021 Actuals vs. 2021 OEB Approved) | Variance (2026 Test Year vs. 2024 Actuals) |
|---|---|---|---|---|---|---|---|---|---|---|
| | | 2021 Actuals | 2022 Actuals | 2023 Actuals | 2024 Actuals | | | | | |
| Underground Locates | 321,070 | 433,389 | 340,520 | 457,350 | 0 | 0 | 484,343 | 163,273 | 112,319 | 484,343 |

[1] Electricity Distributor Accounting Order (002-2023) Account 1508 – Other Regulatory Assets, Sub-Account Getting Ontario Connected Act (GOCA) Variance Account.

*Test Year 2026 vs. 2021 OEB Approved*

2026 Test Year increased by $163,273 compared to 2021 OEB Approved. This was the result of Locates unit costs increasing significantly since 2021, particularly in relation to the implementation of Bill 93 (Getting Ontario Connect Act, 2022), which were the result of increased staffing costs for Locates subcontractors to reduce the number of late Locates. The increase in these costs are beyond Oshawa Power's control.

*2021 Actuals vs. 2021 OEB Approved*

No material variances were identified.

*Test Year 2026 vs. 2024 Actuals*

2026 Test Year increased by $484,343 compared to 2024 Actual OM&A costs. However, there is actually no material increase in costs associated with Locates between 2024 Actuals and 2026 Test Year because the 2024 Actuals of $534,998 were recorded in the GOCA deferral account and not included within 2024 OM&A, pursuant to the Accounting Order issued by the OEB. Had the 2024 Actual locate costs been included in OM&A, the variance between Test Year 2026 and 2024 Actuals would have been a decrease of $50,644.

## System Control Operations

System Control Operations is responsible for the full control and monitoring of the distribution and sub-transmission grid. Costs of this function include all labour and expenses incurred to prepare and direct switching activities, prepare operating reports, monitor system anomalies and direct system restoration activates.

### Variance Explanations

| | | Historical | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Programs | Last Rebasing Year (2021 OEB-Approved) | 2021 Actuals | 2022 Actuals | 2023 Actuals | 2024 Actuals | 2025 Bridge Year | 2026 Test Year | Variance (2026 Test Year vs. 2021 OEB Approved) | Variance (2021 Actuals vs. 2021 OEB Approved) | Variance (2026 Test Year vs. 2024 Actuals) |
| System Control Operations | 286,997 | 376,912 | 256,755 | 474,884 | 230,572 | 277,109 | 283,844 | -3,153 | 89,915 | 53,272 |

No material variances were identified.

## Metering

Metering is responsible for the day-to-day administration and management of the Advanced Metering Infrastructure (AMI) and Meter Data Management (MDM) systems as well as all other meter data related systems. Costs of this function include all subcontractor, labour and expenses incurred in changing or relocating meters, inspecting and testing meters and all clerical administration of meter data systems.

### Variance Explanations

| | | Historical | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Programs | Last Rebasing Year (2021 OEB-Approved) | 2021 Actuals | 2022 Actuals | 2023 Actuals | 2024 Actuals | 2025 Bridge Year | 2026 Test Year | Variance (2026 Test Year vs. 2021 OEB Approved) | Variance (2021 Actuals vs. 2021 OEB Approved) | Variance (2026 Test Year vs. 2024 Actuals) |
| Metering | 359,346 | 306,615 | 330,914 | 395,016 | 186,208 | 382,713 | 398,739 | 39,393 | -52,732 | 212,531 |

*Test Year 2026 vs. 2021 OEB Approved*

No material variances were identified.

*2021 Actuals vs. 2021 OEB Approved*

No material variances were identified.

*Test Year 2026 vs. 2024 Actuals*

The 2026 Test Year increased by $212,531 compared to 2024 Actuals. The 2024 Actuals reflect lower spending than any other year of this program, based partially on a Meter Technician being replaced with a Meter Technician Apprentice at a lower rate. Also, there was a vacant position from February to July in 2024. In addition, there was increased capital work performed in 2024 and less operations and maintenance which contributed to this variance.

## Engineering Administration

Engineering Administration is responsible for the general day-to-day management, supervision and direction of the Engineering department activities. Costs of this function include all labour and expenses incurred in such supervision.

The Engineering and Technical Services departments are increasing headcount to address increases in subdivision construction and expansion coupled with increases in

service upgrades with one Technical Services Technician added in 2024 and plans to add another in 2025, as well as the addition of a SCADA / P&C Technician in 2026. Additional engineering interns have also been added since 2021. New roles are described in more detail in section 4.4 Workforce Planning for a detailed job description and justification for this position.

**Variance Explanations**

| | | Historical | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Programs | Last Rebasing Year (2021 OEB-Approved) | 2021 Actuals | 2022 Actuals | 2023 Actuals | 2024 Actuals | 2025 Bridge Year | 2026 Test Year | Variance (2026 Test Year vs. 2021 OEB Approved) | Variance (2021 Actuals vs. 2021 OEB Approved) | Variance (2026 Test Year vs. 2024 Actuals) |
| Engineering Administration | 423,493 | 345,950 | 223,415 | 563,096 | 768,076 | 666,261 | 806,639 | 383,147 | -77,542 | 38,564 |

*Test Year 2026 vs. 2021 OEB Approved*

The 2026 Test Year increased by $383,147 compared to 2021 OEB Approved. The increase is primarily due to an increase in FTEs of 4.7 positions (during the period of 2023-2026), including a SCADA P&C Technician, engineering interns and two Technical Services Technicians. The addition of these FTEs will allow Oshawa Power the ability to deal with the increased workload, including adding new subdivision and commercial and industrial customers, as well as incorporating distributed energy resources in the system. In particular, the addition of a SCADA/P&C Technician will further allow Oshawa Power to expand its Fault Location, Isolation and Service Restoration (FLISR) implementation, further advance its SCADA operations and assist with proper P&C coordination for the substation switchgear replacement program.

*2021 Actuals vs. 2021 OEB Approved*

No material variances were identified.

*Test Year 2026 vs. 2024 Actuals*

No material variances were identified.

### 4.3.3 Maintenance Program

Maintenance programs include Maintenance Supervision, Overhead Lines Maintenance, Underground Lines Maintenance, and Distribution Station Maintenance. The following Figure 4-7 and Table 4-14 illustrates the overall expenditure trend from the 2021 OEB

approved level to the 2026 Test Year. Specific work programs are discussed with variance explanations for material changes below.

**Figure 4-7: 2021-2026 Maintenance Program Cost Trends**

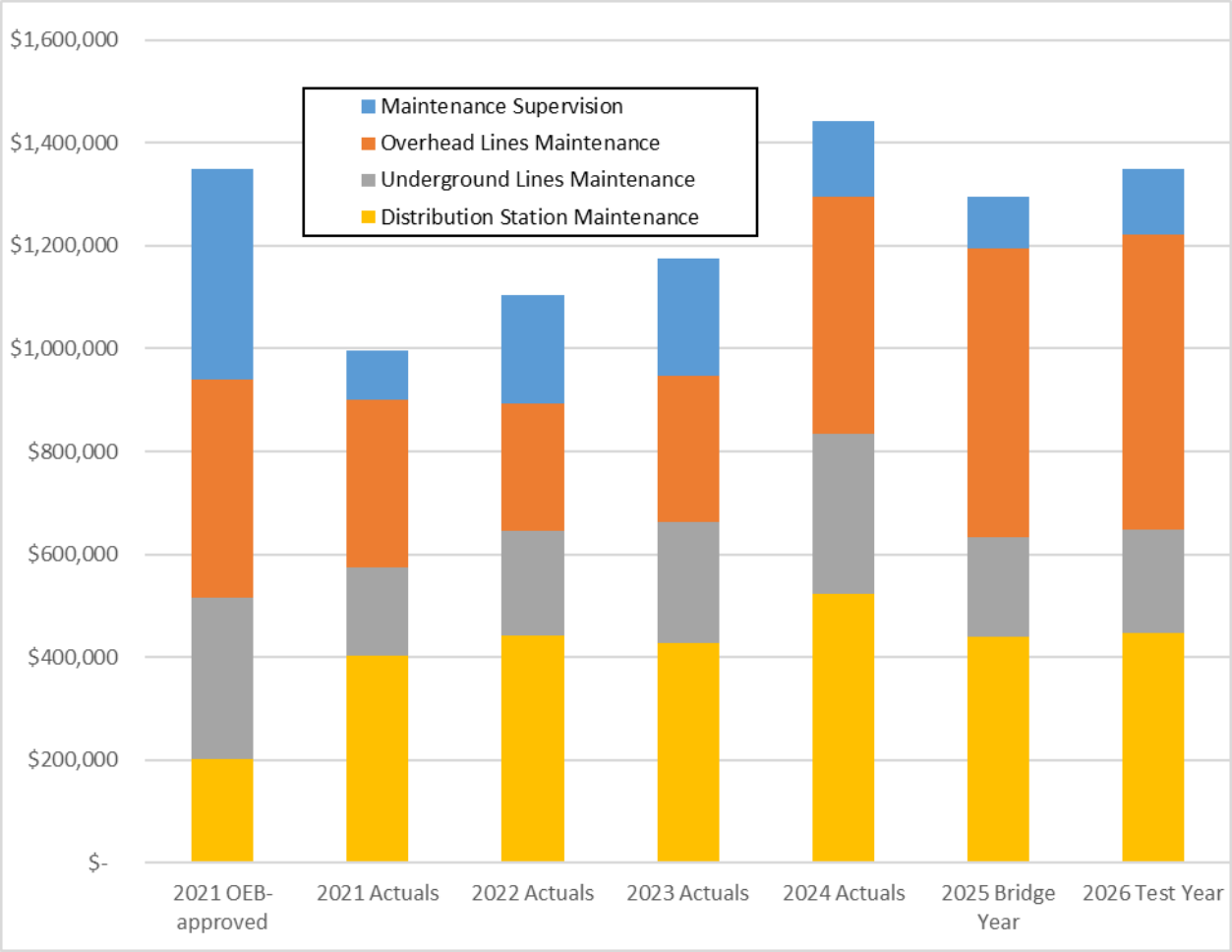



**Table 4-14: 2021-2026 Maintenance Program Cost Trends**

| Maintenance Program | 2021 OEB-approved | 2021 Actuals | 2022 Actuals | 2023 Actuals | 2024 Actuals | 2025 Bridge Year | 2026 Test Year |
|---|---|---|---|---|---|---|---|
| Maintenance Supervision | $ 409,281 | $ 95,690 | $ 211,261 | $ 229,137 | $ 147,232 | $ 101,704 | $ 128,717 |
| Overhead Lines Maintenance | $ 424,896 | $ 326,471 | $ 245,980 | $ 283,019 | $ 461,115 | $ 559,679 | $ 574,046 |
| Underground Lines Maintenance | $ 313,830 | $ 172,232 | $ 203,391 | $ 236,107 | $ 311,791 | $ 194,467 | $ 199,328 |
| Distribution Station Maintenance | $ 201,942 | $ 402,598 | $ 443,060 | $ 427,226 | $ 522,179 | $ 439,540 | $ 447,705 |
| **Maintenance Program Total** | **$ 1,349,949** | **$ 996,991** | **$ 1,103,692** | **$ 1,175,488** | **$1,442,317** | **$ 1,295,390** | **$ 1,349,796** |

Staff supporting the Maintenance Program also supports Operations programs. The FTEs supporting this program are highlighted in the table below, reflecting end of year FTE counts for each program.

**Table 4-15: FTEs for O&M Programs (Staff in Maintenance Programs Highlighted)**

| O&M Program FTEs | 2021 OEB-approved | 2021 Actuals | 2022 Actuals | 2023 Actuals | 2024 Actuals | 2025 Bridge Year | 2026 Test Year |
|---|---|---|---|---|---|---|---|
| Distribution | 29.0 | 22.0 | 22.0 | 25.5 | 23.4 | 24.0 | 30.0 |
| Metering Service - Technicians | 3.0 | 2.0 | 2.0 | 2.3 | 2.7 | 3.0 | 3.0 |
| System Control - Operators | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Engineering | 4.0 | 2.0 | 1.0 | 4.0 | 4.3 | 4.0 | 5.0 |
| Technical Services | 5.0 | 6.0 | 6.0 | 6.0 | 7.7 | 8.0 | 8.7 |
| Operations Management | 7.0 | 4.0 | 3.0 | 2.0 | 2.0 | 2.0 | 3.0 |
| **Total** | **50.0** | **38.0** | **36.0** | **41.8** | **42.0** | **43.0** | **51.7** |

## Maintenance Supervision

Maintenance Supervision is responsible for the general day-to-day management, supervision and direction of the distribution and sub-transmission maintenance activities. All labour, vehicle and expenses incurred in such supervision are charged to this function. Any supervision of specific activities such as overhead lines maintenance or stations maintenance etc. is charged to the appropriate function.

This program leverages staff from the Operations Management department. As discussed above, several positions in this department were eliminated or moved (Manager of Metering & Operations, Operational System Specialist, Technical Services Supervisor, Maintenance Planner, Distribution Supervisor), partially offset in 2026 with the addition of a Director of Engineering and Operations. The details of this new position can be found in section 4.4 Workforce Planning. The labour and benefits costs have been split between Operations Supervision and Operation Maintenance programs based upon work performed as 53% and 47% respectively.

**Variance Explanations**

| | | Historical | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Programs | Last Rebasing Year (2021 OEB-Approved) | 2021 Actuals | 2022 Actuals | 2023 Actuals | 2024 Actuals | 2025 Bridge Year | 2026 Test Year | Variance (2026 Test Year vs. 2021 OEB Approved) | Variance (2021 Actuals vs. 2021 OEB Approved) | Variance (2026 Test Year vs. 2024 Actuals) |
| Maintenance Supervision | 409,281 | 95,690 | 211,261 | 229,137 | 147,232 | 101,704 | 128,717 | -280,564 | -313,591 | -18,515 |

### *Test Year 2026 vs. 2021 OEB Approved*

The 2026 Test Year decreased by ($280,564) compared to 2021 OEB Approved. Overall, the program decreased by four FTEs through a reallocation of labour and benefits to other programs for two FTEs, Manager of Metering and Operation Systems Specialist (GIS),

and elimination of a Technical Services Supervisor and a Maintenance Planner. The overall decrease was partially offset by labour and benefits inflation from 2021 to 2026 and the newly added position of Director of Engineering and Operations.

*2021 Actuals vs. 2021 OEB Approved*

The 2021 Actuals decreased by ($313,591) compared to 2021 OEB Approved. Overall, the program decreased 3 FTEs in 2021. The decrease is attributed to a reallocation of labour and benefits to other programs for 1 FTE, Operation Systems Specialist (GIS). Oshawa Power incurred additional savings through efficiencies within Operations Supervision by eliminating the position of Technical Services Supervisor and Maintenance Planner. The elimination of these positions was strategic in nature and allowed Oshawa Power to re-organize its leadership team for this program to increase cost efficiencies.

*Test Year 2026 vs. 2024 Actuals*

No material variances were identified.

## Overhead Lines Maintenance

Overhead Lines Maintenance is responsible for the day-to-day maintenance of the overhead components of the distribution and sub-transmission grid. Charges to this function include any subcontractor, labour, vehicle and expenses required to overhaul or repair line components, clean insulators and bushings, re-sag or rearrange primary or secondary conductors, attend trouble calls, test voltages or any other non-operational activities that may be required.

**Variance Explanations**

| | | Historical | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Programs | Last Rebasing Year (2021 OEB-Approved) | 2021 Actuals | 2022 Actuals | 2023 Actuals | 2024 Actuals | 2025 Bridge Year | 2026 Test Year | Variance (2026 Test Year vs. 2021 OEB Approved) | Variance (2021 Actuals vs. 2021 OEB Approved) | Variance (2026 Test Year vs. 2024 Actuals) |
| Overhead Lines Maintenance | 424,896 | 326,471 | 245,980 | 283,019 | 461,115 | 559,679 | 574,046 | 149,150 | -98,425 | 112,930 |

*Test Year 2026 vs. 2021 OEB Approved*

While variances are not material, Oshawa Power notes that the 2026 Test Year increased by $149,150 compared to 2021 OEB Approved. This increase is due to labour rate

increases as per the union collective agreement in 2024. See details in section 4.4 Workforce Planning and Employee Compensation. This increase is also attributed to an increase in maintenance activities as Oshawa Power refined its Inspection and Maintenance Programs to go above and beyond the OEB Distribution System Code Appendix 'C'. This increase in maintenance programs and activities has attributed to increased system reliability for the Oshawa Power customers and furthermore will extend the life of many assets by conducting proactive type maintenance.

*2021 Actuals vs. 2021 OEB Approved*

No material variances were identified.

*Test Year 2026 vs. 2024 Actuals*

No material variances were identified.

## Underground Lines Maintenance

Underground Lines Maintenance is responsible for the day-to-day maintenance of the underground components of the distribution and sub-transmission grid. Charges to this function include any subcontractor, labour, vehicle and expenses required to overhaul or repair any components related to the underground system, repair grounds, rearrange secondary cabling, attend trouble calls, test voltages or any other non-operational activities that may be required.

### Variance Explanations

| | | Historical | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Programs | Last Rebasing Year (2021 OEB-Approved) | 2021 Actuals | 2022 Actuals | 2023 Actuals | 2024 Actuals | 2025 Bridge Year | 2026 Test Year | Variance (2026 Test Year vs. 2021 OEB Approved) | Variance (2021 Actuals vs. 2021 OEB Approved) | Variance (2026 Test Year vs. 2024 Actuals) |
| Underground Lines Maintenance | 313,830 | 172,232 | 203,391 | 236,107 | 311,791 | 194,467 | 199,328 | -114,501 | -141,598 | -112,463 |

While variances are not material, Oshawa Power notes that the negative variances are related to reduced maintenance required as a result of the implementation of underground capital rehabilitation programs over the years.

## Distribution Station Maintenance

Distribution Station Maintenance is responsible for the day-to-day maintenance of the station components of the distribution and sub-transmission grid. Charges to this function would include any subcontractor, labour, vehicle and expenses required to plan and maintain all substation components including circuit breakers, transformers, relays, protective devices, cable, grounding systems and any other substation related componentry Oshawa Power conducts full station maintenance per NETA specifications at all of its nine stations once every three years.

### Variance Explanations

| | | Historical | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Programs | Last Rebasing Year (2021 OEB-Approved) | 2021 Actuals | 2022 Actuals | 2023 Actuals | 2024 Actuals | 2025 Bridge Year | 2026 Test Year | Variance (2026 Test Year vs. 2021 OEB Approved) | Variance (2021 Actuals vs. 2021 OEB Approved) | Variance (2026 Test Year vs. 2024 Actuals) |
| Distribution Station Maintenance | 201,942 | 402,598 | 443,060 | 427,226 | 522,179 | 439,540 | 447,705 | 245,763 | 200,656 | -74,474 |

*Test Year 2026 vs. 2021 OEB Approved & 2021 Actuals vs. 2021 OEB Approved*

The increase in 2021 Actuals compared to 2021 OEB Approved of $200,656 as well as the increase in 2026 Test Year compared to 2021 OEB Approved of $245,763 are both the result of increase costs for property maintenance due to a change in contractor in 2021, and changes to the substation maintenance program in the same year. The previous contractor was unable to perform necessary work required to meet industry standards for Stations. Oshawa Power also significantly altered its substation maintenance program, conducting substation maintenance per NETA MTS standards which includes specialized testing of some substation components that is subcontracted out as the testing equipment is costly and requires a specialized skillset to conduct and analyze the data to prepare quality trending analysis and reports. This change in substation maintenance activities has contributed to increased system reliability for Oshawa Power customers and furthermore will extend the life of these assets by conducting improved proactive type maintenance.

*Test Year 2026 vs. 2024 Actuals*

No material variances were identified.

### 4.3.4 Customer Service Programs

Customer Service programs include Meter Reading and Data Management, Customer Billing, Customer Success & Collecting, Bad Debt Expense, Communications and Community Relations. The following Figure 4-8 and Table 4-16 illustrates the overall expenditure trend from the 2021 OEB Approved level to the 2026 Test Year. Specific work programs are discussed with variance explanations for material changes below.

**Figure 4-8: 2021-2026 Customer Service Program Cost Trends**

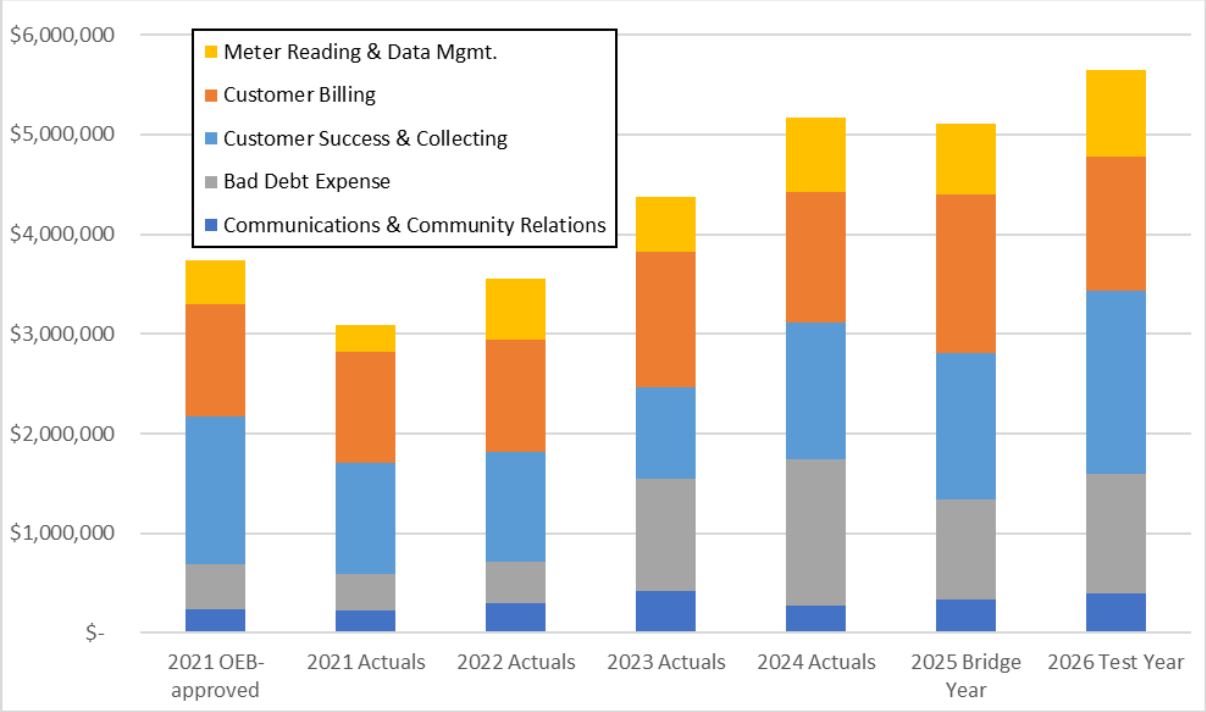



**Table 4-16: 2021-2026 Customer Service Program Cost Trends**

| Customer Service Program | 2021 OEB-approved | 2021 Actuals | 2022 Actuals | 2023 Actuals | 2024 Actuals | 2025 Bridge Year | 2026 Test Year |
|---|---|---|---|---|---|---|---|
| Meter Reading & Data Mgmt. | $ 446,414 | $ 274,990 | $ 605,191 | $ 548,125 | $ 752,746 | $ 700,578 | $ 868,875 |
| Customer Billing | $ 1,124,771 | $1,109,647 | $ 1,125,229 | $ 1,361,082 | $1,299,464 | $ 1,589,946 | $ 1,343,538 |
| Customer Success & Collecting | $ 1,473,746 | $1,119,685 | $ 1,103,787 | $ 920,832 | $1,375,483 | $ 1,476,555 | $ 1,834,959 |
| Bad Debt Expense | $ 455,536 | $ 358,406 | $ 419,859 | $ 1,119,818 | $1,471,952 | $ 1,000,000 | $ 1,200,000 |
| Communications & Community Relations | $ 239,216 | $ 230,409 | $ 297,797 | $ 422,398 | $ 270,588 | $ 335,661 | $ 394,033 |
| **Customer Service Program Total** | **$ 3,739,683** | **$3,093,136** | **$ 3,551,863** | **$ 4,372,255** | **$5,170,234** | **$ 5,102,741** | **$ 5,641,406** |

The FTEs supporting this program are highlighted in Table 4-17 below, reflecting end of year FTE counts for each program.

**Table 4-17: FTEs for Customer Service Programs**

| Customer Service Program FTEs | 2021 OEB-approved | 2021 Actuals | 2022 Actuals | 2023 Actuals | 2024 Actuals | 2025 Bridge Year | 2026 Test Year |
|---|---|---|---|---|---|---|---|
| Communications | 1.0 | 0.0 | 2.0 | 1.5 | 1.0 | 2.0 | 2.3 |
| Customer Service | 15.5 | 8.0 | 9.5 | 7.5 | 3.2 | 3.0 | 4.0 |
| Metering / Reading | 3.3 | 1.0 | 1.0 | 2.0 | 2.5 | 3.0 | 4.0 |
| **Total** | **19.8** | **9.0** | **12.5** | **11.0** | **6.7** | **8.0** | **10.3** |

## Meter Reading & Data Management

This program is responsible for processing metering data obtained from several systems and executing the data validation, estimate and edit process. Working with the IESO and MDM/R, ticket issues are resolved and data file transfers confirmed. Exception reports are reviewed and analyzed from various meter data management systems. If issues are identified, actions to resolve are determined, such as the creation, administration and coordination of service orders to mobilize the outside staff to troubleshoot or change the meter or related device. Coordination and field work of the replacement of failed meters and meters due for reverification per Measurement Canada guidelines. Setup, removal and deletion of meters and gatekeepers from associated systems as required. Installation and servicing of new single and polyphase meters, current transformers, potential transformers and gatekeepers.

**Variance Explanations**

| | | Historical | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Programs | Last Rebasing Year (2021 OEB-Approved) | 2021 Actuals | 2022 Actuals | 2023 Actuals | 2024 Actuals | 2025 Bridge Year | 2026 Test Year | Variance (2026 Test Year vs. 2021 OEB Approved) | Variance (2021 Actuals vs. 2021 OEB Approved) | Variance (2026 Test Year vs. 2024 Actuals) |
| Meter Reading & Data Mgmt. | 446,414 | 274,990 | 605,191 | 548,125 | 752,746 | 700,578 | 868,875 | 422,461 | -171,425 | 116,129 |

### *Test Year 2026 vs. 2021 OEB Approved*

The 2026 Test Year costs increased from the 2021 OEB Approved by $422,461. The increase is primarily due to an increase in labour and additional costs for subcontractors. The increased subcontractor costs beginning in 2022, included the addition of a meter service provider providing service to obtain reads and maintain the wholesale meters, investigate and resolve trouble reports issued by IESO, and represent Oshawa Power through IESO installation audits. Unplanned departures and retirements necessitated the

addition of a subcontractor to handle the wholesale meter work for Oshawa Power as the expertise for this requirement no longer existed in the Organization and was unable to be replaced.

Oshawa Power also had two additional FTEs in 2024, a Manager, Metering & Operational Data and an additional Meter Operator, with plans to hire a GIS Analyst in 2026. These new roles were partially offset by 1.3 FTE of temporary/student labour and an Operations Developer in the 2021 OEB Approved year that were eliminated following an unplanned departure. The details of the new positions can be found in section 4.4 Workforce Planning.

*2021 Actuals vs. 2021 OEB Approved*

2021 Actual costs have decreased compared to 2021 OEB Approved costs by ($171,425). The decrease is primarily due to elimination of 2.3 FTEs as noted above.

*Test Year 2026 vs. 2024 Actuals*

No material variances were identified.

## Customer Billing

Billing for Oshawa Power's customers was outsourced to a subcontractor. This includes all aspects of billing, cashiering, printing, mailing, and troubleshooting issues. They provide a vital service of hosting/maintaining and supporting the Customer Information System (CIS). The subcontractor ensures compliance with regulatory requirements and implements changes related to customer billing, including rate adjustments and annual rate classifications.

The subcontractor acts as the liaison between the customer and the Organization to support and resolve any issues that may arise and is responsible for:

- Ensuring bill batches are verified and invoiced as per schedule (daily/monthly)
- Testing all rate changes mandated by the OEB, now including ultra-low overnight electricity (ULO)
- Managing retailer functions and settlements with active retailers

- Account adjustments and corrections including cancel/re-bills
- Sending preauthorized banking payment files through our third party and CIS vendor
- Billing classification reviews – (Equal Billing, Security Deposit, Rate changes due to consumption)

As customer demographics change, customers are moving towards managing their bills and accounts digitally. Oshawa Power also has a portal managed by London Hydro that supports e-billing efforts and provides online account management for Oshawa Power customers. In fact, 50% of Oshawa Power customers are accessing the portal to view their account and bills. The other 50% of customers continue to access their bills and services via paper as indicated in surveys — preferring the traditional high-touch format of print, in-person service and phone. Conversion to digital is an ongoing focus. While Oshawa Power continues to promote digital channels, it will also look for other cost efficiencies in billing to support customers who prefer traditional channels.

**Variance Explanations**

| | | Historical | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Programs | Last Rebasing Year (2021 OEB-Approved) | 2021 Actuals | 2022 Actuals | 2023 Actuals | 2024 Actuals | 2025 Bridge Year | 2026 Test Year | Variance (2026 Test Year vs. 2021 OEB Approved) | Variance (2021 Actuals vs. 2021 OEB Approved) | Variance (2026 Test Year vs. 2024 Actuals) |
| Customer Billing | 1,124,771 | 1,109,647 | 1,125,229 | 1,361,082 | 1,299,464 | 1,589,946 | 1,343,538 | 218,767 | -15,124 | 44,075 |

*Test Year 2026 vs. 2021 OEB Approved*

The 2026 Test Year increased by $218,767 compared to 2021 OEB Approved. The annual increases in subcontractor expenses and billing costs, including postage and printing, have grown due to inflation, specifically 2022 to 2023 and 2024 to 2025. This was partially offset because e-billing subscribers have nearly tripled in 2024 (9,164) from 2023 (3,196). As of December 12, 2024, 49% of customers totaling 35,362 receive their bills electronically, with an increase of signups during the Canada Post strike.

*2021 Actuals vs. 2021 OEB Approved*

No material variances were identified.

*Test Year 2026 vs. 2024 Actuals*

No material variances were identified.

## Customer Success & Collecting

The Customer Success & Collecting program is responsible for customer service for Oshawa Power. This program includes a call centre, oversight of the collection process, managing customer queries and other customer related interactions. Oshawa Power has customer service-focused staff affiliate and non-affiliate subcontractors including the call centre, collections agencies, field collection services, and other related expenses to help ensure customer success.

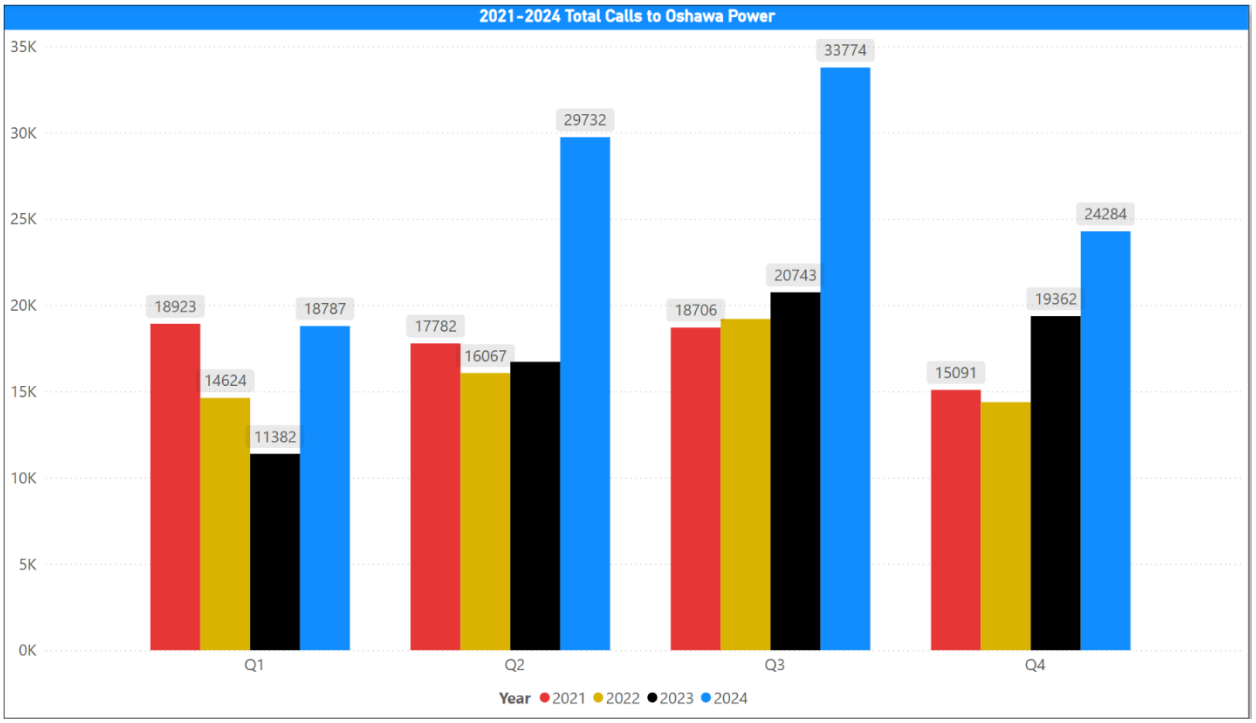
The customer service program has gone through significant changes and challenges as part of business transformation and modernization of the Organization. This has included outsourcing of the call centre and an increase in collections activity to reduce outstanding customer payment amounts. These challenges are described below, followed by Oshawa Power's plan to address the challenges in 2026 onwards.

### *Call Centre Outsourcing*

In March 2024, Oshawa Power outsourced its call centre to a well-known third-party provider in the industry and eliminated 12.5 in-house customer service representative roles. Oshawa Power saw an opportunity to leverage a subcontractor's ability to manage call seasonality—by ramping resources up or down as needed—which would reduce costs especially during slower periods.

Outsourced subcontractor costs for 2024 were established based on a forecast of call volume for the year, allowing the subcontractor to allocate its resources effectively. Call volume forecasting is typically based on historical call volumes, however, as seen in Figure 4-9 below, there was a significant increase in call volumes in 2024 over previous years resulting in a discrepancy between the forecast and actual demand.

**Figure 4-9: 2021-2024 Calls to Oshawa Power's Call Centre**



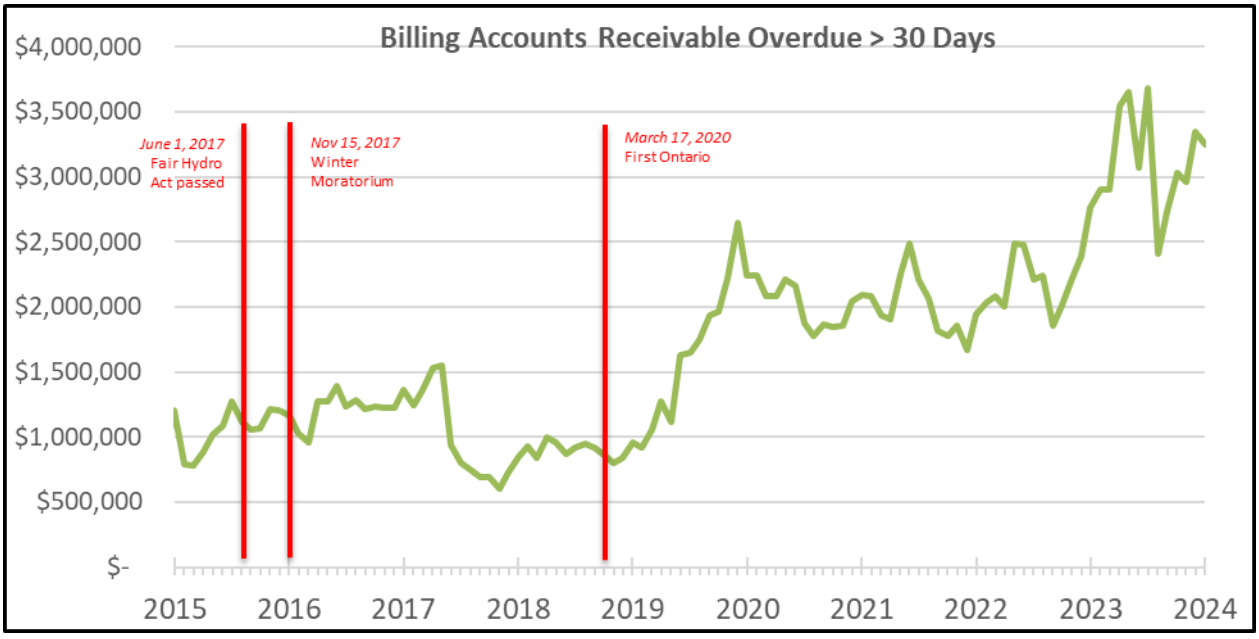

The increased call volumes can be attributed to two program changes: transition challenges as the subcontractors' new agents were onboarded and increased collections activity at the end of the winter disconnection moratorium in April 2024.

Given continued challenges with customer non-payment, as described below, Oshawa Power is actively collecting outstanding customer debt, which involves disconnecting customers following the processes outlined in the Distribution System Code. Calls from affected customers tend to be longer and more complex, as they involve resolving outstanding debts, setting up payment arrangements such as an arrears management program (AMP), and educating customers about their invoice and available financial assistance programs.

### *Challenges with Outstanding Customer Debt*

Oshawa Power has faced significant financial challenges over the past five years with respect to collecting outstanding debt from customers related to habitual non-payment behaviours and lingering impacts of the COVID-19 pandemic.

**Figure 4-10: Customer Accounts Receivable Greater than 30 Days**




Oshawa Power has seen an increase in LEAP program uptake among qualifying customers, as described in section 4.7 below. However, Oshawa Power has also seen an increase in outstanding debt with more habitual non-payment. Addressing this challenge requires ongoing evaluation and potential adjustments to the program to better balance customer support and financial sustainability.

### *Oshawa Power's Response*

Oshawa Power has strived for a balanced approach of being compassionate to customers who are struggling to pay their bills for a variety of reasons while managing the bad debt expense paid in the rates of all customers.

During COVID-19, Oshawa Power, like many other utilities, halted all disconnections for both residential and commercial customers in 2020. In 2021, the focus shifted solely to commercial non-payment, as residential disconnections remained a sensitive issue due to ongoing lockdowns. Balancing these sensitivities in 2022 and 2023, Oshawa Power resumed disconnections at reduced levels for both commercial and residential customers.

As a result of increasing outstanding customer debt despite these efforts, a backlog of customer debt remains. Oshawa Power increased its collection efforts beginning in April 2024. This resulted in higher subcontractor costs to support collection of growing overdue

accounts. As a result, Oshawa Power increased third party field services resources to meet the collection workload. The concerted effort included the addition of dedicated debt collectors and meter technicians, and also referring qualifying customers to low-income support programs such as LEAP Emergency Financial Assistance. This focused effort resulted in $2.4 million collected. If Oshawa Power had not invested in this high-touch in-person outsourced effort, the bad debt expense would be significantly higher.

Improved customer service and collection of outstanding customer debt remain priorities for Oshawa Power to increase customer satisfaction and also reduce the bad debt expense borne by the organization and its paying customers. While Oshawa Power continues to look for cost efficiencies in the Customer Success & Collecting program, Oshawa Power is increasing its investment in the outsourced call centre to increase the number of agents to respond to escalating call volumes beginning in 2025. Also in 2025, Oshawa Power is doubling its investment for dedicated debt collectors to reduce the bad debt to what it was before the pandemic, and investing in internal staff to support administration of the collections program. Oshawa Power is also proposing to increase its contributions to LEAP to support its low-income customers, as described in Communications & Community Relationships program variance analysis below and in section 4.7.

**Variance Explanations**

| | | Historical | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Programs | Last Rebasing Year (2021 OEB-Approved) | 2021 Actuals | 2022 Actuals | 2023 Actuals | 2024 Actuals | 2025 Bridge Year | 2026 Test Year | Variance (2026 Test Year vs. 2021 OEB Approved) | Variance (2021 Actuals vs. 2021 OEB Approved) | Variance (2026 Test Year vs. 2024 Actuals) |
| Customer Success and Collecting | 1,473,746 | 1,119,685 | 1,103,787 | 920,832 | 1,375,483 | 1,476,555 | 1,834,959 | 361,213 | -354,061 | 459,476 |

*Test Year 2026 vs. 2021 OEB Approved*

The 2026 Test Year increased by $361,213 compared to 2021 OEB Approved. Oshawa Power outsourced the call centre in 2024 and thus shifted 12.5 positions to subcontracted costs from the 2021 OEB Approved to 2026 Test Year. As noted above, the increased collections activity beginning in 2024 led to higher subcontractor costs for both field collections and the call center, with further increases in 2025 and 2026 to address higher call demand and further decrease bad debt to pre-COVID levels. In addition, one FTE, the Director of Meter to Cash, was added in 2025 as part of a reorganization to strengthen

the alignment between metering and customer service. This role is responsible for implementing the new, in-house CIS hosted by Oshawa Power as part of the business transformation and efforts to enhance customer interactions, as described further in section 4.4 on Workforce Planning.

*2021 Actuals vs. 2021 OEB Approved*

The 2021 Actual costs decreased ($354,061) compared to 2021 OEB Approved. The decrease of 7.5 FTE is due to vacancies within the call centre as a result of COVID-19 impacts and hiring difficulties.

*Test Year 2026 vs. 2024 Actuals*

The 2026 Test Year increased $459,476 compared to 2024 Actuals, which were lower than 2021 OEB Approved levels for this program. Despite initial savings achieved in 2024 by outsourcing of the call centre, increased investment in subcontractors and a new Director of Meter to Cash in 2025 and 2026 are required to improve customer service and reduce outstanding customer arrears. These investments will ensure that customers receive timely support through their preferred channels, including phone and in-person assistance, while reducing the amount of bad debt expense borne by paying customers in their electricity rates.

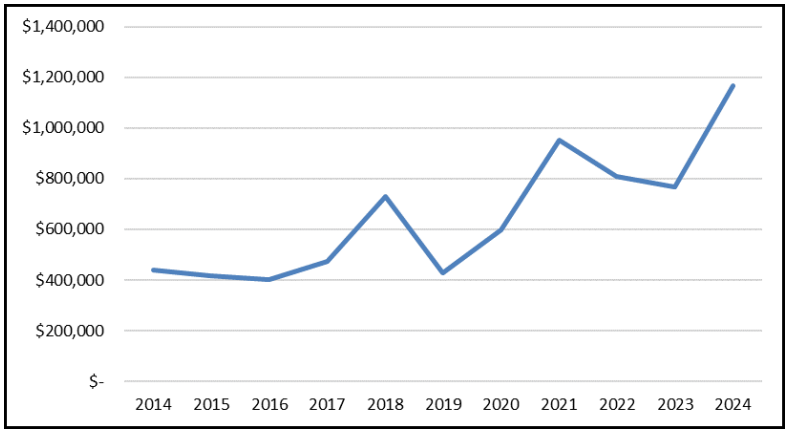
## Bad Debt Expense

The bad debt expense is an annual provision for losses on accounts receivable which may have become uncollectible despite exhaustive collection efforts. The expense estimate is based on Oshawa Power's expected credit loss financial assessment which looks at historical customer default rates. Oshawa Power strives to minimize losses by applying security deposits, offering payment plans, and undertaking outbound phone campaigns. When internal efforts to resolve delinquent accounts are unsuccessful, Oshawa Power refers these cases to third-party collection agencies. These agencies employ a more assertive approach to recovering outstanding payments, though this method incurs additional fees for the Organization. To optimize performance, Oshawa Power currently works with three collection agencies, creating a "champion-challenger"

model that encourages competition and incentivizes better results. If an agency fails to collect on an account within 12 months, the assignment is pulled back and reassigned to another agency for further action. This strategic approach ensures a higher likelihood of recovering outstanding balances while maintaining accountability among the agencies.

For significant bad debt expenses that may arise in cases such as the insolvency of large commercial/industrial customers and with final bills exceeding $2,500, where Oshawa Power has exhausted all internal and external collection methods, the Organization proceeds to file a claim with its insurance provider. However, this step is taken only after ensuring all other avenues have been thoroughly pursued, as claims are paid out at only 80% of the outstanding amount. Additionally, frequent claims could potentially increase the Organization's annual insurance premiums. As a result, Oshawa Power carefully evaluates and prioritizes the use of this resource to balance effective debt recovery with the long-term financial implications of insurance claims. Annual write-offs are shown in Figure 4-11 below.

**Figure 4-11: Annual Write-Offs (Adjusted for Inflation)**




As described above in Customer Success & Collecting, Oshawa Power is acting on its plan to decrease bad debt through enhanced collection efforts. Oshawa Power also increased its bad debt expense as part of its 2026 OM&A to better reflect the outstanding customer debt levels experienced by the Organization.

## Variance Explanations

| Programs | Last Rebasing Year (2021 OEB-Approved) | Historical | | | | 2025 Bridge Year | 2026 Test Year | Variance (2026 Test Year vs. 2021 OEB Approved) | Variance (2021 Actuals vs. 2021 OEB Approved) | Variance (2026 Test Year vs. 2024 Actuals) |
|---|---|---|---|---|---|---|---|---|---|---|
| | | 2021 Actuals | 2022 Actuals | 2023 Actuals | 2024 Actuals | | | | | |
| Bad Debt Expense | 455,536 | 358,406 | 419,859 | 1,119,818 | 1,471,952 | 1,000,000 | 1,200,000 | 744,464 | -97,130 | -271,952 |

### *Test Year 2026 vs. 2021 OEB Approved*

The 2026 Test Year bad debt expense increased by $744,464 compared to 2021 OEB Approved. In 2023, bad debt rose from $419,859 in 2022 to $1.1M, followed by a further increase to $1.5M in 2024. While efforts are being made to reduce bad debt, Oshawa Power expects that the impact of these initiatives will take time to become effective, and may have limited impact as some of factors remain outside of Oshawa Power's control, such as economic conditions and existing policy to protect vulnerable consumers. Oshawa Power established its Bridge Year Forecast bad debt expense of $1M before 2024 Actuals were finalized. Based on 2024 Actuals and more active collection efforts planned for 2025 and 2026, Oshawa Power anticipates the bad debt expense to be $1.2M for the 2026 Test Year.

### *2021 Actuals vs. 2021 OEB Approved*

No material variances were identified.

### *Test Year 2026 vs. 2024 Actuals*

The 2026 Actual costs decreased ($271,952) compared to 2024 Actuals. As described above, Oshawa Power began acting on its plan to collect more outstanding customer bad debt in 2024 after its collection activities after the pandemic were not sufficiently curbing the growth of the outstanding customer debt. With the increase collections activity planned for the 2025 and 2026 collection seasons, Oshawa Power anticipates to begin decreasing the growth in the bad debt expense in 2026 compared to 2024.

Oshawa Power’s 2025 Bridge Year forecast of $1M was established before 2024 Actuals were finalized, and reflects a lower forecast of bad debt for 2025 based on 2023 actual bad debt levels and an estimate of the expected impact of 2024 collections activity. The 2026 Test Year forecast represents a more accurate anticipated level of bad debt following increased collections activity.

## Communications and Community Relations

The Communications and Community Relations department is dedicated to engaging with and effectively communicating to all Oshawa Power customers. As customers' information needs evolve, the communications approach focuses on four key areas to better support them:

- **Timely Outage Updates:** Delivering critical outage information immediately through social media channels and the website, leveraging the outage management system.
- **Customer Engagement:** Keeping customers informed and engaged about activities and community event participation through various channels, including the website, advertisements, media releases, social media, e-blasts, bill inserts, phone calls, letters, door hangers, and more.
- **Corporate Communications:** Managing corporate messaging through annual reports, news releases, media relations, and marketing campaigns.
- **Employee Communications:** Providing employees with essential updates on industry changes, safety issues, and programs, ensuring they have the information needed to support customers effectively.

Communications and community relations also supports our low-income customers by educating and identifying the programs that support them. For low-income funding distribution, disbursement of programs are offered independently through its third-party call centre, bill collection agents, and community partners. Costs for this program include all subcontractor, labour, and expenses related to communications with customers.

### *Low-Income Programs*

**LEAP** – is an OEB-mandated program providing Emergency Financial Assistance to help customers avoid disconnection. Oshawa Power Customer Service has partnered with the Community Development Council of Durham to manage the program, including the application, review, and approval process and the distribution of funds associated with the LEAP Program. See section 4.7 for more information about historical and planned contributions to LEAP and other charitable donations.

**Oshawa Power Compassion Fund** – This program was a one-time $150 bill credit available to residential customers struggling to pay their bills, which was not funded by customers. This funding option was retired in January 2024 when the LEAP income eligibility thresholds and program funding increased province wide.

**Variance Explanations**

| | | Historical | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Programs | Last Rebasing Year (2021 OEB-Approved) | 2021 Actuals | 2022 Actuals | 2023 Actuals | 2024 Actuals | 2025 Bridge Year | 2026 Test Year | Variance (2026 Test Year vs. 2021 OEB Approved) | Variance (2021 Actuals vs. 2021 OEB Approved) | Variance (2026 Test Year vs. 2024 Actuals) |
| Communications & Community Relati | 239,216 | 230,409 | 297,797 | 422,398 | 270,588 | 335,661 | 394,033 | 154,817 | -8,807 | 123,445 |

*Test Year 2026 vs. 2021 OEB Approved*

The 2026 Test Year increased by $154,817 compared to 2021 OEB Approved. This is the result of the addition of a Communications Coordinator in 2023 and a student. In addition, the costs for LEAP increased in 2023 and again in 2024, however incremental LEAP funding not already included within electricity rates has been recorded in a generic deferral account until the next rebasing, as discussed in section 4.7. Therefore 2026 Test Year is the first year to reflect the higher level of LEAP contributions in Oshawa Power's OM&A that are required to meet the demand in Oshawa Power's service territory. Additional non-labour costs incurred various tools essential for effective communications, such as subscriptions, subcontractor costs for design, web hosting and administration services.

*2021 Actuals vs. 2021 OEB Approved*

No material variances were identified.

*Test Year 2026 vs. 2024 Actuals*

No material variances were identified.

### 4.3.5 Administrative and General Program

Administrative and General programs include General Administration, Information Technology, Human Resources & Safety, Insurance, Audit, Legal and Consulting, Facilities, Regulatory Affairs, and Board Expenses. The following Figure 4-12 and table 4-18 illustrates the overall expenditure trend from the 2021 OEB Approved level to the

2026 Test Year. Specific work programs are discussed with variance explanations for material changes below.

**Figure 4-12: 2021-2026 Administrative & General Program Cost Trends**

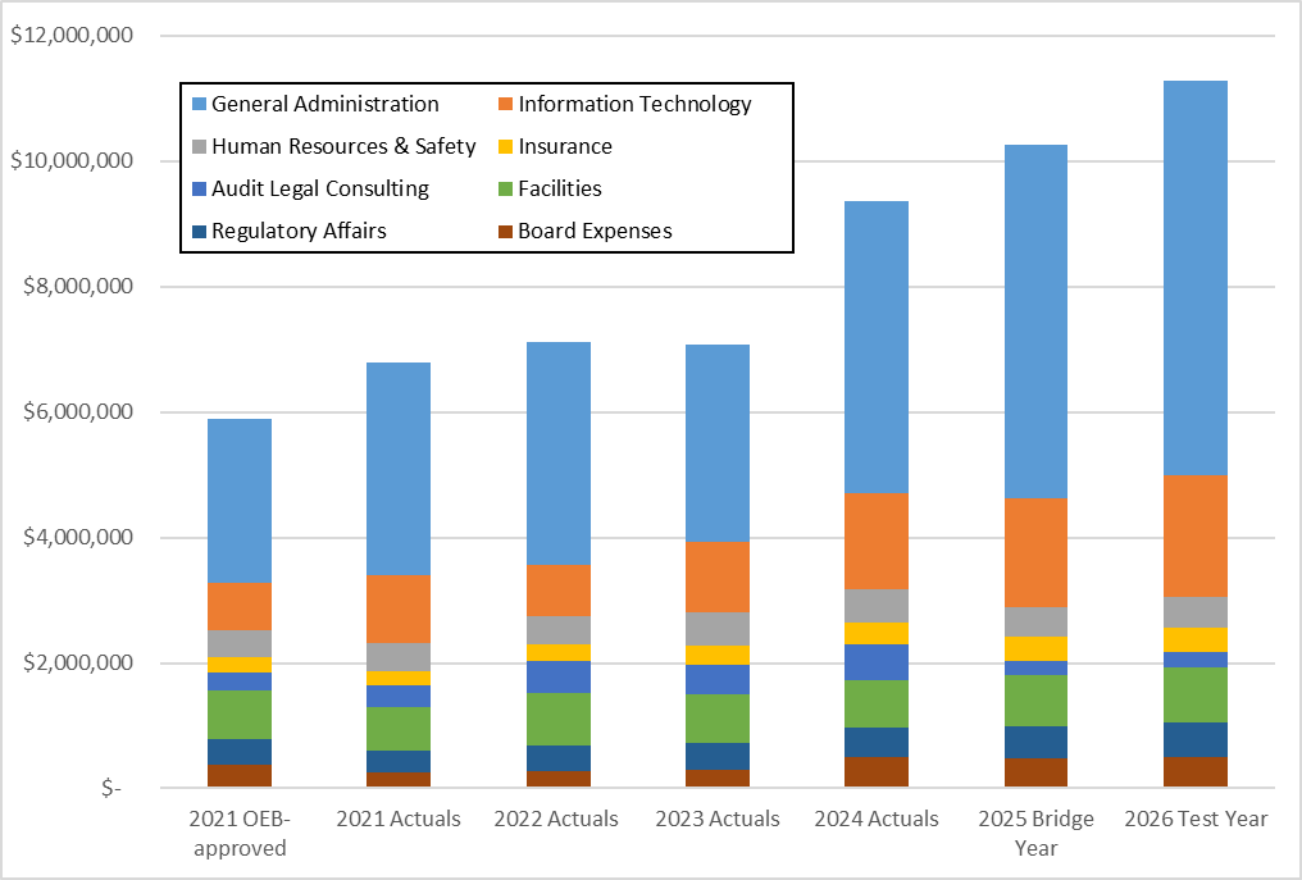



**Table 4-18: 2021-2026 Administrative & General Program Cost Trends**

| Administrative & General Program | 2021 OEB-approved | 2021 Actuals | 2022 Actuals | 2023 Actuals | 2024 Actuals | 2025 Bridge Year | 2026 Test Year |
|---|---|---|---|---|---|---|---|
| General Administration | $ 2,610,949 | $3,377,547 | $ 3,552,454 | $ 3,144,238 | $4,651,081 | $ 5,637,225 | $ 6,294,835 |
| Information Technology | $ 744,509 | $1,095,997 | $ 817,258 | $ 1,118,633 | $1,519,265 | $ 1,745,262 | $ 1,921,339 |
| Human Resources & Safety | $ 429,508 | $ 444,171 | $ 453,197 | $ 529,014 | $ 550,902 | $ 459,274 | $ 507,210 |
| Insurance | $ 262,553 | $ 222,952 | $ 250,625 | $ 316,426 | $ 334,334 | $ 380,851 | $ 389,970 |
| Audit Legal Consulting | $ 278,018 | $ 347,760 | $ 513,301 | $ 457,363 | $ 580,984 | $ 231,784 | $ 241,814 |
| Facilities | $ 769,344 | $ 686,659 | $ 836,866 | $ 780,080 | $ 754,168 | $ 807,876 | $ 870,610 |
| Regulatory Affairs | $ 415,032 | $ 361,643 | $ 412,104 | $ 433,872 | $ 469,050 | $ 514,197 | $ 550,818 |
| Board Expenses | $ 375,547 | $ 245,625 | $ 275,080 | $ 292,758 | $ 494,418 | $ 484,957 | $ 501,129 |
| **Administrative & General Program** | **$ 5,885,460** | **$6,782,354** | **$ 7,110,887** | **$ 7,072,385** | **$9,354,202** | **$ 10,261,426** | **$ 11,277,725** |

The FTEs supporting this program are highlighted in Table 4-19 below, reflecting end of year FTE counts for each program.

Table 4-19: FTEs for Administrative & General Program

| Administrative & General FTEs | 2021 OEB-approved | 2021 Actuals | 2022 Actuals | 2023 Actuals | 2024 Actuals | 2025 Bridge Year | 2026 Test Year |
|---|---|---|---|---|---|---|---|
| Corporate | 4.0 | 7.0 | 4.0 | 7.2 | 8.6 | 8.8 | 9.0 |
| Finance & Regulatory | 7.3 | 7.9 | 9.5 | 14.3 | 13.8 | 13.5 | 15.6 |
| Supply Chain | 3.3 | 2.0 | 3.0 | 3.0 | 3.2 | 3.0 | 4.3 |
| IT Operations | 3.0 | 2.4 | 4.0 | 5.5 | 7.6 | 8.0 | 10.3 |
| Human Resources | 2.0 | 2.0 | 2.5 | 2.2 | 1.9 | 1.6 | 1.9 |
| Health & Safety | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Facilities | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| **Total** | **21.6** | **23.3** | **25.0** | **34.2** | **37.0** | **36.9** | **43.2** |

## General Administration

The General Administration program is made up of administrative costs including labour and benefits for the corporate, finance, regulatory, supply chain departments, IT and HR departments, office and general supplies, repairs and maintenance, materials, training costs, contractor costs, communication costs such as telephone, bank charges and corporate and employee memberships.

There were three major changes in this program from 2021 OEB Approved to 2026. First, in 2021 and 2022, there was significant turnover in the corporate and finance departments. Then, in 2023 a new executive team was established. Finally, a new regulatory department was formed in 2024, transferring several staff from the Finance department and creating a new executive position, Director of Regulatory & Commercial Affairs.

Creation of the new executive team and regulatory department involved movement of several positions from other departments into the corporate department, specifically:

- Chief Financial Officer role (Corporate Controller, then VP of Finance in 2021-2022)
- Director of People & Culture (formerly Director of Human Resources)
- Director of Communications & Marketing

There were also other new executive roles created to support modernization and growth as an organization, including:

- Chief Technology Officer / Director of Business Transformation
- Director of Regulatory & Commercial Affairs
- New Administrative Assistant to support the new executive team

These changes supported much needed growth and modernization for the organization. The details for the new positions can be found in section 4.4 Workforce Planning.

**Variance Explanations**

| | | Historical | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Programs | Last Rebasing Year (2021 OEB-Approved) | 2021 Actuals | 2022 Actuals | 2023 Actuals | 2024 Actuals | 2025 Bridge Year | 2026 Test Year | Variance (2026 Test Year vs. 2021 OEB Approved) | Variance (2021 Actuals vs. 2021 OEB Approved) | Variance (2026 Test Year vs. 2024 Actuals) |
| General Administration | 2,610,949 | 3,377,547 | 3,552,454 | 3,144,238 | 4,651,081 | 5,637,225 | 6,294,835 | 3,683,886 | 766,598 | 1,643,754 |

*Test Year 2026 vs. 2021 OEB Approved*

The 2026 Test Year increased by $3,683,886 compared to 2021 OEB Approved. There has been significant growth and change within the corporate department for the new executive team, additional resources in the finance department, the creation of a new regulatory department in 2024, and the addition of one supply chain analyst. The staffing change, net of eliminated positions, was an increase of 14.3 FTEs. The primary increase is labour and benefits based on the number of FTEs and inflation-related increases as well as compensation and benefit increases to bring this in line with industry standards. This is expected to alleviate the employee burnout and turnover issue that Oshawa Power has been experiencing since 2021 during COVID-19. The incentive compensation sub-program costs included within the General Administration program includes all employees eligible within the Organization. Other increases include non-labour costs for corporate memberships and training.

*2021 Actuals vs. 2021 OEB Approved*

The 2021 Actual costs increased by $766,598 compared to 2021 OEB Approved. There was significant changes and turnover in the corporate and finance departments in 2021, combined with a shift of communications staff (Customer Service Program) staff into the corporate department, resulting in a net increase across the Administrative & General program of 2.3 FTEs compared to 2021 OEB Approved. The primary increase is labour and benefits associated with these positions. There were also increases for non-labour

costs associated with navigating this period of change, including an increase in the use of subcontractors.

### *Test Year 2026 vs. 2024 Actuals*

The 2026 Test Year increased by $1,643,754 compared to 2024 Actuals. There was a net increase of 3.4 FTEs including two additional finance roles, including a Senior Financial Analyst and a Manager of Governance in Finance, a Supply Chain Analyst and a student in Regulatory. The two significant drivers in cost increases in this program were for an increase in labour costs related to changes to merit pay to align with industrial comparators, and an increase post-retirement benefits in 2026 resulting from an updated actuarial report issued in 2024 for Oshawa Power's post-employment benefits (see Attachment 4-3).

## Information Technology

The Information Technology program oversees mission-critical systems that enable secure, reliable service delivery to customers, driving strategic technology investments and innovation initiatives while maintaining robust cyber security controls aligned with industry-standard security and data protection frameworks. This is particularly crucial with the increasing integration of smart grid technologies and distributed energy resources, which create opportunities for enhanced customer service and challenges for infrastructure protection.

Oshawa Power's IT Business Transformation strategy, provided in Exhibit 1, explains the Organization's comprehensive business transformation plans. This includes strategic investments in cyber security initiatives, network administration, infrastructure maintenance, and specialized services.

The strategy focuses on three main benefits for customers:

- Maintenance of robust Infrastructure and Operations, ensuring reliable service delivery through prudent system modernization and enhanced business continuity capabilities

- Information Security program protects customer data and grid operations from evolving cyber threats through comprehensive security controls and regular audits
- Digital Workplace initiatives drive operational efficiencies through process automation and standardization, ultimately reducing costs for customers

To support these priorities, Oshawa Power is modernizing its technology infrastructure, strengthening its security posture, and improving operational efficiency through process automation and standardization. The strategy specifically targets the elimination of manual, paper-based processes and enhances data governance practices to enable better decision-making in service of customers.

Execution of these initiatives and maintenance of the system require investment in the IT program, recruiting and retaining staff with new and diversified skills than have been required in the past, as described below.

**Variance Explanations**

| | | Historical | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Programs | Last Rebasing Year (2021 OEB-Approved) | 2021 Actuals | 2022 Actuals | 2023 Actuals | 2024 Actuals | 2025 Bridge Year | 2026 Test Year | Variance (2026 Test Year vs. 2021 OEB Approved) | Variance (2021 Actuals vs. 2021 OEB Approved) | Variance (2026 Test Year vs. 2024 Actuals) |
| Information Technology | 744,509 | 1,095,997 | 817,258 | 1,118,633 | 1,519,265 | 1,745,262 | 1,921,339 | 1,176,830 | 351,488 | 402,074 |

*Test Year 2026 vs. 2021 OEB Approved*

The 2026 Test Year increased by $1,176,830 compared to 2021 OEB Approved. The increase is due to an additional 7.3 FTEs. The new positions include two Project Managers, an Integration and Automation Architect, a Senior Network Engineer, an IT Analyst, a Cyber Security Analyst, a Business Analyst and a student. These new roles will modernize technology infrastructure, strengthening security, and improve operational efficiency through process automation and standardization, supporting the transformation described above. The details of these positions can be found in section 4.4 Workforce Planning. Additional non-labour costs incurred include investments in hardware and software related to various tools essential for effective cybersecurity controls, such as password management, RMM software, cloud backup, EDR software, as well as to address new regulatory requirements related to cybersecurity that remain beyond Oshawa Power's control. New software expenses include engineering analysis software, new GIS tools, upgraded ADMS/OMS licensing, and automation tools, and migrations

from traditional capital purchases to subscriptions like Microsoft Office and Exchange Server.

*2021 Actuals vs. 2021 OEB Approved*

The 2021 Actual costs increased $351,488 compared to 2021 OEB Approved. This increase is primarily related to higher computer hardware and software maintenance expenses than anticipated in 2021.There was turnover in this department that resulted in a slight decrease of 0.6 FTEs or with no material increase labour costs, however new expertise in the department contributed to ensuring proper investments in maintenance of Oshawa Power's computer systems were being undertaken and tracked within the IT program.

*Test Year 2026 vs. 2024 Actuals*

The 2026 Test Year costs increased $402,074 compared to 2024 Actuals. The increase is due to net additional 2.7 FTEs in the department. The new positions added by 2026 include one Cyber Security Analyst, one Business Analyst and a student, and accounting for a Manager of Technology joining part way through 2024, partially offset by the elimination of the Project Lead / Operations Excellence manager in 2025. Additional non-labour cost increases encompass various tools essential for effective cybersecurity controls, such as password management, RMM software, cloud backup, EDR software, and migrations from traditional capital purchases to subscriptions like Microsoft Office and Exchange Server. New software expenses include engineering analysis software, new GIS tools, upgraded ADMS/OMS licensing, and automation tools.

## Human Resources and Safety

This program includes both the Human Resources department and Healthy & Safety.

The Human Resources Department drives employee engagement, development, and performance, in addition to traditional areas including recruitment and payroll. In 2024, payroll service charges increased as a result of implementation of a new payroll service application which provides additional services beyond payroll administration including a

new employee onboarding module, as well as support to improve time coding reporting across the organization.

Since 2021, Oshawa Power has strategically expanded its Health and Safety program to include security and environmental considerations. To ensure not only the health and safety of the staff, this department also considers and mitigates the impacts of climate change, energy consumption and greenhouse gas emissions and looks to protect staff and facilities via security policy. Health and Safety is always at the forefront of day-to-day work at Oshawa Power and the HSSE team directs, implements and enforces H&S policy, processes and Standard Operating Procedures. This department also oversee the Joint Health and Safety Committee, composes and oversees all routine safety meetings as well as conducts all routine safety inspections and investigations per all applicable rules and regulations.

### Variance Explanations

| | | Historical | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Programs | Last Rebasing Year (2021 OEB-Approved) | 2021 Actuals | 2022 Actuals | 2023 Actuals | 2024 Actuals | 2025 Bridge Year | 2026 Test Year | Variance (2026 Test Year vs. 2021 OEB Approved) | Variance (2021 Actuals vs. 2021 OEB Approved) | Variance (2026 Test Year vs. 2024 Actuals) |
| Human Resources & Safety | 429,508 | 444,171 | 453,197 | 529,014 | 550,902 | 459,274 | 507,210 | 77,702 | 14,663 | -43,692 |

No material variances were identified.

## Insurance

The insurance program is comprised of liability and property insurance required to protect the Organization and its assets throughout its daily operations, with immaterial increases in spending driven by inflation since 2021.

### Variance Explanations

| | | Historical | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Programs | Last Rebasing Year (2021 OEB-Approved) | 2021 Actuals | 2022 Actuals | 2023 Actuals | 2024 Actuals | 2025 Bridge Year | 2026 Test Year | Variance (2026 Test Year vs. 2021 OEB Approved) | Variance (2021 Actuals vs. 2021 OEB Approved) | Variance (2026 Test Year vs. 2024 Actuals) |
| Insurance | 262,553 | 222,952 | 250,625 | 316,426 | 334,334 | 380,851 | 389,970 | 127,417 | -39,601 | 55,636 |

No material variances were identified.

## Audit, Legal and Consulting

This program includes costs such as professional legal and consulting fees as part of Oshawa Power's daily operations. It also includes fees for external financial audit and tax preparation.

### Variance Explanations

| | | Historical | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Programs | Last Rebasing Year (2021 OEB-Approved) | 2021 Actuals | 2022 Actuals | 2023 Actuals | 2024 Actuals | 2025 Bridge Year | 2026 Test Year | Variance (2026 Test Year vs. 2021 OEB Approved) | Variance (2021 Actuals vs. 2021 OEB Approved) | Variance (2026 Test Year vs. 2024 Actuals) |
| Audit Legal Consulting | 278,018 | 347,760 | 513,301 | 457,363 | 580,984 | 231,784 | 241,814 | -36,204 | 69,743 | -339,171 |

*Test Year 2026 vs. 2024 Actuals*

The 2026 Test Year decreased by ($339,171) compared to 2024 Actuals. This variance was driven by a significant increase in consulting costs in 2024 which are not expected to continue into 2026. This included 20 positions hired into Oshawa Power requiring advertising beyond web posting in 2024, and recruitment of two executives with an agency.

*2021 Actuals vs. 2021 OEB Approved*

No material variances were identified.

*Test Year 2026 vs. 2024 Actuals*

No material variances were identified.

## Facilities

The facilities function is responsible for general maintenance, repair and security of the Oshawa Power facilities, as well as lease paid for rental of Oshawa Power's building. Charges to this function include all subcontractor, labour expenses incurred to repair, test, inspect and document etc. any buildings, fixtures, furniture and equipment within the Oshawa Power facilities.

### Variance Explanations

| | | Historical | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Programs | Last Rebasing Year (2021 OEB-Approved) | 2021 Actuals | 2022 Actuals | 2023 Actuals | 2024 Actuals | 2025 Bridge Year | 2026 Test Year | Variance (2026 Test Year vs. 2021 OEB Approved) | Variance (2021 Actuals vs. 2021 OEB Approved) | Variance (2026 Test Year vs. 2024 Actuals) |
| Facilities | 769,344 | 686,659 | 836,866 | 780,080 | 754,168 | 807,876 | 870,610 | 101,266 | -82,685 | 116,442 |

No material variances were identified.

## Regulatory Affairs (assessments and application costs)

This program includes on-going expenses in connection with proceedings, technical sessions and other matters before the OEB or other regulatory bodies. Costs incurred include annual OEB Cost Assessments, OEB Cost Awards, Legal and other professional fees related to regulatory matters and the costs related to the preparation of the cost of service application. The total one-time costs related to the cost of service application are amortized over the 5-year IRM period. Internal labour costs are not included in this program. Internal labour costs related to regulatory affairs and the cost of service application are included in the Engineering Administration, Customer Service and Administration & General programs.

### Variance Explanations

| | | Historical | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Programs | Last Rebasing Year (2021 OEB-Approved) | 2021 Actuals | 2022 Actuals | 2023 Actuals | 2024 Actuals | 2025 Bridge Year | 2026 Test Year | Variance (2026 Test Year vs. 2021 OEB Approved) | Variance (2021 Actuals vs. 2021 OEB Approved) | Variance (2026 Test Year vs. 2024 Actuals) |
| Regulatory Affairs (assessments, app | 415,032 | 361,643 | 412,104 | 433,872 | 469,050 | 514,197 | 550,818 | 135,785 | -53,389 | 81,767 |

*Test Year 2026 vs. 2021 OEB Approved*

While not material, the 2026 Test Year costs increased by $135,785 compared to 2021 OEB Approved. The increase is primarily due to increased OEB Cost Assessments.

*2021 Actuals vs. 2021 OEB Approved*

No material variances were identified.

*Test Year 2026 vs. 2024 Actuals*

No material variances were identified.

## Board Expenses

This program includes management fees from Oshawa Power's parent company for costs related to the Board of Directors for corporate governance, leadership and strategic management.

**Variance Explanations**

| Programs | Last Rebasing Year (2021 OEB-Approved) | Historical: 2021 Actuals | Historical: 2022 Actuals | Historical: 2023 Actuals | Historical: 2024 Actuals | 2025 Bridge Year | 2026 Test Year | Variance (2026 Test Year vs. 2021 OEB Approved) | Variance (2021 Actuals vs. 2021 OEB Approved) | Variance (2026 Test Year vs. 2024 Actuals) |
|---|---|---|---|---|---|---|---|---|---|---|
| Board Expenses | 375,547 | 245,625 | 275,080 | 292,758 | 494,418 | 484,957 | 501,129 | 125,582 | -129,922 | 6,712 |

*Test Year 2026 vs. 2021 OEB Approved*

While not material, the 2026 Test Year costs increased by $125,582 compared to 2021 OEB Approved. This increase is primarily due to 2024 increased director fees and associated costs for additional meetings, partially offset by a move toward virtual Board meetings in 2021.

*2021 Actuals vs. 2021 OEB Approved*

No material variances were identified.

*Test Year 2026 vs. 2024 Actuals*

No material variances were identified.

## 4.4 WORKFORCE PLANNING AND EMPLOYEE COMPENSATION

### 4.4.1 Introduction

This section provides an overview and analysis of key Oshawa Power resources; including demographics, identified gaps, strategic direction, customer growth, market trends, and sector evolution. Workforce planning enables the Organization to anticipate future needs and ensures the necessary workforce is in place for the delivery of reliable, secure, and cost-effective electricity services to Oshawa Power's customers. Effective operational workforce planning is essential for Oshawa Power to address increasing customer demands, system requirements, and growing infrastructure needs.

Information on employee numbers, costs, variances and FTE movements are summarised in Table 4-20 below (from the OEB's Appendix 2-K) comparing 2021 OEB Approved, 2021 to 2024 historical years, and forecast 2025 Bridge Year and 2026 Test Year. Appendix 2-K and variance annual variances are shown in the tables below. Note

that staffing numbers in the table below reflect mid-year averages to align Appendices 2-L and 2-K.

**Table 4-20: Employee costs (Appendices 2-K)**

| | 2021 OEB Approved | 2021 Actuals | 2022 Actuals | 2023 Actuals | 2024 Actuals | 2025 Bridge Year | 2026 Test Year |
|---|---|---|---|---|---|---|---|
| **Number of Employees (FTEs including Part-Time)[1]** | | | | | | | |
| Management (including executive) | 19 | 16 | 15 | 17 | 20 | 22 | 23 |
| Non-Management (union and non-union) | 72 | 65 | 57 | 63 | 66 | 65 | 74 |
| Total | 91 | 81 | 72 | 80 | 86 | 87 | 97 |
| **Total Salary and Wages including ovetime and incentive pay** | | | | | | | |
| Management (including executive) | $ 3,287,025 | $ 2,716,112 | $ 2,997,510 | $ 2,508,481 | $ 3,455,100 | $ 4,415,257 | $ 5,137,242 |
| Non-Management (union and non-union) | $ 5,913,480 | $ 5,507,000 | $ 5,618,413 | $ 6,820,067 | $ 7,331,272 | $ 7,374,467 | $ 8,648,463 |
| Total | $ 9,200,505 | $ 8,223,111 | $ 8,615,923 | $ 9,328,548 | $ 10,786,373 | $ 11,789,724 | $ 13,785,705 |
| **Total Benefits (Current + Accrued)** | | | | | | | |
| Management (including executive) | $ 944,970 | $ 535,486 | $ 510,628 | $ 654,766 | $ 798,366 | $ 960,535 | $ 1,137,899 |
| Non-Management (union and non-union) | $ 1,821,265 | $ 1,884,448 | $ 1,891,106 | $ 2,053,284 | $ 2,363,641 | $ 2,718,246 | $ 3,105,589 |
| Total | $ 2,766,235 | $ 2,419,934 | $ 2,401,734 | $ 2,708,050 | $ 3,162,008 | $ 3,678,782 | $ 4,243,488 |
| **Total Compensation (Salary, Wages, & Benefits)** | | | | | | | |
| Management (including executive) | $ 4,231,995 | $ 3,251,598 | $ 3,508,138 | $ 3,163,248 | $ 4,253,467 | $ 5,375,793 | $ 6,275,142 |
| Non-Management (union and non-union) | $ 7,734,745 | $ 7,391,448 | $ 7,509,520 | $ 8,873,351 | $ 9,694,914 | $ 10,092,713 | $ 11,754,052 |
| Total | $ 11,966,740 | $ 10,643,046 | $ 11,017,657 | $ 12,036,598 | $ 13,948,381 | $ 15,468,506 | $ 18,029,194 |
| **Total Compensation Breakdown (Capital, OM&A)** | | | | | | | |
| OM&A | $ 9,122,833 | $ 7,565,659 | $ 8,228,864 | $ 8,551,676 | $ 10,343,014 | $ 11,222,895 | $ 13,489,209 |
| Capital | $ 2,843,907 | $ 3,077,387 | $ 2,788,793 | $ 3,484,922 | $ 3,605,366 | $ 4,245,611 | $ 4,539,985 |
| Total | $ 11,966,740 | $ 10,643,046 | $ 11,017,657 | $ 12,036,598 | $ 13,948,381 | $ 15,468,506 | $ 18,029,194 |

The next sections explain the outcomes of previous plans, workforce planning going forward, employee compensation, benefits, and a variance analysis on FTEs and compensation.

### 4.4.2 Outcomes of Previous Plans

Oshawa Power's 2021 Cost of Service application highlighted a people strategy centered on employee engagement, better communications with staff, development of health & safety systems, employee training, regular compensation benchmarking and a focus on stretching and maximizing productivity and performance.

Oshawa Power has gone through significant changes since 2021, including significant restructuring and changes to leadership, employee turnover and industry shifts that have impacted its ability to effectively manage requirements and resources. The average turnover rate reported by Electricity Human Resources Canada in Ontario is 8% in the Trades and 6% across Canada. Between the 2021 and 2024, Oshawa Power experienced departure of 53.3 FTEs, including 9.8 FTE retirements, averaging an annual turnover rate of 16% for 2021 to 2024.

### Managing Shortages, Skill Gaps and Vacancies

Oshawa Power has managed gaps in skills and vacancies resulting from turnover with the use of overtime and outsourcing.

Staffing shortages have increased workloads for Oshawa Power's existing managers and leaders as they assumed additional responsibilities until hard-to-find replacements are secured. This approach has created risks including project delays and increased employee burnout, which was frequently cited in exit interviews from 2022 to 2024. As leaders took on additional projects, their capacity to provide their staff with coaching, knowledge transfer, training, and career development became further limited, which increased turnover and slowed modernization due to lack of capacity. As a result, inefficient, antiquated business systems and manual processes persist due to lack of investment in technology.

Outsourcing of certain functions has provided some relief, including the call centre and collections, however, these changes have created new challenges for the Organization, such as customers not being able to reach an agent in a timely fashion as discussed in section 4.3. It has become necessary to create new internal positions to ensure subcontractors are delivering value to customers in alignment with their expectations.

### Trades and Technical Workforce

Oshawa Power has a young trades workforce (average PLT age of 35 years' old with less than seven years' experience) combined with an anticipated or able-to-retire workforce (30% of Skilled Trades) in under two years – potentially impacting safety and quality of work.

In addition, in 2021-2024, the Technical/Trades group experienced a substantial amount of turnover. Significant turnover with PLTs is specifically due to the challenging & competitive labour market. Oshawa Power competes for talent with neighbouring LDCs, including Elexicon, Toronto Hydro, Hydro One, and Ontario Power Generation (OPG). A growing number of PLTs are being recruited by contractors providing similar or better compensation packages.

Despite these challenges, since 2021, Oshawa Power has maintained a Lost Time Injury Rate of 0.0 with no lost days of work due to a work-related injury.

The distribution system has been well-engineered to deliver electricity reliably to customers with minimal investment. However, the Organization is reaching its capacity limit without adding new and different resources. For example, without additional resources requested in this Application, Oshawa Power lacks capacity to adequately address new issues and changes, such as addressing cybersecurity requirements and managing risks to ensure continued reliability of the system to customers.

The next section outlines Oshawa Power's plan to address these challenges.

### 4.4.3 Workforce Planning

#### New Executive Team

As described in section 4.3, Oshawa Power established a new executive team in 2023 to better manage growth and modernization of the Organization, creating new positions including a CTO / Director of Business Transformation, a Director of Regulatory & Commercial Affairs, and an Administrative Assistant together with the existing Human Resources, Finance and Communications executive roles. These new roles have brought new areas of expertise into the Organization and led to the development of a new strategy, including the development of a new Human Resources Strategy.

#### Human Resources Strategy

As part of Oshawa Power's 2026-2030 Strategic Plan and Business Plan, and in response to the recommendations of the Review, the key elements underpinning Oshawa Power's workforce planning and compensation strategies are as follows:

- **Establish a learning culture** by enhancing the Organization's succession plan to include manager training and identifying high-potential employees using a talent management tool (9-box grid) to assess performance and potential in order to keep talent within the Organization. This approach supports internal growth through individual development plans that address capability gaps and align with future needs. Additionally, it helps mitigate the risks of talent attrition while improving

processes to attract and retain top talent. In 2024, two individuals were selected as part of this initiative, and their progress will be assessed based on the effectiveness of learning initiatives and their impact on performance and organizational goals. In 2025, three individuals will be put through the process as progress and momentum of this initiative takes root. Tuition Assistance also doubled in 2025 to support learning and development for employees across the Organization, aligned with levels provided across the industry.

- **Improve the overall employee experience** by fostering a positive, productive work environment that supports achievement of organizational success. This initiative is measured through annual employee engagement surveys, the development of action items to address results and improvement of drivers of engagement, and implementation of programs to improve workforce engagement, focus, and productivity. Each executive has ownership of their individual department action plans with a quarterly leadership update to monitor progress through the plans. To ensure a performance-based culture, new technology to foster regular communication and feedback systems has been put in place. Continued investment in systems, technology and employee training to ensure employees are able to satisfy the enhanced skill sets required beyond traditional electrical utility competencies. This strategy focuses significant effort to further stretch and maximize operational productivity and performance.

- **Strengthening workforce capacity**, guided by the Review findings and recommendations, will align staffing levels with those needed to achieve the strategic objectives in Oshawa Power's Strategic and Business Plans, driving operational efficiency and support cultural transformation. Outsourcing functional areas such as call center operations and collection services helps enhance the Organization's competitive edge, fosters innovation, improves service quality, and ultimately strengthen the bottom line. Oshawa Power will also pursue strategic partnerships, targeting organizations that will enhance the Organization's competitive edge, improve talent acquisition, foster innovation and provide access to new markets. Oshawa Power currently partners with Conestoga College to gain

PME and PLT apprentices. Oshawa Power is currently expanding the relationship at Durham College by having our Women in Tech Services conduct a Workshop at "Sponsoring Young Women in Science, Technology & Trades Conference on April 25, 2025. Oshawa Power is engaging with a local high school to bring in summer co-op grade 12 students to encourage them into the trades, engineering and procurement fields, and reaching out to other local colleges and Universities to build relationships. The 2026 Test Year staffing complement includes reinvestment in PME and PLT apprentices to plan for future growth and departures. As the partnerships with local colleges and universities strengthen, more intern and student roles will be added across the organization to ensure capacity.

## Resource Optimization Review

Oshawa Power engaged with expert consultant Lise Galli of Marjorie Richards & Associates Limited for a Resource Optimization Review (the Review, Attachment 4-1) in 2024 to further understand and confirm directional planning for its workforce alongside a review of historical trends and other influencing factors, including:

- An industry wide shortage of skilled labour in addition to its location in a very competitive GTA labour market;
- Emerging technological advancements that will change trades skills;
- Increased competition for new skills;
- Increased work demands due to an aging distribution infrastructure; and responding to a growing community and customer base

The Review was guided by the workforce optimization goals outlined in Figure 4-13 below, identifying key principles including increased overall productivity, advanced hiring of apprentices, leveraging qualified and proficient tradespeople, balancing hiring with the appropriate use of overtime and subcontractors, and increased efficiency through innovative practices and technology adoption.

**Figure 4-13: Workforce Optimization Goals**


The Review identified key drivers to be responding to customer expectations in a growing community & customer base, addressing retirements in an aging workforce, optimizing productivity and efficiency through system renewal and process improvement, identifying the optimal number of trades and technical workings to meet current and future demands, safety, and knowledge management and transfer.

The Review included examination of market and community trends, customer expectations, employee demographics, and workforce proficiency and optimization, culminating in key outcomes and making recommendations for Oshawa Power on trades and technical workforce as well as for management and professional staff.

Key outcomes are summarized below:

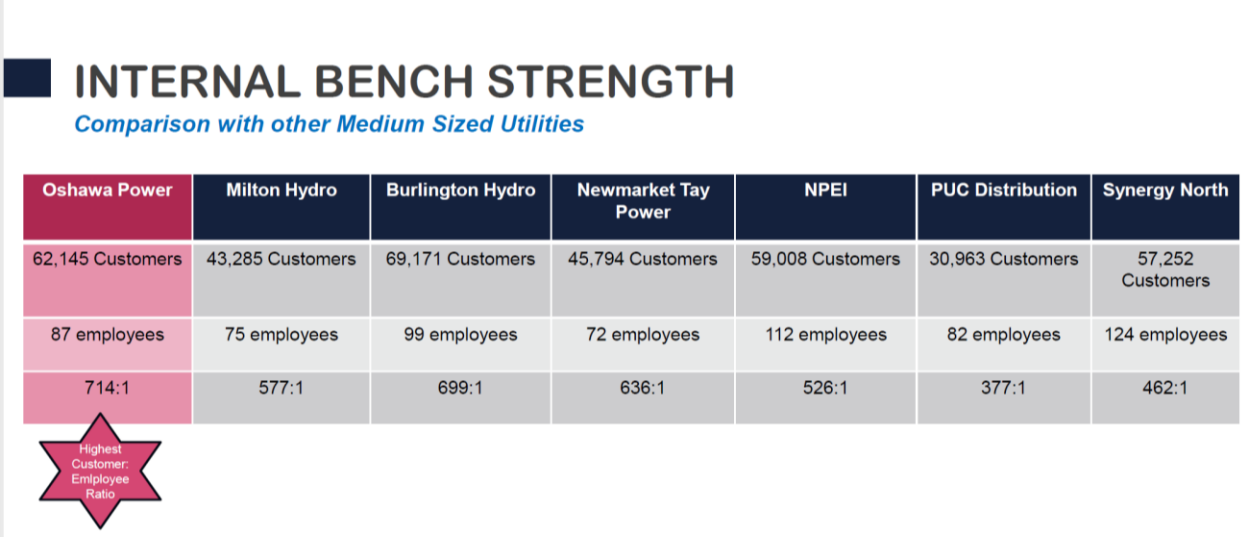
- Oshawa Power's staffing level does not provide sufficient internal bandwidth to effectively execute key functional activities and proactively seek efficiencies, including minimal investment in apprentices to maintain staff needed in skilled trades.
- The Organization should allocate aim to right size its workforce over the next five years and ensure proper onboarding to mitigate potential risks associated with

working in a safety sensitivity environment and competing for talent in an increasingly challenging labour market

- As individuals leave, Oshawa Power can replace workers with different or new skillsets, as well as invest in reskilling of existing employees improve digital proficiency to prevent productivity loss and benefit from innovative opportunities

The Review highlighted that Oshawa Power had the highest customer to employee ratio for all medium-sized comparators, and was in the top ten leanest of all Ontario LDCs (small, medium, large) as measured by this metric. See Table 4-21 below.

**Table 4-21: Benchmarking Customers per FTE against 2023 Comparator LDCs**




The Review's recommendations for trades and technical workforce and professional and management staff are shown in the next two sections.

## Recommendations for Trades and Technical Workforce

Considering the long lead time for PLTs, PMEs, and Engineering & Metering Technicians to become fully proficient and qualified, the Review demonstrated a need to initiate a formal apprenticeship program, to proactively ensure sufficient proficiency of skilled trades to maintain a safe and reliable distribution system. Table 4-22 below showcases the focus on hiring PLTs in tandem with anticipated retirees and ability to manage the 1:1 for apprentice development. The Review recommended 17 new FTEs over five years, or two incremental FTEs compared to 2024, as shown in Table 4-22 below.

**Table 4-22: Recommended Trades & Technical Workforce for 2025-2030**

**OPTIMAL TRADES/TECHNICAL WORKFORCE**

*Summary Recommended Hiring - Timing*

| Position | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | Total |
|---|---|---|---|---|---|---|---|
| PME Apprentices | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| PLT Apprentices | 3 | 3 | 2 | 2 | 2 | 2 | 14 |
| PLT Supervisor | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| Total | 4 | 5 | 2 | 2 | 2 | 2 | 17 |

## Recommendations for Management and Professional Staff

The Review also recommended increasing professional headcount to fill gaps identified in an attempt to right-size and right-skill the Organization to be more effective, efficient and responsive to customer expectations. These recommendations reflect the Organization's strategic objectives, including supporting adoption of new technologies to replace antiquated business systems and manual processes, increasing reliance on digital infrastructure and data requirements, addressing customer feedback and anticipated growth, taking into account employee demographics and succession planning. The Review recommended 10 new FTEs as shown in Table 4-23 below.

Table 4-23: Recommended Management & Professional Staff for 2026-2030

**SUMMARY RECOMMENDATIONS – MANAGEMENT, PROFESSIONAL & ADMINISTRATIVE**

| Position | 2026 |
|---|---|
| Learning & Development/Change Management Specialist | 1 |
| Cybersecurity Analyst | 1 |
| Financial Analyst | 1 |
| Supply Chain Management Analyst | 1 |
| Business Systems Analyst | 1 |
| Project Manager | 1 |
| Supervisor, Customer Experience | 1 |
| Director Engineering & Operations | 1 |
| GIS Analyst | 1 |
| Senior IT Analyst | 1 |
| **Total FTEs** | **10** |

The justification for each role and Oshawa Power's management response is provided below.

## Response to Resource Optimization Recommendations on Optimal Structure

Oshawa Power provides responses to each staffing recommendation in the Tables below. Oshawa Power will need to implement various strategies to achieve optimal staffing levels over the next five years. This includes strengthening its workforce and management team while allocating sufficient funds to ensure new hires are properly on-boarded and developed. These efforts aim to mitigate potential risks associated with working in a safety-sensitive environment and competing for talent in an increasingly challenging labour market. While some roles will not be introduced in 2025 or 2026, Oshawa Power will continue to evaluate these recommendations for future years.

Oshawa Power's response to the Review recommendations for Trades and Technical Workforce are shown in Table 4-24 below.

Table 4-24: Management Response to Trades & Technical Workforce Recommendations

| Role | Justification & Management Response |
|---|---|
| 2 PME Apprentices (hired in 2025 and 2026) | New apprentices are needed to support a new Stations and Protection & Control Department, given lead time to full competency is approximately five years. There has been limited turnover in the PME team and it was assumed this would continue through 2030.<br><br>**Management Response**: Oshawa Power has included two PME apprentices in its 2026 Test Year OM&A budget. |
| 14 PLT Apprentices (hired in total from 2025-2030) | Oshawa Power has a near-term requirement of eight PLTs. Given the difficulty in hiring fully qualified PLTs, re-investment in a PLT apprentice program in 2025 was recommended, hiring 2-3 new apprentices each year between 2025-2030.<br><br>**Management Response**: While ideal, this level of annual hiring for apprentices is not feasible for Oshawa Power. In addition, Oshawa Power has found opportunities to hire fully qualified PLTs. Since the recommendation was made, Oshawa Power has hired one PLT and one PLT apprentice, and plans to hire an additional PLT and PLT apprentice in 2026. |
| PLT Supervisor | Oshawa Power had one PLT supervisor nearing retirement age managing 12 PLTs. The study recommended addition of one PLT supervisor for succession planning and to support less experienced staff including incoming apprentices.<br><br>**Management Response**: Given Oshawa Power has not fully implemented the recommendation on the number of apprentices to be hired, and as well, has been able to hire qualified PLTs, it has not included any new PLT supervisors in its 2026 Test Year forecast beyond the PLT sub-forepersons already on staff. |

Oshawa Power's response to the Review recommendations for Management and Professional Staff are shown in Table 4-25 below.

1

**Table 4-25: Management Response to Management & Professional Staff**

| Role | Justification & Management Response |
|---|---|
| Learning and Development/Change Management Specialist | This role would support implementation of and optimization of business processes & systems, with a focus on developing & delivering leadership, technical and upskill-focused training based on identified skill and competency gaps.<br>**Management Response**: This role is not needed at this time, but will be reconsidered to support change management initiatives in 2027 onwards. Therefore this position has not been included in the 2026 Test Year forecast. |
| Cyber Security Analyst | As the LDC becomes more reliant on digital infrastructure and data, cybersecurity measures need to be robust and adapt to the changing landscape. This dedicated resource will ensure continued compliance with the OEB's cybersecurity framework, management of cyber threats, risk management, status reporting, security audits and vulnerability assessments.<br>**Management Response**: Implementing this new role in 2026 to support cybersecurity risk management. |
| Financial Analyst | This role will provide capacity building with a focus on budgeting/forecasting, build financial acumen and instrumental in supporting the ERP implementation scheduled for 2027.<br>**Management Response**: Implementing a Senior Financial Analyst 2026 adjusted role to address these areas. |
| Supply Chain Management Analyst | Supply chain management with the organization requires centralization, process improvement consistent with best practices and strategic sourcing. This role will also support the ERP implementation as a functional expert.<br>**Management Response**: Implementing this role in 2026. |
| Business Systems Analyst | This role will design, maintain, test and oversee information technology and act as a bridge between IT and business teams.<br>**Management Response**: Implementing this Business Analyst role in 2026. |
| Project Manager | Continue to help build the Project Management Office expertise and support organizational projects in all areas.<br>**Management Response**: Hired this role in late 2024 to support the numerous organizational projects currently ongoing. |
| Supervisor, Customer Experience | In response to customer feedback through the customer engagement survey, this role will need to address escalated calls, training & development of outsourced customer service agents and ability to speak to a live agent.<br>**Management Response**: Hired this role in late 2024 to support Customer Service after the departure of the Manager, Customer Service. |
| Director, Engineering and Operations | The current Managing Director is of retirement age, leading a relatively inexperienced engineering team. This new role will support management and growth of the engineering team and succession planning for the Managing Director in the medium term.<br>**Management Response**: Anticipated to be filled in 2025 to support both execution of the 2026-2030 DSP as well as longer-term succession planning. |
| GIS Analyst | New dedicated GIS role to take on with work being managed by a manager and co-op students, focusing on maintaining and managing GIS data, creating dashboards, reports, and analyses.<br>**Management Response**: Implementing this role in 2026. |
| Senior. IT Analyst | This role will focus on troubleshooting and technical support for IT systems and escalations.<br>**Management Response**: After evaluation of staffing needs, this position was put on hold until further notice given other, higher priority hiring in the IT department. Therefore this position has not been included in the 2026 Test Year forecast. |

### 4.4.4 Addition and Elimination of FTEs from 2021 to 2026

Table 4-26 below provides a comprehensive list of new positions added and those that were eliminated between 2021 OEB Approved and 2026 Test Year. Staffing numbers reflect roles (headcount) not FTEs, and excludes student and other temporary roles.

## Table 4-26: Key Added and Eliminated Roles from 2021 to 2026

| Added and Eliminated Roles | 2021 OEB-Approved to 2021 Actuals | 2021 to 2022 Actuals | 2022 to 2023 Actuals | 2023 to 2024 Actuals | 2024 actuals to 2025 Bridge Year | 2025 Bridge Year to 2026 Test Year |
|---|---|---|---|---|---|---|
| **Operations & Maintenance** | | | | | | |
| PLTs | -6 | | -1 | | | 1 |
| PLT sub-foreperson | | | 1 | | | |
| PLT apprentices | | 2 | -5 | | 1 | 1 |
| PME Sub-Foreperson | | 1 | | | | |
| Apprentice PME | 1 | | -1 | | | 2 |
| Operations Coordinator | | | | 1 | | |
| P&C/SCADA | | | | | | 1 |
| Engineering Intern | 2.67 | | | | | |
| Technical Services Technician | | | | 1 | 1 | |
| Manager of Metering & Operations | -1 | | | | | |
| Operational Systems/Technology Specialist (GIS) | | | -1 | | | |
| Manager, Stations and P&C | | | 1 | | | |
| Manager Distribution Design & System Planning | | | | 1 | | |
| Engineers in Training | | | | -1 | -1 | |
| VP, Engineering & Operations | | -1 | | | | |
| Director of Engineering & Operations | | | | | | 1 |
| Technical Services Supervisor | -1 | | | | | |
| Maintenance Planner | -1 | | | | | |
| Distribution Supervisor | | | -1 | | | |
| **Customer Service** | | | | | | |
| Manager, Communications | | 1 | -1 | | | |
| Communications Coordinator | | | 1 | | | |
| Quality Assurance Specialist | | | -1 | 1 | | |
| Customer Service Representatives | | | | -12.5 | | |
| Director Meter to Cash | | | | | 1 | |
| Operations Developer | -1 | | | | | |
| Business Analyst, Customer Service | 1 | | | | | |
| Manager, Metering and Operational Data | | | 1 | | | |
| Meter Operator | | | | 1 | | |
| GIS Analyst | | | | | | 1 |
| **Administration & General** | | | | | | |
| Corporate Controller | -1 | | | | | |
| VP, Finance, Business & Corporate Services / CFO | 1 | | | | | |
| Managing Director | | | 1 | | | |
| Administrative Assistant | | | 1 | | | |
| CTO, Director of Business Transformation | | | 1 | | | |
| Director, Communications & Marketing | | | 1 | | | |
| Director, Regulatory & Commercial Affairs | | | | 1 | | |
| Senior Contracts Specialist & Privacy Officer | | | 1 | | | |
| Senior Regulatory Analyst / Supervisor, Regulatory Affairs | | | 1 | | | |
| Regulatory Coordinator / Analyst | | | | 1 | | |
| Director of Finance | | | | 1 | | |
| Senior Manager, Financial Accounting | | | 1 | -1 | | |
| Manager, Financial Reporting | | | | -1 | | |
| Supervisor, Accounting | | | | 1 | | |
| Supervisor, Financial Reporting | | | | 1 | | |
| Financial Analyst / Senior Financial Analyst | 1 | 1 | 1 | -2 | | 1 |
| Manager, Governance | | | | | 1 | |
| Project Lead / Operations Excellence Manager | 1 | | | | -1 | |
| Project Manager | | | 1 | 1 | | |
| Integration and Automation Architect | | | 1 | | | |
| Senior Network Engineer | | | 1 | | | |
| IT Analyst | | | | 1 | | |
| Cyber Security Analyst | | | | | | 1 |
| Business Analyst | | | | | | 1 |
| Senior Payroll Specialist | | | 1 | -0.4 | | |
| Buyer | -1 | | | | | |
| Inventory & Procurement Clerk | | 1 | | | | |
| Supply Chain Analyst | | | | | | 1 |
| **Total** | **-4** | **5** | **5** | **-6** | **2** | **11** |

These added and eliminated roles are discussed below.

## Operations & Maintenance

*Added: Fully qualified PLTs and Apprentice PLTs*

Oshawa Power has operated below the 20 PLTs requested in 2021, including one sub-foreperson, due to hiring constraints. One of the PLT roles was replaced by a second sub-foreperson in 2023. Oshawa Power also had three PLT apprentices in 2021, added two more in 2022, who all became qualified in 2023. Oshawa Power plans to restart its apprenticeship program and hire two fully qualified PLTs, including filling one vacancy, and two Apprentice PLTs to meet current needs and allow for effective knowledge transfer and learning over time. While not hiring the number of apprentices recommended by the Review, this approach balancing the impact of new staff on Oshawa Power's customers. As of early 2025, a PLT apprentice and a new PLT have been hired.

*Added: Fully qualified PMEs and Apprentice PMEs*

Oshawa Power had no PME apprentices in 2021 and hired one in 2022 who became qualified. One PME was promoted to a new sub-foreperson role in 2022. Oshawa plans to hire two apprentice PMEs in 2026 to allow for effective knowledge transfer and learning over time. Hiring these positions will place the PME compliment at the right level to effectively prepare for the future and ensure vital trade and local information and skills are retained and transferred to new trades staff.

*Added: Operations Coordinator*

In 2024, an experienced Operations Coordinator retired. Given growth of the distribution team and increased administrative pressure, Oshawa Power transitioned from one to two operations coordinators, with some overlap of the new coordinators with the retiring coordinator in 2024 to ensure continuity and knowledge transfer.

*Added: SCADA/P&C Technician*

As Oshawa Power continues to expand its smart grid technologies and prepare for the electrification and anticipated increased demand on the grid, system planning and effective protective and control of its grid devices is becoming more demanding and now requires added focus. In the past, Oshawa Power utilized its Control Room staff coupled with its PME team to manage all P&C/SCADA programming and administration. Oshawa Power plans to add a P&C/SCADA Technician in 2026 to provide the required focus along with the skillset required to ensure that Oshawa Power's expanding grid is monitored and effectively controlled.

*Added: 2.67 FTE Engineering Intern (EIT)*

Beginning in 2021, to alleviate increased demands on the Technical Services team and allow highly skilled Technical Service Technicians to focus on system planning, design and construction packages, Oshawa Power, through its partnership with Ontario Tech University has implemented an internship program. These Electrical Engineering Interns focus on facilitating customer connections and upgrades, as well as ensuring as built drawings are fully updated in the GIS system. They also assist the Engineering Team with generation connections, material approvals and process optimization. These tasks will equip the interns with the necessary skills to consider future opportunities within the LDC sector. In the 2026 budget, 2.67 FTEs have been included for two 18-month internships per year, with a four-month overlap between incoming and outgoing interns for knowledge transfer. One of these roles offsets a temporary/student role in the 2021 test year.

*Added: Two Technical Services Technicians*

Oshawa Power has added one Technical Services Technician to the team in 2024 and plans to add another in 2025. As Oshawa Power is seeing increases in subdivision construction and expansion coupled with increases in service upgrades as customers

begin the electrification transition, new technical service technicians are needed to meet demand and aligns with the 2026-2030 DSP.

*Eliminated: Manager of Metering & Operations, Operation Systems Specialist (GIS)*

The Manager of Metering & Operations role was moved to IT (Administrative & General) in 2021 and the Operation Systems Specialist (GIS) role was moved to IT in 2022. These two roles were later both eliminated and replaced by the role of Manager, Metering and Operational data in 2023 within the Customer Service department, reducing headcount by leveraging co-op students for additional support. As discussed below, a new GIS Analyst role is being proposed for 2026 to expand the Organization's GIS capabilities.

*Added: Manager, Stations and P&C and Manager, Distribution Design & System Planning*

*Eliminated: Two Engineers in Training*

These two engineering manager roles were added in 2023 and 2024 respectively to better manage stations and distribution system planning for the Organization. The Manager, Stations and P&C focuses on station capacity enhancement delivery and station maintenance projects. The Manager, Distribution Design & System Planning focuses on system capacity planning, design and reliability improvement. These roles replace two full time engineers in training on the engineering team.

*Eliminated: VP, Engineering & Operations*

*Added: Managing Director*

*Added: Director of Engineering and Operations*

In 2022, the role of VP, Engineering & Operations was eliminated, and replaced by a Managing Director in 2023, who oversees Engineering, Operations, Safety, Fleet and Facilities. Oshawa Power's Operations supervision and Engineering teams are new and the Managing Director is of retirement age. To ensure proper development and growth, and as recommended by the Review, Oshawa Power plans to incorporate overlapping

time and effective transition by hiring a Director, Engineering & Operations. This new role will be primarily focused on directing the annual and ongoing operations, planning, design, maintenance and construction of the distribution and sub-transmission systems. This role had been planned for 2026, but as of early 2025, Oshawa Power has initiated hiring in 2025 due to demand materializing more quickly than anticipated.

*Eliminated: Technical Services Supervisor, Maintenance Planner, and Distribution Supervisor*

The Manager of Metering & Operations was moved to Customer Service while the Technical Services Supervisor and Maintenance Planner were eliminated in 2021 and their work reallocated to other programs. This role was eliminated in 2022 when the staff person was promoted to Manager, Distribution Construction. That role had become vacant following the promotion of a staff person to Managing Director in Corporate, which replaced the VP, Engineering & Operations role.

## Customer Service

*Added and later Eliminated: Manager, Communications*

This role was created in 2022 and replaced in 2023 with the Director, Marketing and Communications to lead enhanced communications for the Organization.

*Added: Communications Coordinator*

This role was created in 2023 to increase emphasis on digital-first, online communications with customers as well as employee communications.

*Added and later Eliminated: Quality Assurance Specialist* – This role was created in 2023 and eliminated in 2024.

*Eliminated: Customer Service Team Leaders & Customer Service Representatives*

As discussed in section 4.3, Oshawa Power outsourced its Call Centre in 2023, eliminating these roles in favour of an outsourced solution.

*Added: Director Meter to Cash*

This specialized role was established in 2025 through the promotion of the Project Lead/Operations Excellence Manager in IT. The role was created in response to customer engagement results as well as the findings in the Review that improvements to Customer Service at Oshawa Power are needed. This is a role that other LDCs of similar size have to optimize meter-to-cash operations, and is leading improvements to customer service, including with the call centre, as well as the optimization of collections to reduced outstanding customer debt.

*Eliminated: Operations Developer* – This role was eliminated in 2021.

*Added: Business Analyst, Customer Service*

This role was added to support customer service using analytical tools such as Power BI and to support the collections function by ensuring letters, service orders are scheduled and created accurately.

*Added: Manager, Metering and Operational Data*

This role was established in 2023 combining the previous Manager, Meeting & Operations and Operational Systems Specialist (GIS) roles and through process review, was moved to the Meter Reading program within Customer Service. This role was filled as a promotion of the Operations Systems Specialist (GIS), and therefore took on the responsibilities of this role after it was eliminated.

*Added: Meter Operator*

A second Meter Operator position was added in 2024 to support upgrading meter data reading systems and insourcing some meter data reporting functions that had previously been outsourced.

*Added: GIS Analyst*

The new GIS Analyst role has been created for 2026 as recommended in the Review, filling a gap in having a dedicated GIS resource since the Operations Systems Specialist (GIS) was eliminated when the individual in the role was promoted to Manager, Metering and Operational Data. This new dedicated GIS role takes on the GIS-related work being managed by this Manager, focusing on maintaining and managing GIS data, creating dashboards, reports, and analyses.

## Administration & General

*Added: Chief Financial Officer*

*Eliminated: Corporate Controller*

In 2021 following the departure of the Corporate Controller, a VP Finance role was established to lead the Finance department including regulatory functions. In 2022, this role was changed to Chief Financial Officer to align with other LDCs of similar size and reflect the level of responsibilities and portfolio for Oshawa Power.

*Added: Managing Director*

As noted above, in 2022, the role of VP, Engineering & Operations was eliminated, and replaced by a Managing Director in 2023, who oversees Engineering, Operations, Safety, Fleet and Facilities.

*Added: Administrative Assistant*

In 2023, Oshawa Power hired an Administrative Assistant to support the administrative workload that has increased along with the growth of the organization. This role supports senior leaders and the Executive Assistant, who was overburdened managing routine tasks such as scheduling, document management, correspondence, and office coordination. The role has streamlined daily operations and helped to ensure tasks are completed efficiently and on time. This strategic hire has enhanced operational efficiency, optimized communication, and improved resource allocation.

*Added: Chief Technology Officer / Director of Business Transformation*

This new role was established in 2023 and filled through promotion of the Senior Manager, Technology in the IT department. As discussed in Oshawa Power's 2026-2030 Strategic and Business Plans, in a rapidly evolving business environment, organizations must continuously adapt to stay competitive, optimize operations, and drive innovation. Leading transformation proactively is essential for long-term growth. This role leads initiatives that optimize processes, adopt new technologies, and foster a culture of continuous improvement. By focusing on process optimization, technology integration, and cultural change, the CTO ensures cross-functional collaboration and alignment with both current and future business demands, addressing operational inefficiencies and improving employee engagement so Oshawa Power and its customers benefit from the opportunities presented in this time of change. This role is leading development and execution of the Organization's IT Business Transformation Strategy.

*Added: Director of Communications & Marketing*

In 2023, the position of Director of Communications & Marketing was established to spearhead key customer engagement initiatives aimed at enhancing brand reputation and fostering long-term customer loyalty. This role is responsible for ensuring that messaging, customer engagement, and marketing strategies align with the Organization's overarching business objectives, thereby creating a cohesive, customer-centric approach. The position utilizes customer insights to inform marketing strategies, ensuring clear and consistent communication that strengthens relationships, improves retention,

and supports sustainable growth. It positions the organization as a leader in community, delivering measurable business outcomes and a unified brand experience. Key responsibilities encompass integrated strategy development, customer-centric marketing, customer success optimization, brand communication and messaging, cross-functional leadership and collaboration, and data-driven decision-making. This role has resulted in an enhanced approach to customer engagement, as illustrated in Exhibit 1, as well as an improved brand perception among Oshawa Power's customers.

*Added: Director Regulatory & Commercial Affairs*

In 2024, this role was created to lead a newly established Regulatory Department to increase the Organization's focus on regulatory affairs and enhance its interaction with regulatory and governmental bodies given the increase in the pace of policy and regulatory transition as described above in section 4.1. The role is also responsible for leading regulatory compliance and rate applications, and ensuring regulatory issues are taken into consideration in the day-to-day decisions of the Organization. To support the new department, regulatory and contract staff migrated from the Finance department, as well as the Manager of Sustainability & Strategic Partnerships, as described below.

*Added: Senior Contracts Specialist & Privacy Officer*

In 2023, this role was created to support the development, review and management of contracts and other legal documents. The role supports for the Organization by ensuring proper process and legal due diligence. Additionally, this role includes acting as a corporate Privacy Officer to respond to inquiries from employees, customers, and other stakeholders; and managing policy & procedures and compliance with external standards for privacy, protection of customer information, and records retention. In 2024, this role was moved to the new Regulatory Department. In 2025, this role was changed from Contract Analyst to Senior Contract Analyst to reflect the depth and complexity of the contractual work and support on regulatory affairs.

*Added: Senior Regulatory Analyst / Supervisor, Regulatory Affairs*

In 2023, this role was created to support regulatory and finance activities. It is responsible for monitoring regulatory data and performing various accounting duties in order to ensure the organization's regulatory and statutory compliance, including preparing rate applications and other filings for the OEB. In 2024, this role was moved to the new Regulatory Department. In 2025, this role was changed from Senior Financial Analyst, Regulatory to Supervisor, Regulatory Affairs for the purpose of supporting increased regulatory requirements and succession planning within the Regulatory Department.

*Added: Regulatory Coordinator / Regulatory Analyst*

In 2024, this role was created to support the monitoring of regulatory data and performing various accounting duties in order to ensure the Organization's regulatory and statutory compliance. This role also supports the preparation of rate applications and other filings for the OEB. In 2025, this role was changed from Regulatory Coordinator to Regulatory Analyst to reflect an expansion of duties to support deeper analysis including enhanced benchmarking and forecasting.

*Added and Eliminated: Senior Manager, Financial Accounting*

*Added: Director, Finance*

*Eliminated: Manager, Financial Reporting*

*Added: Supervisor, Financial Analysis & Reporting and Supervisor, Accounting*

In 2023, Oshawa Power added a Senior Manager, Financial Accounting. In 2024, Oshawa Power changed the structure of the finance department to delegate day-to-day management of the department to a new Director of Finance role, enabling the CFO to focus on strategic priorities for the Organization. The structure changed from two managers reporting to the CFO into two supervisors reporting to a Director of Finance, who in turn reports into the CFO, following the retirement of one of the managers. One of the two managers was promoted to the Director role, and two new Supervisor roles were established, with one role filled through a promotion of a Senior Financial Analyst.

*Added: Financial Analyst, Financial Planning & Analysis*

*Eliminated: Financial Analyst*

*Added: Two Senior Financial Analysts*

One Financial Analyst was added in 2021 to better support distribution of work in the finance department, since only one Financial Analyst had been included in the 2021 OEB Approved budget. Another Financial Analyst was added in 2022, focused on financial planning and analysis. In 2023, two Senior Financial Analysts roles were established to oversee the accounting functions for all capital expenditures of the Organization, replacing one of existing Financial Analyst roles following a retirement. The Senior Financial Analyst, Capital & Taxes liaises with the Engineering team and Manager of Distribution Construction to ensure accuracy and provide necessary reports for strategic planning and efficient use of the Organization's assets. With the growing demands of updating Oshawa Power's infrastructure and future growth within the service territory, the Finance department required this additional resource to ensure the accurate and timely recording of its fixed assets, DSP progress reports for operational planning and oversight of OEB guidelines to ensure compliance. As tax rules are changing and becoming more complex, Oshawa Power saw the need to have an in-house expert. This position also prepares the preliminary PILs tax calculations and ensures the Organization is up to date with tax regulations. In 2024, one Financial Analyst role and one Senior Financial Analyst role were eliminated during the reorganization of the department. In 2026, aligned with recommendations in the Review, Oshawa Power is forecasting the need for an additional Senior Financial Analyst to support budgeting and forecasting processes and to support the planning, implementation and operation of Oshawa Power's new ERP system. It is also expected that this role with support implementation of the OEB's Decision and Order on this Application once it is issued, as well as preparation of Oshawa Power's next cost of service application following anticipated retirements of accounting staff within the organization.

*Added: Manager of Governance*

This role has been established to be filled mid-2025. This position will conduct and provide insight into internal controls for the Organization, including supporting implementation of practices to improve efficiency between departments and in reporting. This position also manages Risk and updates/implements new policies for risk and internal controls.

*Added and later Eliminated: Project Lead / Operational Excellence Manager*

This role was created to support in 2021 to lead customer-service related projects within the IT department. It was eliminated in 2025 following promotion of the individual to Director, Meter to Cash.

*Added: Two Project Managers*

Two Project Manager (PM) roles, one in 2023 and one in 2024 were created to support the Project Management Office (PMO), which has been required to move forward with Oshawa Power's business transformation initiatives, including the ERP project, the new building, and other simultaneous large and small projects to be executed, many with the same internal resources. Oshawa Power initially began with a single PM, and the volume of work and needs of the Organization exceeded the capacity of a single PM, limiting its ability to take on new projects and provide adequate oversight. The second PM is helping ensure all functions and processes are adhered to by the Organization, improving project prioritization, enhancing visibility across departments, increasing the efficiency of project execution and lowering project costs by helping to prevent cost delays, scope creep and rework, ultimately reducing overall project costs.

*Added: Integration and Automation Architect (IAA)*

In 2023, the role of the IAA was added to work with various groups across the organization to identify opportunities for cost savings through automation, digitization, or modernization and then to design and implement such solutions. Such solutions include a purchase

order and invoicing approval digitization application that is integrated into the financial system, a mobile field solution for meter technicians, and various reports that were previously manually and laboriously created. These solutions have improved operational efficiency and created capacity among existing Oshawa Power staff.

*Added: Senior Network Engineer (SNE)*

In 2023, the Senior Network Engineer (SNE) was added to assist Oshawa Power in implementing various cyber security controls, including network segmentation, intrusion detection and protection, collaborating with third-party SOCs like the IESO, and hardening the OT network.

*Added: IT Analyst*

In 2024, the IT Analyst position was created to support the SNE as Oshawa Power's systems and services become more sophisticated and real-time.

*Added: Cyber Security Analyst*

The Cyber Security Analyst position, set to begin in 2026, is a full-time role that will collaborate with external vendors to address the increasing number of cyber risks and continuously strengthen the network and systems in partnership with SNE.

*Added: Business Analyst*

With the introduction of many new applications, Oshawa Power plans to hire a Business Analyst in 2026 as recommended in the Review to design, maintain, test and oversee information technology and act as a bridge between IT and business teams. Until now, Oshawa Power has relied on external contractors to provide full support to staff but does not have expertise in internal applications. Furthermore, as the CIS is finalized, Oshawa Power requires internal resources to support this and other critical organizational functions such as the ERP, the customer portal, and the phone system.

*Added: Senior Payroll Specialist*

In 2023, Oshawa Power hired a Senior Payroll Specialist to lead the implementation of a new payroll system to support the Organization's growth and enhance time tracking capabilities. As the workforce increases and compliance requirements evolve, manual processes and outdated systems lead to inefficiencies, inaccuracies, and increased risk. The role was a strategic investment that ensured the success of the project and will allow delivery of long-term operational benefits. The expertise required for such an implementation went beyond the current capabilities of the team. The complexity of the newly implemented payroll system requires specialized knowledge of payroll processes, compliance regulations, and technical system integration, as well as training knowledge transfer. In October 2024, with the implementation of the new payroll system complete, this role was reduced to part-time (0.6 FTEs) to support the new system on an ongoing basis.

*Eliminated: Buyer*

*Added: Inventory & Procurement Clerk*

One of the two Buyer roles was eliminated in 2021 following a departure, and was replaced by an Inventory & Procurement Clerk in 2022.

*Added: Supply Chain Analyst*

This role has been added for the 2026 Test Year in alignment with the recommendations from the Review. This position is responsible for planning, analyzing and monitoring Oshawa Power's inventories and supply chain to ensure materials are available for crews and contractors and assist with optimizing inventory. The Supply Chain Analyst will work with the Buyer identify opportunities to complete competitive bids to reduce costs, improve service and lead times. A key role of the Supply Chain Analyst will be coordinating the new ERP implementation from a supply chain perspective. Making sure the tools are configured properly and the old data is integrated into the new system.

### 4.4.5 Employee Compensation Strategy

As noted earlier and addressed in the Review, Oshawa Power faces a competitive labour market for qualified staff for roles across the organization. Oshawa Power is committed to creating a high-performing workforce that is engaged, motivated, and equipped to meet both current and future organizational needs, and this includes development of a competitive compensation strategy that aligns with the available industry benchmarks. This approach has not changed significantly since the last cost of service application, although the benchmarking results have changed significantly since that time due to inflation and other constraints in the labour market.

Each year, Oshawa Power participates in the MEARIE Management Salary Survey for the LDC industry and the Utility Rate Comparison Survey for unionized salaries and benefit policies administered by the EDA Network. This annual process and review provides industry comparators to benchmark compensation policies and practices and ensure consistency. Oshawa Power ensures compensation levels are in alignment with industry averages, based on the P50[2] market position referred to in the survey.

In addition, in 2022 Oshawa Power engaged the Korn Ferry Group to review the management compensation system. This review provided an objective review of non-union job descriptions and adjustments of maximum salary rates for each position for purposes of internal equity and alignment with external industry benchmarks. Job rate (100%) is the rate at which a fully experienced and competent individuals is expected to operate at. Below Job Rate, the individual is either new to the role and/or considered to be developing.

Finally, Oshawa Power regularly compares compensation rates and policies to wage settlements and collective agreements available through the EDA. Oshawa Power benchmarks itself against recent settlements in the Utilities & Construction industries as filed on the Government of Canada - Employment & Social Development website: https://www.canada.ca/en/employment-social-development/services/collective-bargaining-data/wages/wages-industry-sector.html.

[2] 50th percentile.

### Trades & Technical Staff

Oshawa Power's unionized employees are represented by the International Brotherhood of Electrical Workers (IBEW). The current Collective Bargaining Agreement is effective from November 1, 2024 and expires October 31, 2027, following the conclusion of a seven year agreement that resulted in Oshawa Power having the lowest wages for its unionized rates in the GTA and surrounding areas. The current agreement, which was entered into in 2024, includes annual wage increases of 3.25% for 2024, 2025 & 2026 and a $1.00/hour increase for trades in 2024 and 2025. These annual wage increases reflect an in-depth analysis of market trends, industry settlements and improves the ability to retain and attract trades and technical workers to meet future growth and demands with nearly half of the sector's 34 core occupations projected to face labour shortages at the economy wide level. Benefits were also enhanced to better align with industry standards, as discussed in section 4.4.6 below.

### Professional & Management Staff

Executive and management compensation plan consists of salaries and benefits. Each position within the Organization has been placed on a pay scale which is reviewed annually by the Executive team and the Board of Directors' HR Committee. Each employee's position within their respective range is reviewed based on performance, an inflationary adjustment and is regularly benchmarked against industry comparators. Changes to senior management compensation, if any, are approved by the Board of Directors. From review of industry benchmarks since 2023, it was determined that professional and management salary and benefits needed to be improved in order to remain competitive with other employers the GTA.

### Performance Management

Oshawa Power has strengthened its performance management systems to ensure accountability and continuous improvement for all employees. In particular, Oshawa Power's management team has many new managers with less than five years of service and leadership is assessing developmental opportunities, and is focused on building its leadership pipeline. In 2023 and 2024, Oshawa Power put specific individual development plans in place to harness the knowledge of retiring professionals and provide mentorship

and knowledge transfer to junior staff employees, ensuring corporate knowledge is retained and passed on. These programs will continue over the next five years as we on board more employees and identify high potential staff.

### Incentive Based Pay

Oshawa Power offers a variable incentive plan to management and non-union staff which ranges between 10% and 20% of base salary, the final payout being made based on performance compared to targets set at the beginning of each year that align with the OEB Scorecard. The Oshawa Power management at-risk compensation plan has been updated to more strategically align corporate and individual performance outcomes 2026, as well as to better align with industry standards in order to be able to attract and retain staff within the competitive GTA employment market, based on the MEARIE Management Salary Survey.

## 4.4.6 Benefit Program Costs

Oshawa Power utilizes the default accrual basis for recovery of pension and Other Post-Employment Retirement Benefits (OPEB) costs and is not proposing any change in this application.

Oshawa Power offers its employees comprehensive and competitive benefits package which includes medical insurance, life insurance, long-term disability insurance, vacation, non-pension post-retirement benefits, and matching contributions to the OMERS pension plan. Oshawa Power marketed its benefit plan in 2024 to ensure that Oshawa Power has secured the most competitive rate available in the market for benefit obligations and switched the health and dental plan from Greenshield to Canada Life. As part of the Collecting Bargaining Agreement, Oshawa enhanced its benefits to meet current labour market expectations for unionized staff. Accordingly, Oshawa Power also enhanced its benefits for professional and management staff to remain competitive for those positions.

Oshawa Power has included its most recent actuarial report, effective December 31, 2024, in Attachment 4-3. This data has been used to forecast 2025 Bridge Year and 2026 Test Year post-employment benefits. This agrees with the tax analysis in Exhibit 6.

OMERS pension premiums are shown in Table 4-27 below for last OEB Approved, 2021-2024 Actuals, and 2025 Bridge and 2026 Test Years.

**Table 4-27: Pension Premium Information**

| | 2021 OEB-Approved | 2021 Actuals | 2022 Actuals | 2023 Actuals | 2024 Actuals | 2025 Bridge Year | 2026 Test Year |
|---|---|---|---|---|---|---|---|
| | | | | | | | |
| OMERS Premiums | 895,489 | 760,832 | 755,210 | 887,938 | 1,049,218 | 1,062,104 | 1,232,780 |

Oshawa Power pays certain health, dental, and life insurance benefits on behalf of its retired employees. Actual premiums and expenses paid for 2021 Actual through to the 2026 Test Year are shown in Table 4-28 below. Oshawa Power has forecast future years expenses based on 2025 estimate plus inflation.

**Table 4-28: Other Post-Employment Benefits**

| | 2021 OEB-Approved | 2021 Actuals | 2022 Actuals | 2023 Actuals | 2024 Actuals | 2025 Bridge Year | 2026 Test Year |
|---|---|---|---|---|---|---|---|
| Expenses Paid | 481,106 | 481,931 | 481,212 | 505,458 | 615,356 | 673,624 | 673,624 |
| Premiums Paid | 95,632 | 105,866 | 116,023 | 121,785 | 124,749 | 132,000 | 132,000 |
| Change in Accrued Liability | 206,861 | 49,356 | 38,094 | (108,262) | (21,763) | (22,198) | (22,642) |
| **Total** | **783,600** | **637,153** | **635,329** | **518,981** | **718,343** | **783,425** | **782,981** |

### 4.4.7 FTEs and Employee Costs Variance Analysis

A year-over-year analysis of FTEs and compensation costs for 2021 OEB Approved, 2021 to 2024 historical years, and forecast 2025 Bridge Year and 2026 Test Year are shown below. The FTEs amounts shown below reflect end of year FTE counts, and therefore differ from Appendix 2-K for which number of FTEs was based on mid-year averages. Role additions and elimination align with those discussed in Table 4-26.

*2021 OEB Approved vs. 2021 Actuals*

There were 21.1 fewer FTEs, or -23%, in the 2021 Actuals compared to the 2021 OEB Approved, with significant changes in the corporate and finance departments, staff turnover in existing roles and challenges re-hiring during the COVID-19 pandemic. As a result, there were increases for non labour costs as Oshawa Power navigated through this period of change, including subcontractor costs to fill in for staff that were unable to work due to COVID-19 Health department constraints. This also resulted in Total compensation was lower by $1,323,694, or 11%, compared to the 2021 OEB Approved

year, based on costs associated with this turnover partially offsetting the lower costs of a smaller staffing complement.

**Table 4-29: 2021 Actual FTEs & Compensation vs. 2021 OEB-Approved**

| Variance | 2021 OEB-Approved | Retirements | Departure from Existing Roles | Move Within Organization | Eliminated Roles | Vacancies Not Filled | New Roles | New Arrival in Existing Roles | Temps / Interns / Students | 2021 Actuals |
|---|---|---|---|---|---|---|---|---|---|---|
| FTEs | 91.4 | -1.1 | -21.5 | -2.0 | -5.0 | -6.0 | 5.0 | 11.4 | -1.9 | 70.3 |
| | | | | | | | | Change in FTEs | | -21.1 |
| | | | | | | | | Change in FTEs (%) | | -23% |
| Compensation | $ | 11,966,740 | | | | | | | | $ 10,643,046 |
| | | | | | | | Change in Compensation | | | $ (1,323,694) |
| | | | | | | | Change in Compensation (%) | | | -11% |

Details of the new and eliminated roles are as follows:

- Six PLT vacancies included in the 2021 Test Year were not filled due to hiring constraints, in addition to two PLTs leaving (one promotion, one retirement).
- An apprentice PME role and two engineering intern roles were also added.
- The Manager of Metering & Operations, Technical Services Supervisor, Maintenance Planner, and Operations Developer roles were eliminated and their work allocated to other programs.
- A Customer Service Business Analyst role was created to support analysis of customer data.
- Corporate Controller role was eliminated and replaced with the VP, Finance, Business & Corporate Services, with some overlap.
- A Financial Analyst role was created to support workload across the finance department.
- A Project Lead/ Operations Excellence Manager role was created and later eliminated in 2025 when the individual was promoted to Director, Meter to Cash.
- One of two Buyer roles was eliminated in the Supply Chain department following a departure.

*2022 Actuals vs. 2021 Actuals*

There were 3.2 additional, or 5% more, FTEs in the 2022 Actuals compared to the 2021 Actuals, with the most significant changes at the executive level and initiation of the development of the IT business transformation strategy within the IT department. Accordingly, total compensation increased slightly by $374,610, or 4%, reflecting the new staff and increases in costs due to inflation. See Table 4-30 below.

**Table 4-30: 2022 Actual FTEs & Compensation vs. 2021 Actuals**

| Variance | 2021 Actuals | Retirements | Departure from Existing Roles | Move Within Organization | Eliminated Roles | New Roles | New Arrival in Existing Roles | Temps / Interns / Students | 2022 Actuals |
|---|---|---|---|---|---|---|---|---|---|
| FTEs | 70.3 | -2.9 | -7.5 | -3.0 | -2.0 | 8.0 | 9.6 | 1.0 | 73.5 |
| | | | | | | | Change in FTEs | | 3.2 |
| | | | | | | | Change in FTEs (%) | | 5% |
| Compensation | $ 10,643,046 | | | | | | | | $ 11,017,657 |
| | | | | | | Change in Compensation | | | $ 374,612 |
| | | | | | | Change in Compensation (%) | | | 4% |

Details of the new and eliminated roles are as follows:

- Two new PLT apprentice roles added to the three original positions included in the 2021 OEB-approved amounts.
- A sub-foreperson PME role created through promotion of the Power Maintenance Electrician, leaving the PME role vacant which was later filled in 2023 by the PME apprentice following qualification.
- VP of Engineering & Operations role was eliminated and replaced in 2023 with the Managing Director role.
- HR Consultant was promoted to the new role of Manager, Human Resources and Health & Safety, this role was left vacant until an HR Coordinator was hired in 2023.
- Corporate Controller role was fully removed from FTE headcount following some overlap with the new VP, Finance, Business & Corporate Services, which was later replaced with a Chief Financial Officer.
- A Manager, Communications role was created, this role was eliminated in 2023 following the creation of a Director, Communications role.
- A Financial Analyst, Financial Planning & Analysis role was created.

- Operational Technology Specialist (GIS) was eliminated when the individual in the role was promoted.
- An Inventory & Procurement Clerk replaced the Buyer role eliminated in 2021 in the Supply Chain department.

*2023 Actuals vs. 2022 Actuals*

There were 13.6 additional, or 18% more, FTEs in the 2023 Actuals compared to the 2022 Actuals, with the most significant changes in the corporate department, filling of vacant roles, as well as the formation of a new executive team. There were also additions within the finance department to meet workload needs, as well as qualification of PLT apprentices within the Distribution department. Accordingly, total compensation increased by $1,018,941, or 9%, reflecting that most new roles were hired part way through 2023. See Table 4-31 below.

**Table 4-31: 2023 Actual FTEs & Compensation vs. 2022 Actuals**

| Variance | 2022 Actuals | Retirements | Departure from Existing Roles | Move Within Organization | Eliminated Roles | New Roles | New Arrival in Existing Roles | Temps / Interns / Students | 2023 Actuals |
|---|---|---|---|---|---|---|---|---|---|
| FTEs | 73.5 | -0.7 | -5.5 | -5.0 | -11.0 | 13.8 | 20.0 | 2.0 | 87.0 |
| | | | | | | | Change in FTEs | | 13.6 |
| | | | | | | | Change in FTEs (%) | | 18% |
| Compensation | $ 11,017,657 | | | | | | | | $ 12,036,598 |
| | | | | | | | Change in Compensation | | $ 1,018,941 |
| | | | | | | | Change in Compensation (%) | | 9% |

Details of the new and eliminated roles are as follows:

- One PLT role eliminated following the promotion of the individual to PLT sub-foreperson.
- The five PLT apprentice roles were eliminated following the promotion of all five apprentices to PLTs.
- The PME apprentice was promoted to the vacant PME role, and the apprentice role was eliminated.
- Operational System Specialist (GIS) (changed to Operational Technology Specialist in 2022) was eliminated when the individual was promoted to a new Manager of Metering & Operational Data role, replacing a similar Manager role that had been eliminated in 2021.

- Creation of a new Manager, Stations and P&C role.
- The Managing Director role replaced the VP Engineering that had been vacant since 2022 through a promotion of the individual in the Manager of Distribution Construction role. As a result, the second Distribution Supervisor role was eliminated following the promotion of the individual in the Distribution Supervisor role to Manager of Distribution Construction.
- Manager of Communications, created in 2022, was eliminated when the individual was promoted to a new Director, Communications & Marketing role in the new executive team.
- Creation of the Communications Coordinator role, and creation of the Quality Assurance specialist role, which was eliminated in 2024.
- Manager, Human Resources and Health & Safety role, created in 2022, was eliminated following replacement of the Director of HR with a Director, People & Culture in the new executive team.
- Creation of a new Administrative Assistant role to support the executive team.
- Creation of the new CTO, Director of Business Transformation role within the new executive team through the promotion of the Senior Manager, Technology, which was left vacant.
- Contracts Specialist & Privacy Officer and Senior Regulatory Analyst roles were created.
- Creation of the new Senior Manager, Financial Accounting role, which was eliminated in 2024.
- Addition of two Senior Financial Analyst replacing one of the existing Financial Analyst roles following a departure and a retirement.
- Creation of a new Project Manager role pursuant to the establishment of the PMO.
- Creation of a Senior Network Engineer role and an Integrated and Automation Architect.

- Creation of the Senior Payroll Specialist role to support the implementation of the new pay system.

### *2024 Actuals vs. 2023 Actuals*

There were 1.3 fewer FTEs, or -1%, in the 2024 Actuals compared to the 2023 Actuals, with outsourcing of the customer service call centre and retirements offset by the creation of a separate regulatory department with a new executive role, and recognition of a full year of costs of new staff hired midway through 2023. In addition, there were organizational changes within the distribution and finance departments at the end of the year. Total compensation increased by $1,911,782, or 16%, to reflect the full year cost impacts in 2024 of hiring in mid-to-late in 2023, as well as compensation cost increases resulting from high inflation and staffing shortages across the industry. This affected the results of union negotiations and created increased salary expectations to attract and retain qualified staff for roles across the Organization. See Table 4-32 below.

**Table 4-32: 2024 Actual FTEs & Compensation vs. 2023 Actuals**

| Variance | 2023 Actuals | Retirements | Departure from Existing Roles | Move Within Organization | Eliminated Roles | New Roles | New Arrival in Existing Roles | Temps / Interns / Students | 2024 Actuals |
|---|---|---|---|---|---|---|---|---|---|
| FTEs | 87.0 | -5.1 | -5.0 | -2.1 | -5.3 | 6.3 | 9.3 | 0.4 | 85.7 |
| | | | | | | | Change in FTEs | | -1.3 |
| | | | | | | | Change in FTEs (%) | | -1% |
| Compensation | $ 12,036,598 | | | | | | | | $ 13,948,381 |
| | | | | | | | Change in Compensation | | $ 1,911,782 |
| | | | | | | | Change in Compensation (%) | | 16% |

Details of the new and eliminated roles are as follows:

- Creation of second Operations Coordinator role through the promotion of one customer service representative.
- Creation of one new Technical Service Technician role.
- Creation of a new Manager Distribution Design & System Planning and elimination of one of the two full time Engineer in Training roles following reorganization of the Engineering department.
- Quality Assurance Specialist role, created in 2023, was eliminated.

- Customer Service representative roles eliminated following the closure of Oshawa Power's call centre and replacement with outsourcing.
- Replacement of an experienced Meter Technician with an Apprentice following a retirement.
- A Supervisor, Customer Service role that had been vacant since a retirement was also filled, as per the recommendation of the Review.
- Creation of a second meter data operator role through promotion of a customer service lead.
- Creation of the Director, Regulatory & Commercial Affairs role, and creation of the Regulatory Analyst role to support the new Regulatory & Commercial Affairs team.
- Creation of the Director of Finance role following reorganization of the Finance department. As part of the same reorganization, two Manager roles were replaced by Supervisor roles, and a Financial Analyst and a Senior Financial Analyst role were eliminated.
- Creation of second Project Manager role near the end of the year to support the PMO.
- Creation of new IT analyst role.
- Senior Payroll Specialist role shifted from a full-time to a part-time role.

*2025 Actuals vs. 2024 Bridge Year Forecast*

There is a net increase of 2.1, or 2% more, FTEs in the 2025 Bridge Year Forecast compared to the 2024 Actuals, based on an expectation of filling existing vacant roles across the Organization. Accordingly, total compensation increased by $1,520,125, or 11%, reflecting the new roles. See Table 4-33 below.

**Table 4-33: 2025 Forecast Bridge Year FTEs & Compensation vs. 2024 Actuals**

| Variance | 2024 Actuals | Retirements | Departure from Existing Roles | Move Within Organization | Eliminated Roles | Vacancies To Be Filled | New Roles | New Arrival in Existing Roles | Temps / Interns / Students | 2025 Bridge Year |
|---|---|---|---|---|---|---|---|---|---|---|
| FTEs | 85.7 | -2.2 | -6.3 | -1.6 | -2.4 | 3.5 | 2.6 | 10.8 | -2.3 | 87.9 |
| | | | | | | | | Change in FTEs | | 2.1 |
| | | | | | | | | Change in FTEs (%) | | 2% |
| Compensation | $ 13,948,381 | | | | | | | | | $ 15,468,506 |
| | | | | | | | Change in Compensation | | | $ 1,520,125 |
| | | | | | | | Change in Compensation (%) | | | 11% |

Details of the new and eliminated roles are as follows:

- Creation of a new PLT apprentice role and a new Technical Service Technician role.
- Elimination of the Engineering in Training role in the engineering team.
- Project Lead/Operations Excellence Manager role, created in 2023, was eliminated when the individual was promoted to Director, Meter to Cash.
- A new Manager of Governance role planned but not yet hired.
- Several existing vacant roles, including the Supervisor of Accounting role, the anticipated replacement of a PLT sub-foreperson following a retirement, and a vacant Meter Technician role not yet hired.

Of note, as of early 2025, two roles additional roles have been posted for 2025 which are were not included in the Bridge Year Forecast.

- The Manager, Customer Service is early re-hiring for a position that was eliminated when the Supervisor, Customer Service role was established in 2024 in order to support Customer Service improvements required to address Customer Engagement survey results in 2024.
- The Director, Engineering & Operations role was posted following the recommendation of the Review and internal assessment of the need for this role materializing more quickly than anticipated.

### *2026 Bridge Year Forecast vs. 2025 Test Year Forecast*

There is a net increase of 17.3 FTEs, or 20% more, in the 2026 Test Year Forecast compared to the 2025 Bridge Year forecast, based on the filling existing vacant roles across the Organization, adding new roles recommended in the Review including new

apprentices, intern and student roles. Accordingly, total compensation increased by $2,560,688, or 17%, reflecting the cost of the new roles. See Table 4-34 below.

**Table 4-34: 2026 Forecast Test Year FTEs & Compensation vs. 2025 Bridge Year**

| Variance | 2025 Bridge Year | Retirements (forecast) | Existing Role Vacancies | New Roles | New Arrival in Existing Roles | Temps / Interns / Students | 2026 Test Year |
|---|---|---|---|---|---|---|---|
| FTEs | 87.9 | -3.0 | 1.0 | 11.0 | 3.8 | 4.6 | 105.2 |
| | | | | | Change in FTEs | | 17.3 |
| | | | | | Change in FTEs (%) | | 20% |
| Compensation | $ 15,468,506 | | | | | | $ 18,029,194 |
| | | | | Change in Compensation | | | $ 2,560,688 |
| | | | | Change in Compensation (%) | | | 17% |

Details of the new and eliminated roles are as follows:

- No plans to eliminate roles in 2026.
- One new PLT, a second PLT apprentice, and two PME apprentice roles are planned.
- New P&C / SCADA role created to support grid control and monitoring.
- New Director of Engineering & Operations, GIS Analyst, Senior Financial Analyst, Cybersecurity Analyst, Business Analyst, and Supply Chain Analyst roles are planned, as recommended by Review.
- Existing vacant roles anticipated to be filled in 2026 include the Manager, Customer Services role.

## 4.5 SHARED SERVICES AND CORPORATE COST ALLOCATION

### Shared Services

In accordance with the OEB's Affiliate Relationship Code, Oshawa Power provides services based on market or on fully allocated cost in accordance with Services Agreements with its affiliates. As discussed in Exhibit 1, in section 1.4.11 on Corporate and Utility Structure, Oshawa Power allocates a share of its administrative costs to its affiliate companies. These allocations are based on the cost of the services provided and are reviewed annually. Specifically:

- Oshawa Power charges Oshawa PUC Energy Services (OPUCES), operating as EnerFORGE), Oshawa PUC Services (OPUCS), Oshawa Power and Utilities Corporation Oshawa (OPUC), and 2252112 Ontario Inc. for finance and corporate support services based on fully allocated costs.
- In 2023, 2825407 Ontario Inc. has begun providing Metering and Collection services to Oshawa Power at market price. Oshawa Power charges 2825407 for finance and corporate support services based on fully allocated costs.
- Oshawa Power charges market rates for Pole and Duct space rented by its affiliate Oshawa PUC Services Inc. (OPUCS), which includes Durham Broadband.

## Corporate Cost Allocation

Oshawa Power & Utility Corporation (OPUC) is the parent company of Oshawa Power and charges Oshawa Power a management fee. There are no Board of Directors-related cost for affiliates included in Oshawa Power's own costs.

A summary of shared services and corporate cost allocation for each year is provided in Tables 4-35 to 4-40 below, corresponding to the OEB's Appendix 2-N. Oshawa Power has provided Appendix 2-N for 2021 to 2024 Actuals, as well as a forecast for the 2025 Bridge and 2026 Test Year.

## Table 4-35: 2021 Shared Services & Corporate Cost Allocation (Appendix 2-N)

Year: 2021

### Shared Services

| Name of Company | | Service Offered | Pricing Methodology | Price for the Service | Cost for the Service |
|---|---|---|---|---|---|
| From | To | | | $ | $ |
| Oshawa Power | OPUCES | Strategic Oversight | Fully Allocated Costs | $218,009 | $218,009 |
| Oshawa Power | OPUCES | Shared Finance Services | Fully Allocated Costs | $128,855 | $128,855 |
| Oshawa Power | OPUCES | Other Shared Services | Fully Allocated Costs | $205,726 | $205,726 |
| Oshawa Power | OPUCS | Strategic Oversight | Fully Allocated Costs | $70,226 | $70,226 |
| Oshawa Power | OPUCS | Shared Finance Services | Fully Allocated Costs | $41,507 | $41,507 |
| Oshawa Power | OPUCS | Other Shared Services | Fully Allocated Costs | $66,269 | $66,269 |
| Oshawa Power | OPUC | Strategic Oversight | Fully Allocated Costs | $23,315 | $23,315 |
| Oshawa Power | OPUC | Shared Finance Services | Fully Allocated Costs | $13,780 | $13,780 |
| Oshawa Power | OPUC | Other Shared Services | Fully Allocated Costs | $22,001 | $22,001 |
| Oshawa Power | 2252112 Ontario Inc. | Admin Fees | Fully Allocated Costs | $26,049 | $26,049 |
| Oshawa Power | OPUCS | Joint Use Pole Rental | Market | $57,272 | $57,272 |
| Oshawa Power | OPUCS | Duct Fibre Optic Rental | Market | $25,723 | $25,723 |
| | | | | | |

### Corporate Cost Allocation

| Name of Company | | Service Offered | Pricing Methodology | % of Corporate Costs Allocated | Amount Allocated |
|---|---|---|---|---|---|
| From | To | | | % | $ |
| OPUC | Oshawa Power | Management Services | Cost Based | 50.9% | $245,139 |
| | | | | | |

## Table 4-36: 2022 Shared Services & Corporate Cost Allocation (Appendix 2-N)

Year: 2022

### Shared Services

| Name of Company | | Service Offered | Pricing Methodology | Price for the Service | Cost for the Service |
|---|---|---|---|---|---|
| From | To | | | $ | $ |
| Oshawa Power | OPUCES | Strategic Oversight | Fully Allocated Costs | $223,049 | $223,049 |
| Oshawa Power | OPUCES | Shared Finance Services | Fully Allocated Costs | $266,862 | $266,862 |
| Oshawa Power | OPUCES | Other Shared Services | Fully Allocated Costs | $150,795 | $150,795 |
| Oshawa Power | OPUCS | Strategic Oversight | Fully Allocated Costs | $34,230 | $34,230 |
| Oshawa Power | OPUCS | Shared Finance Services | Fully Allocated Costs | $40,954 | $40,954 |
| Oshawa Power | OPUCS | Other Shared Services | Fully Allocated Costs | $23,142 | $23,142 |
| Oshawa Power | OPUC | Strategic Oversight | Fully Allocated Costs | $31,348 | $31,348 |
| Oshawa Power | OPUC | Shared Finance Services | Fully Allocated Costs | $37,506 | $37,506 |
| Oshawa Power | OPUC | Other Shared Services | Fully Allocated Costs | $21,193 | $21,193 |
| Oshawa Power | 2252112 Ontario Inc. | Admin Fees | Fully Allocated Costs | $41,016 | $41,016 |
| Oshawa Power | 2825909 Ontario Inc | Admin Fees | Fully Allocated Costs | $6,384 | $6,384 |
| Oshawa Power | OPUCS | Joint Use Pole Rental | Market | $45,848 | $45,848 |
| Oshawa Power | OPUCS | Duct Fibre Optic Rental | Market | $26,276 | $26,276 |
| | | | | | |

### Corporate Cost Allocation

| Name of Company | | Service Offered | Pricing Methodology | % of Corporate Costs Allocated | Amount Allocated |
|---|---|---|---|---|---|
| From | To | | | % | $ |
| OPUC | Oshawa Power | Management Services | Cost Based | 29.3% | $267,804 |
| | | | | | |

## Table 4-37: 2023 Shared Services & Corporate Cost Allocation (Appendix 2-N)

Year: 2023

### Shared Services

| Name of Company | | Service Offered | Pricing Methodology | Price for the Service | Cost for the Service |
|---|---|---|---|---|---|
| From | To | | | $ | $ |
| Oshawa Power | OPUCES | Strategic Oversight | Fully Allocated Costs | $144,087 | $144,087 |
| Oshawa Power | OPUCES | Shared Finance Services | Fully Allocated Costs | $379,390 | $379,390 |
| Oshawa Power | OPUCES | Other Shared Services | Fully Allocated Costs | $177,735 | $177,735 |
| Oshawa Power | OPUCS | Strategic Oversight | Fully Allocated Costs | $32,657 | $32,657 |
| Oshawa Power | OPUCS | Shared Finance Services | Fully Allocated Costs | $85,987 | $85,987 |
| Oshawa Power | OPUCS | Other Shared Services | Fully Allocated Costs | $40,283 | $40,283 |
| Oshawa Power | OPUC | Strategic Oversight | Fully Allocated Costs | $18,693 | $18,693 |
| Oshawa Power | OPUC | Shared Finance Services | Fully Allocated Costs | $49,220 | $49,220 |
| Oshawa Power | OPUC | Other Shared Services | Fully Allocated Costs | $23,059 | $23,059 |
| Oshawa Power | 2252112 Ontario Inc. | Admin Fees | Fully Allocated Costs | $48,031 | $48,031 |
| Oshawa Power | OPUCS | Joint Use Pole Rental | Market | $47,550 | $47,550 |
| Oshawa Power | OPUCS | Duct Fibre Optic Rental | Market | $27,642 | $27,642 |
| 2825407 Ontario Inc. | Oshawa Power | Metering Services | Market | $47,926 | $31,543 |
| 2825407 Ontario Inc. | Oshawa Power | Collection | Market | $47,926 | $31,543 |
| | | | | | |

### Corporate Cost Allocation

| Name of Company | | Service Offered | Pricing Methodology | % of Corporate Costs Allocated | Amount Allocated |
|---|---|---|---|---|---|
| From | To | | | % | $ |
| OPUC | Oshawa Power | Management Services | Cost Based | 53.1% | $292,560 |
| | | | | | |

## Table 4-38: 2024 Shared Services & Corporate Cost Allocation (Appendix 2-N)

Year: 2024

### Shared Services

| Name of Company | | Service Offered | Pricing Methodology | Price for the Service | Cost for the Service |
|---|---|---|---|---|---|
| From | To | | | $ | $ |
| Oshawa Power | OPUCES | Strategic Oversight | Fully Allocated Costs | $136,162 | $136,162 |
| Oshawa Power | OPUCES | Shared Finance Services | Fully Allocated Costs | $165,842 | $165,842 |
| Oshawa Power | OPUCES | Shared IT Services | Fully Allocated Costs | $43,082 | $43,082 |
| Oshawa Power | OPUCES | Other Shared Services | Fully Allocated Costs | $57,572 | $57,572 |
| Oshawa Power | OPUCS | Strategic Oversight | Fully Allocated Costs | $68,338 | $68,338 |
| Oshawa Power | OPUCS | Shared Finance Services | Fully Allocated Costs | $41,257 | $41,257 |
| Oshawa Power | OPUCS | Other Shared Services | Fully Allocated Costs | $23,409 | $23,409 |
| Oshawa Power | OPUC | Strategic Oversight | Fully Allocated Costs | $132,305 | $132,305 |
| Oshawa Power | OPUC | Shared Finance Services | Fully Allocated Costs | $21,575 | $21,575 |
| Oshawa Power | OPUC | Other Shared Services | Fully Allocated Costs | $26,804 | $26,804 |
| Oshawa Power | 2252112 Ontario Inc. | Admin Fees | Fully Allocated Costs | $16,162 | $16,162 |
| Oshawa Power | 2825407 Ontario Inc. | Management | Fully Allocated Costs | $53,299 | $53,299 |
| Oshawa Power | 2825407 Ontario Inc. | Shared Finance Services | Fully Allocated Costs | $14,197 | $14,197 |
| Oshawa Power | 2825407 Ontario Inc. | Other Shared Services | Fully Allocated Costs | $34,998 | $34,998 |
| Oshawa Power | 2825407 Ontario Inc. | Operational Support | Fully Allocated Costs | $38,945 | $38,945 |
| Oshawa Power | OPUCS | Joint Use Pole Rental | Market | $47,550 | $47,550 |
| Oshawa Power | OPUCS | Duct Fibre Optic Rental | Market | $27,642 | $27,642 |
| 2825407 Ontario Inc. | Oshawa Power | Metering Services | Market | $214,029 | $136,067 |
| 2825407 Ontario Inc. | Oshawa Power | Collection | Market | $222,778 | $148,632 |

### Corporate Cost Allocation

| Name of Company | | Service Offered | Pricing Methodology | % of Corporate Costs Allocated | Amount Allocated |
|---|---|---|---|---|---|
| From | To | | | % | $ |
| OPUC | Oshawa Power | Management Services | Cost Based | 64.0% | $494,316 |
| | | | | | |

## Table 4-39: 2025 Shared Services & Corporate Cost Allocation (Appendix 2-N)

**Year:** 2025

### Shared Services

| Name of Company | | Service Offered | Pricing Methodology | Price for the Service | Cost for the Service |
|---|---|---|---|---|---|
| From | To | | | $ | $ |
| Oshawa Power | OPUCES | Strategic Oversight | Fully Allocated Costs | $132,112 | $132,112 |
| Oshawa Power | OPUCES | Shared Finance Services | Fully Allocated Costs | $97,346 | $97,346 |
| Oshawa Power | OPUCES | Business Development Support | Fully Allocated Costs | $42,642 | $42,642 |
| Oshawa Power | OPUCES | Other Shared Services | Fully Allocated Costs | $64,911 | $64,911 |
| Oshawa Power | OPUCS | Strategic Oversight | Fully Allocated Costs | $81,542 | $81,542 |
| Oshawa Power | OPUCS | Shared Finance Services | Fully Allocated Costs | $20,402 | $20,402 |
| Oshawa Power | OPUCS | Other Shared Services | Fully Allocated Costs | $39,693 | $39,693 |
| Oshawa Power | OPUC | Strategic Oversight | Fully Allocated Costs | $135,622 | $135,622 |
| Oshawa Power | OPUC | Shared Finance Services | Fully Allocated Costs | $43,669 | $43,669 |
| Oshawa Power | OPUC | Other Shared Services | Fully Allocated Costs | $23,399 | $23,399 |
| Oshawa Power | 2252112 Ontario Inc. | Admin Fees | Fully Allocated Costs | $21,996 | $21,996 |
| Oshawa Power | 2825407 Ontario Inc. | Strategic Oversight | Fully Allocated Costs | $196,875 | $196,875 |
| Oshawa Power | 2825407 Ontario Inc. | Shared Finance Services | Fully Allocated Costs | $83,561 | $83,561 |
| Oshawa Power | 2825407 Ontario Inc. | Other Shared Services | Fully Allocated Costs | $65,292 | $65,292 |
| Oshawa Power | 2825407 Ontario Inc. | Operational Support | Fully Allocated Costs | $172,932 | $172,932 |
| Oshawa Power | OPUCS | Joint Use Pole Rental | Market | $50,680 | $50,680 |
| Oshawa Power | OPUCS | Duct Fibre Optic Rental | Market | $27,642 | $27,642 |
| 2825407 Ontario Inc. | Oshawa Power | Metering Services | Market | $150,675 | $95,790 |
| 2825407 Ontario Inc. | Oshawa Power | Collection | Market | $406,725 | $271,357 |
| OPUCES | Oshawa Power | Customer Support | Fully Allocated Costs | $117,729 | $117,729 |
| | | | | | |

### Corporate Cost Allocation

| Name of Company | | Service Offered | Pricing Methodology | % of Corporate Costs Allocated | Amount Allocated |
|---|---|---|---|---|---|
| From | To | | | % | $ |
| OPUC | Oshawa Power | Management Services | Cost Based | 70.5% | $484,957 |
| | | | | | |

**Table 4-40: 2026 Shared Services & Corporate Cost Allocation (Appendix 2-N)**

Year: 2026

**Shared Services**

| Name of Company | | Service Offered | Pricing Methodology | Price for the Service | Cost for the Service |
|---|---|---|---|---|---|
| From | To | | | $ | $ |
| Oshawa Power | OPUCES | Strategic Oversight | Fully Allocated Costs | $137,533 | $137,533 |
| Oshawa Power | OPUCES | Shared Finance Services | Fully Allocated Costs | $100,127 | $100,127 |
| Oshawa Power | OPUCES | Business Development Support | Fully Allocated Costs | $43,921 | $43,921 |
| Oshawa Power | OPUCES | Other Shared Services | Fully Allocated Costs | $66,858 | $66,858 |
| Oshawa Power | OPUCS | Strategic Oversight | Fully Allocated Costs | $84,718 | $84,718 |
| Oshawa Power | OPUCS | Shared Finance Services | Fully Allocated Costs | $20,967 | $20,967 |
| Oshawa Power | OPUCS | Other Shared Services | Fully Allocated Costs | $40,883 | $40,883 |
| Oshawa Power | OPUC | Strategic Oversight | Fully Allocated Costs | $142,914 | $142,914 |
| Oshawa Power | OPUC | Shared Finance Services | Fully Allocated Costs | $44,427 | $44,427 |
| Oshawa Power | OPUC | Other Shared Services | Fully Allocated Costs | $22,335 | $22,335 |
| Oshawa Power | 2252112 Ontario Inc. | Admin Fees | Fully Allocated Costs | $22,633 | $22,633 |
| Oshawa Power | 2825407 Ontario Inc. | Strategic Oversight | Fully Allocated Costs | $173,516 | $173,516 |
| Oshawa Power | 2825407 Ontario Inc. | Shared Finance Services | Fully Allocated Costs | $85,952 | $85,952 |
| Oshawa Power | 2825407 Ontario Inc. | Other Shared Services | Fully Allocated Costs | $111,938 | $111,938 |
| Oshawa Power | 2825407 Ontario Inc. | Operational Support | Fully Allocated Costs | $274,660 | $274,660 |
| Oshawa Power | OPUCS | Joint Use Pole Rental | Market | $50,680 | $50,680 |
| Oshawa Power | OPUCS | Duct Fibre Optic Rental | Market | $27,642 | $27,642 |
| 2825407 Ontario Inc. | Oshawa Power | Metering Services | Market | $154,442 | $98,185 |
| 2825407 Ontario Inc. | Oshawa Power | Collection | Market | $416,893 | $278,140 |
| OPUCES | Oshawa Power | Customer Support | Fully Allocated Costs | $121,261 | $121,261 |
| | | | | | |

**Corporate Cost Allocation**

| Name of Company | | Service Offered | Pricing Methodology | % of Corporate Costs Allocated | Amount Allocated |
|---|---|---|---|---|---|
| From | To | | | % | $ |
| OPUC | Oshawa Power | Management Services | Cost Based | 73.0% | $501,129 |
| | | | | | |

## Variance Analysis

### *Test Year 2026 vs. 2021 OEB Approved*

Oshawa Power has seen an increase in spending on services to affiliates in the 2026 Test Year since the 2021 OEB Approved amounts, with explanation for material variances in Table 4-41 below.

**Table 4-41: Variance Analysis for 2026 Test Year vs. 2021 OEB Approved**

| Name of Company | | Service Offered | 2026 Test Year | 2021 OEB-Approved | Variance | Explanation |
|---|---|---|---|---|---|---|
| From | To | | | | | |
| Oshawa Power | 2825407 Ontario Inc. | Operational Support | 274,660 | 0 | 274,660 | 2825407 Ontario Inc. was established in 2023, with Oshawa Power staff to provide increasing operational support execution of new affiliate strategy. |
| 2825407 Ontario Inc. | Oshawa Power | Collection | 416,893 | 0 | 416,893 | 2825407 Ontario Inc. was established in 2023, with affiliate undertaking collections activity following an increase in bad debt since the pandemic. |
| | | | | | | |
| **Totals** | | | **691,553** | **0** | **691,553** | |

### *Test Year 2026 vs. 2024 Actuals*

Oshawa Power has seen an increase in spending on services to affiliates in the 2026 Test Year since the 2021 OEB Approved amounts, with explanation for material variances in Table 4-42 below.

**Table 4-42: Variance Analysis for 2026 Test Year vs. 2024 Actuals**

| Name of Company | | Service Offered | 2026 Test Year | 2024 Actuals | Variance | Explanation |
|---|---|---|---|---|---|---|
| From | To | | | | | |
| Oshawa Power | 2825407 Ontario Inc. | Operational Support | 274,660 | 38,945 | 235,715 | Affiliate leveraging Oshawa Power staff for increasing operational support as new affiliate strategy is executed. |
| 2825407 Ontario Inc. | Oshawa Power | Collection | 416,893 | 222,778 | 194,114 | Affiliate to undertake increased collections activity after 2024 to further curb bad debt growth. |
| **Totals** | | | **691,553** | **261,723** | **429,829** | |

## Reconciliation of Revenue in Appendix 2-N

The Filing Requirements require applicants to provide a reconciliation of the revenue in Appendix 2-N to the amounts included in Other Revenue in Exhibit 6. Only “Joint Use Pole Rental” and “Duct Fibre Optic Rental” in the Tables above are also included in Other Revenue as reported in Exhibit 6. Both are reported within USoA Account 4610, Rent from Electric Property. Table 4-43 below shows the reconciliation of the Other Revenue amounts in the Tables above to the Other Revenue amounts in Exhibit 6.

**Table 4-43: Reconciliation to "Other Revenue" in Exhibit 6**

| Reporting Basis | | 2021 Actual | 2022 Actual | 2023 Actual | 2024 Actual | Bridge Year | Test Year |
|---|---|---|---|---|---|---|---|
| Extract from Exhibit 6 - Appendix 2 -H Other Revenue | Joint Use Pole Rental - OPUCS | $ 57,272 | $ 58,696 | $ 58,699 | $ 60,196 | $ 58,699 | $ 53,485 |
| Extract from Exhibit 6 - Appendix 2 -H Other Revenue | Duct Fibre Optic Rental - OPUCS | $ 25,723 | $ 26,276 | $ 27,642 | $ 29,268 | $ 29,268 | $ 29,268 |
| Extract from Exhibit 4 - Appendix 2 -N Shared Services | Oshawa Power - OPUCS Joint Use Pole Rental | $ 57,272 | $ 45,848 | $ 47,550 | $ 49,832 | $ 51,626 | $ 53,485 |
| Extract from Exhibit 4 - Appendix 2 -N Shared Services | Oshawa Power - OPUCS Duct Fibre Optic Rental | $ 25,723 | $ 26,276 | $ 27,642 | $ 29,268 | $ 29,268 | $ 29,268 |
| Difference | Joint Use Pole Rental | $ - | $ 12,847 | $ 11,149 | $ 10,365 | $ 7,073 | $ - |
| Difference | Duct Fibre Optic Rental | $ - | $ - | $ - | $ - | $ - | $ - |

The differences found in the table above for 2022, 2023, 2024 and Bridge years represent the variances between the pole attachment revenue calculated using the prevailing charge approved by the OEB and the charge incorporated into Oshawa Power’s base distribution rates. The differences are recorded in Oshawa Power’s USoA Account 1508 – Sub-account – Pole Attachment Revenue Variance.

## 4.6 NON-AFFILIATE SERVICES, REGULATORY ONE-TIME COSTS

### 4.6.1 Purchase of Non-Affiliate Services

All supplier and contractor expenditures have been sourced and procured using the activities, practices and processes defined within Oshawa Power's Purchasing Policy. All levels of management are responsible for following the Oshawa Power Purchasing Policy as indicated in the various level of signing authority thresholds. The Procurement Department is accountable for creating the Purchase Orders (PO) consistent with the Oshawa Power Purchasing Policy. All procurement of services and materials are supported by a PO requiring various levels of approvals, dependent on dollar amount thresholds. An approved PO is required prior to any commitments, with some exceptions including Legal, Recruiting, Utilities (water, gas, hydro and telephone), Regulatory, Financial, and Employee benefits. See Attachment 4-4 for Oshawa Power's Purchasing Policy, approved in 2024. Purchases for 2025 to 2026 operating and capital expenditures will continue to be based on the methodology contained within Oshawa Power's Purchasing Policy.

### 4.6.2 Regulatory One-time Costs

Oshawa Power has included one-time costs for the preparation and review of this Application in the total amount of $705,231. As per the Filing Requirements, no other one-time costs are included in the historical, bridge, test; explanation of cost recovery in test year. Oshawa Power is proposing recovery of these costs in distribution rates equally over a five-year period. As a result, Oshawa Power has included $141,046 in 2026 Test Year OM&A costs.

Table 4-39 (OEB Appendix 2-M) summarizes the one-time regulatory costs forecasted to be incurred as a result of this application. These incremental costs include $165,000 in legal fees, $76,000 in intervenor costs, $379,500 in consulting fees and $84,731 contract labour and other expenses. Oshawa Power has engaged consulting assistance from subject matter experts for special studies, reports, evidence preparation and overall application support. Oshawa Power does not include internal labour costs of staff involved

in the preparation of regulatory submissions and applications. These costs are included in the General Administration and Engineering Administration OM&A programs.

Oshawa Power continues to include ongoing regulatory costs including OEB annual assessment fees, intervenor cost awards, and other regulatory related expenses in Administrative costs of OM&A expense.

Table 4-44: Regulatory Cost Schedule (Appendix 2-M)

| | Regulatory Costs (One-Time) | Last Rebasing (2021 OEB Approved) | Last Rebasing (2021 Actual) | Sum Of Historical Years (2022-2024) | 2025 Bridge Year | 2026 Test Year |
|---|---|---|---|---|---|---|
| | | (A) | (B) | (C) | (D) | (E) |
| 1 | Expert Witness costs | 20,000 | | | | |
| 2 | Legal costs | 168,653 | 166,354 | 16,807 | 148,193 | |
| 3 | Consultants' costs | 344,133 | 248,307 | 231,827 | 147,673 | |
| 4 | Intervenor costs | 105,000 | 116,228 | 0 | 76,000 | |
| 5 | OEB Section 30 Costs (application-related) | 50,000 | 16,422 | 0 | 0 | |
| 6 | Incremental Operating Expenses - staff/other resources allocated to this application | | 19,549 | 54,879 | 29,852 | |
| | Sub-total - One-time Costs | $ 687,786 | $ 566,860 | $ 303,513 | $ 401,718 | $ - |

| Application-Related One-Time Costs | Total (F =C+D+E) |
|---|---|
| Total One-Time Costs Related to Application to be Amortized over IRM Period | $ 705,231 |
| 1/5 of Total One-Time Costs | $ 141,046 |

## 4.7 LEAP, CHARITABLE AND POLITICAL DONATIONS

### 4.7.1 Low-income Energy Assistance Program (LEAP)

The Low-income Energy Assistance Program (LEAP) program provides emergency financial assistance to eligible low-income consumers who may be experiencing difficulty paying their electricity bill arrears. The OEB established the greater of 0.12% of its OEB approved distribution revenue requirement or $2,000 to be a reasonable commitment by all distributors to support the program. As noted in the Filing Requirements, distributors may propose a LEAP fund higher than 0.12% if its demographics point to a greater need.

Oshawa Power has partnered with Community Development Council of Durham as an intake agency to administer the LEAP program within Oshawa Power's Service Territory.

On February 12, 2024, the OEB issued a letter communicating enhancements to the Low-income Energy Assistance Program Emergency Financial Assistance (LEAP EFA) coming into effect on March 1, 2024. These enhancements include:

- Increased income eligibility thresholds resulting in more households becoming eligible for LEAP EFA
- Increased grant amounts reflecting inflationary changes since inception of the program
- Program funding changes to ensure no eligible LEAP EFA application is denied due to lack of funding

This included establishment of a generic deferral account to allow rate-regulated distributors to record prudently incurred incremental LEAP EFA contributions that exceed the funding amounts currently embedded in rates.

As described in section 4.3, outstanding customer debt has increased significantly in part due to customers not able to pay their electricity bills, Oshawa Power has seen an increasing number of customers facing financial hardship as a result of the rising costs of living due to higher than average inflation and interest rates.

Historically, Oshawa Power has contributed 0.12% of the OEB-Approved distribution revenue requirement annually to LEAP. Oshawa Power is proposing to increase its LEAP

contribution to approximately 0.24% of the OEB-Approved distribution revenue requirement or an amount of approximately $99,793, based on:

- actual 2024 LEAP payments of $81,744 which include the increase experienced since the OEB's guidance and establishment of the deferral account in March, and
- Oshawa Power's plan to increase collections activity through 2025 and 2026, as described in section 4.3, which includes ensuring qualifying customers with outstanding debt are able to access LEAP.

In combination with the other actions Oshawa Power will be taking to support affordability, such as through the actions in the NWS Business Case, it is hoped that this additional LEAP support will also contribute to affordability in Oshawa Power's service territory over the next five years.

The Table 4-45 below summarizes the minimum LEAP funding calculations compared to the amount requested in Revenue Requirement for the 2026 Test Year:

**Table 4-45: Calculation of LEAP Funding**

| 2026 Test Year LEAP Contribution Calculation | |
|---|---|
| Service Revenue Requirement (excluding LEAP) | $42,270,327 |
| LEAP Funding % of Service Revenue Requirement | 0.12% |
| LEAP Contribution (Minimum) | $50,724 |
| LEAP Funding % of Service Revenue Requirement | 0.2361% |
| LEAP Contribution included in 2026 OM&A | $99,793 |

The Table 4-46 below provides a summary of the LEAP Program contributions and grants disbursed for the period of 2021 to 2026 Test Year. Oshawa Power has accumulated balances in the generic LEAP EFA Deferral Account during 2024 and 2025. This balance is addressed in Exhibit 9 Deferral and Variance Accounts.

Table 4-46: Oshawa Power's LEAP Contributions 2021-2026

| | 2021 Actuals | 2022 Actuals | 2023 Actuals | 2024 Actuals | 2025 Bridge Year | 2026 Test Year |
|---|---|---|---|---|---|---|
| **LEAP Contribution (in rates)** | $33,542 | $34,470 | $35,992 | $37,396 | $38,786 | $99,793 |
| **OEB Supplement for 2021** | $54,127 | NA | NA | NA | NA | NA |
| **LEAP Contribution (deferral account)** | NA | NA | NA | $44,348 | $51,401 | NA |
| **Carryover from Prior Year** | $17,750 | $38,629 | $0 | $0 | $0 | $0 |
| **Available Funds** | $105,419 | $73,099 | $35,992 | $81,744 | $90,187 | $99,793 |
| **Total Disbursed (including Agency Admin Cost)** | $66,790 | $73,099 | $35,992 | $81,744 | NA | NA |
| **Total Unused Funds** | $38,629 | $0 | $0 | $0 | NA | NA |
| **Month LEAP funds depleted** | December | August | July | December | | |

### 4.7.2 Charitable and Political Donations

Oshawa Power has not included any charitable or political donations in the revenue requirement for its 2026 Test Year, other than LEAP charitable donations outlined above.

## 4.8 COSTS OF NON-WIRES SOLUTIONS AND CONSERVATION AND DEMAND MANAGEMENT

Oshawa Power did not have any costs associated with supporting the IESO's 2021-2024 CDM Framework and has not included any requests for funding pertaining to that framework in this Application. For clarity, per the Filing Requirements, no costs for dedicated CDM staff to support IESO programs, including the Local Initiatives Program

funded under the 2021-2024 Framework, are included in the revenue requirement. Similarly, there are no costs for 2025 onwards that are included in this Application.

Oshawa Power has proposed Non-Wires Solutions (NWS) as a part of the 2026-2030 DSP, in accordance with Chapter 5 of the Filing Requirements. Details on the NWS proposal can be found in the NWS Business case in Exhibit 2. Revenue requirements for the proposed NWSs have been included in this Application.

## 4.9 FUNDING OPTIONS FOR FUTURE NON-WIRES SOLUTIONS

The proposed NWS activities are included in the 2026-2030 DSP are expected to come into service during the Price Cap IR term. All costs of NWSs have been proposed as small capital expenditures in each year from 2026 to 2030 and would be included in the revenue requirement in a similar manner to investments made in traditional infrastructure in those years. See Appendix A of the DSP in Exhibit 2 for the NWS business case with costing information.

# Attachment 4 – 1

## Resource Optimization Review and Expert Qualifications

April 28, 2025

Valerie Bennett, P.Eng
Director, Regulatory & Commercial Affairs
Oshawa Power
100 Simcoe St. S.
Oshawa, ON  L1H 7M7

Dear Valerie;

Re:  Request to Act as Expert for Upcoming OEB Filing

I am writing to provide further information in support of the Resource Optimization Review report I prepared for Oshawa Power which I understand is being submitted as evidence in your 2026 rate application before the Ontario Energy Board (OEB).  As the author of the report, I have been asked to serve as an expert witness with respect to its contents and to provide some additional information which I have summarized below.

The report was prepared and submitted by Marjorie Richards & Associates in November 2024.  I was the Lead Consultant on this project and was the author of the full report.  Please note that while I am an Associate with Marjorie Richards & Associates, I operate as an independent contractor through my own incorporated human resource consulting firm where I serve as the Principal Consultant (ExcelerateHR Services Inc.).  My practice is focused on strategic and operational human resource matters including specifically talent management and organizational and workforce planning.

Appendix A includes my curriculum vitae outlining my qualifications, professional background and relevant experience that support my role as an expert in this matter.

**Project Outline**

In May 2024, we originally met to discuss the project in anticipation of the upcoming Cost of Service filing. In June 2024, we provided a proposal outlining the scope of the project which was accepted by Oshawa Power.

Specifically, it was agreed that Marjorie Richards & Associates would:

- Conduct a review of the organizational structure excluding the executive level, to evaluate its current state and provide recommendations that would provide it with the right skills and right sizing of its management and professional staff over a 5-year horizon.
- Provide a 5-year workforce plan focused on trades and technical staff inclusive of front-line management required to lead and manage the trades groups.

**Summary of Resources Utilized**

In order to complete the report and inform my recommendations, interviews were conducted with the CEO and each functional leader to better understand the organization, potential gaps and internal challenges and future objectives.  In addition, the following information was requested of Oshawa Power:

- Oshawa Power Strategic Plan: 2026 – 2030;

- Oshawa Power Customer Engagement Survey 2024; and
- Employee demographics, employee turnover rates, customer growth projections and retirement projections.

The information provided was not audited and was taken at face value with any discrepancies or questions clarified prior to recommendations being formulated and the final report completed.

Also, a mini survey of 7 LDC's was conducted by Marjorie Richards & Associates to determine staffing within the technical & trades workforce as a point of comparison. The data was provided directly to the Consultant and disclosed in 'aggregate' to Oshawa Power and within the Report.

Finally, various public information sources were utilized to provide some broader insight regarding the labour market, economic status of the Region and competitive information.

External reports and data from websites utilized included:

- City of Oshawa Economic Development Strategy, November 2023
- Electricity Human Resources Canada. Electricity In Demand: Labour Market Insights 2023-2028.
- Electricity Human Resources Canada. Workforce in Motion: 2017 – 2022 Labour Market Intelligence Study
- Electricity Sector Council, *Knowledge Management & Transfer in the Electricity Sector in Canada, 2010*
- Ontario Energy Board
- SHRM: *Retaining Talent, A guide to Analyzing & Managing Employee Turnover, 2008*
- Skilled Trades Ontario
- Statistics Canada

Appendix B includes my original report which was submitted to Oshawa Power in November 2024.

I have been made aware of, and have agreed to accept, the responsibilities that are or may be imposed on me as an expert as set out in Rule 13A and Form A of the Rules of Practice and Procedure.

Yours truly,

Lise Galli, MBA
Lead Consultant, Marjorie Richards & Associates
Principal, ExcelerateHR Services Inc.

**APPENDIX A**

# LISE GALLI – CURRICULUM VITAE

## Hons. Bachelor of Commerce, MBA

**lise@exceleratehr.ca**
**exceleratehr.ca**
**905.979.4144**

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## LEADERSHIP HISTORY & RESULTS

**ExcelerateHR Services Inc.**
*A strategic HR Consulting and Services company serving medium to large organizations in Ontario.*

**Principal** **April 2017-Present**
Provide customized and sustainable HR Solutions to organizations across industries by supporting business leaders to navigate change, improve employee engagement, enhance processes and build robust talent pipelines.

Selected Client Projects:

Client: Healthcare (hospital), Electric Utility, Private Sector Industrial
Role: Principal Consultant, Workforce Planning

- Developed workforce plans in various union and non-union environments for skilled trades, technical groups, nursing and allied health professionals.
- Developed 5- and 10-year hiring strategies to proactively address future talent demands and mitigate workforce risks.
- Provided workforce planning training to managers, improving leadership engagement in talent strategy and operational planning.

Client: Various Electric Utilities, Healthcare (hospital), Private Sector Industrial & Service Sectors
Role: Principal Consultant, Compensation

- Conducted job evaluations, executive compensation reviews and developed compensation structures, short- & long-term incentive plans, and Pay Equity Plans (federal & provincial).

Client: Healthcare (hospital), Private Sector Industrial & Service Sectors
Role: Principal Consultant, People Strategy

- Developed forward looking people strategies that positioned the client for sustainable growth through optimized workforce planning, leadership development and cultivation of the talent pipeline.
- Developed HR Scorecards to track key talent metrics, align HR initiatives with business objectives and drive data informed decision making.

Client: Healthcare (hospital), Private Sector Industrial & Service Sectors
Role: Principal Consultant, Harassment & Workplace Violence Prevention Investigator

- Investigated workplace violence & harassment complaints with a focus on thorough fact finding.
- Provided clients with detailed reports and actionable recommendations for remedial measures.

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Client: Healthcare, Various Private Sector Industrial & Service Sectors
Role: Principal Consultant, Talent Management & Process Improvement

- Led end to end process improvements for the recruitment lifecycle, enhancing efficiency, candidate experience and hiring outcomes.
- Designed and delivered a new Performance Management System, including training & education programs to enhance organizational performance and talent development.
- Acted as internal lead in the implementation of various learning management systems, human resource information systems and applicant tracking systems.

Client: Healthcare
Role: Principal Consultant, Labour Relations

- Resolution of 140 grievances

**Conestoga College**
**Part-Time Instructor – Winter Term** **January – April 2018**
Human Resource Management

**McKeil Marine Limited**
*An industry leading marine transportation and engineering projects company with over 450 employees across Canada.*

**Vice President Human Resources** **2013 – April 2017**
Reporting to the President and CEO, served on the Executive Leadership Team as the Executive Lead for the Human Resources, Logistics and Information Technology teams with 12 full-time reports. Reported monthly on strategic objectives and financial results to the CEO and Advisory Board.

Hired to create a strategic Human Resource function within the organization to support exponential growth and meet the requirements of the due diligence process resulting in the sale of the company. Primary objectives over this period included:

**Total Rewards Re-Design:** Development of a market leading total rewards package to support growth targets and continue to retain top talent in the industry. During my tenure, the size of workforce was successfully grown by 80 per cent allowing the organization to meet the requirements of $25m in new revenue opportunities.

**Developed Positive Employee Relations Program:** Maintained a positive climate during a period of high growth while remaining union free. This was achieved through the development of an Employee Relations Action Plan which included training for all management and senior officers. Over this period, I also developed an Employee Engagement Survey with results above 80 per cent in all categories in 2 successive surveys.

**Created Corporate Training Function**: Allowed for the enhancement of all safety programs and appropriate investment to ensure the workforce was safe and efficient. This involved the development of a training plan, establishing metrics to ensure 100 per cent compliance with regulated training requirements and the introduction of a learning management system to support higher learning and reduce training costs by 50 per cent.

**Introduced HR Processes, Practices and Policies:** Developed and implemented to build the foundation for the organization. In various areas, introduced business applications to ensure activities were carried out efficiently (HR database, Applicant Tracking System, Learning Management System, SharePoint).

**Leadership Development Planning:** Created individual development plans to support employee development and succession planning. Annually planned and executed an all employee meeting including agenda development, training to be delivered, venues and logistics coordination.

**Led Corporate Office Relocation:** Led the planning, logistics and negotiations associated with the move while ensuring that employee engagement remained paramount. The move was accomplished on time and under budget.

## APPENDIX A

**Corporate IT:** Introduced a corporate IT function to enhance IT services and strategically prepare the organization for the selection and implementation of an Enterprise Resource Planning (ERP) System.

Logistics: Introduced strong leadership enhancing service to the organization and positioning it as a central hub of logistical support and reporting of key performance indicators.

**Emterra Group Inc.**

*A leading Canadian Recycling and Waste Management Services Company with 5 operating divisions and approximately 1200 employees servicing customers in 5 provinces and 1 U.S. State.*

**Corporate Director, Human Resources** **2012-2013**

Hired into a newly created role to build a best practice foundation for HR processes, policies and practices while acting as a key advisor to the CEO and senior operating managers.

**Developed Talent Management Strategy**: Required to support the company's growth and address areas impacting Emterra's competitiveness in the marketplace. Tactical initiatives focused on increasing the competitiveness of the total rewards package in the marketplace, investment and development of a leadership development program and proactive recruitment processes.

**Led HR Due Diligence**: Required for a new acquisition to support entry into the US marketplace. Post purchase, led all selection for three locations, developed policies and negotiated a first collective agreement with Teamsters.

**Lead Negotiator:** First Collective Agreement with Teamsters (Halton Region) below budgeted mandate and resulting in a competitive advantage in the marketplace.

**Training Development & Delivery:** Identified competency gaps and created training and development plans for all levels within the organization. Developed corporate policies, training materials and process documents required to ensure compliance.

**Horizon Utilities Corporation (now Alectra Utlities)**

*The 4th largest electricity distribution company in Ontario serving over 237,000 customers in the Hamilton and St.Catharines communities.*

**Director, Human Resources and Organizational Development** **2006 – 2012**

Hired to elevate and grow the HR department from an administrative function to a value add strategic partner in the business. Most senior HR leader reporting into the Vice President Corporate Services.

**Developed Multi-Year Labour & HR Strategy:** Strategy supported corporate objectives and key performance indicators were established as part of the Corporate Balanced Scorecard. Reported to the Board of Directors on a quarterly basis regarding Labour Relations in this highly-unionized environment and was the lead spokesperson in labour negotiations with the IBEW. Acted as the HR lead and member of the merger integration team.

**Developed Talent Management Strategy:** Identified key positions, built workforce planning model and plan resulting in an objective and modelled approach to hiring forecasts for technical and skilled trades. Established Engineering Intern Program to support corporate succession planning and retention of scarce Electrical Engineering resources.

**Corporate Representative for Cost of Service:** Prepared HR submission, responded to interrogatories and acted as the Corporate witness for Horizon's 2011 Cost of Service application during which all strategies, models and plans were examined, justified and successfully approved.

**Developed Business Plans:** Prepared annually in addition to departmental budget. Provided quarterly variance reporting in support of Board of Directors and Energy Board requirements.

## APPENDIX A

**Created Corporate Training & Organizational Development Function:** Resulted in centralized, more cost-effective training and in-house expertise to support corporate projects.

**ERP Implementation HR Lead:** Member of steering committee and functional lead in this $9m corporate implementation. Developed change management and training strategies and plans to support the organizational change process and led re-engineering of HR processes.

**Leadership Development Program Lead**: Led the development and delivery of the first program at Horizon. Provided management coaching ensuring knowledge transfer and leadership strategies were being utilized.

**Designed Attendance Management Program**: Resulted in an 18 per cent reduction in absenteeism in the 1st year.

**Redesigned Major Processes**: Lead a 1 year improvement effort to streamline all processes associated with employee activity resulting in the reduction of cycle time, improved record keeping and the establishment of key performance indicators to measure on-going performance. Also, redesigned performance management and merit pay process to ensure appropriate feedback was provided to employees and rewards were consistent with organizational goals.

**Laidlaw Education Services (now First Student Inc.)**
*A $2.5 billion leading transportation company servicing the North American market through the provision of services by 60,0000 employees.*

**Director, Strategic Improvement & Organizational Development** **1994-2005**

**Organization Structure:** Reviewed organizational design, provided recommendations to Executive Vice President and implemented changes to better align corporate support and resourcing with operational needs.

**Customer Scorecard**: Introduced a customer scorecard to align corporation around customer success and improve customer retention. Scorecard differentiated Laidlaw with clients leading to a requirement for all suppliers to measure performance consistent with Laidlaw defined metrics.

**Process Improvement**: Identified gaps and developed new processes for employee training, development and document management that was implemented across North American operations.

## EDUCATION

**Masters of Business Administration**. University of Phoenix, Phoenix, Arizona
**Honours Bachelor of Commerce**. McMaster University, Major: Human Resources
**Six Sigma Black Belt Certification**. Price Waterhouse Coopers

### ADVISORY/BOARD MEMBERSHIP

The Marine Club – Board Member, 2016
Human Resource Program Advisory Committee, Mohawk College, 2015 - Present

## PROFESSIONAL DEVELOPMENT

Harvard University, Program on Negotiation for Senior Executives
Queen's University, Human Resources Executive Development Program
Queen's University, Operations Leadership Program for Senior Executives
Schulich School of Business, Negotiating for Success in Business
Schulich School of Business, Developing Emotional Intelligence in your Workplace

# APPENDIX B

# RESOURCE OPTIMIZATION REVIEW

MARJORIE RICHARDS & ASS. LTD.
LEAD CONSULTANT: LISE GALLI
NOVEMBER 2024

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# 1. OVERVIEW

# OVERVIEW

- Oshawa Power's Resource Optimization Review ("the Review") has two distinct yet aligned focuses:
  - **Workforce Planning**. Trades & Technical staff, inclusive of the front-line management required to lead and manage the trades groups; and
  - **Organization Structure Review.** Determining the right size and right skills of its management and professional staff over the next 5 years.
- The Review provides insight into what trends are impacting the labour market and what and where Oshawa should focus on over the next 5 years to achieve its objectives and meet the changing demands of its Customers and Stakeholders. The Review does not include a review or recommendations on executive level positions or structure.
- Oshawa Power has maintained a workforce below the average of other medium sized LDC peers for the past number of years. The Review identifies where staffing needs to increase to: meet the growth of the City of Oshawa; protect worker and public safety; balance workforce utilization against optimization; and sustain an efficient workforce with the right tools and skills to be responsive to its customers.

# OVERVIEW

- Oshawa Power’s Resource Optimization Recommendations are aligned to its core strategies and the future direction of the organization.
- The Senior Management Team including the CEO, CTO, CFO, Managing Director, Director Regulatory & Commercial Affairs, Director People & Culture and Director Communications, Customer Success & Marketing were engaged to attain a thorough understanding of the current strengths and challenges, as well as affirming assumptions on functional business needs now and into the future.
- The Plan conclusions are based on:
  - Oshawa Power’s inputs, including demographics, identified gaps, strategic direction;
  - Community/customer growth and feedback;
  - Market and labour market trends; and
  - The direction and evolution of the sector.

# WHAT IS WORKFORCE PLANNING?

Workforce Planning (WFP) takes a broad view of Oshawa Power's trades group, inclusive of the skills required to maintain and grow its distribution systems and meet the changing demands of its Customers and Community over the next 5 years and beyond.

WFP is a process utilized to identify gaps between the labour ***demand*** of an organization and the available workforce ***supply***, leading to initiatives and actions used to close the gaps.

Matching the resource capability with the work demands in the electrical distribution sector requires both short- and longer-term planning.  Numerous contributing factors are impacting Oshawa Power's WFP including:

- An industry wide shortage of skilled labour in addition to its location in a very competitive GTA;
- Emerging technological advancements that will change trades/technical know how/skills;
- Increased competition for new skills;
- Increased work demands due to an aging distribution infrastructure; and
- Responding to a growing community and customer base.

# WORKFORCE PLANNING GUIDING PRINCIPLES

- ***Increase overall productivity*** to ensure greater availability of productive time, while also establishing initiatives to gain efficiencies that increase the quality of time worked;
- Advance hiring of apprentices to ensure a ***consistent 'optimal' number of proficient trades and technical workers***;
- Where available in the labour market, attract and hire qualified and proficient tradespeople with the aim of ***reducing the overall required training investments*** in apprentices and ***leverage qualified resources with a shorter lead time to achieve maximum productivity***;
- Balance hiring with the appropriate use of overtime to supplement labour gaps and continue to leverage contracted services where ***cost effective and when there is an increase in demand for labour (e.g. emergencies***); and
- ***Increase the efficiency*** of work through innovative practices and the introduction of new technologies and automation.

# WORKFORCE OPTIMIZATION

As part of this Review, it was critical to balance key priorities within the LDC and its responsibilities to stakeholders. The following Workforce Optimization Goals have therefore guided this analysis:

**RIGHT SIZE**

Not over or under staffed

Meet work demands with right labour supply

**RIGHT UTILIZATION**

Optimally utilize people, tools and equipment

Increase workers tool time on the job

**RIGHT COST**

Keep Customer Rates reasonable

Keep cost efficiencies top of mind

**RIGHT SKILLS**

All employees have right skills & capabilities to do the job

Re-skill or hire new skills as sector evolves

Manage Risk and Customer Expectations

# RESOURCE OPTIMIZATION DRIVERS

The following direct and indirect Resource Optimization Drivers have been considered as part of this review to ensure resources are aligned with the current and future demands of the organization.

1. Meeting and responding to customer expectations.
2. Growing community & customer base.
3. Retirements and an aging workforce.
4. Business application system renewal and process improvement to optimize productivity and efficiency.
5. Optimal number of proficient trades and technical workers today and to meet future growth demands.
6. Worker and public safety.
7. Knowledge management and transfer.

# 2.MARKET TRENDS

# MARKET TRENDS

## *Industry Outlook*

- Canada's journey towards net-zero emissions is the driving force behind the continued employment growth expected in the sector. The industry is adapting to major technological changes including the greater use of Information & Communications Technologies (ICT), smart grid applications, renewable technology integration, the electrification of transportation and the decentralization of Distributed Energy Resources (DERs).
- By 2028, the number of job openings that will arise due to expansion demand will be in the order of 12,000.
- At the same time, the total number of retirements expected in the sector between 2023-2028 is estimated to be ~15,700 (combined total ~28,000 job openings in the sector).
- As a result, over the next 5+ years, the occupational structure of the electricity sector's workforce and the mix of skills required will be transformed.

Source: Electricity In Demand: Labour Market Insights 2023-2028. Electricity Human Resources Canada

# MARKET TRENDS

## *Industry Outlook*

- Nearly ½ of the sector's 34 core occupations are projected to face labour shortages at the economy wide level.
- The groups impacted include:
  - Managers & Supervisors
  - Engineers
  - Technicians/Technologists
  - Trades
  - ICT
- The ability of the sector to attract talent from other sectors is declining which will exacerbate the sector's labour shortages.
- There has also been a decline in the number of new apprenticeship registrations in trades in the sector putting further pressure on the skilled trades requirements of the sector.

Source: Electricity In Demand: Labour Market Insights 2023-2028. Electricity Human Resources Canada

# MARKET TRENDS

## *Industry Outlook*

- Trades (42%) and engineering (22%) are the most dominant occupational groups within the electricity workforce, accounting for nearly 2/3rds of workers.[1]
- Electrical Engineers and PLTs are the largest occupations within the industry, each accounting for 11% of the total workforce.[1]
- Only 166 PLT Certificates of Qualification were issued in Ontario in 2023 (down from 231 in 2022) while 10% of PLTs are nearing the age of retirement (55 or over).[2]
- Workforce diversity still poses a challenge with diversity groups continuing to remain well below the average for the Canadian workforce.[1]
- Women represent 48% of the workforce but only 26% in the electricity sector.[1]
- Women are still underrepresented in trades (7% of the workforce) and engineering (21% of the workforce).[1]
- The proportion of indigenous workers in the electricity sector is 4.7% with most in the trades and only 3% of workers are persons with disabilities.

[1] Workforce in Motion: 2017 – 2022 Labour Market Intelligence Study, Electricity Human Resources Canada

[2] skiilledtradesontario.ca

# MARKET TRENDS

## *Industry Outlook*

- The electricity sector is competing for workers in other industries.
- With the exception of some specialized trades (e.g. PLT's), most occupations within the sector share skills that are transferable to other industries. (e.g. engineering, construction, ICT)
- As such, the ability of the sector to recruit workers in a wide range of shared occupations will be impacted by labour market conditions across industries.
- The electricity sector is not a 'just in time industry'. The workforce is highly skilled and educated with the majority of jobs requiring post-secondary education and long lead times to achieve full competency.
- The workforce is tied directly to three streams of post-secondary education: undergraduate and graduate programs in engineering, College programs for engineering technicians/technologists and other occupations and apprenticeships.

Source: Workforce in Motion: 2017 – 2022 Labour Market Intelligence Study, Electricity Human Resources Canada

# MARKET TRENDS

## *Partnerships*

Various utilities are partnering with educational institutions to support students in their learning which provides greater exposure to the sector for students and supports building the workforce of the future.

2024 – Elexicon partnership to announce the launch of two micro-credential programs focused on Electrical Utility Distribution Stations & Control Stations.[1]

2022/23 – GrandBridge donates Utility Vehicles to Conestoga Powerline Technician Program to enhance training and enrich learning.

2018 – Decommissioned substation provided for use as Mohawk's new Energy & Power Utilities Lab.

Since 2012, they have partnered in various ways including funding equipment, growing the electrical engineering program, cooperative education terms & women in STEM with a focus on Georgian representation in their workforce.

[1]Funding supported through a grant from the Ministry of Colleges & Universities

# MARKET TRENDS

***New Technologies & Expertise***

- The regulated electricity sector is evolving and will be required to align with decarbonization, electrification, climate uncertainty and forecasts of increased electrical demand.
- Changes and opportunities driven by technology will continue to affect energy service delivery, customer interactions and internal processes.  They will drive urgency in making investments in technology to meet evolving expectations and create new efficiencies.
- Grid and energy management is growing in scope and sophistication, requiring a need to invest intelligently in new technologies.
- As the digital and automated footprint increases, so will cybersecurity risks and the need to invest in their defenses to prevent and mitigate negative consequences.
- The fast-paced growth in the local Oshawa market, including major new commercial builds, will heighten the urgency to invest in upgrading existing infrastructure while delivering on promises to deploy new capital projects to meet customer needs.

# MARKET IMPACT AT OSHAWA POWER

- The GTA is the most competitive employee market in Ontario.  Not only does Oshawa Power compete for talent with other industries, but it is also surrounded by many “competitive” energy companies (Hydro One, Toronto Hydro, Elexicon Energy) seeking the same skill sets.  This will be further exacerbated as OPG looks to open their new headquarters in Oshawa in late 2024 with full occupancy, including over 2000 skilled workers in 2025.
- The evolution of the sector will require effective talent attraction and retention strategies as well as identifying capability gaps of its current workforce and the creation of learning opportunities to close those gaps both for today’s needs and those of the future.
- This new technology driven workforce will also require enhanced leadership capabilities that will need to be developed for both new and emerging leaders.
- Partnerships with educational institutions opens the door to connecting with a future workforce.  Many utilities are engaging locally and are enriching their relationships leading to brand recognition and becoming employers of choice.
- The evolution and growth in the sector therefore requires Oshawa Power to invest in its workforce talent development and cultivation strategies to be able to retain a qualified workforce.

# 3.COMMUNITY

# COMMUNITY GROWTH

In 2021, the population of Oshawa was 175,383 which represents a change of 10% from 2016[1]

- Estimated 2023 population ~185,000[2]
- Fastest growing population in Ontario projected to grow 10% to 200,000 by 2027[2].

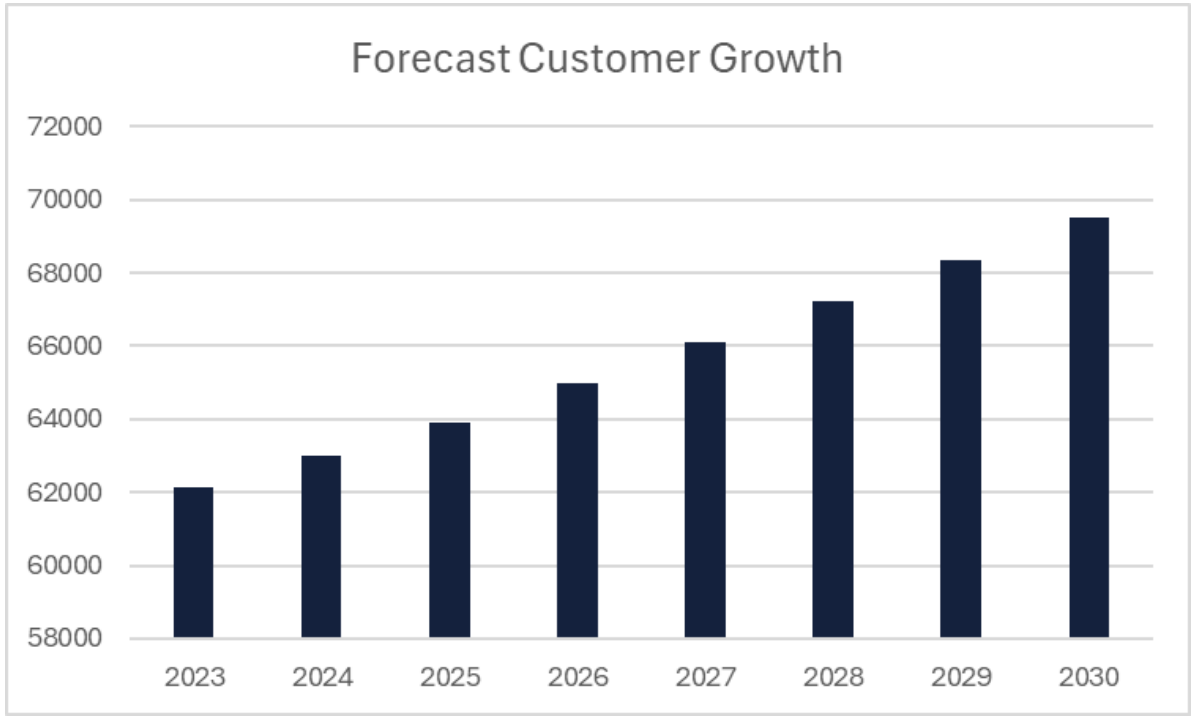
Economic Development Focused on:

- Retaining established industries of manufacturing, health & biosciences, multi-modal transportation, IT
- Growing emerging industry sectors: energy generation, cybersecurity, AI/AR & eSports, EV & automotive technologies.

While population growth, lower real estate costs, premier location and the rising number of business openings position the City favourably for attracting large employers[2], this further puts pressure on Oshawa Power's ability to attract and retain qualified team members.

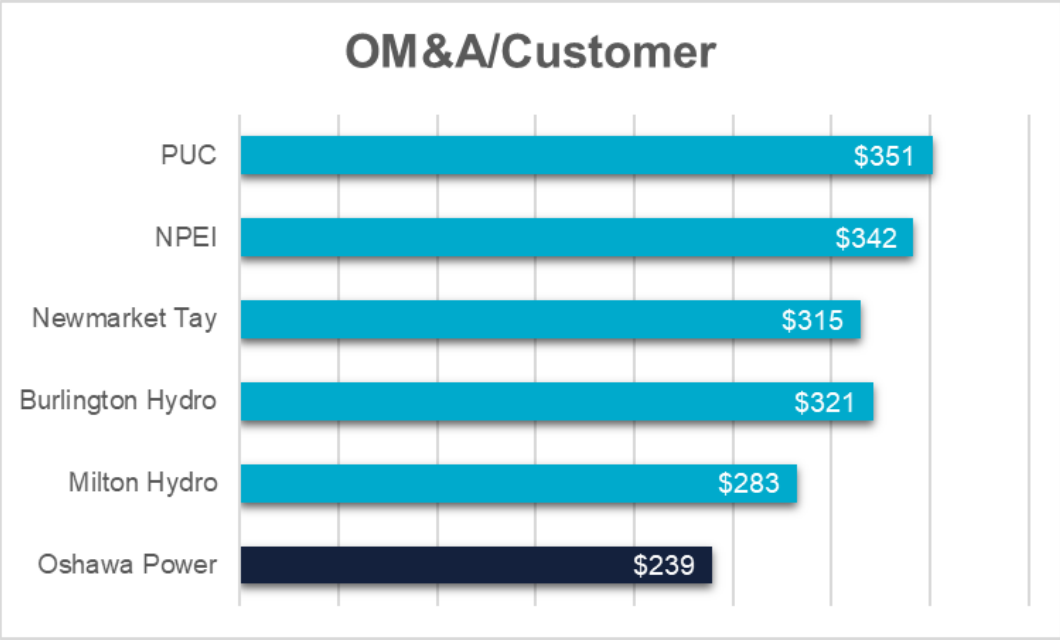
[1] Statistics Canada
[2] City of Oshawa Economic Development Strategy

# COMMUNITY GROWTH




- While Oshawa's Economic Development Strategy estimates an increase in population of 10% by 2027, for the purposes of the Review, Oshawa Power has provided estimates on customer growth based on their projections.
- Oshawa Power's rates assume customer growth of 1.4% in 2024 & 2025 and will assume 1.7% in each year between 2026-2030.

# COMMUNITY GROWTH




- Oshawa Power has done an excellent job of keeping electricity rates low.
- 2022 OEB reporting shows Oshawa Power having the 3rd lowest Controllable Cost per Customer at $239.12 amongst all LDCs and lower than all medium sized comparators.

# 4.CUSTOMER EXPECTATIONS

# MEETING CUSTOMER EXPECTATIONS

A mix of Oshawa Power's (OP) residential and small commercial customer base participated in an on-line Customer Engagement Survey in September 2024.

A total of 2248 customers responded to the survey (~97% residential) representing approximately 4% of Oshawa Power's customer base.

- Overall, OP's customers think positively about their utility:
  - 78% believe OP is a financially responsible business
  - 81% think OP fosters a positive culture in its interactions with its customers
  - 93% believe that OP considers safety as paramount in its operations and in regard to the public
  - 86% view OP as an environmentally responsible business
  - 88% believe that OP is planning well or very well for the future
  - On average, 90% of customers understand the importance of the proposed capital investments, & 84% expressed confidence that Asset Management practices appropriately support the prioritization of system renewal projects

# MEETING CUSTOMER EXPECTATIONS

There were several opportunities in the survey for customers to provide open-ended feedback. A review of those comments resulted in 3 clear trends being identified:

- Customers are cost sensitive;
- More communication is desired; and
- Better customer service is needed.

# MEETING CUSTOMER EXPECTATIONS

## *Capital and OM&A Spending*

# MEETING CUSTOMER EXPECTATIONS

***Communication & Customer Service***

- While investments have been made in online customer care options (portal, website, Watt), only 51% of customers indicated that they had explored these options and 24% of customers would like more engagement.
- > 25% of Customers shared comments regarding OP's communications and customer care including:
  - *"Improve and hire more call centre staff to assist with faster service response and availability to answer customer calls".*
  - *"Open the office back up, not all of us love the internet".*
  - *"Your phone line is so busy, you should make sure each and every customer gets answers in a timely manner".*
  - *"Increase the investment in phone customer care. The lack of service cost our company 3 days of lost production to get a mistake on OPs part resolved….You have insufficient staff to meet needs and the people performing the task seem insufficiently trained".*

# 5.EMPLOYEE DEMOGRAPHICS

# EMPLOYEE DEMOGRAPHICS

## *Average Age & Yrs of Service (2024)*

| | Avg Age | Avg. Yrs of Service |
|---|---|---|
| **Technical & Trades (Union)** | | |
| Power Line Technician | 35.1 | 6.8 |
| Power Maintenance Electrician (Substations) | 32.7 | 8.3 |
| Technical Services Technician (Eng.Tech.) | 39.5 | 11.0 |
| Distribution Inspection Coordinator | 44.6 | 15.5 |
| Subforeperson | 55.5 | 23.4 |
| Meter Technician | 22.1 | 0.5 |
| Operations Technician (Operator) | 37.1 | 10.8 |
| **Office/Support Staff (Union)** | | |
| Accounting Clerk | 50.4 | 14.4 |
| Supply Chain Clerk | 29.7 | 3.3 |
| Operations Coordinator | 40.2 | 9.5 |
| Meter Data Operator | 53.6 | 22.6 |
| **Management/Non-Union** | | |
| Executive | 44.9 | 2.2 |
| Directors | 38.7 | 1.6 |
| Managers | 42.6 | 4.7 |
| Supervisors | 45.1 | 6.4 |
| Non-Union/Professional | 43.1 | 3.1 |

Oshawa Hydro's demographics indicate it has a fairly young trades & technical workforce relative to the general industry and other LDCs. Together with the anticipated high level of retirements in the next 2 years, a less experienced technical workforce, particularly in lines/stations, may impact productivity & quality of work/safety.

Many leaders are new to Oshawa Power, new to management and new to the sector.

# EMPLOYEE DEMOGRAPHICS

## *Retirements*

| Position | Forecast 2024 to 2030 |
|---|---|
| **Technical & Trades** | |
| Subforeperson - PLTs | 2 |
| Power Line Technician (PLT) | 1 |
| Subforeperson Power Maintenance | 0 |
| Power Maintenance Electrician (Substations) | 0 |
| Technical Services Technician (Eng.Tech) | 2 |
| Distribution Inspection Coordinator | 2 |
| Subforeperson - Meter Technician | 1 |
| Meter Technician | 1 |
| Operations Technician(Operator) | 0 |
| Subtotal | 9 |
| **Office/Support Staff (Union)** | |
| Accounting Clerk | 0 |
| Supply Chain Clerk | 0 |
| Operations Coordinator | 2 |
| Meter Data Operator | 1 |
| Subtotal | 3 |
| **Management/Non-Union** | |
| Executive | 1 |
| Directors | 0 |
| Managers | 1 |
| Supervisors | 1 |
| Non-Union/Professional | 5 |
| Subtotal | 8 |
| **Total** | **20** |

30% of Technical & Skilled Trades (9 of 30 FTEs) will retire in the next 2 years requiring an urgent hiring need.

>25% of Non-Union/ Professional staff will retire in the next 4 years.

# EMPLOYEE DEMOGRAPHICS

## *Turnover*

- There has been substantial turnover in the Technical/Trades group & the Management group over the last 4 years.
- There has been significant turnover with PLTs, specifically due to the challenging & competitive labour market Oshawa Power operates within.
- Turnover in the Management/Non-Union group was significant in 2021 and 2022 and has started to trend downward.

# EMPLOYEE DEMOGRAPHICS

## *Key Takeaways – Technical & Trades*

- Historical turnover rates combined with anticipated retirements in this group and an increased capital program suggest that there is an urgent requirement to evaluate hiring requirements in this area.
- Average age and years of service, particularly in the trades, is below the industry average.
- The market supply for fully certified PLTs is limited.  Oshawa Power is also in a very competitive labour market that includes Toronto Hydro, OPG, Hydro One and Elexicon as competitors in this market.
- Replacement of workers will come via an apprenticeship program resulting in a less experienced workforce which may impact safety and quality of work/productivity. Knowledge transfer programs/practices should be leveraged to reduce risk.
- The current planned investment in apprentices will not be sufficient in the short-term to ensure a competent workforce is in place to meet future requirements, particularly if the in-house work vs. outsourced work ratio is to be maintained (approximately 70:30).

# EMPLOYEE DEMOGRAPHICS

***Key Takeaways – Management & Non-Union Professionals***

- Turnover in the Management/Non-Union group hit a high of over 15 per cent in 2022 but has trended downward in the last 2 years.
- Many leaders are new to management, new to Oshawa Power and new to the sector, suggesting a need for leadership development.
- ~25 per cent of Professional/Non-Union staff will retire in the next 4 years requiring advanced planning for knowledge transfer, particularly for single incumbent technical roles.  (e.g. Senior Engineer)

# EMPLOYEE DEMOGRAPHICS

***The Cost of Turnover***

- Employee turnover, either through retirement or attrition, impacts the business in many ways. From the time of an employee's departure to posting, completing the selection process and hiring, it can take many months to fill a vacant position.
- Beyond the financial and production impacts, turnover also places a heavy burden on existing employees who have to fill the gap temporarily while the position remains vacant.
- According to SHRM's Report – *Retaining Talent, A guide to Analyzing & Managing Employee Turnover*, "Employee departures cost a company time, money and other resources. SHRM's research suggests that direct replacement costs can reach as high as 50-60% of an employee' annual salary".

# EMPLOYEE DEMOGRAPHICS

***The Cost of Turnover***

| | |
|---|---|
| Offboarding | • Administrative costs (exit interviews, payroll administration, benefit removal)<br>• Accrued paid time off payments<br>• Severance or notice payment requirements if involuntary<br>• Overtime for remaining staff while position is vacant |
| Recruitment & Selection Costs | • Job postings, agency costs, internal staff time to coordinate & conduct interviews<br>• Hiring inducements |
| Onboarding | • Orientation Program<br>• Administrative induction costs (payroll & benefit enrollment, assignment & distribution of equipment, system access |
| Training Costs | • Formal job training (trainer & trainee instruction time, materials & equipment)<br>• On the job training (supervisor & employee time)<br>• Productivity loss until proficiency is reached |

# 6.WORKFORCE PROFICIENCY & OPTIMIZATION

# YEARS TO PROFICIENCY

| Trades & Technical Positions | Years to Reach Proficiency | Comments |
|---|---|---|
| Power Line Technician | 5 | Longer lead time for Subforeperson |
| Power Maintenance Electrician (Substations) | 5 | Longer lead time for Subforeperson |
| Technical Services Technician/Engineering Technician | 4 | Requires College Diploma + hours |
| Meter Technician | 4.5 | May be able to work on limited meters in first 2 years |
| Operations Technician (Control Room Operator) | 4 | Requires College diploma + hours to obtain CET |
| Sub Foreperson or Trades Supervisor | 5 to 8 | Requires leadership competencies, communication & planning skills. |
| Electrical Engineer | 4 | University Degree plus min 4 yrs to obtain P.Eng designation |

# SUFFICIENT & PROFICIENT WORKERS

***Advance Hiring Practices***

- Considering the long lead time for PLTs, PMEs, Engineering & Metering Technicians to become fully proficient and qualified, it has been a long-standing practice in the industry to ‘advance’ hire and maintain an Apprentice pool.
- This provides a workforce with varying levels of proficiency to ensure a skills pipeline is built and employees are ready to succeed into a position once their training/experience is attained.
- Both within and outside of the trades, many organizations commit to starting the hiring process a few months in advance of a ‘known’ retirement or as soon as someone provides notice.  This practice often provides the Company the ability to seamlessly transition roles and puts less stress on the organization that naturally results when an employee leaves the organization and work is temporarily re-assigned until a replacement is hired and becomes proficient.
- As part of the Resource Optimization exercise, we have made recommendations relative to advance hiring and an investment in an apprenticeship program that should be considered over the next five years.

# WORKER AND PUBLIC SAFETY


- Every workplaces' Safety commitment should be focused on ensuring that everyone who works for the Company returns home safely and healthy at the end of the workday.

- In the electricity industry, that commitment requires a robust, proactive and collaborative approach to protecting employees and the public in general – working with electricity can be dangerous and workers need to be physically fit and mentally aware of potential risks, at all times.

- Public safety programs identify proactive initiatives to educate on safety, provide public service material and actively reach into the Community to promote public safety and raise the organizations brand awareness and reputation.

# KNOWLEDGE TRANSFER

- The changing landscape of the electricity industry poses significant human resource challenges.
- With retirements looming for a large cohort of employees from the baby boomer generation, utility leaders must develop knowledge transfer best practices to ensure that vital information and skills are retained.
- Having a knowledge transfer strategy in place to transfer skills from seasoned, departing employees will support the LDC's in their implementation of succession planning, onboarding younger/new staff and providing ongoing training to prepare the workforce to adapt to change brought on by new technologies.
- The demographics & changing dynamics of the labour force pose a number of risks to the evolution of the electricity sector including[1]:
  - Loss of knowledge unique to the organization:  Legacy systems, innovations in distribution, trouble shooting etc, the loss of which will have significant implications for business competitiveness, productivity and the overall health and safety in the harnessing and distribution of electricity.
  - Ramping up New Employees: The demographics dictate that new employees will need to be ramped up much faster than in the past in order to replace retiring employees that have accumulated years of experience & knowledge.
  - New Skill Requirements: The need to develop new skills in order to deal with emerging technologies such as those related to smart grids.
  - Facing the Workforce of the Future: A new generation of workers no longer plan to have a career in one industry/sector.  They are more mobile and change jobs frequently, taking their knowledge with them.

[1]Electricity Sector Council, *Knowledge Management & Transfer in the Electricity Sector in Canada*

# WORKFORCE PLANNING KEY ASSUMPTIONS

The single most critical element of WFP is the assumptions used in developing the projections and outcomes.  Wrong or incorrect assumptions could:

- Impact forecasting the right complement of labour to meet the work demand;
- Impact the integrity of the right sizing plan;
- Impact the business financially with either overspend or underspend on human resources; and
- Leave Oshawa Power unprepared in a rapidly changing demographic and technological environment.

The goal is to reduce the risk of effective execution associated with workforce capacity, capability and flexibility.  The foundation for WFP is the business strategy; therefore, it needs to be owned by the business units.

Business unit owners know their business needs and understand that work needs to get done and how to do it.  They understand their challenges related to productive versus non-productive employee time and the fluidity of their own workforces.

# WORKFORCE PLANNING KEY ASSUMPTIONS

## *Oshawa Power's Key Assumptions*

- Employee's will retire when they can receive their OMERS pension without penalty and eligible employees have confirmed their intention to retire.
- Historic non-retirement attrition/turnover rates apply to the future.
- Oshawa Power's customer growth is estimated to grow by 1.7% on average every year from 2026-2030.
- Capital and maintenance work will continue to be completed on the basis of approximately 70% in house and 30% contracted out.
- The Distribution Capital Program is expected to increase by at least 20% between 2026-2030.
- OM&A will increase according to increased expenses, including for incremental headcount.
- Advanced hires/Apprentices will benefit Oshawa Power relative to:
  - Capturing knowledge and critical know-how before it leaves the organization.
  - Better assure trades proficiency at a qualified level to meet the reliability and responsiveness obligations to its Customers and Community.
- Technology enhancement should help drive productivity & efficiencies and enable employees.

# 7.REVIEW OUTCOMES & CONSIDERATIONS

# EMPLOYEE DEMOGRAPHICS

## *Oshawa Power's Opportunities & Challenges*

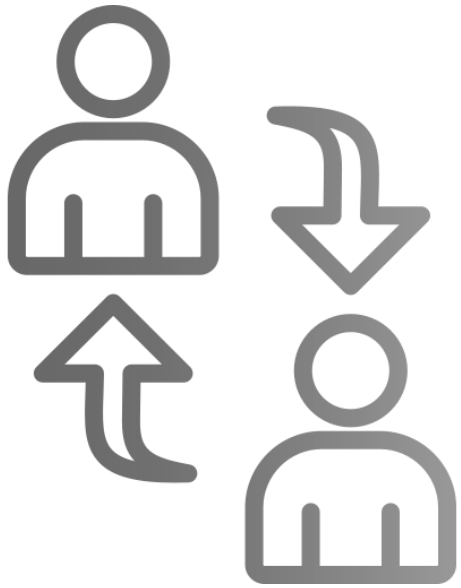
- There has been minimal investment in apprentices in the skilled trades to support replacements in a tight labour market and with the anticipated attrition. This will impact Oshawa's ability to sufficiently staff the trades to maintain current in-house vs. contractor ratios while customer growth and capital programs are increasing.
- Oshawa Power's current staffing level, in our opinion, does not provide sufficient internal band-width to effectively execute key functional activities and proactively seek greater efficiencies.
- Oshawa Power should utilize various strategies to 'right size' its workforce and management team over the next five years and allocate sufficient funds to ensure its new hires are properly onboarded and developed to mitigate potential risks associated with working in a safety sensitive environment and competing for talent in an increasingly challenging labour market.

# EMPLOYEE DEMOGRAPHICS

## *Oshawa Power's Opportunities & Challenges*

- Attrition and growth also brings with it opportunities. As individuals leave, Oshawa Power can replace these workers with different or new skillsets or positions that would add greater value to the industry's 'new' emerging business model.
- Some occupations will transform as a result of technological change. To maintain organizational knowledge and experience, Oshawa Power will need to invest in the reskilling of employees to meet future needs. This is consistent with Oshawa Power's desire to become a "learning organization".
- To prevent productivity loss and benefit from innovative opportunities, proactive recruitment strategies will identify the opportunity of upskilling workers to improve their digital proficiency to better perform their work and to ensure the retention and transfer of critical knowledge and experience.

# RESPONDING TO CUSTOMER EXPECTATIONS



The Resource Optimization Review has embedded customer feedback received in September 2024 as a result of Oshawa Power's Customer Engagement Survey.

Areas of focus for Customers include:

- Better customer service requirements including access to personnel able to discuss concerns and respond in a timely manner.  Customers are looking for improved communications and the opportunity to interact directly with a live customer service resource.
- Customers are cost sensitive but 90% understand the importance of proposed capital investments and 84% are confident that asset management practices appropriately support the prioritization of system renewal projects.

# RIGHT SIZING

***Workforce Complement***

As part of the Resource Optimization exercise, we have provided rationale and justification to increase Oshawa Power's FTE headcount over the next 5 years.

Validation of the optimal structure included assumptions and evidence based on:

- The resource optimization drivers (slide 8);
- Customer expectations;
- Predicted labour market shortages for trades;
- Accelerated competition for management talent;
- Gaps in leadership skills and capabilities; and
- Enhancing safety program and initiatives.

# RIGHT SIZING

***Technical & Trades Workforce***

- Oshawa Power has, over the last few years, maintained a constant number of PLT and PME staff with little to no investment in apprenticeships.
- The Company is seeking to maintain its ratio of in-house trades to contracting out at approximately 70:30 over the next 5 years.
- To determine the “right size” for its Trades and Technical workforce, we sought input from 7 of Oshawa Power’s medium and large sized industry peers.
- The tables on the following page provide the aggregate ratios of the group, ranges for each ratio and how Oshawa Power compares.

# RIGHT SIZING

## *Technical & Trades Workforce*

### Aggregate of 7 LDCs

| LinePerson* | Supervisor | Ratio |
|---|---|---|
| 11 | 1 | 11:1 |
| **Range** | **Range** | **Range** |
| 13 - 47 | 1 - 8 | 1:6 – 1:26 |

| Apprentice | PLT | Ratio |
|---|---|---|
| 1 | 9 | 1:9 |
| **Range** | **Range** | **Range** |
| 0 - 13 | 10 - 45 | 1:1 – 1:20 |

| Eng.Tech. | Supervisor | Ratio |
|---|---|---|
| 5 | 1 | 5:1 |
| **Range** | **Range** | **Range** |
| 4 - 11 | 1 - 3 | 1:4- 1:7 |

### Oshawa Power 2024

| LinePerson* | Supervisor | Ratio |
|---|---|---|
| 12 | 1 | 12:1 |

| Apprentice | PLT | Ratio |
|---|---|---|
| 0 | 12 | 0 |

| Eng.Tech. | Supervisor | Ratio |
|---|---|---|
| 5 | 1 | 5:1 |

- Oshawa Power is slightly above its industry peers relative to PLT to Supervisor ratio and similar to others in its Engineering to Supervisor ratio.
- Only one other LDC surveyed did not have any apprentices to feed into its PLT pool.

*Lineperson figures include Subforepersons and apprentices

# ADVANCE HIRING OF APPRENTICES


- Considering an upward trend in attrition, and the inability to recruit fully certified tradespeople, it is imperative that Oshawa Power develop and invest in a formal apprenticeship program.
- A limiting factor of adding new Apprentices to the workforce is consideration for the number of Apprentices that can be effectively and safely integrated into the operations given the required training and mentoring period.
- Growth in the workforce will also increase the supervisory span of control.  As such, the supervisory ratio must also be evaluated.
- Of note, the ratios provided in the Peer Survey do not reflect maximum apprentice to PLT ratios, rather, they are a function of organizational need, ability to provide appropriate supervision and training and business decisions.
- Apprentice to fully certified tradesperson should therefore be established internally based on operational capacity, supervision and ability to ensure appropriate ratios.

# RIGHT UTILIZATION

## *In-House to 3rd Party Contracting Out*

*2 Larger LDC's*

| In-House | Contracting Out |
|---|---|
| 75%<br>65% | 25%<br>35% |

*Oshawa Power 2024*

| In-House | Contracting Out |
|---|---|
| 70% | 30% |

- Oshawa Power's ratio of in-house labour to contractors for capital & operating/maintenance work sits at approximately 70:30.
- Several LDCs were surveyed to determine whether this ratio is common however only 2 responses were received.
- According to Electricity Human Resource Canada, Contractors continue to be regularly used in the electricity industry to complete ~ 27% of routine tasks to meet workload demands due to either shifts in peak demand or completing short-term projects (e.g. PLTs). This percentage is in line with Oshawa Power's current ratio.
- In determining the "optimal' trades workforce, the assumption utilized was that there would be no change to the current ratio.

# RIGHT UTILIZATION

***In-House vs. 3rd Party Contracting Out***

- Typically, in medium to large sized LDC's a large percentage of the planning, work and operating on the distribution plant is performed by internal labour. The services of 3rd party power line contractors are normally used to assist with the construction of large capital projects and work the utility is unable to fill due to resource restrictions or during emergencies.
- Often, the civil construction work and tree trimming are performed by contractors. Some technical planning and design may also be performed by engineering consulting firms.
- To meet the asset management needs of the distribution plant, LDC's rely on a highly skilled core of technical and trades staff to perform the majority of the work. Services of contractors are used for work that is not electrical utility specific (civil construction and tree trimming), as well as to assist in the managing of varying seasonal work loads.
- Resource utilization and work schedules are optimized through the use of a mix of internal staff and third-party service providers.

# RIGHT UTILIZATION

## *Improved Tool Time*

- Tool time in the electricity trades has always been difficult to capture with any certainty. Working on the distribution system is only part of what a tradesperson does in any given day.
- The hours spent on non-tool time activities include: safety meetings and training, loading equipment, vehicle inspections, set up and break down time, rest time and lunch periods. These activities consume a varying number of hours of tool time each day.
- Although there are always opportunities to find some efficiencies in these activities, most are mandated safety requirements.
- A focus on improving efficiency in the trades is therefore in repetitive tasks, improving supply chain activities such as the availability of materials at job sites and processes or activities that may cause delays.

# RIGHT UTILIZATION/RIGHT COST

***Improve Efficiency & Decrease Costs by Outsourcing Work***

- Oshawa Power's Resource Optimization Review focused on roles, capabilities and how best the Company can utilize its workforce now and into the future.
- Oshawa Power has already considered the benefits of outsourcing some of their core functions to offset increased headcount costs, gain efficiencies and improve worker productivity.
- Currently, Oshawa Power outsources its Call Centre/Contact Centre Agents and Billing.
- Oshawa Power will address having an in-person response to customers as identified in the survey, by outsourcing services to its affiliate.
- Oshawa Power should continue to investigate opportunities to work with reputable partners that will allow it to consider cost effective alternatives.

# RIGHT SKILLING

***Competencies & Capabilities***

- In discussions with Senior Leadership, the organization has gone through significant change and turnover in the last few years.
- The Executive/Director team is also fairly new affording them the opportunity to assess the needs of the organization and identify what processes need to be transformed and optimized to allow for better use of employee time.
- While average service at the Manager level is over 4.5 years, many of those individuals are newly promoted to management positions resulting in some leadership competency gaps.
- Bench strength below management levels is also lean which has resulted in capability and capacity challenges.  Senior leaders have been able to identify key competencies that are lacking within the organization and are needed to optimize performance.

# RIGHT SKILLING

## *Knowledge Transfer Opportunities*

With specialized skills powering the workforce and the continued risk of losing depth in the utility's corporate knowledge base, Oshawa Power may wish to consider, as part of their long-term resource planning, engaging older workers and retirees in ensuring operational capacity and continuity.

This could include:

- Engaging employees transitioning into retirement by leveraging overlaps for unique positions to ensure that institutional and industry knowledge are passed onto the next generation.
- Engaging retirees (both from within or outside the organization) in select areas to mentor junior staff on a fractional basis.

To prepare for growth and expected attrition, incorporating overlapping time into talent acquisition plans can facilitate effective knowledge transfer.  This approach may lead to higher short-term operating expenses but aims to build a stronger talent pipeline and reduce the learning curve for incoming hires.

Without the implementation of such knowledge transfer mechanisms, Oshawa Power will continue to suffer a loss of institutional and industry knowledge which inevitably reduces productivity and compromises business continuity.

# RIGHT SKILLING

***Knowledge Transfer Opportunities***

Mentoring relationships between retirees and younger employees benefits the organization by:

- Providing guidance and insights to grow skills and capabilities;
- Being a source of development, advice, information and unbiased perspective and leveraging career experiences and learning to help the mentee develop stronger competencies & capabilities;
- Helping less experienced managers navigate new experiences, increase competency and accelerate learning;
- Sharing the vast networks they have built over decades of work and can facilitate those connections;
- Assisting employees as they develop in their careers with the sole purpose of passing on their expertise.

The value proposition is mutually beneficial.  While the organization benefits from the opportunity to accelerate learning without paying a full-time salary, the mentor benefits through a continued contribution to the organization with a lesser commitment of hours that may fit their new lifestyle.

# INTERNAL BENCH STRENGTH

## *Competency Gaps & Development*

- Oshawa Power operates a very lean organization. Compared to its medium sized LDC peer group, Oshawa Power's Customer to Employee Ratio (714:1) is above its comparators. In fact, when compared to all Ontario LDCs (small, medium, large), Oshawa Power sits in the top ten relative to highest ratio of Customers serviced to Employees.[1]
- This has resulted in competency gaps within the organization that stretches the bandwidth of leaders and requires more hands-on effort as well as limiting its ability to drive efficiencies consistent with its Strategic Plan.
- It further restricts the opportunity to provide employees with needed coaching, training, and limits the career development for all levels in the organization.

**The results of the Organization Structure Review convey that the structure is too lean for the size and scope of the business, which could result in the inability to meet targets and successfully executive its Strategic Plan.**

Source: 2023 OEB RRR Section 2.5.1.1 Labour

# INTERNAL BENCH STRENGTH

## *Comparison with other Medium Sized Utilities*

| Oshawa Power | Milton Hydro | Burlington Hydro | Newmarket Tay Power | NPEI | PUC Distribution | Synergy North |
|---|---|---|---|---|---|---|
| 62,145 Customers | 43,285 Customers | 69,171 Customers | 45,794 Customers | 59,008 Customers | 30,963 Customers | 57,252 Customers |
| 87 employees | 75 employees | 99 employees | 72 employees | 112 employees | 82 employees | 124 employees |
| 714:1 | 577:1 | 699:1 | 636:1 | 526:1 | 377:1 | 462:1 |


Source: 2023 OEB RRR Section 2.5.1.1 Labour

# 8.OPTIMAL WORKFORCE PLANNING STRUCTURE

**Trades & Technical Workforce**

# OPTIMAL TRADES/TECHNICAL WORKFORCE

In determining Oshawa Power's requirements for the 2026-2030 period, the following assumptions and data were taken into consideration:

- Maintaining an approximate ratio of 70:30 in-house vs. contracting out work;
- Current workforce demographics;
- Anticipated increases in the customer base, capital work and aging infrastructure;
- Current market and sector trends;
- A need to initiate a formal apprenticeship program, to proactively ensure sufficient proficiency of skilled trades to maintain a safe and reliable distribution system
- The organization's ability to adequately manage its workforce and apprentices

**The following slides provide justification and rationale for increasing the trades and technical workforce and front line management. While there will be an addition of 17 FTE's over the next 6 years, due to attrition, the net impact will only be an increase of 2 FTE's.**

# OPTIMAL TRADES/TECHNICAL WORKFORCE

***Justification – PLT's & Apprentice PLTs***

The appropriate number of PLTs and Apprentice PLT's was calculated using the following inputs:

- Capital work will increase by over 20% between 2026 and 2030 and this will require 2 additional fully certified PLTs per the leadership team.
- The turnover rate over the last 3.5 years among PLTs has been 17% or an average of 2 PLTs leaving per year. This turnover rate will continue to be experienced given the competitive GTA market that Oshawa Power works within.
- Both PLT Subforepersons will retire in 2024 and 2026 when they become eligible. The Subforepersons will be replaced by current PLTs.
- There are no anticipated PLT retirements between 2024-2030.

# OPTIMAL TRADES/TECHNICAL WORKFORCE

## *Justification – PLT' & Apprentice PLTs*

| 2025 Req'd FTEs | Projected Retirements 2024 & 2025 (A) | Projected 2025 Turnover (B) | Projected Promotions to Subforeperson (C) | 2025 Yr End Shortfall (A+B+C) |
|---|---|---|---|---|
| 12 | 0 | 2 | 1 | 3 |

There is currently no apprentice program. Given the demographics & historical attrition rates, there is a potential shortfall of 3 PLTs by the end of 2025.

| 2025 Yr End Shortfall (A+B+C) | Additional FTE for Capital Work 2026 | Projected Retirements 2026 | Projected 2026 Turnover | 2026 Shortfall |
|---|---|---|---|---|
| 3 | 2 | 1 | 2 | 8 |

The shortfall would become exacerbated if there is no action taken before 2026.

# OPTIMAL TRADES/TECHNICAL WORKFORCE

***Justification – PLT's & Apprentice PLTs***

In summary:

- Oshawa Power requires the addition of 8 certified PLTs by the end of 2026.
- Given the current labour market, it is anticipated that few, if any, of those positions can be filled by a certified resource.
- It is recommended that Oshawa Power initiate a PLT Apprentice program in 2025.
- As noted in Slide 35, an apprentice requires ~5 years to reach proficiency.
- Hiring 8 apprentices on a base of 12 PLTs may not be operationally feasible to execute at once. It is therefore recommended that the hiring be staggered over the next 3 years in order to have apprentices of varying competency as part of the workforce with additions in each year thereafter to proactively deal with attrition.
- Operations will need to determine whether the current in-house vs. contracting out ratio of approximately 70:30 can be maintained or requires adjustment in the short term to account for this staggered hiring approach.

# OPTIMAL TRADES/TECHNICAL WORKFORCE

***Justification – PLT's & Apprentice PLTs***

| Year | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
|---|---|---|---|---|---|---|
| No. Apprentices | 3 | 3 | 2 | 2 | 2 | 2 |

Immediate hiring to commence the development process, deal with immediate needs & stagger hiring

Can be adjusted based on attrition rates and growth

# OPTIMAL TRADES/TECHNICAL WORKFORCE

***Justification – PLT Front Line Supervision***

- Currently, 1 Supervisor position exists to manage 2 Subforepersons, 12 PLTs and inspections on contract crews for quality control.
- The demographics confirm that both Subforeperson's are of "retirement age" suggesting that less experienced PLT's will likely be promoted to take on these roles and will require greater guidance and direction.
- The PLT workforce is relatively 'young' compared to industry peers (35 yrs old).
- Further, the introduction of an apprenticeship program will add inexperienced team members to the pool requiring greater leadership, training and mentoring.
- It is our opinion that maintaining a structure with one Supervisor would not be sustainable. The addition of 8 apprentices over the next few years as well as apprentices in each year thereafter will further stretch the Supervisory span of control. It is therefore recommended that an additional PLT Supervisor be hired to mitigate worker and organizational risk.

# OPTIMAL TRADES/TECHNICAL WORKFORCE

***Justification – Power Maintenance Electrician (PME)***

The appropriate number of PMEs and Apprentice PMEs was determined with the following inputs:

- As part of its DSP planning, Oshawa Power has created a new Stations and Protection & Control Department to provide enhanced focus on substation assets and the protection & control of the stations and automated switches and devices.
- There are currently plans being developed to support a potential TS and/or new municipal substation after 2030 or earlier should electricity demand increase more quickly than forecast.
- There are no anticipated PME retirements between 2024-2030.
- The PME group has not experienced any turnover over the last 3.5 years and the average age of the team is 33.  For planning purposes, we have optimistically assumed that Oshawa Power will continue to be able to retain this workforce.

# OPTIMAL TRADES/TECHNICAL WORKFORCE

***Justification – Power Maintenance Electrician (PME)***

It is recommended that 2 apprentice PME's be hired understanding the lead time for full competency is ~ 5 years.

- This will allow Oshawa Power to sustain a qualified and knowledgeable PME group and support the DSP Plan and future growth.
- It is recommended that the hiring be staggered in 2025 and 2026 if possible. With a small group of PME's, having apprentices at different stages of development is advantageous and ensures full competency for at least one resource by 2030.

# OPTIMAL TRADES/TECHNICAL WORKFORCE

***Summary Recommended Hiring - Timing***

| Position | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | Total |
|---|---|---|---|---|---|---|---|
| PME Apprentices | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| PLT Apprentices | 3 | 3 | 2 | 2 | 2 | 2 | 14 |
| PLT Supervisor | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| Total | 4 | 5 | 2 | 2 | 2 | 2 | 17 |

# TIMELINE TO CERTIFICATION

| PLT | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| PLT | ▲▲▲ | ▲▲▲ | ▲▲ | ▲▲ | ▲▲ | ▲▲★★★ | ★★★ | ★★ | ★★ | ★★ | ★★ |
| PME | ▲ | ▲ | | | | ★ | ★ | | | | |

▲ Registered Apprentice

★ Certificate of Qualification Obtained

# OPTIMAL TRADES/TECHNICAL WORKFORCE

***Forecast Impact***

| Category | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | Total |
|---|---|---|---|---|---|---|---|
| New Hire Apprentices | 4 | 4 | 2 | 2 | 2 | 2 | 16 |
| New Hire PLT Supervisor | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| Retirements | -1 | -2 | 0 | 0 | 0 | 0 | -3 |
| Turnover | -2 | -2 | -2 | -2 | -2 | -2 | -12 |
| **Net Impact** | **+1** | **+1** | **0** | **0** | **0** | **0** | **+2** |

# OPTIMAL TRADES/TECHNICAL WORKFORCE

***Rationale & Justification***

- The potential consequences of delays in hiring could result in inadequate resources to maintain and operate the system – or relying on a less experienced or trained workforce to perform highly complex, safety sensitive tasks.
- Following each retirement/attrition, Oshawa Power is faced with a loss of institutional knowledge and experience and the need to train and develop workers new to the organization or new to the sector.
- Assuming Oshawa Power aims to maintain its ratio of work completed in house vs. contracting out, or at what pace, there is a need to increase the number of technical trades and front-line supervisory staff as per the rationale and justification provided.

# 9.OPTIMAL ORGANIZATIONAL STRUCTURE

**Non-Trades**

# OPTIMAL STRUCTURE

- The Optimal Organization Structure puts forward recommendations on increasing headcount to fill the gaps identified in the Review – attempting to ‘Right Size’ and ‘Right Skill’ the organization to be more effective, efficient and responsive to customer expectations.
- The Optimal Organization Structure does not contemplate roles that may currently exist but will be re-structured or re-purposed to support the shifting needs of the organization.

# OPTIMAL STRUCTURE

In determining Oshawa Power's requirements for the 2026-2030 period, the following assumptions and data were taken into consideration:

- The organizational priorities as outlined in Oshawa Power's Strategic Plan;
- The introduction of several new technologies to replace inefficient, antiquated business systems and manual processes that exist due to a lack of investment in technology over the years;
- Increased reliance on digital infrastructure and data and requirements in the OEB's Cybersecurity Framework;
- Anticipated increases in the customer base and current customer feedback; and
- Employee demographics & succession planning;

**The following slides provide justification and rationale for introducing 10 new management/professional FTE roles to the organization.**

# ADDITIONAL FTE'S

***Rationale & Justification***

| | |
|---|---|
| Learning & Development/Change Management Specialist +1 | • Oshawa Power's management level is very new & investment in their development is key to achieving objectives.<br>• Significant growth and business systems implementation and automation will result in significant change in processes and work activities.<br>• This resource will focus on developing and/or delivering leadership, technical and upskilling focused training.<br>• Will support process & system optimization activities & implementations & identify skill and competency gaps to address in real time. |
| Cyber Security Analyst + 1 | • As the LDC becomes more reliant on digital infrastructure and data, cybersecurity measures need to be robust and adapt to the changing landscape.<br>• This will be a dedicated resource that will ensure Oshawa Power meets its obligations regarding governance controls and privacy under the OEB's Cybersecurity Framework.<br>• They will manage cyber threats, effect the risk management program and ensure readiness, status reporting, security audits and vulnerability assessments are completed. |

# ADDITIONAL FTE'S

***Rationale & Justification***

| | |
|---|---|
| Financial Analyst +1 | • This role will add capacity & capability to the Finance team. They will focus on supporting internal clients through budget & forecasting processes and helping to build financial acumen.<br>• They will partner with leaders to closely manage costs & proactively identify areas of concern.<br>• They will be instrumental in supporting the ERP implementation as a functional expert. |
| Supply Chain Management Analyst + 1 | • The SCM area requires centralization, process improvement consistent with best practices & strategic sourcing.<br>• This role will focus on RFP support, inventory management and analyze purchasing & inventory reports to support SCM decision making.<br>• The role will also support the ERP implementation as a functional expert. |

# ADDITIONAL FTE'S

***Rationale & Justification***

| | |
|---|---|
| Business Systems Analyst +1 | • This position will be involved in the implementation and ongoing support for the major business systems that will be implemented.<br>• They will design, maintain, test and oversee information systems and act as a bridge between the organization's information technology and business teams. |
| Project Manager + 1 | • The Project Manager will help build the PMO expertise and support organizational projects in all functional areas.<br>• Initially focused on the new facility build and transitioning to provide greater support to Engineering and other projects.<br>• They will plan, manage and monitor project timelines, budget and resources to ensure project objectives are achieved. |

# ADDITIONAL FTE'S

***Rationale & Justification***

| | |
|---|---|
| Supervisor, Customer Experience +1 | • The position will be focused on improving the customer experience, a weakness identified in the recent Customer Engagement Survey.<br>• They will deal with escalated calls, training & development of Customer Agents to enable an improvement in response times and allow for greater accessibility to speak to a live agent to address questions and concerns. |
| Director Engineering & Operations +1 | • Currently, there is no successor for the Managing Director (MD) who is of retirement age. The Engineering team is relatively inexperienced. This role will take on part of the Engineering portfolio and will be developed to support the succession plan for the MD.<br>• This role will be focused on directing the annual and ongoing operations, design, maintenance & construction of the electrical distribution & sub-transmission systems. |

# ADDITIONAL FTE'S

***Rationale & Justification***

| | |
|---|---|
| GIS Analyst +1 | • There is currently no dedicated GIS resource and technical work is completed partially by a Manager and by coop students which is not sustainable.<br>• This role will be focused on maintaining and managing GIS data, creating dashboards, and reports and conducting spatial analysis. |
| Sr. IT Analyst +1 | • This role will be focused on providing advanced troubleshooting and technical support for IT systems and solve complex technical issues (escalations).<br>• They will implement new systems and evaluate IT systems and business processes to identify areas for improvement and automation. The role will also work closely with stakeholders to gather requirements and ensure IT solutions align with business goals. |

# SUMMARY RECOMMENDATIONS – MANAGEMENT, PROFESSIONAL & ADMINISTRATIVE

| Position | 2026 |
|---|---|
| Learning & Development/Change Management Specialist | 1 |
| Cybersecurity Analyst | 1 |
| Financial Analyst | 1 |
| Supply Chain Management Analyst | 1 |
| Business Systems Analyst | 1 |
| Project Manager | 1 |
| Supervisor, Customer Experience | 1 |
| Director Engineering & Operations | 1 |
| GIS Analyst | 1 |
| Senior IT Analyst | 1 |
| **Total FTEs** | **10** |

# 5 YEAR TRANSITION PLAN

***Pace of Transition***

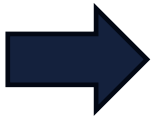
- The recommendations outline a series of positions be added to the workforce to ensure Oshawa Power has the right skilled employees, in the right positions at the right time to deliver on its Strategic Plan.
- Technology upgrades and process improvement will enable staff to perform their jobs more effectively.  However, with various business systems being sourced and implemented over the next few years, it will be imperative for these new positions to be integrated immediately so they can participate and develop the knowledge required to operate and leverage the technology.
- It is recommended that the organization commence the process of job analysis and integration of these roles to ensure the appropriate lead time to recruit and fill these positions based on the recommended timing.

# 10.IMPACT OF ADDITIONS

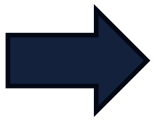
# IMPACT OF CHANGES

## *LDC Comparators*

| Oshawa Power - 2023 |
| --- |
| 62,145 Customers |
| 87 Employees |
| 714:1 |



| Oshawa Power - 2026 |
| --- |
| 64,983 Customers |
| 99 Employees |
| 656:1 |



| Oshawa Power - 2030 |
| --- |
| ~69,516 Customers |
| 99 Employees |
| 702:1 |

Assumes 1.4% customer growth in 2024& 2025 and 1.7% growth from 2026-2030 per Oshawa Power

No. of employees assumes addition of Professional, Administrative and Technical/Trades additions

**Vs.**

| Avg. Medium Sized LDCs - 2023 |
| --- |
| 50,912 Customers |
| 94 Employees |
| 541:1 |

Medium Sized LDC's included: Milton Hydro, Burlington Hydro, Niagara Peninsula Energy, PUC Distribution, Synergy North & Newmarket Tay Power

# Attachment 4 – 2

## Expert Acknowledgement (Form A) for Lise Galli

**FORM A**

Proceeding: EB-2025-0014

ACKNOWLEDGMENT OF EXPERT'S DUTY

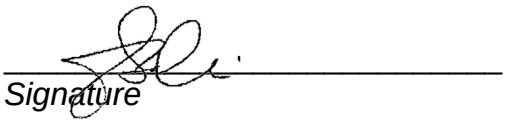
1. My name is Lise Galli (*name)*. I live at Ancaster (*city)*, in the province (*province/state*) of Ontario .

2. I have been engaged by or on behalf of Oshawa Power (*name of party/parties)* to provide evidence in relation to the above-noted proceeding before the Ontario Energy Board.

3. I acknowledge that it is my duty to provide evidence in relation to this proceeding as follows:
   (a) to provide opinion evidence that is fair, objective and non-partisan;
   (b) to provide opinion evidence that is related only to matters that are within my area of expertise; and
   (c) to provide such additional assistance as the Board may reasonably require, to determine a matter in issue.

4. I acknowledge that the duty referred to above prevails over any obligation which I may owe to any party by whom or on whose behalf I am engaged.

Date April 25, 2025

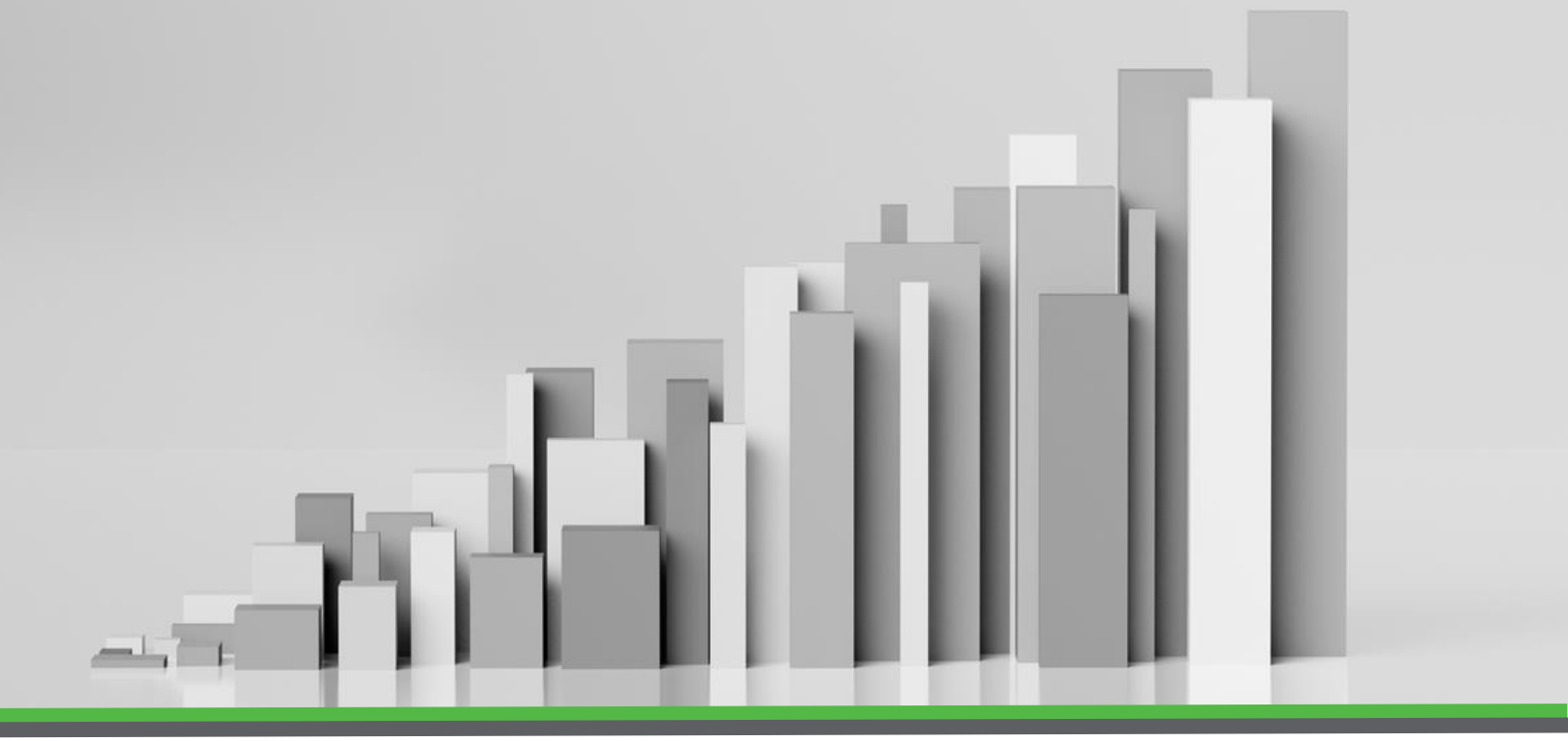


*Signature*

# Attachment 4 – 3

## Oshawa Power's 2024 Actuarial Report

# 2024 REPORT FOR ACCOUNTING PURPOSES FOR OSHAWA POWER AND UTILITIES COMMISSION EFFECTIVE DECEMBER 31, 2024



Completed February 19, 2025

MONDELIS

**Introduction**

***[Note: The Exhibits begin on page 8]***

We have prepared extrapolations for 2024 expense purposes with respect to the Oshawa Power and Utilities Commission's (OPUC) post-employment benefits plan. A full valuation has been completed effective December 31, 2024. The previous valuation was completed effective December 31, 2023 and has been used for extrapolation during 2024.

**Confirmations**

a) We are aware that OPUC intends to use this work as audit evidence.
b) I am a Fellow in good standing with the Canadian Institute of Actuaries (the CIA).
c) We have been engaged by OPUC's management to prepare the disclosure information.
d) Our work (the valuation and extrapolation) has been performed in accordance with the standards of the CIA and our understanding of IAS19R. Two columns are shown in the attached table: 2023 and 2024.
e) The extrapolation includes all employee future benefit plans for which we have been retained.
f) A materiality level of no higher than $100,000 has been applied.
g) No matters have come to our attention between the extrapolation date and the date of this report that would have a material effect on the results.
h) We have included the effect of all known substantive commitments in our calculations.
i) To the best of our knowledge, there were no events subsequent to the fiscal year end date and prior to the date of the report which would have a material impact on the results of the year-end disclosures.
j) We are not aware of any settlements or curtailments during the fiscal period;

k) The following information outlines the plans and methods used to value them:

(i) The valuation performed on the plan was based on membership as summarized in the following tables:

| Age Group | Active Employees | | | Average Service | Average Life Ins. |
|---|---|---|---|---|---|
| | Male | Female | Total | | |
| 19 to 25 | 3 | 1 | 4 | 0.8 | 130,000 |
| 25 to 30 | 6 | 3 | 9 | 2.2 | 139,444 |
| 30 to 35 | 9 | 2 | 11 | 4.0 | 173,182 |
| 35 to 40 | 13 | 0 | 13 | 4.6 | 182,000 |
| 40 to 45 | 7 | 5 | 12 | 4.1 | 203,000 |
| 45 to 50 | 3 | 2 | 5 | 13.4 | 215,200 |
| 50 to 55 | 3 | 3 | 6 | 9.0 | 202,667 |
| 55 to 60 | 9 | 7 | 16 | 16.3 | 172,625 |
| 60 to 65 | 0 | 1 | 1 | 24.8 | 155,000 |
| Totals | 53 | 24 | 77 | 7.6 | 177,805 |
| | | | | | |
| Category 1 | 4 | 4 | 8 | 27.5 | |
| Category 2 | 3 | 3 | 6 | 16.4 | |
| Category 3 | 2 | 0 | 2 | 17.3 | |
| Category 4 | 22 | 4 | 26 | 4.6 | |
| Category 5 | 22 | 13 | 35 | 3.1 | |
| Totals | 53 | 24 | 77 | 7.6 | |
| | | | | | |
| Life Option 1 | 33 | 19 | 52 | | |
| Life Option 2 | 4 | 0 | 4 | | |
| Life Option 3 | 1 | 1 | 2 | | |
| Life Option 4 | 15 | 4 | 19 | | |
| Totals | 53 | 24 | 77 | | |

| Age Group | Retired Employees Male | Female | Total | Average Life Ins. |
|---|---|---|---|---|
| 55 to 60 | 7 | 3 | 10 | 41,379 |
| 60 to 65 | 9 | 4 | 13 | 39,485 |
| 65 to 70 | 6 | 3 | 9 | 30,551 |
| 70 to 75 | 15 | 9 | 24 | 28,042 |
| 75 to 80 | 9 | 11 | 20 | 27,182 |
| 80 to 85 | 4 | 4 | 8 | 28,674 |
| 85 to 90 | 2 | 1 | 3 | 43,045 |
| Over 90 | 4 | 0 | 4 | 59,500 |
| Totals | 56 | 35 | 91 | 33,134 |
| Single | 2 | 8 | 10 | |
| Family | 54 | 27 | 81 | |

*Of the above retirees, four are not entitled to health/dental benefits.*

| Age Group | Survivors Male | Female | Total |
|---|---|---|---|
| 65 to 70 | 0 | 2 | 2 |
| 70 to 75 | 0 | 1 | 1 |
| 75 to 80 | 0 | 5 | 5 |
| 80 to 85 | 0 | 0 | 0 |
| 85 to 90 | 0 | 2 | 2 |
| 90 to 95 | 0 | 6 | 6 |
| 95 to 100 | 0 | 4 | 4 |
| Totals | 0 | 21 | 21 |

Health and dental claims for the retirees for three years (January 1, 2022-December 31, 2022; January 1, 2023-December 31, 2023; January 1, 2024-December 31, 2024) (prior to loads) were used to establish anticipated claims for valuation purposes; January 1, 2024 to December 31, 2024 (current claims) (prior to loads) were $389,497. Claims were trended to the valuation date with most recent claims receiving the highest weighting. Current claims were divided by the retiree exposures, and administration and tax loads were added, and adjusted relative to the anticipated claims, to establish the following projected monthly claims costs for 2025. (Administration and tax loads for 2025 total 23.1%.)

| | Single | Family |
|---|---|---|
| Health under 65 | 153.87 | 307.74 |
| Health 65 + | 93.61 | 187.22 |
| Dental under 65 | 77.00 | 154.00 |
| Dental 65+ | 48.81 | 97.62 |

(ii) Plan Provisions summary (we are not aware of any changes since our prior report):

- Life insurance benefits are provided to employees who retire under the following circumstances:
    - Employees who retire under Plan Option 1 receive an insurance benefit of $2,000 payable on the retiree's death. If they retire with more than 10 years of service, the insurance benefit would be equal to 50% of final annual earnings.
    - Employees who retire under Plan Option 2, 3, or 4 receive an insurance benefit equal to 50% of final annual earnings, reducing by 2.5% per year to an ultimate benefit of 25% of final earnings.
- Supplemental health (drugs, vision, semi-private hospital, and extended health services), and dental benefits are provided to retirees under the following circumstances:
    - Category 1 employees are provided lifetime health and dental benefits; surviving spouses are covered for the survivor's lifetime.
    - Category 2 employees who retire with a minimum of 20 years of continuous service receive lifetime health benefits and dental benefits to age 65; surviving spouses receive lifetime health benefits and dental benefits payable to the employee's age 65.
    - Category 3 employees who retire with a minimum of 25 years of continuous service receive lifetime health benefits and dental benefits to age 65; surviving spouses receive lifetime health benefits and dental benefits to the employee's age 65.
    - Category 4 employees who retire with at least 25 years of continuous service receive health benefits and dental benefits to age 65; surviving spouses receive health and dental benefits for two years. Benefits are 80% paid by OPUC and 20% paid by the retiree.
    - Category 5 employees are not eligible for post-employment health and dental benefits.
    - Dispensing fee payments are assumed limited to $12.99.

(iii) The following summarizes the assumptions used:

- A discount rate of 4.70% per year is used to value benefits as at December 31, 2024. A discount rate 4.65% per year is used for the extrapolation during 2024. The single discount rate is the rate, rounded to the nearest 0.05%, that duplicates the plan's obligations determined using the Fiera Capital/CIA yield curve as at December 31, 2024.
- Returns on invested funds are moot as the plan is not funded.
- Salary growth rate 3.0% per year.
- Inflation 2.0% per year.
- Mortality is on the basis of the CIA Public Sector Mortality Table (CPM2014Publ) projected on a generational basis using CPM Improvement Scale B; no size band adjustments are included.
- Termination of employment is assumed using the Ontario Light termination rates with no termination after the attainment of age 55.
- Age nearest birthday for current age.
- Retirement is assumed to occur at the later of age 60 and current age plus one year.
- Non-retired members are assumed to be 85% married at retirement with male spouses 3-years older than female spouses. Retired member's actual spousal status is used.
- Consistent with prior years and the data provided, retiree calculations include health/dental benefits for life except as noted in the data above.
- Health care costs are presumed to increase 7% in the year following the valuation, this rate decreasing each year to an ultimate rate of 4% after 6 years. Dental costs are presumed to increase at 4% per year, beginning in the year following the valuation. The dispensing fee portion of these costs is limited to the current assumed $12.99 maximum.
- No provision for disability is included.
- The cost method is the accrued benefit method with projected benefits prorated by service.
- Attribution age is the age at which benefits could, with continued future service, become available (i.e. attainment of age 55 and service requirements).

- The following table shows a sample of the mortality and termination rates:

| | CPM2014Publ Mortality Table | | Light Termination |
|---|---|---|---|
| **Age** | **Male** | **Female** | **Rate** |
| 25 | 0.00100 | 0.00024 | 0.100 |
| 30 | 0.00111 | 0.00030 | 0.056 |
| 35 | 0.00111 | 0.00042 | 0.032 |
| 40 | 0.00126 | 0.00060 | 0.022 |
| 45 | 0.00176 | 0.00086 | 0.017 |
| 50 | 0.00246 | 0.00128 | 0.012 |
| 55 | 0.00363 | 0.00206 | |
| 60 | 0.00531 | 0.00348 | |
| 65 | 0.00762 | 0.00558 | |
| 70 | 0.01169 | 0.00880 | |
| 75 | 0.01999 | 0.01459 | |
| 80 | 0.03735 | 0.02711 | |
| 85 | 0.07217 | 0.05316 | |

The Exhibits, beginning on page 8, provide details of the 2024 disclosure; 2023 amounts are included for comparison purposes.

Should you require additional information or additional calculations, please contact us.

Sincerely,

Harish Pawagi
Fellow, Society of Actuaries
Fellow, Canadian Institute of Actuaries
harish.pawagi@mondelis.com
Direct: 519-804-2896
550 Bingemans Centre Drive, Suite 200
Kitchener ON N2B 3X9

| **Oshawa PUC**<br>**Fiscal Year** | **2023** | **2024** |
|---|---|---|
| **Discount rate at start of period** | 5.05% | 4.65% |
| **Discount rate at end of period** | 4.65% | 4.70% |
| **Interest rate on assets** | N/A | N/A |
| **EARSL Period** | N/A | N/A |
| | | |
| **Reconcile Obligation** | | |
| Obligation at start of year | 8,579,635 | 11,192,138 |
| Revaluation | 0 | 0 |
| Transfer | 0 | 0 |
| Plan amendments in year | 0 | 0 |
| Employer current service cost | 59,697 | 69,128 |
| Member contributions | 0 | 0 |
| Benefit payments | (587,894) | (599,006) |
| Interest on obligation | 419,935 | 508,115 |
| Obligation at end of year | 8,471,373 | 11,170,375 |
| Actual obligations at end of year | 11,192,138 | 8,458,998 |
| (Gain)/Loss recognized at end of year | 2,720,765 | (2,711,377) |
| | | |
| **Reconcile Plan Funds** | | |
| Asset at start of period | 0 | 0 |
| Employer contributions | 587,894 | 599,006 |
| Benefit payments | (587,894) | (599,006) |
| Fund earnings | 0 | 0 |
| Asset at end of period | 0 | 0 |
| | | |
| **Expense** | | |
| Current service cost | 59,697 | 69,128 |
| Interest on obligation | 419,935 | 508,115 |
| Interest on assets | 0 | 0 |
| Amortize transition amount | 0 | 0 |
| Amortize plan improvements | 0 | 0 |
| Amortize gains and losses | 0 | 0 |
| Expense | 479,632 | 577,243 |
| | | |
| **Transition obligation (asset)** | | |
| Transition amount at start of period | 0 | 0 |
| Amortization during period | 0 | 0 |
| Transition amount at end of period | 0 | 0 |

| Oshawa PUC<br>Fiscal Year | 2023 | 2024 |
|---|---|---|
| **Prior service costs** | | |
| Unamortized amount at start if period | 0 | 0 |
| Past service in period | 0 | 0 |
| Amortization during period | 0 | 0 |
| Unamortized amount at end of period | 0 | 0 |
| **Actuarial (gains) & losses** | | |
| Unamortized amount at start | 0 | 0 |
| 10% Window | N/A | N/A |
| Amount subject to amortization | N/A | N/A |
| (Gain) or Loss in period | 2,720,765 | (2,711,377) |
| Amortization during period | 2,720,765 | (2,711,377) |
| Unamortized (gain)/loss at end | 0 | 0 |
| **Balance sheet asset (liability)** | | |
| Amount at start of period | (8,579,635) | (11,192,138) |
| Expense in period | (479,632) | (577,243) |
| Employer contribution | 587,894 | 599,006 |
| Recognize gains/(losses) | (2,720,765) | 2,711,377 |
| Amount at end of period | (11,192,138) | (8,458,998) |
| **Reconcile funded status** | | |
| Benefit obligation at end of period | 11,192,138 | 8,458,998 |
| Asset value at end of period | 0 | 0 |
| Funded status - surplus (deficit) | (11,192,138) | (8,458,998) |
| Unamortized transition obligation (asset) | 0 | 0 |
| Unamortized prior service costs | 0 | 0 |
| Unamortized (gains) & losses | 0 | 0 |
| Balance sheet asset (liability) | (11,192,138) | (8,458,998) |

| **Oshawa PUC**<br>**Fiscal Year** | **2023** | **2024** |
|---|---|---|
| **Sensitivity Testing:** | | |
| **Obligation at end of fiscal year:** | | 8,458,998 |
| Change with 1.0% **lower** discount rate | | 1,157,000 |
| Change with 1.0% **higher** discount rate | | (940,000) |
| Change with 1.0% **lower** trend rate | | (690,000) |
| Change with 1.0% **higher** trend rate | | 826,000 |
| Change with 1 yr **greater** life expectancy | | 215,000 |
| Change with 1 yr **lower** life expectancy | | (186,000) |
| **Projected Benefit Payments** | | |
| In 1st year following fiscal year | | 465,000 |
| In 2nd year following fiscal year | | 473,000 |
| In 3rd year following fiscal year | | 490,000 |
| In 4th year following fiscal year | | 505,000 |
| In 5th year following fiscal year | | 511,000 |
| In 6th through 10th year following fiscal year | | 2,665,000 |
| **Sources of (Gain)/Loss** | | |
| Discount rate | | (52,000) |
| Experience (claims, trend rate, demographics) | | (2,659,000) |
| Total | | (2,711,000) |

# Attachment 4 – 4

## Oshawa Power's Purchasing Policy

| | |
|---|---|
| **Title** | Purchasing Policy |
| **Policy #** | PU-1101 |
| **Policy Owner** | Finance & Supply Chain |
| **Effective Date** | February 2024 |
| **Previous Versions** | February 2, 2023<br>March 31, 2017<br>May 6, 2006 |
| **Approved By:** | Chief Financial Officer & CAO (“CFO”)<br>President & CEO (“CEO”)<br>Finance & Audit Committee<br>Board of Directors |
| **Approval Date:** | February 8, 2024 |
| **Next Review Date** | January 2025 |
| **Related Policies** | Signing Authority Policy CO-0100<br>Credit Card Policy CO-0101<br>Business Expense Reimbursement Policy CO-0102 |

OSHAWA POWER Group of Companies

# Contents

# 1 Introduction

The Supply Chain Department is responsible for the acquisition of quality goods and services in support of the operations of Oshawa Power & Utilities Corporation and its subsidiaries ("OPUC" or the "Company"). Unless otherwise authorized in writing by the Board of Directors or the President and CEO, the purchasing process, as outlined in this Purchasing Policy, must be administered in accordance with the Company's Mission Statement, Corporate Objectives, this Purchasing Policy and related policies.

## 1.1 Purpose

The purpose of this Policy is to:

- Promote OPUC accountability and transparency in its use of funds for the purchase of goods and services, and ensure that the right quality goods and services are procured at the right price, delivered at the right time and place, and in the right quantity;
- Establish guidelines to which all OPUC departments must adhere to in purchasing goods and services;
- Outline the role and responsibility of the Supply Chain Department in assisting departments to acquire appropriate, high quality goods and services that meets OPUC's immediate and long-term needs at the best overall value;
- Define the responsibility of all OPUC employees involved in the purchasing process; and
- Endorse sustainable, supplier diversity and environmentally responsible procurement practices wherever feasible.

## 1.2 Scope

This Policy applies to all purchases of goods and services by any employee or agent acting on behalf of OPUC. However, certain goods and services, such as those outlined below in Section 4 ("Exceptions, Emergency and Recurring Regular Purchases") are excluded from this Policy.

This Policy needs to be applied in conjunction with the Signing Authority Policy, whereby this Policy outlines the criteria on how to make a purchase, whereas the Signing Authority Policy outlines who approves based on the overall value of the purchases.

All OPUC employees must comply with this Policy. All OPUC employees must conduct purchase activities in a professional and ethical manner and avoid actual or perceived conflicts of interest. Procurement decisions must be made in the overall best interest of OPUC. Favourable treatment as to the selection of suppliers is not permitted. Favourable treatment may include being influenced by a gratuity (such as a gift or award), family relationship, or a financial interest that might conflict with proper performance of an employee's responsibilities as to this Policy and therefore compromise the integrity of the purchasing process. Employees are responsible for identifying where there may be perceived favorable treatment and declaring it to their immediate Manager.

Adherence to this Policy will enable the safeguarding of OPUC's assets. Non-compliance can result in delayed payment of invoices to suppliers, interruption of services, or non-delivery of goods and services.

### 1.3 Governing Principles

Purchases of goods and services must be made in accordance with sound business practices. The application of this Policy ensures OPUC adheres to the following governing principles for the acquisition of goods and services:

- OPUC will ensure that only quality goods and services are acquired and at the most favourable prices to maximize the value of its acquisitions
- Goods and services are purchased solely based on appropriate requisition approval authority
- Promote a fair and competitive process for selection of suppliers
- Goods and services are provided on time and at place required
- Ensure compliance with all applicable laws and regulations
- Maintain an adequate level of inventory sufficient to support the reliability of the distribution system through reliable delivery to OPUC
- Enable the achievement of safety, ethical, environmental and professional standards
- Ensure suppliers consider sustainability and social responsibility with their product and service offerings

### 1.4 Definitions

- Purchase Requisition Form – used to initiate a purchase request resulting in the creation of a Purchase Order; See Appendix A.
- Purchase Order - is a legally binding contract between a supplier and a Customer for the purchase of goods or services. The Supply Chain Department is the only authorized channel for issuing a Purchase Order. Once a Purchase Order is executed, OPUC is legally committed to the supplier for the purchase of the underlying goods or services.
- Competitive Bid Request Form – used to request the engagement of suppliers in an RFQ or RFP process. In addition to pricing, the RFQ/RFP is a process set out to obtain proposals that may include designs for solutions in addition to deliverables of products or services. The RFQ/RFP may also require information about organizational capability and resources, financial viability, sustainability principles, supplier diversity and value adding opportunities for qualifying candidates. See Appendix C.
- RFQ - Request for quotation. A RFQ is typically used when the good or service is well defined and known, and quantities are confirmed. Through this process, the supplier is engaged to provide a price and a lead-time.
- RFP - Request for proposal. A RFP is typically used when the good or service is not clearly defined; the problem to solve is well defined but the potential solution is open to interpretation. The supplier will respond to the request with a proposed solution(s), including services that will be provided to meet the need, and associated pricing and lead-times. This

process could take several months.

- Single/Sole Source Justification Form – can be used for purchases where a competitive bid process is not used, but requires approvals. See Section 2.3 and Appendix B.
- Sole source purchases are those where there is only one supplier that provides the goods or the service.
- Single source purchases are those where the goods or services are provided by many different suppliers, but the choice is made to transact with only one of them.
- Blanket Purchase Order – Blanket Purchase Orders are issued to specific suppliers to address recurring purchases of goods or services, for a specific period of time.
- Consulting Services – is the provision of expertise or strategic advice that is presented for consideration and decision making. It is determined by the nature of the service being procured, not by the underlying designated profession doing the work.
- Non-Consulting Services – services that involve the delivery of tangible services/products, including, service maintenance, sub-contracted services, or contracted employees, where the services they are providing is not the delivery of expertise or strategic advice for consideration and decision making.
- Responsible Manager – are those employees that are accountable for the underlying budget.

# 2 General Requirements

All purchases of goods and services must be completed through a valid purchase order issued by the Supply Chain Department, unless otherwise provided for in this Policy. See Appendix E for summary of overall process.

## 2.1 Purchase Requisitions

All purchases of goods or services over $5,000 must be initiated by completing a “Purchase Requisition Form” – refer to Appendix A.

Requisitions shall be approved in accordance with the authorization levels reported in section 2.3 below.

For Requisitions requiring multiple quotations, the Supply Chain Department will obtain additional quotes as required.

## 2.2 Authorization by Board of Directors

The Board of Directors authorizes the annual capital and operating expenses of OPUC by approving the annual budget. For purchases reflected in the Board approved annual budget, the Board of Directors' delegate authorization responsibility to the CEO, as per the approval levels outlined in the Signing Authority Policy, and no additional Board approval is required.

## 2.3 Approvals

Purchase requisitions must be approved in accordance with the tables provided below, which is further detailed in the Signing Authority Policy.

An approver is responsible for reviewing a Requisition to ensure:

- compliance with this Policy and other related policies
- The Requisition is created under the correct company name (refer to Appendix D for company codes).
- The Requisition is reasonable and within budget. If the request is not accounted for in the budget, refer to Section 3.4.
- An approver must review and approve either manually or electronically by signing the Purchase Requisition Form (Appendix A).

An approver cannot both initiate and approve the same Requisition. An approver may not approve any expense that the approver does not have budget responsibility for. The value of a purchase determines the procurement method and approval authority levels. Purchase requisitions must not be split into multiple requisitions where a single purchase is possible.

| **Goods, Construction and Non-Consulting Services** | | |
|---|---|---|
| **Total Value before taxes (CDN dollars)** | **Means of Procurement** | **Requisition Approval Authority** |
| Up to $5,000 | Purchase Order required for capital items only. | Responsible Manager |
| > $5,000 up to $20,000 | Requisition, RFQ and Purchase Order required. Single/Sole Source approval required by Director/Managing Director. | Responsible Manager |
| > $20,000 up to $50,000 | Requisition, RFQ by Supply Chain department and Purchase Order required. Single/Sole Source approval required by Managing Director. | Responsible Manager |
| > $50,000 up to $100,000 | Requisition, RFQ by Purchasing department and Purchase Order required. Single/Sole Source approval required by the CFO. | Responsible Manager and Responsible Director/Managing Director |
| > $100,000 up to $250,000 | Requisition, RFQ/ RFP by Purchasing department and Purchase Order required. Single/Sole Source approval required by the CFO. | Responsible Director/Managing Director and Chief Financial Officer |

| | | |
|---|---|---|
| > $250,000 up to $1,000,000 | Requisition, RFQ/ RFP, Signed contract and Purchase Order required. Single/Sole Source approval required by the CFO and CEO. | Chief Financial Officer and President & CEO |
| >$1,000,000 | Requisition, RFQ/ RFP, Signed contract and Purchase Order required. Single/Sole Source approval required by CEO and the Board of Directors | President & CEO and Board of Directors |

Approved requisitions initiate the creation of a Purchase Order, which, once executed, legally binds OPUC on the commitment to purchase the underlying good or service. Hence, the approval of the Requisition and any required Forms are subject to the approval thresholds as outlined above and within the Signing Authority Policy. Subsequent approval of invoices, against previously approved Requisitions, provide authorization to make payment and can be completed by the Requestor or the Responsible Manager. Approving an invoice means it is being authorized for payment as the goods were received and/or the services were completed and that the invoice details are consistent with the terms of the approved Purchase Order.

The Finance Manager is responsible for ensuring that all non-requisitioned purchases have been approved at the appropriate levels and in accordance with this Policy.

Approval requirements for all Consulting Services are as follows:

| **Consulting Services** | | |
|---|---|---|
| **Total Value before taxes (CDN dollars)** | **Means of Procurement** | **Requisition Approval Authority** |
| < $250,000 | Requisition, RFQ/RFP Purchase Order required and signed contract.<br>Single/Sole Source approval required by CFO. | Responsible Managing Director and Chief Financial Officer |
| > $250,000 up to $1,000,000 | Requisition, RFQ/RFP, Purchase Order required and signed contract.<br>Single/Sole Source approval required by CFO and CEO. | Chief Financial Officer and President & CEO |

| | | |
|---|---|---|
| >$1,000,000 | Requisition, RFQ/RFP, Purchase Order required and signed contract.<br>Single/Sole Source approval required by CEO and the Board of Directors. | Chief Financial Officer, President & CEO and Board of Directors |

Where signed contracts are required for the purchase of goods, construction, non-consulting and consulting services, the below table summarize approval requirements.

| **Contracts for Goods, Construction and Services** | | |
|---|---|---|
| **Total Value before taxes (CDN dollars) and Contract Term** | **Purpose** | **Signing Authority** |
| Contracts up to $250,000 with contract term of no more than one (1) year | For the purchase of consulting services | Responsible Managing Director and Chief Financial Officer |
| Contracts with values between $250,000 and $1,000,000 and/or contract term between one (1) year but no more than three (3) years | For the purchase of all goods, construction, non-consulting and consulting services | Chief Financial Officer and President & CEO |
| Contracts exceeding $1,000,000 and/or a contract term of three (3) years or more | For the purchase of all goods, construction, non-consulting and consulting services | Chief Financial Officer, President & CEO and Board of Directors |

For procurement of goods, construction, and non-consulting services where total contract values exceed $250,000 and for all procurements of consulting services, a contract must be signed with the supplier or consultant, and it must set out the obligations that are not normally contained in a standard Purchase Order. Contracts must be written to guarantee the performance of the supplier or the consultant and to establish sufficient protection in the event the supplier defaults in the performance of the contract. Contracts generally include services to be provided, pricing and terms. Total value is the value of the entire contract over the contract term.

For all Contracts a Purchase Requisition Form (Appendix A), Single Source Justification Form (Appendix B) (if not following a competitive bid process), and a Competitive Bid Request Form (Appendix C) must be completed. Forms are to be approved in accordance with the minimum approval requirements outlined in the table above and submitted by the responsible Managing

Director to the Supply Chain Department.

All Contracts must all be reviewed by the Contract Specialist and must be accompanied with a Contract Executive Summary form for execution.

### 2.4 Delegation of Approval Limits

Responsible Managers, Directors, Managing Directors, Chief Financial Officer, and the President & CEO may delegate their respective position's approval limit for periods of planned absences or unavailability. The delegate should be at the same or higher Approver limit.

All instances of delegated authority must clearly state the required delegated authority and the time period to which it relates; must be approved by the next level Responsible Director, Managing Director, Chief Financial Officer, or President & CEO; and communicated electronically to Finance and Supply Chain and any other relevant parties.

### 2.5 Sequence of Approvals

Where multiple approvals are required, approvals should follow the hierarchy as stated in Section 2.3 and within the Signing Authority Policy, starting with the Responsible Manager to the Board of Directors. Evidence of approval must be documented on the respective documents.

### 2.6 Modern Slavery Law (Bill S-211)

In accordance with the applicable modern slavery laws and regulations, OPUC will work with suppliers to ensure that a) the suppliers shall not perform an act or omission which is in contravention with the letter and spirit of the Act, and b) the suppliers shall carry out regular, meaningful and comprehensive due diligent activities and have internal policies in place to address any suspected human rights abuse in its business and group, where applicable.

### 2.7 Review of Policy

This Policy will be reviewed on an annual basis. All employees will be required to annually attest in writing that they have read and understood this Policy.

## 3 Requisitions

### 3.1 Responsibilities

- Requestor:
    - Identify goods and services required within their specific functional areas of responsibility through a Purchase Requisition Form.
    - Authorize invoice for payment, by signing the invoice and providing coding for finance record keeping (refer to appendix D).
    - Forward the approved coded invoice to Finance for payment along with the purchase order receiving slips and packing slips for goods purchases, or copy of the agreement and/or proof of work completed for instances where services were

rendered.

- Requisition Approver:
    - Review and approve the Requisition, in a timely manner, ensuring compliance with this Policy.
    - Obtain appropriate approvals as required, as per the Signing Authority Policy.
- Supply Chain:
    - Review Requisitions received and validate information and approvals received;
    - Responsible for executing the purchase, under the terms and conditions outlined in the Purchasing Policy, and expediting the goods and services accordingly, on behalf of the Requestor.
    - Responsible for obtaining multiple quotes or competitive bids as required as per this Policy;
    - Create purchase orders, communicate with suppliers and advise Requestor of the lead time for delivery or service;
    - Monitor spend against purchase orders to ensure compliance
- Stores/Warehouse:
    - Responsible for receiving inventory goods and forwarding the packing slips to Finance department.
    - Let Requestor know that their order has arrived in case of non-inventory goods.
- Finance:
    - Before making payment, confirm the purchase order and receiving slip is attached to invoices submitted; or, where services were rendered, ensure proof of work completed is attached; ensure invoice has been properly approved and coded for payment.
    - Make payments in a timely manner as per agreed upon supplier terms.
- Management:
    - Ensure compliance of this Policy; ensure employees are appropriately trained;
    - Review Policy regularly.

### 3.2 Requisitions Process

Refer to Appendix E for a flowchart summarizing the overall Requisition process.

- A Purchase Order is required for all purchases > $5,000. For purchases under $5,000, Responsible Managers can decide how best to execute on the purchase, including use of Company credit card. However, all capital purchases still require a Purchase Order.

Purchases for the purpose of the $5,000 threshold are defined as cumulative purchases to the same supplier over a period of one year.

- For purchases above $5,000, the Requestor prepares the Requisitions and is responsible for obtaining approvals as per approval limits set out in Section 2.3 above. Once approved, the Requisition can be submitted to the Supply Chain Department.
- Supply Chain Department will work with departments to develop and manage formal Requests for Quotation or Proposals (RFQ/RFP) for purchases greater than $20,000.
- Copies of approved Purchase Orders, packing slips, receiving slips, and signed agreements will accompany approved supplier invoices, and other required documents specified in the Purchasing Policy for payment processing. In case of professional services, such as consulting, a statement of work indicating completion is required for payment processing.
- All requisitions must be submitted through the online portal provided in Microsoft Teams.

### 3.3 Single/Sole Source purchases

Single/Sole Source purchases up to $5,000 are at the discretion of the Responsible Manager requesting the goods or services.

All other single/sole source purchases require an approved Single/Sole Source Justification Form (Appendix B). Single/Sole Source Justification Forms must be approved in accordance with the approval requirements outlined in Section 2.3 above along with the Requisition, and submitted by the Responsible Manager to the Supply Chain Department.

### 3.4 Budget

It is the responsibility of all OPUC employees, who requisition or approve purchases on behalf of the Company, to ensure that adequate funds are available within their department's approved capital and operating budgets prior to commencing the purchasing process.

### 3.5 Non-Budgeted Purchases

- Non-budgeted purchases are defined as spend that exceed budget by a minimum dollar or percent limit as set out below. Capital spend overage limits are evaluated on a project basis and operating expense overage limits are evaluated at the department budget level.
- Responsible Directors and Managing Directors are required to approve the spend that increase the total committed cost of a capital project or an operating expense by up to 10% or $20,000 above the total approved budget.
- Chief Financial Officer is required to approve spend that increases the total committed cost of a capital project or an operating expense by more than 10% or $20,000 above the total approved budget, up to 20% or $50,000 above the total approved budget.
- The Chief Financial Officer and President & CEO are required to approve spend that increases the total committed cost of a capital project or an operating expense by more than 20% or $50,000 above the total approved budget up to $500,000 above the total

approved budget.

- Purchases that increase the total committed cost of a capital project or an operating expense by more than $500,000 above the total approved budget require the approval of the Board of Directors.

# 4 Exceptions, Emergency or Regular Recurring Purchases

## 4.1 Exceptions

Provided that approvals are obtained as per the approval thresholds outlines in Sections 2.3 and 3.5 above and in the Signing Authority Policy, the following products, services and remittances, may be paid without a supporting Single/Sole Source Form, Requisition or Purchase Order:

- Wholesale power purchase remittances to the Independent Electricity System Operator ("IESO");
- Utilities (electricity, gas, water);
- Canada Post - Customer Billing;
- Company credit card payments;
- Insurance, legal and audit fees;
- Investment services;
- Payroll (benefits, wages and salary administration);
- Staff expense reimbursements;
- Non-inventory intercompany transactions;
- Retailer payments and remittances;
- Other regulatory fees and assessments;
- Interest and principal payments on debt that match payment schedules contained within loan agreements that have been approved by the Board of Directors;
- Payments in lieu of income taxes, payments in lieu of property taxes, employee payroll remittances and sales tax remittances; and
- Others, as approved by the President & CEO having first informed the Chair of the Board; or as approved by the Chair of the Board

For purchases noted above that do not conform to the policies included above, invoices received for these purchases require approval for payment as listed in Sections 2.3 and 3.5 above.

## 4.2 Emergency Purchases

Emergency means a situation with a potential to cause harm or death to persons; accrue liability to OPUC; cause damage to property; or hindering the operation; and thus creating an exceptional situation allowing purchases to be made outside of the requirements set above.

Purchases between $500,000 and $1,000,000 not included in the annual approved budget that are deemed to be critical to OPUC operations or required for emergencies may be incurred if approved by the President & CEO and one of the Chair, Vice- Chair or Chair of the Finance and Audit Committee. Such decisions must be reported at the next Board of Directors meeting with reasons

why the purchases were required prior to receiving Board approval. If circumstances warrant an emergency or critical spend in excess of $1,000,000, an emergency meeting of the Board of Directors shall be called to authorize respective expenditures.

Notwithstanding the provisions of this Policy, any goods or services required to address an emergency shall be acquired through the most economical manner possible, with selection based on quality and timeliness of service and where possible, at the lowest cost.

In an emergency, an email followed by a verbal order may be performed to purchase emergency goods and services. However, a purchase order must still be completed as soon as practicable, with the appropriate authorizations.

### 4.3 Regular recurring purchases

For regular recurring purchases whereby the amount requisitioned is consistent month over month, approval will be obtained on an annual basis, based on approval levels as outlined in section 2.3 above. Finance will maintain a schedule of these approved recurring amounts and process payments accordingly, so long as the recurring payment amount is within 5% of the expected recurring payment amount. This list of recurring payments will be reviewed and approved annually by the Chief Financial Officer.

## 5 Use of Blanket Purchase Orders

Blanket Purchase Orders are issued to specific suppliers to address recurring purchases of goods or services for a specific period of time of no more than one year and are consistent with approved annual budgets. All Blanket Purchase Orders must be reviewed and renewed on an annual basis. Blanket Purchase Orders < $50,000 must be approved by Responsible Managing Director. All other Blanket Purchase Orders must be approved by the Chief Financial Officer.

A Blanket Purchase Order is allowed when the requesting department will:

- Purchase repetitive, specified services or items, or categories of items from the same supplier; which are purchased and paid during a certain time period, usually one (1) year;
- Purchase standard materials or maintenance supplies which require numerous shipments;
- Enable the buyer to obtain more favorable pricing through volume commitments.

Blanket Purchase Orders are not to be used when:

- The primary purpose is to provide an open line of credit with a supplier;
- Prices are unknown at ordering time, or subject to change later without notice; or
- Quality of the supplier and/or services are questionable;

Blanket Purchase Orders shall include the following information:

- The period to be covered by the Blanket Purchase Order (not to exceed one year);
- Total annual budgeted amount
- A cancellation clause;

- Goods and services and/or categories to be covered by the Blanket Purchase Order;
- Maximum quantities, if applicable;
- Prices and pricing arrangements, if applicable; and
- Terms and billing arrangements.

Blanket Purchase Orders need a Requisition completed by the Requestor and are to be approved by the Responsible Managing Director and Chief Financial Officer. Justification required for the use of Blanket Purchase Orders must be provided in the Requisition Form.

In the event of changes in pricing, and terms and conditions; or additional funds are required during the period covered by Blanket Purchase Order, a new Requisition needs to be created and approved.

Tracking of Blanket Purchase Orders spend is the responsibility of the Supply Chain department. If spend has exceeded the limit of Blanket Purchase Order, the Supply Chain department will notify the Requestor to create a new Requisition.

## 6 Specialized Purchase Orders

A Purchase Order is identified as special if it requires the purchase of goods or services from suppliers out of Province or Country. Any product or services ordered from out of Province or Country will require an audit from Finance to ensure tariffs, taxes and duties have been properly paid and accounted for. If funds, other than Canadian Dollars, are to be paid, i.e. USD$, the Purchase Order must identify the foreign dollar required and Finance needs to be notified in advance of any required payments.

## 7 Purchase Order and Invoice Variances

- Quantity variances – if supplier has delivered more than the requested quantity, the excess quantities must be returned to the supplier at their expense or OPUC can store it in their facility at the discretion of the Supply Chain Manager.
- Price variances – in the event of price discrepancies, the Supply Chain department needs to be notified to investigate and correct the Purchase Order, as required.
- Other discrepancies – any discrepancies other than the above listed items, need to be corrected with a new invoice issued by the supplier, examples include wrong product delivered, wrong company name on the invoice, wrong price on the invoice etc.

## 8 Appendix

Appendix A: Purchase Requisition Form
Appendix B: Single/Sole Source Justification Form
Appendix C: Competitive Bid Request Form
Appendix D: Company Codes and Company Names
Appendix E: Purchase Requisition and RFx Flowchart