

# Exhibit 1:

## Administrative Documents

## Interrogatory Responses



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## **ATTACHMENTS**

Attachment 1-1: 2025-2023 Oshawa Power Strategic Direction

Attachment 1-2: Class B Estimate: Confidential

Attachment 1-3: New HQ Location Summary Report

Attachment 1-4: Draft Accounting Orders

Attachment 1-5: 2024 Building Lease Amendment and Extension Agreement

Attachment 1-6: 2024 Shareholder Declaration

Attachment 1-7: Confidential

## Exhibit 1 – Administrative Document Interrogatories

### 1-Staff/VECC-1

#### Question(s):

- a) Upon completing all interrogatory responses, please provide an updated RRWF in working Microsoft Excel format with any corrections or adjustments that the Applicant wishes to make to the amounts in the populated version of the RRWF filed in the initial applications. Entries for changes and adjustments should be included in the middle column on sheet 3 Data\_Input\_Sheet. Sheets 10 (Load Forecast), 11 (Cost Allocation), and 13 (Rate Design) should be updated, as necessary. Please include documentation of the corrections and adjustments, such as a reference to an interrogatory response or an explanatory note. Such notes should be documented on Sheet 14 Tracking Sheet and may also be included on other sheets in the RRWF to assist understanding of changes.

In addition, please file an updated set of models that reflects the interrogatory responses. Please ensure the models used are the latest available models on the OEB's 2026 Electricity Distributor Rate Applications webpage.

- b) Please add the effective date to the first tab of the Tariff Schedule and Bill Impact model. Please ensure to press update on the final tab of the model before submitting any changes. Also, ensure the effective date is transcribed on the Final Tariff tab.

#### Oshawa Power Response

- a) A revised RRWF has been provided incorporating corrections or adjustments from interrogatory responses. The table below shows the interrogatory references and explanation to RRWF updates. This is also documented on RRWF tab 17 Tracking Sheet.

**IRR Table 1-1: Updates to RRWF From Interrogatory Responses (July 2025)**

Interrogatory Reference	Explanation	Line on RRWF Tracking Sheet
3-VECC-104	Update Load Forecast for half-year adjustment	1
3-VECC-107	Update Load Forecast for 2021-2023 CDM programs and accounts for forecast 2025-2026 eDSM	1
3-VECC-108	Update Load Forecast for WMP volumes	1
7-VECC/CCMBC-198	Update Cost Allocation Model for number of interval meters in Tab 7.1	2
7-VECC-203	Update Cost Allocation Model for CCLT and CCS customer count for LU and GS 1,000-4,999 kW	2
7-VECC-203	Update Cost Allocation Model and RRWF for TOA volume for one GS 1,000-4,999 kW customer	2
8-Staff/CCMBC-206	Update RTSR Model with EV parameter	1
8-VECC-207	Update Load Forecast to reconcile 2024 actuals to values in RTSR Workform-Tab 3	1
8-VECC-209	Update Misc. Charges for Pole Attachment and Retail Service Charges inflation factor	2
8-Staff-211	Update proposed loss factor to account revised weighting factors	1
5-Staff-186	To include both notional and actual long-term debt structure in App 2-OA and RRWF (tab 7)	3

b) Oshawa Power has completed the required changes. A full list of updated models and the reasons for updates is also provided below.

**IRR Table 1-2: Model Updates**

Updated Models	Explanation for Updates
OPUCN_IRR_2026_Rev_Reqt_Workform_1.0_20250730	Updated for corrections or adjustments as noted in above table
OPUCN_IRR_2026_Load Forecast Model_20250730	Updated for corrections or adjustments as noted in above table
OPUCN_IRR_2026_Cost Allocation Model_20250730	Updated for corrections or adjustments as noted in above table
OPUCN_IRR_2026_Filing_Requirements_Chapter2_Appendices_1.0_20250730	Updated App. 2-AA, App.2-OA, App. 2-H, App.2-IB, App.2-ZA, App.2-ZB, App 2-R, App. 2-JA, App. 2-JB, App. 2-JC, App. 2-K, App 2-L
OPUCN_IRR_2026_Test_year_Income_Tax_PILs_1.0_IRR_20250730	Updated Rate Base
OPUCN_IRR_2026_DVA_Continuity_Schedule_CoS_1.0_20250730	Updated billing determinants and OEB Cost Assessment Variance proposed disposition amount
OPUCN_IRR_2026_RTSR_Workform_1.0_EV_20250730	Provided the new workform incorporating new EVC rate parameter
OPUCN_IRR_2026_Tariff_Schedule_and_Bill_Impact_Model_20250730	Updated for corrections or adjustments as noted in other upated models



## 1-Staff/VECC-2

### Question(s):

Following publication of the Notice of Application, the OEB received thirty-six letters of comment. Section 2.1.7 of the Filing Requirements states that distributors will be expected to file with the OEB their response to the matters raised within any letters of comment sent to the OEB related to the distributor's application. If the applicant has not received a copy of the letters or comments, they may be accessed from the public record for this proceeding.

To address matters raised in the letters of comment, Oshawa Power has reviewed 36 each letter filed with the Ontario Energy Board (OEB), then identified key issues raised and developed responses to address those issues. Oshawa Power will continue to monitor for subsequent comments or letters that are filed and respond to any new matters accordingly on the record of this proceeding.

Oshawa Power's responses to key issues/questions raised in the letters of comment filed. This response summarizes four themes below:

### Oshawa Power Response

To address matters raised in the letters of comment, Oshawa Power has reviewed each letter filed with the OEB, then identified key issues raised and developed responses to address those issues. Oshawa Power will continue to monitor for subsequent comments or letters that are filed and respond to any new matters accordingly on the record of this proceeding.

This response summarizes four themes of affordability, unreasonable increase, cloud computing investments and finding efficiencies.

**1. Many residents are struggling with the impacts of increasing costs, and citing affordability as a key theme how will Oshawa Power support low-income residents?**

All commenters expressed concern about increased electricity costs and affordability, particularly for seniors and low-income residents. Some comments emphasized that energy is an essential service, making the proposed increase especially difficult to absorb.

Oshawa Power is highly aware of the socio-economic conditions within the Oshawa region. For several years, the organization has operated with lean staffing levels, consistently maintaining better than average cost efficiency for an Ontario Local Distribution Company as measured by the Ontario Energy Board. Additionally, Oshawa Power actively promotes the available plans that support low income and fixed income customers, including:

- Outreach to understand energy choice options (understand your bill seminars at seniors' centres) as well as social campaigns to support change in rate plans to help customers understand how to manage their energy
- Visible displays of programs onsite at our front door reception
- Ontario Electricity Support Program (OESP) remain available to eligible low-income customers, along with Low-Income Energy Assistance Program (LEAP), which provides one-time financial assistance to help customers in arrears pay down their outstanding electricity bills.

In fact, based on the response from customers on the increased availability of LEAP, in 2026 Oshawa Power proposes to increase its LEAP contribution to approximately 0.24% of the distribution revenue requirement or \$100K.

Oshawa Power will continue to educate customers regarding all available programs and are outlined on our website: <https://www.oshawapower.ca/assistance/>

**2. Many customers often conflate electricity delivery with generation and are seeking a clear explanation for how Oshawa Power justifies the proposed increase?**

Related to affordability, a sub-theme that was raised was that the increase was unreasonable and the perception of energy as a government-controlled monopoly was unjust. One commenter pointed to the contradiction of encouragement from government to switch from gas to electric, only to implement a rate hike was viewed as unfair and unjust.

Oshawa Power is a highly cost-effective Local Distribution Company (LDC), consistently demonstrating superior cost efficiency and offering lower rates compared to most other utilities across the province. As a Cohort II LDC, Oshawa Power operates within a framework of prudent financial management and operational discipline. It's important to note that the majority of a customer's electricity bill is driven by Generation costs. The increase requested by Oshawa Power applies only to the Delivery portion, which represents approximately 17% of the total bill.

The investments outlined in our five-year Distribution System Plan are directly informed by customer engagement feedback. They include strategic initiatives to ensure reliable service for Oshawa customers, while remaining focused on keeping rates as low as possible. Investments include:

- investing in the electricity grid to ensure continued reliability while the system grows
- replacing aging fleet and equipment
- modernizing information technology including to support cybersecurity and increase efficiency investing in human resources to meet our customers' needs

**Many customers are seeking a clear explanation for how Oshawa Power justifies the proposed increase for technology enhancements and how Oshawa Power is investing appropriately?**

Comments indicated that a request to establish a Cloud Computing implementation costs deferral account and investing in technological advancements should not come at the expense of struggling customers. It is important to note that should the request for the deferral account be approved, deferral balances would be reviewed for prudence

before Oshawa Power is allowed to include in rates.

The proposed increase reflects necessary investment in Enterprise Resource Plan technology infrastructure to maintain reliable service, meet regulatory standards, and ensure the safety of our grid and customer information. As part of the IT Business Transformation plan (attached as part of Exhibit 1, Attachment 1-4), investments in technology advancements include:

- **Implementing prudent system modernization:** Update technologies according to utility industry standards and regulatory requirements. This includes replacing end-of-life systems to maintain security and operational efficiency while managing costs effectively.
- **Optimizing processes and policies:** Implement automated workflows and standardized procedures to improve operational efficiency and reduce costs, directly benefiting ratepayers through improved service delivery.
- **Enhancing business continuity:** Strengthen backup and disaster recovery capabilities to ensure continuous utility operations and minimize customer service disruptions. Improving incident response: Implement industry best practices and automated tools to minimize system downtime and cyber security risks, protecting both utility assets and customer information.

**During a period of time where all customers are struggling and making changes to their habits to manage increasing costs, how will Oshawa Power find efficiencies?**

Recommendations across the board suggested finding further efficiencies, pursuing cost sharing models, and if a rate increase is necessary, implement it gradually over time.

Oshawa Power actively supports pursuing efficiencies and cost-sharing through:



- Prudently implementing the 2026-2030 DSP (Distribution System Plan) capital investments
- Cooperating with the IESO to ensure Oshawa customers get access to the new Save on Energy programs to support investment in energy efficient appliances
- Seeking grants from government to support system investments (e.g. NRCan DSO funding)
- Pursuing non-wires options to defer system investments required from growth in the service territory, an aging system, and electrification.

Oshawa Power appreciates the time and effort of those who submitted letters of comment. We remain committed to providing safe, reliable, and cost-effective service to our customers and will continue to work with the OEB to ensure that public concerns are carefully considered. Oshawa Power continues to work diligently to maintain its Cohort-2 status, helping to ensure that rates remain as fair and affordable as possible while making necessary investments in its system.

## **1-Staff/CCC/CCMBC-3**

**Ref. 1: Exhibit 1, p.84, Table 1-26**

**Ref. 2: Exhibit 1, p.90, Table 1-37**

**Question(s):**

- a) Why are O&M costs per pole (\$18 in 2019-2023 and \$51 in 2026) increasing so significantly compared to the industry average (\$11 in 2019-2023)?
- b) What opportunities has Oshawa PUC Networks explored to lower pole costs?  
Has Oshawa PUC Networks explored voltage conversion opportunities so that poles are not carrying both 13.8kV and 44kV lines?
- c) Please provide an update to the 2025 Forecast APB results (in Table 1-37 at Exhibit 1, Page 90) using the most up-to-date information available.

## Oshawa Power Response

- a) The increase in O&M costs per pole (from \$18 in 2019–2023 to \$51 in 2026) can be attributed to a significant rise in overall pole-related O&M expenditures. Total annual costs have increased from an average of approximately \$208,000 during 2019–2023 to \$574,000 in 2026. This escalation directly contributes to the higher cost per pole and helps explain why the utility’s costs exceed the industry average of \$11 over the 2019–2023 period.
- b) Oshawa Power continues to assess and implement opportunities to improve efficiencies and manage unit costs related to pole infrastructure. Efforts are ongoing to identify cost-saving measures and operational improvements that can help reduce expenditures over time. With respect to voltage conversion opportunities, Oshawa Power has not pursued initiatives to consolidate 13.8 kV and 44 kV circuits onto a single voltage platform.
- c) See Table below.

**IRR Table 1-3: Updated Table 1-37 Actual 2024 and Forecast 2025-2026 APB Results**

Activity	Unit Cost Measure	2024 (Actuals)	2025 (Bridge Year Forecast)	2026 (Test Year Forecast)
Billing O&M	\$/Customer	\$25.64	\$26.98	\$21.02
Metering O&M	\$/Customer	\$15.79	\$12.84	\$20.20
Vegetation Management O&M	\$/Pole	\$15.11	\$19.03	\$19.42
Lines O&M	\$/Circuit km Line	\$1,196	\$786	\$1,758
Stations O&M	\$/MVA per station	\$1,397	\$1,160	\$1,181
Poles, Towers O&M	\$/Pole	\$40.98	\$49.53	\$50.59
Stations CAPEX	\$/MVA station	\$5,266	\$5,923	\$5,147
Poles, Towers CAPEX	\$/Pole Station	\$39,147	\$15,149	\$14,459
Line Transformers CAPEX	\$/Line Transformer	\$67,060	\$50,124	\$39,682
Meters CAPEX	\$/Customer	\$12.76	\$8.72	\$24.59

The 2025 Forecast APB results have been updated using the most current information available. Billing O&M has been revised from \$25.18 to \$26.98, while Metering O&M has been revised from \$17.63 to \$12.84. All other values in the 2025 forecasted APB results, as presented in Table 1-37 (Exhibit 1, Page 90),

remain unchanged and continue to reflect the most up-to-date information available.

## **1-Staff/CCMBC-4**

**Ref. 1: Exhibit 1, p.84, Table 1-26**

**Ref. 2: Exhibit 1, p.90, Table 1-37**

### **Question(s):**

- a) Is the Municipal Substation Switchgear Replacement Program the main driver for the increase in station capital expenditure unit costs? Are there other drivers for the increased unit costs?
- b) Is the Metering – Meter Replacement Program that has shifted scope in 2026 the main driver for the increase in meter capital expenditure unit costs? Are there other drivers for the increased unit costs?
- c) What opportunities has Oshawa PUC Networks explored to lower unit costs for these two metrics?

### **Oshawa Power Response**

- a) Yes, the Municipal Substation Switchgear Replacement Program, which involves the replacement of switchgear at multiple municipal stations, as planned, is the primary driver for the increase in station capital expenditure unit costs. There are no other factors contributing to the increase.
- b) Yes, the Meter Replacement Program is the primary driver for the increase in meter capital expenditure unit costs starting in 2026 due to the shift in program scope. The scope changed for this period as a result of the reverification requirements outlined by Measurement Canada. A large portion of Oshawa Power's meters will be out of compliance during the period if not replaced. In addition to the replacement program, other contributing factors include investments in Revenue Metering projects, which have also led to higher overall unit costs.

- c) Oshawa Power has considered opportunities to manage and, where appropriate, reduce unit costs associated with both Stations and Meters capital expenditures. The increase in unit costs for station capital expenditures is primarily driven by the planned proactive replacement of switchgear at multiple municipal substations. Given the critical nature and scale of these replacements, cost reduction opportunities specific to this program have not been pursued. However, it is expected that unit costs will decrease in years where there are no significant capital investments in station infrastructure.

For metering, Oshawa Power is exploring AMI 2.0, with a Request for Proposal (RFP) expected in late 2026 for a potential change in electric meter vendor. Unit cost will be an important consideration during the vendor selection process.

## 1-CCC/CCMBC/VECC-5

**Ref. 1: Exhibit 1, p.102, Table 1-44**

### Question(s):

Please provide an update to the 2025 OM&A per customer (in Table 1-44 at Exhibit 1, Page 102) using the most up-to-date information available.

### Oshawa Power Response

See Table below.

**IRR Table 1-4: 2024 Actual and Forecast 2025-2026 OM&A Per Customer (July 2025)**

Oshawa Power	2024 Actuals	2025 Bridge	2025 (Updated)	2026 Test
OM&A Cost per Customer	\$ 299	\$ 302	\$ 312	\$ 345



## 1-Staff/CCMBC-6

**Ref. 1: Exhibit 1, p.119**

**Question(s):**

Has Oshawa PUC Networks explored collaboration opportunities with surrounding utilities such as Hydro One Networks Inc. or Elexicon Energy Inc., such as seeking bulk discount rates on asset purchases, or shared employee time allocation?

### **Oshawa Power Response**

Oshawa Power has not sought bulk discount rates on asset purchases or shared employee time allocation with surrounding LDCs. Oshawa Power maintains good relationships with surrounding LDCs, including for planning and for emergency situations.

## 1-SEC/Staff/CCMBC-7

**Ref. 1: Exhibit 1, p.8, 9**

**Question(s):**

With respect to the fact that “the entire senior management team at Oshawa PUC Networks has turned over since the last Cost of Service rate filing”:

- a) Please provide an explanation for the complete change in the senior management team.
- b) Please file any presentations, plans, strategic memoranda, or other documents describing the initial plan for the modernization of the Applicant’s system, and/or the connection, if any, between that plan and the management turnover.
- c) Please provide any analysis showing the “savings and future benefits” that were planned as a result of the modernization strategy.

### **Oshawa Power Response**

- a) The Organization has undergone significant structural change at the leadership level to adapt and modernize in Ontario’s evolving energy sector. Such evolution

required leadership change at the management level, all which has been managed with appropriate Board guidance and legal advice, to ensure customer focus, strong processes and collaborative policy adoption.

- b) The plans for modernization of Oshawa Power's system were developed by the new leadership following the management turnover. The plans are documented in the 2026-2030 Strategic Plan (Exhibit 1, Attachment 1-2) and the 2025-2030 Strategic Direction for the Oshawa PUC Networks Group of Companies, see 1-SEC/PP-27, Attachment 1-1.
- c) Savings and future benefits that are planned as a result of the modernization strategy are included in the strategic documents noted in b). In both documents, desired outcomes and measures of success are described. The IT Business Transformation Strategy (Exhibit 1, Attachment 1-4) includes strategic priorities for development, with timelines for improvements noted on p.10.

## **1-SEC/Staff/PP/CCMBC-8**

### **Ref. 1: Exhibit 1, p.10**

#### **Question(s):**

- a) Please provide details of all costs (capital or operating) included in the Test Year revenue requirement relating to the ERP system that is planned to be operational in 2027.
- b) Does Oshawa PUC Networks have any update on what approach it will take for the ERP upgrade project (cloud based or on-premise solution) and why?
- c) Please confirm whether the ERP system cloud-based solution will be subscription based (software-as-a-service) or purchased outright. If subscription based, will the initial \$500k expenditure in 2027 be capitalized or expensed and why?

#### **Oshawa Power Response**

- a) There are no capital or operating expenses included in the 2026 budgets relating to the ERP project.

- b) At this time, Oshawa Power has not yet finalized the decision on which type of ERP solution it will use. This decision will be made upon completion of the RFP process, which has not yet concluded.
- c) As noted in b), the decision about which type of solution has not been made. The \$500K will be capitalized, which is an estimate of the costs associated with the interface of a cloud solution with existing on-premise systems. See Section 4.2 in the ERP Business Case in the Application (Appendix A of the Distribution System Plan in Exhibit 2), as well as the response to 9-Staff/CCMBC/CCC-218.

### **1-SEC/Staff/CCC/PP/CCMBC/VECC-9**

**Ref. 1: Exhibit 1, p.10**

**Ref. 2: Exhibit 2, p.53, 141**

**Question(s):**

- a) Please provide all business cases, budgets, estimates, forecasts, presentations, plans, memoranda, or other documents relating to the “new operational & administrative building in the North of its service territory”, or to the land purchase for that purpose.
- b) The facilities administrative budget is \$871k in 2026. What are the estimated quantitative administrative expense savings as a result of the expected new facility (for example, savings from rent)? If quantitative estimates cannot be provided, what qualitative savings are expected? Given that Oshawa PUC Networks plans to file an ICM for the new facility, is it fair to say that Oshawa PUC Networks would not require \$871k annually for the facilities administrative budget over the entire IRM period?
- c) Please explain why Oshawa PUC Networks believes facilities capital expenditures will increase in 2025-2030 to \$100k, given the expenditure was \$25k in 2024 and given that Oshawa PUC Networks is preparing to relocate to a new facility in the coming years.

- d) Please confirm that the timing of the ICM request is expected to be in Oshawa PUC Networks' 2027 IRM application.
- e) Please advise whether the planned ICM request will occur after Oshawa PUC Networks has already invested significantly in its new administrative and operational facility.
- f) Please discuss what options Oshawa PUC Networks had considered before it purchased land for its new administrative and operational facility (e.g., new lease, purchase of an existing building, etc.).
- g) Please provide any benchmarking analysis completed for the proposed new administrative and operational facility relative to other recent similar facilities constructed by other LDCs.
- h) Please provide an estimate of the annual revenue requirement impact of the new administrative and operational facility and the related distribution bill impact for all rate classes after the asset is placed in service.
- i) Please confirm that the large CWIP balance that was accrued in 2024, as shown in Appendix 2-AB, is related to the land purchased for Oshawa PUC Networks' proposed new administrative and operational facilities. Please provide the value of the land purchased as reflected in the CWIP balance and discuss the assets the constitute the remaining balance in CWIP in 2025 and 2026.

### **Oshawa Power Response**

- a) Pursuant to the decision of the OEB on Oshawa Power's motion for determination of threshold question related to issue 7.3, Oshawa Power is providing current estimated forecasts of its new building and land costs.

As attached as Attachment 1-2, Oshawa Power received a Class B Estimate from its independent consultant A.W. Hooker on June 4, 2025 (subsequent to the filing of this application) that estimates the construction costs based on design information received to date. The accuracy of the estimate is intended to be +/- 10% to 15%. A.W. Hooker independently estimates the total hard construction cost for the building to be approximately \$ [REDACTED]



Oshawa Power recognizes customer concerns regarding increasing electricity costs and remains committed to maintaining superior cost performance compared to other LDCs. Oshawa Power has been focused on value engineering the new building to manage costs closely, which is reflected in the fact that estimated building costs have been reduced since the preliminary figures used for Customer Engagement on the Distribution System Plan (see PDF page 282 of Exhibit 1). Oshawa Power notes that the tariff trade dispute between the United States in Canada may result in substantial increases to construction costs for some building components, especially as a result of 50% tariff of copper and 25% on steel and aluminum.

As attached as Attachment 1-3, Oshawa Power retained Cushman & Wakefield to assist with a market search and site analysis within the municipal Oshawa boundary to determine appropriate, cost effective and timely occupancy of a new location. Cushman & Wakefield evaluated a variety of options for land acquisition, including new construction with a land lease, renovating an existing facility, new construction with land purchase, and so on.

Cushman & Wakefield states that industrial property with office components are in high demand in the region with vacancy rates between 2-5%. The specific requirements for Oshawa Power operations, which include office, garage, warehouse and a significant amount of outdoor storage, made finding a suitable property that can be modified in a cost-effective manner to be extremely difficult. Significant demand for industrial property in this region is reflected in elevated purchase prices. The land for the building was purchased for approximately \$11.4M.

The above attachments reflect the best available information Oshawa Power has at this time with respect to the current capital construction expenditures for the new facility which exclude such costs as furniture & equipment, municipal fees, as well as consultants. Oshawa Power expects that total costs for the new facility will continue to change in advance of the ICM application, especially given the ongoing and rapidly evolving trade dispute between the United States and Canada. It is for this reason the estimated forecast costs of the new building are

to be considered preliminary and do not prejudice any updates or changes that may be incorporated into a future ICM application. Oshawa Power will file all required information to support a future ICM application at that time.

- b) As stated in Exhibit 4, p.60, the \$871k budget for 2026 covers general maintenance, repair and security of the Oshawa Power facilities, as well as lease paid for rental of the existing administrative and operational facility. It includes all subcontractor, labour expenses incurred to repair, test, inspect and document etc. any buildings, fixtures, furniture and equipment within the Oshawa Power facilities.

Given that design remains ongoing for the new building, operational costs of the new facility are not fully known at this time. While it may be true there could be savings from the elimination of rent, this needs to be balanced against potentially higher OM&A costs that result from Oshawa Power moving to a larger building to satisfy operational needs. Moreover, it is not a correct assumption that the entire \$871k will be solely allocated to OM&A for the new building. Oshawa Power has other facilities across its service territory that are within the scope of this budget. Oshawa Power disagrees with the statement that “Oshawa PUC Networks would not require \$871k annually for the facilities administrative budget over the entire IRM period.”

Therefore, to account for the variance in the amount budgeted and the actual spent on avoided rent and OM&A costs for the new building, Oshawa Power proposes two distributor-specific deferral accounts. Oshawa Power has included draft Accounting Orders as part of its proposal as Attachment 1-4 to this response; all of which are proposed as 1508, Other Regulatory Assets sub-accounts. These two accounts are contingent upon subsequent prudence decisions.

The OEB’s Test for the Establishment of New Deferral and Variance Accounts requires that distributor seeking to establish new deferral and variance accounts show causation, materiality and prudence.

Oshawa Power demonstrates this in the Table below.

**IRR Table 1-5: Test for Establishment of New DVAs**

	OEB Test	Oshawa Power Proposed Accounts
Causation	The forecast amount to be recorded in the proposed account must be clearly outside the base upon which rates were derived.	The amounts to be recorded in the two proposed accounts relate to the implementation of the New Facility which itself is not included in rate base.
Materiality	The annual forecast amounts to be recorded in the proposed account must exceed the OEB-defined materiality threshold and have a significant influence on the operation of the distributor.	<p>The materiality threshold provided by the OEB is distributor specific. As a distributor with an approved base revenue requirement of greater than \$10 million, but less than \$200 million, Oshawa Power's materiality threshold is equal to 0.5% of the distribution base revenue requirement. This results in a materiality threshold of \$195,000 as shown in Exhibit 1, Table 1-46.</p> <p>The anticipated amounts in the new deferral and variance accounts meet the materiality threshold.</p>
Prudence	The nature of the amounts and forecast quantum to be	The amounts to be recorded in the proposed deferral and

	recorded in the proposed account must be based on a plan that sets out how the amounts will be reasonably incurred, although the final determination of prudence will be made at the time of disposition.	variance accounts are based on the best available information for the new building provided through interrogatory responses.
--	---	--

Oshawa Power submits that these deferral and variance accounts ensure that savings arising from the new building are recognized as soon as possible to the benefit of customers.

- c) For the reasons that follow, Oshawa Power is of the view that a capital budget of \$100,000 is prudent to be prepared and have a reasonable amount of capital funding available for unplanned replacement and failures that may occur during the period of the Cost of Service Application.

Note that Oshawa Power identified an error in Appendix 2-AA where 2024 facilities capital costs were incorrectly allocated to connections, and facilities costs should have been \$163,302. The budget of \$100,000 actually represents a decrease of approximately 39%.

The \$100,000 budget for 2025, 2026 and 2027 is well below actual historical OM&A costs for 2024 in an old 1931 building that Oshawa Power will remain in for this period. The capital reduction is based on a reactive strategy to capital expenditures and these expenditures are made only if absolutely necessary in order to keep the facility functioning until the new facility is available.

The \$100,000 budget for 2028, 2029 and 2030 is prudent to have a reasonable amount of capital funding available in order to be prepared for costs required for the larger building that can only be identified once the new facility is functional, occupied and being used by Oshawa Power employees. The facilities capital budget is also intended to cover buildings located at municipal substations that would require unplanned capital expenditures in order to remain functional and to

operate in a safe manner because these buildings house medium voltage electrical equipment as part of Oshawa Power's distribution system. Oshawa Power's facilities budget also remains unchanged from the \$100K ask in its 2021 test year (of the 2021 rate application). Material and labor cost inflations make the 2026 test year budget lower in comparison.

- d) Yes, subject to the best of Oshawa Power's knowledge and belief and any unforeseen circumstances that may arise during the construction of the building.
- e) Only the land has been purchased to date. While there may be committed costs at the time of ICM, it is unlikely Oshawa Power will "already invested significantly in its new administrative and operational facility."
- f) Please see the Cushman & Wakefield report provided in response to question a), Attachment 1-3. Options analysis relating to the building will be provided in the ICM application.
- g) Please see response to question a). Benchmarking analysis relating to the building will be provided in the ICM application.
- h) Please see response to a). Annual revenue requirement and bill impacts relating to the building will be provided in the ICM application. Moreover, Oshawa Power does not have adequate evidence at this time to provide fair and reasonable estimates of such annual revenue requirement and bill impacts.
- i) Confirmed. The value of the land (\$11.4M) is included within the 2024 CWIP balance (\$22.4M). Apart from land, the 2025 and 2026 CWIP amounts were estimated based on historical CWIP amounts and not on specific assets. The 2025 CWIP (\$17.8M) was calculated by adding the 2023 CWIP amount plus the land purchase, and the 2026 CWIP (\$18.2M) was an increase of 2% over the 2025 CWIP.

## **1-SEC/CCMBC-10**

**Ref. 1: Exhibit 1, p.18**

### **Question(s):**

- a) Please restate the table on this page replacing 2021 OEB Approved with 2021 Actuals.

## Oshawa Power Response

a) See updated Table below.

**IRR Table 1-6: Restated Table 1-4 – 2026 vs. 2021 Revenue Requirement**

Revenue Requirement Components	2021 Actuals	2026 Test Year	Variance 2026 to 2021	% Variance 2021 to 2026
<b>RATE BASE CALCULATION</b>				
Fixed Assets Opening Balance	\$131,135,061	\$167,647,493	\$36,512,433	28%
Fixed Assets Closing Balance	\$137,696,393	\$176,674,454	\$38,978,061	28%
Average Fixed Asset Balance for Year	\$134,415,727	\$172,160,974	\$37,745,247	28%
Working Capital Allowance	\$7,432,848	\$11,797,711	\$4,364,864	59%
<b>Rate Base</b>	<b>\$141,848,574</b>	<b>\$183,958,685</b>	<b>\$42,110,111</b>	<b>30%</b>
<b>COST OF CAPITAL</b>				
Cost of Debt	\$2,637,135	\$3,800,586	\$1,163,451	44%
Return on Equity	\$5,067,000	\$6,622,513	\$1,555,513	31%
<b>Regulated Return on Capital</b>	<b>\$7,704,135</b>	<b>\$10,423,099</b>	<b>\$2,718,964</b>	<b>35%</b>
<b>REVENUE REQUIREMENT</b>				
OM&A	\$13,300,173	\$22,271,990	\$8,971,817	67%
Property Taxes	\$135,660	\$164,562	\$28,902	21%
Depreciation	\$6,876,345	\$9,467,348	\$2,591,003	38%
Payments in Lieu of Taxes (PILs)	\$0	\$0	\$0	No change
<b>Service Revenue Requirement</b>	<b>\$28,016,313</b>	<b>\$42,326,999</b>	<b>\$14,310,686</b>	<b>51%</b>
Revenue Offsets	(\$2,773,173)	(\$3,478,107)	(\$704,934)	25%
<b>Base Revenue Requirement</b>	<b>\$25,243,140</b>	<b>\$38,848,892</b>	<b>\$13,605,752</b>	<b>54%</b>

## 1-SEC/PP-11

**Ref. 1: Exhibit 1, p.24**

### Question(s):

Please provide a summary of all changes that will be required to forecast investments in system infrastructure currently in the Application to comply with the OEB's recently announced changes to the Distribution System Code to implement the Cost Allocation Model (CAM). Without limiting the generality of the question, please estimate the increase in customer contributions, if any, expected for each year of the DSP as a result of the CAM.

## Oshawa Power Response

Oshawa Power is not expecting the OEB's implementation of the cost allocation model to increase customer contributions within the 2026-2030 period and thus does not expect any changes to its forecast investment currently in the Application.

**1-SEC/CCMBC/VECC-12**

**Ref. 1: Exhibit 1, p.26**

**Question(s):**

Please restate Table 1-7 to include all capital investments related to the new operational and administrative building, including but not limited to land, buildings, improvements, furniture, equipment, and intangibles. Please use the most recent estimates of the costs of those items, and provide the source of those estimates.

## Oshawa Power Response

Please see Table below.

**IRR Table 1-7: Restated Table 1-7 – Historical and Forecast Capital Expenditures**

DSP Category	OEB-Approved	Actuals (\$000's)					Forecast (\$000's)										
	2021 Test Year	2021	2022	2023	2024	Land	2025	Building <sup>1</sup>	2026	Building <sup>1</sup>	2027	Building <sup>1</sup>	2028	2029	2030		
Administrative																	
Construction																	
Equipment																	
Information Technology																	
Medical																	
Programs																	
Real Estate																	
2021 Actuals to 2026 Test Year Change														\$4,070	31%		
NET DSP EXPENDITURES		\$69,774					\$80,769										
DSP Expenditures Change																\$10,995	16%

Sources:

- Land Purchase – Actuals
- Building Construction – A.W. Hooker Class B Estimate



- Soft costs – Actuals + Internal Estimates

## 1-SEC-13

**Ref. 1: Exhibit 1, p.28**

**Ref. 2: Exhibit 4, p.8**

**Question(s):**

Please confirm that:

- a) The Applicant is proposing OM&A spending in the Test Year that is \$8,971,817 (67.5%) higher than the OM&A spending actually required to operate the utility in 2021.
- b) This equates to a compound annual growth rate of 10.9% per year over the five-year period.

## Oshawa Power Response

- a) Confirmed. Oshawa Power notes that 2021 was an unusual year during which the LDC maintained steady state operation with numerous vacancies.
- b) Confirmed.

## SEC/Staff/CCMBC-14

**Ref. 1: Exhibit 1, pp.29-30**

**Ref. 2: Exhibit 4, pp.41-42**

**Question(s):**

- a) Please provide a breakdown of the \$1,850,984 increase in subcontract services between affiliates and arms-length third parties and, for the affiliates, provide a list of the affiliates driving those cost increases, the amounts of their increases, and the rationale for the increase. For each affiliate providing subcontractor

services, please provide details of the procurement process, including any competitive process involved.

- b) In reference 2, Oshawa PUC Networks noted that it added a meter service provider in 2022 as the expertise no longer existed in the Organization. Why has Oshawa PUC Networks been unable to bring this role in-house and what benefit has Oshawa PUC Networks seen from outsourcing this work?

### **Oshawa Power Response**

- a) See Table below showing breakdown of the \$1,850,984 increase in subcontract services.

**IRR Table 1-8: Restated Table 1-7 – Historical and Forecast Capital Expenditures**

<b>Explanation</b>	<b>Variance</b>
Property Maintenance	110,913
Security Patrol and Monitoring	148,987
Outsourced Customer Service Call Centre	660,560
CIS System	190,746
Affiliate Charges - 2825407 Ontario Inc.	413,225
Metering Services	233,499
Other	93,053
<b>Total</b>	<b>1,850,984</b>

The increase shown in 2825407 Ontario Inc, relates to metering and collections service which was initially performed by third party subcontractors. It was transferred to 2825407 Ontario Inc. during 2023 as part of increased collections efforts because the previous service provider no longer offered the same service, and the affiliate was able to offer these services more cost-effectively than any third-party contractors providing the same service.

For Oshawa Power and 2825407 Ontario Inc., at the time the contract was established, reasonable market price was determined pursuant to section 2.3.3.3 of the ARC given the annual value of the contract was less than the greater of \$100,000 or 0.1% of Oshawa Power's revenue. The fees paid to 2825407

Ontario Inc. were benchmarked against the fees charged to Oshawa Power by the previous service provider.

- b) This role was vacated and no such experience remained at Oshawa Power to provide the necessary training for this specialized skill set. Given existing resources' workloads were at capacity, it was and remains more prudent and cost-effective to use a third-party meter service provider than to hire the multiple in-house staff required for this role. This decision to remain outsourced has since been reaffirmed by a third-party review of our metering practices, conducted in 2023, recommending maintaining outsourcing of the function.

## 1-SEC/Staff/CCMBC-15

**Ref. 1: Exhibit 1, p.42**

**Ref. 2: EB-2025-0014 Exhibit 2 – Rate Base, Distribution System Plan, Appendix A – “NWS-Business Case”, pp.11–15**

**Ref 3: EB-2024-0118. [Non-Wire Solutions Guidelines for Electricity Distributors](#), p.8.**

### **Question(s):**

- a) Please provide details of the DSO project, including details of the NRCan funding.
- b) Please provide details of any potential overlap or shared use of resources between the NRCan-funded DSO initiative and the proposed Northwood Business Park and Thornton Transit Electrification Embedded Low Carbon Smart Grids project.
- c) Please describe how Oshawa PUC Networks proposes to disseminate lessons learned from the four NWS projects to the wider electricity distribution sector.  
Specifically:
  - a. How might each of the NWS projects be scaled to meet distribution system needs in the short- and/or long-term?

- b. Describe whether additional costs may be incurred to enable this sector-wide learning.

### **Oshawa Power Response**

- a) On February 27, 2025, Oshawa Power signed a funding agreement from Natural Resources Canada, under the Energy Innovation Program, for a DSO project called “Empowering Energy Transition: A Distribution System Operator Enabled Demand Response Program”. The project kicked-off on April 1, 2025 and will run until March 31, 2027.

This project is a capacity-building project that will result in the design and development of all of the tools and processes required to run a local DSO market. Oshawa Power staff will participate in the execution of the project, and be trained on the resulting DSO tools. Notable aspects of the project include:

- The development of a DSO training guidebook;
- The publication of a benefit cost analysis for the deployment of a local DSO as a non-wires solution (NWS). The analysis will include a narrative of when the DSO may become cost effective to deploy (if not immediately);
- A focus on DSO use-cases that target under-served customers and/or market participants that address emerging areas of need in the grid. Examples of such use-cases in the proposal included long-term care centres that are transitioning to net zero and EV aggregators that run managed charging platforms;
- A mandate to ensure engagement among potential market participants in Oshawa via at least 5 workshops; and finally,
- A mandate to disseminate the results of the project via at least 3 stakeholder sessions with regulators, LDCs and system operators invited to attend.

For total clarity, this is not a demonstration project – there will be no transactions. The project’s partner/consultant is GridS2. The funding value is \$400,000 and the

total project cost is \$455,000. Oshawa Power's financial contribution will go toward the primary consultant's fees, as well as paid, local indigenous consultation.

b) Oshawa Power has considered the opportunity for shared use of resources between the NRCan funded DSO initiative and the proposed Northwood Business Park and Thornton Transit Electrification Embedded Low Carbon Smart Grids project in the following areas of scope:

- The engagement of key accounts and customers associated with each project;
- The design and development of clearly stated market opportunities for the DER owners in each project, based on BCA analysis;
- The development of legal terms and conditions to govern any DER collaboration; and,
- The development of a market-ready DSO platform that Oshawa Power could deploy to begin leveraging for optimized use of DERs for the participant and the grid.

The cost savings associated with sharing these resources have been incorporated into the proposed NWS capital expenditures.

c) Oshawa Power is well-positioned to disseminate lessons learned from the four NWS projects to the broader electricity distribution sector via its high degree of participation in industry forums and communications platforms. Oshawa Power proposes to:

- Submit abstracts to present about the NWS strategy where possible at EDIST, the EDA's annual conference;
- Submit articles to the EDA's magazine "The Distributor" (the organization has published two such articles already in 2025);
- Participate in the EDA's Sustainability and Conservation Issues and Electrification Councils;

- Participate in the Utilities Standards Forum's NWS working group, through which Oshawa Power already contributed to the development of a shared NWS Guidebook resource for all member LDCs to use.
  - a. Oshawa Power is uniquely positioned to disseminate information about the short and long-term benefits of scalable NWSs because the organization does not have any large constraints at this time, but the energy transition merits the use of a variety of solutions, including longer-lead time initiatives. Furthermore, a component of Oshawa Power's DSO project is to write a BCA analysis for the use of a DSO as an NWS, and incorporate an analysis about when the DSO would become cost effective, if not immediately. Oshawa Power plans to use the aforementioned communications channels, industry participation and the engagement / forecasting requirements associated with the DSO project to obtain and share lessons learned with respect to scaling NWSs.
  - b. Using the communications channels noted above, Oshawa Power will not need to incur additional costs to enable sector-wide learning within the organization's sphere of influence. Beyond Oshawa Power's role in sharing successful approaches for NWS implementation, there may be an important role for either the IESO or OEB to play in creating a repository for approved NWS BCAs. Similar to how the IESO has a standard measures list for eDSM, such as repository could support LDCs in efficiently applying similar approaches across territories, which would increase customer choice and fairness. Oshawa Power does not estimate that such an NWS BCA library would be costly for the provincial bodies to host, given their existing platforms.

## 1-SEC/Staff/CCMBC/VECC-16

**Ref. 1: Exhibit 1, p.44**

**Ref. 2: Chapter 2 Appendices 2-JB**

**Question(s):**

- a) Please provide a copy of the current lease or leases between the Applicant and the City of Oshawa, including all amendments thereto or related side documents (such as notices with future impact).
- b) Why is rent increasing by \$63k in 2026 given smaller increases in previous years.
- c) How is the rent budget expected to be affected by purchase of the new administration building?
- d) Please indicate when the lease was last renegotiated and identify any substantive changes to the terms of the lease at that time.

**Oshawa Power Response**

- a) A copy of the current building lease amendment and extension agreement, dated October 30, 2024, is Attachment 1-5.
- b) The increase of \$63k in 2026 is reflective of current market rates.
- c) Rent budget will be replaced once the new administration building is ready for occupancy. See response to 1-SEC/Staff/CCC/PP/CCMBC/VECC-9 b) for more on the planned treatment of rent and other operational expenses following the move to the new building.
- d) The lease was last renegotiated on October 30, 2024. The key amendments relating to new lease terms and rent can be found in the attached amended lease term.



## 1-SEC-17

**Ref. 1: Exhibit 1, pp.44-45**

**Question(s):**

Please provide the most recent financial statements (including audited FS) for:

- a. Oshawa Power and Utilities Corporation
- b. Oshawa PUC Energy Services Inc.
- c. Oshawa PUC Services Inc.
- d. 2252112 Ontario Inc.
- e. 2720665 Ontario Inc.
- f. 2825909 Ontario Inc.
- g. 2825407 Ontario inc.
- h. Any other affiliated corporation or other entity (such as a partnership) that has business dealings with, or provides services to or receives services from, the Applicant)

### **Oshawa Power Response**

Oshawa Power's affiliates are not regulated by the OEB and are separate legal entities. The information requested has no semblance of relevance to the matters at issue in this Application.

## 1-SEC-18

**Ref. 1: Exhibit 1, p.47**

**Question(s):**

Please provide a copy of the most recent Shareholder Declaration, including all amendments to that declaration.

### **Oshawa Power Response**

Please see Attachment 1-6.

## 1-VECC-19

**Ref. 1 Exhibit 1, page 60**

**Ref. 2 Exhibit 1, Attachment 1-8**

### **Question(s)**

- a) Please provide the number of customer accounts that were e-billed at year-end 2024.
- b) In 2025 what is the typical proportion of customer account payments by payment methods (e.g. online, mail in cheque, in-person payment, credit card).
- c) Does Oshawa PUC Networks accept credit card payments. If yes, please explain whether this is done through a third-party provider (i.e. other than the credit card issuer and Oshawa PUC Networks) and what the cost of this service is per payment.

### **Oshawa Power Response**

- a) Oshawa Power does not have the number of customer accounts as of December 31, 2024. However, 33,153 customers were registered for e-bills as of January 6, 2025.
- b) The table below shows proportions of payments in Q1 and Q2 2025.

**IRR Table 1-9: 2025 Year to Date Payment Types**

<b>Payment Type 2025 YTD</b>	<b>Count</b>	<b>Percentage of Total Payments</b>
Debit/ Credit Payment (Office/Onsite)	449	0.12%
CASH PAYMENT	143	0.04%
CHEQUE	12,212	3.20%
CREDIT CARD Online	15,831	4.15%
Electronic Bank Payment	222,796	58.41%
Pre Authorized Payment	130,003	34.08%
<b>Grand Total</b>	<b>381,434</b>	

- c) Yes, Oshawa Power accepts credit card payments through Paymentus. Customers using this service will be able to pay up to \$1,000 per transaction and will incur a 1.75% service fee.

## **1-SEC/VECC-20**

**Ref. 1: Exhibit 1, pp.77-79**

### **Question(s):**

For each of tables 1-21 to 1-23, please update to include 2024.

### **Oshawa Power Response**

See Tables below.

**IRR Table 1-10: 2024 Update to Table 1-21 – Historical Reliability Index – SAIDI Results**

SAIDI	2019	2020	2021	2022	2023	2024
Including Loss of Supply, Major Events	0.98	1.46	0.72	1.46	0.80	0.32
Excluding Loss of Supply, Including Major Events	0.98	1.46	0.57	1.45	0.79	0.32
Excluding Loss of Supply, Excluding Major Events	0.98	1.46	0.57	1.45	0.79	0.32

**IRR Table 1-11: 2024 Update to Table 1-22 – Historical Reliability Index – SAIFI Results**

SAIFI	2019	2020	2021	2022	2023	2024
Including Loss of Supply, Major Events	1.09	1.50	0.83	1.04	1.02	0.29
Excluding Loss of Supply, Including Major Events	1.09	1.50	0.66	1.03	0.80	0.29
Excluding Loss of Supply, Excluding Major Events	1.09	1.50	0.66	1.03	0.80	0.29

**IRR Table 1-12: 2024 Update to Table 1-21 – OEB Approved Benchmarking Total Cost Performance**

Year	2021	2022	2023	2024	Difference From 2021-2024
Total Cost	\$35,457,322	\$38,824,035	\$44,969,381	\$49,244,749	38.89%
Cost Performance Results	-16.80%	-18.90%	-18.90%	-15.46%	-1.34%
Cohort	2	2	2	2	No change

## 1-VECC-21

**Ref. 1: Exhibit 1, pg. 72**

**Question(s):**






Please update the OEB Scorecard to include 2024 results.

## Oshawa Power Response

IRR Table 1-13: Oshawa Power's 2024 Scorecard Results (Update to Figure 1-7)

Scorecard - Oshawa PUC Networks Inc.										Target	
Performance Outcomes	Performance Categories	Measures	2019	2020	2021	2022	2023	2024	Trend	Industry	Distributor
Customer Focus Services are provided in a manner that responds to identified customer preferences	Service Quality	New Residential/Small Business Services Connected on Time	100.00%	100.00%	100.00%	98.86%	99.77%	100.00%	↑	90.00%	
		Scheduled Appointments Met On Time	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	→	90.00%	
		Telephone Calls Answered On Time	94.13%	92.03%	96.70%	96.47%	95.96%	61.25%	↓	65.00%	
	Customer Satisfaction	First Contact Resolution	238	68	103	173	175	178	→	98.00%	
		Billing Accuracy	99.91%	99.91%	99.90%	99.93%	99.95%	99.94%	→	98.00%	
Operational Effectiveness Continuous improvement in productivity and cost performance is achieved; and distributors deliver on system reliability and quality objectives.	Customer Satisfaction Survey Results		95% Satisfied	94% Satisfied	95.5% Satisfied	92.53% Satisfied	89.2% Satisfied	86.2% Satisfied	↓		
	Safety	Level of Public Awareness	83.00%	83.00%	82.00%	82.00%	82.00%	82.00%	→		
		Level of Compliance with Ontario Regulation 22/04 <sup>1</sup>	C	C	C	C	C	C	→		C
		Serious Electrical Incident Index	0	0	0	0	0	0	→		0
	System Reliability	Rate per 10, 100, 1000 km of line	0.000	0.000	0.000	0.000	0.000	0.000	→		0.015
		Average Number of Hours that Power to a Customer is Interrupted <sup>2</sup>	0.98	1.46	0.57	1.46	0.79	0.32	↑		1.42
		Average Number of Times that Power to a Customer is Interrupted <sup>2</sup>	1.09	1.50	0.70	1.04	0.80	0.29	↑		1.38
	Asset Management	Distribution System Plan Implementation Progress	98.99%	98.34%	95.63%	96.48%	118.50%	88.20%			
		Efficiency Assessment	2	2	2	2	2				
	Cost Control	Total Cost per Customer <sup>3</sup>	\$598	\$578	\$591	\$638	\$724	\$758			
		Total Cost per Km of Line <sup>3</sup>	\$35,041	\$34,172	\$35,852	\$16,183	\$18,514	\$19,982			
Public Policy Responsiveness Distributors deliver on obligations mandated by government (e.g., in legislation and in regulatory requirements imposed further to Ministerial directives to the board).	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time									
		New Micro-embedded Generation Facilities Connected On Time								90.00%	
Financial Performance Financial viability is maintained, and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	1.25	1.33	1.56	1.18	1.21	1.27			
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	1.15	1.15	1.41	1.33	1.37	1.55			
		Profitability: Regulatory Return on Equity	9.00%	9.00%	8.34%	8.34%	8.34%	8.34%			
		Deemed (included in rates) Achieved	9.14%	5.33%	7.98%	8.96%	9.50%	4.68%			

1. Compliance with Ontario Regulation 22/04 assessed: Compliant (C); Needs Improvement (NI); or Non-Compliant (NC).  
2. An upward arrow indicates decreasing reliability while downward indicates improving reliability.  
3. A benchmarking analysis determines the total cost figures from the distributor's reported information.

Legend:  up  down  flat  
Current year  target met  target not met

## 1-VECC-22

Ref. 1: Exhibit 1, pg. 72

### Question(s):

- What are the ten most frequent reasons for live agent phone interactions/transactions? Please provide a list, in the order of frequency and, if available, the number of such transactions in each of the years 2014 through 2024.
- What are the most common complaints of customers registered either through on-line or agent calls?

## Oshawa Power Response

- See table below showing the call type distributions by year.

**IRR Table 1-14: Call Type Distribution (2014-2024)**

Call Type	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Payment Arrangement		0%	0%	0%	0%	0%	0%	0%	2%	0%	0%
Balance Inquiry	15%	15%	16%	17%	18%	17%	17%	19%	17%	12%	7%
Billing Inquiry	8%	6%	7%	8%	9%	12%	17%	22%	17%	13%	21%
Budget/Pre-Authorized Payment Inquiry	9%	7%	7%	8%	14%	10%	22%	11%	22%	16%	5%
Collection Inquiry	43%	45%	37%	27%	25%	24%	11%	9%	12%	12%	6%
Correspondence	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	9%
Courtesy Calls to Customer	3%	2%	0%	0%	4%	6%	5%	8%	7%	7%	5%
Deposit Inquiry	4%	5%	5%	6%	0%	0%	0%	0%	0%	0%	0%
E-billing Inquiry	0%	0%	0%	0%	0%	0%	0%	0%	0%	8%	21%
Ebill CSR Incentive (Ebill Opted In)	0%	2%	4%	6%	8%	9%	12%	10%	0%	0%	0%
Miscellaneous Inquiry	4%	5%	4%	6%	6%	6%	2%	5%	8%	5%	7%
Move Inquiry	8%	10%	10%	11%	10%	10%	7%	10%	8%	10%	7%
Oshawa Portal Inquiry	0%	0%	0%	0%	0%	0%	2%	3%	4%	5%	0%

Privacy - Non Authorized Called	2%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Proof Of Payment Provided	0%	0%	7%	8%	0%	3%	0%	0%	0%	0%	0%
Updated Personal Information	4%	3%	3%	4%	3%	3%	4%	4%	3%	10%	11%
Web Access Request	0%	0%	0%	0%	3%	0%	0%	0%	0%	0%	0%

See below a table showing the rankings of calls over the same 10-year period.



**IRR Table 1-15: Top Ranking Call Types (2014-2024)**

<b>Top Rank of Calls - 10 Year Summary</b>	
<b>Rank</b>	<b>Call Type</b>
1	Collection Inquiry
2	Balance Inquiry
3	Billing Inquiry
4	Budget/Pre-Authorized Payment Inquiry
5	Move Inquiry
6	Miscellaneous Inquiry
7	Updated Personal Information
8	Ebill CSR Incentive (Ebill Opted In)
9	Courtesy Calls to Customer
10	E-billing Inquiry
11	Deposit Inquiry
12	Proof Of Payment Provided
13	Correspondence
14	Oshawa Portal Inquiry
15	Web Access Request
16	Privacy - Non-Authorized Called
17	Payment Arrangement

b) Oshawa Power does not collect data on the frequency of complaint types.

## **1-SEC/VECC-23**

**Ref. 1: Exhibit 1, pp.84-89**

### **Question(s):**

- a) For each of tables 1-27 to 1-36, please update to include 2024 actuals, 2025 forecast, and 2026 proposed.
- b) Please update Tables 1-41 and 1-42 to show 2024 actuals.

## Oshawa Power Response

a) Updated Tables are shown below.

**IRR Table 1-16: Oshawa Power's Billing O&M Results (2019-2026)**

Billing O&M	2019 Actuals	2020 Actuals	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals	2025 (Bridge Year Forecast)	2026 (Test Year Forecast)	Average (2019-2023)
Unit Cost (\$/Customer)	\$19.24	\$20.38	\$20.20	\$20.78	\$23.25	\$25.64	\$26.98	\$21.02	\$20.77

**IRR Table 1-17: Oshawa Power's Metering O&M Results (2019-2026)**

Metering O&M	2019 Actuals	2020 Actuals	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals	2025 (Bridge Year Forecast)	2026 (Test Year Forecast)	Average (2019-2023)
Unit Cost (\$/Customer)	\$18.47	\$13.56	\$12.29	\$12.09	\$14.31	\$15.79	\$12.84	\$20.20	\$14.14

**IRR Table 1-18: Oshawa Power's Vegetation Management O&M Results (2019-2026)**

Vegetation Management O&M	2019 Actuals	2020 Actuals	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals	2025 (Bridge Year Forecast)	2026 (Test Year Forecast)	Average (2019-2023)
Unit Cost (\$/Pole)	\$11.29	\$12.14	\$12.60	\$14.51	\$17.97	\$15.11	\$19.03	\$19.42	\$13.70

**IRR Table 1-19: Oshawa Power's Lines O&M Results (2019-2026)**

Lines O&M	2019 Actuals	2020 Actuals	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals	2025 (Bridge Year Forecast)	2026 (Test Year Forecast)	Average (2019-2023)
Unit Cost (\$/Circuit km Line)	\$690.08	\$568.92	\$806.50	\$1,231.29	\$1,107.68	\$1,196.35	\$786.41	\$1,757.61	\$880.89

**IRR Table 1-20: Oshawa Power's Stations O&M Results (2019-2026)**

Stations O&M	2019 Actuals	2020 Actuals	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals	2025 (Bridge Year Forecast)	2026 (Test Year Forecast)	Average (2019-2023)
Unit Cost (\$/MVA per station)	\$530.09	\$423.41	\$554.16	\$823.70	\$780.52	\$1,397.12	\$1,159.91	\$1,180.60	\$622.37

**IRR Table 1-21: Oshawa Power's Stations CAPEX Results (2019-2026)**

Stations CAPEX	2019 Actuals	2020 Actuals	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals	2025 (Bridge Year Forecast)	2026 (Test Year Forecast)	Average (2019-2023)
Unit Cost (\$/MVA station)	\$ (123.91)	\$0.00	\$2,910.04	\$205.32	\$ (23.73)	\$ 5,265.72	\$ 5,922.78	\$ 5,146.80	\$741.93
		Average 2020-2023							\$772.91

**IRR Table 1-22: Oshawa Power's Poles, Towers O&M Results (2019-2026)**

Poles, Towers O&M	2019 Actuals	2020 Actuals	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals	2025 (Bridge Year Forecast)	2026 (Test Year Forecast)	Average (2019-2023)
Unit Cost (\$/Pole)	\$26.98	\$12.94	\$20.75	\$10.01	\$19.72	\$40.98	\$49.53	\$50.59	\$18.08

**IRR Table 1-23: Oshawa Power's Poles, Towers CAPEX Results (2019-2026)**

Poles, Towers CAPEX	2019 Actuals	2020 Actuals	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals	2025 (Bridge Year Forecast)	2026 (Test Year Forecast)	Average (2019-2023)
Unit Cost (\$/Pole Addition)	\$30,078	\$13,196	\$29,066	\$2,355	\$21,309	\$39,147	\$15,149	\$14,459	\$19,201

**IRR Table 1-24: Oshawa Power's Line Transformers CAPEX Results (2019-2026)**

Line Transformers CAPEX	2019 Actuals	2020 Actuals	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals	2025 (Bridge Year Forecast)	2026 (Test Year Forecast)	Average (2019-2023)
Unit Cost (\$/Line Transformer Addition)	\$28,012	\$16,048	\$16,117	\$19,060	\$69,736	\$67,060	\$50,124	\$39,682	\$29,795

**IRR Table 1-25: Oshawa Power's Meters CAPEX Results (2019-2026)**

Meters CAPEX	2019 Actuals	2020 Actuals	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals	2025 (Bridge Year Forecast)	2026 (Test Year Forecast)	Average (2019-2023)
Unit Cost (\$/Customer)	\$18.11	\$16.90	\$23.56	\$10.42	\$11.82	\$12.76	\$8.72	\$24.59	\$16.16

b) See Table below. Please note that 2024 OM&A Per Customer data is not expected to be available until late August 2025.

IRR Table 1-26: 2021-2023 OM&A/Customer for Geographic Peer Group + 2024

OM&A Costs Per Customer				
Eastern LDCs	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals
Hydro One Networks Inc.	\$ 415	\$ 460	\$ 484	
Hydro Ottawa Limited	\$ 241	\$ 283	\$ 313	
Kingston Hydro Corporation	\$ 251	\$ 292	\$ 299	
Lakefront Utilities Inc.	\$ 254	\$ 244	\$ 290	
Elexicon Energy Inc.	\$ 258	\$ 266	\$ 272	
<b>Oshawa PUC Networks Inc.</b>	<b>\$ 218</b>	<b>\$ 233</b>	<b>\$ 250</b>	\$ 299
<b>Average of Total</b>	<b>\$ 273</b>	<b>\$ 296</b>	<b>\$ 318</b>	
<b>Average Excluding Oshawa Power</b>	<b>\$ 284</b>	<b>\$ 309</b>	<b>\$ 332</b>	

IRR Table 1-27: 2021-2023 OM&A/Customer for Similar-Sized LDCs + 2024

OM&A Costs Per Customer				
Midsize LDCs	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals
PUC Distribution Inc.	\$ 367	\$ 352	\$ 404	
Lakeland Power Distribution Ltd.	\$ 345	\$ 384	\$ 402	
Bluewater Power Distribution Corporation	\$ 363	\$ 389	\$ 383	
Greater Sudbury Hydro Inc.	\$ 329	\$ 335	\$ 362	
Niagara Peninsula Energy Inc.	\$ 326	\$ 342	\$ 354	
Synergy North Corporation	\$ 287	\$ 350	\$ 343	
Newmarket-Tay Power Distribution	\$ 286	\$ 315	\$ 308	
Oakville Hydro Electricity Distribution	\$ 260	\$ 285	\$ 283	
Essex Powerlines Corporation	\$ 242	\$ 269	\$ 283	
Milton Hydro Distribution Inc.	\$ 269	\$ 283	\$ 279	
Entegrus Powerlines Inc.	\$ 234	\$ 258	\$ 272	
<b>Oshawa PUC Networks Inc.</b>	<b>\$ 218</b>	<b>\$ 233</b>	<b>\$ 250</b>	\$ 299
<b>Average of Total</b>	<b>\$ 294</b>	<b>\$ 316</b>	<b>\$ 327</b>	
<b>Average Excluding Oshawa Power</b>	<b>\$ 301</b>	<b>\$ 324</b>	<b>\$ 334</b>	

## 1-SEC-24

Ref. 1: Exhibit 1, p.69

Ref. 2: Exhibit 1, pp.101-102

Ref. 3: Exhibit 6, p.9

### Question(s):

With respect to the Applicant's "superior cost performance", and the following tables of distribution charges for the Applicant compared to the similar-sized LDCs selected by Oshawa PUC Networks and the Other Cohort II LDCs identified by Oshawa PUC Networks:

#### Comparison to Similar-Sized LDCs

Utility	2015	2025	Increase
PUC Distribution Inc.	7785.24	13445.88	72.7%
Lakeland Power Distribution Ltd.	7033.44	6357.48	-9.6%
Bluewater Power Distribution Corporation	6837.24	8918.76	30.4%
Greater Sudbury Hydro Inc.	6779.40	9633.84	42.1%
Niagara Peninsula Energy Inc.	4689.48	7683.96	63.9%
Synergy North Corporation	4742.40	9229.44	94.6%
Newmarket-Tay Power Distribution	7271.88	7793.88	7.2%
Oakville Hydro Electricity Distribution	6741.24	8847.96	31.3%
Essex Powerlines Corporation	4172.64	5050.80	21.0%
Milton Hydro Distribution Inc.	4317.60	6749.16	56.3%
Entegrus Powerlines Inc.	5801.76	8308.32	43.2%
Oshawa PUC Networks Inc.	6029.76	8416.44	39.6%
<b>Averages</b>	<b>6016.84</b>	<b>8369.66</b>	<b>39.1%</b>

#### Comparison to Other Cohort II LDCs

Utility	2015	2025	Increase
Fort Frances Power Corporation	5494.44	6927.96	26.1%
Hydro 2000 Inc.	1640.76	4241.88	158.5%

Rideau St. Lawrence Distribution Inc.	6855.00	8057.28	17.5%
Lakeland Power Distribution Ltd.	7033.44	6357.48	-9.6%
Centre Wellington Hydro Ltd.	7734.24	8847.96	14.4%
Niagara Peninsula Energy Inc.	4689.48	7683.96	63.9%
Tillsonburg Hydro Inc.	3156.48	6264.24	98.5%
Niagara-on-the-Lake Hydro Inc.	6286.56	7216.92	14.8%
Burlington Hydro Inc.	3673.32	6003.12	63.4%
EPCOR Electricity Distribution Ontario	4965.48	11320.20	128.0%
Newmarket-Tay Power Distribution	7271.88	7793.88	7.2%
Kingston Hydro Corporation	5756.76	7145.76	24.1%
GrandBridge Energy Inc.	5843.52	9632.40	64.8%
Westario Power Inc.	5239.80	8668.80	65.4%
Oshawa PUC Networks Inc.	6029.76	8416.44	39.6%
<b>Averages</b>	<b>5444.73</b>	<b>7638.55</b>	<b>40.3%</b>

- a) Please confirm that the tables accurately reflect the total annual distribution charge (including Group 2 accounts) for a GS>50 kW customer with 100 kW monthly demand, (such as a typical school) for each of the utilities listed. (An Excel spreadsheet with the calculations is attached.)
- b) Please provide similar tables for a typical residential and GS<50kW customer, together with the Excel spreadsheets used to calculate those comparisons and create those tables.
- c) Please reconcile the idea of “superior cost performance” with the fact that:
  - a. Relative to the similar-sized LDCs, the total costs charged to those typical GS>50kW customers were approximately the same as the average of the peer group in both 2015 and 2025, and in 2025 are lower than five of the peers and higher than six of the peers, making Oshawa PUC Networks slightly above the median for the peer group at the present time.

- b. It is reasonable to expect the Applicant's charges for those customers to be substantially higher than the peer group in 2026 if the current Application is approved.
  - c. Relative to the other Cohort II LDCs, the total costs charged to those typical GS>50kW customers were 10.7% higher than the average of the peer group in 2015 and 10.2% higher than the average of the peer group in 2025, and in 2025 are lower than four of the peers and higher than seven of the peers, making Oshawa PUC Networks well above the median for the peer group at the present time.
  - d. It is reasonable to expect the Applicant's charges for those customers to be substantially higher than the peer group in 2026 if the current Application is approved.
- d) Please confirm that, during the period 2015-2025 when Oshawa PUC Networks increased its charges to customers such as schools by almost 40%, the CPI All Items Ontario increased by under 30%.

### **Oshawa Power Response**

- a) Oshawa Power could confirm the accuracy of most of the fixed and variable charges included in the live excel version of the tables included in this interrogatory. It appears that Newmarket-Tay Power Distribution's 2016 rate was used in the 2015 column in error. The corrected Newmarket-Tay rates for 2015 are provided below.

In addition, a number of the DVA columns could not be replicated, and Oshawa Power has corrected these values where appropriate. The DVA columns in the live excel appear to calculate all rate riders not specifically labeled as Group 1. Oshawa Power notes that Group 2 rate riders are only disposed of in cost of service proceedings and typically only last for one year, and therefore distort bill impacts when included in a comparison such as this.



**IRR Table 1-28: Comparison to Similar-Sized LDCs of GS>50 Customer Distribution Charge**

Utility	Fixed	Variable	DVA	Total	2015	Fixed	Variable	DVA	Total	2025	Increase	Comments
PUC Distribution Inc.	112.82	535.95	0.00	648.77	7785.24	133.07	902.07	85.35	1120.49	13445.88	72.7%	
Lakeland Power Distribution Ltd.	308.61	277.51	0.00	586.12	7033.44	271.06	323.79	-65.06	529.79	6357.48	-9.6%	
Bluewater Power Distribution Corporation	145.86	423.91	-62.04	507.73	6092.76	176.49	565.27	1.47	743.23	8918.76	46.4%	
Greater Sudbury Hydro Inc.	165.09	428.94	-29.08	564.95	6779.40	193.95	617.52	-8.65	802.82	9633.84	42.1%	
Niagara Peninsula Energy Inc.	102.31	336.29	-47.81	390.79	4689.48	150.17	418.04	72.12	640.33	7683.96	63.9%	
Synergy North Corporation	200.63	255.33	-60.76	395.20	4742.40	237.07	532.05	0.00	769.12	9229.44	94.6%	
Newmarket-Tay Power Distribution	135.41	473.64	-139.55	469.50	5634.00	78.10	422.96	148.43	649.49	7793.88	38.3%	Corrected to 2015 rates (was 2016).
Oakville Hydro Electricity Distribution Inc.	119.81	468.53	-52.27	536.07	6432.84	148.38	580.16	8.79	737.33	8847.96	37.5%	
Essex Powerlines Corporation	224.32	213.06	-356.58	80.80	969.60	262.17	253.99	-95.26	420.90	5050.80	420.9%	
Milton Hydro Distribution Inc.	77.98	259.84	0.00	337.82	4053.84	94.17	412.72	55.54	562.43	6749.16	66.5%	
Entegris Powerlines Inc.	115.32	322.88	94.41	532.61	6391.32	122.36	405.26	164.74	692.36	8308.32	30.0%	
Oshawa PUC Networks Inc.	52.20	447.40	2.88	502.48	6029.76	69.46	594.56	37.35	701.37	8416.44	39.6%	
<b>Averages</b>					<b>5552.84</b>					<b>8369.66</b>	<b>50.7%</b>	

**IRR Table 1-29: Comparison to Other Cohort II LDCs of GS>50 Customer Distribution Charge**

Utility	Fixed	Variable	DVA	Total	2015	Fixed	Variable	DVA	Total	2025	Increase	Comments
Fort Frances Power Corporation	173.25	261.38	-31.74	402.89	4834.68	214.85	324.12	38.36	577.33	6927.96	43.3%	
Hydro 2000 Inc.	82.10	142.09	-88.83	135.36	1624.32	96.43	204.33	52.73	353.49	4241.88	161.1%	
Rideau St. Lawrence Distribution Inc.	290.85	195.38	85.02	571.25	6855.00	345.04	341.48	-15.08	671.44	8057.28	17.5%	
Lakeland Power Distribution Ltd.	308.61	277.51	0.00	586.12	7033.44	271.06	323.79	-65.06	529.79	6357.48	-9.6%	
Centre Wellington Hydro Ltd.	164.55	358.83	121.14	644.52	7734.24	198.93	495.22	43.18	737.33	8847.96	14.4%	
Niagara Peninsula Energy Inc.	102.31	336.29	-47.81	390.79	4689.48	150.17	418.04	72.12	640.33	7683.96	63.9%	
Tillsonburg Hydro Inc.	133.14	201.35	-71.45	263.04	3156.48	157.04	316.12	48.86	522.02	6264.24	98.5%	
Niagara-on-the-Lake Hydro Inc.	269.88	212.98	6.19	489.05	5868.60	322.05	304.93	-25.57	601.41	7216.92	23.0%	
Burlington Hydro Inc.	58.80	289.49	-112.51	235.78	2829.36	78.66	385.37	36.23	500.26	6003.12	112.2%	
EPCOR Electricity Distribution Ontario	96.90	316.89	105.07	518.86	6226.32	119.31	469.13	354.91	943.35	11320.20	81.8%	
Newmarket-Tay Power Distribution	135.41	473.64	-139.55	469.50	5634.00	78.10	422.96	148.43	649.49	7793.88	38.3%	Corrected to 2015 rates (was 2016).
Kingston Hydro Corporation	280.09	200.63	0.00	480.72	5768.64	133.45	407.11	54.92	595.48	7145.76	23.9%	
GrandBridge Energy Inc.	169.35	351.91	0.00	521.26	6255.12	274.87	391.45	136.38	802.70	9632.40	54.0%	Grandbridge had no Group 2 DVAs in 2015.
Westario Power Inc.	224.33	210.79	221.73	656.85	7882.20	267.56	287.66	167.18	722.40	8668.80	10.0%	
Oshawa PUC Networks Inc.	52.20	447.40	2.88	502.48	6029.76	69.46	594.56	37.35	701.37	8416.44	39.6%	
<b>Averages</b>					<b>5494.78</b>					<b>7638.55</b>	<b>39.0%</b>	

b) See below Tables comparing rates for a typical residential customer and GS<50 customer, and life excel document, Supplemental IRR 24 Rate Comparison. Note that only fixed and variable charges have been used given the distortionary impacts of DVA accounts noted in a).

**IRR Table 1-30: Comparison to Similar-Sized LDCs of Residential Customer Distribution Charge**

Utility	Fixed	Variable	Total	2015	Fixed	Variable	Total	2025	Increase
PUC Distribution Inc.	9.91	12.83	22.74	272.82	41.40		41.40	496.80	82.1%
Lakeland Power Distribution Ltd.	20.23	11.10	31.33	375.96	40.01		40.01	480.12	27.7%
Bluewater Power Distribution Corporation	15.90	16.28	32.18	386.10	39.73		39.73	476.76	23.5%
Greater Sudbury Hydro Inc.	16.19	9.30	25.49	305.88	36.86		36.86	442.32	44.6%
Niagara Peninsula Energy Inc.	18.43	13.88	32.31	387.66	40.66		40.66	487.92	25.9%
Synergy North Corporation	12.98	9.45	22.43	269.16	35.41		35.41	424.92	57.9%
Newmarket-Tay Power Distribution	15.00	10.95	25.95	311.40	33.57		33.57	402.84	29.4%
Oakville Hydro Electricity Distribution Inc.	14.59	11.93	26.52	318.18	34.52		34.52	414.24	30.2%
Essex Powerlines Corporation	12.94	11.40	24.34	292.08	34.26		34.26	411.12	40.8%
Milton Hydro Distribution Inc.	15.43	10.80	26.23	314.76	36.17		36.17	434.04	37.9%
Entegrus Powerlines Inc.	14.43	10.95	25.38	304.56	30.06		30.06	360.72	18.4%
Oshawa PUC Networks Inc.	11.21	10.65	21.86	262.32	29.79		29.79	357.48	36.3%
<b>Averages</b>				<b>316.74</b>				<b>432.44</b>	<b>36.5%</b>

**IRR Table 1-31: Comparison to Other Cohort II LDCs of Residential Customer Distribution Charge**

Utility	Fixed	Variable	Total	2015	Fixed	Variable	Total	2025	Increase
Fort Frances Power Corporation	18.88	10.35	29.23	350.76	39.85		39.85	478.20	36.3%
Hydro 2000 Inc.	14.87	11.25	26.12	313.44	44.20		44.20	530.40	69.2%
Rideau St. Lawrence Distribution Inc.	13.19	11.25	24.44	293.28	35.31		35.31	423.72	44.5%
Lakeland Power Distribution Ltd.	20.23	11.10	31.33	375.96	40.01		40.01	480.12	27.7%
Centre Wellington Hydro Ltd.	15.63	10.80	26.43	317.16	34.13		34.13	409.56	29.1%
Niagara Peninsula Energy Inc.	18.43	13.88	32.31	387.66	40.66		40.66	487.92	25.9%
Tillsonburg Hydro Inc.	10.25	18.15	28.40	340.80	37.58		37.58	450.96	32.3%
Niagara-on-the-Lake Hydro Inc.	18.17	9.60	27.77	333.24	35.46		35.46	425.52	27.7%
Burlington Hydro Inc.	12.03	12.30	24.33	291.96	32.64		32.64	391.68	34.2%
EPCOR Electricity Distribution Ontario	10.15	14.93	25.08	300.90	31.80		31.80	381.60	26.8%
Newmarket-Tay Power Distribution	15.00	10.95	25.95	311.40	33.57		33.57	402.84	29.4%
Kingston Hydro Corporation	12.56	11.55	24.11	289.32	31.06		31.06	372.72	28.8%
GrandBridge Energy Inc.	11.98	10.80	22.78	273.36	31.17		31.17	374.04	36.8%
Westario Power Inc.	12.66	11.85	24.51	294.12	32.84		32.84	394.08	34.0%
Oshawa PUC Networks Inc.	11.21	10.65	21.86	262.32	29.79		29.79	357.48	36.3%
<b>Averages</b>				<b>315.71</b>				<b>424.06</b>	<b>34.3%</b>

**IRR Table 1-32: Comparison to Similar-Sized LDCs of GS<50 Customer Distribution Charge**

Utility	Fixed	Variable	Total	2015	Fixed	Variable	Total	2025	Increase
PUC Distribution Inc.	16.87	40.40	57.27	687.24	24.09	68.80	92.89	1114.68	62.2%
Lakeland Power Distribution Ltd.	43.82	17.80	61.62	739.44	45.47	27.00	72.47	869.64	17.6%
Bluewater Power Distribution Corporation	27.32	38.20	65.52	786.24	33.46	49.80	83.26	999.12	27.1%
Greater Sudbury Hydro Inc.	21.64	37.40	59.04	708.48	25.44	55.40	80.84	970.08	36.9%
Niagara Peninsula Energy Inc.	37.76	27.60	65.36	784.32	48.36	35.20	83.56	1002.72	27.8%
Synergy North Corporation	26.66	27.60	54.26	651.12	40.50	45.60	86.10	1033.20	58.7%
Newmarket-Tay Power Distribution	29.86	39.00	68.86	826.32	27.65	40.80	68.45	821.40	-0.6%
Oakville Hydro Electricity Distribution Inc.	35.11	31.00	66.11	793.32	43.48	38.80	82.28	987.36	24.5%
Essex Powerlines Corporation	33.87	23.20	57.07	684.84	42.09	32.60	74.69	896.28	30.9%
Milton Hydro Distribution Inc.	16.42	34.80	51.22	614.64	22.24	46.80	69.04	828.48	34.8%
Entegrus Powerlines Inc.	26.36	17.20	43.56	522.72	29.62	40.20	69.82	837.84	60.3%
Oshawa PUC Networks Inc.	16.02	34.00	50.02	600.24	20.68	42.20	62.88	754.56	25.7%
<b>Averages</b>				<b>699.91</b>				<b>926.28</b>	<b>32.3%</b>

**IRR Table 1-33: Comparison to Other Cohort II LDCs of GS<50 Customer Distribution Charge**

Utility	Fixed	Variable	Total	2015	Fixed	Variable	Total	2025	Increase
Fort Frances Power Corporation	43.68	19.80	63.48	761.76	54.18	24.80	78.98	947.76	24.4%
Hydro 2000 Inc.	22.12	19.20	41.32	495.84	30.34	26.40	56.74	680.88	37.3%
Rideau St. Lawrence Distribution Inc.	30.52	18.40	48.92	587.04	36.20	36.40	72.60	871.20	48.4%
Lakeland Power Distribution Ltd.	43.82	17.80	61.62	739.44	45.47	27.00	72.47	869.64	17.6%
Centre Wellington Hydro Ltd.	17.83	37.20	55.03	660.36	23.50	49.00	72.50	870.00	31.7%
Niagara Peninsula Energy Inc.	37.76	27.60	65.36	784.32	48.36	35.20	83.56	1002.72	27.8%
Tillsonburg Hydro Inc.	25.60	35.80	61.40	736.80	30.19	38.80	68.99	827.88	12.4%
Niagara-on-the-Lake Hydro Inc.	37.76	22.60	60.36	724.32	45.06	31.20	76.26	915.12	26.3%
Burlington Hydro Inc.	25.09	27.00	52.09	625.08	29.29	38.60	67.89	814.68	30.3%
EPCOR Electricity Distribution Ontario	20.28	27.00	47.28	567.36	26.94	35.80	62.74	752.88	32.7%
Newmarket-Tay Power Distribution	29.86	39.00	68.86	826.32	27.65	40.80	68.45	821.40	-0.6%
Kingston Hydro Corporation	25.85	21.20	47.05	564.60	17.63	38.60	56.23	674.76	19.5%
GrandBridge Energy Inc.	19.58	21.00	40.58	486.96	35.68	25.80	61.48	737.76	51.5%
Westario Power Inc.	24.30	21.80	46.10	553.20	31.89	28.40	60.29	723.48	30.8%
Oshawa PUC Networks Inc.	11.21	34.00	45.21	542.52	20.68	42.20	62.88	754.56	39.1%
<b>Averages</b>				<b>643.73</b>				<b>817.65</b>	<b>27.0%</b>

- c) Oshawa Power's statement about superior cost performance relies on it being recognized as a Cohort II distributor in the OEB's Total Cost Benchmarking for performing at 10% to 25% better than expected. As noted in the Application, Oshawa Power intends to retain this ranking through the 2026 Test Year.

Oshawa Power does not agree that distributor cost efficiency can or should be judged based on a single rate class, over a small subset of years. Nevertheless, with respect to the specific statements provided, Oshawa Power notes that:

- Relative to the similar-sized LDCs, Oshawa Power's GS>50 distribution charge ranks within the middle of the peer group – 9% higher than the average in 2015, and 1% higher than the average in 2025, with rate of increase just below average between 2015 and 2025.
- It is not reasonable to expect that Oshawa Power's charges for its GS>50 customers will be substantially higher than the peer group in 2026 if the current Application is approved, given it is currently at the average.
- Relative to the other Cohort II LDC, Oshawa Power's GS>50 distribution charge ranks in the middle of the peer group in both years – 10% higher than the average in both 2015 and 2025, with a rate of increase just between 2015 and 2025.

- d. It is not reasonable to expect Oshawa Power's charges for those customers to be substantially higher than the peer group in 2026, given the current rank and the fact that at least one other LDC in this group is in a rebasing proceeding in 2025.
- e) Confirmed. As noted above, Oshawa Power's rate of increase between 2015 and 2025 was the same or below average of the peer LDCs identified.

## **1-SEC/CCMBC-25**

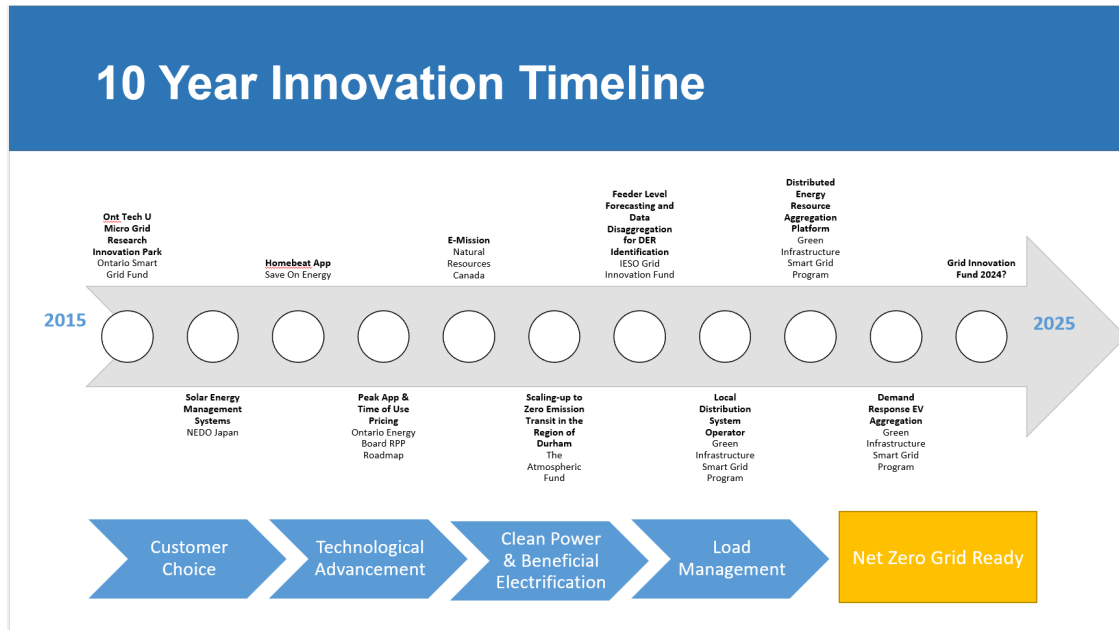
**Ref. 1: Exhibit 1, p.114**

**Question(s):**

- a) Please provide a copy of the "review of past innovation projects" referred to.
- b) Please provide copies of the last three "monthly opportunity scans" referred to.

### **Oshawa Power Response**

- a) On June 19, 2024, the Oshawa Power management team gathered to review past innovation projects, the lessons learned through their execution and the new process for implementing innovation projects within the project management office. While much of the discussion was verbal, the following slide captures the overview of past projects and how they fit within the policy themes of their time. Going forward, Oshawa Power intends to review lessons learned at the time of project close, to ensure better implementation of learnings.



- b) Oshawa Power uses a spreadsheet to track opportunities that are discussed at a dedicated monthly meeting, which is overwritten and updated each month, so only one copy is available. Please see below for a screenshot of the July 2025 opportunity scan excel spreadsheet. Items highlighted in yellow are active areas where opportunities are being communicated within the organization or with Oshawa Power customers.

Source	Stream	Type	Status	Action
Canada Infrastructure Bank	<a href="#">Zero Emission Bus Initiative</a>	Financing	Open	Discuss with DRT and Metrolinx
Environment and Climate Change Canada	<a href="#">Low Carbon Economy Challenge</a>	Grant	Closed	Monitor
Environment and Climate Change Canada	<a href="#">Environmental Damages Fund</a>	Grant	Closed	Monitor
Environment and Climate Change Canada	<a href="#">Codes Acceleration Fund</a>	Grant	Closed	Monitor
Government of Canada	<a href="#">Accelerated Capital Cost Allowance for Clean</a>	Tax Incentive	Open	Send to solar asset holders in key accounts - re: repower.
Government of Canada	<a href="#">Canada Apprentice Loan</a>	Interest Free Loan	Open	Send to HR
Government of Ontario	<a href="#">Skills Development Fund (training stream)</a>	Grant	Open	Collaborate with HR on evaluating opportunity
Green Municipal Fund	<a href="#">Sustainable Municipal Buildings</a>	Grant + Loan	Open - closing September 15, 2025	Update building team and key accounts.
Housing Infrastructure and Communities	<a href="#">Zero Emission Transit Fund</a>	Grant	Open	Discuss with DRT and Metrolinx
IESO eDSM	<a href="#">Save On Energy - solar and solar + bess</a>	Incentive	Open	Review for applicability to our building, key account discus
IESO Procurement	<a href="#">LT2</a>	Power Purchase Agreement	Open	
IESO Procurement	<a href="#">Medium Term</a>	Power Purchase Agreement	Closed	Monitor for next funding call
IESO Procurement	<a href="#">Local Generation Program</a>	Power Purchase Agreement	In development - target launch 2026	Monitor for details
Independent Electricity System Operator	<a href="#">Grid Innovation Fund</a>	Grant	2024 - Applied / Lost.	Monitor for next funding call
MITACS	<a href="#">MITACS</a>	Grant	Open	Accepts proposals on an ongoing basis
Natural Resources Canada	<a href="#">Zero Emission Vehicle Infrastructure Program</a>	Grant	Closed but funding available from Region and Green Economy Canada	Explore needs with stakeholders
Natural Resources Canada	<a href="#">Zero Emission Vehicle Education and Awareness</a>	Grant	Not eligible	Monitor for next funding call
Natural Resources Canada	<a href="#">Energy Innovation Program</a>	Grant	Grant won.	Project kicked-off in April.
Natural Resources Canada	<a href="#">Smart Renewables and Electrification Pathwa</a>	Grant	2024 Applied x 2 - Lost solo / Conditional approval with Elocity	Support contract approval.
OCI	<a href="#">Ontario Vehicle Innovation Network</a>	Grant	Grant won	Negotiate research contract with Ont. Tech. U.
Ontario	<a href="#">ChargeOn</a>	Grant	Closed	
The Atmospheric Fund	<a href="#">Grants</a>	Grant	Open	Grant Eols due August 15
Transport Canada	<a href="#">Incentives for Zero Emission Vehicles (ZEV)</a>	Incentive	Open	Send to fleet for review
Transport Canada	<a href="#">Incentives for Medium and Heavy Duty Zero E</a>	Tax Incentive	Open	Send to fleet for review

## 1-SEC-26

**Ref. 1: Exhibit 1, p.118**

**Question(s):**

Please provide copies of all agreements, MOUs, letters of intent, or similar documents between Lakefront Utilities and the Applicant or any of its affiliates.

**Oshawa Power Response**

Please see Attachment 1-7. Contracts between the affiliates of Oshawa Power (which are all unregulated) and Lakefront Utilities Inc. are outside the purview of this application. Therefore, this question is not relevant to this Application.

## 1-SEC/PP-27

**Ref. 1: Exhibit 1, Attachment 1-2, p.03**

**Question(s):**

Please provide a copy of the document “2025-2030 Strategic Direction for the Oshawa PUC Networks Group of Companies”.

**Oshawa Power Response**

Link to the document “2025-2030 Strategic Direction for the Oshawa PUC Networks Group of Companies” is included as Attachment 1-1 and can be found online here:

<https://www.oshawapower.ca/wp-content/uploads/2024/06/Oshawa-Power-Strategic-Direction-Web-1.pdf>.

## 1-SEC-28

**Ref. 1: Exhibit 1, Attachment 1-2, p.08**

**Question(s):**

Please provide details of the “several priorities that focus on electrification and the deployment of new technologies”.

## Oshawa Power Response

As a part of understanding the electricity and energy priorities of the community, Oshawa Power reviews relevant research, policy and plans issued by the Regional Municipality of Durham and the City of Oshawa. In addition, Oshawa Power's Strategic Plan 2026-2030 refers to the goals and actions contained in the following municipal documents:

- [E-Mission Zero](#), Durham Region Transit's Electrification Vision;
- [The Oshawa Strategic Plan 2024 to 2027](#);
- [City of Oshawa Economic Development Strategy 2023](#);
- [Durham Region Strategic Plan 2020-2024](#) and;
- The [Invest Durham Economic Development and Tourism Strategy and Action Plan 2023-2027](#).

There were ~300 goals and actions contained within these plans, including energy related economic development priorities such as:

- "Achieve zero emission transit by 2045";
- "Develop cluster growth strategies for key priority clusters: future energy, next-generation mobility, arts and creative, applied digital technology, and agri-food."
- "Host a future energy event at the Region and attract an international audience."
- "Enhance partnerships with energy sector agencies and companies such as Oshawa Power and other sustainable producers/suppliers"
- "Accelerate the adoption of green technologies and clean energy solutions through strategic partnership and investment."
- "Partner to promote available programs that support the integration of ESG priorities into the business models of local businesses".

## 1-SEC-29

**Ref. 1: Exhibit 1, Attachment 1-3, p.06**

**Question(s):**

Please explain why the new financial strategy is scheduled for the year after major capital spending on the building and the IT systems, rather than part of the preparation for that spending.

### **Oshawa Power Response**

Oshawa Power adopts a rigorous planning process for its capital projects and strategic initiatives. Financial planning at Oshawa Power entails both long- and short-term planning, where a 5-year financial plan aligns to the corporate strategic plan, which is conducted every five years and on an annual basis a two-year budget is created. During each fiscal year, regular financial reviews are performed and approved by Management and the Board, including monthly and quarterly financial review and budget re-forecasts. The reference “Financial Strategy” on this page refers to a long-term financial strategy which will align with next the 2031-2036 cycle.

## 1-PP-30

**Ref. 1: Ontario’s Energy for Generations plan ([Energy for Generations | ontario.ca](https://www.ontario.ca))**

**Preamble:**

The above-noted major policy document was recently released by the Province of Ontario following Oshawa PUC Networks’ filing of its application.

**Question(s):**

- a) What policy issues in the Energy for Generations plan are incremental to what Oshawa PUC Networks considered in development of its application?
- b) Please explain how Oshawa PUC Networks intends to integrate the new policy directions over the rate term.



- c) Please indicate what the increased focus on DERs could mean to the Oshawa PUC Networks' Distribution System Plan and related activities over the rate term and out to 2030 per the timelines covered by the Oshawa PUC Networks DSP.
- d) What additional performance metrics may be required to assess Oshawa PUC Networks' progress against any of the new items (including DERs) in the Provincial Energy for Generations plan?

### **Oshawa Power Response**

- a) Oshawa Power has reviewed the recently released Energy for Generations Plan and has identified that many of the policy elements presented were in a stage of early/preliminary implementation at the time of this Application's submission. Therefore, Oshawa Power was able to incorporate much of the Energy for Generations Plan into the Application. The following policy issues were identified as incremental to those considered in this Application:
  - Topic 6 – Leveraging Other Energy Resources:
    - Expansion of the Low-Carbon Hydrogen Strategy;
    - Potential regulation of District Energy Systems;
  - Topic 7 – Integrated Energy Planning:
    - New 5-year cyclical integrated energy planning process;
    - Major Project identification Committee;
    - Economic Growth Priorities (Protect Ontario by Securing Affordable Energy for Generations Act); and,
    - Special Economic Zones Act.
- b) Oshawa Power intends to integrate these new policy directions over the rate term through the following actions:
  - i. Increased key account engagement to better track customer plans for DERs of all types (including hydrogen and district energy)

- ii. Increased knowledge sharing between Oshawa Power's grid connections and key accounts teams;
  - iii. Increased key account engagement with economic development organizations in Oshawa and Durham; and,
  - iv. Increased resourcing for consultative projects, such as the integrated five-year energy planning process.
- c) The increased focus on DERs could mean the following to Oshawa Power's DSP and related activities to 2030:
  - i. Potential deferral of the currently foreseeable need for new transmission capacity, pending the location and type of DERs;
  - ii. A potential increase short circuit levels due to DER contributions, even though Oshawa Power's capacity is currently unconstrained;
  - iii. New opportunities for shared DER resources under the NWS Guidelines that enable localized capacity support and transmission capacity deferral, pending the location and type of DERs;
  - iv. Improved benefit cost analysis for Oshawa Power to potentially launch its DSO as an NWS (after the capacity building portion of the project concludes); and,
  - v. Changes to Oshawa Power's options for delivering Save On Energy local programs (which are designed to meet local needs).
- d) The NWS guidelines require additional record-keeping about any NWSs considered. They will also require annual Reporting and Record-keeping Requirements (RRR) reporting metrics. These metrics will provide extensive information to inform the uptake and evolution of DERs in Ontario. Other information about DER adoption (types, locations, co-location with facilities, operational characteristics, GHG profiles, expenses, aggregators in the market; etc.) will all be useful to track with respect to the eventual launch of a local DSO market, which Oshawa Power will be developing competence in, over the next two years. Finally, tracking information about any DERs that do not move forward

into implementation will also be of value, so that knowledge on barriers to adoption can be gathered and addressed.

## 1-PP-31

### Ref. 1: Exhibit 1 – Administration

Ref. 2: June 11, 2025 Directive to the OEB ([OC-802-2025.pdf](#)) and Directive to IESO (<https://www.ieso.ca/-/media/Files/IESO/Document-Library/corporate/ministerial-directives/Directive-from-the-Minister-of-Energy-and-Mines-20250612-IEP.pdf> )

### Preamble:

The above-noted Directives were issued to the OEB and IESO following Oshawa PUC Networks filing its application. Items in the directives occur over the next year and/or within the timeframe of the Oshawa PUC Networks application, Strategy and DSP.

### Question(s):

- a) What policy or operational issues outlined in the Directives are incremental to what Oshawa PUC Networks considered in development of application and what is required over the plan term?
- b) Please explain how Oshawa PUC Networks intends to participate in and implement related actions in the relevant initiatives outlined in the Directives.
- c) Please explain how Oshawa PUC Networks ensured that (current and future) local DERs are included in the Regional Planning process that Oshawa PUC Networks participates in and how those resources are netted out of the demand forecasts to ensure that wires solutions are not over-estimated.

### Oshawa Power Response

a) Oshawa Power's assessment of the directives is that the initiatives were already being considered in the organization's planning through organic work efforts, in ways that were less prescribed. Some examples include:

- Oshawa Power has supported the local economic development teams with key projects, and incorporated their plans into the research informing the DSP, but

has not yet worked with them to quantify potential economic benefits associated with key projects, as discussed in the new policy.

- Oshawa Power noted that there is a difference between rates of historical load materialization vs the new loads anticipated through the energy transition. Instead of providing more than one load forecast as will be required by the new policy, the organization set a non-wires Solutions strategy to manage for high, short-term load growth.
  - Oshawa Power already collaborates with Hydro One and key accounts to map out the fastest path to approvals for major projects, but will look forward to implementing a standardized streamlined process that best supports customers.
- b) As noted in the a), the directives were recently issued and provide a runway of several months or years for distributors to comply with or begin to participate in the initiatives, especially noting that these initiatives will be directed by guidance that has yet to be issued to distributors by the OEB and IESO. Oshawa Power is still reviewing the directives (issued last month) to determine next steps; however potential actions could include:
- Planning for Growth:
    - i. Developing a data capture and reporting system cover the new information required for the demand scenario forecasting and risk assessments;
    - ii. Expanding Oshawa Power's current key account engagement with local economic development agencies to produce economic growth projection information;
    - iii. Implementing weather monitoring and/or engagement with organizations that professionally manage climate information specific to Durham such as the TRCA;
    - iv. Monitoring and recording of costing trends more closely.
  - Streamlined Process:
    - v. Ensuring staff resourcing from both key accounts and connections

groups to support consultations aimed at streamlining processes, both individually as an organization as well as through industry associations such as the EDA and USF;

- Distributed Energy Resources:
  - vi. Collaborating more closely with the Region of Durham on their District Energy strategy and with developers;
  - vii. Participate-in and stay-abreast of developments coming from the IESO and OEB's consideration of DERs and DSOs to optimize their benefit in Oshawa's grid and future DSPs.
- To ensure current and future DERs and EVs were included in the Regional Planning Process, Oshawa Power provided the following data sources to the technical planning teams at the IESO and Hydro One transmission:
  - i. The information in the Renewable Energy Generation Investment Plan (REGIP) (covering current and future DER applications);
  - ii. MTO data about the number of EVs registered in Oshawa;
  - iii. Key account information about planned fleet growth and planned DERs;
  - iv. The Grid Innovation Fund report covering forecasted EV growth for Oshawa; and,
  - v. The Durham Community Energy plan, which includes targets with respect to DERs and zero emission transportation.
- The Regional planning team controls how these data sources were netted out from the demand forecast, and is using various demand growth scenarios to control for risks associated with right-sizing infrastructure.

c) Oshawa Power follows the OEB document on "Load forecast Guideline for Ontario" when providing inputs into the regional planning process. DG Forecasts are provided by the IESO in collaboration with the working group. The GTA East regional planning forecasts are net demand, i.e., net of distributed generation forecasts.

## 1-PP/DRC-32

Ref. 1: Ontario Ministry of Energy and Electrification's Cost Effective Energy Pathways Study for Ontario ([Cost Effective Energy Pathways Study for Ontario](#))

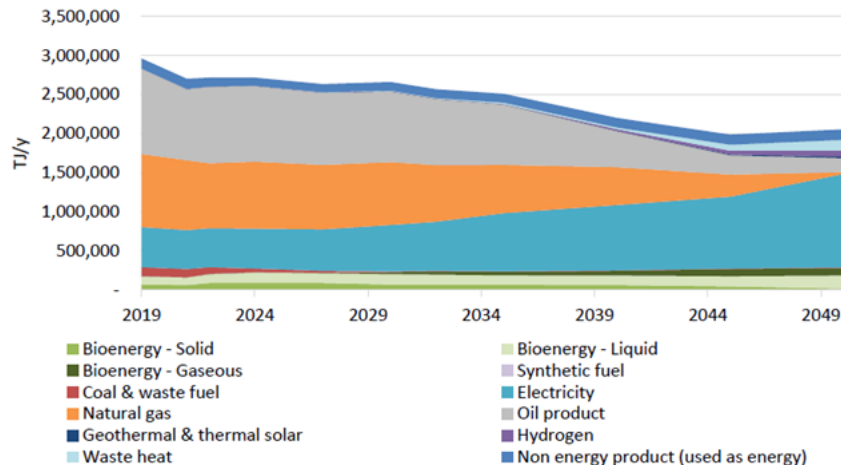


Figure ES-1. Final energy consumption (TJ/y) by fuel type from 2019 to 2050 for the NZ50 IP

### Question(s):

- Does Oshawa PUC Networks believe that the Provincial energy Pathway outlined above is reflective of the Energy Transition and planned trajectory for Oshawa PUC Networks' service territory? If not, why not.
- What policy or operational issues outlined in the Provincial Pathways Study are incremental to what Oshawa PUC Networks is able to accommodate based on the application and plan filed?
- Does Oshawa PUC Networks' application and plan enable the pathway to net zero by 2050 as outlined in the Provincial Pathways Study noted above? If not, please explain what the variances are and what changes would need to occur to ensure that Oshawa PUC Networks is able to deliver over the rate plan term in a manner that aligns with net zero by 2050. Please discuss how the outcomes and priorities of customers have changed compared to historical equivalents and discuss any trend lines in customer priorities related to the energy transition and the City of Oshawa's 2050 net zero target. As part of your answer please discuss any work done by the Oshawa PUC Networks on the substantive knowledge of customers and their understanding of the energy transition.

- d) Please outline Oshawa PUC Networks' emissions reduction targets for the rate period, if any.

### **Oshawa Power Response**

- a) Yes. Oshawa Power believes the Provincial Energy Pathway outlined within the question is reflective of the Energy Transition and planned trajectory for the organization's service territory-
- b) There are no policy or operational issues that are incremental to what Oshawa Power will be able to accommodate based on the Application that has been filed.
- c) Not known at this time. As noted in its 2026-2030 Business Plan (Exhibit 1, Attachment 1-3) Oshawa Power is embarking on its ESG strategy starting in 2025. Through this, Oshawa Power will be more closely studying the relationship between its plans and carbon targets such as the stated net zero by 2050. Importantly, Oshawa Power is aware that the Regional Municipality of Durham and the City of Oshawa have both declared climate emergencies and have respective climate targets of an 80% reduction in GHG emissions below 2007 levels by 2050. Associated with target achievement are goals such as grid decarbonization, renewable energy and DER implementation, EV and sustainable transit adoption; etc. Oshawa Power prides itself on proactively supporting the energy transition through:
- Participating in the Durham Region Climate Council;
  - Consulting on and financially supporting the development of the Regional and Oshawa community energy plans;
  - Taking a lead in developing initiatives that meet the plan's targets, such as developing the E-Mission EV strategy and supporting the planning and connections required for two zero emission transit projects;
  - Ensuring available capacity for DERs (the organization has fully available short circuit capacity);

- Participating in eDSM and innovation initiatives to the fullest extent possible; and,
  - Opening conversations with Key Accounts about how Oshawa Power may be able to support their energy transition needs, as demonstrated by the responses in the Large Customer Report appended to this application.
- d) Oshawa Power plans to publish emissions reduction targets in its 2026 annual report (published in Q2 of 2027). This timeline will allow Oshawa Power to perform the necessary ESG studies, stakeholder engagement, data analytics and vetting required to transparently quantify energy performance and set meaningful targets.

## 1-PP-33

### Ref. 1: Exhibit 1 – Administration, p. 25

#### Preamble:

Enhanced Asset Condition Assessment: Oshawa PUC Networks has improved its asset condition assessment methodology, moving away from a reliance on service age as a primary criterion. Instead, a more comprehensive, multi-faceted Health Index formulation has been adopted, leading to more accurate condition assessments and better-informed asset replacement decisions, ensuring that assets exceeding risk tolerance thresholds are prioritized for replacement.

#### Question(s):

- a) Please describe the differences and lessons learned from Oshawa PUC Networks changing from service age to asset condition assessment.
- b) If using asset condition can reduce replacement of assets that would have otherwise been replaced just based on age, please explain how this impacted the capital renewal budget for the proposed term (2026-2030) compared to the previous rate term (2021-2025) that used age as the principal criteria for replacement.



## Oshawa Power Response

- a) Please refer to section 5.3.1.2c of the Asset Condition Assessment (ACA) in Appendix C of the Distribution System Plan (Exhibit 2, Attachment 2-1) for the differences in evaluation criteria.

Oshawa Power identified a number of strategic and operational insights in changing from service age to asset conditions that would further enhance Oshawa Power's Asset Condition Assessment (ACA framework).

The following are Oshawa Power's insights and lessons learned:

- Assets of the same age can perform differently depending on distribution system conditions such as loading, usage, location, environment, and maintenance history.
- Reliable, complete, and in some cases additional, condition data (from inspections, sensors, etc.) is critical to better evaluation of the asset condition prior to any decision-making on actions (leave as is, refurbishment, or replacement).
- Visual inspections in some cases may need to be supplemented with other diagnostics like thermography, oil sampling, time domain reflectometry, etc. to be able to understand the condition of the asset during the evaluation stage. Refer to Sections 7.2 and 7.3 of the ACA.
- Introducing predictive analytics to forecast failures and then determine if planned interventions is the preferred option in an attempt to only having reactive and preventive strategies.

An example of a lesson learned is deferral of replacements to later years. The municipal substation transformer replacement and oil containment installation program was planned for replacement in the 2021-2025 rate period. Oshawa Power's improved maintenance and inspection of its stations informed the 2023 Asset Condition Assessment that supported the deferral of these critical assets to beyond 2030.

- b) Referring to Table 1 in the DSP, the gross system renewal budget for 2026-2030 makes up 40.5% of the total gross expenditures as opposed to 45.5% in 2021-2025. This shows a shift away from renewal efforts required. This represents a 5% reduction from 2021-2025 to 2026-2030.

A specific example: In the ACA, 7% of the wood poles are past typical useful life (TUL), which would have been categorized as poor condition with age as the principal criteria for replacement. However, with other condition parameters only 1% of wood poles are categorized as poor or very poor condition.

## 1-DRC-34

### Ref 1: Exhibit 1, Page 58 and Attachments 1-8 through 1-11

#### Question(s):

- a) Please provide a copy of all written instructions provided by Oshawa PUC Networks to UtilityPULSE (UP) in relation to UP's customer engagement mandate for the 2023 Customer Satisfaction Survey Report.
- b) Please provide a copy of all written instructions provided by Oshawa PUC Networks to UP in relation to customer engagement with respect to consumer choice in integrating technologies like distributed energy resources ("DERs"), electric vehicles ("EVs"), and battery storage (including V2G).
- c) Please describe all measures undertaken by Oshawa PUC Networks and/or UP to invite and ensure the participation of EV stakeholders and other DER customers (including EV drivers, owners of DERs, EV associations, and DER industry associations) in the following customer engagement activities:
  - i) UP's 2023 Customer Satisfaction Survey Report;
  - ii) Oshawa PUC Networks' 2024 Customer Priority Survey; and
  - iii) Oshawa PUC Networks' Customer Engagement for the 2026-2030 DSP; and
  - iv) Oshawa PUC Networks' Large Customer Engagement Report.

- d) Please provide any and all notes from Oshawa PUC Networks' customer engagement relating to EVs and DERs that are supplementary to the reports provided in Exhibit 1, Attachments 1-8, 1-9, 1-10, and 1-11.
- e) Please discuss how the outcomes and priorities of customers have changed compared to historical equivalents and discuss any trend lines in customer priorities related to the adoption and integration of technologies like DERs, EVs, and battery storage (including V2G).

### Oshawa Power Response

- a) Oshawa Power participated in the bi-annual customer satisfaction survey schedule along with other LDCs in Ontario. Oshawa Power and Utility Pulse had discussions surrounding the customer engagement mandate in the form of MS Teams meetings. Meeting agendas discussed the process, and written correspondence was specific to arranging the meetings – see below.

#### Oshawa Power Survey





Jen McHugh

To: [sridgley@simulcorp.com](mailto:sridgley@simulcorp.com)

Cc: [Ashley Pereira](#)

 Follow up. Start by July 11, 2025. Due by July 11, 2025.

  Reply  Reply All  Forward  

Thu 2023-04-20 8:52 AM

Good morning,

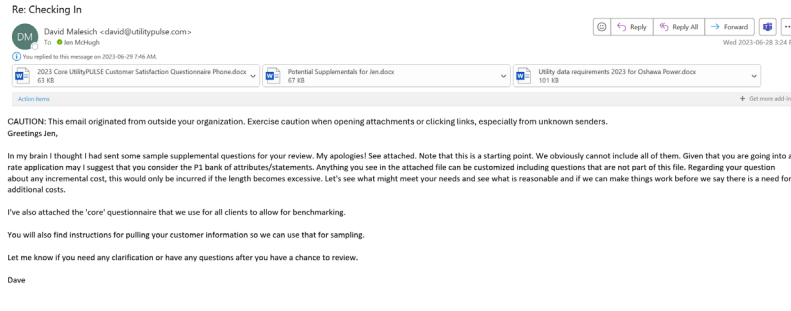
I hope this email finds you well. Am reaching out today to introduce myself as Communications Manager and Ashley Pereira as the Customer Services Manager. At your convenience, we would like to begin discussions for the planning of Oshawa Power's next Customer Satisfaction Survey.

According to our records, we are due for a survey in 2023, and we would like to begin planning now for a fall survey as we may want to add a few more questions this go-round.

Look forward to hearing from you.

Warmly,  
Jen & Ashley,

- b) As seen above, Oshawa Power engaged with Utility Pulse verbally to understand the direction for the survey. As part of the original TEAMS meeting, it was also disclosed that Oshawa Power was within a rate application period and there was a desire to add supplemental questions to understand customer knowledge and interest regarding integrating technologies and electrification options from the customer base. Correspondence below.



- c) Oshawa Power and Utility Pulse did not target DER customers (including EV drivers, owners of DERs, EV associations, and DER industry associations) in the customer engagement activities. Please provide any and all notes from Oshawa PUC Networks' customer engagement relating to EVs and DERs that are supplementary to the reports provided in Exhibit 1, Attachments 1-8, 1-9, 1-10, and 1-11.
- d) No additional notes exist outside the survey process. The results of the survey were provided to the Regulatory team, Engineering and Exec team as information for planning purposes.
- e) From the results of the UP survey, half of Oshawa Power's customers are interested in purchasing an EV, but not for some time (three to six years or longer). Those who like the idea want to save on their gas costs. Those interested in an EV would also likely purchase a charging station for their home/business. Smaller conservation-related efforts like installing smart appliances are more likely due to the perceived high costs of these types of changes. There is some interest in financing options from Oshawa Power.
- In 2023/24, Scout Environmental and Oshawa Power partnered to design, develop and launch an **interactive digital guide** for customers that would: Debunk common myths and promote public confidence in EVs; Reduce barriers to EV adoption; and Help the local utility better profile and predict consumer power demands, plan future infrastructure needs and inform future EV program planning and delivery; and **some highlights includes that** the majority of visitors to the Guide were under the age of 45 and just over 20% of users state that they already own an EV.

- Under 8% said that would not switch to EVs.
- 17.8% would be likely to purchase an EV as their next vehicle. Of these, over half would be making their purchase within the year, and 71.3% would be installing a charger at home, rather than relying on public charging infrastructure.
- The majority of respondents (54.2%) were on the fence – either interested or unsure, demonstrating the need for further education and promotion of EVs to the general public.
- Of specific interest and relevance to Oshawa Power, data collected shows that the majority of their customers who charge at home do so at off peak hours, with 60% charging overnight between 11pm-7am.
  - Additionally, Oshawa Power reports that EV adoption continues to increase in their service territory, up an additional 21% over the life of the project.

# Attachment 1 – 1

2025 - 2030 Oshawa Power Strategic Direction



**2025 - 2030**

# STRATEGIC DIRECTION



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# Introduction

## *A Value-Focused Energy Leader for Our Times*

The Oshawa Power Group of Companies (herein referred to as *The Group*) is maturing as an influential leader and partner contributing to the energy transition in Ontario.

It includes Oshawa Power, which is responsible for delivering safe, reliable and affordable energy to residential, commercial and industrial clients in Oshawa and Durham Region.

Through our EnerFORGE initiatives, we are earning our place as an innovative and entrepreneurial energy leader — one that meets the new and evolving challenges of climate change, sustainability, and accelerated growth in our own communities.

As an organization, we honour our core values of safety, stewardship, innovation and customer focus. Every day we demonstrate care for people by working to earn the trust of our customers, staff and shareholder through consistently delivering value with reliability and affordability. We take pride in having the courage to act.



*Our strategic direction  
is simply stated:*

**We are building  
a responsive  
organization that  
delivers exemplary  
value by executing  
with creativity,  
intelligent positioning,  
and entrepreneurial  
spirit.**

# Organizational Profile

The Group is a wholly owned organization of the City of Oshawa, with more than 100 employees, a rapidly increasing asset base of over \$270M and an annual operating budget of approximately \$170M.

At our core, we are an enabler of critical energy and infrastructure for the City of Oshawa and in communities across Ontario.

The Group also incorporates several assets outside the regulated framework of traditional utilities – this includes energy generation, services, a broadband communications business, and both new and existing technologies enabling the energy transition.

In these areas we are helping to build a diverse and sustainable community for the next generation. This includes contributing an attractive return for our shareholder, the City of Oshawa.



The Group owns and operates three lines of business, managing four core activities: electricity distribution; sustainable energy generation; infrastructure and solutions; and broadband services. With the organization continuing to grow and diversify its business, our affiliate organizations are working together to build a better, more sustainable and resilient future.

They are:



**Oshawa Power** is a regulated local electricity distribution company licensed and rate-regulated by the Ontario Energy Board (OEB) under the Ontario Energy Board Act, 1998. It is dedicated to delivering a safe and reliable supply of electricity to more than 63,000 homes and businesses across Oshawa.



**EnerFORGE** provides innovative energy solutions to organizations across Ontario. It operates infrastructure that includes developing, constructing, and operating renewable and low-carbon energy assets to help build a more sustainable future.



**Durham Broadband** is the region's largest fibre optic network, connecting Durham Region to the world with ultrafast, reliable, and low-cost communications solutions. It offers custom solutions for institutional, enterprise, and small and medium-size business (SMB ) customers. It has been serving local institutions on its dark-fibre network for almost 20 years.



# Strategies Designed for a Dynamic Landscape

*This strategic plan reflects The Group’s response to several pivotal issues, intersecting trends, and pressure points in the operating environment. It means the organization must be deliberate and intentional with its focus and execution going forward.*

The Group has a tremendous opportunity to build on its history and past successes, including more than 130 years as a traditional utility, by positioning itself as a leader in the energy transformation that is sweeping the sector. The organization’s active engagement in the electrification readiness planning process enables a vision aligned with energy regulators, producers and distributors.

**The Group is at a strategic inflection point** — it has a new, dynamic leadership team and, at the same time, it needs to have more focused effort and optimized allocation of resources to grow its future impact. Leadership must balance investment in talent and infrastructure with financial and human resources limitations.

Limitations can be mitigated through innovative partnerships, growing returns on renewable energy investments, as well as strong relationships of trust with the shareholder, industry partners, and employees.

Returns will also depend on the organization’s ability to innovate, execute, and take on measured risk. The Group must navigate the risks and opportunities as they pursue the vision of being a leading energy partner.

## Building the Foundations for Growth and Economic Prosperity

We are a driving force behind the evolution of critical services and innovations that allow our city to grow and develop as a premier place in which to live and do business.

The Group achieves scale through intense capital investment, development activities, and partnerships. A renewal of management and leadership focuses on proactively deepening community service and stakeholder trust.

We understand the growing role we can play in the day-to-day lives of our customers. Through a focus on innovative and sustainable energy and communications solutions, we connect local communities, develop local economies, enable growth and development, and strive to improve quality of life for our customers with energy empowerment and resiliency.





## Context for Our Strategy: Energy Transformation

*The energy sector is experiencing rapid demand for diversified and distributed approaches to energy delivery. The introduction of a transactional energy model has the long-term potential to upend market and distribution systems. In generation, an increasing reliance on nuclear power and new, greener forms of energy generation will require partnerships to ensure seamless, reliable “last mile” delivery. In addition, broader economic, regulatory, and environmental trends are shifting the market for energy services and delivery.*

### Economic Shifts Impacting Market Costs


High-interest rates, rising costs and inflation are important pressures with impacts on operating costs and long-term capital investments. High-interest rates, for example, affect The Group’s ability to take on debt (costs of capital expected to ease in the medium term). These factors also influence consumer expectations and demands for reliable energy at a reasonable cost. Economic pressures of higher inflation and interest rates, together with financial uncertainty have also affected our customers.

### Accounting for Regulatory Uncertainty

Political uncertainty and policy changes, new granting/funding models, as well as significant opportunities for growth in the unregulated sector influence choosing a preferred strategic approach. Significant shifts in carbon pricing will affect how the sector can best address issues of energy efficiency. The organization must be proactive and flexible in taking advantage of new granting and consumer incentive programs. It must also manage relationships with important partners such as the Ontario Energy Board (OEB), the Independent Electricity System Operator (IESO) crown corporation, regional partners and the City of Oshawa.

### Societal Focus on the Environment, Renewable Energy and Climate Change

Major societal shifts are influencing the need to transition towards green energy production and sustainable consumption. Consumers are price conscious, which requires balancing their desires with realities of economic constraints. Energy consumers are demanding more choice in the delivery of energy, goals such as “Net Zero” and a desire to see concerted efforts in making investments in sustainability. Our ability to react to heightened frequency and severity of extreme weather events and changes to policy on climate will influence and drive change.



## Areas for Potential Growth in the Energy Sector

Two major components will contribute to The Group’s growth. First, the traditional, rate-regulated utility where the priorities are to maintain cost efficiencies, reliability and affordability for the customer while delivering regulated rates of return. Second, the non-regulated business lines, which prioritize low-carbon and green energy solutions such as solar generation, wind power, district energy supply, and e-mobility infrastructure along with utility adjacent services.

## Context for Our Strategy: Rapid Innovation and Advancement of Technologies

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, not only to meet evolving expectations, but also to optimize experiences and create new efficiencies and revenue streams.

Revolutionary technologies such as improved natural language processing and augmented reality will create a new operating model for customer and employee interactions. Internal processes are transforming with commoditized automation, maturing machine learning, and evolving data analytics.

Grid and energy management, both in front of and behind the meter, will grow in scope and sophistication, introducing new opportunities, as well as the need to invest intelligently into winning technologies while filtering out the transient ones.

As the digital and automated footprint increases, so will cyber security risks and the need to invest in their defenses. Decentralization of workforce and systems, the increased blending of IT and OT, and the emergence of new disruptive technologies will lead to a greater risk of attack, requiring investment in greater controls to prevent and mitigate any negative consequences.

## Fast-Growing Demand and Changes in Local Market

Fast-paced growth in local markets 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. Included in the economic development of the region are several priorities that focus on electrification and deployment of new energy technologies.

The growth of local educational institutions is becoming a greater part of the fabric and conversation in the region, which will aid in any energy demand and conservation efforts while supporting the development of local talent pools. Additionally, changes to the competitive landscape will influence the timing and sequencing of strategic moves. For example, OPG’s plans to establish a new corporate HQ in the City of Oshawa will draw increased attention to the local energy sector, spurring new partnership opportunities for Oshawa Power, increasing competition for local talent, and adding new players to the race to be the provider of choice for electricity delivery.

Internally, these changes will affect our ability to recruit and retain the best talent in the region. A tight labour market pushes us to be an “employer of choice” with leading practices consistent with implementing an effective workforce strategy. To become an “employer of choice”, The Group will need to lead with a strong culture that demonstrates respect and a commitment to employee development and inclusion.



# Additional Considerations for Strategy Design

## Alignment with Shareholder Priorities

The Group’s ability to make strategic investments, innovate and address opportunities and constraints remains dependent on a strategic alignment and increasingly synchronous relationship with its shareholder, the City of Oshawa. This requires strong teamwork, trust, communication, and a model of shared risk going forward. By working closely with shared priorities, we can enable growth and development in our community while continuing to deliver an improved level of service to customers across Oshawa.

## Enabling Execution

The Group’s ability to execute will rely on its employees and partners, experience in financial stewardship, and response to the demographic changes in the workforce. We will build capacity through positive employee experiences and optimizing business processes through digital transformation and cyber security to enhance business capabilities. Growth will also be impacted by optimal corporate structure, resource deployment, communications and delivering on consumer and shareholder expectations.



# Vision Statement

Be a trusted partner and leader in the energy sector today and tomorrow.

We are dedicated to helping our community achieve its goals through energy empowerment with cleaner and better ways of producing and distributing power through the energy transition. As an organization deeply rooted in the region, we have driven innovation and change in the energy sector for more than 130 years — we will continue to lead as the preferred source of choice for energy generation and services moving forward. *The Group* will be a credible and reliable partner to our customers in the city, region, and industry.

# Mission Statement

Empowering customers to thrive through the evolving energy transition.

Through our core operations, we will deliver continuing value and consistency of energy to our customers while guiding decisions during their journey through the energy transition. Leveraging our ability to act with agility across our geography, we will deliver innovative products and services that enhance customer and partner value. From consistent and responsive power distribution to on-site power generation via low-carbon solutions, we will help drive industry and consumers alike to achieve their goals for a cleaner, more sustainable tomorrow.

# Our Values

## Safety

We remain dedicated to always keeping both our community and employees safe. We are proud to offer continuous safety communications and training to both our customers and workforce.

## Stewardship

We are dedicated to supporting the community's efforts to drive energy resilience via advocacy, openness, and storytelling.

## Innovation

Remaining outwardly focused to ensure we uphold a competitive advantage in our industry while fostering an agile and entrepreneurial mindset.

## Care for People

We always treat our employees, customers, and community partners with respect and look to grow together with trust and integrity. We encourage open dialogue, trust, and collaboration.

## Courage to Act

We gain strength from challenges and tough decisions. We are not afraid of failure. We thrive on learning and development to support change and continuous improvements that benefit our stakeholders.

## Customer Focus

Empowering and educating our customers while providing better service and transparency is key to our operations. With the customer in mind, we drive our decisions to safeguard mutual value.

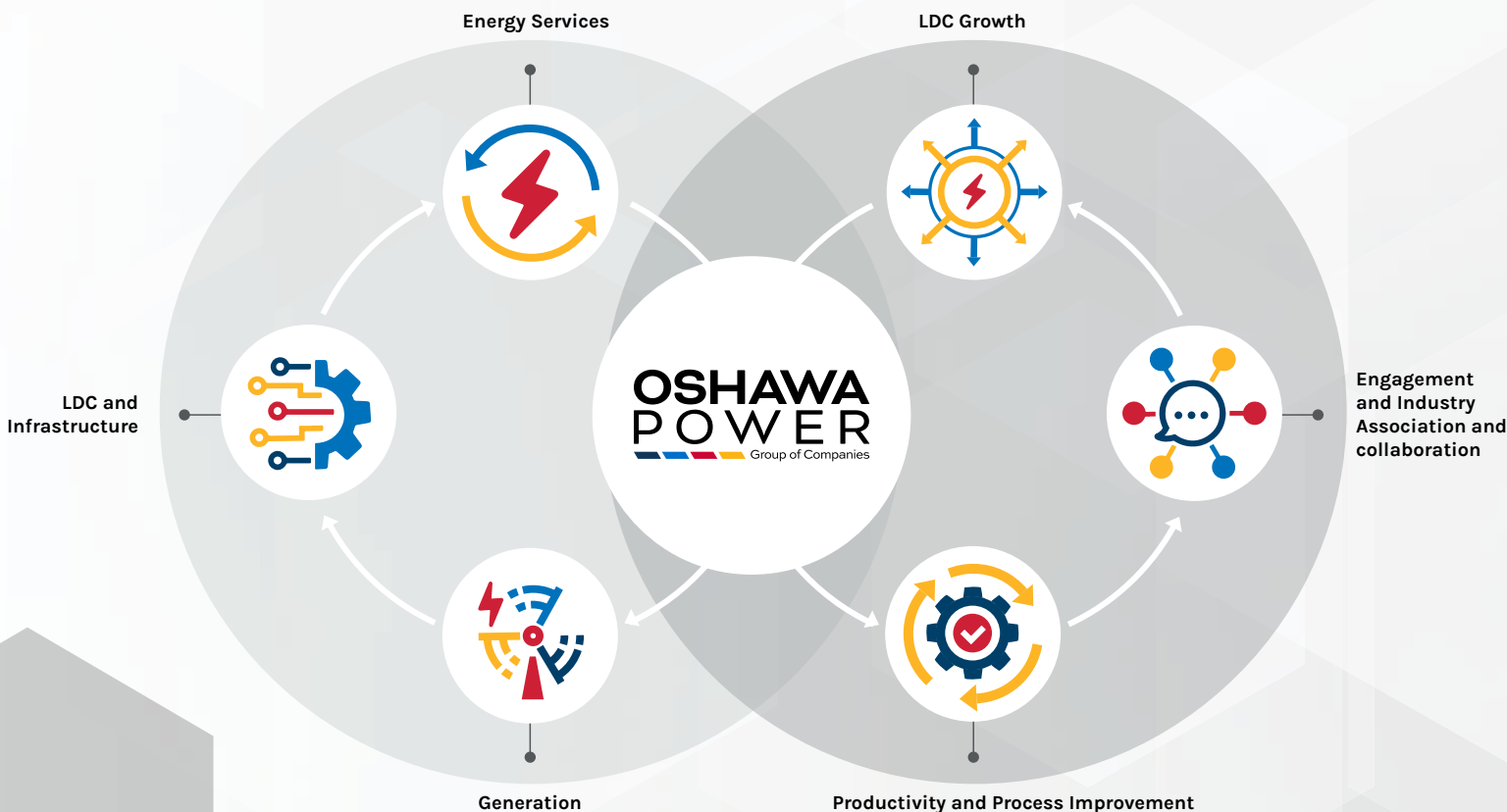




# Framing a Strategic Direction for the Organization:

*The Group will unlock its strengths in the energy space and align its focus on the stewardship of energy to provide greater overall returns for our shareholder as well as assist in the development of energy infrastructure throughout Durham Region and beyond.*

The Group will continue transforming its work with more robust digital enhancements to provide customers with a secure and more efficient service. There is a growing opportunity for civil and infrastructure partnerships in our region, and at the same time, a prudent and disciplined approach to pursuing opportunities is required. The Group will calibrate its strategy accordingly.



# Desired Outcomes and Measures

## High Performing Team

With the development of a strong policy governance model, focused communications, talent and retention strategies, The Group has a goal of becoming a high performing team and a Top 50 employer. We will measure employee engagement through a variety of tools and regular touchpoints by leaders with their teams and through an annual formal satisfaction survey.

## Growth

City development will ensure natural customer growth. With a deliberate, focused effort on energy, growth will be driven by an increased footprint in the unregulated space generating higher margins, a bolstered asset base, and increased organizational ROI. (See Appendix.)

## Operational Efficiency

Through our modernization and innovation agenda, and with the deliberate execution of our Capital Plan, we will efficiently manage our operating resources within our regulatory environment and maintain our Regulated Rate of Return. Oshawa Power will preserve its Cohort 2 status.

## Community and Partner Engagement

As The Group strengthens their reputation to deliver on projects and puts a focused effort on resources to pursue opportunities, we will see more access to funding opportunities for innovative solutions while creating stronger partner relationships in the Community. This will be measured through number of requests to participate and project experience surveys with a goal of becoming a preferred energy partner in the Durham and surrounding area.

## Digital Maturity

IT & cybersecurity will become second nature for all employees, minimizing attack surfaces and safeguarding our organization. Automation and seamless integrations will be ubiquitous, enabling targeted best of breed solutions to drive operational excellence, efficiency, and data-driven, value based decision making. We will measure success through improvements to our OEB cyber security reporting.

## Advocacy

The Group aims to strengthen its advocacy role for its customers and the community by being forward-looking and working with the industry, constituents, and regulators through participation and demonstrating progressive improvements to its stewardship of resources.



# GRID: Our Four Strategic Priorities for 2025–2030

The four following strategic priorities for Oshawa Power Group of Companies emphasize partnership – with our customers, community, and service delivery partners and their impact to the sustainability of the grid.

They leverage our foundational strengths, including distribution expertise, innovation and collaborative approach. They also embrace an active role in the energy transformation, for our community and beyond, by creating conditions for success and building on traditional strengths with our sustainable advisory services and energy solutions.

Opportunities within the four priorities are reviewed in the Management Guideline in Appendix 2.



**Growing Green Energy Generation and Services**



**Realigning Priorities to Achieve Consistent Stakeholder Value**



**Investing in Civil & Infrastructure Services**



**Delivering Through a High Performance Environment**







# Growing Green Energy Generation & Services

The Group is committed to sustainability and creating a greener future. As we expand our knowledge in renewable energy and implement dedicated ESG reporting, we will consider long-term projects or investments that enhance our position, and that of our community and shareholder.

Through EnerFORGE, The Group has developed experience and a record of accomplishment through its portfolio of a combined installation of 3.5 MW of power, including 2.35MW wind turbine, 633kW biogas generator and solar projects across Ontario. In addition, we are involved in innovative distributed resource grid solutions, including Battery Energy Storage Solutions.

## Power Generation

This objective involves pursuing renewable energy resources that bring value to our customers, community and shareholder.

The demand for clean energy is expected to grow, along with opportunities to leverage EnerFORGE's project management, infrastructure delivery capabilities, and record of accomplishment to help customers find customized energy solutions for their unique needs and ambitions.

Solutions could include solar generation (potentially in the form of an innovative combination of roof and energy storage offerings), wind generation, as well as battery storage where appropriate.

## Energy-as-a-Service

EnerFORGE also has strategic opportunities to become a provider of Energy-as-a-Service, employing operational excellence to build, own, and operate energy infrastructure that brings value to customers as well as long-term cash flows for EnerFORGE.

Leveraging its strengths in energy advisory, technology, client relationships, and project management, EnerFORGE will assess existing and emerging technologies to contribute to a more sustainable energy landscape.





# Partnering on an Electric Bus Pilot Project

In 2022, *The Group* collaborated with Durham Region Transit (DRT) on a pilot project involving charging capacity for 16 electric buses. Findings from the pilot will be used to help inform future operational decisions on electrifying transit.

Six depot-charging stations will be operational by Q3 2024 to enable overnight vehicle charging. The vehicles and charging systems are stored, maintained, and operated out of DRT's Operations and Maintenance Transit facility in Oshawa.

*The Group* provided the electric grid upgrades while other partners, such as the Atmospheric Fund provided funding to support key analysis and design work for the electric bus project, including specifications for the buses and charging infrastructure.

Related activities involve developing and testing new integrated energy storage and bus charging technology as part of DRT's battery-powered electric bus trials.







# Realigning Priorities to Achieve Consistent Stakeholder Value

While many factors will contribute to the return on *The Group's* investments, this strategic priority incorporates measures to help Oshawa Power set an appropriate level of ambition for growth, manage divisional resources optimally, and assess comparisons involving profitability and asset utilization.

Optimal performance involves managing regulated returns bolstered by the higher margins to be leveraged from unregulated lines of business. This priority encourages cost reduction and operational efficiencies. It also provides a foundation for supporting marketing investments, strengthening bonds with our existing customer base, and increasing revenues from customers and projects.

Our Local Distribution Company (LDC) will apply an entrepreneurial spirit by experimenting, innovating, trialing new sector technologies and pursuing infrastructure upgrades.

Several non-financial considerations are important to *The Group* as a leader in its community and the energy transformation sector. This priority exerts a pivotal influence on the success of other strategic priorities and provides our shareholder with a growing, reliable return and asset base.

## Controlling Costs for Reasonable Rates

As Oshawa Power moves towards a rate filing in 2025 for 2026 distribution rates, an emphasis on cost control and containment will be at the forefront. To ensure we provide our customers with cost-effective and reasonable rates, it is imperative to consider cost containment across the entire organization. This focus will prove challenging with a steady rise in expenditures on material and delivery combined with increasing labour costs and demands. Oshawa Power will consider areas of cost control such as digitization, automation, process improvements, contractual obligations, and strategic sourcing. As arrears grow across many distribution companies, Oshawa Power will create a systematic plan to support an improved collection process, advocate with the regulator to put measures in place to enable Oshawa Power to collect outstanding debts.

## Planning & Modernization to Keep Pace with the Sector

The regulated electricity sector is evolving faster than ever, and Oshawa Power must keep pace with this evolution. To align with decarbonization, electrification, climate uncertainty and forecasts of increased electrical demand, extensive planning and modernization of the electrical grid will be paramount. This business transformation strategy also reimagines utility operations through digitization, modernization and automation.

Examples of this transformation have included installing FLISR (Fault Location Isolation and Service Restoration) on over 40% of the distribution network and upgrading SCADA and OMS systems to better detect outages and provide enhanced outage communication to customers, which allows them to make informed decisions during times of emergency.

## Customer Focus: Communications and Investments to Meet Needs

Oshawa Power is committed to its community. We must invest strategically in upgrading our electrical infrastructure through capital investment to support one of the fastest growing areas in Canada.

Regular customer interactions, along with community advocacy, will continue to reinforce our commitment to providing a safe, reliable and responsive grid while, at the same time, educating customers on new and upcoming policies.

By understanding our customers' needs and concerns through existing and new communication touchpoints, we can focus our investments on products and services that our customers are prioritizing and expecting from us as their utility provider.







# Investing in Civil & Infrastructure Services

This strategic priority builds upon the strength of the local distribution company (Oshawa Power) and enhances the rate of return through revenue growth from the activities of *The Group* include upskilling complementary strategic partners, allowing for expansion outside of geographical boundaries, and supporting e-mobility beyond the home.

## **Building Out Energy Services for the Region**

Since 2020, *The Group* has developed experience in e-mobility and District Energy Systems (DES) projects within the region, including a fleet of charging points it owns and operates in the City of Oshawa, work with Durham Region Transit in developing the charging infrastructure for their transition to e-buses, and an upcoming project to deliver charging infrastructure to the City of Oshawa for its electric fleet.

*The Group* will continue to support local needs and net zero goals, as well as solutions-consulting services (advisory & engineering) on projects throughout the region and beyond.

## **Leveraging Utility Expertise and Services**

*The Group* will leverage its utility expertise and invest in strategic partners to provide high voltage, field, and utility-adjacent services to Oshawa Power, other Local Distribution Companies (LDCs), and other adjacent industries.

It will also provide LDCs with an integrated channel offering to grow regional presence. Additionally, *The Group* will also explore opportunities with smaller LDCs that may be able to augment or outsource utility operations. This would allow them to realize efficiencies of scale while avoiding monopoly service providers, maintaining control, and focusing on local priorities.

Oshawa is one of the fastest growing cities in Canada. Construction of multi-unit buildings with a focus on affordable housing in Oshawa is expected to increase, creating opportunities for growth through the installation of individual LDC meters.

Other opportunities are available through third party/sub-metering services — in essence, taking on responsibilities for metering, billing, and collection at a unit level. Building on the utility foundation, *The Group* will explore opportunities overlapping with EnerFORGE business lines to leverage their respective expertise and provide an integrated offering in the market. This will enhance the company's ability to deliver comprehensive solutions as well as reinforce its position.

## **Supporting Customers with e-Mobility and Home Charging Needs**

The residential Electric Vehicle (EV) charging market is growing as Canadian auto markets for passenger and light-duty vehicles are nearing mass adoption. The new Electric Vehicle Availability Standard and federal incentives for Zero Emission Vehicles (ZEVs), along with rising fossil fuel prices and changing customer attitudes are increasing the demand for at-home charging.

*The Group* intends to develop an offering for the single-home market by working with technology providers to provide sales, installation and customer service.

## **Leveraging Expertise to Pursue District Energy Opportunities**

District Energy Systems (DES) are a key tool to equip buildings for the challenge of decarbonization — offering both the efficient use of energy as well as being an enabler of decarbonized heating and cooling technology (such as geothermal) through economies of scale.

With a track record of expanding and operating one of the largest DES in North America (at Regent Park), EnerFORGE is looking to leverage its existing team and portfolio for growth. Opportunities for Operations and Maintenance (O&M) and capital projects are expected. This expansion strategy aligns with market demands and positions EnerFORGE to provide integrated solutions, fostering sustainability and resilience in urban energy infrastructure. The emphasis will be on innovation and leveraging existing competencies.







# Delivering Through a High Performance Environment

This strategic priority involves developing the conditions and collaborations that enable success for customers, partners and employees.

Developing capacities and efficient processes that contribute to the development of valued products and enhanced performance. Another important condition involves continued investment in the utility's grid to ensure high reliability to customers.

More specific areas of effort will focus on asset optimization, review of legacy assets, evolving The Group's financing strategy as well as ensuring internal processes are aligned with the organization's strategic priorities.

We will ensure our dedication to our staff and customers by developing a strong culture of respect, enabling technological transformation, building a consistent brand experience, and creating opportunities for ongoing dialogue.

## ***Evaluating Legacy Assets for Value***

The organization will conduct ongoing reviews of investments past and present to ensure assets are delivering value to the shareholder. These activities will consider capital raised and generated to support new and better aligned business ventures and processes. They will also help narrow strategic focus to activities that contribute to and expand upon our core competencies, are aligned with core values, and support our vision for growth and development.

## ***Optimizing Financial Capacity for Performance and Growth***

The organization will develop its overall financing strategy by assessing options with lending partners, such as project financing and/or consolidation, further enabled by an optimized corporate structure of the various lines of business. We will seek to align and integrate lines of business to support growth including our lending partners and non-traditional partnerships.







### ***Building a Strong Team Culture and Employee Experience***

In addition to implementation of a Culture Transformation Plan, the organization must vigorously pursue effective talent attraction and retention strategies in a competitive labour market. Efforts must ensure organizational alignment and identification of capability gaps and create learning opportunities for staff and managers. We will strengthen succession planning through developing high potential talent while retaining next-level leadership to minimize risk.

### ***Keeping Up with Technology Transformation & Data***

As the energy sector transforms, *The Group* will need to invest in, effectively select, and utilize new technologies, maintain cyber safety, and excel in operational effectiveness. Three focus areas are critical enablers to ensuring success on this condition for success:

- Digitization, modernization, and automation capabilities
- Data, effective analytics and continuous improvement
- Maintaining cyber security and managing risks

### ***Enhancing Customer Engagement and Brand Consistency***

As our customers' needs evolve, *The Group* is focused on enhancing the relationship with customers and partners to support trust, openness, and a commitment to listening. We will strengthen our small commercial and industrial customers with unique and tailored support, meeting our vision of being a trusted energy provider and partner of choice across *The Group*. This work will also involve building a consistent brand experience across all mediums supported by ongoing dialogue.

### ***Bringing Strategies to Life with Effective Implementation***

Senior management, staff and board members at *The Group* will implement strategies through annual operational plans that identify responsibilities and timelines, translating the priorities above into ongoing activities and initiatives.

A successful rollout of this strategic plan will depend on effective dialogue practices to develop understanding – both by internal audiences at *The Group* as well as by customers, partners and the shareholder.

In addition, regular progress reviews and reports on these strategic priorities will help ensure the organization continues to anchor its activities in its mission and vision, adapt and respond effectively to circumstances as they may change through 2030 and beyond.

# Delivering On Our Vision

Delivering on our vision builds upon our 130+ years of successfully delivering electricity to the community as well as evolving to meet the changing conditions of the industry and customer identified needs.

In order to deliver our vision of being a trusted and leading energy partner today and tomorrow, we focus on our four organizational pillars.

# Our Organizational Pillars

The Oshawa Power Group of Companies aligns, focuses and measures its work across four functional pillars: People, Products, Process and Performance.



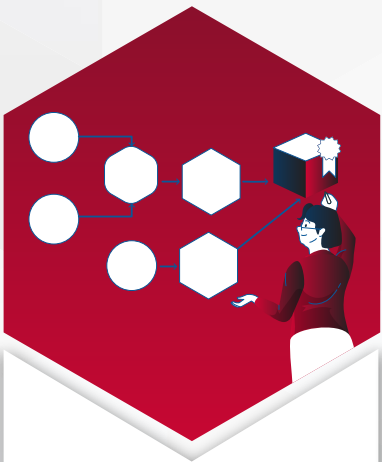
## PEOPLE

Our employees, community, and our customers. We focus our intentions on the well-being of those with whom we engage to ensure we treat everyone with care & respect.



## PRODUCTS

Our focus is one of quality and consistency with a drive towards value-based products and services consumed externally or internally.



## PROCESS

Our decisions and ways of working will accelerate project and product delivery and we strive to enhance and learn from each other while creating visibility into our work.



## PERFORMANCE

Measurable delivery and aligned accountabilities drive growth and delivery on budget and on time. We excel with data-driven solutions that enhance value to our shareholder and customers.



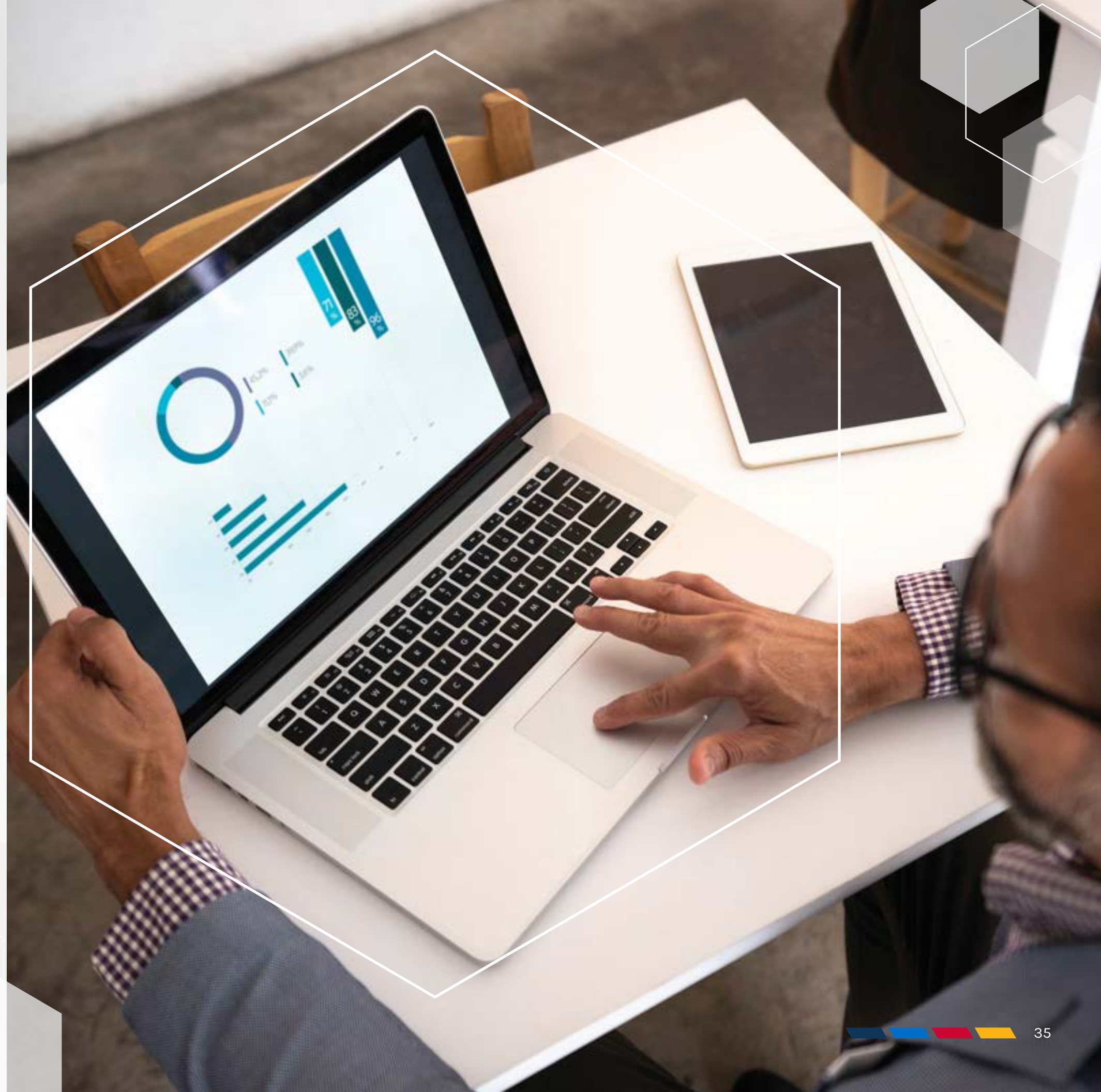
# Implementation

**Strategy implementation is the process of turning plans into action to reach goals and objectives.**

Enabling priorities focused on the development of organizational capacity and resources will receive more attention in the early stages of implementation since they are critical to enabling others, including areas of change management, capacity building, financing, talent development and community/partner relationships.

Senior management, staff and board members at *The Group* will implement strategies via planned annual operational plans that identify responsibilities and timelines – detailing who will do what by when and respond to the organization’s future challenges and opportunities, translating the priorities outlined into ongoing activities and initiatives.

A successful rollout of this strategic plan will depend on effective dialogue practices to develop understanding – both by internal audiences at *The Group* as well as by customers, partners and the shareholder. As well, regular progress reviews and reports on these strategic priorities is necessary. This will help ensure the organization continues to anchor its activities in its mission and vision, adapt and respond effectively to circumstances as they may change through 2030 and beyond.





Appendix





Appendix 1

# Income Statement

CONSOLIDATED	2023	2024	2025	2026
Total Revenues	175,467,930	157,721,808	162,880,651	184,808,754
Total Expenses (incl Deprn)	169,203,926	150,022,465	153,680,191	171,134,687
Income from Operations	6,264,005	7,699,342	9,200,460	13,674,067
Net Interest Expense	2,375,032	2,887,742	3,222,415	3,885,673
Tax Provision	(423,987)	250,566	408,604	1,305,751
Net Income before regulatory Movements	4,312,960	4,561,035	5,569,440	8,482,643
Net Movements in Regulatory	1,082,000	0	0	0
Net Income	5,394,960	4,561,035	5,569,440	8,492,643
Regulated	6,258,917	3,668,850	3,902,574	6,945,148
Unregulated	(863,957)	892,184	1,666,866	1,537,495

CONSOLIDATED	2027	2028	2029	2030
Total Revenues	190,451,648	200,396,201	206,487,576	212,776,272
Total Expenses (incl Deprn)	176,268,049	183,828,562	189,671,246	195,537,872
Income from Operations	14,183,599	16,567,638	16,816,330	17,238,400
Net Interest Expense	3,816,362	4,950,051	6,052,839	5,980,564
Tax Provision	1,449,466	1,484,314	1,412,288	1,498,670
Net Income before regulatory Movements	8,917,771	10,133,274	9,351,204	9,759,166
Net Movements in Regulatory	0	0	0	0
Net Income	8,917,771	10,133,274	9,351,204	9,759,166
Regulated	6,964,586	8,537,867	7,650,825	7,847,166
Unregulated	1,953,185	1,595,407	1,700,378	1,911,760

# Balance Sheet

CONSOLIDATED	2023	2024	2025	2026
ASSETS				
Current assets	45,499,496	41,489,321	47,273,553	49,824,828
Long term assets	218,958,424	237,085,367	241,261,943	253,883,695
Regulatory assets	11,127,009	9,627,009	9,627,009	9,627,009
Total Assets	275,584,929	288,201,698	298,162,506	313,335,532
LIABILITIES				
Current liabilities	31,353,061	26,009,696	25,719,623	26,735,510
Long term liabilities	157,544,334	172,718,432	178,874,873	186,299,369
Regulatory liabilities	3,968,833	3,468,833	3,468,833	3,468,833
Total Liabilities	192,866,227	202,196,961	208,063,329	216,503,712
EQUITY				
Equity	81,897,452	85,250,582	89,403,089	96,257,625
Non Controlling Interest	821,250	754,154	696,087	574,195
Total Equity	82,718,702	86,004,736	90,099,177	96,831,820
Total Liabilities and Equity	275,584,929	288,201,697	298,162,505	313,335,532
Regulated	244,482,031	258,625,208	267,615,196	282,874,412
Unregulated	31,102,898	29,576,489	30,547,310	30,461,120

CONSOLIDATED	2027	2028	2029	2030
ASSETS				
Current assets	53,199,405	58,056,980	62,943,748	67,689,378
Long term assets	276,007,746	285,920,422	287,300,222	288,320,378
Regulatory assets	9,627,009	9,627,009	9,627,009	9,627,009
Total Assets	338,834,160	353,604,412	359,870,979	365,636,765
LIABILITIES				
Current liabilities	26,640,150	27,193,809	28,336,026	28,698,973
Long term liabilities	205,075,587	211,758,906	210,182,052	208,425,725
Regulatory liabilities	3,468,833	3,468,833	2,468,833	3,468,833
Total Liabilities	235,184,570	242,421,548	241,986,911	240,593,532
EQUITY				
Equity	103,135,752	110,714,174	117,494,837	124,667,275
Non Controlling Interest	513,838	468,690	389,231	375,958
Total Equity	103,649,590	111,182,864	117,884,068	125,043,234
Total Liabilities and Equity	338,649,590	353,604,412	359,870,978	365,636,765
Regulated	307,628,779	321,583,444	326,551,491	331,691,665
Unregulated	31,205,381	32,020,968	33,319,488	33,945,100

<sup>1</sup>Checklists are to be prepared to allow categorization, which should be included in the Concept Note

# Cash Flow

CONSOLIDATED	2023	2024	2025	2026
Net Income	5,394,960	4,561,035	5,569,440	8,482,643
Addback Depreciation	11,939,305	10,112,731	10,348,441	10,652,455
Change in other non-cash and working capital	(8,222,320)	(2,581,461)	(3,315,559)	(1,173,045)
Cash generated - Operating	9,111,944	12,092,304	12,602,322	17,962,053
Cash generated - Investing	(18,588,844)	(26,929,223)	(13,216,402)	(21,995,591)
Cash generated - Financing	6,930,899	13,854,066	4,761,699	5,727,585
Net Change in Cash	(2,546,000)	(982,852)	4,157,620	1,734,047
Cash - Opening	13,576,807	11,030,807	10,047,955	14,205,574
Cash - Closing	11,030,807	10,047,955	14,205,574	15,939,622
Regulated	6,746,252	5,328,778	7,873,445	8,141,596
Unregulated	4,284,559	4,719,180	6,332,133	7,798,029

CONSOLIDATED	2027	2028	2029	2030
Net Income	8,917,771	10,133,274	9,351,204	9,759,166
Addback Depreciation	11,012,098	11,771,621	12,531,144	12,890,787
Change in other non-cash and working capital	(2,305,177)	(1,677,563)	(1,110,947)	(1,912,705)
Cash generated - Operating	17,634,692	20,227,332	20,771,401	20,737,248
Cash generated - Investing	(31,817,533)	(20,365,681)	(12,592,327)	(12,592,327)
Cash generated - Financing	16,729,761	4,137,326	(4,172,371)	(4,301,356)
Net Change in Cash	2,536,919	3,998,967	4,006,703	3,843,565
Cash - Opening	15,939,622	18,476,541	22,475,517	26,482,220
Cash - Closing	18,476,541	22,475,517	26,482,220	30,325,785
Regulated	8,382,833	10,015,547	11,173,879	12,842,889
Unregulated	10,093,711	12,459,974	15,308,435	17,482,899

# Total Shareholder Value & CAGR

	2023	2024	2025	2026
Shareholder Equity	81,897,452	85,250,582	89,403,089	96,257,625
Dividends addedback - City only	1,100,000	1,200,000	1,400,000	1,600,000
Total Cumulative Shareholder Value	82,997,452	87,550,582	93,103,089	101,557,625
CAGR		5.49%	5.91%	6.96%
Regulated*	66,655,896	70,324,746	74,227,320	81,172,467
CAGR		5.50%	5.53%	6.79%
Unregulated	16,341,556	17,225,836	18,875,769	20,385,158
CAGR		5.41%	7.47%	7.65%

	2027	2028	2029	2030
Shareholder Equity	103,135,752	110,714,174	117,494,847	124,667,275
Dividends addedback - City only	2,000,000	2,500,000	2,500,000	2,500,000
Total Cumulative Shareholder Value	110,435,752	96,674,917	129,794,837	139,467,275
CAGR	7.40%	7.74%	7.74%	7.70%
Regulated*	88,137,051	70,324,746	104,325,741	112,173,146
CAGR	7.23%	7.72%	7.75%	7.72%
Unregulated	22,298,701	23,839,256	25,469,095	27,294,129
CAGR	8.08%	7.84%	7.68%	7.60%

\*Regulated CAGR captures the cumulative impact of the dividends declared and paid out.

# Opportunity Management Guidelines



## Roles and Responsibilities

### 1. Summary

This document is meant to outline the process of identifying, selecting, and monitoring the implementation of opportunities by the Oshawa Power Group of Companies (“The Group”) This process will enable *The Group* to execute on our strategy in alignment with our Mission, Vision, and Values. It will allow for the assessment of business improvements or opportunities to work through a defined cadence to confirm alignment with our competencies, strategy, needs, and goals.

#### Priorities

- Ensuring that potential opportunities are evaluated for development based on standard and objective criteria – including strategic fit and acceptable returns.
- Implementing an approval process that provides transparency and control appropriate to the investment level and/or risk profile of the project.
- Providing a framework to monitor the progress of opportunities as well as exit opportunities as we continue to evaluate implemented opportunities for visibility and lessons learned that could feed back into strategy, finance, and operations.
- Ensuring decisions and rationale are properly documented and preserved in institutional memory to reduce dependency on specific individuals and ensure continuity. (Post Investment Review)

### 2. Selection Process

As the Oshawa Power Group of Companies team continues to evaluate and pursue opportunities, the documented process below will guide the decision making process for strategic opportunities.

#### A. Classification of Opportunities

At a high level, opportunities are to be classified as either Business as Usual (BAU) or Special. A Special opportunity is one that fits into one or more of the following criteria<sup>1</sup>:

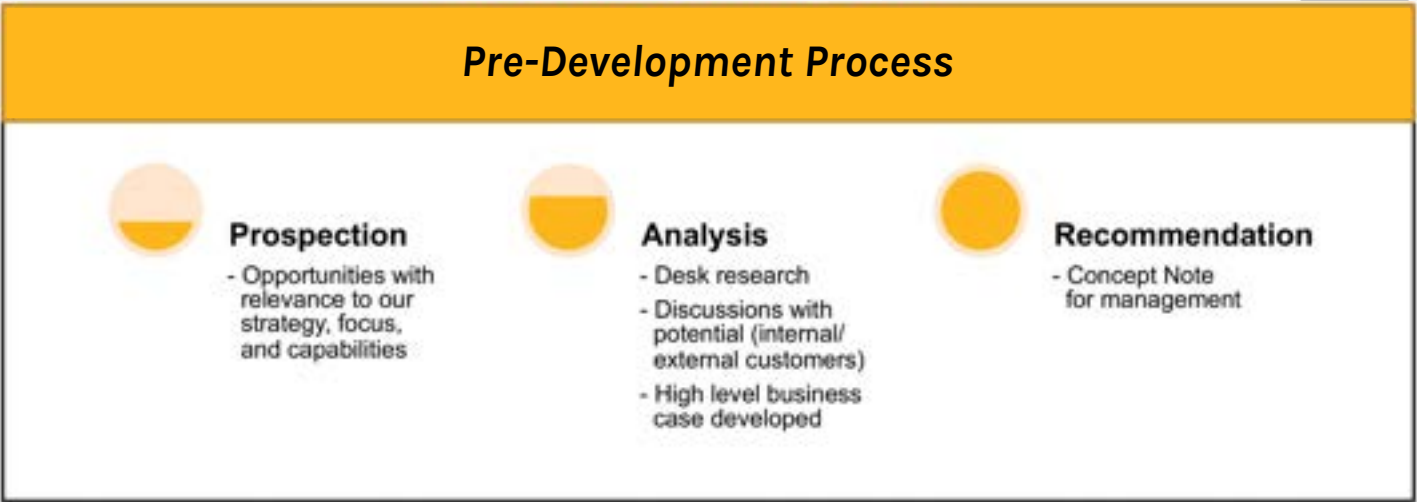
- Investment and/or commitment is above the threshold(s) established for the business
- Entry into a new line of business and/or geography
- High risk in one or more categories (financial, reputational, failure, etc.)

For example, the expansion of Meter Collection services from purely in-house to an external offering, without significant investment could be a BAU opportunity. A potential partnership with an external party to deliver new services/technology, a large investment in IT/OT, grants or incentive opportunities with significant penalties and/or visibility would be classified as Special opportunities.

#### B. Pre-Development Process

Regardless of the type of opportunity, the initial step is the development of a Concept Note (“the Note”). Key questions answered by the Note include:

- High level description of the opportunity
- The strategic fit
- Projected benefits (cost savings, profits, risk mitigation, etc.)
- Estimated investment and/or commitment of resources



<sup>1</sup>Checklists are to be prepared to allow categorization, which should be included in the Concept Note



C. Approval Process

Business as Usual Opportunities

The approval process for BAU opportunities is designed to balance efficiency and transparency with a simple two stage process. At any stage, there are several possible outcomes:

- Approval
- Conditional Approval
- Rejection with improvement feedback
- Final rejection



	Initial review	Final Approval
Input Material	Concept note	Detailed business case
Presenter	Business lead	Executive Management
Approver	Management	CEO
Output	Approval to develop detailed business case	Authorization to proceed with opportunity

Special Opportunities

The approval process for Special opportunities is designed to include the need for higher scrutiny, feedback loops at Executive, Board Committee (the FAC/PMC), and full Board levels while maintaining a relatively straightforward three stage process. Similar to the BAU process, at any stage, there are several possible outcomes:

- Approval
- Conditional Approval
- Rejection with improvement feedback
- Final rejection



	Initial review	Development Approval	Final Approval
Input Material	Concept note	Business case development request	Detailed business case
Presenter	Business lead	Sponsor/Business Lead	Exec Management
Approver	PMC	FAC	Board approval
Output	Approval to develop initial business case (using internal resources)	Authorization to develop detailed business case – using internal/external resources	Authorization to proceed with business project

### 3. Monitoring and Evaluation

The monitoring of opportunities will be done at two levels, and the (disaggregated) evaluation at one:

#### A. Pipeline Monitoring

The intent is to transparently provide a view of opportunities that are in various stages of development (pre-development to implementation), to be updated on a regular basis. Responsibility for the updates is to rest with the respective business leads. The monitoring Information to be reported should include:

- Name and brief description of the opportunities
- Available high level metrics (aligned strategic goals, financial and risk profile, etc.)
- Identification of owner (business lead/sponsor)
- Current status
- Expected timeline to next stage

These pipelines could be segregated by opportunity type and/or affiliate – but using standard templates to allow easy aggregation if required.

#### B. Opportunity Lookbacks

A mandatory lookback exercise is to be conducted following a year of implementation (unless a different cadence is proposed and accepted within the approved detailed business case). The objective is to follow developments and glean learnings until the implemented opportunity becomes a part of business as usual. The goals of the lookback include:

- Assessment of actual performance versus that foreseen in the business case
- Root cause analysis for any significant variations in outcomes and development of mitigation strategies where appropriate
- Development of improved knowledge through improved assumptions, lessons learned, etc.

The lookbacks will be presented to the PMC and FAC, along with the recommendations to either continue the periodic lookbacks or accept the opportunity can be rolled into the general monitoring and evaluation activities of the respective business. Responsibility for lookbacks will normally fall to the business lead who developed the opportunity with support of the operational management/ staff under which the implementation falls.

### 4. Conclusion

The overall intent of the Opportunity Management guidelines is to assist all stakeholders involved to have a shared understanding of the lifecycle of opportunities from inception to either cancellation or maturation into business as usual.

These guidelines will be supplemented by templates and specific guidance for different aspects including the classification of opportunities, the evaluation and presentation financial implications, risk analysis and management, guidelines, etc.



@oshawapower



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# Attachment 1 – 2

Class B Estimate

**CONFIDENTIAL**



# Attachment 1 – 3

New HQ Location Summary Report



# New HQ Location Summary Report

*Prepared for*  
Oshawa Power

Better never settles

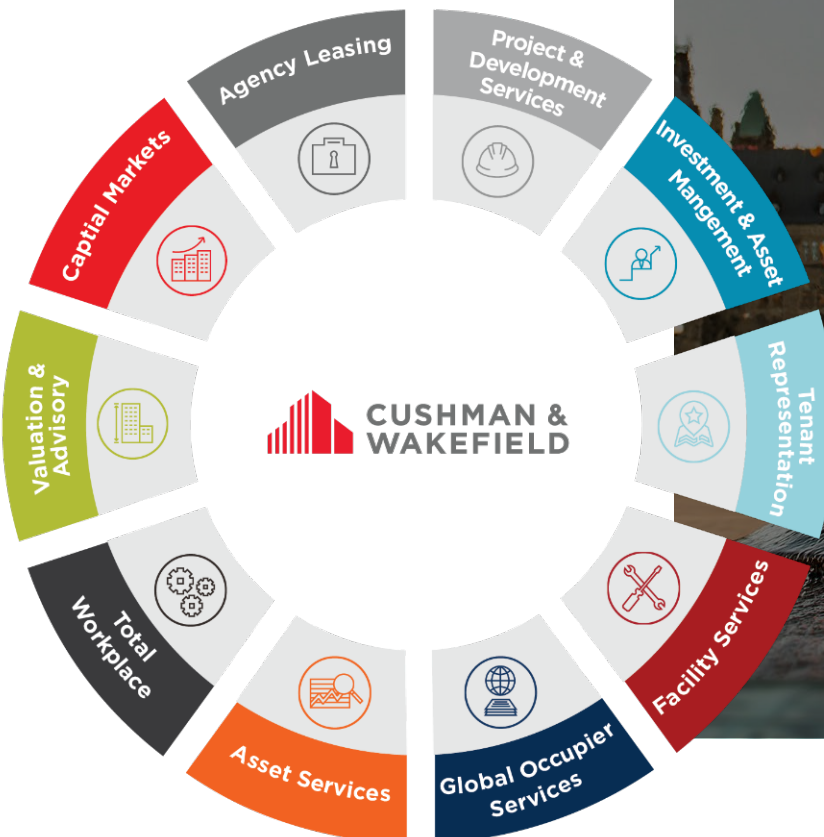


Cushman and Wakefield is a global real estate advisory firm with over 50,000 employees.

With 20+ offices in Canada, Cushman & Wakefield provides occupier and owner real estate services across the country.

The company acquired the bench strength of Royal LePage Commercial in 2005 and has since continued to expand its service offering. At present, the Canadian offices have over 2,500 employees.

Services provided include investment sales, agency leasing, transaction management, asset services, facility services project management, total workplace and valuation and advisory.



# \$7.2B

Transaction Value

# 2,303

Transaction Count

# 22

Offices

# 10

Provinces

# 370

Advisors

# 2,427

Employees

October 21, 2024

Daniel Arbour, CEO  
Oshawa Power  
100 Simcoe Street S.  
Oshawa, ON L1H 7M7

As requested, this report summarizes the work performed by Cushman and Wakefield to determine the optimal location for Oshawa Power's New Headquarters.

Oshawa power required a market search and site analysis process within the municipal Oshawa boundary to determine appropriate, cost effective and timely occupancy of a new location. Cushman and Wakefield identified opportunities within the municipal boundary of Oshawa that were zoned both industrial and office, greenfield and brownfield, that met requirements, feasibility and financial goals. This market search yielded 11 potential sites. These were a mix off market and on-market opportunities. The sites were analyzed with pros/cons and 5 sites were selected for a short list. Further analysis of the 5 sites revealed that 3 of the 5 were suitable for financial analysis.

The advantages and disadvantages of these sites were compared, a proforma was created and next steps were identified.

The scope of work included the following activities:

- Confirmation of Area Requirements
- Preparation of Scorecard for Site Evaluation
- Evaluation of Baseline Option (locate to a 'land lease' on HOPA property)
- Selection of Alternative Sites (both brownfield and greenfield)
- Shortlist of Proposed Sites to Evaluate
- Costing Analysis
- Recommendation of Site
- Broker Opinion of Value for 2 Owned Sites (Pole Yards) (450 Stevenson Road and 124 Colborne Street)

#### ***Timeline of Work***

- Engagement with Cushman and Wakefield – May 2023
- Report 1 – May 2023, Initial Draft of Site Options
- Report 2 – June 2023, Proforma Analysis of Shortlisted Site Options
- June-October 2023, Exploration of Phillip Murray Site with Letter of Intent
- October 2023, Market Survey for Properties Available for Lease
- October 2023, Market Scan for Alternative Sites (2072 Thornton, 1877 Thornton)
- November 2023 – Identification of Northwood Site, 2072 Thornton Road
- Engagement of Engineer/Architect, Due Diligence



During the first phase of the work, preliminary area requirements were confirmed for the office space, garage space, warehouse space and the site. It was determined that the site should accommodate the following:

- Office Space = 35,000 SF (Additional space would be required to accommodate HOPA of 8,400 SF if that site was chosen.
- Warehouse Space = 10,000 SF
- Garage Space = 20,000 SF
- Outdoor Yard and Parking = 60,000 SF and 55,000 SF *respectively*

Due to the above requirements plus circulation/roads, the site required was sized at a minimum of 6-7.5 acres.

After the area requirements were established, a scorecard was developed for the comparison of the sites. Criterion included land size, building size, outdoor storage feasibility, feasibility of purchase/timing, condition, proximity to roads, etc. Overall pros and cons were developed for each site and used to compare, contrast and eliminate options.

The following long list of sites were evaluated utilizing the scorecard methodology:

## EXECUTIVE SUMMARY

### MARKET SCAN COMPARISON SUMMARY

● PRELIMINARY  
SHORTLIST

SHORTLISTED FOR  
FINANCIAL FEASIBILITY

#	ADDRESS	COMMENTS
● 1	850 Champlain Avenue	Off market opportunity, renewed Penske lease for 15 years, 2 buildings (office + Harley dealership)
2	1189 Colonel Sam Drive	Vacant possession is not possible. Can't put industrial component without losing most of the parking. May need minor variance or ZBLA to allow industrial.
● 3	1908 Colonel Sam Drive	Greenfield, OPG site, parcel severance. Timing due to severance may prolong schedule.
4	1755 Thornton Road North	Too small. Only 4 acres of developable land. Challenging topography: mainly wooded with minimal flat areas.
5	575 Thornton Road South	Too small. Priced for future residential development, which make the land a premium investment.
6	894 Ritson Road South	Too small. Existing environmental contamination. Existing building needs to be demolished
● 7	991 Simcoe Street South	Greenfield, remediated, land size irregular which may reduce price, central location.
8	Northwood Business Park	Services will be at the corner of Thornton Road North and Conlin Road W later this year. Site is too large, but CW could find a buyer to sever a parcel for Oshawa Power. Timing may preclude this.
9	78 Richmond Street West	Lot is far too small for any expansion. Does not have the ability to add an industrial component as zoning does not allow.
● 10	1401 Philip Murray Ave.	Existing building could convert to garage/warehouse and partial office space, new office building facing lake. Has parking. Good location. Good views.
● 11	HOPA site option	Greenfield, land lease, potential for income with tenants.

*Graphic from Original Report prepared  
by Cushman and Wakefield, May 2023*

From this list of sites, there were various reasons why several were eliminated. The 850 Champlain address was eliminated due to the existing tenant lease. 1908 Colonel Sam was eliminated as the timing was prohibitive. The 1755 Thornton site was eliminated due to size of developable acreage (it was too small). Please see the notes in the graphic above in the comment section for further explanation.

**Therefore, 3 sites were used to create a Proforma Analysis that represented the range of potential costs to compare. This would act as a basis for further analysis.**

The 3 sites chosen for further evaluation were as follows:

- The 'HOPA' site (land lease)
- 1401 Phillip Murray (existing facility, renovation)
- 991 Simcoe Street (raw land, new build)

The analysis concluded the following:

**New Construction, Land Lease:** While the HOPA had the lowest initial cost, it was not the best investment. At the end of its life, there would be no value left in the building to leverage for further investment. Additionally, the space would be shared with staff from HOPA and the site offered limitations due to the unknown expansion or future construction of potential adjacent buildings.

**Renovation of Existing Facility:** The Phillip Murray site offered an opportunity that was beneficial, and the location was ideal. Furthermore, it offered the shortest timeline for completion, however, during evaluation, the site was purchased by another group and a sale/leaseback was cost prohibitive. There were no other potential renovation sites that were deemed suitable for a variety of reasons: too large, too cost intensive, not the right location.

**New Construction, Land Purchase:** The Simcoe site represented a land purchase with a new build. This option was evaluated for capital cost, operational cost and long-term investment. However, the land geometry was not ideal, and it was determined that a site that offered better geometry for site circulation would be explored. Therefore, it was determined that the team would **consider an alternate site for land purchase and new construction.**



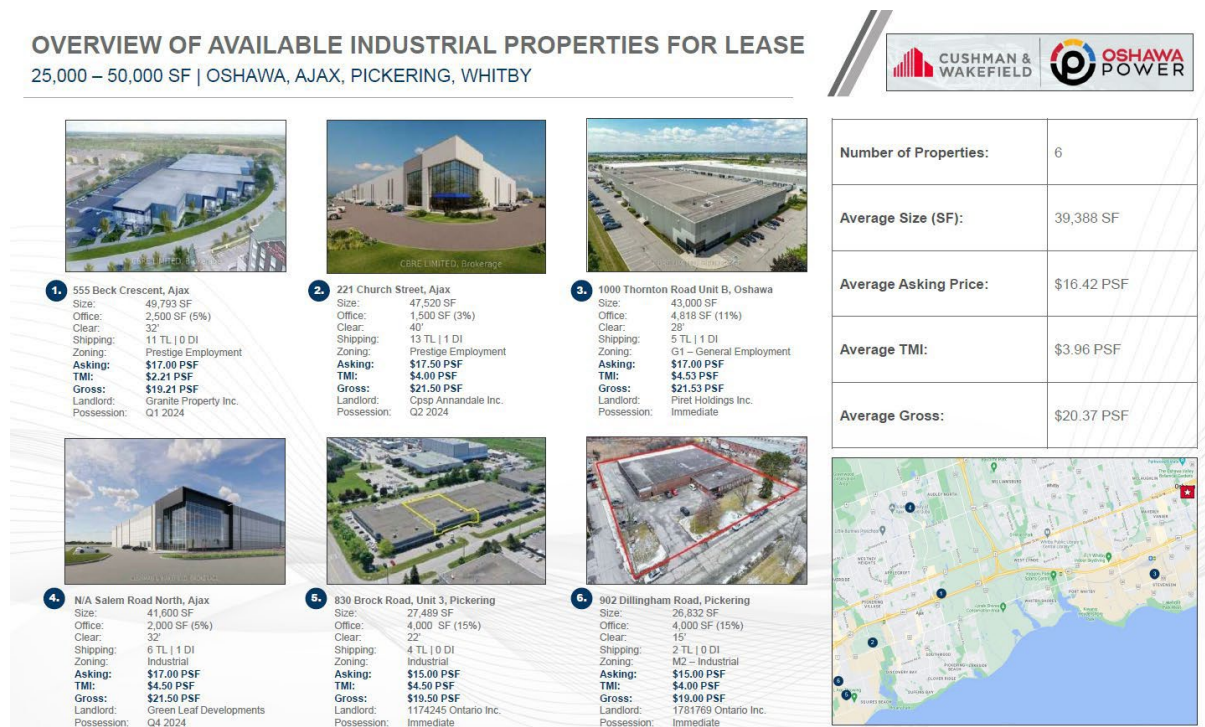
*Graphic from Original Report prepared  
by Cushman and Wakefield, June 2023*

After the Phillip Murray site was eliminated from the options, the Cushman and Wakefield team scanned the market in October 2023 for new options. **This included sites available for lease and land available for purchase.**

For leased sites, the team identified 6 sites for consideration and compared them to area benchmarks for costs. These sites included the following:

- 555 Beck Crescent, Ajax
- 221 Church Street, Ajax
- 1000 Thornton Road, Oshawa
- Salem Road North , Ajax
- 830 Brock Road, Pickering
- 902 Dillingham Road, Pickering

**As 5 of these 6 sites were outside of the municipality of Oshawa,** they were not considered for relocation but were compared for benchmarking purposed only.



**Industrial properties with office components are in high demand in the region. In fact, Industrial vacancy rates continue to hover between 2-5% in the region,** which makes it very difficult to lease property in the area. Because of the **specific requirements for Oshawa Power, which include office, garage, warehouse and a significant amount of outdoor storage,** finding a suitable property that can be modified in a cost-effective manner proved to extremely difficult. The few options that were identified, specifically 1000 Thornton Road, Unit B, was not suitable for Oshawa Power due to lack of outdoor storage, potential service truck/garage access and collocation with other tenants which was not desirable.

Office buildings (those zoned strictly for office) that were identified did not allow outdoor storage or garage space, so these were not explored.



Therefore, it was determined that the team would **consider a land purchase and new construction** that offered suitable land geometry, access for service trucks, parking for employees and could meet the requirements for Oshawa Power (office, warehouse, garage, outdoor storage).

After a market scan, two sites that were previously not for sale became available:

- 2072 Thornton Road, identified in November 2023
- 1877 Thornton Road, identified in November 2023

Both sites were raw land with the opportunity for construction and were located within the growing area north of Oshawa in the Northwood Business Park vicinity. After a tour of the sites, 1877 Thornton was eliminated due to limited buildable acreage. 2072 Thornton Road became the focus of the go-forward option as it contained several key benefits:

- Corner Lot (Conlin Road and Thornton Road)
- Regular geometry: 409 ft by 635 ft of frontage and rectangular in shape
- Permitted uses acceptable (per zoning, industrial and commercial allowed)

## 2072 Thornton Rd N Oshawa, ON L1L 0P5

Land For Sale - 6.50 AC



### PROPERTY FACTS

Property Type	Land	Proposed Use	Warehouse
Property Subtype	Industrial	Total Lot Size	6.50 AC

### DESCRIPTION

Prime 6.5-acre industrial land with services available at lot line ready for development is now available for sale in Northwood Business Park! This property is situated beside Amazon's 300,000 robotic distribution center and under-construction cold storage facility. It's also near Durham

EV main bus terminal (opening in 2026) and across the University of Oshawa site, as well as the future Community Center for North Oshawa (opening in 2026). Significant cost savings: NO Development Charges



## Cost Analysis and Assumptions

The costs analysis for comparing the initial proforma was created with the following included:

- Siteworks (Including Parking)
- Building Shell (Office, Warehouse and Garage)
- Tenant Improvements (Interiors)
- Furniture
- Fit-up Allowances
- Professional Fees (Arch, Eng, Design)
- Development Management
- Green Building Premium %
- Contingency
- Municipal Costs
- Financing Costs
- Move Costs
- Demolition Costs
- Fibre Connection Costs
- Land Costs

These costs represented the capital outlay required for the project and were based on square footage assumptions and preliminary site indicators, not on actual drawings or soil conditions. Therefore, a contingency of 15% was included. Building costs were developed using a combination of RS Means and Cushman and Wakefield's benchmarking. Costs for the Phillip Murray (renovation) were developed after an inspection and were confirmed by engaging the expertise of a contractor.

During the process of developing preliminary costs for comparison, it was determined that a 2-story building was less costly than a 3-story building and had a negligible impact on land size. Therefore, it was recommended that Oshawa Power proceed with a 2-story building for the office space.

Construction costs have escalated significantly over the last 5 years, especially during and after the pandemic. Factors include supply chain issues, rising transportation costs and shortage of skilled trades. For all cost estimates, Cushman and Wakefield errs on the conservative side and cites the Ontario Construction Report:

***Special to Ontario Construction Report, dated February 6, 2024, [www.ontarioconstructionreport.com](http://www.ontarioconstructionreport.com)***

Toronto's construction sector has seen a dramatic increase in costs, ranking second in the world in terms of the surge in building expenses. This trend is highlighted in a new global ranking by Australian price comparison service Compare the Market, which used data from construction tenders.

The data, gathered from construction tenders, indicates a 40.5% increase in Toronto's building costs from January 2020 to August 2023. This surge is part of a broader global pattern, with cities like Singapore also experiencing substantial cost hikes. Analysts attribute these rising costs primarily to the supply chain disruptions brought on by the COVID-19 pandemic, which has posed significant barriers to new construction projects across the globe.

An article in [Storeys](#) states that in Toronto, these challenges are compounded by factors unique to the city. Building costs have been on an upward trajectory since 2018, a trend linked to various factors, including heightened borrowing costs and a shortage of labor. Additionally, the city's approach to construction bidding, which restricts open bidding to a select few constructors, has contributed to keeping construction prices elevated.

## Cost Analysis and Assumptions

Additionally, the same report discusses Nationwide Cost Surges citing raw material prices and relevance to the demand for housing – which drives up prices overall as both commercial and housing construction companies compete for the same skilled tradespersons.

Also used for comparison is information from Altus, which benchmarks costs per building type, private and public across Canada. Comparisons are cited below

## Cost Comparison from GTA to Ottawa Region

Altus offers comparative figures for Ottawa/Gatineau to the GTA. The following chart utilizes data source from this guide. The chart illustrates the differences in SF from the GTA to Ottawa over a 7-year period. The data below references municipal office buildings only including tenant fit-out. The chart points to the notable spread between Ottawa and the GTA in the year 2022, 2023 and 2024 and to the marked increase within each market, most notably Toronto which has seen more than \$230 cost per SF over the 7-year period.

Oshawa, as part of the overall Greater Toronto Area, is subject to the nuances of the Toronto construction market. Prices may be slightly less expensive, but likely marginal as the labour pool and supply chain is the same.

Altus Guide	GTA/Tor \$ PSF Range	Ottawa/Gat \$ PSF Range	Difference (Low to High)
YEAR 2024	\$425-\$550	\$370-\$465	\$55 to \$85 PSF
YEAR 2023	\$405-\$540	\$360-\$450	\$45 to \$90 PSF
YEAR 2022	\$375-\$500	\$325-\$385	\$50 to \$115 PSF
YEAR 2021	\$285-\$395	\$245-\$340	\$40 to \$55 PSF
YEAR 2020	\$260-\$365	\$245-\$335	\$15 to \$30 PSF
YEAR 2019	\$205-\$270	\$220-\$275	-\$15 to -\$5 PSF
YEAR 2018	\$195-\$260	\$220-\$275	-25 to -\$15 PSF
Market Spread	\$230-\$290	\$150-\$190	

As seen in the chart above, costs for the Toronto area range between \$425-\$550 for calendar year 2024. Costs for Ottawa in the year 2020 ranged from \$245-\$335.

Please also note that between the years 2022 and 2024, costs in the GTA have risen about \$25 per SF on the low end. Given this logic, costs will reach \$450-\$560 (conservatively) by the year 2026 (mid-point of construction for Oshawa Power).

## Cost Analysis and Assumptions

### BBA (Barry Bryan Associates) Class D Cost Analysis Assumptions

BBA Architects were engaged through a competitive RFP process and hired to create a concept with drawings for the Thornton site. This allowed their team to develop more specific area requirements and Class D cost estimates giving a greater degree of certainty for budgeting. Barry Bryan estimated a range of cost between \$████ (\$████ per square foot) as a baseline option without a net zero premium. For a building with a net zero premium, they estimated \$████ M for \$████ per square foot. These costs include █████% escalation to year 2026, which is typical to the mid-point of construction.

Using the last 3 years 2022, 2023, 2024 as a benchmark, the Altus guideline may predict construction to increase by \$████ per SF per year on the low-end. Given that logic, costs per SF for the Toronto region would range from \$████ PSF by year 2026. **The projected cost of \$████ PSF estimated by BBA falls within this range.**

Moreover, the spread between Ottawa and the GTA per SF from 2020 to 2026 will be more than \$████ per SF according to Altus, which is more than the range of the actual predicted spread between the two regions, which is \$████ per SF (\$████).

Therefore, it is the opinion of Cushman and Wakefield, given the information provided, that the costs estimated by BBA Architects are well within the normal range provided by Altus, a leading authority of costing across Canada and are comparable to Ottawa Power.

The following is a summary of the Class D analysis provided by BBA and the land costs for the new site.

	Size (SF or Acreage)	Cost	Cost/Per
Oshawa Power HQ (Source BBA, Cost Estimate, <b>Baseline Building</b> , proportioned to office only)	64,995	████████	\$ █████
Oshawa Power HQ (Source BBA, Cost Estimate, <b>Net Zero Building</b> , proportioned to office only)	64,995	████████	\$ █████
Oshawa Power HQ	6.5 Acres	\$11,425,00	\$1,757,000 per acre

*On the following page, is a table that illustrates comparable land values.*

## Comparable Land Prices

The following are comparable land prices for the Oshawa/Ajax/Whitby region.  
The average cost per acre is \$1,884,727.

	Transaction Date	Address	Municipality	Price \$	Price \$/Acre	Use	Acreage
1	6/21/2024	2072 Thornton Road North	Oshawa	11,425,000	1,757,421	Industrial	6.50
2	4/4/2024	100 Beck Crescent	Ajax	10,700,000	2,529,551	Commercial	4.23
3	12/20/2023	Champlain Avenue	Whitby	14,844,600	1,483,125	Industrial	10.01
4	12/7/2023	5515 Garrard Road	Whitby	4,000,000	1,188,707	Industrial	3.37
5	12/6/2023	640 Taunton Road West	Oshawa	16,000,000	1,584,158	Commercial	10.10
6	4/3/2023	2150 Thornton Road North	Oshawa	23,000,000	1,564,838	Industrial	14.70
7	3/15/2023	650 Beck Crescent	Ajax	12,250,000	1,472,533	Commercial	8.32
8	2/21/2023	1900 Boundary Road	Whitby	35,000,000	2,178,378	Industrial	16.07
9	12/9/2022	600 Conlin Road West	Oshawa	42,929,250	2,537,490	Industrial	16.92
10	7/19/2022	500 Salem Road	Ajax	12,000,000	2,906,977	Industrial	4.13
11	5/6/2022	1 Keensford Court	Ajax	6,100,000	1,528,822	Industrial	3.99
				<b>17,113,532</b>	<b>1,884,727</b>		<b>8.94</b>

# Attachment 1 – 4

Draft Accounting Orders

**Oshawa PUC Networks Inc.**

**Draft Accounting Order**

**Account 1508 – Other Regulatory Assets, Sub-account Oshawa Power Avoided Rent Deferral**

**Account (“OPARDA”)**

Oshawa PUC Networks Inc. (Oshawa Power) shall establish the new deferral account, “Oshawa Power Avoided Rent Deferral Account”, effective January 1, 2027, to record avoided rent costs resulting from its conclusion and/or reduction of lease arrangements as it transitions from existing operational spaces to occupy a New Facility in 2027. Amounts entered in the OPARDA will be credit entries to the benefit of ratepayers, calculated based on Oshawa Power’s most recent Cost of Service rent costs for facilities no longer leased, escalated by Oshawa Power’s Price Cap Index up to the year 2027, which will be further inflated by IRM increases until Oshawa Power’s next rebasing, and pro-rated for any partial years. Amounts will be credited to the OPARDA on an annual basis. Carrying charges will be applied to the OPARDA on a monthly basis at the Ontario Energy Board’s (OEB) prescribed rates.

Balances in the OPARDA sought for disposition are subject to an OEB prudence review, which will require the presentation of appropriate supporting documentation. Oshawa Power will make credit entries to the OPARDA from 2027 through to its next Cost of Service application, at which time Oshawa Power will recommend either the continuance or discontinuance of the Sub-Account, and the OEB will make a determination in that matter.

**Annual Entries:**

Cr: 1508	Sub-Account OPARDA
Dr: 4080	Distribution Services Revenue
To record the rent costs included in distribution rates which are no longer incurred on an actual basis	
Cr: 1508	Sub-Account OPARDA
Cr: 4405	Interest Income
To record Carrying Charges associated with amounts recorded in Sub-Account OPARDA	

**Oshawa PUC Networks Inc.**

**Draft Accounting Order**

**Account 1508 – Other Regulatory Assets, Oshawa Power New Facility OM&A Cost Variance**

**Account (“OPNFOCVA”)**

Oshawa PUC Networks Inc. (Oshawa Power) shall establish the new deferral account, “Oshawa Power New Facility OM&A Cost Variance Account”, effective January 1, 2027, to record variances in Operating, Maintenance and Administration (OM&A) costs resulting from its transition to a New Facility in 2027. Accounts 5670 – Rent and 4385 – Non-Utility Rental Income will be excluded from the recording of variances in the OPNFOCVA. Amounts entered in the OPNFOCVA can be debit or credit entries, and will be equal to variances between actual OM&A costs and OM&A costs included in distribution rates, where such variances are directly attributable to Oshawa Power’s transition to a New Facility in 2027. Amounts will be debited or credited to the OPNFOCVA on an annual basis. Carrying charges will be applied to the OPNFOCVA on a monthly basis at the Ontario Energy Board’s (OEB) prescribed rates.

Balances in the OPNFOCVA sought for disposition are subject to an OEB prudence review, which will require the presentation of appropriate supporting documentation. Oshawa Power will make debit and/or credit entries to the OPNFOCVA from 2027 through to its next Cost of Service application, at which time Oshawa Power will recommend either the continuance or discontinuance of the Sub- Account, and the OEB will make a determination in that matter.

**Annual Entries:**

Cr/Dr: 1508	Sub-Account OPNFOCVA
Cr/Dr: Various	Various Operations, Maintenance and Administration Accounts
To record variances in Operations, Maintenance and Administration costs directly resulting from Oshawa Power’s transition to a New Facility	
Cr/Dr: 1508	Sub-Account OPNFOCVA
Cr/Dr: 4405	Interest Income
To record Carrying Charges associated with amounts recorded in Sub-Account OPNFOCVA	



## Attachment 1 – 5

2024 Building Lease Amendment and Extension Agreement

## Lease Amendment and Extension Agreement

This Agreement made as of this 30<sup>th</sup> day of October, 2024

BETWEEN:

**The Corporation of the City of Oshawa**

(the "City")

and

**Oshawa PUC Networks Inc.**

(the "Tenant" or "OPUC")

### Whereas:

1. By lease made the 1<sup>st</sup> day of June, 2007 (the "Lease"), Oshawa PUC Networks Inc. ("OPUC") leased from the City the property municipally known as 100 Simcoe Street South (the "Premises") for a term expiring March 31, 2012; and,
2. On March 19, 2012, City Council approved OPUC's request for an additional five year term commencing April 1, 2012 and terminating March 31, 2017; and,
3. On May 19, 2015, in response to a letter from OPUC dated April 8, 2015, City Council directed staff to provide OPUC with written notice on behalf of the City of the City's intention to terminate OPUC's leasehold occupancy of the Premises, and approved an extension of the Lease from March 31, 2017 to May 31, 2019; and,
4. On May 31, 2015, City staff provided OPUC with four (4) years' prior written notice of the City's intent to terminate the OPUC's leasehold occupancy of the Premises; and,
5. On February 19, 2019, pursuant to Report DS-19-17, City Council approved OPUC's request for a two (2) year extension of the Lease, commencing June 1, 2019 and terminating May 31, 2021; and,
6. On April 26, 2021, pursuant to Report DS-21-73, City Council approved OPUC's request for an additional two (2) year extension of the Lease, commencing June 1, 2021 and terminating May 31, 2023; and,
7. On May 1, 2023, pursuant to Report ED-23-66, City Council approved OPUC's request for a three (3) year and six (6) month extension of the Lease, commencing June 1, 2023 and terminating November 30, 2026; and,
8. On February 26, 2024, pursuant to Report CNCL-24-17, City Council considered OPUC's request for up to an additional one (1) year and ten (10) month extension of the Lease, which would have the effect of extending the termination date to September 30, 2028, and authorized staff to execute an appropriate amending agreement in a form and content satisfactory to the Commissioner of Economic and Development Services and the City Solicitor; and,
9. Subsequent to Council's directive of February 26, 2024, and based on staff's determination in consultation with the Commissioner, Economic and Development Services Department and the City Solicitor, it was determined that the amending agreement should, among other things, contain the termination date of May 31, 2028 in order to ensure compliance with the maximum lease term permitted under Section 50(3) of the Planning Act, R.S.O. 1990, c. P.13, as amended.

**NOW THEREFORE** in consideration of the rents, covenants and agreements reserved and contained herein, to be respectively paid, observed and performed on the part of the Tenant, and for other consideration, the receipt and sufficiency of which are acknowledged, the parties hereto agree as follows:

1. Paragraph 1.01(a) of the Lease, as amended, is hereby further amended by deleting its text and by substituting the following: *"BASE RENT" means, for each year of the TERM, a sum of money equal to Three Hundred Fifty-One Thousand Ninety-Eight Dollars (\$351,098.00) increased by three percent (3%) commencing June 1, 2025 to Three Hundred Sixty-One*

Thousand Six Hundred Thirty-One Dollars (\$361,631.00), increased by thirty percent (30%) commencing June 1, 2026 to Four Hundred Seventy Thousand One Hundred Twenty Dollars (\$470,120.00), and increased by three percent (3%) commencing June 1, 2027 to Four Hundred Eighty-Four Thousand Two Hundred Twenty-Four Dollars (\$484,224.00)."

2. Section 2.01 of the Lease, as amended, is hereby further amended by deleting its text following its heading and by substituting the following: "The CITY grants to OPUC a leasehold interest in the PREMISES for the TERM commencing June 1, 2007 and expiring May 31, 2028, subject to termination as provided in this LEASE."
3. Section 3.03 of the Lease, as amended, is hereby further amended by deleting its text following its heading and by substituting the following: "OPUC agrees to provide the CITY with full and free access (for inspection purposes, including for a building condition audit, and during normal business hours) to any and every part of the PREMISES upon a minimum twenty-four (24) hours' advance notice provided by the CITY. It is understood and agreed, however, that in cases of emergency, the CITY shall at all times and for all purposes have full and free access to the PREMISES."
4. Section 3.21 of the Lease, as amended, is hereby further amended by deleting its text following its heading and by substituting the following: "OPUC shall, within six (6) months of vacating the PREMISES and no later than November 30, 2028, at its own expense, demolish that part of the PREMISES determined by the COMMISSIONER to comprise the distribution building and the metering/storeroom/garage building together with all underground tanks, fuel pumps, and related appurtenances. For this purpose, "demolish" includes removal from the LANDS of the said buildings (including their foundations), tanks, fuel pumps, related appurtenances and debris and restoration of the subject part of the LANDS to a finished grade pursuant to applicable law to the satisfaction of the CITY. OPUC's obligations pursuant to this Section 3.21 shall forever survive the termination of this LEASE."
5. Sections 3.22 and 3.23 of the Lease, as amended, are hereby deleted in their entirety.
6. All other terms and conditions of the Lease, as amended, shall remain the same and time shall remain of the essence.

**TO WITNESS**, the undersigned affixed their corporate seals attested by the hands of their respective properly authorized officers. By so executing this document, the officers warrant and certify that the corporations for which they are signing are in good standing and duly incorporated and organized under the laws of the jurisdiction in which they are incorporated, and that the officers are authorized and empowered to bind the corporation(s) to the terms of this Agreement by their signatures.

**Oshawa PUC Networks Inc.**

Daniel  
Arbour

Digitally signed by  
Daniel Arbour  
Date: 2024.10.24  
09:19:05 -04'00'

Per: Daniel Arbour, President and CEO

I have the authority to bind the Corporation.

Date: October 24, 2024

Susanna  
Beckstead

Digitally signed by Susanna  
Beckstead  
Date: 2024.10.24 09:19:27  
-04'00'

Per: Susanna Beckstead, CA, CPA, CFO  
and CAO

I have authority to bind the Corporation.

Date: October 24, 2024

**THE CORPORATION OF THE CITY OF  
OSHAWA**



Per: Anthony Ambra, Commissioner  
Economic and Development Services  
Department

I have the authority to bind the City pursuant to  
Closed Report CNCL-24-17 dated February 21,  
2024 as approved by Council direction dated  
February 26, 2024.

Date: October 30, 2024

## **Attachment 1 – 6**

City of Oshawa - Amended and Restated Shareholder Declaration

**CITY OF OSHAWA**  
**AMENDED & RESTATED**  
**SHAREHOLDER DECLARATION**

**October 28, 2024**



## AMENDED AND RESTATED SHAREHOLDER DECLARATION

### RECITALS:

- A. The Corporation of the City of Oshawa (the "**City**" or the "**Shareholder**") is the sole shareholder of Oshawa Power and Utilities Corporation (as further defined below, the "**HoldCo**").
- B. The HoldCo was incorporated pursuant to Section 142 of the Electricity Act (as defined below) and is organized and existing under the OBCA (as defined below).
- C. The Shareholder entered into a comparable shareholder declaration dated November 24, 2000 in respect of the HoldCo and its Subsidiaries (the "**Existing Shareholder Declaration**").
- D. Pursuant to the OBCA, the Shareholder wishes to make this Shareholder Declaration to amend, restate and replace in its entirety the Existing Shareholder Declaration, and to govern and set forth the relationship, responsibility and accountability between the Shareholder and the HoldCo in respect of the matters set forth herein.
- E. Subject to authority of the board of HoldCo, WiresCo and each Subsidiary (in each case, as defined below) to manage or supervise the management of the business and affairs of the applicable corporation, the Shareholder wishes to provide such boards with the Shareholder's expectations regarding governance principles and the other matters set forth herein.

### 1. Definition and Interpretation Section

- 1.1 Whenever used in this Shareholder Declaration, unless the context requires otherwise, the following words and terms shall have the respective meanings ascribed to them below.

"**Access Representative**" shall have the meaning set out in Subsection 15.3(a).

"**Affiliate**" shall have the meaning as defined in the OBCA.

"**ARC**" means the *Affiliate Relationships Code for Electricity Distributors and Transmitters* dated March 15, 2010, issued by the Ontario Energy Board.

"**CAO**" means the Chief Administrative Officer of the City or designate, as described by the Municipal Act and appointed by Council and/or legislation and City by-law.

"**City**" shall have the meaning given to it in the Recitals.

"**City Liaison**" means the City officer or delegated staff member referenced in Section 13.

"**City Treasurer**" means the treasurer or designate of the City, as described by the Municipal Act and appointed by Council and/or legislation and City by-law.

**"City Clerk"** means the Clerk of the City or designate, as described by the Municipal Act and appointed by Council and/or legislation and City by-law.

**"Council"** means the elected council of the City.

**"Electricity Act"** means the *Electricity Act, 1998* (Ontario).

**"Energy Legislation"** means legislation enacted from time to time by the Province of Ontario regulating the energy sector and including without limitation the Electricity Act, the OEB Act, the *Green Energy and Green Economy Act, 2009* (Ontario), and all regulations thereunder, and all amendments, reenactments and replacements to such legislation and all other statutes, decisions, orders and policies of the Province of Ontario with respect to the energy sector which may be enacted from time to time.

**"Existing Shareholder Declaration"** shall have the meaning given to it in the Recitals.

**"Family Member"** means a parent, spouse, domestic partner or child as such terms are defined in the *Municipal Conflict of Interest Act* (Ontario) as amended.

**"GAAP"** means the applicable generally accepted accounting principles (GAAP) comprising of a set of accounting rules and procedures used in standardized financial reporting practices including those approved or recommended by the Chartered Professional Accountants of Canada (CPA) or any successor institute, and published in the CPA Canada Handbook, applied on a consistent basis.

**"HoldCo"** means Oshawa Power and Utilities Corporation, incorporated under the OBCA pursuant to Section 142 of the Electricity Act.

**"HoldCo Board"** means the board of directors of the HoldCo.

**"IESO"** means the Independent Electricity System Operator.

**"Lien"** means any mortgage, hypothec, assignment, encumbrance, lien or security interest, regardless of form, that secures the payment of any indebtedness or liability or the observance or performance of any obligation;

**"Mayor"** means the Mayor of the City.

**"Municipal Act"** means the *Municipal Act, 2001* (Ontario), S.O. 2001, c.25 and all regulations thereunder.

**"MFIPPA"** means the *Municipal Freedom of Information and Protection of Privacy Act*, R.S.O. 1990, c. M.56 and all regulations thereunder.

**"OBCA"** means the *Business Corporations Act* (Ontario), R.S.O. 1990, c. B.16 and all regulations thereunder.

**"OEB"** means the Ontario Energy Board.

**"OEB Accounting Handbook"** means the *Accounting Procedures Handbook for Electricity Distributors* dated December 2011 and effective January 1, 2012, as the same may be subsequently amended or replaced.

**"OEB Act"** means the *Ontario Energy Board Act, 1998* (Ontario), 1998, c. 15, Sched. B, and all regulations thereunder.

**"Shareholder"** shall have the meaning given to it in the Recitals.

**"Shareholder Declaration"** means this amended and restated shareholder declaration dated October 28, 2024, as may be further amended, restated or amended and restated.

**"Shareholder Representative"** shall have the meaning set out in Subsection 13.1.

**"Subsidiaries"** means the subsidiary corporations (as defined in the OBCA) of the HoldCo, and includes WiresCo.

**"WiresCo"** means Oshawa PUC Networks Inc., incorporated under the OBCA pursuant to Section 142 of the Electricity Act, and being a Subsidiary of the HoldCo.

**"WiresCo Board"** means the board of directors of WiresCo.

**"WiresCo Debt"** means short-term and long-term debt obligations, which, in accordance with GAAP should be classified as such on WiresCo's balance sheet and meets the definition of such as set forth in the OEB Accounting Handbook.

**"WiresCo Equity"** means the amount reported as total shareholder's equity in the most recent WiresCo annual financial statements, in accordance with GAAP and in accordance with the definition of such as set forth in the OEB Accounting Handbook.

- 1.2 Headings. The inclusion of headings in this Shareholder Declaration are for convenience of reference only and shall not affect the construction or interpretation of this Shareholder Declaration.
- 1.3 Number. In this Shareholder Declaration, unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders.
- 1.4 Laws. All references to (i) Canadian, federal, provincial or municipal laws, orders-in-council, bylaws, codes, rules, policies, regulations and statutes; (ii) applicable orders, decisions, codes, judgments, injunctions, decrees, awards and writs of any court, tribunal, arbitrator, governmental authority, or other person having jurisdiction; (iii) applicable rulings and conditions of any licence, permit, certificate, registration, authorization, consent and approval issued by a governmental authority; and (iv) any requirements under or prescribed by applicable common law (collectively, "**Law**") means those Laws in effect from time to time, and all amendments thereto or any re-enactment or replacement thereof.



- 1.5 Amendment, Restatement and Replacement of the Existing Shareholder Declaration. The Existing Shareholder Declaration is hereby amended and restated, and replaced in its entirety by this Shareholder Declaration. For the avoidance of doubt, this Shareholder Declaration constitutes a unanimous shareholder agreement as contemplated by Section 108 of the OBCA.

## **2. Purpose and Overarching Principles**

- 2.1 This Shareholder Declaration outlines the expectations of the Shareholder relating to the principles of governance and other fundamental principles and policies of the HoldCo and, in some cases, WiresCo and any other Subsidiaries. Except as provided in Sections 13 and 16, this Shareholder Declaration is not intended to constitute a unanimous shareholder declaration under the OBCA or to formally restrict the exercise of the powers of the HoldCo Board or the board of directors of any Subsidiary.

- 2.2 Overarching Principles. The following principles shall apply to this Shareholder Declaration:

- (a) A shareholder declaration for municipal entities should foster and reinforce a collaborative relationship and shared values among all parties and recognize that the interface between the worlds governed by the Municipal Act (public sector) and the OBCA (private sector) requires mutual respect, understanding and flexibility and regular communication between the Shareholder and HoldCo concerning the activities of HoldCo and its Subsidiaries. Such communication should take place whether or not such activities would require the approval of HoldCo or the Shareholder pursuant to this Shareholder Declaration.
- (b) Decision-making authority should clearly be assigned to the appropriate board of HoldCo, WiresCo or their respective Subsidiaries.
- (c) The authority of a board as described in this Shareholder Declaration will be accompanied by clearly articulated reporting and approval requirements as set out in this Shareholder Declaration to ensure transparency, accountability and recognition of the role of Council as the ultimate authority over each corporation governed by this Shareholder Declaration.
- (d) The provisions of this Shareholder Declaration should be interpreted so as to maximize transparency and facilitate communication between the Shareholder and HoldCo.
- (e) The principles of director independence and skills-based boards will be paramount in the interpretation of this Shareholder Declaration but consistent with applicable policies of the Shareholder publicly adopted from time to time with respect to HoldCo and its Subsidiaries.
- (f) The unique overlapping community interests and professional capabilities of the group of companies, including the Shareholder, are important components of an integrated and coordinated approach to excellence in asset management.

- (g) Shareholder return and benefits will be measured by several metrics, including but not limited to dividends, as described in Section 12. In general, a long-term strategic view will be applied to the measure of shareholder return and communicated in writing to the boards of HoldCo and its Subsidiaries by City Council.
- (h) It is recognized that HoldCo, WiresCo and the Subsidiaries are operated on a "for-profit" basis, may operate in a competitive environment, and are subject to the obligation to make payments in lieu of taxes under Energy Legislation.
- (i) In making decisions concerning WiresCo and its Subsidiaries, HoldCo shall act in a commercially reasonable manner consistent with the Shareholder's requirements as owner and sole shareholder of HoldCo.

### **3. Permitted Business Activities**

- 3.1 Subject to the restrictions in Section 16, the HoldCo and the Subsidiaries may engage in the business activities which are permitted by any law applicable to the HoldCo and the Subsidiaries from time to time, including the Act and as the HoldCo Board or the boards of directors of the Subsidiaries may authorize. In so doing, the HoldCo and its Subsidiaries shall conform to all requirements of the OEB, the IESO and all other applicable regulatory or governmental authorities.

### **4. Standards of Governance**

- 4.1 Duty of Care, Diligence and Skill. As required by the OBCA, the HoldCo Board and the board of directors of any Subsidiary shall supervise the management of the business and affairs of the HoldCo and any Subsidiary respectively, and, in so doing, shall act honestly and in good faith with a view to the best interests of the HoldCo or the Subsidiary respectively and shall exercise the same degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.
- 4.2 Statement of Principles. The Shareholder expects the HoldCo Board and the board of directors of any Subsidiary to observe any statement of principles which may be issued by the Shareholder, from time to time. Without limiting the generality of the foregoing, the Shareholder expects the following principles to be followed by the HoldCo Board and the board of directors of any Subsidiary, as applicable:
  - (a) The operation of the HoldCo and the Subsidiaries is integral to the well-being and the infrastructure of the City. The HoldCo recognizes that it is in the best interests of the City and the community that the HoldCo and its Subsidiaries conduct their affairs on a commercially prudent basis, recognizing the best interest of the public and in accordance with the financial objectives of the Shareholder as set out herein.
  - (b) The HoldCo will provide, through WiresCo a reliable, effective and efficient electricity distribution system.



- (c) The WiresCo Board will approve the application to set the distribution rates applicable to customers of WiresCo in accordance with the rates allowed by the OEB from time to time.
- (d) The conduct of the business of the HoldCo and the Subsidiaries is, at all times, subject to such licences, codes, policies, rules, orders, interim orders, approvals, consents and other actions of any regulator.
- (e) The HoldCo and the Subsidiaries will operate with an emphasis on customer service.
- (f) The HoldCo and the Subsidiaries will operate in a safe and environmentally-responsible manner.
- (g) The board of directors of the HoldCo is responsible for determining and implementing the appropriate balance among the foregoing principles and for causing the HoldCo and the Subsidiaries to conduct their affairs in accordance with the same.

4.3 Conflicts of Interest. The directors and officers of the HoldCo and each Subsidiary will strictly abide by the requirements of the OBCA and of the HoldCo or the applicable Subsidiary in respect of conflicts of interest, including any requirements in respect of disclosure and abstention from voting.

## **5. General Qualifications and Nominations of Directors**

5.1 Qualifications of Directors. In addition to meeting the requirements for serving as a director under applicable law, having sound judgement and personal integrity, the HoldCo Board and the board of directors of any Subsidiary shall be composed of directors who have appropriate skills, education, experience and commitment to enable them to discharge their duties and responsibilities effectively, having regard to the nature, size, complexity, operations and risk profile of the applicable entity. Without limiting the generality of the foregoing, the qualifications of candidates for the HoldCo Board or the board of directors of any Subsidiary may include:

- (a) awareness of public policy issues related to the HoldCo or a Subsidiary, as applicable;
- (b) business experience;
- (c) corporate board of director experience, experience on boards of significant commercial corporations and/or governance experience;
- (d) financial, engineering, legal, marketing, risk management, project management and/or human resources experience/ expertise;

- (e) regulated industry knowledge including, but not limited to, knowledge of municipal electric utilities, energy conservation and demand management and electricity generation; and
  - (f) a broad base of community awareness.
- 5.2 Nomination Process. The HoldCo Board shall establish a process (which may include the establishment of a nominating committee) for identifying, evaluating and recruiting suitable candidates to the HoldCo Board and the boards of directors of Subsidiaries, including identifying the characteristics and skills required by and existing on the applicable boards, and making recommendations to the Shareholder and/or the HoldCo Board with respect to appropriate candidates for nomination to the HoldCo Board, the WiresCo Board and the boards of directors of the other Subsidiaries. The HoldCo Board shall recommend candidates to the Shareholder to fill vacancies on the HoldCo Board and the WiresCo Board (and for the avoidance of doubt, the HoldCo Board shall be responsible for selecting candidates to fill vacancies on the boards of directors of Subsidiaries other than WiresCo, as described in Section 7.2), which candidates shall be appointed or elected in a manner consistent with Section 6.1 and Section 7.1.
- 5.3 Residency Requirements. In selecting the members of the HoldCo Board or the board of directors of WiresCo, the Shareholder shall not give preference to residents of Oshawa, but shall recruit the most qualified candidates available. In selecting board of directors of any Subsidiary, the HoldCo shall not give preference to residents of Oshawa, but shall recruit the most qualified candidates available.
- 5.4 Chair and Vice-Chair Positions.
  - (a) Chair. The HoldCo Board may elect its own Chair and the board of directors of WiresCo may elect its own Chair, in each case from among its directors.
  - (b) Vice-Chair. The HoldCo Board may elect its own Vice-Chair and the board of directors of WiresCo may elect its own Vice-Chair, in each case from among its directors.
- 6. Board of Directors of the HoldCo**
- 6.1 Number of Directors. The HoldCo shall be governed by the Holdco Board which shall consist of at least three (3) and up to six (6) members to be appointed by the Shareholder, who are not serving members of Council or any Family Member of a serving member of Council.
- 7. Boards of Directors of Subsidiaries**
- 7.1 WiresCo Board. WiresCo shall be governed by a board of directors which shall consist of at least five (5) and up to nine (9) members to be appointed by the Shareholder, and (a) who are not serving members of Council or any Family Member of a serving member of Council and (b) of which at least one-third are independent from HoldCo, WiresCo or any Subsidiary. The appointment of the directors of WiresCo shall be subject to and shall meet

all requirements for independence as may be set out by the ARC, as amended from time to time.

- 7.2 Composition of the Board for Other Subsidiaries. The number, composition, term and membership of the board of directors for any Subsidiaries other than WiresCo shall be determined by HoldCo in its capacity as shareholder of the Subsidiaries.

## **8. Term of Directors**

- 8.1 Term. The term for the members of the HoldCo Board and WiresCo Board shall be as follows:

- (a) All members of the WiresCo Board are to be appointed for a three (3) year term;
- (b) The members of the HoldCo Board who are members of the WiresCo Board are to be appointed for a term to be coincident with their term as a member of the WiresCo Board;
- (c) Any director of the HoldCo Board or the WiresCo Board may serve for successive terms as determined by the Shareholder, up to a maximum of three (3) terms, unless otherwise determined by the Shareholder on the recommendation of the HoldCo Board, and otherwise any member of a board of directors of a Subsidiary may serve for successive terms as determined by the HoldCo up to a maximum of three (3) terms, unless otherwise determined by the HoldCo, in consultation with and subject to the approval by the Shareholder; and

- 8.2 Removal of Directors. The HoldCo board and the WiresCo Board shall respectively perform an annual review of the performance of the members of the HoldCo Board and the WiresCo Board shall make such report available to the Shareholder upon request. The Shareholder may remove a director(s) at any time during such director's term in accordance with the provisions of the OBCA.

- 8.3 Vacancies. If any director on the HoldCo Board or WiresCo Board ceases to be a director for any reason, the vacancy will be filled by a nominee proposed by the HoldCo and approved by the Shareholder, in accordance with the other terms hereof.

## **9. Board of Director Committees**

- 9.1 Committees. The HoldCo Board and boards of directors of any Subsidiary may establish such committees as they determine in their discretion are required or advisable, with such powers as determined by the directors (provided that such committees will not have decision-making powers unless so determined by the applicable board). With respect to HoldCo and WiresCo, such committees shall include, at a minimum, an Audit and Finance Committee which shall oversee the performance of the auditors and the preparation of the financial statements of HoldCo and WiresCo, and which shall be independent from management of the applicable corporation in carrying out its duty of oversight. The HoldCo Board anticipates that the HoldCo Board and the WiresCo Board will establish the following additional committees: (a) a Governance, Nominating and Health, Safety and



Environment Committee, to, among other things, evaluate and recommend to the Shareholder potential candidates for the boards of HoldCo and WiresCo, and to recommend to the board of HoldCo potential candidates for the boards of the Subsidiaries, as applicable, and (b) a Project Monitoring Committee.

## **10. Directors' Compensation**

- 10.1 Maximum Compensation. The directors of the HoldCo and the Subsidiaries shall receive remuneration for their services as directors, provided that the Shareholder shall approve the maximum compensation for directors of the HoldCo and WiresCo. The compensation for directors of the HoldCo and WiresCo shall be determined by the respective board of directors of the HoldCo and WiresCo within the maximum approved by the Shareholder. As of the date of this Shareholder Declaration, the maximum compensation for directors of the HoldCo and WiresCo shall be as follows:

<u>Board Position</u>	<u>Maximum Compensation (Annual)</u>
Director	\$25,000
Committee Chair	\$30,000
Board Chair	\$45,000

- 10.2 Review of Directors' Compensation. Every five (5) years, the HoldCo shall review maximum compensation for directors of the HoldCo and WiresCo and make recommendations to the Shareholder to ensure that the HoldCo's and WiresCo's compensation practices are current and otherwise aligned with market practices.

## **11. Decisions of Directors**

- 11.1 Decisions of Directors. Except as otherwise provided herein, and subject to Section 16 and applicable Law, the following matters must be approved by the HoldCo Board (in respect of the HoldCo), the WiresCo Board (in respect of WiresCo), or by the board of any Subsidiary (in respect of such Subsidiary) or a committee of the applicable board to which such board has delegated decision-making authority for that matter:
- (a) the declaration of payment of any dividends or any other distribution of capital or profits or other reduction of capital;
  - (b) the development and approval of its long-range strategic plan and business plan;
  - (c) approval of quarterly financial results and annual financial statements;
  - (d) the approval of an annual budget, or, subject to the applicable corporate policies, (i) making or committing to make during any fiscal year expenditures which in the aggregate exceed the amount in respect of such matter as provided in the annual



budget, or (ii) making or committing to make any material expenditure not expressly provided for in the budget for such fiscal year;

- (e) entering into any employment or consulting agreement with any officer (including the CEO, CAO, CFO and COO) of the HoldCo or WiresCo, as the case may be, or the amendment or termination of any such employment or consulting agreements, and approving the remuneration of such officers;
- (f) entering into any transactions with officers, directors, employees or family members or other persons with whom they do not act at arm's length;
- (g) the alteration of the nature of its business or otherwise engaging in any other business or activities that are not incidental to the business presently undertaken by the HoldCo or WiresCo, as the case may be;
- (h) the institution, modification or termination of any incentive compensation plan, profit sharing plan or similar arrangement with or for directors, officers, senior management, employees or other service providers;
- (i) any change in the auditors; and
- (j) borrowing, giving security or providing financial assistance by way of a guarantee or otherwise (and for the avoidance of doubt, in this Shareholder Declaration, "financial assistance" does not include remuneration paid in the normal course of business to directors, officers or employees, including honoraria, stipends, wages, salaries or bonuses, or any reimbursement for expenses);

provided that, for the avoidance of doubt, nothing in this Section 11.1 detracts from the applicable internal policies of any of OPUC, WiresCo or any other Subsidiary.

## **12. Policies**

12.1 Policies. The Shareholder expects that as soon as possible after the date of this Shareholder Declaration:

- (a) Capital Structure. The WiresCo Board will establish policies to develop and maintain a prudent financial and capitalization structure consistent with sound financial principles and established on the basis that WiresCo is expected to provide the Shareholder with a reasonable rate of return;
- (b) Distribution Rates. The WiresCo Board shall determine distribution rates for the regulated distribution business of WiresCo within the range of distribution rates permitted by the OEB, as contemplated in Section 4.2(c);
- (c) Returns. The WiresCo Board will establish a policy to enhance Shareholder value by generating a commercially reasonable return:
  - (i) as permitted by the OEB pursuant to the OEB Act;

- (ii) through the payment of dividends, interest or otherwise;
  - (iii) as measured by several metrics, including but not limited to dividends and increase of enterprise value over time, and with the application of a long-term strategic view to the measurement of Shareholder return; and
  - (iv) consistent with a prudent financial and capitalization structure.
- (d) Conflict of Interest. The HoldCo Board and the boards of directors of the Subsidiaries will establish a policy regarding conflicts of interest of directors;
- (e) Code of Conduct. The HoldCo Board and the WiresCo Board will establish and comply with a code of conduct; and
- (f) Risk Management. The WiresCo Board will establish a policy to manage all risks related to the business it conducts, through the adoption of appropriate risk management strategies and internal controls consistent with industry norms.
- (g) Existing Policies. Notwithstanding anything to the contrary herein, the Shareholder acknowledges that as of the date hereof, the WiresCo Board has established a Dividend Policy (Dividend CO-0101) and a Finance Policy (CO-0104).

### **13. Decisions of the Shareholder & Shareholder Representative/ City Liaisons and Shareholder Communications**

#### **13.1 Shareholder Representatives/City Liaisons.**

- (a) The Shareholder hereby designates the Mayor and the City Clerk together as the City Liaisons and legal representatives of the Shareholder (the "**Shareholder Representatives**") for purposes of communicating to the HoldCo Board pursuant to Subsection 13.1(b), and for communicating with respect to corporate governance matters requiring the Shareholder's approval, including any consent or approval required by this Shareholder Declaration or by the OBCA or otherwise.
- (b) Approvals or decisions of the Shareholder required pursuant to this Shareholder Declaration or the OBCA shall require a resolution or by-law of Council passed at a meeting of Council and shall be communicated in writing to the HoldCo Board and signed by both of the Shareholder Representatives.
- (c) For financial matters requiring the Shareholder's approval pursuant to this Shareholder Declaration (including Section 16.1(i)), and for all other day-to-day financial matters, the designated City Liaison is the City Treasurer (with a copy to the CAO).
- (d) For program matters relating to the HoldCo's or WiresCo's operations, and for all other day-to-day operational and corporate governance matters, the designated City Liaison is the CAO.

- (e) The Shareholder shall cause the City Liaisons to be reasonably available to the HoldCo and the HoldCo Board in order to facilitate dialogue and collaboration between the HoldCo and the Shareholder for purposes of this Shareholder Declaration.

#### 13.2 Decisions of the Shareholder.

- (a) Where the HoldCo wishes or is required to obtain an approval or decision from the Shareholder pursuant to this Shareholder Declaration or otherwise, the HoldCo shall submit a written request to the Shareholder through the City Clerk for the approval or decision, which includes all information necessary for the Shareholder to make an informed decision.
- (b) Where possible and permitted by Law, the HoldCo shall submit its request and supporting information in a timely manner that enables the City Clerk to comply with deadlines for submission to its municipal Council and any other applicable committees of the City. Subject to Section 14.4, the City Clerk, in consultation with the CAO and the City Treasurer, as appropriate, shall determine how a particular matter for which approval or decision has been requested will proceed.

#### 14. **Reporting to Shareholder and City Liaisons**

- 14.1 Quarterly Reports. The City Treasurer shall receive quarterly financial reports of the HoldCo and its Subsidiaries on a consolidated basis, and the CAO shall receive a quarterly report from the HoldCo Board with respect to the operations of the HoldCo, WiresCo and any other Subsidiary (on a consolidated basis). The City Treasurer and CAO shall provide the quarterly reports to the City Clerk for distribution to the Shareholder.
- 14.2 Information to Shareholder. The CAO and City Treasurer shall receive copies of all business plans, long range strategic plans, operating budgets, cash flow budgets and capital budgets prepared by the HoldCo, WiresCo and any other Subsidiary (which may be provided on a consolidated basis, as determined in the HoldCo's sole discretion), which will be provided to the City Clerk for distribution to the Shareholder, and for the avoidance of doubt, all of which shall be treated as confidential in accordance with Section 14.4.
- 14.3 Annual Financial Statements. The City Treasurer and CAO shall receive the audited consolidated annual financial statements of the HoldCo, WiresCo and any other Subsidiary. Such consolidated annual financial statements shall be provided by the City Treasurer to the Shareholder, for its approval, as required by the OBCA, and for inclusion in the consolidated financial statements of the City.
- 14.4 Confidentiality. Subject to applicable Law (including the Municipal Act and the MFIPPA) and except as otherwise provided in this Shareholder Declaration, the Shareholder shall treat all information received from or on behalf of the HoldCo or any Subsidiary as confidential, commercially sensitive and highly competitive information, and shall accordingly treat all such information with the same level of care and confidentiality as any confidential information of the Shareholder. Without limiting the generality of the foregoing, the HoldCo (including the HoldCo Board) and/or WiresCo (including the



WiresCo Board), as applicable, (a) may explicitly supply information in confidence to the Shareholder in accordance with the Municipal Act and the MFIPPA, and/or (b) determine that particular information or reports to be provided to the Shareholder under this Shareholder Declaration are commercially sensitive, could reasonably be expected to prejudice significantly the competitive position or interfere significantly with the contractual or other negotiations of the HoldCo and/or any Subsidiary or otherwise require confidential treatment, and may so advise the Shareholder that such information is being supplied in confidence in accordance with the Municipal Act and the MFIPPA. Notwithstanding anything to the contrary herein, if any information or reports to be provided by the HoldCo to the Shareholder, under this Shareholder Declaration or otherwise, are reasonably expected to not be treated as confidential information under applicable Law, the HoldCo and the Shareholder (through the City Clerk in consultation with the CAO and City Treasurer) shall collaborate to ensure such information and reports are delivered in a manner that, to the greatest extent permitted by applicable Law, preserves the confidentiality and commercial sensitivity of such information and reports, in accordance with Council's Procedure By-law and MFIPPA.

- 14.5 Request for Information. The Shareholder shall (a) inform the HoldCo and any applicable Subsidiary as to any request made for access to information supplied to the Shareholder (including any such request made pursuant to the MFIPPA), (b) permit the HoldCo and/or any applicable Subsidiary to make representations on the disclosure of such information, (c) consider any such representations prior to disclosing or permitting access to the information, and (d) provide the HoldCo and/or any applicable Subsidiary with notice of its decision concerning any such request for access to information.
- 14.6 Annual Report to the Shareholder. The HoldCo shall publicly report to the Shareholder at least annually, and the Chair of the HoldCo Board shall attend such meeting and provide a report on major business developments or materially significant results in respect of HoldCo, WiresCo or any Subsidiary, and such information concerning the HoldCo and its Subsidiaries as is appropriate, as determined by the HoldCo.
- 14.7 Annual Resolutions. The Shareholder shall consider candidates for the HoldCo Board and WiresCo Board as proposed by HoldCo and the appointment of the auditors of the HoldCo and receive the consolidated financial statements of the HoldCo for each completed fiscal year. The Shareholder, by resolution in writing signed by the Shareholder Representatives shall appoint the necessary members of the HoldCo Board and WiresCo Board, and the HoldCo will appoint the auditors for the HoldCo and complete such other business as would normally be completed at an annual meeting of shareholders under the OBCA.

## **15. Reporting on Major Developments**

- 15.1 Reporting on Major Developments. The HoldCo Board shall report to the Shareholder in a timely manner on major business developments or materially significant or adverse results as the HoldCo Board, in its discretion (acting reasonably), considers appropriate and such reports may be received and considered by the Shareholder according to Council's Procedure By-law and subject to MFIPPA.



15.2 Meetings. The Shareholder may from time to time request meetings with the HoldCo Board and/or the WiresCo Board, and/or request specified information about the HoldCo and/or any Subsidiary from the HoldCo Board or the WiresCo Board, as applicable. The Shareholder, on one hand, and the HoldCo Board and/or the WiresCo Board, as applicable, on the other hand, shall in good faith discuss and mutually agree on appropriate confidentiality measures in advance of any such meeting to the extent that the matters to be discussed involve commercially sensitive information. The HoldCo Board and/or the WiresCo Board will act reasonably in scheduling a meeting with representatives of the Shareholder, providing the requested information and/or otherwise responding to such requests; provided that, for the avoidance of doubt, the Shareholder shall not be entitled to access to the HoldCo's or any Subsidiary's books and records, or any information about the HoldCo or any Subsidiary, except as prescribed under applicable Law or Section 15.3.

15.3 Access to Records.

- (a) Subject to MFIPPA and Sections 14.4 and 15.3(b), the Shareholder may at any time duly appoint, acting reasonably, any staff of the City as one or more authorized representatives (each, an "**Access Representative**") and require that the HoldCo provide any such Access Representative with access to the books and records of the HoldCo and WiresCo during normal business hours.
- (b) The access by such Access Representatives to the HoldCo's books and records is limited to situations where the Access Representative has been specifically appointed by the Shareholder to gain access to the HoldCo's or WiresCo's books and records for a specific purpose or project and where the Access Representative has not been able to obtain the necessary information through the Shareholder Declaration reporting mechanisms, through inquiries to senior management of the HoldCo or WiresCo, or through a request from the Shareholder to the Chair of the HoldCo or WiresCo, as applicable.
- (c) For the avoidance of doubt, the Access Representative shall treat all information of the HoldCo or WiresCo with the same level of care and confidentiality as any confidential information of the Shareholder, and shall be deemed to be subject to, and shall at all times comply with all Law with respect to such information.

**16. Matters Requiring Shareholder Approval**

16.1 The HoldCo and WiresCo shall not, without Shareholder approval given in accordance with Section 13:

Statutory Approval Rights

- (a) change the name of the corporation;
- (b) add, change or remove any restriction on the business of the corporation;
- (c) create new classes of shares;

- (d) in any other manner amend its articles of incorporation or make, amend or repeal any by-law;
- (e) amalgamate with any other corporation(s) other than amalgamations of HoldCo and the Subsidiaries or amalgamations of the Subsidiaries which may, under the OBCA, be approved by a resolution of directors;
- (f) take or institute proceedings for any winding up, arrangement, or dissolution of the corporation;
- (g) apply to continue as a corporation under the laws of another jurisdiction;

Additional Approval Rights

- (h) issue, or enter into any agreement to issue, any shares of any class, or any securities convertible into any shares of any class, of the corporation;
- (i) with respect to WiresCo only, incur any WiresCo Debt unless the ratio of WiresCo Debt to WiresCo Equity is not greater than 1.5 (or 60/40);
- (j) with respect to WiresCo only, provide any financial assistance, whether by loan, guarantee or otherwise, or investments, by loan, equity or otherwise, in any Subsidiary other than in compliance with ARC.
- (k) enter into any transaction, including the acquisition or sale of assets, mergers, amalgamations, strategic partnerships, or other agreements which would result in a material change to the business or strategic direction of the corporation or that would reasonably be expected to materially affect revenue or materially increase expenses, in each case, in a manner that is not contemplated by the applicable business plan or annual budget.

16.2 For the avoidance of doubt, subject to the provisions in Subsection 16.1(k) of this Shareholder Declaration, the WiresCo Board may approve any strategic alliance or commercial arrangement without the prior approval of the Shareholder.

**17. Revisions to this Declaration**

The Shareholder acknowledges that this Shareholder Declaration may be revised from time to time as circumstances may require, provided that the Shareholder will, in good faith, consult and collaborate with the HoldCo Board prior to completing any such revisions and will promptly provide the HoldCo Board with copies of such revisions.

**18. Notices**

Any notice, designation, communication, request, demand or other document required or permitted to be given or sent or delivered to or from the Shareholder, the HoldCo or WiresCo shall be in writing and shall be sufficiently given or sent or delivered if it is: (1) delivered personally, (2) sent

to the party entitled to receive it by registered mail, postage prepaid, mailed in Canada, (3) sent by a nationally recognized courier service under its same-day courier service, or (4) sent by email.

Notice shall be sent to the following addresses or email addresses:

- (a) In the case of the Shareholder:

Attention: City Clerk  
The Corporation of the City of Oshawa  
50 Centre Street South  
Oshawa, ON L1H 3Z7

Email: [clerks@oshawa.ca](mailto:clerks@oshawa.ca)

- (b) In the case of the HoldCo:

Attention: Denise Carpenter, Chair and C.E.O.  
HoldCo  
100 Simcoe Street South  
Oshawa, ON L1H 7M7

Email: [findenise@gmail.com](mailto:findenise@gmail.com)  
[ldafoe@oshawapower.ca](mailto:ldafoe@oshawapower.ca)

In the case of WiresCo:

WiresCo  
100 Simcoe Street South  
Oshawa, ON L1H 7M7

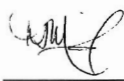
Email: [findenise@gmail.com](mailto:findenise@gmail.com)  
[ldafoe@oshawapower.ca](mailto:ldafoe@oshawapower.ca)

- (c) Or to such other address or email address as the party entitled to or receiving such notice, designation, communication, request, demand or other document shall, by a notice given in accordance with this Section 18, have communicated to the party giving or sending or delivering such notice, designation, communication, request, demand or other document. Any notice, designation, communication, request, demand or other document given or sent as set forth herein shall (i) if delivered personally, be deemed to have been delivered and received on the date of delivery; (ii) if sent by mail, be deemed to have been delivered and received on the fourth business day following the date of mailing; (iii) if sent by same-day courier, be deemed to have been delivered and received on the following business day following the day of mailing; and (iv) if sent by email during regular business hours, be deemed to have been delivered and received on the same business day, and if sent after regular business hours, be deemed to have been delivered and received on the following business day.

DATED at the City of Oshawa, Ontario this 31st day of October, 2024.

**THE CORPORATION OF THE CITY OF  
OSHAWA**

By:  \_\_\_\_\_  
Dan Carter  
Mayor

By:  \_\_\_\_\_  
Mary Medeiros  
Director, Legislative Services/ City Clerk












# CNCL-24-115 OPUC Agreement - FINAL PER COUNCIL DECISION

Final Audit Report

2024-10-31

Created:	2024-10-31
By:	Thomas Street (tstreet@oshawa.ca)
Status:	Signed
Transaction ID:	CBJCHBCAABAA1H8ufxuAe6qYzT6rbo2qTsxeGj3TfulS

## "CNCL-24-115 OPUC Agreement - FINAL PER COUNCIL DECISION" History

-  Document created by Thomas Street (tstreet@oshawa.ca)  
2024-10-31 - 7:59:38 PM GMT- IP address: 206.174.183.130
-  Document emailed to Mary Medeiros (MMedeiros@oshawa.ca) for signature  
2024-10-31 - 8:01:01 PM GMT
-  Email viewed by Mary Medeiros (MMedeiros@oshawa.ca)  
2024-10-31 - 8:01:24 PM GMT- IP address: 45.59.188.162
-  Document e-signed by Mary Medeiros (MMedeiros@oshawa.ca)  
Signature Date: 2024-10-31 - 8:01:42 PM GMT - Time Source: server- IP address: 45.59.188.162
-  Document emailed to mayor@oshawa.ca for signature  
2024-10-31 - 8:01:44 PM GMT
-  Email viewed by mayor@oshawa.ca  
2024-10-31 - 8:25:06 PM GMT- IP address: 206.174.183.130
-  Signer mayor@oshawa.ca entered name at signing as Dan Carter  
2024-10-31 - 8:25:38 PM GMT- IP address: 206.174.183.130
-  Document e-signed by Dan Carter (mayor@oshawa.ca)  
Signature Date: 2024-10-31 - 8:25:40 PM GMT - Time Source: server- IP address: 206.174.183.130
-  Agreement completed.  
2024-10-31 - 8:25:40 PM GMT

# Attachment 1 – 7

**CONFIDENTIAL**