Exhibit 9:
Deferral and Variance Accounts Interrogatory Responses

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Exhibit 9 – Deferral and Variance Accounts Interrogatories

9-CCC-214

Ref. 1: Exhibit 9, p. 10

Question(s):

Did Oshawa PUC Networks consider disposing of the Group 2 DVA balance of $695,314 over a two year period? If not, why not?

Oshawa Power Response

Yes. Oshawa Power historically disposes of Group 1 balances on an annual basis. The impact on customers is reviewed during each requested disposition. To avoid intergenerational inequities along with the unknown impact of dispositions in the subsequent periods, Oshawa Power typically disposes of balances over a 1-year period. For this Cost of Service application, Oshawa Power considered the impact of the overall balance of Group 1 and Group 2 DVA balances for disposition in the amount of $543,644 (adjusted to reflect response to 9-CCC/VECC-217). In addition, Oshawa Power determined that the majority of its customers will receive the Group 1 DVAs excluding GA disposition representing a credit balance of $1,310,461 (refund to customers) offsetting the Group 2 DVAs disposition representing a debit balance of $640,872 (adjusted to reflect response to 9-CCC/VECC-217) negating the impact of the Group 2 disposition.

9-Staff/CCMBC-215

Ref. 1: Exhibit 9, p 21

Ref. 2: 2026 Chapter 2 Filing Requirements for Distributors

Question(s):

a) Please provide a detailed breakdown of the GOCA variance account by cost category (e.g. internal labour, third-party locators, materials) for both 2024 and 2025 forecast numbers.

b) Please explain what internal processes are in place to ensure that only eligible and prudently incurred GOCA related costs were recorded in the variance account.

c) Please confirm that all amounts recorded in the variance account were of expense nature (not capital expenditures).

Oshawa Power Response

a) GOCA variance account cost by category:

IRR Table 9-1: Third-party Cost by Category

Cost Category	Nature of costs	2024 Actual	2025 Forecast
Third-party locators	Incremental	$214,548	$214,924
Thrid-party call centre service	On-going	-$1,411	$0
Third-party GIS charges	On-going	$2,976	$0
Total Third-party costs		$216,114	$214,924

b) All third-party invoices are reviewed for accuracy prior to approval for payment by Accounts Payable. The invoice price per locate is compared to the current pricing schedule as per the signed locate agreement in place and the invoiced number of locates is compared against the details of locates received for the period in question for billing accuracy. At the end of the year, an analysis of actual invoices received compared to revenue requirement is calculated to support the accuracy of the year end balance recorded in the GOCA variance account for audit purposes. All entries recorded in the GOCA variance follow the OEB's proposed accounting entries for recording balances in the GOCA variance account as outlined in OEB Decision and Order EB-2023-0143 Getting Ontario Connected Act Variance Account dated October 31, 2023.

c) All amounts recorded in the GOCA variance account represent third-party expenses.

9-Staff-216

Ref. 1: Exhibit 9, p 23

Ref. 2: 2026 Chapter 2 Filing Requirements for Distributors

Question(s):

a) Please provide a breakdown of the 2025 forecast/actual LEAP contributions by number of recipients and average (or actual) assistance provided. Please indicate what assumptions were made based on past trends.

b) Please confirm whether the 2024 variance included in the LEAP deferral account was audited.

Oshawa Power Response

a) The table below provides a breakdown of 2025 Actual LEAP contributions, number of recipients and average grant for the period of January to June and 2025 Forecast LEAP contributions, number of recipients and average grant for the period of July to December.

IRR Table 9-2: 2025 Actual and Forecast LEAP

LEAP Contributions	2025 Actual Jan-Jun	2025 Forecast Jul-Dec	2025 Forecast
Funds Disbursed	$65,409.22	$24,777.78	$90,187.00
Grants Disbursed	$58,868.30	$22,300.00	$81,168.30
Number of Recipients	95	36	131
Average grant	$619.67	$619.67	$619.67

Oshawa Power’s base funding for LEAP in the amount of 0.12% of Revenue Requirement is typically depleted between May and June of each calendar year. The

OEB supplement to LEAP funding in 2021 resulted in 111 recipients receiving grants and unused funding carried over to 2022 resulted in 103 recipients receiving grants. In addition, the changes to LEAP EFA in 2024 resulted in 116 recipients receiving grants. This trend continues into 2025 with 95 recipients receiving grants by June 30, 2025.

b) Confirmed.

9-CCC/VECC-217

Ref. 1: Exhibit 9, p. 25

Preamble:

Oshawa PUC Networks is seeking disposition of a $169,543 debit balance in Account 1508: Sub-account OEB Cost Assessment Variance.

Question(s):

Please provide a detailed calculation setting out how the principal amount was derived.

Oshawa Power Response

The principal balance of $169,543 is a legacy balance in the account as noted in Oshawa Power's Responses to Pre-settlement Clarification Questions on February 3, 2021 (EB-2020-0048) 9-Staff-165 Response. An analysis of OEB Cost Assessment invoices for 2020 compared to revenue requirement escalated by IRM 2020 inflation rate of 1.85% has resulted in a principal balance of $98,990.

The 2020 OEB Annual Assessment approved is $145,108 as shown in the table below. The following table shows the actual 2020 charges of $244,098. The difference between the actual charges and the OEB approved 2020 OEB Cost Assessment determined that the appropriate principal balance for 1508: Sub-account OEB Cost Assessment Variance for 2020 should be $98,990.

As a result, Account 1508: Sub-account OEB Cost Assessment Variance Principal and Interest balances were updated in the DVA Continuity Schedule to reflect $98,990 principal and $16,110 interest ($12,864 accumulated interest to end of 2024 plus $3,247 forecast interest for 2025) respectively. Oshawa Power requests Account 1508: Sub-account OEB Cost Assessment Variance total disposition amount of $115,100.

IRR Table 9-3: Approved OEB Annual Assessment

OEB Annual Assessment - Approved 2015-2020		
2015	$127,330	Confirmed 2015 Custom IR
2016	$130,977	Confirmed 2015 Custom IR
2017	$134,732	Confirmed 2015 Custom IR
2018	$138,563	Confirmed 2015 Custom IR
2019	$142,472	Confirmed 2015 Custom IR
2020	$145,108	IRM inflation = 1.85% confirmed Decision and Order EB-2019-0062

IRR Table 9-4: 2020 OEB Cost Assessment Variance Calculation

	Actual Charge	OEB Approved	Variance
Q1 2020	$61,653	$36,277	$25,376
Q2 2020	$61,283	$36,277	$25,006
Q3 2020	$60,581	$36,277	$24,304
Q4 2020	$60,581	$36,277	$24,304
Total	**$244,098**	**$145,108**	**$98,990**

9-Staff/CCMBC/CCC-218

Ref. 1: Exhibit 2, Appendix A, p. 12

Ref. 2: Exhibit 9, pp. 29-31

Ref. 3: Cloud Computing Implementation Costs Accounting Order

Ref. 4: Cloud Computing FAQ Materials, Feb 2024, p. 3

Question(s):

a) Please provide Oshawa PUC Networks' capitalization policy with regards to its IT software and hardware. In particular, please confirm which types of implementation and configuration costs Oshawa PUC Networks would typically capitalize versus expense.

   a. Please confirm whether any revisions to Oshawa PUC Networks' internal capitalization policy are anticipated in light of a cloud implementation plan.

b) Please explain how Oshawa PUC Networks derives the estimated capital cost of $500,000 for the cloud solution and explain why it cannot or has not estimated the OM&A costs.

c) Please confirm Oshawa PUC Networks' estimate of OM&A costs is associated with the cloud-based solution and provide what cost categories these would likely be under.

   a. Please confirm that Oshawa PUC Networks intends to track only incremental ERP-related costs through the proposed Cloud Implementation Costs Deferral Account once incurred.

d) Please confirm Oshawa PUC Networks' understanding that only costs that are incremental and material may be tracked to the deferral account.

e) Please confirm Oshawa PUC Networks' understanding that both capital and OM&A type costs may be tracked in the deferral account, subject to meeting other conditions as stated in reference 3 and 4.

f) Is Oshawa PUC Networks establishing a materiality threshold for this account? If so, what is it?

g) Please describe any offsetting savings that Oshawa PUC Networks expects to realize from transitioning to cloud-based systems as part of its planned ERP implementation.

   a. Please identify which on-premise systems might be retired or replaced as part of the ERP modernization.

b. Please quantify any anticipated savings in areas such as capital expenditures, IT hardware, licensing, maintenance or staffing.

c. Please indicate whether any of these avoided or reduced costs have been reflected in Oshawa PUC Networks' 2026 test year capital or OM&A forecasts.

h) Please explain how Oshawa PUC Networks' plans to track and report on these offsetting savings in future applications or in support of any disposition request for the proposed deferral account.

Oshawa Power Response

a) Oshawa Power's capitalization policy in regards to IT software, hardware and cloud implementation projects is outlined below.

a. No revisions are anticipated to Oshawa Power's internal capitalization policy in regards to the cloud implementation plan.

In accordance with accounting standards and regulatory guidelines, the company adopts a capitalization policy for hardware, software, and IT-related assets. The policy distinguishes between costs to be capitalized and those to be expensed, with considerations for the specific nature of cloud computing and IT-related investments.

Hardware:

- **Capitalized:** All tangible hardware assets with an acquisition cost greater than the materiality threshold will be capitalized. This includes servers, network infrastructure, computing devices, and other equipment necessary to support operations. Any associated installation, configuration, and setup costs will also be capitalized.
- **Expensed:** Hardware costs below the materiality threshold, or those related to routine maintenance and repairs, will be expensed in the period incurred.

Software:

- **Capitalized:** Software that is purchased or developed internally and is intended for long-term use in the operations will be capitalized. This includes enterprise resource planning (ERP) systems, customer information system (CIS) software, and specialized software for operations, provided the cost exceeds the materiality threshold. Costs associated with the customization, installation, and initial training of the software are also capitalized.
- **Expensed:** Commercial Off-the-shelf (COTS) software licenses and maintenance costs, as well as minor updates or patching, will be expensed in the period incurred.

Cloud Implementation Projects:

- **Capitalized:** In the case of cloud-based solutions, costs incurred during the setup and configuration phase of cloud implementation projects will be capitalized. This includes the cost of onboarding cloud subscriptions, configuration, migration of data, and other related services necessary to enable the functionality of the cloud platform for the operations. If the cloud solution is an integral part of a long-term IT system, the capitalized amount will also reflect any costs of adoption inclusive of customization, integration with existing systems, and the initial training required for employees.
- **Expensed:** Ongoing cloud subscription fees or operational costs for cloud services that provide routine usage to the organization will be expensed. Additionally, any minor upgrades or routine maintenance, such as charges for security patches or changes to work flow, will be expensed as incurred.

b) Oshawa Power derived its estimate based on a high-level order of magnitude quote from a vendor and based on experience with other such interface development.

c) Oshawa Power's estimate of OM&A costs associated with the cloud-based solution are outlined in the table below.

IRR Table 9-5: Estimated OM&A Costs of Cloud-based Solution

Cost Category	2027	2028	2029	2030	2031	Total
Maintenance, Software Licences & Environment	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Implementation	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Solution	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

This estimate is based on a high-level order of magnitude quote from one vendor and may materially change after the RFP process. Any costs noted above that overlap with a future cost of service application will be included in the test year OM&A and excluded from the deferral account.

d) Confirmed.

e) Confirmed.

f) Oshawa Power has established a materiality threshold for this project equal to 0.5% of the distribution base revenue requirement. This has resulted in a materiality threshold of $195,000.

g) As with much of the Business Transformation Effort, Oshawa Power expects the updated ERP to add capacity to existing staff. As shown in the Resource Optimization Review, (Exhibit 4 Appendix B), Oshawa Power has a significantly higher Customer to Employee ratio than other comparable Ontario utilities, meaning that Oshawa Power operates much leaner than its peers. As such, capacity continues to be a challenge at Oshawa Power and the ERP is expected to help alleviate that capacity through streamlining, digitization, and automation. The offset savings are effectively captured in reducing the number of future hires and allowing existing staffing compliment to accomplish more, maintaining a leaner than typical staffing compliment and maintaining Oshawa Power as one of the lowest rates in the province.

   a. Great Plains will be retired and replaced with the ERP. Other ancillary software to Great Plains may also be replaced depending on whether or not existing tools are transferrable. For example, Oshawa Power currently uses Jet Reports for reporting out of Great Plains, which may be replaced by other reporting tools such as PowerBI or Tableau, depending on the end solution.

b. Because Oshawa Power is choosing the most prudent solution to the end-of-life existing financial software (Option 2 in Exhibit 2, Appendix A p.8), the expectation is that the ERP will yield the financial and non-financial benefits described in Section 4.3 of Exhibit 2 Appendix A, which are primarily avoidance costs and productivity gains. Until a specific solution is selected and scoped, it is difficult to accurately quantify any increase/decrease in licensing or other associated software/hardware costs. However, Oshawa Power will pursue an RFP process to ensure that maximum value is obtained.

c. Oshawa Power has forecast the 2026 with a minimal increase in staffing despite significant existing capacity struggles, a much higher customer to employee ratio than its peers, and while maintaining its status as one of the lowest cost utilities in the province. It is anticipated that we will be able to operate with such leanness due to projects such as the ERP and other Business Transformation efforts being undertaken.

h) Oshawa Power will create a Business case upon selection of a vendor that highlights any increases or decreases in budget required to support the new ERP, as well as expected efficiency gains that will be monitored through the next cost of service period. As the expected savings will be largely avoidance costs, it will be apparent if additional resources are required without a corresponding increase in work.