

EB-2025-0014

OSHAWA PUC NETWORKS INC.

**APPLICATION FOR
DISTRIBUTION RATES BEGINNING
JANUARY 1, 2026**

EB-2025-0014

VECC COMPENDIUM PANEL 1

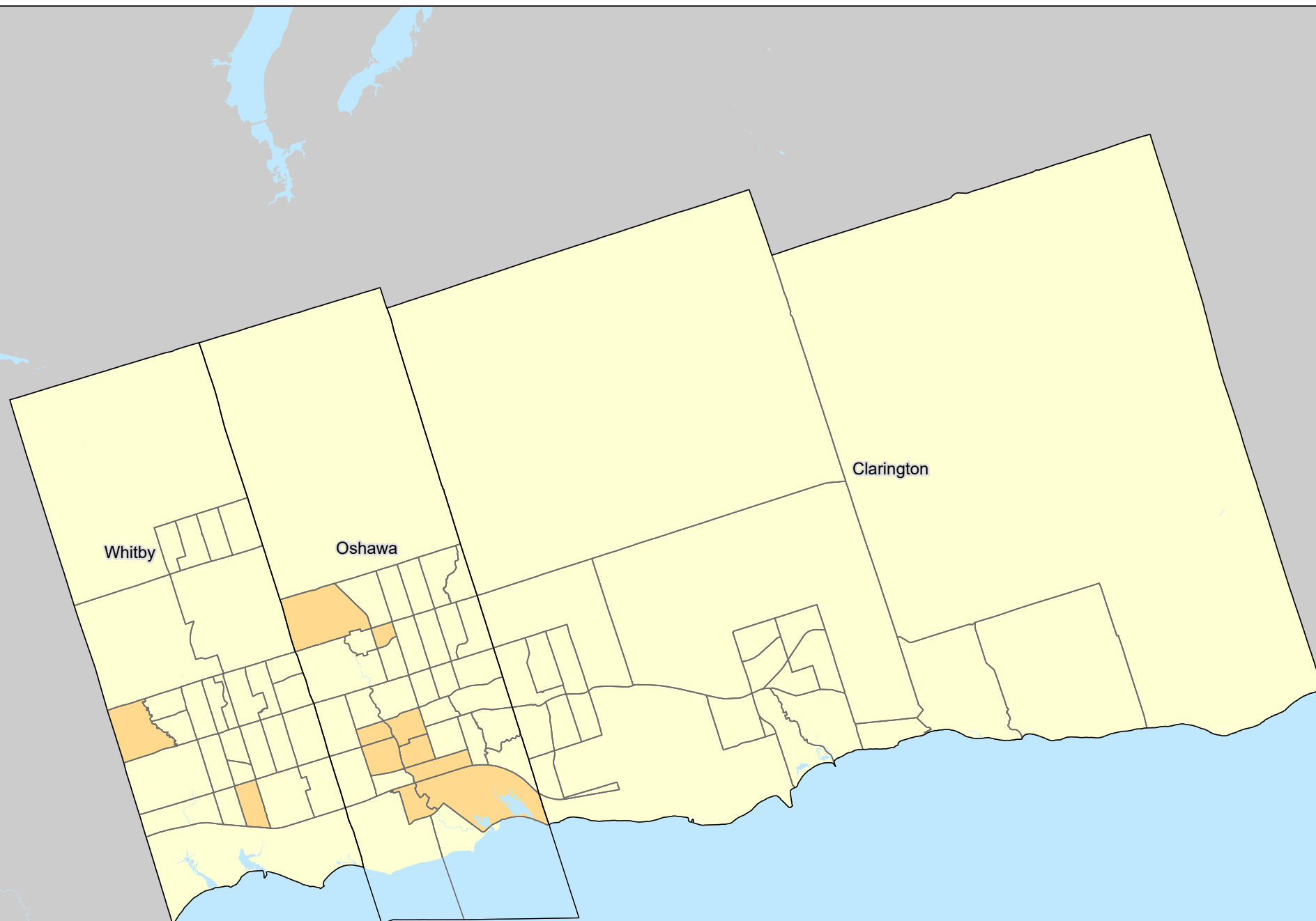
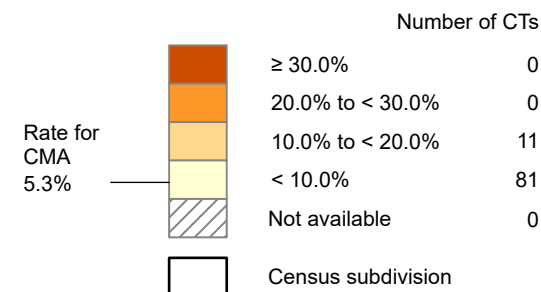
October 28, 2025

TAB 1

Oshawa CMA

Percentage of the population in poverty¹ in 2020, by 2021 census tract (CT)

1. Based on the 2018 base of the Market Basket Measure (MBM), Canada's official poverty line. The MBM threshold for a four-person family in the CMA of Oshawa was \$44,340 in 2020. The threshold level varies for families of other sizes.



If this information is required in an accessible format, please contact 1-800-372-1102 ext. 2564



The Regional Municipality of Durham Information Report

From: Commissioner of Planning and Economic Development
Report: #2022-INFO-79
Date: September 23, 2022

Subject:

2021 Census of Population – Families, Households, Marital Status, and Income (Release 3), File: D01-03

Recommendation:

Receive for information

Report:

1. Purpose

- 1.1 This report presents an overview of Statistics Canada's third release of the 2021 Census of Population data, highlighting Durham Region's statistics for families, households, marital status, and income. Attachment 1 summarizes key statistics in Durham Region, the Greater Toronto and Hamilton Area (GTHA), Ontario, and Canada.

2. Background

- 2.1 On July 13, 2022, Statistics Canada released the third dataset in a series of 2021 Census of Population statistics for municipalities across Canada. This release focused on two major categories:

- Families, households, and marital status; and
- Income.

The Census is conducted in Canada every five years.

Table 17
Low Income by Municipality in Durham

Low Income	Ajax	Brock	Clarington	Oshawa	Pickering	Scugog	Uxbridge	Whitby	Durham
Population to whom low-income concepts are applicable	126,245	12,310	100,730	174,010	98,585	21,285	21,410	136,665	691,355
0 to 17 years	28,855	2,490	23,210	36,575	19,880	3,740	4,075	32,365	151,220
0 to 5 years	8,780	880	7,560	11,980	6,405	1,115	1,175	9,065	46,975
18 to 64 years	81,110	7,250	62,390	109,135	62,775	12,540	12,835	85,220	433,335
65 years and over	16,280	2,560	15,125	28,305	15,935	5,010	4,490	19,080	106,805
In low income, Low-income measure-after tax (LIM-AT)	6,915	1,070	4,835	17,750	5,215	1,300	1,290	7,365	45,800
0 to 17 years	2,085	195	1,235	4,860	1,370	230	225	2,005	12,215
0 to 5 years	670	55	355	1,720	460	85	65	575	3,990
18 to 64 years	3,620	505	2,625	10,005	2,830	715	700	3,910	24,950
65 years and over	1,210	370	980	2,890	1,015	355	365	1,445	8,635

Revenue Requirement Components	2021 OEB Approved	2026 Test Year	Variance 2026 to 2021	% Variance 2021 to 2026
RATE BASE CALCULATION				
Fixed Assets Opening Balance	\$133,293,239	\$167,647,493	\$34,354,255	26%
Fixed Assets Closing Balance	\$139,840,294	\$176,674,454	\$36,834,161	26%
Average Fixed Asset Balance for Year	\$136,566,766	\$172,160,974	\$35,594,208	26%
Working Capital Allowance	\$10,185,335	\$11,797,711	\$1,612,377	16%
Rate Base	\$146,752,101	\$183,958,685	\$37,206,584	25%
COST OF CAPITAL				
Cost of Debt	\$2,846,926	\$3,800,586	\$953,660	33%
Return on Equity	\$4,895,650	\$6,622,513	\$1,726,863	35%
Regulated Return on Capital	\$7,742,576	\$10,423,099	\$2,680,523	35%
REVENUE REQUIREMENT				
OM&A	\$13,866,092	\$22,271,990	\$8,405,898	61%
Property Taxes	\$152,097	\$164,562	\$12,465	8%
Depreciation	\$6,190,747	\$9,467,348	\$3,276,601	53%
Payments in Lieu of Taxes (PILs)	\$0	\$0	\$0	No change
Service Revenue Requirement	\$27,951,512	\$42,326,999	\$14,375,487	51%
Revenue Offsets	(\$1,296,999)	(\$3,478,107)	(\$2,181,108)	168%
Base Revenue Requirement	\$26,654,513	\$38,848,892	\$12,194,380	46%

The main drivers of the 2026 revenue requirement changes from the 2021 OEB Approved amounts are:

- **Rate Base:** Rate base increased by \$37,206,584 or 25%, to \$183,958,685 for the 2026 Test Year. This was a result of the increases in fixed assets and working capital allowance.
 - **Fixed Assets:** The 26% increase in fixed assets is primarily due System Renewal spending to improve system reliability and mitigate customer outage impacts, including overhead and underground system rebuilds and reactive work from emergency repairs, as well as System Access spending to connect customers and support third party driven relocations. The details are discussed in section 1.3.3 below and Exhibit 2.
 - **Working Capital Allowance:** The working capital allowance component of Rate Base has increased by \$1,612,377, or 16%, due to increased cost of power and increases in controllable expenses since 2021.

The details are discussed in Exhibit 2.

Seeking external funding for enabling technologies is also responsive to public policy, in that it helps externalize costs for innovation; keeping Oshawa Power's modernization highly prudent.

Financial Performance

This section will cover how Oshawa Power's innovation activities will support controlling costs for reasonable rates and optimizing financial capacity for performance and growth, with a specific focus on affordability.

Affordability

Oshawa Power has begun reviewing the equity planning work done by the Canadian Urban Sustainability Practitioners, as well as Key Accounts with expertise in social equity such as Durham Region Transit to assess how to amend the approach to include an equity perspective. Early findings suggest that issues of affordability may scope beyond low-income levels.

For example, maps from the Canadian Urban Sustainability Practitioners indicate that significant portions of Oshawa's residents face some of the highest energy cost burden rates in the country. A similar map depicts that these customers are also facing high transportation cost burden rates.

It is likely that there is strong overlap between many of the customers captured in these maps with income qualified energy programs offered by the IESO and Enbridge; however, it is possible that there are also accounts in these areas that deserve equity but are just outside of eligibility for existing programs. To address this, Oshawa Power will innovatively use geospatial analysis to assess where there may be gaps in terms of equity in the community, and seek to design approaches that support better affordability outcomes. For example, please see how Oshawa Power intends to prioritize affordability using these techniques within the NWS Business Case in Appendix A of the DSP in Exhibit 2.

Similarly, Oshawa Power has begun deeper analysis of geospatial and demographic trends among participants in the Arears Management Program. Notably, based on an extract pulled in January 2025, only 11% of Arrears Management Program customers are

- 1 flagged as low income and many of them are distributed throughout traditionally wealthier
- 2 neighbourhoods. This high-level data points to the need to better understand societal
- 3 trends with regard to energy affordability in Oshawa to improve both supports for equity
- 4 deserving customers, and collections processes for non-paying customers. Oshawa
- 5 Power will commit to deeper investigations of trends among non-paying customers as a
- 6 part of affordability efforts during this cost of service timeframe, which will drive
- 7 affordability for paying customers and assist with arrears collections / financial
- 8 performance going forward. Sections 1.2 provide further discussion on affordability
- 9 outside of the innovation context.

10 **1.8.4 Keeping-up with Innovation**

11 As noted in the prior sections, Oshawa Power has now encoded innovation in the
12 organization's strategy and created executive accountabilities for its achievement. In
13 addition to these actions, Oshawa Power has begun outlining operational changes that
14 will support a practice of innovation. Such changes include the implementation of review
15 of past innovation projects to share lessons learned across the organization, and
16 competence building with regard to the stages of innovation. These actions will serve to
17 primarily ensure the organization keeps pace with opportunities to innovate.

18 Furthermore, Oshawa Power is strongly involved in industry activities regarding
19 innovation, such as attending conferences such as DistribuTECH and EDIST on an
20 annual basis.

21 Finally, Oshawa Power has implemented a monthly funding opportunity scan that is
22 reported to executives on an ongoing basis and will help to ensure that innovation funding
23 opportunities are not missed.

24 **1.8.5 Enabling Characteristics and Constraints**

25 Funding innovation is challenging for electricity distributors within Ontario's context.
26 Innovation is higher risk and often higher cost in its execution than the status quo, which
27 is at odds with the customer focus on prudence and affordability. Given this, Oshawa
28 Power's approach remains to attempt to externally fund significant portions of innovation

TAB 2

- 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 that 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

Response:

The land cost noted in IR 9a) (\$11.4M) and the cost in IR 12 (\$12.6M) is reconciled as follows:

Land	
Acquisition	11,425,120
Consultant and advisory	578,059
Land transfer tax and insurance	278,732
Interests	270,676
Engineering/Signage	84,501
	12,637,088

1-StaffCQ-3

Ref 1: 1-SEC/Staff/CCC/PP/CCMBC/VECC-9

Ref 2: ERTN 2025 IRM, EB-2024-0021, [Decision and Order](#), pp. 17-18

Preamble:

Oshawa PUC Networks proposed to account for the variance in the amount budgeted and the actual spent on avoided rent and OM&A costs for the new building by requesting to establish two distributor-specific deferral accounts: Account 1508 – Other Regulatory Assets, Sub-account Oshawa Power Avoided Rent Deferral and Account 1508 – Other Regulatory Assets, Oshawa Power New Facility OM&A Cost Variance.

OEB staff provides the above Reference 2 relating to OEB's previous decision on DVA requests for OM&A costs in ICM requests, in which the OEB denied the utility's request of three DVAs related to a new facility.

Question(s):

- a) Please comment on the differences between the precedent case in Reference 2 and Oshawa PUC Networks' requests for new facility related DVAs in this proceeding.
- b) Has Oshawa PUC Networks considered alternative approaches to reflecting OM&A cost savings, including, but not limited to a reduction in its ICM revenue requirement and providing relevant documentation at the time of its ICM request. If not, why not.

Response:

- a) This is a Cost of Service proceeding which includes review and discussion of OM&A and may include establishment of new Group 2 deferral accounts. The precedent case noted was an ICM application which does not include

ATTACHMENT 2-1 OPCUN MOTIONDOCS BENCHMARKING 20251022

ERTH application & decision comparison details							Oshawa Power [class B, high level estimated soft costs, land]	Oshawa Power [minus land]
	Waterloo North	InnPower	Algoma Power	Milton Hydro	ERTH	ERTH [no land]		
EB#	EB-2010-0144	EB-2014-0086	EB-2019-0019	EB-2015-0089	EB-2024-0021	EB-2024-0021		
Year In Service (YIS)	2011	2015	2022	2015	2025	2025		
Function*	Admin/ Ops.	Admin/ Ops.	Admin./ Ops.	Admin/ Ops.	Admin./Ops.	Admin./Ops.		
Type of Project	New Build	New Build	New Build	Retrofit	New Build	New Build		
Building Sq ft	104,000	36,172	41,703	91,828	50,624	50,624		
Location**	Waterloo	Innisfil	Sault Ste Marie	Milton	Ingersoll	Ingersoll		
Acres	20	7	7	7	6	6		
FTEs	125	55	60	59	39	39		
Customers	52000	19703	12332	42082	24571	24571		
Requested Cost Recovery	\$26,681,739	\$13,246,704	\$14,100,000	\$14,460,000	\$33,439,000	\$27,222,000		
Land costs included***	??	??	??	??	\$6,217,000	NA		
OEB-approved CAPEX (YIS)	??	\$10,896,704	\$12,690,000	\$12,524,798	\$29,500,000	\$23,283,000		
Inflation to 2025 (ERTH application)****	\$58,236,000	\$19,129,000	\$15,361,000	\$24,594,000	\$29,500,000	\$23,283,000		
Escalation to 2027	\$61,782,572	\$20,293,956	\$16,296,485	\$26,091,775	\$31,296,550	\$24,700,935		
Benchmarks								
Customers/acre of land	2600	2815	1762	6012	4095	NA		
Building Sq.Ft./FTE	832	658	695	1556	1298	1298		
Building Sq.Ft./Customer	2.00	1.84	3.38	2.18	2.06	2.06		
Total cost/Customer	\$1,188	\$1,030	\$1,321	\$620	\$1,274	\$1,005		
Total cost/FTE	\$494,261	\$368,981	\$271,608	\$442,233	\$802,476	\$633,357		
Total cost/Sq.Ft.	\$594	\$561	\$391	\$284	\$618	\$488		

* unclear for which LDCs this is was a single consolidated HQ or if they have multiple locations

** insufficient GTA comparators for Oshawa, only GTA comparator was not a new build

*** ERTH application did not show land costs for comparators

**** do not know ERTH's inflationary factors to 2025, assumed 3% in 2026 and 3% 2027 given macroeconomic uncertainty but subject to change

TAB 3

How Can We Improve?

One or two most important new services or changes that 'your local utility' could do to improve*

Oshawa Power	
Better prices/lower prices	20%
Good/like it/satisfied/keep up the good work	7%
Create an online / mobile app (e.g. to report outages)	7%
Better power reliability/less power outages	4%
Improve customer service/reliability of staff/faster	4%
Better communications/be pro-active	3%
Better website	3%
Offer discounts/rebates/incentives	2%
Better maintenance/repair streetlights/cut trees	2%
Better information on outages when they occur	2%
More/better programs/subsidies for families/seniors	2%
Educate customers more/provide more information	2%
None/nothing/satisfied	19%

Base: total respondents

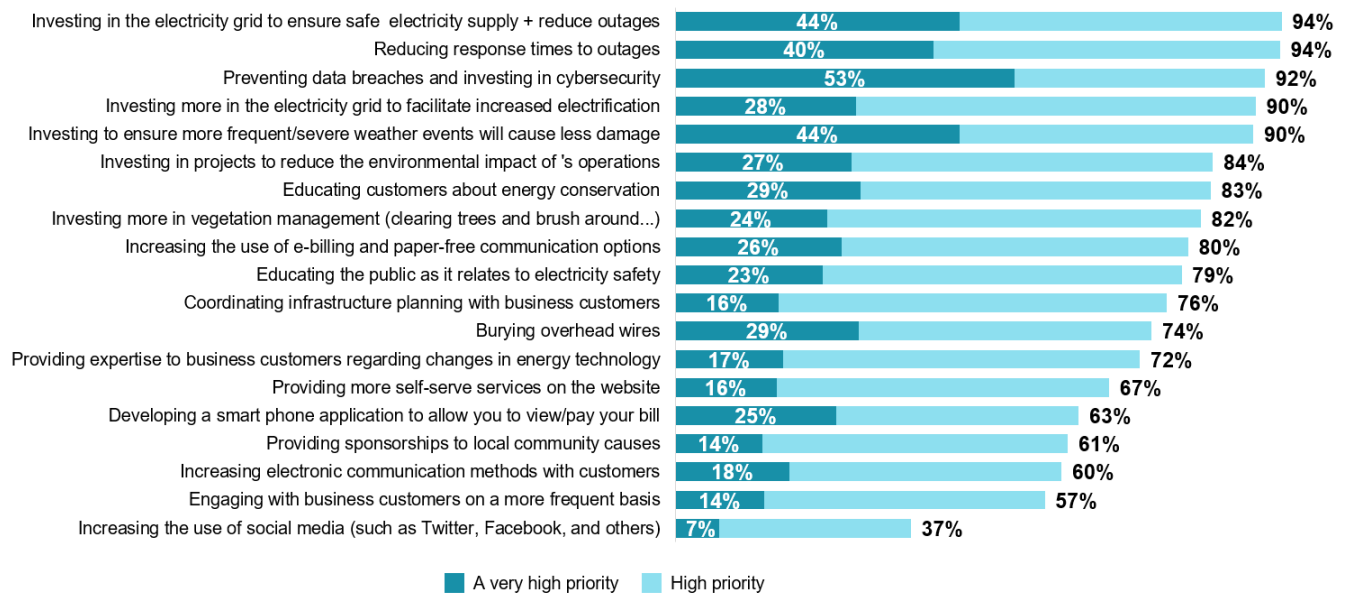
*Note: only top mentions are displayed

“What our customers say”

20%

“Better prices/lower rates...”





Base: based on Ontario benchmark and not individual utility customers

- 1 For more information regarding the results, please see 2023 UtilityPULSE Customer
- 2 Satisfaction Survey Report (Attachment 1-8).

3 **1.6.5 Application-Specific Customer Engagement**

4 Since the last rate filing engagement, Oshawa Power replaced its traditional in-person
 5 approach with a digital approach to engage with residential and small business
 6 customers. This change was made because of pressures associated with the COVID-19
 7 pandemic, including the elimination of face-face meetings and a movement towards
 8 digital channels. This is in line with customer feedback calling for more digital options for
 9 communication and is more cost-effective for the community base. For its large and
 10 commercial customer base, Oshawa Power used a blend of digital, phone and in-person
 11 sessions to capture the various points of feedback and interests that make up this
 12 demographic.

13 By using a digital approach, Oshawa Power transitioned to ongoing sharing of successes
 14 and accomplishments in real-time throughout the year, each year. Updating customers
 15 using online methods, dedicated updates and posts to the growing social network through

No	199	13%
Total	1522	

Do you appreciate that Oshawa Power is seeking government grants to offset costs for this new and transformational requirement?

Answer Choices	Number of responses	Percentage
Yes	1422	93%
No	100	4%
Total	1522	

Part 6 Our Facilities

Oshawa Power has operated from 100 Simcoe Street South for nearly 100 years, leasing the property from the City of Oshawa. In 2023, the City notified Oshawa Power that the lease would not be renewed and we would have to vacate the premises by 2027. In a previous 2021 customer survey, we asked customers about leasing or buying a new building and we heard from our customers that you preferred a new building, owned and operated by Oshawa Power.

Oshawa Power has specific business needs. Beyond office facilities for our staff, we have a fleet of specialized vehicles and trucks, and inventory of unique equipment and materials such as transformers and poles.

As part of our planning, Oshawa Power spent several years exploring all available options. Oshawa Power has successfully identified a location in the north end of the city and will be relocating in 2027 where there is enough land to be able to support the size of this move that will house the organization for another 100 years.

Starting in 2027, costs associated with the new facility will be applied your monthly electricity bill, resulting in an increase of approximately \$3.66 per month for a typical residential customer.

Do you understand the need for Oshawa Power to move to a new location?

Answer Choices	Number of responses	Percentage
Yes	1054	74%
No	375	26%
Total	1429	

Do you agree that Oshawa Power has unique needs for space to accommodate its operations (vehicles, equipment and materials)?

Answer Choices	Number of responses	Percentage
Yes	1141	80%
No	288	20%
Total	1429	

Do you agree that the new building should be energy efficient and environmentally friendly?

Answer Choices	Number of responses	Percentage
Yes	1260	88%
No	169	12%
Total	1429	

Do you have additional feedback regarding Oshawa Power's move to a new facility?

Comments Received	470
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Part 7 Operations, Maintenance & Administration (OM&A)

Oshawa Power has two major cost categories – **1)** capital investments, such as those described in Chapter 5, (e.g., major field assets, fleet, equipment) and **2)** operations, maintenance & administration (OM&A). Operations and maintenance include inspection, operation, repairs and maintenance of the electrical grid, fleet and equipment. Administration includes wages for people that “keep the lights on”, such as engineering, line crews, customer service, accounting and information technology (IT).

Using advanced technology inspection techniques with regular inspections, and a proactive asset management program, Oshawa Power is able to efficiently and effectively operate and maintain our electricity grid in a proactive manner. This supports lower operating costs.

In the face of economic uncertainty, inflation and a challenging labour market, Oshawa Power has pursued various options to help maintain its lower rates, including outsourcing, advanced planning and bulk purchases for per unit cost savings. However, just like you, we cannot escape

adherence to the OEB's Accounting Procedures Handbook, thereby minimizing the need for reconciliations or corrections later on.

In addition, Oshawa Power is investing in upgrading its Enterprise Resource Planning (ERP) system in 2027, which will support Oshawa Power's ability to provide more detailed and accurate variance analyses in its next Cost of Service application. The business case for the ERP upgrade has been included in Appendix A of the Distribution System Plan (DSP) in Exhibit 2. These initiatives will allow Oshawa Power to further provide transparency and accountability of information to the broader public.

Consolidating Operations for Efficiency

Oshawa Power has grown and changed with the community since 1931 when it began operating from its current building 100 Simcoe Street in downtown Oshawa. Functionally, this has meant that as it has grown, Oshawa Power has incrementally renovated and expanded its facilities around this building and to other sites within its service territory to keep costs low. At this time, Oshawa Power has been directed by its shareholder who owns the building to vacate the premises to allow for redevelopment for commercial and/or residential use. Given the Oshawa Power's need to modernize and support the growth of the community it serves; the Organization will be relocating to a new operational & administrative building in the North of its service territory. The new building will serve as the Organization's head office, storehouse and garage, alongside its new pole yard, located close to most of Oshawa's planned growth. No request for approval or pre-approval of cost recovery is being made at this time while the design is finalized. Oshawa Power anticipates filing an Incremental Capital Module (ICM) application once the costs and in-service timelines are more certain.

Ensuring Affordability for Customers

Oshawa Power has long held affordability as a fundamental tenet in the execution of business activities. Beyond keeping rates reasonable, the Organization has a history of putting meaningful additional resources toward affordability, including:

1. Allocating a significant portion of Save On Energy funding to low-income, residential and small business programs under the Conservation First Framework;

- 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.
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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.	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. The anticipated amounts in the new deferral and variance accounts meet the materiality threshold.
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.

TAB 4

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 ¹	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 ²	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 ²	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 ³	\$598	\$578	\$591	\$638	\$724	\$758			
		Total Cost per Km of Line ³	\$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.

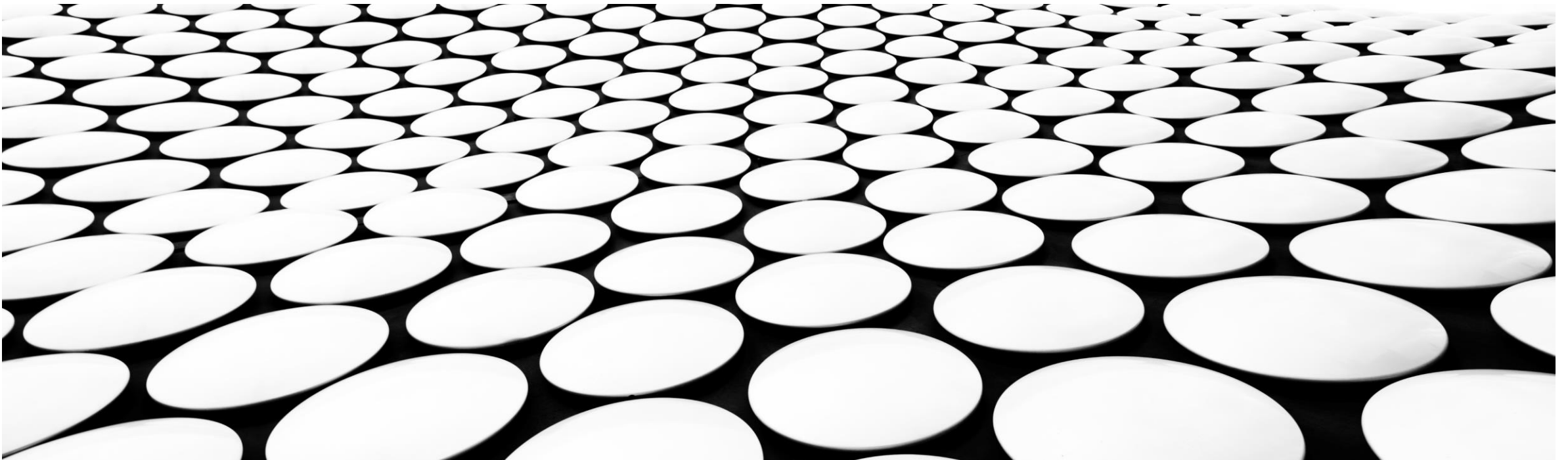
TAB 5

BUSINESS TRANSFORMATION: UNDERSTANDING WHY, HOW & WHAT

PATHWAY TO THE FUTURE



PREPARED BY: ROBERT WONG, P.ENG, MBA, C.DIR.
HESKETH SLOANE ADVISORY
MAY 1, 2024



STAKEHOLDER EXPECTATIONS



- Oshawa Power's shareholder, the City of Oshawa, expects to receive greater value for its investment in the company – **higher ROI**
- Like all municipalities in the province, the City of Oshawa has financial challenges. **Larger future dividends** are expected as a revenue source for the City to help meet its budget requirements
- As most of the world is embarking on a journey to decarbonize their energy, the City of Oshawa is looking for Oshawa Power to be a key **resource** to help support customers navigate through the **energy transition**
- As electricity rates are expected to continue to increase as a result of greater electrification and growth, there will be more pressure from the Regulator (Ontario Energy Board) to demonstrate and achieve **greater productivity and efficiency** in Oshawa Power's operations to partially offset some of those increases
- The customer interaction experience is very important for **customer satisfaction** and **brand reputation**; thus, B2C businesses continually invest heavily to enhance it. Oshawa Power's customers have similar expectations, and therefore it must find ways to make it "easy to do business with"

TAB 6

APPENDIX 2-AB OPUCN_2026_FILING REQUIREMENTS-CHAPTER2-APPENDICES-1.0_PARTIAL SETTLEMENT-20250922.XLSM

CATEGORY															
	2021			2022			2023			2024			2025		
	Plan	Actual	Var	Plan	Actual	Var	Plan	Actual	Var	Plan	Actual	Var	Plan	Actual ²	Var
	\$ '000		%	\$ '000		%	\$ '000		%	\$ '000		%	\$ '000		%
System Access	5,911	4,219	-29%	5,016	3,839	-23%	4,662	7,105	52%	4,767	6,694	40%	4,772	7,995	68%
System Renewal	6,198	6,507	5.0%	9,636	6,538	32.2%	9,122	12,069	32.3%	9,209	4,585	-50.2%	9,143	7,948	-13.1%
System Service	1,109	2,828	155.0%	799	953	19.3%	1,383	1,294	-6.4%	886	1,805	103.7%	995	1,093	9.8%
General Plant	1,775	1,046	-41.1%	851	1,271	49.4%	994	1,721	73.1%	875	576	-34.1%	713	2,716	281.0%
TOTAL EXPENDITURE	14,993	14,601	-2.6%	16,302	12,601	22.7%	16,161	22,189	37.3%	15,737	13,660	-13.2%	15,623	19,752	26.4%
Capital Contributions	2,043	2,049	0.3%	1,813	1,201	33.7%	1,718	2,580	50.2%	1,738	4,856	179.4%	1,733	2,343	35.2%
NET CAPITAL EXPENDITURES	12,949	12,552	-3.1%	14,489	11,400	21.3%	14,443	19,609	35.8%	13,999	8,804	-37.1%	13,890	17,409	25.3%
CWIP		4,259			7,347			5,757			22,430			17,800	
System O&M	\$ 4,331	3,425	-20.9%	\$ 4,161	3,717	10.7%	\$ 5,489	4,319	21.3%	\$ 4,488	\$ 4,276	-4.7%	\$ 3,861	\$ 3,861	0.0%

Forecast Period (planned)				
2026	2027	2028	2029	2030
\$ '000				
9,186	9,270	9,356	9,443	9,532
8,045	8,756	7,056	7,421	8,108
1,336	300	778	962	588
1,680	1,655	1,730	1,155	802
20,247	19,981	18,920	18,980	19,030
3,228	3,253	3,277	3,303	3,328
17,019	16,729	15,642	15,678	15,701
18,156	5,916	6,034	6,155	6,278
\$ 5,353	\$ 5,487	\$ 5,624	\$ 5,765	\$ 5,909

TAB 7

Overall Investment Justification

Oshawa Power has optimized, prioritized and prudently paced its forecasted investments to maximize value for customers while maintaining financial and operational efficiency. This helped mitigate lumpy investment years and resulting rate impact, while ensuring quality of service is not compromised. 2026 (Test Year) and 2027 are forecasted to have slightly higher system renewal costs due to targeted replacements of Station Switchgears. System Service investments support new developments by installing three (3) new feeders from the existing MS9 station, and contribute to higher expenditures in the 2026 Test year.

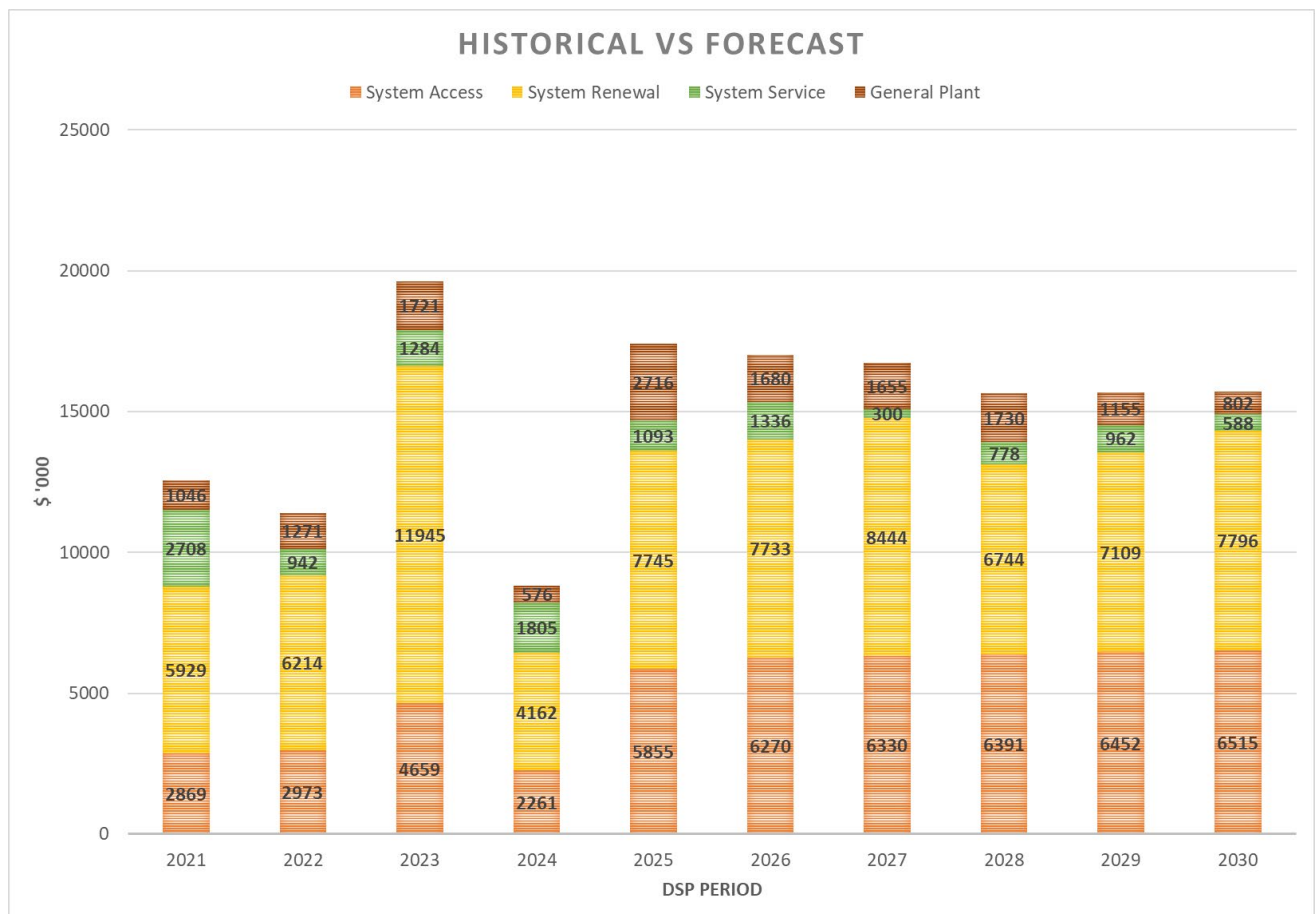


Figure 40 – Historical vs Forecast Expenditures

Oshawa Power's proposed capital investment of \$80.8M for the 2026-2030 period represents a 17% increase from the overall 2021-2025 OEB approved envelope of \$68.9M. This is a reasonable and necessary adjustment due to various factors such as inflationary pressures on labor, materials and transportation costs, and the ongoing economic impacts from the post-pandemic environment. Additionally, population growth, evolving regulatory requirements, and federal,

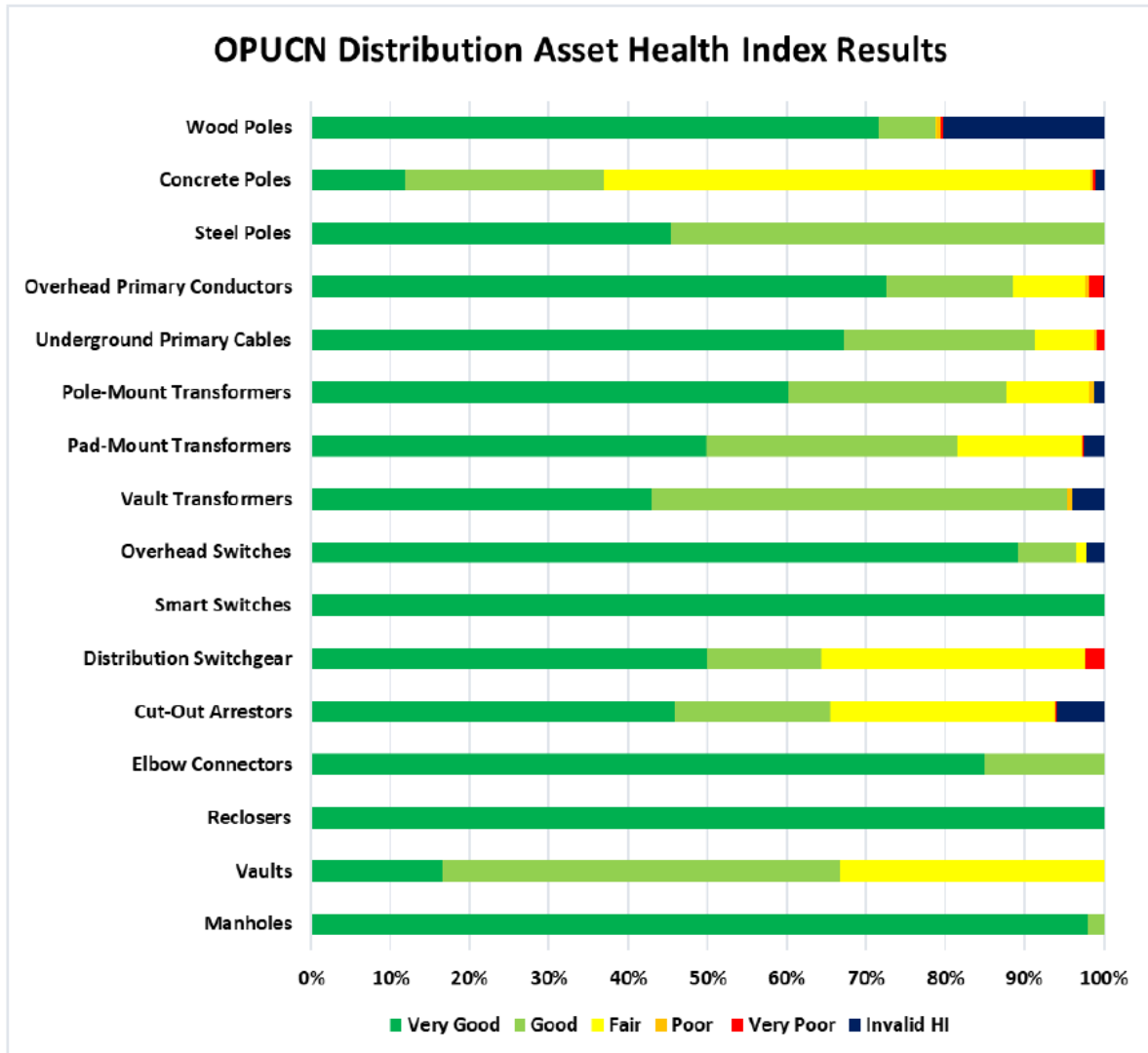


Figure 18 – Distribution ACA Results

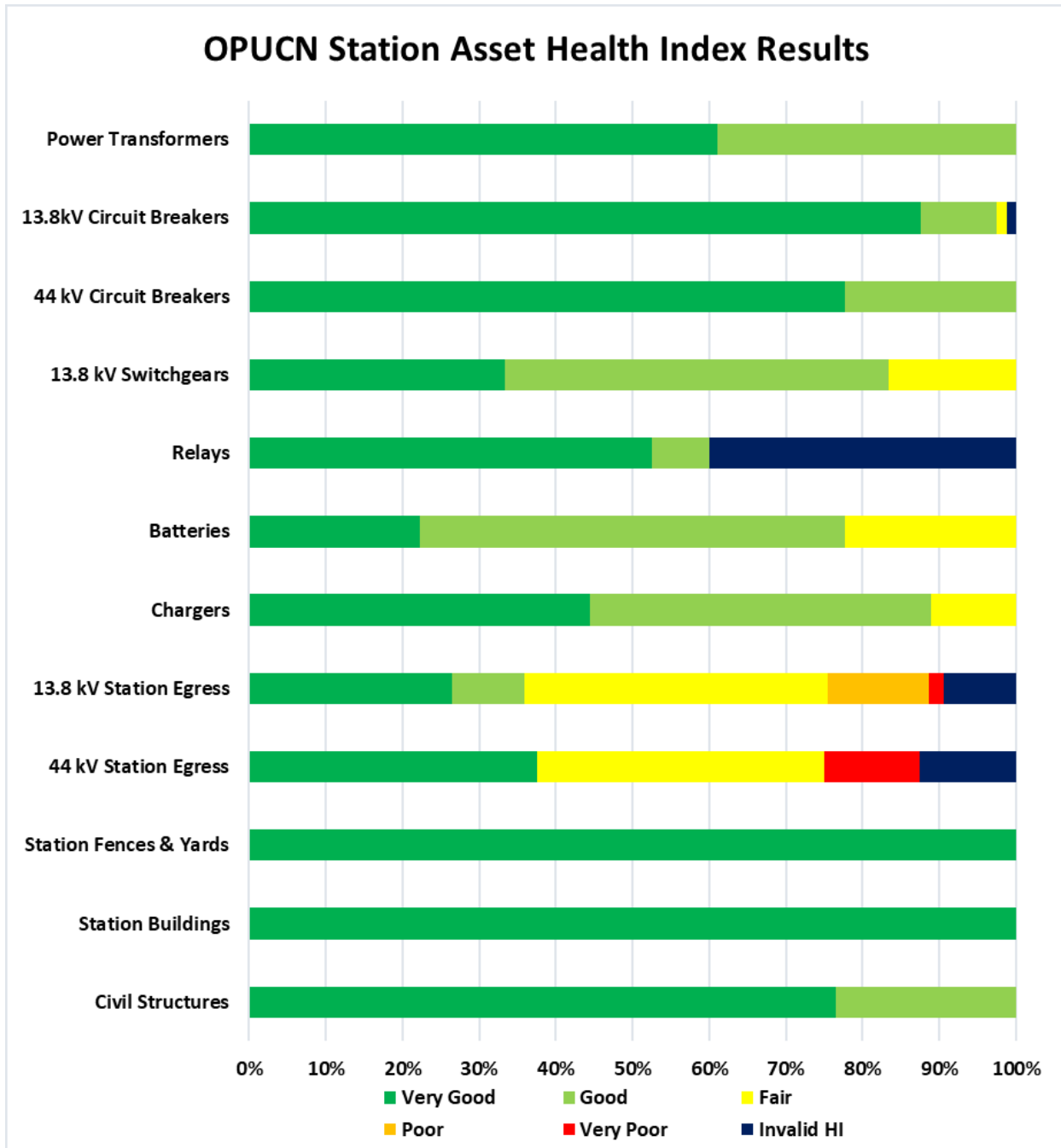


Figure 19 – Station ACA Results

TAB 8

IRR Table 2-5: Updated Table 8 from DSP – Historical Interruptions 2019-2024

[illegible]

IRR Table 2-3: Interruptions by Asset Type 2019-2021

Equipment Type	2019			2020			2021		
	Equipment interruptions	Number of customer interruptions	Number of customer interruption Hours	Equipment interruptions	Number of customer interruptions	Number of customer interruption Hours	Equipment interruptions	Number of customer interruptions	Number of customer interruption Hours
Transformers	7	2463	297	8	139	591	9	160	792
Outlets & switches	15	2338	2778	10	2595	2862	4	204	296
Cable faults	15	395	1079	27	5569	6315	18	1976	1907
Lightning arrestor	6	315	646	5	76	93	2	20	40
cable splices	1	2	18	2	3	6	2	52	145
Insulators	2	12516	9827	2	1533	3515	2	770	1560
crossarms	1	369	66	0	0	0	0	0	0
Elbows	1	15	4	0	0	0	0	0	0
OH connections	7	142	434	15	5590	7623	4	80	260
Quick Sleeves	0	0	0	1	1028	1765	0	0	0
Relays	1	3498	2624	0	0	0	0	0	0
Poles	0	0	0	1	747	1112	0	0	0
Ducts	0	0	0	0	0	0	1	1	11
Customer Equipment	0	0	0	0	0	0	0	0	0
Total	56	22053	17773	71	17280	23882	42	3263	5011

IRR Table 2-4: Interruptions by Asset Type 2022-2024

Equipment Type	2022			2023			2024		
	Equipment interruptions	Number of customer interruptions	Number of customer interruption Hours	Equipment interruptions	Number of customer interruptions	Number of customer interruption Hours	Equipment interruptions	Number of customer interruptions	Number of customer interruption Hours
Transformers	6	48	232	11	290	811	7	153	443
Outlets & switches	4	36	82	4	2036	318	11	1243	290
Cable faults	33	1209	3479	25	1976	2714	16	2745	2316
Lightning arrestor	3	2511	2712	1	66	186	1	51	111
cable splices	1	19	110	1	6	39	1	1	12
Insulators	2	20688	2822	2	50	195	2	125	225
crossarms	0	0	0	0	0	0	0	0	0
Elbows	1	39	9	0	0	0	0	0	0
OH connections	3	220	303	4	1688	3085	2	13	14
Quick Sleeves	1	3	8	1	53	99	0	0	0
Relays	1	1746	407	1	1701	1332	0	0	0
Poles	0	0	0	2	853	446	0	0	0
Ducts	0	0	0	0	0	0	0	0	0
Customer Equipment	2	22	2	6	74	44	0	0	0
Total	57	26541	10166	58	8793	9269	40	4331	3411

c) See tables in b).

d) See tables in b).

e) Please see updated Table 8 from the DSP below.

Oshawa Power Response

- a) Please refer to Attachment 2-1 for a copy of the 2018 Asset Condition Assessment (2018 ACA).
- b) The maintenance manual updates were an improvement to record keeping by documenting maintenance practices and aligning with ANSI/NETA MTS 2023. It did not involve significant changes to maintenance activities themselves. Costs associated with improved inspection & maintenance are already built into actuals starting 2021.
- c) Please refer to table below for Table 16 with planned and actual asset replacements by asset type for the 2021-2025 period.

IRR Table 2-6: Updated Table 16 from DSP – Distribution Asset Replacement Plan (2021 to 2030)

Asset Class	2021		2022		2023		2024		2025		Totals		Unit	2026	2027	2028	2029	2030
	Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual	Plan	Forecast	Plan	Actual						
Poles	208	220	220	150	185	209	221	55	127	87	961	721	#	69	55	86	84	79
Overhead Conductors	5100	5600	7400	5000	6400	6700	7500	1650	4100	4700	30500	23650	m	2600	1050	2900	2800	2550
Underground Cables	1560	1334	8210	5371	6000	3722	5840	2280	8250	1049	29860	13756	m	724	1350	2631	1542	4061
Pole-Mount Transformers	59	42	48	25	58	62	66	10	15	7	246	146	#	11	9	40	31	46
Padmount Transformers	0	0	0	0	0	0	0	0	0	0	0	0	#	9	2	25	23	33
Firon Overhead Switches	0	0	0	0	0	0	0	0	0	0	0	0	#	0	99	99	99	99
Porcelain Switches and Insulators	285	732	285	701	285	683	285	293	285	193	1425	2602	#	0	233	233	233	233
Quick Sleeves	33	67	33	58	0	0	0	0	0	0	66	125	#	0	141	141	141	141
Distribution Switchgear	0	0	0	0	0	0	0	0	0	0	0	0	#	0	2	0	1	2
Meters	0	0	0	0	0	0	0	0	0	0	0	0	#	2800	2800	2800	2800	2800
Locks	0	0	0	0	0	0	0	0	0	0	0	0	#	1555	1555	1555	1555	1555

- d) Oshawa Power does not have the exact sub-set of the data in part (c) to reflect the planned and actual replacement of assets in poor and very poor condition. However, Oshawa Power used the recommendation (i.e. assets categorized as poor and very poor) from the 2018 ACA as a key input into formulating proactive capital projects / programs in the 2021 rate application. Though renewal efforts were deferred in some cases, Oshawa Power did not introduce new proactive system renewal projects, with one notable exception discussed below. The

TAB 9

the “3 New Feeders from MS9” project. Please refer to Exhibit 2, DSP, Appendix B, pages 71-75.

- Non-Wires Solutions – Aimed to enhance the system’s flexibility and capacity, positioning it to keep future capital investments in traditional wires solutions deferred to beyond 2030 while mitigating impacts of a high scenario in electrification growth. Please refer to Exhibit 2, DSP, Appendix A, and Appendix B pages 85-89.

2-CCC/VECC-47

Ref. 1: Distribution System Plan, pp. 103, 107, 109, 110-112, 114, 117-118

Question(s):

- a) Please provide an update to the 2025 variance analysis for all capital categories (i.e., system access, system renewal, system service and general plant) using the most up-to-date information available.
- b) (PP. 107, 110) Based on the 2023 (actual) and 2025 (forecast) costs incurred, it appears that the Municipal Substation Switchgear Replacement Program experienced an approximate \$2.4M cost overrun. Please provide a detailed variance analysis with respect to the Municipal Substation Switchgear Replacement Program for each of 2023 and 2025 (and in total) between actual costs and forecast costs. As part of the response, please provide any internal documentation (e.g. change requests, project status updates, etc.) with respect to this program. Please also provide the evidence from Oshawa PUC Networks’ 2021 Rates application that discussed this project.
- c) (P. 111) Please provide additional information with respect to the 2021 reliability improvement project (reconfiguration in the Simcoe-Winchester area). As part of the response, please confirm that evidence with respect to this project was not provided in Oshawa PUC Networks’ 2021 Rates application (or if evidence was provided, please file excerpts of that evidence). In addition, please provide any

internal documentation that launched the project (and documentation with respect to the project as it was underway).

- d) (P. 112) With respect to the 2022 overhead automated self-healing switches and smart grid program, please provide a detailed variance analysis between actual costs and forecast costs. As part of the response, please provide any internal documentation (e.g. change requests, project status updates, etc.) with respect to this program. Please also provide the evidence from Oshawa PUC Networks' 2021 Rates application that discussed this project.
- e) (P. 114) With respect to the 2024 44kV Line Extension program, please provide a detailed variance analysis between actual costs and forecast costs. As part of the response, please provide any internal documentation (e.g. change requests, project status updates, etc.) with respect to this program. Please also provide the evidence from Oshawa PUC Networks' 2021 Rates application that discussed this project.
- f) (P. 117) With respect to the 2022 Information Technology General program, please provide a detailed variance analysis between actual costs and forecast costs. As part of the response, please provide any internal documentation (e.g. change requests, project status updates, etc.) with respect to this program. Please also provide the evidence from Oshawa PUC Networks' 2021 Rates application that discussed this project. In addition, please discuss the alternatives that Oshawa PUC Networks considered relative to a server upgrade in the context of rising server costs.

Oshawa Power Response

- a) Please find variance analysis based on the revised Appendix 2-AA.

System Access

- Expansions resulting from residential development have significantly ramped up in 2025. YTD in-service amounts are already \$134K over the full year forecast. New year-end forecast is expected to be 900K higher than the initial forecast. Higher contributions help offset the overall impact.

- Third party relocation is expected to be \$350K lower than initial forecast due to deferral of a region driven road widening project.
- Overall variance under system access from initial forecast is immaterial.

System Renewal

- No significant variances anticipated from initial forecast.

System Service

- No significant variances anticipated from initial forecast.

General Plant

- Automation Platform – capitalized in 2025 vs 2024.
- CIS over budget by \$100k.
- CRM removed – duplicate.
- MWFM reduced to \$150k.

b) Please find variance explanations in the tables below.

IRR Table 2-9: 2023 Municipal Substation Switchgear Replacement Program Variance Analysis

MS2 (2023)					
Items	Description	Amount (per Switchgear)	Revised Amount	Difference	Explanation
1	As filed	\$ 1,800,000.00			
2	Post settlement	\$ 1,800,000.00	\$ 2,125,000.00	\$ 325,000.00	Acknowledging that the amount set was preliminary and additional scope changes were necessary prior to RFP, Oshawa Power revised the value of each switchgear revised to \$2.125M. This is the amount that the variance analysis is based on.
3	RFP Finalization / Base Bid	\$ 2,125,000.00	\$ 2,230,750.00	\$ 105,750.00	Final Base bid was more expensive than the initially anticipated amount of \$2.125M
4	Change orders	\$ 2,230,750.00	\$ 2,658,053.00	\$ 427,303.00	The approved additional costs along with descriptions can be seen in final MS2 invoice 42-1624293 that released holdback
5	Internal costs	\$ 2,658,053.00	\$ 3,111,322.00	\$ 453,269.00	Since the egress cables were being upgraded in order to prepare for future demand growth from 500MCM to 1000MCM cable, pole calculations needed to remodelled in order to meet Ontario Reg 22/04 and the decision was made to replace riser poles as per industry best practice and prudent system planning. This work was performed internally. Internal costs also included supply of material such as insulation boots, station transformer, base, duct, and cable along with inspection of work performed by the third-party contractor.

TAB 10

2-Staff/CCC/CCMBC/VECC/AMPCO-51

Ref. 1: Distribution System Plan, Appendix B – Material Justification Sheets, pp.1-3

Question(s):

- a) Have all third-party relocation projects been confirmed for 2025 and 2026? If not, at what stage are the listed third-party relocation projects?
- b) What cost estimation class has been used for third-party relocation projects in 2025 and 2026?
- c) (P. 1) Please explain how the capital contributions for the 2025 bridge year and forecast period (2026-2030) were estimated. As part of the response, please explain how historical actual contributions (which were approx. 50% of gross capital over the 2021-2024 period) were considered in the forecasting methodology.
- d) (P. 3) Please provide the in-service dates for the projects shown in the table at page 3.
- e) (P. 3) Please provide the km of line relocation for the projects shown in the table at page 3.
- f) (P. 1) Please provide the forecast/planned capital (gross) and capital (net) amounts for each of the years 2021 to 2024.
- g) (P. 1) Please provide the total planned and actual km of line relocated in each of the years 2021 to 2024.

Oshawa Power Response

- a) Oshawa Power has two third party driven relocation projects confirmed for 2025
 - (i) Conlin Rd. E from Harmony to Grandview, and ii) and the intersection of Wilson Rd and the 401, of which both are currently under construction.Oshawa Power has no third party driven relocation projects confirmed for 2026. Projects for 2026 and onwards are only in the conceptual / coordination stage.
- b) Estimates for third-party relocation assumes all poles in the identified area will be affected. Projected costs and expected contributions are derived from historical

data. In AACE terms, the estimate can be considered Class 5 (Conceptual estimate).

- c) For third-party relocations, capital contributions for the forecast years were calculated based on the cost sharing precedent between Oshawa Power and regional / municipal governing bodies (third party), where the third party pays for 50% of the labor- and labor-saving devices. A sample of historical projects were chosen to find the average contribution received which was approximately 24.5%.

Historical contributions – In 2024, the Hydro One Wilson TS feeder relocation project should be considered an outlier where the full cost was recovered from Hydro One (as mentioned in Exhibit 2, DSP, page 103). When this number is removed from the calculation, the contribution percentage is 22.6% which aligns closer to the forecast assumption of 24.5%.

- d) Please see Attachment 2-8 for additional Third-Party Relocation Details.
- e) See d).
- f) Excerpt from Oshawa Power's 2021 rate application (EB-2020-0048, Exhibit 2, DSP, Appendix A, page 1) showing forecast/planned capital (gross) and capital (net) amounts:

IRR Table 2-13: Third-Party Relocation Forecast Gros and Net Amounts (2021-2024)

	2021	2022	2023	2024
Capital Cost	\$1,820,000	\$900,000	\$520,000	\$600,000
Capital Contribution	\$455,000	\$225,000	\$130,000	\$150,000
Net Cost	\$1,365,000	\$675,000	\$390,000	\$450,000

- g) As noted in response a), scope of work for third-party relocations are not known in advance. Third-party relocations typically see large variances in scope during the design stages making the preliminary km assumptions unreliable. Oshawa Power did not have a planned km assumption for third-party driven line relocations in each of the years 2021 to 2024. Actual km of lines relocated for the years 2021 to 2024 do not provide a clear picture of the work performed. The

TAB 11

4.3.4 Customer Service Programs

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

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

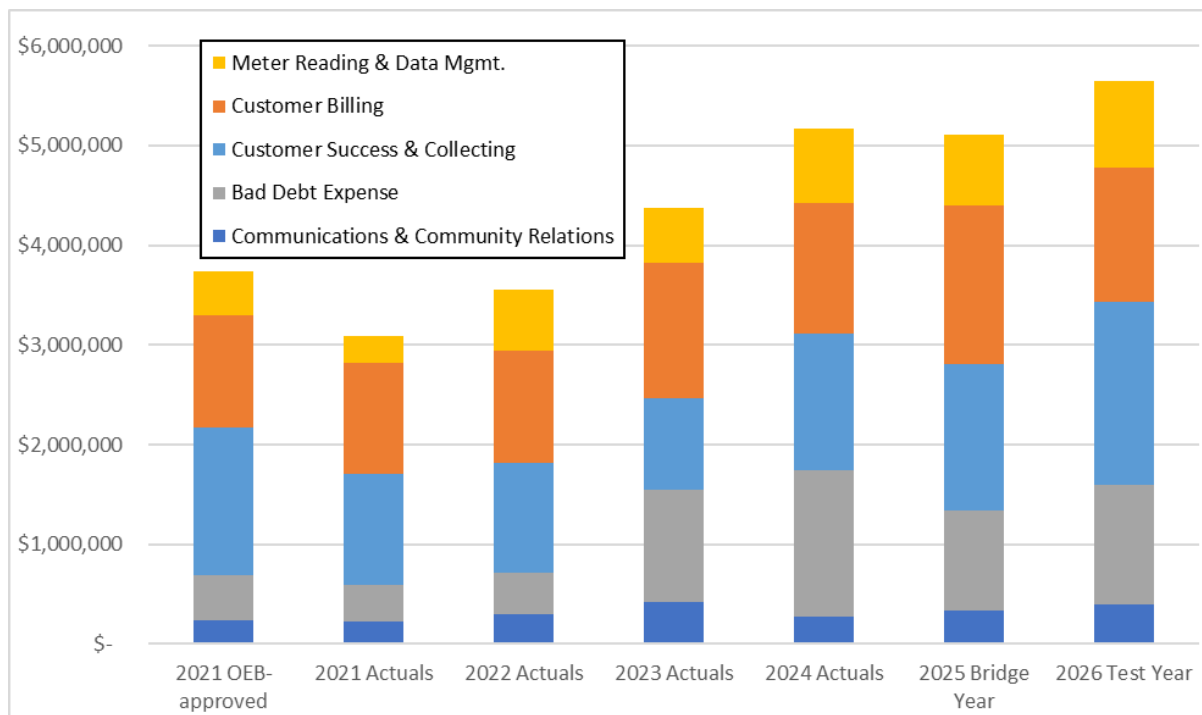


Table 4-16: 2021-2026 Customer Service Program Cost Trends

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

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

IRR Table 4-3: Updated 2-JC – OM&A Programs Table

Appendix 2-JC OM&A Programs Table

Programs	2021 OEB Approved	2021 Actuals	2022 Actuals	2023 Actuals	Jan-June 2024 Actuals	July-Dec 2024 Actuals	2024 Actuals	Jan-June 2025 Actuals	July-Dec 2025 Fctst	2025 Revised Bridge Year Fctst	2025 Bridge Year Fctst	2026 Test Year	Variance (Test Year vs. 2024 Actuals)	Variance (Test Year vs. 2021 OEB Approved)	Variance 2025 Bridge Yr to Revised Bridge Yr
Reporting Basis	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS			
Operation															
Operations Supervision	455,301	415,942	250,953	283,333	90,951	67,337	158,288	32,891	71,165	104,056	116,887	348,193	189,905	-107,108	12,831
Overhead Lines Operations	753,124	251,295	838,380	419,239	975,541	-56,775	918,765	480,606	742,472	1,223,078	650,479	1,197,997	279,232	444,873	-572,599
Underground Lines Operations	41,556	56,878	60,620	34,501	17,459	5,798	23,257	11,250	4,801	16,051	24,147	24,751	1,495	-16,805	8,097
Distribution Station Operations	92,323	100,650	149,088	314,557	-70,976	449,258	378,281	281,879	56,958	338,838	233,060	238,181	-140,100	145,858	-105,777
Vegetation Management	157,790	140,061	162,646	202,004	84,872	84,872	169,743	107,500	107,500	215,000	215,000	220,375	50,632	62,585	0
Underground Locates	321,070	433,389	340,520	457,350						0		484,343	484,343	163,273	0
System Control Operations	286,997	376,912	256,755	474,884	27,360	203,212	230,572	199,176	182,968	382,144	277,109	283,844	53,272	-3,153	-105,035
Metering	359,346	306,615	330,914	395,016	220,255	-34,047	186,208	122,299	349,107	471,407	382,713	398,739	212,531	39,393	-88,693
Engineering Administration	423,493	345,950	223,415	563,096	409,271	358,805	768,076	228,819	401,859	630,678	666,261	806,639	38,564	383,147	35,583
													0	0	0
													0	0	0
Sub-Total	2,891,000	2,427,693	2,613,290	3,143,980	1,754,732	1,078,458	2,833,190	1,464,421	1,916,831	3,381,252	2,565,658	4,003,063	1,169,873	1,112,063	-815,594
Maintenance															
Maintenance Supervision	409,281	95,690	211,261	229,137	89,853	57,378	147,232	52,785	50,852	103,637	101,704	128,717	-18,515	-280,564	-1,933
Overhead Lines Maintenance	424,896	326,471	245,980	283,019	298,389	162,726	461,115	280,200	127,820	408,020	559,679	574,046	112,930	149,150	151,659
Underground Lines Maintenance	313,830	172,232	203,391	236,107	88,048	223,744	311,791	113,764	118,478	232,241	194,467	199,328	-112,463	-114,501	-37,774
Distribution Station Maintenance	201,942	402,598	443,060	427,226	261,586	260,593	522,179	339,088	292,237	631,325	439,540	447,705	-74,474	245,763	-191,784
													0	0	0
													0	0	0
Sub-Total	1,349,949	996,991	1,103,692	1,175,488	737,876	704,441	1,442,317	785,836	589,386	1,375,222	1,295,390	1,349,796	-92,521	-152	-79,832
Billing and Collecting															
Meter Reading & Data Mgmt.	446,414	274,990	605,191	548,125	379,502	373,244	752,746	412,472	352,026	764,497	700,578	868,875	116,129	422,461	-63,919
Customer Billing	1,124,771	1,109,647	1,125,229	1,361,082	628,519	670,944	1,299,464	717,077	961,044	1,678,121	1,589,946	1,343,538	44,075	218,767	-88,175
Customer Success & Collecting	1,473,746	1,119,685	1,103,787	920,832	624,684	750,799	1,375,483	694,155	888,847	1,583,002	1,476,555	1,834,959	459,476	361,213	-106,446
Bad Debt Expense	455,536	358,406	419,859	1,119,818	250,000	1,221,952	1,471,952	500,000	500,000	1,000,000	1,000,000	1,200,000	-271,952	744,464	0
													0	0	0
													0	0	0
Sub-Total	3,500,467	2,862,727	3,254,066	3,949,857	1,882,706	3,016,939	4,899,646	2,323,703	2,701,917	5,025,619	4,767,079	5,247,373	347,727	1,746,906	-258,540
Community Relations															
Communications & Community Relations	239,216	230,409	297,797	422,398	157,894	112,694	270,588	118,509	164,277	282,786	335,661	394,033	123,445	154,817	52,875
													0	0	0
													0	0	0
Sub-Total	239,216	230,409	297,797	422,398	157,894	112,694	270,588	118,509	164,277	282,786	335,661	394,033	123,445	154,817	52,875
Administrative and General															
General Administration	2,610,949	3,377,547	3,552,454	3,144,238	2,569,301	2,081,780	4,651,081	2,587,531	2,786,045	5,373,576	5,637,225	6,294,835	1,643,754	3,683,886	263,649
Information Technology	744,509	1,095,997	817,258	1,118,633	687,602	831,663	1,519,265	591,221	762,173	1,353,395	1,745,262	1,921,339	402,074	1,176,830	391,868
Human Resources & Safety	429,508	444,171	453,197	529,014	292,354	258,547	550,902	257,606	287,190	544,797	459,274	507,210	-43,692	77,702	-85,522
Insurance	262,553	222,952	250,625	316,426	166,593	167,741	334,334	174,529	173,757	348,286	380,851	389,970	55,636	127,417	32,564
Audit Legal Consulting	278,018	347,760	513,301	457,363	163,719	417,266	580,984	140,944	190,291	331,235	231,784	241,814	-339,171	-36,204	-99,451
Facilities	769,344	686,659	836,866	780,080	382,837	371,331	754,168	396,224	431,950	828,175	807,876	870,610	116,442	101,266	-20,299
Regulatory Affairs (assessments, application costs)	415,032	361,643	412,104	433,872	224,880	244,170	469,050	238,939	257,099	496,037	514,197	550,818	81,767	135,785	18,160
Board Expenses	375,547	245,625	275,080	292,758	210,184	284,234	494,418	242,479	293,961	536,440	484,957	501,129	6,712	125,582	-51,483
													0	0	0
													0	0	0
Sub-Total	5,885,460	6,782,354	7,110,887	7,072,385	4,697,470	4,656,732	9,354,202	4,629,474	5,182,467	9,811,940	10,261,426	11,277,725	1,923,523	5,392,264	449,486
Miscellaneous															
													0	0	0
Total	13,866,092	13,300,173	14,379,731	15,764,108	9,230,678	9,569,264	18,799,942	9,321,942	10,554,878	19,876,820	19,225,214	22,271,990	3,472,048	8,405,897	-651,606

TAB 12

		<u>2021 OEB Approved</u>	<u>2021 Actuals</u>	<u>2022 Actuals</u>	<u>2023 Actuals</u>	<u>2024 Actuals</u>	<u>2025 Budget</u>	<u>2026 Budget</u>
Total Salary and Wages								
Executive		514,838	1,548,463	1,894,364	1,125,299	1,971,806	2,640,313	2,960,381
Salary		468,034	1,381,135	1,729,012	809,950	1,688,635	2,392,624	2,464,673
Incentive		46,803	167,328	165,351	315,349	283,170	247,688	495,709
Management		2,772,187	1,167,649	1,103,146	1,383,183	1,483,295	1,774,945	2,176,861
Salary		2,563,224	888,851	824,348	1,222,290	1,309,531	1,526,289	1,824,544
Incentive		208,963	278,798	278,798	160,892	173,764	248,656	352,317
Non-Union		158,003	896,617	992,339	1,841,335	2,054,530	2,101,154	2,470,352
Salary		158,003	697,197	792,919	1,674,007	1,867,895	1,691,732	2,047,042
Incentive			199,420	199,420	167,328	186,635	409,423	423,310
Union		5,755,478	4,610,382	4,626,075	4,978,732	5,276,742	5,273,313	6,178,111
Wages		4,956,039	3,951,072	3,806,366	4,208,632	4,572,499	4,608,937	5,497,126
Overtime		799,439	659,311	819,709	770,100	704,243	664,376	680,985
Total Salary and Wages		9,200,506	8,223,111	8,615,923	9,328,548	10,786,373	11,789,724	13,785,705
Total Benefits								
Executive		147,236	249,046	201,924	303,180	422,524	433,869	446,313
Management		797,734	286,440	308,704	351,587	375,842	526,667	691,586
Non-Union		711,974	928,955	951,777	1,055,468	1,260,487	1,587,077	1,737,716
Union		1,109,291	955,493	939,329	997,815	1,103,154	1,131,170	1,367,873
Total Benefits		2,766,235	2,419,934	2,401,734	2,708,050	3,162,008	3,678,782	4,243,488
Total Compensation								
Executive		615,270	1,797,509	2,096,288	1,428,478	2,394,330	3,074,182	3,406,694
Management		3,616,724	1,454,089	1,411,850	1,734,770	1,859,137	2,301,611	2,868,447
Non-Union		869,977	1,825,572	1,944,115	2,896,803	3,315,017	3,688,231	4,208,068
Union		6,864,769	5,565,875	5,565,404	5,976,548	6,379,897	6,404,482	7,545,984
Total Compensation		11,966,740	10,643,046	11,017,657	12,036,598	13,948,381	15,468,506	18,029,194
Employees Eligible for Incentive			14	24	37	40	45	52
Executive		4	4	3	6	7	7	7
Management		15	9	13	13	15	15	17
Non-Union		10	13	14	20	29	29	42
Union		62	44	43	48	35	37	39
Total		91	70	73	87	86	88	105

IRR Table 4-59: Vacancies & Vacancy Rate (2021-2024)

Year	Vacancies	Rate
2021	8	11%
2022	6	8%
2023	4	5%
2024	11	13%

- b) No vacancies have been included in the 2026 FTE forecast, as it expected all new roles will be filled.

4-AMPCO-145

Ref. 1 Exhibit 4, p. 63

Question(s):

- a) With respect to Appendix 2-K, please provide the number of employees, Total Salary and Wages, Total benefits and Compensation by the following categories: Executive, Management, Union, and Non-Union. In the response, please provide a further breakdown of overtime and incentive pay by the above. Please also provide the number of employees that are eligible for incentive pay in each year. Please include any updates to 2025 and 2026. Please provide an excel version of the response.
- b) Please provide the percentage salary increases for Executive, Management, Union and Non-Union for each of the years 2021 to 2026.
- c) Please provide a comprehensive Organizational Chart for 2021 actuals and 2026 plan.

Oshawa Power Response

- a) See below for table for breakdown of Total benefits and Compensation by the following categories: Executive, Management, Union, and Non-Union.

Appendix 2-K

Employee Costs

OPCUN_2026_Filing_Requirements_Chapter2_Appendix_1.0_Partial Settlement_20250922.xlsm

	2021 OEB Approved	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals	2025 Bridge Year	2026 Test Year	Jan- June 2024	July to Dec 2024	Jan- June 2025	July to Dec 2025
Number of Employees (FTEs including Part-Time)¹											
Management (including executive)	19	16	15	17	20	22	23	20	20	22	22
Non-Management (union and non-union)	72	65	57	63	66	65	74	66	66	65	65
Total	91	81	72	80	86	87	97	86	86	87	87
Total Salary and Wages including overtime and incentive pay											
Management (including executive)	3,287,025	2,716,112	2,997,510	2,508,481	3,455,101	4,438,426	5,137,242	1,673,573	1,781,528	2,173,264	2,265,162
Non-Management (union and non-union)	5,913,480	5,507,000	5,618,413	6,820,067	7,331,272	7,772,360	8,648,463	3,785,804	3,545,468	3,793,143	3,979,217
Total	9,200,505	8,223,111	8,615,923	9,328,548	10,786,373	12,210,786	13,785,705	5,459,377	5,326,996	5,966,407	6,244,379
Total Benefits (Current + Accrued)											
Management (including executive)	944,970	535,486	510,628	654,766	798,366	1,018,587	1,137,899	441,136	357,230	537,200	481,387
Non-Management (union and non-union)	1,821,265	1,884,448	1,891,106	2,053,284	2,363,641	2,547,516	3,105,589	1,401,086	962,555	1,246,223	1,301,293
Total	2,766,235	2,419,934	2,401,734	2,708,050	3,162,007	3,566,103	4,243,488	1,842,222	1,319,785	1,783,423	1,782,680
Total Compensation (Salary, Wages, & Benefits)											
Management (including executive)	4,231,995	3,251,598	3,508,138	3,163,248	4,253,467	5,457,013	6,275,142	2,114,709	2,138,758	2,710,464	2,746,549
Non-Management (union and non-union)	7,734,745	7,391,448	7,509,520	8,873,351	9,694,913	10,319,876	11,754,052	5,186,890	4,508,023	5,039,366	5,280,510
Total	11,966,740	10,643,046	11,017,657	12,036,598	13,948,380	15,776,889	18,029,194	7,301,599	6,646,781	7,749,830	8,027,059
Total Compensation Breakdown (Capital, OM&A)											
OM&A	9,122,833	7,565,659	8,228,864	8,551,676	10,343,014	11,644,108	13,489,209	5,478,809	4,864,205	5,552,301	6,091,807
Capital	2,843,907	3,077,387	2,788,793	3,484,922	3,605,366	4,132,781	4,539,985	1,822,791	1,782,575	2,197,529	1,935,252
Total	11,966,740	10,643,046	11,017,657	12,036,598	13,948,381	15,776,889	18,029,194	7,301,600	6,646,780	7,749,830	8,027,059

- b. This hire is expected to enable a proactive approach to managing governance, which will improve efficacy and delivery efficiency by centralizing these responsibilities into a single role. The role is also described on p. 85 of Exhibit 4.
- u) The Project Management Office (PMO) was created in April 2023 when the first Project Manager (PM) was hired. There are currently two PMs employed by Oshawa Power. The PMO costs approximately \$326,000/year, mostly capitalized as part of projects and resides under the CTO & Director of Business Transformation.

With PMO oversight, resource allocations are more tightly aligned to an approved schedule that reflects organizational priorities. When timelines start to slip, an entire project is impacted, forcing the organization either to keep the full project team engaged longer or to onboard additional personnel – both of which inflate labour, overhead and vendor costs for the project. Such overruns also tie up shared resources, delaying other initiatives, and, in many cases, the possibility of triggering contractual penalties with external suppliers. By maintaining up-to-date visibility into milestones and adjusting staffing levels accordingly, the PMO releases resources as soon as their deliverables are complete, preventing unnecessary cost escalations. Additionally, keeping in-house project managers offsets project management costs from vendors and frees up capacity from internal staff allowing Oshawa Power to complete more projects in parallel than would be possible without the project managers.

An example of this is the CIS project: Normally for a project of that magnitude an organization would need to place staff under partial or full secondment to the project and hire temporary staff to fill the day-to-day needs of the organization. Because of the project managers' ability to carry much of the administrative and organizational burden, as well as helping with implementation, Oshawa Power staff have been able to continue performing their day-to-day work while working on the CIS project. This pattern has been repeated for several projects including the Phone system upgrade, the MDM upgrade, the Green Button customer portal implementation and others saving Oshawa Power from having to hire at least an

TAB 13

year FTEs (88) and 2026 Test Year forecast end of year FTEs (105)

- Changes in FTEs per program, including all sub-programs, are as noted below for a net change of 13.8 FTEs, which is the difference between 2021 OEB-approved and 2026 Test Year.

IRR Table 4-56: Change from 2021 to 2026 FTEs by Program and Sub-Program

Program/Department	2021 OEB-approved	2026 Test Year	Change between 2021 OEB-approved and 2026
Operations & Maintenance			
Distribution	29.0	30.0	1.0
Metering Service - Technicians	3.0	3.0	0.0
System Control - Operators	2.0	2.0	0.0
Engineering	4.0	5.0	1.0
Technical Services	5.0	8.7	3.7
Operations Management	7.0	3.0	-4.0
O&M Program Total	50.0	51.7	1.7
Customer Service	0	0	
Communications	1.0	2.3	1.3
Customer Service	15.5	4.0	-11.5
Metering / Reading	3.3	4.0	0.7
Customer Service Program Total	19.8	10.3	-9.5
Administrative & General			
Corporate	5.0	9.0	4.0
Finance & Regulatory	7.3	15.6	8.3
Supply Chain	3.3	4.3	1.0
IT Operations	3.0	10.3	7.3
Human Resources	1.0	1.9	0.9
Health & Safety	1.0	1.0	0.0
Facilities	1.0	1.0	0.0
Administrative & General Total	21.6	43.2	21.6
Total	91.4	105.2	13.8

b) The average compensation costs for the call centre between 2021 and 2023 was \$680,431.

2024, but would have required an increase to 10.0 FTEs to meet demand in 2024 onwards. Although the in-house customer service is a new function with no recent in-house comparator, it is estimated to be equivalent to 1.0 FTE.

See Table below showing end of year FTE counts for 2024 to 2026 assuming both of these functions, call centre and in-person customer service, remained in-house.

IRR Table 4-69: Adjustment to end of year FTE Counts Without Outsourcing

Program/Department	2024 Actuals	2025 Bridge Year (Application)	2025 Bridge Year (July 2025)	2026 Test Year
Operations & Maintenance				
Metering Service - Technicians	2.7	3.0	2.3	3.0
System Control - Operators	2.0	2.0	2.0	2.0
Engineering	4.3	4.0	3.5	5.0
Technical Services	7.7	8.0	8.0	8.7
Operations Management	2.0	2.0	2.8	3.0
O&M Program Total	42.0	43.0	42.6	51.7
Customer Service	0	0	0	0
Communications	1.0	2.0	2.0	2.3
Customer Service	3.2	3.0	3.6	4.0
Metering / Reading	2.5	3.0	3.0	4.0
Customer Service Program Total	6.7	8.0	8.6	10.3
Administrative & General				
Corporate	8.6	8.8	8.8	9.0
Finance & Regulatory	13.8	13.5	13.5	15.6
Supply Chain	3.2	3.0	3.0	4.3
IT Operations	7.6	8.0	8.0	10.3
Human Resources	1.9	1.6	1.6	1.9
Health & Safety	1.0	1.0	1.0	1.0
Facilities	1.0	1.0	1.0	1.0
Administrative & General Total	37.0	36.9	36.9	43.2
Total	85.7	87.9	88.0	105.2
In-House Customer Service (Call Centre with Increased Demand, In-Person)	9.4	11.0	11.0	11.0
Total FTEs with Inhouse Customer Service (Call Centre, In-Person)	95.1	98.9	99.0	116.2

1

Table 4-19: FTEs for Administrative & General Program

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

2 **General Administration**

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

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

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

- 16 • Chief Financial Officer role (Corporate Controller, then VP of Finance in 2021-
17 2022)
- 18 • Director of People & Culture (formerly Director of Human Resources)
- 19 • Director of Communications & Marketing

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

IRR Table 4-57: Call Centre Compensation Costs (2021-2023)

Year	Compensation Costs
2021	\$743,774
2022	\$745,432
2023	\$552,088
Average (2021-2023)	\$680,431

The average total compensation for the four sub-programs noted are as follows:

IRR Table 4-58: Change from 2021 to 2026 in Compensation Costs (Salaries & Benefits)

Sub-Program	2021 Labour	2026 Labour	Change
Overhead Lines Operations	\$ 362,868	\$ 728,209	\$ 365,341
Engineering Administration	\$ 346,911	\$ 756,214	\$ 409,303
Communications & Community Relations	\$ 96,736	\$ 166,379	\$ 69,642
General Administration	\$ 2,274,519	\$ 5,855,371	\$ 3,580,852
Total	\$ 3,081,034	\$ 7,506,173	\$ 4,425,139

4-CCC/CCMBC/VECC/AMPCO-144

Ref. 1: Exhibit 4, p. 63

Question(s):

- Please provide the average number of vacancies (vacancy rate) that Oshawa PUC Networks had each year during the 2021-2024 period.
- Please discuss how, if at all, staff vacancies are reflected in the 2026 FTE forecast. If vacancies are reflected, please provide the vacancy rate applied.

Oshawa Power Response

- Oshawa Power experienced the following vacancy rates from 2021 to 2024.

IRR Table 4-59: Vacancies & Vacancy Rate (2021-2024)

Year	Vacancies	Rate
2021	8	11%
2022	6	8%
2023	4	5%
2024	11	13%

- b) No vacancies have been included in the 2026 FTE forecast, as it expected all new roles will be filled.

4-AMPCO-145

Ref. 1 Exhibit 4, p. 63

Question(s):

- a) With respect to Appendix 2-K, please provide the number of employees, Total Salary and Wages, Total benefits and Compensation by the following categories: Executive, Management, Union, and Non-Union. In the response, please provide a further breakdown of overtime and incentive pay by the above. Please also provide the number of employees that are eligible for incentive pay in each year. Please include any updates to 2025 and 2026. Please provide an excel version of the response.
- b) Please provide the percentage salary increases for Executive, Management, Union and Non-Union for each of the years 2021 to 2026.
- c) Please provide a comprehensive Organizational Chart for 2021 actuals and 2026 plan.

Oshawa Power Response

- a) See below for table for breakdown of Total benefits and Compensation by the following categories: Executive, Management, Union, and Non-Union.

TAB 14

1

Table 4-17: FTEs for Customer Service Programs

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

2 **Meter Reading & Data Management**

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

14

Variance Explanations

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

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

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

- d) Please provide a detailed breakdown and explanation of the variance in “Other” costs shown in Table 4-2.

Oshawa Power Response

- a) Provided below is the detailed breakdown and explanation of the variances in subcontractor costs shown in Table 4-2.

IRR Table 4-9: Subcontractor Cost Variance and Explanation

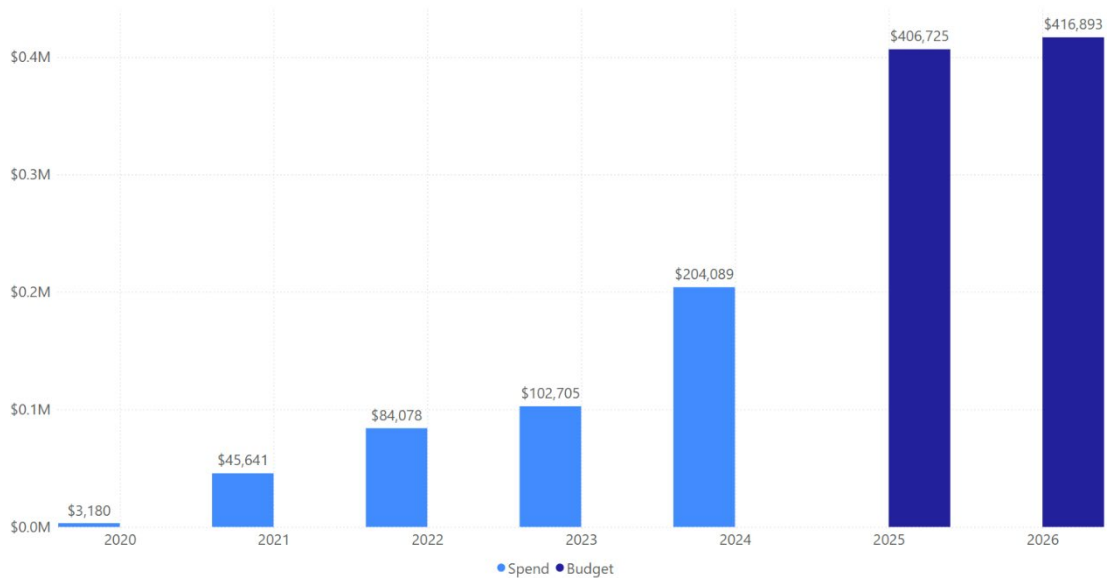
<u>Explanation</u>	<u>Variance</u>
Property Maintenance	110,913
Security Patrol and Monitoring that did not previously take place in 2020	148,987
Outsourced Customer Service Call Centre that took place in 2024	660,560
CIS System inflationary pressure and enhancements	190,746
Addition of dedicated debt collectors and meter technicians	413,225
Need for Meter Reading subcontractor services for wholesale meter work, driven by retirements and loss of expertise within the organization, leading to increased subcontractor costs	233,499
Other	93,053
	1,850,984

- b) Provided below is the detailed breakdown and explanation of the variances in Software and hardware fees costs shown in Table 4-2.

TAB 15

2026 is \$416,893.

IRR Figure 4-1: Collections Costs



g) With respect to insurance coverage:

- i. Oshawa Power's insurance provider covers between 10% and 80% of the claim amount for commercial accounts with claims over \$2,500. The maximum payout for any single account is capped at \$70,000.
- ii. The forecast of bad debt factors in historical trends, which include insurance payouts. Dollars recovered from insurance are therefore factored into the bad debt forecast.

4-VECC-131

Ref. 1: Exhibit 4, pp. 44-50, 75, 80

Question(s):

- a) The evidence states: "Oshawa Power outsourced the call centre in 2024 and thus shifted 12.5 positions to subcontracted costs from the 2021 OEB Approved

IRR Table 4-37: Call Centre Financial Analysis

	2024	2025	2026	2027	2028	2029	2030	Total 5 years
Projected Insourced Cost	\$603,766	\$621,879	\$640,535	\$659,751	\$679,544	\$699,930	\$720,928	\$4,022,569
Original Estimated Outsourced Cost	\$200,000	\$206,000	\$212,180	\$218,545	\$225,102	\$231,855	\$238,810	\$1,332,492
Original Estimated Savings	\$403,766	\$415,879	\$428,355	\$441,206	\$454,442	\$468,076	\$482,118	\$2,690,076
Adjusted Estimated Insourced Cost*	\$905,649	\$932,819	\$960,803	\$989,627	\$1,019,316	\$1,049,896	\$1,081,392	\$6,033,853
Estimated Outsourced Cost*	\$435,000**	\$614,000***	\$675,000****	\$695,250	\$716,108	\$737,591	\$759,718	\$4,197,667
Adjusted Estimated Savings*	\$470,649	\$318,819	\$285,803	\$294,377	\$303,209	\$312,305	\$321,674	\$1,836,186

* Original estimates adjusted for increased call volumes (projected to continue) of about 150% in 2024 over previous years' typical volumes.

** Actual costs in 2024

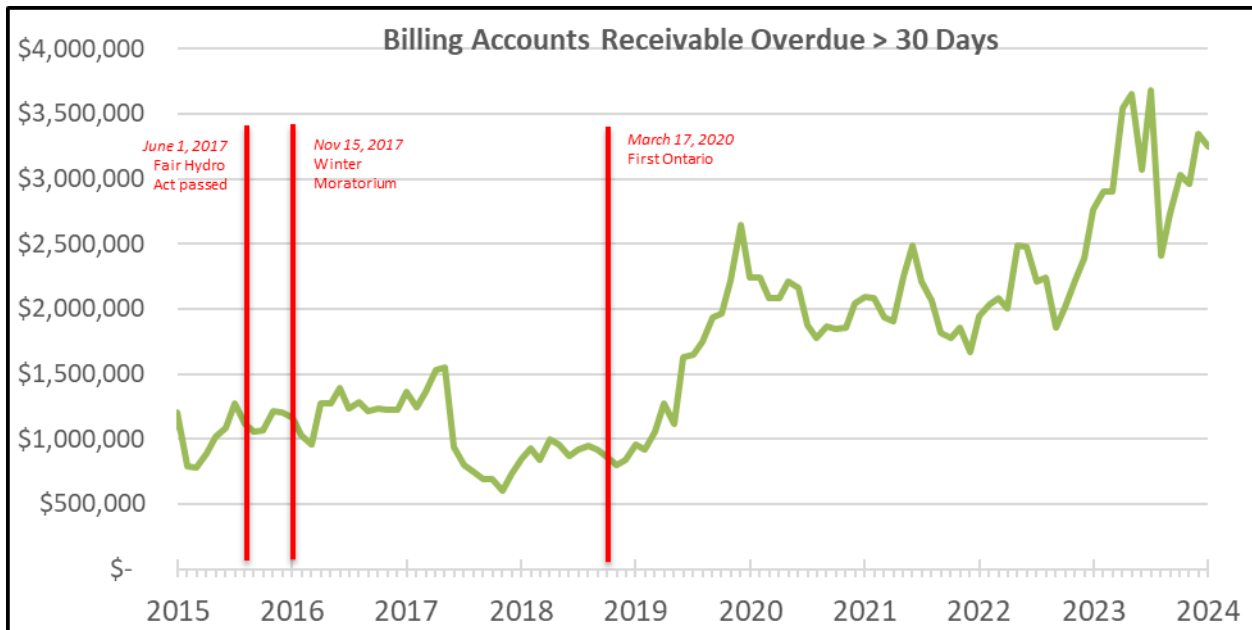
*** Projected costs in 2025, lower than expected due to contractor staffing shortage

**** Budgeted 2026 costs

- f) Collections activities have been contracted to an Oshawa Power affiliate since 2023 and are provided at market rate. The budget for 2025 is \$406,725 and for

1

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



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

7 *Oshawa Power's Response*

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

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

16 As a result of increasing outstanding customer debt despite these efforts, a backlog of
17 customer debt remains. Oshawa Power increased its collection efforts beginning in April
18 2024. This resulted in higher subcontractor costs to support collection of growing overdue

4-CCC/VECC-128

Ref. 1: Exhibit 4, pp. 41-42

Question(s):

(P. 41) Please complete and expand by adding additional lines (as necessary) the following table to show a more detailed breakout of the costs associated with the meter reading & data management program.

Programs	Last Rebasing Year (2021 OEB- Approved)	Historical				2025 Bridge Year	2026 Test Year
		2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals		
Meter Reading & Data Mgmt.	446,414	274,990	605,191	548,125	752,746	700,578	868,875
Salaries / Benefits							
Contracted Labour							

Oshawa Power Response

a) See completed Table below.

IRR Table 4-33: Meter Reading & Data Management Program Cost Breakdown

Programs	Last Rebasing Year (2021 OEB- Approved)	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals	2025 Bridge Year	2026 Test Year	Variance (2026 Test Year vs. 2021 OEB Approved)	Variance (2021 Actuals vs. 2021 OEB Approved)	Variance (2026 Test Year vs. 2024 Actuals)
Reporting Basis	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS			
Meter Reading & Data Mgmt.	446,414	274,990	605,191	548,125	752,746	700,578	868,875	422,461	-171,425	116,129
Labour and Benefits	295,376	212,223	177,744	179,268	362,242	391,642	552,216	256,840	-83,153	189,974
Contracted Labour	94,227	213,052	300,795	294,536	388,780	308,936	316,659	222,432	118,825	-72,121
Licenses	42,002	66,514	123,198	73,466	0	0	0	-42,002	24,512	0
Other	14,810	-216,800	3,455	856	1,724	0	0	-14,810	-231,609	-1,724

- e) (PP. 47-48) Please provide a financial analysis showing the total incremental costs/savings between the previous approach of staffing the call centre in-house relative to the contracting approach for each year 2024, 2025 and 2026. The analysis should reflect the incremental contracting costs and the reduced Oshawa PUC Networks labour costs.
- f) (PP. 46-47) Please provide the incremental costs incurred, or forecast to be incurred, related to the additional collection efforts for each year 2025 and 2026 relative to the period before the change in approach was implemented. As part of the response, please advise whether these additional collection efforts are handled by an affiliate of Oshawa PUC Networks (and are charged at a market price to the regulated utility).
- g) (P. 49) With respect to the insurance coverage, please:
- Advise whether there is only insurance coverage for large unpaid bills (i.e., \$2,500 or higher).
 - Explain how the claim payments are reflected in the forecast of bad debt.

Oshawa Power Response

- a) See completed Table below.

IRR Table 4-36: Customer Success and Collecting Program Cost Breakdown

Programs	Last Rebasing Year (2021 OEB- Approved)	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals	2025 Bridge Year	2026 Test Year	Variance (2026 Test Year vs. 2021 OEB Approved)	Variance (2021 Actuals vs. 2021 OEB Approved)	Variance (2026 Test Year vs. 2024 Actuals)
<i>Reporting Basis</i>	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS			
Customer Success and Collecting	1,473,746	1,119,685	1,103,787	920,832	1,375,483	1,476,555	1,834,959	361,213	-354,061	459,476
Labour and Benefits	1,239,878	912,033	846,263	695,335	550,060	484,260	655,048	-584,829	-327,845	104,988
Contracted Labour	110,809	95,706	89,630	105,872	641,036	906,725	1,091,893	981,084	-15,104	450,858
Licenses	12,179	17,414	55,072	45,334	83,675	26,191	26,846	14,667	5,235	-56,829
Materials	0	613	0	7,772	16,811	0	0	0	613	-16,811
Bank Charges	68,905	67,653	75,518	55,896	64,839	55,000	56,375	-12,530	-1,251	-8,464
Other	41,975	26,266	37,303	10,623	19,063	4,380	4,797	-37,178	-15,709	-14,266

- b) The contract with the call center is dated December 4, 2023, commencing on February 9, 2024. This contract is in effect for three years from the effective date

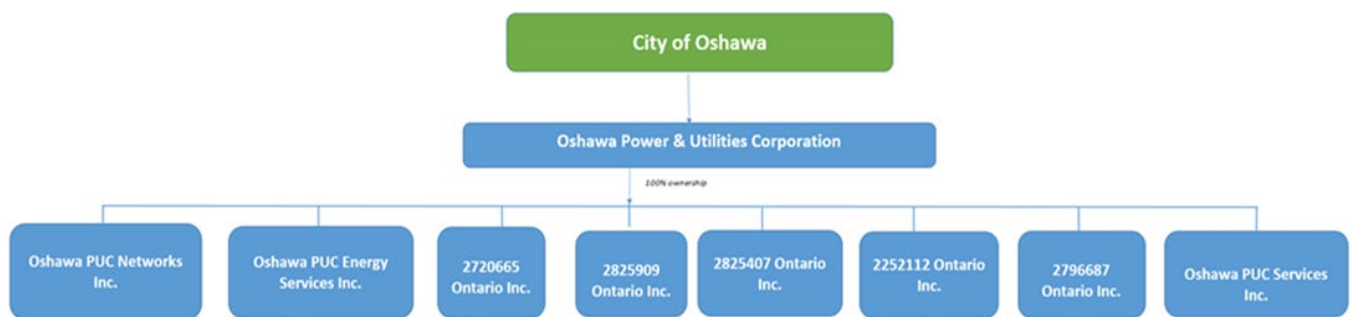
TAB 16

1.4.11 Corporate and Utility Organizational Structure

Oshawa Power is a wholly-owned subsidiary of Oshawa Power and Utilities Corporation (OPUC) which is 100% owned by the Corporation of the City of Oshawa (the City). OPUC also wholly-owns Oshawa PUC Energy Services Inc. (operating as EnerFORGE), Oshawa PUC Services Inc. (a dark fibre communications network, as well as a lit fibre business operating as Durham Broadband), 2252112 Ontario Inc., 2720665 Ontario Inc., 2825909 Ontario Inc., 2825407 Ontario Inc., and 2796687 Ontario Inc.

The following figure provides the corporate entities relationships:

Figure 1-2: Corporate Organizational Structure



Oshawa Power and the City of Oshawa have the following relationships:

- The City of Oshawa is not an energy services provider.
- Oshawa Power rents land and buildings from the City of Oshawa.
- Oshawa Power remits property taxes to the City of Oshawa.
- Both entities have complete and separate financial records and books of account.
- Neither entity shares IT services, human resources or management between one another.
- There is no access to confidential information.

Oshawa Power and OPUC have the following relationships:

- OPUC is not an energy service provider.
- Both entities have separate financial records and books of accounts.

1 On the Oshawa Power board:

- 2 • All directors are experienced leaders in business and various professions.
- 3 • Of the current complement of nine directors, one has legal expertise within the
4 sector, three have financial expertise and six have extensive industry
5 experience and understanding of the issues and specific challenges of the
6 industry, bringing knowledge and experience acquired through a career
7 culminating in positions of senior management responsibility in the sector.
- 8 • The board members bring a complementary set of skills based in business
9 management and the professions, so decisions are informed by a range of
10 training and perspective.
- 11 • The directors have no relationships with Oshawa Power, or with one another,
12 which might inhibit their independent judgement and are not connected with
13 one another by employment, family, or directorships of other corporations.
- 14 • The directors do not benefit financially from their relationship with Oshawa
15 Power, except as to their director fees, and have no relationship with Oshawa
16 Power that might affect their judgement. They or their employers are not
17 suppliers of goods or services to Oshawa Power, do not receive significant
18 donations or other benefits from Oshawa Power, and are not relatives of the
19 senior management of Oshawa Power.
- 20 • In order to maintain independence, the Board has a robust succession and
21 recruitment plan, including Director training and education sessions and a
22 policy outlining the number of terms that a Director may serve consecutively.

23 At the present time, Oshawa Power has no plans to change the corporate or operational
24 structure, including any changes in legal organization and control.

25 **1.4.12 Specific Approvals Requested and Relevant Sections of the Legislation**

26 In this proceeding, Oshawa Power is requesting the following approvals.

Oshawa Power and 2252112 Ontario Inc. (2252112) have the following relationships:

- 2252112 is an energy services provider, constructing and operating rooftop solar energy generation projects through Clinton Solar LP.
- Both entities have separate financial records and books of accounts.
- Oshawa Power provides accounting and IT services to 2252112 and recovers its costs under an affiliate Services Agreement.
- Oshawa Power has five board members that also serve on the board of 2252112.

Oshawa Power and 2720665 Ontario Inc. (2720665) have the following relationships:

- 2720665 holds equity in a biogas-based energy generation project under agreement with the IESO.
- Both entities have separate financial records and books of accounts.
- Oshawa Power has five board members that also serve on the board of 2720665.

Oshawa Power and 2825909 Ontario Inc. (2825909) have the following relationships:

- 2825909 is an energy services provider, holding equity in wind assets (via 2825411 Ontario Inc.) under agreement with the IESO.
- Both entities have separate financial records and books of accounts.
- Oshawa Power has five board members that also serve on the board of 2825909.

Oshawa Power and 2825407 Ontario Inc. (2825407) have the following relationships:

- 2825407 is an energy service provider, providing metering services and disconnect & reconnect services.
- Both entities have separate financial records and books of accounts.
- Oshawa Power provides finance and corporate support services to 2825407 and recovers its costs under an affiliate Services Agreement.
- Oshawa Power has five board members that also serve on the board of 2825407.

TAB 17

4-CCC/VECC-129

Ref. 1: Exhibit 4, pp. 42-43

Question(s):

- a) (P. 43) Please complete and expand by adding additional lines (as necessary) the following table to show a more detailed breakout of the costs associated with the customer billing program.

		Historical					
Programs	Last Rebasings Year (2021 OEB- Approved)	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals	2025 Bridge Year	2026 Test Year
Customer Billing	1,124,771	1,109,647	1,125,229	1,361,082	1,299,464	1,589,946	1,343,538
Salaries / Benefits							
Contracted Labour							

- b) (PP. 42-43) Please provide a summary of the key details with respect to the customer billing contract. As part of this response, please provide the term of the contract (i.e., start date and end date), breakdown between fixed and variable pricing, and annual escalation clauses.
- c) (PP. 42-43) Please explain the process that Oshawa PUC Networks undertook to enter the customer billing contract. As part of the response, please provide details about the RFP, the number of bidders, the selection process, etc.
- d) (PP. 43) Please provide the e-billing subscriber estimate (%) for 2026 based on the most up-to-date information. As part of the response, please provide the reduction (\$) that was included in the 2026 forecast to reflect the 2026 e-billing subscriber estimate.

Oshawa Power Response

- a) See completed Table below.

IRR Table 4-34: Customer Billing Program Cost Breakdown

Programs	Last Rebasement Year (2021 OEB- Approved)	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals	2025 Bridge Year	2026 Test Year	Variance (2026 Test Year vs. 2021 OEB Approved)	Variance (2021 Actuals vs. 2021 OEB Approved)	Variance (2026 Test Year vs. 2024 Actuals)
Reporting Basis	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS			
Customer Billing	1,124,771	1,109,647	1,125,229	1,361,082	1,299,464	1,589,946	1,343,538	218,767	-15,124	44,075
Labour and Benefits	0	0	0	0	0	0	0	0	0	0
Contracted Labour	625,052	582,141	604,660	726,752	689,987	1,014,090	753,286	128,234	-42,911	63,299
Postage and Printing	499,719	527,506	520,569	634,330	609,476	575,856	590,252	90,533	27,787	-19,224

- b) The initial contract was signed in 2005. The latest renewal was 2018 and contains no escalation amounts. The contract is currently year to year pending renegotiation with the vendor. Below is a summary of the contract details and the pricing model for each item. Prices have not been included at the request of the vendor.

IRR Table 4-35: Contract Detail and Pricing Model

Item	Pricing Model
Billing	Per Bill
Standard Billing Adjustments	Per Bill
New Service Setups	Per new service
eBilling	Monthly Fixed
Custom Report Writing	Per Hour
Training	Per Hour
Hosting – General	Monthly Fixed
Hosting – Licensing	Per User
Cashiering	Monthly Fixed
Billing & Sync Adjustment	Per Event

- c) Billing has been outsourced by Oshawa Power for over 20 years and has been with the same vendor, who had also been hosting and managing the billing software, until 2025. Oshawa Power does not have records of the selection process at that time.

TAB 18

4-CCC-171

Ref. 1: Exhibit 4, p. 62, 101, 106

Question(s):

- a) Please complete and expand by adding additional lines (as necessary) the following table to show a more detailed breakout of the costs associated with Oshawa PUC Networks' Board of Directors.

Programs	Last Rebasing Year (2021 OEB-Approved)	Historical				2025 Bridge Year	2026 Test Year
		2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals		
Board Expenses	375,547	245,625	275,080	292,758	494,418	484,957	501,129
Director Fees							

- b) Please advise whether the “management fee” described on page 101 is the same cost item as the Board expenses discussed on page 62. If not, please explain the difference between these two expenses.
- c) Please explain the significant increase in the “% of corporate costs allocated” to Oshawa PUC Networks since 2021. As part of the response, please discuss whether addition of a new affiliate (providing metering and collection services) was reflected in the allocation methodology.

Oshawa Power Response

- a) See completed Table below.

IRR Table 4-78: Board Expenses Cost Breakdown

Programs	Last Rebasing Year (2021 OEB-Approved)	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals	2025 Bridge Year	2026 Test Year	Variance (2026 Test Year vs. 2021 OEB Approved)	Variance (2021 Actuals vs. 2021 OEB Approved)	Variance (2026 Test Year vs. 2024 Actuals)
<i>Reporting Basis</i>	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS			
Board Expenses	375,547	245,625	275,080	292,758	494,418	484,957	501,129	125,582	-129,922	6,712
Director Fees	98,847	93,817	51,337	86,752	178,417	195,324	192,442	93,595	-5,030	14,025
Consulting	43,265	47,833	66,121	91,490	32,299	70,500	74,825	31,560	4,568	42,526
Shared Services	33,141	30,080	26,384	48,306	115,638	150,643	161,326	128,185	-3,061	45,688
Legal	0	14,767	86,277	26,624	68,544	26,790	28,434	28,434	14,767	-40,110
Other	200,294	59,128	44,961	39,586	99,520	41,700	44,102	-156,192	-141,166	-55,417

TAB 19

Programs	Last Rebasing Year (2021 OEB- Approved)	Historical				2025 Bridge Year	2026 Test Year
		2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals		
Facilities	769,344	686,659	836,866	780,080	754,168	807,876	870,610
Salaries / Benefits							
Contracted Labour							
Leases							

- b) With respect to Oshawa PUC Networks' current administrative and operational facility, please provide a detailed breakdown of the total annual costs associated (e.g., lease payments, maintenance, insurance, etc.) for each year during the period 2021-2025.

Oshawa Power Response

- a) See completed Table below.

IRR Table 4-44: Facilities Program Cost Breakdown

Programs	Last Rebasing Year (2021 OEB- Approved)	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals	2025 Bridge Year	2026 Test Year	Variance (2026 Test Year vs. 2021 OEB Approved)	Variance (2021 Actuals vs. 2021 OEB Approved)	Variance (2026 Test Year vs. 2024 Actuals)
<i>Reporting Basis</i>	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS			
Facilities	769,344	686,659	836,866	780,080	754,168	807,876	870,610	101,266	-82,685	116,442
Labour/Benefits/Contracted labour	291,710	145,149	254,367	163,233	160,754	268,607	272,085	-19,625	-146,562	111,331
Leases	341,964	341,401	348,229	351,098	352,717	361,631	425,000	83,036	-563	72,283
Utilities	34,768	40,692	32,238	40,975	52,886	50,306	48,006	13,238	5,923	-4,879
Repairs and Mtce	64,927	55,076	66,245	102,835	137,246	121,688	118,802	53,875	-9,851	-18,444
Materials/Other	35,974	104,341	135,787	121,940	50,566	5,644	6,717	-29,257	68,367	-43,849

- b) See table below for total annual costs from 2021-2025 associated with current administrative and operational facility.

IRR Table 4-45: Current Facility Costs (2021-2026)

	2021 Test	2021	2022	2023	2024	2025 Bridge	2026 Test
Rent	341,964	341,401	348,229	351,098	352,717	361,631	425,000
Maintenance	59,761	136,941	252,933	185,881	134,307	223,132	216,854
Utilities Expense	91,637	98,375	102,638	106,598	110,813	112,000	114,800
Phone System	55,810	37,217	41,056	28,898	32,697	32,136	32,939
Other	220,171	72,725	92,011	107,606	129,894	78,977	81,017
	769,344	686,659	836,866	780,080	760,429	807,876	870,610

4-AMPCO-139

Ref. 1: Exhibit 4, p. 63

Question(s):

- Please provide the turnover rate for each of the years 2021 to 2024.
- Please provide the current turnover rate for 2025.
- Please provide the turnover rate assumption for 2026.

Oshawa Power Response

- See below for 2021 to 2024 turnover rates.

IRR Table 4-46: Historical Turnover Rates (2021-2024)

Year	Turnover
2021	25%
2022	15%
2023	8%
2024	12%
Average	15%

TAB 20

4-SEC/CCMBC-165

Ref. 1: Exhibit 4, p.79

Question(s):

Please provide a copy of the outsourcing agreement for the call centre. If the call centre was outsourced to an affiliate, please provide all tender, pricing and other documents demonstrating the fairness of the procurement process.

Oshawa Power Response

See Attachment 4-6. The call centre was not outsourced to an affiliate.

4-SEC-166

Ref. 1: Exhibit 4, p.88

Question(s):

Please provide a copy of the Korn Ferry Management Compensation Study.

Oshawa Power Response

See Attachment 4-5.

4-SEC/AMPCO-167

Ref. 1: Exhibit 4, p.91

Question(s):

- a) Please provide a copy of the variable incentive plan referred to.
- b) Please provide the incentive plan performance targets linked to the OEB scorecard for 2026.
- c) Please provide the number of employees that received incentive pay compared to the number of employees that were eligible for each of the years 2021 to 2024 and provide the assumption for 2026.

Oshawa Power Response

- a) The variable incentive plan is the following text, approved by Oshawa Power's Board of Directors:

Oshawa Power offers a variable incentive plan to management and non-union staff which ranges between 10% and 20% of base salary, the final payout being made based on performance compared to targets set at the beginning of each year that align with the OEB Scorecard. The terms of the short-term incentive may change each year at the discretion of the Company. A short-term incentive award in one year does not guarantee an incentive award in subsequent years. The employee must be actively employed by the Company on the date the incentive is paid out and not under notice of resignation or termination at the time of payout. For certainty, the employee will have no entitlement to an incentive or damages in lieu in respect of any period that extends beyond the date the minimum statutory notice of termination period, if any, prescribed by the ESA ends, including any additional period during which the employee is or will be in receipt of compensation, damages or other entitlements in lieu of notice of termination, whether under contract or common law.

- b) The incentive plan performance targets are based on the 2026 Corporate scorecard, which will be completed and approved by Oshawa Power's Board of Directors in Q4 2025. Based on historical scorecards, management expects that major categories linked to the OEB scorecard and covered by the 2026 Corporate Scorecard will likely include Safety (Tracking LTI's), Reliability (Tracking SAIDI/SAIFI), and Customer Service (tracking of CSAT scores for the organization). Incentive pay is calculated with the following formula:

2023 onwards

Incentive Pay = Corporate Performance based on corporate scorecard outcomes (85%) + Individual Performance (15%)

- c) All eligible employees received incentive pay for each of the years 2021 to 2024, and the same was assumed for the 2026 Test Year.

IRR Table 4-70: Number of Employees Eligible for Incentive Pay (2021-2024, 2026)

Year	Number of Employees - Eligible	Number of Employees - Received
2021	14	14
2022	24	24
2023	37	37
2024	40	40
2026 Test Year	53	53

4-SEC-168

Ref. 1: Exhibit 4, p.96

Question(s):

Please reconcile tables 4-32 and 4-26.

Oshawa Power Response

See table below for reconciliation, using updated Table 4-26 in response to 4-Staff/CCC/VECC/AMPCO-109 b), for 2024 vs. 2023.

The left side of the table shows New and Eliminated Roles from the updated Table 4-26 (IRR Table 4-1), with a reconciliation to Table 4-32 on the right side, explaining any differences.

TAB 21

Programs	Last Rebasing Year (2021 OEB- Approved)	Historical				2025 Bridge Year	2026 Test Year
		2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals		
Communications & Community Relati	239,216	230,409	297,797	422,398	270,588	335,661	394,033
Salaries / Benefits							
Contracted Labour							
LEAP Funding							

Oshawa Power Response

See completed Table below.

IRR Table 4-39: Communications & Community Relations Program Cost Breakdown

Programs	Last Rebasing Year (2021 OEB- Approved)	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals	2025 Bridge Year	2026 Test Year	Variance (2026 Test Year vs. 2021 OEB Approved)	Variance (2021 Actuals vs. 2021 OEB Approved)	Variance (2026 Test Year vs. 2024 Actuals)
Reporting Basis	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS			
Communications & Community Relations	239,216	230,409	297,797	422,398	270,588	335,661	394,033	154,817	-8,807	123,445
Salaries and Benefits	96,736	98,527	173,128	201,997	106,047	147,693	166,379	69,642	1,791	60,332
Contracted Labour	38,297	38,459	43,008	64,921	40,285	50,000	51,125	12,828	162	10,840
Leap funding	33,542	33,542	34,470	35,992	37,396	38,518	99,793	66,251	0	62,397
Comm Relations	21,228	34,296	18,389	42,529	60,648	74,550	56,414	35,185	13,068	-4,234
Other	49,413	25,585	28,802	76,959	26,212	24,900	20,323	-29,090	-23,828	-5,889

4-CCC/VECC-134

Ref. 1: Exhibit 4, pp. 53-55

Question(s):

- a) (PP. 54-55) Please complete and expand by adding additional lines (as necessary) the following table to show a more detailed breakout of the costs associated with the general administration program. In the context of the broad range of activities included in the general administration program, please link the various line items that are added to the table to the related activity (e.g, supply chain, IT, HR, etc.).

TAB 22

April 28, 2025

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

Dear Valerie;

Re: Request to Act as Expert for Upcoming OEB Filing

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

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

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

Project Outline

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

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

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

Summary of Resources Utilized

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

- Oshawa Power Strategic Plan: 2026 – 2030;

1

Table 1-9: OM&A Cost Drivers

Cost Driver	Amount
2021 OEB Approved OM&A	\$13,866,092
Labour & Benefits	\$ 4,366,376
Subcontract Services	\$ 1,850,984
Software and Hardware Fees	\$ 745,669
Bad Debt Provision	\$ 744,464
Other	\$ 189,267
Insurance	\$ 143,514
OEB Regulatory Fees	\$ 135,785
Management Fees	\$ 125,972
Rent	\$ 79,486
LEAP Donations	\$ 78,784
Materials	\$ 43,277
Communications	\$ 38,044
Audit & Legal	\$ 4,391
Consulting	\$ (40,594.20)
Training	\$ (43,332.00)
Safety Supplies	\$ (56,190.02)
2026 Test Year OM&A	\$22,271,990
2021 to 2026 increase	60.6%

2 The primary cost drivers were:

- 3 • **Salary and benefits** changes based on annual inflation, compensation levels in a
4 competitive labour market, and general increase in staffing levels. The 2026 FTE
5 count has increased by 13.8 FTEs from the 2021 OEB Approved levels, to staffing
6 including a renewed leadership structure and investments in the IT department.
7 This growth is necessary for the Organization to execute its strategy and business
8 plan, including business transformation initiatives. Oshawa Power's workforce plan
9 was based on recommendations in a Resource Optimization Review conducted by
10 expert consultant Lise Galli of Marjorie Richards & Associates Ltd. The Review
11 found that Oshawa Power's current staffing structure is too lean for the size and
12 the scope of the LDC, and does not provide sufficient internal bandwidth to
13 effectively execute key functional activities and proactively seek efficiencies. See
14 Exhibit 4 for more details. See Exhibit 4, Section 4.4 on Workforce Planning for
15 more details, and Attachment 4-1 Resource Optimization Review.

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

Resource Optimization Review

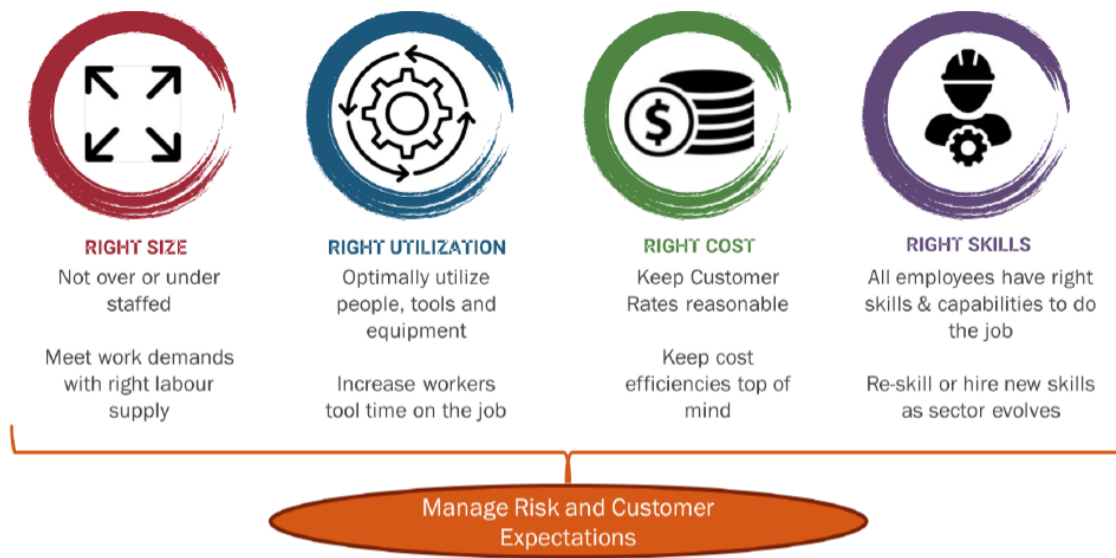
Oshawa Power engaged with expert consultant Lise Galli of Marjorie Richards & Associates Limited for a Resource Optimization Review (the Review, Attachment 4-1) in 2024 to further understand and confirm directional planning for its workforce alongside a review of historical trends and other influencing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

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

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

1

Figure 4-13: Workforce Optimization Goals



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

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

11 Key outcomes are summarized below:

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

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

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

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

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

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



Highest Customer: Employee Ratio

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

Recommendations for Trades and Technical Workforce

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

1

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

OPTIMAL TRADES/TECHNICAL WORKFORCE

Summary Recommended Hiring - Timing

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

2 Recommendations for Management and Professional Staff

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

TAB 23



RESOURCE OPTIMIZATION REVIEW

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

OVERVIEW

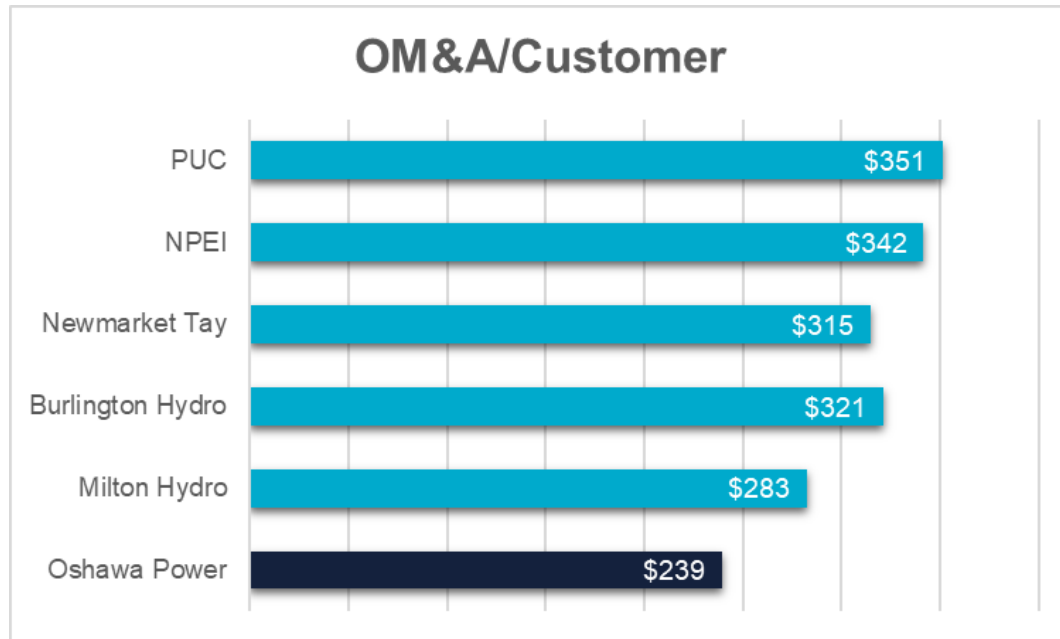
- Oshawa Power's Resource Optimization Review ("the Review") has two distinct yet aligned focuses:
 - **Workforce Planning.** Trades & Technical staff, inclusive of the front-line management required to lead and manage the trades groups; and
 - **Organization Structure Review.** Determining the right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

MARKET TRENDS

Industry Outlook

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

COMMUNITY GROWTH



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

MEETING CUSTOMER EXPECTATIONS

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

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

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

EMPLOYEE DEMOGRAPHICS

Average Age & Yrs of Service (2024)

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

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

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

RIGHT SKILLING

Competencies & Capabilities

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

EMPLOYEE DEMOGRAPHICS

Oshawa Power's Opportunities & Challenges

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

ADVANCE HIRING OF APPRENTICES



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



8.OPTIMAL WORKFORCE PLANNING STRUCTURE

Trades & Technical Workforce



OPTIMAL TRADES/TECHNICAL WORKFORCE

Justification – PLT's & Apprentice PLTs

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

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

OPTIMAL TRADES/TECHNICAL WORKFORCE

Forecast Impact

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

9.OPTIMAL ORGANIZATIONAL STRUCTURE

Non-Trades

