

EB-2025-0014
OSHAWA POWER
COMPENDIUM OF MATERIALS VOL. 2
SCHOOL ENERGY COALITION

Oshawa Power Response

a) See updated Table below.

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

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

1-SEC/PP-11

Ref. 1: Exhibit 1, p.24

Question(s):

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

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

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

Oshawa Power Response

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

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

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

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

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

1-SEC-24

Ref. 1: Exhibit 1, p.69

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

Ref. 3: Exhibit 6, p.9

Question(s):

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

Comparison to Similar-Sized LDCs

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

Comparison to Other Cohort II LDCs

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

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

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

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

Oshawa Power Response

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1-SEC/CCMBC-25

Ref. 1: Exhibit 1, p.114

Question(s):

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

Oshawa Power Response

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

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

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

1-Staff/CCC/CCMBC-3

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

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

Question(s):

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

Oshawa Power Response

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

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

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

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

1-Staff/CCMBC-6

Ref. 1: Exhibit 1, p.119

Question(s):

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

Oshawa Power Response

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

1-SEC/Staff/CCMBC-7

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

Question(s):

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

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

Oshawa Power Response

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

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

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

1-SEC/Staff/PP/CCMBC-8

Ref. 1: Exhibit 1, p.10

Question(s):

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

Oshawa Power Response

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

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 Tab:
 Schedule:
 Page:
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Show RRR data

Yes

Appendix 2-JA

Summary of Recoverable OM&A Expenses

	2021	2021	2022	2023	2024	2025	2026
	2021 Last Rebasings Year OEB Approved	2021 Last Rebasings Year Actuals	2022 Actuals	2023 Actuals	2024 Actuals	2025 Bridge Year	2026 Test Year
Reporting Basis	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
Operations	\$ 2,891,000	\$ 2,427,693	\$ 2,613,290	\$ 3,143,980	\$ 2,833,190	\$ 3,381,252	\$ 4,003,063
Maintenance	\$ 1,349,949	\$ 996,991	\$ 1,103,692	\$ 1,175,488	\$ 1,442,317	\$ 1,375,222	\$ 1,349,796
SubTotal	\$ 4,240,949	\$ 3,424,684	\$ 3,716,982	\$ 4,319,468	\$ 4,275,507	\$ 4,756,474	\$ 5,352,859
%Change (year over year)		54.0%	8.5%	16.2%	-1.0%	11.2%	12.5%
%Change (Test Year vs Last Rebasings Year - Actual)							26.2%
Billing and Collecting	\$ 3,500,467	\$ 2,862,727	\$ 3,254,066	\$ 3,949,857	\$ 4,899,646	\$ 5,025,619	\$ 5,247,373
Community Relations	\$ 239,216	\$ 230,409	\$ 297,797	\$ 422,398	\$ 270,588	\$ 282,786	\$ 394,033
Administrative and General	\$ 5,885,460	\$ 6,782,354	\$ 7,110,887	\$ 7,072,385	\$ 9,354,202	\$ 9,811,940	\$ 11,277,725
SubTotal	\$ 9,625,144	\$ 9,875,490	\$ 10,662,750	\$ 11,444,640	\$ 14,524,435	\$ 15,120,346	\$ 16,919,131
%Change (year over year)		-15.6%	8.0%	7.3%	26.9%	4.1%	11.9%
%Change (Test Year vs Last Rebasings Year - Actual)							75.8%
Total	\$ 13,866,092	\$ 13,300,173	\$ 14,379,731	\$ 15,764,108	\$ 18,799,942	\$ 19,876,820	\$ 22,271,990
%Change (year over year)		-4.5%	8.1%	9.6%	19.3%	5.7%	12.1%
							60.6%

	2021 Last Rebasings Year OEB Approved	2021 Last Rebasings Year Actuals	2022 Actuals	2023 Actuals	2024 Actuals	2025 Bridge Year	2026 Test Year
Operations ⁴	\$ 2,891,000	\$ 2,427,693	\$ 2,613,290	\$ 3,143,980	\$ 2,833,190	\$ 3,381,252	\$ 4,003,063
Maintenance ⁵	\$ 1,349,949	\$ 996,991	\$ 1,103,692	\$ 1,175,488	\$ 1,442,317	\$ 1,375,222	\$ 1,349,796
Billing and Collecting ⁶	\$ 3,500,467	\$ 2,862,727	\$ 3,254,066	\$ 3,949,857	\$ 4,899,646	\$ 5,025,619	\$ 5,247,373
Community Relations ⁷	\$ 239,216	\$ 230,409	\$ 297,797	\$ 422,398	\$ 270,588	\$ 282,786	\$ 394,033
Administrative and General ⁸	\$ 5,885,460	\$ 6,782,354	\$ 7,110,887	\$ 7,072,385	\$ 9,354,202	\$ 9,811,940	\$ 11,277,725
Total	\$ 13,866,092	\$ 13,300,173	\$ 14,379,731	\$ 15,764,108	\$ 18,799,942	\$ 19,876,820	\$ 22,271,990
%Change (year over year)		-4.5%	8.1%	9.6%	19.3%	5.7%	12.1%

	2021 Last Rebasings Year Actuals	2022 Actuals	2023 Actuals	2024 Actuals	2025 Bridge Year	2026 Test Year
Integrity Check - 2-JB: Total OM&A	13,300,172.6	14,379,720.9	15,764,108.8	18,799,942.8	19,876,821.8	22,271,989.8
Integrity Check - 2-JC: Total OM&A (if applicable)	13,300,173.4	14,379,731.4	15,764,108.0	18,799,942.2	19,876,819.8	22,271,989.7
Integrity Check - 2-JD: Total OM&A (if applicable)	0	0	0	0	0	0

Note:

- Historical actuals going back to the last cost of service application are required to be entered by the applicant.
- Recoverable OM&A that is included on these tables should be identical to the recoverable OM&A that is shown for the corresponding periods on Appendix 2-JE
- For unrecoverable OM&A Expenses see Section 2.4.3.7
- USoA included in Operations: 5005, 5010, 5012, 5014, 5015, 5016, 5017, 5020, 5025, 5030, 5035, 5040, 5045, 5050, 5055, 5060, 5065, 5070, 5075, 5085, 5090
- USoA included in Maintenance: 5105, 5110, 5112, 5114, 5120, 5125, 5130, 5135, 5145, 5150, 5155, 5160, 5165, 5170, 5172, 5175, 5178, 5195
- USoA included in Billing and Collecting: 5305, 5310, 5315, 5320, 5325, 5330, 5335, 5340
- USoA included in Community Relations: 5405, 5410, 5415, 5420, 5425
- USoA included in Administrative and General: 5505, 5510, 5515, 5520, 5605, 5610, 5615, 5620, 5625, 5630, 5635, 5640, 5645, 5646, 5647, 5650, 5655, 5660, 5665, 5670, 5672, 5675, 5680, 5681, 5685, 5695 **&6205 (sub-account LEAP funding)**

Appendix 2-JB
Recoverable OM&A Cost Driver Table¹⁻³

		2021	2022	2023	2024	2025	2026			
OM&A	2021 OEB Approved	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals	2025 Bridge Year	2026 Test Year	Cumulative	Increase	Proposed Budget
<i>Reporting Basis</i>		MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS			
Opening Balance ²	\$ -	\$ 13,866,092	\$ 13,300,173	\$ 14,379,721	\$ 15,764,109	\$ 18,799,943	\$ 19,876,822	\$ 13,866,092		
Bad Debt Provision	\$ 455,536	-\$ 97,130	\$ 61,453	\$ 699,959	\$ 352,134	-\$ 471,952	\$ 200,000	\$ 744,464	163.43%	\$ 1,200,000
Subcontract Services	\$ 1,537,178	\$ 494,476	\$ 270,812	\$ 146,708	-\$ 119,174	\$ 747,580	\$ 310,581	\$ 1,850,983	120.41%	\$ 3,388,161
Labour & Benefits net of Allocations	\$ 9,122,833	-\$ 1,106,870	\$ 566,448	\$ 151,568	\$ 2,112,081	\$ 956,968	\$ 1,686,180	\$ 4,366,375	47.86%	\$ 13,489,208
Materials	\$ 233,730	\$ 55,715	-\$ 5,679	\$ 72,109	-\$ 21,198	-\$ 30,814	-\$ 26,856	\$ 43,277	18.52%	\$ 277,007
Software and Hardware Fees	\$ 210,213	\$ 216,441	-\$ 187,338	\$ 122,983	\$ 359,451	\$ 189,453	\$ 44,679	\$ 745,669	354.72%	\$ 955,882
Audit & Legal	\$ 165,621	\$ 34,790	-\$ 44,554	\$ 20,610	-\$ 37,885	\$ 43,893	-\$ 12,464	\$ 4,391	2.65%	\$ 170,012
Insurance	\$ 262,553	-\$ 39,601	\$ 27,673	\$ 65,801	\$ 25,645	\$ 19,760	\$ 44,235	\$ 143,513	54.66%	\$ 406,066
Management Fees	\$ 375,156	-\$ 130,017	\$ 22,665	\$ 24,756	\$ 201,755	\$ 42,124	-\$ 35,311	\$ 125,972	33.58%	\$ 501,128
Safety Supplies	\$ 130,891	-\$ 30,727	\$ 3,995	\$ 65,826	\$ 45,157	-\$ 152,659	\$ 12,217	-\$ 56,190	-42.93%	\$ 74,701
OEB Regulatory Fees	\$ 415,032	-\$ 53,389	\$ 50,461	\$ 21,768	\$ 35,178	\$ 26,987	\$ 54,780	\$ 135,785	32.72%	\$ 550,817
Consulting	\$ 112,397	\$ 34,952	\$ 210,095	-\$ 76,548	\$ 161,506	-\$ 286,142	-\$ 84,457	-\$ 40,594	-36.12%	\$ 71,803
LEAP Donations	\$ 34,374	\$ 12,534	\$ 928	\$ 1,522	\$ 1,404	\$ 1,122	\$ 61,274	\$ 78,784	229.20%	\$ 113,158
Rent	\$ 342,593	\$ 4,861	\$ 725	-\$ 3	\$ 1,619	\$ 4,526	\$ 67,758	\$ 79,487	23.20%	\$ 422,081
Communications	\$ 145,297	\$ 48,027	\$ 10,967	-\$ 157	-\$ 79,665	\$ 116,227	-\$ 57,356	\$ 38,043	26.18%	\$ 183,340
Training	\$ 247,231	-\$ 143,334	\$ 2,513	\$ 57,162	-\$ 18,850	\$ 41,656	\$ 17,521	-\$ 43,332	-17.53%	\$ 203,899
Other	\$ 75,457	\$ 133,351	\$ 88,383	\$ 10,323	\$ 16,676	-\$ 171,850	\$ 112,384	\$ 189,267	250.83%	\$ 264,724
Closing Balance ²	\$ 13,866,092	\$ 13,300,173	\$ 14,379,721	\$ 15,764,109	\$ 18,799,943	\$ 19,876,822	\$ 22,271,987	\$ 22,271,987	60.62%	\$ 22,271,987

(1)

Oshawa Power Note

(1) Minor updates to reflect changes in column P to 2025 Fcst - see text in RED

	A	B	M	N	O	P	Q	R
1							File Number:	EB-2025-0014
2							Exhibit:	4
3							Tab:	
4							Schedule:	
5							Page:	
6								
7							Date:	29-Apr-25
8								
9	Appendix 2-K							
10	Employee Costs							
12		2021 OEB Approved	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals	2025 Bridge Year	2026 Test Year
13	Number of Employees (FTEs including Part-Time) ¹							
14	Management (including executive)	19	16	15	17	20	22	23
15	Non-Management (union and non-union)	72	65	57	63	66	65	74
16	Total	91	81	72	80	86	87	97
17	Total Salary and Wages including overtime and incentive pay							
18	Management (including executive)	\$ 3,287,025	\$ 2,716,112	\$ 2,997,510	\$ 2,508,481	\$ 3,455,101	\$ 4,438,426	\$ 5,137,242
19	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
20	Total	\$ 9,200,505	\$ 8,223,111	\$ 8,615,923	\$ 9,328,548	\$ 10,786,373	\$ 12,210,786	\$ 13,785,705
21	Total Benefits (Current + Accrued)							
22	Management (including executive)	\$ 944,970	\$ 535,486	\$ 510,628	\$ 654,766	\$ 798,366	\$ 1,018,587	\$ 1,137,899
23	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
24	Total	\$ 2,766,235	\$ 2,419,934	\$ 2,401,734	\$ 2,708,050	\$ 3,162,007	\$ 3,566,103	\$ 4,243,488
25								
26	Total Compensation (Salary, Wages, & Benefits)							
27	Management (including executive)	\$ 4,231,995	\$ 3,251,598	\$ 3,508,138	\$ 3,163,248	\$ 4,253,467	\$ 5,457,013	\$ 6,275,142
28	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
29	Total	\$ 11,966,740	\$ 10,643,046	\$ 11,017,657	\$ 12,036,598	\$ 13,948,380	\$ 15,776,889	\$ 18,029,194
30	Total Compensation Breakdown (Capital, OM&A)							
31	OM&A	\$ 9,122,833	\$ 7,565,659	\$ 8,228,864	\$ 8,551,676	\$ 10,343,014	\$ 11,644,108	\$ 13,489,209
32	Capital	\$ 2,843,907	\$ 3,077,387	\$ 2,788,793	\$ 3,484,922	\$ 3,605,366	\$ 4,132,781	\$ 4,539,985
33	Total	\$ 11,966,740	\$ 10,643,046	\$ 11,017,657	\$ 12,036,598	\$ 13,948,381	\$ 15,776,889	\$ 18,029,194
34								
35								
36								
37	Note:							
38	1. If an applicant wishes to use headcount, it must also file the same schedule on an FTE basis.							

- c) Oshawa Power notes in the table below, the material variances for 2025 from the Application.

IRR Table 4-7: Material Variances from Application

2025 Bridge Yr vs 2025 Fcst		
OM&A Program	Description	Amount
OH Lines	Subcontract \$50k higher labour for operation work and more details with allocation of labour out to capital and affiliates\$500k	-572,599
Substation Operations/Mtce	increased operations and maintenance work	-297,561
Customer Success/Collecting	Increase in Subcontract call centre	-106,446
General Administration	Labour allocation for one time affiliate work/lower pay incentive due to departures and delayed hiring/future employee benefit decrease	263,649
Audit Legal Consulting	Increased consulting for Finance and Engineering	-99,451
Software Mtce	Delayed software implementations to later in 2025	391,868
Other		-231,065
Total		-651,606

4-CCC-110

Ref. 1: Exhibit 4, pp.6-7

Question(s):

- (P. 6) Please provide the 2023-2024 OM&A budget (or the most recent budget that was created using Oshawa PUC Networks' two-year budgeting cycle).
- (P. 7) Please provide the 2025-2026 "provisional budget" that was approved by the CEO and presented to Oshawa PUC Networks' Board of Directors for approval.
- (P. 7) Please explain any changes between the 2025-2026 "provisional budget" and the final budget.
- (P. 7) Please confirm that the final budget is the OM&A amounts for 2025 and 2026 reflected in the application. If this is not correct, please explain.

Oshawa Power Response

a) The most recent is the 2025 and 2026 budget – see response in part b).

	Provisional 2025	Provisional 2026	Final 2026
Total Revenues	33,296,017	41,187,559	41,662,913
Total Expenses	27,295,148	29,958,113	30,706,924
Income From Operations	6,000,869	11,229,446	10,955,989
Net Interest	2,919,770	3,422,793	4,301,587
Taxes	26,830	61,524	61,524
Net Income	3,054,269	7,745,129	6,592,878

b) Approved provisional budget above in a).

c) Changes explained below for Total Expenses

IRR Table 4-8: Changes Between 2025-2026 Provisional and Final Budget

Category	Change from provisional	
Labour and Benefits	-\$245,666	Updates to established salary bands and union wages.
Board Fees	-\$34,934	Management fees are related to board expenses. As stated in appendix 2-N, it is projected that the board will have increase corporate cost allocated in 2026.
Subcontractors	-\$225,000	Increase call centre support as a result of the bad debt increase in 2024.
Donations	-\$60,119	Leap program increase.
Bad Debt	-\$250,000	In 2024, bad debt actualized at \$1.5M. Due to the increase management decided to adjust to meet the economic conditions facing Oshawa Power.
Depreciation	\$66,909	Recalculation based on updated DSP.
Total	-\$748,811	

d) Confirmed.

4-CCMBC-111

Ref. 1: Exhibit 4, page 8

Question(s):

- a) The Ministry of Energy and Electrification issued its renewed Letter of Direction to the OEB on December 19, 2024, which included a list of expectations and directives. Please provide Oshawa PUC Networks' cost estimate of implementing each expectation or directive.
- b) The OEB currently has more than 30 active policy initiatives and consultations. Please provide Oshawa PUC Networks' cost estimate of implementing each initiative and consultation participation.

Oshawa Power Response

- a) Oshawa Power is excited to engage and assist in the implementation of the Ministry of Energy and Electrification's Letter of Direction and the policy initiatives of the OEB. Given these initiatives are still in the consultation phase, Oshawa Power does not wish to speculate on costs related to these initiatives until the framework has been fully fleshed out.
- b) See a).

4-AMPCO-112

Ref. 1: Exhibit 4, p. 8

Question(s):

- a) Please provide a detailed breakdown and explanation of the variance in subcontractor costs shown in Table 4-2.
- b) Please provide a detailed breakdown and explanation of the variance in software and hardware fees shown in Table 4-2.
- c) Please provide a detailed breakdown and explanation of the variance in Bad Debt Expense shown in table 4-2.

- 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.

IRR Table 4-10: Software and Hardware Fee Costs Variance and Explanation

<u>Factors Driving Change</u>	<u>Variance</u>
Increase in User Licenses	205,706
Office Licenses	118,996
Previously under Consulting	91,923
GIS Software	68,787
Platform Automation	55,350
Records Management Software	49,838
Software Enhancements	43,270
Cyber Security	25,000
Field Software	25,000
Other	61,798
Total Variance	745,669

- c) Please refer to 4-Staff/SEC/CCMBC/VECC-132 for Bad Debt variance.
- d) “Other” variance in Table 4-2 is comprised of increased costs as shown below.

IRR Table 4-11: Other Costs Variance and Explanation

Other Cost Driver Breakdown	
Corporate Memberships	\$33,909
Facilities Repairs and Mtce	\$53,875
Utilities	\$13,238
Community Relations	\$35,185
Donations	\$10,250
Vehicle costs in OM&A	42,810
Total	\$189,267

4-CCC-113

Ref. 1: Exhibit 4, pp.8-9

Question(s):

Please provide a breakdown of the OM&A cost escalation between 2021 and 2026 broken down between inflationary pressure and all other factors.

Oshawa Power Response

Please see below for breakdown of Table 4-2 OM&A cost between 2021 and 2026. Of the total change in OM&A of \$8,405,897, inflationary pressure accounts for \$2,350,076 of the change. Inflation from 2021 to 2024 is base off of Bank of Canada while 2025 and 2026 inflationary assumptions are 3.0% and 2.5%, respectively. This rate is used for all the drivers with the exception Union wages and Rent. Inflation on wages for employees' part of the union are calculated using the average increase in CBA rate per year.

IRR Table 4-12: OM&A Cost Drivers Breakdown

OM&A Cost Drivers	Total Change	Inflationary	Other	Commentary on Other Factors
Bad Debt Provision	744,464		744,464	Driven by various factors, refer "Challenges with Outstanding Customer Debt" on pages 45-50 of Exhibit 4
Subcontract Services	1,850,984	93,053	1,757,931	See 4-AMPCO-112 (a) for drivers
Labour & Benefits net of Allocations	4,366,376	2,035,403	2,330,973	"Other" includes changes in allocation to capital, industry benchmark adjustments, and change in headcounts over the year.
Materials	43,277	42,743	534	
Software and Hardware Fees	745,669	38,130	707,539	See 4-AMPCO-112 for "Software & Hardware" drivers
Insurance	143,514	61,260	82,254	Increase in insurance coverage
Management Fees	125,972		125,972	See 4-SEC/Staff/VECC-162 for driver
OEB Regulatory Fees	135,785		135,785	Increase in cost driven by increased cost assessments, see page 61 of Exhibit 4
LEAP Donations	78,784		78,784	Change driven by revenue growth, refer to table 4-45 for 2026 LEAP donation calculation.
Rent	79,486	79,486	-	No change to rental space, change due to inflation
Other	91,588	-	91,587	
			-	
			-	
Total Change	8,405,898	2,350,076	6,055,823	

- d) At the time of response, Oshawa Power had 54.1% of customers on e-billing. Oshawa Power does not believe a reduction is warranted to reflect the updated 2026 e-billing subscriber estimate since the application was only filed 3 months ago.

4-CCC/VECC-130

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

Question(s):

- a) (P. 47) 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 success and collecting program.

Programs	Last Rebasings Year (2021 OEB- Approved)	Historical				2025 Bridge Year	2026 Test Year
		2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals		
Customer Success and Collecting	1,473,746	1,119,685	1,103,787	920,832	1,375,483	1,476,555	1,834,959
Salaries / Benefits							
Contracted Labour							

- b) (P. 44) Please provide a summary of the key details with respect to the call centre 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) Please explain the process Oshawa PUC Networks undertook to enter the call centre contract. As part of the response, please provide details about the RFP, the number of bidders, the selection process, etc.
- d) (P. 44) Please provide the FTE count for call centre employees before and after the outsourcing occurred in 2024. As part of the response, please also provide the proposed number of call center FTEs in 2026. Please also provide the average total direct compensation cost for call centre employees based on the 2026 forecast for these employees.

- 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

of December 4th 2023 ending on December 4th 2026. The current rates of pricing are as follows.

3. Fees and Billing Rates

3.1 The Services will be billed as follows:

Type of Billing	Rate (Pre GST)
Agent Training	
Agent Billing	
Senior Billing	
Set up	

- c) Oshawa Power performed a market assessment and selected the current vendor based on their existing experience with other utilities in Ontario, in order to minimize the impact to customers. Oshawa Power did not select through a formal RFP process because there are limited reputable vendors available with direct Ontario utility experience.
- d) Prior to outsource in 2024, Oshawa Power had three full time and six part time CSRs, as well as one full time team lead. Oshawa Power now has no call centre FTEs employed and will continue to have none in 2026. The entire function has been outsourced. The only FTEs involved with call centre functions are involved in management functions. These savings have been accounted for in the 2026 and ongoing budgets.
- e) A summary of the original analysis is shown below, with adjusted figures to account for increased call volumes seen in 2024/2025 that are expected to continue. The projected savings have been accounted for in the 2026 and ongoing budgets.

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

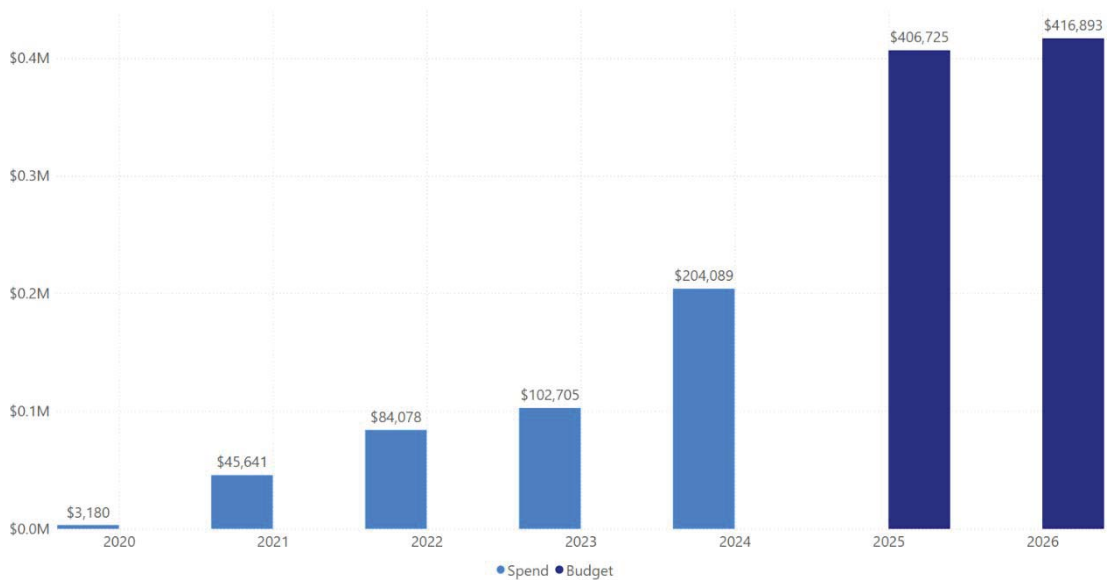
*** Projected costs in 2025, lower than expected due to contractor staffing shortage

**** 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

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

b) See completed Table below.

IRR Table 4-42: Information Technology Program Cost Breakdown

	Last Rebas- ing 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)
Programs										
Reporting Basis	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS			
Information Technology	744,509	1,095,997	817,258	1,118,633	1,519,265	1,745,262	1,921,339	1,176,830	351,488	402,074
Labour and Benefits	318,375	314,059	461,916	609,471	712,287	664,558	792,554	474,178	-4,317	80,267
Contracted Labour	40,000	0	14,330	51,626	18,655	0	0	-40,000	-40,000	-18,655
Software Mtoe Fees	163,417	587,119	107,556	287,885	586,639	831,796	893,654	730,237	423,701	307,015
Hardware Mtoe Fees	141,695	30,044	44,586	72,488	115,489	59,045	60,521	-81,174	-111,651	-54,968
Communications	74,637	126,979	148,181	78,307	74,499	186,624	171,289	96,652	52,342	96,790
Other	6,385	37,797	40,689	18,856	11,695	3,240	3,321	-3,064	31,412	-8,374

c) Oshawa Power engaged a consultant to perform a Resource Optimization Review, which included reviewing its technical staff compliment against seven of Oshawa Power's peers (see Exhibit 4, Attachment 4-1). The results of the review helped inform the staffing compliment outlined in Exhibit 4, section 4.3.5. Not limited to technology staff, the study found that Oshawa Power had a significantly higher Customer to Employee ratio than other comparable Ontario utilities, meaning that Oshawa Power operates much leaner than its peers.

Additionally, including the technology spend accounted for in this Application, Oshawa Power will remain one of the lowest cost utilities in the province, and the lowest in its area. Informal and anecdotal assessments of technology staff compliments and technology spending were also performed with neighbouring utilities, reenforcing the results of the review. Oshawa Power remains confident that our technology spend is lean and prudent, especially when compared to similar utilities.

d) The extent of support provided as part of licensing or maintenance fees differs between vendors and products, however typical support contracts include basic troubleshooting and support for potential software defects, specialized tasks, and system downtime. Typically, support and maintenance does not cover routine tasks that can be executed by a trained and competent individual, or configuration of the product, though some support contracts include a number of

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%

b) 5%.

c) 8%.

4-CCC-140

Ref. 1: Exhibit 4, pp.108-109

Question(s):

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 regulatory affairs program.

Programs	Last Rebasing Year (2021 OEB-Approved)	Historical				2025 Bridge Year	2026 Test Year
		2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals		
Regulatory Affairs (assessments, app	415,032	361,643	412,104	433,872	469,050	514,197	550,818
OEB Cost Assessment							
One-Time Rebasing Costs							
Consulting							
Legal							

Oshawa Power Response

See completed Table below.

IRR Table 4-47: Regulatory Affairs 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			
Regulatory Affairs (assessments, application costs)	415,032	361,643	412,104	433,872	469,050	514,197	550,818	135,785	-53,389	81,767
OEB Cost Assessments	255,175	247,604	284,732	303,973	353,258	373,673	382,567	127,392	-7,571	29,309
One-Time Rebasing Costs	137,557	113,372	113,372	113,372	113,372	113,372	140,420	2,863	-24,185	27,048
Consulting	17,000	667	8,000	15,333	0	17,804	18,249	1,249	-16,333	18,249
Legal	5,300	0	6,000	1,194	2,420	9,348	9,582	4,282	-5,300	7,162

The table above reflecting Tables 4-13, 4-17 and 4-19 has been restated below to reflect mid-year values calculated using an average of prior year and end of year FTE values.

IRR Table 4-48: 2021 to 2026 Mid-Year FTE values by Program (Application)

Program Mid-Year FTEs	2021 OEB-approved	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals	2025 Bridge Year	2026 Test Year
Operations & Maintenance							
Distribution	29.0	25.5	22.0	23.8	24.4	23.7	27.0
Metering Service - Technicians	3.0	2.5	2.0	2.2	2.5	2.8	3.0
System Control - Operators	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Engineering	4.0	3.0	1.5	2.5	4.2	4.2	4.5
Technical Services	5.0	5.5	6.0	6.0	6.8	7.8	8.3
Operations Management	7.0	5.5	3.5	2.5	2.0	2.0	2.5
Sub-Total	50.0	44.0	37.0	38.9	41.9	42.5	47.3
Customer Service							
Communications	1.0	0.5	1.0	1.8	1.3	1.5	2.2
Customer Service	15.5	11.8	8.8	8.5	5.3	3.1	3.5
Metering / Reading	3.3	2.2	1.0	1.5	2.3	2.8	3.5
Sub-Total	19.8	14.4	10.8	11.8	8.8	7.3	9.2
Administrative & General							
Corporate	4.0	5.5	5.5	5.6	7.9	8.7	8.9
Finance & Regulatory	7.3	7.6	8.7	11.9	14.0	13.6	14.6
Supply Chain	3.3	2.7	2.5	3.0	3.1	3.1	3.7
IT Operations	3.0	2.7	3.2	4.8	6.5	7.8	9.2
Human Resources	2.0	2.0	2.3	2.4	2.1	1.8	1.8
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
Sub-Total	21.6	22.4	24.1	29.6	35.6	36.9	40.0
Total	91.4	80.8	71.9	80.2	86.4	86.8	96.5

- c) The Table below discussed the changes to roles and vacancies in 2025 and implications on the 2026 Test Year forecast.

IRR Table 4-49: Changes to 2025 FTEs and Implications on 2026 Test Year

Role	Department	Update to 2025 Bridge Year	Application	Update July 1rs	Change	Implication on 2026 Test Year
Operations & Maintenance						
Meter Technician	Meter Service - Technician	Following a 2024 departure, vacant role was not filled in early 2025 as anticipated, new technician to start in September 2025.	1.0	0.3	-0.7	No change to roles requested in 2026.
Manager Stations and P&C	Engineering	Following a February 2025 departure, vacant role has not yet been filled. Plan to re-hire in September 2025.	1.0	0.5	-0.5	No change to roles requested in 2026.
Director Engineering and Operations	Operations Management	Role was hired in April 2025 instead of 2026 to support demand realizing more quickly than anticipated.	0.0	0.8	0.8	No change to roles requested in 2026.
Program sub-total					-0.4	
Customer Service						
Manager, Customer Services	Customer Service	Filled in June 2025 instead of 2026 to address demand arising from increased collections activity, with a change in title to Customer Excellence Program Manager.	0.0	0.6	0.6	No change to roles requested in 2026.
Program sub-total					0.6	
Total					0.2	

For clarity, updates to both end of year FTEs, and mid-year FTEs (based on an average of end of year and previous end of year counts) are provided, with updates to 2025 Bridge and 2026 Test Year FTE forecasts. While only 2025 Bridge Year FTEs have changed, because of how mid-year FTEs are calculated using previous year FTEs, 2026 mid-year FTEs are also updated.

IRR Table 4-50: Update to 2021 to 2026 End of Year FTE values by Program (July 2025)

Program/Department	2021 OEB-approved	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals	2025 Bridge Year (Application)	2025 Bridge Year (July 2025)	2026 Test Year
Operations & Maintenance								
Distribution	29.0	22.0	22.0	25.5	23.4	24.0	24.0	30.0
Metering Service - Technicians	3.0	2.0	2.0	2.3	2.7	3.0	2.3	3.0
System Control - Operators	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Engineering	4.0	2.0	1.0	4.0	4.3	4.0	3.5	5.0
Technical Services	5.0	6.0	6.0	6.0	7.7	8.0	8.0	8.7
Operations Management	7.0	4.0	3.0	2.0	2.0	2.0	2.8	3.0
O&M Program Total	50.0	38.0	36.0	41.8	42.0	43.0	42.6	51.7
Customer Service	0	0	0	0	0	0	0	0
Communications	1.0	0.0	2.0	1.5	1.0	2.0	2.0	2.3
Customer Service	15.5	8.0	9.5	7.5	3.2	3.0	3.6	4.0
Metering / Reading	3.3	1.0	1.0	2.0	2.5	3.0	3.0	4.0
Customer Service Program Total	19.8	9.0	12.5	11.0	6.7	8.0	8.6	10.3
Administrative & General								
Corporate	5.0	8.0	5.0	7.2	8.6	8.8	8.8	9.0
Finance & Regulatory	7.3	7.9	9.5	14.3	13.8	13.5	13.5	15.6
Supply Chain	3.3	2.0	3.0	3.0	3.2	3.0	3.0	4.3
IT Operations	3.0	2.4	4.0	5.5	7.6	8.0	8.0	10.3
Human Resources	1.0	1.0	1.5	2.2	1.9	1.6	1.6	1.9
Health & Safety	1.0	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	1.0
Administrative & General Total	21.6	23.3	25.0	34.2	37.0	36.9	36.9	43.2
Total	91.4	70.3	73.5	87.0	85.7	87.9	88.0	105.2

IRR Table 4-51: Update to 2021 to 2026 Mid-Year FTE values by Program (July 2025)

Program/Department	2021 OEB-approved	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals	2025 Bridge Year (Application)	Updated 2025 Bridge Year (July IR Update)	2026 Test Year (Application)	Updated 2026 Test Year (July IR Update)
Operations & Maintenance									
Distribution	29.0	25.5	22.0	23.8	24.4	23.7	23.7	27.0	27.0
Metering Service - Technicians	3.0	2.5	2.0	2.2	2.5	2.8	2.5	3.0	2.7
System Control - Operators	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Engineering	4.0	3.0	1.5	2.5	4.2	4.2	3.9	4.5	4.3
Technical Services	5.0	5.5	6.0	6.0	6.8	7.8	7.8	8.3	8.3
Operations Management	7.0	5.5	3.5	2.5	2.0	2.0	2.4	2.5	2.9
O&M Program Total	50.0	44.0	37.0	38.9	41.9	42.5	42.3	47.3	47.1
Customer Service	0	0	0	0	0	0	0	0	0
Communications	1.0	0.5	1.0	1.8	1.3	1.5	1.5	2.2	2.2
Customer Service	15.5	11.8	8.8	8.5	5.3	3.1	3.4	3.5	3.8
Metering / Reading	3.3	2.2	1.0	1.5	2.3	2.8	2.8	3.5	3.5
Customer Service Program Total	19.8	14.4	10.8	11.8	8.8	7.3	7.6	9.2	9.5
Administrative & General									
Corporate	5.0	6.5	6.5	6.1	7.9	8.7	8.7	8.9	8.9
Finance & Regulatory	7.3	7.6	8.7	11.9	14.0	13.6	13.6	14.6	14.6
Supply Chain	3.3	2.7	2.5	3.0	3.1	3.1	3.1	3.7	3.7
IT Operations	3.0	2.7	3.2	4.8	6.5	7.8	7.8	9.2	9.2
Human Resources	1.0	1.0	1.3	1.9	2.1	1.8	1.8	1.8	1.8
Health & Safety	1.0	1.0	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	1.0	1.0
Administrative & General Total	21.6	22.4	24.1	29.6	35.6	36.9	36.9	40.0	40.0
Total	91.4	80.8	71.9	80.2	86.4	86.8	86.9	96.5	96.6

d) Table 4-26 in Exhibit 4 has been updated to reflect corrections and updates to

roles and vacancies in 2025 and implications on 2026. See 4-Staff/CCC/VECC/AMPCO-109 b), IRR Table 4-1.

Table 4-20 in Exhibit 4 reflects mid-year FTEs based on actual end of year staffing counts whereas Table 4-26 reflects changes in the roles that exist in each year, measured at the end of the year, whether or not they were vacant for all or part of that year. Table 4-26 also excludes student and other temporary roles, whereas Table 4-20 includes all FTEs.

For example, for 2022 actuals, Table 4-20 reflects a 9 FTE decrease from 2021. This was calculated as follows:

- Mid-Year 2021 FTEs (81) = Average of 2021 OEB-approved FTEs (91.4) and 2021 end of year FTEs (70.3)
- Mid-Year 2022 FTEs (72) = Average of 2021 end of year FTEs (70.3) and 2022 end of year FTEs (73.5)

The change in FTEs between the end of 2021 (70.3) and the end of 2022 (73.5) was an increase of 3.2 FTEs.

Table 4-26 reflects the change between the end of 2021 and 2022 only changes in roles (+6.0), whereas the FTE decrease between the end of 2021 and the end of 2022 is also impacted by vacancies created by retirements, moves within the organization, and other departures (-13.4) offset by new arrivals in existing roles and students (+10.6).

See below Table showing all 60 roles shown in the updated Table 4-26 with mid-year FTE counts in alignment with Appendix 2-K.

IRR Table 4-52: Updated New/Eliminated Roles Table by Mid-Year FTEs

Roles by Program/Department	2021 OEB-approved	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals	2025 Bridge Year (Application)	Updated 2025 Bridge Year (July IR Update)	2026 Test Year (Application)	Updated 2026 Test Year (July IR Update)
Operations & Maintenance									
PLTs	19.0	15.0	10.0	12.3	14.2	13.0	13.0	13.5	13.5
PLT sub-foreperson	1.0	1.0	1.0	2.0	2.3	1.8	1.8	2.0	2.0
PLT apprentice	3.0	3.0	4.0	2.5	0.2	0.7	0.7	1.5	1.5
PME sub-foreperson	0.0	0.0	0.5	1.0	1.0	1.0	1.0	1.0	1.0
PME apprentice	0.0	0.5	1.0	0.5	0.0	0.0	0.0	1.0	1.0
Operations Coordinator	1.0	1.0	1.0	1.0	1.7	2.2	2.2	2.0	2.0
Manager Distribution Design & System Planning	0.0	0.0	0.0	0.0	0.5	1.0	1.0	1.0	1.0
Manager Stations and P&C	0.0	0.0	0.0	0.5	1.0	1.0	0.8	1.0	0.8
Engineer in Training	0.0	0.0	0.5	1.5	1.2	0.2	0.2	0.0	0.0
P&C/SCADA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.5
Technical Services Technician	3.0	3.0	3.0	3.5	4.5	5.5	5.5	6.0	6.0
Engineering Intern	0.0	1.0	2.0	2.0	2.3	2.3	2.3	2.3	2.3
Manager Metering & Operations	1.0	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Distribution Supervisor	2.0	2.0	2.0	1.5	1.0	1.0	1.0	1.0	1.0
Technical Services Supervisor	1.0	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operational Systems Specialist (GIS)	1.0	1.0	0.5	0.0	0.0	0.0	0.0	0.0	0.0
Maintenance Planner	1.0	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Director Engineering and Operations	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.5	0.9
Customer Service	0	0	0	0					
Manager, Communications	0.0	0.0	0.5	0.5	0.0	0.0	0.0	0.0	0.0
Communications Coordinator	0.0	0.0	0.0	0.3	0.3	0.5	0.5	1.0	1.0
Supervisor, Customer Service / Services & Escalation	1.0	0.5	0.0	0.0	0.3	0.8	0.8	1.0	1.0
Quality Assurance Specialist	0.0	0.0	0.0	0.3	0.6	0.4	0.4	0.0	0.0
Business Analyst, Customer Service	0.0	0.5	1.0	0.5	0.3	0.8	0.8	1.0	1.0
Director Meter to Cash	0.0	0.0	0.0	0.0	0.0	0.5	0.5	1.0	1.0
Customer Service Representatives	12.5	9.3	6.3	6.0	3.1	0.3	0.3	0.0	0.0
Meter Operator / Meter Data Operator	1.0	1.0	1.0	1.0	1.3	1.8	1.8	2.0	2.0
Operations Developer	1.0	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Manager, Metering & Operational Data	0.0	0.0	0.0	0.5	1.0	1.0	1.0	1.0	1.0
GIS Analyst	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.5
Administrative & General									
Executive / Administrative Assistant	1.0	1.0	1.0	1.4	1.9	2.0	2.0	2.0	2.0
VP, Engineering & Operations	1.0	1.0	0.5	0.0	0.0	0.0	0.0	0.0	0.0
Managing Director	0.0	0.0	0.0	0.5	1.0	1.0	1.0	1.0	1.0
VP Finance, Business & Corporate Services / CFO	0.0	0.5	1.0	1.0	0.9	0.8	0.8	0.9	0.9
CTO, Director of Business Transformation	0.0	0.0	0.0	0.4	0.9	1.0	1.0	1.0	1.0
Director, Communications & Marketing	0.0	0.0	0.0	0.4	0.9	1.0	1.0	1.0	1.0
Director, Regulatory & Commercial Affairs	0.0	0.0	0.0	0.0	0.4	0.9	0.9	1.0	1.0
Senior Contracts Specialist & Privacy Officer	0.0	0.0	0.0	0.4	0.9	1.0	1.0	1.0	1.0
Senior Regulatory Analyst / Supervisor, Regulatory Affairs	0.0	0.0	0.0	0.4	0.9	1.0	1.0	1.0	1.0
Regulatory Coordinator / Analyst	0.0	0.0	0.0	0.0	0.5	1.0	1.0	1.0	1.0
Corporate Controller	1.0	1.0	0.5	0.0	0.0	0.0	0.0	0.0	0.0
Manager, Financial Reporting	1.0	1.0	1.0	1.0	0.7	0.2	0.2	0.0	0.0
Manager, Governance	0.0	0.0	0.0	0.0	0.0	0.3	0.3	0.8	0.8
Senior Manager, Financial Accounting	0.0	0.0	0.5	1.0	1.0	0.5	0.5	0.0	0.0
Director of Finance	0.0	0.0	0.0	0.0	0.1	0.6	0.6	1.0	1.0
Supervisor, Financial Analysis & Reporting	0.0	0.0	0.0	0.0	0.1	0.6	0.6	1.0	1.0
Supervisor/Manager, Accounting	0.0	0.0	0.0	0.0	0.0	0.5	0.5	1.0	1.0
Financial Analyst / Senior FA	1.0	1.5	2.5	3.7	3.5	2.3	2.3	2.5	2.5
Buyer	2.0	1.5	1.0	1.0	0.9	0.9	0.9	1.0	1.0
Inventory & Procurement Clerk / Stockkeeper	0.0	0.0	0.5	1.0	1.0	1.0	1.0	1.0	1.0
Supply Chain Analyst	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.5
IT Analyst	2.0	2.0	2.0	2.0	2.4	2.9	2.9	3.0	3.0
Operational Technology Specialist (GIS)	0.0	0.0	0.5	0.5	0.0	0.0	0.0	0.0	0.0
Project Lead/Operations Excellence Manager	0.0	0.0	0.0	0.5	1.0	0.5	0.5	0.0	0.0
Integration and Automation Architect	0.0	0.0	0.0	0.4	0.9	1.0	1.0	1.0	1.0
Project Manager	0.0	0.0	0.0	0.4	1.0	1.6	1.6	2.0	2.0
Senior Network Engineer	0.0	0.0	0.0	0.5	1.0	1.0	1.0	1.0	1.0
Cyber Security Analyst	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.5
Business Analyst	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.5
Manager, Human Resources and Health & Safety	0.0	0.0	0.5	0.5	0.0	0.0	0.0	0.0	0.0
Senior Payroll Specialist	0.0	0.0	0.0	0.4	0.9	0.8	0.8	0.6	0.6
Total	57.5	50.3	45.7	54.6	59.3	59.9	60.0	68.1	68.2

e) See tables by program below showing 2024-2026 roles, timing of creation with respect to the Resource Optimization Review (ROR).

IRR Table 4-53: 2024-2026 Roles (Mid-Year FTE, Timing w.r.t. RoR) – O&M

Program/Department	2024 Actuals	2025 Bridge Year (Application)	Updated 2025 Bridge Year (July IR Update)	2026 Test Year (Application)	Updated 2026 Test Year (July IR Update)	New 2024 Role	New 2025 Role	New 2026 Role	Timing of Role Creation/Filling w.r.t. ROR
Operations & Maintenance									
PLTs	14.2	13.0	13.0	13.5	13.5				1 (ii) Created due to ROR
PLT sub-foreperson	2.3	1.8	1.8	2.0	2.0				(i) In place before ROR
PLT apprentice	0.2	0.7	0.7	1.5	1.5	1		1	(ii) Created due to ROR
PMEs	3.0	3.0	3.0	3.0	3.0				(i) In place before ROR
PME sub-foreperson	1.0	1.0	1.0	1.0	1.0				(i) In place before ROR
PME apprentice	0.0	0.0	0.0	1.0	1.0			2	(ii) Created due to ROR
Distribution Inspection Coordinator	2.0	2.0	2.0	2.0	2.0				(i) In place before ROR
Operations Coordinator	1.7	2.2	2.2	2.0	2.0	1			(i) In place before ROR
Distribution student	0.0	0.0	0.0	1.0	1.0			2	(iii) Created outside RoR
Sub-Foreperson Meter Technician	1.0	1.0	1.0	1.0	1.0				(i) In place before ROR
Meter Technician	1.0	0.8	0.5	1.0	0.7				(i) In place before ROR
Meter Technician Apprentice	0.5	1.0	1.0	1.0	1.0				(i) In place before ROR
Operations Technicians	2.0	2.0	2.0	2.0	2.0				(i) In place before ROR
Manager Distribution Design & System Planning	0.5	1.0	1.0	1.0	1.0	1			(i) In place before ROR
Manager Stations and P&C	1.0	1.0	0.8	1.0	0.8				(i) In place before ROR
Senior Engineer	1.0	1.0	1.0	1.0	1.0				(i) In place before ROR
Engineer in Training	1.2	0.2	0.2	0.0	0.0				(i) In place before ROR
Distribution Engineer	0.5	1.0	1.0	1.0	1.0				(i) In place before ROR
P&C/SCADA	0.0	0.0	0.0	0.5	0.5			1	(iii) Created outside RoR
Technical Services Technician	4.5	5.5	5.5	6.0	6.0	1			(i) In place before ROR
Engineering Intern	2.3	2.3	2.3	2.3	2.3				(i) In place before ROR
Distribution Supervisor	1.0	1.0	1.0	1.0	1.0				(i) In place before ROR
Manager Distribution Construction	1.0	1.0	1.0	1.0	1.0				(i) In place before ROR
Director Engineering and Operations	0.0	0.0	0.4	0.5	0.9		1		(ii) Created due to ROR
O&M Program Total	41.9	42.5	42.3	47.3	47.1				

IRR Table 4-54: 2024-2026 Roles (Mid-Year FTE, Timing w.r.t. RoR) – Customer Service

Roles by Program/Department	2024 Actuals	2025 Bridge Year (Application)	Updated 2025 Bridge Year (July IR Update)	2026 Test Year (Application)	Updated 2026 Test Year (July IR Update)	New 2024 Role	New 2025 Role	New 2026 Role	Timing of Role Creation/Filling w.r.t. ROR
Customer Service									
Marketing & Communications	0.0	0.0	0.0	0.0	0.0				(i) In place before ROR
Manager, Communications	0.0	0.0	0.0	0.0	0.0				(i) In place before ROR
Corporate Communication Specialist	1.0	1.0	1.0	1.0	1.0				(i) In place before ROR
Communications Coordinator	0.3	0.5	0.5	1.0	1.0				(i) In place before ROR
Comms Student	0.0	0.0	0.0	0.2	0.2				(i) In place before ROR
Supervisor, Customer Service / Services & Escalation	0.3	0.8	0.8	1.0	1.0	1			(ii) Created due to ROR
Quality Assurance Specialist	0.6	0.4	0.4	0.0	0.0				(i) In place before ROR
Business Analyst, Customer Service	0.3	0.8	0.8	1.0	1.0				(i) In place before ROR
Manager, Customer Service / Customer Excellence Program Manager	0.8	0.3	0.6	0.5	0.8				(i) In place before ROR
Director Meter to Cash	0.0	0.5	0.5	1.0	1.0		1		(iii) Created outside RoR
Customer Service Representatives	3.1	0.3	0.3	0.0	0.0				(i) In place before ROR
Temporary and Student Labour	0.3	0.1	0.1	0.0	0.0				(i) In place before ROR
Meter Operator / Meter Data Operator	1.3	1.8	1.8	2.0	2.0	1			(i) In place before ROR
Operations Developer	0.0	0.0	0.0	0.0	0.0				(i) In place before ROR
Temporary and Student Labour	0.0	0.0	0.0	0.0	0.0				(i) In place before ROR
Manager, Metering & Operational Data	1.0	1.0	1.0	1.0	1.0				(i) In place before ROR
GIS Analyst	0.0	0.0	0.0	0.5	0.5			1	(ii) Created due to ROR
Customer Service Program Total	8.8	7.3	7.6	9.2	9.5				

IRR Table 4-55: 2024-2026 Roles (Mid-Year FTE, Timing w.r.t. RoR) – Administrative & General

Roles by Program/Department	Mid-Year FTEs					New Roles Created?			Timing of Role Creation/Filling w.r.t. ROR
	2024 Actuals	Updated 2025 Bridge Year	2025 Bridge Year (July IR Update)	2026 Test Year (Application)	Updated 2026 Test Year	2024	2025	2026	
Administrative & General									
Exec / Admin Assistant	1.9	2.0	2.0	2.0	2.0				(i) In place before ROR
President & CEO	1.0	1.0	1.0	1.0	1.0				(i) In place before ROR
Managing Director - Oshawa Power	1.0	1.0	1.0	1.0	1.0				(i) In place before ROR
VP Finance / CFO & CAO	0.9	0.8	0.8	0.9	0.9				(i) In place before ROR
CTO, Director of Business	0.9	1.0	1.0	1.0	1.0				(i) In place before ROR
Director, Communications	0.9	1.0	1.0	1.0	1.0				(i) In place before ROR
Director, People & Culture	0.9	1.0	1.0	1.0	1.0				(i) In place before ROR
Director, Regulatory & Commercial Affairs	0.4	0.9	0.9	1.0	1.0	1			(i) In place before ROR
Manager, Finance & Regulatory Compliance / Regulatory Affairs & Strategy	1.0	1.0	1.0	1.0	1.0				(i) In place before ROR
Manager of Sustainability	1.0	1.0	1.0	1.0	1.0				(i) In place before ROR
Senior Contracts Specialist & Privacy Officer	0.9	1.0	1.0	1.0	1.0				(i) In place before ROR
Senior Regulatory Analyst / Supervisor, Regulatory Affairs	0.9	1.0	1.0	1.0	1.0				(i) In place before ROR
Regulatory Coordinator / Analyst	0.5	1.0	1.0	1.0	1.0	1			(i) In place before ROR
Reg Student	0.0	0.0	0.0	0.2	0.2				(i) In place before ROR
Manager, Financial Reporting	0.7	0.2	0.2	0.0	0.0				(i) In place before ROR
Analysis	0.8	0.4	0.4	0.0	0.0				(i) In place before ROR
Manager, Governance	0.0	0.3	0.3	0.8	0.8		1	1	(iii) Created outside RoR
Senior Manager, Financial Accounting	1.0	0.5	0.5	0.0	0.0				(i) In place before ROR
Director of Finance	0.1	0.6	0.6	1.0	1.0	1			(i) In place before ROR
Supervisor, Financial Analysis & Reporting	0.1	0.6	0.6	1.0	1.0	1			(i) In place before ROR
Supervisor, Accounting	0.0	0.5	0.5	1.0	1.0	1			(i) In place before ROR
Senior Accounting Clerk	1.0	1.0	1.0	1.0	1.0				(i) In place before ROR
Accounting Clerks (AP/AR Analysts)	2.0	2.0	2.0	2.0	2.0				(i) In place before ROR
Financial Advisor / Senior FA	3.5	2.3	2.3	2.5	2.5			1	(ii) Created due to ROR
Student	0.6	0.3	0.3	0.2	0.2				(iii) Created outside RoR
Buyer	0.9	0.9	0.9	1.0	1.0				(i) In place before ROR
Student or Temporary	0.2	0.2	0.2	0.2	0.2				(i) In place before ROR
Inventory & Procurement Clerk	1.0	1.0	1.0	1.0	1.0				(i) In place before ROR
Supply Chain Analyst	0.0	0.0	0.0	0.5	0.5			1	(ii) Created due to ROR
Manager Technology	0.3	0.8	0.8	1.0	1.0				(i) In place before ROR
Network Analyst / IT Analyst / Specialist	2.4	2.9	2.9	3.0	3.0	1			(i) In place before ROR
Project Lead/Operations Excellence	1.0	0.5	0.5	0.0	0.0				(i) In place before ROR
Integration and Automation Architect	0.9	1.0	1.0	1.0	1.0				(i) In place before ROR
Project Manager	1.0	1.6	1.6	2.0	2.0	1			(ii) Created due to ROR
Senior Network Engineer	1.0	1.0	1.0	1.0	1.0				(i) In place before ROR
Cyber Security Analyst	0.0	0.0	0.0	0.5	0.5			1	(ii) Created due to ROR
Business Analyst	0.0	0.0	0.0	0.5	0.5			1	(ii) Created due to ROR
IT Student	0.0	0.0	0.0	0.2	0.2			1	(iii) Created outside RoR
HR Consultant/Coordinator	1.0	1.0	1.0	1.0	1.0				(i) In place before ROR
Senior Payroll Specialist	0.9	0.8	0.8	0.6	0.6				(i) In place before ROR
Coordinator, Health & Safety	1.0	1.0	1.0	1.0	1.0				(i) In place before ROR
Manager, Safety Fleet and Facilities	1.0	1.0	1.0	1.0	1.0				(i) In place before ROR
Administrative & General Total	35.6	36.9	36.9	40.0	40.0				

f) Included in the response to e) above.

4-VECC-143

Ref. 1: Exhibit 4, pp. 26 - 67

Preamble:

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

2026 Test Year expenses increased by \$279,232 compared to 2024 Actuals. Labour increased from 2024 by 6.6 FTEs including new PLTs and apprentices, aligned with Oshawa PUC Networks' workforce planning strategy to meet current and future needs and knowledge transfer.

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

The 2026 Test Year increased by \$383,147 compared to 2021 OEB Approved. The increase is primarily due to an increase in FTEs of 4.7 positions.

Variance Explanations

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

The 2026 Test Year increased by \$154,817 compared to 2021 OEB Approved. This is the result of the addition of a Communications Coordinator in 2023 and a student. In addition, the costs for LEAP increased in 2023 and again in 2024, however incremental LEAP funding not already included within electricity rates has been recorded in a generic deferral account until the next rebasing, as discussed in section 4.7.

Variance Explanations

Programs	Last Rebasings 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					
General Administration	2,610,949	3,377,547	3,552,454	3,144,238	4,651,081	5,637,225	6,294,835	3,683,886	766,598	1,643,754

The 2026 Test Year increased by \$3,683,886 compared to 2021 OEB Approved. There has been significant growth and change within the corporate department for the new executive team, additional resources in the finance department, the creation of a new regulatory department in 2024, and the addition of one supply chain analyst. The staffing change, net of eliminated positions, was an increase of 14.3 FTEs. The primary increase is labour and benefits based on the number of FTEs and inflation-related increases as well as compensation and benefit increases to bring this in line with industry standards.

Question(s):

- a) The above extractions from variance analysis describes the main reason for cost increases in each of the 4 different categories as being due to FTE increases. The overall FTE increases (highlighted) total 27.6 incremental FTEs as between 2021 and 2026. Appendix 2-K shows the total FTEs in 2021 as 81 and the total in 2026 as 97. In 2023 or 2024 12.5 positions were eliminated due to outsourcing. Is it correct to calculate 2026 FTEs as $(81 + 27.6 - 12.5)$ or 96.1?
- b) What was the average total compensation cost of the 12.5 call centre staff and what is the average total compensation of the incremental 27.6 FTEs explained as the main reason for cost increase in 2026?

Oshawa Power Response

- a) No. See response to 4-VECC-131 a) and b) for the impact of elimination of the call centre on the average mid-year FTE counts provided in Appendix 2-K. The FTEs noted are increases in FTEs forecast for the end of 2026, with 2026 FTEs are calculated as follows:

- Mid-Year 2026 FTEs (97) = Average of 2025 Bridge Year forecast end of

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.

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 4-60: Total Benefits & Compensation by Category

	2021 OEB Approv	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals	2025 Budget	2026 Budget
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	1,888,635	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
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
Compensation							
Executive	662,074	1,797,509	2,096,288	1,428,478	2,394,330	3,074,182	3,406,694
Management	3,589,921	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	11,986,740	10,643,046	11,017,657	12,036,598	13,948,381	15,468,506	18,029,194
Employees Eligible for Incentive	14	14	24	37	40	45	52
Total Employees	91	81	72	80	86	87	97

- a) The percentage salary increases for 2021 to 2026 are provided in the following table.

causes including inflation, increasing customer count, and other (specified) causes.

Oshawa Power Response

- a) See the table below for the cost driver breakdown of the change in Labour & Benefits.

IRR Table 4-65: Labour & Benefit Cost Driver Explanation

Cost Driver Explanation for Labour and Benefits		
Drivers	Amount	
Inflation	2,035,403	Refer to 4-CCC-113
Customer Count	520,758	Refer to Table 4-6
Additional FTE	732,000	Refer to Table 4-6
Incentive	1,015,570	Refer to 4-AMPCO-145
Other	62,645	
Total Change	4,366,376	

4-SEC-159

Ref. 1: Exhibit 4, p.16

Question(s):

Please provide any internal documents relating to or explaining the apparent shift in spending of \$816,265 reduction in O&M and \$896,894 increase in G&A between 2021 OEB approved and 2021 Actuals.

Oshawa Power Response

Oshawa Power has provided the tables below which explain the change in spend for O&M and G&A. Further to the explanations is a table showing the FTEs for the 2021 OEB Approved and 2021 Actuals which shows the decrease in O&M labour due to COVID-19 and inability to retain employees. The internal documentation to support the

other variance explanations would primarily be vendor invoices and are not provided due to the large magnitude of invoices and time constraints.

IRR Table 4-66: General & Administration 2021 OEB-Approved to 2021 Actuals

G&A Variance 2021 OEB Approved to 2021 Actuals	
Description	Amount
Covid Costs (Supplies and Cleaning)	(236,296)
Software and Hardware Mtce reallocated from Meter Reading error	(225,657)
Pay Incentive accounting change to include current year accrual	(250,000)
Facilities Materials and repairs and mtce	(63,518)
Engineering Consulting	(25,098)
HR Temp Labour	(36,173)
Contract Labour for Supply Chain	(52,337)
Consulting for OEB Special Purpose audit	(39,435)
Board Costs	129,922
Other	(98,300)
Total G&A variance	(896,893)

IRR Table 4-67: Operations & Maintenance Variance 2021 OEB-Approved to 2021 Actuals

O&M Variance 2021 OEB Approved to 2021 Actuals	
Description	Amount
Labour and benefits (see FTE table below)	1,113,901
Repairs and Mtce (MS12 demolition/repairs main building)	(83,199)
Subcontractors-(locates and switch mtce)	(181,357)
Misc	(33,080)
Total O&M variance	816,265

IRR Table 4-68: O&M Program FTEs Variance 2021 OEB-Approved to 2021 Actuals

O&M Program FTEs	2021 OEB-approved	2021 Actuals
Distribution	29.0	22.0
Metering Service - Technicians	3.0	2.0
System Control - Operators	2.0	2.0
Engineering	4.0	2.0
Technical Services	5.0	6.0
Operations Management	7.0	4.0
Total	50.0	38.0

4-SEC/CCMBC-160

Ref. 1: Exhibit 4, p.18

Ref. 2: Exhibit 4, p.44

Question(s):

Please provide, for all years, the impact of outsourcing in reducing FTEs, and provide the adjusted (i.e. higher) increase in FTEs after taking those outsourcing reductions into account.

Oshawa Power Response

Oshawa Power outsources numerous functions to manage workforce shortages and improve efficiencies, including tree trimming, customer billing, utility Locates, building and equipment maintenance, metering services, IT support, security services, billing, collections, and most recently the call centre.

Most of these functions have been outsourced since before the last Cost of Service, and therefore no comparator is available to estimate the decrease in-house FTEs resulting from outsourcing of these functions.

Customer service is the exception. The call centre was outsourced in 2024 and in-house customer service was outsourced in 2025. As noted in 4-VECC-131, Customer Service Representatives were 5.5 FTEs at the end of 2023 and 0.6 FTEs at the end of

4-SEC-161

Ref. 1: Exhibit 4, p.20

Ref. 2: Exhibit 4, p.91

Question(s):

Please confirm that, in EB-2020-0048, the OEB approved OM&A funding for 91 FTEs, but during the five years 2021-2025 the Applicant never actually had that many FTEs working.

Oshawa Power Response

Due to factors such as the COVID-19 pandemic, staff turnover and hiring shortages, Oshawa Power has had fewer than 91 FTEs from 2021 to July 30, 2025. Based on the OM&A cost envelope approved by the OEB in its last Cost of Service, Oshawa Power made its spending decisions considering its operational priorities, staffing shortages, supply chain issues, inflationary pressures and other factors.

4-SEC/Staff/VECC-162

Ref. 1: Exhibit 4, p.62

Preamble:

Oshawa PUC Networks has forecasted a Board Expense budget of \$501k in 2026, an increase of \$256k from 2021 actuals. Oshawa PUC Networks noted that the increase is primarily due to 2024 increased director fees and associated costs for additional meetings.

Question(s):

- a) Please explain the reduction in management fees from 2021 OEB approved to 2021 actuals, and the subsequent increase in management fees from 2023 to 2024 actuals.

- b) Please explain why additional meetings have been required since 2024 and why this increase is sustained in 2026 given increased staffing levels throughout the organization.
- c) Please provide the per diem (or other compensation amount) per meeting in 2021 and the current per diem for Board meetings.

Oshawa Power Response

- a) Reduction in management fees from 2021 OEB-Approved to 2021 actuals is due to corporate costs not fully allocated out to Oshawa Power. Increase from 2023 to 2024 actuals is due to increase cost related to the 5-year strategic initiative and cost allocations to Oshawa Power. In addition, there was 1 net new board member added in 2024.
- b) The Board and respective committees meet every quarter. Responsibilities include quarterly review of strategic priorities, review of key performance indicators, approval of annual budgets, COS approvals, governance and leadership.

Committee groups include:

- Project Management Committee
- Finance and Audit Committee
- HR and Governance Committee

Meetings are sustained through 2026 in order to meet the board mandate to provide effective oversight of the organization.

- c) Directors are not paid on a per diem basis.

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.

Oshawa PUC Networks Cost-of-Service Bill Impacts and Impact of New Building

OEB Staff has calculated the combined Sub-Total A rate increase from the cost of service and the new facility based on bill impacts found in:

- Partial Settlement Proposal Tariff and Bill Impact Model 20250922
- Attachment 2-2 – OPUCN
MotionDocs_2025_ACM_ICM_Model_1.0_facility_draft estimate_20251022

	Current Bill	\$ Increase	% Increase	New Building Rate Rider	Total % increase
RESIDENTIAL SERVICE CLASSIFICATION - RPP	\$29.79	\$5.90	19.81%	\$4.45	35%
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION - RPP	\$62.88	\$12.49	19.86%	\$9.40	35%
GENERAL SERVICE 50 TO 999 KW SERVICE CLASSIFICATION - Non-RPP (Other)	\$812.66	\$161.45	19.87%	\$107.05	33%
GENERAL SERVICE 1,000 TO 4,999 KW SERVICE CLASSIFICATION - Non-RPP (Other)	\$5,323.10	\$1,154.13	21.68%	\$661.88	34%
LARGE USE SERVICE CLASSIFICATION - Non-RPP (Other)	\$27,976.89	\$4,962.53	17.74%	\$3,546.32	30%
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION - RPP	\$26.80	(\$2.94)	-10.97%	\$2.69	-1%
SENTINEL LIGHTING SERVICE CLASSIFICATION - Non-RPP (Other)	\$10.24	\$3.33	32.52%	\$1.67	49%
STREET LIGHTING SERVICE CLASSIFICATION - Non-RPP (Other)	\$3.72	\$0.73	19.62%	\$0.53	34%



EB-2010-0131

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
S.O. 1998, c. 15, (Schedule B);

AND IN THE MATTER OF an application by Horizon Utilities
Corporation for an order approving just and reasonable rates
and other charges for electricity distribution to be effective
January 1, 2011.

BEFORE: Marika Hare
Presiding Member

Cathy Spoel
Member

Karen Taylor
Member

DECISION AND ORDER

BACKGROUND

Horizon Utilities Corporation ("Horizon") filed an application (the "Application") with the Ontario Energy Board (the "Board") on August 27, 2010 under section 78 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, (Schedule B), seeking approval for changes to the rates that Horizon charges for electricity distribution, to be effective January 1, 2011. The Board assigned the Application File Number EB-2010-0131.

by factors other than customer growth. Other factors documented by Horizon are with respect to:

- Largely or wholly connected to the HV transmission grid, necessitating the incurrence of capital and operating costs for distribution stations and feeders;
- Concentration of Large Use demand and having the largest average Large Use demand of any Ontario distributor; and
- Service area characteristics, including heavily industrialized cities and the age and design of the distribution networks in Hamilton and St. Catharines.

Horizon submitted that its proposed OM&A was documented and supported by its evidence on the record.⁵⁶

Board Findings

Considerable hearing time and submissions of the parties focused on employee headcount and compensation. Some of these are attributable to OM&A and some to capital spending. While compensation is the largest component of OM&A, the Board is not inclined to delve into the specific headcount or FTEE numbers, or the extent to which activities are contracted out or undertaken by Horizon's staff. These are matters for Horizon to manage within the spending envelope approved by the Board.

The Board finds that it is appropriate to amortize the one time regulatory costs over a period of four years as submitted by Horizon in its update filed on April 6, 2011. This adjusts the original OM&A by approximately \$80,000.

After this adjustment, Horizon is requesting \$47.457 million for OM&A. The last Board approved OM&A for Horizon for the 2008 test year was \$38.3 million. Since then, actual spending on OM&A has increased only marginally so that actual spending on OM&A was \$39.5 million in 2010. The increase requested is approximately 20% over 2010 actual spending, and an average annual increase in excess of 7% since 2008.

While the Board accepts Horizon's evidence that some spending was delayed or deferred during the unsuccessful merger discussions with Guelph Hydro, and that there is a need to address an aging workforce and aging infrastructure, the Board questions

⁵⁶ Horizon reply submission [EB-2010-0131], May 20, 2011, pp. 71-104

whether it is realistic to expect that an increase of \$8 million over 2010 actual spending can be properly implemented in the test year. While the Board does not intend to delve into the details of the hiring and deployment of employees, it does note that hiring to fill new positions and vacancies is behind schedule.

Given that there is very little, if any, growth forecast the Board finds that the increase requested by Horizon is excessive. The Board finds that OM&A spending of \$42 million, before adjustments for property taxes, LEAP and OMERS expenses, for the 2011 test period is appropriate. This represents an average annual increase of slightly more than 3% since the last Board-approved budget in 2008. As this represents a 6% increase over 2010 actual spending, the Board expects that Horizon will be able to prioritize its business activities, implement its workforce and maintenance renewal projects and find ways to implement a business model which reflects its economic circumstances of little customer growth and a loss in load.

Depreciation

In its Application, Horizon stated that it has followed the Accounting for Municipal Electric Utilities in Ontario and the *2006 Electricity Distribution Rate Handbook*.⁵⁷ It has estimated a depreciation expense of \$27,371,137 in the updated Revenue Requirement Work Form ("RRWF") filed on April 15, 2011.

Board staff submitted that Horizon's methodology for calculating depreciation expense is consistent with Board policy and practice, but that depreciation expense may need to be updated in light of any findings in the Board's Decision, particularly with respect to rate base and capital expenditures.⁵⁸

Energy Probe took no issue with the depreciation rates used. Energy Probe also noted that Horizon calculates depreciation from the month that an asset enters service. Energy Probe submitted that this is more accurate than the general "half-year" rule used by most distributors, and that this approach was approved for Horizon's 2008 Cost of Service application. Energy Probe submitted that Horizon's approach should be approved. Energy Probe noted that the depreciation expense may also need to be updated for the Board's Decision on any impacts in the 2010 closing gross fixed assets

⁵⁷ Exhibit 4/Tab 1/Schedule 13

⁵⁸ Board staff submission [EB-2010-0131], May 4, 2011, pg. 44

SERVICE LEVEL AGREEMENT

BETWEEN

2825407 ONTARIO INC.

– and –

LAKEFRONT UTILITY SERVICES INC.

OCTOBER 15, 2024

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SERVICE LEVEL AGREEMENT

THIS AGREEMENT is dated as of October 15, 2024 (the "Effective Date")

BETWEEN:

2825407 ONTARIO INC., a corporation incorporated
under the laws of Ontario

(the "Provider")

- and -

LAKEFRONT UTILITY SERVICES INC., a corporation
incorporated under the laws of Ontario

(the "Client")

CONTEXT

1. The Provider provides a range of services that will meet the operational requirements of the Client.
2. The Client requires that the Provider provide the Services to facilitate the operation of the Business.

THEREFORE, the Parties agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement, the following terms have the following meanings:

- 1.1.1 "**Affiliate**" means an affiliate as that term is defined in the *Business Corporations Act* (Ontario).
- 1.1.2 "**Agreement**" means this agreement, including all Schedules, as it may be confirmed, amended, modified, supplemented or restated by written agreement between the Parties.
- 1.1.3 "**Applicable Law**" means, at any time, with respect to any Person, property, transaction or event, all applicable laws, statutes, regulations, treaties, judgments and decrees and (whether or not having the force of law) all applicable official directives, rules, consents, approvals, by-laws, permits, authorizations, guidelines, orders and policies of any Governmental Authority having authority over that Person, property, transaction or event.
- 1.1.4 "**Arbitration Act**" is defined in Section 8.1.
- 1.1.5 "**Arbitrator**" is defined in Section 8.1.
- 1.1.6 "**Business**" means the business of distributing electricity in the Town of Cobourg and Village of Colborne.

- 1.1.7 **"Business Day"** means any day excluding a Saturday, Sunday or statutory holiday in the Province of Ontario.
- 1.1.8 **"Client"** is defined in the recital of the Parties above.
- 1.1.9 **"Client Data"** is defined in Section 4.4.
- 1.1.10 **"Communication"** means any notice, demand, request, consent, approval or other communication which is required or permitted by this Agreement to be given or made by a Party.
- 1.1.11 **"Confidential Information"** means any information relating to the Client or its Business whether communicated in written form, orally, visually, demonstratively, technically or by any other electronic form or other media, or committed to memory, and whether or not designated, marked, labelled or identified as confidential or proprietary, but excluding information, other than Personal Information, which:
- 1.1.11.1 was, is or becomes available to or known by the public, other than as a result of improper disclosure by the Provider or any of its Representatives, before the end of the Term; or
- 1.1.11.2 was or is obtained from a source other than the Client, any of its Representatives, or any Person bound by a duty of confidentiality to the Client or the Business.
- 1.1.12 **"Consents"** is defined in Section 4.5.2.
- 1.1.13 **"Defaulting Party"** is defined in Section 3.4.
- 1.1.14 **"Disputes"** is defined in Section 8.1.
- 1.1.15 **"Effective Date"** is defined above in the first line of this Agreement.
- 1.1.16 **"Failing Party"** is defined in Section 3.6.
- 1.1.17 **"Force Majeure"** means: acts of God; laws, orders, rules, regulations, acts and restraints of armies, militaries, enemies, terrorists, and Governmental Authorities; war, revolutions, mobilization, political and civil unrest or insurrection, embargos, disturbances and riots; epidemics, outbreak of disease, and quarantine; inclement weather including floods, storms, tornados, hurricanes, tsunamis, earthquakes, volcanic eruptions and landslides; explosions and fire; labour issues including disputes, walkouts, strikes, slowdowns, lockouts and picketing; damage, destruction or expropriation of property; delays or defaults in or caused by, and shortages of, power, water, transportation and common carriers, facilities, labour, subcontractors, goods, materials and supplies; breakdowns in or the loss of production; the non-availability of relevant markets and the state of the marketplace; and any other event or occurrence beyond the reasonable control of the applicable Party.
- 1.1.18 **"Good Utility Practice"** means any of the practices, methods, or acts engaged in or approved by a significant portion of the electric utility industry in Ontario, Canada during the relevant time period, or any of the practices, methods, or acts which, in the exercise of reasonable judgment in light of the facts known at the time, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety, and applicable laws and regulations. **"Good Utility Practice"** is not

intended to be limited to the optimum practice or method, but rather includes a range of practices, methods, or acts generally accepted in the industry.

1.1.19 "Governmental Authority" means:

1.1.19.1 any federal, provincial, state, local, municipal, regional, territorial, aboriginal, or other government, governmental or public department, branch, ministry, or court, domestic or foreign, including any district, agency, commission, board, arbitration panel or authority and any subdivision of any of them exercising or entitled to exercise any administrative, executive, judicial, ministerial, prerogative, legislative, regulatory, or taxing authority or power of any nature; and

1.1.19.2 any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of them, and any subdivision of any of them.

1.1.20 "Indemnified Party" is defined in Section 7.3.1.

1.1.21 "Indemnifying Party" is defined in Section 7.3.1.

1.1.22 "Initial Term" is defined in Section 3.2.

1.1.23 "Licences" is defined in Section 4.5.1.

1.1.24 "Loss" means:

1.1.24.1 any loss, liability, damage, cost, expense, charge, fine, penalty or assessment including the costs and expenses of any action, suit, proceeding, demand, assessment, judgment, settlement or compromise and all interest, fines, penalties and reasonable professional fees and disbursements;

but excluding

1.1.24.2 any indirect, special, punitive or consequential losses, or damages.

1.1.25 "Nominee" is defined in Section 9.1.

1.1.26 "Non-Defaulting Party" is defined in Section 3.4.

1.1.27 "Parties" means the Provider and the Client, collectively, and "Party" means any one of them.

1.1.28 "Person" will be broadly interpreted and includes:

1.1.28.1 a natural person, whether acting in their own capacity, or in their capacity as executor, administrator, estate trustee, trustee or personal or legal representative, and the heirs, executors, administrators, estate trustees, trustees or other personal or legal representatives of a natural person;

1.1.28.2 a corporation or a company of any kind, a partnership of any kind, a sole proprietorship, a trust, a joint venture, an association, an unincorporated association, an unincorporated syndicate, an unincorporated organization or any other association, organization or entity of any kind; and

1.1.28.3 a Governmental Authority.

1.1.29 **"Personal Information"** means information relating to identifiable individuals.

1.1.30 **"Provider"** is defined in the recital of the Parties above.

1.1.31 **"Representatives"** means the Affiliates of a Party, and the advisors, agents, consultants, directors, officers, management, employees, subcontractors, and other representatives, including accountants, auditors, financial advisors, lenders and lawyers of a Party and of that Party's Affiliates.

1.1.32 **"Services"** means the services set out at Schedule "A".

1.1.33 **"Term"** means the period of time during which this Agreement is in full force and effect.

1.1.34 **"Third Party Agreements"** is defined in Section 4.5.1.

1.2 **Certain Rules of Interpretation**

1.2.1 In this Agreement, words signifying the singular number include the plural and vice versa, and words signifying gender include all genders. Every use of the words "including" or "includes" in this Agreement is to be construed as meaning "including, without limitation" or "includes, without limitation", respectively.

1.2.2 The division of this Agreement into Articles and Sections, the insertion of headings and the inclusion of a table of contents are for convenience of reference only and do not affect the construction or interpretation of this Agreement.

1.2.3 References in this Agreement to an Article, Section, or Schedule are to be construed as references to an Article, Section, or Schedule of or to this Agreement unless otherwise specified.

1.2.4 Unless otherwise specified in this Agreement, time periods within which or following which any calculation or payment is to be made, or action is to be taken, will be calculated by excluding the day on which the period begins and including the day on which the period ends. If the last day of a time period is not a Business Day, the time period will end on the next Business Day.

1.2.5 Unless otherwise specified, any reference in this Agreement to any statute includes all regulations and subordinate legislation made under or in connection with that statute at any time, and is to be construed as a reference to that statute as amended, modified, restated, supplemented, extended, re-enacted, replaced or superseded at any time.

1.3 **Governing Law**

This Agreement is governed by, and is to be construed and interpreted in accordance with, the laws of the Province of Ontario and the laws of Canada applicable in that Province.

1.4 Entire Agreement

This Agreement constitutes the entire agreement between the Parties pertaining to the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties, and there are no representations, warranties or other agreements between the Parties, express or implied, in connection with the subject matter of this Agreement except as specifically set out in this Agreement. No Party has been induced to enter into this Agreement in reliance on, and there will be no liability assessed, either in tort or contract, with respect to, any warranty, representation, opinion, advice or assertion of fact, except to the extent it has been reduced to writing and included as a term in this Agreement.

1.5 Business Day

Whenever any calculation or payment to be made or action to be taken under this Agreement is required to be made or taken on a day other than a Business Day, the calculation or payment is to be made, or action is to be taken on the next Business Day.

ARTICLE 2 REPRESENTATIONS AND WARRANTIES

2.1 Representations and Warranties of the Parties

Each Party represents and warrants in favour of the other Party as follows:

- 2.1.1 it is a corporation duly incorporated, amalgamated or continued, and existing, under the laws of the Province of Ontario, and has all necessary corporate power and capacity to enter into and perform its obligations under this Agreement;
- 2.1.2 it has taken all necessary corporate action to authorize the execution and delivery by it of its obligations under this Agreement;
- 2.1.3 it has duly executed and delivered this Agreement, and this Agreement constitutes a legal, valid and binding obligation enforceable against it in accordance with its terms, subject only to bankruptcy, insolvency, liquidation, reorganization, moratorium and other similar laws generally affecting the enforcement of creditors' rights, and to the fact that equitable remedies, such as specific performance and injunction, are discretionary remedies;
- 2.1.4 no authorization, consent, permit, exemption, approval or other action by, or filing with, or notice to, any Governmental Authority is required in connection with the execution and delivery by it of this Agreement or the performance of its obligations under this Agreement, all of which have been obtained, made or given;
- 2.1.5 the execution and delivery by it of this Agreement, and the performance of its obligations under this Agreement, do not and will not breach or result in a default under:
 - 2.1.5.1 any of its constating documents;
 - 2.1.5.2 any Applicable Law to which it is subject; or
 - 2.1.5.3 any contract or covenant by which it is bound; and

- 2.1.6 there is no action, litigation or other proceeding in progress, pending or, to its knowledge, threatened against it which might result in a material adverse change in its financial condition or which would materially adversely affect its ability to perform its obligations under this Agreement.

2.2 Representations and Warranties Continuously Given

All representations and warranties of the Parties will be deemed to be continuously given throughout the Term.

**ARTICLE 3
TERM AND TERMINATION**

3.1 Review

On the date that is 3 months following the Effective Date, the Parties agree to review the terms of this Agreement, including the performance of the Parties hereunder, and consider whether any of the terms herein should be modified. If any such modification is mutually agreed, the Parties will enter into a written amendment hereto.

3.2 Term

The initial term of this Agreement (the "Initial Term") will be for a consecutive 12 month period commencing on the Effective Date and continuing through to and including the date immediately prior to the consecutive 12 month anniversary date of the Effective Date, subject to the termination provisions set out in this Agreement.

3.3 Renewals

The Initial Term may be extended upon written mutual agreement of the Parties.

3.4 Termination for Default

The provision of Services under this Agreement may be terminated by a Party (the "Non-Defaulting Party") upon 20 Business Days notice to the other Party (the "Defaulting Party") if the Defaulting Party is in default of any term of this Agreement and the default has not been cured within 10 Business Days following written notice of that default having been given by the Non-Defaulting Party to the Defaulting Party.

3.5 Termination for Bankruptcy or Insolvency

The provision of Services under this Agreement may be terminated by a Party upon notice to the other Party upon the occurrence of any of the following events:

- 3.5.1 if the Defaulting Party becomes insolvent, makes an assignment for the benefit of creditors or is the subject of any proceeding under any bankruptcy and/or insolvency law;
- 3.5.2 if the Defaulting Party winds up, dissolves, liquidates or takes steps to do so or otherwise ceases to function as a going concern; or

- 3.5.3 if a receiver or other custodian (interim or permanent) of any of the assets of the Defaulting Party is appointed by private instrument or by court order or if any execution or other similar process of any court becomes enforceable against the Defaulting Party or its assets or if distress is made against any of the Defaulting Party's assets.

3.6 Termination for Convenience

- 3.6.1 The Client shall have the right to terminate this Agreement for its convenience prior to the expiration of the Initial Term or any renewal thereof, upon providing the Provider with 20 Business Days notice.

- 3.6.2 The Provider shall have the right to terminate this Agreement for its convenience prior to the expiration of the Initial Term or any renewal thereof, upon providing the Client with 90 Business Days notice.

3.7 Force Majeure

If a Party (the "Failing Party") is unable or fails to perform any of its duties and obligations under this Agreement by reason of Force Majeure, the Failing Party will not be liable to the other Party during the period of Force Majeure and to the extent of its inability or failure, but:

- 3.7.1 the Failing Party claiming Force Majeure must notify the other Party in writing within 72 hours after the Force Majeure event, setting out in reasonable detail the nature of the event, giving a good faith estimate of the expected duration of the event and outlining the steps the Failing Party intends to take to mitigate the effect of the event; and
- 3.7.2 the Failing Party will make commercially reasonable efforts in the circumstances to surmount the event of Force Majeure, and to resume full performance as soon as it is reasonably possible to do so, provided that the Failing Party will not be required to settle any labour issues including disputes, walkouts, strikes, slowdowns, lockouts or picketing on commercially unreasonable terms.

3.8 Effect of Termination

Despite termination of the provision of Services under this Agreement, the Parties will complete a final reconciliation of amounts owed to the Provider under this Agreement as contemplated in Article 5.

3.9 Continuing Obligation

Termination of this Agreement will not release, discharge or otherwise affect the obligation of the Client to pay for any Services provided to it before the termination took effect, including any interest on unpaid amounts as contemplated by Section 5.4.

**ARTICLE 4
SERVICES**

4.1 Provision of Services

The Provider agrees to provide the Services set out at Schedule "A" to the Client throughout the Term.

4.2 Performance Standards

The Provider will provide the Services to the Client adhering to a standard of care that is consistent with Good Utility Practice.

4.3 Personnel

The Provider will provide all necessary and appropriate personnel to perform the Services in accordance with the standard of care required by Section 4.2. The Provider's personnel will have appropriate education and training to perform the Services in a workmanlike manner. The personnel performing the Services will not be required to perform services exclusively for the Client, but may also provide similar services for the Provider and other entities. While providing the Services, the Provider's personnel will remain employees of the Provider. The Provider will be responsible for all wages, benefits, withholdings for tax purposes, and all other employer liabilities and responsibilities relating to all its personnel. The Provider will make commercially reasonable efforts to provide the Services in a timely manner consistent with the Provider's operation of its business.

4.4 Processing Errors

The Client is responsible from the Effective Date for the accuracy and completeness of all information, data or other items submitted by the Client to the Provider for processing or transmission in connection with the Services (the "**Client Data**") and for any errors in and with respect to information, data or other items obtained from the Provider because of any inaccurate or incomplete Client Data.

4.5 Third Party Agreement and Consents

4.5.1 The Parties recognize that certain of the Services and certain related software and hardware licences (the "**Licences**") are provided by third parties under specific third party agreements (the "**Third Party Agreements**"). The Parties further recognize that the Third Party Agreements may have been entered into by the Provider or an Affiliate of the Provider and that the Client receives support services and Licences as a result of the Third Party Agreements. Each Party will:

4.5.1.1 make commercially reasonable efforts to cause the third party providers to continue to provide the support and Licences to the Client under the terms of the Third Party Agreements as in effect as of the date of this Agreement; and

4.5.1.2 if successful in causing third party providers to provide support and Licences to the Client, pass through any services to which the Provider is entitled under those Third Party Agreements.

If a Third Party Agreement terminates before the expiration of the Term, the Provider will make commercially reasonable efforts to secure an alternative method of making the Services or Licences available to the Client, which alternative method has terms, and results in economic benefits and burdens to the Parties which are, substantially similar to those that exist as of the date of this Agreement. If the Provider or an Affiliate of the Provider allows the Client to use software or hardware that is licensed from a third party under a Third Party Agreement, the Client will abide by the applicable terms and conditions of that Third Party Agreement.

- 4.5.2 The Parties will make commercially reasonable efforts to obtain all consents, approvals or amendments to Third Party Agreements or any other existing agreements necessary to allow the Provider to provide the Services to the Client (the "Consents"). The Client will pay the cost of obtaining the Consents and any fees or charges associated with the Consents, including any additional licence or sublicense fees.

4.6 Security

The Provider will maintain adequate back-up material that will enable the regeneration of Client Data, computer files, printer output and other data generated in the course of providing the Services, in case any of it is lost. For the purposes of this Section 4.6, back-up material will mean exact copies of the magnetic tapes, disks or other Client Data furnished to, or in the possession of, the Provider at any time. The Provider will adopt reasonable measures and safeguards to prevent the loss, damage or destruction of Client Data and back-up material.

4.7 General Limitations

Nothing in this Agreement will require the Provider to:

- 4.7.1 perform any services not provided for in this Agreement; or
- 4.7.2 make any change or addition that will require any capital expenditures by the Provider without the prior agreement of the Provider.

Nothing in this Agreement will prohibit the Provider from making minor changes or additions to the Services, so long as the Provider continues to provide the Services substantially in the manner that it has agreed to provide them under this Agreement.

4.8 Status of Parties

The Parties acknowledge that they are separate entities, that the Provider and the Client have each entered into this Agreement for independent business reasons, and that the execution and performance of this Agreement does not create a partnership or joint venture between them.

ARTICLE 5 COMPENSATION

5.1 Compensation

- 5.1.1 In respect of the Services, the Provider will charge the Client as follows:

- 5.1.1.1 100% of the costs of the materials, labour and overhead required to provide the Services; plus
- 5.1.1.2 10% of the cost of such materials, labour and overhead.

5.2 Reconciliation and Invoicing

- 5.2.1 Each month the Provider will prepare and deliver to the Client an invoice for amounts payable to it in respect of the Services provided in the immediately preceding month.

- 5.2.2 Within 30 days after the end of the Term, the Provider will prepare and deliver to the Client a final invoice for Services rendered during the Term.

5.3 Payment

Payment of amounts owed by the Client to the Provider will be made by the 30th day following the receipt of the invoice provided by the Provider to the Client. Payments will be made to an account specified by the Provider in writing. If there is a dispute as to the amount payable to the Provider for Services rendered, the Client will, within 30 days of receipt of the Provider's invoice, notify the Provider in writing that it disputes the Provider's invoice. Despite the submission of a dispute notice by the Client, the Client will pay to the Provider, in accordance with the terms of this Agreement, all amounts that are not in dispute. The Client and the Provider will negotiate in good faith to resolve any invoice dispute. If within 15 days of receipt of the Client's dispute notice the Client and the Provider are unable to resolve the invoice dispute, the invoice dispute will be submitted to arbitration in accordance with Article 8.

5.4 Interest on Overdue Amounts

If the Client fails to comply with its payment obligations in accordance with this Agreement, interest on the outstanding amount will be billed to the Client from the due date until paid at a rate of 15% per annum.

**ARTICLE 6
CONFIDENTIALITY**

6.1 Confidentiality

6.1.1 The Provider acknowledges and agrees that:

- 6.1.1.1 the Client is the exclusive owner of all right, title and interest in and to the Confidential Information; and
- 6.1.1.2 the Provider has no right, title, licence, or interest in or to the Confidential Information, except for the right, subject to this Agreement, to review the Confidential Information for the purpose of carrying out its obligations under this Agreement.

Accordingly, the Provider agrees to hold in strict confidence and not disclose or use, and the Provider will not allow any of its Representatives to disclose or use, any Confidential Information, for any purpose, except as provided in this Section 6.1.

6.1.2 The Client or any of its Representatives will disclose Confidential Information to the Provider or any of its Representatives upon the following conditions:

- 6.1.2.1 the Provider will hold, and will cause its Representatives to hold, all Confidential Information in trust for the Client and will not use, or permit any of its Representatives to use, any of the Confidential Information, at any time or in any manner, except as is required by the Provider to carry out its obligations under this Agreement;
- 6.1.2.2 the Provider will limit the disclosure of the Confidential Information to those of its Representatives who have a need to know the Confidential Information to assist

the Provider in carrying out its obligations under this Agreement, who are informed by the Provider of the confidential nature of the Confidential Information and who agree in writing to act in accordance with and be bound by the terms and conditions of this Agreement; and

- 6.1.2.3 the Provider will be responsible for any breach of this Section 6.1, or any disclosure, divulgence, communication or use of any Confidential Information in a manner not authorized by this Agreement by any of its Representatives.
- 6.1.3 The Provider will take appropriate measures to protect the Confidential Information and will keep a record of the location of the Confidential Information and all of its Representatives to whom Confidential Information is provided. The Provider will store the Confidential Information properly and securely and ensure that appropriate technical and organizational means and physical or electronic storage media are in place to protect the Confidential Information against unauthorized or unlawful access or processing, and against accidental loss, destruction or damage, including taking reasonable steps to ensure the reliability of any Representative of the Provider permitted by the Provider to have access to the Confidential Information.
- 6.1.4 The Provider will, upon the written request of the Client, return promptly to the Client, or destroy, and provide written certification of the destruction of, all documents, physical or tangible manifestations and electronic and computerized forms of the Confidential Information received from the Client, including all copies, reproductions and applications of the Confidential Information, without retaining any copies or records.
- 6.1.5 If the Provider or any Representative of the Provider is required by any Applicable Law or by any Governmental Authority to disclose any Confidential Information, the Provider or that Representative will provide the Client with prompt written notice of that requirement, so that the Client may contest the disclosure of the Confidential Information and seek an appropriate protective order or other appropriate remedy.
- 6.1.6 If, in the absence of a protective order or other appropriate remedy, the Provider or any Representative of the Provider is, in the reasonable opinion of its lawyers, required by any Applicable Law or by any Governmental Authority to disclose any Confidential Information or stands liable for contempt or to suffer other censure or penalty, then the Provider or that Representative may, without liability under this Agreement, disclose that portion of the Confidential Information, but only that portion, that the Provider or the Representative is legally required to disclose.
- 6.1.7 The Provider will notify the Client immediately upon discovery of any breach of this Section 6.1 or any unauthorized or unlawful disclosure, divulgence, communication or use of any Confidential Information.
- 6.1.8 The covenants and obligations contained in this Section 6.1 will survive the expiration or earlier termination of this Agreement.

ARTICLE 7 INDEMNIFICATION

7.1 Indemnification by Provider

The Provider agrees to defend, indemnify and save harmless the Client, its officers, directors, shareholders, agents and employees, from and against any Loss sustained or incurred by the Client, its officers, directors, shareholders, agents and employees which arises or results directly from:

- 7.1.1 the breach by the Provider of any representation, warranty or covenant contained in this Agreement; or
- 7.1.2 any negligent or wilful act or omission of the Provider or its Representatives and Nominee in the provision of the Services.

7.2 Indemnification by Client

The Client agrees to defend, indemnify and hold harmless the Provider, its agents and employees, from and against any Loss sustained or incurred by the Provider, its agents or employees which arises or results directly from the breach by the Client of any representation, warranty or covenants contained in this Agreement.

7.3 Third Party Claims

- 7.3.1 Upon receipt of a claim by either Party (the "**Indemnified Party**") from a third party for which the other Party (the "**Indemnifying Party**") has agreed to indemnify the Indemnified Party, the Indemnified Party will notify the Indemnifying Party in writing of that claim.
- 7.3.2 Upon receipt of that notice, the Indemnifying Party will have the right to defend and/or settle any such claim at its own expense, provided that the Indemnifying Party advises the Indemnified Party of its intention to do so with 10 days of receipt of that notice.
- 7.3.3 If the Indemnifying Party fails to advise the Indemnified Party within the time specified in Section 7.3.2, the Indemnified Party will have the right but not the obligation to defend or settle that claim, employing counsel chosen exclusively by the Indemnified Party, in which case the Indemnifying Party will indemnify the Indemnified Party for all amounts which it is required to pay in settlement or satisfaction of those claims and will reimburse the Indemnified Party for all expenses (including reasonable legal fees and costs) incurred in the defence or compromise that claim.
- 7.3.4 Any settlement of any claim by the Indemnifying Party must include a full and complete release of the Indemnified Party.

7.4 Continuing Obligation

The indemnities in this Article 7 are continuing and irrevocable and the obligations of a Party under this Agreement will not be released, discharged, impaired or affected by:

- 7.4.1 any extensions of time or variations of obligations which the Party may grant or permit in respect of the observance or performance of any of the obligations of the Party;

7.4.2 any waiver by or neglect or failure of the Party to enforce any of the terms, covenants and conditions in respect of this Agreement; or

7.4.3 any amendment to this Agreement.

7.5 Limitation of Liability

7.6.1 Notwithstanding anything else in this Agreement, the maximum liability of the Provider in any calendar year, whether in contract, law or otherwise under any theory or principle of liability, shall be limited in the aggregate to an amount not greater than the compensation paid in such calendar year by the Client to the Provider pursuant to Section 5.1.

7.6.2 Notwithstanding anything else in this Agreement, the Provider shall not be liable for lost profits, indirect, special, punitive or consequential losses, or damages, including but not limited to loss of revenue, loss of business and loss of data.

ARTICLE 8 ARBITRATION

8.1 Nominee Resolution

Prior to the commencement of arbitration set out below, each Parties' respective Nominee shall meet and attempt to discuss any disputes, disagreements, controversies, questions or claims arising out of or relating to this Agreement ("**Disputes**").

8.2 Arbitration

Disputes that cannot be resolved pursuant to Section 8.1 after more than 10 Business Days will be determined by a sole arbitrator (the "**Arbitrator**") under the *Arbitration Act, 1991* (Ontario) (the "**Arbitration Act**"). In addition:

8.2.1 Section 7(2) of the Arbitration Act will not apply to the arbitration of a Dispute;

8.2.2 the Arbitrator will be a person on whom the Parties can agree to appoint. If the Parties cannot agree, the Arbitrator will be appointed by a judge of the Superior Court of Justice of Ontario on the application of any Party on notice to the other Party. No person will be appointed as Arbitrator unless the person agrees in writing to be bound by the provisions of this Article 8;

8.2.3 the law of Ontario will apply to the substance of all Disputes;

8.2.4 the arbitration will take place in the City of Toronto unless otherwise agreed in writing by the Parties;

8.2.5 the language to be used in the arbitration will be English;

8.2.6 the Arbitrator, after giving the Parties an opportunity to be heard, will determine the procedures for the arbitration of the Dispute, provided that those procedures will include an opportunity for written submissions and responses to written submissions by or on behalf of all Parties, and may also include an opportunity for exchange of oral argument and any other procedures as the Arbitrator considers appropriate. However, if the Parties agree on a code

of procedures or on specific matters of procedure, that agreement will be binding on the Arbitrator;

- 8.2.7 the Arbitrator will have the right to determine all questions of law and jurisdiction, including questions as to whether a Dispute is arbitrable, and will have the right to grant legal and equitable relief including permanent and interim injunctive relief, and final and interim damages awards. The Arbitrator will also have the discretion to award costs of the arbitration, including reasonable legal fees and expenses, reasonable experts' fees and expenses, reasonable witnesses' fees and expenses, and pre-award and post-award interest and costs, provided that the Arbitrator will not make an award of costs on a distributive basis;
- 8.2.8 the Parties intend, and will take all reasonable action necessary or desirable to ensure, that there be a speedy resolution to any Dispute, and the Arbitrator will conduct the arbitration of the Dispute with a view to making a determination and order as soon as possible;
- 8.2.9 the Parties desire that any arbitration should be conducted in strict confidence and that there will be no disclosure to any Person of the existence or any aspect of a Dispute except as is necessary for the resolution of the Dispute. Any proceedings before the Arbitrator will be attended only by those Persons whose presence, in the opinion of any Party or the Arbitrator, is reasonably necessary for the resolution of the Dispute. All matters relating to, all evidence presented to, all submissions made in the course of, and all documents produced in accordance with, an arbitration under this Article, as well as any arbitral award, will be kept confidential and will not be disclosed to any Person without the prior written consent of all the Parties except as required in connection with an application of a Party under section 46 or section 50 of the Arbitration Act, by Applicable Law, or by an order of an Arbitrator;
- 8.2.10 the fees of the Arbitrator will be paid equally by the Parties; and
- 8.2.11 subject to section 44 of the Arbitration Act, the Arbitrator's determination of a Dispute will be final and binding and there will be no appeal of that determination on any ground.

8.3 Interim Relief

- 8.3.1 Prior to the appointment of the Arbitrator, the Parties may apply to the courts for interim relief. A request for interim relief by a Party to court will not be considered to be incompatible with Section 8.1 or as a waiver of that provision.
- 8.3.2 At the request of either Party, the Arbitrator may take any interim measures that the Arbitrator considers necessary in respect of the Dispute, including measures for the preservation of assets, the conservation of goods or the sale of perishable goods. The Arbitrator may require security for the costs of those measures.

ARTICLE 9 GENERAL PROVISIONS

9.1 Contract Management

Each of the Provider and Client will nominate one individual to act as representative of such Party for purposes of the administration of this Agreement (each a "Nominee").

- 9.1.1 Each Nominee will have full authority to act on behalf of their respective appointing Party for all purposes of this Agreement that are within their responsibilities as herein provided.
- 9.1.2 During any period when a Party's Nominee is unable, through illness, incapacity or any other reason whatsoever, to perform such Nominee's functions under this Agreement, the appointing Party will, by written notice to the other Party, promptly appoint an alternative Nominee to perform the functions which would otherwise be performed by such Nominee on an interim basis. If such inability lasts for more than 90 consecutive days, the relevant Party will appoint a new Nominee to replace the incapacitated individual.
- 9.1.3 Unless written notice is otherwise provided, a Party and its Nominee (and upon receipt of the notice set out in Section 9.1.2, the other Party and its Nominee) will be entitled to treat any act of the other Nominee (or alternative Nominee) which is authorized by this Agreement as being authorized by its appointing Party without being required to determine whether authority has in fact been given.

9.2 Time of Essence

Time is of the essence in all respects of this Agreement.

9.3 Notices

Any Communication must be in writing and either:

- 9.3.1 delivered personally or by courier; or
- 9.3.2 transmitted by e-mail.

Any Communication must be sent to the intended recipient at its address as follows:

to the Client at:

207 Division Street
Cobourg, Ontario
K9A 3P6

Attention: Dereck Paul, President & CEO
E-mail: dpaul@lusi.on.ca

to the Provider at:

100 Simcoe Street, S
Oshawa ON, L1H 7M7
Attention: Daniel Arbour, President & CEO
E-mail: darbour@oshawapower.ca

or at any other address as any Party may at any time advise the others by Communication given or made in accordance with this Section 9.3. Any Communication delivered to the Party to whom it is addressed will be deemed to have been given or made and received on the day it is delivered at that Party's address, provided that if that day is not a Business Day then the Communication will be deemed to have been given or made and received on the next Business Day. Any Communication transmitted by e-mail will be deemed to have been given or made and received on the day on which it is transmitted;

but if the Communication is transmitted on a day which is not a Business Day or after 5:00 p.m. (local time of the recipient), the Communication will be deemed to have been given or made and received on the next Business Day.

9.4 Severability

Each Section of this Agreement is distinct and severable. If any Section of this Agreement, in whole or in part, is or becomes illegal, invalid, void, voidable or unenforceable in any jurisdiction by any court of competent jurisdiction, the illegality, invalidity or unenforceability of that Section, in whole or in part, will not affect:

- 9.4.1 the legality, validity or enforceability of the remaining Sections of this Agreement, in whole or in part; or
- 9.4.2 the legality, validity or enforceability of that Section, in whole or in part, in any other jurisdiction.

9.5 Submission to Jurisdiction

Each of the Parties irrevocably and unconditionally submits and attorns to the exclusive jurisdiction of the courts of the Province of Ontario to determine all issues, whether at law or in equity, arising from this Agreement. To the extent permitted by Applicable Law, each of the Parties:

- 9.5.1 irrevocably waives any objection, including any claim of inconvenient forum, that it may now or in the future have to the venue of any legal proceeding arising out of or relating to this Agreement in the courts of that Province, or that the subject matter of this Agreement may not be enforced in those courts;
- 9.5.2 irrevocably agrees not to seek, and waives any right to, judicial review by any court which may be called upon to enforce the judgment of the courts referred to in this Section 9.5, of the substantive merits of any suit, action or proceeding; and
- 9.5.3 to the extent a Party has or may acquire any immunity from the jurisdiction of any court or from any legal process, whether through service or notice, attachment before judgment, attachment in aid of execution, execution or otherwise, with respect to itself or its property, that Party irrevocably waives that immunity in respect of its obligations under this Agreement.

9.6 Amendment and Waiver

No amendment, discharge, modification, restatement, supplement, termination or waiver of this Agreement or any Section of this Agreement is binding unless it is in writing and executed by the Party to be bound. No waiver of, failure to exercise or delay in exercising, any Section of this Agreement constitutes a waiver of any other Section (whether or not similar) nor does any waiver constitute a continuing waiver unless otherwise expressly provided.

9.7 Further Assurances

Each Party will, at the requesting Party's cost and expense, execute and deliver any further agreements and documents and provide any further assurances, undertakings and information as may be reasonably required by the requesting Party to give effect to this Agreement and, without limiting the generality of this Section 9.7, will do or cause to be done all acts and things, execute and deliver or

cause to be executed and delivered all agreements and documents and provide any assurances, undertakings and information as may be required at any time by all Governmental Authorities having jurisdiction over the affairs of a Party or as may be required at any time under Applicable Law.

9.8 Assignment and Enurement

9.8.1 Neither this Agreement nor any right or obligation under this Agreement may be assigned by any Party without the prior written consent of the other Party, which consent shall not be unreasonably withheld, delayed or conditioned.

9.8.2 This Agreement enures to the benefit of and is binding upon the Parties and their respective successors and permitted assigns.

9.9 Electronic Signatures and Delivery

This Agreement and any counterpart of it may be:

9.9.1 signed by manual, digital or other electronic signatures; and

9.9.2 delivered or transmitted by any digital, electronic or other intangible means, including by e-mail or other functionally equivalent electronic means of transmission,

and that execution, delivery and transmission will be valid and legally effective to create a valid and binding agreement between the Parties.

9.10 Counterparts

This Agreement may be signed and delivered by the Parties in counterparts, with the same effect as if each of the Parties had signed and delivered the same document, and that execution and delivery will be valid and legally effective.

9.11 Payment and Currency

Any money to be advanced, paid or tendered by one Party to another under this Agreement must be advanced, paid or tendered by bank draft, certified cheque or wire transfer of immediately available funds payable to the Person to whom the amount is due. Unless otherwise specified, the word "dollar" and the "\$" sign refer to Canadian currency, and all amounts to be advanced, paid, tendered or calculated under this Agreement are to be advanced, paid, tendered or calculated in Canadian currency.

9.12 No Contra Proferentem

This Agreement has been reviewed by each Party's professional advisors, and revised during the course of negotiations between the Parties. Each Party acknowledges that this Agreement is the product of their joint efforts, that it expresses their agreement, and that, if there is any ambiguity in any of its provisions, no rule of interpretation favouring one Party over another based on authorship will apply.

THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK



Each of the Parties has executed and delivered this Agreement as of the Effective Date.

2825407 ONTARIO INC.

Per: _____
Name:
Title: Managing Director

Per: _____
Name:
Title: President & Chief Executive Officer

LAKEFRONT UTILITY SERVICES INC.

Per: _____
Name: Derek Paul
Title: President & Chief Executive Officer


Oct 15/24

SCHEDULE "A"

SERVICES

The Provider will provide the following Services to the Client:

1. Capital Construction Oversight

- A. Work with the Client's engineering and planning team on current and upcoming project(s) to budget plan/issue/supervise these activities in coordination with the Client's construction team and subcontractors in compliance with industry standards and regulatory requirements.
- B. Oversee timekeeping records to ensure proper cost allocation for five Journeymen Lineman, coordinating with the Client's lead-hand to ensure effective vacation, banked time off approvals.
- C. Assist with and oversee material orders and inventory to ensure proper control and cost allocation.

2. Operations and Maintenance oversight

- A. Work with the Client's field staff and subcontractors to ensure all operations and maintenance activities are enacted per Ontario Energy Board and Electrical Safety Authority requirements and the Client's **Distribution System Plan**, policy and procedure.
- B. Oversee timekeeping records to ensure proper cost allocation for two Technical Services staff (one Meter Tech and one Distribution Tech).
- C. Assist with and oversee material orders and inventory to ensure proper control and cost allocation.

3. Overall Field Staff and Subcontractor Coordination and Planning

- A. Daily and Weekly staff coordination and assignments for all operations and maintenance and capital activities.
- B. Approvals of vacations and time away from work for planning purposes.
- C. Coordination of subcontractor crews and activities.

4. Health and Safety oversight

- A. In coordination with the Client's staff and subcontractors, ensure proper health and safety policy and standard operating procedures are available and followed and activities and inspections are documented in accordance with relevant regulation.
- B. Conduct worksite safety inspections (12 annually) per the Client's policy.
- C. Participate with ESA 22/04 audit with the Client's Tech staff and lead-hand.

5. Delegate management authority to participate in disciplinary action when necessary and accordingly.

6. Outages Communication

- A. In the event of outages, ensure notification is communicated through the Client's community engagement channels (e.g., website, X [formerly Twitter], Facebook, etc.) via on-call Journeyman and on-call staff at Oshawa.