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October 25, 2025
EB-2025-0014

Ontario Energy Board
2300 Yonge Street
27th Floor
Toronto, ON M4P 1E4

Attn: Ritchie Murray, Acting Registrar

Dear Mr. Murray:

Re: OEB File No. EB-2025-0014
Oshawa PUC Networks Inc. (Oshawa Power)
2026 Rates Application
Hearing – Summary of Opening Remarks

In advance of the Hearing on October 28, 2025, please find enclosed a summary of opening remarks of Oshawa Power's witness panel.

Sincerely,

Valerie Bennett
Director, Regulatory & Commercial Affairs
Oshawa Power

Cc: John Vellone, Borden Ladner Gervais LLP
Parties to proceeding EB-2025-0014 (by email)



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Summary of Opening Remarks

The following is an outline of the opening remarks that the Oshawa PUC Networks Inc. (Oshawa Power) witness panel plans to provide at the outset of its testimony at the oral hearing for the unsettled items in this proceeding.

A. Revenue Requirement

Oshawa Power has been operating as a very lean organization. As described in Exhibit 1, Oshawa Power had the lowest operating expenses per customer when compared to its local distribution company (LDC) peers by cohort, geography, and size.¹ As shown in benchmarks and analysis shown in the Resource Optimization Review prepared by expert consultant Ms. Galli,² Oshawa Power's organizational structure is too lean for the size and scope of the organization, which could result in the inability to meet targets and successfully execute its strategic plan. The Review showed that Oshawa Power has the most customers served per full-time equivalent (FTE) when compared to LDCs of the same size, and had among the top 10 highest number of customers served per FTE when compared to all Ontario LDCs.³

Nevertheless, Oshawa Power is facing the same pressures as these other organizations – to meet customer demand, modernize, and address a rapidly evolving policy and regulatory environment. As a result, Oshawa Power staff must do more with less, which is driving an average turnover rate of 15% each year from 2021 to 2024.⁴ Difficulty attracting and retaining staff is exacerbated by having Ontario Power Generation move its headquarters to Oshawa.⁵ If this turnover trend were to continue uncorrected, there would be a 75% turnover of staff by the next rebasing application. This is simply unsustainable to run a utility.

In 2023, Oshawa Power established its new senior management team, with a renewed focus on business transformation. Efforts in 2024 to modernize while continuing to meet customer demand and regulatory requirements included:

- New Strategy & Business Plan⁶
- Overhaul of the Conditions of Service document after 21 years⁷

¹ 1.7 Performance Measurement, 1.7.4

² Exhibit 4, Attachment 4-1 Resource Optimization Review

³ Resource optimization study, attachment 4-1 of exhibit 4

⁴ Exhibit 4 IRR 4-AMPCO-139

⁵ Exhibit 1, Attachment 1-2, p. 8

⁶ 1.2 Executive Summary and Business Plan, Attachment 1-2 and 1-3

⁷ Exhibit 1, 1.4 Administration, 1.4.10 Conditions of Service



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- Implementation of Dayforce software to improve staff time coding and cost categorization⁸
- Negotiation of a new collective bargaining agreement for unionized staff⁹
- Increasing collections efforts to reduce the growth of bad debt¹⁰
- Ensuring customers have access to programs such as the Low-income Energy Assistance Program,¹¹ Ontario Electricity Support Program¹² and the new Save on Energy programs¹³
- Planning for non-wires solutions to effectively reduce future infrastructure costs needed to meet new customer demand¹⁴
- Because Oshawa Power's shareholder requires the organization to vacate its current facilities to allow for downtown redevelopment, planning for a new consolidated administrative and operational facility. The costs associated with this new facility are not included in this Application and will be filed as part of an Incremental Capital Module (ICM) to the OEB in the future,¹⁵ because these costs will be outside of the base upon which rates are derived.
- And finally, preparation of this Application by a staff team with no experience from the previous rebasing.

This level of effort led to significant overtime as employees juggled numerous high priority projects and burnout, as cited in exit interviews.¹⁶ It also led to a return on equity of 4.70% in 2024,¹⁷ with similar results expected in 2025. In this context, Oshawa Power is requesting a 25% increase in its revenue requirement to ensure it to sustainably continue modernizing to meet customer needs and regulatory requirements in 2026 and beyond.¹⁸

B. Business Transformation

The Information Technology (IT) Business Transformation Strategy¹⁹ aims to create capacity through digitization, automation, modernization on the foundation of three major projects:

- ERP software to replace soon-to-be unsupported existing software

⁸ 1.8 Facilitating Innovation, 1.8.2

⁹ 4.4 Workforce Planning, 4.4.5

¹⁰ Exhibit 4, 4.3.4 Customer Service Programs – Customer Success & Collecting, Bad Debt Expense

¹¹ Exhibit 4, 4.7.1 Low-income Energy Assistance Program (LEAP)

¹² Exhibit 4, 4.3.4 Customer Service Programs – Communications and Community Relations

¹³ Exhibit 2, IRR 2-PP-88

¹⁴ Exhibit 2, Attachment 2-1 2026-2030 Oshawa Power Distribution System Plan, Appendix A Business Cases

¹⁵ Exhibit 2, 2.6 Policy Options for the Funding of Capital, Exhibit 1 IRR

¹⁶ Exhibit 4, 4.4.2 Outcomes of Previous Plans – Managing Shortages, Skill Gaps and Vacancies

¹⁷ Exhibit 5, 5.4 Return on Equity

¹⁸ Settlement Proposal Table B for 2026 Revenue Requirement / Exhibit 6 Table 6-5 for 2025 Revenue Requirement

¹⁹ Exhibit 1, Attachment 1-4



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- A Customer Information System (CIS) billing system change, which was approved as part of the 2021 rebasing application
- A paperless field initiative, which aims to eliminate the use of inefficient and error-prone paper-based processes from the field

Business transformation is achieved by performing full business process documentation, analysis and optimization as part of the implementation of these projects.

In terms of capital spend, over the last four years, multiple major technology upgrades were completed, including financial software updates, SCADA enhancements, an outage management system replacement integrated with SCADA and GIS, GIS system upgrades, a new phone system, rebuilt self-serve capabilities, meter data management upgrades, a new customer portal supporting Green Button, and modernization of networking equipment and servers.²⁰ Most of these software and systems were obsolete and were well overdue for replacement. Comprehensive cybersecurity controls were implemented to meet OEB standards by year-end. Although average annual in-service amounts decline by about \$100,000 per year from 2021–2025 to 2026–2030 (excluding the CIS project), OM&A spending on technology rises from \$1.1 million in 2021 to \$1.9 million in 2026. Approximately \$350,000 of this increase is consolidation of IT spending from other budgets, with inflationary increases.²¹

In terms of OM&A, increases in software and hardware spending focus on cybersecurity and adapting to subscription licensing models.²² The proposed IT staffing additions reflect only essential positions needed to support ongoing changes, particularly efforts to maintain and modernize technology systems. The increase includes 7.3 additional FTEs between 2021 and 2026; five were hired in 2023–2024, with 2.3 planned for 2026.²³ These roles are critical to effective operations.

OM&A and capital investments have transformed the technology department into one properly resourced, hiring only where necessary and emphasizing technology, process optimization, and automation in ongoing transformation efforts.

C. Capital and In-Service Additions

The Distribution System Plan (DSP)²⁴ reflects Oshawa Power’s commitment to a robust, cost-effective capital investment strategy focused on pacing, prudence, reliability, safety, and customer needs. Over the past several years, significant advancements have been made in capital planning, asset management, and operational and maintenance program efficiency. These improvements

²⁰ Exhibit 2, Attachment 2-1 2026-2030 Oshawa Power Distribution System Plan

²¹ Exhibit 2, Attachment 2-1 Distribution System Plan, Appendix 2-AA

²² Exhibit 4, 4.2.3 Analysis 1 of Principal Cost Drivers – Software and Hardware Fees, Exhibit 4 IRR, 4-CCC/VECC/AMPCO/Staff-135

²³ Exhibit 4, 4.3.5 Administration and General Programs – Information Technology, Exhibit 4 IRR, 4-CCC/VECC/AMPCO/Staff-135

²⁴ Exhibit 2, Attachment 2-1 2026-2030 Oshawa Power Distribution System Plan



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have positioned Oshawa Power with one of the strongest and most effective distribution systems observed in the industry, supported by exemplary SAIDI and SAIFI reliability metrics.²⁵

The DSP outlines a five-year capital plan, excluding the building project, with an overall increase of 16%, of which approximately 40% is allocated to system access. While system access expenditures are largely outside of Oshawa Power's direct control, they are essential to accommodate future customer connections. The DSP integrates a comprehensive asset management strategy that balances risk and long-term costs through consistent service delivery, asset condition assessments,²⁶ and a prioritization methodology to guide project selection within the forecast period.²⁷

Planning incorporates internal system knowledge and coordination with external stakeholders to maintain a risk-based and adaptable capital program. In 2024, management weighed operational and financial risks to develop a DSP annual capital expenditure level for 2026 to 2030 that would balance system needs with anticipated costs associated with the new facility going into service in 2027. Projects were then prioritized within these envelopes to ensure completion of all mandatory, critical, and vital equipment work. The envelope selected required deferral of ~\$30M of non-critical projects and a ~\$15M station until the next rebasing application,²⁸ with Oshawa Power instead choosing to optimize existing capacity to support community growth.²⁹

The 2026-2030 DSP balances cost and risk over the next five years, ensuring the continued delivery of reliable electricity to customers while supporting sustainable system growth and modernization.

D. OM&A

Oshawa Power, under its new management team, identified numerous risks across all areas of the organization. Managing these risks is a complex task that requires a strategic mindset, strong execution capabilities, and a willingness to embrace change. The actions Oshawa Power has taken, and continues to take, demonstrates a disciplined approach to risk mitigation. The organization carefully prioritizes investments to maximize benefits within limited resources, focusing specifically on areas critical to the long-term sustainability of operations.

While some risks have been addressed, the risk register³⁰ shows that many remain. Reflecting a risk-based approach similar to the Distribution System Plan (DSP), over 90% of the increase in OM&A

²⁵ Exhibit 2, Attachment 2-1 2026-2030 Oshawa Power Distribution System Plan, 5.2.3.2.2 Reliability Performance

²⁶ Exhibit 2, Attachment 2-1 2026-2030 Oshawa Power Distribution System Plan, Appendix C Asset Condition Assessment and Options Analysis Report

²⁷ Exhibit 2, Attachment 2-1 2026-2030 Oshawa Power Distribution System Plan, Appendix C Asset Condition Assessment and Options Analysis Report, Appendix H Asset Management Policy and SAMP

²⁸ Oshawa Power October 23, 2025 Application for 2026 Rates - EB-2025-0014 Decision and Procedural Order No. 5

²⁹ Exhibit 2, Attachment 2-1 2026-2030 Oshawa Power Distribution System Plan, p. 24; Exhibit 2 IRR Attachment 2-11

³⁰ Oshawa Power's October 10, 2025 letter regarding SEC Motion Follow up, OPUCN Risk Register_20251010



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relates to areas with the highest risks or those deemed essential for future-proofing. These include labour, asset protection, technology, and bad debt management.³¹

These decisions are prudent to address known risks and macroeconomic challenges, ensuring Oshawa Power balances maintaining service quality with preparing for uncertainties and emerging risks. Sustaining operations at current rates is not viable, especially within an industry undergoing significant transition.³²

The OM&A request in this application is \$22.3 million, which is \$6.2 million higher than the amount included in 2025 rates.³³ This increase will enable Oshawa Power to meet customer expectations,³⁴ OEB performance targets,³⁵ and return on equity,³⁶ while maintaining risk levels management finds acceptable. Without this increase, Oshawa Power risks making operational decisions with insufficient resources, potentially delaying critical risk mitigation to a later, more costly time.

Oshawa Power is aware that a formulaic approach has been used in past decisions to evaluate the reasonableness of OM&A increases. However, strict adherence to such an approach does not fully capture the unique challenges that Oshawa Power is facing. Oshawa Power proposes the following adjustments to the formula:

- Use of a base year no earlier than 2023 to exclude COVID years which involved atypical factors not reflective of future operations
- Adjustment for costs that are beyond management's control:
 1. Increases to OEB regulatory fees³⁷
 2. Incremental cybersecurity costs due to new requirements³⁸
 3. Asset protection and maintenance costs, including vegetation management and security patrols to address copper theft³⁹
 4. Insurance cost increases⁴⁰
 5. Record levels of bad debt⁴¹

³¹ Exhibit 4, 4.2 OM&A Summary and Cost Drivers; Exhibit 4 IRR 4-AMPCO-112

³² Exhibit 4 IRR 4-SEC-180

³³ Exhibit 6, Table 6-5

³⁴ Exhibit 1, 1.6 Customer Engagement; Exhibit 1 Attachments 1-8 to 1-11

³⁵ Exhibit 1, 1.7 Performance Measurement, 1.7.1 Scorecard Results, Analysis, and Performance Measurement; Exhibit 1 Attachments 1-8 to 1-11

³⁶ Exhibit 5, 5.4 Return on Equity

³⁷ Exhibit 4, 4.2 OM&A Summary and Cost Drivers

³⁸ Ibid.

³⁹ Exhibit 4 IRR 4-AMPCO-112, 4-CCC/VECC-118

⁴⁰ Exhibit 4, 4.2 OM&A Summary and Cost Drivers

⁴¹ Exhibit 4, 4.3.4 Customer Service Programs – Bad Debt Expense



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6. Incremental labour costs for new positions critical to long-term organizational success and to bring compensation in line with industry averages to improve its ability to attract and retain staff⁴²

Oshawa Power is currently in the midst of business transformation and must ensure customers can continue to rely on Oshawa Power for reliable electricity service while risks related to new technologies, infrastructure needs, and growth expectations are prudently managed.

E. Corrections

The updated Appendix 2-AA included in the interrogatory responses identified a duplicate cost for CRM software in 2025, resulting in a \$50,000 reduction in in-service additions for that year. However, the formula was not adjusted to reflect this revision, and updates to the related appendices will reflect this correction in 2025 in-service additions.⁴³

Following the deployment of the new phone system,⁴⁴ it was discovered that the previous end-of-life system incorrectly recorded incoming call volumes. Consequently, the actual call volumes for 2024 were significantly higher than reported in the reporting and record-keeping requirements (RRRs) but were accurately captured in the Application.⁴⁵ A revision to Oshawa Power's RRRs is planned to correct the call volume and call handle time metrics.

Two shared services costs related to short-term staffing supporting the implementation and stabilization of the new CIS were inadvertently omitted from the 2025 shared services table.⁴⁶ The cost of these two shared services to Oshawa Power from its affiliate 2825407 Ontario Inc. were \$250,000 for CIS implementation and \$100,000 for short-term billing services in 2025, with these costs based on the fully allocated cost of affiliate staff time. As these were short-term services in 2025 only, there are no changes to the 2026 shared services table⁴⁷ as a competitive bidding process is planned for billing services in 2026. There are also no revisions required to the updated 2025 bridge year forecast in the interrogatory responses, because these costs had been captured there as subcontractor costs.⁴⁸

⁴² Exhibit 4, 4.4.5 Employee Compensation Strategy

⁴³ Correct formula: column R = sum columns P and Q

⁴⁴ Exhibit 1, Attachment 1-10, Customer Engagement Survey, p. 11

⁴⁵ Exhibit 4, Figure 4-9

⁴⁶ Exhibit 4, Table 4-39: 2025 Shared Services & Corporate Cost Allocation (Appendix 2-N)

⁴⁷ Exhibit 4, Table 4-40: 2026 Shared Services & Corporate Cost Allocation (Appendix 2-N)

⁴⁸ Exhibit 4 IRR 4-Staff/CCC/VECC/AMPCO-109