EXHIBIT 4 – OPERATING EXPENSES

SUMMARY OF OPERATING EXPENSES

1. OPERATIONS, MAINTENANCE, & ADMINISTRATION OVERVIEW

1.1. INTRODUCTION

Alectra Utilities' 2027–2031 Operations, Maintenance, & Administration (OM&A) plan supports the safe, reliable, and efficient delivery of electricity to over 1.1 million customers across its service territory.

As outlined in Table 4-1-2, Alectra Utilities' 2027 OM&A expenditures is $355MM, increasing to $415MM by 2031. The increase reflects inflationary pressures and targeted investments to support a significantly larger capital program, strengthen IT capabilities and bolster key corporate services. As detailed in Exhibit 1, Tab 11, Schedule 1 (Rate Framework), Alectra Utilities has provided a five-year forecast of operating costs in this Exhibit which is used to inform Alectra Utilities' justification for its custom index for its OM&A expenditures.

This OM&A plan reflects the growing complexity of Alectra Utilities' operating environment. The population in the communities that Alectra Utilities serves is expanding, electricity demand is rising due to electrification, and extreme weather events are becoming more frequent. These trends require Alectra Utilities to invest in people, systems, and infrastructure to maintain service quality and system resilience. The plan is aligned with the Distribution System Plan (DSP) and supports the outcomes of the OEB's *Renewed Regulatory Framework for Electricity Distributors*. Specifically the plan will enable Alectra Utilities to:

- Support the execution of its DSP, which outlines critical investments to prepare the grid for anticipated growth and electrification, and enable grid modernization and resiliency;
- Improve customer service by addressing higher call volumes and the increasing complexity of customer interactions, while enhancing service quality through technology and training;

- Maintain distribution system assets and the supporting infrastructure required to deliver DSP and OM&A program outcomes;
- Strengthen cybersecurity and adopt new technologies to protect and enhance the electricity distribution system and advance digital transformation; and
- Maintain compliance with legal and regulatory requirements.

Alectra Utilities has demonstrated prudent cost management over the historical period. Between 2019 and 2024, OM&A expenditures grew at a compound annual rate of 2.0%, which is below the average OEB inflation factor for the same period. OM&A per customer increased by only 1.4% annually over this period and was 16% lower than Alectra Utilities' peer group. These outcomes reflect the Company's focus on efficiency and the realization of sustained OM&A merger related savings of approximately $37.8MM annually.

The proposed OM&A funding for 2027-2031 builds upon this foundation of cost control and continuous improvement. It is structured to ensure that operational expenditures directly support capital investment outcomes and customer value.

1.2. BACKGROUND AND CONTEXT

Alectra Utilities was formed on January 31, 2017, following the merger of Enersource Hydro Mississauga Inc., Horizon Utilities Corporation, PowerStream Inc., and the acquisition of Hydro One Brampton Networks Inc. In 2019, Alectra Utilities further expanded through the merger with Guelph Hydro Electric Systems Inc.

The integration of these legacy utilities was a complex undertaking that required the harmonization of business processes, operational and information technology systems, and organizational structures. These efforts were further complicated by the onset of the COVID-19 pandemic, which introduced significant operational and financial challenges.

The pandemic disrupted global supply chains, resulting in material shortages, delivery delays, and higher prices. Customer arrears increased due to the disconnection moratorium, and collections-related inquiries rose sharply following the resumption of residential collections in

2023. Post-pandemic, Alectra Utilities has also faced inflationary pressures reaching a 40-year high in 2022[1].

Alectra Utilities has emerged from the historical period having integrated five utilities and navigated significant economic challenges while prudently managing costs. However, with the expected growth in electricity demand and aging infrastructure, additional OM&A investments are now needed to sustain service levels and maintain reliability.

1.3. OPERATING ENVIRONMENT AND CHALLENGES

Alectra Utilities operates a geographically diverse distribution network that is exposed to a wide range of weather conditions. Climate change has intensified the frequency and severity of weather events, placing additional strain on the system. An emerging trend is the occurrence of widespread severe windstorms, also known as derechos. On May 21, 2022, a derecho suddenly swept across Alectra Utilities' service territory with wind gusts of 120km/h. The storm impacted one-third of the customer base, resulting in 101 poles requiring replacement, and entire pole lines to be rebuilt. The climate assessments indicate that the majority of Alectra Utilities' service territory will see more of these high wind events, increasing in severity and intensity. Extreme weather events of this magnitude underscore the need for proactive asset maintenance, inspection programs and robust storm response capabilities. Further details on climate change can be found in Exhibit 2A, Tab 1, Section 5.3.2.1 and in the Climate Study in Exhibit 2A Appendix G.

Recent environmental trends towards the expansion and protection of tree canopies in urban environments paired with declining tree health and severe weather events will require Alectra Utilities to invest more in vegetation management programs and plan for additional reactive repairs and maintenance of overhead systems. Alectra Utilities will need to respond to a higher number of vegetation related trouble calls that include severe damage caused by fallen trees that are situated outside of the cut zone but large enough to impact the lines when they fall. Additionally, Alectra Utilities' third party vendors are facing labour challenges in the vegetation management sector which are increasing the costs for providing these services. For additional details, refer to Exhibit 4, Tab 2, Schedule 15.

[1] https://www150.statcan.gc.ca/n1/pub/36-28-0001/2024005/article/00005-eng.htm

Looking ahead, Alectra Utilities anticipates an increased level of change and complexity in its operating environment. Provincial housing and economic development initiatives are expected to increase the demand for electricity due to growth in population, housing, transportation and employment developments. These trends necessitate sustained investment in system resiliency and modernization to maintain service quality and reliability.

Heightened construction activity and regulatory changes will continue to increase demand for skilled labour to meet the demands of the DSP. There are limited numbers of skilled powerline technicians entering the job market and as a result Alectra Utilities will need to supplement its internal workforce with external resources.

Additionally, cyber attackers are increasingly leveraging AI and machine learning to carry out more sophisticated and targeted attacks, ranging from advanced phishing schemes to the automated creation of malware. To stay ahead of these evolving threats, Alectra Utilities will need to invest in AI-driven cybersecurity solutions capable of real-time threat detection and mitigation. For additional information on strengthening cybersecurity, refer to Section 2.1.4.

1.4. HISTORICAL AND FORECAST EXPENDITURES

The sections that follow provide a comprehensive summary of Alectra Utilities' OM&A expenditures over the historical 2017 to 2024 period, the 2024 to 2027 period, and the 2027 to 2031 rate term.

The historical OM&A expenditures for 2017 to 2024 reflect actual costs incurred during the period following the amalgamation of Alectra Utilities' predecessor utilities. Due to the timing of the merger and acquisition, 2017 represents a partial year of operations for the consolidated entity. Specifically:

- Horizon Utilities, PowerStream, and Enersource were integrated into Alectra Utilities for 11 months of 2017.
- Hydro One Brampton was integrated for 10 months of 2017.

As a result, the 2017 OM&A expenditures reflect partial-year operations and should be interpreted accordingly when assessing year-over-year trends.

In addition, Guelph Hydro was integrated into Alectra Utilities effective January 1, 2019. Therefore, 2019 represents the first full year of operations inclusive of the Guelph rate zone. The integration of Guelph added approximately $16MM in OM&A, consistent with its previously approved revenue requirement.

A summary table of OM&A expenditures across the historical, Bridge, Test, and forecast periods is provided below. Section 3. - OM&A Key Drivers provides an overview of the major OM&A cost drivers while more detailed program level variance analysis is provided in each program section.

Table 4-1-1: Historical OM&A Expenditures by Program ($MM)

Program	Historical							
	2017	2018	2019	2020	2021	2022	2023	2024
Asset Management	5.52	4.56	5.96	5.22	4.61	4.90	5.30	6.45
Distribution Design	3.91	3.93	5.99	6.58	6.27	6.88	7.30	7.09
Corporate Services	12.09	12.92	14.15	14.96	13.99	14.25	13.57	13.51
Finance and Treasury	16.85	18.82	20.17	22.89	21.79	20.66	21.82	22.87
Supply Chain Services	7.74	8.87	9.22	9.73	9.20	10.13	11.22	10.80
Human Resources	14.29	13.83	15.14	13.25	14.38	15.82	18.06	17.14
Customer Service	32.15	36.76	47.40	61.99	55.22	49.41	46.27	49.36
Digital and Innovation	27.10	29.77	35.33	34.67	34.56	37.31	40.62	43.72
System Control	13.33	11.63	13.05	13.33	12.95	13.85	16.35	15.98
Stations	7.40	8.99	8.68	8.36	8.98	10.30	11.72	10.37
Records and Mapping Services	2.52	2.93	2.43	3.00	3.50	4.04	4.48	4.58
Cable Locates	6.36	6.27	5.97	6.26	5.79	5.19	1.96	0.46
Network Metering	9.08	9.15	9.77	10.39	10.75	9.61	8.65	11.38
Program Delivery	1.08	0.77	0.71	0.67	0.63	0.67	0.65	0.76
Vegetation Management	4.52	4.86	5.02	5.53	5.27	5.48	7.03	6.16
Overhead Inspections and Maintenance	13.23	17.19	22.30	26.50	23.95	30.73	26.13	26.22
Underground Inspections and Maintenance	22.06	23.99	24.88	20.92	23.52	28.97	24.91	26.24
Facilities	12.52	15.58	14.68	17.00	17.01	16.72	18.53	15.39
Fleet	9.38	10.14	10.28	11.63	13.09	12.68	12.04	12.92
Property Taxes	4.01	4.62	4.96	4.88	4.17	4.17	4.64	5.08
Corporate Allocations	(9.80)	(13.38)	(11.59)	(12.32)	(14.85)	(13.16)	(14.02)	(14.46)
Total	**215.32**	**232.18**	**264.50**	**285.42**	**274.77**	**288.62**	**287.24**	**292.00**

Table 4-1-2: Bridge, Test, and Forecast Year OM&A Expenditures by Program ($MM)

Program	Bridge		Test	Forecast			
	2025	2026	2027	2028	2029	2030	2031
Asset Management	9.64	9.63	9.26	10.52	11.09	11.49	11.89
Distribution Design	8.02	8.60	9.61	10.61	11.41	12.07	12.58
Corporate Services	16.29	16.78	23.78	24.33	25.20	25.82	26.45
Finance and Treasury	25.10	25.59	26.96	28.94	30.88	31.92	32.97
Supply Chain Services	11.56	11.44	11.85	12.67	13.58	14.16	14.68
Human Resources	18.90	19.07	21.02	21.89	23.25	23.97	24.61
Customer Service	55.08	59.05	59.49	62.25	63.94	66.47	68.62
Digital and Innovation	49.68	52.40	58.34	60.21	64.35	68.83	70.91
System Control	13.85	13.37	15.08	16.02	16.51	17.00	17.55
Stations	12.95	13.37	13.96	14.45	15.04	15.35	15.77
Records and Mapping Services	5.02	5.08	5.35	5.62	5.82	6.00	5.85
Cable Locates	1.50	0.73	8.67	8.94	9.22	9.50	9.80
Network Metering	12.09	12.39	14.89	15.98	16.78	16.90	17.24
Program Delivery	1.27	1.49	1.64	1.70	1.76	1.82	1.88
Vegetation Management	6.10	6.23	7.05	7.21	7.37	7.52	7.67
Overhead Inspections and Maintenance	28.02	29.06	30.72	32.40	33.86	34.95	36.00
Underground Inspections and Maintenance	25.76	26.37	28.36	29.89	31.18	32.13	33.05
Facilities	13.71	13.35	13.58	13.87	14.23	14.45	14.75
Fleet	11.74	12.18	12.48	12.75	13.05	13.23	13.46
Property Taxes	5.09	6.06	6.94	7.80	8.63	8.81	8.98
Corporate Allocations	(20.19)	(23.44)	(24.00)	(26.09)	(27.68)	(28.40)	(29.62)
Total	**311.20**	**318.79**	**355.04**	**371.95**	**389.48**	**404.00**	**415.11**

Attachment 4-1

OEB Appendix 2-JA

Please see live Excel version

Attachment 4-2

OEB Appendix 2-JC

Please see live Excel version

2. OM&A KEY THEMES & TRENDS

Alectra Utilities has a track record of prudently managing OM&A costs despite the significant changes in its operating environment since the company was formed. Alectra Utilities has faced inflationary pressures on operating expenditures following the COVID-19 pandemic and an increase in severe weather events driven by climate change. Despite these challenges, the compound annual growth rate (CAGR) of OM&A expenditures from 2019 to 2024 was approximately 2.0%, which is below the average Ontario Energy Board (OEB) inflation factor over the period. Alectra Utilities' OM&A per Customer grew at a CAGR of only 1.4% over the same period (table 4-1-3) and is one of the lowest in Ontario compared to the utility's peer group[2] (Exhibit 4, Tab 1, Schedule 6, Section 6.1.1).

The OM&A plan is built upon significant historical cost reduction efforts and achievements from consolidating the electricity distribution businesses, assets and employees of the Company's five predecessor utilities. Alectra Utilities achieved aggregate gross OM&A expenditure savings of $326.3MM over the 10 years - covering 10 years from the initial Alectra Utilities consolidation and 8 years for the Guelph merger - with a sustained savings rate of approximately $37.8MM annually thereafter. Since 2017, Alectra Utilities has streamlined its workforce by reducing a net 217 FTEs (14% of the consolidated workforce) following the initial merger, and an additional 30 FTEs (23% of the Guelph workforce) after the Guelph merger. For more information about the merger savings, refer to the Distributor Consolidation evidence at Exhibit 1, Tab 9, Schedule 1 and for more information about the FTE savings, refer to Exhibit 1, Tab 9, Schedule 4.

Over the past few years, Alectra Utilities has experienced an increase in deteriorating assets, necessitating capital investments to address emerging reliability and safety risks. The DSP outlines the capital investments needed to address the requirements of the distribution system (see Exhibit 2A, Tab 1, Schedule 1, Section 5.2.1) while balancing the needs and preferences of customers. The capital investments are complemented by operating expenditures necessary to support the execution of the DSP, maintain existing distribution system assets and supporting infrastructure, strengthen cybersecurity, and advance digital transformation. As the energy transition accelerates, these investments will be crucial for meeting customer needs and maintaining reliable service.

[2] Includes Elexicon Energy Inc., Enova Power Corp., GrandBridge Energy Inc., Hydro One Networks Inc., Hydro Ottawa Limited, London Hydro Inc., and Toronto Hydro Electric System Limited.

Alectra Utilities is presenting an operational plan in this application that enables the execution of a larger capital plan required to expand and modernize the grid for the future, with an operational budget increase that is relatively smaller than the capital program. Section 3 - OM&A Key Drivers outlines how these themes translate into OM&A requirements for 2025-2031.

Table 4-1-3: OM&A ($) per Customer

	Actuals						CAGR
	2019	2020	2021	2022	2023	2024	2019*-2024
OM&A ($MM)	264.50	285.42	274.77	288.62	287.24	292.00	2.0 %
OM&A per Customer ($)	251.86	269.96	258.04	269.18	266.30	269.40	1.4 %

*2019 is the first year that includes Guelph Hydro Electric Systems Inc.

	Bridge		Test	Forecast				CAGR
	2025	2026	2027	2028	2029	2030	2031	2024-2031
OM&A ($MM)	311.20	318.79	355.04	371.95	389.48	404.00	415.11	5.1 %
OM&A per Customer ($)	285.81	291.49	323.28	337.19	351.51	363.01	371.38	4.7 %

2.1. ENABLING AND SUPPORTING OM&A AND DSP OUTCOMES

The proposed OM&A funding will enable and support the OM&A and DSP program outcomes by (i) supporting the execution of the DSP, (ii) improving customer service, (iii) maintaining the distribution system and supporting infrastructure, (iv) strengthening cybersecurity and adopting new technologies and (v) maintaining compliance with legal and regulatory requirements.

2.1.1. SUPPORTING THE EXECUTION OF THE DSP

Alectra Utilities' OM&A program plays a critical role in enabling the successful execution of the DSP. The DSP is based on three key priorities: (i) renewing and replacing infrastructure to ensure assets operate reliably and address the large proportion of equipment at or near its end of life; (ii) meeting growing electricity demand caused by organic population growth and the increase in new technologies such as electric vehicle chargers being connected to the grid; and (iii) enabling resiliency and modernization through projects that harden storm-vulnerable areas of the grid and improve communications to customers during power outages. As the utility expands and modernizes its distribution system, OM&A funding is required to support the

planning, design and operational functions that ensure capital investments are implemented effectively.

Over the period 2025 to 2031, Alectra Utilities' annual gross capital investments are planned to increase by 83% from $505MM to $923MM. This escalation reflects the scale and urgency of system renewal and expansion needs to safely and reliably serve customers. The following OM&A programs play an important role in supporting DSP investment priorities and implementation of the DSP.

Asset Management

The Asset Management program plays a critical role in supporting the DSP by developing, implementing, and monitoring the execution of DSP investments, including asset sustainment and reporting activities. These activities enable Alectra Utilities to plan and execute its capital and maintenance programs to address reliability, asset condition and system capacity risks.

The Asset Management segment costs will rise to support the increasing volume of planned capital work and higher number of asset deficiencies identified from inspection and maintenance programs. Alectra Utilities is managing an increasing backlog of deteriorated assets, which has increased by 49% from the 2018 Asset Condition Assessment results. This trend underscores the necessity of prioritizing maintenance programs and related activities to maintain system reliability. An example of this is the pole replacement program, which is planned to increase from 746 poles in 2025 to 1,300 poles in 2031. To facilitate this program, the Asset Management team is required to identify, prioritize and scope the replacement of poles based on the most recent asset inspections, condition assessment and predictive analytics taking into consideration reliability, risk of failure and safety. Through its effective inspection, testing, and maintenance programs, Alectra Utilities captures information on signs of asset deterioration and defective components to properly assess and prioritize mentioned interventions while balancing operational maintenance costs and risks. This systematic approach to asset lifecycle management demonstrates the prudence and necessity of the proposed OM&A expenditures. Further details on asset lifecycle management can be found in Exhibit 2A, Tab 1, Schedule 1, Section 5.3.3 – Asset Lifecycle Optimization Policies & Practices of the DSP, and further details on the Asset Management segment are provided in Exhibit 4, Tab 2, Schedule 1.

System Planning is a key element Alectra Utilities' Asset Management program, responsible for system peak load forecasting and planning the growth of the distribution system. Planned system service investments are forecast to grow from approximately $62MM in 2026 to $193MM in 2031, representing an annual average increase of approximately 25%. This increase is required to address organic growth and to begin preparing the grid for electrification. To support this expansion, additional resources are required to plan and implement 17 stations builds and associated feeders to serve both new connections and increased demand from existing customers.

Within the Asset Management program, the Grid Modernization segment is responsible for addressing the growing complexity of energy management driven by increased electrification, the proliferation of Distributed Energy Resources (DERs), and the need for enhanced grid adaptability and resilience. By implementing advanced tools, processes, and technologies, this segment aims to transform Alectra Utilities' ability to monitor, control, and optimize power distribution, ensuring reliable, efficient, and sustainable service delivery.

A cornerstone of the Grid Modernization segment is the implementation of the Advanced Distribution Management System (ADMS). The ADMS enhances grid visibility, optimizes real-time operations, supports faster outage restoration and manages increasing volumes of DERs on Alectra Utilities' distribution grid. This directly benefits customers by improving service reliability, reducing outage durations, and enabling the integration of renewable energy sources. The Grid Modernization segment was launched in 2024 and is expected to grow modestly over the forecast period. Its expansion is necessary to meet regulatory obligations, enhance grid capabilities and ensure reliable and safe infrastructure capable of accommodating future growth, electrification and decarbonization. For further details on the Grid Modernization segment, refer to Exhibit 4, Tab 2, Schedule 1, Section 6.

Digital and Innovation

The Digital and Innovation (D&I) program supports critical grid modernization efforts, including ADMS, Workforce Management (WFM), and Enterprise Asset Management (EAM) systems. The D&I program also enables resiliency and modernization outcomes by maintaining the reliability of critical IT and OT applications that monitor and control the distribution grid, including

Supervisory Control and Data Acquisition (SCADA), the Outage Management System (OMS), and the Geographical Information System (GIS). These systems provide operators with real-time data to ensure reliable service and support customer-facing tools such as outage maps and updates. Maintaining these capabilities on an ongoing basis is essential to preserve reliability performance, meet evolving customer expectations, and efficiently manage the increasing complexity associated with electrification and distributed resources. For further details on the D&I program, refer to Exhibit 4, Tab 2, Schedule 8.

Distribution Design

The Distribution Design program plays a critical role in project delivery. This department is responsible for the estimation and design of distribution system capital projects across multiple categories, including capital infrastructure expansion, asset replacement and renewal, customer connections, new subdivisions, road authority driven plant relocation, and transit related projects. Over the forecast period, the expected connection volumes, planned projects and externally driven projects are forecasted to increase due to government initiatives in home building, rapid transit, electric vehicles as well as grid electrification and modernization.

Additional factors such as municipal infrastructure expansions, building code updates, changing weather, an aging distribution system and the digital era are contributing to increased capital demands resulting in higher program expenditures. The increase in the capital program over the 2027 to 2031 period will require a corresponding increase in design-related work. Distribution Design plans to augment its workforce over the 2024 to 2031 period to execute the increased design work associated with the DSP. For further details on the Distribution Design program, refer to Exhibit 4, Tab 2, Schedule 2.

Finance and Treasury

Within the OM&A Plan, the Finance and Treasury program has overall accountability for reporting on Alectra Utilities' financial performance and provides strategic support for growth and operational excellence. Over the rate term, incremental labour costs within Finance will grow primarily to support Alectra Utilities' expanded investment program. This expansion is expected to materially increase transaction volumes, necessitating additional resources to sustain service quality. Specifically, annual invoice volumes are projected to increase by 99% from 2021 to

2031, while the volume of work orders is forecast to increase by 177% over the same period. Despite planned productivity improvements these significant increases in workload require additional staff to maintain the accuracy, timeliness and compliance of financial processing activities. For further details on the Finance program, refer to Exhibit 4, Tab 2, Schedule 4.

Network Metering

The Network Metering program is responsible for overseeing the operation, maintenance and management of Alectra Utilities' wholesale and retail revenue meters, communication networks, meter data management and collection systems for more than 1.1 million residential, commercial and industrial customers.

Over the 2024 to 2027 period, Network Metering will focus on transitioning from the existing Advanced Metering Infrastructure (AMI) 1.0 Head End Systems to an AMI 2.0 Head End System to support AMI Renewal, mitigate risks, and integrate continuous improvements. The existing AMI 1.0 meters and communication equipment, are at end of life and experiencing failure rates that are higher than historical averages and industry norms. Meter failures pose risks to Alectra Utilities' operations and customers including reduced billing reliability and decreased customer satisfaction from estimated, corrected and delayed bills. Implementing the AMI 2.0 program will deliver more accurate and timely meter data, enable advanced functionalities such as remote disconnect/reconnect and enhanced outage detection, consolidate metering systems to reduce costs and complexity, and improve customer service and regulatory compliance. The plan includes incremental costs associated with outside service providers and IT licensing over the 2025 to 2031 period primarily due to the implementation the AMI 2.0 head end system. For further details on the Network Metering program, refer to Exhibit 4, Tab 2, Schedule 13.

Supply Chain Services

The Supply Chain Services program supports the execution of Alectra Utilities' capital and OM&A programs by ensuring the timely procurement of goods and services needed to maintain and expand the distribution grid. Core functions of this program include procurement, inventory planning, warehousing, and contract management services. As outlined previously, annual gross capital investments are forecast to increase by 83% from $505MM to $923MM over the 2025 to 2031 period. These higher capital expenditures will result in a greater number of projects,

broader scope of assets, and increased volume of materials required to support electrification, system expansion, asset renewal, and new customer connections. The scale of the capital program will drive corresponding growth in inventory and third-party logistics requirements, procurement activities and supplier coordination, and storage capacity and logistical complexity. Table 4-1-4 below illustrates the large projected increase in key commodities required to execute the 2027-31 investment plan.

Table 4-1-4: Projected Increase in Key Commodities

Commodity Type	2024 Units Issued	Projected % Increase (2024–2031)	2031 Units Forecasted
Transformers	2,150	54%	~3,300 units
Switchgears	153	76%	~270 units
Wire & Cable (meters)	890,082	120%	~1,958,000
Wood Poles	1,603	135%	~3,760 units
Concrete Poles	987	55%	~1,530 units

To effectively manage these demands and ensure support for business operations the Supply Chain program includes the addition of several new positions. These resources are necessary to maintain service levels and ensure materials are available for project execution. For further details on the Supply Chain program, refer to Exhibit 4, Tab 2, Schedule 5.

System Control

System Control is responsible for the control of any devices connected to the distribution system. All work performed on the distribution system, by either Alectra Utilities field staff or external contractors/resources, must be done under the guidance and authorization of System Control. The program is also responsible for co-ordinating outages required by third parties.

The reliability of the distribution system heavily depends upon System Control. The Program responds in real-time to outages on the distribution system through analysis of the system information, identification of fault locations, operation of automated devices and co-ordination and dispatch of field resources to address the outage and restore service. System Control monitors Alectra Utilities' distribution grid, twenty-four hours a day, 365 days a year using three primary operations systems: the Supervisor Control and Data Acquisition (SCADA) System, the Outage Management System (OMS) and the Geospatial Information System (GIS). The SCADA

system allows for the real time monitoring the distribution system across 1,400 feeders connected to 28 power transformers distributed through 14 Alectra Utilities owned Transmission Stations and 242 power transformers distributed through 149 Alectra Utilities owned Municipal substations. In addition to station assets, the SCADA system monitors over 1,500 automated devices installed on the distribution system in real-time (e.g., overhead switches, switchgear and reclosers).

As described previously, Alectra Utilities' capital program is forecast to grow by 83% over the 2025 to 2031 period. System control plays a critical role in the execution of the capital program as they are responsible for the scheduling, co-ordination and execution of planned work on the distribution system. Based on workload forecasts associated with the DSP, the current System Control resource complement is not sustainable nor scalable over the long term to the level required to support the expanded capital program. Therefore, Alectra Utilities plans to augment the System Control workforce over the 2027 to 2031 period in order to ensure sufficient capacity to support the execution of Alectra Utilities' capital investment program. For further details on the System Control program, refer to Exhibit 4, Tab 2, Schedule 9.

Together these OM&A programs play a key role in supporting DSP investment priorities and the execution of the DSP.

2.1.2. IMPROVING CUSTOMER SERVICE

The Customer Service program is the primary interface for over 1.1 million residential, commercial, and industrial customers across Alectra Utilities' service territory. Alectra Utilities is expecting an increase in the volume of customer interactions from over 760,000 in 2024 to over 1,050,000 by 2031 as result of projected customer growth, increased billing, move related calls, and the impacts of electrification. At the same time the complexity of customer interactions has increased leading to longer average handle time between customers.

To address these challenges and improve service quality, Alectra Utilities is investing in both staffing and technology solutions including the MyAlectra portal, webchat, chatbots, intelligent voice assist and artificial intelligence (AI) tools to automate customer interactions. The increase in labour costs is primarily driven by increased activity in collections, customer connections and billing. Additional staffing is also being added within Customer Excellence and Customer

Connections for training and knowledge management to support the increased number of contact centre agents and to manage increased requests for service upgrades. Further details on the Customer Service program can be found in Exhibit 4, Tab 2, Schedule 7 including the productivity initiatives summarized in section 4.2.

2.1.3. MAINTAINING THE DISTRIBUTION SYSTEM AND SUPPORTING INFRASTRUCTURE

Alectra Utilities' OM&A program spending helps to maintain existing distribution system assets and the supporting infrastructure required to deliver DSP and OM&A program outcomes. Details on how specific OM&A programs support these objectives are provided below.

Overhead Inspections and Maintenance and Underground Inspections and Maintenance

The Overhead Inspections and Maintenance and Underground Inspections and Maintenance programs are essential components of Alectra Utilities' OM&A. These programs ensure the continued safe and reliable operation of the distribution system by maintaining the integrity of existing assets and supporting infrastructure. The programs are responsible for the inspection, maintenance, and repair of overhead and underground equipment while minimizing risks to reliability and safety.

The Asset Inspection segment within these programs is closely aligned with DSP objectives and outcomes for Overhead Asset Renewal (DSP Appendix B01) and Underground Asset Renewal (DSP Appendix B02). Through systematic inspections, this segment enables early detection of asset deterioration, which is critical to preventing failures that could result in service interruptions or safety hazards. Between 2017 and 2024, Alectra Utilities experienced over 3,569,216 customer hours of interruptions due to failed distribution equipment (both overhead and underground). By using asset inspections to identify and prioritize corrective actions, issues can be resolved before they cascade into outages or cause extensive damage. For example, the pole inspection and testing programs are critical for gathering the necessary information to determine pole condition and asset health. This information helps Alectra Utilities address deteriorated poles before they fail and cause outages or pose a safety risk to the public.

The Preventative Maintenance segment complements these efforts by minimizing asset life cycle costs and maximizing asset performance over their useful lives. Preventative maintenance activities also contribute to reliability and safety performance by minimizing flashovers, pole fires, and failed switching equipment.

Additionally, the System Reactive Repairs and Trouble Calls segment addresses unplanned or urgent events impacting the distribution system. This segment supports response and restoration activities in connection with unplanned or urgent events affecting Alectra Utilities' underground and overhead distribution system. Most of the work within this segment is mandatory due to Alectra Utilities' obligations to customers and requirements to maintain the safety and reliability of the distribution system.

Looking forward, Alectra Utilities anticipates upward cost pressure on both the Overhead Inspections and Maintenance and Underground Inspections and Maintenance programs over the 2027 to 2031 period, driven mainly by aging infrastructure, and escalating labour and contractor costs. For further details on the Overhead Inspections and Maintenance program, refer to Exhibit 4, Tab 2, Schedule 16 and for the Underground Inspections and Maintenance program refer to Exhibit 4, Tab 2, Schedule 17.

Digital and Innovation

Alectra Utilities relies on robust, reliable, and well-maintained Information Technology (IT) systems to plan and execute its distribution system operations and address customer needs effectively. Key activities required to maintain Alectra Utilities' IT infrastructure to ensure safety and reliability include:

- maintaining critical information technology and operational technology (OT) applications that monitor and control the electrical grid, including SCADA, the OMS, and the GIS, which provide operators with real-time data to ensure safe and reliable grid operations, and support customer-facing applications such as the outage map and web portal;

- ensuring the availability, stability, and resilience of data centre infrastructure that hosts critical applications such as Customer Care and Billing System (CC&B), SCADA, GIS, OMS, Enterprise Resource System (ERP), and others;

- managing disaster recovery and backup systems to rapidly restore critical operations and maintain business continuity in the event of a system failure or unexpected disaster;

- maintaining reliable communication systems and mobile technologies to ensure field crews have real-time access to critical safety information, operational data, and support during high-risk operations;

- maintaining and updating real-time monitoring and control systems, such as SCADA and OMS, to support early fault detection, emergency shutdowns, and secure system operations to ensure safety outcomes; and

- maintaining enterprise applications and IT infrastructure by applying security patches, upgrading IT hardware, and keeping critical systems secure, resilient, and protected against evolving cyber threats.

Annual license and maintenance costs are required to ensure Alectra Utilities' software programs remain operational, integrated, and supported by vendors. They also provide protection against cybersecurity threats by ensuring that Alectra Utilities has access to the latest software updates and security patches. Over the 2027 to 2031 period, system license and maintenance costs represent 44% of D&I program costs largely reflecting a sustainment cost base tied to installed systems and vendor support obligations. Historically, these costs have increased by 3% to 5% annually, often outpacing inflation. However, Gartner's industry research indicates that in recent years some vendors have raised prices by as much as 8% to 25%[3]. Alectra Utilities actively manages vendor contract renewals to try to mitigate these pressures but it is important that license renewals are kept up to date to maintain system performance and cybersecurity.

The D&I program is closely aligned with and enables the outcomes described in the DSP, section B09 – Information Technology Systems, by ensuring the continued availability, security and supportability of the technology platforms that underpin system operations, asset management, and customer service. For further details on the D&I program, refer to Exhibit 4, Tab 2, Schedule 8.

[3] Quick Answer : How CIOs Can combat Vendor Price Hikes During Periods of Economic Volatility", 6 June 2025 ID G00834465

Together all of these OM&A programs play an important role in maintaining existing distribution system assets and the supporting infrastructure required to deliver DSP and OM&A program outcomes. Continued investment in these areas is essential to maintain reliability, ensure safety and meet customer expectations.

2.1.4. STRENGTHENING CYBERSECURITY AND ADOPTING NEW TECHNOLOGIES

The D&I program forms the basis for Alectra Utilities' IT operations and digital transformation efforts; supporting technology to ensure it is reliable, secure, scalable, and able to adjust to changing business priorities, regulatory requirements, and customer needs. The D&I program also plays a pivotal role in implementing, maintaining, and supporting Alectra Utilities' future capital initiatives and programs planned from 2025 to 2031, such as:

- MyAlectra Portal Project Enhancement program
- Workforce Management program
- Advanced Distribution Management program
- Integrated Network Management (INM) License
- OT Network Hardware Refresh
- Corrective Action Administration Tool
- Enterprise Asset Management

While these projects are part of the capital program (Exhibit 2, Tab 1, Schedule 1, Appendix B09), their ongoing operational expenses, such as software maintenance licenses, and post-deployment support resources, are incorporated into this segment’s overall cost structure.

As demand on the distribution system grows and new technologies are introduced, additional full-time staff will be needed to implement and support program initiatives. With the scope of operations expected to expand alongside the rollout of new systems, these added resources will ensure Alectra Utilities has the capacity to maintain and operate critical platforms, ensuring the continued sustainment of high-quality services to its customers. License and maintenance costs

for this program are expected to increase between 2027 and 2031, driven by the launch of several new systems entering full operation during this period.

The D&I segment also delivers Alectra Utilities' digital strategy ensuring investments in technology meet current and future business and operational needs. In support of this objective, the Enterprise Architecture (EA) function was created in 2023 to strengthen Alectra Utilities' technology governance across procurement, implementation, and day-to-day operations. EA plays a critical role in aligning technology investments with the utility's business goals, ensuring systems are scalable, secure, interoperable, and compliant with both regulatory and industry standards. Additional staffing resources will be added over the 2026 to 2031 period to maintain Data Office and EA operations as the utility's digital landscape continues to evolve.

In parallel, Alectra Utilities will continue to strengthen its cybersecurity posture in response to escalating threats and evolving cybersecurity requirements such as the Ontario Cybersecurity Framework. Cyber attackers are increasingly leveraging AI and machine learning to carry out more sophisticated and targeted attacks, ranging from advanced phishing schemes to the automated creation of malware. To stay ahead of these evolving threats, Alectra Utilities will need to invest in AI-driven cybersecurity solutions capable of real-time threat detection and mitigation. Ransomware attacks continue to grow in complexity, with many now using "double extortion" tactics, encrypting data while simultaneously threatening to release it publicly if ransoms are not paid. This development significantly complicates recovery strategies and highlights the need for robust investments in advanced backup systems, disaster recovery planning, and comprehensive threat mitigation tools.

The growing integration of Internet of Things ("IoT") devices, such as smart meters and sensors, into Alectra Utilities' infrastructure has expanded the organization's cyber-attack surface. IoT devices can connect to other networks and the internet, creating new potential entry points for attackers to access critical operational systems. Protecting this expanded environment will require enhanced network security measures, real-time monitoring, and tailored strategies to secure both the devices and the networks they operate on.

Over the 2026 to 2031 period, Alectra Utilities plans to add additional staff to maintain Cybersecurity operations and address maturity gaps identified in the Enterprise IT Spending and

Staffing Benchmark & Functional Maturity Assessment. In addition, the IT Operations segment plans to add several new roles over the 2026 to 2031 period. These roles are critical to ensure that non-functional requirements such as performance, reliability, and security, of Alectra Utilities' enterprise and digital workplace systems are aligned with, and tested against, the utility's technical, and cybersecurity standards.

In summary, the D&I program will allow Alectra Utilities to adopt new technologies, maintain critical systems and protect its infrastructure from cyber threats. These investments are necessary to deliver safe and reliable electricity service to our customers.

The incremental programs and investments in the rate period are expanded on in Schedule 3, Section 3.3.

2.1.5. MAINTAINING COMPLIANCE WITH LEGAL AND REGULATORY REQUIREMENTS

Alectra Utilities requires OM&A funding to maintain compliance with various legal and regulatory requirements that span across numerous OM&A Programs including Asset Management, Distribution Design, Corporate Services, Network Metering, Digital and Innovation, Overhead/ Underground Inspections and Maintenance, Human Resources, System Control, Records and Mapping, Cable Locates, Program Delivery, Vegetation Management and Facilities, among others.

Asset Management supports this theme through ensuring regular inspections of assets to comply with Appendix C of the *Distribution System Code* (DSC), responding to the OEB's direction to leverage non-wires alternatives where possible, enabling the operationalization of Non-Wires Solutions (NWS) and facilitating grid modernization in line with public policy objectives and preparing the grid for anticipated growth and electrification while accommodating policy-driven expansion of renewable energy and electrification initiatives.

Distribution Design must ensure that project designs adhere to Conservation Authority and Ministry of Natural Resources & Forestry requirements when constructing in environmentally sensitive areas and that proper approvals and permits are obtained before constructing along or crossing creeks or river. The *Endangered Species Act* and *Federal Species at Risk Act* (SARA) is carefully considered when projects impact habitats known to contain species at risk.

The Regulatory segment within the Corporate Services program administers the organization's compliance oversight and provides guidance to internal stakeholders to ensure compliance with OEB regulatory obligations. Further, the Department is responsible for all regulatory financial reporting requirements and electricity market settlement rules, ensuring compliance with the OEB's Accounting Procedures Handbook (APH) and related guidance, International Financial Reporting Standards (IFRS), the Independent Electricity System Operator's (IESO) market rules and other relevant regulatory bodies.

The Network Metering program is responsible for overseeing the operation, maintenance and management of Alectra Utilities' wholesale and retail revenue meters, communication networks, and meter data management and collection systems. Network Metering must ensure that Alectra Utilities adheres to the Measurement Canada requirements in accordance with the *Weights and Measures Act*, the *Electricity and Gas Inspection Act*, and related regulations through management of Network Metering programs and processes. Additionally, Alectra Utilities must meet or exceed the requirements of the *Distribution System Code* and *Retail Settlement Code* as it pertains to Network Metering functions including the timely and accurate availability of meter data to support customer billing activities.

The Digital and Innovation program enables the delivery of a flexible and adaptive technology infrastructure that supports the efficient rollout of new policy initiatives and regulatory requirements, ensuring Alectra Utilities' IT systems can accommodate evolving programs such as, Ultra-Low Overnight (ULO) rates and Rate Optionality, while continuously enhancing IT business processes to meet changing customer needs and regulatory expectations.

The Overhead/Underground inspections and maintenance programs facilitate the compliance with numerous regulatory requirements such as the inspection of distribution assets under both the *Distribution System Code* and O. Reg 22/04, the disconnecting/reconnecting of customers and connecting new services in a timely manner under the requirements of the Distribution System Code and maintaining the safe and proper operating condition of overhead/underground distribution assets and guarding against inadvertent contact with energized parts under O. Reg 22/04. Additionally, these programs facilitate the inspection and corrective actions on overhead/ underground transformers and switchgear in order to contribute to environmental stewardship

goals by identifying and correcting leaks (e.g., transformer oil) before they contaminate the environment.

The Human Resources program ensures that legislative requirements are met for areas including collective bargaining, corporate policies, environment and safety compliance, and applicable legislation.

System Control is the Controlling Authority for Alectra Utilities' distribution grid, meaning that no operations of grid devices can be conducted, by either Alectra Utilities or third-party crews, without the permission and direction of System Control. Work on or in proximity to the distribution system is primary governed by the *Utility Work Protection Code* (UWPC) and the Electric Utility Safety Rules. As a Market Participant, Alectra Utilities has a regulatory requirement to create, maintain, and test an Emergency Preparedness Plan. The requirements set out in the plan come from multiple sources, including the *Electricity Act*, the *Emergency Management and Civil Protection Act* as well as the North Eastern Reliability Council (NERC).

Records and Mapping program is responsible for the creation and maintenance of the geospatial representation of Alectra Utilities' distribution assets. The program must ensure compliance with ESA Regulation 22/04 through verification of drawings and ongoing monitoring of drawing submissions and approvals.

The Cable Locates program responds to public requests for underground infrastructure locates through the Ontario One Call notification system. Alectra Utilities is required to respond to these requests when they fall within its service territory and to complete an accurate locate within a prescribed time. Providing timely underground cable locates is a regulatory requirement of the *Ontario Underground Infrastructure Notification System Act, 2012* (OUINS Act) and associated regulations such as O. Reg 136/24, O. Reg 87/23, as well as the *Getting Ontario Connected Act*, *2022*. Additionally, this program supports public policy initiatives such as the *Building Broadband Faster Act, 2021*, *Getting Ontario Connected Act, 2022* and *Building Infrastructure Safely Act, 2024*. Providing timely underground cable locates supports the service quality requirements of the *Distribution System Code* and *Electricity Act, 1998*, such as scheduling and meeting customer appointments.

The Program Delivery program is responsible for the scheduling, planning, and tracking of Alectra Utilities' distribution-related capital programs (excluding Metering, Stations and Transit). This program ensures that only approved construction plans are issued to be constructed. The program also facilitates the tracking and reporting related to the as-built drawing return process, as well as the completion of records of inspection and construction certificates. These processes are required to maintain compliance with the construction verification program mandated by O. Reg. 22/04. Additionally, Program Delivery obtains the required forms and permits required by the Regulation for Construction Projects, O. Reg. 213/91 and ensures the timely completion of construction projects by managing the overall program schedule and resource allocations which enable the completion of public policy initiatives such as the *Building Broadband Faster Act, 2021*, *Getting Ontario Connected Act, 2022* and *Building Infrastructure Safely Act, 2024*.

The Vegetation Management program must ensure that vegetation management practices align with relevant public policies, regulations and community standards. This includes compliance with local, provincial, and federal regulations related to vegetation management, including environmental protection laws. Under the program, trees and branches are pruned to meet minimum clearance standards based on the American National Standards Institute (ANSI) A300 - Standard Practices for Trees, Shrubs and other Woody Plant Maintenance and to reflect any local municipality pruning guidelines.

The Facilities Management program provides sustainable, safe, and reliable workspaces for Alectra Utilities employees. This program provides and maintains a good working environment in compliance with applicable legislations and regulations such as compliance with the *Ontario Building Code (*O. Reg. 163/24*)* and the *Ontario Fire Code (*O. Reg. 213/07*)*, maintaining ISO 45001 certification (Occupational Health and Safety Management) and ensuring all buildings are *Accessibility for Ontarians with Disabilities Act, 2005* (AODA) compliant.

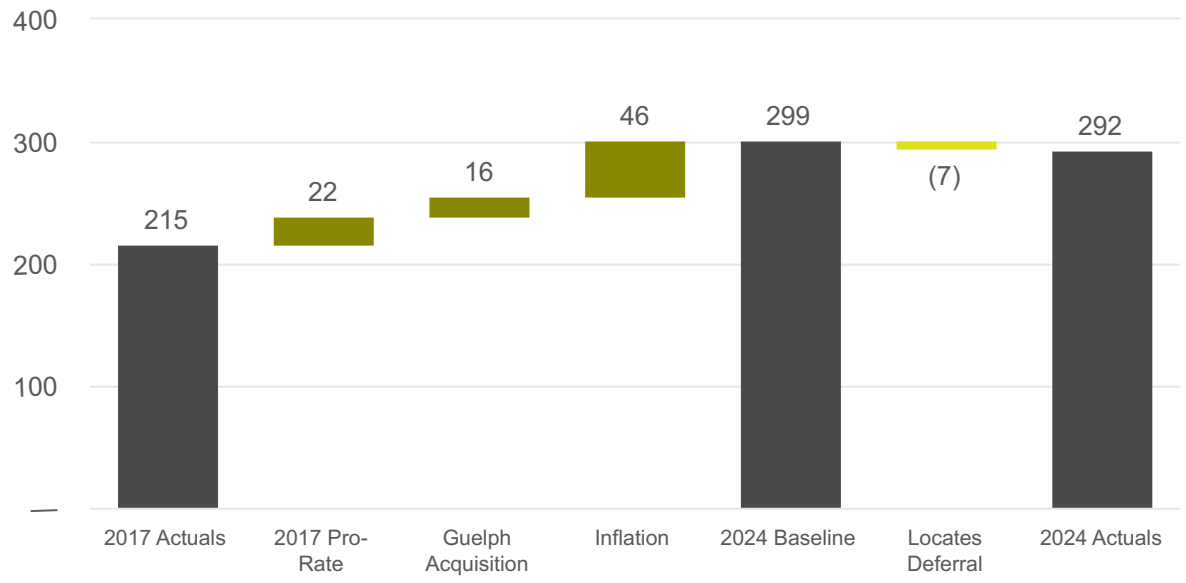
3. OM&A KEY DRIVERS

This section outlines the key drivers of Alectra Utilities' OM&A expenditures across the 2017-2024, 2024–2027, and 2027–2031 periods. The analysis demonstrates how OM&A growth is attributable to inflationary pressures, expanded service demands, and targeted investments required to support the execution of Alectra Utilities' DSP and maintain service quality.

3.1. HISTORICAL OM&A 2017 TO 2024

Chart 4-1-1 below presents an overview of consolidated cost drivers to bridge the 2017 to 2024 historical period. The growth rate of Alectra Utilities' historical OM&A over the 2017 to 2024 period, after accounting for the pro ration of 2017 results, the Guelph Hydro acquisition, and impact from the cable locates deferral account, is below the approved OEB inflation parameters.

Chart 4-1-1: Historical OM&A 2017 to 2024 ($MM)



Note: Inflation calculation uses the Cohort 3 IRM rates approved by the OEB - For rates, refer to Table 4-1-6

3.1.1. 2017 PRO-RATE

Between 2017 and 2024, Alectra Utilities successfully harmonized operations across five predecessor utilities while maintaining cost discipline and service quality. Due to the timing of the initial merger, 2017 represents a partial year of operations for the consolidated entity. Horizon Utilities, PowerStream, and Enersource were integrated for 11 months, while Hydro One Brampton was integrated for 10 months (see table below). Therefore, a 2017 pro ration adjustment of $22MM was required to normalize 2017 data to full-year figures. The adjustment provides a consistent baseline for accurately comparing performance across the years. The adjustment to normalize 2017 is based on the OEB-approved OM&A in rates.[4] A pro-ration adjustment is calculated off of this value based on the number of months the legacy utilities were integrated.

Table 4-1-5: Calculation of 2017 Pro-Rate Amount ($MM)

	OM&A in Rates	2017 Pro-Rate Amount
HRZ	62	5
BRZ	26	4
PRZ	96	8
ERZ	58	5
Total	**242**	**22**

3.1.2. GUELPH HYDRO ACQUISITION

In 2019, Alectra Utilities completed the acquisition of Guelph Hydro, which affects the financial figures and trends in subsequent years, and was reflected in quantifying the 2024 Baseline. The 2019 adjustment of $16MM is representative of the amount Guelph Hydro had approved in rates at the time of acquisition.

3.1.3. INFLATION

The $46MM inflation figure presented in Chart 4-1-1 above is calculated using the OEB's approved inflation rates, less the stretch factor for Cohort 3.

[4] The OEB-approved OM&A in rates was adjusted each year by the Price Cap Adjustment to derive the 2017 OM&A amount funded in rates

Table 4-1-6 - Inflation Calculation

	2017	2018	2019	2020	2021	2022	2023	2024
Inflation	1.9%	1.2%	1.5%	2.0%	2.2%	3.3%	3.7%	4.8%
Cohort 3	1.6%	0.9%	1.2%	1.7%	1.9%	3.0%	3.4%	4.5%

**Cohort 3 assumes a stretch reduction of 0.3%*

	2017	2018	2019	2020	2021	2022	2023	2024
Opening	**215**	**237**	**239**	**258**	**263**	**268**	**276**	**286**
2017 Pro-Rate	22	—	—	—	—	—	—	—
Guelph Acquisition	—	—	16	—	—	—	—	—
Inflation	—	2	3	4	5	8	10	14
Closing	**237**	**239**	**258**	**263**	**268**	**276**	**286**	**299**

3.1.4. LOCATE DEFERRAL

In response to the passage of Bill 93 (*Getting Ontario Connected Act, 2022*), the OEB established a generic variance account, the *Getting Ontario Connected Act* (GOCA) Variance Account, to track the incremental cost of locates in 2023 and beyond arising from the implementation of the bill. As a result of utilizing the GOCA variance account, the locates program costs presented 2024 are reduced by $7MM, and a resulting step increase will occur in 2027 upon disposition of the variance account. There is an offsetting adjustment in Other Revenue for the 2023 to 2026 period.

Locate costs increased substantially between 2022 and 2024 in response to changes in the *Getting Ontario Connected Act*. The Act introduced administrative penalties and enhanced the regulatory powers of Ontario One Call. These changes increased the demand for locate services across the industry, resulting in increased fees charged by service providers. Alectra Utilities has taken steps to mitigate cost pressures in the Locates program by: introducing a locate clearing service in late 2022, securing improved service provider rates through the Locate Alliance Consortium, and, through direct negotiations with locate service providers. For additional details, refer to Exhibit 4, Tab 2, Schedule 12.

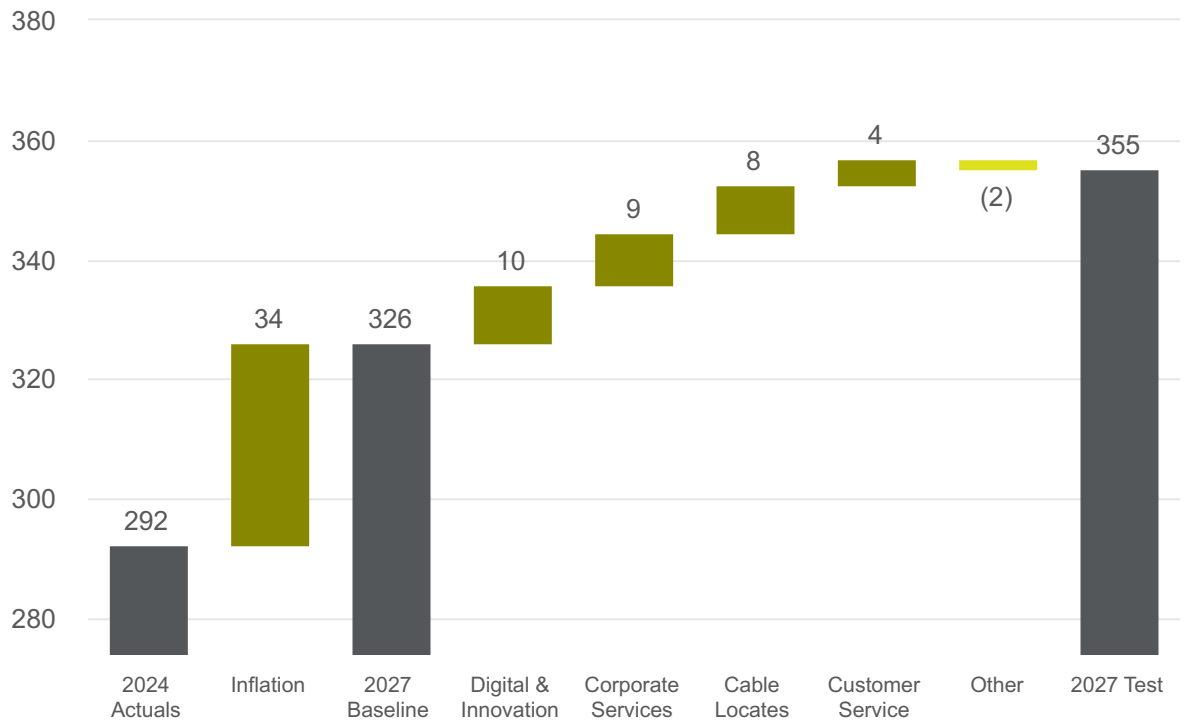
3.2. OM&A 2024 TO 2027

During the 2024 to 2027 period, Alectra Utilities will focus on strengthening IT capabilities for enhanced digital technologies, ensuring it has the appropriate resources to support customer

needs, maintaining compliance with regulatory requirements, and securing a workforce that can support the execution of the expanded capital plan. Necessary investments are being made across various programs to address cyber security risks, upgrade IT Systems to support Alectra Utilities employees that keep the distribution system operating, and to support customer needs.

Chart 4-1-2 below presents a summary of the key drivers that bridge 2024 actuals to the 2027 Test Year.

Chart 4-1-2: OM&A Causal Track Analysis 2024 Actual versus 2027 Test ($MM)



Note1: Inflation calculation uses the Cohort 3 IRM rates approved by the OEB (2024 - 4.5%, 2025 - 3.3%, 2026 - 3.4%).

3.2.1. DIGITAL AND INNOVATION

The Digital and Innovation program requires $10MM in incremental investments and will focus on technology initiatives that support critical business functions while driving technology-enabled transformation across the organization. These investments, infrastructure, and innovation initiatives align with business needs, regulatory requirements, and customer expectations.

The majority of the incremental Digital and Innovation investments are attributable to the increased investments in cyber security and incremental licensing to support the business. Additional licensing is required to enable upgrades for critical platforms, and to enable investments in new technologies such as Human Capital Management (HCM) and the implementation of a customer facing AI chatbot. Additionally, incremental labour contributes to 8% of the incremental increases over the period, primarily as a result of increased full-time equivalent (FTEs) in the Product Management and D&I Business segments. The increases are mainly attributable to vacancies in 2024 (multiple System Specialist and Manager positions) that were filled in 2025, and new positions in the D&I Business to maintain Data and EA related operations as the digital landscape continues to evolve. For more detailed information on workforce changes in the Digital and Innovation program, refer to Exhibit 4, Tab 3, Schedule 3.

Cyber Security

Investments in cyber security are critical in order to meet the needs of the regulatory requirements defined in the Ontario Cybersecurity framework and to safeguard against growing cybersecurity threats. The increase in emerging cybersecurity threats are resulting in increased costs to maintain cybersecurity posture, both now and into the future. Alectra Utilities is investing in AI-based defense systems capable of real-time threat detection and mitigation, investments in advanced back systems, and disaster recovery solutions. The proposed programs represent a balanced, forward-looking approach to risk management and operational resilience.

Licensing

Alectra Utilities will see a general uplift in licensing costs over the period for the customer experience ("MyAlectra Portal Project") platform, with 2025 representing the first full year of the platform’s operational deployment. The MyAlectra Portal project provides a seamless interface for assessing customer services and will provide a centralized platform for further improving customer interactions and supporting programs as customer needs evolve. In 2027, licensing costs for the HCM system will increase because the costs originally incurred in 2024 were deferred under OEB Accounting Order (003-2023), which established a deferral account for incremental cloud computing implementation expenses. The new HCM system will enable

operational efficiencies and result in productivity savings, further discussed in Exhibit 1, Tab 6, Schedule 4.

Alectra Utilities is required to upgrade its Enterprise Data Management Tool (EDMT) before it reaches end of life. This platform is a critical component for integrations between CC&B, ERP, MyAlectra portal, and others, therefore, Alectra Utilities must purchase replacement software in order to ensure stable operations.

Additionally, the integration and licensing of Alectra Utilities' WFM system will begin in 2026. This system is crucial for enabling grid modernization efforts and is essential for Alectra' Utilities' operations in a modern energy landscape. The WFM system will require ongoing enhancements and adaptations to effectively monitor, control, and manage the utility network in order to ensure the safe, reliable, and resilient operation of Alectra Utilities' infrastructure.

Alectra Utilities' OM&A expenditures for conversational AI licensing will increase as a result of the implementation of an advanced customer facing chatbot in support of the Customer Experience initiative. If Alectra Utilities chooses not to implement or invest in these digital tools, call volumes are likely to increase, negatively impacting customer experience. Conversely, as more customers adopt these digital tools, it will positively impact call volumes and average answer times, enhancing service levels, operational efficiency, and customer satisfaction within the call center.

For additional details on the Digital and Innovation Program and the initiatives, refer to Exhibit 4, Tab 2, Schedule 8.

3.2.2. CORPORATE SERVICES

The Corporate Services program encompasses critical support functions that enable the organization to meet regulatory requirements, manage risk, engage with stakeholders, and develop strategic initiatives.

The Corporate Services program requires an incremental $9MM over the period primarily due to the disposition of the OEB fixed assessment fee deferral account and the amortization of rate application cost deferrals into the 5-year rate period. Incremental labour contributes to 18% of the incremental increases over the period, primarily as a result of increased FTEs to support

business requirements in the Government and Corporate Relations and Legal segments. These positions are being added to address increased government relations requirements associated with government inquiries (e.g., connection requests, community concerns), policy and research needs to respond to government consultations, and to fill vacant positions.

OEB Fixed Assessment Fee and Rebasing Deferrals

In 2016, the OEB established Account 1508 Other Regulatory Assets, Sub-Account OEB Cost Assessment Variance, to record the difference between OEB cost assessment fees built into rates and the actual assessment fees based on the OEB's revised 2016 cost assessment model. In accordance with the OEB's guidance, Alectra Utilities has recorded this difference in the variance account since 2016. For additional information on the amounts recorded in the variance account, refer to Exhibit 9, Tab 3, Schedule 3. As a result, the Regulatory program costs have continued to include only the OEB cost assessment fees originally embedded in rates. The 2027 costs reflect the full OEB cost assessment fees.

The 2027 forecast also includes one-time costs related to the preparation of this application. In order to recover these costs over a 5-year period, 1/5 of these costs (approximately $2MM per year) are reflected in the Regulatory segment.

For additional details on the Corporate Services Program and the initiatives, refer to Exhibit 4, Tab 2, Schedule 3.

3.2.3. CABLE LOCATES

As a result of utilizing the GOCA variance account, discussed in Section 3.1, the locates program costs reflect a $8MM step increase that will occur in 2027 upon disposition of the variance account.

For additional details on the Cable Locates Program and the initiatives, refer to Exhibit 4, Tab 2, Schedule 12.

3.2.4. CUSTOMER SERVICE

The Customer Service program requires $4MM in incremental investments and serves as the primary interface for over 1.1 million residential, commercial, and industrial customers across Alectra Utilities' service territory. This program will focus on ensuring it has the appropriate resources to manage rising call volumes and customer service complexity, adapting to evolving customer needs and regulatory requirements, and delivering a seamless and responsive customer experience.

59% of the incremental investments over this period are attributable to a higher allocation of fixed costs to the Customer Service program as a result of the discontinuation of Hamilton water billing services that were formerly excluded from Alectra Utilities' OM&A, and incremental low-income energy assistance program (LEAP) funding distributions, partially offset by lower postage. Incremental labour contributes to the remaining 41% of the increases over the period primarily as a result of a higher allocation to capital projects and higher vacancies in 2024, which were partially offset by the utilization of third party service providers. Costs are lower in 2027 as a result of the Hamilton and Guelph water billing exit, which is discussed in more detail below and in Exhibit 4, Tab 2, Schedule 7, Section 4.2.2.

Water Billing Exit

Alectra Utilities will discontinue water billing services to municipalities (Hamilton, Markham, Vaughan, and Guelph) to focus on, and enhance, core electricity distribution services and improve overall customer satisfaction. Departure from water billing will allow the Customer Service program to strengthen its focus on delivering efficient electricity services in an increasingly complex regulatory environment, while improving the overall customer experience.

As water billing services are discontinued, the fixed costs relating to services provided to the City of Hamilton, that were formerly excluded from the revenue requirement and applicable OM&A schedules per legacy Horizon, must be absorbed in the Customer Service OM&A costs. This increase will be partially offset by lower variable costs as the utility ends water billing services for Guelph, Markham, and Vaughan. Examples of variable cost efficiencies include reductions to water meter reading, variable labour costs, and dedicated third party

administrative support. For additional details on the water billing exit, refer to Exhibit 4, Tab 2, Schedule 7, Section 4.2.2.

LEAP Funding

The increase in LEAP funding distributions is attributable to changes to the program in March 2024, whereby Ontario Electricity Support Program (OESP) and LEAP income thresholds increased. Additionally, LEAP grants increased from $500 to $650 and from $600 to $780 for electrically heated homes. Moreover, changes to regulations accommodate all eligible customers to have an opportunity to apply for and be granted LEAP assistance where no customer will be turned away due to lack of funding. The OEB further approved the use of deferral accounts by utilities to track additional LEAP funding distributed outside of the amount covered in revenue requirements. Other positive program changes included a revised and expanded list of documents for assessment flexibility to accept documents in lieu of a lease or mortgage. These changes resulted in a more streamlined approach and ease of applying for LEAP benefits.

Postage

Over the period, postage costs will decrease as e-bill penetration resulting from the MyAlectra Portal Project is set to increase. The e-billing adoption rates increase from 39.8% at the beginning of 2024 to 68.4% in 2031. Additional information for productivity savings associated with the MyAlectra Portal Project can be found in Exhibit 4, Tab 2, Schedule 7 Section 4.2.

For additional details on the Customer Service Program and the initiatives, refer to Exhibit 4, Tab 2, Schedule 7.

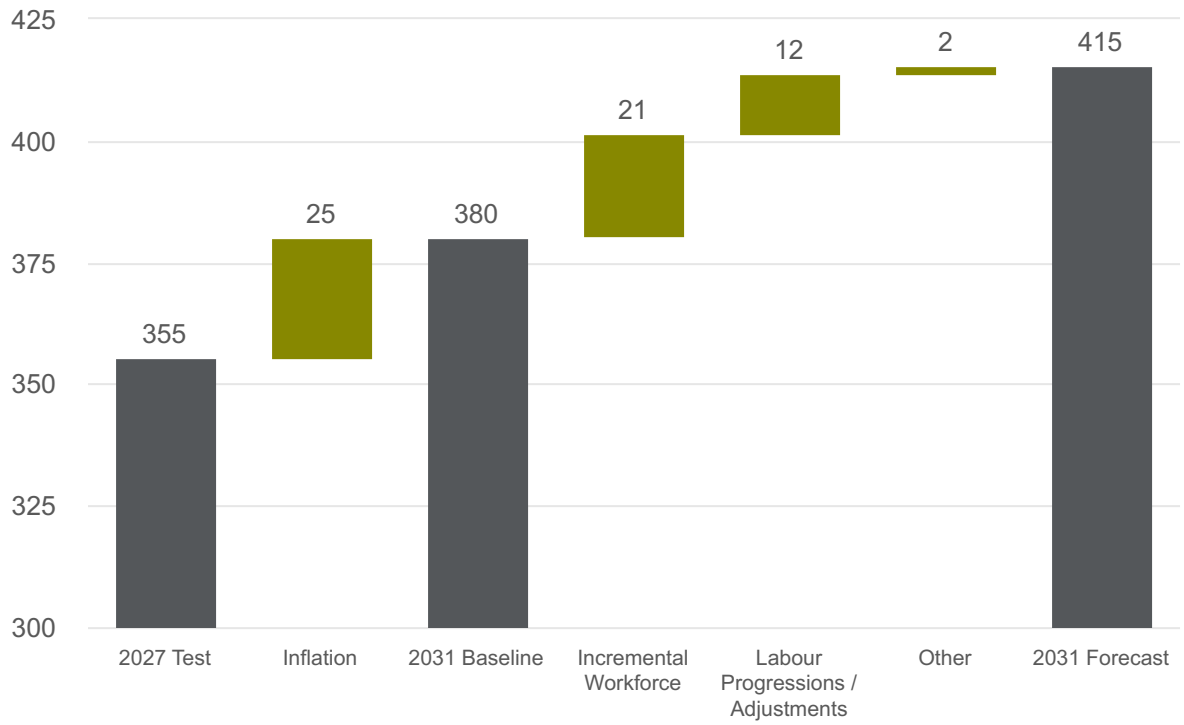
3.3. FORECAST OM&A 2027 TO 2031

Over the 2027 to 2031 rate term Alectra Utilities will make significant capital investments in its distribution system to renew and replace infrastructure, meet growing electricity demand, and to modernize the grid while also enhancing its resiliency. In order to deliver the capital plan, Alectra Utilities will need to ensure it has the appropriate funding for the corresponding OM&A costs, which includes significant investment to hire and retain a skilled workforce to manage the execution of the increased capital workload as detailed in the DSP, strengthen IT capabilities for

data and security, and bolster key corporate services. In addition, the forecasted expenditures will maintain infrastructure, meet customer needs, and minimize risks to reliability and safety.

Chart 4-1-3 below presents a summary of the key drivers of OM&A expenses over the rate term.

Chart 4-1-3: OM&A Causal Track Analysis 2027 Test versus 2031 Forecast ($MM)



Note1: Inflation is based on the 2% average expected inflation over the period less 0.3% for the Cohort 3 productivity factor.

3.3.1. INCREMENTAL WORKFORCE

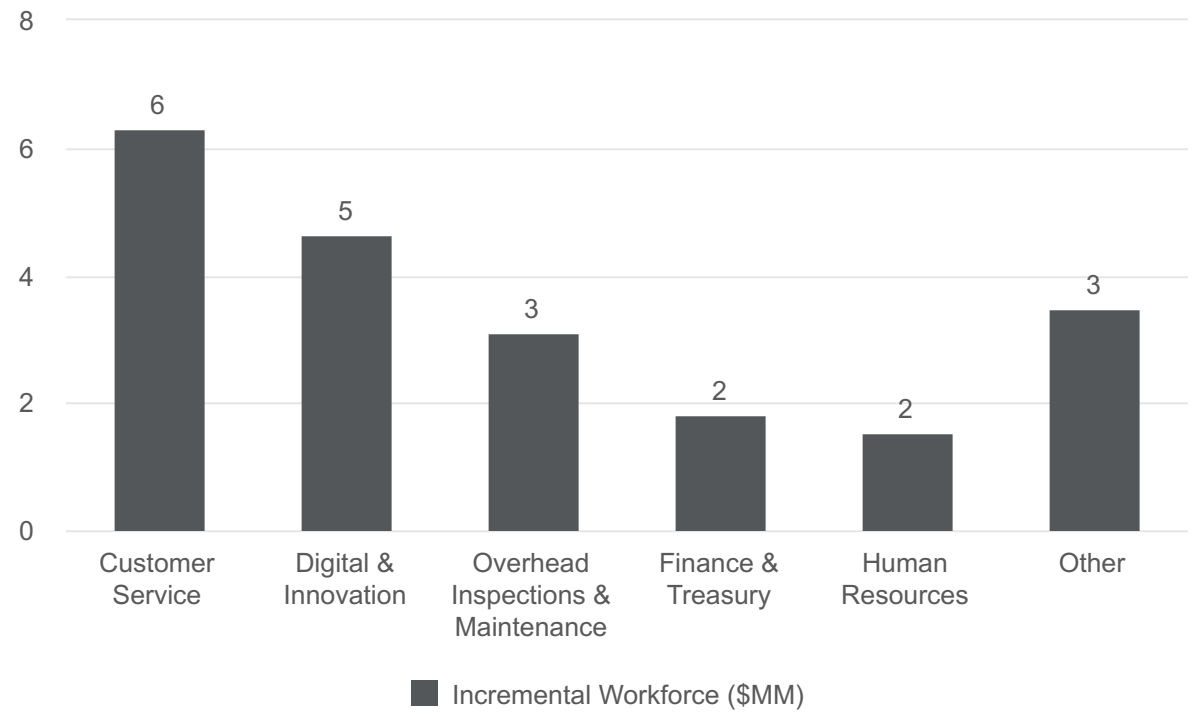
Alectra Utilities' highly skilled and engaged workforce is a vital asset to the organization. Planned investments for the 2027 to 2031 period will enable the hiring of additional resources to improve customer experience, execute a larger volume of capital and maintenance projects, and meet increased operational demands resulting from customer and system demand growth, government policy, and technological advancement.

Guided by its strategic objectives of renewing, expanding and modernizing the distribution grid, Alectra Utilities developed a workforce plan which prioritizes resourcing capacity and skills in

critical operational and administrative support roles that facilitate the integrated planning, tracking and execution of the utility's capital plan, conduct maintenance activities, manage power systems, and enable the adoption of new grid technologies such as distribution automation and AMI 2.0.

Chart 4-1-4 below presents a summary of the key programs contributing to the $21MM in incremental OM&A workforce requirements over the rate term.

Chart 4-1-4: Incremental Workforce by Program ($MM)



Customer Service

The incremental resources in the Customer Service program are required to address a projected 27% increase in the volume of customer interactions as a result of customer growth, move in/out related call volumes, adoption of electrified technologies, and incremental arrears and collections related activities.

For more information on the Customer Service program labour increases over the 2027 to 2031 period, refer to Exhibit 4, Tab 3, Schedule 3.

Digital and Innovation

The incremental resources in the Digital and Innovation program are mainly to support the Product Management segment which will support the implementation and operationalization of several key enterprise systems, such as WFM, EAM, ADMS, and others, and prepares for planned upgrades to our Customer Information System (CIS) and ERP platforms. The Product Management team requires a combination of product owners and application specialists across multiple disciplines to support both development and ongoing operations.

For more information on the Digital and Innovation program labour increases over the 2027 to 2031 period, refer to Exhibit 4, Tab 3, Schedule 3.

Overhead Inspections and Maintenance

The Overhead Inspections and Maintenance program facilitates the inspection, maintenance and repair of overhead equipment. This program requires additional resources to expand the internal resource capacity required to execute distribution capital and maintenance work programs.

For more information on the Overhead Inspection and Maintenance program labour increases over the 2027 to 2031 period, refer to Exhibit 4, Tab 3, Schedule 3.

Finance and Treasury

The incremental resources in the Finance and Treasury are necessary to handle growing workloads in volumes of transactions associated with the execution of the capital and maintenance work programs, including Accounts Payable and Accounting Analysts that will assist with the processing and payment of invoices and the completion of work orders.

For more information on the Finance and Treasury program labour increases over the 2027 2031 period, refer to Exhibit 4, Tab 3, Schedule 3.

Human Resources

The incremental resource requirements in the Human Resources program are a result of the growing workforce, growing capital and maintenance work programs, and project requirements. These incremental positions are critical to support Alectra Utilities' success in executing the organizational resource plan. Human Resources positions such as Talent Acquisition Specialists, Human Resources Business Partners, Health and Safety Specialist and Project Managers are integral to support the execution of Alectra Utilities' Capital and OM&A activities.

For more information on the Human Resources program labour increases over the 2027 to 2031 period, refer to Exhibit 4, Tab 3, Schedule 3.

3.3.2. LABOUR PROGRESSIONS/ADJUSTMENTS

Alectra Utilities requires a highly skilled workforce to operate, maintain and renew its distribution system in a manner that is safe, reliable and responsive to customer needs. Certified skilled trades represent the largest segment of Alectra Utilities' workforce and play a vital role in constructing, operating and maintaining the distribution system. Alectra Utilities' staffing plan focuses on recruiting and retaining personnel with the specialized skill sets necessary to support the integration of new grid technologies, advanced digital tools, and data management systems.

Alectra Utilities' compensation philosophy is designed to balance cost effectiveness with the need to attract and retain the specialized talent required to deliver safe, reliable and cost-effective service to customers in an increasingly complex and dynamic environment. The Company targets overall total remuneration at the market median (50th percentile). As evidenced by the Mercer compensation Benchmarking Study, (refer to Attachment 4-7 in Exhibit 4, Tab 3, Schedule 5), on an overall organization basis, Alectra Utilities' total remuneration is positioned within the market competitive range, relative to the 50th percentile of the comparator market.

The Labour Progressions/Adjustments of $12MM presented in Chart 4-1-3 represent labour increases for hourly wage progressions, employees with salaries below their job rate, pay equity increases and the portion of annual compensation increases that are more than inflation over the rate term. These compensation costs are necessary to sustain Alectra Utilities' competitive market position to attract and retain the skilled workers necessary to maintain the distribution system and achieve DSP and OM&A program outcomes.

Attachment 4-3

OEB Appendix 2-JB

Please see live Excel version

4. WORKFORCE NEEDS AND CHALLENGES

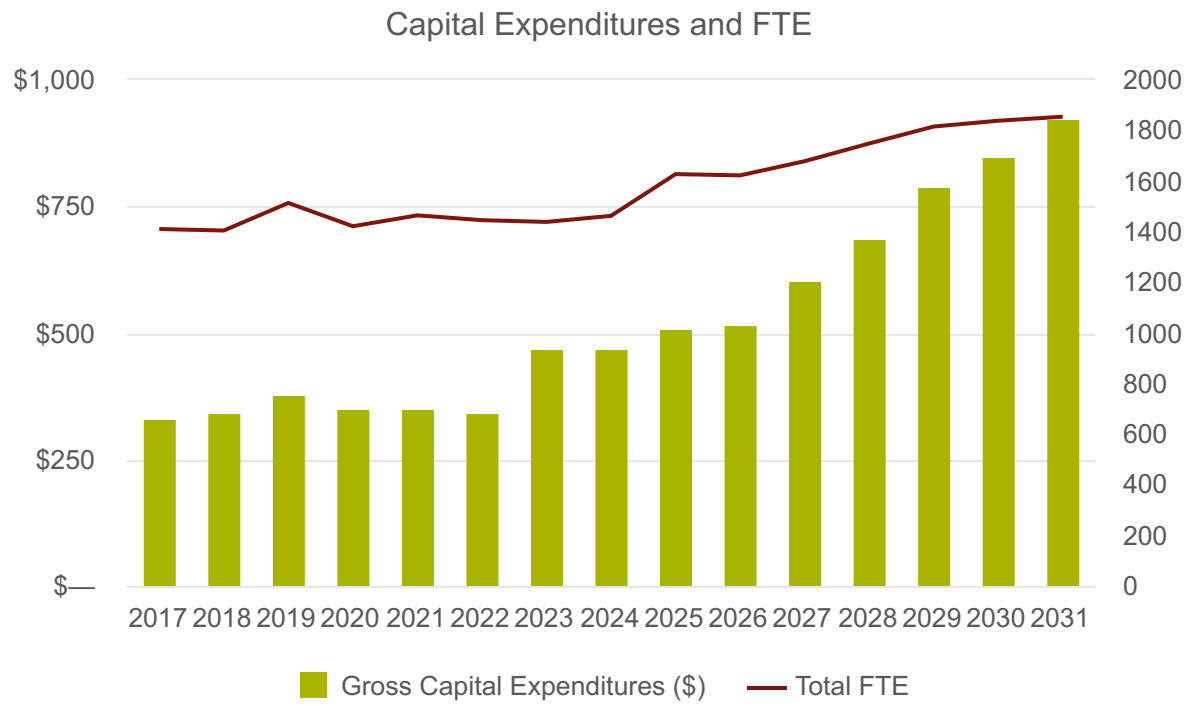
Alectra Utilities has developed a comprehensive Workforce Plan and Strategy for 2027–2031 (see Exhibit.4, Tab 3, Schedule 3) that identifies the critical roles and headcount needed to execute the investment plan and maintain service levels. This section outlines how Alectra Utilities will acquire, train and retain the talent to meet those needs.

Alectra Utilities' 2027 to 2031 investment plan, as described in Exhibits 2A and Exhibit 4, includes grid infrastructure and operational investments intended to support service delivery for customers in a safe, reliable and efficient manner. Alectra Utilities' staffing plans and resource strategies for implementing the investment plan are outlined in Exhibit4, Tab 3, Schedule 4. These exhibits identify key roles and skills required throughout the organization for the execution of planned work programs and projects during the 2027 to 2031 rate term. Additionally, it details the strategies that Alectra Utilities will use to develop and maintain a skilled, engaged, and adaptable workforce capable of meeting the changing demands of the energy sector and providing high-quality service to customers.

Over the 2024 to 2031 period, Alectra Utilities' workforce from an FTE perspective will increase by 26.8%. These resources are required as a result of an expanding customer base and to support a larger capital investment plan.

The graph below depicts Alectra Utilities' historical and forecast FTEs as related to capital expenditures.

Chart 4-1-5: Alectra Utilities' historical and forecast FTEs as related to capital expenditures



Alectra Utilities' staffing plan identifies requirements for skill sets in technical and certified trades roles to facilitate the integration of new grid technologies, including distribution automation and advanced analytics digital tools and data management systems. The plan is designed to meet current needs while maintaining flexibility to respond to future changes in the utility sector as technology evolves. Accordingly, Alectra Utilities invests in learning, training, and development strategies to prepare employees with required skills for implementing new technologies and utilizing data analytics to inform decision-making and support ongoing improvement.

By integrating both historical and forward-looking productivity and efficiency initiatives, Alectra Utilities' workforce strategy is structured to effectively execute planned capital and operational work programs, ensuring the delivery of high-quality services to customers in an efficient manner.

To address demographic challenges, Alectra Utilities is proactively investing in succession planning and talent development. The average age of Alectra Utilities employees is 44 years

old, and approximately 9% of the workforce is currently eligible to retire. Over the next 10 years, by 2035, approximately 26% of the workforce will be eligible for retirement. Succession planning initiatives focus on identifying potential shortages and proactively attracting talent into critical positions to ensure appropriate knowledge transfer and business continuity.

Certified skilled trades constitute the largest component of Alectra Utilities' workforce and are integral to building and maintaining the company's distribution system infrastructure. These professionals hold advanced training and certifications, enabling them to effectively manage intricate electrical systems and address a variety of operational challenges. This segment of Alectra Utilities workforce will increase by approximately 33% over the 2025 to 2031 timeframe. The majority of positions will be filled through Alectra Utilities' apprenticeship program as recruiting for certified trades resources at a journey person level is not always a viable option in today's labour market.

The apprenticeship program is a cornerstone of Alectra Utilities' talent development strategy. The path to become a fully proficient journeyperson requires 4 to 5 years of apprenticeship and an additional two to three years of on-the-job experience. The program also includes mentorship from experienced professionals, fostering a supportive learning environment that emphasizes safety and quality work practices. Alectra Utilities has a comprehensive and structured approach to enhance the apprenticeship experience, ensuring apprentices are well-supported, safe, and set up for long-term success in their trades.

The program begins with a strong foundation in health and safety, providing apprentices with extensive training in safe work practices and methodologies. This commitment to safety continues throughout their careers, with ongoing competency development after certification.

Additionally, for certified skilled trades, technical positions as well as corporate roles at Alectra Utilities, there is collaboration and partnership with colleges and universities to develop a pipeline of qualified candidates that are trained and qualified to meet Alectra Utilities' growing resource requirements. Specifically, Alectra Utilities partners with educational institutions on apprentice and co-op programs and participates in events to support recruitment of apprentices, new graduates and co-op students. Alectra Utilities partners with a diverse range of post-

secondary institutions to support its co-op program, ensuring access to top student talent across multiple disciplines.

Compensation expenses represent a substantial component of the Alectra Utilities' OM&A requirements, reflecting an increased demand for workforce resources. As such, ensuring sufficient resource allocation and maintaining the financial capacity to attract and retain qualified personnel are key factors influencing these operational and maintenance needs.

Alectra Utilities' compensation philosophy and strategy endeavours to maintain cost effectiveness while maintaining the ability to attract and retain the required talent in order to deliver safe, reliable and cost-effective service to customers in an increasingly complex and dynamic environment. The Mercer compensation benchmarking study filed in Attachment 4-7 demonstrates, on an overall organizational basis, that Alectra Utilities’ total remuneration is positioned within the market competitive range, relative to the 50th percentile of the comparator market.

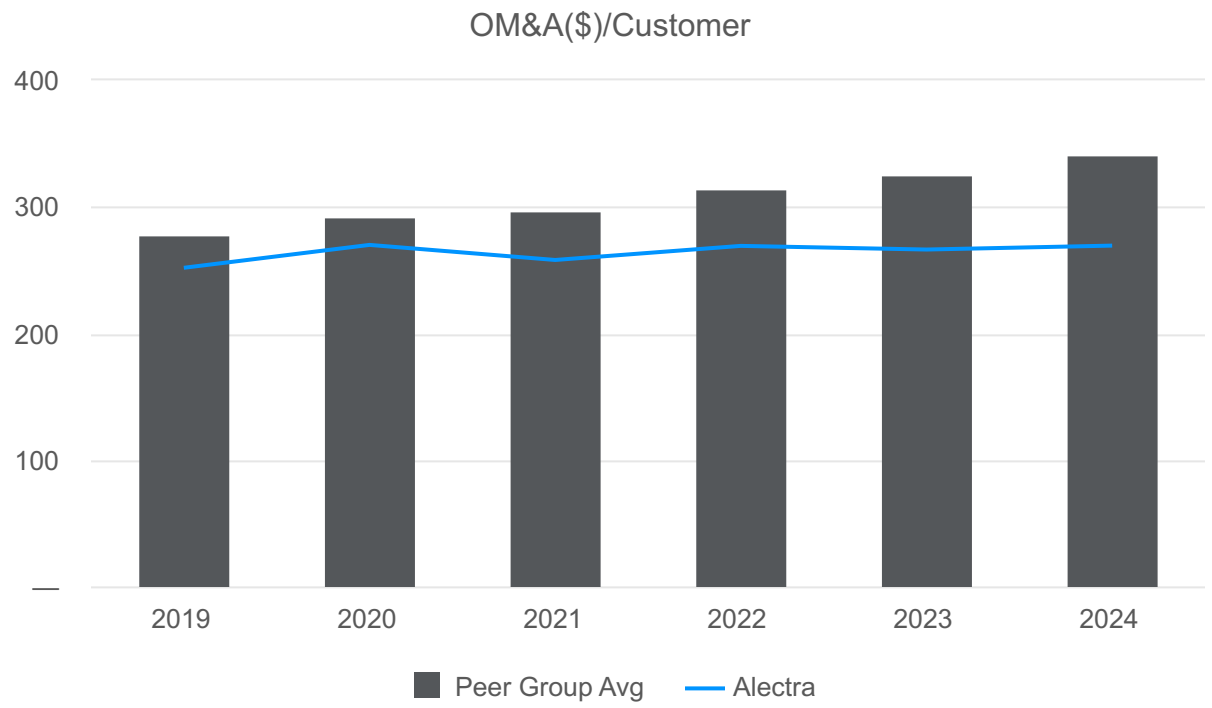
In summary, Alectra Utilities’ workforce plan is designed to support the successful execution of its investment plan, maintain service quality, and ensure long-term organizational resilience.

5. OM&A BENCHMARKING

The benchmarking analysis that follows, utilizes publicly available information from the Regulatory Reporting Requirements (RRR) to ensure transparency and accuracy. The selected peers for benchmarking included utilities with similar customer sizes, as well as an overall peer group average comprising the largest Local Distribution Companies (LDCs) in Ontario. Specifically, the peer group[5] for this benchmarking analysis included Elexicon Energy Inc., Enova Power Corp., GrandBridge Energy Inc., Hydro One Networks Inc., Hydro Ottawa Limited, London Hydro Inc., and Toronto Hydro Electric System Limited.

5.1.1. OM&A ($) PER CUSTOMER

Chart 4-1-13: OM&A per Customer



[5] The peer group was selected on a customer number basis. The seven additional distributors represent those utilities who have customer counts greater than 100,000 as reported in their 2023 RRR.

Table 4-1-8: OM&A ($) per Customer

	2019	2020	2021	2022	2023	2024
Alectra	252	270	258	269	266	269
Peer Group Avg	279	293	297	315	326	342

Alectra Utilities has consistently demonstrated prudent financial management, as evidenced by its performance in benchmarking OM&A costs per customer against its peers. Over the period from 2019 to 2024, Alectra Utilities maintained one of the lowest OM&A costs per customer ratios, significantly outperforming its peer group. Specifically, Alectra Utilities' OM&A costs per customer were, on average, 14% lower than those of its peers during this period. This consistent performance underscores Alectra Utilities' commitment to efficient and effective financial management, ensuring value for its customers.

5.1.2. OM&A ($) PER LINE KM

Chart 4-1-14: OM&A per Primary Circuit KM

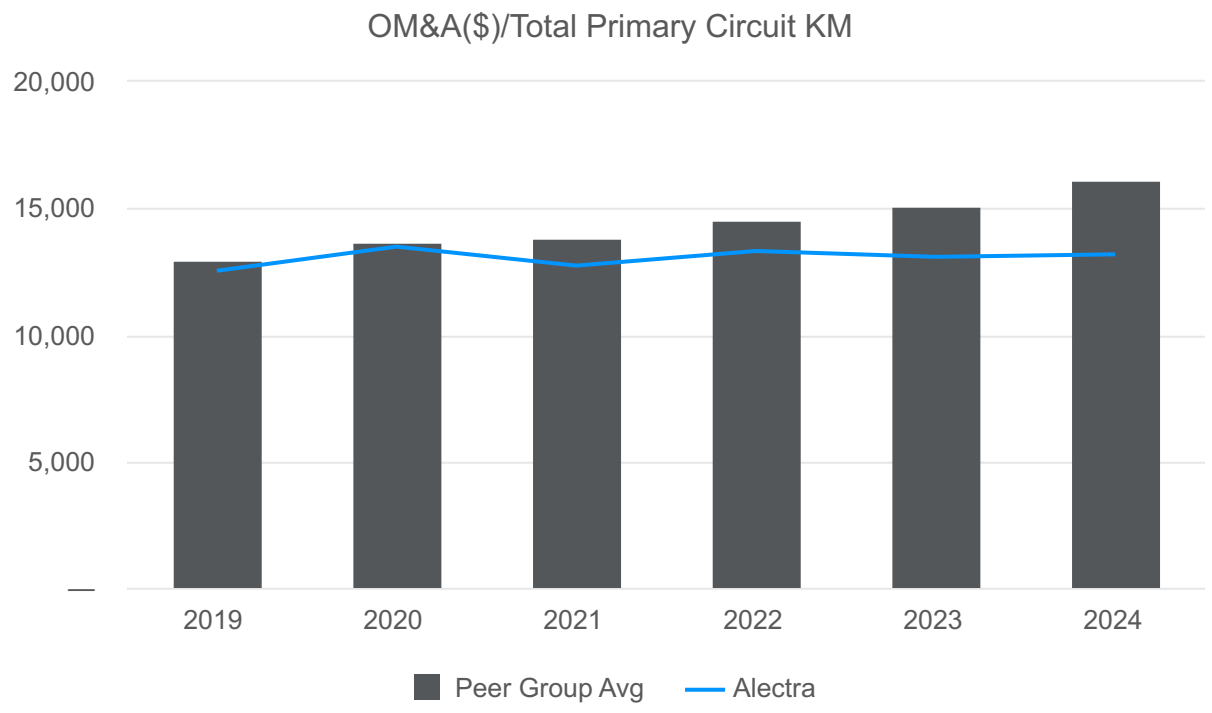


Table 4-1-9 : OM&A ($) per Primary Circuit KM

	2019	2020	2021	2022	2023	2024
Alectra	12,528	13,482	12,732	13,310	13,079	13,178
Peer Group Avg	12,930	13,676	13,797	14,536	15,136	16,111

During the 2019 to 2024 period, Alectra Utilities had lower OM&A/Primary Circuit KM compared to the peer group average. Specifically, Alectra Utilities' OM&A/Primary Circuit KM were, on average, 9% lower than those of its peers during this period. Alectra Utilities' strong performance is attributable to having a larger circuit kilometer parameter compared to peer utilities and as a result of the execution of an effective preventative maintenance program.

Attachment 4-4

OEB Appendix 2-L

Please see live Excel version

OM&A PROGRAMS

ASSET MANAGEMENT & GRID MODERNIZATION

1. OVERVIEW

Table 4-2-1: **Asset Management & Grid Modernization Program Summary**

Asset Management							
Program Description: Alectra Utilities' Asset Management & Grid Modernization program encompasses a wide range of functions to support the safe and reliable operation of the distribution system. The Asset Management segment of the program is primarily responsible							
Program Outcomes: This program is designed to align with the Renewed Regulatory Framework (RRF) outcomes of: Customer Focus, Operational Effectiveness – Reliability and Safety, Public Policy Responsiveness, and Financial Performance.							
Program Segments: Asset Management-Related Functions and Grid Modernization							
Program Costs ($MM) - Historic Period							
2017	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
5.52	4.56	5.96	5.22	4.61	4.90	5.30	6.45
Program Costs ($MM) - Bridge and Forecast Period							
2025	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
9.64	9.63	9.26	10.52	11.09	11.49	11.89	

Alectra Utilities' Asset Management group encompasses a wide range of asset management and grid modernization functions to support the reliable and safe operation of Alectra Utilities' electricity distribution system. The Asset Management Segment can be further broken down into three functions: Asset Sustainment and Standards, System Planning and Electrification and Capital Investment Planning. These three functions form an integrated and cyclical framework that drives Alectra Utilities' comprehensive asset management approach. The System Planning & Electrification segment identifies system needs and develops long-term expansion plans, which inform the Capital Investment Planning segment's development of investment portfolios and business cases. These investments, once approved, require standards and specifications developed by the Asset Sustainment and Standards segment to ensure proper implementation.

After assets are placed in service, the Asset Sustainment and Standards segment monitors their condition through inspection and maintenance programs, feeding this information back to both System Planning for capacity considerations and Capital Investment Planning for renewal decisions.

2. OUTCOMES AND MEASURES

The primary output from the Asset Management segment of the program is the Distribution System Plan (DSP) and asset sustainment activities to manage the asset lifecycle. As such, the outcomes detailed in the DSP and sustainment activities are enabled by this program. The following table summarizes specific outcomes directly attributable to this program. The table also summarizes specific RRF outcomes directly attributable to the Grid Modernization segment of this program.

Table 4-2-2: Asset Management Program Outcomes and Measures Summary

Customer Focus	Contributes to meeting Alectra Utilities' obligations for customer connections and service reliability by: • Developing distribution system plans to ensure sufficient system capacity to accommodate safe, reliable and compliant connections onto the distribution grid utilizing both traditional and alternative emerging technologies • Active participation in regional planning, industry consultations and local advisory committees to ensure customer needs are incorporated into integrated plans • Routinely meeting with, engaging, and responding to customer and stakeholder requests, requirements and concerns. • Supporting customer engagement surveys, stakeholder customer input on needs, preferences, investment choices and trade-offs • Executing customer connection work in a timely manner as prescribed in Section 7.2 of the *Distribution System Code* (DSC), • Lowering barriers for DER assets from 100kW to 1 MW to participate in IESO-administered wholesale markets. • Enabling NWS alternatives to traditional infrastructure investments and improving grid performance, benefiting all customers by optimizing resource utilization and reducing costs. • Enabling customer choice though various customer programs and flexible connections that can help alleviate rising cost concerns.

Operational Effectiveness - Harmonization	Contributes to process harmonization efforts by: • Ensuring a consistent approach and level of service by harmonizing Material and Design Standards • Maximizing asset utilization through harmonized asset management and system planning principles and practices • Improving grid operations by standardizing procedures and automating workflows across planning, design, and operational activities. • Consolidating datasets into a single, reconciled models, streamlining workflows and reducing manual data reconciliation. • Establishing integrated systems, tools, and shared frameworks leading to improved coordination between internal teams and external stakeholders.
Operational Effectiveness – Reliability	Contributes to Alectra Utilities' system reliability objectives by: • Maintaining Alectra’s system and customer-specific reliability performance • Ensuring on-going stewardship of the distribution system and its ability to safely and reliably function over the long-term by maintaining asset records, scheduling maintenance activities, conducting asset condition assessments and developing capital investment plans • Providing advanced real-time monitoring and control tools, enhancing grid reliability and operational efficiency. • Improving situational awareness with comprehensive real-time data, supporting better decision-making and faster response to grid disturbances. • Automating outage management processes, reducing outage durations and improving restoration times.

Operational Effectiveness – Safety	Contributes to Alectra Utilities' public and employee safety objectives by: • Reviewing and analyzing inspection results and initiating timely corrective actions to address deficient equipment and infrastructure • Planning asset renewal investments over the short, medium and long-term to mitigate safety risks. • Monitoring system capacity conditions to minimize the risk of operating the system in violation of applicable design parameters through load transfer or capacity expansion projects • Actively reviewing, researching, and updating material and standards documentation related to system assets and operating procedures • Ensuring safe execution of operational procedures through enhanced monitoring and control capabilities. • Reducing manual workload and potential human error with advanced automation and autonomous control features, while still maintaining human oversight. • Offering real-time insights into grid conditions, reducing risks to public and employee safety during operations.
Public Policy Responsiveness	Contributes to Alectra Utilities' public policy responsiveness objectives by: • Ensuring regular inspection of assets to comply with Appendix C of the DSC, • Responding to the OEB's direction to leverage non-wires alternatives where possible to drive customer value • Developing long-term plans for grid investment and capacity building that are responsive to the emerging pressures of electrification and the energy transition. • Enabling operationalization of Non-Wires Solutions (NWS), facilitating grid modernization in line with public policy objectives. • Preparing the grid for anticipated growth and electrification, accommodating policy-driven expansion of renewable energy and electrification initiatives.

Public Policy Responsiveness - Environment	Contributes to Alectra Utilities' public policy and environment responsiveness objectives by: • Ensuring regular inspection of assets to comply with Appendix C of the DSC, • Responding to the Ontario Energy Board's direction to leverage non-wires alternatives where possible to drive ratepayer value • Developing long-term plans for grid investment and capacity building that are responsive to the emerging pressures of electrification and the energy transition. • Enabling operationalization of Non-Wires Solutions (NWS), facilitating grid modernization in line with public policy objectives. • Preparing the grid for anticipated growth and electrification, accommodating policy-driven expansion of renewable energy and electrification initiatives. • Actively monitor PCB and SF6 asset inventory and the condition of equipment to reduce the risk of environmental impact • Select and approve material for use in the distribution system that will minimize harm to the environment • Actively mitigate system risks that can result in costly failures and associated restoration work related to transformer oil leaks

Financial Performance	Contributes to Alectra Utilities' financial performance objectives: • Actively mitigate system risks that can result in costly failures and associated restoration work • Development of capital budget and optimization of capital allocation within resource and operational constraints • Timely reporting of capital expenditures and in-service additions • Track capital program benefits throughout the execution • Reducing operational costs through automation and improved staff productivity. • Lowering maintenance expenses by consolidating multiple aging systems into a unified platform. • Optimizing asset utilization and deferring capital expenditures through efficient grid management and NWS implementation.

3. PROGRAM DESCRIPTION

3.1 ASSET MANAGEMENT SEGMENT

The Asset Management Segment includes functions that support Alectra Utilities' Corporate Asset Management Strategy. The program is primarily responsible for development, implementation, and monitoring of the execution of the investments detailed in the DSP including asset sustainment and reporting activities. The expected outcomes include improvement in reliability, adequate system capacity and system utilization, grid resiliency as well as timely and comprehensive reporting.

The functions performed by this segment include system capacity planning, asset lifecycle management, inspections and maintenance programs, asset condition assessment, development of material and design standards, system investment plans including capital budget development, optimization, and management.

- **System Planning and Electrification Work:** System Planning and Electrification work within the Asset Management segment involves long- and short-term planning of the distribution system driven by organic growth, large customer load and feeder reconfiguration. Other planning activities include participation in the integrated regional planning activities in conjunction with IESO and the transmitter for the development of long-term transmission and distribution system capacity upgrades. The key outputs are various system studies, successful and timely customer connections, and the development of the distribution system master plans, including exploring opportunities for adopting non-wires alternatives in addition to wires investments to meet system demand.

- **Asset Sustainment:** The Asset Management segment also encompasses the development, implementation, and management of Alectra Utilities' asset management sustainment for the distribution system. Asset Sustainment accountabilities include the development of asset inspection, maintenance, and testing programs. These activities are executed and coordinated with Network Operations and the Lines department. The results of these inspection and testing programs are used to determine asset health. Asset condition informs asset renewal programs and enables identifying system needs

through combining condition data with other datasets (e.g., reliability). System needs are addressed through annual asset renewal capital programs to replace or refurbish assets such as cables, poles, transformers, and switchgear that are reaching or past their service life. Over the DSP period, the Asset Management program will include enhancements to asset condition practices by incorporating additional asset failure statistics to support risk-based asset lifecycle management. Standards accountabilities include selecting robust materials, approving multiple manufacturers, and developing design standards to build a resilient system, while also ensuring efficient customer connections. This segment manages supplier corrective actions (product quality), assists and resolves issues related to material shortages, and reviews deviations from design standards. Within the DSP period, a key output will be Harmonized Material and Distribution Design Standards for Alectra Utilities. Asset Sustainment and Standards practices are audited yearly to ensure compliance to O. Reg. 22/04. This segment includes Capital Investment Planning and Reporting work primarily responsible for development, budgeting and optimization, implementation, and monitoring of the execution of the investments detailed in the DSP and its investment categories: System Renewal, System Service, System Access, and General Plant.

- **Capital Investment Planning:** Capital Investment Planning accountabilities include developing and managing mid and long-term system investment plans, providing support for regulatory applications, and tracking and reporting on DSP execution. Capital reporting monitors and reports on capital expenditures to ensure adherence to the approved budget and provide timely reporting to business unit owners, senior management, and the finance team for consolidation into corporate reporting. Over the 2020-2024 planning period, the total capital plan net of capital expenditures was approximately $1.5B, with an average annual capital expenditure of $290MM. The capital plan is increasing progressively in the 2025-2031 period to $3.9B in total, with an average annual capital expenditure of $557MM during this period. This function oversees Copperleaf, which provides a register for all capital project business cases, including investment benefits and risks associated with each investment to determine the overall value of each investment to the organization. Business stakeholders across the organization utilize this tool to update their business cases, evaluate business cases in a

consistent manner, receive management approvals, request design estimates, and request additional funding. Copperleaf is also leveraged for tracking and reporting on the capital budget, expenditures and in-service additions.

3.2 GRID MODERNIZATION SEGMENT

The activities performed in the Grid Modernization segment are described below.

- **Grid Modernization Technology Enablement:** This area focuses on upgrading and integrating advanced technologies to enhance grid operations and control. It will allow Alectra Utilities to meet the growing complexity of the distribution system while maintaining high levels of reliability and efficiency. The deployment of the Advanced Distribution Management System (ADMS) is a cornerstone of this initiative, enabling Alectra Utilities to manage increasing volumes of DERs. The ADMS enhances grid visibility, optimizes real-time operations, and supports faster outage restoration. This directly benefits customers by improving service reliability, reducing outage durations, and enabling the integration of renewable energy sources.

- **Grid Analytics and Data Modernization:** This area focuses on optimizing grid planning, operations, and decision-making through advanced data management and analytics capabilities. By developing and deploying tools to improve forecasting, data integrity, and operational insights, Alectra Utilities can proactively address grid challenges and efficiently manage resources. Improved data quality and accessibility expedites and enables better decision-making, reduced costs and enhanced operational effectiveness. Customers benefit from these improvements through increased reliability, better service planning, and more accurate demand forecasts.

- **DER Wholesale Market Participation Coordination:** This area addresses the integration of DERs into wholesale markets, enabling compliance with regulatory requirements. This initiative ensures that Alectra Utilities can meet the IESO Market Vision and Design Project requirements while managing real-time telemetry, coordination protocols, and scalability to accommodate future DER growth. For customers, these efforts create new revenue opportunities, support renewable energy adoption, and

enhance the grid's reliability and flexibility to adapt to increasing electrification and market changes.

4. OVERALL PROGRAM COSTS

Table 4-2-3 below provides the historical (2017-2024), Bridge (2025-2026), and Forecast Years (2027-2031) expenditures for each of the Program's segments.

Table 4-2-3: Asset Management Program Expenditures by Segment ($MM)

Asset Management								
Program Costs ($MM) – Historic Period								
Year	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Total	5.52	4.56	5.96	5.22	4.61	4.90	5.30	6.45
Asset Management	5.52	4.56	5.96	5.22	4.61	4.90	5.30	6.44
Grid Modernization	—	—	—	—	—	—	—	0.01
Program Costs ($MM) – Bridge and Forecast Period								
Year	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
Total	9.64	9.63	9.26	10.52	11.09	11.49	11.89	
Asset Management	8.69	8.71	8.27	8.83	9.11	9.43	9.77	
Grid Modernization	0.94	0.92	0.99	1.69	1.99	2.05	2.12	

4.1. COST DRIVERS

In 2025, Alectra Utilities requires $9.64MM for the Asset Management program, which represents an increase of $4.09MM since 2017. Over the 2025-2031 rate period, Alectra Utilities expects the cost of this program to trend upwards, reaching $11.89MM in 2031.

The work performed the by Asset Management group enables Alectra Utilities to plan and execute its capital and maintenance programs to address reliability, asset condition and system capacity risks. It also allows Alectra Utilities to modernize its system and undertake better grid analytics, the cost drivers and specific variance explanations for the program are detailed below:

4.1.1. Asset Management-Related Segment

- **Planned Capital:** Program costs will increase as the amount of planned capital spending increases, even with the benefit of scale efficiencies. Alectra Utilities' is facing a growing backlog of deteriorated assets with 49% increase compared to 2018 ACA results and prioritization of maintenance programs and supporting activities is required. Expenditures in system access, system renewal, and system service capital spending are forecast to increase progressively over the DSP period, from $321MM in 2025 to $758MM in 2031. To support the development and execution of capital investments the program has an increased need to assimilate and analyze data, provide actionable information, and use the information to formulate high-level design options, work with designers to generate estimates, complete and fully justify a business case. If the investment is selected through the optimization, Asset Management staff will formalize and release to design for completion and release to operations. During the design period and into construction, staff are required to support the investment as the investment owner. Once the project is completed, two other processes will occur, the first to evaluate if the expected benefits were derived and the second to monitor the assets over their lifecycle ultimately starting the process over again once the assets are flagged for renewal. Based on the increased backlog, expansion of the system, and ultimately a total increase in assets being monitored, increased Asset Management resources are required to ensure that each step of the process is executed as well as it is presently. Without these additional resources it is not possible for Alectra Utilities to achieve its objectives. Furthermore, process improvements and contracted resources are utilized where possible and cost effective to reduce the cost drivers. Alectra Utilities is experiencing significant growth in capital investment requirements, with planned expenditures in system access, renewal, and service capital projected to increase from $321MM in 2025 to $758MM in 2031. This substantial increase reflects the growing complexity of Alectra Utilities' electrical distribution system, particularly with the integration of Distributed Energy Resources (DER), Intelligent Grid technologies, and Energy Storage solutions. The expansion of these modern grid technologies, combined with our deteriorating infrastructure challenges, necessitates a more sophisticated approach to asset management that emphasizes data-driven decision-making and

comprehensive lifecycle analysis. To effectively manage this evolving landscape, Alectra Utilities' asset management strategy must adapt to address both traditional infrastructure renewal and emerging grid technologies. This requires enhanced capabilities in data analytics, system planning, and project evaluation to ensure optimal resource allocation. The implementation of Non-Wires Solutions and the increasing focus on electrification demands a more integrated approach to system planning and asset management. While Alectra Utilities is leveraging process improvements and strategic contracting to optimize costs, additional specialized resources are essential to maintain our high standards of asset management and meet our organizational objectives in this rapidly transforming utility environment.

- **Integrated Planning and Modernization:** Program costs will increase as Alectra Utilities adopts more advanced engineering assessments and analytics to enable predictive asset management, grid planning and optimization. Such assessments are essential inputs to the enabling non-wire alternatives allowing them to operate dependably, reliably and safely with traditional wire solutions. These assessments will enable the deployment of complex protection and control schemes to increase system resilience, building on Alectra Utilities' continued commitment to increasing the proliferation of automated devices on the system. Advanced engineering assessments are resource demanding and require the use of new tools. As a result, these improvements require an increase in resources and training. Alectra Utilities' strategic investment in advanced engineering analytics and predictive asset management capabilities is fundamental to enabling a more resilient and flexible distribution system. This modernization approach integrates non-wired alternatives with traditional infrastructure solutions, while implementing sophisticated protection and control schemes that enhance system automation and reliability. The Integrated Planning & System Modernization portfolio is driven by Alectra Utilities aspiration and continuous evolution of our Asset Management System. This investment supports data-driven decision making across critical functions including predictive maintenance, grid optimization, and dynamic load forecasting. Success in these areas demands the development of specialized skillsets and robust data management practices, ensuring

Alectra Utilities' infrastructure investments deliver optimal value while maintaining system reliability and cybersecurity in an increasingly distributed energy landscape.

- **Reactive Capital and Maintenance Work:** Program costs will increase as Alectra Utilities' enhanced inspections and maintenance program identifies more asset deficiencies. The growing number of deficiencies will require more work on reactive/ corrective actions. As the distribution system increases (i.e., more customers and system expansion equate to the system requiring more assets), in conjunction with an existing large pool of deteriorated assets, an increased number of resources is required to manage assets and investments. Program costs are driven by asset deficiencies identified through enhanced condition assessment programs and operational activities. These costs are projected to escalate due to the convergence of multiple factors: aging infrastructure reaching end-of-life, system growth to accommodate new customers, and the implementation of more sophisticated asset health monitoring technologies. This increasing volume of identified deficiencies, coupled with the need to maintain grid reliability and resilience, necessitates a proactive asset management approach that balances preventive maintenance, condition-based interventions, and strategic capital investments. The optimization of these investments requires robust data analytics and risk-based decision-making to prioritize critical assets and maximize the value delivered to customers while ensuring sustainable long-term grid performance.

- **Design and Construction Standards & Strengthening the Supply Chain:** Program costs are increasing due to revisions to industry standards, including those of the Canadian Standards Association (CSA), necessitating updates to standard design drawings and specifications. New standards are continuously required to support new subdivision layouts, construction improvements, commercial and industrial centres. In addition, Alectra Utilities continues to explore the use of new technologies in its distribution system to improve reliability and operational efficiency and reduce overall operating cost. Therefore, new design standards and material specifications need to be issued for grid modernization. The electrical distribution landscape is rapidly evolving with increasing program costs driven by industry (e.g. CSA) standard revision, which necessitate continuous updates to design drawings and specifications. These changes are essential to support modern subdivision layouts, commercial developments, and

industrial centers while ensuring compliance with Ontario Regulation 22/04. The growing electrification demands, and grid modernization initiatives require robust standards adaptation, especially as utilities implement innovative technologies to enhance system reliability and operational efficiency. The Standards group must remain dynamic to address both regulatory compliance and technological advancement. All installation work and electrical equipment must adhere to approved standard designs that align with safety regulations. As utilities continue to implement smart grid technologies, distributed energy resources, and electrification infrastructure, the standards evolution process must be proactive rather than reactive, incorporating industry best practices while maintaining cost-effectiveness and system resilience. This strategic approach ensures that utilities can effectively manage Alectra Utilities' assets while preparing for future grid demands and technological innovations. Alectra Utilities enhances supply chain by approving new materials and manufacturers for implementation. As appropriate, Alectra Utilities approves alternative equipment to help alleviate variability of lead times and shorten the timelines of capital work implementation.

- **Project and Program In-Service Capital Reporting:** Currently Capital Reporting for specific capital projects and programs is tracked and reported based on Capital Expenditure; however, over the course of the DSP (2027-2031), Asset Management will evolved to tracking and reporting on similar granularity of project and program granularity based on In-Service Capital additions. Implementation of granular in-service capital reporting will provide more accurate asset tracking as well as enhanced visibility and management oversight of Work-In-Progress (WIP) leading to improved completion of the capital program and its scope. Development and implementation of in-service reporting on a project and program granularity results in increased complexity and requires additional resources due to increased coordination between departments and reconciliation with budgets as well as incremental documentation to support reviews and audits.

4.1.2 Grid Modernization Segment

This new segment was created in 2024 in recognition of the evolving market and policy frameworks. Spending in this segment increases modestly over the forecast period from

$0.94MM in 2025 to $2.09MM in 2031. The cost drivers behind this increase are described below:

- **Regulatory Compliance:** Meeting regulatory obligations drives costs in the program. These include adherence to Ontario Energy Board (OEB) codes and requirements, alignment with the IESO Market Vision, and fulfillment of directives from the Ontario Long-Term Energy Plan.

- **Operational Enhancements and Resilience:** These investments ensure a reliable and safe infrastructure capable of accommodating future growth, electrification, and decarbonization. The program also bolsters grid resilience against climate-related challenges, ensuring continued reliability and adaptability in a changing energy environment.

- **Evolving Customer Expectations:** The program enhances grid capabilities to accommodate renewable energy sources, energy storage systems, and the increasing adoption of electric vehicles. These enhancements empower customers to actively participate in the energy system, offering improved experiences and fostering engagement with energy initiatives.

4.2. PRODUCTIVITY AND COST CONTROL

Alectra Utilities will continue to seek cost control and productivity measures within the Program over the coming rate period. While the overall program costs are projected to increase due to grid modernization and electrification, these productivity measures will act to partially offset this increase.

Alectra Utilities will continue manage these increasing costs through continuous improvement measures. For asset management segment of the program work, Alectra Utilities will continue to focus on existing and new IT tools to drive improved efficiency and effectiveness. Examples include Copperleaf, the Asset Analytics Platform (Alteryx), the Enterprise Asset Management system, and Power BI.

Asset Management-Related Segment:

- **Asset Analytics Platform:** The investment is to renew existing software licenses (Alteryx) and acquire additional licenses for the enablement of a self-serve analytics platform. The platform is used by the Asset Management departments for core tasks, ad-hoc analysis, and automated computations and reporting to facilitate evidence-based decision making. Alectra Utilities operates an asset-intensive business and requires information regarding the demographics and performance of its assets to provide value. The company operates on a philosophy that measurement, testing, and inspection are vital to understanding asset condition and the management of asset performance. An asset register is an essential requirement in storing and analyzing asset data throughout the asset life cycle. This data is subsequently translated into information that is used to support investment decisions, distribution system planning, and rate applications.

- **Enterprise Asset Management System:** Much of the asset management and work management functions are currently performed through many manual processes involving collecting data and work instructions from multiple systems and departments within the organization. Resources expand a great deal of time manually turning the data into actionable information. Therefore, there is an urgent need for a centralized platform, that is scalable, to house asset information, for a large number of assets, to allow resources to focus on investment development needed in running a reliable and cost-effective distribution system. Alectra Utilities has set plans to implement an Enterprise Asset Management (EAM) system. The overarching outcome of an EAM will be Alectra Utilities' improved capability for managing assets, by leveraging data-driven insights to make decisions that can be supported with facts and without significant manual effort in data mining. Some potential areas where savings and improvements could be realized are as follows:

    - Effective Asset Lifecycle Management

    - Increased data and asset visibility to mitigate risks related to safety, asset failure and environmental stewardship.

    - Optimized Maintenance Schedules and Costs

- Enhanced Asset Performance
- Streamline Workforce Management
- Compliance with regulatory requirements
- Improved Customer Service and Satisfaction

- **Material/Manufacturer Document Details:** As part of Material and Standards Harmonization, Standards will ensure all parts in the Enterprise Resource Planning (ERP) system have the associated manufacturer part details. For example, the process will include a cable 'cut sheet' enabling Alectra Utilities staff effectiveness, specifically the engineers to review material details. The information would remain housed in the ERP system, keeping a record of exactly what Alectra Utilities purchased and all relevant technical information. This will also support the EAM, and total asset lifecycle management from procurement to disposal.

- **Enhanced Equipment Approval Process:** Standards, in conjunction with part manufacturers and Third-Party constructors, will ensure that the requirement to obtain and approve certified test reports for certain major equipment is processed efficiently. Alectra Utilities would be able to obtain and then store the information, including storage of appropriate data in the EAM system, while also ensuring material used by Alectra Utilities passes the required tests as part of the material acceptance process. Manufactures and Third-Party Constructors are expected to gain the ability to efficiently provide the information to Alectra Utilities, enabling unencumbered deliveries as well as installation of material.

- **Copperleaf Enhancements:** In addition to the continuous optimization of capital projects, Alectra Utilities' strategic expansion of Copperleaf, the Asset Investment Planning (AIP) platform, also incorporates the optimization of OM&A inititives and projects, workflow streamlining, user experience improvement, and integration of Enterprise Asset Management (EAM) and Enterprise Resource Planning (ERP) systems. Key benefits of this approach include the following:

- **Optimization of OM&A Projects:** Alectra Utilities will leverage Copperleaf as a central repository for all projects, including initiatives that are capital, OM&A, or include elements of both expenditures. A central repository enhances financial planning efficiency between the capital investment planning team and financial planning team. Additionally, Alectra Utilities aims to optimize all projects within a unified financial portfolio with respect to both Capital and OM&A constraints. This approach ensures alignment with Alectra Utilities' strategic goals through a common value framework of risks management and supports better decision-making and regulatory applications and reporting.

- **Workflows Streamlining and User Experience Enhancement:** Alectra Utilities plans to streamline its review, approval, and forecast processes through standardized workflows. This strategy is aimed at reducing complexity, boosting efficiency, and preventing potential delays. To further enhance the user experience, Alectra Utilities is developing modular Copperleaf user training materials, which will be complemented by annual in-person training sessions. With a focus on continuous improvement, Alectra Utilities also plans annual system upgrades. This proactive approach is designed to foster user adoption and ensure that the system is utilized effectively across all stakeholders.

- **Integration with EAM and ERP systems:** By integrating AIP and EAM, Alectra Utilities achieves an end-to-end asset lifecycle model, offering profound, data-driven insights. This goes beyond conventional asset management, incorporating value-based decision making which will better inform asset investment strategies. The integration with the ERP system aligns all economic parameters and models for accurate project cost estimation and also maintains uniformity in economic parameters and burden rates. This process, in turn, promotes efficiency, reduces labour costs, and minimizes the potential for errors.

- **Leveraging Power BI Dashboard for Enhanced Capital Reporting:** The Capital Reporting Team is successfully leveraging the Power BI platform to transform the development and communication of actuals, forecasts, and budget tracking within the organization. This shift from manual, labor-intensive processes to a dynamic,

visualization driven reporting process has proved to significantly improve both the efficiency and accuracy of financial reporting. Capital Reporting produces the reports and circulates among relevant stakeholders based on a monthly schedule. Key benefits of this transition include:

- **Streamlined Reporting with Improved Data Consistency:** Power BI replaces traditional Excel and PowerPoint reports with automated dashboards, reducing the time and effort required for data preparation and presentation. Centralized data sources ensure stakeholders access the most accurate and up-to-date month-end information, enhancing report reliability.

- **Enhanced Communication and Empowered Decision-Makers:** Alectra Utilities application of Power BI's advanced visualizations allows stakeholders to intuitively explore data, offering both high-level summaries and detailed insights. Interactive reports enable executives and managers to directly engage with data, explore scenarios, and make informed decisions quickly. This agility shortens decision-making cycles and improves organizational responsiveness.

- **Improved Capital Expenditure Tracking:** Alectra Utilities use of Power BI enhances the tracking and analysis of capital expenditures, streamlining variance analysis and reducing the time needed to prepare critical documents, leading to quicker, more accurate financial management.

Grid Modernization Segment:

Alectra Utilities will focus on leveraging advanced technologies and optimizing processes to enhance productivity and operational efficiency in this segment. These efforts will ensure compliance with regulatory requirements and support for future growth and electrification. Examples of these productivity initiatives are provided below:

- **ADMS:** By integrating SCADA, Distribution Management, and the Outage Management into a unified platform, ADMS provides real-time grid visibility and automation, improving reliability and reducing outage durations. Full implementation is expected by 2031.

- **DER Wholesale Market Participation Coordination:** This project enables DERs to participate in the IESO-administered wholesale market and supports efficient DER dispatch and non-wires solutions (NWS). By using real-time power flow analysis and coordination protocols, the project maximizes renewable generation on the grid while managing constraints, enhancing system reliability, and empowering customer choice.

- **Integrated Network Management (INM):** The INM program consolidates core data systems into a unified model, improving data quality and automating critical processes such as system studies and interconnection assessments. These efficiencies eliminate redundant manual data handling and streamline workflows, with efficiency savings anticipated to begin in 2026.

- **Planning Tools and Automation**: By introducing advanced tools like the Techno-economic Stochastic Distribution Planning Tool and the Multi-attribute Time Series Forecasting Tool, this project automates complex analyses and reduces cycle times. These innovations enable efficient management of DER interconnections and eliminate time-intensive manual processes, driving significant productivity gains.

5. ASSET MANAGEMENT-RELATED SEGMENT

5.1. ASSET MANAGEMENT-RELATED SEGMENT DESCRIPTION

The larger Asset Management Segment can be further broken down into three functions:

1. System Planning & Electrification
2. Asset Sustainment and Standards
3. Capital Investment Planning

5.1.1 SYSTEM PLANNING AND OPTIMIZATION FUNCTIONS

System Planning is responsible for load forecasting and planning for Alectra Utilities' distribution system expansion to meet the projected growth from new and existing customers. The System Planning team is also responsible for modelling the system and identifying and evaluating opportunities for the non-wires options and distribution automation.

The intensification and development of new downtown areas, such as in Mississauga, Vaughan, and Hamilton, and a large customer requests due to data center requirements to support Artificial Intelligence, are increasing the size and complexity of connections and require comprehensive master planning of developments.

Capacity planning requires constant monitoring of new loads, changing system characteristics and monitoring of over 247 stations and 1,371 feeders spanning over five different voltage levels and dispersed over a very large noncontinuous geographic area.

Alectra Utilities planned system service is proposed to increase from approximately $62MM in 2026 to $193MM in 2031 which reflects an annual average increase of 25% per year. The increase in system service investment is driven by system expansion to address organic growth development and begin preparing the grid for electrification.

The growth in system expansion investments requires increased oversight and resources to:

- Facilitate the planning and implementation of 12 new stations (7 new Transformer Stations and 5 new Municipal Stations) and corresponding feeders stemming from the new stations to new connections and increasing demand from existing customers. This effort will require resources to site, procure and complete all necessary assessments to facilitate new construction.

- Complete integration of regional and provincial planning with the IESO, Hydro One, Enbridge and neighbouring LDCs. The Ministry of Energy proposes increasing the frequency and magnitude of this effort to support the energy transition.

- Increased demand from Municipal and Regional Planning as well as Municipal Economic Development groups to support organic and climate change adaptation policies and plans.

- Increased planning to identify, designate and manage development areas for system expansion under the Capacity Allocation Model (CAM) framework.

- Enable and manage Flexible Hosting Capacity for DER Integration.

- Evaluate, as per OEB's Benefit-Cost Analysis and document consideration of NWS for each capital initiative of $2MM or more. Where feasible, incorporate and implement NWS as per the OEB's guidelines.

- The uptake of electrification from existing customers for transportation (Electric Vehicles), heating, and industrialization has increased the demand for Alectra Utilities to present system capacity maps and continuously track system demand and capacity down to the neighbourhood level.

- Increases in focus and resources are required to mitigate public aversion to system expansion projects through increased efforts to engage municipalities and customers earlier in the planning process to address concerns and demonstrate the value proposition of system expansion benefits to existing customers.

Historically, planning focused on one-way power flow and a limited number of distributed energy resources (DERs). Today, planners must consider a vastly larger array of DERs, battery energy storage systems (BESS), electric vehicles (EVs), and heat pumps, all of which require more complex analyses to assess potential impacts on future load and generation needs. This increased complexity calls for flexible, adaptive approaches to advanced distribution planning. By leveraging advanced planning capabilities, planners can strategically deploy technology, utilize non-wire alternatives, maximize existing infrastructure, control costs, and support the energy transition.

With the growing integration of EVs, DERs, and electrified buildings into distribution systems, planning department must quantify when and where these changes will emerge, analyze their impacts, and develop cost-effective mitigation strategies. Alternatives to traditional infrastructure solutions, such as demand response programs and solar combined with storage, represent non-wire solutions (NWS) that planners must increasingly consider for addressing these evolving challenges.

As the grid transitions to a decentralized grid, new forecasting tools and systems will need to be implemented, and capacity planning practice needs to evolve; this must consider dynamic power flow analysis that unlocks the values of non-wires alternatives to meet system needs along with the wires investments.

5.1.2 ASSET SUSTAINMENT AND STANDARDS FUNCTION

Asset Sustainment accountabilities include the development and implementation of annual asset inspection, testing, and maintenance programs in collaboration with Network Operations. For non-linear assets, this includes defining the scope of visual inspections while adhering to the DSC, identifying air-insulated switchgear for CO_2 dry ice cleaning to reduce the risk of flashover, maintaining Load Interrupter Switches (LIS) according to manufacturer guidelines, and testing wood poles to measure remaining strength. For linear assets, this includes infrared (IR) scanning of overhead primary conductors and hardware attachments for thermal anomalies, which can indicate an overloading issue or defective component. Inspection and maintenance program completion is reported by Asset Sustainment and audited by the ESA for compliance with O. Reg. 22/04. Failure to execute these programs poses a significant public safety and reliability risk.

Asset Sustainment analyzes the results of the inspection, maintenance, and testing programs to assess asset condition through health index modeling. Through this asset condition assessment process, the group establishes annual asset renewal capital programs to replace assets such as cables, poles, transformers, and switchgear that are reaching or past the end of their useful life. In addition, Asset Sustainment identifies corrective actions based on the results of the inspection and maintenance programs to refurbish or repair assets, which are prioritized and issued to Network Operations using a data analytics platform “Alteryx”. Over the DSP period, Alectra Utilities plans for enhancements to the asset condition practices by incorporating additional asset failure statistics and moving to risk-based asset lifecycle management.

Another responsibility of Asset Sustainment is environmental stewardship. In collaboration with Network Operations and the Environmental and Sustainability departments, the group reports on leaking oil-filled assets (i.e., distribution transformers and switchgear) for appropriate action (including immediate replacement). In addition, grid emissions due to SF_6 gas leaks are tracked, reported, and issued for repair or replacement by this group to mitigate Green House Gas (GHG) emissions.

Standards is primarily responsible for three outputs; materials standards, design standards and processing of deviations. Material standards include the selection of robust materials required to

meet a variety of codes and industry standards to be utilized on the distribution system. Materials Standards are subject to yearly auditing under O. Reg. 22/04. Failure to ensure material used on the distribution system meets these standards and compliance to regulations could result in significant public or employee risk, including fatalities. As part of Alectra Utilities management of material standards, the accountability includes factory inspections, material quality management, and supplier correction actions if issues are discovered.

The second responsibility of the Standards group is design standards; this includes the treatment and assembly of numerous components and materials necessary to complete an installation. The completed Design Standard is used by both Distribution Design Staff to estimate and design projects, and Operations to build a safe and resilient distribution system. The development of new standards or enhancements to existing standards is required to ensure that Alectra Utilities standards provides the use of modern building materials and techniques and allow efficient customer connections and advancements in the industry occur. Material Standards and Design Standards are subject to compliance and auditing under O. Reg. 22/04.

The final major responsibility of the Standards department is the processing of deviations from existing Design Standards. Despite Alectra Utilities best effort that all installations are built to current Standards, in specific cases for practicality, deviations from standards are required. Therefore, on the occasion where there is a need to deviate from Alectra Utilities Design Standard, the process is managed by the Standards department and requires a Professional Engineer review and sign-off. This process is also a compliance requirement under O. Reg. 22/04. Failure to meet compliance and pass the auditing of the deviation process is a significant risk to the public and the organization.

5.1.3 CAPITAL INVESTMENTS PLANNING (CIP) FUNCTION

Over the period 2025-2031, Alectra Utilities' annual capital investments are planned to increase from $321MM to $758MM respectively. This represents nearly a 136% increase and includes a portfolio with larger and more complex projects spanning multiple years.

As a result, the CIP function will start reporting on In-Service Capital moving away from Capital Expenditure; thus, providing a more accurate picture of assets deployed and Work-In-Progress. As the complexity of the budget increases, execution, tracking, and reporting become more

complex. Over the course of the capital plan set out in 2024 for the period 2025-2031, External factors, like supply chain fluctuations, can impact multiple projects simultaneously and their execution, Capital Investment planning is the function best positioned to mitigate the impacts on the portfolio through short-term planning adjustments while maintaining the delivery of the portfolio over the course of the DSP. These adjustments are complex requiring cross-function coordination between multiple divisions (e.g. design, the program delivery group, construction crews, procurement, and external contractors).

The DSP (2027-2031) is part of Alectra Utilities' first Cost-of-Service and going forward Alectra Utilities anticipates completing regular rate applications on 5-year cycles. Given Alectra Utilities' size and assets managed, Capital Investment Planning will coordinate the cadence of enhancing the capital planning process, identifying new investment needs and optimizing the capital portfolio while executing the DSP (2027-2031). This marks a significant change across the organization as the organization just completed a ten year rebasing deferral.

The CIP function will pursue expanding the long-term planning horizon through forecasting long-term asset deterioration projections, the creation of long-term plans particularly in complex areas (e.g. Hamilton Industrial Area), and the implementation of improved and leading asset management practices.

Alectra Utilities planned system renewal is proposed to increase from approximately $158MM in 2026 to $363MM in 2031 which reflects an annual average increase of 18% per year. The increase in system renewal investment is driven increasing number of overhead renewal including pole replacements, overhead rebuild projects such as voltage conversion and overhead system storm hardening investments. The pole replacement program is planned to increase from 746 poles in 2025 to 1,300 poles in 2031. To facilitate this program, the Asset Management team is required to identify, prioritize and scope the replacement of poles for replacement based on the most recent asset inspections, condition assessment and predictive analytics taking into consideration reliability, risk of failure and safety.

5.2. ASSET MANAGEMENT SEGMENT COSTS

Table 4-2-4: Asset Management Net Program Expenditures

Asset Management								
Program Costs ($MM) – Historic Period								
Year	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Total	5.52	4.56	5.96	5.22	4.61	4.90	5.30	6.44
Program Costs ($MM) – Bridge and Forecast Period								
Year	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
Total	8.69	8.71	8.27	8.83	9.11	9.43	9.77	

5.3. ASSET MANAGEMENT SEGMENT YEAR-OVER-YEAR VARIANCE ANALYSIS

2017-2018 Variance Explanation

From 2017 to 2018, costs decreased by $0.96MM due to a reduction in third-party services related to the Enersource ICM Application, and a reduction in subscriptions and memberships for industry associations resulting based on consolidation.

2018-2019 Variance Explanation

From 2018 to 2019 costs increase by $1.4MM primarily due to the Guelph Hydro Merger, which added staff to Asset Management, and DSP Filing Support and Harmonization of Asset Condition Assessment and practices of assessing condition.

2019-2020 Variance Explanation

From 2019 to 2020, costs decreased by $0.74MM, primarily due to a reduction in consulting related to DSP Filing support.

2020-2021 Variance Explanation

From 2020 to 2021, costs decreased by $0.61MM due to a reduction in consultant spending related to Standards Harmonization paused during during the global COVID pandemic so that efforts were allocated to alleviating the supply chain constraints.

2021-2022 Variance Explanation

From 2021 to 2022, costs increased by $0.28MM due to higher consulting costs due to restart of the Standards Harmonization work, increased change management efforts and corresponding training and development.

2022-2023 Variance Explanation

From 2022 to 2023, costs increased by $0.40MM due to higher consulting costs and increased training and development costs. Asset Management undertook system studies, including station siting assessments to support development of system expansion and climate risk and vulnerability assessment.

2023-2024 Variance Explanation

From 2023 to 2024, costs increased by $1.14MM to accommodate the acquisition of additional labour resources for the development of the DSP and rate application. Additional resources were required to complete system studies (e.g. Climate Risk and Vulnerability Assessment) for the DSP.

2024-2026 Variance Explanation

From 2024 to 2025, costs increased by $2.25MM because of increased staffing levels in Asset Management. Additional leadership positions in Asset Strategy division to lead Distributed Design were added for increased volume and complexity of capital work. Additionally, increase in resources in Asset Management was required to support the development of the DSP and rate application as well as development of project and program level of detail of in-service capital addition tracking and reporting. There is no material variance from 2025 to 2026.

2026-2031 Variance Explanation

From 2026 to 2027, costs are forecast to decrease by $0.44MM, primarily due to a reduction in temporary resources that were hired to help with the development of DSP and rate application.

From 2027 to 2028, costs are forecast to increase by $0.57MM, primarily due to a increase in resources necessary to implement the increasing volume and scope of the capital work. Additional leadership position in Asset Strategy division to lead Distributed Design as well as

additional resources in System Planning group to support incremental work for integrated regional planning, development and implementation of Capacity Allocation Model.

From 2028 to 2029, costs are forecast to increase by $0.27MM, primarily due to annual escalation in costs.

From 2029 to 2030, costs are forecast to increase by $0.33MM, primarily due to annual escalation in costs.

From 2030 to 2031, costs are forecast to increase by $0.34MM, primarily due to annual escalation in costs.

6. GRID MODERNIZATION SEGMENT

6.1. GRID MODERNIZATION SEGMENT DESCRIPTION

This segment was launched in 2024. The segment is responsible for addressing; the growing complexity of energy management driven by increased electrification, the proliferation of Distributed Energy Resources (DERs), and the need for enhanced grid adaptability and resilience. By implementing advanced tools, processes, and technologies, this segment aims to transform Alectra Utilities' ability to monitor, control, and optimize power distribution, ensuring reliable, efficient, and sustainable service delivery.

The activities in this segment are discussed in greater detail below:

6.1.1 GRID MODERNIZATION TECHNOLOGY ENABLEMENT FUNCTION

This function focuses on upgrading and integrating advanced technologies to enhance grid operations and control. It will allow Alectra Utilities to meet the growing complexity of the distribution system while maintaining high levels of reliability and efficiency.

The deployment of the ADMS is a cornerstone of this initiative, enabling Alectra Utilities to manage increasing volumes of DERs. The ADMS enhances grid visibility, optimizes real-time operations, and supports faster outage restoration. This directly benefits customers by improving service reliability, reducing outage durations, and enabling the integration of renewable energy sources.

Key activities include:

- **Enhancing Grid Control Systems:** Upgrading existing grid control technologies to improve operational efficiency and reliability.
- **Implementing Advanced Operational Tools:** Deploying new hardware and software solutions to support flexible and modern grid operations.
- **Integrating Real-Time Monitoring Capabilities:** Enabling real-time data acquisition and management for improved decision-making and faster response times.

6.1.2 GRID ANALYTICS AND DATA MODERNIZATION FUNCTION

This function focuses on optimizing grid planning, operations, and decision-making through advanced data management and analytics capabilities. By developing and deploying tools to improve forecasting, data integrity, and operational insights, Alectra Utilities can proactively address grid challenges and efficiently manage resources. Improved data quality and accessibility makes for better decision-making, reduced costs and enhanced operational effectiveness. Customers benefit from these improvements through increased reliability, better service planning, and more accurate demand forecasts.

Key activities include:

- **Deploying Advanced Analytics Tools:** Deploying new analytics tools and platforms to enhance forecasting, planning, and operational insights.
- **Upgrading Data Management Systems:** Improving data collection, storage, and processing systems for enhanced data integrity and accessibility.
- **Implementing Enhanced Decision Support Systems:** Strengthening data-driven decision-making through advanced modeling and analytical capabilities.

6.1.3 DER WHOLESALE MARKET PARTICIPATION COORDINATION FUNCTION

This function addresses the integration of DERs into wholesale markets, enabling compliance with regulatory requirements. This initiative ensures that Alectra Utilities can meet the IESO

Market Vision and Design Project requirements while managing real-time telemetry, coordination protocols, and scalability to accommodate future DER growth. For customers, these efforts create new revenue opportunities, support renewable energy adoption, and enhance the grid's reliability and flexibility to adapt to increasing electrification and market changes.

Key activities include:

- **Establishing Transmission and Distribution Coordination Protocols:** Developing and implementing operational processes to ensure seamless coordination between transmission systems and Alectra Utilities' distribution grid, enabling the safe and efficient dispatch of DERs.

- **Developing Telemetry and Real-Time Data Systems:** Deploying systems to aggregate and manage telemetry from DERs, ensuring accurate and timely data exchange with the IESO and supporting operational decision-making.

- **Scaling Market Participation Systems:** Building scalable systems and processes to accommodate an increasing number of DER participants while maintaining grid stability and compliance with regulatory frameworks.

6.2. GRID MODERNIZATION SEGMENT COSTS

Table 4-2-5: Grid Modernization Segment Expenditures ($MM)

Grid Modernization Segment Costs ($MM) – Historic Period[6]								
Year	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Total	—	—	—	—	—	—	—	0.01
Segment Costs ($MM) – Bridge and Forecast Period								
Year	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
Total	0.94	0.92	0.99	1.69	1.99	2.05	2.12	

6.3 GRID MODERNIZATION SEGMENT YEAR-OVER-YEAR VARIANCE ANALYSIS

2017-2024 Variance Explanation

This program began in 2024. As such, there are no cost variances to report.

2024-2026 Variance Explanation

From 2024 to 2026 costs increase by $0.97 primarily due to increased labour costs as the segment ramped up.

2026-2031 Variance Explanation

From 2027 to 2031 costs are forecast to increase by $1.11MM, or approximately $0.23MM per year, primarily due to inflationary cost pressures and the need for additional resources to support DER Wholesale Market participation.

[6] The Grid Modernization team was created in 2024 to advance Alectra's Grid Modernization pillar.

DISTRIBUTION DESIGN

1. OVERVIEW

Table 4-2-6: Distribution Design Program Summary

Distribution Design							
Program Description: Distribution Design is responsible for estimating and designing all distribution system capital projects in the areas of capital infrastructure expansion, asset replacement and renewal, customer connections, new subdivisions, road authority driven plant relocation, and transit driven projects. In addition third party attachment administration, and compliance with ESA O. Reg 22/04 requirements, including coordination of annual audits of compliance with the regulation. Distribution Design staff work closely with Network Operations, Consultants, Developers, Contractors, Municipalities, Regions, Conservation Authorities, third party tenants (i.e. Bell/Rogers) and other Government Agencies and most importantly Alectra Utility Customers. Distribution Design staff must execute on both Alectra initiated work (System Renew and System Service) and customer driven work (System Access).							
Program Outcomes: Customer Focus, Operational Effectiveness, Public Policy Responsiveness							
Program Net Costs ($MM) - Historic Period							
2017	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
3.91	3.93	5.99	6.58	6.27	6.88	7.30	7.09
Program Net Costs ($MM) - Bridge and Forecast Period							
2025	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
8.02	8.60	9.61	10.61	11.41	12.07	12.58	

The program consists of three functional areas: Customer Initiated Work, Distribution Support Services and Asset Management Driven Work (Planned Capital Work).

Over the forecast period, the expected connection volumes, planned projects and externally driven projects are forecasted to increase due to government initiatives in home building, rapid transit, electric vehicles as well as grid electrification and modernization. Additionally, Municipal infrastructure expansions, building code updates, changing weather, an aging distribution

system and the digital era are contributing to increased capital demands resulting in higher program expenditures.

Alectra Utilities' Distribution Design program encompasses a wide range of functions to support the reliable and safe operation, sustainment and expansion of Alectra Utilities' electricity distribution system and to provide for connections by new and expanding customers due to government initiatives in home building, rapid transit, electric vehicles as well as grid electrification and modernization.

The Program consists of three functional areas:

- Customer Initiated Work;
- Distribution Support Services; and
- Asset Management Driven Work (Planned Capital Work).

The activities performed in these functional areas include initial planning, distribution system design, material procurement, installation, relocation, inspection, alteration and connection of distribution system assets as well as supporting technologies to perform various activities during the lifecycle of the program segments.

Distribution Design must execute on both Alectra Utilities initiated work (System Renewal) and Customer Initiated work (System Access).

The key outputs of the program are the successful connections of customers to Alectra Utilities' distribution system, the delivery of capital investments required to maintain the safety and reliability of the distribution system, and the alterations of the distribution system as required by third parties.

2. OUTCOMES & MEASURES

The outcomes supported by this program are detailed in Table 4-2-7.

Table 4-2-7: Distribution Design Program Outcomes and Measures Summary

Operational Effectiveness: Efficiency	• Alectra Utilities actively collaborates with system planning, other utilities such as Gas and Telecom, and municipalities to optimize project efficiency and cost-effectiveness. This includes joint-use trenching in new developments, aligning infrastructure upgrades with city road widening and transit initiatives, and scheduling capital projects in advance of development needs. Such coordination ensures timely capacity supply, minimizes disruptions, reduces costs, and supports efficient infrastructure development. • Ensures that Alectra Utilities adheres to latest engineering, utility construction standards and industry best practices such as Alectra's internal Standards, Ontario Electrical Safety Code (OESC), Electrical Safety Authority (ESA) and Canadian Standards Association (CSA). This results in safe, reliable, and cost-effective construction with better integration with other infrastructure and utilities.
Public Policy Responsiveness	• Distribution Design practices are guided by a strong commitment to public policy responsiveness and regulatory compliance. This includes adheres to all applicable electrical codes and utility design standards and O. Reg. 22/04. Design activities are carried out in alignment with the requirements of Electrical Safety Authority (ESA), Ontario Energy Board (OEB) and other provincial/federal initiatives. • Ensures responsive to evolving public policy priorities such as system reliability, safety, electrification goals and community needs
Customer Focus	• Ensures that Alectra Utilities continues to execute customer connection work as prescribed in DSC Section 7.2. Measures performance using the OEB Reporting and Record Keeping Requirements (RRR), specifically tracking adherence to customer connection timelines to ensure timely and appropriate supply based on usage requirements. • Ensures adequate system capacity by providing customers with an appropriate supply based on their usage requirements and planning for future distribution needs.

Operational Effectiveness: Reliability	• Current standards and designs ensure system reliability is maintained, renewing obsolete or failing equipment to ensure continued system reliability. • Ensures efforts are made to strengthen system's resilience in response to climate change adoption. • Performance is measured using the OEB Reporting and Record keeping Requirements (RRR) and corporate performance targets.
Operational Effectiveness: Safety	• Develops processes and procedures in design to ensure safety risks are effectively mitigated during design phase. By maintaining current and compliant internal practices and constructing infrastructure to eliminate unsafe conditions • Effectiveness is measured using the annual ESA compliance audit which assesses adherence to O. Reg. 22/04.
Public Policy Responsiveness: Environment	• Ensures project designs adhere to Conservation Authority and Ministry of Natural Resources & Forestry requirements when constructing in environmentally sensitive areas. • Ensures proper approvals and permits are obtained before constructing along or crossing creeks or river. Endangered Species Act and federal Species at Risk Act (SARA) is carefully considered when projects impact habitats known to contain species at risk.

3. PROGRAM DESCRIPTION

The Distribution Design Program is responsible for estimating and designing all distribution system capital projects in the areas of capital infrastructure expansion, asset replacement and renewal, customer connections, new subdivisions, road authority driven plant relocation, and transit driven projects. In addition third party attachment administration, and compliance with ESA O. Reg. 22/04 requirements, including coordination of annual audits of compliance with the regulation.

The activities performed within Distribution Design include initial project planning, distribution system design, material selection and inspection for the installation, relocation, alteration, expansion and connection of distribution system assets as well as supporting technologies to

perform various activities during the lifecycle of the program segments. The program is comprised of three functional areas:

- Customer Initiated Work,
- Distribution Support Services, and
- Asset Management Driven Work.

Each function is summarized below.

3.1. CUSTOMER INITIATED WORK

The Customer Initiated Work segment enables Alectra Utilities to connect residential and small commercial buildings, new Industrial Commercial and Institutional (ICI) Services, new residential and commercial subdivisions as well as distributed generation connections. It also includes work that enables Alectra Utilities to comply with Road Authority and Transit Authorities where Alectra Utilities must move an existing pole line or duct structure or replace one form of distribution equipment with another (typically, replacing an overhead pole line with an underground duct system). These projects are outside of Alectra Utilities' control and are required to meet customer service obligations to provide customers with access to electricity services via the distribution system and include modifications (including asset relocation) to the distribution system. Transit projects is also considered mandatory as this work will still need to be performed to comply with DSC and PSWHA.

The Customer initiated Work segment covers the following types of capital work:

- Residential and Small Commercial Layouts (Layouts): Layouts consist of work to make the system ready for new residential infill services and upgrading residential services and small commercial services.
- New Industrial Commercial and Institutional (ICI) Services: New ICI Services consists of new and/or upgraded primary services to industrial, commercial and institutional customers (such as medical buildings, small plazas or factories). These services are

normally underground from the existing distribution or sub-transmission system and up to and including the padmount transformer.

- New Subdivisions: New Subdivisions consist of the primary and secondary underground cables and connections as well as switchgears and transformers installed within a new residential “Greenfield” subdivision development to supply residential and commercial subdivision projects.

- Customer Initiated: This includes Customer Initiated Relocation Projects and Customer Initiated Expansion Projects. The main source of design work for this functional area comes from the initiation of municipal and regional road authority projects, which requires existing Alectra Utilities infrastructure to be relocated. This group also directly supports Subdivisions and ICI/Layouts for any customer initiated system expansion projects. In addition any requests by Alectra Utilities customers for the relocations of existing Alectra Utilities assets will be handled by this group.

- Transit Connections: Transit Connections consists of work that Alectra Utilities must provide for both the design and the connection of ICI projects driven by transit projects.

3.2. DISTRIBUTION SUPPORT SERVICES

Distribution Support Services includes Joint Use / Agreements, Construction Verification and Compliance (CVC), and the Process & Technology Improvement (PTI) business unit. These functions summarized below.

- *Joint Use / Agreements:* This department is responsible for the oversight and administration of all third-party joint use attachments onto Alectra Utilities owned assets. The department manages all permits, contracts and invoicing associated with these attachments. The Joint Use department is responsible for the application process for both the installation and removal of attachments. This includes field auditing for compliance. Attachment counts are critical to ensure billing accuracy is maintained. The timely processing of applications and associated make ready work is customer impactive and therefore is a key performance indicator for the group. Outstanding transfers driven by Alectra Utilities initiated work is another impactive indicator for the municipalities we

serve. In addition, the Joint Use department manages the renewal of Rail Crossing agreements as well as Highway Encroachment agreements. This group works closely with the other Design departments as well as Operations, Finance and Legal.

- *Construction Verification and Compliance (CVC):* This group is reasonable for overseeing and managing three key activities related to public safety: Coordinating the annual O. Reg. 22/04 audit, overseeing ESA Due Diligence Inspections and coordinating all Public Safety Concerns. The CVC group provides annual training to staff and contractors. The integrity of records pertaining to Alectra Utilities owned assets will be managed through the development of an internal auditing program to review the accuracy and completeness of Alectra Utilities' capital construction program. The purpose is to ensure projects are: 1) constructed as designed; 2) properly documented where the construction deviates from the design; and 3) that the returned 'as-built' drawings accurately reflect the actual construction in the field. Process integrity will be maintained through the development, support, and oversight for the O. Reg. 22/04 requirements. CVC will own Asset Strategy relationship with ESA for all O. Reg. 22/04 requirements and subsequent internal and OEB reporting requirements. CVC will liaise with other business units to ensure the required processes and procedures are in place.

- *Process and Technology Improvement (PTI):* This function focuses on continuous improvement and optimization of key processes within Distribution Design. PTI acts as a subject matter expert in both the individual processes, workflows and tools utilized in several areas including, but not limited to: Distribution Design; Asset Investment Planning; Standards, and Network Records. PTI is the owner of the Distribution Design Manual, a comprehensive informational and procedural document containing all Design process and procedures while detailing best practices for the Distribution Design business unit. PTI is heavily involved in with the corporate ERP system specifically when it comes to bill of materials, estimations and work orders. From a tools perspective they are the lead for our structural analysis tools used for pole line designs, as well as cable pulling for cable tensions and oversee the licensing and training for the CAD software used to create design drawings. They are involved in several other area's in helping the business to continuously improve and optimize.

3.3. ASSET MANAGEMENT DRIVEN WORK (Planned Capital Work)

The Asset Management Driven Work segment consists of the design work necessary for Alectra Utilities to maintain and support capital work the distribution system through planned asset renewal, reactive asset renewal, storm hardening, capacity related additions, distribution system safety, security and power quality. This department is known as Planned Capital.

The following large projects and spot replacements are completed by Planned Capital, which designs based on Asset Management driven work.

Large Projects: Cable Replacement, Cable Injection, Rear Lot Conversion, OH Rebuilds, Voltage Conversions, Lines Capacity and Station Capacity.

Spot replacements: Pole Replacements, Switch Installations, Reactive Capital, Alectra Utilities-Initiated Emerging OH, Alectra Utilities-Initiated Emerging UG, Reliability Projects, Transformer Replacement, Switchgear Replacement, Civil Structures and Joint Use Pole Removal.

4. OVERALL PROGRAM COSTS

The OM&A expenditures are driven by the volume of work in the capital program. Refer to the Capital Narratives, Appendix B of the Distribution System Plan for complete descriptions of the capital investments.

The historical net OM&A expenditures are shown in Table 4-2-8.

Table 4-2-8: Distribution Design Program Expenditures ($MM)

Distribution Design								
Program Costs ($MM) – Historic Period								
Year	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Total	3.91	3.93	5.99	6.58	6.27	6.88	7.30	7.09
Program Costs ($MM) – Bridge and Forecast Period								
Year	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
Total	8.02	8.60	9.61	10.61	11.41	12.07	12.58	

4.1. COST DRIVERS

Alectra Utilities requirements to maintain its system safety and reliability result in a large Capital Program for System Renewal. Additionally, over the forecast period, the expected increase in the connection volumes, customer-initiated system expansion work, and externally driven projects are forecasted to increase. The projects resulting from the above factors are being delivered through Customer Initiated Work, Distribution Support Services and Asset Management Driven work (Planned Capital) which are the three functional areas of Distribution Design.

The OM&A expenditures in this program are typically a consistent percentage of the gross capital expenditure plan. The large increase in capital spending expected during the DSP horizon of 2027-2031 period naturally results in a corresponding increase in design-related OM&A expenditures, primarily related to labour.

In forecasting Distribution Design OM&A expenditures for the 2027-2031 period, Alectra Utilities analyzed the resources that would be required to support the proposed capital expenditure plan. The Gross Capital spending for directly attributed work completed by Distribution Design in 2024 was $347MM and increases to $356MM at the end of bridge period 2026. The Gross Capital spending will increase from $356MM in 2026 to $630MM in 2031 which is approximately 77% increase.

Distribution Design's OM&A Program required $7.1MM in 2024 for $374MM Gross Capital Spending directly attributed to work completed by Distribution Design. This represents 2.0% of Capital Spend, which is lower than the average of 2020-2024 ratio of 2.6% for OM&A to Gross Capital. The average OM&A to Gross Capital in 2025-2026 bridge period is 2.3% which is lower than historical average. Similarly, from 2027 to 2031 the yearly OM&A to Gross Capital ratio is 2.2% which lower than 2020-2024 average ratio of 2.6%.

Headcount growth from 2025 to 2031 is modest, with noticeable increases in staffing in 2025, 2027 and 2028. During the Bridge Year of 2025, staffing is being proposed to provide sufficient time for onboarding and training in preparation for higher capital spending in the later years. This is augmented in 2027-2028 which also have additional headcounts proposed to support the ramp up in capital spending anticipated in 2030-2031. This will allow Distribution Design to build

internal resources in advance to allow efficient execution of capital projects in later years of DSP period. From 2025 to 2031, OM&A to Gross Capital Ratio is 2.2% which is lower than the 2.6% average from 2020-2024.

Alectra Utilities will challenge itself to find efficiencies that will allow them to operate within this forecast by continuing to seek out and execute technology and process-based efficiencies like the initiatives described further in Section 4.2, below. This program will continue to implement efficiencies to manage the increase in Capital Spending by increasing the use of consultants and streamlining internal processes.

Table 4-2-9 shows the forecast gross capital expenditures associated with the three functional areas of the Distribution Design program.

Table 4-2-9: Forecasted Gross Capital Spending ($MM)

	FORECASTED GROSS CAPITAL EXPENDITURES						
Segment	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**
Customer Initiated Work	222.82	211.16	221.29	248.23	245.72	218.35	239.19
Distribution Support Services	3.86	4.02	5.24	5.42	5.41	5.26	5.46
Asset Management Driven Work	147.63	140.90	171.04	213.41	297.43	367.42	385.67
Total	374.31	356.08	397.57	467.06	548.56	591.04	630.32

4.2. COST CONTROL AND PRODUCTIVITY MEASURES

The Distribution Design program has implemented several process improvements over the historical period and will continue with ongoing improvements throughout the rate period to control costs and improve productivity. Alectra Utilities' cost control and productivity measures, which apply across all segments within the Program, are listed below.

4.2.1. Historic and Bridge Period Initiatives (2020 to 2026)

I) AutoCAD Template and Drawing Package (to be completed in 2025)

This project aims to define and establish an Alectra Utilities AutoCAD template incorporating Computer Aided Design and Drafting (CADD) standards that reflect and apply the best legacy practices. The complete drawing packages for the various project types were defined, documented and assembled into a modern and efficient template in AutoCAD Drawing Template file. This template establishes an Alectra Utilities standard for page layouts, symbology, line styles, title blocks, standard notes, white space management etc.

This project to be an opportunity to optimize the drawing creation process, improves ease of use for end users and decreases drawing creation times. Examples of this would include construction of tool pallets, custom layer states and the use of dynamic blocks.

Alectra Utilities also plans to leverage this harmonization activity to set the stage for several future integrations with other systems by designing the template to facilitate structured data capture, ultimately intended to reduce data entry into disparate systems and enhance data accuracy both within CADD drawings and in downstream systems.

II) Alectra Utilities Nomenclature Tool (to be completed in 2025)

In 2022, Alectra Utilities embarked on a project to simplify and streamline its asset nomenclature system following its initial four-utility merger. Legacy utilities each had their unique asset nomenclature tools and logic, which were harmonized into a single, unified platform. This project further enabled the retirement of several legacy systems. The system has been used since 2022, and the project will be completed with integrating Guelph once the GIS has been harmonized.

Leveraging its existing SharePoint infrastructure and Power Apps, Alectra Utilities avoided additional maintenance costs, demonstrating resourcefulness and efficiency. The new system not only replicates the unique nomenclature logic of the four legacy utilities but also provides a web-based user interface, simplifying data input, nomenclature generation, and historical data queries.

The new platform is scalable and future-ready, designed to accommodate additional functionalities and potential continued integrations with systems like GIS and CADD. It also provides robust user-level security measures. A distinct feature of the system is its schematic diagrams for all equipment types, making the nomenclature process more user-friendly and intuitive.

In a significant move towards efficiency, the platform was designed to be configurable without code, using a table-based configuration allowing the end user to add new asset nomenclatures or adjust existing logic, as needed.

III) JD Edwards (JDE) Continuous Improvement (completed 2023)

Distribution Design has been actively involved in optimizing ERP system functionality and related process since 2019. Most of these initiatives focused on improving the work flow process for work orders, allocation of materials and estimation of projects. Over 30 change requests were completed resulting in more efficient and cost-effective process execution, a reduction in duplicate entry, and enhanced data capture and reporting. A few of these initiatives have been highlighted below:

- **2022:** Alectra Utilities automated the population of correct account coding within the Purchase Requisition request module. Previously, this account string was manually populated and often incorrectly, requiring rework by the Finance department and general confusion for purchase requisition requestors. This functionality significantly reduced the need for rework by Finance and Procurement, allowed end users to submit purchase requisitions quickly.

- **2023:** Alectra Utilities developed a comprehensive materials model within JDE to support the Standards and Materials consolidation projects. Consisting of a central cross reference table and several downstream application modifications, this substitution model validates all material changes that have occurred. This helps ensure regulatory compliance and with minimal manual intervention by staff. The use of material substitution was integrated into existing processes in Procurement, Stores, Design, and Operations, providing automated responses in most cases.

IV) Overhead Design Analysis Enhancements (completed 2024)

Alectra Utilities upgraded its overhead design analysis software by incorporating the SPIDASilk add-on, as well as a new V8 clearance analysis engine to the existing SPIDACalc software. This initiative is poised to enhance regulatory compliance and improve operational efficiency.

SPIDASilk will empower Design Technologists to generate sag and tension tables for all spans, while adding analysis for longer term conductor creep; eliminating their reliance on the Standards Department or cable suppliers. This change will streamline workflows and enhance the precision of wire tensions and conductor installation charts. Additionally, SPIDASilk is designed to evaluate spans with elevation changes and support stand-mounted equipment, further increasing its utility and efficiency.

The integration of the V8 clearance analysis engine is another strategic step towards productivity. This engine will automate conductor to ground clearance analysis for various terrain types and compare it against CSA standards. This automation reduces the need for manual clearance analysis resulting in efficiency gains.

The consolidation of the configuration data from all five legacy utilities and integrating new Alectra Utilities Standards into a unified Alectra Utilities Client file is underway. This consolidation will allow end users to use a single client file for their projects that supports both legacy and new approved standards/materials, improving efficiency. Administrators will also benefit as they will only need to maintain a single client file. These enhancements align with the ongoing commitment to cost control and productivity and is expected to yield modest efficiency gains.

V) Hexagon Joint Use Module (ATTACH): (to be completed in 2025)

The Hexagon Joint Use Module was initiated in 2022 and functions as a comprehensive portal for joint use tenants to submit permits for third-party attachments to Alectra Utilities' poles. It allows tenants to log in and monitor their applications independently, minimizing the need for manual intervention by Alectra Utilities' staff. The module will automatically synchronize GIS records with joint use attachments, enhancing the

existing GIS system with advanced permit tracking capabilities. The new module is expected to improve process efficiency and user experience compared to the current system leading to savings and operational efficiencies for both the Joint Use and GIS teams.

4.3. YEAR-OVER-YEAR VARIANCE ANALYSIS

2017-2018 Variance Explanation

There was no material variance during this period.

2018-2019 Variance Explanation

From 2018 to 2019, program costs increased by approximately 53%, from $3.9MM to $6MM. Several factors contributed to this increase, including:

- The Harmonization of the legacy Collective Agreements,
- Harmonization of standard, practices and procedures that required considerable effort of Design Staff that were chargeable to projects and contributed to OM&A expenditures.
- The addition of 4 new resources.

2019-2020 Variance Explanation

- The Merger with Guelph Hydro, which added **12** staff to Distribution Design.

2020-2021 Variance Explanation

- The addition of 4 new resources.
- Harmonization of standard, practices and procedures that required considerable effort of Design Staff that were chargeable to projects and contributed to OM&A expenditures.

2021-2022 Variance Explanation

There was no material variance during this period.

2022-2023 Variance Explanation

There was no material variance during this period.

2023-2024 Variance Explanation

There was no material variance during this period.

2024-2026 Variance Explanation

From 2024 to 2025, program costs increased by approximately 13.2 % .This increase was due to Alectra Utilities hiring personnel in order to be prepared for the sharp rise in capital investments commencing in 2027. The hiring during the bridge period allows for timely onboarding and training of new staff. This results in all staff being ready to efficiently execute the large amount of additional work. There is no material variance from 2025 to 2026.

2026-2031 Variance Explanation

From 2027 to 2031, program costs are expected to increase by $3.0MM. These resources will be responsible for design of the capital execution program. The increase from 2027 to 2031 is also driven by the onboarding of 3 addition resources in 2028, 10 in 2029, 5 in 2030, 1 in 2031 respectively. As described previously OM&A expenditures in the program are driven by the volume of capital work.

CORPORATE SERVICES

1. OVERVIEW

Table 4-2-10: Corporate Services Program Summary

Corporate Services							
Program Description: The Corporate Services program provides essential corporate support functions that ensure compliance, risk management, and stakeholder engagement, and provides legal and regulatory services to the organization.							
Program Outcomes: Customer Focus, Operational Effectiveness, Public Policy Responsiveness, Financial Performance							
Program Segments • Regulatory • Legal • Internal Audit • Government and Corporate Relations • Strategy, ERM & Sustainability							
Program Costs ($MM) - Historic Period							
2017	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
12.09	12.92	14.15	14.96	13.99	14.25	13.57	13.51
Program Costs ($MM) - Bridge and Forecast Period							
2025	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
16.29	16.78	23.78	24.33	25.20	25.82	26.45	

Alectra Utilities Corporate Services program encompasses critical support functions that enable the organization to meet regulatory requirements, manage risk, engage with stakeholders, and develop strategic initiatives. This program consists of the following segments: Regulatory, Legal, Internal Audit, Government and Corporate Relations, and Strategy, Enterprise Risk Management (ERM) & Sustainability. Each segment plays a vital role in ensuring operational efficiency, compliance, and long-term business sustainability.

2. OUTCOMES AND MEASURES

Table 4-2-11: Corporate Services Program Outcomes and Measures Summary

Customer Focus	• Provide timely and accurate information about operations and service matters to government, agencies, customers, and other interested parties. • Publish power outage and estimated restoration times as well as information concerning capital work via social media.
Operational Effectiveness	• Enhance business efficiency through continuous audits. • Strengthening corporate governance, compliance, and risk management to enhance efficiency. • Improve efficiencies in responding to customer inquiries, complaints, and stakeholder concerns.
Public Policy Responsiveness	• Support energy policy initiatives and ensure customers understand changes in regulatory and operational policies. • Coordinate Alectra Utilities' involvement in OEB policy working groups and regulatory proceedings. • Ensure timely and accurate regulatory and compliance submissions including Electricity Reporting & Record keeping Requirements (RRR). • Manage freedom of information requests and matters of customer privacy.
Financial Performance	• Minimizing legal risks and liabilities to protect financial stability. • Minimize financial exposure through risk assessments and mitigations. • Prepare and defend distribution rate applications and other regulatory submissions to establish funding for Alectra Utilities' capital and operation work programs.

3. PROGRAM DESCRIPTION

The Corporate Services program consists of five segments:

- Regulatory Affairs
- Legal
- Internal Audit
- Government and Corporate Relations
- Strategy, Enterprise Risk Management (ERM) & Sustainability

The Regulatory Affairs segment is responsible for: developing and implementing the Company's regulatory strategy; managing the application processes and regulatory financial reporting requirements; advocating Alectra Utilities' regulatory positions; influencing OEB policy; and providing guidance to internal stakeholders to ensure the company is compliant with OEB codes, rules, reporting, and regulatory requirements. Regulatory Affairs advises executive management of the financial, economic, and operational implications of current and evolving regulation with due regard for corporate strategy and compliance.

The Legal segment provides legal services include providing ongoing legal counsel to internal departments, drafting and negotiating commercial contracts, and handling corporate, financial, and transaction matters. This group provides legal services for all aspects of Alectra Utilities' business to ensure that all undertakings by Alectra Utilities are consistent with applicable laws.

Internal Audit focuses on operational, compliance, and performance audits to strengthen Alectra Utilities governance and risk management frameworks. The key responsibilities of this segment include conducting audits to assess the adequacy of governance processes and internal controls, providing advisory service to the organization on the design and enhancement of internal controls, and identifying opportunities to improve business processes and mitigate risk.

Government and Corporate Relations provides corporate communications support, government and stakeholder relations, and community engagement services for Alectra Utilities. The key responsibilities of this segment include managing government relations, (with municipal, provincial, and federal governments), overseeing corporate communications, and facilitating customer communications and community engagement efforts.

The Strategy, ERM & Sustainability segment leads corporate strategic initiatives, integrates sustainability into decision making, and manages Alectra Utilities' ERM program. The primary responsibilities of this segment include managing the corporate strategy-setting process, embedding sustainability principles into business operations, and overseeing enterprise risk management to identify and manage risks.

4. OVERALL PROGRAM COSTS

Table 4-2-12: Corporate Services Program Expenditures by Segment ($MM)

Corporate Services								
Program Costs ($MM) – Historic Period								
Year	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Total	12.09	12.92	14.15	14.96	13.99	14.25	13.57	13.51
Regulatory	6.82	6.96	8.05	6.87	6.80	7.19	7.25	7.32
Legal	1.28	1.23	1.51	2.68	1.95	2.26	2.01	1.75
Internal Audit	0.72	0.93	0.87	0.83	0.73	0.33	0.39	0.52
Government and Corporate Relations	2.63	2.49	2.34	3.23	3.04	3.35	3.11	3.03
Strategy, ERM & Sustainability	0.64	1.31	1.38	1.35	1.48	1.11	0.82	0.89
Program Costs ($MM) – Bridge and Forecast Period								
Year	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
Total	16.29	16.78	23.78	24.33	25.20	25.82	26.45	
Regulatory	8.50	8.56	15.03	15.34	15.67	16.00	16.34	
Legal	3.07	2.76	3.02	2.89	2.97	3.06	3.14	
Internal Audit	0.54	0.87	0.98	1.19	1.49	1.54	1.59	
Government and Corporate Relations	3.20	3.56	3.70	3.83	3.94	4.06	4.18	
Strategy, ERM & Sustainability	0.99	1.03	1.05	1.09	1.12	1.16	1.20	

4.1. COST DRIVERS

The costs in this program are primarily driven by labour costs and the OEB's annual cost assessment fees. This program also includes costs over the rate period related to the current rate rebasing application. Most of the increase in costs over the rate period is due to OEB cost assessment fees. In 2016, the OEB revised its cost assessment model, resulting in an increase in cost assessment fees. The OEB established Account 1508 Other Regulatory Assets, Sub-Account OEB Cost Assessment Variance, to record the difference between OEB cost assessment fees built into rates and the actual assessment fees. In accordance with the OEB's guidance, Alectra Utilities recorded this difference in the variance account since 2016. Starting in 2027, Alectra Utilities has forecasted OEB cost assessment fees to fully capture the increase in assessment fees on a go forward basis. This represents an increase of approximately $3.6MM compared to the historical amounts built into rates.

Costs are also forecasted to increase due to the addition of 5 positions in this program (Regulatory - 2 positions; Internal Audit - 3 positions) over the rate period. The increase in the Regulatory Affairs segment is to support increasing complexity in settlements as the electricity market continues to evolve and an increase in compliance and enforcement activities. The increase in the Internal Audit segment is to meet increasing IT and Artificial Intelligence audit requirements and to maintain operational controls within the utility. The increase in positions is gradual over the rate term with 3 positions in 2027, 1 position in 2028 and 1 position in 2029.

Lastly, the forecast includes one-time costs related to the preparation of this application. This includes consulting costs, legal fees and costs for third-party expert reports. For further details, refer to Exhibit 4, Tab 6, Schedule 1.

4.2. PRODUCTIVITY AND COST CONTROL

The Corporate Services program has implemented the following productivity and cost control measures and will continue with ongoing improvements throughout the rate period:

- Subscribes to a Regulatory Intelligence Subscription Service, which tracks, analyzes, and reports on applications and proceedings before the Ontario Energy Board (OEB) on

a weekly basis. This includes rate applications, policy proceedings, and compliance matters. The service provides cost-effective regulatory research on complex issues.

- Actively partners with industry peers including the Coalition of Large Distributors (CLD), Ontario Energy Association (OEA) and Electricity Distributor Association (EDA) on evolving regulatory framework policy initiatives and consultations. This collaborative approach enables cost-sharing for major policy consultations.

- Facilitates mandatory Compliance e-learning for all Alectra Utilities employees to complete on an annual basis to help ensure the organization operates safely, understands the company's policies, and operates within regulations. Delivering internal compliance e-learning is a cost-effective way to deliver training to all employees and helps reduce risks of non-compliance.

- Leverages social media channels to provide fast distribution of information to the media and customers. Customers are also directed via social media to the company's website for self-service options when appropriate. Media interviews are primarily handled via Microsoft Teams or Zoom, which enables staff to talk to reporters without travelling to regional offices, reducing costs. In addition, most corporate print publications have been converted to digital formats, reducing printing and mailing costs.

- The Regulatory Affairs segment prepares Regulatory Information Reports (RIR) on OEB policy consultations and updates or changes to OEB rules, codes and requirements. These reports provide a summary of the policy file, the impact on the organization and provide guidance to internal stakeholders to ensure the company is compliant with any proposed changes to OEB codes, rules, reporting and regulatory requirements. This approach fosters collaboration and reduces duplication of efforts across the organization.

- The Strategy, ERM and Sustainability segment transitioned from an annual to three-year cycle for Materiality Assessment as recommended by the Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB) which reduced third-party consulting costs. These assessments are used to determine the sustainability issues that are most significant to the organization's business and stakeholders including customers, employees, suppliers and community organizations.

- Various segments in the program utilize a combination of internal and external resources to manage through peak and high priority workloads, while avoiding unnecessary headcount increases.

5. REGULATORY AFFAIRS SEGMENT

5.1. REGULATORY AFFAIRS SEGMENT DESCRIPTION

The Regulatory Affairs Department builds key relationships with regulators, government, industry peers and stakeholders, and identifies and formulates business perspectives on industry and regulatory topics that have strategic implications for the organization. The Department administers the organization's compliance oversight and provides guidance to internal stakeholders to ensure compliance with OEB regulatory obligations. Further, the Department is responsible for all regulatory financial reporting requirements and electricity market settlement rules, ensuring compliance with the OEB's *Accounting Procedures Handbook* (APH) and related guidance, *International Financial Reporting Standards* (IFRS), the Independent Electricity System Operator's (IESO) market rules and other relevant regulatory bodies. The VP, Regulatory Affairs is the Privacy Officer for the organization and oversees information-handling practices and the privacy management program.

The key functions within the Regulatory Affairs segment include:

Policy and Strategy

The Policy & Strategy group works with the organization to respond to and advance regulatory policy, to prepare annual regulatory reporting to meet OEB licence obligations, and to ensure organizational compliance with regulatory codes and policies. The team leads and contributes to industry submissions with the Coalition of Large Distributors (CLD), Ontario Energy Association (OEA) and Electricity Distributor Association (EDA) on evolving regulatory framework policy initiatives and consultations. Industry initiatives provide an opportunity for Alectra Utilities to be actively engaged in and influence positive change in its business environment for the benefit of its customers and the company.

This group also provides advice on OEB compliance requirements and leads the annual compliance review process. The OEB has increased compliance and enforcement activities and

there have been a greater number of reviews, inspections, audits, and penalties assessed which has increased the demands on this team. In addition, this team manages the quarterly and annual OEB *Reporting and Record Keeping Requirements* (RRR) process for the organization.

Rate Applications

The Rate Applications group leads the development and defense of Alectra Utilities' electricity distribution rate applications which determine the amount of revenue Alectra Utilities may earn from its customers to support necessary investments in and maintenance of its electricity distribution system and deliver fair financial returns to its shareholders. This includes the annual Incentive Rate Mechanism (IRM) applications, Incremental Capital Module (ICM) applications, Mergers, Amalgamations, Acquisitions and Divestitures (MAADs) applications and Cost of Service or Custom Incentive Rate-setting (CIR) applications. The team engages and collaborates with internal stakeholders to develop quality written evidence and arguments in support of the organization's regulatory applications and advocates for the organization's interest in regulatory proceedings. The team also performs detailed regulatory research, analysis and financial modelling, providing regulatory advice to internal stakeholders including senior management.

The team also leads the development of Alectra Utilities' customer and load forecast for all rate classes, which incorporates historical data and statistical modelling to establish the load forecast. In addition, the team supports month end processes and the annual financial planning process.

Rates and Settlements

The Rates and Settlements group ensures compliance with regulatory reporting requirements and electricity market settlement rules, including those set forth by the OEB, the IESO and other relevant regulatory bodies. The Rates & Settlements function is responsible for monthly Modified IFRS (MIFRS) and IFRS financial reporting of revenue, cost of power and regulatory results, including variance analysis; and wholesale settlements which include IESO and Hydro One settlement reconciliation. The team also leads the development of the annual budgets and forecasts for revenue, cost of power, and deferral and variance accounts. This team coordinates key aspects of the Industrial Conservation Initiative (ICI) program including: determining

customer eligibility; working with Customer Service's Key Accounts team to prepare opt-in/out packages for eligible customers; submitting Class A consumption data to the IESO; and leading the implementation of the Peak Demand Factor for Class A customers in the billing system.

This team played a pivotal role in the organization's readiness project for the IESO's Market Renewal Program (MRP) ensuring that changes resulting from the MRP can be accepted by the company's internal processes and systems. The primary impact of the MRP on Alectra Utilities involved changes to its billing system, in-house energy settlement system and IT solutions for collecting IESO data for settlements and billing purposes. This team also supports the management of the settlements system. Many aspects of Alectra Utilities' in-house settlement system were re-configured to accept this change and ensure no disruptions of the settlement processes. This in-house settlement system – Load Profile and Settlement System (LPSS) – governs the accuracy of Alectra Utilities' wholesale energy settlement with the IESO (approx. $3B annually) and the billing for all interval-metered customers.

Privacy Officer

The VP, Regulatory Affairs is the Privacy Officer for the organization. The Privacy Officer's duties include:

- Developing and, on a regular basis, reviewing the implementation of internal procedures to protect personal information;
- Ensuring all staff are trained on privacy best practices and are aware of the importance of safeguarding any personal information to which they are privy to;
- Ensuring that all inquiries and complaints relating to privacy are appropriately handled; and
- Ensuring all third parties to whom Alectra Utilities provides access to personal information commit to protecting such information.

5.2. REGULATORY AFFAIRS SEGMENT COSTS

Table 4-2-13: Regulatory Segment Expenditures ($MM)

Regulatory Segment Costs ($MM) – Historic Period								
Year	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Total	6.82	6.96	8.05	6.87	6.80	7.19	7.25	7.32
Segment Costs ($MM) – Bridge and Forecast Period								
Year	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
Total	8.50	8.56	15.03	15.34	15.67	16.00	16.34	

5.3. REGULATORY SEGMENT YEAR-OVER-YEAR VARIANCE EXPLANATIONS

2017-2018 Variance Explanation

There is no material variance during this period.

2018-2019 Variance Explanation

From 2018 to 2019 costs increased by $1.1MM primarily due to higher legal and intervenor costs for Alectra Utilities' 2020 electricity distribution rate application. The application included the organization's first five-year DSP on an integrated basis for the company; requests for capital finding; proposals to establish four new deferral and variance accounts; and the standard IRM-related requests for clearance of Group 1 accounts and recovery of Lost Revenue Adjustment Mechanism Variance Account balances (LRAMVA). The higher costs were due to the complexity of the application. The increase in costs in 2019 was also partially due to additional headcount from the merger with Guelph Hydro.

2019-2020 Variance Explanation

From 2019 to 2020 costs decreased by $1.2MM primarily due to lower legal and intervenor costs. Alectra Utilities' 2021 rate application was a standard IRM application with limited ICM requests, resulting in lower application-related costs.

2020-2021 Variance Explanation

There is no material variance during this period.

2021-2022 Variance Explanation

There is no material variance during this period.

2022-2023 Variance Explanation

There is no material variance during this period.

2023-2024 Variance Explanation

There is no material variance during this period.

2024-2026 Variance Explanation

From 2024 to 2025, costs increase by $1.2MM primarily due to several temporary vacancies and the addition of a Privacy position in the Policy & Strategy Group in 2025 to support increased privacy requirements as the utility increases its use of data and digital platforms. The increase was also partly due to higher OEB cost assessment fees.

The increase from 2025 to 2026 was not material ($0.06MM).

2026-2031 Variance Explanation

From 2026 to 2027, costs are forecast to increase by $6.5MM primarily due to the treatment of the OEB cost assessment fees and the amortization of one-time application costs. In 2016, the OEB established Account 1508 Other Regulatory Assets, Sub-Account OEB Cost Assessment Variance, to record the difference between OEB cost assessment fees built into rates and the actual assessment fees based on the OEB's revised 2016 cost assessment model. In accordance with the OEB's guidance, Alectra Utilities has recorded this difference in the variance account since 2016. For additional information on the amounts recorded in the variance account, refer to Exhibit 9, Tab 3, Schedule 3. As a result, the Regulatory department's costs have continued to include only the OEB cost assessment fees originally embedded in

rates. Starting in 2027, Alectra Utilities has forecasted the OEB cost assessment fees to fully capture the assessment fees, representing an increase of approximately $3.6MM compared to the historical amount built into rates.

The 2027 forecast also includes one-time costs related to the preparation of this application. In order to recover these costs over a 5-year period, 1/5 of these costs (approximately $2MM) are included in the Regulatory Affairs budget. For further details, refer to Exhibit 4 Tab 6 Schedule 1.

Lastly, the increase in 2027 was also due to the addition of a Rates and Settlements Specialist to support increasing complexity in settlements as the electricity market continues to evolve and a Compliance and Reporting Specialist to support the increase in compliance and enforcement activities.

The forecast assumes inflationary increases for 2028 to 2031.

6. LEGAL SEGMENT

6.1. LEGAL SEGMENT DESCRIPTION

The Legal segment provides legal services including providing ongoing legal counsel to internal departments, drafting and negotiating commercial contracts, and handling corporate, financial, and transaction matters. This group provides legal services for all aspects of Alectra Utilities' business to ensure that all undertakings by Alectra Utilities are consistent with applicable laws.

6.2. LEGAL SEGMENT COSTS

Table 4-2-14, below, provides the Historical, Bridge, and Forecast expenditures for the Legal segment.

Table 4-2-14: Legal Segment Expenditures ($MM)

Legal								
Segment Costs ($MM) – Historic Period								
Year	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Total	1.28	1.23	1.51	2.68	1.95	2.26	2.01	1.75
Segment Costs ($MM) – Bridge and Forecast Period								
Year	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
Total	3.07	2.76	3.02	2.89	2.97	3.06	3.14	

6.3. LEGAL SEGMENT YEAR-OVER-YEAR VARIANCE ANALYSIS

2017-2018 Variance Explanation

There is no material variance during this period.

2018-2019 Variance Explanation

From 2018 to 2019 costs increased by $0.3MM due to the addition of a law clerk position specializing in real estate, and the addition of a legal counsel position focused on corporate and commercial matters. These positions were added to address an increase in the volume of title searches and easements with respect to land rights and real estate, and to ensure legal support for the organization.

2019-2020 Variance Explanation

From 2019 to 2020 costs increased by $1.2MM due to a higher volume of complex legal matters requiring external counsel.

2020-2021 Variance Explanation

From 2020 to 2021 costs decreased by $0.73MM due to reduced external legal fees upon the resolution of matters that arose in 2020.

2021-2022 Variance Explanation

From 2021 to 2022 costs increased by $0.31MM due to a higher volume of complex legal matters requiring external counsel.

2022-2023 Variance Explanation

From 2022 to 2023 costs decreased by $0.25MM primarily due to reduced external legal fees upon the resolution of matters that arose in 2022.

2023-2024 Variance Explanation

From 2023 to 2024 costs decreased by $0.26MM primarily due to vacant legal counsel and executive assistant roles.

2024-2026 Variance Explanation

From 2024 to 2026, costs increase by $1.0MM primarily due to the addition of a senior legal counsel to deal with the increased volume of commercial matters, the addition of a law clerk position in 2025 and higher external legal fees.

2026-2031 Variance Explanation

Costs during the Test Period are expected to increase by approximately $0.08MM per year, primarily as a result of inflation.

7. INTERNAL AUDIT SEGMENT

7.1. INTERNAL AUDIT SEGMENT DESCRIPTION

The Internal Audit segment operates as an independent and impartial entity, delivering reports to Alectra Utilities' Audit, Finance, and Risk Committee, as well as its management team, through audits focused on operations, compliance, and performance. This segment assesses the adequacy and effectiveness of Alectra Utilities' risk management, governance frameworks, and internal controls. Beyond its auditing role, Internal Audit provides advisory and consulting services related to the design, implementation, and enhancement of internal controls,

governance practices, and other key areas as directed by senior management or the Audit, Finance, and Risk Committee.

Through a structured and methodical approach, Internal Audit helps ensure robust risk management, reinforces governance practices, and safeguards Alectra Utilities' assets.

7.2. INTERNAL AUDIT SEGMENT COSTS

Table 4-2-15: Internal Audit Segment Expenditures ($MM)

Internal Audit								
Segment Costs ($MM) – Historic Period								
Year	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Total	0.72	0.93	0.87	0.83	0.73	0.33	0.39	0.52
Segment Costs ($MM) – Bridge and Forecast Period								
Year	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
Total	0.54	0.87	0.98	1.19	1.49	1.54	1.59	

7.3. INTERNAL AUDIT YEAR-OVER-YEAR VARIANCE EXPLANATIONS

2017-2018 Variance Explanation

From 2017 to 2018 costs increased by $0.21MM as a result of increased labour costs due to the addition of two positions (one Manager and one Auditor) in late Q3, 2017. The positions were created to meet the business needs given the increased complexity of the newly formed utility following the merger on February 1, 2017.

2018-2019 Variance Explanation

There is no material variance during this period.

2019-2020 Variance Explanation

There is no material variance during this period.

2020-2021 Variance Explanation

From 2020 to 2021 costs decreased by $0.97MM as a result of vacancies that persisted for a portion of the year.

2021-2022 Variance Explanation

From 2021 to 2022 costs decreased by $0.39MM as a result of a departmental restructuring which saw 1.5 FTEs transferred from the Internal Audit Segment to the Enterprise Risk Management segment, and the elimination of 1 additional FTE from the Internal Audit segment.

2022-2023 Variance Explanation

From 2022 to 2023 costs increased by $0.06MM as a result of the addition of a Director of Internal Audit position and removal of a Manager of Internal Audit position.

2023-2024 Variance Explanation

From 2023 to 2024 costs increased by $0.13MM as a result of the addition of an internal auditor position in early 2024.

2024-2026 Variance Explanation

The increase over the 2024 to 2026 period is primarily due to higher consulting costs for AI-related audits. The increase in consutling costs is due to an increase in the number of audits to be performed by external expertise and an increase in the cost of external consultants.

2026-2031 Variance Explanation

Costs during the rate period are expected to increase by an average of $0.14MM per year as a result of increased labour costs for 3 FTEs required to meet increasing IT and Artificial Intelligence audit requirements. The increase in required FTEs is to maintain oversight of operational controls within the utility. The increase in positions is gradual over the rate term with 1 position added in each of 2027, 2028 and 2029.

8. GOVERNMENT & CORPORATE RELATIONS SEGMENT

8.1. GOVERNMENT & CORPORATE RELATIONS SEGMENT DESCRIPTION

The Government & Corporate Relations segment provides corporate communications support to Alectra Utilities, including input to government and agency consultations on energy and operations policies, customer information materials relating to rates, power outages, local capital construction projects, website design and maintenance, social media management, and news media relations. The segment provides customers and interest groups with easy access to Alectra Utilities services and policies and assists in escalating customer issues and facilitating community engagement and consultation.

The key focus areas of this segment include:

Government Relations

- **Municipal Relations:** Alectra Utilities services 17 municipalities and addresses day-to-day service issues raised by local councillors or staff including: billing inquiries, power outages, and local electricity consumption data requests.

- **Provincial Relations:** Alectra Utilities contributes to provincial government and agency consultations on electricity markets, customer service, and operations issues involving other utilities.

- **Federal Relations:** Alectra Utilities frequently communicates with federal agencies to discuss energy policies impacting the local grid and to secure funding under federal carbon reduction programs.

Corporate Relations

- **Website:** Offers self-service options for electricity service, outage reporting, corporate reports, and customer information on rates and governance.

- **Social Media:** Alectra Utilities communicates proactively and reactively over its social media channels about customer service matters including power outages, local capital

construction programs, service changes and new service offerings. Alectra Utilities main social media channels are X (formerly Twitter), LinkedIn, Facebook, and Instagram.

- **News Media Relations:** Through this segment, Alectra Utilities provides news media with fast access to corporate spokespersons who respond to media enquiries on behalf of the utility. Enquiries are received from reporters via phone calls, emails or social media direct messages.

- **Customer Communications:** Activities include producing digital and print materials to provide customers with information about rate options, regulatory matters, capital investments relating to grid modernization and renewal, customer service issues and options, and energy management advice.

- **Community Relations:** Alectra Utilities proactively engages with local officials, social services, residents, and business to keep them informed of: local grid construction projects that can obstruct streets and building access, scheduled service interruption events for employee and public safety, emergency response efforts, and access to electricity account relief programs (LEAP) through local social service agencies.

As the electricity industry in Ontario becomes increasingly focused on resource adequacy, reliability, resiliency and customer assistance related to affordability, the Government & Corporate Relations segment is providing communications support to those priorities. Communications related to these matters are expected to increase as capital work proceeds in local neighbourhoods and energy policy in Ontario continues to evolve.

8.2. GOVERNMENT & CORPORATE RELATIONS SEGMENT COSTS

Table 4-2-16: Government & Corporate Relations Segment Expenditures ($MM)

Government & Corporate Relations Segment Costs ($MM) - Historic Period								
Year	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Total	2.63	2.49	2.34	3.23	3.04	3.35	3.11	3.03
Segment Costs ($MM) - Bridge and Forecast Period								
Year	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
Total	3.20	3.56	3.70	3.83	3.94	4.06	4.18	

8.3. GOVERNMENT & CORPORATE RELATIONS YEAR-OVER-YEAR VARIANCE ANALYSIS

2017-2018 Variance Explanation

There is no material variance during this period.

2018-2019 Variance Explanation

There is no material variance during this period.

2019-2020 Variance Explanation

From 2019 to 2020 costs increased by $0.89MM due to two extended parental leaves and related backfill salaries.

2020-2021 Variance Explanation

There is no material variance during this period.

2021-2022 Variance Explanation

From 2021 to 2022 costs increased by $0.31MM due to one parental leave and related backfill salaries.

2022-2023 Variance Explanation

There is no material variance during this period.

2023-2024 Variance Explanation

There is no material variance during this period.

2024-2026 Variance Explanation

There is no material variance during this period.

2026-2031 Variance Explanation

Costs during the rate period are expected to increase by approximately $0.11MM per year, primarily as a result of inflation.

9. STRATEGY, ERM & SUSTAINABILITY SEGMENT

9.1. STRATEGY, ERM & SUSTAINABILITY SEGMENT DESCRIPTION

The Strategy, ERM & Sustainability segment supports Alectra Utilities' corporate strategic initiatives and special projects. Core responsibilities and focus areas for this segment include:

- Managing Alectra Utilities’ corporate strategy setting process;
- Integrating a sustainability lens into Alectra Utilities' strategy and operating practices; and
- Management of Alectra Utilities' enterprise risk management program.

Since the formation of Alectra Utilities in 2017, the name and scope of the Strategy and Special Projects segment has changed to align with business needs and organizational design changes:

Strategic Growth and Utility Development (2017-2018): At the formation of Alectra Utilities, the Strategic Growth and Utility Development team was formed and responsible for strategic regulated growth, special projects, and corporate strategy.

Strategic Growth and Special Projects (2018-2021): In 2018, the scope of the team was expended by the creation of the first ever sustainability function.

Strategy, Enterprise Risk Management, and Sustainability (2021-Present): In 2021 as the result of a corporate realignment initiative, the group was renamed to Strategy, Enterprise Risk Management, and Sustainability team. As part of the realignment the Growth and Special Projects functions were transferred to Alectra Energy Solutions (AES).

The activities performed within this segment ensure that Alectra Utilities brings a long-term strategic perspective to business planning, proactively manages risks, and drives sustainability initiatives to ensure stability, reliability, and environmental responsibility.

9.2. STRATEGY, ERM & SUSTAINABILITY SEGMENT COSTS

The Table below provides the Historical, Bridge, and Forecast expenditures for the Strategy, ERM & Sustainability segment.

Table 4-2-17: Strategy, ERM & Sustainability Segment Expenditures ($MM)

Strategy, ERM & Sustainability Projects Segment Costs ($MM) – Historic Period								
Year	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Total	0.64	1.31	1.38	1.35	1.48	1.11	0.82	0.89
Segment Costs ($MM) – Bridge and Forecast Period								
Year	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
Total	0.99	1.03	1.05	1.09	1.12	1.16	1.20	

9.3. STRATEGY, ERM & SUSTAINABILITY YEAR-OVER-YEAR VARIANCE ANALYSIS

2017-2018 Variance Explanation

From 2017 to 2018 costs increased by $0.67MM primarily due to increased labour costs from filling vacant positions.

2018-2019 Variance Explanation

There is no material variance during this period.

2019-2020 Variance Explanation

There is no material variance during this period.

2020-2021 Variance Explanation

There is no material variance during this period.

2021-2022 Variance Explanation

From 2021 to 2022 costs decreased by $0.37MM due to the impact of the organizational realignment described in Section 9.1. As a result of this realignment, 1 position was eliminated from this segment and another position was transferred to AES.

2022-2023 Variance Explanation

From 2022 to 2023 costs decreased by $0.29MM due to a reduction in consulting costs because of a 1-year delay in the Canadian Sustainability Disclosure Standards (CSDS) initiative and a shift to a 3-year cycle for Material Assessments.

2023-2024 Variance Explanation

There is no material variance during this period.

2024-2026 Variance Explanation

There are no material changes in costs anticipated during the bridge period.

2026-2031 Variance Explanation

Costs during the Test Period are expected to increase by approximately $0.03MM per year, primarily as a result of inflation.

FINANCE AND TREASURY

1. OVERVIEW

Table 4-2-18: Finance and Treasury Program Summary

Finance and Treasury							
Program Description: The Finance and Treasury program ensures Alectra's financial health, by managing resources efficiently, providing strategic financial support, and operational excellence through its Finance and Treasury segments.							
Program Outcomes: Financial Performance, Operational Effectiveness							
Program Segments • Finance • Treasury							
Program Costs ($MM) - Historic Period							
2017	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
16.85	18.82	20.17	22.89	21.79	20.66	21.82	22.87
Program Costs ($MM) - Bridge and Forecast Period							
2025	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
25.10	25.59	26.96	28.94	30.88	31.92	32.97	

The Finance and Treasury program is a foundational component of Alectra Utilities' financial governance framework. It supports Alectra Utilities' long-term financial sustainability and operational resilience by ensuring the prudent management of financial resources and the delivery of financial services. This program ensures the efficient management of financial resources and provides strategic support for growth and operational excellence. This program is committed to providing exceptional service to both internal and external stakeholders, with a focus on accuracy, reliability, completeness, and timeliness. The Finance and Treasury program contributes to operational efficiency by leveraging technology and process improvements. Initiatives include the automation of routine financial tasks and use of tools to enhance management and financial reporting. These efforts are aligned with Alectra Utilities' broader objective of continuous improvement. To ensure sustained program effectiveness, Alectra Utilities invests in the professional development of Finance and Treasury personnel to enable

them to excel in their roles. These measures support employee engagement and build organizational capacity to adapt to evolving financial and stakeholder requirements.

The Finance and Treasury program is divided into the Finance and Treasury segments, each playing a distinct but complementary role in driving the organization's financial performance.

Finance: This segment includes Financial Accounting, External Reporting, and Financial Planning, Analysis, and Systems. The Finance segment ensures the organization's financial integrity by maintaining accurate records, delivering timely internal and external reporting, and offering thorough financial planning and analysis. These functions are essential for effective decision-making, resource allocation, and compliance with regulatory standards. The Finance segment also plays a critical role in forecasting, budgeting, and helping the organization achieve its strategic objectives through detailed financial oversight.

Treasury: This segment includes Treasury, Tax, and Strategic Support. The Treasury function is responsible for managing the organization's cash flow, investments, and financial risks. The Tax function ensures the organization's compliance with tax regulations, while seeking to optimize tax efficiencies. Strategic Support provides key financial insights that inform long-term planning and risk mitigation strategies. Together, these functions ensure the financial security and strategic flexibility needed to support Alectra Utilities' operations and growth.

2. OUTCOMES AND MEASURES

Table 4-2-19: Finance and Treasury Program Outcomes and Measures Summary

Financial Performance	• **Maintaining Strong Credit Metrics:** Proactively managing Alectra's credit rating metrics (Debt Leverage, AFFO/Debt %, Debt/Capital, EBITDA %) to ensure financial stability and favorable borrowing conditions. • **Delivering Accurate Financial Reporting:** Preparing accurate, complete, and timely financial results (including external MD&A and CRA Tax Filings) to promote transparency and meet reporting requirements. • **Enabling Data-Driven Decision Making:** Providing detailed management reporting and financial analysis that drives strategic planning, performance monitoring, and financial forecasting. • **Ensuring Compliance and Accountability:** Facilitating financial statement audits to maintain the integrity of financial disclosures and ensure compliance with regulatory standards. • **Enhancing Operational Efficiency:** Continuously optimizing tools and resources to streamline financial processes, reduce costs, and improve the accuracy and speed of financial operations.
Operational Effectiveness	• **Leveraging Technologies and Process Improvement:** Leveraging technologies and process improvements to enable more efficient financial operations.

3. PROGRAM DESCRIPTION

The Finance and Treasury program has overall accountability for reporting on Alectra Utilities' financial performance and ensuring that the Company has sufficient financial resources to execute the business plan approved by the Board of Directors. This program not only monitors financial outcomes but also provides insights that drive decision-making and strategic planning across the organization.

This program is dedicated to maintaining robust financial management practices and enhancing operational efficiency. By leveraging advanced financial systems and analytics, the program aims to optimize resource allocation, support sustainable growth, and enhance stakeholder value.

The Finance and Treasury Program is divided into two segments:

Finance: The Finance segment is responsible for maintaining the integrity of Alectra Utilities' financial results and the financial information necessary to manage the company in an optimal manner. This segment encompasses various functions including financial planning and analysis, forecasting, financial systems management, external financial reporting, management reporting, accounting policy development, accounts payable, general accounting, miscellaneous accounts receivable and collections, and internal controls.

Treasury: The Treasury segment is responsible for several essential activities including executing short-term and long-term borrowing strategies to fund current and future growth opportunities, managing relationships with Alectra Utilities' credit rating agencies and investors, and ensuring compliance with debt covenants. This segment also oversees insurance programs to manage risk and mitigate losses, prepares and files income and commodity tax returns, and monitors municipal tax assessments affecting property taxes. Additionally, the Strategic Support team provides financial analysis and support for various strategic projects, investor and bond rating presentations, and dividend recommendations.

Together, these segments ensure the organization's financial health and support its strategic objectives.

4. OVERALL PROGRAM COSTS

Table 4-2-20: Finance and Treasury Expenditures by Segment ($MM)

Finance and Treasury Program Costs ($MM) – Historic Period								
Year	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Total	16.85	18.82	20.17	22.89	21.79	20.66	21.82	22.87
Finance	10.80	11.19	12.22	12.69	11.81	10.45	11.13	11.62
Treasury	6.05	7.63	7.95	10.19	9.98	10.21	10.68	11.24
Program Costs ($MM) – Bridge and Forecast Period								
Year	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
Total	25.10	25.59	26.96	28.94	30.88	31.92	32.97	
Finance	13.21	13.13	14.16	15.21	16.69	17.24	17.79	
Treasury	11.90	12.46	12.80	13.73	14.19	14.68	15.19	

4.1. COST DRIVERS

Alectra Utilities anticipates significant growth over the 2025 to 2031 period driven by infrastructure renewal, growing electricity demand, and grid investments for resiliency and modernization. During this period Finance and Treasury will remain focused on its core responsibilities while adapting to a rapidly evolving business landscape and ensuring that Alectra Utilities has the financial resources and strategies in place to support its operating and capital initiatives.

The primary cost drivers of the Finance and Treasury program are increased labour to support the investment plan and insurance premiums:

Increased Labour to Support Investment Plan: Over the rebasing period, the program includes the addition of 16 FTEs[7] in the Finance segment to support the expanded investment plan. As further described below, this increase in staffing is directly attributable to the expanded investment plan, which is expected to result in a material increase in transactional volume.

[7] 15 FTEs are for Accounting (10 Accounting Analysts & 5 Accounts Payable) and 1 FTE for Financial Planning, Analysis & Systems

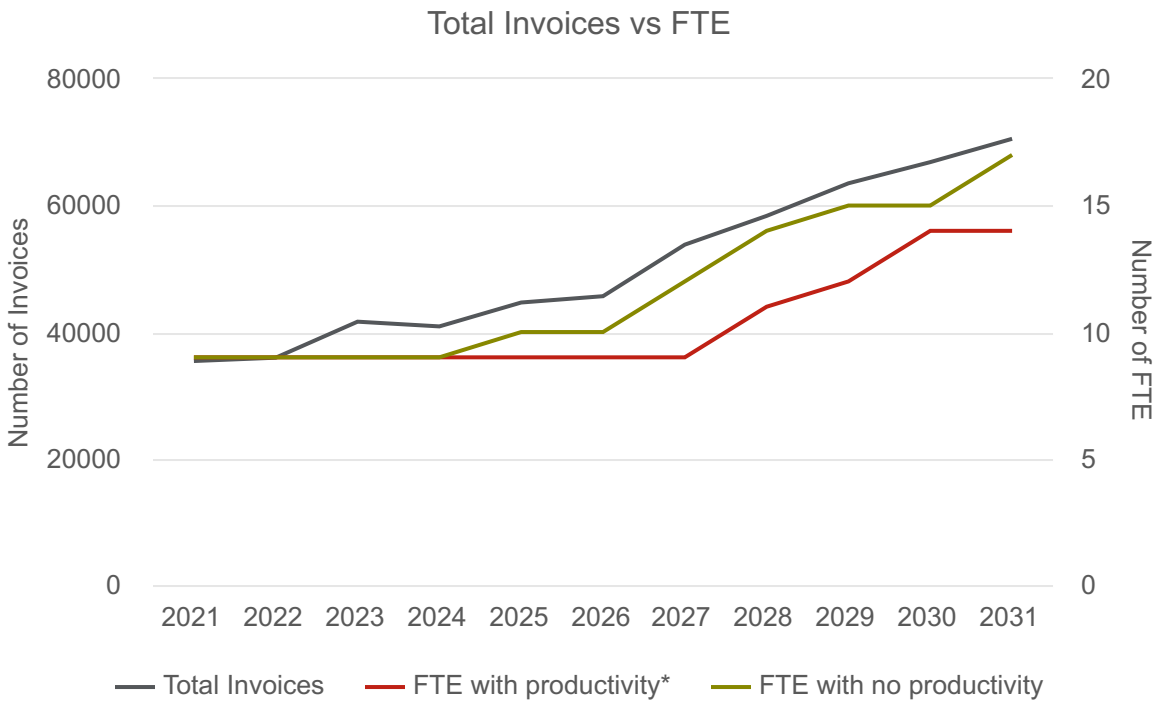
Specifically, the number of invoices, work orders, and related financial transactions processed by the Accounts Payable and Accounting functions is anticipated to rise in proportion to the scale of the investment plan. The incremental FTEs are required to ensure the continued accuracy, timeliness, and compliance of financial processing activities in the face of this increased workload.

Increased Volume of Invoices

Accounts Payable is responsible for processing invoices accurately and on time, in accordance with corporate policies. The volume of invoices processed, which is directly proportional to the level of OM&A and Capital spending, was used as a benchmark for forecasting future transactions. Chart 4-2-21 below shows the annual volume of invoices processed, which is projected to increase by 99% between 2021 to 2031, driven by the growth in the capital and OM&A programs. Due to planned productivity enhancements, Accounts Payable staffing levels are projected to increase at a slower pace than invoice volumes.

Based on current productivity levels (2021-24 average) 17 Accounts Payable staff would be required by 2031. However, Alectra Utilities has assumed that productivity per Accounts Payable representative will increase by 21% reducing the required (budgeted) FTE level to 14 by 2031.

Chart 4-2-1: Total Invoices vs FTE



* FTE with productivity represents the headcount in Alectra Utilities' financial plan.

Table 4-2-21 summarizes the projected resourcing requirements both before and after productivity expectations.

Table 4-2-21: Resourcing Requirements

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Total Invoices	35,419	35,944	41,638	40,891	44,668	45,667	53,815	58,363	63,516	66,865	70,551
FTE with productivity*	9	9	9	9	9	9	9	11	12	14	14
FTE with no productivity	9	9	9	9	10	10	12	14	15	15	17

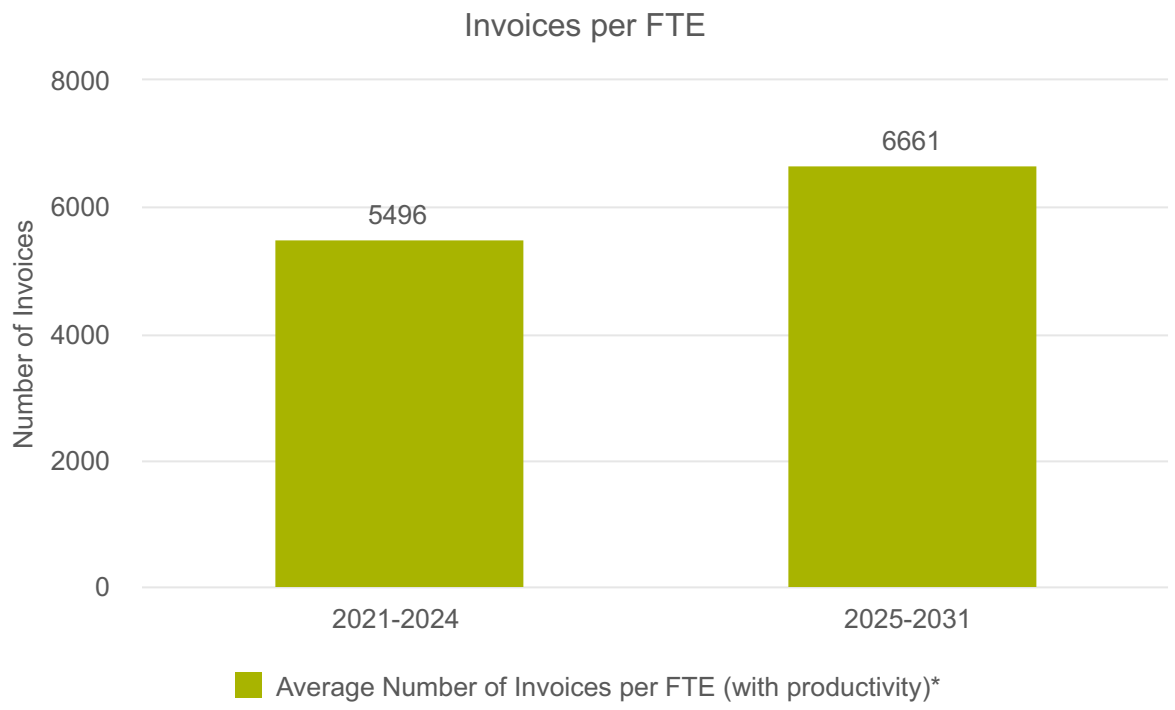
* FTE with productivity represents the headcount in Alectra Utilities' financial plan.

Based on the projections identified in Table 4-2-21, Alectra Utilities plans to increase the number of accounts payable FTEs by 5 over the Test Period (From 9 FTEs to 14 FTEs).

While the historical (2021-24) annual average number of invoices processed per Accounts Payable FTE is 5,496, the Finance and Treasury program has assumed that this average will increase to 6,661 over the period as a result of enhancements to the ERP and accounts payable systems and optimization of procure-to-pay processes as described in section 4.2. Without these productivity activities and assumptions, Alectra Utilities would be requesting 3 additional FTEs over the 2027-2031 period.

Chart 4-2-2 below provides the average number of 2021-2024 and 2025-2031 invoices per accounts payable FTE. Productivity per FTE is forecast to increase by 21% over the 2025-31 period compared to 2021-24.

Chart 4-2-2: Invoices per FTE



* FTE with productivity represents the number of AP representatives in Alectra Utilities' financial plan that process invoices

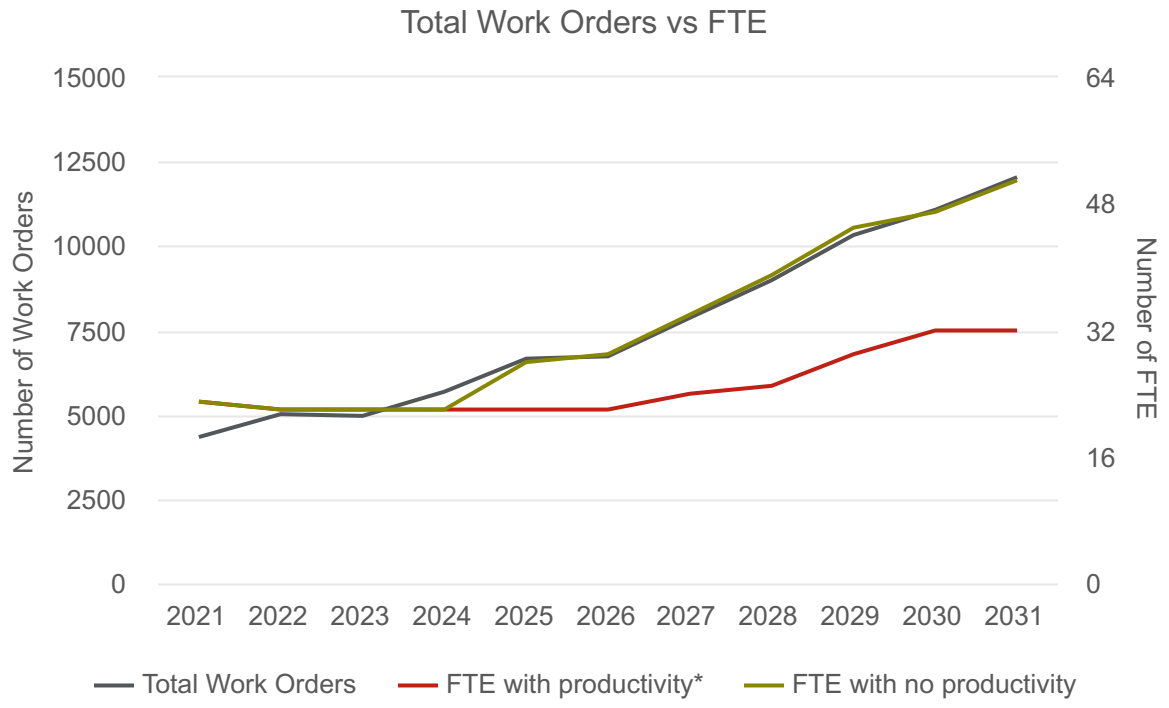
Increased Volume of Work Orders

The Accounting department is responsible for analyzing and processing work orders. Finance expects that the number of work orders processed annually will nearly double over the 2025 to 2031 period as a result of the expenditures identified in the Investment Plan.

Chart 4-2-3 below shows the annual volume of work orders processed, which is forecast to increase by 177% between 2021 to 2031, driven by the growth in the capital investment program. Due to planned productivity enhancements, Accounting staffing levels are projected to increase at a slower pace than work order volumes.

Based on current productivity levels (2021-24 average), 51 Accounting FTEs would be required to process work orders by 2031. However, Alectra Utilities has assumed that productivity per FTE will increase by 47% reducing the required (budgeted) FTE level to 32 by 2031.

Chart 4-2-3: Total Work Orders vs FTE



* FTE with productivity represents the headcount in Alectra Utilities financial plan.

Table 4-2-23 summarizes the projected resourcing requirements both before and after productivity expectations.

Table 4-2-23: Resourcing Requirements

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Total Work Orders	4,341	5,020	4,968	5,685	6,664	6734	7,876	8,990	10,329	11,077	12,043
FTE with productivity*	23	22	22	22	22	22	24	25	29	32	32
FTE with no productivity	23	22	22	22	28	29	34	39	45	47	51

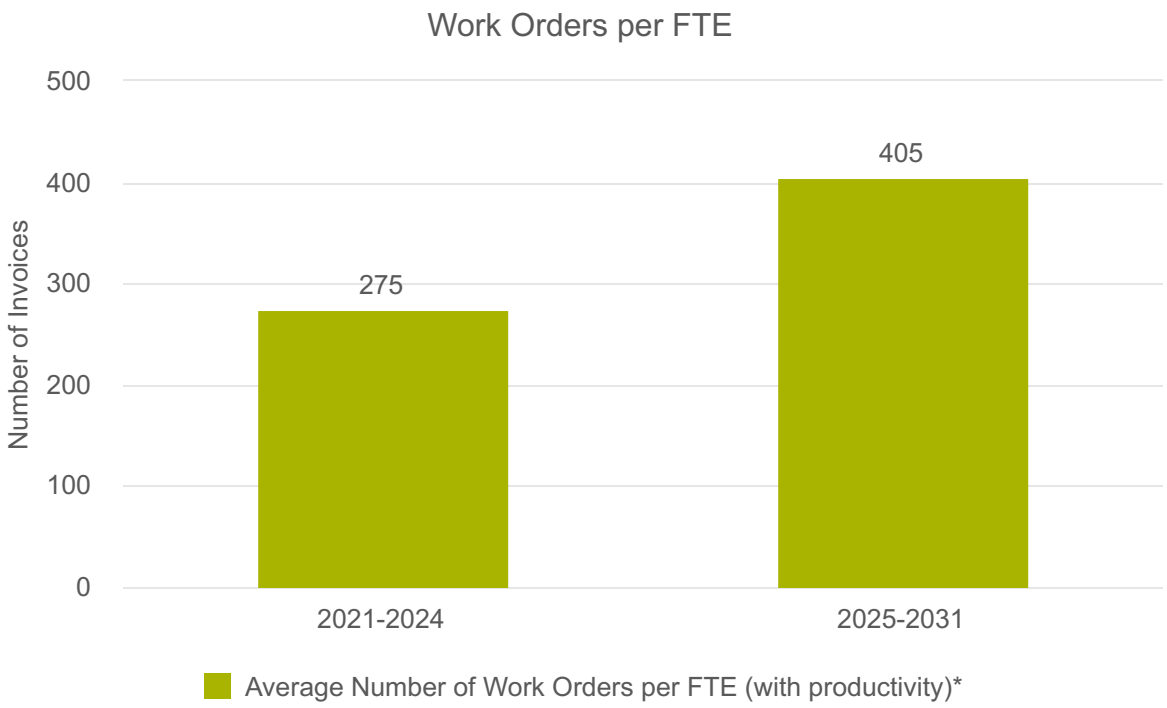
* FTE with productivity represents the headcount in Alectra Utilities' financial plan.

Based on the projections identified in Table 4-2-23, Alectra Utilities plans to increase the number of accounting analyst FTEs by 10 over the rebasing period (From 22 FTEs to 32 FTEs).

Chart 4-2-4 below provides the average number of 2021-2024 and 2025-2031 work orders per accounting FTE.

While the historical annual average number of work orders per accounting department FTE is 275, the Finance and Treasury program has assumed that this average will increase to over 405 over the rebasing period as a result of enhancements to the ERP system, standardization of MAR invoice and payment processing, optimization of end to end work order processes and project reporting, and the automation of transactional processes as described in Section 4.2. Without these productivity activities and assumptions, Alectra Utilities would require an additional 19 FTEs over the 2027-2031 period.

Chart 4-2-4: Work Orders per FTE



* FTE with productivity represents the headcount in Alectra Utilities' financial plan.

Insurance Premiums: Insurance premiums are driven by policy limits, market conditions, the current value of insured assets, and loss experience. While Alectra Utilities has enjoyed a claims free record across many of its policies, insurance premiums in property, cyber and fleet policies have increased as a result of losses experienced in the insurance market. Inflationary impacts on insurable values and a general hardening of the insurance market led to cost increases during and after the pandemic years. Alectra Utilities regularly reviews the adequacy of limits and lines of coverage and adjusts accordingly to ensure insurable risk is migrated to reasonable levels.

4.2. PRODUCTIVITY AND COST CONTROL

Finance and Treasury are committed to enhancing productivity and managing costs. The Finance department has implemented a number of process improvements over the 2017-2024 period and will continue with ongoing improvements throughout the rate period to control costs

and improve productivity. By leveraging automation tools, the Finance and Treasury program aims to streamline financial tasks, including reporting and analysis, to minimize the need for additional FTEs.

System Integration and Standardization: From 2020 to 2024, Alectra Utilities focused on system integration and standardization to enhance operational efficiency and customer experience. In 2020, collaboration between Finance, IT, and the Project Delivery Group led to the integration of the JD Edwards (JDE) ERP system with Oracle Primavera P6, automating data transfer and reducing manual errors. From 2021, Finance improved the Miscellaneous Accounts Receivable (MAR) collection process by standardizing procedures, implementing new JDE functionalities, and automating customer communications, which enhanced collections and data accuracy. In 2022, payment processes were streamlined, boosting inter-departmental communication and improving bank reconciliation and payment accuracy. Concurrently, the Accounting department harmonized work order processes across all rate zones, including supporting guarantees, subdivision/ICI, transit and roads projects, and damage claims. These efforts standardized practices, improved billing and collection efficiency, and ensured a consistent, enhanced customer experience across all service territories.

Process Optimization & Automation: From 2020 to 2024, Alectra Utilities enhanced its financial systems through automation and process improvements, boosting efficiency and accuracy. In 2020, the automation of accounts payable accruals and development of aging reports improved month-end processes and vendor experiences. By 2022, significant work order process improvements were made including introducing a new work order status structure, automatic notifications and Power BI dashboards, supported by training and updated documentation. Automated validations and interest calculations further reduced manual tasks. In 2023, Finance automated financial schedule preparation, automated allocations in JDE resulting in higher accuracy, and implemented robotic process automation ("RPA") for commercial paper transactions, allowing staff to concentrate on high-value tasks. Blanket purchase order approvals were also streamlined. By 2024, enhancements in expense management and multi-currency handling in JDE minimized manual efforts and improved financial accuracy. Additional RPAs are being developed to automatically complete report extraction and synchronization, aimed at automating repetitive processes and allowing Finance to focus on more value added activities.

Financial Data & Analytics Enhancement: In 2023, the Accounting and IT departments collaborated to create automated report scheduling and distribution via Hubble, eliminating manual tasks and accelerating access to critical financial data. Alectra Utilities is enhancing its financial data and analytics capabilities through the review of Financial Systems, and the expansion of the Financial Data Mart (FDM). The FDM is a simplified and focused subset of a larger data warehouse that provides users easy access to relevant data for specific report and analysis tasks. This makes it easier for leaders to find and use the data they need without having to sift through the entire data warehouse. The expansion of the FDM plays a crucial role by integrating with other data marts, the ERP system, and financial analysis platform, to leverage business intelligence and analytics for strategic insights. These efforts collectively enhance operational efficiency and strategic decision-making by reducing the time required to prepare financial information and by providing self-service analytics through our dashboards. With the implementation of the FDM, our Finance team has begun the transition from manual, Excel-based reports to automated dashboards. This shift has resulted in the automation of several critical processes, such as business unit and executive reporting.

Treasury & Cash Management Improvements: Between 2017 and 2022, Alectra Utilities implemented key treasury and cash management improvements to optimize financial operations and strengthen vendor relations. Collaborating with a banking partner, Finance introduced a US dollar electronic funds transfer (EFT) system for US vendors, reducing cheque-related costs and enhancing payment speed and vendor experiences. Treasury streamlined operations by consolidating banking services under one provider, lowering cash balance requirements, and securing long-term agreements with lenders for liquidity and cost stability. A dedicated facility for letters of credit further minimized expenses. Risk management was improved by revising insurance policies to industry standards and expanding coverage for high-risk areas like cybersecurity. Additionally, a third rating agency was added to safeguard Alectra Utilities' credit rating, ensuring access to capital at favorable rates. These initiatives collectively enhance operational efficiency, risk management, and financial resilience.

5. FINANCE SEGMENT

5.1. FINANCE SEGMENT DESCRIPTION

The Finance segment plays a critical role in upholding the accuracy and reliability of Alectra Utilities' financial reporting, providing essential insights to support strategic decision making and optimizing business performance. As Alectra Utilities anticipates significant growth over the 2025 to 2031 period, Finance will remain focused on its core responsibilities while adapting to a rapidly evolving business landscape. By safeguarding the integrity of financial data and supporting efficient fiscal management, Finance will be well positioned to navigate the challenges of a growing and modernizing company, ensuring continued operational success.

The key functions within the Finance segment include:

Financial Planning and Analysis

The Financial Planning, Analysis and Systems (FPA&S) function is accountable for developing Alectra Utilities' annual budget and five-year financial plan, quarterly forecasts, management reporting and financial systems support. The team is responsible for internal management reporting, including the financial packages for the Executive Committee, Senior Leadership team and the Board of Directors. This function is also accountable for the oversight, development and maintenance of systems used to deliver its services. FPA&S supports Alectra' Utilities' business units through a business partner model where specialists are assigned to each major department. The business partners directly support the business by helping them prepare forecasts, annual budgets, and by providing monthly management reporting and analysis for each business unit.

The FPA&S function benefits ratepayers through planning, forecasting, and reporting processes that allow Alectra Utilities to monitor performance versus approved budgets and forecasts.

Accounting

The Accounting function is responsible for general accounting which includes managing the month end and year end close processes and ensuring the integrity of financial data in the general ledger and subledger. In addition, this function is responsible for fixed asset accounting

and costing of all work program activities which involves close collaboration with various departments across the organization by using a business partnering model.

The Accounting function is accountable for project billing and collection of all miscellaneous accounts receivable activities. In addition, this function oversees the accounts payable function and ensures that vendors and employee business expenses are paid accurately and ensures compliance to the corporate and legislative requirements. The Accounting function also provides support to projects and system changes impacting the ERP System and other supporting systems.

External Financial Reporting

The External Financial Reporting function is accountable for the preparation of external financial statements and management discussion and analysis (MD&A). In addition, the External Financial Reporting function manages the annual audit process, provides guidance on all accounting policy matters to management, and oversees the implementation and documentation of technical accounting policies and procedures and internal controls.

5.2. FINANCE SEGMENT COSTS

Table 4-2-25 below, provides the Historical, Bridge, and Forecast expenditures for the Finance segment.

Table 4-2-25: Finance Segment Expenditures ($MM)

Finance								
Segment Costs ($MM) – Historic Period								
Year	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Total	10.80	11.19	12.22	12.69	11.81	10.45	11.13	11.62
Segment Costs ($MM) – Bridge and Forecast Period								
Year	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
Total	13.21	13.13	14.16	15.21	16.69	17.24	17.79	

5.3. FINANCE SEGMENT YEAR-OVER-YEAR VARIANCE ANALYSIS

2017-2018 Variance Explanation

There is no material variance during this period.

2018-2019 Variance Explanation

From 2018 to 2019 costs increased by $1.03MM primarily due to the addition of six FTEs as a result of the merger with Guelph Hydro Electric Systems Inc.

2019-2020 Variance Explanation

There is no material variance during this period.

2020-2021 Variance Explanation

There is no material variance during this period.

2021-2022 Variance Explanation

From 2021 to 2022 costs decreased by $1.36MM primarily due to the payroll function moving from Finance to Human Resources. This included the transfer of seven positions as well as the costs associated with the third-party payroll vendor.

2022-2023 Variance Explanation

There is no material variance during this period.

2023-2024 Variance Explanation

There is no material variance during this period.

2024-2026 Variance Explanation

From 2024 to 2026 costs increase by $1.51MM primarily due to temporarily vacant positions as a result of normal turnover in the prior year, annual pay increases for existing employees expected in 2025, and the addition of a Business Analyst position in Accounting added in 2026

to support process improvements, productivity initiatives, and to build in-house expertise to support finance operations.

2026-2031 Variance Explanation

Costs over the rate period are expected to increase by approximately $0.93MM per year, primarily due to the addition of 16 FTEs over the rate period to support Alectra Utilities proposed investment plan as well as annual pay increases for existing employees. The impact of the investment plan is the addition of 15 FTEs as a result of higher workload from the increased volume of transactions. The increase in FTEs is gradual over the rate term, with 2 positions added in 2027, 3 positions in 2028, 5 positions in 2029, and 5 positions in 2030. The growing investment plan will result in more AP invoices to be processed, a higher number of work orders, and an increase in transactions related to capital projects. One additional FTE in 2027 is required to support process automation through system enhancements and to build in-house financial IT expertise to support operations.

6. TREASURY SEGMENT

6.1. TREASURY SEGMENT DESCRIPTION

The Treasury segment ensures that Alectra Utilities has the financial resources and strategies in place to support its capital initiatives. As Alectra Utilities executes its capital investment plan to meet growing electricity demand and enhance grid resilience, the Treasury segment will play a pivotal role in supporting these efforts. By securing funding for infrastructure projects to modernize the grid, Treasury ensures Alectra Utilities can meet its financial commitments while maintaining long-term operational stability.

The key functions within the Treasury segment include:

Treasury

The Treasury function is responsible for managing several key areas that ensure Alectra Utilities' financial stability and operational efficiency including: insurance programs, day to day banking, including credit card administration, control access rights to electronic banking platforms, liquidity, maintaining adequate letter of credit and committed credit facilities,

compliance with debt covenants and investor relations, relationships with credit rating agencies, and short-term and long-term debt requirements of Alectra Utilities.

Taxation

The Taxation function is accountable for preparation of the annual tax and other returns for Alectra Utilities, calculation of tax provisions to support management and external reporting, and for providing tax advice to management for issues such as budgeting, acquisitions and capital structure.

Strategic Support

The Strategic Support function provides financial support and analysis for Alectra Utilities' strategic projects, including capital infrastructure funding options analysis and recommendations, regulated business growth opportunities, and process improvements in various business units. This function is also responsible for various internal and external stakeholder reporting, such as shareholder, investor and bond rating presentations, as well as dividend recommendations.

6.2. TREASURY COSTS

Table 4-2-26 below, provides the Historical, Bridge, and Forecast expenditures for the Treasury segment.

Table 4-2-26: Treasury Segment Expenditures ($MM)

Treasury								
Segment Costs ($MM) – Historic Period								
Year	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Total	6.05	7.63	7.95	10.19	9.98	10.21	10.68	11.24
Segment Costs ($MM) – Bridge and Forecast Period								
Year	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
Total	11.90	12.46	12.80	13.73	14.19	14.68	15.19	

6.3. TREASURY YEAR-OVER-YEAR VARIANCE ANALYSIS

2017-2018 Variance Explanation

From 2017 to 2018 costs increased by $1.58MM mainly due increased labour costs from filling approved positions in late 2017 and increased bank charges in 2018 due to Alectra Utilities' transition to one financial institution.

2018-2019 Variance Explanation

There is no material variance during this period.

2019-2020 Variance Explanation

From 2019 to 2020 costs increased by $2.25MM primarily due to increased bank fees of $1.77MM and insurance costs of $0.31MM. The bank fees increase was a result of market uncertainty, triggered by the onset of the COVID-19 pandemic, which contributed to an increase in costs for the credit facility. In response to these challenges and to ensure adequate liquidity, Alectra Utilities increased its credit facility from $500MM to $700MM in 2020. Insurance cost increases were driven by higher insurance rates and limits.

2020-2021 Variance Explanation

There is no material variance during this period.

2021-2022 Variance Explanation

There is no material variance during this period.

2022-2023 Variance Explanation

There is no material variance during this period.

2023-2024 Variance Explanation

There is no material variance during this period.

2024-2026 Variance Explanation

There is no material variance during this period.

2026-2031 Variance Explanation

Costs over the rate period are expected to increase by approximately $0.55MM per year, primarily due to inflation.

SUPPLY CHAIN SERVICES

1. OVERVIEW

Table 4-2-27: Supply Chain Services Program Summary

Supply Chain Services								
Program Description: The Supply Chain Services program supports Alectra Utilities' capital and operating programs by ensuring the timely procurement of goods and services needed to maintain the distribution grid.								
Program Outcomes: Operational Effectiveness, Public Policy Responsiveness, Financial Performance								
Program Segments • Supply Chain Services								
Program Costs ($MM) - Historic Period								
Year	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Total	7.74	8.87	9.22	9.73	9.20	10.13	11.22	10.80
Program Costs ($MM) - Bridge and Forecast Period								
Year	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
Total	11.56	11.44	11.85	12.67	13.58	14.16	14.68	

The Supply Chain Services program provides procurement, inventory planning, warehousing and contract management services to support Alectra Utilities' execution of capital and operating programs. The core objective of the program is to ensure the timely procurement of the goods and services required to maintain a safe and reliable distribution grid.

This program consists of three functional areas:

- Procurement Services
- Inventory Planning & Logistics
- Commodity Management

Procurement Services

The Procurement Services group is responsible for sourcing and acquiring goods and services essential for the operation and maintenance of the grid. This group offers professional and operational support throughout the organization in all procurement related activities. The primary responsibilities of this group include sourcing and acquiring goods and services promptly through careful vendor selection and market research.

Inventory Planning and Logistics

The Inventory Planning and Logistics group plays a critical role in ensuring the efficient and reliable supply of materials and equipment necessary for the uninterrupted operation and maintenance of Alectra Utilities' infrastructure. This department is responsible for ensuring materials are safely received, stored, and issued at each of Alectra Utilities' six (6) warehouse locations. By leveraging historical data, current demand, and future projections, the group maintains optimal inventory levels to meet operational needs while minimizing excess stock. Their data-driven approach includes forecasting key materials, analyzing inventory valuation and safety stock levels, addressing material shortages, and tracking planned versus actual material usage. Additionally, they focus on improving inventory accuracy, reducing carrying costs for obsolete or slow-moving inventory, and aligning logistics with business requirements to enhance operational efficiency and support Alectra Utilities' infrastructure demands.

Commodity Management

Commodity Management oversees the sourcing process, manages supplier relationships, and develops effective sourcing strategies. The group is responsible for contract negotiations, vendor management, prequalification of vendors and contractors, and contract development and management. The core objectives of this group are to optimize the supplier base and minimize commodity costs by establishing preferred vendor relationships and implementing robust contract management strategies.

2. OUTCOMES AND MEASURES

Table 4-2-28: Supply Chain Services Program Outcomes and Measures Summary

Operational Effectiveness - Reliability	Support reliability outcomes by: • Ensuring material availability and timely issuance to support the execution of planned capital and maintenance programs to manage reliability risk. • Ensuring timely issuance of materials required to respond to outages and restore power.
Public Policy Responsiveness	Supports Alectra's environmental goals by ensuring compliance with all relevant regulations for the management of hazardous materials throughout the process of receiving, storage, and disposal.
Financial Performance	Supports Alectra's financial performance by: • Negotiating timely and cost-effective acquisition and supply of materials from suppliers, • Ensuring adequate production levels secured with suppliers to meet Alectra's material demand; and • Ensuring optimal level of material and equipment is maintained to support uninterrupted capital and maintenance work.

3. PROGRAM DESCRIPTION

3.1. KEY SUPPLY CHAIN SERVICES FUNCTIONS

The Program consists of three (3) integrated functions: Procurement, Inventory Planning & Logistics, and Commodity Management.

Procurement Services

The Procurement Services group ensures supply of materials and equipment required to support Alectra Utilities' capital and maintenance work. The group's key objective is to develop and maintain a strong supplier base that can provide the production capacity to meet Alectra

Utilities' material demand needs. Additionally, the group is tasked with developing and maintaining strategic vendor relationships, implementing vendor management strategies to secure supply fulfillment and cost stability, and managing the procurement of all inventory purchases, including the administration of the approved materials within the Enterprise Resource Planning (ERP) system. The group manages purchase orders, oversees the vendor database, and ensures adherence to the Corporate Procurement Policy.

Inventory Planning & Logistics

The Inventory Planning & Logistics group is responsible for managing optimal inventory levels at each of Alectra Utilities' six (6) warehouses in support of Alectra Utilities' capital and maintenance work. The group works closely with the Capital and Maintenance working groups to ensure material availability at the start of each project. In addition, this group develops materials forecasts for major equipment (i.e., transformers, switchgears, cable) to improve material flow by using historical data and asset planning to align future demand with supply plans. These forecasts ensure that appropriate production capacity of key materials is secured over the forecasted period.

Alectra Utilities’ approach to materials forecasting proved to be a very effective mitigation strategy to ensure material supply during the Global Supply Chain disruption in early 2020 by enhancing collaboration, mitigating risks, reducing lead times, and aligning with capital spending goals. Through a forecast and forward buy program, Alectra Utilities secured manufacturing capacity by placing advance orders, helping prevent supply shortages and supporting capital, customer and maintenance projects. The group worked closely with suppliers to prioritize Alectra Utilities' needs, achieving more reliable material availability in a constrained market. Further details on Alectra Utilities' response to the supply chain disruption resulting from the Covid-19 pandemic are provided in Section 3.3 below.

The Inventory Planning & Logistics group also manages the appropriate material re-order points that generate purchase orders as inventory levels are depleted. This process considers historical demands, material lead time and critical safety stock required for emergency work. All material orders are closely monitored and expedited to ensure timely supply for planned and reactive work. Changes in delivery dates that may impact utility work are firmed up with

suppliers and communicated with respective Alectra Utilities working groups to ensure operational efficiency and timely planning and execution of work.

Commodity Management

The Commodity Management group is responsible for the strategic sourcing and contract management of goods and services critical to Alectra Utilities' operations. This group develops sourcing strategies, negotiates contracts, and builds strong supplier relationships to ensure the best value and reliability of Alectra Utilities' supply chain.

To mitigate risk, this group focuses on supplier diversification and contingency planning. Cost management is a key priority, with initiatives aimed at reducing expenses while maintaining high quality standards. Quality assurance is also critical, requiring close collaboration with suppliers to ensure materials meet Alectra Utilities' specifications.

Compliance with regulations and internal policies is integral, ensuring that procurement aligns with environmental and ethical standards. The group works cross-functionally with all departments to ensure sourcing activities support the organization’s broader goals. Performance is continuously monitored using key performance indicators to drive ongoing improvements in the sourcing process, including the following:

- **The RFP & Contracting Project Cycle Time** assessing the efficiency and timeliness of contracting and sourcing initiatives. By measuring the time taken from the initial request for proposal (RFP) through to the final contract signing, this metric helps in identifying opportunities for streamlining the overall process.

- **The Delivery of Business Unit Roadmap Plans** measures the alignment between completed projects and the overarching strategic goals of the organization. By evaluating how well projects align with the roadmap, this metric provides insights into the effectiveness and impact of sourcing and procurement activities.

- **Completed Project Counts by Business Unit and Project Type** provides insights into project distribution across different areas of the organization and the types of initiatives being prioritized. By tracking the number of projects completed by business unit and

project type, this metric enables trend analysis and the identification of areas for workflow optimization, resource allocation, and process improvements.

- **The Customer Survey Scores** for completed projects provide critical insights into how effectively contracting and sourcing initiatives meet end-user needs. By capturing direct feedback on various aspects of project execution, such as responsiveness, quality of deliverables, timeliness and communication, these scores serve as a key tool for assessing and refining processes.

3.2. MATERIAL STANDARDIZATION

Since the merger of four legacy utilities in 2017, and the subsequent merger of Guelph Hydro in 2019, Alectra Utilities has developed a cross-functional team to standardize materials over 11,000 material items used by its legacy utilities in operating the electrical grid. This team, comprising representatives from Engineering Standards, Operations, Asset Management, and Supply Chain, established new standards that were introduced to the market in 2019. Although COVID-19 caused significant delays, by 2022, Alectra Utilities successfully rolled out a new standard for distribution transformers, reducing the number of approved models from 456 to 143, a 68% reduction . In 2023, Alectra Utilities implemented new standards for concrete and wood poles, further reducing the number of approved specifications from 109 to 60, a 45% reduction.

The standardization initiative, led by Alectra Utilities' Standards and Supply Chain departments aimed to reduce the number of products, lower procurement costs, and ensure readily available inventory across all Alectra Utilities regions. Following the establishment of common specifications, the Supply Chain Management group issued RFPs, securing contracts for the standardized materials.

Alectra Utilities has adopted unified specifications for transformers, poles, and various related hardware. As of 2025, approximately 50% of all overhead standards have been harmonized, with full harmonization expected by the end of 2025. The standardization of underground specifications is scheduled for completion in 2026. The implementation plan includes the strategic use and depletion of existing inventory during the transition.

This standardization effort has achieved the following benefits:

- **Interchangeabilit**y – approved transformers are interchangeable across all of Alectra Utilities' service territory which ensures reliable operation of the distribution grid.

- **Simplified Supply** – standardization allowed for streamlining of supply chain processes by reducing the complexity of sourcing and procurement, enabling easier management of inventory and logistics.

- **Efficient Manufacturing** - standardization allowed for more efficient production processes by allowing manufacturers to optimize operation for a single set of specifications, thereby improving the production time and increasing throughput.

- **Demand Forecasting** – standardization of transformer specification has enabled Supply Chain to develop and communicate demand forecasts with transformer manufacturers to ensure required production capacity. This approach has been instrumental in securing adequate transformer supply during the Global Supply Chain disruption starting in 2020.

3.3. RESPONSE TO SUPPLY CHAIN DISRUPTION

From 2020 to 2024, global disruptions—including the COVID-19 pandemic, geopolitical conflicts, and inflation—posed significant challenges to Alectra Utilities' supply chain. These disruptions resulted in extended lead times, rising material costs, and unpredictable delivery schedules, which impacted project timelines and required additional inventory to ensure availability of critical materials.

In response, Alectra Utilities' Supply Chain group overhauled its approach to procurement to be more forward-looking and align current and future material needs while strengthening collaboration with internal teams and suppliers. This revised approach focuses on five key areas:

- **Diversifying Suppliers:** Identifying alternative sources for critical materials to reduce dependency on single suppliers.

- **Optimizing Inventory:** Adjusting stock levels to balance material availability with cost control.

- **Data-Driven Decisions:** Leveraging advanced analytics and reporting to guide material planning and procurement.

- **Cross-Functional Coordination:** Enhancing collaboration with internal business units to ensure synchronized planning and execution.

- **Strengthening Governance:** Implementing robust procurement processes to manage costs effectively.

A cornerstone of Alectra Utilities' revised approach was the implementation of Key Material Forecast modeling to optimize material flow by leveraging advanced data analytics and enhanced reporting capabilities. Using historical data and asset planning, the model provided insights to align future demand with supply plans, supporting collaboration, mitigating risks, reducing lead times, and aligning with capital spending goals.

Investments in analytics tools, systems, and process alignment enabled Alectra Utilities to meet growing infrastructure demands while improving forecasting accuracy, maintaining optimal inventory levels, and minimizing excess and carrying costs.

Through a forward buy program, Alectra Utilities secured manufacturing capacity by placing advance orders, which helped mitigate lead-time risks and ensured material availability for capital projects, customer needs and maintenance. Alectra Utilities collaborated with suppliers to prioritize the utility’s needs in a constrained market, resulting in more reliable access to essential materials.

Alectra Utilities established a dedicated team to collaborate with project teams on demand planning and materials management, enabling more synchronized decision-making and better resource allocation. Furthermore, backup suppliers were secured for high-demand equipment - including transformers, switchgears, insulators, arresters, inserts, and elbows - stabilizing supply chains and providing greater flexibility in project planning.

Through these efforts, Alectra Utilities has strengthened its supply chain resilience, ensuring it can meet growing infrastructure demands effectively. The adoption of advanced analytics, strategic procurement practices and enhanced supplier relationships has positioned Alectra Utilities to navigate future challenges while delivering on its operational and capital objectives.

3.4. SUPPORTING THE 2027-2031 INVESTMENT PLAN

To meet the increased demands of the 2027-2031 investment plan, the Supply Chain Program is enhancing its supply chain capabilities with a focus on scalability, process efficiency, and cost management. The group engaged all the major suppliers to confirm, in principle, their ability to support the forecasted material requirements. This approach is aimed at improving the inventory visibility, reducing overstocking and allowing for flexible scaling of operations in response to demand fluctuations.

Supply Chain is also emphasizing data analytics and reporting enhancements to improve demand forecasting accuracy and lead-time management. Advanced forecasting tools allow the group to provide timely updates to suppliers, securing production capacity and ensuring reliable access to essential materials in a competitive market. The key risk mitigation strategies include diversifying suppliers and materials where feasible. The group is establishing long-term agreements and priority contracts with major suppliers, securing production slots and advancing forecasts to match the projected growth. Regular supplier engagement, combined with data-driven inventory management and alternative sourcing approvals, will be essential to sustain Alectra Utilities' capital program, avoid delays, and support the electrification and infrastructure expansion efforts.

To support the 2027–2031 capital investment plan, Alectra Utilities' will require third-party logistics (3PL) services to manage increased material volumes driven by higher capital work. At the same time, yard space at several key service centers will be reduced to accommodate a growing fleet, limiting onsite storage capacity. Introducing 3PL warehousing will provide offsite storage, and relieve pressure on constrained yards. This will ensure material readiness, maintain operational continuity, and support the timely execution of the capital program.

4. OVERALL PROGRAM COSTS

Table 4-2-29: Supply Chain Services Program Expenditures ($MM)

Supply Chain Services								
Program Costs ($MM) – Historic Period								
Year	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Total	7.74	8.87	9.22	9.73	9.20	10.13	11.22	10.80
Program Costs ($MM) – Bridge and Forecast Period								
Year	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
Total	11.56	11.44	11.85	12.67	13.58	14.16	14.68	

4.1. COST DRIVERS

Resources to Enable the Investment Plan:

As part of Alectra Utilities' 2027–2031 Capital Investment Plan, the scale and complexity of work is set to increase substantially—not only in terms of dollars, but in the number of projects, scope of assets, and volume of materials required to support electrification, system expansion, asset renewal, and new customer connections.

In 2024, material costs totaled $98.9MM, representing a significant portion of Alectra Utilities' overall capital expenditures of $320MM. This underscores the critical importance of scalable supply chain operations, effective material sourcing strategies, and strong supplier engagement to support capital project execution.

To demonstrate how Supply Chain Services is scaling in response, the following table outlines the 2024 volumes and values of key commodities:

Table 4-2-30: 2024 Values of Key Commodities

Commodity Type	Materials Issued in 2024 (Qty)	Total Value ($)
Transformers	2,150	$29,296,594
Switchgears	153	$9,330,771
Wire/Cable (in meters)	890,082	$14,847,272
Switches/Fuses	40,521	$13,786,856
Concrete Poles	987	$4,225,185
Wood Poles	1,603	$3,958,317
Metering	221,038	$5,255,567
Miscellaneous	1,259,733	$15,550,972
Insulators	28,553	$2,691,498
		$98,943,032

Under Alectra Utilities' $757MM capital program, material requirements are projected to increase significantly compared to 2024 levels. The following highlights the expected increase in material volumes based on current forecasts:

Table 4-2-31: Projected Material Volumes

Commodity Type	2024 Quantity	Projected % Increase (2024–2031)	Projected Quantity by 2031
Transformers	2,150	54%	~3,300 units
Switchgears	153	76%	~270 units
Wire & Cable (meters)	890,082	120%	~1,958,000
Wood Poles	1,603	135%	~3,760 units
Concrete Poles	987	55%	~1,530 units

To meet the capital needs outlined in Alectra Utilities' 2027–2031 Investment Plan, this program will require the addition of six (6) FTEs. Due to the anticipated growth in capital work and increasing complexities in the global supply chain environment, additional resources are necessary to effectively manage material supply and ensure timely support for business needs.

These new roles will focus on collaborating with business units to plan material requirements, develop advanced analytics and reporting, and manage supply deliveries to support critical capital projects.

The scale of this capital program will drive corresponding growth in:

- Inventory handling and third-party logistics (3PL) requirements
- Procurement activities and supplier coordination
- Storage capacity and logistical complexity

To manage the increase in material volumes and the expanded vendor base, two (2) Inventory Planners are required. These roles will be responsible for procurement planning, supplier engagement, and inventory management to ensure alignment with project schedules and to handle long-lead items across a broad portfolio of materials.

To further support the increased procurement activity and supplier management requirements, one (1) Corporate Buyer is required. This role will be critical in issuing purchase orders, managing supplier relationships, monitoring contract compliance, and ensuring timely acquisition of materials and services. With a growing number of vendors and purchase transactions driven by the capital investment ramp-up, the Corporate Buyer will ensure continuity of supply of materials and services through proactive engagement with suppliers and internal stakeholders.

Due to space constraints outlined in the Third Party Logistics Solutions section, Alectra Utilities will require a 3PL solution to supplement internal storage capacity. To support this, a 3PL Supervisor and 3PL Planner are required to manage expanded third-party logistics activities and provide data-driven support for optimized inventory planning and material staging.

In addition, one (1) Supply Chain Analyst is required to enhance operational effectiveness through data-driven analytics, reporting, and performance measurement. This role will support strategic decision-making across the supply chain and ensure alignment with enterprise goals, KPIs, and forecasting models.

Third Party Logistics Solutions: As part of Alectra Utilities' 2027–2031 investment plan, the volume of capital work is expected to increase significantly, resulting in higher material requirements across all operating regions. At the same time, Alectra Utilities is planning to expand its fleet to support growing operational needs, with a total of 74 new additional vehicles anticipated between 2025 and 2031—including pickups, bucket trucks, and various service

vans. Further details on Alectra Utilities' fleet investments can be found in Appendix B08 - Fleet Renewal in the DSP.

To accommodate this increase in fleet vehicles, ~15-20% of inventory yard space at Brampton, Barrie, Hamilton and Markham will be repurposed for fleet parking. As a result, an estimated 117,000 to 153,000 ft² of yard space will be repurposed for fleet vehicles - equivalent to taking Alectra Utilities' largest yard at Kennedy Road in Brampton, offline. This reduction in yard space directly impacts material storage capacity at these locations, creating a dual challenge: more materials are needed to support the growing capital program, while less space is available to store them.

Table 4-2-32: Warehouse and Yard Space

Location	Address	Warehouse (ft²)	Current Yard Size (ft²)	Future Yard Size (ft²)
Brampton	200 Kennedy Rd South	30,000	150,000	120,000 – 127,000
Markham	80 Addiscott Court	18,800	90,000	72,000 – 76,000
Hamilton	450 Nebo Rd	30,553	111,650	90,000 – 95,000
Barrie *	55 Patterson Rd	14,000	156,000	125,000 – 132,000
St. Catharines	340 Vansickle Rd	15,038	144,330	115,000 – 123,000
Guelph	395 Southgate Dr	9,285	114,614	92,000 – 97,000

*Space includes a large section of property designated for pole storage that is not usable to store other materials due to a roadway

To address this, the Program requires a third-party logistics (3PL) solution to supplement internal warehousing capacity and provide the scalability needed to meet rising material demand. Engaging 3PL services will enable offsite storage and staging of bulk and long-lead materials, provide flexible warehousing aligned with project timelines, and relieve pressure on constrained service yards—improving safety and operational flow.

Alectra Utilities currently has a short-term 3PL storage contract in place and will be finalizing a long-term agreement in 2026 to support this transition. This will ensure the flexibility, capacity, and supply chain continuity required to successfully execute the 2027–2031 investment plan without incurring the fixed costs of expanding in-house logistics infrastructure.

4.2. PRODUCTIVITY AND COST CONTROL

The supply chain program is taking the following steps in controlling costs and improving productivity:

One ERP & Barcoding System: In 2019, Alectra Utilities merged all legacy ERP systems (supply chain procurement and demand management) under Oracle's JD Edwards ERP. This streamlined approach has allowed Alectra Utilities to manage all of its capital work, material requirements planning, and supply scheduling under one system. Alectra Utilities has integrated its barcoding system with its ERP platform, significantly enhancing the material issuance process by improving accuracy, traceability, and efficiency. This consolidation has led to better inventory management, reduced processing time, and fewer manual errors. By unifying capital work, material requirements, and supply scheduling within a single system, Alectra Utilities has improved operational effectiveness and cost efficiency while continuing to implement ERP enhancements that support productivity and inventory control. Oracle's Orchestrator Studio, part of the JD Edwards toolset, allows users to automate business processes by creating simple, no-code workflows that connect various JD Edwards applications. Tools like Orchestrator Studio further automate routine tasks, cutting down manual data entry and enabling staff to focus on higher-value work, ultimately supporting efficient scaling for future growth.

Warehouse and inventory Optimization: Alectra Utilities optimizes its warehouse and inventory by transferring stock across regions, where feasible, to reduce the necessity of purchasing additional materials. Additionally, obsolete or slow-moving inventory is either returned to suppliers or sold as scrap. Furthermore, Alectra Utilities collaborates with other utilities to sell surplus materials.

Material Standardization: As described in Section 3.2, Alectra Utilities began the material standardization project in 2019, targeted at reducing the number of products required to track and manage Alectra Utilities' materials inventory. This consolidation enabled manufacturers to produce standardized materials at larger scales, reducing production costs compared to smaller, legacy-specific material specifications and allowing Alectra Utilities to leverage economies of scale. As a result, the streamlined specifications have not only lowered procurement expenses

but also improved material availability across all regions, simplifying inventory management and access.

Demand Forecasting: Demand forecasting, developed using historical data integrated with the JDE ERP system, enables Supply Chain to optimize processes for major materials like transformers, switchgears and cables. By leveraging accurate forecasts and collaborating with business units, the team improves Material Requirements Planning (MRP) and inventory management, reducing costs associated with overstock, emergency purchases, and storage while focusing on strategic initiatives. This forecasting also supports streamlined production scheduling, enhancing labor and equipment efficiency to maximize output. Additionally, sharing demand forecasts with suppliers minimizes lead times, strengthens relationships, and ensures smoother, more reliable operations.

4.3. YEAR-OVER-YEAR VARIANCE ANALYSIS

2017-2018 Variance Explanation

From 2017 to 2018 costs increased by $1.12MM primarily due to the following reasoning:

- $0.77MM increase in inventory write-offs in 2018 compared to 2017, primarily due to obsolete materials;
- $0.35MM increase in labour costs due to addition of legacy PowerStream headcount.

2018-2019 Variance Explanation

From 2018 to 2019 costs increased by $0.35MM primarily due to the following reasoning:

- $0.20MM decrease in inventory write-offs in 2019 compared to 2018, primarily due to obsolete materials;
- $0.76MM increase in labour due to addition of Guelph staff;
- $0.21MM decrease in open bin materials used by Operations, including low-value, high-volume items like connectors and small hardware.

2019-2021 Variance Explanation

There is no material variance during this period.

2021-2022 Variance Explanation

From 2021 to 2022 costs increased by $0.93MM primarily due to the following factors:

- $0.36MM increase in labour due to filling a position that was assigned to support the Guelph JDE and Warehouse Readiness Project, and the addition of a Supervisor, Material Procurement to strengthen support for capital project material demands;
- $0.42MM increase in inventory written off in 2022 versus 2021 as part of the Material Standardization Project, reflecting the disposal of legacy materials that were deemed obsolete;
- $0.23MM increase in the amount of open bin materials used by the Operations team. This included low-value, high-volume items like connectors and small hardware.

2022-2023 Variance Explanation

From 2022 to 2023, costs increased by $1.1MM, primarily due to contract resource expenses related to the one-time relocation of operations from legacy service centres in Mississauga (Mavis Rd.) and Brampton (Sandalwood Rd.) to the newly constructed Kennedy Rd. Service Centre. This included support for the physical transfer of materials and the setup and commissioning of the new warehouse at the Kennedy facility.

2023-2024 Variance Explanation

There is no material variance during this period.

2024-2026 Variance Explanation

There is no material variance during this period.

2026-2031 Variance Explanation

From 2026 to 2031 costs are expected to increased by an average of $0.54MM dollars per year, primarily as a result of inflationary increases and the addition of 6 FTEs to support supply chain needs to deliver on Alectra Utilities' investment plan as outline in Section 4.1 Cost Driver. The additional resources include the following:

- One (1) supply chain analyst to support data-driven analytics and decision making, enhancing the operational effectiveness aligned with strategic supply chain goals
- Two (2) inventory planners to support the growing material demand planning and procurement efforts over the rate term,
- One (1) Corporate Buyer to manage increased procurement activity and vendor relationships, ensuring timely acquisition and continuity of supply through proactive engagement with suppliers and internal stakeholders,
- One (1) third party logistics planner and one (1) third party logistics supervisor to manage expanded third-party logistics activities and provide data-driven support for optimized inventory planning.

HUMAN RESOURCES

1. OVERVIEW

Table 4-2-33: Human Resources Program Summary

Human Resources							
Program Description: The Human Resources program plays a critical role in fostering a high-performing workplace by managing organizational change, prioritizing employee engagement, and promotes the right mix of talent and resources to support operational efficiency, safety, and long-term sustainability.							
Program Outcomes: Public Policy Responsiveness, Operational Effectiveness, Financial Performance							
Program Segments: • Human Resources • Health & Safety and Environment • Business Transformation							
Program Costs ($MM) – Historic Period							
2017	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
14.29	13.83	15.14	13.25	14.38	15.82	18.06	17.14
Program Costs ($MM) – Bridge and Forecast Period							
2025	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
18.90	19.07	21.02	21.89	23.25	23.97	24.61	

The Human Resources (HR) program plays a crucial role in supporting Alectra Utilities' operations by ensuring workplace safety, maximizing talent potential, and mitigating risks related to talent management, policy development and management and legislative compliance. The HR program is responsible for developing and implementing strategies that foster a high-performing and adaptable workplace culture. This program is focused on managing organizational change, optimizing processes through reviewing and refining workflows to remove inefficiencies and enhance productivity, and driving successful project outcomes through effective project management including project governance and monitoring process to support successful project outcome and timely execution .

The HR program's focus is on ensuring public and employee safety, facilitating the management and realization of synergies following the merger integration, developing Alectra Utilities policies and procedures, executing the processes to effectively staff the Alectra Utilities organization structure, managing labour relations and negotiating an Alectra Utilities collective agreement, and employee engagement. This includes aligning resources and processes and streamlining operations to achieve efficiencies and productivity gains. The HR program prioritizes continuous improvement and optimizing HR operational performance to generate ongoing value for customers and shareholders.

Delivering the overall HR program initiatives is essential for ensuring the OM&A and capital programs are supported by the right mix of resources, talent, and skills. Additionally, the HR program ensures that these activities are carried out in a safe, compliant, and environmentally responsible manner to align with Alectra Utilities' long-term sustainability goals.

2. OUTCOMES AND MEASURES

Table 4-2-34: Human Resources Program Outcomes and Measures Summary

Public Policy Responsiveness	• Promotes legislative requirements are met for areas including collective bargaining, corporate policies, environment, and safety compliance and applicable legislation.
Operational Effectiveness - Safety	• Focuses on safety and employee well-being culture: a strong internal responsibility system where employees are proactively identifying and mitigating risks and feel responsible for their and others safety. The goal of proactive reporting is to result in fewer incidents and stronger safety performance.
Financial Performance	• Leverages the performance management system to manage compensation costs while ensuring Alectra is competitive in the market and compensates employees based on performance. • Leverages workforce planning activities and tools to optimize, resource requirements, skills and capabilities. • Sets annual productivity targets and monitors performance through Alectra's productivity framework

3. PROGRAM DESCRIPTION

The HR program supports the safety and wellness of employees, productivity improvements, effective training and workforce planning to ensure talent acquisition and development activities enable the future of the changing distribution system.

The program includes three segments

- Human Resources
- Health & Safety and Environment
- Business Transformation

Human Resources

This segment is responsible for the functions that are essential to attracting, developing, and retaining talent while ensuring a positive and supportive work environment. Key responsibilities of this segment include designing and delivering learning and development programs, managing recruitment activities, oversight of employee wellness initiatives, employee communications, employee engagement efforts, and equity diversity and inclusion. This segment is also responsible for the management of Alectra Utilities' compensation and benefits programs, payroll activities, and labour relations efforts.

Health & Safety & Environment

This segment is responsible for the development, implementation, and governance of programs and practices that promote a healthy, safe, and environmentally responsible workplace. It establishes and maintains the Occupational Health and Safety Management System and promotes Alectra Utilities meets legislative and regulatory health and safety requirements. This segment is focused on minimizing safety risks to employees, contractors, and the public. This segment also maintains the Environmental Management System to promote compliance with applicable regulations and protection of the environment.

Business Transformation

This segment drives the continuous improvement of organizational effectiveness and ensures successful delivery of business strategies. It plays a critical role in managing organizational change by applying best practices in change management, ensuring smooth transitions during business transformations. The team focuses on process improvement to streamline operations and enhance productivity, while also have responsibility for the corporate project management function.

4. OVERALL PROGRAM COSTS

Table 4-2-35: Human Resources Program Expenditures by Segment ($MM)

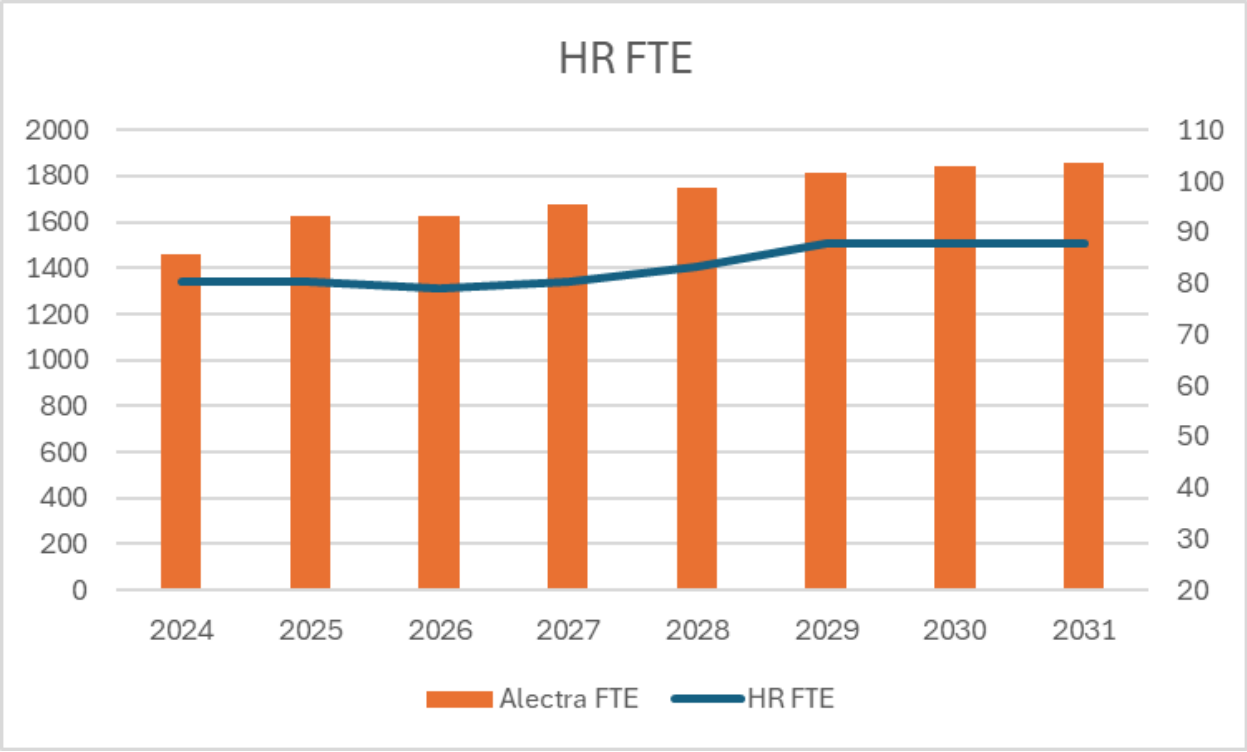
Human Resources								
Program Costs ($MM) – Historic Period								
Year	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Human Resources	6.37	7.61	9.65	8.83	9.80	9.51	11.56	10.45
Health & Safety and Environment	3.30	2.32	2.70	2.38	2.39	3.19	3.07	2.90
Business Transformation	4.62	3.90	2.78	2.04	2.19	3.12	3.43	3.79
Total	14.29	13.83	15.14	13.25	14.38	15.82	18.06	17.14
Program Costs ($MM) – Bridge and Forecast Period								
Year	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
Human Resources	11.27	11.40	12.28	12.91	13.55	14.07	14.41	
Health & Safety and Environment	3.34	3.48	3.69	3.93	4.39	4.43	4.56	
Business Transformation	4.28	4.19	5.05	5.05	5.31	5.47	5.64	
Total	18.90	19.07	21.02	21.89	23.25	23.97	24.61	

4.1. COST DRIVERS

The costs of the HR Program are primarily driven by the necessary resources to support Alectra Utilities' overall investment plan. The HR program includes a forecast of staffing levels required to enable the execution of Alectra Utilities' Capital and OM&A activities. The costs of the HR program are predominantly labour. Over the 2027-2031 rate period HR Program labour costs are forecast to increase by approximately $3.7MM or approximately $0.93MM per year for incremental positions required to attract, retain, and train the necessary resources to support Alectra Utilities' capital plan. These incremental positions are critical to support Alectra Utilities' success in executing the organizational resource plan. Human Resources positions such as Talent Acquisition Specialists, Human Resources Business Partners, Health and Safety Specialist and Project Managers are integral to support the execution of Alectra Utilities' Capital and OM&A activities.

To support the increase in resources required throughout the organization the HR team will be required to increase talent acquisition and management support, HR business partnership support to manage strategic initiatives with the business units and any increased labour relations issues. To provide strategic data intelligence and analytics to enable more accurate and efficient decision making related to HR programs and people impacts. Furthermore, additional resources in Health and Safety are required to support the increased resources in the workplace primarily in the Operations work group.

Chart 4-2-5: HR FTE



4.2. PRODUCTIVITY AND COST CONTROL

The HR program is taking the following steps in controlling costs and improving productivity:

Improved Recruitment Processes: A key focus of the HR program has been optimizing recruitment to attract and retain top talent. By refining the hiring process - through enhanced systems and tools with the implementation of Dayforce, dedicated Talent Acquisition resources within the HR program, and external expertise as needed- Alectra Utilities has been able to

attract strong candidates, which allows Alectra Utilities to maintain low turnover rates. With an average turnover rate of 6.8% over the past three years, this approach has directly reduced recruitment costs and onboarding efforts. Streamlining the hiring process not only makes it easier to fill roles but also improves the quality of hires, fostering long term retention and engagement.

Human Capital Management System (HCMS): In 2024, a human capital management system (HCMS) was implemented, resulting in process efficiencies and cost reductions. This system enabled the repurposing of administrative positions to more strategic roles within the HR team, reducing reliance on manual tasks and cutting payroll administration fees and other licensing costs. Key system efficiencies include:

- **Streamlined Onboarding:** Faster and more efficient onboarding, reducing time to productivity for new hires.
- **Employee Life Cycle Management:** Simplified processes for promotions, transfers, and exits, allowing smoother transitions and better workforce management.
- **Self-Service for Leaders and Employees:** Employees and managers can now manage personal information and time-off requests, reducing HR's administrative burden.

In 2025 further modules will be implemented and utilized in the HCMS to enhance efficiencies, streamline process and reduce manual intervention including the following:

- Performance Management
- Compensation Management
- Succession Planning
- Learning
- Employee Engagement

Disability Management Outsourcing: in 2023, Alectra Utilities engaged a third-party disability management company to manage complex occupational and non-occupational claims. This

approach ensures that employees receive the appropriate recovery time from illness or injury and return to work when medically supported, contributing to better workforce stability and reduced absenteeism. By outsourcing this function, Alectra Utilities can focus on core HR responsibilities while maintaining a structured return-to-work process. In addition, managing the claims earlier in the process will result in lower LTD costs.

Health, Safety & Environment (HSE) Compliance Improvements: Alectra Utilities continuously evaluates its HSE training programs to identify opportunities for improving productivity and efficiency while maintaining compliance with safety regulations. The objective is to optimize these programs by potentially reducing the frequency of select training sessions while ensuring compliance standards remain uncompromised. By streamlining the training schedule, resources can be reallocated to core business activities, benefiting the training participants and HSE teams responsible for coordinating these efforts.

Business Transformation and Continuous Improvement: The Business Transformation (BT) team leads the organization's continuous improvement initiatives through the Productivity Framework. This framework generates, validates, implements, and tracks productivity improvements, delivering cost reductions, avoidance of unnecessary expenses, and enhanced operational efficiencies. While the benefits of these initiatives are spearheaded by the BT team, they are realized across the entire organization and are included in the productivity evidence at Exhibit 1, Tab 6, Schedule 4.

5. HUMAN RESOURCES SEGMENT

5.1. HR SEGMENT DESCRIPTION

The HR segment is responsible for designing and delivering innovative learning and development programs, facilitating effective recruitment strategies, and managing talent to support key business objectives. In addition, the team develops organizational effectiveness initiatives aimed at driving culture transformation and fostering an inclusive environment that promotes diversity, equity, and inclusion. HR also plays a pivotal role in supporting employee well-being through comprehensive wellness programs.

This segment oversees compensation and benefits services leveraging people analytics to ensure competitive and fair practices while also managing payroll, labor relations, and employee relations. Through these efforts, HR ensures that the organization attracts, retains, and nurtures top talent.

The key focus areas of this segment include:

Labour and Employee Relations

The Labour and Employee Relations function promotes positive and interest-based employer-employee relationships to enable a productive, respectful, and engaged workforce. This function manages the dispute resolution processes and mechanisms as outlined in the Collective Agreement(s) and proceedings external to the organization.

60% of Alectra Utilities employees are unionized, belonging to either the Power Workers Union (PWU) or the International Brotherhood of Electrical Workers (IBEW). Since the formation of Alectra Utilities, each collective agreement has been established for a three-year period. The collective bargaining process can be extensive in terms of time and resources as this requires bargaining committee members from both the Labour Relations Team and representatives from various business units.

People Services

The People Services function provides front line support to the organization and implements comprehensive human resources practices and initiatives. This function includes the Human Resources Business Partner roles that work directly with Business Unit leaders to provide guidance advice and coaching with respect to various people practices, regulations, and legislation.

Recruitment

The Recruitment and Selection function establishes and supports the staffing and selection processes required to attract, retain, and promote talent to meet Alectra Utilities' ongoing and emerging needs. The function facilitates employee life cycle processes, such as onboarding and new hire orientations.

Compensation and Benefits

The compensation and benefits function is responsible for the administration and management of compensation, benefits, and pension. This function is responsible for corporate reporting and analytics to support workforce planning and people practices.

Learning & Organizational Development

The Learning and Organizational Development function identifies, develops, and delivers flexible learning solutions to meet organizational, development and regulatory demands while creating and fostering a positive employee experience. It also develops talent management programs and processes to build organizational capability, enables organizational performance and leadership effectiveness. In addition, this function is accountable for educating and promoting mental health and well-being programs that support Alectra Utilities' Healthy Workplace Program and Wellness framework and Development of programs that foster an equitable, diverse and inclusive workplace.

Employee Communications

The Employee Communications function ensures that integration and operational improvement projects include robust and effective communication plans that support project outcomes and improve employee engagement. It proactively communicates business transformation accomplishments to the organization to keep employees informed, engaged, fostering a culture of continuous improvement. This function is also responsible for building internal brand (culture) through strategic employee communications and employee engagement activities that support inter-departmental and corporate-wide objectives promoting our values and culture.

Payroll

The payroll function is responsible for the preparation and processing of payroll for salaried and hourly employees ensuring that the full payroll cycle is completed accurately, on time, and in accordance with applicable legislation, corporate policies and the collective agreement(s). This function ensures all approved time records are processed and administers activities relating to pension/benefit requirements.

Claims and Ability management

The Claims and ability management function is responsible for the effective day-to-day administration, response and claims management of all occupational and non-occupational illness and injuries. By leading the accommodation process through planning, implementing and coordinating early and safe return to work programs with applicable internal and external parties, to enhance and support the Company's health and safety culture.

5.2. HUMAN RESOURCES SEGMENT COSTS

Table 4-2-36, below, provides the Historical (2017-2024), Bridge (2025-2026), and Forecast Years (2027-2031) expenditures associated with the Human Resources segment.

Table 4-2-36: Human Resources Segment Expenditures ($MM)

Human Resources								
Segment Costs ($MM) – Historic Period								
Year	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Total	6.37	7.61	9.65	8.83	9.80	9.51	11.56	10.45
Segment Costs ($MM) – Bridge and Forecast Period								
Year	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
Total	11.27	11.40	12.28	12.91	13.55	14.07	14.41	

5.3. HUMAN RESOURCES YEAR-OVER-YEAR VARIANCE ANALYSIS

2017-2018 Variance Explanation

Costs increased from 2017 to 2018 by $1.24MM primarily due to increased labour costs resulting from reallocation of headcount within the HR program, primarily adjusting FTE from Business Transformation to Human Resources to align the functional work and reporting structure to the appropriate segment ($0.96MM).

2018-2019 Variance Explanation

Costs increased from 2018 to 2019 by $2.04MM primarily due to increased labour ($0.99MM) from the addition of 6 FTEs to the HR segment (3 Organizational Change Management FTEs transferred from the Business Transformation segment, 1 FTE transferred from the Health and Safety segment and repurposed to Manager, Labour Relations, and 2 FTEs added as a result of the Guelph merger 1 Payroll FTE and 1 HR Advisor FTE) and increased corporate-wide severance costs ($0.86MM)[8].

2019-2020 Variance Explanation

There is no reportable variance during this period.

2020-2021 Variance Explanation

Costs increased from 2020 to 2021 by $0.96MM primarily due to increased corporate-wide severance costs ($0.49MM)[9], increased consulting costs for the resumption of several programs following the COVID-19 pandemic ($0.33MM), and increased subscription and membership fees to provide access to resources and best practices in program development ($0.22MM).

2021-2022 Variance Explanation

Due to the transfer of the payroll function to Human Resources, the costs increased by $1.36MM. These costs were offset primarily by a reduction of $0.95MM in corporate wide severances.

2022-2023 Variance Explanation

Costs increased from 2022 to 2023 by $2.04MM primarily due to increased corporate-wide severance costs ($1.36MM).

[8] Any corporate-wide severance costs in all years within the HR program exclude merger integration severance costs, which are included in merger evidence at Exhibit 1, Tab 9, Schedule 1.
[9] Any corporate-wide severance costs in all years within the HR program exclude merger integration severance costs, which are included in merger evidence at Exhibit 1, Tab 9, Schedule 1..

2023-2024 Variance Explanation

Costs decreased from 2023 to 2024 by $1.1MM primarily due to decreased corporate wide severance costs ($0.8MM), and decreased employee promotion and consulting ($0.3MM).

2024-2026 Bridge Period Variance Explanation

There is no material variance during this period.

2026-2031 Test Period Variance Explanation

Costs over this period are expected to increase by approximately $0.56MM per year, primarily as a result of inflation. In order to meet the resourcing demands to support Alectra Utilities' investment plan, the Human Resources segment plans to add 3 FTEs over the rate term to perform the necessary talent acquisition, strategic support for business units and training and development tasks. These additional resources are critical to support the organization in the delivery of the planned Capital and OM&A activities while maintaining a relatively consistent ratio of HR FTE as compared to the Alectra Utilities' FTE complement.

6. HEALTH & SAFETY AND ENVIRONMENT (HSE) SEGMENT

6.1. HSE SEGMENT DESCRIPTION

The HSE segment’s primary function is to maintain an Occupational Health and Safety Management System (OHSMS) and ensure that Alectra Utilities meets legislative and regulatory health and safety requirements and ensuring employees and public safety. This function also leads environmental management efforts to ensure compliance with environmental laws and regulations as well as fostering a culture of environmental responsibility and sustainability within the organization.

The key focus areas of this segment include:

Health and Safety

The Health and Safety primary function is to maintain an Occupational Health and Safety Management System (OHSMS) and framework, and promotes that Alectra Utilities meets

legislative and regulatory health and safety requirements, ensuring the safety of both employees and the public. This involves regular safety audits, risk assessments, and the implementation of safety protocols to mitigate workplace hazards.

Health and Safety is responsible for developing and delivering comprehensive safety education and training programs. These programs are designed to equip employees with the knowledge and skills necessary to maintain a safe working environment and to respond effectively to any potential hazards. Additionally, Health and Safety manage the technical training for the skilled trades to ensure compliance with industry requirements. Continuous improvement in Health and Safety management and performance is achieved through regular review and updates of policies and procedures, along with fostering a culture of safety and environmental responsibility within the organization.

Environment

The Environment team leads programs for effective management of environmental risks through the Environment Management System. This includes initiatives such as waste reduction programs, monitoring of emissions, and ensuring compliance with environmental regulations. The Environment team also engages in sustainability projects aimed at reducing the company's carbon footprint and promoting responsible resource use. Ensuring compliance with environmental laws and regulations is a key component of this function, along with fostering a culture of environmental responsibility and sustainability within the organization.

Table4-2-37: Health & Safety and Environment Segment Expenditures ($MM)

Health & Safety and Environment								
Segment Costs ($MM) – Historic Period								
Year	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Total	3.30	2.32	2.70	2.38	2.39	3.19	3.07	2.90
Segment Costs ($MM) – Bridge and Forecast Period								
Year	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
Total	3.34	3.48	3.69	3.93	4.39	4.43	4.56	

6.2. HEALTH & SAFETY AND ENVIRONMENT YEAR-OVER-YEAR VARIANCE ANALYSIS

2017-2018 Variance Explanation

Costs decreased from 2017 to 2018 by $0.98MM primarily as a result of reduced training program expenditures as training programs were reviewed and standardized ($0.49MM) and decreased contract labour expenditures ($0.29MM).

2018-2019 Variance Explanation

Costs increased from 2018 to 2019 by $0.39MM primarily as a result of increased training expenditures ($0.41MM) to standardize training materials and processes, offset by a reduction in costs related to the transfer of 1 FTE to the HR segment.

2019-2020 Variance Explanation

Costs decreased from 2019 to 2020 by $0.32MM primarily attributable to decreased training costs as a result of delays in training program delivery during the Covid-19 pandemic.

2020-2021 Variance Explanation

There is no material variance during this period.

2021-2022 Variance Explanation

Costs increased from 2021 to 2022 by $0.80MM due to increased training costs to complete skills and compliance training that was postponed during the Covid-19 pandemic ($0.38MM), increased labour costs resulting from an additional FTE due to an addition of a position required to manage and maintain the Health & Safety system ($0.21MM) and additional consulting costs ($0.10MM) to conduct safety culture workshops. The additional resource required to maintain the Health and Safety system is critical in the maintenance and accuracy of safety data related to reported incidents, investigations and required corrective actions as well as workplace inspections.

2022-2023 Variance Explanation

There is no material variance during this period.

2023-2024 Variance Explanation

There is no material variance during this period.

2024-2026 Bridge Period Variance Explanation

2024 - 2025 Variance Explanation

Costs are expected to increase from 2024 to 2025 by $0.44MM primarily as a result of increased training expenditures ($0.27MM) due to increased in cost of training delivery and increased training requirement and increased consulting ($0.12MM) to support the development and enhancement of the occupational health and safety management system.

2025 - 2026 Variance Explanation

Costs are expected to increase from 2025 to 2026 by $0.14MM primarily as a result of inflation.

2026-2031 Test Period Variance Explanation

Costs during the Test Period are expected to increase by approximately $0.21MM per year, primarily as a result of inflation. To support Alectra Utilities' investment plan, the Health and Safety segment will add 3 FTEs over the rate term to comply with health and safety regulations and ensure the safety of employees and the public. These additional resources are critical to support increased work volumes and increased resources required in the delivery of the planned Capital and OM&A activities.

7. BUSINESS TRANSFORMATION (BT)

7.1. BT SEGMENT DESCRIPTION

The Business Transformation segment drives improvements in Alectra Utilities' organizational effectiveness and strategy delivery through change management, process optimization, and project/portfolio management. This segment oversees the Productivity Framework, as further

detail in (Exhibit 1, Tab 6, Schedule 5), partnering with the business to deliver and report on productivity gains. The team also leads the Transformation Management Office coordinating and executing strategic initiatives while supporting transformation through project management, organizational improvement, and change management functions.

The key focus areas of this segment include:

Project Management Office

The Project Management Office (PMO) is responsible for project and portfolio management of corporate projects to ensure they are appropriately onboarded and prioritized to align with budgets and balance resources. The PMO developed and oversees Alectra Utilities' Project Management Framework and Governance outlining a structured set of integrated processes, tools, templates, and defined roles and responsibilities created to initiate, plan, staff, execute/ monitor and close projects in a consistent and effective manner. The PMO's resources support the planning, scheduling and reporting of the portfolio of projects and support critical projects with project management.

Organizational Improvement

The Organizational Improvement (OI) function leads efforts to optimize management systems and processes, driving productivity improvements and reporting on planned and actual benefits. This function fosters a culture of continuous improvement by empowering employees to identify inefficiencies, solve problems, and make incremental enhancements all aimed at increasing value, supporting organizational growth, and enhancing resilience.

Organizational Change Management

The Organizational Change Management (OCM) function supports employees in embracing and sustaining change by providing operational and project-level assistance to ensure effective management of people and process. The OCM function ensures that all projects include comprehensive change management plans that enhance project outcomes and improve employee engagement. The OCM function has established a structured OCM methodology to guide employees from current to future state and enable them to influence organizational culture in the process. Key OCM function provides support with respect to sponsorship, communication,

training, stakeholder impact and resistance analysis to determine action plans to achieve employee adoption, usage, and cultural integration.

Transformation Management Office

The Transformation Management Office (TMO) is responsible for setting and reporting on enterprise key performance indicators (KPIs) that track progress toward strategic goals. The TMO oversees the governance, planning, and execution of short- and long-term strategic plans. By managing and coordinating the execution of Alectra Utilities' strategy, the TMO ensures the delivery of planned outcomes, mitigates risk, and maximizes benefits for all stakeholders.

Integration Management Office

The Integration Management office (IMO) was accountable for developing and executing a comprehensive post-merger integration plan that realized the planned merger synergies. The IMO was accountable for the establishment of the Project Management Office (PMO), and the development of project and financial reporting. The IMO responsibilities were completed, and the associated roles were eliminated or transferred to other resources within the HR program.

7.2. BUSINESS TRANSFORMATION SEGMENT COSTS

Table 4-2-38, below, provides the Historical (2017-2024), Bridge (2025-2026), and Forecast Years (2027-2031) expenditures associated with this segment.

Table 4-2-38: Business Transformation Segment Expenditures ($MM)

Business Transformation								
Segment Costs ($MM) – Historic Period								
Year	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Total	4.62	3.90	2.78	2.04	2.19	3.12	3.43	3.79
Segment Costs ($MM) – Bridge and Forecast Period								
Year	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
Total	4.28	4.19	5.05	5.05	5.31	5.47	5.64	

7.3. BUSINESS TRANSFORMATION YEAR-OVER-YEAR VARIANCE ANALYSIS

2017-2018 Variance Explanation

From 2017 to 2018, costs decreased by $0.72MM, primarily due to reduced labour costs resulting from a resourcing realignment which resulted in eliminating three senior-level roles, and replacing them with lower-grade positions. Additionally, OM&A labor costs decreased as a higher volume of project work led to an increase in capitalized labor compared to 2017.

2018-2019 Variance Explanation

From 2018 to 2019 costs decreased by $1.12MM primarily as a result of reduced labour costs ($0.61MM) from the transfer of 3 positions and their associated responsibilities into the Human Resources segment, and the reduction of an additional 2 FTEs due to the realignment of department functions and a decrease in consulting ($0.426MM).

2019-2020 Variance Explanation

From 2019 to 2020 costs decreased by $0.74MM primarily as a result of reduced OM&A labour costs ($0.779MM) as a higher volume of project work led to an increase in capitalized labor compared to 2019.

2020-2021 Variance Explanation

There is no material variance during this period.

2021-2022 Variance Explanation

From 2021 to 2022 costs increased by $0.93MM primarily as a result of increased OM&A labour ($0.726MM) due to the transfer of 3 positions (2 OCM Specialists and a Business Analyst) from the Human Resources segment to the Business Transformation segment and the addition of 1 position (Sr. Consultant, Organizational Effectiveness) to develop and manage Alectra Utilities' Productivity Framework (Exhibit 1, Tab 6, Schedule 5).

2022-2023 Variance Explanation

There is no material variance during this period.

2023-2024 Variance Explanation

From 2023 to 2024 costs increased by $0.37MM primarily due to increased labour costs ($0.50MM) due to addition of a Specialist Process Improvement position focused on operational efficiencies, and the transition of an Organization Change Specialist from a contracted to a permanent role offset by a decrease ($0.13MM) mostly due to a decrease in consulting costs.

2024-2026 Bridge Period Variance Explanation

From 2024 to 2026 costs are expected to increase by an average of $0.2MM per year primarily due to increased labour costs resulting from the addition of a temporary Strategic Advisor to support the establishment of the Transformation Management Office (TMO) focused on improving project execution and governance and the addition of 1 Project Manager position to support the planned volume, size and complexity of projects and reduce dependence on contracted resources for better quality and delivery of project planned outcomes.

2026-2031 Test Period Variance Explanation

Costs during the rate term are expected to increase by an average of $0.27MM per year, largely as result of inflation and 3 additional FTE resources for project management, analyst, and organizational change needs in support of the Alectra Utilities investment plan. While the number of projects supported by the Business Transformation team resources is relatively stable, the size and complexity of the project increases from an average cost of $40M/year to average cost of $101MM per year, peaking at $120MM in 2028. To successfully execute the projects and promote accurate and timely reporting of project costs, activities and status as well a project risk identification and mitigation, the addition of 1 Project Manager, 1 Organizational Change Specialist and 1 Business Analyst is critical.

CUSTOMER SERVICE

1. OVERVIEW

Table 4-2-39: Customer Service Program Summary

Customer Service							
Program Description: The Customer Service Program at Alectra Utilities integrates digital innovation, customer support enhancements, and operational efficiencies to provide over 1.1 million customers with seamless billing, payment, collection, customer care and service solutions while prioritizing affordability, engagement, and continuous improvement.							
Program Outcomes: Customer Focus, Public Policy Responsiveness, Financial Performance							
Program Segments • Billing • Collections and Payments • Customer Care • Customer Connections and Key Accounts • Customer Service Excellence							
Program Costs ($MM) - Historic Period							
2017	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
32.15	36.76	47.40	61.99	55.22	49.41	46.27	49.36
Program Costs ($MM) - Bridge and Forecast Period							
2025	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
55.08	59.05	59.49	62.25	63.94	66.47	68.62	

Alectra Utilities' Customer Service Program is the primary interface for over 1.1 million customers across its service territory. Over the Bridge and Test Periods, Alectra Utilities is increasing resources for this program to manage rising call volumes and customer service complexity, while investing in digital solutions like webchat, chatbots, and AI-driven analytics to improve self-service options and streamline operations. This program consists of five segments:

- Billing

- Collections and Payments
- Customer Care
- Customer Connections and Key Accounts
- Customer Service Excellence

Further details on the segments and overall program costs are provided in the subsequent sections of this schedule.

2. OUTCOMES AND MEASURES

Table 4-2-40: Customer Service Program Outcomes and Measures Summary

Customer Focus	Contributes to meeting OEB Performance metrics including: • Telephone Accessibility – answering phone calls within 30 seconds at least 65% of the time on average. • Written Response to Enquiries – providing a written response to qualified entries within 10 days at least 80% of the time on average • First Contact Resolution - Addressing 80% of customer requests in the first contact instance. • Billing Accuracy - Achieve billing accuracy of at least 98% of the time on a yearly basis. New Residential / Small Business Services Connected on Time - target 90%. • Scheduled Appointments - Achieve 90% of appointments scheduled/completed. • Reconnection Standards - 85% of reconnections completed within 2 business days for customers disconnected for non-payment. • Telephone Call Abandon Rate - no more than 10% of calls are abandoned. Contributes to Alectra customer-related metrics and measures • Contributes to customer satisfaction, as evidenced in Customer Satisfaction Survey Results. Using the JD Power overall Customer Satisfaction Survey, Alectra achieved an index score of 703 in 2024, which is 4 points above the average of other large utilities based in the North American north east. By 2030, Alectra aims to achieve a 1st Quartile JD Power ranking against the North American Northeast large utility cohort. • Achieve e-bill adoption of 68.4% by 2031. • Improve upon Alectra's Bill Success Rate to enable successful issuance of over 99.5% of bills within the billing window. • Reduce rate impact of aged arrears through effective management of collections and reduced bad debt. This includes maintaining the ratio of bad debt as a % of energy revenue to 0.17%. • Support implementation of LEAP and customer assistance programs.
Financial Performance	• Ensures revenue stability through timeline issuance and collection of customer bills • Invests in productivity initiatives that enable self-serve, automation, digitalization, and analytics

3. PROGRAM DESCRIPTION

Alectra Utilities' Customer Service Program serves as the primary interface for over 1.1 million residential, commercial, and industrial customers across its service territory. The program encompasses key functions such as Customer Care, Billing, Payments, Collections, Customer Connections, Key Accounts, and Customer Service Excellence. These functions are supported by initiatives that drive continuous improvement, harness technology to enhance service quality, and optimize operational efficiency. This approach ensures the program adapts to evolving customer needs and regulatory requirements, while delivering a seamless and responsive experience.

The program is comprised of the following five segments:

- **Billing:** The Billing department issues over 13.5 million bills annually, totaling approximately $3.6 billion in billed electricity revenue for Alectra Utilities. This includes the management of electricity billing in an ever-changing and increasingly complex regulatory environment. The Billing department ensures financial stability and revenue assurance for Alectra Utilities through timely billing of accounts, while minimizing billing errors, estimated bills and unbilled accounts.

- **Collections and Payments (Including LEAP funding):** Collections & Payments manages approximately $420MM in arrears on an annual basis, increasing to over $510MM by 2031, while processing over 11.3 million in annual bill payments. Arrears management includes collections, disconnection and reconnection processes. It also includes proactively offering customers flexible payment options, customer assistance programs for vulnerable customers, and dedicated ombudsman support to manage customer escalations. Key volume and cost drivers for this segment include the number of delinquent accounts which will increase on average by 5.8% per year, payment processing volumes which will increase on average by 1.4% per year, disconnection and reconnection activities which will increase on average by 4.3% per year, and the cost of customer assistance programs, including LEAP, which has increased from $675,886 per year to $1.8MM.

- **Customer Care:** On an annual basis, Customer Care handles over 640,000 customer service telephone inquiries, 150,000 outage calls managed directly by a third-party service provider, and approximately 200,000 electronic communications including emails and web forms. Alectra Utilities projects an increase in call volumes over the Bridge and Test Periods, as described in Section 4.1 Cost Drivers.

- **Customer Connections and Key Accounts:** Customer Connections handles over 43,000 annual inquiries from customers, builders and contractors for new service and upgrade requests and manages the account set up and liaising with internal departments to ensure that new services are connected within 5 days once all conditions have been met. Key Accounts is the first point of contact for Alectra Utilities' 618+ Class A customers, which typically include businesses over 1 MW in size and certain businesses greater than 500 kW. They assist with inquiries related to reliability, power quality and billing concerns. Additionally, they manage the Industrial Conservation Initiative (ICI), which had a participation rate in 2024 of over 84% and the potential to reduce over $227MM from Class A customers' bills.

- **Customer Service Excellence:** This segment is crucial in ensuring efficient, compliant, and customer-centric operations. The team offers business system support on critical technology platforms to maintain regulatory compliance, revenue assurance, cost-effective service delivery, and the capability to meet evolving customer expectations. Additionally, this segment provides comprehensive training, knowledge management, and quality assurance functions to all departments within Customer Service. It develops essential training materials and knowledge management tools to foster continuous staff development and upskilling, thereby enhancing organizational capacity and delivering service improvements. Their efforts bolster customer engagement, enhance service delivery, and drive process and efficiency optimizations—ensuring the organization remains responsive, competitive, and prepared for future challenges..

Alectra Utilities is undertaking the following activities and investments to advance the outcomes supported by this program:

- **Improving customer service levels in the contact center** (as described in Section 4.1) to manage the growing volume and complexity of customer inquiries resulting from increased electricity consumption and higher bills.

- **Expand on Alectra Utilities' digital customer engagement tools** by adding webchat, chatbots, and AI tools to partially offset the growth in customer calls and Average Handle Time, while providing personalized insights and help customers make informed energy decisions. Alectra Utilities will also leverage data and analytics to offer personalized billing and payment insights through a redesigned bill, and enhance billing and payment program options via Alectra Utilities' online portal, Proactive SMS and email outage alerts are also planned

- **Improve customer satisfaction** by leveraging JD Power's Excellence Program to assess and implement customer experience best practices.

- **Support customer choice and affordability** by implementing new customer rate options, DER programs and supporting market renewal.

- **Develop customer assistance programs** to support customers in arrears and those needing affordability support. This includes supporting increased demand for LEAP while creating new cost-effective resources to help vulnerable customers stay connected and reduce energy costs, while mitigating increases in bad debt write-offs.

- **Enhance operational efficiencies** by optimizing use of outside service providers, automating back-office activities, implementing productivity initiatives such as paperless billing, and leveraging AMI 2.0 to reduce metering costs.

- **Invest in employee development and training** to build employee competencies beyond traditional contact center functions by upskilling staff on new and emerging digital tools and customer engagement channels.

- **Discontinue water billing services to municipalities** (Hamilton, Markham, Vaughan, and Guelph) to focus on, and enhance, core electricity distribution services and improve overall customer satisfaction.

4. OVERALL PROGRAM COSTS

Table 4-2-41: Customer Service Program Expenditures by Segment ($MM)

Customer Service Program Costs ($MM) – Historic Period								
Year	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Billing	13.21	15.79	19.88	17.06	16.64	16.74	17.01	17.41
Collections and Payments	8.57	9.45	13.16	32.40	24.66	17.50	12.47	13.93
Customer Care	9.32	9.62	10.95	9.83	10.68	11.87	13.39	13.94
Customer Connections and Key Accounts	0.47	1.23	1.37	1.23	1.78	1.87	1.70	1.67
Customer Service Excellence	0.58	0.66	2.04	1.47	1.46	1.42	1.69	2.41
Total	32.15	36.75	47.40	61.99	55.22	49.40	46.27	49.45
Program Costs ($MM) – Bridge and Forecast Period								
Year	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
Billing	20.52	22.10	19.27	19.53	17.68	17.96	18.46	
Collections and Payments	14.48	14.35	16.98	17.93	18.18	18.21	18.39	
Customer Care	13.90	16.05	16.41	17.14	19.14	20.77	21.85	
Customer Connections and Key Accounts	2.51	2.48	2.57	2.71	3.02	3.25	3.41	
Customer Service Excellence	3.67	4.08	4.26	4.93	5.91	6.30	6.51	
Total	55.08	59.05	59.49	62.25	63.94	66.47	68.62	

4.1. COST DRIVERS

From 2026 to 2031, the Customer Service Program costs will increase by $9.6MM from $59.1MM to $68.62MM, representing a 3.2% annual increase. Direct Labour Costs are increasing by $9.6MM, while non-labour costs in total remain virtually unchanged. Non-labour reductions include $2.1MM in annual postage and delivery costs as ebilll penetration increases

from 57.8% in 2026 to 68.4% in 2031. This is partially offset by a $1.3MM increase in annual LEAP costs from 2026 and 2031 and $1.8MM in annual credit-loss costs attributable to higher arrears.

The increase in Customer Service labour costs is primarily driven by the need for additional resources to address the growing volume and complexity of customer inquiries, achieve acceptable customer service levels, and support increased activity in collections, customer connections, and billing. Tables 4-2-42 through 4-2-43 summarize the FTE requirements for all segments and are followed by a more detailed discussion of the drivers behind the incremental resourcing requirements.

FTE Resourcing Needs

FTE Resource requirements will increase from 219 in 2026 to 249 by 2031, to manage increases in total customer interactions, billing exceptions and new service connections. FTE increases will also increase to improve service levels in the contact center, and also to manage higher customer arrears. Tables 4-2-42 through 4-2-43 summarize the internal resource requirements.

Table 4-2-42: Customer Service Resources (Historical Period)

Customer Service Department	2017	2018	2019	2020	2021	2022	2023	2024
Billing	66.0	66.9	65.8	55.9	65.2	62.0	66.1	61.5
Collections & Payments	57.8	47.3	48.6	40.1	34.7	34.1	39.0	39.6
Customer Care - Call Centre	90.7	73.8	72.9	64.1	66.7	67.1	71.7	65.6
Key Accounts/New Connections	11.0	15.6	21.6	17.2	23.4	25.0	22.8	20.8
Customer Excellence	19.5	11.7	11.8	11.8	12.2	13.6	13.6	23.4
Grand Total	**245.0**	**215.3**	**220.7**	**189.1**	**202.2**	**201.8**	**213.2**	**210.9**

Table 4-2-43: Customer Service Resources (Bridge and Test Period)

Customer Service Department	2025	2026	2027	2028	2029	2030	2031
Billing	71.7	67.8	56.7	56.7	57.7	58.7	59.7
Collections & Payments	39.0	36.4	32.0	33.0	37.0	37.0	38.0
Customer Care - Call Centre	70.0	69.5	68.0	69.5	81.0	86.0	92.0
Key Accounts/New Connections	25.0	22.7	22.0	22.5	24.0	26.0	27.0
Customer Excellence	25.0	25.7	25.7	28.7	31.7	32.7	32.7
Grand Total	**230.7**	**222.1**	**204.3**	**210.3**	**231.3**	**240.3**	**249.3**

The following factors are driving FTE resourcing requirements over the forecast period:

1. **Growing Volumes of Customer Interactions:** Alectra Utilities is expecting a rise in the volume of customer interactions from over 760,000 in 2024 to over 1,050,000 in 2031, as a result of projected customer growth, increased billing, move related call volumes and impacts of electrification. Higher average bills from additional electricity consumption will also lead to incremental arrears and collections activity, increasing collection calls as customers seek to make payment arrangements, inquire about other customer assistance programs and seek advice on ways to manage their energy costs. The projected rise in customer interactions is described in detail below, including a description of the forecasting approach used.

2. **Longer Customer Interactions:** The complexity of customer inquiries has increased, leading to longer average handle time (AHT) between customers and Alectra Utilities' customer service representatives. The trend toward longer AHT requires both incremental staff and enhanced training for frontline representatives and is described below.

3. **Meeting Customer Service Levels:** Alectra Utilities has been challenged by declining service levels. Since 2017, the combination of higher call volumes and increased AHT has resulted in a 63% increase in call handling requirements. Alectra Utilities is committed to improving customer satisfaction results and is proposing incremental investments to improve Telephone Accessibility metric.

4. **Increasing Customer Arrears and Bad Debt:** Higher arrears will lead to additional collections activities which are anticipated to increase by approximately 4% per year, including outbound collection followup activities, management of payment arrangement requests, customer assistance requests and field activity management for service disconnection and reconnections. In addition, while bad debt as a percentage of electricity revenue will decline over the Test Period, higher absolute bad debt OM&A cost expense will continue to be a cost driver, increasing from $6.4MM per year in 2024 to $8.2MM per year in 2031.

These actions reflect the organization's commitment to delivering a high-quality customer experience in an evolving energy landscape. Further details on each cost driver are provided below as is the overall impact on Customer Service resource requirements.

4.1.1 Customer Care

The Customer Care segment serves as the primary interface for customer interactions and these interactions are a key component of Customer Services' OM&A, addressing topics such as billing, service updates and account management through phone calls, email, and web chat. A 5-step forecast approach has been utilized to create the base forecast for 2025-2031 period to forecast customer interactions taking into account the impact of digital transformation. The forecast then translates customer interactions into workforce requirements, factoring in the impact of required service levels and average handle time The 5-step forecasting approach is summarized below:

Step 1: A bottom-up forecast is developed using key drivers such as customer growth, collections activity, billing inquiries, moves, electrification, and e-mail volumes.

Step 2: The impact of digital tools (chat bots and web chat) is layered in as a reduction to the bottom up forecast from Step 1.

Step 3: An Erlang C model is used to translate call volumes into required staffing levels factoring in service level targets, AHT, and staff availability.

Step 4: Further reductions in staffing needs resulting from technology investments are layered into the forecast.

Step 5: The resulting resourcing needs are allocated between in-house and third party support.

Additional detail on the drivers and outcomes of the 5-Step Forecasting approach is provided below:

Step 1

In Step 1, a bottom up forecast of call volumes has been generated. This forecast uses key drivers of customer interactions, including customer growth, collections, moves, billing inquiries, electrification and interactions generated in other channels including email.

- **Customer growth** is expected to contribute to increased interactions, with Alectra Utilities. The Company's customer growth forecast was applied in conjunction with a 0.57 call-per-customer ratio to derive an effective average annual growth rate of 0.33% in call volumes per year. The Customer growth forecast is included in Exhibit 3, Tab 1, Schedule 3. As shown in Table 4-2-44 customer growth contributes between 3,000-5,000 incremental calls per year.

- **Collections inquiries** have risen significantly following the resumption of residential collections activities in 2023, which had been paused due to the COVID-19 pandemic. In 2023 alone, the Customer Service program experienced a 144% increase in collections-related calls, followed by a 67% increase in 2024. The 2027-2031 forecast anticipates that collections-related calls will continue to grow at the same rate as customer arrears, averaging 5.75% over the 2027-2031 period.. Through the Test Period, higher electricity consumption will increase average electric bills, leading to incremental arrears and collections activity: this in turn will increase collection calls as customers seek to make payment arrangements, inquire about other customer assistance programs and seek advice on ways to manage their energy costs.

- **Move-related activities** are also contributing to higher customer interactions and are expected to increase by 4.9% annually, in line with recent historical trends as shown in Table 4-2-44 below

- **Billing-related Inquiries** are projected to increase by 5.4% annually (averaging between 6,000-7,000 calls per year, as increasing average bill amounts lead to

incremental customer inquiries including requests for detailed analytics on their higher electricity consumption..

- **Electrification** is another key factor impacting customer inquiries. According to Alectra Utilities' planning assumptions, EV adoption is expected to accelerate from 70,908 in 2025 to 534,349 in 2031. As EV adoption accelerates, more customers will require guidance on how their new vehicle affects electricity usage, billing, and home charging. First-time EV owners often contact their utility with a range of questions, including time-of-use rates, service upgrades, panel capacity, permits, and the need for electricians. Alectra Utilities forecasts that new EV owners will contact the utility at least once in the year they purchase an EV, further contributing to overall call volume growth. This increase is also corroborated by Alectra Utilities' J.D. Power insights forecast which shows an EV market potential of 50% across Alectra Utilities' territory. It also shows that EV owners are more likely to interact with their utility digitally (67% versus 34% for non-EV owners) and that phone was their preferred channel of choice (21% versus 12% for non-EV owners). As shown in Table 4-2-44 EV calls ramp up through the forecast, increasing from 15,000 calls in 2025 to 91,000 calls by 2030.

- Since 2023, email and back office general inquiries have grown on average by 5%. A comparable trend has been maintained in the base forecast.

From Step 1, Alectra Utilities projects that customer interactions will increase by approximately 5.4% per year over the 2025-2031 rate term. This compares to a 4.8% average annual growth in call volumes from the post COVID 2021-2024 period. Table 4-2-44 below provides the forecast of customer interactions from 2025-2031 from Step One of the forecast, along with the actual number of customer interactions in 2024. Detailed statistics on historical volumes is included in Table 4-2-55.

Table 4-2-44: Total Customer Inquiries Before Digital Transformation (2025-2031)

	2023	2024	2025	2026	2027	2028	2029	2030	2031
1. Total Call Volumes From Previous Year	527,916	606,388	636,233	666,912	667,726	697,837	724,192	754,516	807,438
Customer Growth	3,505	2,020	5,042	3,835	3,768	3,684	3,807	3,731	3,726
Collections Growth	64,207	72,645	12,706	(16,799)	11,953	7,304	10,124	31,637	(5,360)
Moves Growth	11,455	3,677	6,569	7,108	7,712	8,390	9,152	10,009	10,977
Billing Growth	(695)	(48,497)	6,362	6,669	6,677	6,978	7,242	7,545	8,074
Electrification	n/a	n/a	15,124	27,346	40,951	55,379	73,029	91,151	79,970
Total With Electrification	606,388	636,233	682,036	695,072	738,788	779,571	827,545	898,589	904,825
2. E-mail	130,922	124,178	136,347	153,817	147,828	154,379	161,013	168,702	177,107
Total Customer Inquiries (Before shift to digital)	737,310	760,411	818,384	848,889	886,616	933,950	988,558	1,067,292	1,081,932

Between 2025 and 2031, Alectra Utilities forecasts that total customer interactions prior to digital transformation will increase from 818,384 in 2025 to 1,081,932. In order to manage this growth, Customer Service's overarching priority is to efficiently transform to a digital-first experience, driving operational efficiencies by offering additional customer channels and self-serve options for simpler inquiries, while providing superior live-agent support for more complex inquiries. The digital-first strategy includes implementation of webchat, chatbots and smart forms in 2025, followed by Agent Assist and Interactive Virtual Assistance in 2026 and 2027.

Step 2

In Step 2 of the forecast, the impact of digital (Chat and Chat bots) is factored in, reflecting Alectra Utilities' planned investments in these technologies to drive efficiencies by promoting a digital first approach. Based on interviews with other utilities who have adopted chat and chatbots, Alectra Utilities estimates that the adoption rate for digital will increase from 4% in 2025 to 20% in 2031. This translates in a reduction in voice calls and email by 27,281 in 2025 increasing to 180,965 in 2031, as the adoption rate for digital increases from 4% to 20%. By 2031, calls will decrease from 84% to 67% of total interactions, Chat (CSR assisted) will increase from 0% to 8%, Chatbots and Smart Forms will increase from 0% to 18% and Email / General Inquiries will decrease from 12% to 7%.

From Step 2, the forecast of customer interactions is divided into inquiries that will require a Customer Service Representative (CSR) such as agent-assisted webchat versus those that will be addressed through automated chat tools and smart forms. Only those interactions requiring a CSR were included in identifying resourcing requirements. This is shown in Table 4-2-45 below.

Table 4-2-45: Total Customer Interactions by Channel After Digital Transformation

	2025	2026	2027	2028	2029	2030	2031
Total Customer Inquiries (Before shift to Digital)	818,384	848,889	886,616	933,950	988,558	1,067,292	1,081,932
1. Call Volumes	654,755	625,565	650,133	670,431	695,138	736,844	723,860
2. E-mail	95,443	61,527	59,131	61,752	64,405	67,481	70,843
3.Web Chat	0	34,754	44,327	54,570	66,204	80,873	90,483
4.Chat Bot	0	34,754	44,327	54,570	66,204	80,873	90,483
5. Automated moves	40,904	92,290	88,697	92,627	96,608	101,221	106,264
Total Customer Inquiries (After Shift to Digital)	**791,102**	**848,890**	**886,615**	**933,950**	**988,559**	**1,067,292**	**1,081,933**
Digital customer interactions Not Requiring a CSR	**40,904**	**127,044**	**133,024**	**147,197**	**162,812**	**182,094**	**196,747**
% Digital	5%	15%	15%	16%	16%	17%	18%
Customer interactions Requiring a CSR	**750,198**	**721,846**	**753,591**	**786,753**	**825,747**	**885,198**	**885,186**
% CSR	95%	85%	85%	84%	84%	83%	82%
Total Customer interactions	791,102	848,890	886,615	933,950	988,559	1,067,292	1,081,933

Step 3

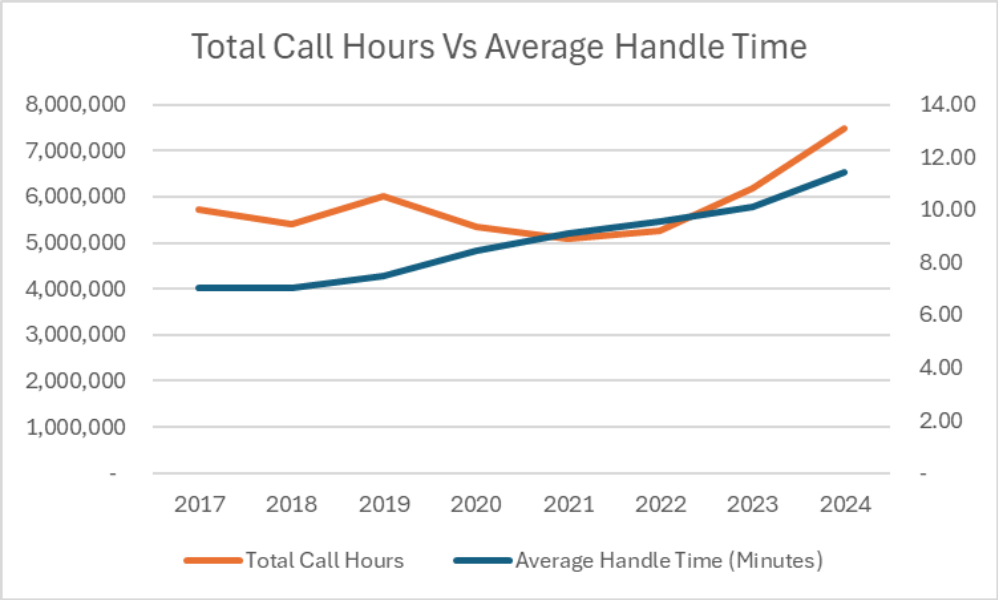
In Step 3, a mathematical model called Erlang C was used to translate customer inquiries requiring agent support from Step 2 into headcount requirements. This model is a standard tool used in call centre workforce management to determine the number of staff required to handle a forecasted call volume while meeting defined service level targets. It incorporates key assumptions such as average handle time and staff availability, including adjustments for absenteeism and time spend on non-call-related activities. Below is a discussion of the 2 key input assumptions into the Erlang C calculation: Average Handle Time (AHT) and Service Level.

Assumptions on Average Handle Time From Longer Customer Interactions

Alectra Utilities has experienced an increase in the AHT for calls received from 7.04 minutes in 2017 to 11.45 minutes in 2024. AHT refers to the average duration of customer interactions, including talk time, hold time, and after-call work, and is a critical metric for assessing

operational efficiency and customer satisfaction. Longer AHTs translates into fewer calls that can be responded to per agent, creating additional demand for CSRs. The observed increase in AHT means that on average CSRs are addressing 14 fewer calls per shift relative to 2017, a 39% reduction in the number of calls responded to per shift. Chart 4-2-6 below shows the AHT increase year over year from 2017 to 2024 and the total call hours when multiplied by the number of calls answered. On average AHT has increased by almost 46.8 seconds per year since 2017, or approximately 9% each year.

Chart 4-2-6: AHT Increase Leads to Increased Call Hours



Alectra Utilities has experienced an increase in AHT primarily due to the growing complexity of customer inquiries and associated system and business process requirements. This increased complexity stems from factors such as:

- **Collections and Assistance Program Inquiries** As noted above, Alectra Utilities resumed partial residential collections activities in 2022 and full collections in 2023, following a pandemic-related pause. The volume of collections-related calls has risen accordingly. These calls typically exceed the AHT, as CSRs work with customers to explore alternative payment solutions, discuss bill assistance programs such as LEAP, and set up payment arrangements.

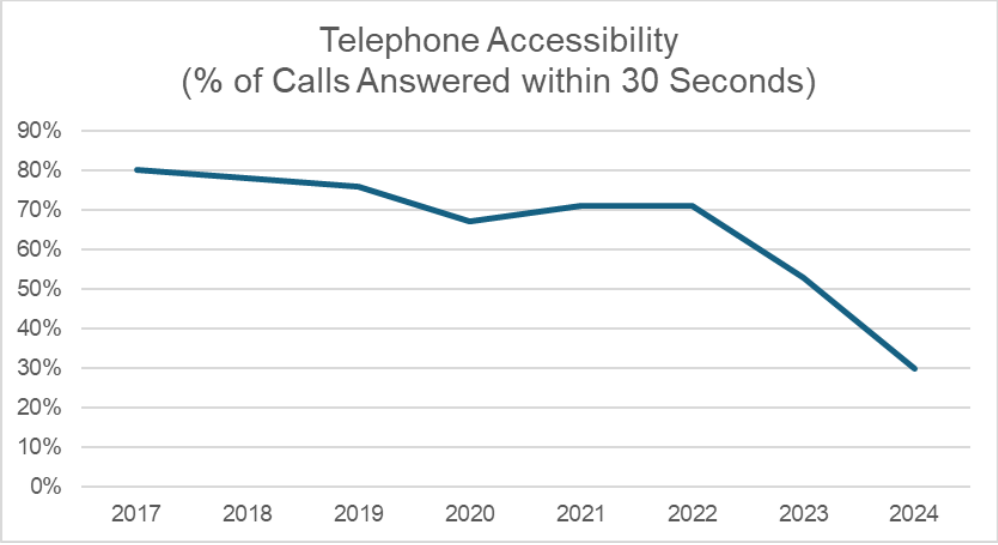
- **Billing Complexity and Rate Alternatives** With increased billing and rate options, as well as increased adoption of electric vehicles and net metering, customers are seeking more information: these inquiries are often complex and require additional time to address effectively. Within the new Customer Information System, these complex billing inquiries require additional research and investigation increasing AHT.

In Step 3 of the forecast, Alectra Utilities has held Average Handle Time constant at 11.45 minutes in order to isolate the impacts of AHT improvements from technology investments. Step 4 below incorporates the improved agent productivity associated with Interactive Voice Analytics, Knowledge Management System and Agent Assist and estimates the associated reduction in headcount requirements.

Assumptions on Telephone Accessibility Service Levels in Determining Resources

The other key inputs for the Erlang C model used in Step 3 is the Telephone Accessibility metric which measures the percentage of phone calls answered within 30 seconds. From 2017 to 2024 Alectra Utilities has increasingly experienced a decline in these service levels as demonstrated in Chart 4-2-7 below.

Chart 4-2-7: Telephone Accessibility



The biggest factor for this decline, is increasing AHT which as indicated above has increased by 62% - from 7 minutes and 4 seconds to over 11 minutes and 45 seconds in 2024, without any increase in staff complement. This increase was compounded in 2023 and 2024 with the resumption of collections activities following the pandemic. During this time, collection calls increased from 25,990 in 2021 to 181,512 in 2024. Other factors impacting service levels in 2024 include the Canada Post strike and customer inquiries related to the transition to Alectra Utilities new customer portal. The combined impact of increased call volumes and higher AHT has resulted in a 63% increase in total call center hours required since 2017, or an additional 9% per year.

Alectra Utilities is committed to improving service levels and plans to improve the telephone accessibility metric to achieve the OEB minimum standard of 65% in 2027, increasing to 80% by 2031 in line with growing customer expectations for fast, efficient call handling.

As shown in Table 6, Despite the shift to digital, contact center front line staff (including third party CSR's) will need to increase from 81 (Actual) in 2024 to 146 by 2031 to manage higher call, webchat and email interactions, and to increase telephone accessibility service levels.

Table 4-2-46: Telephone Accessibility Target and Resource Requirements To Manage Voice Interactions, Webchat and Back-Office Interactions

	2025	2026	2027	2028	2029	2030	2031
Adjusted Voice Interactions	654,755	625,565	650,133	670,431	695,138	736,844	723,860
Telephone Accessibility Target	55%	55%	65%	68%	75%	75%	80%
Email Interactions	95,443	61,527	59,131	61,752	64,405	67,481	70,843
Required Front Line Agents Voice and Email	120	116	122	125	131	138	136
Web Chat/Backoffice Interactions	0	34,754	44,327	54,570	66,204	80,873	90,483
Required Front Line Agents Web Chat/Backoffice	0	6	6	8	8	10	10
Total Front Line Agents Required	120	122	128	133	139	148	146

Step 4

Step 4 refines the analysis by factoring in the impact of technology investments on front line agent requirements, including Intelligent Virtual Assistance, Agent Assist and Knowledge Management Systems, all of which will lower AHT and improve agent productivity. These technologies go beyond basic chatbots, using advanced AI-powered assistants to increase agent effectiveness by analyzing voice interactions in real-time, providing insights, automating routine tasks, and offering immediate access to relevant information to troubleshoot account issues. This is complemented by investments in an online Knowledge Management System which will provide quick and easy access to information on business processes, policies and procedures, reducing the time and effort needed to find and retrieve information. These projects are outlined in 4.2 Productivity and Cost Control. and will result in 5 fewer FTE's required in 2026 due to decreased AHT, increasing to 11 by 2028 when the projects are fully implemented.

Table 4-2-47: Impact of Digital Transformation on Customer Service Representatives

	2024	2025	2026	2027	2028	2029	2030	2031
Total Front Line Agents Required	112 required (81 Actual)	120	122	128	133	139	148	146
Impact of Technology Investments	0	0	5	6	11	11	11	11
Net Front Line Agent Requirements	**81**	**120**	**117**	**122**	**122**	**128**	**137**	**135**

Table 4-2-47 summarizes the impact of technology investments by year and the net front line requirements which are forecast to increase from 120 in 2025 to 135 in 2031. From a productivity perspective, agents will handle 791,102 transactions in 2025, or 6,593 transactions per-year-per-agent, compared with a forecast 1,081,932 inquiries in 2031 or 8,014 transactions per-agent-per year,. This translates into a a cumulative 21% increase in agent productivity.

Step 5

Finally in Step 5, the allocation of agents between Alectra Utilities in-house agents and third-party support is determined. Alectra Utilities utilizes a combination of internal customer service

representatives who handle more complex interactions and third-party agents who handle simpler, routine account inquiries. This digital-first technology strategy will enable Alectra Utilities to reduce the relative share of third-party agents required, and improve customer satisfaction through greater focus on Quality Assurance and First Call Resolution. In 2024, approximately 52 or 64% of agent resources came from third-party resources while 29 agents (36%) came from internal Alectra Utilities staff. By 2031, of the 135 agents required, internal agents will increase to 78 or 58% of total agents, compared with 57 third-party agents (42%). As shown below in Table 4-2-48, the forecast assume that Alectra Utilities will gradually decrease its reliance on third-party agents, as call deflection (enabled by technology solutions) will reduce the number of simpler requests which are typically managed by the third-party contact center.

Table 4-2-48: Breakdown of Internal Agents and Third Party Agents

	2024	2025	2026	2027	2028	2029	2030	2031
Internal Agents	29	59	59	58	60	69	73	78
Third Party Agents	52	61	58	64	62	59	62	57
Total Agents	1	120	117	122	122	128	137	135
% Internal Agents	36%	49%	50%	48%	49%	54%	54%	58%

4.1.2 Collections

Impact of Higher Customer Arrears and Bad Debt

Higher customer bills will also drive higher customer arrears, which are anticipated to increase from $415MM on an annualized basis in 2027 to $511MM in 2031. Higher arrears will lead to additional collections activities, including a 5.3% annual increase in delinquent accounts and a 4.3% annual increase in service disconnection and reconnections, as well as a 5.8% increase in outbound calls related to arrears management and third-party collection recoveries. This will increase the requirement for 6 incremental collections staff to manage collections activities to minimize bad debt expense. Overall bad debt OM&A expense is also expected to increase from $6.4MM in 2024 to $8.6MM in 2029 and declining thereafter to $8.2MM by 2031, as the impact of collection enhancement project (described in Section 4.2) begins to mitigate higher bad debt and other investments in system automation improve arrears management productivity. Despite

higher arrears and bad debt, the bad debt-to-revenue ratio is expected to remain stable at 0.14-0.17% improving from 2018-2024 average of 0.32%.

4.2. PRODUCTIVITY AND COST CONTROL

The Customer Service program is strategically investing in process and technology solutions that automate customer interactions and help mitigate the rising volume of customer inquiries. By leveraging self-service tools, AI-driven chat support, and enhanced digital communication channels, the company is reducing the need for manual intervention while improving the overall customer experience. These automation efforts not only enhance efficiency but also ensure that customers can quickly and easily access the information and services they need. Streamlining interactions and reducing the demand on frontline resources will help to manage the cost pressures described in Section 4.1 above while maintaining high service standards.

Table 4-2-49: An Overview of Customer Service Productivity Initiatives

Initiative	$ Cumulative Savings 2027-2031 ($MM)
MyAlectra Portal Project	$26.60
Web Chat and AI Chatbot	$6.40
Knowledge Management System	$5.20
Customer Connections Portal	$4.81
IVA (Intelligent Virtual Assistance)	$4.60
Agent Assist	$3.10
Collections Enhancement Project	$2.26
Bill Redesign	$0.63

MyAlectra Portal Project ($26.6MM) The MyAlectra Portal is a web portal that empowers customers to complete common transactions independently—such as managing accounts, accessing billing information, and making payments—thereby reducing reliance on CSRs and minimizing resourcing requirements. By shifting more interactions online, the portal drives productivity gains by streamlining customer engagement, automating routine inquiries, and promoting digital adoption, ultimately mitigating the need for additional customer support resources.

The MyAlectra portal project is expected to result in $26.6MM in savings over the 2027-2031 term from increased adoption of e-billing and mitigated call volumes through enhanced self-service options. The postage and labour savings associated with this project are described below and are embedded within the Customer Service program forecasted budgets for 2027-2031.

The increased adoption of e-billing, driven by the MyAlectra customer portal, is projected to $23.61MM during the 2027–2031 period. These savings are measured against a baseline e-bill penetration rate of 39.8% as of March 2024. As a cornerstone of Alectra Utilities' commitment to enhancing the customer experience and advancing its digital strategy, the MyAlectra portal streamlines customer engagement and promotes online services, such as paperless billing campaigns. As a result, e-bill penetration is expected to rise from 39.8% in 2024 to 68.4% by 2031. Accelerating e-bill adoption is critical to mitigating the impact of rising postage costs. Effective January 1, 2025, Canada Post increased postage rates by 25 cents per letter, following a 7 cent increase announced in May 2024. The combined impact of these increases is projected to cost $2.2MM in 2025 and $10.6MM from 2025 to 2031. These cost pressures further underscore the importance of achieving the targeted increase in paperless billing adoption.

Beyond postage savings, the project will also result in approximately $3MM in savings from automated smart moves (start/stop service) which have been accounted for in reduced customer interactions and are embedded within the noted automation of calls and e-mails included in Table 4-2-45 of Section 4.1.

Web Chat and AI Chat Bots ($6.4MM) The Customer Experience program is launching Web Chat and AI Chat Bots in late 2025 to enhance customer support and convenience. **Web Chat** enables live, real-time conversations between customers and CSR’s through an online chat interface, providing an alternative to phone calls for immediate assistance. **AI Chat Bots** are automated virtual assistants that use artificial intelligence to handle common inquiries, guide customers through self-service options, and resolve routine issues without human intervention.

Aside from enhancing the customer experience these tools will enable engagement transcripts for both agents and customers for recordkeeping, result in efficiencies in after-call work, and improve AODA accessibility. This technology will provide opportunities for 24/7 customer support

– meeting the customer on their terms and schedules. The OM&A avoided costs for Webchat and AI Chat Bots from 2027- 2031 is projected to be $6.4MM. These costs efficiencies are realized through reduced resourcing requirements as a result of fewer customer interactions requiring attention from a CSR (Chat bots) and higher CSR efficiency in web chat, with agents assumed to be managing 3 chats concurrently. These efficiencies are reflected in Table 4-2-45 of Section 4.1.

Knowledge Management System ($5.2MM) an online Knowledge Management System will provide quick and easy agent access to information on business processes, policies and procedures, reducing the time and effort needed to find and retrieve information. On a weekly basis, front-line staff receive numerous updates on business process changes, new regulatory requirements and/or system changes which are currently saved on a SharePoint site but are readily searchable and organized for easy access. A knowledge management system guides a CSR with the latest information without having to retrieve separate job aids, reducing the chance of errors, improving first call resolution (FCR) and reducing AHT. The KMS system is expected to realize efficiency benefits of $5.2MM, as the initiative mitigates up to a 7.5% expected increase in AHT resulting from call complexity than otherwise would have been experienced, in addition to increasing First Call Resolution, by 5%. These benefits are captured in Step 4 of the Contact Center resource forecast and is shown in Table 4-2-47.

Customer Connections Project ($4.81MM)

The Customer Connections Project seeks to replace the New Customer Connections Portal which is at an end-of-life and no longer supported. The Portal manages the intake and processing of customer requests for new connections, service upgrades, panel changes, as well as requests for meter removals. The project will allow for:

- Greater automation of workflow,
- Features to further enhance Customer Experience such as the ability for customers to book their own appointments for Service Requests online and view the progress of their Service Requests,

- Integrations with operational department applications to allow for dispatching of work tickets to field crews,

- Integrations with other Alectra Utilities systems including FieldWorker/Work Management, CIS, ERP, GIS, and file retention applications, and

- Dashboards and reports to set service benchmarks and predictive alerts when service levels at any point along the new connection journey are at risk.

The expected cumulative benefit of the project is $4.81MM in operational savings by 2031. These savings are embedded within Customer Service program forecast of costs and primarily are attributable to realizing a 3 FTE reduction in 2026. The replacement new connections application will streamline workflows and automate processes, eliminating the need for manual handoffs and reducing duplicated efforts. This will significantly enhance staff productivity and efficiency, allowing New Connections staff to manage higher volumes of work mitigating the need for some additional full-time employees. The integration with critical enterprise systems such as CC&B, JDE, FileNexus, FieldWorker, and GIS will further ensure seamless data flow and consistency across departments.

IVA (Intelligent Voice Assistant) technology ($4.6MM) is designed to enhance the efficiency and effectiveness of customer calls by analyzing customer inquiries in real-time, automating simple, repetitive inquiries, improving call routing through the IVR and by collecting more information up front on the nature of the customer inquiry. This allows CSRs to respond to inquiries more quickly and accurately, freeing up time for more complex and value-added activities. This is anticipated to reduce average handling time, improve first-call resolution and customer satisfaction rates, leading to operational efficiencies. The projected avoided costs from implementing IVA technology is the equivalent of 3 FTEs annually beginning in 2026 and ramping up to 6 FTE's by 2031. The cumulative OM&A financial benefit for IVA from 2027- 2031 is projected to be an avoided cost benefit of $4.20MM and is included in Step 4 of the Contact Center resource forecast and is shown in Table 4-2-47.

Agent Assist ($3.1MM) is an artificial intelligence (AI)-powered tool designed to support Customer Service Representatives (CSRs) during live interactions with customers. It works by monitoring conversations in real time—whether through phone, chat, or email—and provides

agents with suggested responses, relevant knowledge base content, and next-best actions. By automating routine tasks and streamlining access to information, Agent Assist helps agents resolve inquiries more quickly and accurately, while ensuring a consistent customer experience. This also reduces the pressure on increasing resource capacity with the expected rise in customer interactions with electrification and a higher percentage of customers' total energy wallets. Implementing Agent Assist technology within Alectra Utilities' contact center is projected to lead to an efficiency gain of 2 full-time FTEs annually improving overall operational efficiency. The OM&A financial benefit for Agent Assist to 2031 is projected to be an avoided cost benefit of $3.1MM and is included in Step 4 of the Contact Center resource forecast and is shown in Table 4-2-47.

Collections Enhancement Project ($2.26MM) Over the forecast period, Alectra Utilities will implement key enhancements to the MyAlectra customer portal and Billing & Payments applications as part of the Collections Enhancement Project. This initiative will be rolled out in two phases to improve customer payment flexibility, optimize collections, and enhance the overall customer experience.

Phase One will expand the digital wallet functionality within the MyAlectra Portal, introducing multiple, convenient payment options, including Apple Pay, Google Pay, and PayPal. Additionally, automated payment arrangements will be enhanced to allow customers to set up their own payment plans directly through the portal. Customers will also gain the ability to make payments via interactive voice response (IVR) or a secure text link, further simplifying the payment process.

Phase Two will leverage data analytics and machine learning to deliver more proactive and personalized payment communications, such as tailored reminders, alerts, offers, and assistance. Advanced propensity-to-pay models and predictive scoring will assess customer-specific credit risk by analyzing historical data, customer behavior, and external factors, optimizing collection efforts and improving revenue recovery.

The Collections Enhancement Project is expected to significantly improve collection rates, reduce arrears, and minimize write-offs while providing a seamless customer experience. By 2029, enhanced payment functionality and segmentation strategies are projected to reduce

write-offs by $0.11MM, growing to a cumulative benefit of $1.91MM by 2031. Additionally, the expansion of automated payment arrangements will eliminate the need for 9,200 customer service calls annually, reducing third-party contact center costs by $0.35MM from 2029 to 2031.

Bill Redesign Project ($0.63MM) Alectra Utilities will be investing in a dynamic bill redesign in 2029 to provide customers with detailed usage and billing insights, while being scalable to accommodate the introduction of new rate options and programs expected under electrification. Alectra Utilities' existing bill design is static and cannot easily support changes to its layout. The new dynamic bill will allow for customer-specific, personalized and detailed billing information – resulting in flexibility to send targeted messages and program options on-bill. The bill redesign project has the following objectives and desired outcomes:

- Reduce high bill inquiries
- Support customer choice on rate options
- Improve bill clarity and drive digital adoption
- Support regulatory change and compliance
- Support new billing & payment programs
- Provide additional billing and payment insights to support EV and Heat Pump adoption
- Promote energy efficiency programs and insights
- Increase overall customer satisfaction
- Improve brand Image and differentiation

High bills are the second highest call category within the contact centre resulting in over 80,000 calls/year. This project will result in 10,000 fewer calls per year with an approximate cumulative savings of $0.63MM. As well, the project is anticipated to result in an increase of 1-2% in the J.D. Power Billing & Payment customer satisfaction score.

4.2.1. LEAP Funding

The LEAP Outcomes table provides an overview of Alectra Utilities' results with respect to the distribution of Low Income Electricity Assistance Program (LEAP) funding. In 2017, Alectra Utilities distributed $0.7MM in LEAP funds that were made available to customers. This declined in 2018 and 2019 to $0.5MM as collection activities slowed during the integration of the legacy rate zones onto a single CIS application.

Table 4-2-50: LEAP Outcomes

	2017	2018	2019	2020	2021	2022	2023	2024
Total Funds Disbursed ($Thousands)	627.37	468.62	533.63	278.56	405.33	1,203.66	1,359.21	1,729.81
Total Grants Disbursed ($Thousands)	534	404	457	220	352	1,046	1,182	1,504
Total Customers Assisted	1,285	896	1,013	445	711	1,577	2,408	2,549
Average LEAP Grant ($)	416	451	451	494	495	663	491	590

Funding for LEAP is included in the Collections & Payment segment OM&A and is discussed separately here as a cost driver due to important changes in the program starting in 2024 which have increased distribution amounts. Prior to 2024, actual amounts distributed to customers and LEAP agencies for administrative fees were generally lower than allowed in rates due to Alectra Utilities' voluntary moratorium on collections activities from 2018-2020, as a result of CIS system upgrade activities and in 2020 due to the disconnection ban and Alectra Utilities' voluntary disconnection moratorium in 2021-2022 which was put in place to provide further pandemic-support for customers. Starting in 2022, LEAP fund distribution increased to $1.2MM, $1.36MM in 2023 and $1.73MM in 2024. The higher amounts in 2022 and 2023 were funded from pooling of prior underfunded amounts funded in rates. In 2024, LEAP distributions resulted in a $900,363 inclusion in the LEAP deferral account. Similar amounts are expected to be recorded in the deferral account in 2025 and 2026. The increase in LEAP funding distribution is attributable to changes to the Program in March 2024, whereby OESP and LEAP income thresholds increased from $28,000-$52,000 to $38,000-$71,000. Additionally, LEAP grants increased from $500 to $650 and from $600 to $780 for electrically heated homes. Moreover,

changes to regulations that accommodate all eligible customers to have an opportunity to apply for and be granted LEAP assistance where no customer will be turned away due to lack of funding. The OEB further approved the use of deferral accounts by utilities to track additional LEAP funding required outside of the amount covered in revenue requirements. Other positive program changes included a revised and expanded list of documents for assessment flexibility to accept documents in lieu of a lease or mortgage. These changes have accommodated a more streamlined approach and ease of applying for LEAP benefits.

In 2023, Alectra Utilities' Customer Assistance Program Team (CAP) implemented a proactive educational and outreach effort through outbound calling, e-blasts, educational seminars to social agencies, and attending community events to provide in-person information on LEAP and Ontario Electricity Support Program (OESP) opportunities for customers.

As a result of the changes to LEAP and OESP, and the proactive promotion by Alectra Utilities' CAP team and the increase in collections and disconnection activity, Alectra Utilities projects to require additional LEAP distribution funding from 2027 to 2031. As a result, Alectra Utilities is requesting that the LEAP funding allocated in rates be increased from the 0.12% of distribution revenue (approximately $675,896 in 2023) to the amounts listed in the table below which reflects an average 4% annual increase from the 2024 LEAP disbursement amount of $1.73MM.

Table 4-2-51: Proposed LEAP Funding in Rates

	2027	2028	2029	2030	2031
Proposed LEAP Funding in Rates ($)	1,820,645	1,866,177	1,912,848	1,960,696	2,009,721

4.2.2. Impact of Water Billing

Alectra Utilities currently provides water billing services to the municipalities of Hamilton, Guelph, Markham, and Vaughan. In 2021, Alectra Utilities made the decision to phase out these services and has since been working collaboratively with each municipality to ensure a smooth and orderly transition. Hamilton will be the first to complete its transition in Q4 2025, followed by Guelph in Q2 2026. Markham and Vaughan are expected to complete their transitions before 2029.

Water billing services have been delivered through the Alectra Utilities Customer Service program. The associated costs have historically been recovered through revenues received from municipalities for the provision of these services. These revenues are treated as Other Revenue for regulatory purposes, however, there are some legacy differences in the regulatory treatment for the City of Hamilton contract versus the contracts for the other municipalities. These differences are summarized below:

- Legacy Horizon Utilities' Customer Care function performed water billing services for the City of Hamilton. Legacy Horizon excluded these costs from the revenue requirement for rate making purposes.

- The regulatory treatment for the Guelph, Markham and Vaughan water billing contracts was to include all revenues and costs in legacy Guelph and PowerStream's revenue requirement.

As water billing services are discontinued, the fixed costs for the City of Hamilton that were formerly excluded from the revenue requirement per legacy Horizon, must be absorbed in the Customer Service department's OM&A costs. These fixed costs include postage, third-party support services and fixed labour costs. This increase will be partially offset by lower variable costs as the utility ends water billing services for Guelph, Markham and Vaughan. Examples of variable costs include water meter reading, variable labour costs and dedicated third party administrative support.

The impact of the water billing exit on Customer Service OM&A includes a $3.6MM annual OM&A cost pressure beginning in 2026 related to the Hamilton contract as mentioned above. This is partially offset by a $1.2MM reduction in costs in 2027 with the exit of Guelph, followed by a further $2.3MM decrease in costs 2029 when Markham and Vaughan exit.

Departure from water billing will allow the Customer Service Program to strengthen its focus on delivering efficient and compliant electricity services in an increasingly complex regulatory environment, while improving the overall customer experience. This will enable Alectra Utilities to streamline operations, including the elimination of 15 redundant positions. These eliminated positions are included in the projected FTE requirements described in the above sections.

5. BILLING SEGMENT

5.1. BILLING SEGMENT DESCRIPTION

The Billing segment manages the issuance of over 13.5 million invoices annually and contributes to customer satisfaction by providing timely and accurate bills, along with billing and usage insights. Working closely with the Collections and Payment segment, the Billing segment plays a critical role in safeguarding Alectra Utilities financial stability and revenue assurance.

The utility industry operates within a dynamic regulatory landscape, with electricity billing particularly affected by evolving public policy initiatives and compliance requirements. The Billing segment is responsible for the following functions:

- **Creation and issuance of 13.5 million customer bills** annually, Alectra Utilities employs a proactive lifecycle bill management (PLCB) approach to billing to maximize billing success within the billing cycle.
- **Manual meter reading** of approximately 5,000 electric meters each month
- **Resolution of metering and billing exceptions**, optimizing daily work tasks across all open billing cycles to maximize billing success rates to achieve a bill success within the window of 99.5% or higher.
- **Management of 16 retailers** including their billings and settlements.
- **Annual Rate Reclassification and Billing Program Compliance:** Ensuring customers are assigned to the correct rate class based on recent usage patterns, in compliance with the Distribution System Code (DSC), while verifying eligibility for programs such as the Ontario Electricity Rebate (OER), Ontario Electricity Support Program (OESP), and the Industrial Conservation Initiative (ICI).
- **Billing support to new rate structures and programs:** Introducing and implementing initiatives such as Tiered Rates (2020), Metering Inside the Settlement Timeframe (2022–2023), Ultra Low Overnight Rate (2023), Green Button (2023) and Net Metering (2025).

- **Market Renewal Program:** This initiative includes transitioning from the Hourly Ontario Energy Price (HOEP) to Local Zonal Pricing in 2025, aimed at improving price signals and enhancing market efficiency.

- **Data Transparency and Reporting:** Addressing Energy Consumption Reporting and Benchmarking requests, along with fulfilling Freedom of Information (FOI) requests, reflecting a growing focus on transparency and accountability.

These examples underscore the need for agile billing operations that can adapt to an increasingly complex electricity market. Alectra Utilities will continually adapt its Billing operations to provide timely and accurate customer bills, meeting OEB's performance targets in Service Quality and Customer Satisfaction. Billing will also develop new billing-related programs, focus on promoting e-bill adoption, and achieve overall productivity savings using technology.

Other focus areas for the Billing segment through the Test Period include the (1) Bill Redesign Program; and (2) Driving productivity across the meter-to-cash lifecycle and providing billing support for the AMI 2.0 to ensure continuity of billing for customers.

5.1.1. Bill Redesign Project

Alectra Utilities is undertaking the dynamic bill redesign project to provide customers with detailed usage and billing insights, while being scalable to accommodate the introduction of new rate options and programs. Alectra Utilities' existing bill design is static and cannot easily support changes to its layout. The new dynamic bill will support providing customer-specific, personalized and detailed billing information – allowing for flexibility to send targeted messages and program options on-bill.

As outlined in 4.2 Productivity, the Bill Redesign Project is planned to be completed in 2029 and has the following objectives:

- Reduce high bill inquiries

- Support customer choice on rate options

- Improve bill clarity and drive digital adoption optionality
- Provide personalized billing and payment insights to support EV and Heat Pump adoption
- Promote energy efficiency programs and insights
- Increase overall customer satisfaction
- Support customer choice and regulatory policy clearly presenting rate programs and customer options.
- Support new billing & payment programs
- Improve brand Image and differentiation

The project will complement Alectra Utilities' MyAlectra customer portal, which enhances customer engagement by providing detailed usage and billing insights, including high bill alerts, payment due reminders, and overdue notices. The utility bill remains a critical communication channel, helping customers clearly understand their current consumption, rates, and payment obligations. As one of the most effective and widely used touchpoints, the bill continues to play a vital role in ensuring transparency and supporting informed customer decision-making.

5.1.2. Meter-to-Cash Productivity Improvements and AMI 2.0

Alectra Utilities employs a proactive lifecycle bill management (PLCB) approach to billing to maximize billing success within the billing cycle. To achieve this, PLCB anticipates and corrects meter data exceptions and billing errors prior to the opening of the billing cycle, as well as plans, anticipates and manages daily work tasks across all open billing cycles to maximize billing success rates. Investments in automation, including the introduction of Robotic Process Automation, enhancements to billing controls and logic within the CIS, and upskilling of billing staff, have enabled Alectra Utilities to achieve a 99.6% bill success within the window rate and a higher than target 99.6% billing accuracy rate.

Reliable AMI meter data contributes to high billing success rates. The AMI 2.0 network that began to be deployed in 2023 is more robust than the legacy AMI 1.0 networks, and provides

fewer meter data exceptions. The continued deployment of AMI 2.0 meters will also decrease the growing risk of increasing meter failure rates which causes delayed and inaccurate bills, while increasing manual billing effort and bill estimations. For a further discussion of Meter Failures, refer to Exhibit 2A, Tab 1, Schedule 1 Appendix B06 - Network Metering.

5.2. BILLING SEGMENT COSTS

In 2017, Billing OM&A costs were $13.2MM, comprised of $4.4MM in labour costs and $11.7MM in non-labour costs, including $8.1MM in postage costs, $2.1MM of meter reading costs and $0.5MM in other costs. These costs were partially offset by $1.9MM in OM&A cost recovery from Hamilton Water Billing services. The Billing segment costs will increase to $18.5MM, by 2031, including $8.9MM in labour costs, $8.8MM in postage costs, $0.6MM in meter reading costs and other third party service support, as well as $0.2MM in other costs.

Table 4-2-52: Billing Costs Segment Expenditures ($MM)

Billing Segment Costs ($MM) – Historic Period								
Year	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Total	13.21	15.79	19.88	17.06	16.64	16.74	17.01	17.41
Segment Costs ($MM) – Bridge and Forecast Period								
Year	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
Total	20.52	22.10	19.27	19.53	17.68	17.96	18.46	

5.3. BILLING SEGMENT YEAR-OVER-YEAR VARIANCE ANALYSIS

2017-2018 Variance Explanation

Costs increased from 2017 to 2018 by $2.6MM primarily as a result of increases in:

- labour ($1.0MM),
- postage & printing ($1.8MM) due to postage increases and customer growth

- third party service costs related to billing overflow and back-office support in support of Alectra Utilities' Customer Information System (CIS) integration ($0.2MM).

These cost increases were offset by the reallocation of $0.3MM in IT license costs from the Billing segment to the IT program.

2018-2019 Variance Explanation

Costs increased from 2018 to 2019 by $4.1MM primarily as a result of the Guelph Hydro merger and amalgamation of the two billing departments. The billing segment year over year cost increase is attributable to:

- $1.5MM in labour costs with the addition of 5 billing staff resulting from the Guelph merger
- $1.6MM in postage and printing costs with the addition of $0.52 Guelph Hydro costs; and
- $0.9MM in third party service costs related to billing overflow and back-office support from the integration of the Horizon rate zone onto the Alectra Utilities CIS.

2019-2020 Variance Explanation

Overall costs decreased by $2.8MM, led by a decrease of $1.2MM in labour and $1.6MM decrease in non-labour costs. This included a $0.9MM decrease in other OM&A costs related to higher water billing contribution and $0.2MM decrease in third party service costs, and by a $0.5MM decrease in postage and print costs. The net decrease in costs were largely a result of the realization of merger synergy savings and reduced customer activity during COVID.

2020-2021 Variance Explanation

There are no reportable variances for this period.

2021-2022 Variance Explanation

There are no reportable variances for this period.

2022-2023 Variance Explanation

There are no reportable variances for this period.

2023-2024 Variance Explanation

Overall costs increased by $0.5MM, led by a $0.2MM increase in labour costs from wage inflation, partially offset by a shift of 2 training resources to Customer Excellence and $0.3MM increase in non-labour including $0.2MM in consulting, $0.2MM in third party support, partially offset by a $0.2MM reduction in postage and printing.

2024-2026 – Bridge Period Variance Explanation

Over the Bridge Period costs are expected to increase by $4.6MM (or an average of $2.3MM per year) primarily as a result of:

- Increased allocated OM&A costs resulting from the exit of water billing in 2026 ($3.4MM), offset by a reduction in meter reading and outside service provider costs associated with water billing ($1.1MM).

- Temporary Increased labour costs of $1.7MM in 2025 in support of the Hamilton and Guelph water bill exit projects and Guelph CIS integration project.

- Increased postage fees of $1.3MM in 2025 due to the combined effect of two postage increases from Canada Post (May 2024 7¢/bill and January 2025 25¢/bill), In 2026, postage costs will decrease by $0.5MM as e-bill penetration is set to increase from 47% to 57.8%. Between 2024-2026, the net impact of these factors is a $0.9MM decrease.

2026-2031 – Test Period Variance Explanation

Annual billing segment costs are projected to decrease by an average of $0.7MM per year over the Test Period. These decreases are largely due to the completion of water billing projects, leading to a reduction in meter reading costs (-$0.3MM), as well as decreased postage and printing fees (-$0.4MM) resulting from higher e-bill adoption.

In 2027, costs are projected to decrease by $2.8MM mainly due to decreased labour costs ($1.1MM) following the planned completion of the Guelph CIS integration project and the Hamilton and Guelph water billing projects. Billing segment FTE's will decrease from 68 to 58 in 2026. In addition, postage and printing costs are projected to decrease by $1.6MM as a result of increased e-billing adoption to 59.8% in 2027.

In 2029 costs are projected to decrease by $1.85MM mainly due to the completion of the Markham and Vaughan water bill exit and reduction in meter reading costs ($1.6MM). Postage and printing fees also decline by $0.3MM as e-billing adoption increases to 66%

FTE's will increase from 57 in 2028 to 60 by 2031 in line with higher billing exception handling attributable to higher average bills and to manage new billing programs.

6. COLLECTIONS AND PAYMENTS SEGMENT

6.1. COLLECTIONS AND PAYMENTS SEGMENT DESCRIPTION

The Collections and Payments segment processes over $3.5B in annual electricity payments from 1 million customers, while providing management of over $450MM of customer arrears including collections, disconnection and reconnection processes. The segment plays a critical role in providing revenue assurance for Alectra Utilities by minimizing outstanding balances and bad debt. Collections & Payments has a mandate to support affordability and sustainability commitments through compassionate customer assistance programs for vulnerable customers, and dedicated ombudsperson support to manage customer escalations.

The Collections and Payments segment is comprised of 4 functions:

- **Payments:** The Payments function enhances the customer experience by offering convenient and flexible payment options and ensuring efficient payment processing to support Alectra Utilities' financial health. The Payments group processes payments for both energy and Miscellaneous Accounts Receivable (MAR), utilizing a variety of sources including online payments, Electronic Funds Transfers (EFT), pre-authorized payment, credit card, cheque and other miscellaneous sources including Western Union and MoneyGram. The Payments function also processes refunds and security deposits, manages customer administrative back-office functions including management of

bankruptcies, unoccupied premises, processing of lawyer letters, articles of incorporation, and manages exceptions for pre-authorized payments and Equal Payment Plan applications.

- **Collections:** The Collections function reduces financial risk to Alectra Utilities and Alectra Utilities' rate payers by prudently managing electricity arrears, through collections, severance, disconnects and reconnect processes. This activity includes resolving meter access issues for disconnections, proactively contacting high-risk customers to arrange for payment and management of payment arrangements exceptions. This function also manages a Market Share Program with third party collection agencies to recover outstanding arrears from finalized accounts and also responds to first-level escalations and inquiries from the contact center.

- **Customer Solutions:** The customer solutions function includes complex customer escalations and general liability claims as well as Ombudsperson responsibilities across Alectra Utilities to improve outcomes and streamline processes for both the customer and Alectra Utilities. This function ensures a direct point of contact for key stakeholders, such as municipalities, the OEB and the Ontario Ombudsman. Customer Solutions assists with oversight of Alectra Utilities' 24/7 outsourced power outage contact center and supports customers with reliability and power quality concerns.

- **Customer Assistance Programs:** This function includes assisting vulnerable customers at risk of being disconnected for arrears. This function performs a vital customer outreach role in the community and directly engages with customers to increase awareness of customer assistance programs. This function oversees the administration of Alectra Utilities' LEAP and OESP programs, educates customers on customer assistance programs and payment arrangements.

The Collections & Payments segment enhances the customer experience by implementing new innovative payment and customer assistance programs that promote customer choice, convenience and affordability. Recent initiatives include the implementation of COVID-19 Energy Assistance Program (CEAP) and CEAP for Small Business in 2021 and the implementation of the new customer portal in April 2024, with digital wallet capabilities to allow

customers to pay their bill with an expanding list of payment options. The customer portal also provides enhanced payment due and overdue notifications and leverages payment arrangement capabilities in Alectra Utilities' CIS to offer eligible customers who are behind on their bills the ability to set up automated payment arrangements on the MyAlectra customer portal.

6.1.1. Bad Debt

Over the historical period, OM&A costs have been significantly impacted by rising bad debt (credit loss) costs, particularly between 2020–2024, when the effects of the COVID-19 pandemic led to a sharp increase. Bad debt surged to $27.4MM in 2020 and $19.5MM in 2021 before gradually declining to $12.2MM in 2022. Alectra Utilities estimated the direct impact of the pandemic on bad debt to be $15.8MM in 2020, $7.3MM in 2021, and $6.2MM in 2022. Although bad debt in 2024 returned to more historical levels of $6.4MM, declines in the Allowance for Doubtful Account (AFDA) balance continue to offset high write off rates. In 2022 Alectra Utilities resumed limited collections and disconnections, starting with high-risk commercial and industrial customers and with residential customers with arrears greater than $10,000. In 2023, Alectra Utilities resumed a “Get Back on Track” campaign to residential and commercial customers with arrears greater than $500-$750. The approach was to offer customer assistance programs, including LEAP and Payment Arrangements, and where possible seek support from other governmental/community funding sources for low-income residential customers. In 2024 and 2025, Alectra Utilities continued a similar approach to help customers get back on track. Customer segmentation was included in proactive, outbound campaigns to prioritize disconnections based on payment history, broken payment arrangements and previous disconnection history. In 2024, Alectra Utilities disconnected over 15,000 customers for non-payment. Despite reductions in customer arrears through the summer disconnection period, arrears climbed during the winter disconnection period, virtually wiping out the gains made in reducing arrears.

Table 4-2-53: Alectra Utilities Revenue, Arrears & Write Offs and Impact of COVID-19 ($MM)

	2017	2018	2019	2020	2021	2022	2023	2024
Total MIFRS Distribution & Energy Revenue	3,040.2	3,369.3	3,497.3	3,855.6	3,497.4	3,779.3	3,686.6	4,044.0
Annualized Arrears > 30 Days		251.6	291.8	386.4	528.0	650.3	527.8	415.8
Arrears as a % of Revenue		7%	8%	10%	15%	17%	14%	10%
Net Write Offs		5.2	4.4	9.5	7.8	14.1	16.4	11.3
Bad Debt	4.3	3.9	7.0	27.4	19.5	12.2	5.9	6.4
COVID Impact				15.8	7.3	6.2		
Bad debt as a % of total Revenue		0.12%	0.20%	0.71%	0.56%	0.32%	0.16%	0.16%

	2025	2026	2027	2028	2029	2030	2031
Total MIFRS Distribution & Energy Revenue	4,228.2	4,358.8	4,725.6	4,939.5	5,156.0	5,407.0	5,681.4
Arrears > 30 Days	388.1	389.0	415.2	431.2	453.4	522.8	511.0
Net Write Offs	12.4	7.1	7.7	8.4	8.3	8.0	7.6
Arrears as a % of Revenue	9%	9%	9%	9%	9%	10%	9%
Bad Debt (Credit Loss)	7.1	6.3	7.8	8.4	8.6	8.4	8.2
COVID Impact							
Bad debt as a % of total Revenue	0.17%	0.14%	0.17%	0.17%	0.17%	0.16%	0.14%

As outlined in Section 4.1, bad debt costs is a significant driver of OM&A costs for the Collections and Payments segment. Starting in 2027, arrears will gradually increase from $415MM on an annualized basis to $511MM in 2031 reflecting an improved ratio of arrears to: revenue. As shown in Table 4-2-53, this ratio will see a general improvement from 11.8% during COVID to 9%. This increase will drive additional collections activities, leading to a 4.3% annual increase in service disconnections, reconnections, a 5.8% increase in inbound and outbound arrears-related calls, and third-party collection recoveries. As a result, bad debt expense is expected to rise from $6.4MM in 2024 to $8.6MM in 2029 before declining slightly to $8.2MM by

2031, as collection enhancement initiatives and system automation improvements mitigate further increases.

6.2. COLLECTIONS AND PAYMENTS SEGMENT COSTS

In 2017, Collection and Payment OM&A costs were $8.6MM, including $3.1MM in labour costs and $5.5MM in non-labour costs. Non-labour costs are further broken down into $4.3MM in bad debt (credit losses), $1.1MM in field collection and collection agency costs, and $0.4MM in LEAP and other costs, partially offset by $0.26MM cost recovery from Hamilton Water Billing Services. From 2027 to 2031, the Collection segment costs will increase to $18.4MM, with costs broken down as follows: $5.75MM in labour costs, $8.2MM in credit loss (bad debt) costs, $2.06MM in LEAP costs and $2.3MM in field collection and third party collection agency costs and $0.1MM in other costs.

Table 4-2-54: Collections and Payments Segment Expenditures ($MM)

Collections and Payments Segment Costs ($MM) – Historic Period								
Year	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Total	8.57	9.45	13.16	32.40	24.66	17.50	12.47	13.93
Segment Costs ($MM) – Bridge and Forecast Period								
Year	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
Total	14.48	14.35	16.98	17.93	18.18	18.21	18.39	

6.3. COLLECTIONS AND PAYMENTS YEAR-OVER-YEAR VARIANCE ANALYSIS

2017-2018 Variance Explanation

Overall costs increased by $0.9MM, with an increase of $1.0MM in labour costs, partially offset by $0.1MM decrease in non-labour, including $0.4MM decrease in bad debt and $0.2MM reduction in outside service providers.

2018-2019 Variance Explanation

In 2019, overall costs increased by $3.7MM. Primary contributors to this increase were the $3.6MM increase in non-labour costs and $3.1MM increase in bad debt and $0.6MM increase in third party costs for back-office support due to the integration of the Horizon rate zone onto the Alectra Utilities CIS and ongoing support to stabilize the platform. Guelph Hydro credit & collection resources were amalgamated into the department resulting in a $0.15MM labour increase.

2019-2020 Variance Explanation

In 2020 Collections & Payments OM&A increased by $19.2 M compared with the previous year. Increases in bad debt of $20.4MM were the main contributor, including $15.8MM in direct COVID-19 bad debt costs. Direct labour costs decreased by $0.9MM as the synergy savings were realized in the year.

2020-2021 Variance Explanation

In 2021 Collections & Payments OM&A decreased by $7.7MM compared with the previous year. Decreases in bad debt of $8MM were the main contributor. Despite these decreases, bad debt OM&A expense of $19.5MM, including $7.3MM in direct COVID-19 bad debt costs remained significantly higher than previous years. Direct labour costs decreased by $0.3MM due to synergy savings and staff hiring lag.

2021-2022 Variance Explanation

In 2022, Collections & Payments OM&A decreased by $7.2MM compared with the previous year. Decreases in bad debt of $7.2MM were the main contributor. Despite these decreases, bad debt OM&A expense of $12.2MM, including $6.2MM in direct COVID-19 bad debt costs remained significantly higher than previous years. Direct labour costs decreased by $0.2MM as the fully effective synergy savings were realized in the year.

2022-2023 Variance Explanation

Costs decreased from 2022 to 2023 by $5.0MM largely as a result of a $6.3MM reduction in bad debt expenses. This decrease in costs was partially offset an increase in third party costs attributable to the resumption of field collections, as well as annual inflationary adjustments in labour costs.

2023-2024 Variance Explanation

In 2024, Collections & Payments OM&A increased by $1.5MM compared with the previous year. Bad debt increased by $0.4MM as Alectra Utilities accelerated collections with the 2024 collections campaign, but was impacted by increased arrears from the winter disconnection ban in November and December 2024. Direct labour costs increased by $0.4MM due to lower staff hiring lag and wage increases, partially offset by the shift of 1 training resource to Customer Excellence. In addition, LEAP funding of $0.9MM was recorded in the LEAP deferral account as total LEAP disbursements of $1.73MM exceeded LEAP funding in rates.

2024-2026 – Bridge Period Variance Explanation

There are no reportable variances for this period.

2026-2031 – Test Period Variance Explanation

Annual collections segment costs are projected to increase by an average of $0.8MM per year over the Test Period. These increases are largely driven by increased bad debt costs and increased LEAP funding.

In 2027 costs are projected to increase by $2.6MM primarily due to an increase in bad debt costs in line with increasing arrears ($1.5MM), as well as increased LEAP costs ($1.1MM) as described in Section 7.

Labour costs will increase by $0.3MM in 2028 and $0.4MM in 2029, largely attributable to increases in FTE from 33 to 37, as higher arrears increase collection activities. FTE's will increase to 38in 2031.

7. CUSTOMER CARE SEGMENT

7.1. CUSTOMER CARE SEGMENT DESCRIPTION

Customer Care serves as the key interface with its customers, where Alectra Utilities' customer service agents respond to billing inquiries, opening and closing of customer accounts, and manage inquiries related to collections activities. The department handles over 640,000 calls per year from more than 1 million customers. By leveraging advanced call routing, self-service options, and comprehensive agent training, Alectra Utilities ensures efficient and effective customer service. Continuous improvements in communication, customer research, and investment in technology drive high levels of customer satisfaction and operational efficiency.

The key activities of the Customer Care Segment include:

- **Customer Care Operations:** Effective management and resolution of customer inquiries from 3 contact center locations across Alectra Utilities' service territory, Monitors service quality through data analysis, performance tracking (FCR, AHT, CSAT, NPS), workflow automation, and ongoing agent training.

- **Email and Correspondence:** Handles customer inquiries via email and website, with a greater than 80% response rate within 10 days.

- **Managing Outsourced Call Centers:** Manages performance of outsourced contact centers, with third-party governance and management, advanced call routing, comprehensive agent training for third parties and promotion of self-serve options..

- **24/7 Outage Communications:** Manages third-party outage communications service provider which provides real-time updates during outages to customers. This includes responding to reported power outages and emergencies and ensuring information related to cause and estimated time of restoration are communicated to customers.

- **Customer Research and Insights:** Conducts research to measure customer satisfaction drivers, opportunities and action plans for continuous improvement. Oversees safety awareness campaigns and integrates customer feedback into decision-making.

- **Regulatory Reporting:** Reports key OEB metrics to maintain compliance.

As shown in Table 4-2-55, Alectra Utilities' Customer Care department successfully maintained service levels between a range of 75-79% between 2017 and 2019, attributable to lower call complexity and AHT which ranged between 7.04 minutes and 7.48 minutes. Results were also facilitated by the implementation of a new Interactive Voice Response (IVR) system in 2019-2020 which improved call routing between service queues, allowing agent optimization as the contact center agents migrated to a work from home model in March 2020 until the Spring of 2022. Call volumes remained stable during this time (see Table 4-2-55 below) as the Company had not resumed wide-scale residential collection activity until 2023. Service Levels declined to 66.9% in 2020 before recovering to 70.7% due to COVID impacts reducing internal and third-party agent availability. Call volumes increased by 78,472 in 2023 and increased by a further 29,845 in 2024 as collection activities including disconnections ramped up. At the same time, Average Handle Time has increased by 63% since 2018 due to migration to a modernized Customer Information System platform and due to more complex high bill and collection calls since the pandemic. In 2024, the Company also implemented a new customer portal and responded to 53,056 incremental calls where customers experienced challenges with the transition between technologies of the legacy portal and MyAlectra. In addition to the increase in collections-related calls, the Canada Post strike caused 20,000 increased calls as customers called inquiring about the status of their billing and payments, including their account balance, further stressing the Contact Centre’s service levels. As a result, Telephone Accessibility Service Levels decreased to 53% in 2023 and to 30% in 2024. Telephone abandon rate in 2024 saw a corresponding increase to 18.16%.

As part of its action plan to address these increasing service level challenges, Alectra Utilities invested over $1.4MM in additional third-party contact center resource support in 2023 and enhanced training and Quality Assurance to upskill agents to mitigate Average Handle Time and improve First Contact Resolution. In 2024, focus on training and QA continued and Alectra Utilities refined its IVR based on best practices from J.D. Power insights to reduce wait times, minimize call transfers, and simplify navigation. Alectra Utilities also implemented a telephone Workforce Management application in 2024 to more accurately forecast call arrival rates across various skill-sets to improve efficient resource allocation leveraging both internal and external CSRs. Additionally, the launch of the MyAlectra customer portal provides the foundation to self-

serve automation to reduce the upward pressure on call volumes. Automated, self-serve payment arrangements were introduced in November 2024 with efficiencies expected to materialize in 2025 once the residential Disconnection Ban is lifted in the spring.

As described in detail in Section 4.1, the Customer Service program is committed to improving customer service levels, while managing a projected increase in customer interactions, and increase in the AHT of customer calls.. As a result, the Customer Service program will require additional internal and external resources, most of which will be added in the Customer Care segment. Table 4-2-56 below, summarizes the front-line agent requirements, including the impact of digital transformation. Table 4-2-57 provides a further breakdown of requirements into internal and external Customer Service Representatives specific to the Customer Care segment.

Table 4-2-55: Historical and Forecast Call Volumes, Service Level, AHT and Total Call Hours

	2017	2018	2019	2020	2021	2022	2023	2024
Call Volume	808,741	764,999	769,870	612,466	556,110	527,916	606,388	636,233
Calls Answered Within 30 Seconds	643,087	594,203	583,422	409,953	393,162	373,161	323,486	189,484
Telephone Accessibility Service Level	79.5%	77.7%	75.8%	66.9%	70.7%	70.7%	53.3%	29.8%
Average Handle Time (Minutes)	7.04	7.04	7.48	8.44	9.10	9.58	10.13	11.45
Total Call Hours	3	3	6	0	5	3	4	8

	2025	2026	2027	2028	2029	2030	2031
Call Volume	654,755	625,565	650,133	670,431	695,138	736,844	723,860
Calls Answered Within 30 Seconds	360,115	337,805	422,587	455,893	521,353	552,633	579,088
Telephone Accessibility Service Level	55%	54%	65%	68%	75%	75%	80%
Average Handle Time (Minutes)	11.45	11.45	11.45	11.45	11.45	11.45	11.45
Total Call Hours	0	4	8	0	9	1	8

Table 4-2-56: Alectra Utilities Front-Line Agent Requirements

	2024	2025	2026	2027	2028	2029	2030	2031
Adjusted Voice Interactions	636,233	654,755	625,565	650,133	670,431	695,138	736,844	723,860
Service Level	30%	55%	54%	65%	68%	75%	75%	80%
Required Front Line Agents Voice	112	120	116	122	125	131	138	136
Web Chat/ Backoffice Interactions	0	0	34,754	44,327	54,570	66,204	80,873	90,483
Required Front Line Agents Web Chat/Backoffice	0	0	6	6	8	8	10	10
Total Front-Line Agents Required	112 required (81 Actual)	120	122	128	133	139	148	146
Impact of Technology Investments	0	0	5	6	11	11	11	11
Net Front Line Agent Requirements	81	120	117	122	122	128	137	135

Table 4-2-57: Customer Service Representative Requirements

	2024	2025	2026	2027	2028	2029	2030	2031
Internal Agents	29	59	59	58	60	69	73	78
Third Party Agents	52	61	58	64	62	59	62	57
Third Party Budget OM&A ($)		3,507,220	3,832,274	4,346,209	4,376,181	4,334,620	4,704,717	4,513,671
% Internal Agents	36%	49%	50%	48%	49%	54%	54%	58%

7.2. CUSTOMER CARE SEGMENT COSTS

In 2017, Customer Care OM&A costs totaled $9.3MM, and included $7.6MM in labour costs $2MM in third-party contact center costs and outage management third-party costs, and $0.2MM in consulting and other costs. This was partially offset by a $0.7MM cost recovery related to the Hamilton water billing business. From 2027 to 2031, the segment costs will increase to $21.9MM. Costs are broken down as follows: $14.9MM in labour costs, $6.2MM in

third party contact center costs and outage management third party support, along with $0.8MM related to JD Power and other market research and external training and conferences.

Table 4-2-58: Customer Care Segment Expenditures ($MM)

Customer Care								
Segment Costs ($MM) – Historic Period								
Year	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Total	9.32	9.62	10.95	9.83	10.68	11.87	13.39	13.94
Segment Costs ($MM) – Bridge and Forecast Period								
Year	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
Total	13.90	16.05	16.41	17.14	19.14	20.77	21.85	

7.3. CUSTOMER CARE SEGMENT YEAR-OVER-YEAR VARIANCE ANALYSIS

2017-2018 Variance Explanation

There are no reportable variances for this period.

2018-2019 Variance Explanation

OM&A costs increased by $1.3MM in 2019 due to a $0.5MM increase in labour costs and $0.7MM in third party agency costs, attributable to support for the integration of Hamilton Rate Zone onto the Alectra Utilities Customer Information System (CIS) platform.

2019-2020 Variance Explanation

OM&A costs decreased by $1.1MM in 2020, including $0.5MM reduction in labour costs as staff FTE’s decreased from 73 to 64 due to completion of the CIS integration project and due to pandemic-related staff hiring lag. Costs were also lowered by an increased water billing contribution of $0.4MM.

2020-2021 Variance Explanation

OM&A costs increased by $0.9MM as a result of $1MM in labour cost increases as staff vacancies were filled and the utilization of overtime to maintain service levels. This was partially offset by $0.15MM in lower third-party contact center costs.

2021-2022 Variance Explanation

OM&A costs increased by $1.2MM, driven by higher labour costs of $0.7MM from filling of vacancies as well as inflationary increases and an additional $0.4MM in consulting related to the timing of customer research studies and third-party contact centre costs.

2022-2023 Variance Explanation

OM&A costs increased by $1.5MM as a result of a $1.4MM investment in third-party contact center costs to mitigate service level challenges resulting from high call volumes associated with the resumption of residential disconnections following the pandemic.

2023-2024 Variance Explanation

OM&A costs increased by $0.6MM, driven by $0.38MM higher third-party costs to manage incremental collection calls related to the 2024 residential collections effort, $0.27MM costs related to the JD Power Customer Excellence program and timing of customer research studies and $0.1MM higher labour costs, partially offset by a $0.15MM reduction in customer research and other miscellaneous costs.

2024-2026 - Bridge Period Variance Explanation

Annual customer care costs are projected to increase by an average of $1.1MM per year over the Bridge Period. While there is no material change in overall customer care costs in 2025, the $2.2MM increase in 2026 is primarily the result of:

- $1.1MM ($0.9MM in 2025) in labour costs to fill vacant contact center service representatives. This is partially offset by a $0.7MM reduction in third-party contact center services as more customer service agent support is shifted in house.

- $1.4MM due to increased allocated OM&A costs resulting from the exit of water billing services in Hamilton and a reallocation of costs from water billing to electricity line of business.

2026-2031 - Test Period Variance Explanation

Annual customer care costs are projected to increase by an average of $1.2MM per year over the Test Period, largely as a result of incremental resourcing requirements to accommodate higher call volumes as described in Section 4.1.

There is no material change in costs from the 2026 Bridge Year to the 2027 Test year. Over the Test Period from 2028 to 2031, costs are projected to increase annually as a result of inflationary wage and the addition of incremental FTEs as follows

- In 2028 the customer care segment expects to increase from 67 to 69.5 FTEs
- In 2029 the customer care segment expects to increase from 68.5 to 81 FTEs
- In 2030 the customer care segment expects to increase from 80 to 86 FTEs
- In 2031 the customer care segment expects to increase from 85 to 92 FTEs

8. CUSTOMER CONNECTIONS AND KEY ACCOUNTS SEGMENT

8.1. CUSTOMER CONNECTIONS AND KEY ACCOUNTS SEGMENT DESCRIPTION

The Customer Connections and Key Accounts segment oversees new services, upgrades, and service removals for residential and business customers, processing approximately 22,000 service requests per year and maintaining a dedicated contact center to manage ongoing customer inquiries on their requests throughout the customer connections lifecycle. Key Accounts manages the relationships with Alectra Utilities' 618+ Class A customers, which typically include businesses over 1 MW in size and qualified manufacturing businesses greater than 500 kW. This includes administration of the Industrial Conservation Initiative (ICI), and acting as the main contact for Class A customers for inquiries on billing, collections and power quality

Key activities for the customer connections and key accounts segment includes:

Customer Connections

- Managing daily administrative tasks for new service and service upgrades, including processing ESA connection authorizations, setting up new accounts, managing related field appointments (i.e. disconnection/reconnection), and updating the lifecycle of customer applications within Alectra Utilities' New Connections portal and integrated platforms.

- Managing the intake and processing of approximately 22,000 service request applications.

- Operating a contact centre managing approximately 42,000 customer/contractor phone calls and 62,750 emails annually, providing personalized support and timely updates to customers.

- Coordinating with internal departments and customers to fulfill service conditions.

- Processing Field Activities (FA) in Alectra Utilities' Customer Information System (CIS) to issue work instructions to field crews.

Throughout the historical period, the Customer Connections and Key Accounts segment has evolved to align legacy systems and processes. In 2018, Alectra Utilities initiated a program to unify the connections process across the enterprise, termed the New Customer Connections Process (NCCP). This integrated process and supporting technology platform was rolled out in 2019 and allowed customers to submit applications for new services, upgrades, and removals. At that time, due to the complexity of non-harmonized back-end processes resulting in rising call volumes, Alectra Utilities outsourced the Customer Connections Contact Centre to a third-party service provider. Outsourcing was also required during COVID, due to a backlog of over 1,000 residential upgrade appointments. In 2021, following enhancements to the NCCP, application processing times significantly improved, and a decision was made to in-source most of the Customer Connections Contact Centre to improve service levels and customer satisfaction, with one third-party contractor maintaining support for outbound customer follow up. The in-sourcing resulted in the addition of 5 FTE’s in Customer Connections and resulted in a significant

reduction in average speed to answer, providing a more responsive experience for our customers and a reduction in the back log of service requests.

Throughout 2023 and into 2024, the Customer Connections department focused on enhancing operational efficiencies by aligning processes across various legacy operational groups. To further standardize work, reduce likelihood of errors and drive efficiency, the department implemented a knowledge management system. In total, improvements to the performance of Alectra Utilities' NCCP platform, knowledge management system and related business processes, has resulted in avoided cost savings of 2,000 labour hours per year allowing the department to improve service levels in processing service request applications and ESA connection authorizations.

In 2024, the Customer Connections department initiated the Discovery Phase of a strategic project to replace the end-of-life and non-supported existing New Connections portal with a new scalable application and technology, with the ability to integrate into other enterprise systems for improved automation and customer self-service. The urgency to replace the existing NCCP portal was driven by several critical challenges, including performance issues, lack of integration with other critical enterprise systems, and the lack of robust data analytics and reporting capabilities. The new application will enable greater interdepartmental efficiency and cooperation, improve automation of workflows, enhance customer experience, and integrate seamlessly with other Alectra Utilities systems. The implementation of the new application is planned for 2025-6 and will allow customers to schedule their own disconnects and reconnects. This will lead to a reduction in follow up calls and emails from customers on status updates and system integrations will enable greater workflow optimization across the process further reducing project completion times. This will enable the realization of 3 FTE reductions by 2027 and also the reduction in third-party administrative support required to follow up with customers.

Costs for the Customer Connections program are primarily labour costs, impacted by demand for new services and upgrades, which in turn are heavily influenced by economic conditions. From 2020-2023, in line with appreciating home prices low interest rates, and also as a result of COVID, customers invested more in home improvements, including electrical service upgrades, leading to a higher volume of service upgrades and new service installations resulting in higher labour costs. While activity levels have returned to more normal levels, looking ahead to 2031,

growth in electrification including adoption of electric vehicles (EVs) and electric heat pumps will be a key driver for customer requests for service upgrades which are expected to increase from 13,000 in 2025 to over 95,000 per year by 2031. Additionally, government mandates for new home developments will maintain strong customer growth and requests for new services, as will requests required to address aging infrastructure.

Key Accounts

Key Accounts is the first point of contact for Alectra Utilities' 618+ Class A customers, which typically include businesses over 1 MW in size and qualified manufacturing businesses greater than 500 kW. Key functions include:

- Engaging with large commercial and industrial customers, acting as a liaison between the utility and customers' executives/operational groups.
- Continuous improvement of processes and engagement practices to meet the Key Account customer needs.
- Provide support and guidance to customers in areas of energy/data management, power quality and reliability, and acting as the first point of contact for any inquiries, simplifying communications and coordinating issue management with the appropriate internal departments.
- Delivering energy programs for commercial and industrial customers such as the Industrial Conservation Initiative (ICI) to improve energy competitiveness, and support conservation programs (Save on Energy) to reduce electricity costs. The Ministry of Energy introduced ICI in 2010 and expanded the program in 2015 and 2017. Registered participants are defined as Class A customers and are charged global adjustment (GA) based on their prior year % contribution to the top 5 Ontario peak demands. In 2024, the ICI program had a 84% participation rate and has the potential to reduce over $227MM from Class A customers' bills.

As a result of the merger of legacy utilities and expansion of the ICI program to lower the ICI eligible annual peak demand to 500kW for manufacturing & green-house customers, the scope of the Key Accounts team has grown from managing 100 key account customers in 2017 to over

600 accounts in 2024, representing 30% of the province's commercial and industrial load and 28% of Alectra Utilities' peak demand. Alectra Utilities' summer peak demand is expected to increase by 20% by 2031, with strong contribution from ICI customers, including 425 MW of growth in data center load. The scope of this segment is expanding to enhance its critical support for ICI customers, serving as the first point of contact for expansion-related projects, account management, power quality and reliability concerns, and administration of the ICI program.

Beginning in 2025, the Key Accounts team will play a pivotal role in supporting IESO's eDSM (Demand Side Management) initiative by promoting energy efficiency programs. This is anticipated to transition into Alectra Utilities' future led Non-Wires Alternative offerings for ICI customers and customized programs to address distribution needs, further strengthening its ability to deliver tailored solutions and optimize energy management. Key Accounts' support will include an IESO-funded support for Stream 1 Energy Efficiency programs, and providing general marketing support to increase awareness, brand and trust.

8.2. CUSTOMER CONNECTIONS AND KEY ACCOUNTS SEGMENT COSTS

In 2017, Customer Connections and Key Account OM&A costs were $0.466MM, comprised primarily of labour costs. Segment costs will increase to $3.4MM by 2031. Costs are broken down as follows: $3.1MM in labour costs and $0.3MM in third-party costs related to administrative support services provided to Customer Connections.

Table 4-2-59: Customer Connections and Key Accounts Segment Expenditures ($MM)

Customer Connections and Key Accounts Segment Costs ($MM) – Historic Period								
Year	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Total	0.47	1.23	1.37	1.23	1.78	1.87	1.70	1.67
Segment Costs ($MM) – Bridge and Forecast Period								
Year	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
Total	2.51	2.48	2.57	2.71	3.02	3.25	3.41	

8.3. CUSTOMER CONNECTIONS AND KEY ACCOUNTS YEAR-OVER-YEAR VARIANCE ANALYSIS

2017-2018 Variance Explanation

OM&A costs increased from 2017 to 2018 by $0.8MM as a result of a $0.7MM increase in direct labour costs.

2018-2019 Variance Explanation

No material change.

2019-2020 Variance Explanation

No material change.

2020-2021 Variance Explanation

OM&A costs increased by $0.6MM, with $0.1MM increase in direct labour costs and $0.4MM in third-party costs. The temporary third-party costs relate to hiring of incremental resources to improve service levels in the Customer Connections contact center while improvements to the New Connections Customer Portal (NCCP) were underway. These enhancements to the NCCP were implemented in late 2021 and reduced application processing times and improved customer average speed to answer for its contact centre. These improvements improved customer satisfaction and led to a significant reduction in project backlog. In November 2021, the customer connections moved contact center operations back in house, resulting in a 5 FTE increase, and concluded the third-party contract for contact centre services. A second third-party contractor was retained to assist with outbound calls, helping to address project delays and reduce the operational backlog from 2020.

2021-2022 Variance Explanation

There is no reportable variance for this period.

2022-2023 Variance Explanation

There is no reportable variance for this period.

2023-2024 Variance Explanation

There is no reportable variance for this period.

2024-2026 Bridge Period Variance Explanation

OM&A costs are projected to increase by approximately $0.4MM per year over the bridge period, primarily as a result of increased labour costs in 2025. Staff lag delayed filling of 5 critical vacancies in 2024 until 2025 when the vacancies were filled, returning headcount levels back to approved budget levels of 23 which also factors in a reduction of 3 FTE's in the Customer Connections department.

2026-2031 Test Period Variance Explanation

Costs are projected to increase by an average of $0.2MM per year over the Test Period primarily as a result of labour and the addition of 4 FTE's increasing FTE's from 22 in 2026 to 27 by 2031 to manage increased requests for service upgrades in the Customer Connections group.

9. CUSTOMER SERVICE EXCELLENCE SEGMENT

9.1. CUSTOMER SERVICE EXCELLENCE SEGMENT DESCRIPTION

The Customer Service Excellence segment plays an integral role supporting all customer facing enterprise applications to foster a seamless experience for our customers. The team aims to align meter-to-cash business processes, enhance operational efficiency, and achieve corporate objectives. This is accomplished by managing a portfolio of optimizations, supporting customer service enterprise system and technology transformation, ensuring regulatory compliance, and analyzing performance data to reduce service delivery costs and improve customer satisfaction.

Over the past several years, this segment has played a key role in the delivery of regulatory initiatives, including the introduction of the Ontario Electricity Rebate (OER), deployment of the

RPP Tiered, TOU and Ultra Low Overnight Rates, and the Ontario Electricity Support Program. This team evaluates regulation to assess the functional system impacts that may be required to support implementation including gathering requirements, performing functional and end-to-end integration testing and supporting the development of training materials for end user training. This segment has supported several key corporate technology initiatives including Alectra Utilities' CIS application upgrades and the deployment of the MyAlectra portal in 2024.

This segment is also responsible for Training, Knowledge Management, and Quality Assurance (QA) function, aligning system changes with end-user training and Contact Center QA. This centralized training function ensure consistency and alignment to Alectra Utilities' business process and creates efficiencies by reducing end user gaps in knowledge and minimizing errors.

Over the Bridge and Test Period, Customer Service Excellence will lead many of the Customer Excellence program key productivity initiatives. This segment is responsible for the delivery of the following initiatives, which are also detailed in Section 4.2 Productivity and Cost Control:

- **Customer Connections Project:** Replacing the end-of-life NCCP portal with the New Connection portal will streamline service requests, enable real-time project tracking, facilitate payments, and integrate backend workflows to reduce connection times and improve efficiency.

- **Web Chat and AI Chat Bots:** By integrating AI-driven chatbots, self-service tools, and predictive analytics, the Customer Service program will enhance automation, improve response times, and support electrification efforts with customer education and seamless technology integration.

- **Collections Enhancement Project:** The project will expand payment options (Apple Pay, Google Pay, PayPal), automate payment arrangements, introduce text-based payments, and leverage machine learning for personalized payment reminders and optimized collection strategies.

- **MyAlectra Portal Enhancements (2025-2031):** New features will provide tailored experiences for different customer segments, improve functionality for customers who

hold multiple accounts, introduce a mobile app, and enhance access to personalized programs, insights, and preferences.

- **e-Mobility Customer Engagement Pilot (2025):** This utility-driven platform will educate EV owners on energy decisions, facilitate the assessment of customer participation in load management programs and the related impacts on distribution assets. This initiative is part of the OEB Innovation sandbox and managed by the GRE&T center with support from Customer Service Excellence.

- **Bill Redesign Project:** A new dynamic bill format will provide customers with detailed usage insights, address affordability concerns, and adapt to evolving rate structures and programs.

9.2. CUSTOMER SERVICE EXCELLENCE SEGMENT COSTS

Table 4-2-60: Customer Service Excellence Segment Expenditures ($MM)

Customer Service Excellence Segment Costs ($MM) – Historic Period								
Year	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Total	0.58	0.66	2.04	1.47	1.46	1.42	1.69	2.41
Segment Costs ($MM) – Bridge and Forecast Period								
Year	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
Total	3.67	4.08	4.26	4.93	5.91	6.30	6.51	

9.3. CUSTOMER SERVICE EXCELLENCE SEGMENT YEAR-OVER-YEAR VARIANCE ANALYSIS

2017-2018 Variance Explanation

There is no reportable variance for this period.

2018-2019 Variance Explanation

This segment was new to the Customer Service newly formed organization and costs in the legacy companies were captured under various Customer Service business units. From 2017 - 2019 the group was supporting the process and system consolidation efforts for the 4 legacy LDCs to single enterprise platforms. The consolidation effort addressed aligning Customer Service business processes and supporting the consolidation of the legacy meter to cash enterprise applications including CIS, customer web portal and other integrated sub system (i.e. File Nexus, LPSS, MV90). The consolidation effort and transition to a single enterprise technology platform took several years to complete with the last consolidation completing in 2019. OM&A costs increased by $1.4MM, attributable to $0.9MM in labour as staff members seconded to the CIS consolidation project were reintegrated into supporting system, process stabilization and business as usual activities. Contract labour also increased by $0.6MM to support stabilization and further enhancements to the CC&B platform, including focusing on building business efficiencies and improving the customer experience.

2019-2020 Variance Explanation

OM&A costs decreased from 2019 to 2020 by $0.6MM, including a $0.4MM reduction in OM&A labour due to an increase in capitalized labor related to enterprise application enhancements.

2020-2021 Variance Explanation

Overall costs decreased by $0.6MM, split between $0.4MM in lower labour costs due to staff hiring lag and vacancies and $0.2MM from reduced contract labour required following the completion of CC&B integration projects.

2021-2022 Variance Explanation

There is no reportable variance for this period.

2022-2023 Variance Explanation

OM&A costs increased by $0.3MM from 2022 to 2023, primarily due to higher training expenses associated with developing and delivering training materials for the rollout of the MyAlectra customer web portal.

2023-2024 Variance Explanation

OM&A costs increased from 2023 to 2024 by $0.7MM attributable to centralization of the Customer Service Training and Quality Assurance function. 8 full-time + 1 temporary position were repurposed, 6 from the Contact Centre and 3 from Customer Operations.

2024-2026 Bridge Period Variance Explanation

Annual Customer Service Excellence costs are projected to increase by an average of $0.8MM per year over the Bridge Period, largely as a result of additional FTEs to support the new MyAlectra account portal, and the centralization of the Customer Service Training and QA function. These resourcing changes are planned to occur in 2025 and include:

- The reallocation of 9 FTEs in 2024 and 2025 from the Customer Care, Collections and Payments, and Billing Segments into the Customer Service Excellence segment to centralize the Customer Service Training and QA function

- The addition of 3 FTEs in 2025 to support the new MyAlectra account portal, supporting defect triage & management, application enhancements, and the application release management lifecycle.

2026-2031 Test Period Variance Explanation

Annual Customer Service Excellence costs are projected to increase by an average of $0.5MM per year over the Test Period, largely attributable to increased resourcing requirements in 2028-2030. There is no material change in costs from the 2026 Bridge Year to the 2027 Test Year. From 2028-2031, the Customer Service Excellence segment plans to add 7 FTEs (3 in 2028, 3 in 2029, 1 in 2030). These FTEs will be added in Training, Knowledge Management, and QA to support increased number of new contact center agents (as described in Section 4.1)

and to upskill existing staff as digital technology solutions are implements (as described in Section 4.2).

DIGITAL & INNOVATION

1. OVERVIEW

Table 4-2-61: Digital & Innovation Program Summary

Digital & Innovation							
Program Description: The Digital & Innovation program plays a vital role in keeping Alectra Utilities running smoothly. It manages the technology behind core systems, infrastructure, data and analytics, and leads innovative efforts for improvements in utility operations. Through these investments, the program helps ensure that utility operations stay reliable and aligned with business priorities, meet regulatory requirements, and keep pace with evolving market demands and customer expectations.							
Program Outcomes: Operational Effectiveness (Efficiency, Reliability, Safety, Cyber Security & Privacy), Customer Focus, Public Policy Responsiveness							
Program Segments: • Product Management • IT Operations • D&I Business • Cyber Security • GRE&T Centre							
Program Costs ($MM) - Historic Period							
2017	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
27.10	29.77	35.33	34.67	34.56	37.31	40.62	43.72
Program Costs ($MM) - Bridge and Forecast Period							
2025	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
49.68	52.40	58.34	60.21	64.35	68.83	70.91	

Alectra Utilities' D&I program forms the basis for Alectra Utilities' IT operations and digital transformation efforts; supporting technology to ensure it is reliable, secure, scalable, and able to adjust to changing business priorities, regulatory requirements, and customer needs.

2. OUTCOMES AND MEASURES

Table 4-2-62: Digital & Innovation Program Outcomes and Measures Summary

Operational Effectiveness: Efficiency	Contributes to Alectra Utilities' efficiency outcomes by: • reducing system complexity and improving security through modernized technology architecture focused on simplifying system maintenance, and developing efficient, secure, and reusable integrations. • increasing productivity and reducing human error by automating administrative and routine tasks, reducing manual work, and optimizing workflows through targeted enhancements to core enterprise systems such as CC&B, ERP, GIS, OMS, and others. • strengthening operational stability, system security, and service reliability through continuous upgrades to enterprise and operational systems, ensuring they remain within vendor supported lifecycles. • improving user experience and reducing access-related inefficiencies both internally and among remote employees by implementing integrated security measures such as a unified single-sign-on and two-factor authentication platform. • enabling operational resilience with scalable identity and vulnerability management for Alectra Utilities' expanding digital infrastructure.

Operational Effectiveness: Reliability	Contributes to Alectra Utilities' Reliability outcomes by: • maintaining critical Information Technology (IT) and Operational Technology (OT) applications that monitor and control the electrical grid, including SCADA, the Outage Management System (OMS), and the Geographical Information System (GIS), which provide operators with real-time data to ensure safe and reliable grid operations, and support customer-facing applications such as the outage map and web portal. • ensuring the availability, stability, and resilience of data centre infrastructure that hosts critical applications such as CC&B, SCADA, GIS, OMS, ERP, and others. • managing disaster recovery and backup systems to rapidly restore critical operations and maintain business continuity in the event of a system failure or unexpected disaster, minimizing disruptions to customers, and supporting employee and customer safety during challenging circumstances.

Operational Effectiveness: Safety	Contributes to Alectra Utilities' Safety outcomes by: • maintaining reliable communication systems and mobile technologies to ensure field crews have real-time access to critical safety information, operational data, and support during high-risk operations. • expanding mobile and remote work capabilities to minimize travel-related safety risks while enabling seamless collaboration through robust and secure connectivity methods. • maintaining and updating real-time monitoring and control systems, such as SCADA and OMS, to support early fault detection, emergency shutdowns, and secure system operations. • enhancing safety performance through integrated, safety-centric systems, including SCADA, OMS, the Utility Work Protection Code (UWPC), Radio Panic Button, and Automated Vehicle Location (AVL), supporting compliance with O. Reg. 555/06. • leveraging the GIS for improved emergency response and risk management by providing precise infrastructure tracking to support rapid action during safety incidents.

Operational Effectiveness: Cyber Security & Privacy	Contributes to Alectra Utilities' Cyber Security and Privacy outcomes by: • enhancing system security and service continuity through advanced Identity and Access Management (IAM), vulnerability management, and proactive risk mitigation strategies that safeguard sensitive customer and operational data. • maintaining enterprise applications and IT infrastructure by applying security patches, upgrading IT hardware, and keeping critical systems secure, resilient, and protected against evolving cyber threats. • strengthening privacy protections with robust data governance practices, including data classification, secure data sharing, and secure data handling practices, demonstrating the safe and transparent management of customer, business, and employee information. • promoting transparency and accountability through reporting and audit capabilities enabled by Alectra Utilities' Security Information and Event Management (SIEM) system. • ensuring the continuous improvement of Alectra Utilities' security and privacy practices by updating frameworks, policies, and technologies to address emerging threats and meet evolving regulatory requirements.

Customer Focus	Contributes to Alectra Utilities' Customer Focus outcomes by: • protecting customer data and upholding trust by adhering to regulatory standards including the Ontario Cybersecurity Framework (OCSF) and the Personal Information Protection and Electronic Documents Act (PIPEDA). • ensuring the reliability and availability of customer-facing applications, including the customer self-serve web portal, Alectra Utilities' website, and the interactive outage map, ensuring seamless customer engagement, real-time outage information, and efficient self-service options for billing and payments. • utilizing a data driven approach to harness accurate and reliable customer data to enhance trend analysis, increase billing accuracy, and optimize operational efficiency.
Public Policy Responsiveness	Contributes to Alectra Utilities' Public Policy Responsiveness outcomes by: • delivering a flexible and adaptive technology infrastructure that supports the efficient rollout of new policy initiatives and regulatory requirements, ensuring Alectra Utilities' IT systems can accommodate evolving programs such as, Ultra-Low Overnight (ULO) rates, Rate Optionality, and the COVID-19 Energy Assistance Program (CEAP), while continuously enhancing IT business processes to meet changing customer needs and regulatory expectations.

3. PROGRAM DESCRIPTION

The Digital & Innovation program maintains the technology operations that support critical business functions while driving technology-enabled transformation across the organization. It manages the technology behind core systems, infrastructure, data and analytics, and leads innovative efforts for improvements in utility operations. Through these investments, the program helps to ensure that the utility's operations stay reliable and aligned with business priorities, meet regulatory requirements, and keep pace with evolving market demands and customer needs and expectations.

The D&I program is composed of five key segments, summarized below, which provide a framework for Alectra Utilities' technology and digital transformation initiatives.

- **Product Management** is responsible for the development, modernization, and ongoing maintenance and support, of Alectra Utilities' critical corporate and operational technology (OT) systems, including the customer information system (CIS), enterprise resource planning (ERP) system, outage management systems (OMS), and grid management systems such as the Supervisory Control and Data Acquisition (SCADA) and the Geographical Information System (GIS). These technologies are integral to Alectra Utilities' ability to provide reliable service delivery to its customers while maintaining adherence to regulatory and operational requirements.
- **IT Operations** is responsible for Alectra Utilities' core Information Technology (IT) services, ensuring secure, efficient, stable, and resilient technology infrastructure. This segment includes IT Support, which provides technical assistance to employees; IT Operations, which manages and maintains Alectra Utilities' data centre infrastructure, ensuring system availability, performance, and business continuity; and Digital Workplace, which maintains and enhances collaboration tools and workplace technology for efficiency and productivity.
- **D&I Business**, through its Enterprise Architecture practice, guides technology investments by aligning them with Alectra Utilities' capabilities for informed decision making. This segment also includes the Alectra Utilities' Data Office, which leads enterprise data and integration strategies respectively; and D&I Administration, which supports D&I leadership with financial and procurement activities, ensuring compliance with internal policies and processes.
- **Cyber Security** protects Alectra Utilities' information and networks by applying governance, risk management, and cybersecurity controls in line with the Ontario Energy Board's (OEB) Cybersecurity Framework, strengthening Alectra Utilities' security and digital resilience.
- **The Green Energy & Technology ("GRE&T") Centre** works with Alectra Utilities' business programs and industry partners to identify, evaluate, develop, and implement

emerging technologies related to grid modernization, operational processes, and customer services.

4. PROGRAM COSTS

Table 4-2-63: Digital & Innovation Expenditures by Segment ($MM)

Digital & Innovation								
Program Costs ($MM) – Historic Period								
Year	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Total	27.11	29.78	35.33	34.67	34.55	37.31	40.62	43.73
Product Management	11.89	13.98	14.71	14.80	15.01	16.17	16.40	15.98
IT Operations	8.54	8.49	10.71	10.58	10.46	11.00	12.05	12.90
D&I Business	2.38	2.38	3.18	4.04	4.77	4.97	6.51	8.46
Cyber Security	1.05	1.35	1.54	1.68	1.89	2.14	2.60	2.82
GRE&T Centre	3.25	3.58	5.19	3.57	2.42	3.03	3.06	3.57
Program Costs ($MM) – Bridge and Forecast Period								
Year		**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
Total	49.69	52.40	58.34	60.22	64.35	68.83	70.91	
Product Management	19.99	20.16	21.55	22.92	24.55	27.76	28.54	
IT Operations	16.27	17.21	18.71	19.95	20.84	21.43	22.01	
D&I Business	6.23	7.33	9.00	8.92	9.66	10.14	10.46	
Cyber Security	3.71	4.61	5.92	5.61	5.74	5.79	6.04	
GRE&T Centre	3.49	3.09	3.16	2.82	3.56	3.71	3.86	

4.1. COST DRIVERS

The major cost drivers for the Digital & Innovation program consist of the following categories:

- **Annual License and Maintenance Costs:** This category accounts for approximately 44% of the total program expenses from 2027 to 2031 and covers ongoing operating expenses for supporting capital systems post-implementation, as well as cloud/SaaS costs. License and maintenance expenses are necessary to ensure Alectra Utilities'

systems remain available, functional, and secure through vendor support, system updates, and patches, protecting against cybersecurity threats.

- **Internal Resources:** This category accounts for approximately 37% of the total program cost and covers internal resources such as technical FTEs and management responsible for maintaining, operating, governing, and managing Alectra Utilities' technology landscape.
- **Support and Consulting Services:** This category represents approximately 10% of the total program cost and covers services from third-parties necessary for the daily operation and enhancement of systems and business functions.
- **Telecom Services:** This category represents about 7% of the total D&I program cost from 2027 to 2031 and includes services that facilitate communication, data transmission, and connectivity for Alectra Utilities' operations. The expenses in this category are designated to maintain Alectra Utilities' communication infrastructure in support of operational requirements and service delivery to customers.
- **Business Operations:** This category covers the remaining 2% of program costs, which include routine expenses like training, travel, office supplies, and professional memberships, supporting efficient daily operations.

As noted above, annual licensing and maintenance fees make up about 44% of the program's total costs. Historically, these costs have been rising by 3% to 5% each year, typically outpacing standard inflation. However, in more recent years, some vendors have increased prices by as much as 8% to 25%, according to industry research and advice from Gartner[10]. Alectra Utilities needs to plan for above-inflation increases in licensing costs to keep pace with technology market pressures and ensure its systems remain supported, secure, and perform reliably and in accordance with ongoing operational and cybersecurity demands.

4.2. PRODUCTIVITY AND COST CONTROL

As part of Alectra Utilities' commitment to productivity and cost control, the D&I program has implemented several measures to balance fiscal responsibility with the need to maintain operational efficiency and service quality.

[10] Quick Answer : How CIOs Can combat Vendor Price Hikes During Periods of Economic Volatility", 6 June 2025 ID G00834465

- Within the Digital & Innovation (D&I) program, vendor contract renewals are carefully managed to identify and capture cost-saving opportunities. Alectra Utilities takes a structured approach, to review technology contracts for better pricing or more favorable terms. This disciplined process has helped the utility negotiate stronger vendor agreements and optimize spending on software licensing and support. By making contract reviews a routine part of procurement, Alectra Utilities continues to demonstrate financial discipline while maintaining high service quality and operational efficiency. The associated productivity benefits from leveraging ServiceNow as the contract management platform from 2022 to 2026 are outlined in Exhibit 1, Tab 6, Schedule 5: Framework Initiatives – 3. Business Optimization: ServiceNow Expansion. Cumulative contract savings (excluding the Saveubill telecommunication consulting initiative) amount to $2.6MM from 2022-2026.

- In 2019, Alectra Utilities renegotiated its Enterprise Resource Planning (ERP) maintenance contract with Oracle, achieving $0.59MM in savings by leveraging a “price hold” condition based on 2003 pricing. In 2023, Alectra Utilities further renegotiated its Customer Care and Billing (CC&B) maintenance agreement with Oracle, resulting in $4.9MM in savings over the 2023 to 2028 period. These savings offset additional licensing costs tied to implementing Alectra Utilities’ new customer experience portal, resulting in the implementation of a new customer portal without increasing software licensing costs across these systems. These savings offset additional licensing costs tied to implementing Alectra Utilities’ new MyAlectra portal, resulting in the implementation of a new customer portal without increasing software licensing costs across these systems. Additional productivity benefits from 2022 to 2026 are detailed in Exhibit 1, Tab 6, Schedule 5: Framework Initiatives – 8. Meter-to-Cash Annual License Growth on Meter-to-Cash Platforms.

- In 2021, D&I retained Saveubill, a telecom expense management consulting firm, as part of Alectra Utilities’ cost control initiative. Saveubill enables ongoing telecom-related cost savings by auditing, monitoring, and optimizing telecommunication expenses. Utilizing automated billing analysis, identification of redundant services, and strategic vendor contract negotiations, Saveubill has achieved significant reductions in telecom costs while maintaining service standards. Since the beginning of this partnership, Alectra

Utilities has identified multiple savings opportunities, rectified overpayments, and enhanced billing accuracy. This initiative reflects D&I's commitment to its fiscal responsibility, with Alectra Utilities' cumulative telecommunications savings of $6.6MM reported as part of the overall productivity savings, leveraging ServiceNow as the contract management platform from 2022 to 2026, outlined in Exhibit 1, Tab 6, Schedule 5: Framework Initiatives – 3. Business Optimization: ServiceNow Expansion.

- Alongside contract-driven cost savings, the D&I program has worked to use labour funds efficiently. According to Gartner's Enterprise IT Spending and Staffing Benchmark & Functional Maturity Assessment (Attachment 4-5), D&I's IT staff make up only 6.4% of total employees, far below the 9.8% peer average. This staffing shortfall is a significant obstacle to scaling digital capabilities. In response, D&I has implemented alternative strategies to maintain productivity and operational effectiveness under constrained conditions. In addition to leveraging third party resources and contractors, D&I has adopted a federated model for internal teams, such as the Alectra Data Office (ADO) and the Enterprise Architecture teams, respectively. This model balances centralized governance with departmental autonomy, optimizing resource use by minimizing the need for large, centralized teams. As an example, the ADO establishes governance frameworks, policies, tools, and procedures for effective data management, while enabling departments to manage their data within the established standardized framework.

- Lastly, the Scientific Research and Experimental Development (SR&ED) program is a Canadian government initiative that provides tax incentives to organizations undertaking work that advances technological knowledge. This credit is issued across several programs at Alectra Utilities. From 2019 to 2023, the D&I program reported $1.46MM of SR&ED credits, accounting for approximately 57% of Alectra Utilities' total SR&ED credits. The estimated forecast for D&I's share of SR&ED credits from 2024 to 2031 is approximately $2.3MM.

5. PRODUCT MANAGEMENT SEGMENT

5.1. PRODUCT MANAGEMENT SEGMENT DESCRIPTION

D&I's Product Management segment manages and maintains Alectra Utilities' core enterprise systems, spanning corporate services, customer services, and asset and grid operations. The team ensures these platforms remain stable and efficient, while delivering enhancements and upgrades in line with vendor-supported timelines, operational priorities, and regulatory requirements. In doing so, Product Management safeguards the day-to-day sustainability of utility operations. As Alectra Utilities modernizes the grid and responds to evolving market demands, this foundational segment ensures Alectra Utilities' core enterprise applications remain robust, scalable, and responsive to the needs of both the business and our customers.

Major systems managed through this segment include:

- **Customer Information System (CIS)** – The CIS, powered by Oracle Customer Care & Billing, is central for managing customer data and ensuring accurate and timely billing.

- **Enterprise Resource Planning (ERP)** – The ERP system, Oracle JD Edwards, facilitates business processes related to finance, operations, and supply chain management, ensuring financial stewardship, operational efficiency, and reporting for both audit and regulatory compliance.

- **Outage Management Systems (OMS)** – Alectra Utilities' OMS is integral to Alectra Utilities' ability to efficiently manage, respond to, and communicate power outages in Alectra Utilities' affected territories.

- **Geographical Information System (GIS)** – Alectra Utilities' GIS provides the ability to visualize and analyze spatial data, essential for effectively managing the design and expansion of Alectra Utilities' distribution system.

- **Supervisory Control and Data Acquisition (SCADA)** – The SCADA system provides real-time monitoring, management, and control of Alectra Utilities' electrical grid.

- MyAlectra Portal Project – Alectra Utilities' MyAlectra Portal platform provides a seamless interface for accessing customer services such as billing and account information, payments, outage maps and notifications, and provides a centralized platform for further improving customer interactions and supporting programs as customer needs evolve.

The Product Management segment also plays a pivotal role in implementing, maintaining, and supporting Alectra Utilities' future capital initiatives and programs planned from 2025 to 2031, such as:

Table 4-2-64: Project List

Year	Project
2025 - 2031	MyAlectra Portal Project
2025 - 2029	Workforce Management program
2026 - 2031	Advanced Distribution Management program
2025 - 2031	Integrated Network Management-INM License
2029	OT Network Hardware Refresh
2028	Corrective Action Administration Tool-Annual Maintenance Cost
2027-2031	Enterprise Asset Management

These initiatives play a key role in helping Alectra Utilities modernize and manage the grid more effectively. They include important systems like the Advanced Distribution Management System (ADMS), Workforce Management (WFM), and Enterprise Asset Management (EAM). While the projects themselves are funded through the capital program (Exhibit 2A, Tab 1, Schedule 1, Appendix B09, II) there are ongoing operational costs, such as software maintenance, licensing, and post-deployment support, that are built into the overall cost of this segment.

5.2. PRODUCT MANAGEMENT SEGMENT COSTS

Table 4-2-65: Product Management Expenditures ($MM)

Product Management Segment Costs ($MM) – Historic Period								
Year	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Total	11.89	13.98	14.71	14.80	15.01	16.17	16.40	15.98
Segment Costs ($MM) – Bridge and Forecast Period								
Year	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
Total	19.99	20.16	21.55	22.92	24.55	27.76	28.54	

5.3. PRODUCT MANAGEMENT YEAR-OVER-YEAR VARIANCE ANALYSIS

The following outlines material year-over-year variances for the Product Management segment from 2017 to 2031:

2017-2018 Variance Explanation

Total variance of $2.1MM.

- In 2018, license and maintenance costs for this program rose by $2.58MM due to a shift in licensing models. Unlike legacy systems that operated under fixed license fees, most modern systems use pricing models based on the number of customers or meters. As a result, additional licenses were required for Alectra Utilities' CIS, ERP, and other enterprise systems.

- Internal labour costs associated with this program decreased by $0.95MM in 2018. This is primarily due to internal resources allocating time to various capital projects.

- Consulting services and support on the ERP system increased by $0.42MM in 2018.

2018-2019 Variance Explanation

There is no material variance during this period.

2019-2020 Variance Explanation

There is no material variance during this period.

2020-2021 Variance Explanation

There is no material variance during this period.

2021-2022 Variance Explanation

Total variance of $1.15MM.

- License and maintenance costs associated with this program increased by $0.70MM in 2022 due to:
    - Maintenance costs for Robotic Process Automation (RPA) licenses in 2022 totaled $0.14MM, used to automate exception handling within select meter-to-cash processes.
    - 2022 GIS license costs increased by approximately $0.25MM, reflecting the cost of additional licenses.
    - Updates to the Alectra Utilities' New Connections Portal, customer-facing website, and customer forms, including the storage of these forms resulted in increased software license and maintenance costs of $0.10MM.
- Internal labour costs associated with this program increased by $0.32MM in 2022. This reflects a return to more typical labour allocations, as 2021 costs were unusually low due to more staff time dedicated to capital projects and a reduction in operating overtime during that year.

2022-2023 Variance Explanation

- In 2023, Alectra Utilities successfully renegotiated its Customer Information System (CIS) license contract, resulting in annual savings of $0.89MM in 2023, $1.45MM in 2024, and $0.54MM in 2025 compared to the 2022 baseline cost.

Table 4-2-66: CIS License Contract ($MM)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
CIS negotiated contract annual license	1.21	1.46	1.47	0.58	0.02	0.94	1.61	1.61	1.63	1.68	1.75	1.84
Savings compared to 2022				0.89	1.45	0.54						

- The savings in 2023 of $0.89MM were largely offset by increases in other license costs (primarily an increase of $0.42MM because of a true-up in network interface licensing costs).

2023-2024 Variance Explanation

Total variance of ($0.42MM).

- $1.10MM related to AMI Head End Systems licensing and maintenance fees were transferred from the Product Management team to Network Metering.
- This decrease in licensing is offset by an increase in direct labour cost of $0.50MM attributable to the filling of vacant positions.

2024-2026 Variance Explanation

Total variance of $4.18MM.

This variance is largely made up of an increase of approximately $4.0MM expected in 2025:

- License and maintenance costs associated with this program increased by $2.00MM
    - The CIS renegotiated license agreement resulted in savings of $0.54MM in 2025 compared to 2022. However, the net impact in 2025 is expected to be an increase of $0.93MM over 2024 license costs.
    - Subscription costs to support the MyAlectra portal platform rose by $1.35MM in 2025, marking the first full year the platform was fully operational.

- The increases above are expected to be offset by a $0.18MM reduction in other software licenses due to contract renegotiations, and system removal.

- Consulting services associated with the Water Billing program increased by $0.85MM, this. This program is to remove municipal water billing services from Alectra Utilities' existing billing system.

- Labour has increased by $1.08MM due to vacancies in 2024 that were filled in 2025. In 2024 we had multiple System Specialist and Managers positions vacant due to retirement, maternity leave, and employee death. Lack of available qualified System Specialist resources in 2024 resulted in extended vacant FTE positions. Thus the 2024 actuals were understated compared to 2025 now that all positions have been filled.

- 2025 to 2026 increase was $0.17MM as project consulting fees are reduced in 20262025 to 2026 increase was only $0.17MM as project consulting fees on project initiatives are reduced in 2026.

<u>2026-2031 Variance Explanation</u>

Total variance of $8.4MM

As outlined above, this segment will support a range of upcoming initiatives, projects, and programs planned between 2025 and 2031, as detailed in the Future Project List, Table 4-2-65.

To enable this continued support, additional resources will be required in the following areas:

- Internal labour costs within the Product Management segment are projected to increase by $3.83MM from 2027 to 2031. As demand on the distribution system grows and new technologies are introduced, additional 14 full-time staff will be needed to implement and support program initiatives. With the scope of operations expected to expand alongside the rollout of new systems, these added resources will ensure Alectra Utilities has the capacity to maintain and operate critical platforms, ensuring the continued sustainment of high-quality services to our customers.

- Consulting services for the Product Management segment are forecast to increase by $0.73MM from 2026 to 2031. In addition, there is a $1.8MM increase during 2029–2030 to support the ERP Replacement initiative. These additional consulting resources reflect Alectra Utilities' commitment to ensuring the project is guided by strategic expertise that aligns with both organizational requirements and industry best practices. This funding will support advisory and technical services for crucial early-phase activities such as system requirements analysis, solution design, and the initial stages of vendor evaluation.

- License and maintenance costs for this program are expected to rise by $3.9MM between 2027 and 2031, driven by the launch of several new systems entering full operation during this period. These operating costs are built into the program's forecasted OM&A. Notably, increases of $1.3MM in 2029 and $1.07MM in 2031 are tied primarily to rolling out additional enhancements and functionalities related to Alectra Utilities' existing MyAlectra portal platform. The remaining cost growth reflects prorated annual licensing fees for the new Workforce Management, Enterprise Asset Management, and Advanced Distribution Management systems, all scheduled for deployment within this timeframe.

- Operating costs increased by $1.39MM from 2026 to 2027 specifically due:

    - additional license costs of $0.58MM tied to the Mobile Workforce Management and Asset Analytics solutions.

    - an increase of $0.5MM in 2027 compared to 2026 on CIS managed service consulting costs due to an expected increase in services to support additional enterprise systems beyond the CIS platform.

6. IT OPERATIONS SEGMENT

6.1. IT OPERATIONS SEGMENT DESCRIPTION

The IT Operations segment at Alectra Utilities is structured into three closely aligned functional areas that work together to ensure IT services are reliable, available, efficient, and secure. These include IT Operations, IT Support, and Digital Workplace.

IT Operations

IT Operations is responsible for managing and supporting the core IT infrastructure that enables Alectra Utilities' operations, covering everything from data centres, networks, and servers (both on-premises and in the cloud) to voice systems, backups, databases, and key applications. The team plays a critical role in maintaining operational efficiency, security, and reliability, helping to ensure business continuity and supporting disaster recovery efforts. Their responsibilities include proactive system planning to optimize capacity and performance, lifecycle management of infrastructure assets to maximize value and control costs, and oversight of maintenance and contracts to maintain access to vendor support, security updates, and new features. IT Operations also carries out regular system maintenance and continuously monitors Alectra Utilities' backend infrastructure to quickly detect and address issues, helping to prevent security threats and performance disruptions before they impact business operations.

In addition, IT Operations works closely with Cybersecurity, which leads efforts to protect corporate data and infrastructure through tools like antivirus software, intrusion detection systems, and other security protocols. To maintain a high level of operational readiness, IT Operations staff participate in a rotating 24/7 on-call schedule, enabling after-hours support to address critical system disruptions. This ensures that any issues impacting essential business functions or customer services are addressed quickly, further reinforcing Alectra Utilities' commitment to customer focus and providing reliable energy services.

IT Support

IT Support plays a vital role in keeping Alectra Utilities running smoothly by providing essential technical assistance to both corporate and field employees across the organization. The team manages the IT service desk, resolves technical issues, and maintains end-user devices, such as desktops, laptops, tablets, phones, and printers, ensuring staff have the tools they need to work effectively. Their responsibilities span the full lifecycle of IT assets, from procurement and deployment to eventual disposal, with a focus on optimizing usage and controlling costs.

Alectra Utilities follows the Information Technology Infrastructure Library (ITIL) framework to manage IT services across the full-service lifecycle, including request, incident, and change

management. A structured three-tier incident escalation model helps ensure efficient issue resolution, starting with initial triage and escalating to more specialized support when needed.

Digital Workplace

The Digital Workplace team is focused on creating a productive and flexible work environment by delivering the digital tools and platforms employees need to collaborate, communicate, and work efficiently, whether in the office or remotely. The team manages technologies that support day-to-day employee productivity and collaboration, while also responsible for administration and development of Alectra Utilities' ServiceNow ITSM system used to facilitate ITIL best practices, contract management, configuration management, and hardware and software asset management; ensuring client devices are tracked effectively through their lifecycle and ensuring software is assigned and removed appropriately, reducing the likelihood of over provisioning.

Together, these functions form a cohesive segment within the D&I team, working in unison to ensure Alectra Utilities' IT infrastructure and technical services are stable, reliable, efficient, and cost-effective. With a strong focus on operational stability, resource optimization, and continuous improvement, IT Operations plays a vital role in supporting business operations; ultimately supporting Alectra Utilities' commitment to delivering safe and reliable energy services.

6.2. IT OPERATIONS SEGMENT COSTS

Table 4-2-67: IT Operations Segment Expenditures ($MM)

IT Operations								
Segment Costs ($MM) – Historic Period								
Year	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Total	8.54	8.49	10.71	10.58	10.46	11.00	12.05	12.90
Segment Costs ($MM) – Bridge and Forecast Period								
Year	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
Total	16.27	17.21	18.71	19.95	20.84	21.43	22.01	

6.3. IT OPERATIONS SEGMENT YEAR-OVER-YEAR VARIANCE ANALYSIS

The following outlines material year-over-year variances for the IT Operations program from 2017 to 2031:

2017-2018 Variance Explanation

There is no material variance during this period.

2018-2019 Variance Explanation

Total variance of $2.22MM.

- In 2019, the inclusion of Guelph IT Operations and Support staff labour costs of $0.70MM, along with the Guelph IT department's associated operating budget, including license, maintenance, and telecom expenses of $0.68MM, resulted in a $1.38MM increase in the IT Operations segment.

- Labour costs in 2019 increased by $0.39MM, primarily due to a lower allocation of staff time to capital projects, as more resources were directed toward operating-related initiatives.

- Increase of $0.25MM in 2019 due to higher license expenses for IT application and infrastructure operating costs.

2019-2020 Variance Explanation

There is no material variance during this period.

2020-2021 Variance Explanation

There is no material variance during this period.

2021-2022 Variance Explanation

There is no material variance during this period.

2022-2023 Variance Explanation

Total Variance of $1.04MM.

- This variance was primarily driven by license volume and price increases totalling $0.80MM, attributed to the expansion of server infrastructure, a revised Microsoft enterprise licensing agreement, and an IBM license true-up.

- Labour costs in 2023 increased by $0.35MM, primarily due to a lower allocation of staff time to capital projects, as more resources were directed toward operating-related initiatives.

2023-2024 Variance Explanation

There is no material variance during this period.

2024-2026 Variance Explanation

Total Variance of $4.3MM.

- Increase of $1.38MM in labour as Digital Workplace staff moved from D&I Business to IT Operations in 2025.

- Increase of $1.13MM in Digital Workplace related software licenses moved from D&I Business to IT Operations in 2025. This reallocation of resources and licenses managed by Digital Workplace staff did not result in an increase to the D&I program costs.

- Telecom spending is projected to increase by $0.65MM over the 2024 to 2026 period. This increase is primarily driven by customer growth and higher call volumes, resulting in the need for additional IVR licenses ($0.17MM) and increased telecommunications costs to host the calls ($0.16MM). The remaining variance is attributable to several smaller contracts and increases in license counts.

- Increase of $0.74MM in 2026 due to higher license expenses for data storage and backup, system compatibility-related upgrades, and IT hardware management.

2026-2031 Variance Explanation

Total variance of $4.8MM.

- IVR and phone costs are projected to increase by approximately $1.4MM from 2026 to 2031, largely due to rising call volumes and the need for additional IVR licenses. As shown in Table 5 of Exhibit 4, Schedule 8, call volumes are expected to grow from 654,755 in 2025 to 742,785 in 2031. This increase is driven by overall customer growth, more frequent billing and move-related inquiries, and the broader impacts of electrification. As electricity consumption rises, average bills are also expected to increase, which may lead to more customer arrears and greater collections activity. As a result, Alectra Utilities anticipates more customers will be reaching out for payment arrangements, information on assistance programs, and advice on managing their energy costs.

- Another notable year-over-year variance during this period is an increase in labour costs of $2.1MM, primarily driven by the addition of 4 additional roles. This includes hiring a Disaster Recovery and Business Continuity Specialist, a Platform Manager for Alectra Utilities' Enterprise Systems, a Platform Manager for Digital Workplace, and an Engineering and Operations Manager. These roles are critical to ensuring that non-functional requirements such as performance, reliability, and security, of Alectra Utilities' enterprise and digital workplace systems are aligned with, and tested against, the utility's technical and cybersecurity standards. The remaining variance is due to standard salary adjustments and related employee expenses.

- The $1.1MM increase in licensing is due to an additional $0.6MM in projected Microsoft licensing costs and a $0.47MM increase across the 2026-2031 period on all IT application and infrastructure licensing expenses.

- There is an increase in operating costs of $1.5MM from 2026 to 2027, primarily made up of:

    - Increase in labour cost of $0.6MM for 3 additional FTEs added in 2027, these roles are for a Specialist, Business Continuity & Disaster Recovery, a Platform

Manager, ERP, CIS, MyAlectra Portal, SEW, and an Engineering & Operations Manager

- Expected increase in Microsoft licenses and upgrade fees of $0.50MM.
- Increase in phone costs of $0.35MM to accommodate expected increased customer calls and additional IVR licenses required.

7. DIGITAL & INNOVATION (D&I) BUSINESS SEGMENT

7.1. D&I BUSINESS SEGMENT DESCRIPTION

The D&I Business segment is made up of three key functional groups: the Alectra Data Office (ADO), Enterprise Architecture (EA), and Digital & Innovation Administration (D&I Admin). Together, these teams help support the efficient, effective, and compliant operation of the broader D&I department, deliver to Alectra Utilities' data strategy, and assist in the technical roadmap and design of Alectra Utilities' digital landscape, ensuring investments in technology are the correct fit to meet Alectra Utilities' current and future business and operational needs.

Alectra Data Office (ADO)

The Alectra Data Office (ADO) operates under a federated model that strikes a balance between centralized governance and departmental autonomy. Instead of relying on a large, centralized team, this model leverages the strengths of business units across the organization, optimizing resource use while maintaining consistency in data practices. The ADO provides the frameworks, policies, tools, and procedures needed for effective data management, while empowering departments to manage their data within a standardized structure. This approach ensures that data-related initiatives are developed, justified, and budgeted within each line of business, maintaining alignment with Alectra Utilities' enterprise project prioritization and budgeting processes. Specifically, the ADO works with each line of business to assist in the development of data pipelines and data visualization, it manages, maintains, and administers Alectra Utilities' data solutions, such as the Enterprise Data Management Tool ("EDMT"), middleware platform, and cloud data hosting environment. The ADO is responsible for the development and governance of data processes and policies, ensuring they are effectively executed across the organization.

Enterprise Architecture

Established in 2023, the EA function was created to strengthen Alectra Utilities' technology governance across procurement, implementation, and day-to-day operations. EA plays a critical role in aligning technology investments with Alectra Utilities' business goals, ensuring systems are scalable, secure, interoperable, and compliant with both regulatory and industry standards. By providing strategic guidance on technology decisions, EA supports operational efficiency, improves service reliability, and helps Alectra Utilities respond effectively to changing industry trends and customer expectations. Like the Alectra Data Office, EA operates under a federated model that enhances labour efficiency by tapping into business resources across the organization.

An Enterprise Architect can be thought of as a city planner for a business. That is, they look at the big picture of how everything in the company (technology, processes, information, and people) works together. Their job is to make sure all parts of the organization are aligned, efficient, and ready for future growth. Just like a city planner designs roads, buildings, and utilities to support a growing population, an Enterprise Architect designs the company’s systems and strategies to support its goals. EA helps different departments work together smoothly, reduce wasted effort, and ensure that technology investments make sense for the long term.

D&I Administration

The D&I Admin function is responsible for managing, processing, and tracking financial and procurement-related activities across the D&I program. Serving as a link between D&I Management, Finance, and Procurement, the team promotes transparency and accountability through structured processes and effective governance. D&I Admin also oversees all technology-related contracts using a centralized contract management system and ensures due diligence is applied to identify potential cost-saving opportunities. This function plays a vital role in supporting Alectra Utilities’ commitment to strong financial performance by promoting fiscal responsibility and effective contract oversight.

7.2. D&I BUSINESS SEGMENT COSTS

Table 4-2-68: D&I Business Segment Expenditures ($MM)

Digital and Innovation Business Segment Costs ($MM) – Historic Period								
Year	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Total	2.38	2.38	3.18	4.04	4.77	4.97	6.51	8.46
Segment Costs ($MM) – Bridge and Forecast Period								
Year	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
Total	6.23	7.33	9.00	8.92	9.66	10.14	10.46	

Notes:
Note 1 – Scope includes Digital Workplace labour and licensing costs from 2017 to 2024. From 2025 onwards, these costs have been moved to IT Operations.

7.3. D&I BUSINESS SEGMENT YEAR-OVER-YEAR VARIANCE ANALYSIS

The following outlines material year-over-year variances for the D&I Business segment from 2017 to 2031:

2017-2018 Variance Explanation

There is no material variance during this period.

2018-2019 Variance Explanation

Total variance of $0.80MM.

- Labour increased in 2019 by $0.30MM with the addition of a D&I Planning and Governance Specialist within the D&I Administration team, two additional co-op students, and less labour capitalization than expected due to increased time spent on non-capital projects.
- 2019 License costs show an increase of $0.50MM over 2018. This is due to the consolidation of business-led technology costs being aggregated into the D&I Business

budget from other areas of the organization and does not represent an overall increase in cost for Alectra Utilities.

2019-2020 Variance Explanation

Total variance of $0.86MM.

- 2020 licensing costs increased by $0.48MM due to the implementation of new business-led technologies such as Alectra Utilities' Facilities Management System, Garage Management System, Task Management System, Operational Analytics platform, and Customer Portal.

- 2020 consulting costs increased by $0.26MM related to the creation of Alectra Utilities' Data Analytics Strategy, Governance, and Roadmap (DASGR).

2020-2021 Variance Explanation

Total variance of $0.73MM.

- Labour increased in 2021 by $0.21MM with the addition of two new staff members joining the ADO and D&I Administration team, respectively.

- 2021 licensing costs increased by $0.36MM due to the addition of robotic process automation software, additional ITSM licensing, and increased licensing on our task management platform.

- 2021 consulting costs increased by $0.14MM. This increase was due to a $0.27MM rise in the review of telecommunication contracts and pricing, which offset a $0.13MM reduction in advisory services compared to 2020. The 2021 results of the telecommunication consulting initiative are as follows:

    - Alectra Utilities achieved a one-time saving of $0.37MM in 2021 and sustained gross annual savings of $0.52MM.

- These savings are reported in various business units across Alectra Utilities, with notable savings in 2021 in D&I of $0.40MM, $0.27MM in Protection & Control, and $0.13MM in Metering.

2021-2022 Variance Explanation

There is no material variance during this period.

2022-2023 Variance Explanation

Total variance of $1.54MM.

- The 2023 labour increase of $0.34MM reflects the addition of three new positions within the Digital Workspace team. These included two Business Relationship Partners to strengthen collaboration between business units and D&I, and a SharePoint Administrator, added to facilitate a realignment of responsibilities within the broader D&I team.

- 2023 consulting costs increased by $0.44MM due to expanded licensing and advisory services, strategic consulting to support the evolving needs of the Digital & Innovation program, and additional contract resources to help manage operational demands.

- 2023 SaaS and licensing costs increased by $0.74MM due to the following:

  - $0.20MM increase in Alectra Utilities' capital planning and optimization system.

  - $0.50MM net new spend on Alectra Utilities' Enterprise Data Management tool (EDMT), associated cloud storage, cloud compute, and support costs, which were in direct alignment with Alectra Utilities' Data Analytics, Strategy, Governance, and Roadmap, which included business unit consultation and third-party architecture consulting. The EDMT is the Alectra Utilities' standard data management and middleware platform to support the organization's data governance program, enterprise data sharing process, and system-to-system integrations.

2023-2024 Variance Explanation

Total variance of $1.94MM.

- 2024 increase of $1.4MM is primarily due to the addition of an Enterprise Architect, a Data Architect, and a contract IT Administrator, which contributed $0.52MM in new operating costs.

- Increase of $0.88MM in licensing costs and enhancements to Alectra Utilities' ITSM application.

- 2024 consulting increase of $0.30MM mainly attributed to consulting services for the realignment of D&I segments and processes to better support the business through our evolving digital transformation journey and evolving digital landscape.

2024-2026 Variance Explanation

Total variance of ($1.1MM).

- Reduction of $1.38MM in labour as Digital Workplace staff moved from D&I Business to IT Operations in 2025.

- Reduction in 2025 of $1.13MM as Digital Workplace related software licenses moved from D&I Business to IT Operations.

- Increase of $0.90MM in SaaS and licensing costs, . 55% of which was related to license a new Human Capital Management (HCM) system. The remaining 45% was due to increased licensing costs for Facilities Management, web hosting, internal audit, and robotic process automation software.

2026-2031 Variance Explanation

Total variance of $3.13MM.

- Increase in labour of $1.30MM with the introduction of six new positions related to Data and Enterprise Architecture over this period. These positions include a Manager of

Enterprise Architecture, Integration Architect, OT Data Architect, Data Engineer, User Interface and Experience Lead, and a Digital Enablement Lead. These positions are necessary to maintain Data and EA related operations as Alectra Utilities' digital landscape continues to evolve, while also meant to address maturity gaps outlined in the Enterprise IT Spending and Staffing Benchmark & Functional Maturity Assessment (Attachment 4-5).

- Increase in SaaS and licensing costs totaling $1.84MM primarily related to the following:
  - $0.24MM increase in the license costs of the Alectra Utilities' capital investment planning application from 2026 to 2031.
  - Increase of $0.58MM in conversational AI licensing for the implementation of an advanced customer facing chatbot in support of Alectra Utilities' MyAlectra portal initiative. The impact over 2026-2031 is estimated at $3.27MM.
  - EDMT licensing to increase by $0.26MM in 2027 to handle the migration of data integrations from Alectra Utilities' existing middleware platform to its EDMT platform before the current system reaches end-of-life, this impact is $1.34MM over 2027-2031.
  - Increase of $0.19MM in EDMT licensing to support the Advanced Distribution Management System integration costs in Alectra Utilities' middleware platform, this impact is $0.38MM over 2030-2031.
  - The remaining $0.50MM increase in license costs reflects minor increases across multiple business applications.
- Increase in operating costs of $1.7MM from 2026 to 2027, primarily made up of:
  - Labour increased by $0.26MM due to 2 additional FTEs: Manager, EA & Lead Architect and an Integration Architect.
  - Consulting Fees increase by $0.52MM due to professional services required for BizTalk replacement.

- Increase of $0.85MM in conversational AI licensing for the implementation of an advanced customer facing chatbot in support of Alectra Utilities' MyAlectra portal initiative.

8. CYBER SECURITY SEGMENT

8.1. CYBER SECURITY SEGMENT DESCRIPTION

The Cyber Security segment plays a critical role in strengthening Alectra Utilities' overall security posture. Through a combination of technical safeguards, regulatory compliance, and a strong focus on cyber awareness, the team ensures the organization is well protected against evolving threats. They provide governance and oversight for cybersecurity, identify and prioritize controls for critical systems, data, and assets, and perform real-time and ongoing assessments to proactively manage risks and vulnerabilities. The Cyber Security segment of D&I continuously improves Alectra Utilities' ability to prevent, detect, and respond to cyber threats and incidents.

A key part of their work includes building workforce resilience through a dedicated awareness program aligned with the Government of Canada's Cyber Safe initiative. They also develop and maintain IT security policies and standards, and work with Enterprise Architecture to ensure security-by-design principles are adopted across the organization.

To maintain a high level of readiness, the maturity and performance of the cybersecurity program are regularly reviewed through independent third-party assessments. As cyber threats continue to grow in both scale and complexity, the cost of sustaining and enhancing Alectra Utilities' cybersecurity posture is expected to rise in both the short and long term.

Several key developments contribute to this financial impact:

Advances in AI and Machine Learning by Cybercriminals

Cyber attackers are increasingly leveraging artificial intelligence (AI) and machine learning to carry out more sophisticated and targeted attacks, ranging from advanced phishing schemes to the automated creation of malware. To stay ahead of these evolving threats, Alectra Utilities will need to invest in AI-driven cybersecurity solutions capable of real-time threat detection and

mitigation. These advanced tools are essential to maintaining a resilient and responsive cybersecurity posture.

Increasing Sophistication of Ransomware

Ransomware attacks continue to grow in complexity, with many now using "double extortion" tactics, encrypting data while simultaneously threatening to release it publicly if ransoms are not paid. This development significantly complicates recovery strategies and highlights the need for robust investments in advanced backup systems, disaster recovery planning, and comprehensive threat mitigation tools.

Expanded Attack Surface via Internet of Things (IoT)

The growing integration of Internet of Things (IoT) devices, such as smart meters and sensors, into Alectra Utilities' infrastructure has expanded the organization's cyber-attack surface. IoT devices have the ability to connect to other networks and the internet, creating new potential entry points for attackers to access critical operational systems. Protecting this expanded environment will require enhanced network security measures, real-time monitoring, and tailored strategies to secure both the devices and the networks they operate on.

Regulatory Compliance

Increasing regulatory requirements, such as those imposed by the Ontario Cybersecurity Framework, add further complexity to Alectra Utilities' cybersecurity obligations. To remain compliant, Alectra Utilities must regularly update its cybersecurity practices, invest in specialized talent, maintain rigorous monitoring systems, and engage third-party auditors to assess and validate compliance as these standards evolve.

Together, these trends underscore the need for a strategic and proactive approach to cybersecurity. Addressing emerging vulnerabilities will require thoughtful investment in technologies, services, and processes. Balancing risk management with financial stewardship will be critical to ensuring Alectra Utilities remains protected, adaptable, and compliant in an increasingly complex digital landscape.

8.2. CYBER SECURITY SEGMENT COSTS

Table 4-2-69: Cyber Security Segment Expenditures ($MM)

Cyber Security Segment Costs ($MM) – Historic Period								
Year	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Total	1.05	1.35	1.54	1.68	1.89	2.14	2.60	2.82
Segment Costs ($MM) – Bridge and Forecast Period								
Year	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
Total	3.71	4.61	5.92	5.61	5.74	5.79	6.04	

8.3. CYBER SECURITY SEGMENT YEAR-OVER-YEAR VARIANCE ANALYSIS

2017-2018 Variance Explanation

There is no material variance during this period.

2018-2019 Variance Explanation

There is no material variance during this period.

2019-2020 Variance Explanation

There is no material variance during this period.

2020-2021 Variance Explanation

There is no material variance during this period.

2021-2022 Variance Explanation

There is no material variance during this period.

2022-2023 Variance Explanation

Total Variance of $0.46MM.

- In 2023, costs rose by $0.46MM compared to 2022, primarily driven by $0.20MM for the addition of two new positions and an ongoing student position to support corporate project delivery and Cybersecurity operations.

- An additional $0.20MM was due to increased licensing and maintenance costs for additional security protections.

2023-2024 Variance Explanation

Total Variance of $0.22MM.

- In 2024, an increase of $0.25MM was due to enhancement of Alectra Utilities' Security-as-a-Service (SECaaS) services, and $0.02MM for Endpoint Protection Platform (EPP) services.

2024-2026 Variance Explanation

Total Variance $1.8MM.

- In 2025, costs are expected to increase by $0.88MM compared to 2024 due to traditional vendor on-premises security solutions moving to a cloud subscription model.

- To meet the incremental work requirements introduced by the Ontario Cybersecurity Framework, Alectra Utilities will require third-party resources to support the implementation and sustainment of new and existing cybersecurity solutions and services. These include:

    - Increased consulting expenses of $0.37MM related to the following activities: cybersecurity assessments, assistance with tabletop exercises, penetration testing and remediation, cyber roadmap refresh, an information protection project, and migrating Alectra Utilities' industrial cybersecurity monitoring tool to a SaaS model.

    - An increase in SaaS costs by $0.63MM due to:

- Expansion of Security-as-a-Service support: As Alectra Utilities adopts new technologies such as Identity & Access Management (IAM) and Data Loss Prevention (DLP), ongoing support from Alectra Utilities' Security-as-a-Service provider is required to manage and operate these solutions effectively.

- Inclusion of existing security solutions: Previously implemented tools, including Privileged Access Management and Network Segmentation, are now being incorporated under the same SECaaS service umbrella.

- In 2026, costs are projected to increase by $0.91MM compared to 2025, primarily due to continued investment in strengthening cybersecurity capabilities. This includes enhanced protection measures, updated assessment tools, and increased reliance on specialized services and software to support evolving security needs and continued development of Alectra Utilities' Cyber Roadmap.

- License costs are also forecast to increase by $0.65MM due to increases in cybersecurity assessments, information protection, migration to an Operational technology network segmentation solution, and both tabletop and penetration testing exercises. Additional Services for SECaaS are also forecasted to increase by $0.20MM.

<u>2026-2031 Variance Explanation</u>

Total variance of $1.42MM.

- Over the five-year forecast period, labour costs are projected to increase by $1.0MM, driven by the addition of three new positions: Cyber Governance, Risk, and Compliance Lead, a Security Operations Lead, and an IT Governance and Risk Specialist. These positions are necessary to maintain Cybersecurity operations as Alectra Utilities' digital landscape continues to evolve, while also meant to address maturity gaps outlined in the Enterprise IT Spending and Staffing Benchmark & Functional Maturity Assessment (Attachment 4-5).

- SaaS expenses are projected to rise by $0.42MM, primarily made up of $0.12MM for SECaaS, $0.27MM for IAM licenses, with an additional $0.50MM in consulting fees to support the expansion of Alectra Utilities' Identity and Access Management program.

- Increase in cyber security project costs of approximately $1.3MM in 2027 primarily attributable to a cyber roadmap refresh, Identity & Access Management, and Enterprise Information Protection initiatives.

- Cyber Security projects are being implemented over 2025 through to 2027 with cyber operating costs stabilizing over 2029-2031.

9. GREEN ENERGY AND TECHNOLOGY CENTRE (GRE&T CENTRE)

9.1. GRE&T CENTRE SEGMENT DESCRIPTION

The Green Energy & Technology (GRE&T) Centre is a segment within D&I that leads Alectra Utilities' strategic innovation initiatives. It collaborates closely with industry partners to support business operations such as Asset Planning, Operations, Customer Service, and Supply Chain in adopting emerging technologies. The Centre also develops and promotes smart grid edge solutions that empower customers with greater choice in managing their electricity costs and providing flexible services (e.g., demand response) amid the electrification transformation. By collaborating with key government agencies like the Ontario Energy Board (OEB), Natural Resources Canada (NRCan), and the Independent Electricity System Operator (IESO), the GRE&T Centre taps into provincial and federal programs that support energy sector modernization and accelerate the clean energy transition.

The GRE&T Centre's core functions are closely aligned with business operations and focus on the following areas:

- **Assessing Technologies and Developing Solutions:** Integrates emerging technologies, such as artificial intelligence, into Alectra Utilities' operations and workflows to enhance efficiency and effectiveness.

- **Driving Continuous Operational Improvement:** Tackles business challenges by streamlining business processes through machine learning, advanced software solutions, and predictive modeling.

- **Enhancing MyAlectra Portal Project:** Pilots innovative products and services, in collaboration with the Customer Service Program, that help customers better understand and manage their energy use, while improving their overall service experience.

- **Optimizing Grid Reliability and Resilience:** Primarily through targeted pilots of energy efficiency and demand response initiatives, investigates solutions to reduce customer consumption during peak periods, easing strain on the grid and improving overall system stability.

The GRE&T Centre leads Alectra Utilities' innovation efforts through pilot projects, technology demonstrations, and assessments that generate valuable data for informed investment decisions. Examples include supporting the OEB's *Regulated Price Plan Roadmap* through pricing pilots, such as the Overnight Pricing Plan, which directly contributed to the creation of the Ultra-Low Overnight rate plan. By using a cross-functional collaboration model, the GRE&T Centre accelerates the effective adoption of new technologies, policies, and operating models across the organization.

The GRE&T Centre was originally founded within PowerStream (a predecessor utility of Alectra Utilities) where it began as the Advanced Planning group. Following Alectra's amalgamation with Guelph Hydro in 2019, it was rebranded as the GRE&T Centre, reflecting its evolution into a dedicated hub for advancing innovation and sustainability across the utility. Today, the Centre focuses on driving adoption of emerging technologies within the utility and promoting sustainable practices that support both operational excellence and the clean energy transition.

As outlined in the 2019 MAADs application (EB-2018-0014, Exhibit B, Tab 5, Schedule 4, p.8), the GRE&T Centre is funded through a combination of the reallocated budget from the former Advanced Planning department and external contributions from provincial and federal programs. Over the forecasted rate period from 2027 to 2031, approximately 83% of the GRE&T Centre's average annual $3.4MM OM&A costs will be shareholder-funded, with the remaining 17%

recovered in rates. This funding model highlights Alectra Utilities' commitment to pursuing innovation and technology advancement while maintaining financial prudence.

9.2. GRE&T CENTRE SEGMENT COSTS

Table 4-2-70: GRE&T Centre Segment Expenditures ($MM)

Green Energy & Technology Centre (GRE&T Centre)								
Segment Costs ($MM) - Historic Period								
Year	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Total	3.25	3.58	5.19	3.57	2.42	3.03	3.06	3.57
Segment Costs ($MM) - Bridge and Forecast Period								
Year	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
Total	3.49	3.09	3.16	2.82	3.56	3.71	3.86	

Table 4-2-71: GRE&T Centre Segment Expenditures Net of Reimbursements($MM)

Green Energy & Technology Centre (GRE&T Centre)								
Segment Costs ($MM) - Historic Period								
Year	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Revenue	(0.55)	(2.07)	(4.26)	(1.12)	(0.37)	(0.99)	(0.96)	(0.87)
Net	2.69	1.50	0.94	2.45	2.06	2.04	2.10	2.70
Segment Costs ($MM) - Bridge and Forecast Period								
Year	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
Revenue	(0.49)	(0.38)	(0.38)	(0.38)	(0.38)	(0.38)	(0.38)	
Net	3.00	2.71	2.77	2.43	3.18	3.33	3.48	

The costs outlined in table 4-2-72 represents the GRE&T Centre annual OM&A spend net of funding from external sources. Between 2017-2024, the GRE&T Centre secured approximately $11.2MM in funding from external sources, which includes $1.46MM in Scientific Research and Experimental Development (SR&ED) credits.

9.3. GRE&T CENTRE SEGMENT YEAR-OVER-YEAR VARIANCE ANALYSIS (NET)

Labour is the primary cost driver for the GRE&T Centre, accounting for 96% of the department's total costs during the 2027 to 2031 period.

Over the historical period from 2017-2024, cost variances were mainly the result of the timing tied to the receipt of external funding, which was dependent on the specific agreement terms, and conditional on the achievement of key project milestones.

2017-2018 Variance Explanation

Total variance of ($1.2MM).

- In 2018, GRE&T Centre costs decreased by $1.2MM compared to 2017. This variance was driven by a $1.5MM funding reimbursement received for the Advantage Power Pricing (APP) project, partially offset by a $0.03MM increase in payroll costs.

2018-2019 Variance Explanation

Total variance of ($0.60MM).

- Over the period of 2018-2019, costs decreased by $0.60MM. This was due to higher consulting costs related to the Power.House Hybrid project and the OEB's RPP Pilot, as well as an increase of five FTEs following the establishment of the GRE&T Centre in connection with the Alectra Utilities and Guelph Hydro merger. These increases were offset by $4.20MM in funding received from external sources.

2019-2020 Variance Explanation

Total variance of $1.50MM.

- From 2019 to 2020 costs increased by $1.50MM due to less funding received in comparison to the prior year.

2020-2021 Variance Explanation

Total variance of ($0.39MM).

- From 2020 to 2021 costs decreased by $0.39MM due largely to the SR&ED credit received in 2021.

2021-2022 Variance Explanation

There is no material variance during this period.

2022-2023 Variance Explanation

There is no material variance during this period.

2023-2024 Variance Explanation

Total variance of $1.00MM.

- From 2023 to 2024, costs increased by $1.0MM, primarily due to the timing of expenses and funding recovery related to the IESO York Region Non-Wires Alternatives pilot and the Zero Emission Vehicle Infrastructure Project (ZEVIP).

2024-2025 Variance Explanation

There is no material variance during this period.

2025-2026 Variance Explanation

There is no material variance during this period.

2026-2027 Variance Explanation

There is no material variance during this period.

2026-2031 Variance Explanation

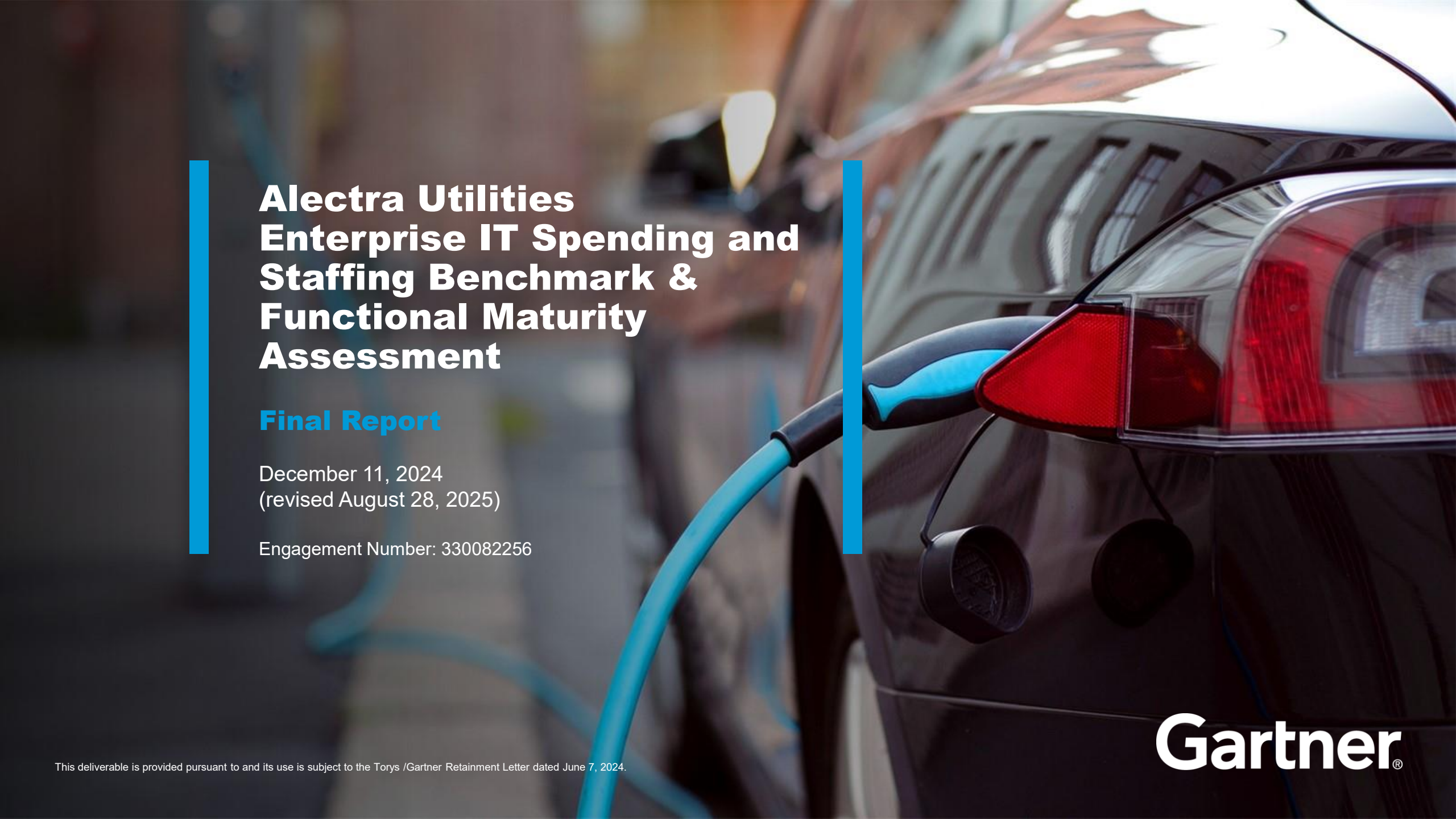
Total variance of $0.77MM.

- The $0.77MM variance is primarily attributable to the conclusion of two major pilot initiatives in 2028: the Alectra Drive for Fleet and Alectra V2X projects. These initiatives

generated approximately $0.62MM in funding recoveries during their active periods, which offset program costs.

Attachment 4-5

Enterprise IT Spending and Staffing Benchmark & Functional Maturity Assessment (Gartner Report)



Alectra Utilities Enterprise IT Spending and Staffing Benchmark & Functional Maturity Assessment

Final Report

December 11, 2024
(revised August 28, 2025)

Engagement Number: 330082256

This deliverable is provided pursuant to and its use is subject to the Torys /Gartner Retainment Letter dated June 7, 2024.

Gartner®

Table of Contents



1.0 | Summary of Findings



2.0 | Objectives & Approach



3.0 | Enterprise IT Spending & Staffing Analysis



4.0 | IT Maturity Assessment Analysis



5.0 | Appendix – Benchmarking Definitions

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

1.0
Summary of Findings

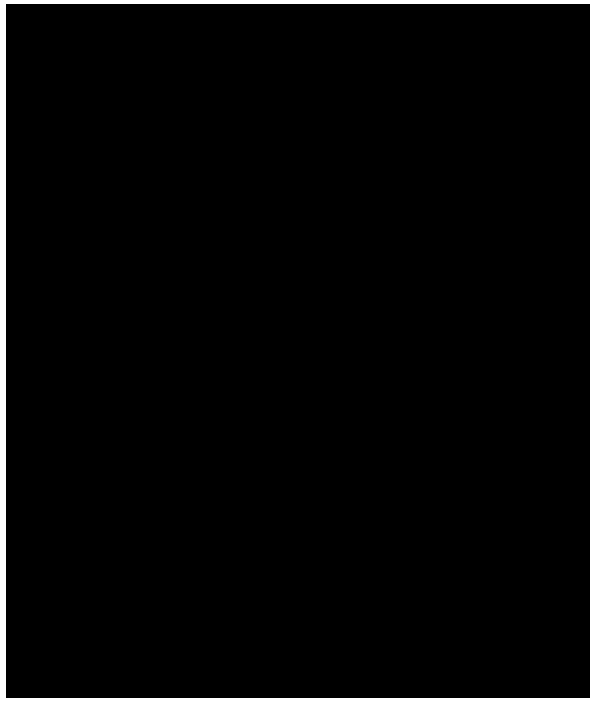
© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

Summary of Findings

IT spending is 50% lower than peer organizations, suggesting a very cost-efficient environment, however, this negatively impacts the volume & pace of delivering new capabilities to the business and enhancing customer experience.

IT staffing levels are 35% lower than peer organizations; this is partially offset by a higher use of outsourcing compared with peer organizations. The largest FTE gap is within Applications (development and support).

Alectra spends fewer real dollars across "Run" & "Grow / Transform", as well as almost every IT Domain; while running cost efficiently is positive, limited investment in Growth & Transformation may impede organizational progress over the longer term.

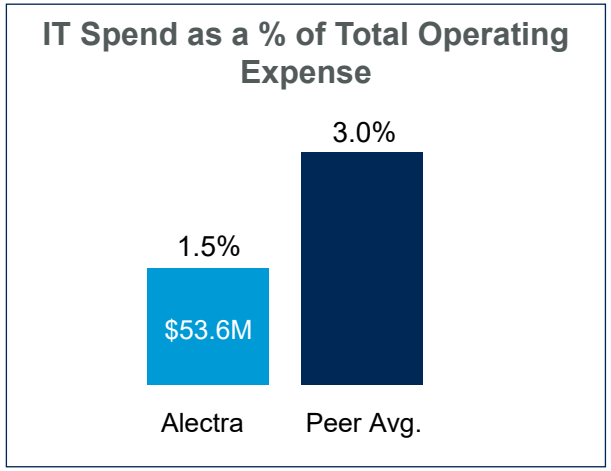


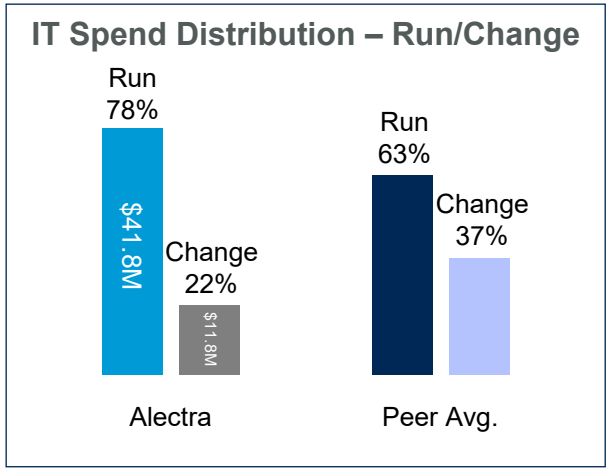
Areas for IT capability maturity improvement were identified across all in-scope domains; however, **Alectra will see the most benefit from focusing on maturity enhancements within Data & Analytics.**

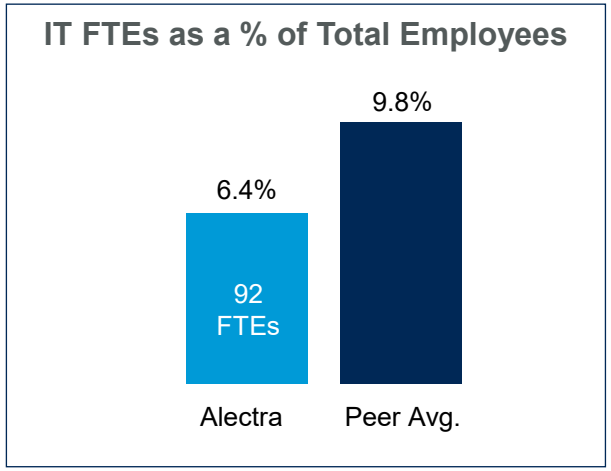
© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

Alectra's 2023 IT Spend was 50% less than similar electric utility organizations; lower levels of spend cut across both "Run" and "Growth & Transformation" activities

- For benchmarking purposes, Alectra was compared to a custom peer group of seven electric utility organizations and Gartner's IT Key Metrics Data for the broader Utilities industry. **Alectra's total IT spend for 2023 was $53.6 million.**
- **IT Spending was 50% less than the custom peer group average**; IT Spend as a % of Operating Expenses was 1.5% compared to an average of 3.0% for the peer group. The lower level of spend can be attributed to lower levels of Run, as well as Growth & Transformation spending.
- Real dollar spending on IT Run costs were $1.17 for Alectra compared with $1.89 for peers per $100 in total Operating Expense, this **suggests a cost-efficient environment**.
- **Alectra allocated 41% less spend to "change the business" activities than the peer group average** (22% of IT Spending vs. 37%). Alectra's real dollar spending on Growth & Transformation was $0.33 per $100 in Operating Expense, compared with $1.11 for the peer group. This significantly lower level of spend may result in enhanced capabilities (i.e., AI, data & analytics, etc.) being delivered at a much slower pace.
- **Alectra's IT staffing levels were materially lower than the peer group average** (6.4% IT FTEs as a % of Total Employees vs. 9.8%). This is partially explained by a higher level of Outsourcing than peer organizations for activities including Application Development and IT Security.



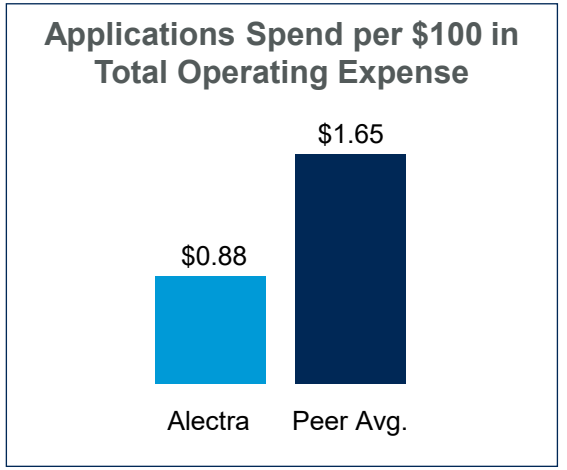


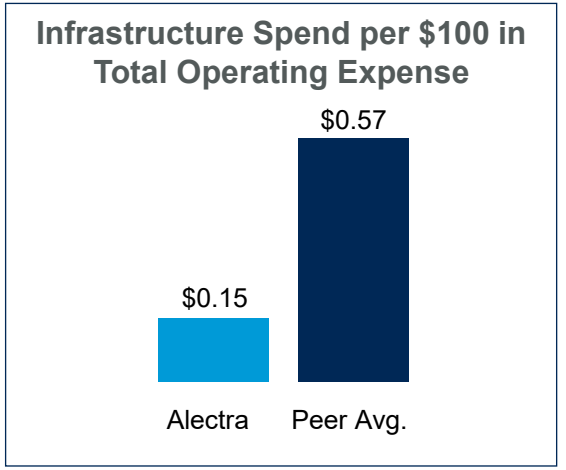


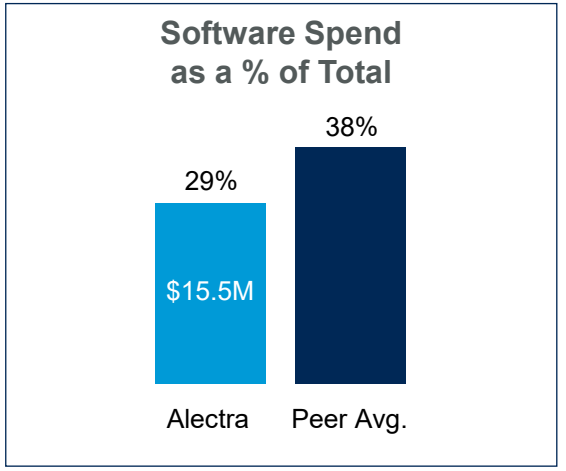
© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

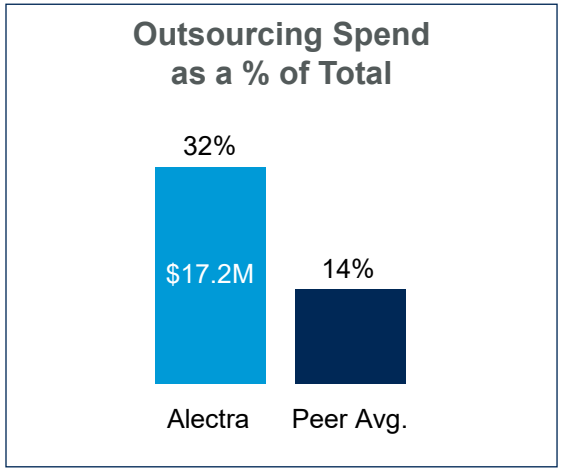
Alectra has a much lower level of investment across Applications & Infrastructure, meaning a slower pace of delivering new capabilities and creating a potential risk to service availability over the long-term

- **Alectra allocated a similar amount of spend to Applications than the peer group** average (58% of IT spend vs. 55%). However, given the overall spend level is half of that of the peer group, real dollar spending on applications is significantly less ($0.88 per $100 in Operating Expense vs. $1.65). This limits Alectra's ability to enhance the functionality of existing capabilities and deliver new ones.
- **Alectra's allocation to Data Center and Network (infrastructure) was lower** than the peer group (10% of IT spending vs.19%). Real dollar spending on infrastructure was significantly less ($0.15 per $100 in Operating Expense vs. $0.57). This suggests a cost-efficient environment, however, this low level of spend could create a risk to service availability and/or accumulation of technical debt over time.
- **Overall allocation to Software spending is materially lower than the peer group** (29% of IT spend vs. 38%). The bulk of this variance was in a lower allocation to on-premises software than peers (19% of IT spend vs. 30%), the allocation to software-as-a-service was similar to the peer group average.
- **Overall allocation to Outsourcing spending was significantly more** than the peer group average (32% of IT Spend vs. 14%). Typically, a higher allocation to Outsourcing results in a lower allocation to Personnel. In Alectra's case, Personnel was just slightly lower than the peer group average (27% vs. 30%). Leveraging Outsourcing is an important element of Alectra's delivery model. A strong ecosystem of vendor partners is used to access specialized resources (i.e., Cyber Security and Application Development).









© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

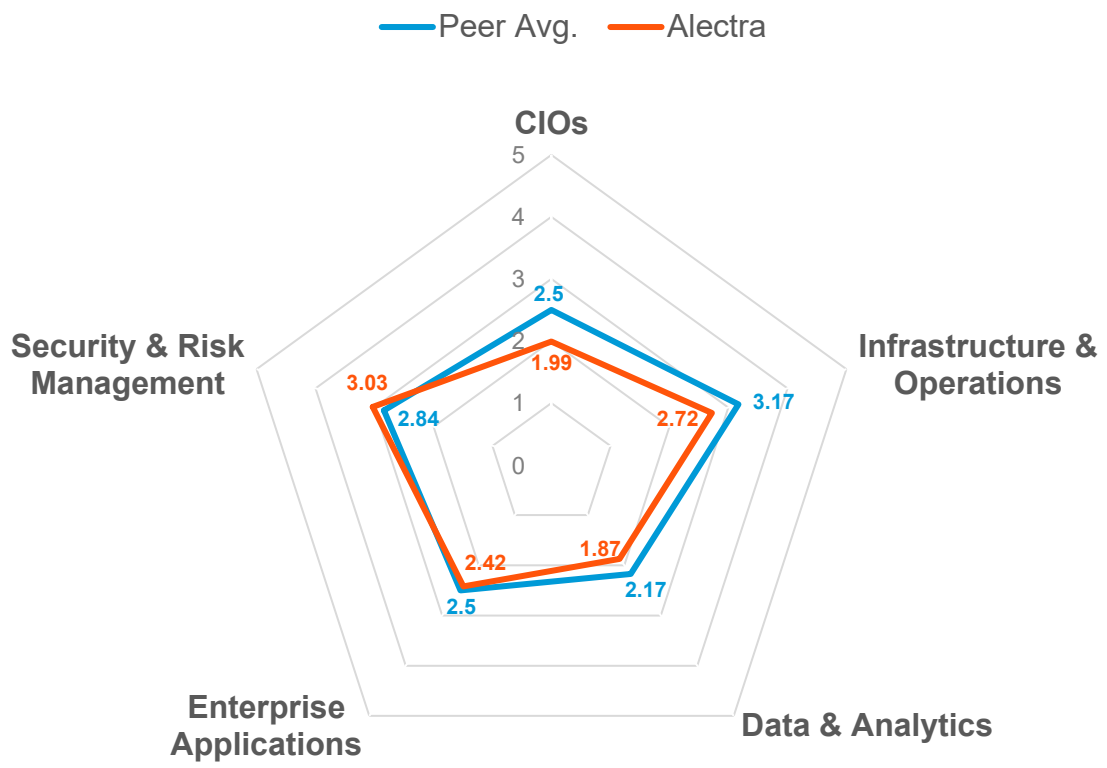
The IT capability assessments showed that Alectra's maturity across all domains is slightly lower than peers

- Alectra was compared to a peer group of 7 to 13 organizations (depending on data available for each IT domain) from the energy and utility industry with similar levels of revenue.
- 128 functional activities across 5 IT domains were assessed by comparing Alectra's current state to Gartner's best practices.
- Alectra's IT maturity level across the 5 in-scope domains was 2.4 compared to 2.6 for the peer group. Higher level of maturity was observed in the Security and Risk Management, and all other domains reflected maturity either very similar or lower than peers.
- Within Alectra, Security and Risk Management was the most mature domain at 3.0. Data & Analytics (D&A) was the least mature at 1.9.
- The low maturity scores for D&A could be attributed to the relatively recent establishment of the Alectra Data Office (ADO) and the Enterprise Architecture practice. Gartner was advised that the IT departments of the legacy utility companies that merged to form Alectra were relatively immature in D&A practice and lacked core IT practices such as enterprise architecture and data management, which are essential for a mature D&A practice.
- Comparing current maturity levels to peer organizations provides external perspective, however it is more important to analyze the gaps between maturity and the importance of the activity for the organization in achieving its overall objectives (see next page)

Maturity Levels

Alectra's Overall IT Maturity Level: 2.41

Peer Maturity Level: 2.64

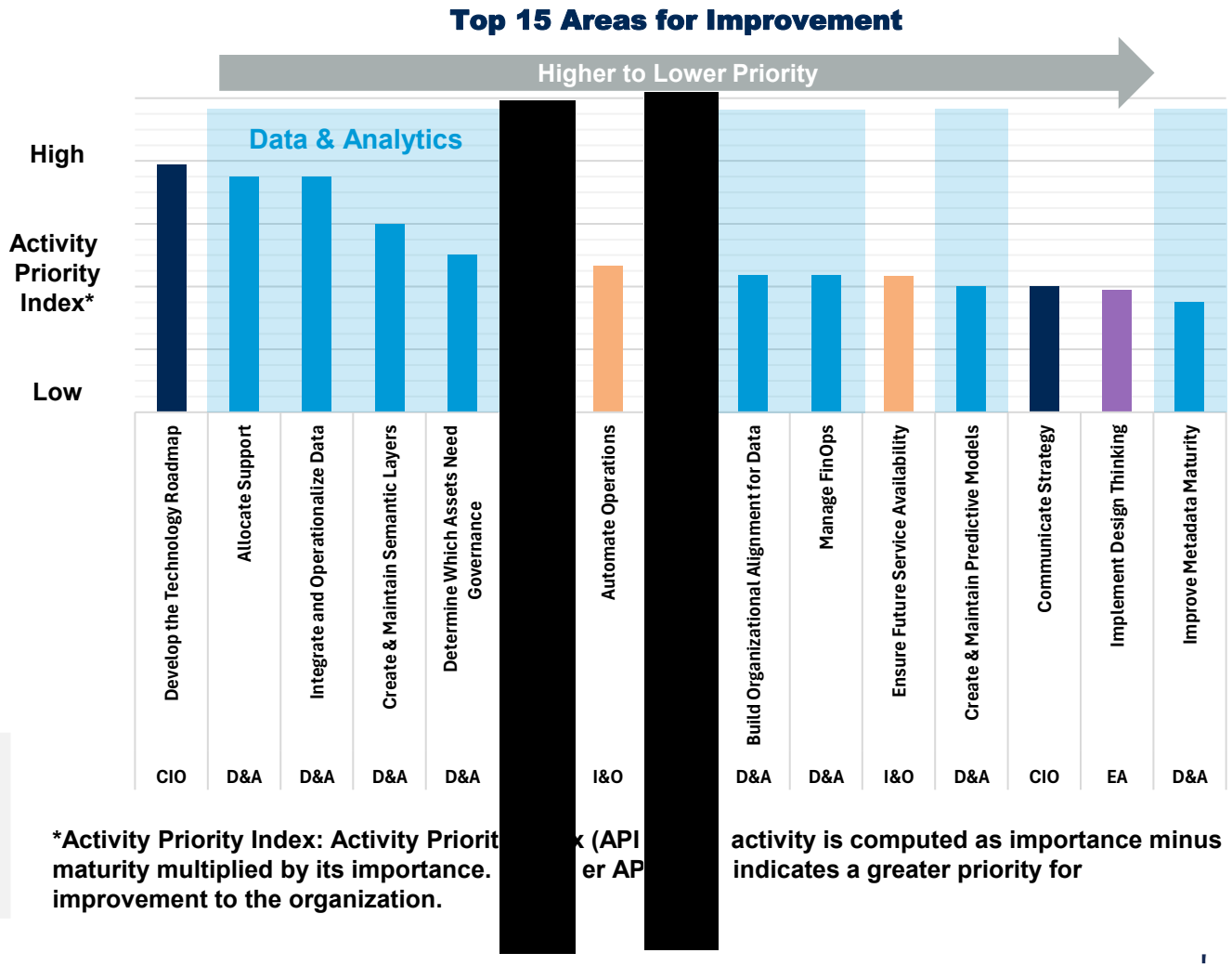


Maturity scores are assessed on a scale from 1-5, with the score of 5 representing Gartner's best practices for the IT domain

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

Based on maturity assessment results, opportunities for improvement exist in each domain, however improving Data & Analytics capabilities would add the most value to Alectra

- 103 of 128 functional activities had a positive Activity Priority Index meaning there is value to Alectra in improving the capability; each domain in scope had opportunities for improvement
- 5 of the 5 in-scope domains had a number of functional activities identified in the **Top 15 Areas of Improvement**:
  - Data & Analytics = 8
  - [redacted]
  - Chief Information Officer (CIO) = 2
  - Enterprise Applications = 1
  - [redacted]
- When relative importance is considered, improvements to the maturity of the Data & Analytics domain would add the most value to Alectra



***Activity Priority Index: Activity Priorit[redacted]x (API maturity multiplied by its importance. [redacted]er AP improvement to the organization.**

activity is computed as importance minus indicates a greater priority for

Legend

- IT Score for CIOs (CIO)
- Data & Analytics (D&A)
- Security & Risk Management (Sec)
- Infrastructure & Operations (I&O)
- Enterprise Applications (EA)

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

2.0
Objectives & Approach

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

Business context and objectives

Context

- Alectra requires an independent and objective expert benchmark of its overall IT spend and staffing position relative to comparable peer organizations, and an assessment of process maturity of its IT functional areas and to establish a reliable baseline.
- In the short-term, this spending and staffing benchmark and maturity assessments will provide data driven insights for the organization's regulatory filing and provide inputs for developing a roadmap of initiatives that Alectra's IT Leaders will drive to advance maturity and efficiency levels consistent with Alectra's Business and IT strategic objectives.
- Longer term, these spend, and maturity assessments will form the basis for a transformational strategy because of the current state baseline and recommendations.
- Gartner's insights and recommendations will highlight IT capabilities needed for Alectra to align to existing organizational strategies, increase the pace of value being brought to the business, and enable the promise for future transformational aspirations.

Proposed Engagement Objectives

Gartner will combine several unique and proprietary Gartner assets and capabilities that will give Alectra a fact-based, objective starting point for its ongoing strategic direction. These capabilities include:

- Gartner's world-leading IT Benchmark database to support a fact-based comparison, using a custom-built peer group to Alectra's environment, to anchor the current state in key IT enterprise-level cost and staffing measures.
- Gartner Research maturity models aligned to key capability areas that integrate Gartner Research insights and industry leading frameworks to support maturation objectives.

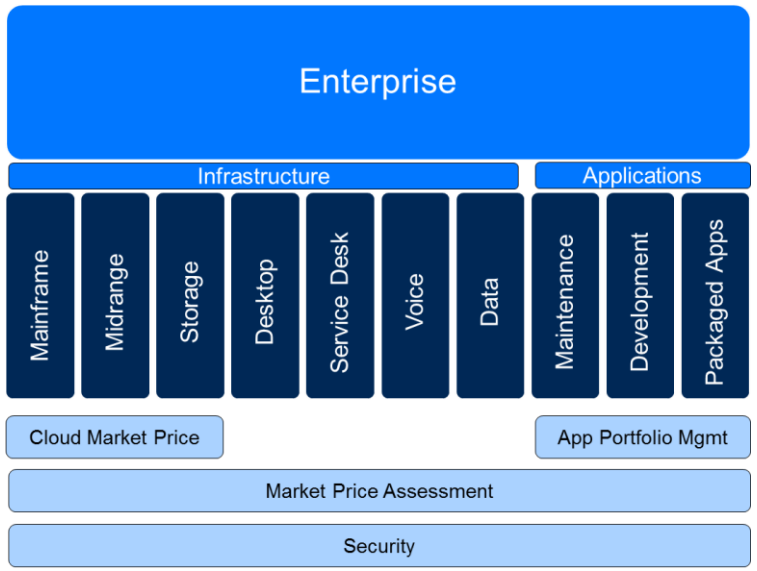
Outcomes of the engagement will include:

- A current state summary of Alectra's IT spend and staffing levels relative to peers with a comparable environment that will identify optimization opportunities to focus future strategic efforts.
- A current state summary of Alectra's maturity across selected IT domains
- A set of prioritized recommendations based on the comparative analysis that will advance Alectra in areas directly impactful to IT and business objectives.
- Guidance on appropriate re-measurement periods and the foundation to measure progress objectively.

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

Alectra & Gartner collaborated to establish an enterprise-level baseline of IT spend and staffing relative to peers; and an assessment of process maturity of key IT functions

IT SPENDING AND STAFFING



- IT$ / Rev
- IT$ / Opex
- IT FTEs / FTE
- Run/Grown / Transform

+

PROCESS MATURITY

Current State Assessment of IT Process Areas:

- CIOs (IT Governance, IT Finance, etc.)
- Enterprise Applications
- Data & Analytics
- Security & Risk Management
- Infrastructure & Operations

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

3.0
Enterprise IT Spending & Staffing Analysis

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

Section 3.0 Outline

A | IT Spending & Staffing Benchmark - Methodology Overview

B | Enterprise IT Spending & Staffing Analysis

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

3.A
IT Spending & Staffing Benchmark – Methodology Overview

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

Spending & Staffing Benchmark Methodology Overview

Gartner used its industry-leading benchmarking consensus models to evaluate total IT Spending and Staffing relative to a hand selected group of industry peers and IT Key Metrics Data for the Utilities industry.

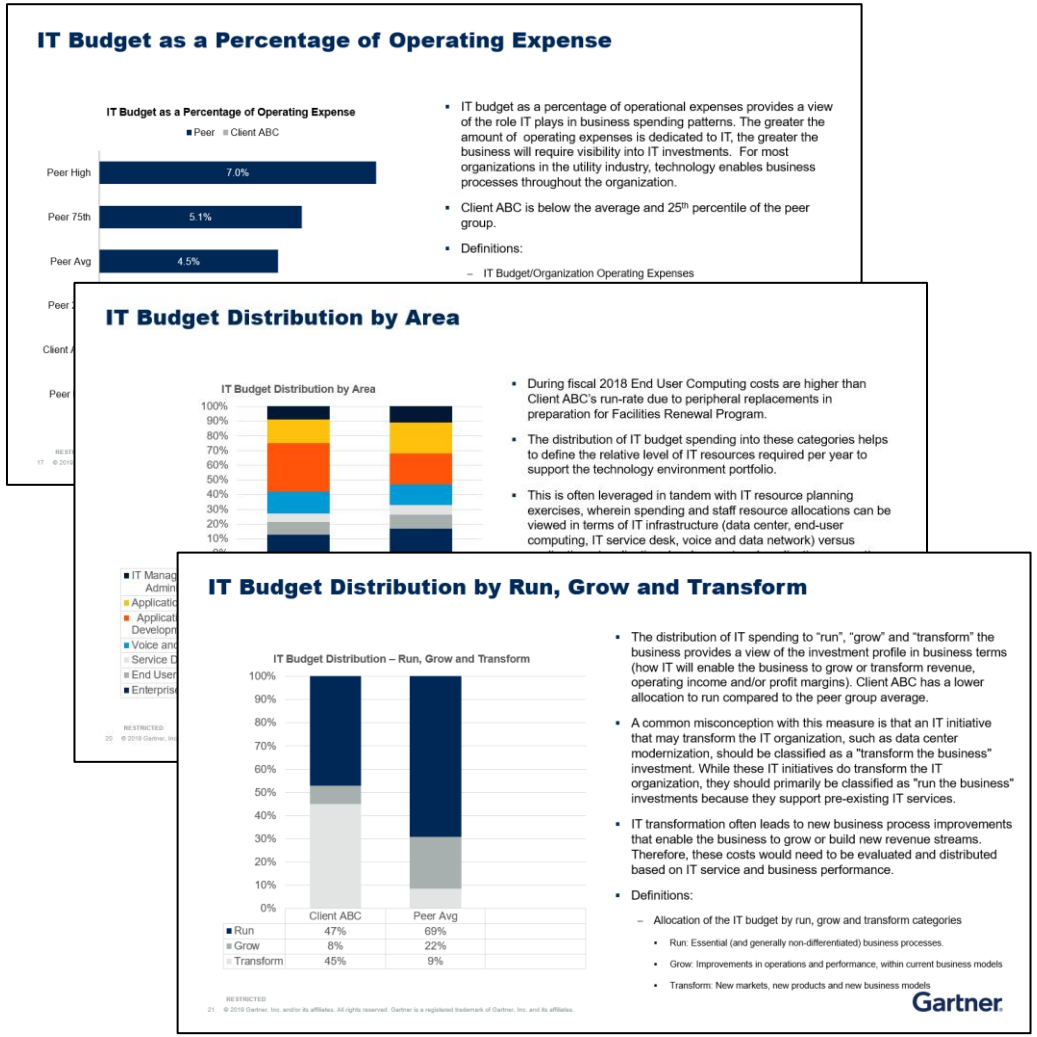
The Enterprise View: IT Spending and Staffing Assessment analysis provides and compares the following metrics:

Spending Measures

- IT Spending as a % of Revenue
- IT Spending as a % of Operating Expense
- IT Spending Per Employee
- Capital vs. Operational Spending
- Run vs. Grow vs. Transform Spending
- Distribution of IT Spend—Hardware, Software, Personnel, Outsourcing, Other
- Distribution of IT Spend—by IT Function

Staffing Measures

- IT Staff as a % of Company Employees
- IT Contractor Usage
- Distribution of IT Staff—by IT Function



© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

3.B
Enterprise IT Spending & Staffing Benchmark Analysis

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

Analysis Notes

- Alectra's data submission for this benchmarking engagement includes:
  - Actual Revenue, Operating Expenses and Total Employees for fiscal year ending December 31, 2023
  - Actual IT Spending & Staffing for fiscal year ending December 31, 2023

- Operational Technology spending and staffing are excluded from the analysis (for Alectra & the Peer Group)

- Peer Group data is from 2022-2023

- Gartner's IT Key Metrics Data (ITKMD) for the Utilities Industry is from 2023

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

Peer Group Profiles

Primary peer group for comparative analysis

Selection Criteria	
Primary Criteria	Utilities Industry
Secondary Criteria	Nature of Business (i.e., electrical utility with a distribution focus), Total Revenue, Total Operating Expenses, # of Employees and Geography

Custom Peer Group Profile		
Number of Organizations	7	
Geographical Location	Canada (3), USA (1), Brazil (1), Austria (1), Australia (1)	
	Alectra*	**Peer Group Average**
Total Revenue	**$3.81 Billion**	**$3.26 Billion****
Total Operating Expense	**$3.53 Billion**	**$3.08 Billion****
Total Employees	**1,439**	**1,620**

Secondary peer group for additional context

2023 IT Key Metrics Data (ITKMD) Utilities
140
Utilities
Global
2023 ITKMD

* Alectra data is for fiscal year ending December 31, 2023 (12 months actuals)
** All analysis is in Canadian dollars, using the exchange rate of 1 USD = 1.34 CAD

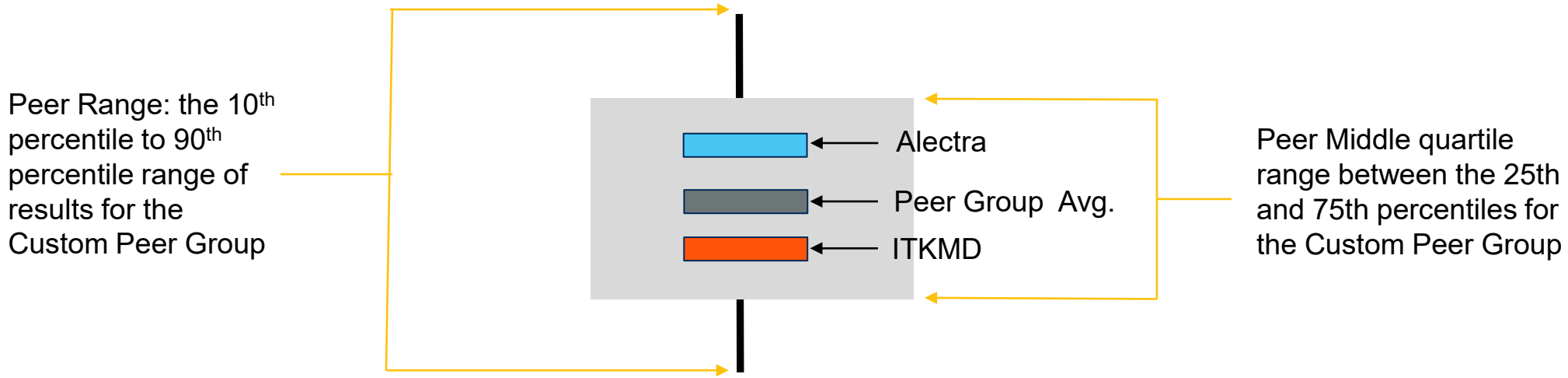
© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

IT Spending

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

Benchmark Analysis Methodology
Peer Comparisons

Alectra's results are displayed in comparison with the following reference points:



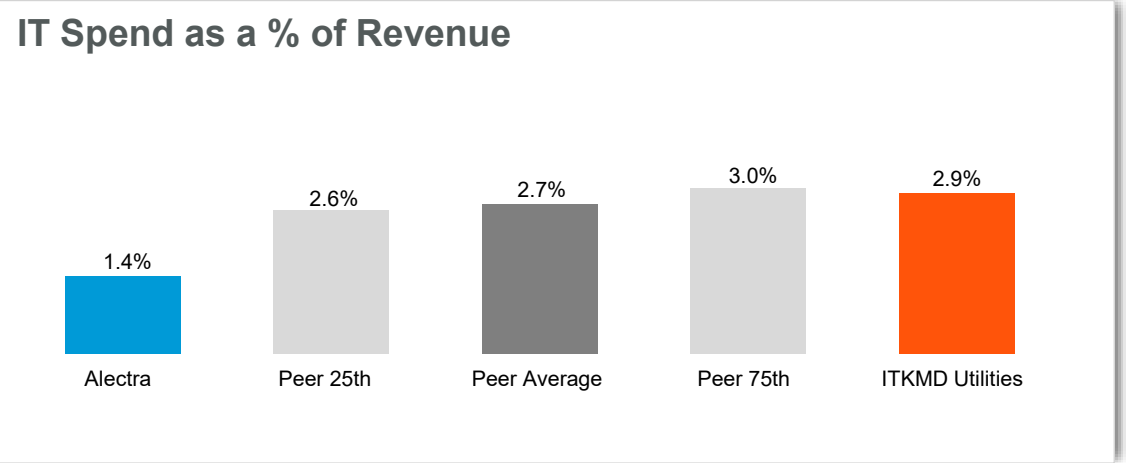
There are not necessarily "good" or "bad" results for any individual metric.

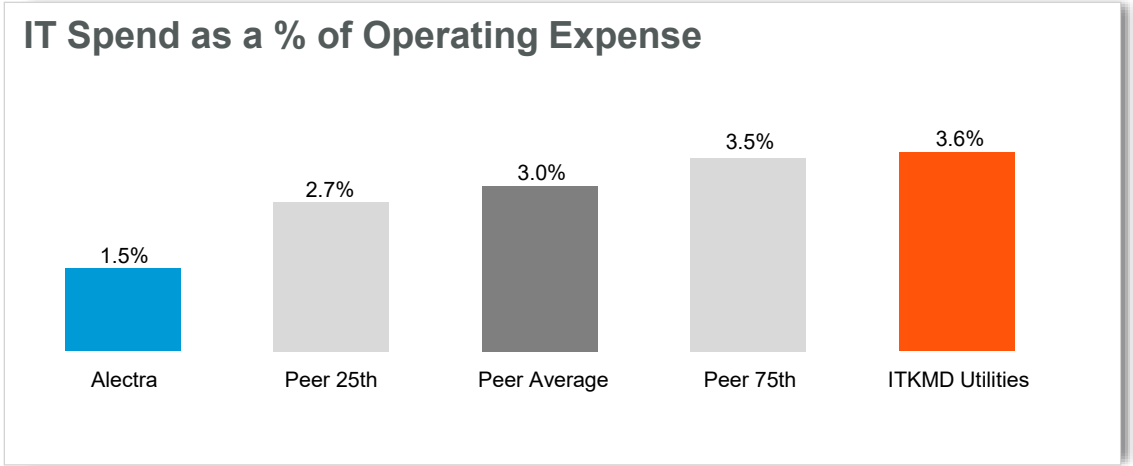
Differences in spending and staffing metrics derived from this analysis provide insight into current strategic IT investment levels versus your competitive landscape.

These measures should also be considered within the context of your future state organizational objectives.

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

Alectra's overall 2023 IT Spend was materially lower than industry peers





Observations / Implications

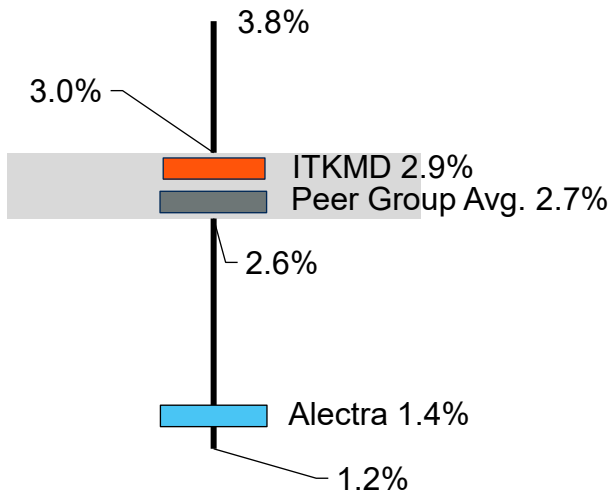
- Alectra's 2023 IT Spending was $53.6 million. IT Spend as a % of Revenue was 1.4% compared to an average of 2.7% for the peer group. IT Spending as a % of Operating Expenses was 1.5% compared to an average of 3.0% for the peer group. Both of these metrics indicate that Alectra's overall IT spend level was materially lower than the peer group average and Gartner's IT Key Metrics Data for the Utilities industry.

- The "right" level of IT spend is the level that will deliver the necessary IT solutions that will enable Alectra to deliver on its business objectives, in a cost-effective manner. Investing an additional dollar in IT makes sense if it can reduce operational costs elsewhere in the business.

- To ensure value for money from all IT investments, it will be important for Alectra to continue to develop Strategic Cost Optimization capabilities (i.e., controlling new spend, rationalizing technology assets, managing contract and vendor spend, increasing productivity & efficiency, leading and governing cost management).

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

IT Spend as a Percentage of Revenue



Description	• IT spending as a percentage of revenue provides a view of the role IT plays in the spending patterns of the organization. The greater the amount of the operational expenses that is dedicated to IT, typically the greater need for visibility into the IT investments the organization will require.	
Definition	IT Spending includes capital and operations spending for technology during the study period, including labour, software, hardware, telecommunications expenses; includes project spending	
Calculation	IT Spend / Revenue	**Alectra: $53,561,242 / $3,813,876,000**

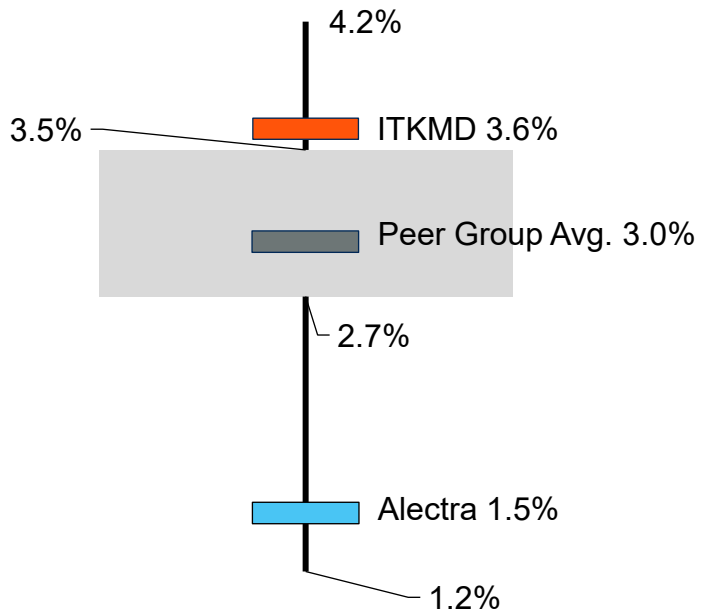
= Peer Range **= Peer Middle Quartiles**

= Alectra **= ITKMD**

= Peer Average

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

IT Spend as a Percentage of Operational Expense



Description	• IT spending as a percentage of operational expenses provides a view of the role IT plays in the spending patterns of the organization.	
Definition	IT Spending includes capital and operations spending for technology during the study period, including labour, software, hardware, telecommunications expenses; includes project spending	
Calculation	IT Spend / Operational Expense	**Alectra: $53,561,242 / $3,533,777,000**

= Peer Range

= Peer Middle Quartiles

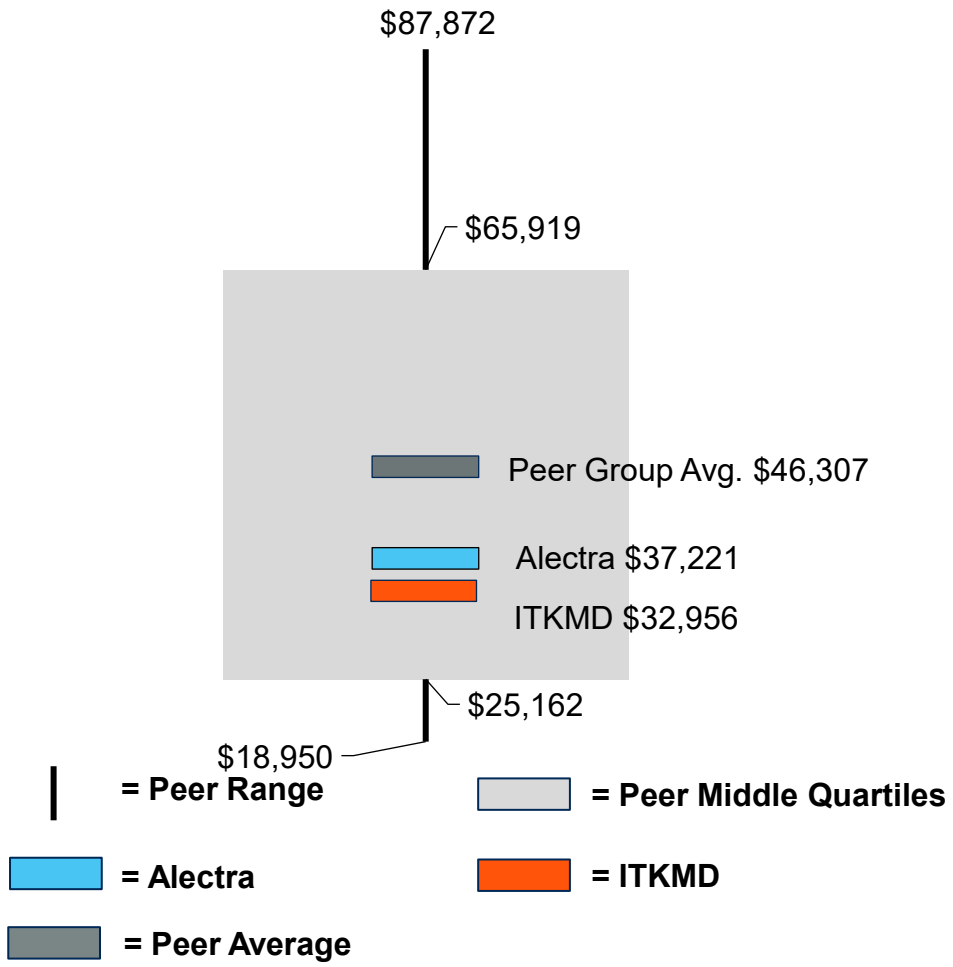
= Alectra

= ITKMD

= Peer Average

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

IT Spend per Employee



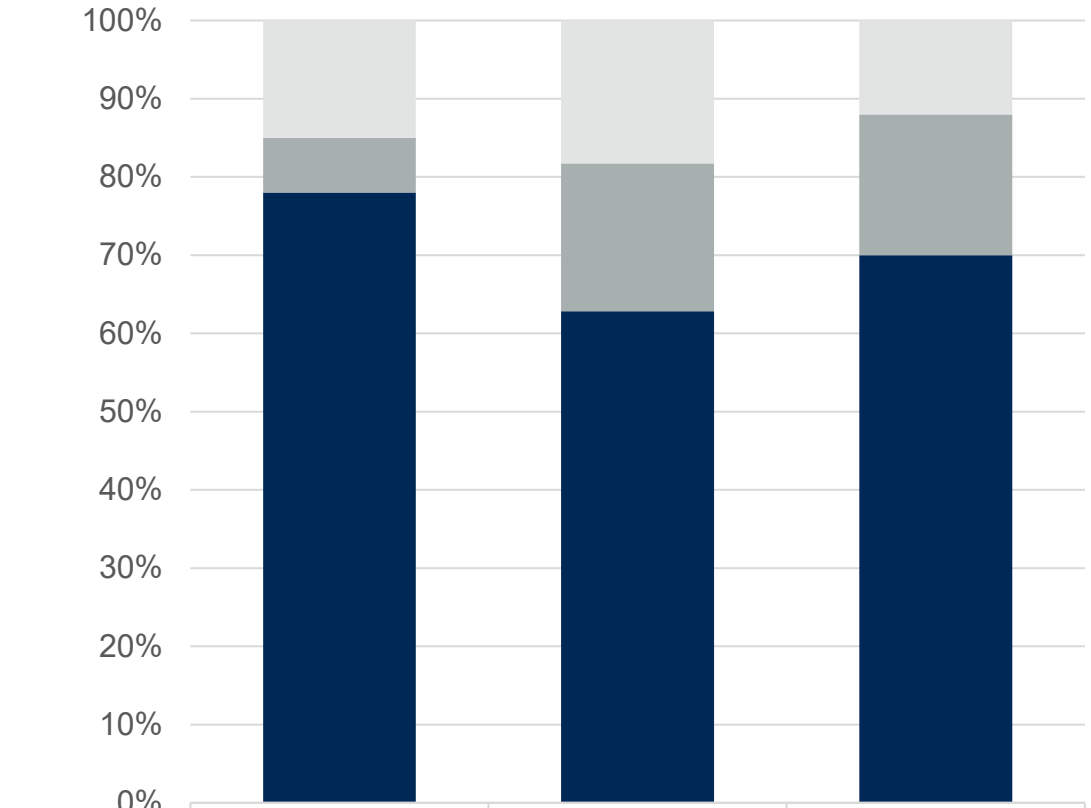
Observations / Implications

- IT Spend per Employee for Alectra ($37,221) was lower than the peer group average of $46,307.
- This metric is calculated using Alectra's 1,439 organizational employees and does not consider any contractor workforce.
- Alectra should continue to evaluate IT investments that will enable all staff and business functions to improve productivity and modernize their operations. This could lead to reduced costs in other parts of the organization.

Description	• IT spending per employee provides insight into the amount of technology support an organization's workforce receives. • High spending can imply higher levels of automation and/or higher investment in IT in general. Low spending levels can be related to higher overall staffing levels and or lower IT investment than peers. • Large variations within industry groups can represent different business models for service or product delivery.	
Definition	IT Spending includes capital and operations spending for technology during the study period, including labour, software, hardware, telecommunications expenses and includes project spending. Organization Employees includes staff, exclusive of Contractors.	
Calculation	IT Spending / Organization Employees	**Alectra:** **$53,561,242 / 1,439**

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

IT Spend Distribution by Run, Grow and Transform



	Alectra	Peer Avg.	ITKMD
Transform	15%	18%	12%
Grow	7%	19%	18%
Run	78%	63%	70%

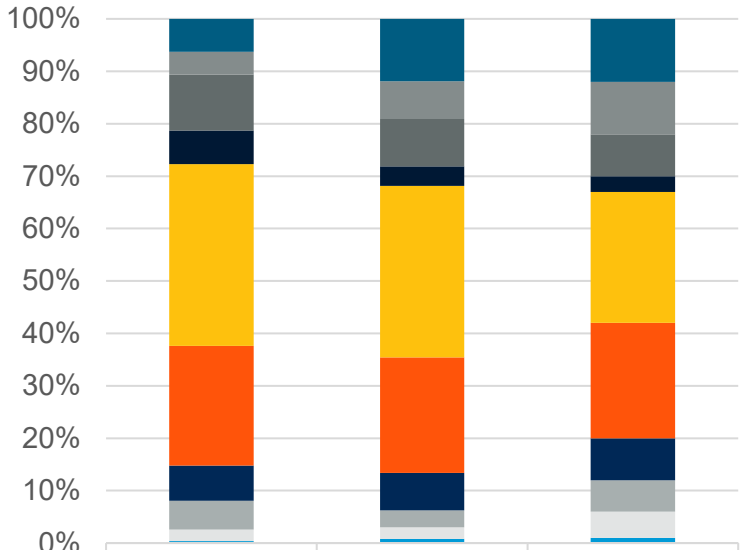
Observations / Implications

- In 2023, Alectra allocated 22% of IT Spending to Growth / Transformation (i.e., “change the business” activities), 41% less than the peer group average of 37%.
- This is the result of an overall lower level of IT spend, and therefore, a requirement to allocate a greater percentage of IT spending to “run the business” activities. Despite a higher allocation to “run”, Alectra still spends 38% fewer real dollars than the peer group average (see page 29).
- Alectra’s level of investment in Growth and Transformation will likely need to increase in the future in order to accelerate the pace of digital transformation and meet the requirements of the business (i.e., data & analytics, AI, cyber program, etc.). Run funding will also likely need to increase to support new capabilities as they come online and enter steady-state and to maintain service availability.

Description	• The distribution of IT spending provides a view of the investment profile in business terms (how IT will enable the business to grow or transform revenue, operating income and/or profit margins)
Definition	Allocation of IT Spending by Run, Grow and Transform, where: • Run: Essential (and generally non-differentiated) business processes. • Grow: Improvements in operations and performance, within current business models • Transform: new services and new operating models

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

IT Spend Distribution by IT Functional Area



	Alectra	Peer Avg.	ITKMD
Data Center	6%	12%	12%
Network	4%	7%	10%
Workplace Services	11%	9%	8%
IT Service Desk	6%	4%	3%
Application Development	35%	33%	25%
Application Support	23%	22%	22%
Governance & Business Management	7%	7%	8%
IT Security	6%	3%	6%
IT Ops. Mgmt	2%	2%	5%
Ser. Con't / DR*	0%	1%	1%

*Alectra reported $196k which rounds to 0%

Observations / Implications

- Alectra allocated a similar amount of spend to Applications than the peer group average (58% of IT spend vs. 55%).
- IT domains with higher spend allocation than the peer group average include IT Security (+100%), IT Service Desk (+50%), and Workplace Services (+22%).
- IT domains with lower spend allocation than the peer group average include Data Center (-50%), Network (-43%).
- Governance & Business Management, IT Operations Management and Service Continuity / Disaster Recovery spend allocations were comparable with the peer group.
- Given Alectra's overall lower level of IT spend, most domains spent fewer real dollars than the peer group averages (see page 29). The only exception was IT Security, where spend level was similar.

Description	• This information is often leveraged in tandem with IT resource planning exercises, wherein resource allocations can be viewed in terms of IT infrastructure versus applications versus IT overhead. • While this measure is helpful in identifying relative volumes of IT resource consumption by IT functional area, as compared to Peers, it does not aid in identifying whether resources are being leveraged in a cost-effective or productive manner.
Definition	Allocated IT Spending among the different functional areas

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

From a real dollar perspective, Alectra's "Run" & "Grow/Transform" spend were significantly lower than Peers; this translated into lower levels of spend across all IT domains

IT Spend per $100 of Operating Expense

Enterprise View	IT Spend as % of Operating Expense		IT Spend per $100 of Operating Expense		
	Alectra Utilities	Peer Avg	Alectra Utilities	Peer Avg	Variance
	1.50%	3.00%	$ 1.50	$ 3.00	($1.50)

Investment View	Run / Change Distribution		Run / Change per $100 of Operating Expense		
	Alectra Utilities	Peer Avg	Alectra Utilities	Peer Avg	Variance
Run	78%	63%	$ 1.17	$ 1.89	($0.72)
Grow / Transform	22%	37%	$ 0.33	$ 1.11	($0.78)
Total	**100%**	**100%**	**$ 1.50**	**$ 3.00**	**($1.50)**

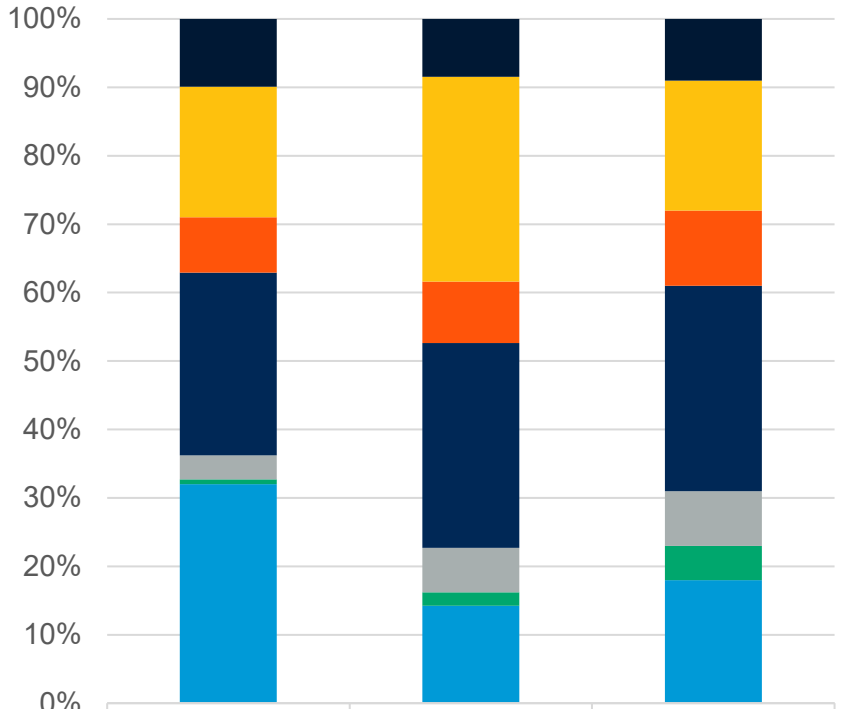
Technical View	IT Functional Area Distribution		IT Functional Area Spend per $100 of Operating Expense		
	Alectra Utilities	Peer Avg	Alectra Utilities	Peer Avg	Variance
Data Center	6%	12%	$ 0.09	$ 0.36	($0.27)
Voice and Data Network	4%	7%	$ 0.06	$ 0.21	($0.15)
Workplace Services	11%	9%	$ 0.17	$ 0.27	($0.11)
IT Service Desk	6%	4%	$ 0.09	$ 0.12	($0.03)
Application Development	35%	33%	$ 0.53	$ 0.99	($0.47)
Application Support	23%	22%	$ 0.35	$ 0.66	($0.32)
Governance & Business Mgmt.	7%	7%	$ 0.11	$ 0.21	($0.11)
IT Security	6%	3%	$ 0.09	$ 0.09	$0.00
IT Ops Mgmt.	2%	2%	$ 0.03	$ 0.06	($0.03)
Service Con't. / DR	0%	1%	$ 0.01	$ 0.03	($0.02)
Total	**100%**	**100%**	**$ 1.51**	**$ 3.00**	**($1.49)**

From a real dollar perspective both "Run" and "Grow / Transform" spending were materially lower than peer group levels

All IT domains, except IT Security, had lower real dollar spending than the peer group average. Application Development had the largest real dollar gap

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

IT Spend Distribution by Cost Category



	Alectra	Peer Avg.	ITKMD
Software (SaaS)	10%	8%	9%
Software (On-Prem)	19%	30%	19%
Hardware	8%	9%	11%
Personnel	27%	30%	30%
External Services - Network Trans.	4%	7%	8%
External Services - Public Cloud	1%	2%	5%
External Services - Traditional	32%	14%	18%

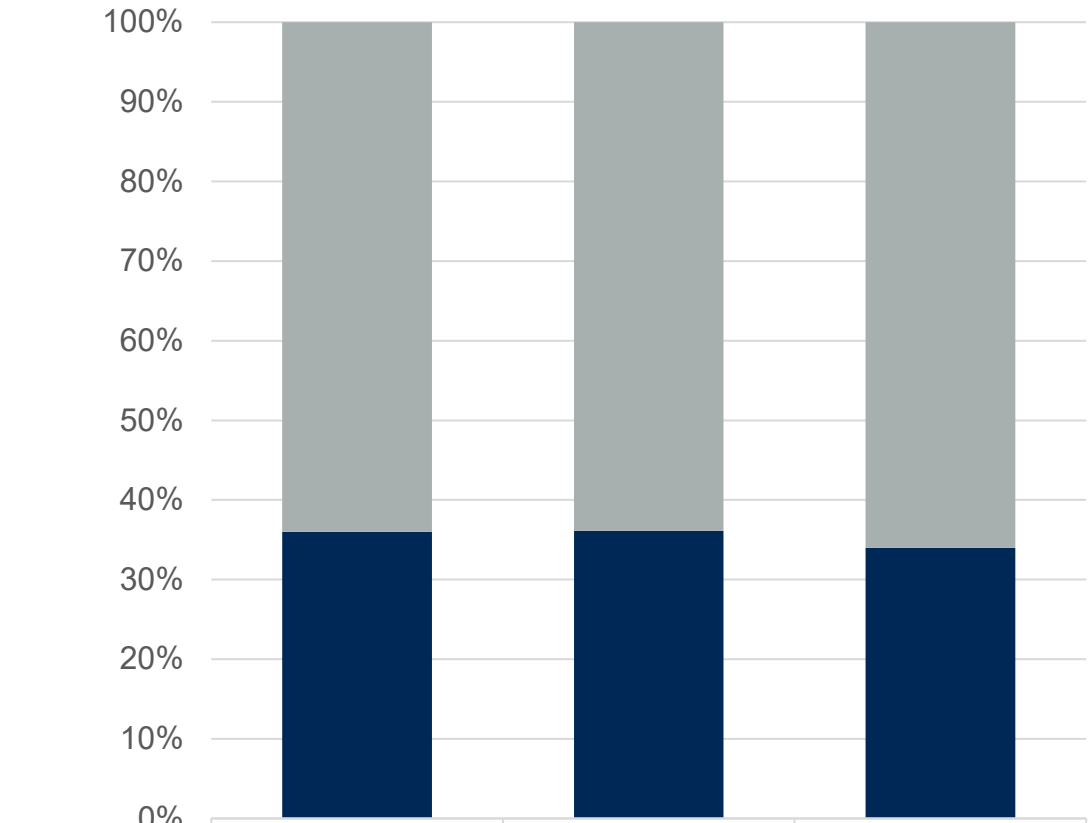
Observations / Implications

- Alectra relied more on External Services – Traditional, (32% of IT spend) than the peer group average (14%). Typically, a higher allocation to Outsourcing results in a lower allocation to Personnel. In Alectra's case, Personnel was just slightly lower (27% versus an average of 30% for the peer group).
- Leveraging Outsourcing is an important element of Alectra's delivery model. A strong ecosystem of vendor partners is used to access specialized resources (i.e., Cyber Security and Application Development).
- Alectra's overall allocation to software is materially lower than the peer group (29% versus 38%).
- Allocation to hardware is similar to the peer group average.

Description	• This measure can be helpful in adding context to the IT investment strategy from a sourcing perspective, in terms of accounting-based resources that may be insourced versus services delivered by a third party. • As an organization increases or decreases the level of outsourced services, it may find an inverse effect in its associated personnel, hardware and/or software expenditures, depending on the scope of services retained and on requirements.
Definition	Allocated IT Spending among the different cost categories

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

IT Spend Distribution – Operations vs. Capital



	Alectra	Peer Avg.	ITKMD
Operational	64%	64%	66%
Capital	36%	36%	34%

Observations / Implications

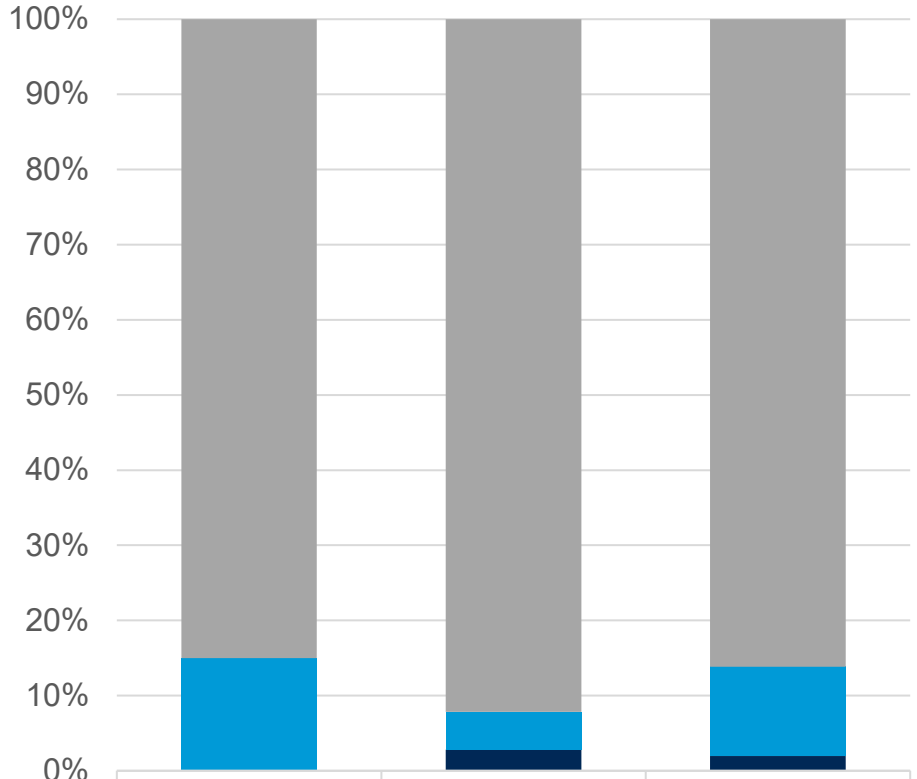
- Alectra allocated the same amount of its IT spending to capital as the peer group average (36%).
- Applications and Infrastructure are increasingly cloud-based, creating an escalating shift away from more traditional capital-based models to operational funding.
- There can be unanticipated or overlooked operating budget increases as a result of SaaS and IaaS contracts. The resultant shift from capital expenditure (CapEx) to operating expenditure (OpEx) can cause budgetary and cost management pressures.

Description	• IT capital expenses vs. operational expenses helps to portray the investment profile for an organization in a given year.
	• Organizations with a higher capital spending may…
	  ○ Be investing heavily in strategic IT infrastructure
	  ○ Have reached a planned point of investment in their infrastructure lifecycle
	  ○ Not have been managing asset investments well (i.e., “catching up”)
	  ○ Simply have a more aggressive capitalization policy
	• The break out of Run, Grow, Transform spending that follows may provide more insight

Definition	Distribution of IT Operational spending versus Capital spending

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

IT Spend Distribution – Funding Source (Formal IT Budget, Business Unit, Shadow IT)



	Alectra	Peer Avg.	ITKMD
Formal IT Budget	85%	92%	87%
Business Unit IT	15%	5%	12%
Shadow IT	0%	3%	2%

Observations / Implications

- Alectra's IT spend is slightly more decentralized than the peer group average with IT controlling 85% of the spend, compared to an average of 92% for centralized IT within the peer group.
- In organizations with largely centralized IT spend, it is important that there is a high level of transparency with the business, so they understand the allocation of IT resources and the impact of their decisions on IT spending.

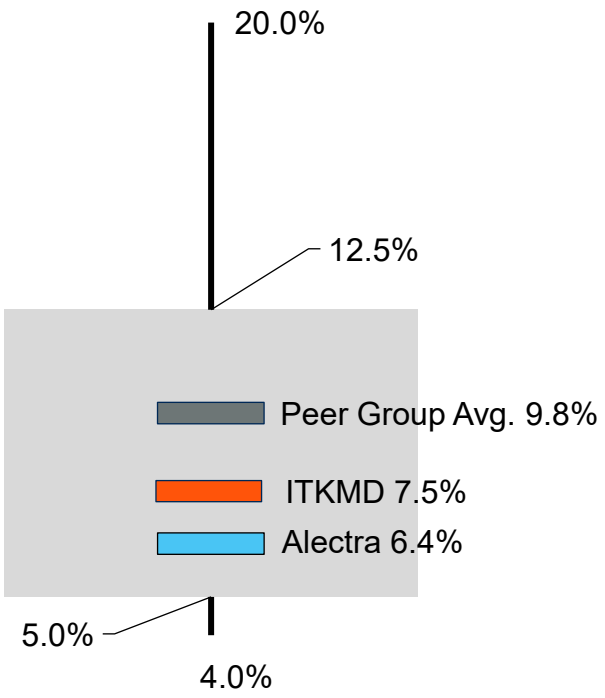
Description	• The distribution of IT spending provides a view of the source of IT fund and who is responsible for the specific budget
Definition	Allocation of IT Spending by Formal, Business Unit and Shadow IT, where: • Formal IT: IT spending that the IT department is accountable for. • Business Unit IT: IT spending where profit centers or overhead departments are accountable. • Shadow IT: IT spending anywhere in the enterprise for which the IT department is not accountable.

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

IT Staffing

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

IT FTEs as a Percentage of Total Employees



= Peer Range

= Peer Middle Quartiles

= Alectra

= ITKMD

= Peer Average

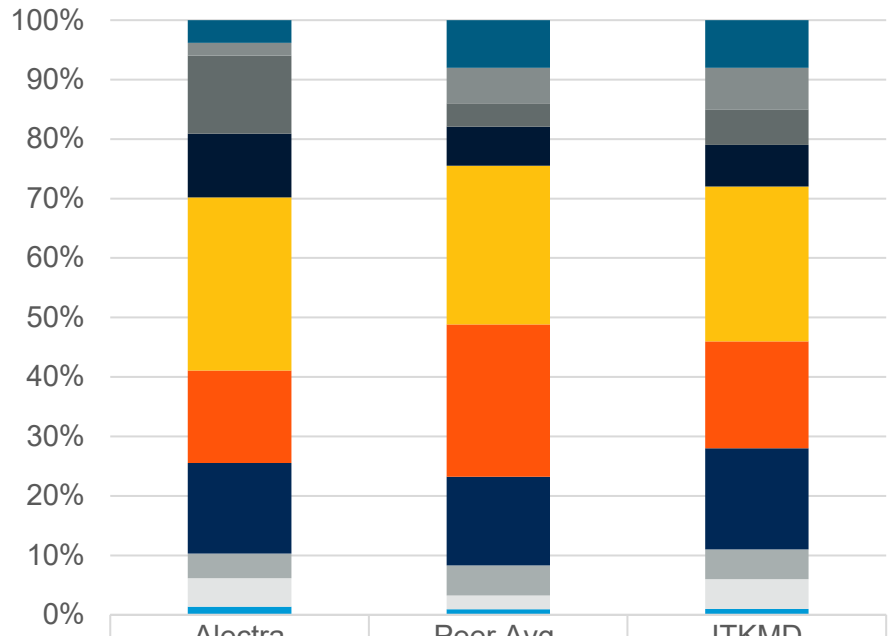
Observations / Implications

- Alectra's level of IT staffing was significantly lower than the peer group average, with IT FTEs as a % of Total Employees being 6.4% compared with 9.8%.
- This result is aligned with the fact that Alectra's use of Outsourcing is significantly higher than the peer group's.
- Lack of personnel (i.e., IT FTEs and outsourced resources) was cited as the largest barrier to advancing digital capabilities at scale.

Description	• The percentage of IT FTEs in the organization compared to the total number of employees is a key measure of how critical IT support is to the business. This measure can be heavily influenced, however, by the level of outsourcing an organization may have. • Organizations with high levels of manageability and automation should require fewer operations staff. Manual processes and lack of standards will increase the number of IT FTEs needed.	
Definition	IT FTEs includes in-house and contractor FTEs, does not include managed services adjusted FTEs. Organization Employees includes employees, exclusive on Contractors.	
Calculation	IT FTEs / Organization Employees	**Alectra: 92 / 1,439**

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

IT FTEs Distribution by IT Functional Area



	Alectra	Peer Avg.	ITKMD
Data Center	4%	8%	8%
Network	2%	6%	7%
Workplace Services	13%	4%	6%
IT Service Desk	11%	7%	7%
Application Development	29%	27%	26%
Application Support	16%	26%	18%
Governance & Business Management	15%	15%	17%
IT Security	4%	5%	5%
IT Ops. Mgmt	5%	2%	5%
Ser. Con't / DR	1%	1%	1%

Observations / Implications

- Alectra's IT FTE allocations were materially higher than the peer group average for Workplace Services (+225%), IT Operations Management (+150%) and IT Service Desk (+57%)
- Alectra's IT FTE allocation were less than the peer group average for Network (-66%), Data Center (-50%), Application Support (-38%) and IT Security (-20%)
- Given Alectra's overall lower level of staffing, most domains had fewer IT FTEs than the peer group averages (see page 34). The only exception was Workplace Services, IT Operations Management & IT Service Desk.

Description	• By viewing human resources (IT FTEs) within the context of the total portfolio, organizations are able to identify which environment is the most labour- intensive as a % of the IT labour pool. Typically, application activities (development and support) demand the most resources from both cost and staffing perspectives. The degree to which an organization outsources should be considered alongside such staffing metrics.
Definition	Distributes In House and Contractor IT FTEs among the different functional areas

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

Overall IT staffing levels are significantly lower than peers; only Workplace Services, IT Operations Management & IT Service Desk have more IT FTEs than peers

IT FTEs per 100 Total Employees

Enterprise View	IT FTEs as % of Total Ees.		IT FTEs Per 100 Employees		
	Alectra Utilities	Peer Avg	Alectra Utilities	Peer Avg	Variance
	6.4%	9.8%	6.40	9.80	(3.40)

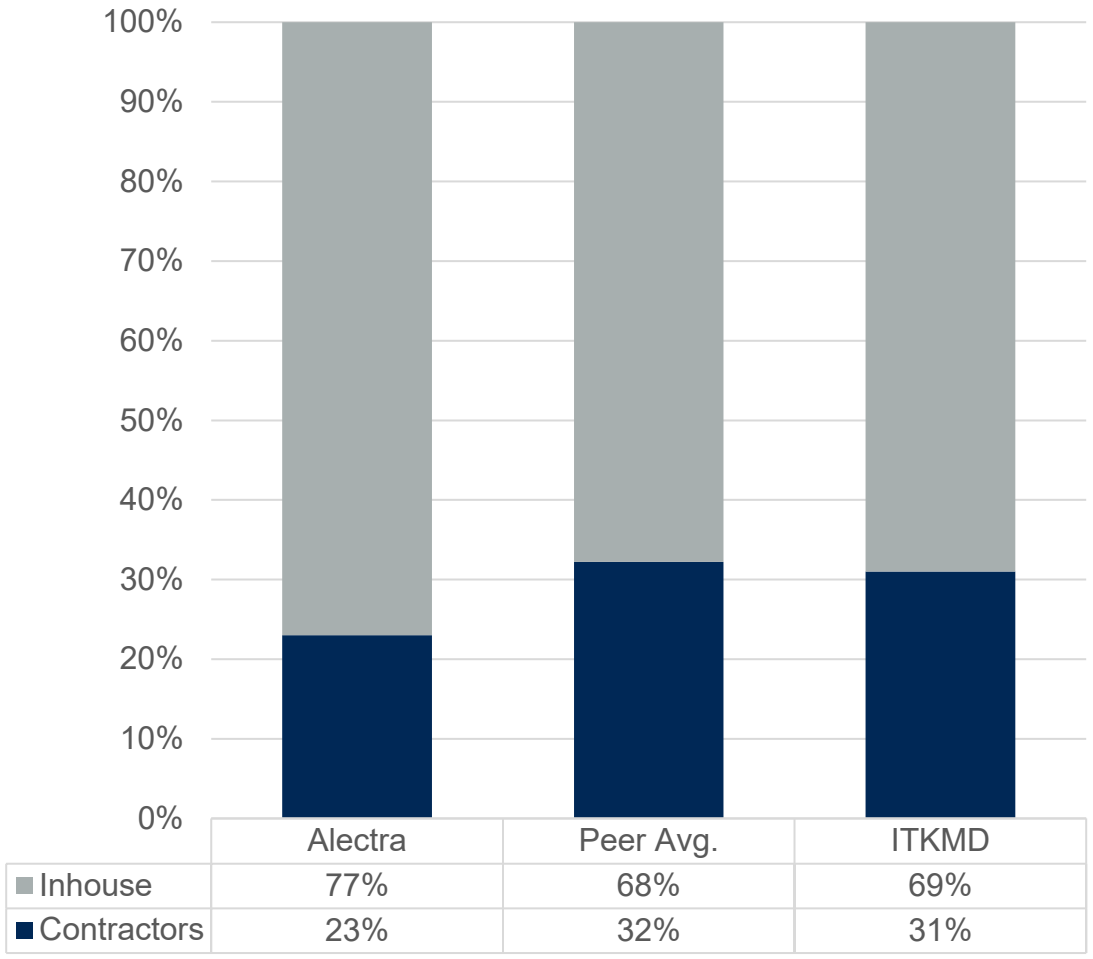
Technical View	IT Functional Area Distribution		IT FTEs Per 100 Employees		
	Alectra Utilities	Peer Avg	Alectra Utilities	Peer Avg	Variance
Data Center	4%	8%	0.26	0.78	(0.53)
Voice and Data Network	2%	6%	0.13	0.59	(0.46)
Workplace Services	13%	4%	0.83	0.39	0.44
IT Service Desk	11%	7%	0.70	0.69	0.02
Application Development	29%	27%	1.86	2.60	(0.74)
Application Support	16%	26%	1.02	2.50	(1.48)
Governance & Business Mgmt.	15%	15%	0.96	1.47	(0.51)
IT Security	4%	5%	0.26	0.49	(0.23)
IT Ops Mgmt.	5%	2%	0.32	0.20	0.12
Service Con't. / DR	1%	1%	0.06	0.10	(0.03)
Total	**100%**	**100%**	**6.40**	**9.80**	**(3.40)**

The real number of IT FTEs is significantly lower than peers, however, this is somewhat balanced by a higher use of Outsourcing

Most IT domains have fewer IT FTEs than peer organizations. The only exceptions are Workplace Services, IT Operations Management & IT Service Desk

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

IT FTEs Distribution by Inhouse and Contractor



	Alectra	Peer Avg.	ITKMD
Inhouse	77%	68%	69%
Contractors	23%	32%	31%

Observations / Implications

- Alectra leverages Contractors slightly less than the peer group average (23% of IT FTEs versus 32%).
- Leveraging contractors for specialized skills and/or staff augmentation can be an alternative to hiring full-time employees, but it generally costs more and comes with some risk (i.e. sense of team, commitment to organization, knowledge retention, etc.)

Description	• The distribution of IT FTEs (insourced versus contractor) provides a view of the IT staffing strategy. • IT Contract labour or Contractor usage can be an effective approach to maintaining flexibility and agility when business conditions are changing. However, keeping Contractors for extended periods can be costly and limit process standardization.
Definition	Distribution of Contractor FTEs and In House FTEs

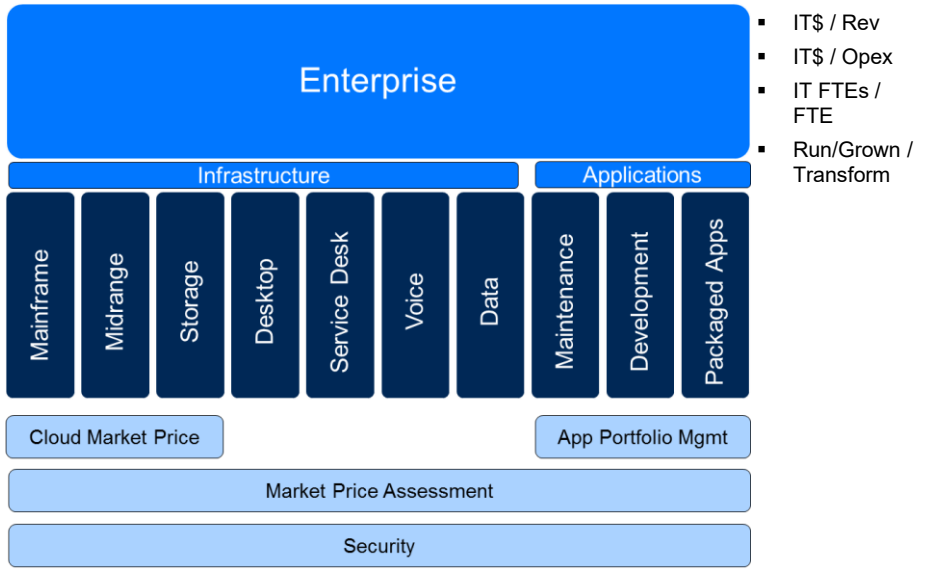
© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

4.0
IT Maturity Assessment Analysis

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

Alectra's IT Assessment is focused on process maturity and spending & staffing as compared to peer organizations

IT SPENDING AND STAFFING



- IT$ / Rev
- IT$ / Opex
- IT FTEs / FTE
- Run/Grown / Transform

+

PROCESS MATURITY

Scope of Work

Current State Assessment of IT Process Areas:

- CIOs (IT Governance, IT Finance, etc.)
- Enterprise Applications
- Data & Analytics
- Infrastructure & Operations
- Security & Risk Management

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

IT Maturity Assessment Methodology Overview

Gartner used its industry-leading IT maturity models (IT Score) to evaluate Alectra's IT capabilities across the in-scope domains relative to peers. IT Score provides insights on maturity and importance to gain perspective on the highest priority activities to improve.

Maturity

- Measured on a scale ranging from 1 (low) to 5 (high), maturity measures how advanced an activity is relative to Gartner's best-practice research.

Importance

- Measured on a scale ranging from 1 (unimportant) to 5 (critical) based on participants' inputs, importance measures how important each activity is to the overall effectiveness in meeting objectives.

Prioritization

- Activity priority index (API) identifies the activities that should be prioritized for improving maturity. It is defined as the average gap between importance and maturity and is computed for each activity and weighted by its average importance.

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

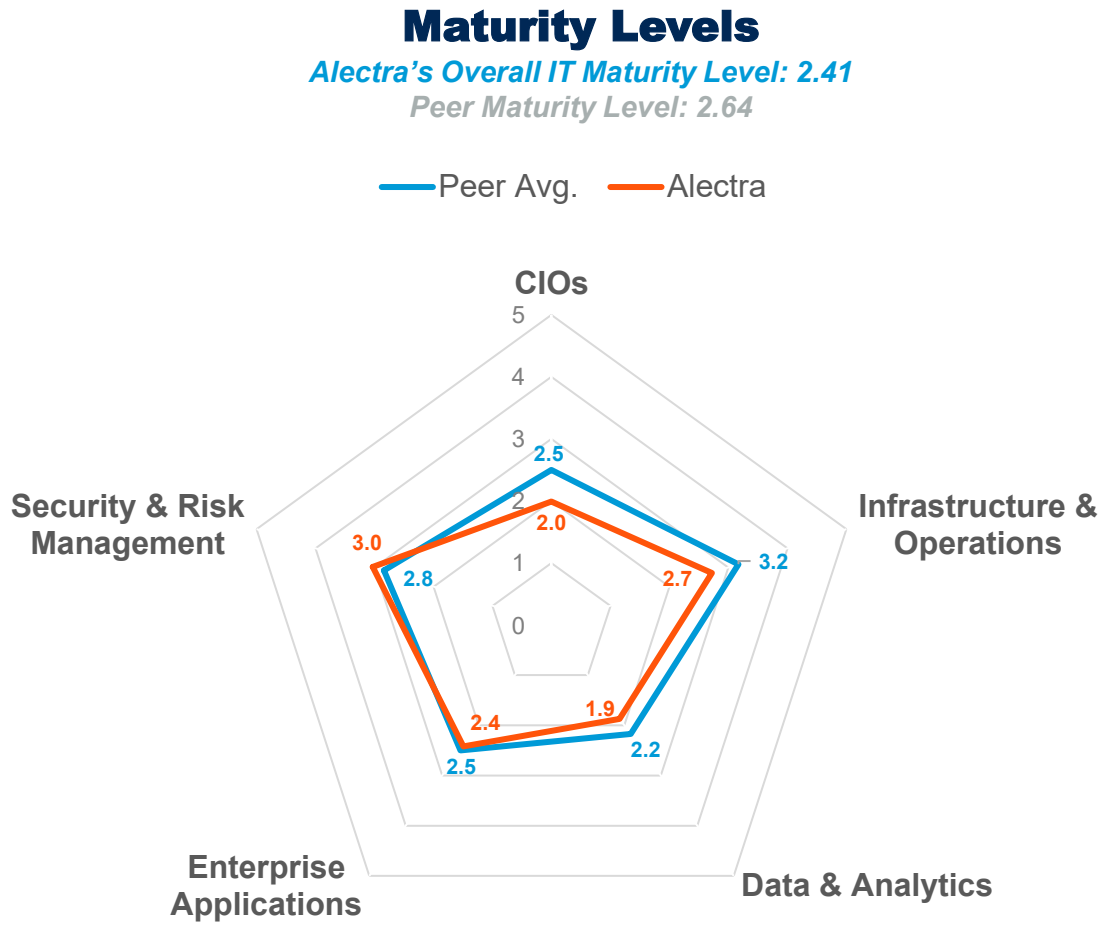
Analysis Notes

- Alectra conducted self assessments via Gartner's IT Score surveys to baseline current maturity and importance levels for each in scope domain
- Results were reviewed and calibrated across IT domains in working sessions with Gartner and Alectra's subject matter experts

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

The IT capability assessments showed that Alectra's maturity across all domains is slightly lower than peers

- Alectra was compared to a peer group of 7 to 13 organizations (depending on data available for each IT domain) from the energy and utility industry with similar levels of revenue.
- 128 functional activities across 5 IT domains were assessed by comparing Alectra's current state to Gartner's best practices.
- Alectra's IT maturity level across the 5 in-scope domains was 2.4 compared to 2.6 for the peer group. Higher level of maturity was observed in the Security and Risk Management, and all other domains reflected maturity either very similar or lower than peers.
- Within Alectra, Security and Risk Management was the most mature domain at 3.0. Data & Analytics (D&A) was the least mature at 1.9.
- The low maturity scores for D&A could be attributed to the relatively recent establishment of the Alectra Data Office (ADO) and the Enterprise Architecture practice. Gartner was advised that the IT departments of the legacy utility companies that merged to form Alectra were relatively immature in D&A practice and lacked core IT practices such as enterprise architecture and data management, which are essential for a mature D&A practice.
- Comparing current maturity levels to peer organizations provides external perspective, however it is more important to analyze the gaps between maturity and the importance of the activity for the organization in achieving its overall objectives (see next page)

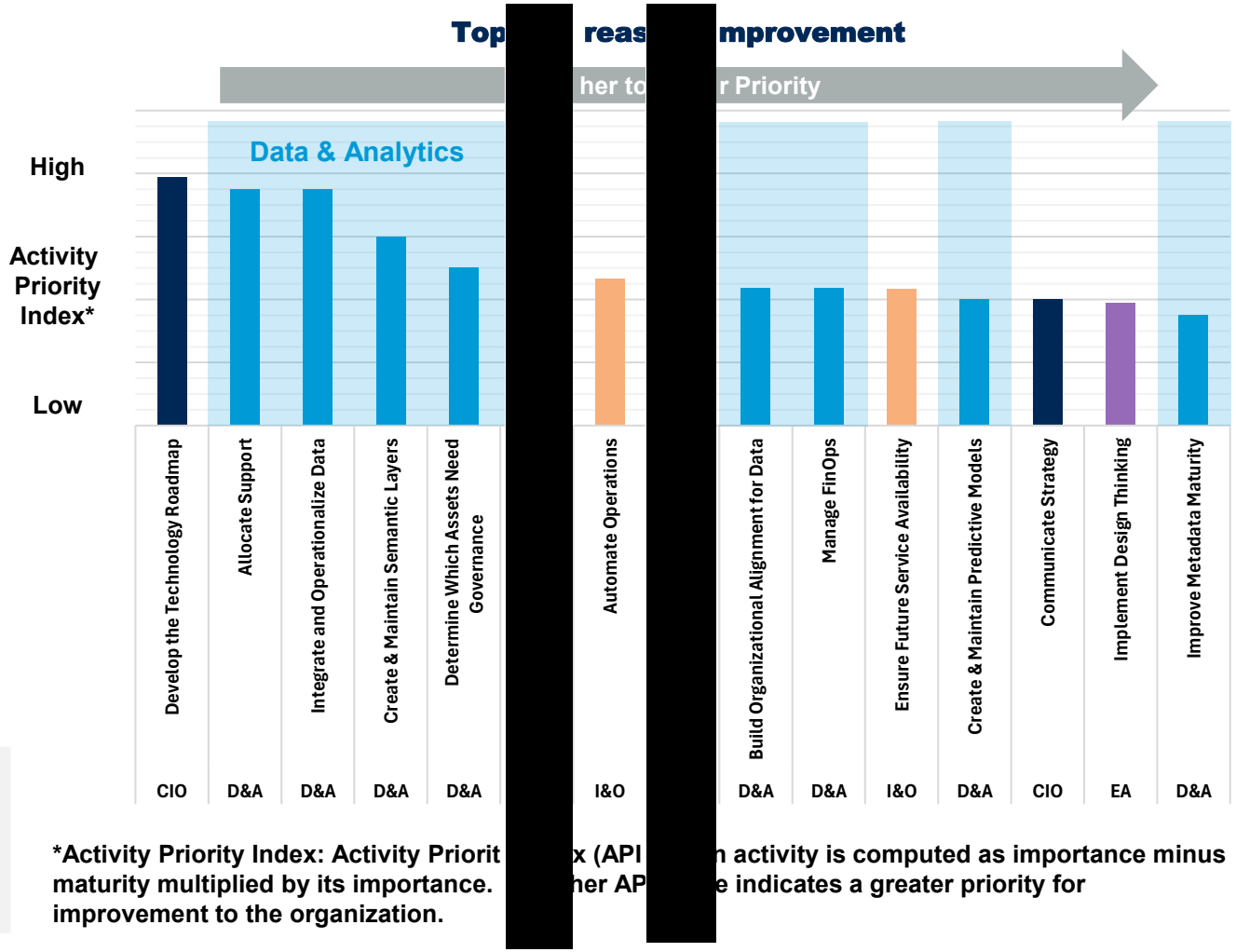


Maturity scores are assessed on a scale from 1-5, with the score of 5 representing Gartner's best practices for the IT domain

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

Based on maturity assessment results, opportunities for improvement exist in each domain, however improving Data & Analytics capabilities would add the most value to Alectra

- 103 of 128 functional activities had a positive Activity Priority Index meaning there is value to Alectra in improving the capability; each domain in scope had opportunities for improvement
- 5 of the 5 in-scope domains had a number of functional activities identified in the **Top 15 Areas of Improvement**:
  - Data & Analytics = 8
  - [redacted]
  - Chief Information Officer (CIO) = 2
  - Enterprise Applications = 1
  - [redacted]
- When relative importance is considered, improvements to the maturity of the Data & Analytics domain would add the most value to Alectra



***Activity Priority Index: Activity Priorit x (API n activity is computed as importance minus maturity multiplied by its importance. her AP e indicates a greater priority for improvement to the organization.**

Legend

- IT Score for CIOs (CIO)
- Data & Analytics (D&A)
- Security & Risk Management (Sec)
- Infrastructure & Operations (I&O)
- Enterprise Applications (EA)

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

Alectra's survey results demonstrated self-assessed maturity levels ranging from 2 to 3 across all domain areas

Objectives for each Domain

IT Score for CIOs 2-	Infrastructure & Ops 3-	Data & Analytics 2-	Enterprise Applications 2+	Security & Risk Mgt 3
Engage Business Leadership & Stakeholders 2-	Evaluate, Plan & Design 3-	Manage the Function 2	Build & Customize Products & Applications 1+	Engage & Support Stakeholders 3+
Perform Strategy & Planning 2+	Measure & Optimize 2	Advance AI Maturity *(Out of Scope)*	Integrate Platforms, Products & Applications 1+	Manages the Function 3-
Apply Technology Leadership & Innovate 1+	Transition & Operate IT Services 2+	Create & Maintain Analytics Content 2+	Manage the Product & Application Portfolio 3	[redacted]
[redacted]	Plan & Manage I&O Talent 3	[redacted]	Manage Vendor & Sourcing Relationships 3+	Protect the Infrastructure 3
Manage IT Finance 3-	Manage the Function of I&O 3-	[redacted]	Manage the Product & Application Function 3+	Manage Operations 3+
Develop & Manage Talent 1+				Deliver Assurance 3
Manage Performance 2-				Manage People & Workforce Strategy 2+

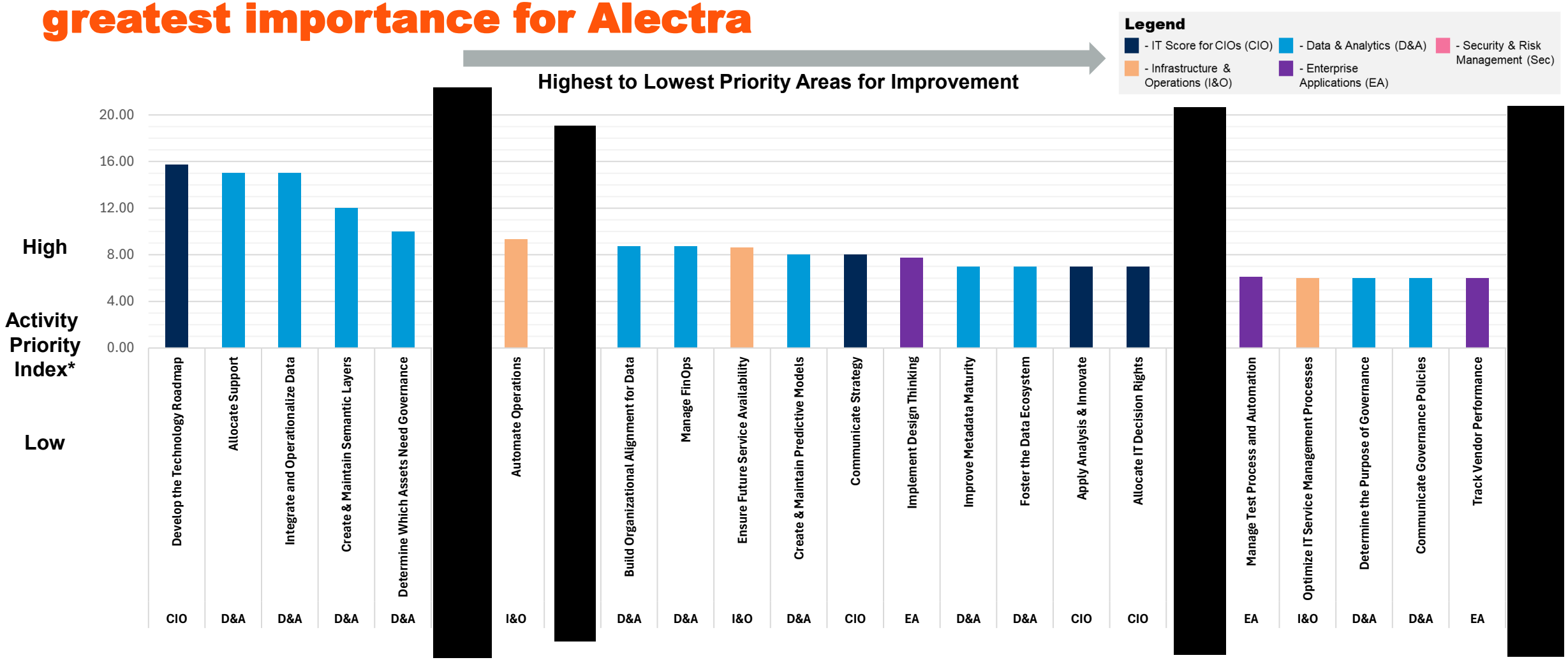
1 1+ 2- 2 2+ 3- 3 3+ 4- 4 4+ 5- 5

Lower Maturity → Higher Maturity

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

Top 25 Improvement Opportunities: Activity Priority Index (API)

The Activity Priority Index (API) represents an order of priority for the IT functions, based on which below are least mature and of greatest importance for Alectra



*Activity Priority Index: Activity Priority Index (API) for an activity is computed as importance minus maturity multiplied by its importance. A higher API score indicates a greater priority for improvement to the organization.

4.1 CIOs

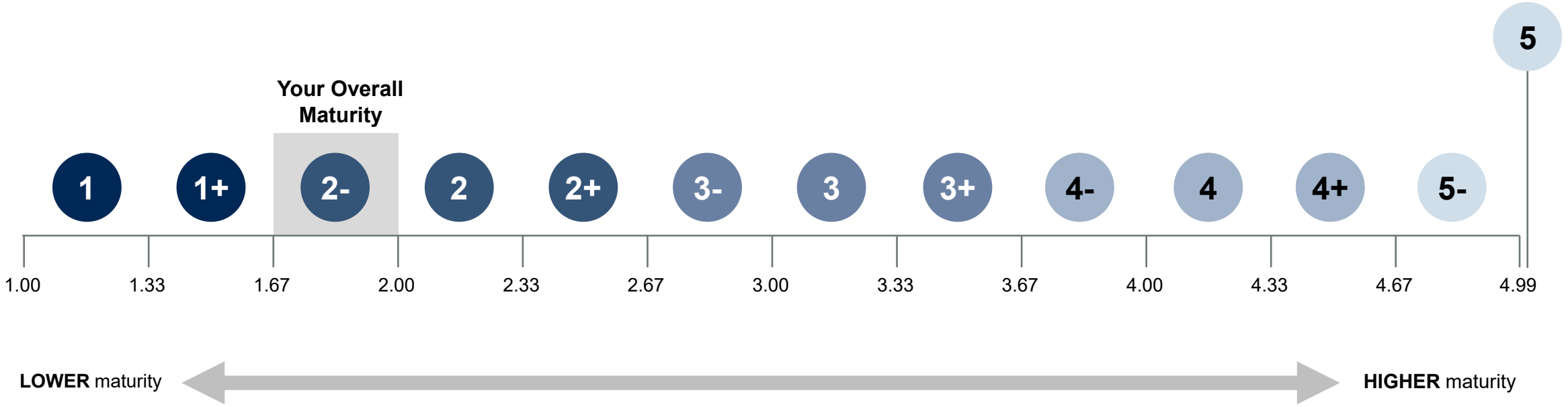
© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

IT Score for CIOs

What is your Overall Maturity Level?

Maturity measures how advanced an organization's development is in a functional activity relative to Gartner's best practice research.

- Measured on a scale ranging from **1 (lower) to 5 (higher)**
- Refined with a **(+) or (–)** to indicate intermediate levels of maturity.
- Maturity is best defined as a range. Details are provided in the Methodology & Score Calculation section of the Appendix.



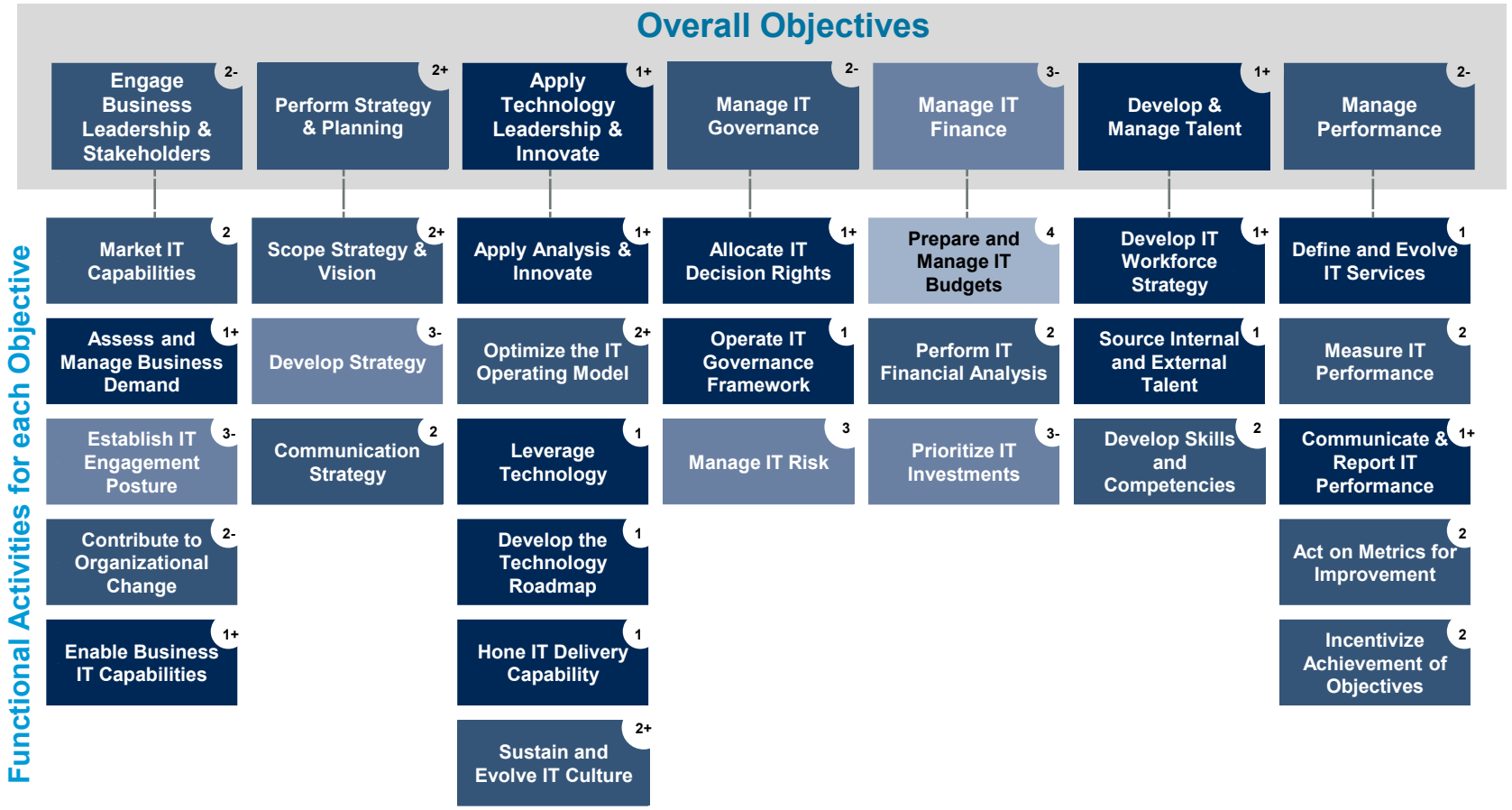
Respondents included in this assessment: **3**

Peer benchmark: **2+**

Participating organizations in the peer benchmark: **7**

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

IT Score for CIOs
Maturity Levels of Objectives & Activities



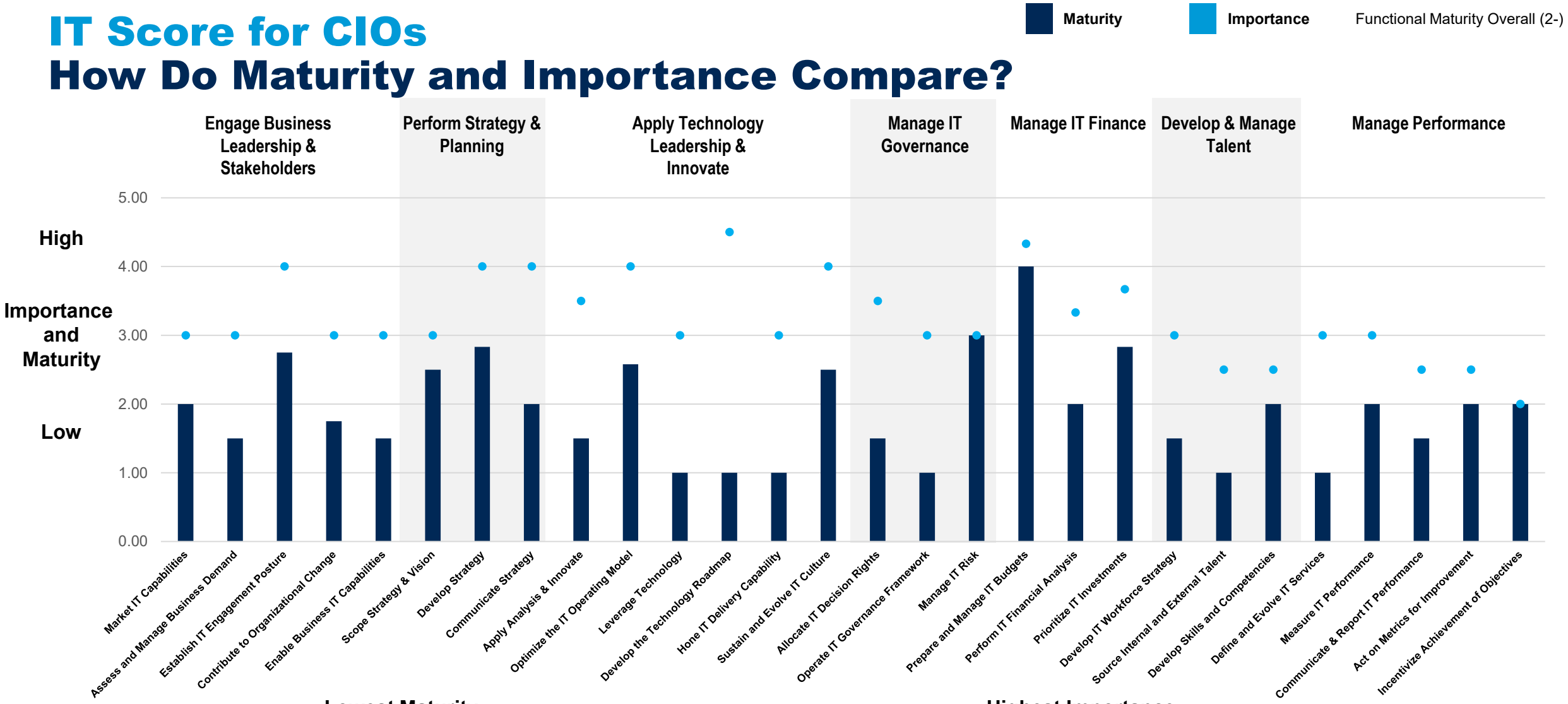
Maturity Levels 1 2 3 4 5 Out of Scope

n = 3

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

IT Score for CIOs

How Do Maturity and Importance Compare?



Lowest Maturity

- Develop the Technology Roadmap
- Define and Evolve IT Services
- Hone IT Delivery Capability

Highest Importance

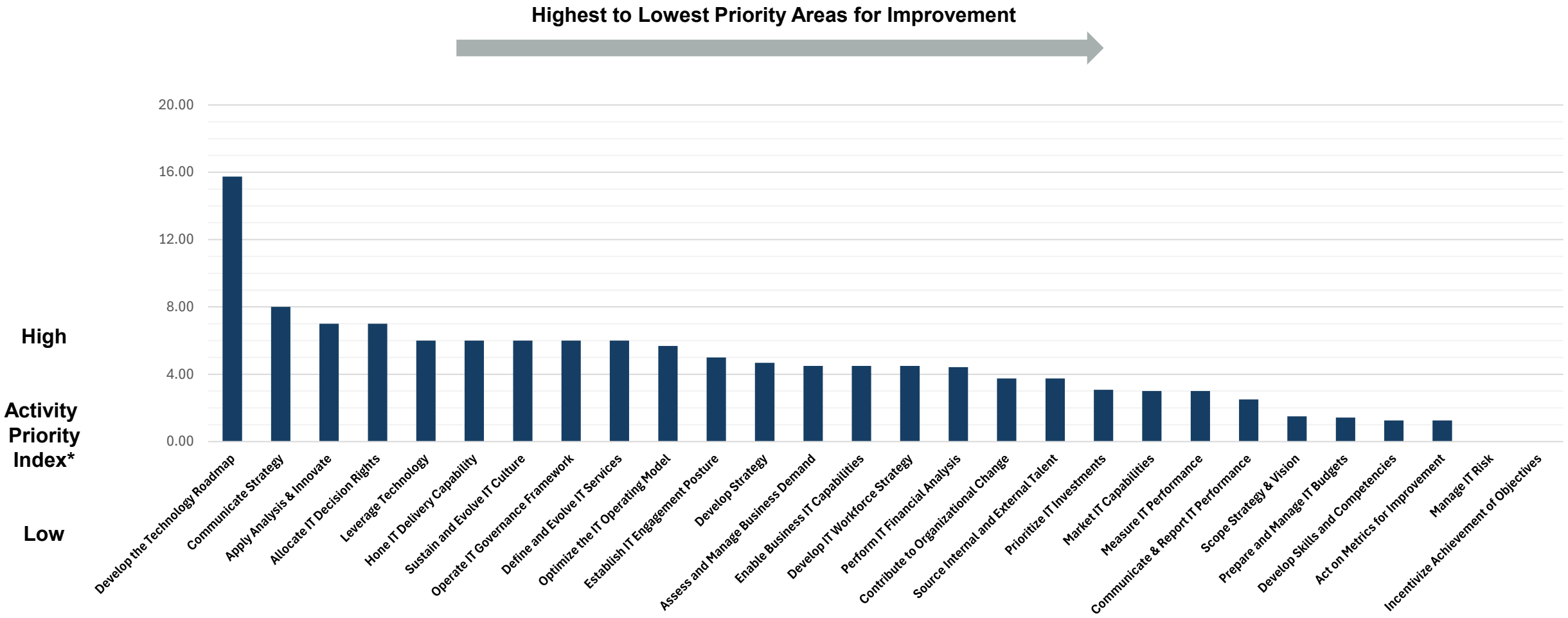
- Develop the Technology Roadmap
- Prepare and Manage IT Budgets
- Optimize the IT Operating Model

Importance: Measured on a scale ranging from 1 (Not Important) to 5 (Most Important). Importance measures how important each functional activity is to the overall effectiveness of your function in meeting its business objectives.

IT Score for CIOs

Activity Priority Index

The (API) identifies where the function is less mature in activities of greater importance.



***Activity Priority Index: Activity Priority Index (API) for an activity is computed as importance minus maturity multiplied by its importance. A higher API score indicates a greater priority for improvement to the organization.**

IT Score for CIOs (1 of 4)
Current Maturity Levels

Objective	Activity	Current Maturity	Maturity Level: Gartner Description
Engage Business Leadership & Stakeholders	Market IT Capabilities	2.0	2: IT issues regular, standardized communications addressing current issues and operational topics with opportunistic use of different channels.
	Assess and Manage Business Demand	1.5	1: IT assesses and compares competing requests reactively with limited planning horizons and few formal criteria. 2: IT uses formal processes to manage and regulate the intake of demand from business leaders and their teams.
	Establish IT Engagement Posture	2.75	2: IT engages with business partners on operational and project issues. IT is primarily delivered through service desk, project management and reactive demand management (where the business comes to IT with requests or a problem). 3: IT works with business leaders to formally articulate and negotiate IT's position, participation and contributions to all key enterprise leadership teams.
	Contribute to Organizational Change	1.75	1: IT uses ad hoc methods for managing organizational change. 2: IT uses project management methodologies to manage organizational change.
	Enable Business IT Capabilities	1.5	1: IT offers ad hoc assistance to the research, deployment or customization of specific technologies, as requested. 2: IT has a formal process to intake requests for assistance, but focuses on discouraging "shadow IT."
Perform Strategy & Planning	Scope Strategy & Vision	2.5	2: The IT organization participates in strategy by listening to business unit demands and responding by allocating IT resources. 3: The IT organization partners with enterprise leaders and participates in and influences front-office and back-office business strategies.
	Develop Strategy	2.83	2: The IT organization provides an IT plan that lists projects and forecasts how financial, human and physical IT resources will be allocated in response to business demand. 3: IT leaders produce an IT strategic plan that derives from enterprise strategy and focuses on contributing business value
	Communicate Strategy	2	2: The IT organization communicates strategy as requested by business stakeholders, typically reporting the status of projects and initiatives. 3: Strategy communications are bidirectional between IT and business stakeholders. Communications are systematic and support IT strategy development and deployment.

IT Score for CIOs (2 of 4)
Current Maturity Levels

Objective	Activity	Current Maturity	Maturity Level: Gartner Description
Apply Technology Leadership & Innovate	Apply Analysis & Innovate	1.5	1: IT technology analysis is ad hoc, made within IT technology domains typically to solve a problem. 2: IT technology analysis is informal, made across IT technology domains in response to business requests.
	Optimize the IT Operating Model	2.58	2: IT assesses and compares competing requests reactively with limited planning horizons and few formal criteria. 3: IT uses formal processes to manage and regulate the intake of demand from business leaders and their teams.
	Leverage Technology	1	1: IT uses technology and tooling for IT asset management.
	Develop the Technology Roadmap	1	1: Where the IT technology roadmap exists at all, it is narrowly defined, procurement-led, technology-domain-centric, short-term and patchy.
	Hone IT Delivery Capability	1	1: The IT organization is structured by hierarchical technology domains. Work is performed via hand-offs between technology domains.
	Sustain and Evolve IT Culture	2.5	2: IT culture is adaptable and IT-process-centric. 3: IT culture is adaptable and focuses on service outcomes and internal customer relationships as well as enterprise strategy. The CIO uses a formal language to communicate cultural values and behavioral expectations.
Manage IT Governance	Allocate IT Decision Rights	1.5	1: IT decision rights are not present in the enterprise. 2: IT decision rights empower IT leadership, are well known, are clearly documented and establish IT control objectives.
	Operate IT Governance Framework	1	1: There is no explicit IT governance framework in the enterprise.
	Manage IT Risk	3	3: The business is accountable for the IT risks it accepts, but accountability is poorly enforced. IT risk decisions are informally based on a business context.

IT Score for CIOs (3 of 4)
Current Maturity Levels

Objective	Activity	Current Maturity	Maturity Level: Gartner Description
Manage IT Finance	Prepare and Manage IT Budgets	4	4: Information and technology (I&T) budgets are aggregated across the enterprise and support products. Budgets are compared with actual performance and revised at least quarterly to accommodate changing business priorities.
	Perform IT Financial Analysis	2	2: IT cost analysis is performed annually and includes an incomplete view of enterprisewide information and technology (I&T) costs. IT spending optimization is undertaken reactively, with a defined set of outcomes over specific time periods
	Prioritize IT Investments	2.83	2: The IT organization prioritizes IT investments reactively, case by case, relying on business case requests for individual initiatives and projects funded from the core IT budget. 3: The CIO and senior enterprise executives prioritize funding in a portfolio using a formal process and specialized business cases at least semiannually for enterprisewide information and technology (I&T) investments before making allocations to business units.
Develop & Manage Talent	Develop IT Workforce Strategy	1.5	1: IT workforce plans are ad hoc. 2: IT workforce plans respond to near-term staffing needs and incorporate plans for skills and competency sourcing and development.
	Source Internal and External Talent	1	1: The IT organization has no consistent framework for making talent sourcing decisions, and sourcing opportunities are approached ad hoc.
	Develop Skills and Competencies	2	2: The IT organization designs specialized managerial and technical skill development and training plans that are based on individual performance reviews.
Manage Performance	Define and Evolve IT Services	1	1: The IT organization has not formally defined its services.
	Measure IT Performance	2	2: IT performance is assessed through technology-focused IT asset and IT operational metrics related to reliability and availability, and IT project performance metrics related to on-time, on-budget delivery.
	Communicate & Report IT Performance	1.5	1: IT performance is assessed through technology-focused IT asset and IT operational metrics related to reliability and availability, and IT project performance metrics related to on-time, on-budget delivery. 2: IT reports IT asset, operational and project performance metrics to IT leaders at a pre-established cadence.

IT Score for CIOs (4 of 4)
Current Maturity Levels

Objective	Activity	Current Maturity	Maturity Level: Gartner Description
Manage Performance	Act on Metrics for Improvement	2	2: The IT organization uses industry standards and reference frameworks — such as ITIL, CMMI, PMBOK and COBIT — to improve individual IT operational processes.
	Incentivize Achievement of Objectives	2	2: The IT organization provides incentives for IT performance through IT operational metrics and IT process outcomes. Employee performance assessment is a corporate standard process conducted once or twice a year.

4.2 Infrastructure & Operations

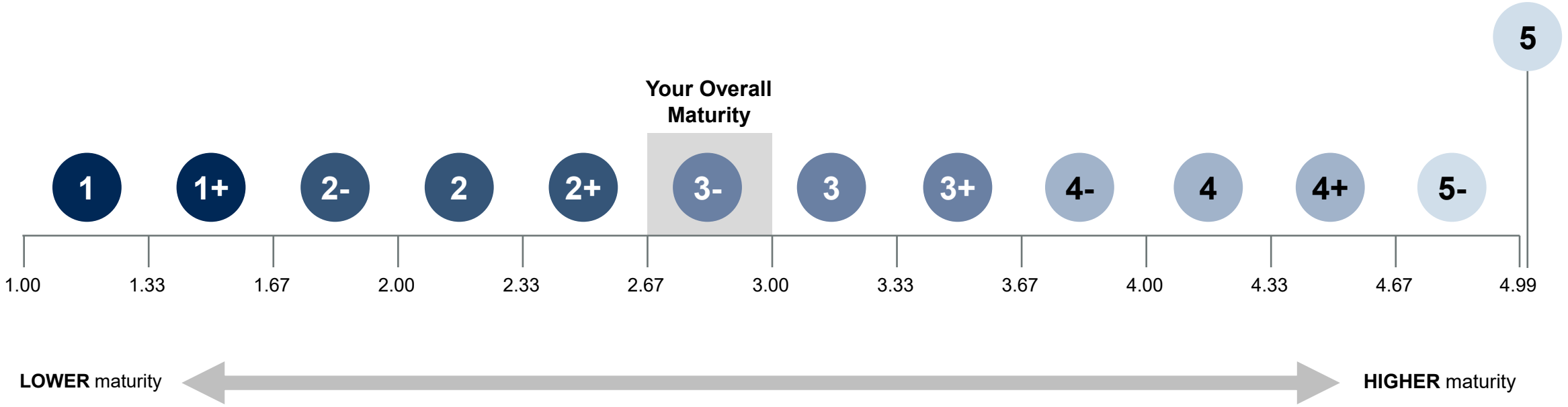
© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

Infrastructure & Operations

What is your Overall Maturity Level?

Maturity measures how advanced an organization's development is in a functional activity relative to Gartner's best practice research.

- Measured on a scale ranging from **1 (lower) to 5 (higher)**
- Refined with a **(+) or (–)** to indicate intermediate levels of maturity.
- Maturity is best defined as a range. Details are provided in the Methodology & Score Calculation section of the Appendix.



Respondents included in this assessment: **3**

Peer benchmark: **3**

Participating organizations in the peer benchmark: **13**

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

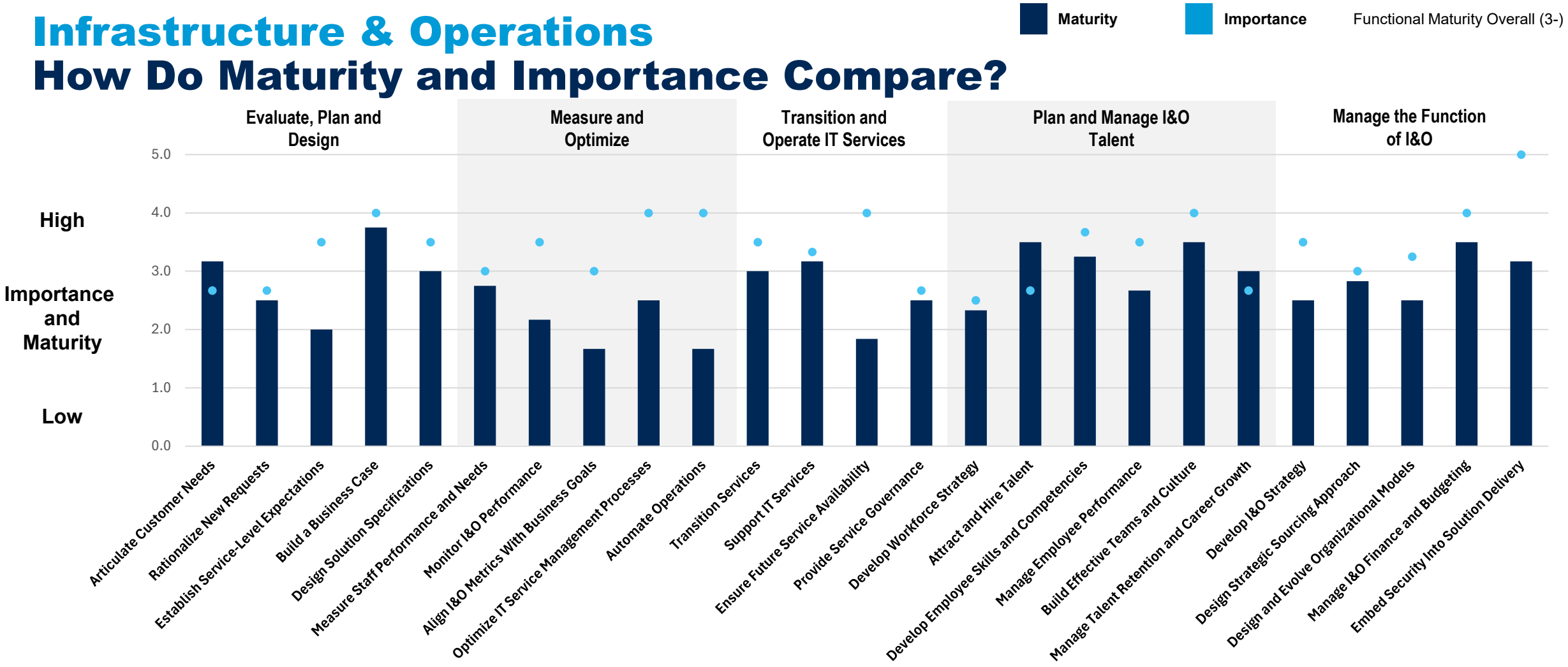
Infrastructure & Operations
Maturity Levels of Objectives & Activities



© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

Infrastructure & Operations

How Do Maturity and Importance Compare?



Lowest Maturity

- Automate Operations
- Align I&O Metrics With Business Goals
- Ensure Future Service Availability

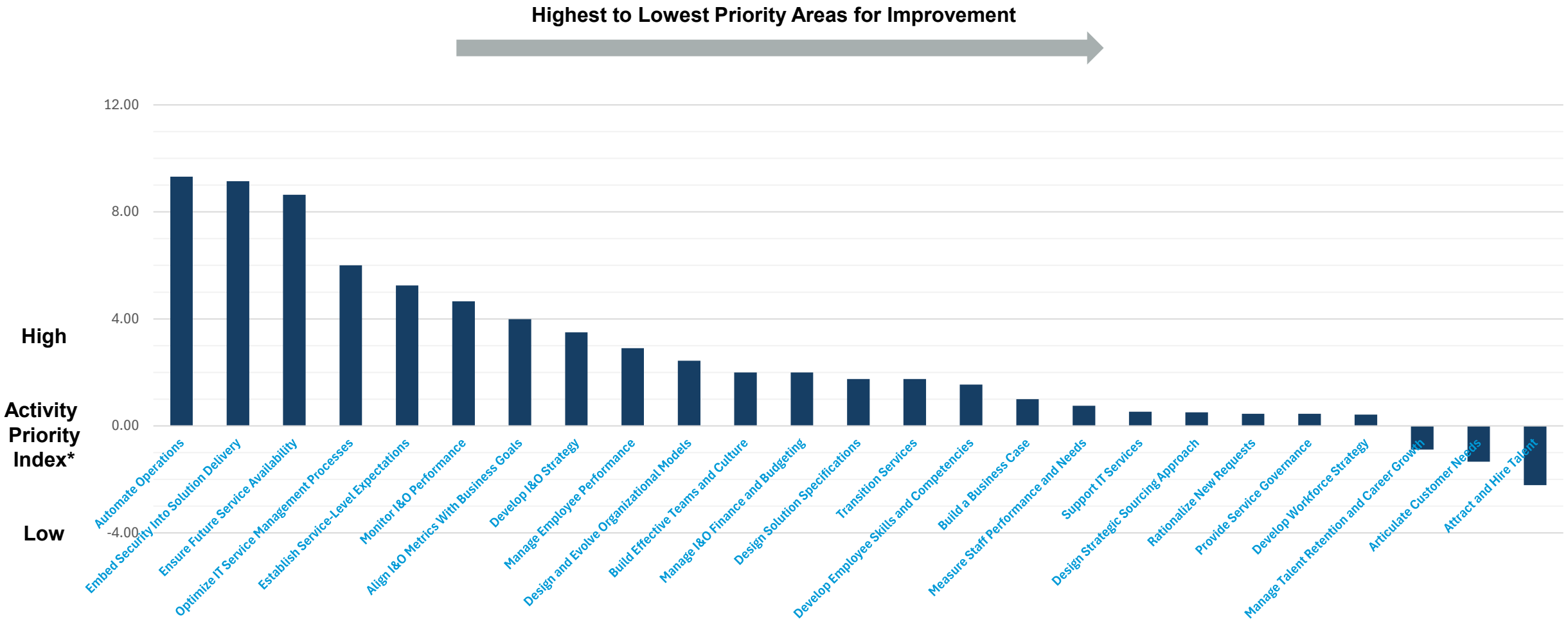
Highest Importance

- Embed Security Into Solution Delivery
- Build Effective Teams and Culture
- Optimize IT Service Management Processes

Importance: Measured on a scale ranging from 1 (Not Important) to 5 (Most Important). Importance measures how important each functional activity is to the overall effectiveness of your function in meeting its business objectives.

Infrastructure & Operations
Activity Priority Index

The (API) identifies where the function is less mature in activities of greater importance.



***Activity Priority Index: Activity Priority Index (API) for an activity is computed as importance minus maturity multiplied by its importance. A higher API score indicates a greater priority for improvement to the organization.**

Infrastructure & Operations (1 of 3)
Current Maturity Levels

Objective	Activity	Current Maturity	Maturity Level: Gartner Description
Evaluate, Plan and Design	Articulate Customer Needs	3.2	3: Design discussions include some concept of customer need and value. Desired outcomes remain technically focused. Involvement and feedback loops are informal/as needed. 4: Customers are identified for most projects. Business stakeholder and/or product owners' participation is required for major projects.
	Rationalize New Requests	2.5	2: Internal IT discussions and review occur when evaluating technical investments. Only key/major projects are rationalized against current offerings. 3: The process of rationalizing requests against current offerings has some formal structure, but approvals are determined by individual managers.
	Establish Service-Level Expectations	2	2: Service levels are defined and monitored in terms of technology performance parameters (e.g., availability).
	Build a Business Case	3.8	3: A business case is developed for business-impacting projects with a defined resource plan. Determining business value and ROI is difficult. 4: Business stakeholders are actively involved in using feedback loops to create each business case. Project value is expressed in terms of ROI or price for performance.
	Design Solution Specifications	3	3: Solution specifications are done for all projects and coordinated at an enterprise IT level based on business requirements.
Measure and Optimize	Measure Staff Performance and Needs	2.8	2: Staff is assigned to specific technologies or I&O processes, and individuals are measured on criteria specific to those categories. 3: Staff or staff hours are associated with applications or projects, and individuals are evaluated according to objective I&O metrics for which they have some responsibility.
	Monitor I&O Performance	2.2	2: Metrics are defined and monitored within IT technology functions and used primarily for outage detection and troubleshooting, with occasional reporting. 3: Metrics and KPIs are defined according to I&O needs, benchmarked against industry averages and used for resource justification, with automated data collection and reporting.
	Align I&O Metrics With Business Goals	1.7	1: I&O metrics are used strictly internally by the I&O organization. 2: I&O performance goals are linked indirectly to business goals, and I&O reports performance to business units in a reactive manner.
	Optimize IT Service Management Processes	2.5	2: Some basic processes focused on activities are defined within technology silos. 3: IT service management is formalized across the organization with documented responsibilities.
	Automate Operations	1.7	1: Scripting is used tactically by individuals to automate repetitive tasks. 2: Some recurring tasks with predefined workflows are automated within infrastructure silos.

Infrastructure & Operations (2 of 3)
Current Maturity Levels

Objective	Activity	Current Maturity	Maturity Level: Gartner Description
Transition and Operate IT Services	Transition Services	3	3: A service-based approach is adopted, but key service-based requirements may not be included due to time, quality or cost constraints.
	Support IT Services	3.2	3: I&O uses a process-based approach, with cross-functional processes and a service desk with a second and third line. Metrics that track IT performance provide governance. 4: I&O uses a service-based approach, with integrated ITSM and operational management tools. Key process owner, service owner and product owner roles are in place.
	Ensure Future Service Availability	1.8	1: I&O is a technology-focused organization, and attention is paid to services, enhancing availability and planning for future growth is informal. 2: IT assets are identified and planning disciplines (e.g., capacity, disaster recovery and monitoring) are in place but unlikely to be standardized across I&O, resulting in outages.
	Provide Service Governance	2.5	2: Processes and metrics are available but are neither comprehensive nor analyzed for trends and patterns. 3: Policies, procedures and standards are defined and in place, along with key governance roles.
Plan and Manage I&O Talent	Develop Workforce Strategy	2.3	2: I&O workforce plans identify short-term staffing needs to inform head count plans for the coming fiscal period. 3: I&O workforce plans respond to staffing needs and incorporate plans for skills and competency development based on skills gap assessments.
	Attract and Hire Talent	3.5	3: I&O leaders partner with HR to update job descriptions and recruitment strategies to target emerging skills needs and promising talent pools. 4: I&O leaders collaborate with IT leaders and HR partners to evolve recruitment and hiring practices.
	Develop Employee Skills and Competencies	3.3	3: I&O employee development practices encourage and support continuous development of both technical and soft skills (e.g., collaboration, leadership and communication). 4: I&O employee development practices include a focus on developing on-the-job coaching and learning experiences.
	Manage Employee Performance	2.7	2: I&O employee performance management involves annual calibration of employee performance against centrally mandated criteria. 3: I&O employee performance management involves regular, two-way discussions on employee performance metrics, defined by role.
	Build Effective Teams and Culture	3.5	3: I&O creates teams with a mix of technical and business skills, fostering an environment of recognition within and across teams and a process-centric mindset. 4: I&O instills a coaching commitment and a culture of knowledge sharing and team empowerment. Teams are not bound by geographical or organizational model constraints
	Manage Talent Retention and Career Growth	3	3: I&O provides career progression information such as sample career paths and basic leadership skills training. Retention planning is formal and systematic.

Infrastructure & Operations (3 of 3)
Current Maturity Levels

Objective	Activity	Current Maturity	Maturity Level: Gartner Description
Manage the Function of I&O	Develop I&O Strategy	2.5	2: Set priorities based loosely on IT-level objectives. 3: Define strategies influenced by business strategy and include forward-looking plans for resources and technologies.
	Design Strategic Sourcing Approach	2.8	2: Make sourcing decisions within silos based on specific project needs. 3: Base sourcing decisions on enterprise needs, cost optimization and categorized vendors. Determine solutions in collaboration with other IT teams.
	Design and Evolve Organizational Models	2.5	2: Promote some level of communication and collaboration across silos and initiate reorganizations based on executive turnover. 3: Pilot cross-functional teams for increased collaboration across silos.
	Manage I&O Finance and Budgeting	3.5	3: Focus on IT objectives and manage the budget based on technology spend requirements. 4: Track I&O spend to specific business outcomes and obtain buy-in for key projects from stakeholders.
	Embed Security Into Solution Delivery	3.2	3: Define controls to comply with security policies and procedures to manage the risk of security infringements. Monitor and manage all systems and services. 4: Proactively work with the information security team to embed security controls, create clear escalation paths for infringements and enforce accountability for security in operations.

4.3
Data & Analytics

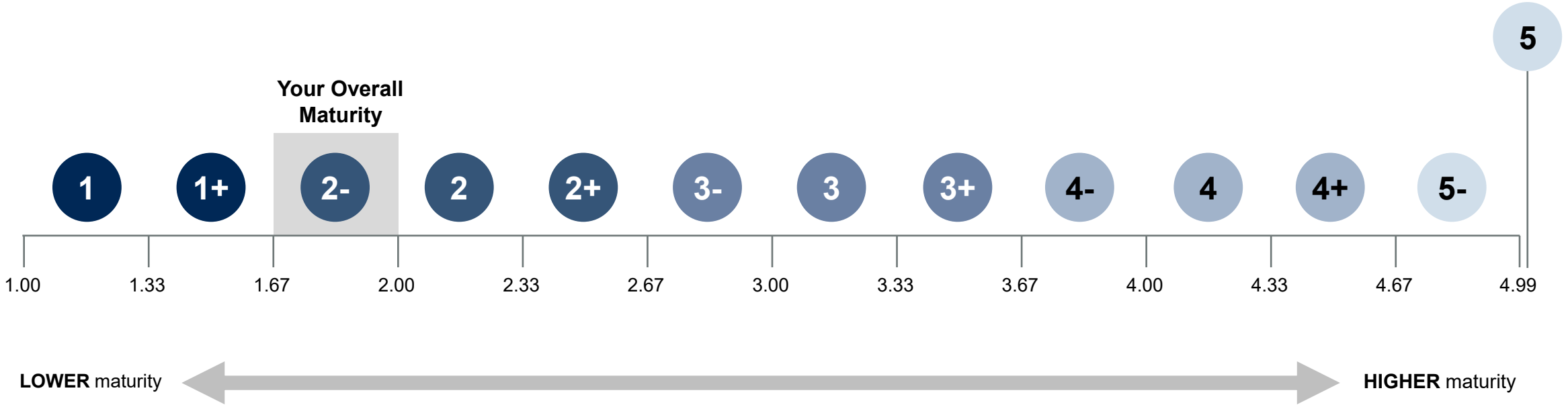
© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

Data & Analytics

What is your Overall Maturity Level?

Maturity measures how advanced an organization's development is in a functional activity relative to Gartner's best practice research.

- Measured on a scale ranging from **1 (lower) to 5 (higher)**
- Refined with a **(+) or (–)** to indicate intermediate levels of maturity.
- Maturity is best defined as a range. Details are provided in the Methodology & Score Calculation section of the Appendix.



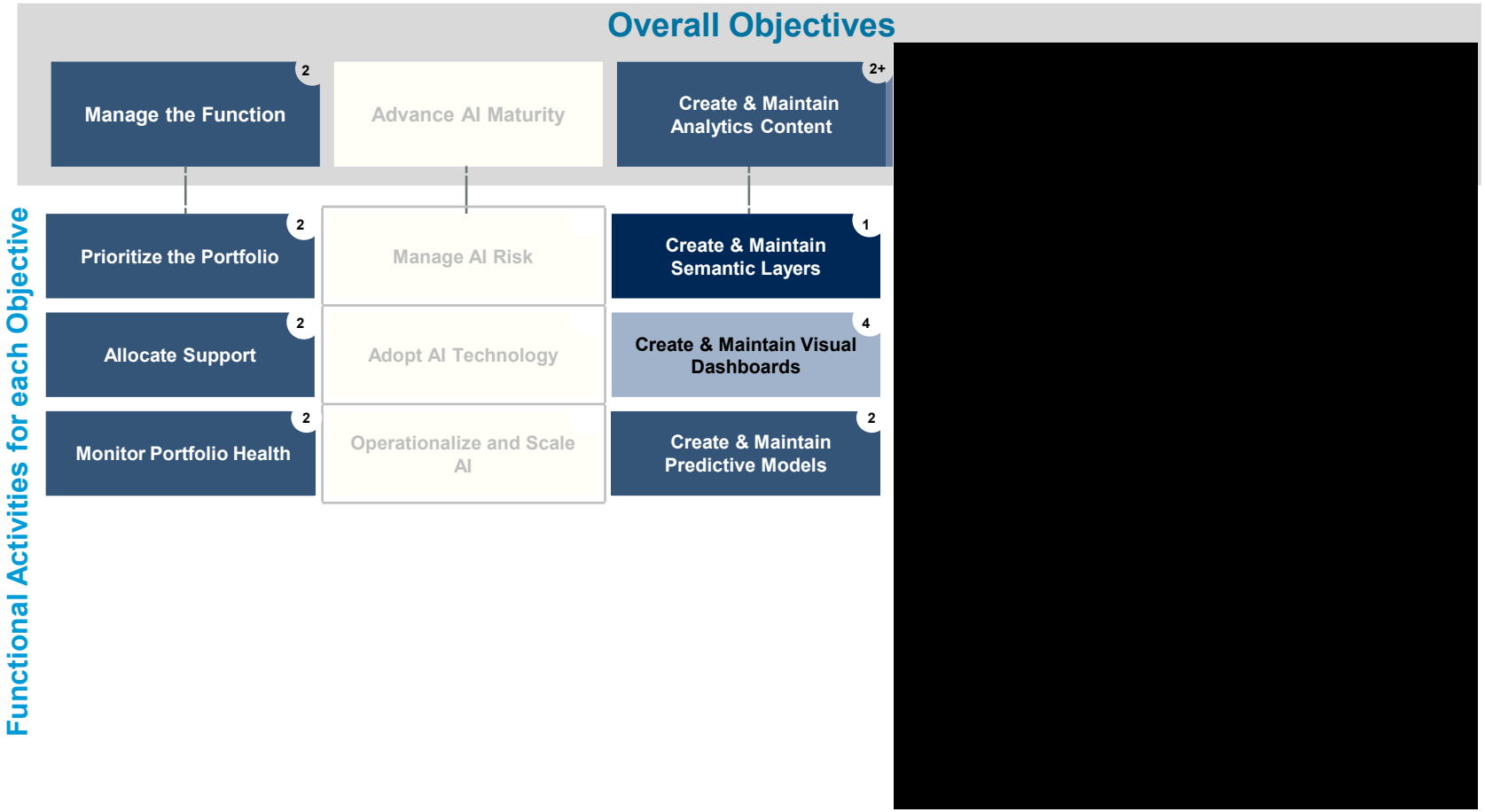
Respondents included in this assessment: **2**

Peer benchmark: **2**

Participating organizations in the peer benchmark: **7**

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

Data & Analytics
Maturity Levels of Objectives & Activities

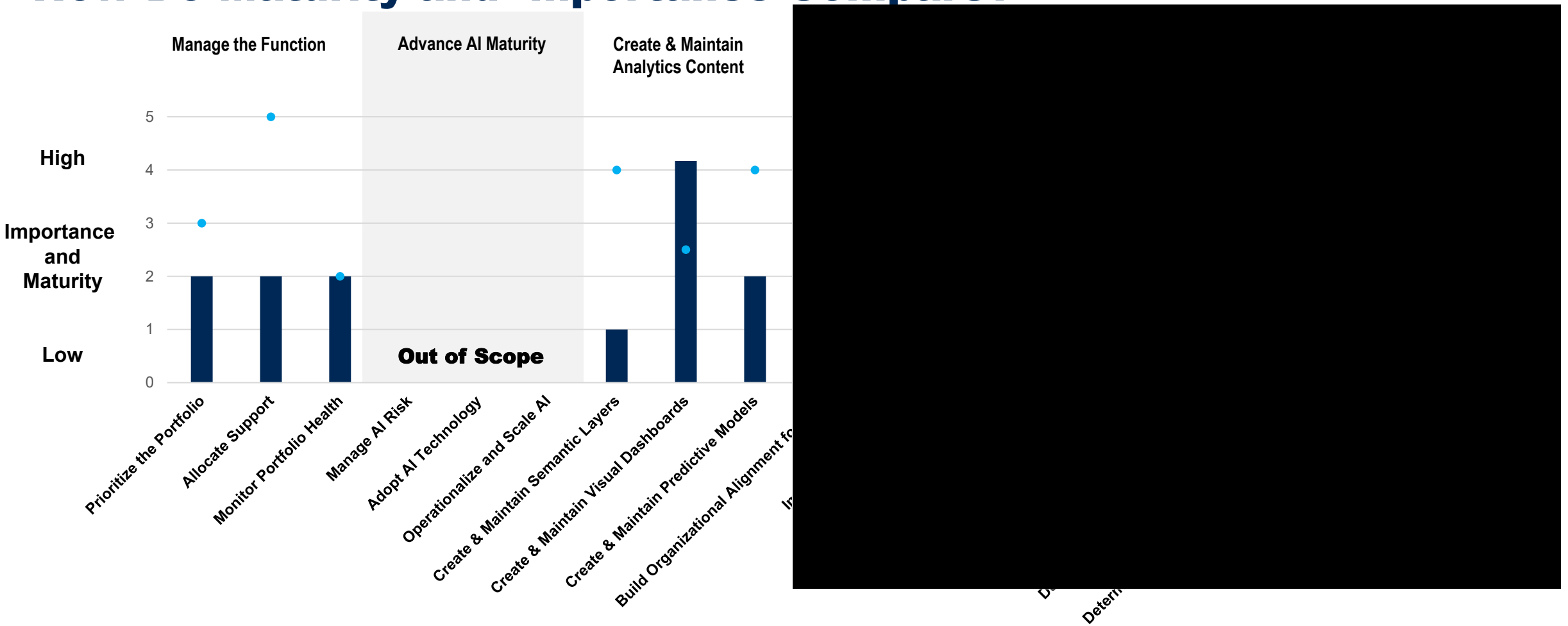


Maturity Levels 1 2 3 4 5 Out of Scope

n = 2

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

Data & Analytics
How Do Maturity and Importance Compare?



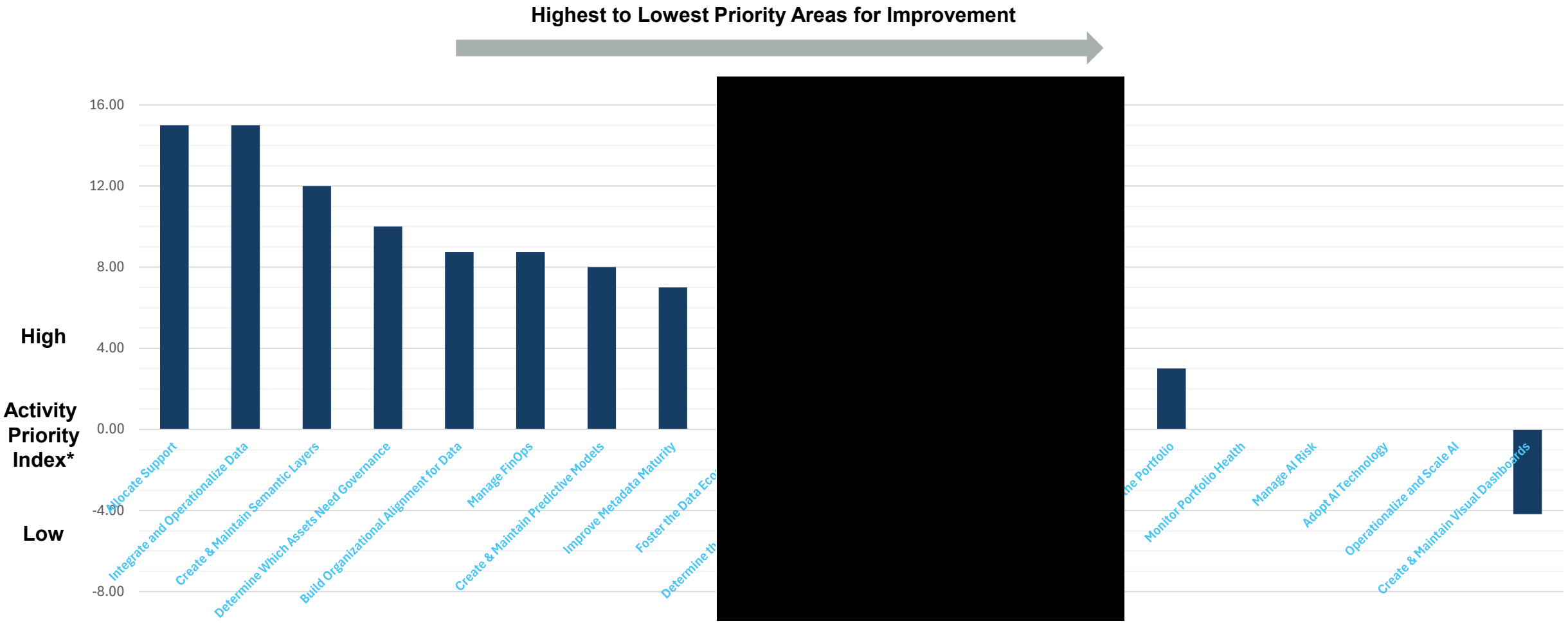
Lowest Maturity
- Create & Maintain Semantic Build
- Organizational Alignment for Data
- Manage FinOps

Highest Importance
- Allocate Support
- Integrate and Operationalize Data
- Create & Maintain Semantic Layers

Importance: Measured on a scale ranging from 1 (Not Important) to 5 (Most Important). Importance measures how important each functional activity is to the overall effectiveness of your function in meeting its business objectives.

Data & Analytics
Activity Priority Index

The (API) identifies where the function is less mature in activities of greater importance.



***Activity Priority Index: Activity Priority Index (API) for an activity is computed as importance minus maturity multiplied by its importance. A higher API score indicates a greater priority for improvement to the organization.**

Data & Analytics (1 of 2)
Current Maturity Levels

Objective	Activity	Current Maturity	Maturity Level: Gartner Description
Manage the Function	Prioritize the Portfolio	2	2: Projects are evaluated to estimate how many full-time equivalents they will require.
	Allocate Support	2	2: Teams are put in place to support D&A projects.
	Monitor Portfolio Health	2	2: Projects are monitored for accomplishment of key milestones.
Advance AI Maturity	Manage AI Risk	-	Out of Scope
	Adopt AI Technology	-	Out of Scope
	Operationalize and Scale AI	-	Out of Scope
Create & Maintain Analytics Content	Create & Maintain Semantic Layers	1	1: There is no metrics store for easy reporting and analysis.
	Create & Maintain Visual Dashboards	4.17	4: Dashboards adopt best practices in data visualization; dashboards are embedded into applications to provide intelligence at a particular point in the workflow of a business process. 5: Dashboards include real-time data integration and predictive analytics.
	Create & Maintain Predictive Models	2	2: Predictive analytics are applied in targeted situations throughout the organization.

Data & Analytics (2 of 2)
Current Maturity Levels

Objective	Activity	Current Maturity	Maturity Level: Gartner Description
Integrate & Manage Data	[redacted]		
Govern Data & Analytics Assets			

4.4
Enterprise Applications

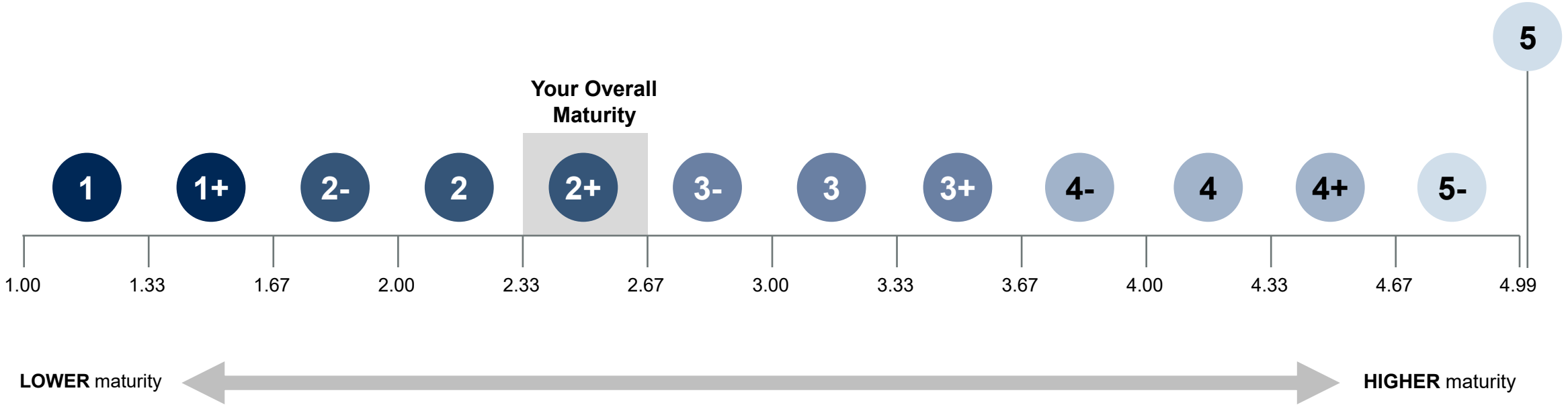
 © 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

Enterprise Applications

What is your Overall Maturity Level?

Maturity measures how advanced an organization's development is in a functional activity relative to Gartner's best practice research.

- Measured on a scale ranging from **1 (lower) to 5 (higher)**
- Refined with a **(+) or (–)** to indicate intermediate levels of maturity.
- Maturity is best defined as a range. Details are provided in the Methodology & Score Calculation section of the Appendix.



Respondents included in this assessment: **3**

Peer benchmark: **2+**

Participating organizations in the peer benchmark: **12**

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

Enterprise Applications
Maturity Levels of Objectives & Activities



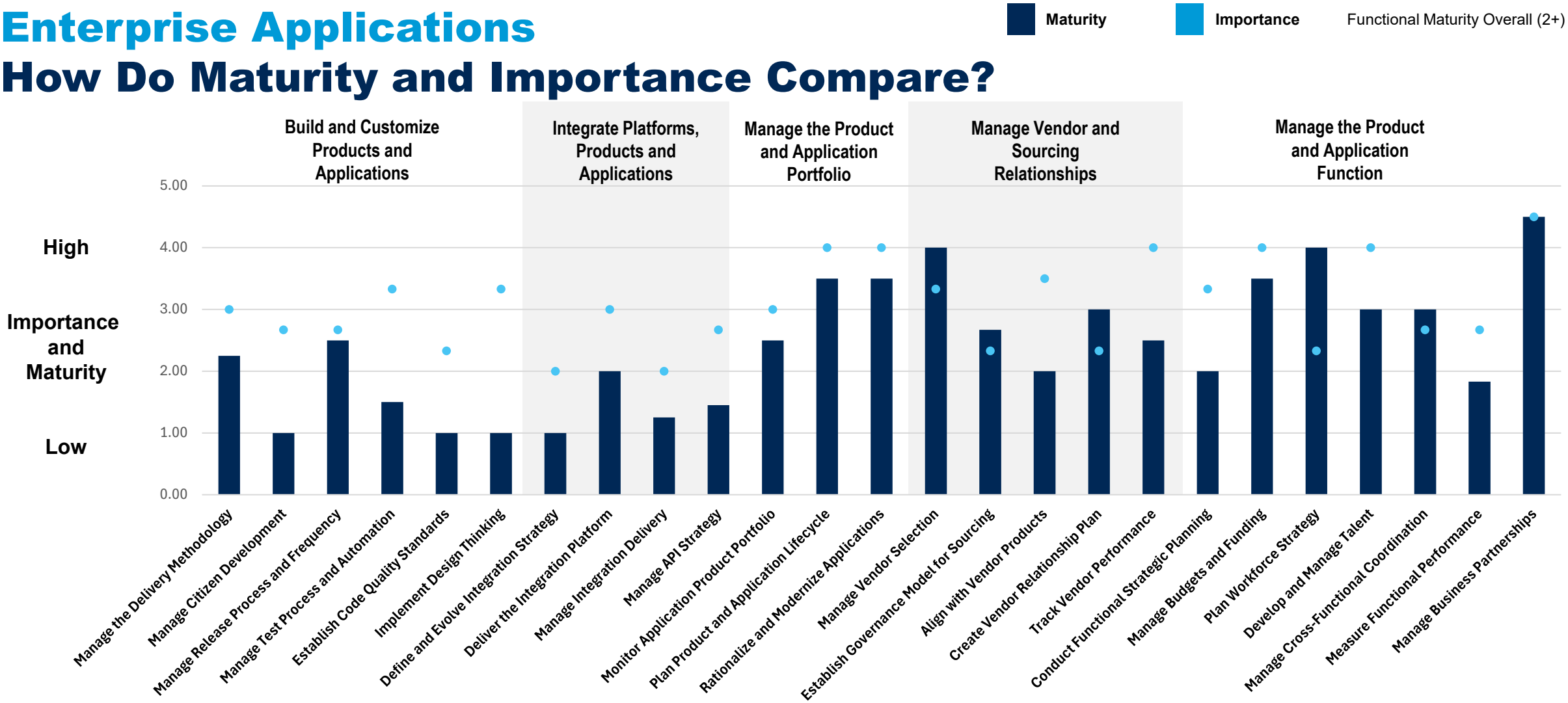
Maturity Levels 1 2 3 4 5 Out of Scope

n = 3

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

Enterprise Applications

How Do Maturity and Importance Compare?



Lowest Maturity

- Establish Code Quality Standards
- Implement Design Thinking
- Define and Evolve Integration Strategy & Manage Citizen Development

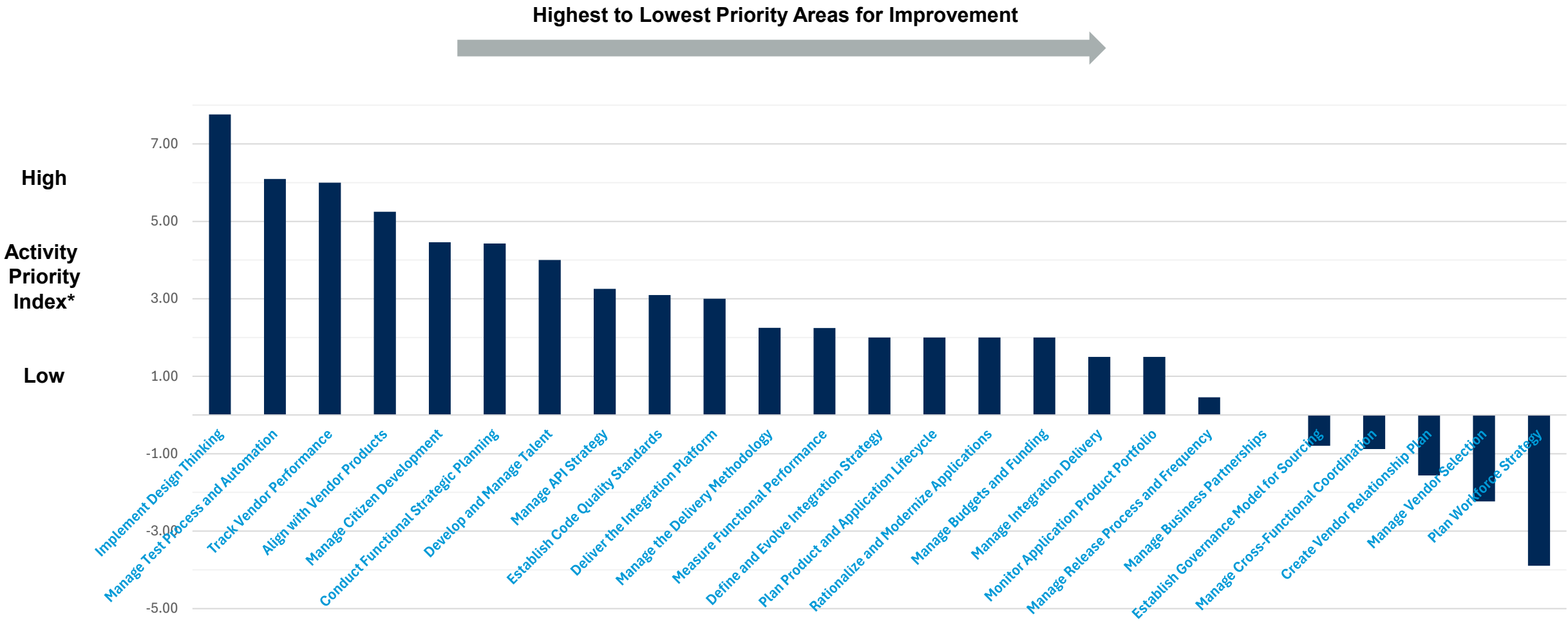
Highest Importance

- Manage Business Partnerships
- Plan Product and Application Lifecycle
- Track Vendor Performance

Importance: Measured on a scale ranging from 1 (Not Important) to 5 (Most Important). Importance measures how important each functional activity is to the overall effectiveness of your function in meeting its business objectives.

Enterprise Applications
Activity Priority Index

The (API) identifies where the function is less mature in activities of greater importance.



***Activity Priority Index: Activity Priority Index (API) for an activity is computed as importance minus maturity multiplied by its importance. A higher API score indicates a greater priority for improvement to the organization.**

Enterprise Applications (1 of 3)
Current Maturity Levels

Objective	Activity	Current Maturity	Maturity Level: Gartner Description
Build and Customize Products and Applications	Manage the Delivery Methodology	2.2	2: Application team use common development methodologies with standard selection criteria and provide opportunity to stakeholders to suggest improvement along the development process. 3: Application team uses iterative or agile methods and solicit frequent stakeholder feedback.
	Manage Citizen Development	1	1: IT does not support citizen development.
	Manage Release Process and Frequency	2.5	2: Formal release process with basic release handoffs are in place. 3: Release process follows a regular cadence and partial automation is built into the release and configuration process.
	Manage Test Process and Automation	1.5	1: No formal testing process and no automation. 2: Formal testing processes are established and some testing processes are automated.
	Establish Code Quality Standards	1	1: Formal coding standards do not exist.
	Implement Design Thinking	1	1: Design thinking or UX practices do not exist.
Integrate Platforms, Products and Applications	Define and Evolve Integration Strategy	1	1: There is no formally or informally defined integration strategy.
	Deliver the Integration Platform	2	2: One or more integration tools have been selected and are recommended and supported. Individual application delivery teams decide whether to use these tools or not.
	Manage Integration Delivery	1.2	1: There is no formally or informally defined responsibility for integration delivery. 2: Application delivery teams autonomously address integration issues, optionally using a set of approved products that are supported by an integration platform team.
	Manage API Strategy	1.4	1: APIs are created on an ad hoc basis as an extension of existing SOA or middleware. 2: Common design standards, documented versioning policy and an API mediation layer ensure consistent API usage across the organization.

Enterprise Applications (2 of 3)
Current Maturity Levels

Objective	Activity	Current Maturity	Maturity Level: Gartner Description
Manage the Product and Application Portfolio	Monitor Application Product Portfolio	2.5	2: for specific initiatives. There is an inventory of applications with basic information and the portfolio is evaluated irregularly 3: The monitoring role is clearly assigned, and the portfolio is assessed regularly including assessment of business fitness.
	Plan Product and Application Lifecycle	3.5	3: The product and application roadmaps are aligned with business strategy, take application fitness into account and are linked to business capabilities and business outcomes. 4: The product and application roadmaps include opportunities of emerging technology for the next 2-5 years.
	Rationalize and Modernize Applications	3.5	3: Rationalization and modernization of products and applications is led by a joined business and IT team, and focuses on resolving business related issues and risk within a business domain. 4: Rationalization and modernization initiatives are integral part of business transformations.
Manage Vendor and Sourcing Relationships	Manage Vendor Selection	4	4: Each business unit is represented on formalized vendor selection committee driving the acquisition of vendor products or services. Vendor relationships are handled without cross-unit coordination or enterprise-level negotiations.
	Establish Governance Model for Sourcing	2.6	2: Nonrepeatable, ad hoc processes are used to understand each vendor independently. Vendor interactions are reactive and focused mainly on problem resolution. 3: Vendor engagement relationships are fully defined and understood. Formal templates and documentation are in place to provide the necessary guidance to engage vendors.
	Align with Vendor Products	2	2: A limited, informal, vendor-level documentation exists that allows matching of business requirements and IT capabilities to individual vendor products.
	Create Vendor Relationship Plan	3	3: Vendors are engaged in contractual relationship based on set of predefined requirements. The ability to differentiate vendors by embedded capabilities is implemented through historical analysis of corporate needs.
	Track Vendor Performance	2.5	2: Processes are put in place to identify challenges with vendors that lead to increased costs (both operational and maintenance). 3: A role of vendor manager is established to track group of vendors and associated records. A formal spreadsheets (scorecards) are put in place to ensure consistency of tracking across vendors.

Enterprise Applications (3 of 3)
Current Maturity Levels

Objective	Activity	Current Maturity	Maturity Level: Gartner Description
Manage the Product and Application Function	Conduct Functional Strategic Planning	2	2: A formal strategic plan for applications that is derived from IT strategy is defined, documented and updated annually.
	Manage Budgets and Funding	3.5	3: The application function uses business and technology roadmaps that include application life cycle costs to make funding decisions, and provides visibility into trade-offs for different investment options. 4: The application function allocates funding at the product level and monitors the value, cost, and risks of current investments and opportunities to reallocate funding and increase ROI.
	Plan Workforce Strategy	4	4: Application workforce plans are based on multiyear talent forecasts and an assessment of labor market availability, and use a framework to determine whether to develop, hire or source to address talent needs.
	Develop and Manage Talent	3	3: The applications function consistently defines applications roles, responsibilities, expectations and competencies that drive regular performance management and professional development activities, including coaching and knowledge sharing.
	Manage Cross-Functional Coordination	3	3: Cross-functional coordination and decision rights are tiered based on the level of risk or value, and partner-functions support delivery teams in adhering to cross-functional requirements throughout delivery.
	Measure Functional Performance	1.8	1: Application performance measurement is limited to operational metrics. 2: Applications performance is consistently measured using high-quality data and includes financial and project performance metrics.
	Manage Business Partnerships	4.5	4: Business engagement is structured around business capabilities and is calibrated to encourage and support business partner leadership of technology projects. 5: Business and IT staff are integrated in organizational and team structures, and partner continuously to identify, prioritize and deliver technology solutions to drive business outcomes.

4.5
Security & Risk Management

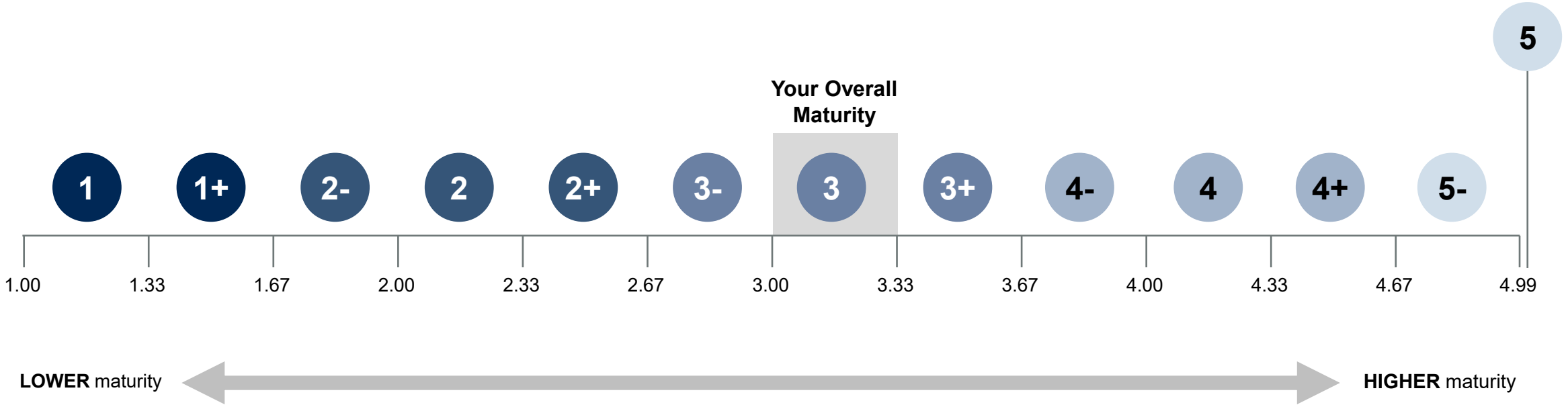
© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

Security & Risk Management

What is your Overall Maturity Level?

Maturity measures how advanced an organization's development is in a functional activity relative to Gartner's best practice research.

- Measured on a scale ranging from **1 (lower) to 5 (higher)**
- Refined with a **(+) or (–)** to indicate intermediate levels of maturity.
- Maturity is best defined as a range. Details are provided in the Methodology & Score Calculation section of the Appendix.



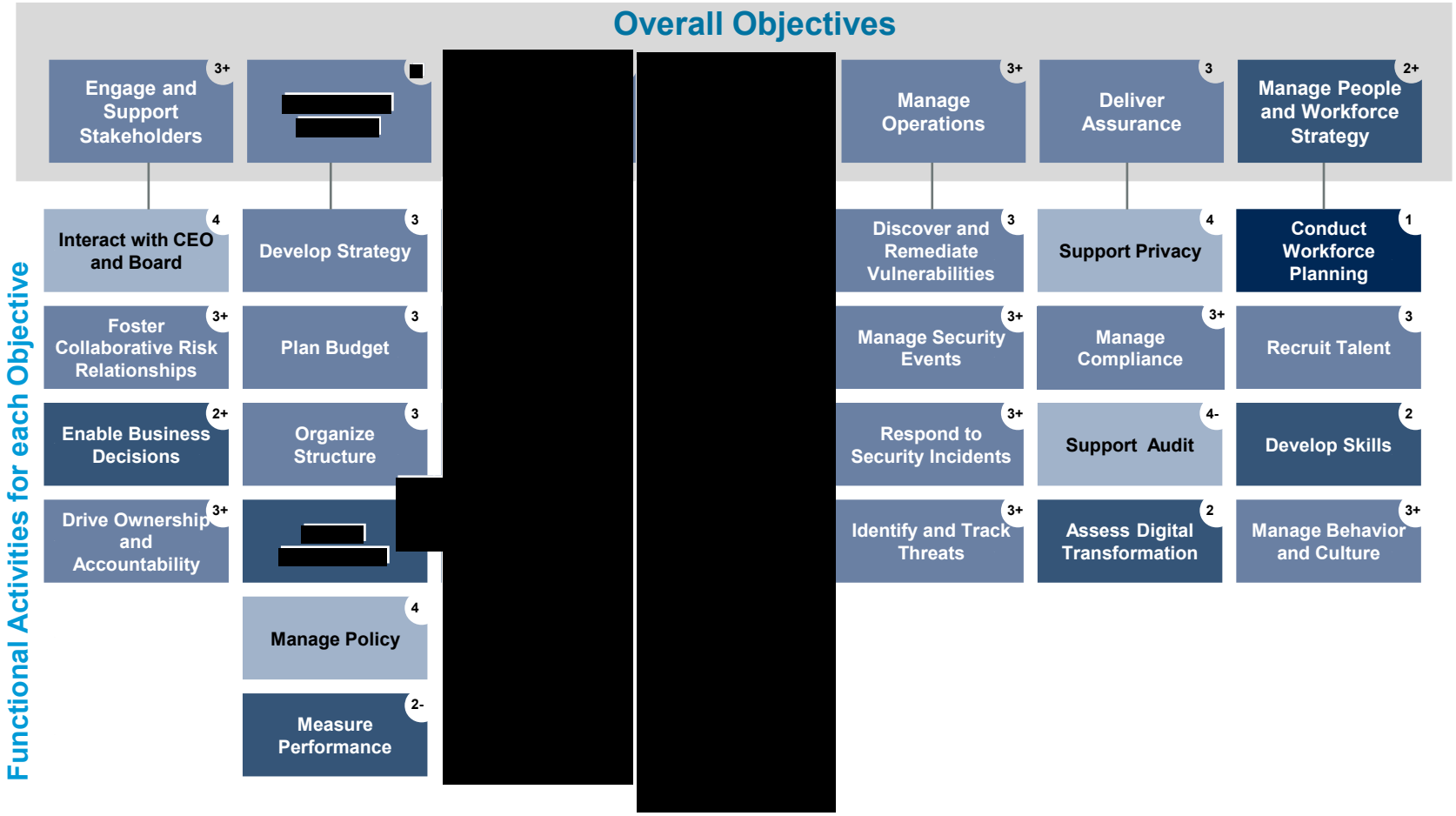
Respondents included in this assessment: **2**

Peer benchmark: **3-**

Participating organizations in the peer benchmark: **10**

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

Security & Risk Management
Maturity Levels of Objectives & Activities



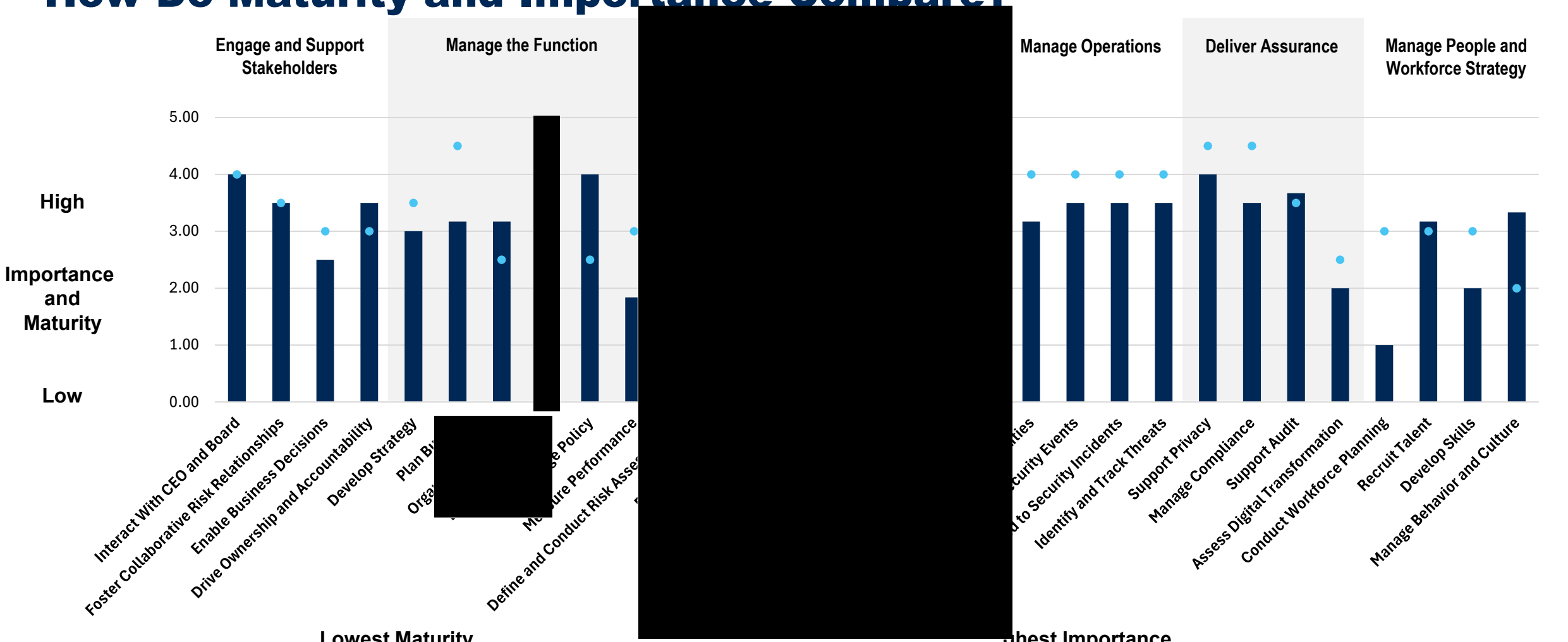
Maturity Levels **1** **2** **3** **4** **5** Out of Scope

n = 2

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

Security & Risk Management

How Do Maturity and Importance Compare?



Lowest Maturity

- Conduct Workforce Planning
- [redacted]
- Measure Performance

ghest Importance

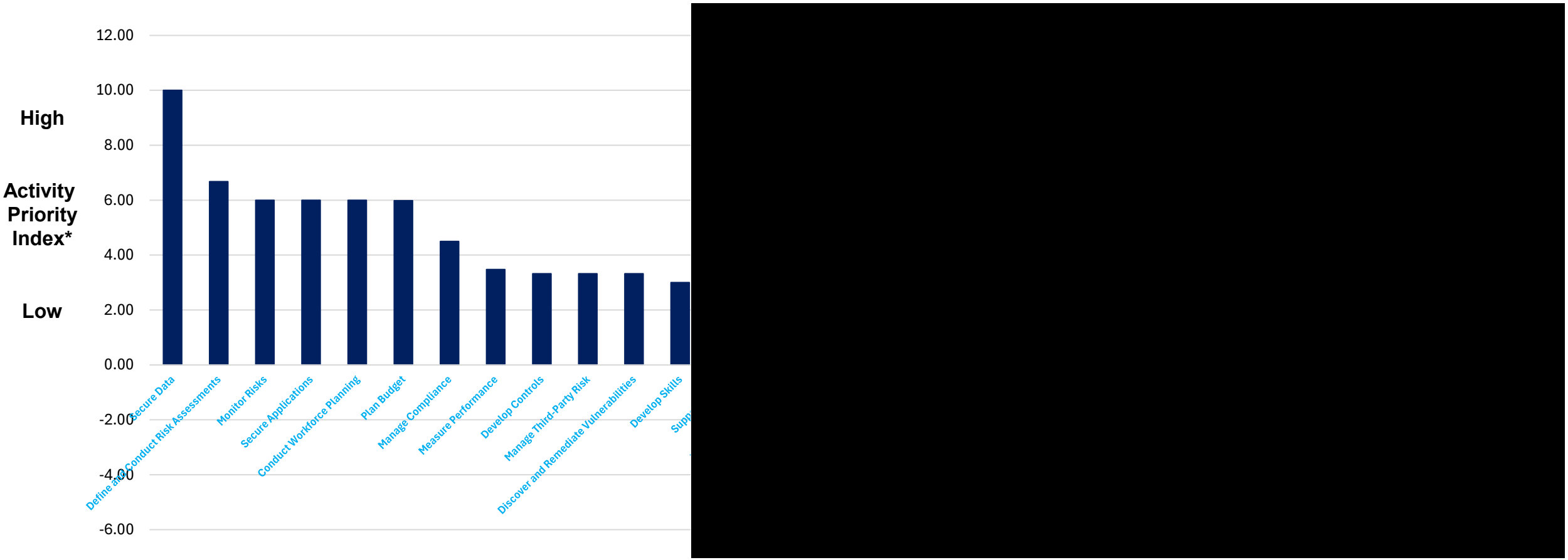
- Plan Budget
- Support Privacy
- Manage Compliance

Importance: Measured on a scale ranging from 1 (Not Important) to 5 (Most Important). Importance measures how important each functional activity is to the overall effectiveness of your function in meeting its business objectives.

Security & Risk Management
Activity Priority Index

The (API) identifies where the function is less mature in activities of greater importance.

Highest to Lowest Priority Areas for Improvement



***Activity Priority Index: Activity Priority Index (API) for an activity is computed as importance minus maturity multiplied by its importance. A higher API score indicates a greater priority for improvement to the organization.**

Security & Risk Management (1 of 4)
Current Maturity Levels

Objective	Activity	Current Maturity	Maturity Level: Gartner Description
Engage & Support Stakeholders	Interact with CEO & Board	4	4: SRM develops and communicates standardized reports in business-friendly language, aligned to business objectives that are made available to the board and CEO on a regular basis.
	Foster Collaborative Risk Relationships	3.5	3: SRM defines and regularly updates roles and responsibilities for risk management functions and activities that impact multiple stakeholder functions. 4: SRM works with other stakeholders on future challenges and encourages staff across functions to minimize activity duplications and maximize collaboration.
	Enable Business Decisions	2.5	2: The SRM function is invited to contribute to a small subset of business decisions on an ad hoc basis and/or is usually only involved after the business decision has been made. 3: The SRM function has a clear support role in helping stakeholders evaluate and make business decisions that have security implications.
	Drive Ownership and Accountability	3.5	3: The SRM function identifies appropriate business stakeholders and proactively communicates business impacts and risk trade-offs to enable effective risk decisions. 4: The SRM function always identifies and limits decision making to true owners of risks in the business without imposing security's view of the "correct" decision.
Manage the Function	Develop Strategy	3	3: SRM strategy formally prioritizes projects and is approved via a governance structure.
	Plan Budget	3.2	3: The SRM budget is formalized and documented and reflects business strategic plans. 4: The SRM budget extends beyond technology into related security objectives concerning behavior, organization and staffing.
	Organize Structure	3.2	3: There is a defined organizational structure with clear roles and responsibilities and a designated SRM leader that is aligned with IT. 4: The organizational structure shifts to meet growing needs to become closely aligned with the business.
	[redacted]	[redacted]	[redacted]
	Manage Policy	4	4: Policy framework accounts for variations in business needs (exceptions) and is supported by technology.
	Measure Performance	1.8	1: SRM performance is measured on an informal or ad hoc basis. 2: SRM performance is measured using operational metrics such as availability or delivery against SLAs.

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

Security & Risk Management (2 of 4)
Current Maturity Levels

Objective	Activity	Current Maturity	Maturity Level: Gartner Description
Assess & Manage Risk	[redacted]		
Protect the Infrastructure			

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

Security & Risk Management (3 of 4)
Current Maturity Levels

Objective	Activity	Current Maturity	Maturity Level: Gartner Description
Manage Operations	Discover & Remediate Vulnerabilities	3.2	3: SRM prioritizes vulnerabilities based on business context and monitors patching effectiveness. 4: SRM uses threat intelligence to further prioritize vulnerabilities.
	Manage Security Events	3.5	3: SRM applies elevated monitoring efforts to high-risk systems with clearly defined escalation paths. 4: SRM regularly assesses monitoring effectiveness to increase alert accuracy and uses event and incident data to improve detection accuracy.
	Respond to Security Incidents	3.5	3: SRM regularly performs postmortem reviews, assesses response plans and communication plans, and supports other functions in public communication in an ad hoc manner when incidents rise to the level of crises. 4: SRM works with other functions to formalize all aspects of crisis response plans, maintain detailed response playbooks for a variety of incidents and conduct tabletop tests on plans.
	Identify & Track Threats	3.5	3: SRM uses analytics to identify patterns of threats, reverse-engineers attacks to identify indicators of compromises and considers scenarios of future attacks to tailor detection efforts. 4: SRM combines internal and external data to develop hypotheses of future attacks, applies attribution techniques across multiple platforms and timelines, and compiles common attacker profiles to tailor monitoring of future attacks.
Deliver Assurance	Support Privacy	4	4: SRM helps enforce responsibilities for privacy, regularly assesses the impacts of new regulations, and works with the business and customers to assess the privacy impacts of business changes.
	Manage Compliance	3.5	3: SRM typically tracks current regulations and works closely with internal experts to ensure compliance. 4: SRM centrally tracks current regulations and works closely with internal and external experts to ensure compliance.
	Support Audit	3.6	3: Audit schedules, interviews and data requests are formalized for routine audits. Issue tracking is synced with audit close. 4: Support of audit activities is based on prioritized audit objectives. Partial data collection is based on time and effort analysis to meet audit support requirements.
	Assess Digital Transformation	2	2: SRM is focused on implementing current or near-term technology projects (limited to information security), and minimal effort is placed upon future-planning activities across the full cyber-physical continuum of risks to the organization.

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

Security & Risk Management (4 of 4)
Current Maturity Levels

Objective	Activity	Current Maturity	Maturity Level: Gartner Description
Manage People and Workforce Strategy	Conduct Workforce Planning	1	1: SRM backfills or adds roles as immediate needs arise.
	Recruit Talent	3.2	3: SRM forecasts short-term talent needs and works closely with HR to tailor standard recruiting efforts to security's need. 4: SRM works with HR to make hiring requirements and expectations more realistic and hires for legacy and emerging skills.
	Develop Skills	2	2: SRM offers ad hoc support to managers to develop their teams.
	Manage Behavior and Culture	3.3	3: SRM creates campaigns that contain clear, simple instructions about what employees should do and assesses employee awareness on a regular and consistent basis. 4: SRM segments all employees and tailors messages and approaches for each group, taking into account differences in impacts of risky behaviors and psychological drivers of behavior.

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

Gartner Contacts

Adrian Milczarek
Senior Managing Partner
Gartner Consulting
adrian.milczarek@gartner.com

Vikas Bhardwaj
Associate Partner
Gartner Consulting
vikas.bhardwaj@gartner.com

David Jesseau
Senior Director
Gartner Consulting
david.jesseau@gartner.com

Abhishek Warrier
Consultant
Gartner Consulting
abhishek.warrier@gartner.com

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

5.0 Appendix - Benchmarking Definitions

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

IT Budget Benchmark Methodology — Key Definitions

- The IT Budget Assessment follows the Gartner Benchmarking chart of accounts. In order to match the Gartner Benchmark chart of accounts, the data presented in the benchmark will not completely align with the official Information Technology budget or organization. For example, the Gartner Benchmark chart of accounts has historically excluded operational technology.
- IT Budget Definition
  - The total spend for a twelve month budget period for information technology to support the enterprise. IT spend can come from anywhere in the enterprise that incurs IT costs, and it is not limited to the IT organization. It is calculated on an annualized “cash out” basis and therefore contains capital budget, and operational expenses. Gartner definitions for IT spend include all IT services, for example:
    - Hardware, software, personnel (including travel and benefits and training), contractors and consultants, outsourcing, disaster recovery, occupancy, data and voice communications/transmission, associated with supporting information technology within the enterprise.
    - Costs for the facilities being used by the staff supporting the enterprise. Some examples include office space, furniture, electricity, maintenance, property taxes, security, and office supplies. Occupancy costs for space dedicated to IT functions such as the data center and IT service desk are also included.
    - The data center (servers, storage etc), Alectra devices (desktops, laptops, tablets, thin client, handhelds), voice and data networks (including but not limited to voice and data transmission, fixed and mobile telephony, Internet access services), IT service desk, application development and maintenance. IT Support functions such as the office of the CIO, supervisory management, finance and administrative costs, such as purchasing, asset management, process management, and marketing of IT services.

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

IT Domain Definitions (1 of 3)

Enterprise Computing (Data Center)

- *Compute:* includes the provisioning of the full life cycle management of processing/hosting services on both mainframe and midrange (UNIX, Windows, Linux, iSeries etc.) platforms including acquisition, deployment, maintenance, change management and disposal.
- *Storage:* includes the provisioning of the full life cycle management of storage services utilizing online, near-line and offline technologies including acquisition, deployment, maintenance, change management and disposal.
- *Facilities/Hosting:* includes the full life cycle management of the physical data center premises, and other facilities and services associated with the premises such as furniture, power supply, heat management, climatization services, access security, floor space, office space, design and consulting.
- *Database:* includes the full life cycle management of relational, non-relational and pre-relational databases including the tools for monitoring and diagnosing problems with databases, analyzing and improving the performance of databases, and routine administration of databases, including configuration changes.
- *Middleware:* is the software "glue" that helps programs and databases (which may be on different computers) work together. Its most basic function is to enable communication between different pieces of software. Integration middleware is software that enables independently designed applications, software components or services to work together, by supporting data consistency, composite application and multistep process styles of integration. It includes multi-enterprise (B2B) integration capabilities and internal integration, as well as those products that enable existing applications to become part of a new multistep process. Platform middleware is system software that provides the runtime hosting environment (a container) for application program logic. It uses embedded or external communications middleware to help programs interact with other programs. It also provides resource management services for hosting application program logic at runtime.

Network

- Network (data and voice) is comprised of: Local-Area Network Service (this subservice provides network access within the office premises), Wide-Area Network Service (this subservice helps in the management and supply of inter-site connections and network infrastructure), Remote Access Service (this subservice helps to connect the internal network from a remote location with broadband or phone line access using a security token), Internet Connectivity Service (this subservice provides access to the internet) and Intranet Connectivity Service (this subservice helps in the provision of the global network provided by third parties. This also includes management of network optimization devices).

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

IT Domain Definitions (2 of 3)

End-User Computing

- End-User Computing includes provisioning of the full life cycle management of desktop, laptop, tablet, thin Alectra, handheld and peripheral assets including acquisition, deployment, maintenance, change management and disposal.

IT Service Desk

- An IT Service Desk is defined as any single location that evenly distributes the receipt and/or placement of technical support calls or contacts to a predetermined group of support staff. The IT service desk assessment examines IT efficiency and effectiveness with respect to the provisioning of remote Tier 0/Tier 1 support provided to end users by the technical support centers (e.g., network, data center, PC and consolidated).
- Because IT service desks may be organized differently across enterprises, you may be required to capture some information that is beyond your specific budget lines to ensure consistent comparisons. Examples include telecommunications equipment used specifically by the IT service desk, transmission expenses attributable to the inbound support calls and remote user support resources that may physically reside in other support groups (e.g. network operations or applications support).

Applications

- *Development*
  - New code for a new application
  - Functional enhancements to current code that take more than two person-weeks or typically add greater than eight function points (see notes below)

- *Support*
  - Programming maintenance of currently operational computer applications. This will include some enhancements to these applications as well.
  - Bug fixes of any size or duration
  - Maintenance of hard-coded data or tables (including field size changes) embedded within the programs (any size or duration)
  - Functional enhancements to current code that take less than two person-weeks and typically add fewer than eight function points
  - Any project that produces no new business functionality for the user

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

IT Domain Definitions (3 of 3)

Governance & Service Management

- Identifies service-optimized IT organizations which are growth enablers and a source of both operational and strategic differentiation. Here, the IT organizations constructively and proactively engage with the business to improve business operations to enrich enterprise performance.
  - In order to drive business value, these IT organizations themselves run like a business, bringing out front-office capabilities. IT demonstrates financial discipline, transparency, and delivery of business value by managing an integrated view of technology cost and performance against defined business outcomes, which are formally captured in a strategic service portfolio. These IT organizations exhibit the following key characteristics of an implicit business-oriented consumer/provider relationship:
  - Understand customer's needs
  - Manage service and solution life cycle
  - Deliver solutions and services to customers
  - Governs internal IT operations and architecture to ensure strategic success

IT Operations Management

- Provides on-site and/or remote IT Operations monitoring to gain insight into the historical, current and future availability and performance of IT systems, networks and applications, while also performing root cause analysis. Monitoring typically is performed in four categories: IT Infrastructure Monitoring (ITIM), Applications Performance Monitoring (APM), Artificial Intelligence for IT Operations (AIOps) and Network Performance Monitoring and Diagnostics (NPMD).

IT Security

- The discipline of designing, implementing and maturing security practices to protect critical business processes and IT assets across the enterprise. It covers:
  - Developing and maintaining effective program governance
  - Communicating and engaging successfully with all stakeholders
  - Defining a vision promoting desired security, risk management and business outcomes
  - Defining, communicating and enforcing security policies across the organization
  - Planning budgets and resourcing, including talent management and professional services
  - Assessing and improving program maturity and performance

IT Service Continuity/Disaster Recovery

- The use of alternative network circuits to re-establish communications channels if the primary channels are disconnected or malfunctioning.
- The methods and procedures for returning a data center to full operation after a catastrophic interruption (e.g., including recovery of lost data).

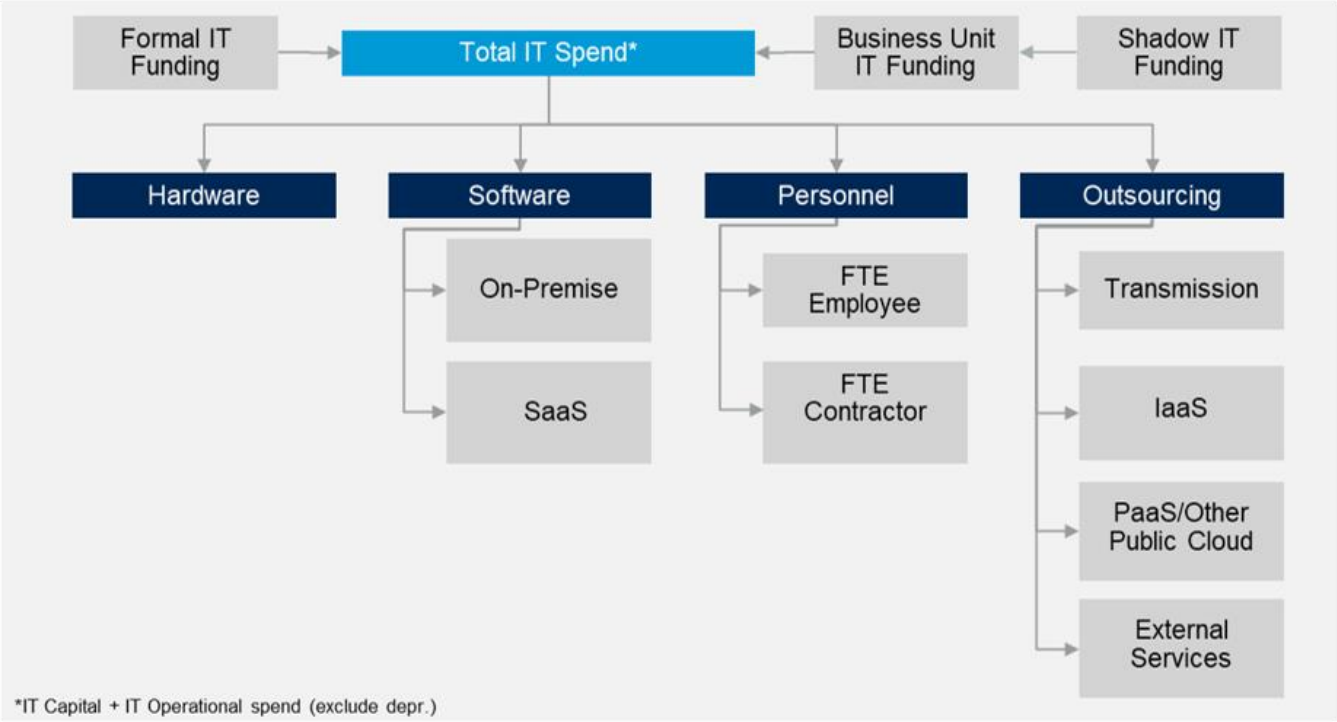
© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

Consensus Model Overview

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

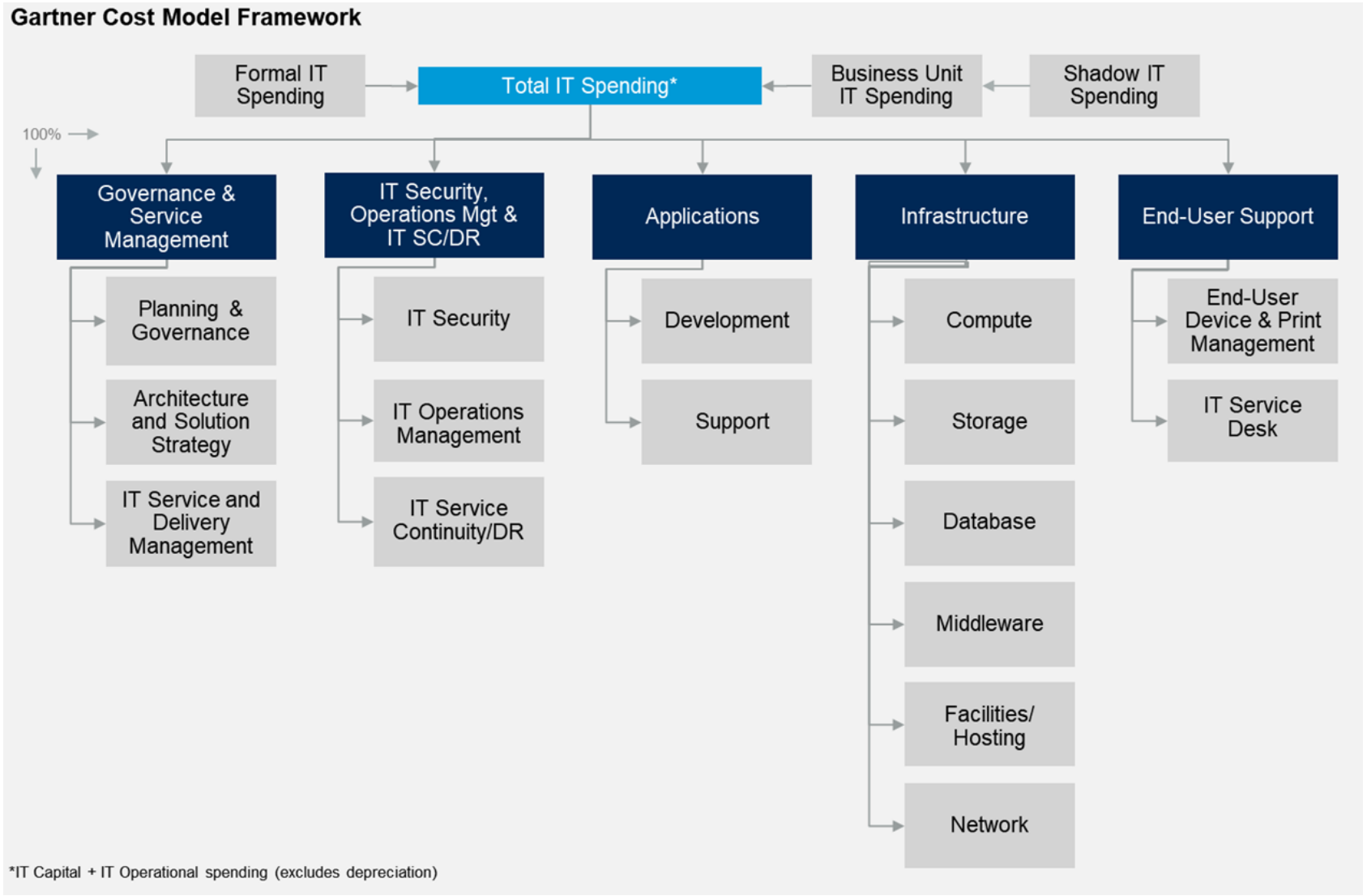
Total IT Spending: Asset-Based Cost Management View

IT Spending includes (From a resource or accounting perspective): Hardware, software, personnel for IT FTEs including IT contractors, network transmission, outsourced IT services e.g., consulting, system integration, infrastructure etc.), public cloud services, occupancy and utilities spending associated data centers, taxes other than value added taxes where it is recovered and refunded to the organization.



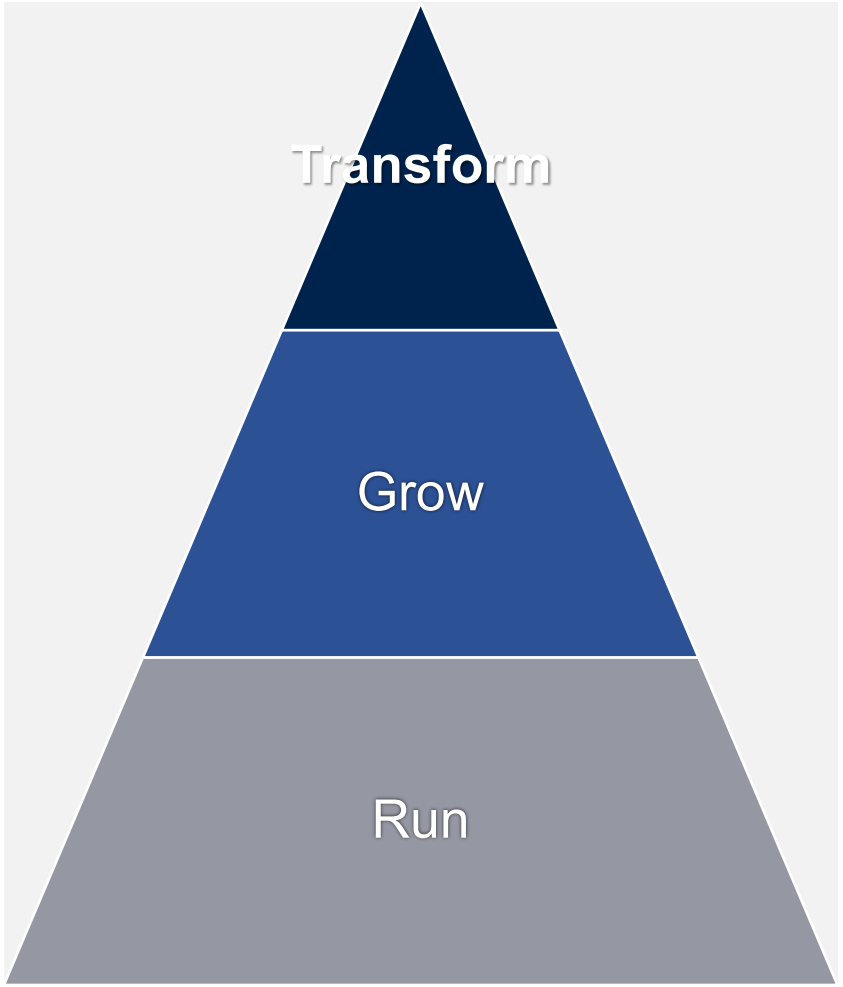
© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

IT Total IT Spending: IT Functional Cost Management View



© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

Run, Grow, Transform Describes IT's role



Is it Revolutionary?

For Everyone?
There is potential for new markets or industries, or displacement or elimination of existing industries.

For Alectra?
There is potential to move Alectra's business into entirely new markets or industries

YES → **Transform the Business**

Does it Make Money?

The situation is about enhancing, extending or differentiating existing business capabilities related to products, services, or markets.

YES → **Grow the Business**

Does it Keep the Lights on?

The situation is about supporting or improving essential, non-differentiated business functions that do not directly produce revenue.

YES → **Run the Business**

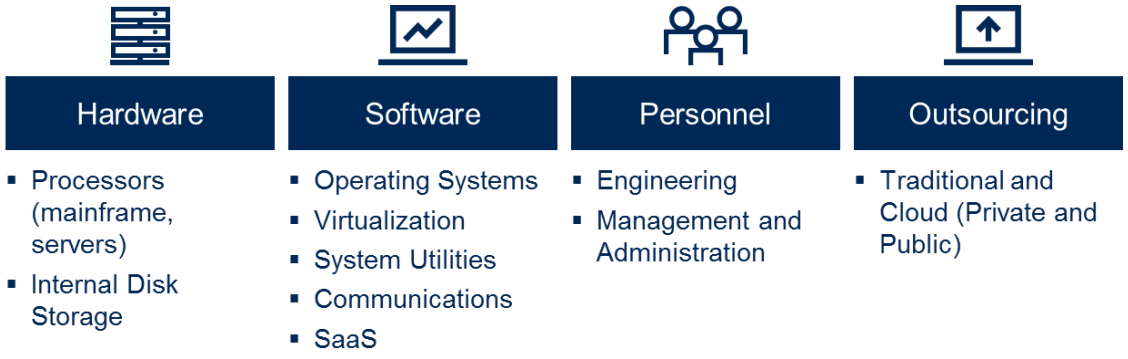
© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

Data Center

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

Compute

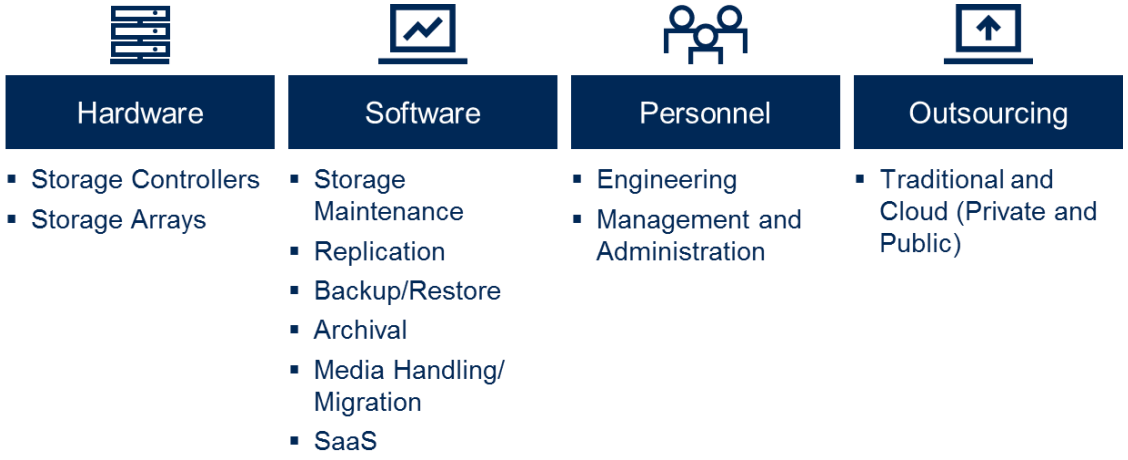
- Compute includes the provisioning of the full life cycle management of processing/hosting services on both mainframe and midrange (UNIX, Windows, Linux, iSeries etc.) platforms and racks including acquisition, deployment, maintenance, change management and disposal.
- Expenses, staffing and workload related to data center facilities management are included in the Facilities/Hosting service.
- Annual Compute costs include the annual capital and operational expense, maintenance, installation and taxes, as appropriate, for all of hardware, software and outsourcing, in addition to personnel costs.



© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

Storage

- Storage includes the provisioning of the full life cycle management of storage services utilizing online, near-line and offline technologies including acquisition, deployment, maintenance, change management and disposal.
- Annual Storage costs include the annual capital and operational expense, maintenance, installation and taxes, as appropriate, for all of hardware, software and outsourcing, in addition to personnel costs.



© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

Facilities/Hosting

- Facilities/Hosting includes the full life cycle management of the physical data center premises, and other facilities and services associated with the premises such as furniture, power supply, heat management, climatization services, access security, floor space, office space, design and consulting.
- Annual Facilities costs include the annual capital and operational expense, maintenance, installation and taxes, as appropriate, for all of hardware, software, utilities and outsourcing, in addition to personnel costs.



Hardware

- Building and Maintenance
- Environmental Systems
- Electrical Systems
- Other Systems



Software

- Building Management Systems
- Data Center Infrastructure Management
- SaaS



Utilities

- Electricity
- Gas
- Water



Personnel

- Engineering
- Management and Administration



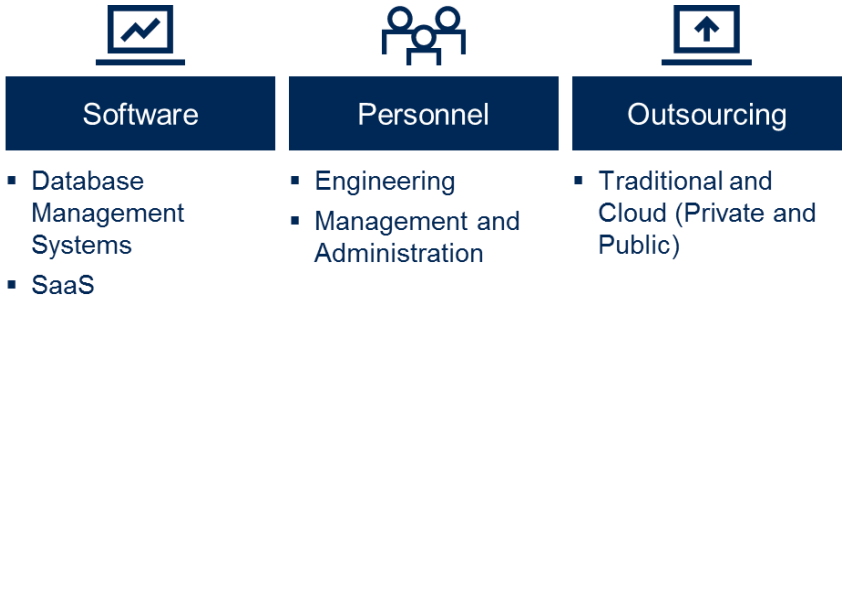
Outsourcing

- Traditional and Cloud (Private and Public)

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

Database

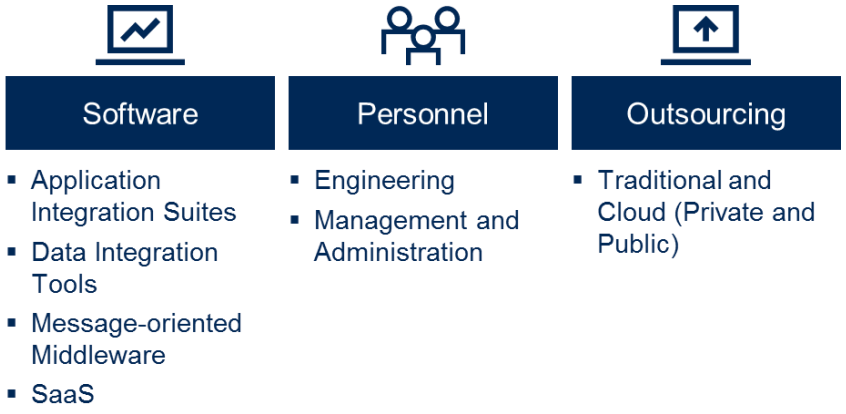
- Database includes the full life cycle management of relational, non-relational and pre-relational databases including the tools for monitoring and diagnosing problems with databases, analyzing and improving the performance of databases, and routine administration of databases, including configuration changes.
- Annual Database costs include the annual capital and operational expense, maintenance, installation and taxes, as appropriate, for all of software and outsourcing, in addition to personnel costs.



© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

Middleware

- Middleware is the software “glue” that helps programs and databases (which may be on different computers) work together. Its most basic function is to enable communication between different pieces of software. This includes Integration middleware and Platform middleware.
- Integration middleware is software that enables independently designed applications, software components or services to work together, by supporting data consistency, composite application and multistep process styles of integration. It includes multi-enterprise (B2B) integration capabilities and internal integration, as well as those products that enable existing applications to become part of a new multistep process.
- Platform middleware is system software that provides the runtime hosting environment (a container) for application program logic. It uses embedded or external communications middleware to help programs interact with other programs. It also provides resource management services for hosting application program logic at runtime.
- Annual Middleware costs include the annual capital and operational expense, maintenance, installation and taxes, as appropriate, for all of software and outsourcing, in addition to personnel costs.



© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

End-User Support

 © 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

End-User Device and Print Management

- End-User Device & Print Management includes provisioning of the full life cycle management of personal computing devices, peripheral assets and fixed telephones including acquisition, deployment, maintenance, change management and disposal.
- Annual End-User Device & Print Management costs include the annual capital and operational expense, installation and taxes, as appropriate, for all of hardware, software and outsourcing, in addition to personnel costs.



Hardware

- Desktops, Laptops, Tablets, Thin Clients, Smartphones, Handhelds
- Local and Shared Printers
- Handsets
- Videoconferencing
- MAC Supplies



Software

- PC Operating Systems
- Utilities
- Print Management Tools
- Personal Productivity and Databases
- Mobile Device Management
- Email and Messaging
- Collaboration
- Content Services
- Softphones
- SaaS



Personnel

- Incident Resolution/ Prevention
- Service Request Fulfillment
- Engineering
- Management and Administration



Outsourcing

- Traditional and Cloud (Private and Public)

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

End-User Applications

This includes the annual license and maintenance costs, as well as capital costs associated with new purchases and upgrades, for all software specified below:

- Personal Productivity
- Email/Messaging
- Unified Communications & Collaboration
- Mobility Management
- Content Services
- Softphones
- Software as a service (SaaS)
- Other Personal Applications

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

IT Service Desk

- An IT Service Desk is defined as any single location that evenly distributes the receipt and/or placement of technical support calls or contacts to a predetermined group of support staff. The IT Service Desk consensus model examines IT efficiency and effectiveness with respect to the provisioning of remote Tier 0/Tier 1 support provided to end-users of IT services.
- Web-based self-help / self-healing intranet knowledgebase (T0) enables users to resolve their own problems, submit request for service, reset passwords etc. Fixed IT Service Desk (T1/T2) functions include call-taking agents and supervisors, with potentially tiered structure for passing contacts to more technical root cause investigators within the IT Service Desk team. Function handles all contacts from authorized end-users including calls, emails, web-based queries and requests and chat support for Tier 0 users.
- Annual IT Service Desk costs include the annual capital and operational expense, maintenance, installation and taxes, as appropriate, for all of hardware, software and outsourcing, in addition to personnel costs.



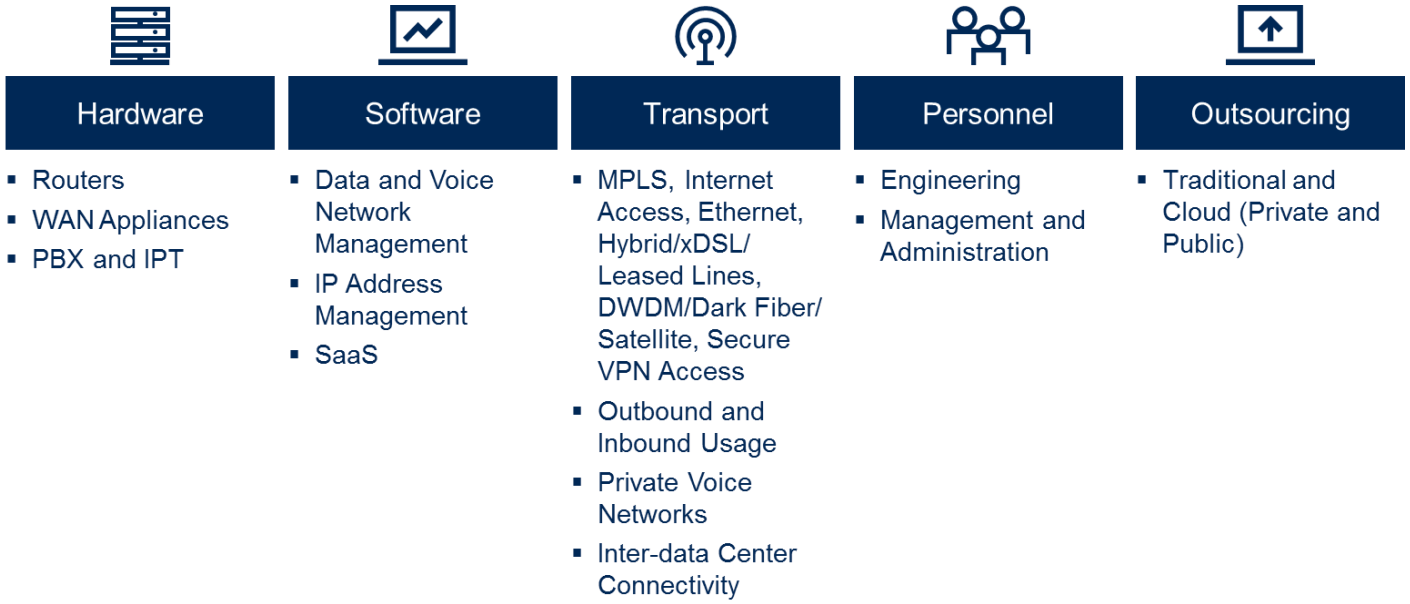
 © 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

Network

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

Wide-Area Network (Data & Voice)

- Wide-Area Network Service: This subservice helps in the management and supply of inter-site connections and network infrastructure.
- Remote Access Service: This subservice helps to connect the internal network from a remote location with broadband or phone line access using a security token.
- Internet Connectivity Service: This subservice provides access to the internet.
- Intranet Connectivity Service: This subservice helps in the provision of the global network provided by third parties. This also includes management of network optimization devices.
- Annual Network cost includes the annual capital and operational expense, maintenance, installation and taxes, as appropriate, for all of hardware, software, transmission and outsourcing, in addition to personnel costs.



© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

Transport

Includes TO:

- Connectivity Bandwidth
- Voice Circuits
- Inbound 0800/0300
- Outbound
- Mobility Plans
- Private Network Connectivity



Hardware

- Routers
- WAN Appliances
- PBX and IPT



Software

- Data and Voice Network Management
- IP Address Management
- SaaS



Transport

- MPLS, Internet Access, Ethernet, Hybrid/xDSL/ Leased Lines, DWDM/Dark Fiber/ Satellite, Secure VPN Access
- Outbound and Inbound Usage
- Private Voice Networks
- Inter-data Center Connectivity



Personnel

- Engineering
- Management and Administration



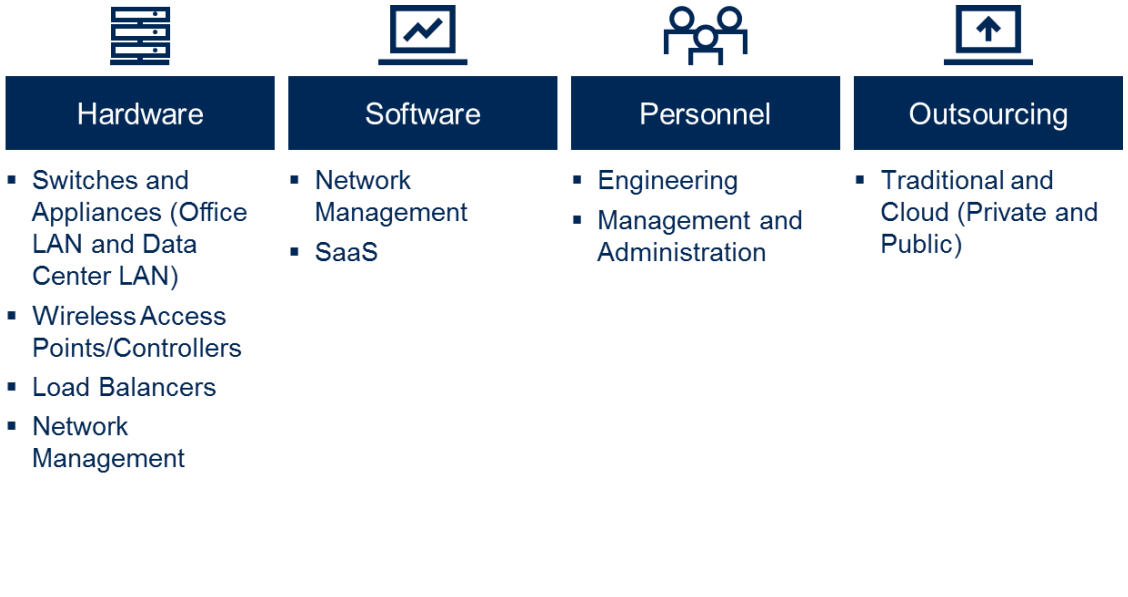
Outsourcing

- Traditional and Cloud (Private and Public)

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

Local-Area Data Network

- Local-Area Network Service: This subservice provides network access within the office premises.



© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

Applications

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

Application Development & Support

Application Development and Support is comprised of:

- Software
  - Business Functionality Software Traditional Licenses, embedded maintenance and SaaS for software including but not limited to enterprise resource planning (ERP), customer relationship management (CRM), supply chain management (SCM), data management and analytics, and digital and externally focused applications.
  - Development and Support Software Traditional Licenses, embedded maintenance and SaaS for software including but not limited to languages/compilers/databases, development/testing tools and IT management software
- Personnel
  - Personnel includes developers, quality assurance and testing, and management and administration.
- Outsourcing
  - Application Development Outsourcing: Any situation in which the full operational responsibility for IT services is completely handed over to an external service provider.
  - Application Support Outsourcing — Stand-alone maintenance agreements, application management services)



© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

Application Development & Support

- Application Development and Support examines the efficiency of the IS programming groups that are creating or implementing new applications, adding new functionality to existing applications and providing programming support for these applications after they are installed and running in the production environment.
- Application Development
  - New code for a new application
  - Functional enhancements to current code that take more than two person-weeks
- Application Support
  - Support refers to the programming maintenance of currently operational computer applications.
  - Bug fixes of any size or duration
  - Maintenance of hard-coded data or tables (including field size changes) embedded within the programs (any size or duration)
  - Functional enhancements to current code that take less than two person-weeks
  - Any project that produces no new business functionality for the user.

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

Governance & Service Management

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

Governance & Service Management

- Governance & Service Management identifies service-optimized IT organizations which are growth enablers and a source of both operational and strategic differentiation. Here, the IT organizations constructively and proactively engage with the business to improve business operations to enrich enterprise performance.
- In order to drive business value, these IT organizations themselves run like a business, bringing out front-office capabilities. IT demonstrates financial discipline, transparency, and delivery of business value by managing an integrated view of technology cost and performance against defined business outcomes, which are formally captured in a strategic service portfolio. These IT organizations exhibit the following key characteristics of an implicit business-oriented consumer/provider relationship:
  - Understand customer's needs
  - Manage service and solution life cycle
  - Deliver solutions and services to customers
  - Governs internal IT operations and architecture to ensure strategic success



© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

Governance & Service Management (1 of 3)

Governance and service management includes planning and governance, architecture and solution strategy, and IT service and delivery management.

- **Planning and Governance**
  - Executive Office & Administration: Office of the CIO, other cross-functional IT executives and their administrative support.
  - However, this excludes those IT managers that fit logically within the other Gartner service areas such as the CISO in IT Security, Data Center Managers, Network Managers, End-User Support Managers or Application Development and Support Managers.
  - Program Management: Orchestrates an active process of managing multiple workstreams or projects that need to meet business expectations according to a consistent methodology and standards, by focusing on tighter integration, proactive communication, control over resources and priorities.
  - Sourcing: Establishes practices and coordinates multiple suppliers of services (business services as well as IT services) and integrates them to provide a single business-facing IT organization. This function acts as the general contractor, and will assume strategic sourcing and vendor management responsibilities, including contract management, procurement policy and procedure administration, negotiation and performance management, including reporting.
  - Financial Management: Establishes the transparency of the relationship among cost, quality and business value so that it can be consistently measured and managed. This function is key to running IT like a business ensuring an understanding of IT delivery cost and competitiveness to external market offerings, competitive pricing of offerings, visibility to process and labor costs to price products and services, and communicates the value of IT.

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

Governance & Service Management (2 of 3)

Governance and service management includes planning and governance, architecture and solution strategy, and IT service and delivery management.

- **Architecture and Solution Strategy**
  - Enterprise Architecture & Design: This function develops an overall vision for technology capabilities and requirements that is consistent with business needs and constraints while advancing the agenda of innovation.
  - Business Analysis: A key function to the IT business value proposition of the IT organization because of their ability to translate business ideas to implementable requirements. To optimize the effectiveness of this group, it is important to align them into a centralized structure with established standards, processes, and tools that fosters cross-unit knowledge and ideas.
  - This function participates in strategic activities such as conducting research, assessing viable innovation opportunities, collecting necessary information for prioritization decisions, managing business expectations during execution, and measuring business benefit after deployment.
  - Research and Development: This team performs activities in connection with technology innovation that align with business needs. Working very closely with business teams, other members of the Architecture and Solution Strategy function, as well as the Program Management function, the R&D function is tasked to focus on applied research and development of working prototypes for targeted priorities.
  - R&D is not often intended to yield immediate profit, and generally carries greater risk and an uncertain return on investment but aligned to enterprise strategy.

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

Governance & Service Management (3 of 3)

Governance and service management includes planning and governance, architecture and solution strategy, and IT service and delivery management.

- **IT Service and Delivery Management**

  – Business Relationship Management: This is a senior team within the IT organization that has extensive business and industry experience. The business relationship managers are embedded in the business, typically aligned to specific business units or geographical regions and locations and expected to be the business optimization and innovation champions for their particular responsibilities, whether BU or location. They maintain a close, trusted relationship with the business to understand and provide input into strategy, plans and needs. They advise on innovation and technology enablement opportunities. In addition, they facilitate matching of business needs to product/service offerings and are catalysts in helping IT evolve its offerings. They work closely with the Planning & Governance office and the Architecture office on direction and planning. They engage the customers throughout the life cycle — from marketing of services/products, through demand and planning process, to delivery and support of product/service. In traditional business terms, they are analogous to an account executive function.

  – Product/Service Management: While Governance and Architecture functions set the overall direction, the execution of plans, products and services is part of the IT Service and Delivery Management function. This role must ensure that products and services are what the customers actually want and are willing to pay for. This group is responsible for determining the portfolio of products and services that IT will offer and at what price and quality levels to meet the needs of its market (for example, the enterprise). It owns the service portfolio, pricing (for chargebacks), establishes service-level agreements (SLAs), creates and manages the transactional catalog and generally conducts any benchmarking around IT organizational competitive-ness, efficiency and performance that might drive continuous improvement or outsourcing decisions.

  – Performance/Process Management: As a service broker and a business, IT needs to manage both its own performance and that of its suppliers in delivering needed services/products. This cross-organizational function is key to helping IT optimize change adoption, realize planned for benefits, and help the enterprise get the best possible return on its IT investment. Key responsibilities include improving visibility into service performance and more accurately measuring progress toward defined objectives and ensure compliance to SLAs through continuous assessment, evaluation, and refinement of core IT service processes.

  – Delivery Management: Delivery management in this context is the high level, executive function which operates cross-functionally to provide functional, technical and process leadership. This group is charged with leading the delivery effort to ensure solutions meet customer time frame, quality and outcome expectations. They collaborate with the Enterprise Architecture office to mitigate cross-platform technical and delivery risks before they become issues while preventing errors, omissions, defects and costly rework.

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

IT Security, IT SC/DR, IT Operations Management

 © 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

IT Security

- IT Security is the discipline of designing, implementing and maturing security practices to protect critical business processes and IT assets across the enterprise. It covers:
  - Developing and maintaining effective program governance
  - Communicating and engaging successfully with all stakeholders
  - Defining a vision promoting desired security, risk management and business outcomes
  - Defining, communicating and enforcing security policies across the organization
  - Planning budgets and resourcing, including talent management and professional services
  - Assessing and improving program maturity and performance



Hardware

- Firewall/Unified Threat Management Devices
- IDS/IPS Devices
- Radius/Proxy Servers
- Encryption Concentrators
- Email/Web Security Gateways



Software

- Identity and Access Management
- Security Information and Event Management
- Antivirus/ Anti-spam/ Anti-malware
- URL/Content Filtering
- End-user Encryption
- Host IDS/IPS
- Firewall Software
- Vulnerability and Threat Detection
- Application Testing/ Scanning/Shielding
- SaaS



Personnel

- Infrastructure Security
- Application Security
- Vulnerability Management and Security Analytics
- Security Governance, Risk Management and Compliance Management
- Management and Administration



Outsourcing

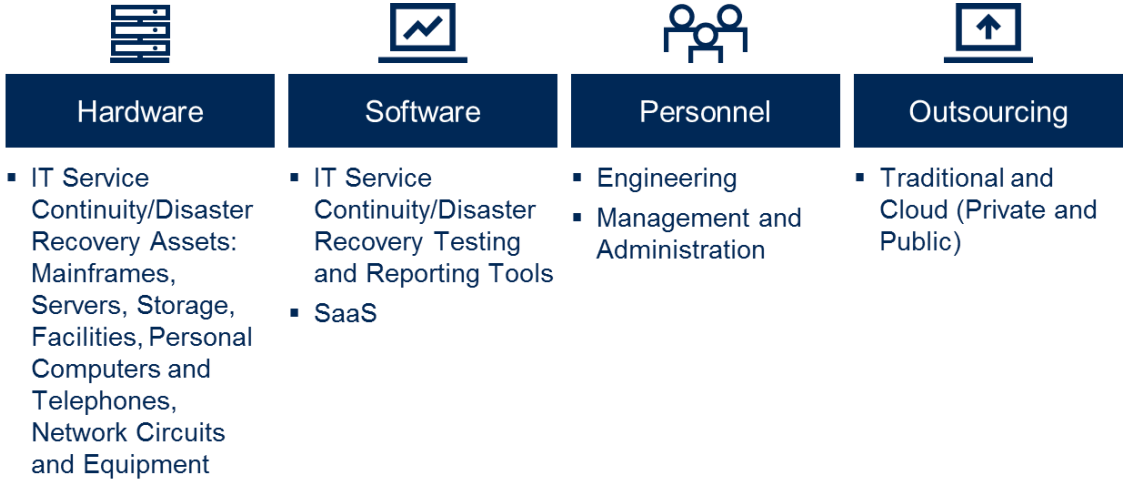
- Traditional and Cloud (Private and Public)

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

IT Service Continuity & Disaster Recovery (IT SC/DR)

IT Service Continuity/Disaster Recovery is defined as:

- The use of alternative network circuits to re-establish communications channels if the primary channels are disconnected or malfunctioning.
- The methods and procedures for returning a data center to full operation after a catastrophic interruption (e.g., including recovery of lost data).
- Note: For assets to be considered as in-scope for IT Service Continuity/Disaster Recovery (IT SC/DR), they are required to be in an active/passive state whereby production failover occurs to idle standby systems/location.



© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

IT Service Continuity & Disaster Recovery (IT SC/DR)

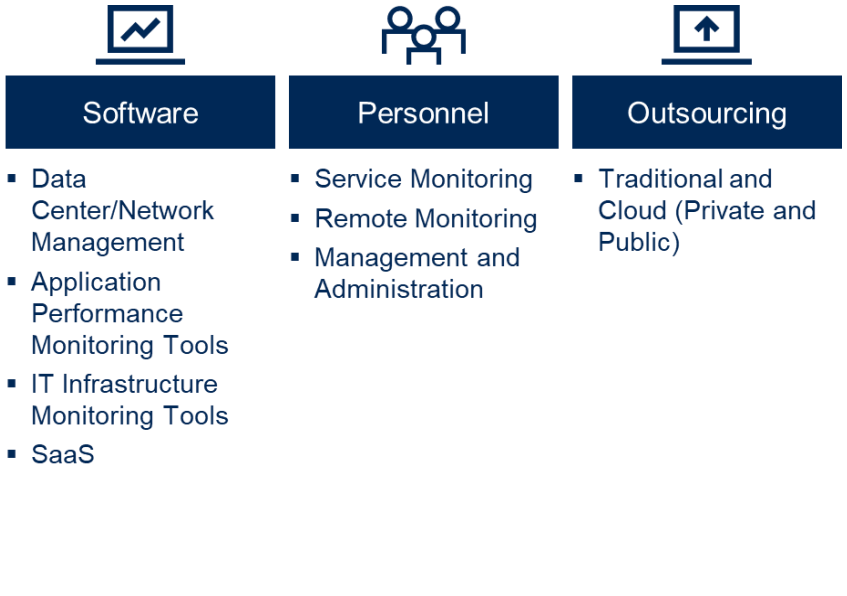
IT Service Continuity/Disaster Recovery includes:

- Engineering
  - Functions include producing recovery plans for data center, workplace and network services designed to ensure that, following any major incident or sudden, unplanned calamitous event causing or potentially causing disruption of the service, IT services are provided to an agreed level within an agreed schedule.
  - It should be recognized also that IT SC/DR is only one component of Business Continuity Planning (BCP). The objective is to assist the business and BCP to minimize the disruption of essential business processes during and following a major incident. The process includes such activities as business impact analysis, risk analysis and risk management exercises, maintaining disaster recovery documentation, conducting periodic tests and audits, and negotiating contingency site arrangements for costs/FTEs related to IT personnel.
  - While there are other functions around disaster recovery/business continuity such as developing manual processes, and ensuring business unit personnel are able to function, they are not within the scope of this definition.

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

IT Operations Management

- IT Operations Management provides on-site and/or remote IT Operations monitoring to gain insight into the historical, current and future availability and performance of IT systems, networks and applications, while also performing root cause analysis. Monitoring typically is performed in four categories: IT Infrastructure Monitoring (ITIM), Applications Performance Monitoring (APM), Artificial Intelligence for IT Operations (AIOps) and Network Performance Monitoring and Diagnostics (NPMD).



 © 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

IT Operations Management

Service Monitoring

- On-site operations monitoring and management including such tasks as system start/stops, monitoring system jobs, responding to console messages, detecting and recording of data center and network incidents and correction of production failures.
- Production control duties which maintain the integrity of the production environment, including turnover of applications from test into production after the systems have been developed and tested, ensuring that systems to be placed in the production environment meet certain standards, providing job procedural documentation such as scheduling requirements and rerun procedures, establishing and adjusting the batch job schedule, providing ongoing job monitoring and reviewing the service level of production jobs to improve quality and/or efficiency.
- Capacity management duties which ensure that adequate data center and network capacity is available at all times to meet the requirements of the business by balancing business demand with IT supply.

Remote Monitoring

- This is the same job description as Service Monitoring above but performed by staff in a remote location.

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved.

SYSTEM CONTROL

1. OVERVIEW

Table 4-2-72: System Control Program Summary

System Control							
Program Description: Alectra Utilities' System Control Program ("System Control" or the "Program") is responsible for the monitoring and control of the utility's distribution network, maintaining a reliable supply of electricity to customers, and ensuring the safe, reliable and efficient performance of the network.							
Program Outcomes: Grid Operations, System Reliability, System Resiliency, Safety, Customer Focus							
Program Costs ($MM) - Historic Period							
2017	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
13.33	11.63	13.05	13.33	12.95	13.85	16.35	15.98
Program Costs ($MM) - Bridge and Forecast Period							
2025	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
13.85	13.37	15.08	16.02	16.51	17.00	17.55	

System Control is responsible for the control of any devices connected to the distribution system. All work performed on the distribution system, by either Alectra Utilities field staff or external contractors/resources, must be done under the guidance and authorization of System Control. System Control is also responsible for co-ordinating outages required by third parties (e.g., Hydro One Networks Inc. or customers directly connected to Alectra Utilities' system). The System Control Room operates 24 hours a day, 7 days a week.

Alectra Utilities' distribution system reliability heavily depends upon System Control. The Program responds in real-time to outages on the distribution system through analysis of the system information, identification of fault locations, operation of automated devices and co-ordination and dispatch of field resources to address the outage and restore service.

System Control is responsible for recording and reporting of service interruptions and outages on the distribution system. Outage root causes are identified and recorded to quantify outage

impacts. The data is analyzed and all reliability-based reporting, for both internal and to fulfill the regulatory requirements are generated by the Program. Common points of failure and underperforming areas of the distribution system are identified for inclusion in projects and/or programs aimed at improving system reliability. For more information about Alectra Utilities' reliability performance, refer to Exhibit 2A, Tab 1, Schedule 1, Section 5.2.3 - Performance Measurement for Continuous Improvement.

The Program also maintains Alectra Utilities' Corporate Emergency Plan which serves as a reference for the utility's response to and recovery from the effects of an event or impending event that would impact the delivery of electricity to customers. The Corporate Emergency Plan takes into consideration aspects of the emergency management cycle that include: prevention, mitigation, preparedness, response, recovery and continuity of operations. Emergencies are categorized into three distinct groups: natural, human caused, and technological. any one of these categories can either directly or indirectly result in power system interruptions, disrupt business activities, risk injuries to employee and customers, or cause harm to the corporation or its reputation.

2. OUTCOMES AND MEASURES

The Program works to achieve the following outcomes as outlined in Table 4-2-73, below:

Table 4-2-73: System Control Program Outcomes and Measures Summary

Customer Focus	• Keeping customers informed about outages via the outage map and provide timely updates of the Estimated Restoration Times on the public facing outage map. • Responds efficiently and effectively to trouble calls received from customers, emergency services, and other external parties
Operational Effectiveness - Grid Operations	• Monitor, control and operate all distribution system assets on a 24/7/365 basis. • Enabling the execution of construction and maintenance activities on the distribution system. • Coordination of response to outage and incidents impacting the distribution system. • Coordination with external parties for control and operation of customer owned assets impacting the safe and reliable operation of the distribution system.
Operational Effectiveness - System Reliability	• Recording and reporting of service interruptions to support reliability-based reporting to fulfill external reporting requirements • Conducting root cause investigations and analysis of system outages to identify reliability focused projects. • Responding to system outages on a 24/7/365 basis.
Operational Effectiveness - System Resiliency	• The Program is responsible for development and maintenance of Alectra Utilities' Corporate Emergency Plan. • Ensure compliance with legislative and regulatory requirements related to distribution system emergency preparedness and compliance with the Electricity Act and IESO Market Rules.
Operational Effectiveness - Safety	• *Administers application of the Utility Work Protection Code*

3. PROGRAM DESCRIPTION

The System Control room monitors the Alectra Utilities' distribution grid, twenty-four hours a day, 365 days a year. The scale of this task is significant; Alectra Utilities' distribution system

provides electricity over 1 million customers through approximately 50,000 circuit km of line across a service territory covering almost 2000 square km.

This section (i) summarizes key functions of the System Control Program, including the key systems it manages, coordination with third parties, external reporting, and emergency management; and (ii) identifies the priority area for System Control over the 2027 to 2031 forecast period.

Summary of System Control Program Functions

Managing Key Operational Systems

System Control monitors the distribution system using three primary operations systems: the Supervisor Control and Data Acquisition (SCADA) System, the Outage Management System (OMS) and the Geospatial Information System (GIS).

The SCADA system allows for the real time monitoring the distribution system across 1,400 feeders connected to 28 power transformers distributed through 14 Alectra Utilities owned Transmission Stations and 242 power transformers distributed through 157 Alectra Utilities owned Municipal substations. In addition to station assets, the SCADA system monitors over 1,500 automated devices installed on the distribution system in real-time (e.g., overhead switches, switchgear and reclosers).

System Control is responsible for the initiating and co-ordinating the response to system outages. Using the information provided by the SCADA and OMS systems, System Control Operators (Operators) determine the location of the fault on the system and take immediate actions to isolate the fault and restore service where possible. Information made available from Distribution Automation devices installed throughout the system greatly improves the System Control Operator's ability to determine the location of the fault and restore service. Isolation of the fault, and switching to restore service commences immediately where Distribution Automation is available. Automation allows restoration to commence immediately compared to performing manual restoration steps which can take hours to restore service. Should automation not be available, the Operators dispatch Lines crews to site and co-ordinate and instruct the operation of devices by the line crews to isolate the fault and restore service.

Alectra Utilities responds to nearly 5,000 sustained and over 1,800 momentary outages annually. System Control receives notification of these event through multiple channels. Typically, the SCADA system creates an alarm when a station circuit breaker or field installed reclosure is tripped. Outage reports are received through multiple channels and the OMS analyzes these reports, compares and consolidates the location of the outage reports, and provides feedback to the operators on the number of outages, number of customers impacted, and location of outages in the system.

System Control functions are also essential to providing customers with timely, accurate information regarding outages and distribution system performance. Using the OMS and other systems, Operators identify the areas impacted by the outage and provide outage information which is used to populate the public facing outage map and is the source of information for informing customers of outages through Alectra Utilities various social media platforms.

Coordinating Work with Third Parties and Customers

System Control is also responsible for the scheduling, co-ordination and execution of planned work on the distribution system. System Control is the Controlling Authority for Alectra Utilities' distribution grid, meaning that no operations of grid devices can be conducted, by either Alectra Utilities or third-party crews, without the permission and direction of System Control. Work on or in proximity to the distribution system is primary governed by the *Utility Work Protection Code* (UWPC) and the Electric Utility Safety Rules.

System Control reviews applications to operate on the system to determine the impact on both customers and the distribution system and assesses the impact on loading, stability and operational contingencies. The Operators then issues the switching instructions (Order to Operate or OTOs) for the line staff and the paperwork (Work Permits or WPs) required to guarantee the state of the system allowing staff to perform their work safely. In 2024, the Control Room received almost 5000 applications to perform work on the distribution system

Similarly, when third parties or customers connected at a primary voltage (i.e., greater than 750V) require disconnection from the distribution system, the Operators create the OTOs and provide Supporting Guarantees (SGs) to guarantee isolation from the distribution grid.

External Reporting

The System Control Program is also responsible for reviewing, validating and reporting on all Alectra Utilities reliability measures. Reporting includes the OEB-mandated Regulatory Report Requirements (RRR) including the metrics for the electricity scorecards and electricity yearbooks.

Emergency Management

The Program includes the Emergency Management Office which has the responsibility to oversee Alectra Utilities' Corporate Emergency Plan (CEP). As a Market Participant, Alectra Utilities has a regulatory requirement to create, maintain, and test an Emergency Preparedness Plan. The requirements set out in the CEP come from multiple sources, including the *Electricity Act*, the *Emergency Management and Civil Protection Act* as well as the North Eastern Reliability Council (NERC).

The Program liaises with the various business unites and co-ordinates the execution of a number of emergency drill on an annual basis. The Program also has accountability to lead Alectra Utilities' participation in the NERC initiated GridEx exercises. GridEx is a bi-annual exercise that provides an opportunity to explore an exercise grid security and emergency issues across North America.

Additionally, the Program is the main point of contact for the various mutual assistance groups that Alectra Utilities belongs to including the Ontario Mutual Assistance group (ONMag), the Canadian Mutual Assistance Group (CANMAG) and the North Atlantic Mutual Assistance Group (NAMag).

System Control Program Priorities for 2027 to 2031

The Program's main priority for the 2027 to 2031 forecast period is the development and sustainment of skilled resources in the System Control room.

Meeting Need for Skilled Resources

The control room is primarily staffed by System Control Operators (Operators) who are specially trained in the operation of distribution systems. This is a specialized field within the industry requiring completion of a four-year apprenticeship to attain qualification. Operators work either 12 or 8 hours shifts and are required to work a rotating shift schedule on a 24/7/365 basis.

Given the specialized and critical nature of the role, the demands that shift work presents, and the relative scarcity and demographics of qualified operators in the province, the development and sustainment of skilled resources to fill the Operator role is the highest priority for the Program.

This program experienced a high turnover rate from 2017 to 2021 due to demographic and transitional challenges following the merger. The high turnover rate put pressure on System Control resources in terms of increased workloads and overtime demands. Alectra Utilities recognized that the low resource level and retention rate required action and the Program initiated actions to address this in the 2024 to 2026 time period to stabilize System Control resources. Going forward, the utility needs to continue to invest in billing a stable resource complement in this portfolio to ensure that it has the capacity to execute the volumes of work that have been identified in the DSP and the maintenance programs. These requirements are further discussed below.

Given the difficulty in retaining a critical compliment of qualified operators as discussed above, determining the required resource levels and then recruiting, training and retaining the require resources is the Program's highest priority.

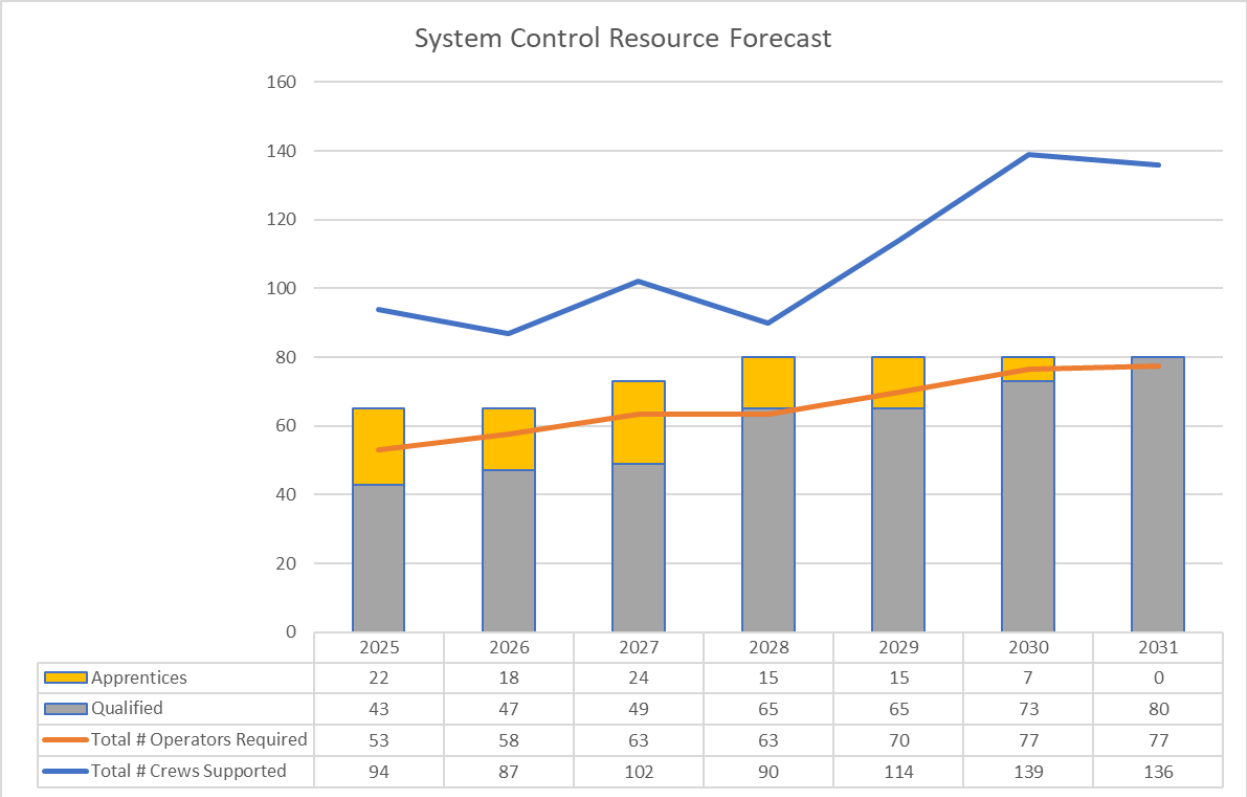
Determining the required resource compliment involves many variables however the largest driver currently, and therefore the largest variable in determining the volume of System Control resources is the number of field crews being supported. Additional factors are emerging and are expected to increase the resource demand on the Program through the 2027 to 2031 investment period. One example is Alectra Utilities' DER Wholesale Market Preparedness ("DWMP") project. This project is designed to prepare Alectra Utilities to meet the IESO and

OEB's requirements for integrating DERs into the wholesale market by 2026.[11] [12] The requirement includes establishing real-time telemetry, aggregation, and dispatch capabilities to ensure DERs can seamlessly provide grid services.[13] The DWMP will start in 2024, with the market expected to be operational in 2028 to meet the IESO's timelines. Accurate forecasting of the impact of these programs on System Control is not possible at this time and has not been factored into the current System Control resource forecast. The need for resources in System Control resulting from these programs will need to be accommodated the development of efficiencies as they occur.

The System Control resource forecast was developed based on the investment projects and programs proposed in the 2027 to 2031 DSP. These were used to forecast the number of field crews, both Alectra Utilities and contractor, that would be required to successfully execute the capital investment portfolio. This data was then used to extrapolate the number of qualified operators required to support field crews allowing them to execute the work. This provided a baseline for the number of Operators required to staff the day shift from Monday through Friday. As the Program operates on a 24/7/365 basis a typical schedule was drafted to determine the number of staff required to fulfill the schedule and provide the required support to execute on the capital and maintenance programs. The analysis indicated an additional 26 Operators and 2 System Control Planners were required to meet Alectra Utilities' needs and are illustrated in the chart below.

[11] IESO's DER Roadmap – July 2024 – https://www.ieso.ca/Get-Involved/Innovation/Distributed-Energy-Resources/DER-Roadmap
[12] "Distributed Energy Resources (DER) – Market Vision and Design Project", Pages 24, 25, 32, 35, 36, 37, 39, 40, 41 – January 2023 – https://www.ieso.ca/-/media/Files/IESO/Document-Library/engage/dermvdp/dermvdp-20230125-presentation.pdf
[13] "Distributed Energy Resources (DER) – Market Vision and Design Project", Pages 24, 25, 32, 35, 36, 37, 39, 40, 41 – January 2023 – https://www.ieso.ca/-/media/Files/IESO/Document-Library/engage/dermvdp/dermvdp-20230125-presentation.pdf

Chart 4-2-8: System Control Resource Forecast



	2025	2026	2027	2028	2029	2030	2031
Apprentices	22	18	24	15	15	7	0
Qualified	43	47	49	65	65	73	80
Total # Operators Required	53	58	63	63	70	77	77
Total # Crews Supported	94	87	102	90	114	139	136

The volume of field crews supported remains relatively stable in 2025 through 2028 and then increases significantly in 2029 through 2031. The overall number of operators requires increases as well through this period. The total number of qualified operators lags the total number of qualified operators with the exception of 2028 and 2031. Resource deficits generally are addressed through increasing the hours worked by existing resourcing through overtime resulting in higher operating costs. The number of qualified operators only meets the minimum requirement in 2028 and 2031.

It is imperative to maintain proper staffing levels in the Control Room as inadequate resourcing would result in increased operating overtime costs and potentially impact Alectra Utilities' ability to execute capital construction plan and completion of maintenance programs. Inadequate resourcing levels result in increased overtime and operational costs and has resulted in higher staff turnover rates. The utility has been able to meet the demands of the current capital construction plan but the maintaining the current resource level and incurring high levels of

overtime is not sustainable over the long term and would not be scalable to the level required to support an expanded capital program as being proposed in the DSP.

4. OVERALL PROGRAM COSTS

Table 4-2-74: System Control Program Expenditures ($MM)

System Control								
Program Costs ($MM) – Historic Period								
Year	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Total	13.33	11.63	13.05	13.33	12.95	13.85	16.35	15.98
Program Costs ($MM) – Bridge and Forecast Period								
Year	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
Total	13.85	13.37	15.08	16.02	16.51	17.00	17.55	

4.1. COST DRIVERS

The primary cost driver for the Program are Direct Labour costs. Except for 2017, Direct Labour consistently represents over 95% of the OM&A costs for the Program. The increase in costs identified in Table 4-2-74 above due to the increase in FTE required in System Control. The total FTE compliment for System Control increased from 47 in 2017 to a proposed 93 in 2031.

As described in Section 3 above, and in the annual cost variances in Section 4.3 below, Alectra Utilities has faced challenges in maintaining the required resourcing resulting in increased operational costs to monitor and maintain the operation of the system and provide the required support to construction and maintenance activities. The resource demands on System Control are expected to increase by 63% over the 2027 to 2031 rate term.

4.2. PRODUCTIVITY AND COST CONTROL

Alectra Utilities relies on the functional and efficient operation of the Program to deliver safe and reliable services to its customers and execute its capital and maintenance work programs.

Productivity improvements in the Program are typically realized in in downstream processes. Areas of focus for productivity improvements by the Program include:

- **System Control Resourcing and Resource Allocation:** Ensuring that the daily resource compliment available in System Control matches the demand created by Lines and other areas dependent upon System Control. Inadequate resources lead to inefficiency within the field staff through waiting time delays and an over resourcing leads to additional costs to the Program. Additions to the headcount were made in 2023 and 2024 which provided some labour savings in 2024 and resulted in lower overall operating costs in 2024 relative to 2023.

- **Distribution Automation Deployment:** The deployment and effective utilization of distribution automation by the Program increases customer service and decreases operational costs for Alectra Utilities by using automation to restore service when interruptions to service occur.

- **Advanced Technology:** Grid modernization through deployment of technology allows for a greater level of analysis of distribution system in real time. This allows for the more efficient and directed deployment of line crews in order to isolate the sources of disruption to the distribution system. Additionally, the Program will continue to deploy self-healing algorithms (e.g., Fault Location, Isolation and Service Restoration to initiate service restoration without the need for manual intervention.

4.3. YEAR-OVER-YEAR VARIANCE ANALYSIS

2017-2018 Variance Explanation

Operating costs decreased by 13% in 2018 relative to 2017. This did not represent an actual decrease in OM&A cost but rather it was a result of the alignment of cost allocation practices for non-labour related expenses. Specifically, software licensing and costs for external resources directly attributable to software system was allocated to the Program by some of the legacy utilities and were all allocated to the Information Technology Division commencing in 2018.

2018-2019 Variance Explanation

Operating costs increased by 12% in 2019 relative to 2018. The increase is due to an increase in Direct Labour costs as a results of filling of various positions that were vacant in 2018.

2019-2020 Variance Explanation

There is no material variance during this period.

2020-2021 Variance Explanation

There is no material variance during this period.

2021-2022 Variance Explanation

There is no material variance during this period.

2022-2023 Variance Explanation

In 2023, program costs increased by 18%relative to 2022 due to increases in direct labour costs. These costs were incurred from an increased headcount, reduced vacancy rate and increased overtime costs.

Headcount was increased by 9 FTEs in 2023 to stabilize the System Control resource level and address the resource shortfall. Additionally, the high vacancy rate experienced in 2022 due to staff turnover was lowered in 2023 which also increased labour costs. The new positions and existing vacancies were filled with apprentices as fully qualified operators could not be recruited. The shortfall of qualified operators resulted in the existing operators working additional hours which resulted in higher overtime costs relative to 2022 which also contributed to the increase. Finally, a higher than normal number of staff were absent for long durations which also resulted in higher than normal overtime costs which also contribute to the increase relative to 2022.

2023-2024 Variance Explanation

In 2024, program costs decreased by 2.3% relative to 2023 due to a reduction in overtime costs achieved through the efforts to stabilize the high turnover rate experienced in this program.

2024-2026 Variance Explanation

In 2025 the total FTEs were increased as part of Alectra Utilities' ongoing efforts to address the resource shortfall and to pre-hire apprentices in advance of the increased resource requirement

of the capital increased proposed in the DSP were offset by a change in capitalization policy. Alectra Utilities identified that Control Room operators spend time that directly attributable to distribution capital projects. Control Room operators and system planners are required to monitor, approve, and direct work on the distribution system that is performed during the execution of the Alectra Utilities' capital investment portfolio. System Control has not historically been included in the development of the DLC Rate. System Control conducted a time survey for Control Room Operations in order to determine the percentage of work directly attributable to capital to inform their DLC capitalization percentage. This resulted in a reduction in OM&A costs in 2025.

Operating costs in 2026 are marginally lower than 2025 due to reductions in non-labour expenses in the Program.

2026-2031 Variance Explanation

In 2027, program costs are expected to increase by approximately 13% relative to 2026 due to an additional 8 System Control Operators. In 2028, an additional 7 Operators are required to continue the ramp up in System Control resources required to support the proposed capital investment plan.

STATIONS

1. OVERVIEW

Table 4-2-75: Stations Program Summary

Stations							
Program Description: The Stations program is responsible for Alectra Utilities' fleet of stations, along with protection and control systems, telecommunications networks, updates to SCADA views, and connecting Distributed Energy Resources to the system.							
Program Outcomes: Operational Effectiveness (Reliability, DER Generation Availability, Grid Modernization, SCADA System Integrity)							
Program Costs ($MM) - Historic Period							
2017	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
7.40	8.99	8.68	8.36	8.98	10.30	11.72	10.37
Program Costs ($MM) - Bridge and Forecast Period							
2025	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
12.95	13.37	13.96	14.45	15.04	15.35	15.77	

The Stations Program is responsible for engineering, construction, and maintenance work related to Alectra Utilities' fleet of fourteen Transformer Stations (TS) and one-hundred forty-nine Municipal Substations (MS). The program is also responsible for Protection and Control systems (which are located both within the company's stations, as well as on Distribution feeders), telecommunications networks, editing and updating the SCADA system schematics, and managing Distributed Energy Resource (DER) connections to the distribution system.

2. OUTCOMES AND MEASURES

Table 4-2-76 below summarizes the benefits that the Stations Program provides to the distribution system and Alectra Utilities' customers.

Table 4-2-76: Stations Program Outcomes and Measures Summary

Operational Effectiveness (Reliability)	Maintain Stations assets in optimal working condition, which (1) reduces the possibility of failures of Stations assets, and consequent potential large outages; (2) provides backup sources to restore customers impacted by outages. Alectra Stations are interconnected via feeder ties, so that in the event of an outage the problem area can be isolated and some customers supplied from another Station while system repairs are executed; and (3) maximizes system flexibility by allowing for load transfers between Stations to resolve system constraints. Maintain Protection and relaying assets in optimal working condition, which (1) protects Alectra Stations and distribution assets from damage by responding quickly to clear faults that occur on the system; (2) minimizes areas impacted by an outage by quickly clearing faults; (3) reduces the possibility of failure of protection assets or systems, which can result in unplanned outages or equipment damage; and (4) reduces the possibility of protection miscoordination, which could result in unnecessary outages, or outages being more widespread than warranted. Maintain Telecommunication assets in optimal working condition, which (1) maintains the effectiveness of grid monitoring and control, which is essential for optimal grid operation and also supports speedy outage restoration by the operation of remotely-controlled devices, and (2) maintains an optimal flow of AMI 2.0 data, which is essential for accurate customer billing and also provides key operational data Alectra Utilities owns 14 TS that are supplied from the Hydro One Transmission Grid at either 230 kV or 115 kV. Sophisticated protection schemes are in place at these interconnections that either utility's system is protected from faults that may occur on the other entity's system. Maintaining Alectra Utilities protection systems in excellent working condition is critical to safeguard the integrity and reliability of these interconnections.

Operational Effectiveness (DER Generation Availability)	Maintaining Stations and Protection & Control assets in optimal working condition increases the ability of the grid to allow generation from DERs in two ways: (1) reduced likelihood of Stations asset outages ensures that the grid has the capacity and configuration to allow DER generation; and (2) larger DERs have sophisticated protection interconnections to safeguard the Alectra grid. If these protection systems are out of service, then the DER would be restricted from generating., since necessary protection for the Alectra grid would not be functioning. Maintaining Protection systems in optimal working condition reduces the possibility of an outage to DER protection interconnections and consequent restrictions on DER generation.
Operational Effectiveness (Grid Modernization)	Maintaining Protection & Control and Telecommunications systems in optimal working condition supports Grid Modernization initiatives, such as increased system automation, and the associated benefits to customers.
Operational Effectiveness (SCADA System Integrity)	Keeping the SCADA system updated with system expansions and reconfigurations is essential to maintaining the accuracy of system views in SCADA, which is integral to the efficient operation of the system and allows Control Room Operators to respond quickly in outage situations.

3. PROGRAM DESCRIPTION

The Stations Program consists of three functional areas, described below.

3.1. Station Design

The Station Design function includes engineering design and project management for new Station builds and Station rebuilds. It also includes the performance of protection co-ordination studies, and the development of protection settings for Station relays and distribution line reclosers and switchgear. The Station Design group also manages DER connections by reviewing applications, performing Customer Impact Assessments (CIAs), executing DER connection agreements, and providing ongoing services to support the growing population of DERs on Alectra Utilities' distribution system. The Station Design team also performs engineering and design functions for telecommunication system expansions and upgrades. Station Design resources are engaged in a mixture of Capital and OM&A activities. When working on a capital project, applicable labour hours are charged to the specific project. Typical OM&A activities performed by this team include:

- Engineering studies
- Analysis of failed equipment
- Investigating new equipment or designs
- Preparation of Capital and Operating Budgets
- Preparation of Project Business Plans
- Participation on Technical and Regulatory Committees, such as DER Working Groups

3.2. Station Sustainment

The Station Sustainment function includes responsibility for the safe, reliable, and efficient maintenance and operation of the company's stations. Day-to-day activities include inspections and maintenance, repairs, equipment installation and replacement, testing and troubleshooting, and operation of high- and medium-voltage equipment. The Station Sustainment group also supports construction activities for new Station builds and rebuilds, responds to emergencies, and performs required repairs or replacement of failed equipment. This team also assists with required system isolations for major customers to perform maintenance or upgrades on their equipment. Alectra Utilities has a large fleet of Stations and Stations assets to maintain - 163 Stations, 289 power transformers, 365 switchgear lineups, and 1,277 circuit breakers, in addition to associated switches, cables, terminations, buswork, buildings and grounds, and battery systems. Comprehensive and focused preventative and reactive maintenance programs are in place to ensure that these assets are sustained in optimal working condition.

Station Sustainment Activities

Station Sustainment is required to maintain Alectra Utilities Stations in optimal working condition in order to reduce the possibility of asset failure and to provide backup sources and capacity for emergency outage situations. Planned maintenance is primarily cycle-based, where assets are maintained at specified time intervals. This is supplemented by condition-based maintenance activities, where defects are identified through inspections or monitoring and remedial action

taken to prevent further asset deterioration and failure. Key Station Sustainment activities include the following:

1. **Station Maintenance:** Alectra Utilities' stations (both TS and MS) undergo preventive maintenance on a six-year cycle. Each Station is scheduled to be taken out of service once every six years, and all assets in the Station are maintained. This maintenance includes the following critical activities:

- Maintenance/replacement of worn components
- Maintenance and cleaning of open-air components, such as switches, buswork, and cable and bushing connections
- Testing of power transformers, switchgear, and ground grids to verify their operational integrity
- Testing of cables and cable connections

1i. **Station Battery Maintenance:** Station battery systems undergo preventive maintenance on an annual basis. Batteries, battery chargers, and DC systems are tested to determine their health, and failed or failing components are replaced.

2i. **Station Inspections:** Each station is inspected monthly, and all stations assets, components, civil structures and buildings and facilities are inspected to ensure they are in good condition. Stations asset data and inspections results are captured in the computerized CASCADE Maintenance Management System. Any defects are noted and prioritized for follow-up corrective action via field activities issued from the CASCADE system.

3i. **Infra-red Scanning:** Scans are performed at each station on an annual basis, to identify "hot spots" that may be caused by deteriorating components or connections. Specialized contractors are engaged to perform this activity, and reports are produced of identified problems that are prioritized for follow-up corrective action.

4i. **Oil Dissolved Gas Analysis (DGA):** Oil samples are taken from each power transformer on an annual basis and sent to a certified laboratory for DGA. This determines the levels of gases in transformer oil, from which the health of the transformer can be determined. Based on the results, corrective action is taken to address any deteriorating transformers. In some cases, the DGA results warrant ongoing monitoring of the transformer, including more frequent DGA sampling.

5i. **Online Asset Health Monitoring:** Alectra Utilities uses online asset health monitors at all its TS and some of its MS. These online monitoring systems provide valuable real-time information on asset health, enabling the early detection of asset deterioration and allowing for corrective action before the asset fails. There are two types of monitoring systems in place in the company’s stations – online DGA monitors and online bushing monitors. Data from these systems are constantly monitored to identify any emerging issues or deterioration of the assets, which can then lead to remedial action being taken, or capital funds being budgeted if a major asset replacement or upgrade is required.

6i. **Security Monitoring:** Physical security of Stations has become a significant issue for Alectra Utilities over the past several years, as there have been increasing incidences of break-ins, copper theft, and vagrancy. Between 2020 and 2023 there were a total of 11 such incidents, while for 2024 up to July 2025 there were 21 incidents. Breaches of the physical security of Alectra Utilities' Stations are a significant concern because of the potential risks of property damage, grid reliability, and safety. Security systems have been installed at several stations across Alectra Utilities, based on their criticality and/or vulnerability to unwanted intrusions. The various security systems in place are as follows:

- Video surveillance systems: due to the critical nature of Alectra Utilities' TS, video surveillance systems have been installed at several TS. These systems are also in place at several MS that have been subject to repeated unwanted intrusions, or are in areas identified as being high-risk crime areas. The video feeds and associated motion and door alarms are monitored in real time by a security company, which initiates an immediate response to any unauthorized intrusion.

- Video recording systems: some MS have video recording systems in place, where the video feeds are not monitored in real-time but recordings can be viewed as needed.

- Door and motion alarms are in place at a number of locations.

1iii. **Vegetation Control, Snow Removal, and Cleaning:** Contractors are engaged for ongoing programs such as station vegetation/weed control, snow removal, and washroom cleaning.

2iii. **Equipment Testing:** Testing of portable grounds, live-line tools, gloves, blankets, and other equipment are carried out on an annual basis by a contractor.

3iii. **Reactive Maintenance:** Repairs or replacement are carried out on defective or failed components.

3.3. Protection & Control

The Protection & Control (P&C) function is responsible for installing, commissioning, maintaining, troubleshooting, and testing Alectra Utilities' protection, control, and telecommunications systems. Protection systems are the relays at Stations and on distribution lines that trigger Station breakers, line reclosers, and line breakers to clear system faults and protect Stations and distribution equipment from damage. Control systems enable remote monitoring and control of Stations and lines equipment from the Control Rooms via the Supervisory Control and Data Acquisition (SCADA) system. Control systems include Remote Terminal Units (RTUs) and microprocessor-based controllers.

The telecommunication systems that the P&C group manages enable the flow of data between Stations and field devices and back-office enterprise systems such as SCADA and the AMI head-end system. The group also implements and updates SCADA graphical views and alarm notifications that Control Room Operators utilize to monitor and control the grid and respond to emergencies.

Alectra Utilities has a large fleet of protection relays in its Stations - 1,638 in total, representing a combination of electromechanical, solid-state, and microprocessor-based devices. In addition, protection and control equipment is deployed on SCADA-controlled devices on distribution

feeders, and there are telecommunication RTUs, radios, antennae, and other associated equipment. It is essential that these assets be maintained in optimal operating condition, and focused and comprehensive proactive and reactive maintenance programs are in place for this purpose.

Protection, Control, and Telecommunications Systems Maintenance Activities

1. **Protection Systems Maintenance:** Protection systems at Alectra Utilities' Stations – including relays and associated equipment – undergo preventive maintenance at regular intervals. Electromechanical relays are maintained on a 6-year cycle, while Solid-State and Microprocessor-based Relays are maintained every 10 years. Individual relays are tested to ensure that they still perform their required function to sense faults and initiate breaker tripping within the correct timeframe. In the case of electromechanical relays, additional maintenance is performed to recalibrate relays, as over the course of time mechanical components in the relay can become misaligned and need to be corrected. In the case of microprocessor-based and solid-state relays, this recalibration is not required. In addition to work on individual relays, overall protection schemes are tested to ensure that they function correctly – for example, a transformer differential protection scheme should isolate the entire transformer should a fault occur in the transformer protection zone. Where auto-transfer or direct transfer trip schemes exist, they are also tested to ensure they function correctly.

2. **Control and Telecommunication Maintenance:** Control and Telecommunication systems undergo preventive maintenance to ensure they remain in optimal working condition. For example, telecommunication towers/structures are proactively inspected every six years to ensure that structural integrity is maintained.

3. **Control and Telecommunication Monitoring:** Telecommunication and Control systems must be monitored to ensure that they perform as required. For telecommunication systems, a Network Management System is in place to monitor the health of telecommunication networks in real-time and provide alerts about any underperformance. Alerts trigger further investigation, troubleshooting, and corrective action. In addition, SCADA logs are reviewed on a weekly basis to identify when

unsuccessful control actions occur.[14] Such occurrences are investigated and prioritized for follow-up action. Immediate corrective action could include adjustments to antennae or radio transmitters/receivers, logic reconfigurations, or vegetation management when foliage interferes with wireless data transmission.

4. **Reactive Maintenance:** Maintenance and repairs are performed as needed on Protection systems. For example, protection system components may malfunction or fail and require troubleshooting, corrective action, or replacement.

Resourcing

The three groups within the Stations program – Station Design, Station Sustainment, and P&C – perform a wide range of engineering, construction, and operations and maintenance activities.

Alectra Utilities must maintain a workforce with the appropriate range of training, skills, and experience to perform these critical activities. Aside from internal staff, contractors and consultants are engaged to perform specific tasks that require specialized skills or equipment, or to supplement internal resources. Resourcing for the three groups is described below.

Internal resources

The Station Design, Station Sustainment, and P&C groups include the following roles:

- **Managerial and Supervisory:** these roles typically require a Professional Engineer (P.Eng) or Certified Engineering Technologist (CE") designation.

- **Engineering:** Engineer and Associate Engineer roles require an Engineering degree, with the expectation that Engineering Associates will obtain their P.Eng. designation to progress to an Engineer role.

- **Station Design Technicians:** New hires must have a 3-year Bachelor of Technology diploma, and it is expected that they will achieve their CET designation.

[14] A control action is unsuccessful when the Control Room issues a command via SCADA to open or close a remotely-controlled switch or recloser and that action is not completed.

- **Protection and Control Technologists:** Field technicians who perform Protection, Control, Automation, and Telecommunications work require a 3-year Electrical Technology Diploma. Staff progress through a formal Apprenticeship Program to achieve Journeyperson status as a P&C Technologist, and it is expected that P&C Technologists will also achieve their CET designation. Field leadership is provided by Senior Protection and Control Technologists (similar to a Trades Lead Hand)

- **Station Maintenance Technicians:** Field technicians engaged in Station Construction and Maintenance activities must have a 3-year Electrical Technology diploma when hired, and progress through a formal 4-year Apprenticeship program to achieve Journeyperson status. It is expected that Journeypersons will achieve their CET designation. Field crew leadership is provided by Lead Hands.

- **Other:** Asset Maintenance Specialists maintain computerized databases of Stations, Protection, and Telecom assets, ensure Maintenance Programs and asset replacements are appropriately recorded, and analyze asset health for follow-up corrective action. This role requires a University degree or an Electrical Technology diploma.

- **Co-op Students.** Engineering Co-op students are enrolled in an accredited Engineering program, while Field Co-op students must be enrolled in a 3-Year Electrical Technology program. Engaging Co-op students provides needed support, while also allowing Alectra Utilities to gauge students' suitability for future employment with Alectra Utilities.

<u>External resources – Engineering Consulting</u>

Consulting engineering resources are engaged as needed, typically for specialized engineering studies or when there are internal resource or time constraints. Typical consulting engineering activities that impact OM&A include the following:

- Analysis of failed equipment, particularly when testing is required

- Arc-flash studies

- Studies into next-generation equipment, such as Station switchgear or LTE telecom networks

- EMF studies, Noise Assessments, Environmental assessments

External resources – Contractors

Contractors are engaged for OM&A activities requiring specific skills or equipment, or to support internal resources. Significant activities performed by Contractors include the following:

- Major Maintenance activities, such as Station Transformer oil reclamation or de-gassing
- Station equipment testing, troubleshooting, and repair
- Telecom equipment troubleshooting, testing, and repair – for example, fibre-optic cables and tower-mounted antennae
- Station Vegetation Management and snow removal
- Station washroom cleaning
- Facilities repairs – buildings, fences, driveways

Other OM&A cost drivers

Apart from those described above, other significant OM&A cost drivers are as follows:

- Leasing third-party telecommunication systems, such as cellular and fibre-optic
- Vehicle operating costs
- Rental of space on private property for Alectra Utilities-owned telecom infrastructure
- Material used to repair equipment
- Security system monitoring and response
- Training for employee development and to maintain staff proficiency. Training costs include Apprentice training, conferences and seminars, and AZ driver licensing.

4. OVERALL PROGRAM COSTS

Table 4-2-77: Stations Program Expenditures ($MM)

Stations								
Stations Costs ($MM) - Historic Period								
Year	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Total	7.40	8.99	8.68	8.36	8.98	10.30	11.72	10.37
Stations Costs ($MM) - Bridge and Forecast Period								
Year	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
Total	12.95	13.37	13.96	14.45	15.04	15.35	15.77	

4.1. COST DRIVERS

During the 2017-2024 Historical period, there was a general increase in costs. This increase occurred subsequent to the formation of Alectra Utilities as Maintenance and Inspection practices and programs were assessed, consolidated, and developed. Legacy utilities had different approaches to maintenance, and Alectra Utilities' programs were developed with the objective of sustaining stations, increasing protection and control, and ensuring that telecommunications assets were in optimal working condition to enhance reliability, provide a positive customer experience, and avoid the significant costs and system disruptions that could result from the failure of major assets. It was also recognized that a significant portion of Alectra Utilities' assets were aging, and with age, asset condition deteriorates. Therefore, focused and comprehensive maintenance practices were implemented, and as a consequence more labour was allocated to maintenance and inspection activities. Additionally, as more assets were deployed during the Historical period, there was increased activity to inspect and maintain the increased asset base. In the case of telecommunications assets, additional deployments also incurred licensing costs for wireless networks and rental costs for locating assets on private property.

For the Forecast period of 2025-2031, increased costs are anticipated between 2024 and 2026, due to increased headcount to prepare for the forecast increased work volumes between 2027 and 2031. There is also a 4.08% increase in costs between 2028 and 2029, as additional

headcount is added in 2027 and 2028 to help manage increased workloads. Details of the Headcount increases are provided in Section 4.3, below. Between 2029 and 2031, costs remain fairly level, and increase at about the rate of inflation.

4.2. PRODUCTIVITY

The Stations Program team continually seeks opportunities to ensure that work is carried out in an efficient manner. Examples of some of the actions taken are as follows:

- Co-ordination of Maintenance programs so that, as much as possible, planned Station maintenance coincides with Stations P&C maintenance, reducing need for Station outages and associated switching activities.

- Co-ordination of Lines maintenance programs with P&C programs so that, as much as possible, remote line switch maintenance is done in conjunction with maintenance of associated P&C components (RTU's, controllers, relays, etc).

- Allocation of workshop space at Operations Centres to the P&C group to allow programming and testing of RTUs and controllers for remotely-controlled line devices to be performed in the shop. This is more efficient than performing these tasks in the field, and reduces truck rolls.

- On Capital or Maintenance projects where field staff will be working at a specific Station for a week or more, opportunities are explored to have staff report directly to the Station on a temporary basis, rather than the Operating Centre. Depending on where staff reside in relation to the work location, this is sometimes more productive as travel time from the Ops Centre to the Station is saved.

4.3. YEAR-OVER-YEAR VARIANCE ANALYSIS

<u>2017-2018 Variance Explanation</u>

From 2017 to 2018, program costs increased by approximately $1.5MM. This was primarily due to changing allocations of labour costs within Alectra Utilities. Prior to the initial Alectra Utilities merger in 2017, the legacy utilities had different organizational structures for Station

Sustainment and P&C activities. For example, legacy PowerStream was the only predecessor utility with a distinct P&C Department, while at legacy Horizon Utilities there was no distinct Station Sustainment Department. During 2017, the Alectra Station Sustainment and P&C groups were created, staff assigned, and Work Orders put in place. Therefore, costs were transferred from other parts of the organization to the Stations and P&C groups. Moreover, as Planned Maintenance programs were implemented through 2017 and 2018, commencing in 2018 more labour was allocated to Maintenance activities.

2018-2019 Variance Explanation

There were no material variances during this period.

2019-2020 Variance Explanation

There were no material variances during this period.

2020-2021 Variance Explanation

There were no material variances during this period.

2021-2022 Variance Explanation

From 2021 to 2022, program costs increased by approximately $1.3MM, primarily due to an increase in Labour costs of about $1MM. This reflects the continued development of planned inspection and maintenance programs for stations, protection, and telecommunications assets. This resulted in more labour being allocated to inspection and maintenance activities in order to effectively execute planned maintenance programs.

2022-2023 Variance Explanation

From 2022 to 2023, program costs increased by $1.4MM. Drivers for this increase were as follows: (1) increase in Labour allocations to OM&A of approximately $600,000, due to the continued emphasis on maintenance programs; (2) increase of $170,000 in vehicle costs, due to revised vehicle charge rates; (3) increase of $120,000 in repairs and maintenance, due to an increasing volume of repairs being required on failed or deteriorating equipment; (4) increase in

training costs of $130,000, reflecting a large number of Apprentices that required formal training at Apprenticeship school.

2023-2024 Variance Explanation

From 2023 to 2024, costs decreased by approximately $715,000. This was due primarily to several vacancies in the Station Sustainment and P&C teams, caused by retirements, resignations, and staff moves to other Departments. In addition, Training costs decreased by $92,000 as there were not as many Apprentices requiring formal training as in 2023.

2024-2026 Variance Explanation

From 2024 to 2026, program costs are forecast to increase by approximately $1.5MM, primarily due to an increase in labour costs of $1.3MM. This is a result of an increase in headcount in 2025, as follows:

- Four Protection and Control Technologists. These positions are required to support the Distribution Automation program and to deploy telecommunications networks to transport SCADA and AMI 2.0 data. The additional resources are also required to undertake the large volume of capital investment in new and upgraded protection systems during the 2027-2031 period. In addition, as more assets are added to the system, the requirement for maintenance of those assets also increases. Because of the difficulty in finding experienced, qualified Protection and Control Technologists on the market, it is anticipated that the new hires will be Apprentices. Therefore, it is important to onboard new hires prior to 2027, so that they can gain knowledge and experience prior to the significant increase in capital work.

- One Stations Maintenance Technician. This headcount is required to support the forecast increased capital and maintenance workload during the 2027-2031 period. Similar to the situation with P&C Technologists, it is anticipated that the new hire will be an Apprentice, and time is needed for them to develop before the significant increase in workload in 2027.

- Two Stations Engineers and one Station Design Technologist. These positions are required for increased design and engineering activities that are forecasted for the

2027-2031 period. However, Stations projects (new and rebuilds) are long-duration projects that extend over three or more years. Design and engineering activities must commence at least two years prior to construction, moreover, support will be needed for procurement processes for assets like power transformers and switchgear, as well as contract design and construction services. These activities also need to take place prior to 2027; hence the need for this additional headcount in 2025.

- One Technical Trades Supervisor. This position will provide technical and administrative guidance and support for Stations and P&C Apprentices, and will also provide training and safety support to the Station Sustainment and P&C Departments. Stations and P&C personnel work in hazardous environments, and it is important to have a position providing this support and guidance.

- One Engineering Clerk. This position will provide needed day-to-day administrative and clerical support for all three Departments, and will also play a key role in maintaining filing systems for engineering documents and drawings. At present, these duties are performed by Supervisors and Engineers. Adding this headcount will allow them to focus on more value-added tasks.

- Two Co-op students. These positions will provide engineering support for the three Departments. These positions will assist with managing the increased volume of DER connection requests, and will also assist with developing the process changes required to prepare the group for the significant increase in capital investment during the 2027-2031 period.

<u>2026-2031 Variance Explanation</u>

From 2026 to 2031, program costs are forecast to increase year-over-year in the order of 2% to 4%. These increases are primarily due to:

1. Headcount increases in 2027 and 2028 to support executing the increased Capital investment during the 2027-2031 period, as well as maintaining the increased asset base. The new headcount in 2027 and 2028 will be two Station Engineers to support

increased Engineering and Construction activity and two Station Maintenance Technicians to support increased construction and maintenance activity;

2. The increased number of assets added annually to the system (new Station builds, Telecom network expansions, more remotely-controlled devices), resulting in an increased need for Maintenance activities;

3. Telecom network expansions resulting in increased costs for licenses and rental fees for tower sites;

4. Increased Security monitoring costs as security systems deployed to more Stations to address increased prevalence of unauthorized intrusions; and

5. Increased Training costs to account for new Apprentice hires, with associated Apprenticeship development costs.

RECORDS & MAPPING SERVICES

1. OVERVIEW

Table 4-2-78: Records and Mapping Services Program Summary

Records and Mapping Services							
Program Description: The Records and Mapping Services program is responsible for a critical system that Alectra Utilities relies upon to plan operations and capital work: the Geographic Information System.							
Program Outcomes: Operational Effectiveness (Accuracy and latency of distribution asset data, coordination with third parties), Financial Performance							
Program Costs ($MM) - Historic Period							
2017	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
2.52	2.93	2.43	3.00	3.50	4.04	4.48	4.58
Program Costs ($MM) - Bridge and Forecast Period							
2025	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
5.02	5.08	5.35	5.62	5.82	6.00	5.85	

The Records and Mapping Services (R&MS) program is responsible for the creation and maintenance of the geospatial representation of Alectra Utilities' distribution assets. The information is captured by means of a specialized computer system called a Geographic Information System (GIS).

The GIS is a main source of asset information for Alectra Utilities. It is used by Distribution Design, Distribution System Planning, System Control, Reliability, Inspections, Lines, Finance, and other groups in the course of their daily work. It is a critical tool that underpins much of Alectra Utilities' operations and capital work, allowing the company to execute and plan work on the distribution system efficiently and safely.

There are approximately 6.7 million unique items maintained in the system by the R&MS program. Table 4-2-79 outlines the equipment and other information stored in the GIS today.

Table 4-2-79: Summary of GIS Items

EQUIPMENT CLASS	GIS QUANTITY
Transformer units	141,038
Conductors	1,805,141
Poles	175,454
Distribution equipment	730,628
Secondary equipment	265,635
Miscellaneous equipment	60,614
Structures	1,004,528
Premises	948,627
Customer equipment	347,197
Addresses	890,055
Permits	215,544
Administrative features	156,690
TOTAL:	**6,741,151**

Alectra Utilities' planned capital investments will result in a substantial increase in the number of distribution assets, which must be captured and maintained in the GIS. Average annual investments in pole, transformer, and underground cable replacements, all assets requiring significant updates to the GIS, are increasing significantly in the 2017 to 2031 investment period relative to 2020 to 2024. Pole investments are increasing by 61%, transformer replacements by 198%, and cable replacement by 146%. Further, the introduction of advanced field devices with new functionalities requires updates to GIS data models and workflows, increasing data complexity.

R&MS is also responsible for determining the business requirements, workflows, and development paths for two other important engineering systems, FileNexus and the Alectra Nomenclature Tool (ANT).

- FileNexus is used throughout the organization for records management. R&MS ensures the secure storage of engineering documents, including approved designs and any field

changes to these designs, and verifies that drawing approvals meet the requirements of O. Reg. 22/04.

- The ANT software is utilized by Alectra Utilities to issue unique nomenclature to field devices. These unique numbers are stencilled on the equipment and placed on the GIS map, allowing for identification by System Control for switch planning, and by Lines for equipment operation and inspection.

Approximately 85% of R&MS' operating costs are related to salaries and other investments in personnel, including training and development. The demands on the program have increased over time resulting in higher operating costs. The retirement of legacy platforms and consolidation of asset data into the GIS has expanded the volume and scope of information managed by R&MS. R&MS has also absorbed new functions such as asset valuation support for Finance, third-party application processing, and basemap development. Lastly, a rise in third-party construction activity has led to more PUCC applications, requiring more detailed and frequent GIS updates.

2. OUTCOMES AND MEASURES

The primary goal of the R&MS program is to provide accurate asset information to both Alectra Utilities staff and appropriate third parties, such as regional and municipal authorities. To achieve this, the department continuously looks for ways to improve the communication between R&MS, Lines, and System Control to reduce turnaround between an activity taking place in the field, and the update of the GIS.

The program works to achieve the following outcomes as outlined in Table 4-2-80 below:

Table 4-2-80: Records and Mapping Services Program Outcomes and Measures Summary

Operational Effectiveness	• Enabling the efficient and safe planning, operation and maintenance of the distribution system through timely and accurate asset information in the GIS.
Operational Effectiveness	• Provides asset location information to facilitate underground locating services provided via Ontario One Call.
Financial Performance	• **Accurate and Timely Financial Reporting:** Queries to support the Finance department's month end activities pertaining to asset derecognition are expected to be completed within five days of month-end.
Public Policy Responsiveness	• Ensuring compliance with O. Reg. 22/04 through verification of drawings and ongoing monitoring of drawing submissions and approvals.

3. PROGRAM DESCRIPTION

This section summarizes the core functions of the R&MS program, which fall into four main categories:

- GIS Data Management
- Public Utility Coordinating Committee Activities
- Business Analysis Activities
- Engineering Records Management/Compliance with ESA 22/04

Each function is described below.

GIS Data Management

The most labour-intensive and technically demanding function of the R&MS program is the responsibility for maintaining the geospatial representation of Alectra Utilities' distribution assets in the GIS. The system is used to support all aspects of system planning including both capital and maintenance programs. It is a major tool used in power restoration activities and houses

asset inspection information. The GIS editors who maintain and update this critical tool are highly trained, not only in software functionality, but also in electricity distribution. The development of new systems and functionality require accurate, digital maps updated in a timely manner. The ability to analyze the distribution system in real time to determine if there are system constraints that could impact DER deployment and the ability to publish outage maps to communicate in real time the scope of outages and estimated restoration times are example of systems and functionality that are dependent upon an accurate GIS model updated in near real time.

The GIS is a complex system. Figure 4-2-1 shows a snapshot of a residential street in the Alectra Utilities service territory. Against a backdrop of roads and properties, the assets and their characteristics are captured and made available for all employees and various external parties.

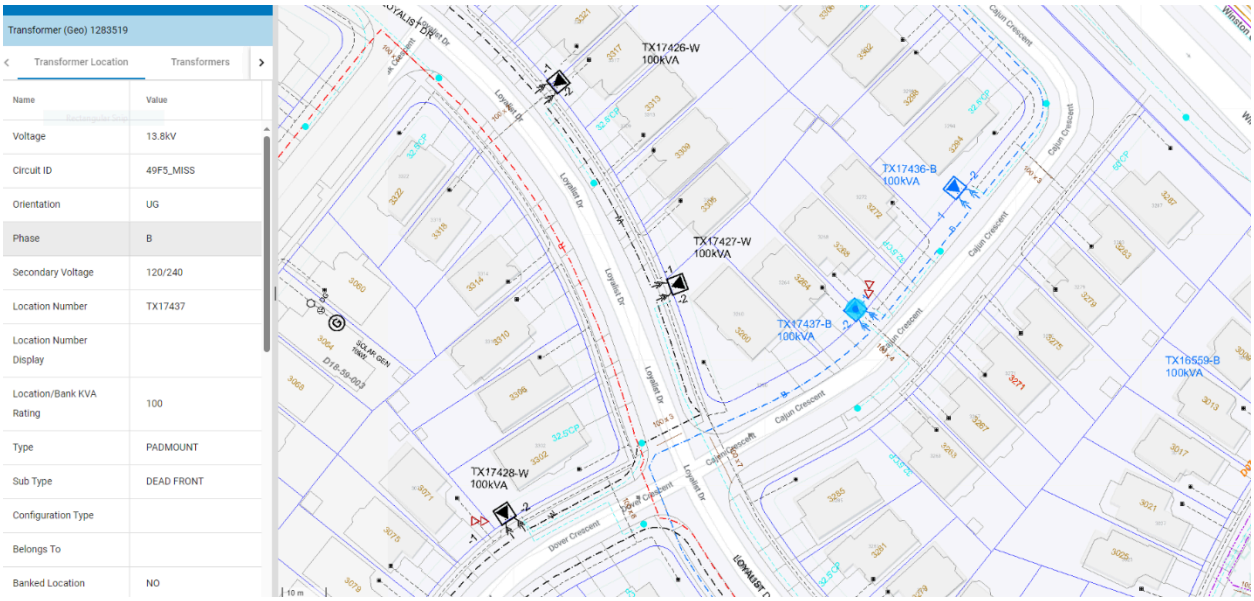


Figure 4-2-1: GIS Representation of Residential Street

For example, the black triangles represent a single-phase or small transformer serving ten residential customers and the line style denotes whether the cables are underground or overhead. Graphics and database information is available for all Alectra Utilities assets.

A significant characteristic of the GIS is the way in which it models electrical connectivity, in other words, the source of power an asset, and any downstream assets. The GIS tracks the path of electricity from the Hydro One Transformer Station to the customer's meter. During an

outage, for example, system users must be able to not only identify the source of the outage, but the number of downstream customers affected by it. This sophisticated functionality is key for the System Control, Lines and Reliability departments.

Asset information makes up most of the GIS data, however, there other types of required information. For example, many Alectra Utilities-owned poles have third-party attachments that must be tracked for both billing and engineering purposes. In Figure 4-2-2, an Alectra Utilities pole with a 3-phase transformer also shows that there are 4 non-Alectra Utilities attachments, denoted by the small arrows. This is important information during the design process, especially for rebuilds or road widening as work must be coordinated with the other utilities to move their attachments.

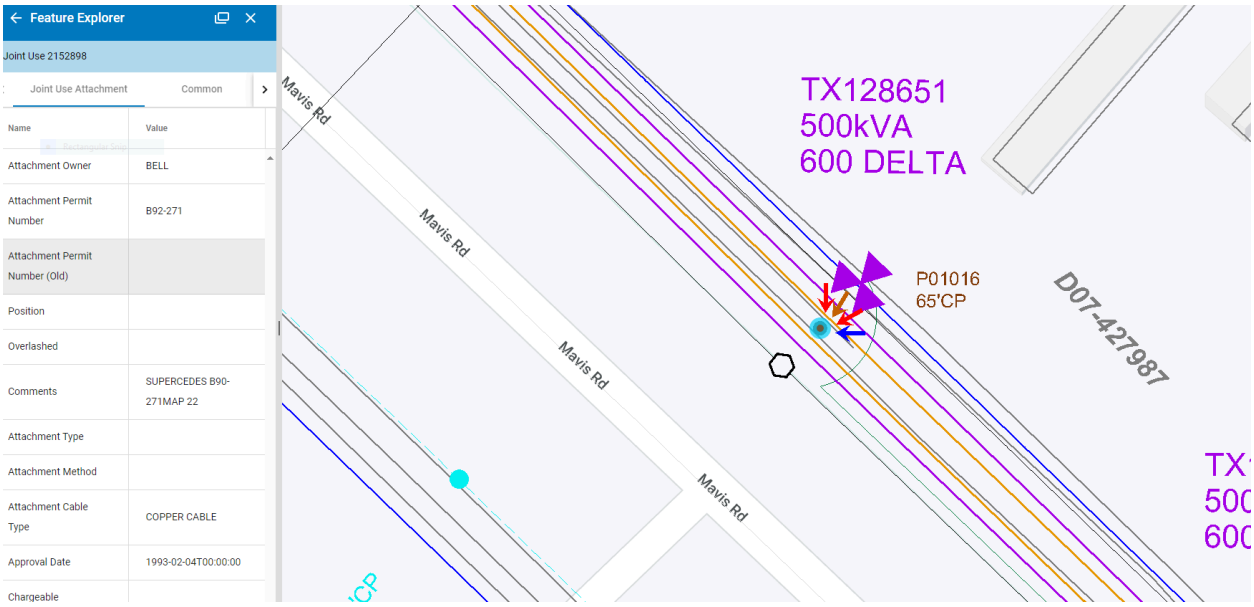


Figure 4-2-2: GIS Representation of Third-Party Attachments

In total, there are currently approximately 6.7 million unique asset and non-asset items maintained in the system by the R&MS Program. Annually, approximately 800,000 edits take place in the system, reflecting the extensive field activity.

The GIS is the primary source of asset information for Alectra Utilities. It is used by System Planning, Reliability, Distribution Design, System Control, Inspections, Lines, Finance, and others in the course of their daily work.

The GIS is the "single source of truth" for data on electrically connected assets on Alectra Utilities' distribution system. Several critical systems rely on data exported from the GIS, including:

Outage Management System

Electrical connectivity information from the GIS is uploaded to the Outage Management System (OMS) which is a primary tool used by System Control for analyzing and restoring outages.

Switch plans are prepared by System Control to support ongoing maintenance and capital projects. These plans identify which devices will be opened or closed to either provide power or restrict power to a given section of the grid. The Operators use the GIS/OMS data as the basis for all switch plans.

The OMS information is also customer-facing. A real-time map is provided to customers showing current outages and estimated restoration time.

Electrical connectivity information imported from GIS to OMS, and combined with outage and real-time operating data maintained in the OMS gives the Reliability team tools to identify potential grid issues and establish capital plans.

CYME Engineering Software

CYME software is used by the Distribution System Planning and Station Design departments to analyze the distribution system. Distribution System Planning analyzes the grid to minimize the loss of energy and ensure that the system is running as efficiently as possible. Station Design performs power system analysis within CYME to determine fault currents and provide fuse coordination. The CYME software requires a digital connectivity model of the distribution system to perform these calculations and this connectivity model is provided from the GIS.

Inspection Software

Regulatory requirements state that one-third of the utility's assets are to be inspected every year, and the Inspections software provides one means of tracking the progress. Lines downloads the GIS maps to their laptops and inspection forms are provided to track specific information depending on the asset class. The inspection information, including photos, is then imported back to the GIS for use by viewers.

Lines and other departments rely on the GIS to identify the location of underground assets. Once assets are buried, the maps become a key tool for protecting the safety of Alectra Utilities' crews and the public. In many cases, the GIS provides enough information that customer calls for underground locates can be cleared by internal personnel without the need to send a vehicle to do a cable locate. Approximately 45% of cable locate calls are closed over the phone, helping minimize costs for this activity. This level of remote resolution would not be possible without a well-maintained GIS.

Departments outside of Operations also rely on the GIS. Monthly extracts of installation and removal date, and age of assets, are provided to the company's Finance department as a contributing source of information for calculating the overall value of equipment. If assets fail or are damaged through road accidents, R&MS may support Alectra Utilities' Legal or Finance departments to provide detailed information regarding asset ownership, maintenance activity, or manufacturer.

The GIS information is made available to select external parties, such as municipalities, for their capital planning projects. These requests are handled on a case-by-case basis and are separate from the Public Utility Coordinating Committee activities outlined below.

Public Utility Coordinating Committee Activities

The business unit is responsible for participating in the Public Utility Coordinating Committee (PUCC) process for the Municipalities and Regions in which it operates. The process ensures that new utility applications within the Rights-of-Way (ROW) are reviewed to enforce safety standards, and it identifies potential conflicts with other utilities occupying the ROW. R&MS provides the PUCC with information about Alectra Utilities equipment in the area of interest, and

identifies conflicts. Accurate information helps minimize the safety risks to the crews and customers, and damage to valuable equipment.

The number of applications for PUCC approval varies from year-to-year depending on the construction activities in the region. In 2023, approximately 1,750 PUCC applications consisting of more than 11,000 drawings were processed by Alectra Utilities.

In addition to the processing of permits, the business unit participates in PUCC meetings with Municipalities, Regions, and other utilities to discuss policies and procedures. There may be slight differences in the rules and expectations from region-to-region and so active participation is needed.

Business Analysis Activities

Alectra Utilities maintains three primary IT systems related to engineering documents and asset records: GIS, Asset Nomenclature Tool, and FileNexus. Each of these systems has several hundred users from many business units – R&MS acts as an interface between each user, department, and the supporting IT personnel.

Geographic Information System (GIS)

In addition to the responsibility for the asset data stored in the GIS, R&MS is accountable for determining the business requirements, resultant workflows, and the development path of the system. They partner closely with the business users and the IT department for these activities, documenting required changes and thoroughly testing them prior to their promotion to the production environment. The business users provide information as to new equipment standards which need to be modeled in the system, or changes to the way in which characteristics are captured to allow for better reporting and analysis.

Asset Nomenclature Tool (ANT)

Alectra Utilities uses the ANT software to issue unique nomenclature to field devices. These unique numbers are stencilled on the equipment and placed on the GIS map, allowing for identification by System Control for switch planning, and by Lines for

equipment operation and inspection. The nature of device numbering is such that the ANT rules do not change often, but when new device types are added to standards, R&MS is responsible for gathering requirements from the business, testing, and funding the changes.

FileNexus

FileNexus is used throughout the utility for records management and the role of R&MS is specific to the secure storage of engineering documents. The business unit ensures that the software provides appropriate access to documents based on the user, the type of document, and the status of the project. In addition to access, various business users require notification when certain types of documents are uploaded. For example, when Lines uploads a signed-off redlined construction drawing (an As-Constructed drawing), R&MS is notified. This is the trigger for the team to update the GIS based on the information in the drawing.

Engineering Records Management/Compliance with ESA 22/04

O. Reg. 22/04 Section 7 outlines requirements for design approvals. When a design is issued for construction, notification is received by R&MS through FileNexus. Drawings are double-checked to ensure that applicable approvals have taken place before the information is entered into the GIS. The drawings are also linked to the GIS for ease of access for users.

Once installed and energized, inspectors are required to identify any departure from the original design by means of redlines on the drawings. These As-Built or As-Constructed drawings are checked by R&MS to ensure that all redlines are clear and that appropriate sign-off has taken place before the job can be formally closed. Ongoing monitoring takes place to ensure that drawings are received in a timely way.

4. OVERALL PROGRAM COSTS

Alectra Utilities is forecasting an average cost of $5.1MM per year over the 2027-2031 rate period to effectively run the Records & Mapping Services program. This includes maintenance of the GIS data, ensuring compliance with ESA engineering records management processes,

and responding to requests for distribution grid information from both internal and external parties.

Table 4-2-81 below provides the Actual (2017-2024), Bridge (2025-2026) and Forecast (2027-2031) expenditures for the Records & Mapping Services Program.

Table 4-2-81: Record and Mapping Services Program Expenditures ($MM)

Record and Mapping Services Program Costs ($MM) – Historic Period								
Year	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Total	2.52	2.93	2.43	3.00	3.50	4.04	4.48	4.58
Program Costs ($MM) – Bridge and Forecast Period								
Year	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
Total	5.02	5.08	5.35	5.62	5.82	6.00	5.85	

4.1. COST DRIVERS

The main cost driver of the R&MS program is the cost of the personnel required to staff the program and maintain the systems. As summarized in Table 4-2-82 below, the program requires three additional FTEs over the forecast period to meet the demand resulting from the 2027-2031 investment plan. These incremental staff are required to continue to effectively provide accurate system information during this period of significant investment and system growth. These resources will work closely with business units to ensure that information is readily available to support system planning and grid operation.

Table 4-2-82: Summary of New Positions

NEW POSITIONS	HIRING YEAR
Mapping Technician	2027
Records Document Coordinator	2027
Mapping Technician	2028

4.2. PRODUCTIVITY

The employees within the R&MS department are highly trained and skilled and therefore, ways to maximize these resources are sought on an ongoing basis. The department has a co-op program whereby students are utilized for less complex tasks. Processes that minimize steps are identified and implemented.

Alectra Utilities has created efficiencies in R&MS functions through targeted outsourcing. The utility has controlled the cost of PUCC preparation and approval by outsourcing functions that can be performed at a lower cost by external resources. Similarly, application support for specialized software does not required full-time resources and so it is strategically outsourced.

The R&MS department has created efficiencies through the efficient use of technology resources across Alectra Utilities. In 2023, the program worked with Alectra Utilities' Digital and Innovation group to implement an application for more efficiently managing the work and calculating KPIs. The has allowed leadership staff to have an all-encompassing view of the various work streams, and to share resources more easily across regions.

The R&MS department is downstream of many departments, including Distribution Design, Lines, and System Control. Each year, new initiatives are identified that, when implemented, will allow for more standardized processes and efficient return of information from the field to the back-office.

4.3. YEAR-OVER-YEAR VARIANCE ANALYSIS

<u>2017-2018 Variance Explanation</u>

Operating costs increased by 17% in 2018 relative to 2017. The increase in costs relative to 2017 was a result in a change in direct labour costs. There were no increase in actual headcount in this period contributing to the increase. The increase resulted from the alignment of capital allocation practices between the legacy utilities.

2018-2019 Variance Explanation

Operating costs decreased by 17% in 2019 relative to 2018. The decrease relative to 2018 was due to increased allocation to capital of direct labour costs. The GIS Consolidation project consumed significant department resources and resulted in a higher than average allocation to capital which resulted in a reduction of OM&A direct labour costs in 2019.

2019-2020 Variance Explanation

Operating costs increased by 24% in 2020 relative to 2019. The lower allocation of Direct Labour costs to capital in 2020 was driver of this increase. The GIS project consolidation project required significantly less resources and additional effort was required to update and improve the GIS data in the new system.

2020-2021 Variance Explanation

Operating costs increased by 17% in 2021 relative to 2020. The department headcount was increased by 2 FTEs to address the increased demands of the PUCC portfolio. The processing of PUCC approvals is a mandatory task, outside the control of Alectra Utilities.

2021-2022 Variance Explanation

Operating costs increased by 15% in 2022 relative to 2021. The increase in costs in 2022 relative to 2021 are due to both an increase in Direct Labour costs and an increase in 3rd Party Services costs.

The increase in Direct Labour is due to changes to the capitalization of labour costs due to Direct Labour Charge (DLC) adjustments. The $246K increase in 3rd Party Service costs was required to address the increase in PUCC applications and requests for information (RFI). PUCC applications rose from a volume of 1309 in 2020 to 2017 in 2022. RFI volume increased from 1706 in 2020 to 4584 2022. The increases could not be accommodated with Alectra Utilities' existing resource compliment, therefore Alectra Utilities addressed these increases through outsourcing resulting in the increase in 3rd party service costs.

2022-2023 Variance Explanation

Operating costs were 11% higher in 2023 relative to 2022. This increase was driven by an increase in Direct Labour costs ($273K) as well as an increase in 3rd party service costs ($170K).

The increase in Direct Labour costs was resulting from an adjustment to the DLC. The increase in 3rd party service costs were required to vacate the Sandalwood Work Centre. There was a significant volume of historical hard copy files and records in storage at the Sandalwood Work Centre. Each of these files and records needed to be reviewed and assessed on whether they needed to be retained or disposed. Retention involved the digitization of the file and/or record and then disposal of the hard copy. This work resulted in an increased in outsourcing costs for 2023.

2023-2024 Variance Explanation

There is no material variance during this period.

2024-2026 Variance Explanation

There is no material variance during this period.

2026-2031 Variance Explanation

From 2026 to 2031, the only material cost increases will be in 2027 and 2028. The increase is contained to Direct Labour with the addition of two FTEs in 2027 and 1 additional FTE in 2028. The increase in work volume due to the increase in capital work proposed in the DSP will increase the demand on the R&MS Program.

Meeting the demands of the evolving electricity market required an accurate digital representation of the distribution system. Operation of Outage Management Systems (OMS), Advanced Distribution Management Systems (ADMS) all require an accurate digital representation of the distribution system which is provided by the GIS. Additionally, new emerging market requirements such as the dispatch of DERs required continual analysis of the real time operating characteristics of the distribution system which is also dependent on the

digital model provided by the GIS. These demands require can not be supported by the current R&MS compliment and the headcount increases in 2027 and 2028 are to address these increasing demands being placed on the GIS.

CABLE LOCATES

1. OVERVIEW

Table 4-2-83: Cable Locates Program Summary

Cable Locates							
Program Description: The Cable Locates program provides underground infrastructure locates through the Ontario One Call notification system. Alectra is required to respond to public locate requests in its service territory within a prescribed period of time. Over the 2022-2024 period, Alectra completed more than 536,000 cable locates and improved its compliance rate by delivering locates within the time limits outlined in the Ontario Underground Infrastructure Notification Act (OUINS). Over the forecast period, this program is expected to complete approximately 1 million cable locates and maintain a compliance rate above 95%.							
Program Outcomes: Customer Focus, Operational Effectiveness (safety and reliability) and Public Policy Responsiveness.							
Program Costs ($MM) - Historic Period							
2017	**2018**	**2019**	**2020**	**2021**	**2022**	**2023***	**2024***
6.36	6.27	5.97	6.26	5.79	5.19	1.96	0.46
Program Costs ($MM) - Bridge and Forecast Period							
2025*	**2026***	**2027**	**2028**	**2029**	**2030**	**2031**	
1.50	0.73	8.67	8.94	9.22	9.50	9.80	

*Variance account (1508) applies to Cable Locate program costs in 2023, 2024, 2025, 2026 in the following amounts $7.29MM, $7.00MM, $7.53MM, $7.75MM, respectively (rounded to nearest $10,000). The numbers provided in the table above are net of the variance account amounts. Refer to Table 4-2-84 below for more details.

The Cable Locates program responds to public requests for underground infrastructure locates through the Ontario One Call notification system. Alectra Utilities is required to respond to these requests when they fall within its service territory and to complete an accurate locate within a prescribed time.

Providing timely underground cable locates is a regulatory requirement of the *Ontario Underground Infrastructure Notification System Act, 2012* (OUINS Act) and associated

regulations such as O. Reg 136/24, O. Reg 87/23, as well as the *Getting Ontario Connected Act, 2022*.

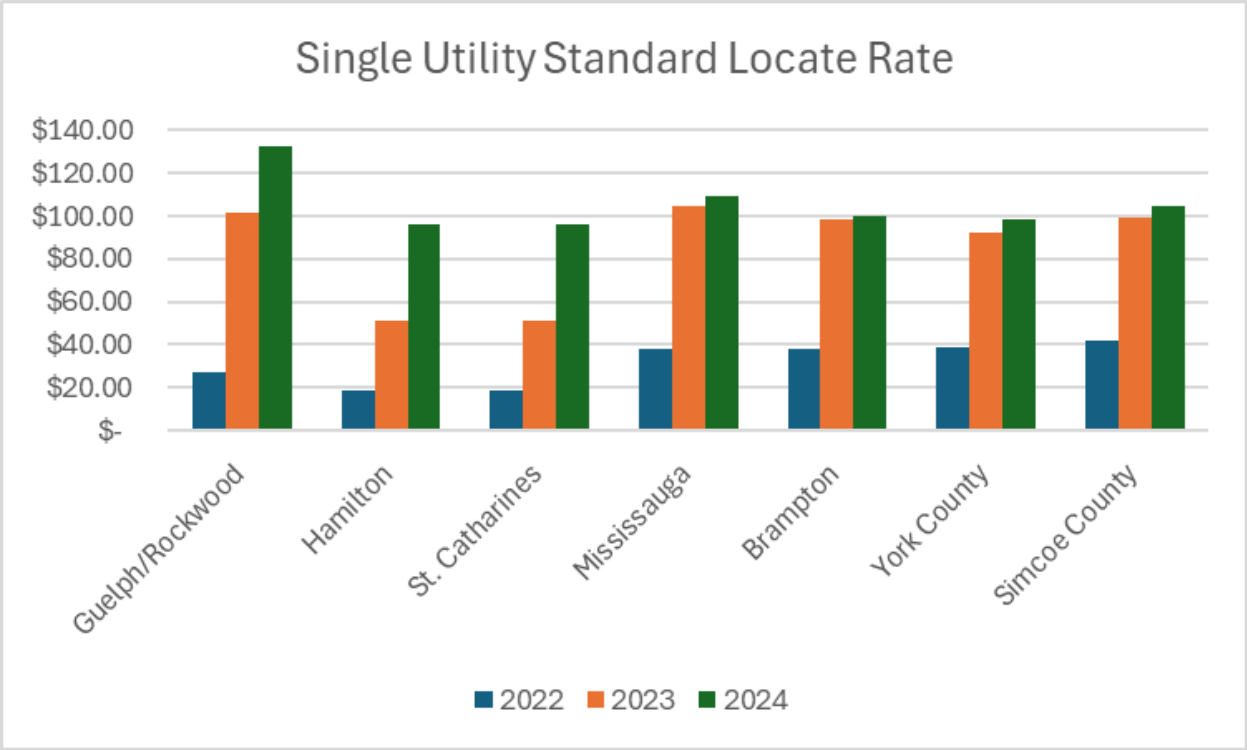
This program supports Alectra Utilities' service quality requirements (e.g., appointments met) under the *Distribution System Code*. Failing to maintain a high compliance rate for on-time locates could expose Alectra Utilities to administrative penalties from Ontario One Call. The cable locates program also supports public and employee safety by reducing the risk of contact with energized or hazardous apparatus during excavations.

Program costs have increased due mainly to the fees charged by service providers. There have also been changes to the OUINS Act (e.g. dedicated locator program) that have resulted in increased costs. Alectra Utilities has taken steps to mitigate these cost pressures by: introducing a locate clearing service in late 2022; securing improved service provider rates through a buying consortium (Locate Alliance Consortium); and, through direct negotiations with other locate service providers outside of the buying consortium.

Locate volumes fluctuated but remained relatively steady over the long-term, changing from 200,686 in 2017 to 189,661 in 2024 (averaging 191,696 per year over this period) (see Table 4 below). Locate costs increased substantially between 2022-2024 in response to changes in the Getting Ontario Connected Act. The Act introduced administrative penalties and enhanced the regulatory powers of Ontario One Call. These changes increased the demand for locate services across the industry, resulting in increased service costs (see Chart 4-2-9 below).

Alectra Utilities has continued to implement productivity improvements to mitigate the impact of increased locate service fees.

Chart 4-2-9: Change in Standard Locate Rates (2022-2024) in the Alectra Utilities Locate Territory



GETTING ONTARIO CONNECTED ACT VARIANCE ACCOUNT

In response to the passage of Bill 93 (Getting Ontario Connected Act, 2022), the OEB established a generic variance account, the Getting Ontario Connected Act (GOCA) Variance Account, to track the incremental cost of locates in 2023 and beyond arising from the implementation of the bill.

The amounts recorded (and forecast to be recorded) in this account have been deducted from the program costs in 2023-2026 as detailed in Table 4-2-84 below.

Table 4-2-84: Gross and Net Cable Locate Program Costs ($MM)

	2023	2024	2025	2026
Locate Program Costs (Gross)	7.3	7.0	7.4	7.6
Amounts recorded in the Variance Account	3.1	1.7	1.9	2.1
Locate Program Costs (Net)	4.2	5.2	5.4	5.5

Over the 2022-2024 period, investments in this program have allowed Alectra Utilities to complete 587,552 cable locates and improve its compliance rate from approximately 81.6% in 2022 to 98.8% in 2024.

Investment in this program will allow Alectra Utilities to continue meeting high locate request volumes, providing significant public safety benefits.

2. OUTCOMES AND MEASURES

The specific RRFE outcomes of the Cable Locates program are noted below in Table 4-2-85.

Table 4-2-85: Cable Locates Program Outcomes and Measures Summary

Customer Focus	• This program supports customer, developer and public construction projects by providing timely locates which enable them to complete their projects. • Contributes to customer service objectives and ESQR measures by meeting customer appointments on-time.
Operational Effectiveness - Safety	• Contributes to Alectra Utilities' public and employee safety performance (e.g., Serious Electrical Incident Index) by providing accurate underground infrastructure locates in a timely manner, which reduces the likelihood of damage to underground distribution assets and inadvertent contact with energized apparatus.

Operational Effectiveness - Reliability	• Contributes to Alectra's reliability targets (e.g., SAIFI, SAIDI) by providing accurate and timely cable locates which reduce the likelihood of damage to energized apparatus that would result in outages.
Public Policy Responsiveness	• Providing timely underground cable locates is a regulatory requirement of the OUINS Act, 2012 and associated regulations such as O.Reg. 136/24, O.Reg. 87/23, as well as the *Getting Ontario Connected Act*, *2022*. • This program supports public policy initiatives such as the *Building Broadband Faster Act, 2021*, the *Getting Ontario Connected Act, 2022* and the *Building Infrastructure Safely Act, 2024*. • Providing timely underground cable locates supports the service quality requirements of the Distribution System Code and the *Electricity Act, 1998*, such as scheduling and meeting customer appointments.

3. PROGRAM DESCRIPTION

The Cable Locates program responds to public requests for underground infrastructure locates.

Excavators in Ontario are required to obtain underground infrastructure locates prior to performing any excavation and underground infrastructure owners are required to register as Ontario One Call members. As an underground infrastructure owner, Alectra Utilities is required to respond to these locate requests when they fall within its service territory. Alectra Utilities must accurately identify the location of their underground infrastructure (or state in writing that none of its underground infrastructure will be affected by the proposed excavation). The current regulatory requirement is to provide a completed locate for standard requests within five business days, unless otherwise negotiated with the requestor.

Providing timely underground cable locates is a regulatory requirement of the OUINS Act, 2012 and associated regulations such as O. Reg 136/24, O. Reg 87/23, as well as the *Getting Ontario Connected Act, 2022*. Failing to maintain a high compliance rate for on-time locates or to provide high quality cable locates could expose Alectra Utilities to administrative penalties. Providing timely underground cable locates also supports Alectra Utilities' service quality requirements, such as scheduling and meeting customer appointments.

Providing accurate and timely underground cable locates supports public safety by allowing excavators to avoid contact with energized or hazardous apparatus. Alectra Utilities also completes underground cable locates for its own projects which supports employee safety by ensuring employees and contractors are aware of infrastructure location prior to excavating.

Since 2017, the locates program has seen steady volumes, increased regulatory requirements and higher contractor costs, resulting in an overall increase in costs. Industry forecasts of locate volumes are not readily available, however construction activity forecasts, such as BuildForce Canada's Construction & Maintenance Industry Ontario 2024-2033 Highlights Report show expected growth over the 2027-2029 period in Ontario. This suggests increasing demand for underground locates. Volumes are also expected to increase due to ongoing awareness and compliance campaigns.

A key driver of these higher service costs is amendments to the OUINS Act. This Act has been significantly amended by Bill 93 (Getting Ontario Connected Act) in 2022 and Bill 153 (Building Infrastructure Safely Act) in 2024.

These amendments provide for administrative penalties and as such, they have led to an increased focus on compliance across industry. The potential for administrative penalties has resulted in higher demand for locate services and corresponding higher costs charged by locate providers, as locate providers have to complete their locates within prescribed time periods.

Responding to the changing regulatory requirements, Alectra Utilities has made continual improvements to its cable locates program to ensure exemplary compliance. As a consequence, it has not had any administrative penalties from Ontario One Call.

Market costs for locates increased due to this higher demand for services and the need to attract the necessary labour resources to ensure that quality locates could be completed within the prescribed timelines. The cost increases from Alectra Utilities' locate service providers (by region) are shown above in Chart 4-2-9.

Table 4-2-86: Locate Notification Volumes 2017-2024

2017	2018	2019	2020	2021	2022	2023	2024
200,686	191,447	180,767	174,313	198,805	198,381	199,510	189,661

The main cost drivers for this program are locate provider service fees and locate request volume. Locate volumes fluctuated but remained relatively steady over the long-term, changing from 200,686 in 2017 to 189,661 in 2024 (averaging 191,696 per year over this period). Locate costs increased substantially over the 2022-2024 period due to increases in service provider rates (as shown in Chart 4-2-9 above).

These increases were in response to government regulation changes in the *Getting Ontario Connected Ac*t which introduced administrative penalties and enhanced the regulatory powers of Ontario One Call. The changes increased the demand for locate services across the industry and resulted in increases in service costs.

Over the 2022-2024 period, investments in this program have allowed Alectra Utilities to complete 591,685 cable locates and improve its compliance rate from approximately 81.6% in 2022 to 98.8% in 2024.

Alectra Utilities has made several changes to the program to reduce the impact of higher service provider costs. These changes include: the introduction of a locate clearing service; negotiating improved rates with locate service providers through a buying consortium (Locate Alliance Consortium); and, using its own purchasing power to improve rates with locate service providers outside of the consortium framework.

4. OVERALL PROGRAM COSTS

Table 4-2-87 below provides the historical, bridge and forecast expenditures for this program.

Table 4-2-87: Cable Locates Program Expenditures ($MM)

Program Name: Cable Locates								
Program Costs ($MM) – Historic Period								
Year	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023***	**2024***
Total	6.36	6.27	5.97	6.26	5.79	5.19	1.96	0.46
Program Costs ($MM) – Bridge and Forecast Period								
Year	**2025***	**2026***	**2027**	**2028**	**2029**	**2030**	**2031**	
Total	1.50	0.73	8.67	8.94	9.22	9.50	9.80	

*Variance account (1508) applies to Cable Locate program costs in 2023, 2024, 2025, 2026 in the following amounts $7.29MM, $7.00MM, $7.53MM, $7.75MM, respectively (rounded to nearest $10,000). The number shown are net of the account balances. Refer to Table 4-2-84 above for more details.

4.1. COST DRIVERS

In 2027, Alectra Utilities requires $8.67MM in funding for the cable locates program. Over the 2027-2031 forecast period, the company expects the cost of this program to increase modestly. These modest increases are necessary to continue to provide the customer outcomes delivered by this program.

The largest drivers of costs for the Cable Locates program are increases in locate service provider fees coupled with an increasing volume of locate requests. These cost drivers are discussed in detail below.

Alectra Utilities has experienced generally steady locate request volumes since 2017 (with some decline in 2019 and 2020 due to pandemic related impacts to construction volumes) as indicated in Table 4, above, and overall volumes are expected to continue to increase over the forecast period (based on forecasted increases to construction activity in Ontario per BuildForce's Construction & Maintenance Industry Ontario 2024-2033 Highlights report). Table 4-2-87 above indicates the locate request volumes Alectra Utilities has received over the Historic Period of 2017-2024.

In terms of how locate service provider fees are driving cost increases - the increased demand for locate services as an outcome of Bill 93, has put upward pressure on labour costs to attract

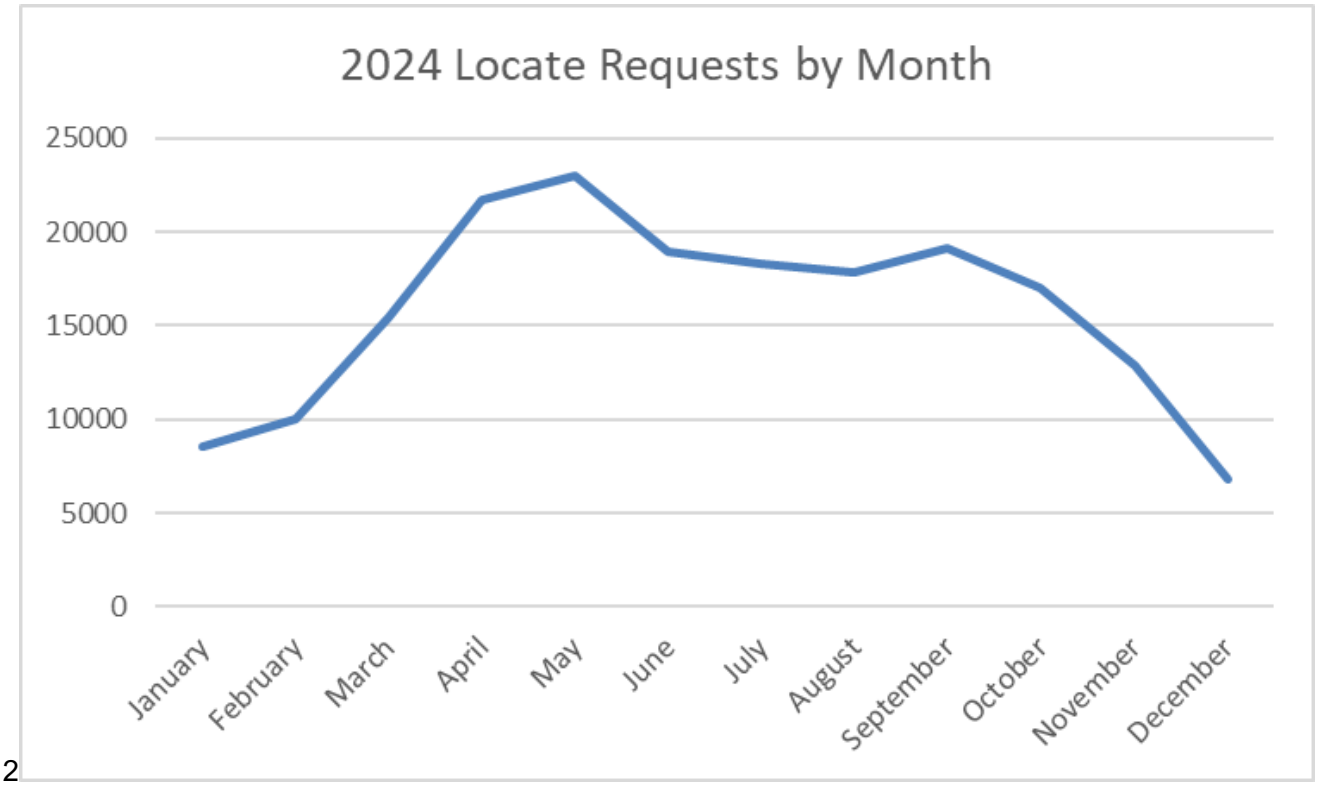
and train additional personnel. This has led to higher fees from locate service providers and the trend of increasing service fees, as shown in Chart 4-2-9 above, has continued.

Alectra Utilities expects the current cost drivers for the Cable Locates program to continue into the forecast period (2026-2031). These cost drivers are discussed in greater detail below:

- There will be increased costs for tracking and reporting locates and escalations, and to ensure compliance with increasing regulation. Alectra Utilities will need to enhance its Cable Locate processes and technologies in order to successfully manage the increasing volume of locates, number of contractors, and requests for dedicated locate programs.

- There will be increased internal costs for contractor management. Excavator requests for locates must be completed in a timely manner. When combined with the seasonality of construction projects, this results in a steep ramp up and down of labour for locate service providers. Alectra Utilities must track and manage contractors to ensure they maintain a sufficient supply of labour to meet Alectra Utilities' compliance obligations and provide timely service to customers. Chart 4-2-10 below shows the seasonal trend of locate requests (in 2024 as an example, the peak month (May) had a volume of 3.37 times the lowest month (December).

Chart 4-2-10: Alectra Utilities locate request seasonality



- Request volumes are expected to rise slightly over the forecast period. Industry estimates, such as BuildForce's 2024–2033 Construction and Maintenance Looking Forward National Forecast, forecast construction activity in Ontario growing at a rate of 3.9%-4.7% between 2027-2029. However, not all construction activity requires locates from Alectra Utilities. In addition, Alectra Utilities continues to focus on increasing it's office clearance rate which means completing its locates at a far lower rate than those charged by its locate service providers for completing a field locate. We believe this will mitigate any increases in overall volumes over the forecast period but expect service fees for both the clearance contractor and locate service providers to increase by 3% on an annual basis.

- Ontario One Call has approved a 20% per year increase to the rates charged to underground infrastructure owners like Alectra Utilities over 2024, 2025 and 2026. Ontario One Call notes that the current government transfer payment will end June 2026. This is expected to result in further downloading of costs to members. Membership with Ontario

One Call is a regulatory requirement and Alectra Utilities will be required to pay higher rates on an ongoing basis.

4.2. PRODUCTIVITY AND COST CONTROL

Alectra Utilities has made several productivity improvements to its Cable Locates program to mitigate ongoing cost pressures. These productivity improvements include:

- Using a locate clearing service to pre-screen and clear locate requests which are not in proximity to Alectra Utilities' infrastructure.

- Using the Locate Alliance Consortium (LAC) to coordinate the purchase of locate services. This allows a single locate service provider to service multiple utilities in a single trip – resulting in locates being provided at a lower cost.

- Using Alectra Utilities' locate clearing service and Ontario One Call to reduce the number of unnecessary locate requests. For example, letters are provided to excavators requesting relocates detailing the previously completed locate and encouraging excavators to follow best practices and maintain the previous locate marks in the field. This can avoid the expense of dispatching a locate service provider to remark a valid locate.

- Using alternate locate agreements (ALA's) and automatic clearing criteria. ALA's allow the excavator to use hydrovac excavation for certain jobs eliminating the need for a locate. Automatic clearing criteria allow Alectra Utilities to clear locate requests that do not pose a threat to its infrastructure (e.g., very shallow excavation). These tools result in faster service for customers and reduced costs for Alectra Utilities.

- Using dedicated locator agreements (self-locate agreements). The dedicated locator program was introduced with the Getting Ontario Connected Act, 2022. It allows project owners to use an approved locate service provider to complete all locates associated with their project, at their cost. The advantage of this program is that it reduces lead times to obtain locates and allows project owners to start construction sooner. Alectra Utilities has developed a dedicated locator training and auditing program to ensure that public safety is maintained, while encouraging project owners

to use the program to speed up their locates and reduce costs to Alectra Utilities' customers.

- Alectra Utilities extended its validity period on locates from 30 to 60 days to reduce the volume of remark requests and associated costs.

4.3. YEAR-OVER-YEAR VARIANCE ANALYSIS

2017-2018 Variance Explanation

There is no material variance during this period.

2018-2019 Variance Explanation

There is no material variance during this period.

2019-2020 Variance Explanation

There is no material variance during this period.

2020-2021 Variance Explanation

There is no material variance during this period.

2021-2022 Variance Explanation

From 2021 to 2022 costs decreased by $0.60MM primarily due to the removal of pandemic protocols that previously impacted inspection work.

2022-2023 Variance Explanation

From 2022 to 2023 gross costs increased by $4.06MM due to service provider cost increases resulting from stricter locate standards in the Getting Ontario Connected Act, 2022 creating increased demand and risk in the industry. Locate volume changed by +0.5% while service fees increased by 137% to 275%, depending on region.

2023-2024 Variance Explanation

From 2023 to 2024, gross costs decreased by $1.79MM primarily due to increased use of locate clearing services and multi-utility locates through consortia purchasing agreements. Locate volumes decreased by 5% while service provider costs decreased by 32% on average.

2024-2026 Variance Explanation

There is no material variance during this period.

2026-2031 Variance Explanation

From 2026 to 2031 costs are expected to increase by $1.14MM (3.2% per year on average) primarily due to the ongoing effects of the Getting Ontario Connected Act, 2022 and continued increases in locate service provider fees. The compliance related impacts introduced in this legislation are expected to drive continued increases in locate service provider fees. Alectra Utilities expects industry-wide locate volumes will grow modestly, ranging from 1-3% per year and service provider fees are expected to grow at approximately 3% per year. Volume increases will be mitigated through continued adoption of the dedicated locator program which avoids costs to this program by removing locates for third-party projects from Alectra Utilities' request volumes. Volume increases will also be mitigated by continual improvements to Alectra Utilities' locate clearing system through mapping and record improvements over time and identifying additional filters to clear low-risk locates, which will allow Alectra Utilities to complete more locates through a lower cost clearing contractor rather than completing more expensive in-field locates.

NETWORK METERING

1. OVERVIEW

Table 4-2-88: Network Metering Program Summary

Network Metering							
Program Description: Network Metering is responsible for meter data collection, validation and management and for the successful delivery of the Network Metering Capital Plan. Over the 2017 to 2024 period, Network Metering provided accurate and timely meter data for more than one million customers daily; streamlined its operations through process improvements; and undertook planning and procurement activities related to its Advanced Metering Infrastructure (AMI) Renewal project. Over the forecast period, Network Metering will focus on transitioning its AMI 1.0 Head End Systems to an AMI 2.0 Head End System to support AMI Renewal, mitigate risks, and integrate continuous improvements.							
Program Outcomes: Customer Focus, Organizational Effectiveness, Public Policy Responsiveness, and Financial Performance.							
Program Costs ($MM) - Historic Period							
2017	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
9.08	9.15	9.77	10.39	10.75	9.61	8.65	11.38
Program Costs ($MM) - Bridge and Forecast Period							
2025	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
12.09	12.39	14.89	15.98	16.78	16.90	17.24	

The Network Metering program is responsible for overseeing the operation, maintenance and management of Alectra Utilities' wholesale and retail revenue meters, communication networks, and meter data management and collection systems. This includes: the "meter to bill" processes for meter data and meter data collection; meter data validation and exception management; and, settlement activities for more than one million residential, commercial and industrial customers.

Accurate meter data must be obtained and validated to support customer billing and related services in compliance with legislative and regulatory requirements, including the OEB's *Distribution System Code*[15].

Meter data collection is managed through several different meter interrogation systems. These systems include Advanced Metering Infrastructure (AMI) networks with Head End[16] systems for meter data collection from residential and general service customer accounts, MV-90 systems which collect meter data from complex and large commercial and industrial installations, and suite metering systems for suite metered premises.

Network Metering also oversees systems that support meter data validation, exception management and other activities necessary to support the creation of "bill ready" meter data and as per the *Distribution System Code*[17].

The legacy utilities that formed Alectra Utilities had their own metering systems. This meant that at the time of the mergers of Enersource (ERZ,) Horizon Utilities (HRZ), Hydro One Brampton Networks Inc. (BRZ) and PowerStream (PRZ) in 2017, Alectra Utilities had 15 disparate AMI Head End Systems, MV90 systems, suite metering systems, and Operational Data Stores[18] (ODS) or Centralized Meter Data Engines (CMDE)[19]. The merger of Guelph Hydro (GRZ) in 2018 added two incremental metering systems.

At the end of the AMI Renewal program in 2032, Alectra Utilities will consolidated to only four metering software systems: an AMI 2.0 Head End System, one MV-90 system, one suite metering system and a single CMDE. The consolidation to decrease the number of metering systems reduces system upgrade activities and training, system maintenance and oversight. It enables harmonized processes, and provides cost containment for third party maintenance and support fees. It also simplifies integration activities for meter data use cases.

In 2020, Alectra Utilities moved the Network Metering department from Operations to the Customer Experience division. This re-alignment strengthens critical "meter-to-bill" processes

[15] Timely and accurate meter data is required for customer billing as per Distribution System Code Sections 2.6 Bill Issuance and Payment, 2.10 Estimated Billing, and 7.11 Billing Accuracy
[16] An AMI Head End system is the software that serves as the hub for installed meters. It is the management system for scheduling and monitoring meter data retrieval, preliminary meter data processing, and transmission to ancillary systems.
[17] Distribution System Code Section 5.3 VEE Process
[18] An Operational Data Store is a data warehouse for AMI data that performs lightweight data validation and processing to enable the data's use within the organization.
[19] A Centralized Meter Data Engine is an Operational Data Store with advanced processing and analytics capabilities.

which are dependent on the timely completion of field activities and the resolution of meter data exceptions. The Metering team was further re-organized into two functional teams: Metering Field Services and AMI / Meter Data Management (MDM) Services and Analytics. This re-organization eliminated geographic boundaries within the department and enabled integrated workflows.

2. OUTCOMES AND MEASURES

Table 4-2-89: Network Metering Program Outcomes and Measures Summary

Customer Focus	Program contributes to Alectra Utilities' Customer Focus objectives by: • Reducing the risk of estimated bills and maintaining billing accuracy of at least 98% by undertaking processes and initiatives that enhance the quality, accuracy, and timeliness of meter data; • Increasing the granularity of meter data to enable decision-making that supports affordability including assessing rate options; • Implementing remote disconnect and reconnect technology to provide faster restoration of service to customers; and, • Implementing processes and services aimed at proactively addressing safety and power quality issues. [20]
Operational Effectiveness	Program contributes to Alectra Utilities' Operational Effectiveness by: • Continuing to consolidate metering systems to provide consistent services to customers, streamline system management and integration efforts, and reduce duplication of effort; • Implementing meter "last gasp" functionality that will provide enhanced outage information to the Outage Management System, including nested outage notifications and confirmation of power restoration; and, • Decreasing the number of times that an agent must be at a customer's premise to attend to the meter.

[20] Distribution System Code Section 4.1 Quality of Supply

Public Policy Responsiveness	Program contributes to Alectra Utilities' Public Policy Responsiveness by: • Ensuring Alectra Utilities' adherence to Measurement Canada requirements (in accordance with the *Weights and Measures Act*, the *Electricity and Gas Inspection Act*, and related regulations through management of Network Metering programs and processes; and, • Meeting or exceeding the requirements of the *Distribution System Code* and *Retail Settlement Code* as it pertains to Network Metering functions including the timely and accurate availability of meter data to support customer billing activities.
Financial Performance	Program contributes to Alectra Utilities' Financial Performance objective by: • Consolidating meter systems to contain costs; and • Implementing enhanced "in the meter" functionality that will reduce OM&A costs including manual meter reading and telecommunications expenses.

3. PROGRAM DESCRIPTION

The Network Metering department is responsible for overseeing the operation, maintenance and management of Alectra Utilities' retail and wholesale meters, communication networks, and meter data management and collection systems. This includes the “meter to bill” processes for meter data and meter data collection, meter data validation and exception management, and settlement activities for more than one million residential, small business and larger commercial and industrial customers.

Beyond its annual work program, Network Metering has begun renewing its end-of-life AMI 1.0 infrastructure. The AMI Renewal project is summarized below and detailed in Exhibit 2A, Tab 1, Schedule 1 Appendix B06 - Network Metering.

AMI Renewal

Network Metering initiated its AMI Renewal project in 2019 by defining its requirements and undertaking initial planning related to replacing its AMI 1.0 assets that were approaching end-of-life. Request for Proposals (RFP) was issued in 2020 and the meter technology vendor was selected in 2021.

In 2022, Alectra Utilities concluded negotiations on a Master Services Agreement with Itron as the selected vendor. In 2023, Network Metering evolved its meter-to-bill processes to ensure that the implementation of AMI 2.0 technology would not impact the provision of meter read data for customers. As an initial step, the first 2,500 AMI 2.0 meters were installed in 2023 to mitigate operational risks related to AMI 1.0 inventory constraints and to demonstrate end-to-end processes related to meter read collection and customer billing. An additional 35,000 AMI 2.0 meters were installed in 2024, while meter-to-bill processes were refined.

In 2024, Alectra Utilities continued to leverage its existing AMI 1.0 Guelph Itron Head End System to collect data from its AMI 2.0 meters. While the AMI 1.0 Head End system supports meter reading from these meters, the full AMI 2.0 functionality cannot be implemented.

In 2025 and 2026, Alectra Utilities will continue to establish additional small-scale AMI 2.0 networks in its highest risk areas. By the end of 2026, Alectra Utilities expects to be collecting data from more than 80,000 AMI 2.0 meters using its existing AMI 1.0 Guelph Itron Head End system.

Contingent on obtaining the proposed funding levels, during the 2027 to 2031 plan period Network Metering plans to:

- Provide accurate and timely interval meter reads to support customer billing and related services for Alectra Utilities' more than one million customers, and wholesale metering settlement data for 248 wholesale installations;

- Transition AMI 2.0 meter reading and data collection to a new Itron “UtilityIQ” AMI Head End System. This will allow Alectra Utilities to retire three of its four existing AMI 1.0 Head End systems. These systems were part of the original infrastructure to support the roll-out of Smart Meters between 2006 and 2010;

- Build processes to support the “in the box” functionality of the AMI 2.0 meters including remote disconnect and reconnect technology, new power quality capabilities, and outage detection and management enhancements.

- Manage the exceptions and data flows as approximately 900,000 AMI 1.0 meters are replaced with AMI 2.0 meters. While the AMI Renewal project began in 2019, the mass deployment of the AMI 2.0 meters is scheduled between 2027 and 2032.

- Transition from three existing suite metering systems to a single consolidated suite metering platform;

- Meet all existing and new regulatory requirements for meter data including new rate structures and Green Button enhancements;

- Train and upskill the Network Metering team to safely and competently meet the demands of increasingly complex bi-directional meter installations and metering technologies;

- Transition a portion of MV-90 customers to AMI 2.0 to reduce the need for customers to provide telephone lines, reduce manual effort and contain costs; and,

- Continue to deliver metering data and services according to regulatory requirements .

4. OVERALL PROGRAM COSTS

Table 4-2-90 below provides the historical, bridge and forecast expenditures for this program.

Table 4-2-90: Network Metering Program Expenditures ($MM)

Network Metering								
Program Costs ($MM) – Historic Period								
Year	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Total	9.08	9.15	9.77	10.39	10.75	9.61	8.65	11.38
Program Costs ($MM) – Bridge and Forecast Period								
Year	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
Total	12.09	12.39	14.89	15.98	16.78	16.90	17.24	

Network Metering's OM&A expenditures are forecast to increase from $9.1MM in 2017 to $17.2MM in 2031. $1.9MM of this increase is expenditures that were previously budgeted within

the Digital and Innovation department being transferred into the Network Metering budget beginning in 2024.

4.1. COST DRIVERS

Network Metering's OM&A program expenditures can be broken out into Direct Labour and Non-Labour OM&A expenses. Direct Labour comprises approximately 48% of the total program cost, while Non-Labour OM&A makes up the remaining 52%. Each of these is discussed in further detail below.

Direct Labour

Direct Labour expenses reflect the cost of resources that are not directly attributable to Network Metering’s capital programs. On average, approximately 35% of Network Metering's labour is attributed to OM&A with 65% of the labour costs allocated to capital. OM&A Direct Labour expenditures include leadership, reactive field inspections and maintenance of meter installations, training, and other staff costs. Direct Labour costs are forecast to increase to $6.8MM in 2031 from $5.7MM in 2027, an average increase of 2.7% annually.

The Network Metering team had 80 FTEs in 2017, increasing to 105 employees in 2031. This includes employees within the following teams: Field Services (unionized), AMI Operations (unionized), non-unionized Specialists, the AMI Renewal Project team, co-op students, short term temporary positions, and the Network Metering leaders.

Network Metering’s year-over-year resourcing complement is detailed in the Table below.

Table 4-2-91: Complement of the Network Metering Department

Historic Period								
	2017	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Field Services	48.0	48.0	48.0	52.0	51.0	48.1	49.0	48.0
AMI Operations	14.0	15.0	13.0	13.0	13.0	15.0	15.0	16.0
Non-Union Specialists	7.0	6.0	10.0	10.0	10.0	11.0	11.0	11.0
AMI Renewal Project Team								4.0
Students		4.3	4.3	4.3	4.3	4.3	4.3	4.3
Temporary Positions						4.0	0.2	1.0
Leaders	11.0	10.0	11.0	12.0	12.0	13.0	13.0	12.5
Total	80.0	83.3	86.3	91.3	90.3	95.4	92.5	96.8
Bridge and Forecast Period								
	2025	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
Field Services	49.0	49.0	49.5	50.0	49.0	49.0	49.0	
AMI Operations	16.0	16.5	16.0	16.0	16.0	16.0	16.0	
Non-Union Specialists	12.0	12.0	12.0	12.0	12.0	12.0	12.0	
AMI Renewal Project Team	6.0	10.0	10.0	11.0	11.0	11.0	11.0	
Students	4.3	4.3	4.3	4.3	4.3	4.3	4.3	
Temporary Positions	1.0	1.0	0.2					
Leaders	13.0	13.0	13.0	13.0	13.0	13.0	13.0	
Total	101.3	105.8	105.0	106.3	105.3	105.3	105.3	

The increase of twenty-five employees between 2017 and 2031 is due to:

- An eleven person AMI Renewal[21] team beginning in 2024 to support the replacement of approximately one million AMI 1.0 meters. This team is required until the AMI Renewal program is complete in 2032.

- The addition of five non-union specialists including:

  - three Meter Data Management Specialists to respond to meter data exceptions within the meter-to-cash process;

  - one Analytics and Controls Specialist that provides analytics and reporting of metering activities to support the achievement of metering outcomes and identifies opportunities for continuous improvements;

[21] As described in Exhibit 2A, Tab 1, Schedule 1, Appendix B06 - Network Metering Section 3.1.5 AMI Renewal

- one Wholesale Specialist to ensure the accuracy and compliant operation of Alectra Utilities' 248 wholesale meters installations[22] beginning in 2025. Prior to 2025, this work was completed by a third-party service provider that is no longer available.

- The utilization of 4.3 students builds necessary team capacity. They also bring innovative skillsets to the department.

- The addition of two Meter Records Clerks on the AMI Operations team beginning in 2022 to respond to increased volumes of meter records that must be accurately maintained to ensure timely customer billing. The number of meter changes performed annually has increased due to compliance requirements for meter sampling and reverifications[23] and meter failures due to the increasing age of retail meters.

- Two incremental leadership positions were added in 2020 and 2022 to ensure that appropriate supervision is provided over Network Metering's 80+ employees (excluding the AMI Renewal project team). Network Metering's teams work from seven offices and Operations Centres, providing services to customers in seventeen communities across Alectra Utilities' service territory.

- One apprentice Meter Technician position was added to the Field Services team to partially mitigate risk related to pending retirements. More than 25% of the Field Services' employees are eligible to retire within the next five years.

Network Metering has partially mitigated its labour expenditures despite its increasing work plan by streamlining processes, implementing automation, and the utilization of student positions.

Non-Labour OM&A

The non-labour OM&A segment within Network Metering includes expenditures related to the operation, maintenance and management of Alectra Utilities' meters, communication networks, and meter data management and collection software systems.

[22] As described in Exhibit 2A, Tab 1, Schedule 1, Appendix B06 - Network Metering Section 3.1.1 Wholesale Meter Compliance
[23] As described in Exhibit 2A, Tab 1, Schedule 1, Appendix B06 - Network Metering Section 3.1.2 Revenue Meter Compliance and 3.1.4 Meter Failures

The expenditures can be categorized as follows:

- Licensing and maintenance costs related to Network Metering's AMI, MV90 and suite metering software systems are approximately 56% of its non-labour OM&A expenditures
- Outside Service Provider expenditures are approximately 32% of non-labour OM&A. These costs cover the collection, management, and validation of meter data including CMDE services and AMI 1.0 and 2.0 Head End managed services.
- Cellular telephone expenditures are approximately 7% of Network Metering's non-labour OM&A. These costs are primarily related to meter data collection through the AMI communication networks.
- Field work expenditures include Direct Material and Vehicle costs, Repairs and Maintenance, and small tools, which make up approximately 3% of the non-labour costs.
- Administration costs are approximately 3% of this category which includes training, consulting, office supplies, legal fees, mileage, conferences, etc.

Network Metering will also incur one-time OM&A AMI Renewal project costs of $1.5MM during the period of 2027 to 2031 primarily related to customer education and communications, a vendor-required letter of credit, labour associated with redeploying harvested AMI 1.0 meters, a security audit for the new AMI 2.0 Head End, and incremental AMI Head End licensing and maintenance fees while meters are transitioned from the AMI 1.0 systems to the AMI 2.0 network.

The two primary drivers for cost increases within Network Metering are the licensing and maintenance costs of its metering software systems including AMI Head End systems and the aforementioned one-time expenditures related to the AMI Renewal Project.

Between 2027 and 2031, Alectra Utilities will transition three of its four existing AMI 1.0 Head End systems with varying costs for licensing, maintenance, and supported services to a single AMI 2.0 system with comprehensive managed services. The fourth AMI 1.0 Head End system is expected to be eliminated in 2032.

The level of contracted maintenance and support from each of the AMI vendors and the planned transition of the Head End system and related services to AMI 2.0 is provided in the table below.

Table 4-2-88: AMI 1.0 and AMI 2.0 Services and Timing of Transition to AMI 2.0

AMI Service Provider	Contracted Level of Support / Service	2024	2025	2026	2027	2028	2029	2030	2031	2032
AMI 1.0 Service Provider A	Comprehensive						Retired			
AMI 1.0 Service Provider B	Minimal							Retired		
AMI 1.0 Service Provider C	None								Retired	
AMI 1.0 Service Provider D	Moderate									Retired
AMI 2.0 Service Provider	Comprehensive	Head End not initiated								

As of 2025, approximately 50% of Alectra Utilities' AMI 1.0 systems and meters have contracted maintenance support services provided by the vendor, while the remaining 50% of meters are configured to an AMI 1.0 Head End fully managed on premise by Alectra Utilities' staff. The level of managed services varies by provider, with total costs of $2.6MM in 2024. The cost of contracted maintenance support services (AMI 2.0 SaaS) will increase to $5.0MM annually beginning in 2031 as approximately 90% of Alectra Utilities' meters come under the new support contract with enhanced services.

Alectra Utilities negotiated a Software as a Service (SaaS) Managed Services contract for its AMI 2.0 Head End activities in partnership with Hydro One Networks Inc. (Hydro One), securing favorable terms and meter-volume based pricing that is protected over a 10-year term.

Alectra Utilities expects the following benefits from its AMI 2.0 Managed Services, as compared to managing an on-premise system for its approximately 1.1MM AMI meters:

- Lower cost of ownership, with the Net Present Value over 20 years forecast to be $1.3MM to $5.6MM lower than an on-premise management model, depending on the pace at which AMI 2.0 meters are deployed;
- Increased confidence in the successful implementation of the AMI 2.0 Head End system given the expertise of the selected services provider and their experience in standing up hardware requirements and software configurations;
- Reduced customer risk related to billing errors or delayed bills during mass deployment due to the increased vendor support;

- Reduced resource requirements in Network Metering and the Digital and Innovation departments for daily system oversight, management of software upgrades, software patches, and proactive security and cyber security management;

- Reduced application downtime and increased service outputs through strong service level agreements and 24/7 service monitoring, first-level triage and response services;

- Enhanced monitoring as the meters are transitioned from their AMI 1.0 Head End to the AMI 2.0 Head End system, reducing the risk of customer billing errors or billing delays;

- Increased confidence in daily operational requirements including meter data collection and accuracy, and two-way commands including remote disconnections and reconnections due to Itron's experience and robust service levels;

- The provision of Disaster Recovery services with a fully replicated cloud solution;

- Vendor-led “best practice” process framework, incident management and change management to increase system confidence, utilization, and continuous improvements; and,

- Enhanced security and cyber security management including audits, attestations and certifications.

4.2. PRODUCTIVITY AND COST CONTROL

Between 2017 and 2024, Network Metering successfully delivered initiatives to increase productivity, improve processes, meet evolving compliance and regulatory requirements, and contain costs. This included:

- The consolidation of fifteen metering systems into ten systems to simplify business processes, harmonize operations, reduce upgrade activities, minimize system oversight and employee training, lower third-party maintenance and support fees, and streamline system management and integration activities. By 2031, these ten systems will be further reduced to five enterprise systems.

- The creation of new templates to streamline maintenance processes, enable the standardization of work, reduce errors and enhance record keeping;
- The development of new automated processes in the meter lab to reduce the time required for meter testing;
- The deployment of battery and inverter technology to improve the connectivity of the AMI 1.0 network communication backbone during power outages;
- The leveraging of infrared scans performed by the Stations department to identify “hot spots” at wholesale metering installations to proactively replace failing infrastructure before power outages occur and to inform asset management;
- The implementation of Robotic Process Automation to reduce manual keying of basic tasks including Field Activity creation;
- The implementation of a voluntary program for eligible Metering Field Service employees to avoid the need for daily travel to an Operations Centre, extending productive work hours;
- The move from two operational centres to a single Operations Centre at Kennedy Rd in Brampton, simplifying supervision and administration requirements.
- Standardizing metering field equipment, meter tools, and instrument transformer equipment;
- Standardizing meter validation protocols to reduce billing errors caused by incorrect meter data inputs;
- Simplifying the new connection process for certain customers to enable faster connection;
- The provision of enhanced customer load information which enabled the development of the new Ultra Low Overnight (ULO) rate;

- Consolidation of meter network communications lines, resulting in a reduction in communications costs of $0.3MM beginning in 2022;

- Decreasing the number of Gate Keepers within the AMI 1.0 communication network which simplified field activities related to maintenance and reduced communication costs; and,

- Updating meter data processes to support new compliance requirements including rate structures (ULO), net metering, and Green Button.

4.3. YEAR-OVER-YEAR VARIANCE ANALYSIS

Network Metering's annual OM&A costs have increased $2.3MM over the 7-year period of 2017 to 2024. This is primarily attributed to:

- $1.9MM in costs that were previously budgeted in the Digital and Innovation department being transferred to the Network Metering program to better align activities and accountabilities including:
    - $0.4MM in expenditures for Centralized Meter Data Engine activities beginning in 2019;
    - $0.4MM in cellular costs related to the collection of meter reads beginning in 2021; and,
    - $1.1MM in AMI Head End System licensing and maintenance fees beginning in 2024.
- Outside Service Provider and Maintenance and Services contracts for third-party metering services and systems which have increased by $0.8MM, offset by
- $0.4MM in reduced expenditures within the Repairs and Maintenance category.

<u>2017-2018 Variance Explanation</u>

There is no material variance during this period.

2018-2019 Variance Explanation

There is no material variance during this period.

2019-2020 Variance Explanation

There is no material variance during this period.

2020-2021 Variance Explanation

There is no material variance during this period.

2021-2022 Variance Explanation

From 2021 to 2022 costs decreased by $1.1MM primarily due to a decrease in Direct Labour expenditures of approximately $1.3MM due to COVID-related protocols partially offset by increased legal fees related to the AMI Renewal project.

2022-2023 Variance Explanation

From 2022 to 2023 costs decreased by approximately $1.0MM primarily due to a decrease in legal fees related to AMI Renewal as contracting was completed.

2023-2024 Variance Explanation

From 2023 to 2024 costs increased by approximately $2.7MM primarily due to an increase in Direct Labour Costs of approximately $1.0MM due to returning to the full complement of employees required as workloads returned to pre-pandemic levels, the allocation of approximately $1.1MM in Licensing and Maintenance fees to Network Metering that were previously budgeted in the Digital and Innovation department, and an increase of approximately $0.5MM in annual Licensing and Maintenance costs and Outside Service Provider fees from one AMI 1.0 services provider.

2024-2026 Variance Explanation

From 2024 to 2026 costs are forecast to increase by approximately $1.0MM primarily due to an increase in IST Licenses and Maintenance costs of $0.6MM and Outside Service Provider expenses of $0.4MM related to the initial implementation of AMI 2.0 meters.

2026-2031 Variance Explanation

From 2026 to 2027 OM&A expenditures are forecast to increase by approximately $2.5MM primarily due to:

- an increase in Outside Service Provider costs of $1.9MM as Alectra Utilities re-deploys fully depreciated AMI 1.0 meters during its AMI Renewal project ($0.8MM), implements its customer communications and education strategy for the mass deployment of AMI 2.0 meters ($0.5MM), undertakes auditing of its new AMI 2.0 Head End system ($0.4), provides a Letter of Credit to its AMI 2.0 vendor during its meter deployment activities ($0.1MM) and provide training on new processes and procures related to its AMI Renewal project outcomes ($0.1MM);

- an increase in IST Licenses and Maintenance of $0.4MM due to the planned implementation of Alectra Utilities' AMI 2.0 Head End system, temporarily resulting in five AMI systems; and,

- an increase in Direct Labour costs of $0.2MM due to inflationary increases.

From 2026 to 2031 costs are forecast to increase by approximately $4.9MM primarily due to:

- An increase in IST Licenses and Maintenance of $3.6MM due to the planned implementation of Alectra Utilities' AMI 2.0 Head End system, temporarily resulting in five AMI systems. The four AMI 1.0 systems will be retired over the 2028 to 2032 time frame as detailed in Table 4-2-88: AMI 1.0 and AMI 2.0 Services and Timing of Transition;

- An increase in Direct Labour costs of $1.0MM primarily due to inflation; and,

- Inflationary increases of $0.1MM in Outside Service Provider costs.

PROGRAM DELIVERY

1. OVERVIEW

Table 4-2-92: Program Delivery Program Summary

Program Delivery							
Program Description: Program Delivery is responsible for the scheduling, planning and tracking of System Access, System Service and System Renewal capital projects (excluding Metering, Stations and Transit projects). This department ensures sufficient resources and project controls are in place to successfully complete Alectra's capital program. Over the 2020-2024 period, PDG delivered $999.4MM (net) in capital projects. By successfully delivering the planned capital program, PDG supports grid safety, reliability and environmental stewardship. Under the proposed 2027-2031 capital program, PDG will manage a significantly increased capital program with a modest increase in its OM&A costs, as shown below. By 2031, the PDG will be successfully managing a capital program that is approximately two and a half times as large as the 2024 capital program, from $252.4MM in 2024 to $628.4MM in 2031 (net capital) (includes all							
Program Outcomes: Customer Focus, Operational Effectiveness, Public Policy Responsiveness							
Program Costs ($MM) - Historic Period							
2017	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
1.08	0.77	0.71	0.67	0.63	0.67	0.65	0.76
Program Costs ($MM) - Bridge and Forecast Period							
2025	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
1.27	1.49	1.64	1.70	1.76	1.82	1.88	

The Program Delivery Group (PDG) is responsible for the scheduling, planning, and tracking of Alectra Utilities' distribution-related capital programs (excluding Metering, Stations and Transit).

This work can be divided into two functional areas:

- Planning and Scheduling
- Results and Reporting

Together, these functions enable Alectra Utilities to adequately schedule, resource and track the work in its capital program (including planned System Renewal work, System Service work, and System Access work, as described in the Distribution System Plan).

PDG schedules work prepared by Alectra Utilities' design departments. The scheduling function involves managing the availability of internal and external resources. PDG also ensures that constraints and risk mitigation are factored into the execution of the capital portfolio.

PDG has instituted project monitoring and controls for the managing of projects (such as change management processes). These controls ensure that the capital plan is successfully executed.

The proposed funding for PDG is necessary to successfully complete the capital program outlined in the Distribution System Plan and to ensure that the benefits of those capital investments can be realized on time and within budget.

The capital program managed by PDG is expected to increase from approximately $229.2MM (net) in 2026 to $628.4MM (net) in 2031. The capital program details can be found in the DSP filed in Exhibit 2A.

2. OUTCOMES AND MEASURES

The RRFE outcomes and measures of the Program Delivery program are noted below in Table 4-2-93.

Table 4-2-93: Program Delivery Program Outcomes and Measures Summary

Customer Focus	• Delivering System Access projects on-time directly supports the achievement of customer projects.
Operational Effectiveness - Safety	• Contributes to Alectra Utilities' public and employee safety performance by supporting the successful completion of system renewal activities within the Distribution System Plan. The investments in the system renewal category include replacing deteriorated assets which can pose a variety of safety risks to the public and Alectra employees (e.g., deteriorated poles present an elevated risk of failure). • Project planning and scheduling activities contribute to the public and employee safety performance by ensuring risks are considered and mitigated before and during the construction process. • PDG ensures that only approved construction plans are issued, and that as-built drawings are returned (with associated inspection records) so that records and maps can be updated. Up to date maps and records are required to support public and employee safety in the cable locates program, system control activities and work protection.
Operational Effectiveness - Reliability	• PDG supports the successful completion of system reliability investments in Alectra's Distribution System Plan. These investments improve system reliability by addressing aging and deteriorated assets at risk of failure.

Public Policy Responsiveness	• PDG ensures that only approved construction plans are issued to be constructed. The program also includes tracking and reporting related to the as-built drawing return process, as well as the completion of records of inspection and construction certificates. These processes are required to maintain compliance with the construction verification program mandated by O. Reg. 22/04. • PDG obtains required forms and permits. For example, the PDG department files Notices of Projects as required by the Regulation for Construction Projects, O. Reg. 213/91. • This program ensures the timely completion of construction projects by managing the overall program schedule and resource allocations. Completing these projects in a timely manner supports public policy initiatives such as the *Building Broadband Faster Act, 2021*, the *Getting Ontario Connected Act, 2022* and the *Building Infrastructure Safely Act, 2024.*
Public Policy Responsiveness - Environmental Stewardship	• This program contributes to environmental stewardship by supporting the successful completion of system renewal activities within the Distribution System Plan. The investments include replacing deteriorated assets that pose a risk to the environment, such as from leaking transformer oil or SF6 gas. Alectra Utilities can mitigate this risk by completing the planned system renewal investments in a timely manner.

3. PROGRAM DESCRIPTION

The project management process consists of five phases: initiation, planning, execution, monitoring and closure. The phases managed by Program Delivery include planning, monitoring and closure.

The initiation phase of projects is performed by other groups (e.g., Asset Management and Finance) and the execution phase is performed by departments engaged in construction activities (e.g., Lines, Metering, external contractors, etc.).

Applying project and portfolio management principles and processes to these capital investments ensures that they can be delivered on time, on budget and on scope. Where changes are required, appropriate oversight is provided through the change management and risk management processes. The activities within this program are critical to the successful implementation of the DSP and ensuring benefits and outcomes of that plan are delivered to customers.

Descriptions of the planning, monitoring and closure work performed by PDG is provided below in Table 4-2-94.

Table 4-2-94: Program Delivery Project/Portfolio Management Activities

Project Lifecycle Phase	Activity	Description
Project Planning	Confirmation of Scope	PDG works with project stakeholders to review and refine project scope prior to commencing design work. Proposed scopes of work are reviewed against asset management scope documents to ensure designs meet the objectives of the DSP and asset management plans.
Project Planning	Confirmation of Budget	PDG monitors budgets at the portfolio, program and project level to ensure projects that are scheduled for execution fit within the overall approved budget.
Project Planning	Risk Identification	Risks are identified through a project walkthrough process, a pre-project signoff process and an assessment of trends from past projects. PDG tracks and communicates risks to project sponsors and stakeholders to ensure that mitigation strategies are put in place.
Project Planning	Project Requirements Identification	PDG collects important project requirements, such as requested in-service dates, to inform the project schedule.
Project Planning	Project Scheduling	PDG creates and maintains the overall construction schedule for distribution construction projects. This includes using estimated cost and effort information, resource availability schedules and project constraints to layout anticipated construction start and finish dates and resource assignments. The construction schedule is used to ensure that projects are delivered on-time and that overall program outcomes are met.

Project Lifecycle Phase	Activity	Description
Project Monitoring & Controlling	Monitoring Project Budget	PDG Coordinators actively monitor project expenditures by category and compare these expenditures to the project budget. Coordinators produce project health reports and track risks to the project budget.
Project Monitoring & Controlling	Managing Project Scope	PDG Coordinators log the approved project scope prior to releasing projects for construction. During the execution phase, Coordinators engage project teams and monitor project communications to identify potential changes to scope. Proposed scope changes are handled through the Request for Change process.
Project Monitoring & Controlling	Managing the Project Schedule	PDG Coordinators track any risk to completing the project on time (e.g., delays caused by resource availability, materials availability, delays in construction activities by customer representatives or other third parties, etc.). These risks are communicated to project stakeholders through project health reporting and production meetings.
Project Monitoring & Controlling	Production Meetings	PDG hosts status meetings with portfolio/program/project stakeholders to review actual performance against budgets, scopes and schedules. These meetings also involve risk management activities (e.g., identifying material shortages, determining sourcing steps and beginning the process of obtaining the materials from an alternative source).
Project Monitoring & Controlling	Request for Change / Change Order Process	PDG administers the request for change (RFC) process. This process manages changes to project budget, scope and schedule. Where changes are expected to occur, the identifying party documents the expected impact to costs and schedule. The RFC must be approved by the appropriate individuals in each department per the RFC process. This ensures that changes to budget have the appropriate oversight and that impacts to project deliverables are understood.

Project Lifecycle Phase	Activity	Description
Project Closure	As-built Drawing Return	PDG tracks the return of as-built drawings through its project management software . As-built drawings contain important notes and redlines related to project construction, as well as records of inspections and other certificates required by Alectra's construction verification program (per O.Reg 22/04).
Project Closure	Variance Analysis	Coordinators analyze project performance and note variances to overall cost, materials, labour, equipment use, contractor and external costs. For significant variances, an explanation is included in the closure report. These explanations form the basis for applying lessons learned to future projects as part of Alectra Utilities' continuous improvement process.

Other activities funded by this program include the administrative costs of the PDG. This includes costs such as training, staff development and other administrative expenses.

In addition, PDG manages its project management systems, such as Oracle's Primavera P6 Enterprise Project Portfolio Management system. While this system is primarily managed by department staff, there are also consulting fees related to implementing enhancements to this system and integrating it with other enterprise systems. These enhancements and tools have resulted in efficiencies by automating the transfer of data between systems, the entry of project information during the initiation phase, and the reporting on project, program and portfolio status.

PDG monitors schedule performance index as a key performance indicator. During the 2020-2024 period, PDG delivered 2,947 projects within 90 days of the originally planned finish date (both early and late). Overall, 66% of projects were delivered within 90 days of the original anticipated finish date (both early and late). This performance was achieved despite pandemic and post-pandemic related resource and materials constraints.

The funding in this program will allow PDG to successfully deliver the 2027-2031 capital program.

4. OVERALL PROGRAM COSTS

Table 4-2-95 below provides historical, bridge and forecast expenditures for this program.

Table 4-2-95: Program Delivery Program Expenditures ($MM)

Program Delivery								
Program Costs ($MM) – Historic Period								
Year	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Total	1.08	0.77	0.71	0.67	0.63	0.67	0.65	0.76
Program Costs ($MM) – Bridge and Forecast Period								
Year	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
Total	1.27	1.49	1.64	1.70	1.76	1.82	1.88	

4.1. COST DRIVERS

In 2027, Alectra Utilities' requires $1.64MM in funding for the PDG program. Over the 2027-2031 forecast period, Alectra Utilities' expects the cost of this program to increase by a compound annual growth rate of approximately 3.57%. This increase is necessary to maintain headcount in order to continue to meet program needs and to provide the outcomes delivered by this program.

The main cost drivers for PDG are staffing levels. Project Coordinators perform many of the project planning, monitoring, controlling and closure tasks noted in Table 4-2-94 above. As more projects are added to the capital expenditure plan, more coordinators are required to monitor and control the projects and ensure their successful execution.

Over the DSP period of 2027-2031, Alectra Utilities plans to increase the annual net capital expenditure managed by PDG by 190% or $289.1MM (as shown in Table 4-2-96 below). The expenditure details and rationale are set out in the DSP found in Exhibit 2A.

In addition to managing a much larger capital budget, PDG will take on additional scope during the forecast period. This additional scope includes accountabilities for design and stations schedules and expanded monitoring / controls. This will ensure end-to-end project controls and help Alectra Utilities meet the deliverables of the DSP.

To manage this increased project load, two Project Coordinators will be added to the department in 2025 and a further two Project Coordinators in 2026. PDG expects to continue to find and implement efficiencies to help mitigate the cost pressures from the increased project workload. Examples of productivity initiatives that will be implemented include the automation of functions such as project scheduling notice creation, health report preparation and circulation, project variance analysis data assembly, request for change approval workflows and plan line forecast updates. In addition various reports and data entry tasks that are currently generated either wholly or partially manually will be automated through connecting disparate systems (e.g., ERP, Primavera P6, FileNexus and Sharepoint) to shuttle data between systems and dynamically generate reports of information stored in various systems.

Table 4-2-96: Proposed Program Delivery Managed Capital Expenditures Versus Coordinator Resources

	2025	2026	2027	2028	2029	2030	2031
Proposed Net Capital Expenditure ($MM)	233.1	262.5	321.1	380.6	475.5	529.2	610.2
Number of Coordinators	8	10	10	10	10	10	10
Managed Spend per Coordinator ($MM)	29.14	26.25	32.11	38.06	47.55	52.92	61.02

Over time, Project Coordinators will manage increasingly larger portfolios as shown in Table 4-2-96. These additional resources will be hired in 2025 and 2026 so that they can gain the necessary experience and training to effectively manage these larger capital portfolios. Effective project management is critical to achieving the outcomes of the DSP.

PDG is continuing to automate some reporting and closure tasks and to develop additional dashboards and reports to improve productivity. These productivity improvements will allow PDG to reach much higher levels of managed spend per coordinator by 2029.

PDG is also enhancing its ability to analyze operational costs. This will require adding an Engineering Associate in 2024. This new resource will allow Alectra Utilities to better plan and monitor its various operational programs (such as those in the Overhead Inspections & Maintenance, Underground Inspections & Maintenance, Cable Locates and Vegetation Management programs).

By adding this resource and centralizing these functions, Alectra Utilities will be able to better analyze trends and lessons learned to drive harmonization and productivity improvements. Centralizing these functions within PDG ensures that a consistent approach is taken when applying continuous improvement to those programs.

4.2. PRODUCTIVITY AND CONTROL

PDG has made several enhancements to its work practices to mitigate cost pressures and improve productivity. These include:

- A reduction to in-person meetings. By transitioning meetings to Microsoft Teams, mileage and parking costs were significantly reduced. This trend has continued post pandemic.

- New integrations between Alectra Utilities' Enterprise Resource Planning system, JD Edwards and its Project Scheduling program, P6. These integrations allow data to flow from the financial system to the project scheduling system automatically. This reduces data entry time, data entry errors and enables improved reporting by concentrating data within P6. These integrations improve the quality of PDG’s work. It also increases productivity of PDG’s Project Coordinators, mitigating the need for additional staff.

- New integrations between P6 and Business Intelligence systems such as Power BI. These integrations allow data from disparate sources to be brought together for improved reporting. The improved reports have allowed various departments to have access to the status of their projects. It also allows Alectra Utilities management to access dashboard data on projects and programs. Finally, by presenting data in flexible and interactive formats, trends can be more readily identified and acted upon. While many of these reports were generated before the integrations were created, they were time consuming to produce. By automating these reporting functions, PDG has increased the productivity of its Results and Reporting Team, as well as the Planning and Scheduling Team allowing existing resources to manage increasing numbers of projects while delivering additional value.

- PDG's Results and Reporting team has enhanced their ability to manage Alectra Utilities' project management system, P6, and to develop interfaces with various other systems, such as the ERP system, HCM system, GIS system and others. This has allowed significant advancements in project management and reporting to occur while reducing consulting fees.

4.3. YEAR-OVER-YEAR VARIANCE ANALYSIS

2017-2018 Variance Explanation

From 2017 to 2018 costs decreased by $0.31MM primarily due to the elimination of two positions identified during amalgamation and lower training costs, partially offset by higher mileage and parking costs as staff travelled more frequently for project control meetings.

2018-2019 Variance Explanation

There is no material variance during this period.

2019-2020 Variance Explanation

There is no material variance during this period.

2020-2021 Variance Explanation

There is no material variance during this period.

2021-2022 Variance Explanation

There is no material variance during this period.

2022-2023 Variance Explanation

There is no material variance during this period.

2023-2024 Variance Explanation

From 2023 to 2024 costs increased by $0.13MM primarily due to the filling of a Director vacancy in the fourth quarter of 2023 and the addition of an Engineering Associate in the fourth quarter of 2024.

2024-2026 Variance Explanation

From 2024 to 2026 costs increased by an average of $0.38MM per year primarily due to the addition of two Project Coordinators as well a full year of the new Engineering Associate in 2025 and the addition of two Project Coordinators in 2026, partially offset by reduced consulting spend.

2026-2031 Variance Explanation

From 2026 to 2031 costs are expected to increase by $0.40MM primarily due to increases in consulting to add interfaces between various software platforms, improve access to project data and add automation to reporting functions. The increase from 2026 to 2027 is primarily due to increases in consulting to add interfaces between various software platforms, improve access to project data and add automation to reporting functions. The increases from 2027 to 2031 is primarily due to inflation.

VEGETATION MANAGEMENT

1. OVERVIEW

Table 4-2-97: Vegetation Management Program Summary

Vegetation Management							
Program Description: The Vegetation Management Program provides for the effective removal of unwanted plant growth from utility areas of operation. The program has two segments – Vegetation Management Cut Cycle and Reactive Tree Trimming. The work conducted under both segments is mainly executed by external contractors, overseen by internal and external inspectors. Over the forecast period, program costs will grow increase from $6.16MM in 2024 to $7.30MM in 2031. The increase in costs for this program is mainly due to increasing extreme weather, ageing infrastructure and growing regulatory requirements.							
Program Outcomes: Customer Focus, Operational effectiveness (Safety and Reliability) and Public Policy Responsiveness.							
Program Segments • Vegetation Management Cut Cycle • Reactive Tree Trimming							
Program Costs ($MM) - Historic Period							
2017	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
4.52	4.86	5.02	5.53	5.27	5.48	7.03	6.16
Program Costs ($MM) - Bridge and Forecast Period							
2025	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
6.10	6.23	7.05	7.21	7.37	7.52	7.67	

The Vegetation Management program provides for the effective removal of unwanted plant growth from utility areas of operation. Tree trimming and vegetation removal activities are critical to the safe and effective operation of power lines and related equipment.

Over the period 2025-2031, Alectra Utilities will average about $7MM annually on vegetation control. These ongoing operations and maintenance costs will increase over this period as a

result of more frequent incidents of extreme weather, aging infrastructure, and legislative requirements.

Alectra Utilities' planned vegetation management work is mainly executed by tree contractors. Under the program, trees and branches are pruned to meet minimum clearance standards based on the American National Standards Institute (ANSI) A300 - Standard Practices for Trees, Shrubs and other Woody Plant Maintenance and to reflect any local municipality pruning guidelines.

Each Alectra Utilities region deploys 1-2 personnel (internal and/or external) to oversee the vegetation program and to monitor its external contractors. The contractors' progress and performance are assessed based on the standards set out in each of their contracts. These standards are provided below in Section #3 - Program Description.

Vegetation interference is one of the most common causes of power interruptions, as overhead feeders are prone to tree branch contacts. Trees may contact distribution feeders because of natural growth, or when severe weather causes branches to break and fall onto lines or to bend and make intermittent contact. Conductors on feeders can also stretch and sag due to ice and snow build-up, heavy loading, or warm weather, bringing the lines closer to tree limbs.

2. OUTCOMES AND MEASURES

The RRFE outcomes of the program and the measures of program effectiveness are set out in Table 4-2-98, below.

Table 4-2-98: Vegetation Management Program Outcomes and Measures Summary

Operational Effectiveness - Safety	The primary safety outcome for the Vegetation Management program is to minimize hazards associated with overgrown vegetation. These hazards can lead to accidents, injuries, or property damage. This involves ensuring that vegetation does not obstruct critical infrastructure, contribute to fire risks, or create unsafe conditions for the public.

Operational Effectiveness - Reliability	Contributes to reliability targets (e.g., SAIFI, SAIDI) by preventing vegetation from causing disruptions to infrastructure such as power lines, roadways, and communication systems. Sufficient clearance between Alectra's electrical distribution equipment helps reduce the likelihood of damage to energized apparatus that would result in unplanned outages.
Customer Focus	Contributes to public and employee safety (e.g., Serious Electrical Incident Index) by addressing the concerns of customers regarding vegetation management. This includes ensuring that vegetation management practices do not negatively impact customers and that their feedback is effectively addressed. This is achieved by providing clearance from vegetation growth to the electrical infrastructure on a yearly trim cycle, which reduces the likelihood of damage to the electrical distribution assets.
Public Policy Responsiveness	Public policy responsiveness focuses on ensuring that vegetation management practices align with relevant public policies, regulations and community standards. This includes compliance with local, provincial, and federal regulations related to vegetation management, including environmental protection laws.

By defining and monitoring these outcomes and measures, Alectra Utilities can ensure that its Vegetation Management practices effectively enhance safety, reliability, customer satisfaction, and public policy alignment. This approach improves operational performance while also supporting the broader goals of community and environment.

3. PROGRAM DESCRIPTION

The Vegetation Management program covers the assessment, intervention, and management of vegetation growth to prevent its adverse interaction with utility infrastructure.

Vegetation encroachment is one of the top reasons for unplanned electricity outages. Fortunately, preventive measures can be taken that do not destroy the vegetation while protecting the integrity of utility infrastructure.

Alectra Utilities relies on contractors to successfully complete its vegetation management and maintenance services (“Services”). The Services are performed by a combination of certified

Arborists and Apprentices with up-to-date training, and all the required equipment, vehicles, and tools.

The Services include all preventative maintenance, reactive work, and emergency call outs. Maintaining clear, unobstructed access to Alectra Utilities' electrical distribution equipment is an important preventative plan. Services are performed in the vicinity of primary (4kV to 44kV) or secondary (120/240V, 208/120V, 347/600V) distribution system elements.

The program helps provide safe and reliable energy to Alectra Utilities' customers by managing vegetation growth where there is a risk of tree branches encroaching on electrical distribution infrastructure.

The Service for each of Alectra Utilities' three Regions (west, central and east) has been further subdivided into seven (7) sub-areas, as shown in the table below. This structure allows for better management of contractors. It also allows for the program to be tailored to meet the local conditions in each sub-area.

Table 4-2-99: Service Regions

Service Region	Description
East - South	Communities located immediately north of Toronto and in Central Ontario in the municipalities of Vaughan, Markham, Richmond Hill, and Aurora
East - North	Alliston, Barrie, Beeton, Bradford West Gwillimbury, Penetanguishene, Tottenham and Thornton
Central (North) - Brampton	Brampton
Central (South) - Mississauga	Mississauga
West - Hamilton	Ancaster, Dundas, Flamborough, Hamilton and Stoney Creek
West - St. Catharines	St. Catharines
West - Guelph	Guelph

Trimming / Safety Standards

All work under the program is carried out under the direct supervision of an Ontario Certified Utility Arborist. All work is performed in accordance with the following standards and practices:

- ANSI A300 (Part 1) “Standard Practices for Tree, Shrub, and other Woody Plant Maintenance"
- International Society of Arboriculture Tree Pruning Guidelines
- International Society of Arboriculture, Best Management Practices, Tree Pruning
- *Occupational Health & Safety Act* (OHSA) and applicable Regulations
- Electrical Utilities Safety Rules
- Electrical & Utilities Safety Association – “Line Clearing Operations” Safe Practice Guide
- CSA standards Z259.2, Z259.1, and Z259.2.198 (related to climber ropes, climber belts/ carabiners, and friction hitches)

Inspection and Compliance

Alectra Utilities has 1-2 experienced personnel per region (internal and external) to oversee the work conducted under the vegetation program.

Contractors are given a grid/territory as per the planned cut cycle and inspectors are assigned to each of these locations. The inspectors visually inspect the contractor's work, ensuring adherence to safety standards and compliance with pruning requirements.

Our inspectors examine trees, vegetation, and utility poles to ensure proper clearance between trees and power lines. When clearance does not meet the requirements in place, our inspectors will work with our contractors to ensure that regulatory requirements are met.

4. OVERALL PROGRAM COSTS

Table 4-2-100: Vegetation Management Program Expenditures by Segment ($MM)

Vegetation Management (Planned/Reactive)								
Program Costs ($MM) – Historic Period								
Year	**2017***	**2018***	**2019***	**2020**	**2021**	**2022**	**2023**	**2024**
Total	4.52	4.86	5.02	5.53	5.27	5.48	7.03	6.16
Vegetation Management Cut Cycle	—	—	—	5.25	5.01	5.23	6.78	5.85
Reactive Tree Trimming	—	—	—	0.28	0.26	0.24	0.25	0.31
Program Costs ($MM) – Bridge and Forecast Period								
Year	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
Total	6.10	6.23	7.05	7.21	7.37	7.52	7.67	
Vegetation Management Cut Cycle	5.89	6.02	6.81	6.96	7.10	7.24	7.39	
Reactive Tree Trimming	0.21	0.22	0.24	0.25	0.27	0.28	0.29	

*Segment level data is not available for 2017-2019 due to varying legacy financial systems and segmentation approaches.

4.1. COST DRIVERS

The key cost drivers in the Vegetation Management program include:

- **Labour and Equipment Costs:** Labour (e.g., arborists, crews) and equipment (e.g., chainsaws, chippers) are a major cost driver in this program, representing approximately % of the total annual cost of the program.

- **Frequency of Maintenance:** The interval at which vegetation management is conducted impacts costs. More frequent trimming or removal as a result of increasing regulatory requirements or local standards increases expenses. Alectra Utilities generally operates with a 3-year cycle. However, the cut cycles also depend on diverse attributes of the areas being maintained, including escarpments, valleys, off road locations, density and maturity of trees.

- **Increasing Customer Expectations:** There is an increasing need to coordinate effectively with property owners. If the tree is on private property, coordinating with property owners and managing customer expectations involves additional administrative costs and/or delays the trimming operation.

Balancing these factors effectively is crucial for managing vegetation costs while maintaining the safe and effective operation of power lines and related equipment.

4.2. PRODUCTIVITY AND COST CONTROL

- Optimizing the contractor response teams to ensure that they are able to mobilize quickly to the sites of reported risks.

- Cross-training existing utility crews (such as linemen) to perform basic reactive trimming, reducing the need for separate, dedicated tree-trimming teams during emergency situations.

- Regularly auditing reactive trimming efforts to identify areas where costs can be controlled. Monitoring performance, equipment usage, and labour allocation helps identify inefficiencies and areas for cost savings.

- Ensuring adequate funding for the planned cut cycle to reduce the need for more expensive reactive tree trimming work. This saves costs from reduced trouble truck rolls and improves overall system reliability and safety..

By applying these steps, Alectra Utilities will continue to manage the costs associated with this program while still maintaining safety, reliability, and regulatory compliance. Refer to Exhibit 1, Tab 6, Schedule 4 for a discussion on the Vegetation Management O&M APB benchmark results.

5. VEGETATION MANAGEMENT CUT CYCLE SEGMENT

5.1. VEGETATION MANAGEMENT CUT CYCLE SEGMENT DESCRIPTION

This segment covers the strategies and practices used to control plant growth in specific areas to achieve various objectives, such as safety, operational efficiency, and ecological health. This

segment encompasses activities like pruning, clearing, and managing vegetation around infrastructure, including power lines, roadways, and waterways.

Preventing vegetation from interfering with power lines, roads, and other critical infrastructure reduces the risk of accidents or outages. Alectra Utilities conducts this work in a way that supports biodiversity and maintains ecological balance.

The scope of the Planned Cut segment has evolved in response to several factors. Initially, the work conducted under this segment relied on manual methods and basic tools. However, it now relies on advanced technology, such as drones for monitoring and GIS (Geographic Information Systems) for mapping. This has significantly changed how vegetation is managed and improved the segment's efficiency.

Alectra Utilities relies on contractors to successfully complete the work in this segment. The Planned Cut work is performed by a combination of certified Arborists and Apprentices with up-to-date training, and all the required equipment, vehicles, and tools.

Under this segment, Alectra Utilities' tree contractors prune trees and branches to meet minimum clearance standards based on the American National Standards Institute (ANSI) A300 - Standard Practices for Trees, Shrubs and other Woody Plant Maintenance and to reflect any local municipality pruning guidelines.

Alectra Utilities deploys 1-2 personnel (internal and/or external) per region to monitor its external contractors. The contractors' progress and performance are assessed based on the standards set out in each of their contracts.

Historically, the emphasis was on clearing vegetation to prevent interference with infrastructure. There is now a greater focus on integrating environmental regulations and sustainability into vegetation management practices. This includes considering the impact on local ecosystems.

With the growing recognition of climate change, Alectra Utilities' practices have adapted to address new challenges, such as managing vegetation in areas prone to extreme weather events and adjusting management strategies to changing climate conditions.

Vegetation management has evolved from a purely functional task. There is now increased public awareness of the environmental and aesthetic impacts of vegetation management. This has led to a greater emphasis on practices that are not only effective but also publicly acceptable and environmentally friendly.

In summary, while the core purpose of this segment is ensuring safety and reliability, the scope has expanded and evolved. Modern practices now incorporate advanced technology, regulatory compliance, climate considerations, and public expectations, reflecting a broader and more integrated approach to managing vegetation.

5.2. PLANNED CUT CYCLE SEGMENT COSTS

Table 4-2-101 below provides the Historical (2017-2024), Bridge (2025-2026) and Forecast (2027-2031) expenditures for the Planned Cut Cycle Segment

Table 4-2-101: Planned Cut Cycle Segment Expenditures ($MM)

Vegetation Management (Planned Cut Cycle)								
Segment Costs ($MM) – Historic Period								
Year	**2017***	**2018***	**2019***	**2020**	**2021**	**2022**	**2023**	**2024**
Total	—	—	—	5.25	5.01	5.23	6.78	5.85
Segment Costs ($MM) – Bridge and Forecast Period								
Year	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
Total	5.89	6.02	6.81	6.96	7.10	7.24	7.39	

*Segment level data is not available for 2017-2019 due to varying legacy financial systems and segmentation approaches.

5.3. PLANNED CUT CYCLE YEAR-OVER-YEAR VARIANCE ANALYSIS

2017-2018 Variance Explanation

Segment level data is not available for 2017-2019 due to varying legacy financial systems and segmentation approaches.

2018-2019 Variance Explanation

Segment level data is not available for 2017-2019 due to varying legacy financial systems and segmentation approaches.

2019-2020 Variance Explanation

Segment level data is not available for 2017-2019 due to varying legacy financial systems and segmentation approaches.

2020-2021 Variance Explanation

There is no material variance during this period.

2021-2022 Variance Explanation

There is no material variance during this period.

2022-2023 Variance Explanation

From 2022 to 2023 expenditures increased by approximately $1.5MM primarily due to an increase in contractor costs and an increase in the number of kilometers of feeder trimmed.

2023-2024 Variance Explanation

From 2023 to 2024 costs declined by $0.93MM primarily due to a return to a normal number of kilometers of feeder trimmed.

2024-2026 Variance Explanation

There is no material variance during this period.

2026-2031 Variance Explanation

From 2026 to 2031 costs are expected to increase by $1.37MM, or an average of $0.27MM per year, primarily due to higher contractor costs.

6. REACTIVE TREE TRIMMING SEGMENT

6.1. REACTIVE TREE TRIMMING SEGMENT DESCRIPTION

Alectra Utilities' distribution system consists of overhead and underground feeders, with approximately 1/3 of the system being overhead. While there are benefits to an overhead distribution system, such as less costly installation, shorter time to locate faults and conduct repairs, the overhead system is more susceptible to outages caused by vegetation contacts.

The Reactive Tree Trimming segment covers the monies spent to respond to vegetation contacts that impact safety and reliability. On average, Alectra Utilities' overhead distribution system is impacted by 215 sustained tree contact outages, resulting in 100,555 customer interruptions (CI) and 102,479 customer hours of interruption (CHI) annually (excluding major event days (MEDs)). Overall, sustained outages caused by tree contact accounted for 7.3% of the unplanned outages from 2019 to 2023 and 10.8% of the CHI, as can be seen in the following charts.

Chart 4-2-11: 2019-2023 Tree Contact Outages (MEDs Also Excluded)

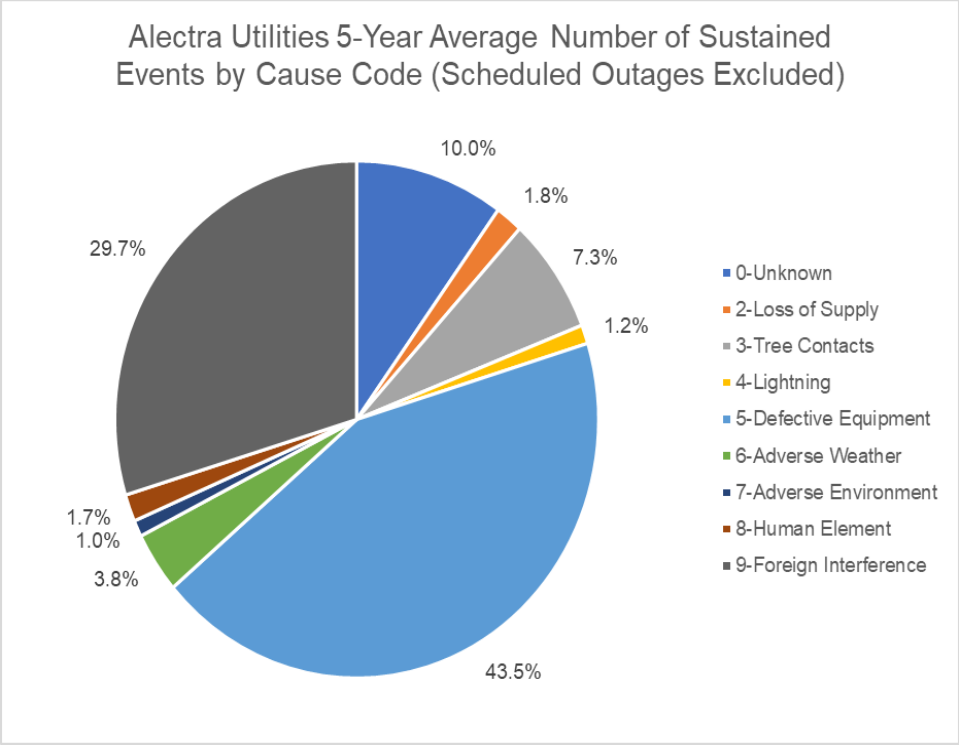
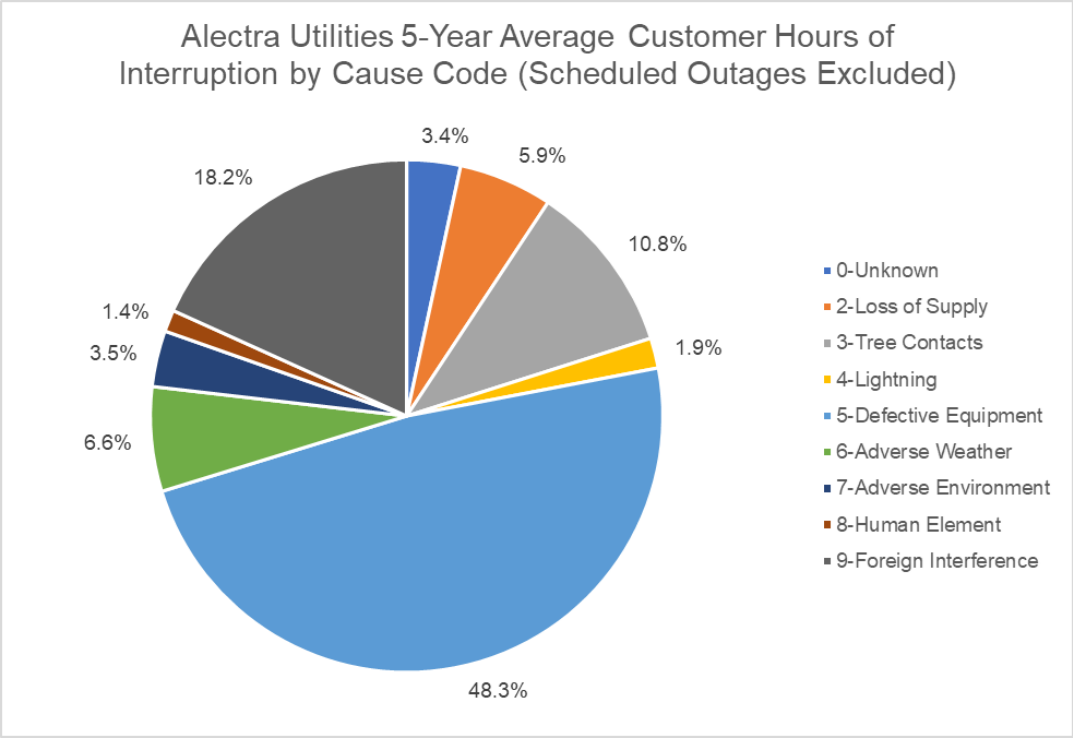


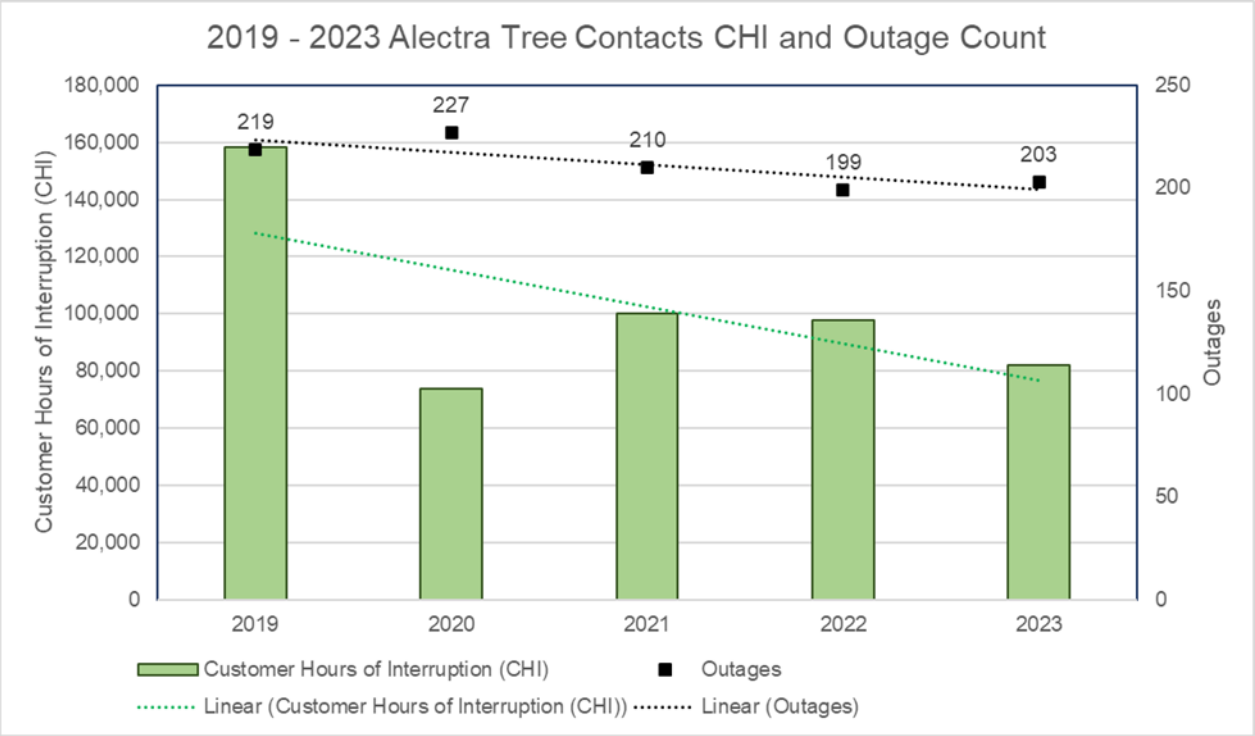
Chart 4-2-12: 2019-2023 Tree Contact CHI (MEDs Also Excluded)



Most of Alectra Utilities' overhead distribution system is trimmed every 3 years. However, some areas, with faster growing vegetation, are trimmed every two years. These efforts reduce but don't eliminate tree contact outages.

Alectra Utilities' reactive tree trimming budget is used to trim trees that have caused outages. More than $0.2MM is spent each year for reactive tree trimming.

Chart 4-2-13: Sustained Outages due to Tree Contact



As climate change intensifies and electrification expands through decarbonization, the need for reliability and resiliency increases. Vegetation management is critical to ensure high levels of reliability and resiliency during adverse weather conditions. During storms, fallen trees, and broken branches damage the overhead infrastructure (broken poles and conductor) causing widespread outages. As such, removal of dead trees and proper pruning within a tree trimming cycle reduces the risk of widespread power interruptions during storms.

Scope of Reactive Tree Trimming Segment:

Reactive tree trimming is typically conducted in response to incidents such as:

- **Power Outages:** Trees or branches falling on power lines causing outages.
- **Damage Assessment:** Following storms or severe weather events, utilities inspect, and address damage caused by vegetation.

- **Emergency Situations:** Immediate trimming to resolve hazards that pose safety risks, such as branches hanging precariously over lines.

This segment involves quick, unplanned interventions to remove or trim vegetation that is causing immediate problems or hazards. This can include removing branches or trees that have fallen on power lines and restoring power to affected areas as quickly as possible.

It ensures the safety of utility workers, contractors and the public by removing or mitigating hazardous vegetation situations. This may include cutting back branches that are threatening to fall or cause accidents or creating clear access paths for emergency responders or utility crews.

In summary, Alectra Utilities reactive tree trimming is a crucial aspect of vegetation management that focuses on responding to immediate issues and emergencies. Over time, the scope has expanded due to increased weather events, advancements in technology, shifts towards preventative strategies, evolving regulations, and changes in resource allocation.

6.2. REACTIVE TREE TRIMMING SEGMENT COSTS

Table 4-2-102 below provides the Historical (2017-2024), Bridge (2025-2026) and Forecast (2027-2031) expenditures for the Reactive Tree Trimming

Table 4-2-102: Reactive Tree Trimming Segment Expenditures ($MM)

Vegetation Management (Reactive Tree Trimming)								
Segment Costs ($MM) – Historic Period								
Year	**2017***	**2018***	**2019***	**2020**	**2021**	**2022**	**2023**	**2024**
Total	—	—	—	0.28	0.26	0.24	0.25	0.31
Segment Costs ($MM) – Bridge and Forecast Period								
Year	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
Total	0.21	0.22	0.24	0.25	0.27	0.28	0.29	

*Segment level data is not available for 2017-2019 due to varying legacy financial systems and segmentation approaches.

6.3. REACTIVE TREE TRIMMING YEAR-OVER-YEAR VARIANCE ANALYSIS

2017-2018 Variance Explanation

Segment level data is not available for 2017-2019 due to varying legacy financial systems and segmentation approaches.

2018-2019 Variance Explanation

Segment level data is not available for 2017-2019 due to varying legacy financial systems and segmentation approaches.

2019-2020 Variance Explanation

Segment level data is not available for 2017-2019 due to varying legacy financial systems and segmentation approaches.

2020-2021 Variance Explanation

There is no material variance during this period.

2021-2022 Variance Explanation

There is no material variance during this period.

2022-2023 Variance Explanation

There is no material variance during this period.

2023-2024 Variance Explanation

From 2023 to 2024 costs increased by $0.06MM primarily due to larger and denser trimming grids within some regions.

2024-2026 Variance Explanation

There is no material variance during this period.

2026-2031 Variance Explanation

From 2026 to 2031 costs are expected to increase by $0.06MM primarily due to more extreme weather events and higher contractor costs.

OVERHEAD INSPECTIONS AND MAINTENANCE

1. OVERVIEW

Table 4-2-103: Overhead Inspections and Maintenance Program Summary

Overhead Inspections and Maintenance							
Program Description: The Overhead Inspections and Maintenance program facilitates the inspection, maintenance and repair of overhead equipment. Over the 2017-2023 period, this program contributed to Alectra maintaining its SAIDI target of 0.98 hours/year and a SAIFI result below the target of 1.34 interruptions/year in all years. This program also contributes to the target for meeting scheduled appointment times and new services connected on time. Over the 2017-2024 period, Alectra exceeded targets for both metrics in all years. Alectra expects to continue the program with its current scope while incorporating improvements to its processes and technology.							
Program Outcomes: Customer Focus, Operational Effectiveness - Reliability and Safety, Public Policy Responsiveness, Financial Performance							
Program Segments • Asset Inspection • Disconnect/Reconnects • Preventative Maintenance • System Reactive Repairs and Trouble Calls							
Program Costs ($MM) - Historic Period							
2017	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
13.23	17.19	22.30	26.50	23.95	30.73	26.13	26.22
Program Costs ($MM) - Bridge and Forecast Period							
2025	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
28.02	29.06	30.72	32.40	33.86	34.95	36.00	

The Overhead Inspections and Maintenance program is responsible for the inspection, maintenance and repair of overhead distribution equipment. This program is focused on maintaining and restoring the operation of overhead distribution assets, minimizing risks to reliability and safety, and minimizing asset lifecycle costs.

This program is comprised of four segments:

1. **Asset Inspection:** This segment facilitates the patrol and inspection of all overhead distribution equipment, including lines, poles and their associated framing and structures, pole-mounted transformers, and overhead switches.

2. **Disconnect/Reconnects:** This segment is responsible for the disconnect and reconnect of overhead and underground services for all customers, as well as the installation and removal of temporary supply equipment.

3. **Preventative Maintenance:** This segment is accountable for preventative maintenance programs for overhead distribution equipment - specifically overhead switch maintenance and insulator washing. These programs contribute to minimizing asset lifecycle costs and to maximizing the performance of assets over their useful life.

4. **System Reactive Repairs and Trouble Calls:** This segment is responsible for addressing deficiencies and substandard conditions across the overhead distribution system that are identified through inspections and patrols, information from the public, requests for support from Emergency Services (i.e., police, firefighters, and paramedics), motor vehicle accidents, power quality issues, or as a result of outages and equipment failures.

2. OUTCOMES AND MEASURES

The outcomes and measures of the Overhead Inspection and Maintenance program are noted below in Table 4-2-104.

Table 4-2-104: Overhead Inspections and Maintenance Program Outcomes and Measures Summary

Customer Focus	• Supports effective customer service by providing timely disconnection and reconnection of service connections. • Contributes to customer service objectives and Electricity Service Quality Requirements (ESQR) measures by connecting new services on-time. • Contributes to customer service objectives and ESQR measures by meeting customer appointments on-time.
Operational Effectiveness - Safety	• Contributes to public and employee safety performance (e.g., Serious Electrical Incident Index) by identifying and correcting deficiencies that may otherwise have exposed the public and employees to hazards such as inadvertent contact with energized apparatus or stray voltage.
Operational Effectiveness - Reliability	• Contributes to reliability targets (e.g., SAIFI, SAIDI) by addressing deficiencies before outages can occur, and by quickly restoring outages. • Reduces outages through asset inspection and preventative maintenance tasks performed on underground distribution equipment, returning deteriorated equipment to normal operating condition.
Public Policy Responsiveness	• Inspection of distribution assets is a regulatory requirement under both the *Distribution System Code* and O.Reg 22/04. • Disconnecting and reconnecting customers and connecting new services in a timely manner are regulatory requirements of the *Distribution System Code*. • Maintaining the safe and proper operating condition of overhead distribution assets and guarding against inadvertent contact with energized parts is a regulatory requirement of O.Reg 22/04. • Inspection and corrective actions on overhead transformers contribute to environmental stewardship goals by identifying and correcting leaks (e.g., transformer oil) before they contaminate the environment.

3. PROGRAM DESCRIPTION

The Overhead Inspections and Maintenance program is responsible for all inspection, maintenance and repair activities related to Alectra Utilities overhead distribution assets. This program involves asset inspection and preventative maintenance tasks conducted on fixed cycles, disconnection and reconnection of customer services, switching in support of customer needs, and unplanned repair and restoration work performed on a reactive basis.

The Overhead Inspections and Maintenance program is focused on maintaining and restoring reliable supply of power to customers, while minimizing reliability, safety and asset risks. It also minimizes asset lifecycle costs and maximizes the performance of assets over their useful life.

This program contributes to meeting Alectra Utilities customer service, public and employee safety, environmental stewardship, financial performance and regulatory requirements. It is comprised of four segments which contribute to these outcomes:

1. **Asset Inspection:** This segment is responsible for the patrol and inspection of all overhead distribution equipment, including lines, poles and their associated framing and structures, pole-mounted transformers, and overhead switches. This segment supports Alectra Utilities' Asset Condition Assessments and Asset Management programs. This segment also supports regulatory requirements such as the inspection requirements of the *Distribution System Code* and safety requirements of O.Reg 22/04.

   Alectra Utilities plans to continue this program over the forecast period with minimal changes as it is required to meet regulatory requirements and supports system reliability.

2. **Disconnect/Reconnects:** This segment is responsible for the disconnection and reconnection of overhead and underground services for all customers, as well as the installation and removal of temporary supply equipment. Underground disconnects and reconnects are grouped with Overhead disconnects and reconnects in this segment because Alectra Utilities does not separate the costs of overhead and underground work in this segment. This segment supports customer service, while reducing risks to public safety and reliability. This segment also supports several regulatory requirements such as: the connection of new services; the "scheduling of appointments" service quality

metric; and, the disconnection and reconnection requirements in the *Distribution System Code*. Refer to Exhibit 6 - Tab 3 for discussion of disconnection / reconnection fee revenue.

3. **Preventative Maintenance:** This segment is responsible for two preventative maintenance programs for overhead distribution equipment. The two programs are: (i) the washing of porcelain insulators located in high-contamination areas; and, (ii) the periodic maintenance of manual and automated overhead load-break switches.

   These programs contribute to minimizing asset lifecycle costs and maximizing asset performance over their useful life. In addition, these programs contribute to reliability and safety performance by minimizing flashovers, pole fires and failed switching equipment. Furthermore, these programs contribute to Alectra Utilities employee safety by maintaining the proper operation of switching devices, allowing staff to safely disconnect or reroute power, and minimizing the risk of arc flashes during switching. Alectra Utilities plans to continue this program in its current form to meet switch maintenance targets over the forecast period.

4. **System Reactive Repairs and Trouble Calls:** This segment addresses deficiencies and substandard conditions across the overhead distribution system. These deficiencies and substandard conditions are identified through inspections and patrols, information from the public, requests for support from Emergency Services (i.e., police, firefighters, and paramedics), power quality issues, or in response to outages and equipment failure.

   Repairs and replacements of minor equipment are performed to maintain the normal functionality of overhead assets. This typically includes minor adjustments and repairs to pole line framing, connections, riser guards, ground wires, guying and anchoring, and nomenclature.

   The reactive repairs and trouble response segment supports several regulatory requirements under the *Distribution System Code* and O.Reg 22/04.

4. OVERALL PROGRAM COSTS

Table 4-2-105 below provides historical, bridge and forecast expenditures for this program.

Table 4-2-105: Overhead Inspections and Maintenance Expenditures by Segment ($MM)

Overhead Inspections and Maintenance Program Costs ($MM) – Historic Period								
Year	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Total	13.23	17.19	22.30	26.50	23.95	30.73	26.13	26.22
Asset Inspection*	0	0	0	1.25	1.08	2.92	1.98	1.88
Disconnect/ Reconnects*	0	0	0	7.80	8.26	9.14	8.96	8.94
Preventative Maintenance*	0	0	0	0.82	1.43	1.47	1.50	1.07
System Reactive Repairs and Trouble Calls*	0	0	0	16.63	13.18	17.20	13.70	14.33
Program Costs ($MM) – Bridge and Forecast Period								
Year	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
Total	28.02	29.06	30.72	32.40	33.86	34.95	36.00	
Asset Inspection	2.33	2.54	2.41	2.59	2.69	2.77	2.85	
Disconnect/ Reconnects	8.34	8.60	9.23	9.74	10.22	10.55	10.87	
Preventative Maintenance	2.36	2.42	2.55	2.66	2.76	2.83	2.90	
System Reactive Repairs and Trouble Calls	15.00	15.50	16.53	17.40	18.20	18.80	19.38	

*Segment level data is not available for 2017-2019 due to varying legacy financial systems and segmentation approaches.

4.1. COST DRIVERS

In 2027, Alectra Utilities requires $30.72MM for the Overhead Inspection and Maintenance program. Over the 2027-2031 forecast period, Alectra Utilities expects the cost of this program to increase by a compound annual growth rate of approximately 4.0%. These cost increases are

mainly due to aging infrastructure and increases in the cost of labour and contractor service fees.

The main cost drivers for the Overhead Inspection and Maintenance program as a whole include:

- The number of overhead distribution assets inspected in a given year. Alectra Utilities inspects its overhead distribution assets on a three-year cycle per the *Distribution System Code*.
- The volume of disconnect/reconnect requests fluctuates on an annual basis and drives program costs.
- The quantity of assets requiring preventative maintenance varies based on cycle and asset condition. For example, switches are maintained on a 6-year cycle basis. This means there will be annual variation in the number of devices needing maintenance. In addition, different devices have differing maintenance procedures, access conditions, and replacement parts costs which drives differing costs in the programs.
- The number and nature of trouble calls is a large driver of cost for this program. The volume of trouble calls, and reactive repairs depends on several factors such as weather, loading, motor vehicle accidents and other forms of foreign interference.
- Labour and supplier costs are increasing. Several program activities are undertaken by external contractors to achieve cost efficiency and the ability to group multiple activities together (such as with some corrective actions and asset inspections). While Alectra Utilities uses a competitive bid process and multi-year contracts for cost certainty, increasing service fees over time will impact program costs. Similarly, work completed by Alectra Utilities staff will be subject to labour rate increases over time.

Information on cost drivers by segment is provided in the sections below.

Overhead Asset Inspection Segment

This segment will see modest cost growth over the forecast period to support the existing program scope and ongoing improvements to program execution.

The main cost drivers for this segment include:

- The rates charged by Alectra Utilities' service providers. Prior to 2024, inspections were completed by a mix of contractors at hourly rates and internal staff. In 2024, competitive unit rates were obtained which decreased the per-unit cost to complete inspections.

- The number of overhead distribution assets inspected in a given year. Alectra Utilities inspects its overhead distribution assets on a three-year cycle per the *Distribution System Code*.

- The scope of the overhead asset inspection program. This scope was expanded to include pole testing in 2024. It may be further expanded from time to time to implement emerging industry best practices in asset management. The cost related to this increase in scope was offset by the decreased per-unit costs to compete other inspection tasks as identified above.

Disconnects/Reconnects Segment:

This segment will see modest cost growth over the forecast period to support the existing program scope and ongoing improvements to program execution.

The main cost drivers for this segment include:

- The volume of disconnect/reconnect requests drives program costs. The number of requests fluctuates on an annual basis as the frequency of issues arising from customer-owned equipment that necessitates disconnection is variable.

- Labour cost increases impact the cost of this segment. Disconnect/reconnect work is almost exclusively completed by Alectra Utilities power line technicians. Where work

occurs outside of regular hours due to customer requests, overtime rates apply and this impacts segment costs.

Preventative Maintenance Segment

The costs for this segment are generally stable over the forecast period. The company plans on continuing the current segment scope while improving program execution.

The main cost drivers in this segment include:

- The number of switches requiring preventative maintenance in a given year. While switches are maintained on 6-year cycle, there will be annual variation in the number of devices needing maintenance due to the demographics of the switch population. In addition, different devices have differing maintenance procedures, access conditions, and replacement parts which drives differing costs in the program.

- The severity of winters and the level/type of road maintenance performed by municipalities and the Ministry of Transportation impact the level of contamination on equipment. Higher volumes of salt brine usage increase the contamination of porcelain and first-generation polymer insulators and necessitate more frequent washing.

- The replacement of old insulators has an impact on costs for the insulator washing program. As more porcelain and first-generation polymer insulators are replaced, the need for insulator washing decreases.

- Aging infrastructure is a driver of cost increases in this program. As assets age, they tend to experience lower reliability and higher maintenance costs. This can result in more reactive repairs and a higher levels of preventative maintenance. While these costs can extend the useful life of aging assets and can lead to lower lifecycle costs, they result in higher costs in this program.

System Reactive Repairs and Trouble Calls Segment

The cost forecast for this segment reflects a continuation of the existing program scope, including ongoing improvements to program execution.

The main cost drivers in this segment include:

- The number and nature of trouble calls. The volume of trouble calls and reactive repairs depends on several factors such as weather, loading, motor vehicle accidents and other forms of foreign interference. Over the historical period, the volume of trouble calls has remained fairly stable, ranging between 6,267 to 6,941.

- Aging infrastructure is a key driver of cost for this segment. As assets age, they tend to experience lower reliability and higher maintenance costs. This can result in more reactive repairs. While these costs can maintain the useful life of aging assets and can lead to lower lifecycle costs, the actions taken drive higher costs. In some cases, aging oil filled infrastructure can develop leaks and result in environmental damage and expensive remediation costs.

- Health and size of trees outside the trimming zone around primary conductors. Poor vegetation health, especially with large trees, can lead to outages from tree contacts, even with active vegetation management. An example of this is shown in Figure 4-2-3, below.



Figure 4-2-3: A customer-owned tree outside the vegetation management zone uprooted due to poor tree health, precipitation and wind gusts of 65 km/h on February 28, 2024, resulting in a major outage

- Temperature and loading. In periods of high loading, the distribution system may need to be reconfigured to ensure feeder loading remains within acceptable limits and end user voltage remains within the normal operating range.

- Frequency of vandalism and theft. Copper grounds are a common target for thieves due to their scrap value and ease of access. These wires form an important part of the grounding system that controls stray voltage, ensures the proper operation of protection systems and provides worker protection. These grounds must be repaired or replaced when vandalism and theft occurs to prevent risks to public and employee safety and system reliability.

4.2. PRODUCTIVITY AND COST CONTROL

Alectra Utilities uses several methods to control costs and increase productivity in the Overhead Inspections and Maintenance program.

Standardization of Asset Inspection Process

Alectra Utilities has leveraged its GIS harmonization project to standardize asset inspection processes in most operational centres. It has replaced paper-based inspection forms and data entry with field-accessible tablet-based inspection forms. This reduces manual entry and allows for more timely tracking and management of the inspection work.

- Alectra Utilities has found these digital inspections to be more cost-effective because they streamline data entry and reduce the number of touchpoints inspection records undergo. With paper-based inspections, there is a greater risk of errors due to lost records, illegible or damaged records. Paper records also need to be transcribed into a digital format to be collated into a format usable for the statistical calculations needed to complete an asset condition assessment. Digital records also improve program oversight and control by allowing for more timely status reports. This allows Alectra Utilities to actively monitor inspection program progress and assess contractor performance during the execution phase.

Asset inspection forms (both legacy paper forms and current digital forms) were updated over the 2017-2024 period. Alectra Utilities included pole testing in 2024 - which was not previously done consistently by all legacy utilities prior to the Alectra Utilities merger. By collecting this data, more accurate health indices can be calculated for wood poles and more accurate strength data can be used when performing design calculations. Having more accurate asset health information can lead to improved asset management decisions. This can result in deferral of asset replacement and refurbishment to reduce overall lifecycle costs, or the acceleration of asset replacement and refurbishment to mitigate safety, reliability and financial risks identified through the more specific data collection.

Competitive Bid Process

Alectra Utilities also uses a multi-year, competitive-bid process to select contractors to perform asset inspections and preventative maintenance. This results in increased cost control and consistency in inspection and preventative maintenance performance across each three-year cycle. Using multiple contractors also allows more resources to be deployed to complete the inspection and preventative maintenance programs.

- In 2024, a competitive bid process was used to obtain unit-pricing for inspections. Several contractors were engaged, ensuring that the most competitive pricing was implemented in each Alectra Utilities region and that sufficient resources were made available to successfully complete the program each year.

- In 2023, 45,765 overhead inspections were completed at a cost of $1.98MM ($43.26 per unit). In 2024, 56,412 underground inspections were completed at a cost of $1.88MM ($33.33 per unit). This represents a decrease of approximately 23% in the per unit rate for overhead asset inspections.

- To reduce costs, Alectra Utilities contracts certain services for its Overhead Preventative Maintenance segment. For example, insulator cleaning requires specialized tools, vehicles, and techniques to perform the work. By contracting for these services using a multi-year competitive-bid process, the company secures these services at a stable, competitive price. Contracting this work also avoids the need to purchase and maintain specialized equipment.

Work Bundling

Bundling work where appropriate, such as combining asset inspections, minor repairs and preventative maintenance activities into a single trip, has resulted in cost efficiencies by reducing the number of mobilizations to address the various programs and needs. For example, addressing minor repairs while performing an asset inspection can avoid trouble calls, potential after-hours responses and disruption to other ongoing planned work.

Flexible Trouble Crew Assignments

Alectra Utilities operates a variety of trouble crew formats to control costs and improve productivity. In operational centres where the trouble call volume is lower, Alectra Utilities operates a combined service and trouble truck. This allows the trouble crews to perform important service work when there are no active outages. In operational centres where trouble call volumes are higher, Alectra Utilities operates extended shifts which ensure crews are available to respond to trouble calls. In after hours situations, Alectra Utilities operates on-call crews that can quickly respond to trouble calls. This approach maximizes the utilization and productivity of Alectra Utilities' trouble crews.

Remote Switching and Harmonized Call-Out Procedures

Alectra Utilities operates 24/7 system control rooms which allows trouble calls to be quickly received, assessed and dispatched where appropriate. This also allows for the use of remote operated switches to quickly isolate faults and restore power where possible. This increased situational awareness, and remote operating ability, allows trouble crews to be directed to areas of concern more efficiently and reduces the required resources and time to respond to trouble calls.

In 2024, Alectra Utilities changed its practices to reduce the number of after-hours crew dispatches where an immediate response was not warranted. After-hours response by on-call crews can be more costly than addressing issues during regular hours. Triaging non-outage related trouble calls (where there is not an immediate safety risk) for later response helps control costs and ensures resources are available to respond to outage calls when needed. This also mitigates the impact of O.Reg 555/06 which limits the number of hours staff operating service vehicles can work. By ensuring calls are triaged, trouble crews are less likely to reach their on-duty hours limit which improves employee safety and reduces the requirement for relief crews. This provides customer service benefits by ensuring outages and safety concerns can be responded to immediately while ensuring costs are controlled by addressing non-urgent issues during regular hours at a lower cost.

5. ASSET INSPECTION SEGMENT

5.1. ASSET INSPECTION SEGMENT DESCRIPTION

Alectra Utilities conducts inspections of its overhead distribution system assets – including approximately 14,768 circuit kilometers of overhead primary line, 136,444 poles, 24,897 overhead transformers and 3,013 overhead switches.

The asset inspection program is conducted over a three-year cycle, in accordance with the regulatory requirements in the *Distribution System Code* Appendix C.

During asset inspections, the condition of assets is collected and used in a variety of ways. Condition data is used to determine asset health and the probability of failure. This data is then used to optimize asset investment decisions for the optimal replacement or refurbishment of assets as described in the Distribution System Plan (Exhibit 2A). Corrective actions are also identified during asset inspections. These corrective actions can be repaired at the time of inspection if they are minor in nature, escalated to system control and lines staff for immediate action if they present an urgent risk, or assessed for remedial action later.

As shown in Figure 4-2-4, in the case of overhead transformers, this process allows inspectors to quickly alert Alectra Utilities' environmental and lines teams to any potential oil contamination so that timely assessment and remediation can be completed to mitigate further environmental impacts.

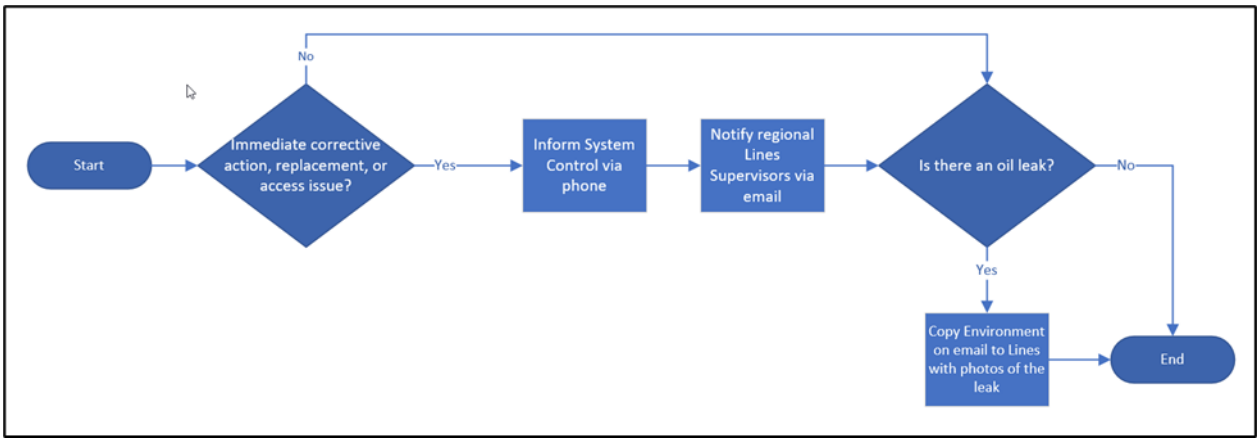


Figure 4-2-4: Escalation Procedure for Oil Leaks Identified During Inspections

During asset inspections, non-conformance reports are also generated to efficiently capture and correct discrepancies between the information in GIS and the actual field conditions, or where there are access issues. These are then followed up on by Alectra Utilities' trouble crews to correct the GIS record or remedy the field access issue.

Overhead asset inspections are designed to identify visible defects (such as cracks, splits, bends, leaning poles, decay, presence of animal nests, signs of insect infestation, signs of fire and lightning damage, condition of crossarms and attachments in wood poles) and deficiencies that could present a safety risk (for example, assessing clearances from buildings and structures, condition of cable and guy guards, conditions of ground wires). Examples of defects identified through overhead asset inspections can be seen in Figures 4-2-5 to 4-2-11 below.



Figure 4-2-5: Damage from a pole top fire identified during inspection



Figure 4-2-6: Ground line rot on a wood pole identified during inspection



Figure 4-2-7: Exposed rebar on a concrete pole identified during an inspection



Figure 4-2-8: Pole top feathering and rot identified during an inspection



Figure 4-2-9: Woodpecker damage identified during an inspection



Figure 4-2-10: Overhead transformer leaking oil identified during inspection



Figure 4-2-11: Severe rusting on overhead transformer identified during an inspection

Beginning in 2024, Alectra Utilities included testing for selected poles in this segment. The company plans to test approximately 72,540 poles over a three-year inspection cycle. The test

results are used to determine the remaining strength of the pole and its fitness for service using industry standards such as CSA 22.3-No.1. In order to control costs, only poles over 15 years in age are tested and poles that are already deemed failed due major defects found in visual inspections are not tested.

The 2021-2023 overhead asset inspection cycle identified 53,672 potential corrective actions. These corrective actions are classified by grade, with grade 1 being the most critical and grade 3 being least critical. In 2024, Alectra Utilities added the performance of simple corrective actions to the competitive bid process to more efficiently manage the backlog and to minimize the cost of repairs. By making simple repairs on site at the time of inspection, Alectra Utilities can avoid additional mobilization costs and allow internal line staff to focus on more complex work. These actions are completed under the System Reactive repairs and Trouble Calls segment.

The asset inspection segment also includes a thermographic scan of the overhead distribution system on a three-year cycle. Thermographic scans use infrared cameras to identify deficiencies that are not visible to the naked eye. These studies detect thermal anomalies, such as significant changes in temperature at the interface between connections, which can be used to identif9 defects such as loose connections, overloading, or damaged equipment. By identifying “hot spots”, thermographic scanning allows Alectra Utilities to direct crews to address them before outages or further damage occurs. This avoids outages and costly repairs from undetected issues. Repairs to identified hot spots are conducted in the System Reactive Repairs and Trouble Calls segment.

Examples of hot spots identified through thermographic scan that are not visible to the naked eye can be seen in Figures 4-2-12 and 4-2-13 below:

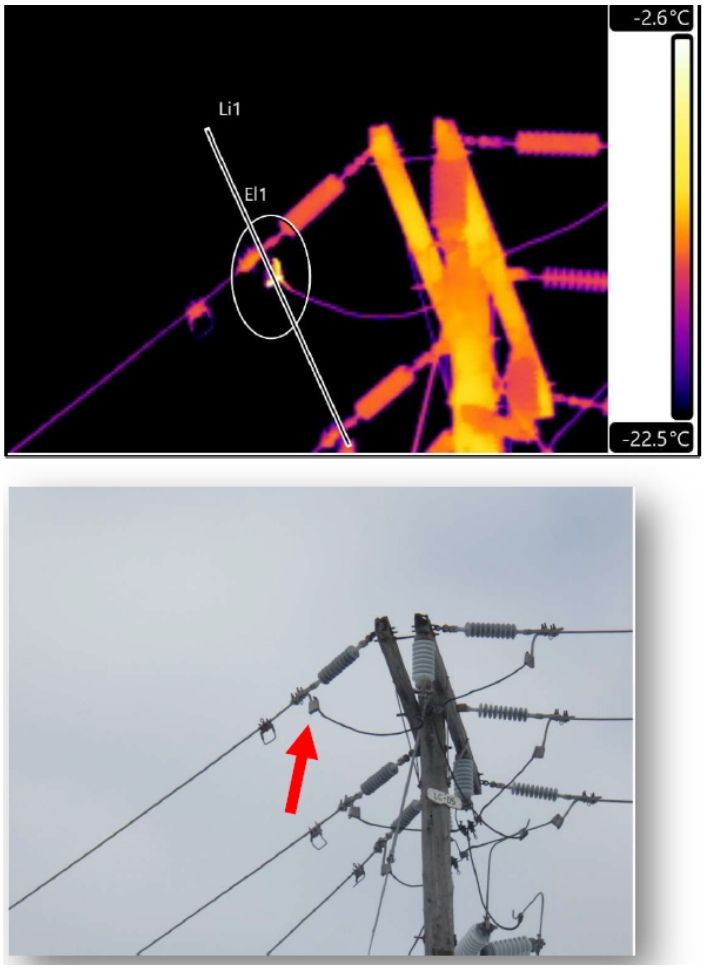


Figure 4-2-12: Hot spot on overhead connector identified during thermographic scan



Figure 4-2-13: Severe hot spot on station egress riser identified during thermographic scan



Figure 4-2-14: Failed switch due to unaddressed hot spot resulting in major outage on October 13, 2024

The Asset Inspection segment provides substantial benefit to system reliability, safety, and financial performance by catching issues early. Over the period of 2017-2024, Alectra Utilities experienced over 3,569,216 customer hours of interruptions due to failed distribution equipment (both overhead and underground). Approximately 26.8% of these customer hours of interruption were due to overhead line hardware, overhead switches and transformers (both overhead and underground) directly.

By using Asset Inspections to identify and prioritize corrective actions, issues can be resolved before they cascade into outages or cause extensive damage. Alectra Utilities plans to continue with this program with its current scope, while making continual improvements to the inspection process as technology for planning and collecting inspection data improves. Alectra Utilities will also continue its use of competitive bid processes to obtain high quality services at a low cost.

5.2. ASSET INSPECTION SEGMENT COSTS

Table 4-2-106 below provides the Historical (2017-2024), Bridge (2025-2026) and Forecast (2027-2031) expenditures for the Overhead Asset Inspection Segment.

Table 4-2-106: Overhead Asset Inspection Segment Expenditures ($MM)

Asset Inspection								
Segment Costs ($MM) – Historic Period								
Year	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Total	0	0	0	1.25	1.08	2.92	1.98	1.88
Segment Costs ($MM) – Bridge and Forecast Period								
Year	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
Total	2.33	2.54	2.41	2.59	2.69	2.77	2.85	

*Segment level data is not available for 2017-2019 due to varying legacy financial systems and segmentation approaches.

5.3. ASSET INSPECTION SEGMENT YEAR-OVER-YEAR VARIANCE ANALYSIS

Explanations of the Asset Inspection segment variances over the 2017 to 2024 historical period are as follows:

2017-2018 Variance Explanation

Segment level data is not available for 2017-2019 due to varying legacy financial systems and segmentation approaches.

2018-2019 Variance Explanation

Segment level data is not available for 2017-2019 due to varying legacy financial systems and segmentation approaches.

2019-2020 Variance Explanation

Segment level data is not available for 2017-2019 due to varying legacy financial systems and segmentation approaches.

2020-2021 Variance Explanation (-14%)

From 2020 to 2021 costs decreased by $0.17MM primarily due to:

- the delay of some asset inspections due to the ongoing COVID-19 Pandemic response. 13,285 overhead asset inspections were completed in 2021 versus 26,931 inspections in 2020 (a decrease of 50%); and,
- the transition to electronic inspection records reduced manual entry effort and allowed for more timely tracking and management of the inspection program.

2021-2022 Variance Explanation (+170%)

From 2021 to 2022 costs in this segment increased by $1.84MM primarily due to:

- the completion in 2022 of some of the asset inspections delayed from 2020 and 2021 due to the COVID-19 Pandemic response. In 2022, 100,900 overhead asset inspections were completed compared to 13,285 in 2021 (an increase of 659%); and,
- the inclusion of non-utility poles containing Alectra Utilities equipment in the inspection lists starting in 2022. This increased the number of asset inspections required but provided valuable information to address deficiencies and reduce risks of asset failure and damage.

2022-2023 Variance Explanation (-32%)

From 2022 to 2023 costs decreased by $0.94MM primarily due to: a reduction in the volume of inspections completed in 2023 as compared to 2022 (i.e., 43,363 overhead inspections in 2023 versus 100,900 inspections in 2022); partially offset by higher labour rates and contractor service fees.

2023-2024 Variance Explanation

There is no material variance during this period.

2024-2026 Variance Explanation (22.9%)

From 2024 to 2026 costs in this segment are forecast to increase by $0.66MM primarily due to expected higher number of inspections and higher contract service fees.

2026-2031 Variance Explanation

From 2026 to 2031 costs are expected to increase by $0.31MM or approximately $0.06MM per year. This is primarily due to increases in labour costs and contractor service fees. In some years, the program costs increases more while in some years it increases less, which is due to the uneven quantities of units needing inspection and maintenance within each year of the three year cycle.

6. DISCONNECTS/RECONNECTS SEGMENT

6.1. DISCONNECTS/RECONNECTS SEGMENT DESCRIPTION

The Disconnects/Reconnects segment covers the temporary disconnection and reconnection of overhead and underground customer services, as well as the installation and removal of temporary services. Underground disconnects and reconnects are grouped with Overhead disconnects and reconnects in this segment because Alectra Utilities does not separate the costs of overhead and underground work in this segment.

The Disconnects/Reconnects segment contributes to public and employee safety by facilitating regular maintenance and repairs to customer equipment. This segment also provides a customer service benefit by helping Alectra Utilities meet customer appointments on time.

The Disconnect/Reconnects segment provides substantial customer service benefits, such as by meeting customer appointments on time, assisting customers with performing timely repairs or maintenance, and minimizing impacts to the operation of their businesses.

In the case of damaged services (from a storm event or due to a lack of maintenance), Alectra Utilities may disconnect the service for safety reasons in accordance with its Conditions of Service. It will then require that the customer equipment be repaired and inspected prior to reconnecting. Disconnects and reconnects can also be performed due to non-payment of

electricity bills under certain circumstances. Alectra Utilities offers an Arrears Management Program and does not conduct residential customer disconnections for non-payment during the winter period prescribed by the Ontario Energy Board.

The other work performed in the Disconnects/Reconnects segment is the installation and removal of temporary services. Temporary services are typically requested to facilitate construction. Customers are advised of the cost to provide and remove a temporary service and Alectra Utilities collects those amounts to offset the cost of performing this work.

For information on disconnects/reconnects revenues, refer to Exhibit 6 - Tab 3.

6.2. DISCONNECTS/RECONNECTS SEGMENT COSTS

Table 4-2-107 below provides the Historical (2017-2024), Bridge (2025-2026) and Forecast (2027-2031) expenditures for the Disconnects/Reconnects Segment.

Table 4-2-107: Disconnect/Reconnects Segment Expenditures ($MM)

Disconnects/Reconnects Segment Costs ($MM) – Historic Period								
Year	**2017***	**2018***	**2019***	**2020**	**2021**	**2022**	**2023**	**2024**
Total	0	0	0	7.80	8.26	9.14	8.96	8.94
Segment Costs ($MM) – Bridge and Forecast Period								
Year	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
Total	8.34	8.60	9.23	9.74	10.22	10.55	10.87	

*Segment level data is not available for 2017-2019 due to varying legacy financial systems and segmentation approaches.

6.3. DISCONNECT/RECONNECTS SEGMENT YEAR-OVER-YEAR VARIANCE ANALYSIS

Explanations of the Disconnect/Reconnects segment variances over the 2017 to 2031 period are as follows:

2017-2018 Variance Explanation

Segment level data is not available for 2017-2019 due to varying legacy financial systems and segmentation approaches.

2018-2019 Variance Explanation

Segment level data is not available for 2017-2019 due to varying legacy financial systems and segmentation approaches.

2019-2020 Variance Explanation

Segment level data is not available for 2017-2019 due to varying legacy financial systems and segmentation approaches.

2020 vs 2021 Variance Explanation

There is no material variance during this period.

2021-2022 Variance Explanation (11%)

From 2021 to 2022 costs in this segment increased $0.88MM primarily due to a higher volume of disconnect/reconnect requests. In 2022, Alectra Utilities processed 11,825 appointment requests related to services (excluding the Guelph region) compared to 10,991 in 2021.

2022-2023 Variance Explanation

There is no material variance during this period.

2023-2024 Variance Explanation

There is no material variance during this period.

2024-2026 Variance Explanation

There is no material variance during this period.

2026-2031 Variance Explanation

From 2026 to 2031 costs in this segment increase by $2.07MM or approximately $0.4MM per year on average. This relatively modest annual increase over this period is primarily due to expected labour cost increase as disconnect and reconnect work is completed by internal staff.

7. PREVENTATIVE MAINTENANCE SEGMENT

7.1. PREVENTATIVE MAINTENANCE SEGMENT DESCRIPTION

The Preventative Maintenance segment is responsible for proactive maintenance of overhead assets.

This segment is responsible for: (i) the washing of porcelain insulators located in high-contamination areas; and, (ii) the maintenance of overhead load-break switches. This work reduces the lifecycle cost of these assets and maximizes their performance.

Insulator Washing:

Insulator washing involves the use of a highly pressurized water spray to remove contaminants from the surface of porcelain insulators. Insulator washing is recognized as an industry best practice for mitigating pole fires and flashover incidents in heavily polluted areas or areas that use salt-brine on winter roads.

The washing process used by Alectra Utilities follows the IEEE Standard 957, Guide for Cleaning Insulators. This requires specialized tools, such as pumps, hoses, wands and vehicles that are designed to carry water and an aerial bucket. Because insulators are cleaned on an annual cycle and the process requires specialized equipment and training, it is not practical for Alectra Utilities to perform this work in-house. Instead, Alectra Utilities contracts out insulator washing using a competitive bid process to ensure competitive pricing.

To avoid unnecessary washing and to control costs, Alectra Utilities limits insulator washing to porcelain and first-generation polymer insulated circuits with voltages of 27.6kV or higher (however, where lower voltage circuits share the same pole, they will be included in the washing to avoid contamination from falling run-off) in areas prone to contamination, such as adjacent to

major highways or industrial areas. Alectra Utilities inspects areas where insulator washing is planned and may defer or reduce the washing depending on the level of contamination observed.

The insulator washing program reduces the risk to public safety and reliability from pole fires. Pole fires often result in the complete failure of poles and can endanger the public through falling equipment and debris. In addition, contaminated insulators can flash over during periods of fog or high moisture, which can result in service interruptions and damage to equipment. Examples of contaminated insulators and a pole fire due to insulator contamination are shown below in Figures 4-2-15 and 4-2-16.



Figure 4-2-15: Contaminated insulator requiring insulator washing



Figure 4-2-16: Pole fire due to contaminated insulator flashover adjacent to a rail line

Increased insulator washing was conducted in 2021 and 2022 in response to higher incidents of insulator related pole fires (as shown in Table 4-2-108 below) and the frequency of pole fires was reduced in 2022 and 2023 in response to these efforts.

Table 4-2-108: Alectra Utilities Frequency of Insulator Related Pole Fires

Year	2017	2018	2019	2020	2021	2022	2023	2024
Pole Fires	1	1	6	15	14	7	7	6

Switch Maintenance:

The objective of Alectra Utilities' switch maintenance program is to perform preventative maintenance to ensure the proper performance of switches over their expected life. Switch failures can cause significant customer interruptions because a single switch can service a substantial number of customers. When switches fail, they usually cause sustained interruptions and can be time-consuming to isolate and repair.

Alectra Utilities' switch maintenance program focusses on two broad categories of switches – manual load-interrupting switches (LIS switches) and SCADA controlled switches (SCADA switches). Maintenance is performed on switches according to the manufacturer's maintenance instructions for the device.

Alectra Utilities maintains LIS and SCADA switches on a 6-year cycle. During maintenance, the switch is isolated, and a full inspection of the switch, pole and associated hardware is carried out. Minor repairs are conducted during the switch maintenance to avoid additional mobilizations to correct deficiencies.

Switch maintenance programs contribute to Alectra Utilities' reliability and financial performance objectives by minimizing overall lifecycle costs, deferring the replacement of high-cost switches, and reducing large unplanned outages due to equipment failure.

The switch maintenance program has resulted in fewer switch failures as shown in Table 4-2-109 below. Spending on switch maintenance increased in the 2021 to 2023 period. This resulted in a drop in the average number of switch failure-related outages, from 109 per year over 2018-2020 to an average of 67 failures per year over 2021-2023.

The full switch maintenance program is expected to be completed in full over the forecast period which will require additional funding.

Table 4-2-109: Overhead Switch Failures, 2018-2023

Year	2018	2019	2020	2021	2022	2023	2024
Number of Outages	150	105	72	69	58	73	63

Table 4-2-110: Switch Maintenance Program, Units Completed 2018-2023

Year	2018	2019	2020	2021	2022	2023	2024
Number of Units Maintained	278	190	134	384	163	326	229
Percentage of Program Completed	N/A	41.4%	30.5%	60%	28.9%	59.3%	46.5%

7.2. PREVENTATIVE MAINTENANCE SEGMENT COSTS

Table 4-2-111 below provides the Historical (2017-2024), Bridge (2025-2026) and Forecast (2027-2031) expenditures for the Preventative Maintenance Segment.

Table 4-2-111: Preventative Maintenance Segment Expenditures ($MM)

Preventative Maintenance Segment Costs ($MM) – Historic Period								
Year	**2017***	**2018***	**2019***	**2020**	**2021**	**2022**	**2023**	**2024**
Total	0	0	0	0.82	1.43	1.47	1.50	1.07
Segment Costs ($MM) – Bridge and Forecast Period								
Year	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
Total	2.36	2.42	2.55	2.66	2.76	2.83	2.90	

*Segment level data is not available for 2017-2019 due to varying legacy financial systems and segmentation approaches.

7.3. PREVENTATIVE MAINTENANCE YEAR-OVER-YEAR VARIANCE ANALYSIS

2017-2018 Variance Explanation

Segment level data is not available for 2017-2019 due to varying legacy financial systems and segmentation approaches.

2018-2019 Variance Explanation

Segment level data is not available for 2017-2019 due to varying legacy financial systems and segmentation approaches.

2019-2020 Variance Explanation

Segment level data is not available for 2017-2019 due to varying legacy financial systems and segmentation approaches.

2020-2021 Variance Explanation (74%)

From 2020 to 2021 costs in this segment increased by $0.61MM primarily due to higher switch maintenance in 2021 compared to 2020 due to an identified trend in switch failures. The number of switches maintained increased by 184% in 2021 over 2020 levels; and increased insulator washing in the East and Central-South regions due to an increasing trend in customer hours of interruption caused by pole fires.

2021-2022 Variance Explanation

There is no material variance during this period.

2022-2023 Variance Explanation

There is no material variance during this period.

2023-2024 Variance Explanation (-29%)

From 2023 to 2024 costs in this segment decreased by $0.43MM primarily due to a reduction in the number of switches maintained.

2024-2026 Variance Explanation (115%)

From 2024 to 2026 costs are expected to increase by $0.64MM primarily due to Alectra Utilities' plans to complete the full switch maintenance program in 2025 and beyond. Alectra Utilities plans to maintain approximately 500-600 units each year in 2025 and beyond.

2026-2031 Variance Explanation

From 2026 to 2031 costs are expected to increase by $0.25MM, or approximately $50K per year. This level of increase is immaterial and is attributed primarily due to the ongoing completion of the full preventative maintenance program on an ongoing basis and increases in labour costs (both internal and contractor).

8. SYSTEM REACTIVE REPAIRS AND TROUBLE CALLS SEGMENT

8.1. SYSTEM REACTIVE REPAIRS AND TROUBLE CALLS SEGMENT DESCRIPTION

The System Reactive Repairs and Trouble Calls segment supports the response and restoration activities in connection with unplanned or urgent events affecting Alectra Utilities' overhead distribution system.

This work is critical to restoring customer power, maintaining reliability, and mitigating safety risks to the public and employees on the distribution system. Work in this segment ensures compliance with regulatory requirements, including section 4 of O.Reg 22/04 and the *Distribution System Code*.

The work performed in this segment includes a wide variety of tasks, such as:

- Responding to outage and trouble calls where the remedy does not involve the capital replacement of major overhead assets;
- Patrolling lines to classify outages and ensure safe conditions for power restoration;
- Voltage and power quality surveys and the adjustment of line transformer taps;
- Transferring loads, switching and reconnecting circuits for operational purposes;
- Investigating service complaints, including testing and minor repairs required to resolve complaints (e.g., repairing loose connections, disconnected neutrals and other small repairs);
- Collecting information to resolve discrepancies in maps and records;

- Rectifying access issues;
- Adjusting and performing minor repairs to clamps, guys, guards, attachments and hardware on poles;
- Maintaining nomenclature, signs and tags on poles;
- Moving and adjusting the sag in primary, secondary and service wires, including reattaching and splicing downed wires;
- Maintenance and repair of tools used in operating and maintaining the overhead distribution system;
- Removal of graffiti and responding to vandalism of overhead assets, including repairing stolen and damaged ground wires, molding, and clamps; and,
- Remediation of environmental contamination due to overhead transformer oil leaks.

Most of the work in this segment is non-discretionary due to Alectra Utilities' obligations to its customers and the need to maintain the safety and reliability of the overhead distribution system. Maintaining an adequate response to system outages supports Alectra Utilities' SAIDI and SAIFI targets and demonstrates operational effectiveness. Alectra Utilities maintains 24/7 emergency response through a variety of mechanisms.

During business hours, the company uses dedicated trouble and maintenance crews and (depending on availability) regular service crews to perform emergency / trouble work as the need arises. Alectra Utilities also operates different shift lengths for trouble crews to ensure adequate coverage. In addition, Alectra Utilities maintains on-call trouble crews that can respond rapidly to after-hours emergencies and outages across its service territory. During the period 2017-2024, Alectra Utilities responded to approximately 53,192 trouble calls (impacting both the overhead and underground distribution system). On an annual basis, trouble call volumes ranged from 6,267 to 6,941. These volumes are expected to continue in approximately the same range.

Over the forecast period, Alectra Utilities expects this segment to continue with the same scope of activities and level of work as experienced in recent years.

The work in the System Reactive Repairs and Trouble Calls segment also includes responding to damage and outages caused by weather events. The most extreme weather events may be classified as “major event days” and can cause widespread outages and damage. Over the period 2017-2024, Alectra Utilities experienced several major event days as shown below in Table 4-2-112.

Table 4-2-112: Alectra Utilities Major Event Days 2017-2024

Year	2017	2018	2019	2020	2021	2022	2023	2024
Number of Major Event Days	4	5	1	2	1	4	0	2
Customer Hours of Interruption	235,795	768,480	264,180	225,523	153,943	1,835,821	0	96,167

When major events occur, system control, lines management and dispatchers will assemble available field resources to repair damage and restore power, scaling up resourcing as required.

Repairs and trouble calls initiated by emergency services (e.g., police, firefighters, paramedics) may involve significant risks to public health and safety. Alectra Utilities must respond to these events within one hour of being notified, at least 80 percent of the time, as a regulatory requirement of section 7.9 of the *Distribution System Code*. Over the period of 2017-2024, Alectra Utilities received 7,650 emergency calls and arrived at the location of the event within an hour 91.8% of the time.

The System Reactive Repairs and Trouble Calls segment also addresses deficiencies and minor repairs to components on the overhead distribution system. These repairs are made to extend the life of assets, minimize overall lifecycle costs or to correct an urgent safety or reliability risk. Issues requiring repair may be identified in several ways:

- Deficiencies may be identified during asset inspections and preventative maintenance activities. Where these deficiencies are corrected at the time of discovery, the cost of the repair will be under the System Reactive Repairs and Trouble Calls segment
- Defects reported by the public or third parties
- Defects identified during regular work on and patrol of the overhead distribution system

Where practical, Alectra Utilities corrects defects when discovered in the course of other work to minimize mobilizations – for example when performing switch maintenance, crews will repair and replace pole line hardware, attachments, and other minor parts in proximity to the switch being maintained. Beginning in 2024, Alectra Utilities introduced changes to the asset inspection program which allows for small defects at-or-near ground level to be corrected by the contractors performing the inspection. By repairing defects while performing other work, Alectra Utilities maximizes productivity, leverages competitively bid unit-prices and avoids the cost of additional mobilizations to correct deficiencies. Examples of deficiencies addressed through the asset inspection program are shown below in Figures 4-2-17 through 4-2-20.



Figure 4-2-17: Broken cable guard with exposed energized cables



Figure 4-2-18: Theft of ground and damaged ground molding



Figure 4-2-19: Broken and missing nomenclature



Figure 4-2-20: Missing guy guard

Aging infrastructure can lead to increased trouble calls and outages as equipment fails or needs to be maintained to return it to normal operating condition. For example, leaking overhead transformers can contaminate the nearby soil leading topsoil remediation work. This segment includes costs to remediate environmental damage caused by leaking overhead transformers.

8.2. SYSTEM REACTIVE REPAIRS AND TROUBLE CALLS SEGMENT COSTS

Table 4-2-113 below provides the Historical (2017-2024), Bridge (2025-2026) and Forecast (2027-2031) expenditures for the System Reactive Repairs and Trouble Calls Segment.

Table 4-2-113: System Reactive Repairs and Trouble Calls Segment Expenditures ($MM)

System Reactive Repairs and Trouble Calls Segment Costs ($MM) – Historic Period								
Year	**2017***	**2018***	**2019***	**2020**	**2021**	**2022**	**2023**	**2024**
Total	0	0	0	16.63	13.18	17.20	13.70	14.33
Segment Costs ($MM) – Bridge and Forecast Period								
Year	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
Total	15.00	15.50	16.53	17.40	18.20	18.80	19.38	

*Segment level data is not available for 2017-2019 due to varying legacy financial systems and segmentation approaches.

8.3. SYSTEM REACTIVE REPAIR AND TROUBLE CALLS VARIANCE ANALYSIS

2017-2018 Variance Explanation

Segment level data is not available for 2017-2019 due to varying legacy financial systems and segmentation approaches.

2018-2019 Variance Explanation

Segment level data is not available for 2017-2019 due to varying legacy financial systems and segmentation approaches.

2019-2020 Variance Explanation

Segment level data is not available for 2017-2019 due to varying legacy financial systems and segmentation approaches.

2020-2021 Variance Explanation (-21%)

From 2020 to 2021 costs for this segment decreased by $3.45MM primarily due to: the ending of many of the pandemic protocols that drove higher costs in 2020: the fact that storm activity was lower in 2021 than in 2020, resulting in fewer trouble calls (-4.25% versus 2020 levels); and, a reduction in vandalism and theft of grounds as compared to 2020.

2021-2022 Variance Explanation (+31%)

From 2021 to 2022 costs in this segment increased by $4.02MM primarily due to:

- Heightened storm events, including a Derecho on May 21, 2022 and major winter storm on December 23, 2022, leading to higher trouble call and reactive repair costs. The two major events led to approximately $270K in costs within this segment. Overall, storm costs were approximately $443k higher in 2022 than in 2021.

- A higher number of sustained outages. Alectra Utilities experienced 5,210 sustained outages in 2022 compared to 4,977 in 2021 (+4.7%).

2022-2023 Variance Explanation (-20%)

From 2022 to 2023 costs in this segment decreased by $3.5MM, primarily due to:

- A drop in major storm events and fewer sustained outages. Alectra Utilities did not experience any major storm events in 2023. Alectra Utilities experienced 4,549 sustained outages in 2023 compared to 5210 in 2022 (-12%); and,

- A drop in the number of Trouble calls. Trouble calls were at the lowest volume since the formation of Alectra Utilities (-5.7% over 2022 levels).

2023-2024 Variance Explanation

There is no material variance during this period.

2024-2026 Variance Explanation

From 2024 to 2026 costs in this segment increase by $1.17MM primarily due to increases in labour rates.

2026-2031 Variance Explanation

From 2026 to 2031 costs in this segment increase by $2.85MM primarily due increases in labour rates.

UNDERGROUND INSPECTIONS AND MAINTENANCE

1. OVERVIEW

Table 4-2-114: Underground Inspections and Maintenance Program Summary

Underground Inspections and Maintenance							
Program Description: The Underground Asset Inspection and Maintenance program facilitates the inspection, maintenance and repair of underground distribution assets (i.e., those below grade, mounted on pads, in chambers, or located in buildings and vaults). Over the 2017-2024 period, this program contributed to Alectra maintaining its SAIDI target of 0.98 hours/year (achieving a better than target result in 2017, 2020, 2022, 2023 and 2024) and a SAIFI result below the target of 1.34 interruptions/year in all years. This program also contributes to the target for meeting scheduled appointment times and connecting new services. Over the 2017-2024 period, Alectra has exceeded targets for these metrics in all years. Over the forecast period, Alectra plans to continue the program with its current scope while incorporating improvements to its processes and technology.							
Program Outcomes: Customer Focus, Operational Effectiveness - Reliability and Safety, Public Policy Responsiveness, and Financial Performance							
Program Segments • Asset Inspection • Preventative Maintenance • System Reactive Repairs and Trouble Calls							
Program Costs ($MM) - Historic Period							
2017	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
22.06	23.99	24.88	20.92	23.52	28.97	24.91	26.24
Program Costs ($MM) - Bridge and Forecast Period							
2025	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
25.76	26.37	28.36	29.89	31.18	32.13	33.05	

The Underground Inspections and Maintenance program is responsible for the inspection, maintenance and repair of underground line assets (those below grade, mounted on pads or

chambers and located within buildings and vaults). The focus of this program is maintaining and restoring reliable supply of power and normal operation of underground distribution assets, minimizing risks to reliability and safety, as well as minimizing asset lifecycle costs.

The program contributes to improved customer service, public and employee safety, environmental stewardship, and meeting regulatory requirements.

This program is comprised of three segments:

1. **Asset Inspection:** This segment facilitates the inspection of all underground distribution equipment, including transformers and switchgear. Beginning in 2024, this segment also undertakes the inspection of accessible civil structures, such as cable chambers.

2. **Preventative Maintenance:** This segment is responsible for cycle-based preventative maintenance for underground distribution equipment. This work contributes to minimizing asset lifecycle costs and maximizing the performance of assets over their useful life.

3. **System Reactive Repairs and Trouble Calls:** This segment is accountable for addressing deficiencies and substandard conditions in the underground distribution system that are identified through inspections and patrols, information from the public, requests for support from Emergency Services (i.e., police, firefighters, and paramedics), motor vehicle accidents (i.e., incidents where padmounted transformers are struck by vehicles), power quality issues, or as a result of outages and equipment failures.

2. OUTCOMES AND MEASURES

The outcomes and measures of the Underground Inspection and Maintenance program are noted below in Table 4-2-115.

Table 4-2-115: Underground Inspection and Maintenance Program Outcomes and Measures Summary

Customer Focus	• Contributes to customer service objectives and ESQR measures by connecting new services on-time. • Contributes to customer service objectives and ESQR measures by meeting customer appointments on-time.
Operational Effectiveness - Safety	• Contributes to public and employee safety performance by identifying and correcting deficiencies that may otherwise expose the public and employees to hazards such as inadvertent contact with energized apparatus or stray voltage.
Operational Effectiveness - Reliability	• Contributes to reliability targets (e.g., SAIFI, SAIDI) by addressing deficiencies before outages can occur, and by quickly restoring outages. • Reduces outages through asset inspection and preventative maintenance tasks performed on underground distribution equipment, returning deteriorated equipment to normal operating condition.
Public Policy Responsiveness	• Inspection of distribution assets is a regulatory requirement under the *Distribution System Code* and O.Reg 22/04. • Maintenance of the safe and proper operating condition of underground distribution assets and guarding against inadvertent contact with energized parts is a regulatory requirement of O.Reg 22/04. • Inspection and corrective actions on underground transformers and switchgear contribute to environmental stewardship goals by identifying and correcting leaks (e.g., transformer oil, SF6 gas).

3. PROGRAM DESCRIPTION

The Underground Inspections and Maintenance program is responsible for all inspection and maintenance activities related to underground distribution assets. This program involves asset inspection and preventative maintenance tasks conducted on fixed cycles, and unplanned repair and restoration work performed on a reactive basis.

The Underground Inspections and Maintenance program is focused on maintaining and restoring reliable supply of power to customers, while minimizing reliability, safety and asset risks. It also minimizes asset lifecycle costs and maximizes the performance of assets over their useful life.

This program contributes to meeting Alectra Utilities' customer service, public and employee safety, environmental stewardship, financial performance and regulatory requirements. This program is comprised of three segments which contribute to these outcomes:

- **Asset Inspection:** This segment is responsible for the patrol and inspection of all underground distribution equipment. This includes transformers and their connections and accessories (padmounted, below grade and in building vaults), and distribution switchgear (padmounted, below grade and in building vaults). Beginning in 2024, this segment also includes the inspection of accessible civil structures, such as cable chambers.

  This work provides data on asset condition and supports Alectra Utilities' Asset Condition Assessments and Asset Management programs. This segment also supports regulatory requirements such as the inspection requirements of the *Distribution System Code* and safety requirements of O.Reg 22/04.

  Alectra Utilities plans to continue this program over the forecast period with minimal changes as it is required to meet regulatory requirements and to support Alectra Utilities' asset management program.

- **Preventative Maintenance:** This segment is responsible for cycle-based preventative maintenance programs for underground distribution equipment, which contribute to minimizing asset lifecycle costs and maximizing the performance of assets over their useful life.

  There are two activities within this segment. They are: (i) dry-ice cleaning of air-insulated switchgear; and, (ii) testing transformer oil for the presence of polychlorinated biphenyls (PCB). These activities contribute to Alectra Utilities' reliability performance by minimizing flashovers and switchgear failures. The dry-ice cleaning of air-insulated

switchgear also contributes to employee safety by maintaining the proper operation of switching devices. This allows staff to safely disconnect or reroute power, minimizing the risk of arc flashes during switching. The PCB testing program contributes to environmental safety by ensuring that transformers are not leaking and identifying for intervention those that present a higher degree of environmental hazard. Alectra Utilities plans to continue this segment over the forecast period. While Alectra Utilities is committed to removing all oil-containing equipment with PCB's greater than 50 parts-per-million before December 31, 2025 in accordance with the Canadian Environmental Protection Act, it will continue to verify PCB levels in units manufactured after 1984, which may have PCB's in greater concentration than 2ppm, as well as any units where a certified test report verifying historically recorded PCB levels is not readily available. A complete picture of the PCB content of distribution transformers within Alectra Utilities' system provides important information to manage the impacts of future leaking units and remediation efforts.

- .**System Reactive Repairs and Trouble Calls:** This segment addresses deficiencies and substandard conditions across the underground distribution system. These deficiencies and substandard conditions are identified through inspections and patrols, information from the public, requests for support from Emergency Services (i.e., police, firefighters, and paramedics), motor vehicle accidents, power quality issues, or in response to outages and equipment failure.

Repairs and replacement of minor equipment are performed to restore or maintain the normal functionality of underground assets. This includes painting, minor adjustments, repairs to equipment cabinets, replacement of nomenclature and signage, repairs to grounds and bleed wires, reseating equipment and groundskeeping. Repairs may be conducted to reduce public and employee safety risk, restore power during an outage, or to reduce the risk of a future outage.

The reactive repairs and trouble response segment supports several regulatory requirements under the *Distribution System Code* and O.Reg 22/04.

4. OVERALL PROGRAM COSTS

Table 4-2-116 below provides historical, bridge and forecast expenditures for this program.

Table 4-2-116: Underground Inspections and Maintenance Program Expenditures by Segment ($MM)

Underground Inspections and Maintenance Program Costs ($MM) – Historic Period								
Year	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Total	22.06	23.99	24.88	20.92	23.52	28.97	24.91	26.24
Asset Inspection*	—	—	—	2.28	2.88	3.66	2.70	2.47
Preventative Maintenance*	—	—	—	0.69	1.34	1.35	0.51	0.31
System Reactive Repairs and Trouble Calls*	—	—	—	17.94	19.30	23.96	21.70	23.45
Program Costs ($MM) – Bridge and Forecast Period								
Year	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
Total	25.76	26.37	28.36	29.89	31.18	32.13	33.05	
Asset Inspection	2.63	2.65	2.75	2.96	3.07	3.17	3.26	
Preventative Maintenance	0.41	0.41	0.43	0.46	0.47	0.48	0.49	
System Reactive Repairs and Trouble Calls	22.71	23.31	25.18	26.48	27.64	28.48	29.29	

*Segment level data is not available for 2017-2019 due to varying legacy financial systems and segmentation approaches.

4.1. COST DRIVERS

In 2027, Alectra Utilities requires $28.36MM for the Underground Inspection and Maintenance program. Over the 2027-2031 forecast period, Alectra Utilities expects the costs of this program to increase by an approximate compound annual growth rate of 3.9%. The cost increases are mainly due to aging infrastructure and increases in labour and contractor service fees.

Other main cost drivers in the Underground Inspection and Maintenance program include:

- An increase in the number of underground distribution assets that must be inspected as the system grows. Alectra Utilities inspects its underground distribution assets on a three-year cycle per the *Distribution System Code*.

- The quantity of assets requiring preventative maintenance and reactive repairs varies based on the maintenance cycle and asset condition assessments. The selection of specific equipment to maintain each year is informed by condition, criticality, type and time since last maintenance. The switchgear cleaning cycle length also differs depending on system voltage, with higher voltage units requiring more frequent maintenance.

- The number and nature of trouble calls is a large driver of cost for this program. The volume of trouble calls, and reactive repairs depends on several factors such as weather, loading, motor vehicle accidents and other forms of foreign interference.

- Increases in labour rates and supplier fees impact overall costs. Several activities are contracted out for reasons of cost efficiency, program focus and the ability to group activities together (such as corrective actions and asset inspections). While Alectra Utilities uses a competitive bid process and multi-year contracts, increasing service fees will impact program costs. Similarly, work completed by Alectra Utilities staff will be subject to labour rate increases over time.

- The rates charged by Alectra Utilities' service providers for asset inspections. Prior to 2024, inspections were completed by a mix of contractors at hourly rates and internal staff. In 2024, competitive unit rates were obtained which decreased the per-unit cost to complete inspections.

- The quantity of assets requiring preventative maintenance, which varies each year. For example, switchgear is maintained on a 6-year or 3-year cycle depending on its voltage, condition, criticality, type and time since last maintenance. This means there will be annual variation in the number of devices needing maintenance.

- The replacement rate of aging transformers has an impact on costs for PCB testing. As more of Alectra Utilities' aging transformer fleet is replaced, the number of units that require verification of PCB levels will decline. New units do not require PCB testing.

- Aging infrastructure is a driver of increased costs for this segment. As assets age, they tend to experience lower reliability and higher maintenance costs. This can result in more reactive repairs and a higher need for preventative maintenance. While these costs can extend the useful life of aging assets and lead to lower lifecycle costs, they drive higher costs in this program.

- The number and nature of trouble calls. The volume of trouble calls and the required reactive repairs depend on several factors such as weather, loading, motor vehicle accidents and other forms of foreign interference. Over the historical period, the volume of trouble calls (overhead and underground, combined) has remained stable, ranging between 6,267 to 6,941.

- Traffic volumes and the frequency of motor vehicle accidents are a driver of this segment. As volumes increase, the probability of vehicles colliding with pad mounted distribution assets increases.

- Temperature and loading. Increased loading can place additional strain on the insulation of buried cables and lead to further degradation of insulation due to heating which can lead to cable failure.

- The frequency of adverse weather, including heavy rain events, can lead to flooding and failure of equipment in below grade structures.

4.2. PRODUCTIVITY AND COST CONTROL

Alectra Utilities uses several methods to increase productivity and control costs in the Underground Inspections and Maintenance program.

Standardization of Asset Inspection Process

Alectra Utilities has leveraged its GIS harmonization project to standardize asset inspection processes in most operational centres. It has replaced paper-based inspection forms and data entry with a field-accessible tablet-based inspection forms. This reduces manual entry and allows for more timely tracking and management of the inspection work.

- Alectra Utilities has found these digital inspections to be more cost-effective because they streamline data entry and reduce the number of touchpoints inspection records undergo. With paper-based inspections, there is a greater risk of errors due to lost records, illegible or damaged records. Paper records also need to be transcribed into a digital format to be collated into a format usable for the statistical calculations needed to complete an asset condition assessment. Digital records also improve program oversight and control by allowing for more timely status reports. This allows Alectra Utilities to actively monitor inspection program progress and assess contractor performance during the execution phase.

Asset inspection forms (both legacy paper forms and current digital forms) were updated over the 2017-2024 period. Alectra Utilities included the inspection of additional types of underground assets – such as accessible civil assets which had not previously been inspected by all legacy utilities prior to the Alectra Utilities merger. By tailoring the asset inspection forms to the assets being inspected, more useful data can be obtained which leads to better modelling of asset health and improved asset management decisions. This can result in deferral of asset replacement or refurbishment to reduce overall lifecycle costs, or the acceleration of asset replacement and refurbishment to mitigate safety, reliability and financial risks identified through the more specific data collection.

Competitive Bid Process

Alectra Utilities also uses a multi-year, competitive-bid process to select contractors to perform asset inspections and preventative maintenance. This results in increased cost control and consistency in inspection and preventative maintenance performance across each three-year cycle. Using multiple contractors also allows more resources to be deployed to complete the inspection and preventative maintenance programs.

- In 2024, a competitive bid process was used to obtain unit-pricing for inspections. Several contractors were engaged, ensuring that the most competitive pricing was implemented in each Alectra Utilities region and that sufficient resources were made available to successfully complete the program each year.

- In 2023, 25,578 underground inspections were completed at a cost of $2,700,123 ($105.56 per unit). In 2024, 34,967 underground inspections were completed at a cost of $2,593,694 ($74.17 per unit). This represents a decrease of approximately 30% in the per unit rate for underground asset inspections.

- To reduce costs, Alectra Utilities contracts certain services for its Underground Preventative Maintenance segment. For example, dry-ice cleaning requires specialized tools, vehicles, and techniques to perform the work. By contracting for these services using a multi-year competitive-bid process, the company secures these services at a stable, competitive price. Contracting this work also avoids the need to purchase and maintain specialized equipment.

Work Bundling

Bundling work where appropriate, such as combining asset inspections, minor repairs and preventative maintenance activities into a single trip, has resulted in cost efficiencies by reducing the number of mobilizations to address the various programs and needs. For example, addressing minor repairs while performing an asset inspection can avoid trouble calls, potential after-hours responses and disruption to other ongoing planned work. Additionally, Alectra Utilities conducts thermographic scans of its underground distribution system when performing asset inspections (these locations are removed from the general infrared inspections to avoid duplication of efforts). Hot spots are defects (e.g., loose connections) that cause localized heating and can cause performance issues in equipment. If left unaddressed, they can eventually cascade to an outage or extensive equipment damage. By pinpointing the location of these issues, Alectra Utilities can more effectively dispatch trouble crews to repair the defect before an outage occurs or equipment is damaged beyond repair.

Risk Based Maintenance and Repair

Alectra Utilities has also optimized its dry ice cleaning work to ensure spending is based on need. Dry ice cleaning is optimized based on the voltage, condition, risk level and time since switchgear units were previously maintained. For example, 15kV rated switchgear are cleaned on a six-year cycle, while 28kV rated switchgear are cleaned on a three-year cycle since they are more susceptible to flashover and typically supply a larger number of customers.

To reduce environmental impacts and remediation costs, Alectra Utilities has begun assessing the severity of leaks in distribution transformers. Some minor and moderate leaks may be addressed by minor repairs to the equipment tank (patching) or replacement of leaking interfaces such as bushing wells, while other leaks may be too large or impractical to repair. The severity of the leak is used to identify and triage units which require immediate replacement to avoid environmental contamination. Triaging leaking transformers and replacing units in a timely manner supports environmental stewardship and controls costs by mitigating expensive remediation costs.

Flexible Trouble Crew Assignments

Alectra Utilities operates a variety of trouble crew formats to control costs and improve productivity. In operational centres where the trouble call volume is lower, Alectra Utilities operates a combined service and trouble truck. This allows the trouble crews to perform important service work when there are no active outages. In operational centres where trouble call volumes are higher, Alectra Utilities operates extended shifts which ensure crews are available to respond to trouble calls. In after-hours situations, Alectra Utilities operates on-call crews that can quickly respond to trouble calls. This approach maximizes the utilization and productivity of Alectra Utilities' trouble crews.

Remote Switching and Harmonized Call-Out Procedures

Alectra Utilities operates 24/7 system control rooms which allows trouble calls to be quickly received, assessed and dispatched where appropriate. This also allows for the use of remote operated switches to quickly isolate faults and restore power where possible. This increased situational awareness, and remote operating ability, allows trouble crews to be directed to areas of concern more efficiently and reduces the required resources and time to respond to trouble calls.

In 2024, Alectra Utilities changed its practices to reduce the number of after-hours crew dispatches where an immediate response was not warranted. After-hours response by on-call crews can be more costly than addressing issues during regular hours. Triaging non-outage related trouble calls (where there is not an immediate safety risk) for later response helps control costs and ensures resources are available to respond to outage calls when needed. This

also mitigates the impact of O.Reg 555/06 which limits the number of hours staff operating service vehicles can work. By ensuring calls are triaged, trouble crews are less likely to reach their on-duty hours limit which improves employee safety and reduces the requirement for relief crews. This provides customer service benefits by ensuring outages and safety concerns can be responded to immediately while ensuring costs are controlled by addressing non-urgent issues during regular hours at a lower cost.

5. ASSET INSPECTION SEGMENT

5.1. ASSET INSPECTION SEGMENT DESCRIPTION

Alectra Utilities conducts inspections of its underground distribution system assets – including approximately 68,007 underground transformers, 4,109 switchgear units, and 533 cable chambers. The asset inspection program is conducted over a three-year cycle, in accordance with the regulatory requirements in the *Distribution System Code* Appendix C.

During asset inspections, the condition of the assets is collected and used in a variety of ways. Condition data is used to determine asset health and probability of failure. This data is then used to optimize asset investment decisions for the optimal replacement or refurbishment of assets as described in the Distribution System Plan (Exhibit 2A). Corrective actions are also identified during asset inspections. These corrective actions can be repaired at the time of inspection if they are minor in nature, escalated to system control and lines staff for immediate action if they present an urgent risk, or assessed for remedial action later.

As shown in Figure 4-2-21, in the case of underground transformers, this process allows inspectors to quickly alert Alectra Utilities' environmental and lines teams of any potential oil contamination so that timely remediation can be completed to mitigate further environmental impacts.

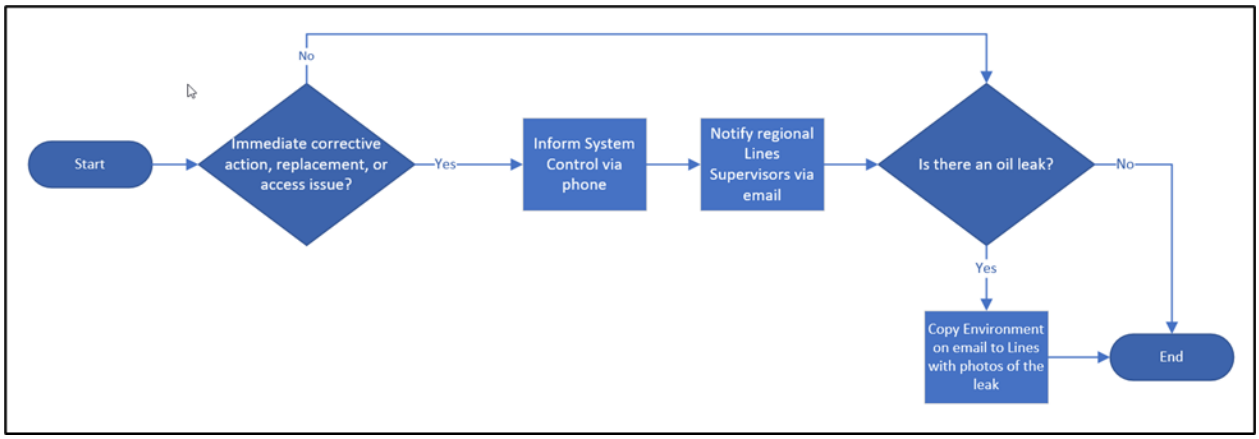


Figure 4-2-21: Escalation Procedure for Oil Leaks Identified During Inspections

An example of a transformer with a major oil leak, identified for immediate action through an asset inspection is shown below in Figure 4-2-22.



Figure 4-2-22: Oil filled padmount transformer with a major oil leak identified through asset inspection

During asset inspections, non-conformance reports are generated to efficiently capture and correct discrepancies between the information in Alectra Utilities' GIS and actual field conditions,

or where there are access issues. These are then followed up on by Alectra Utilities' trouble crews to correct the GIS record or remedy the field access issue.

Underground asset inspections are designed to identify visible defects (such as nomenclature issues, vandalism, damaged cabinets, doors and hinges for pad mounted transformers) and deficiencies that could present a safety risk (for example, misalignment between equipment and foundations, grounding issues, grading issues and damaged or missing locks). The data collected is dependent on the type of asset being assessed.

The 2021-2023 underground asset inspection cycle identified 43,959 potential corrective actions. These corrective actions were classified by grade, with grade 1 being the most critical and grade 3 being least critical. In 2024, Alectra Utilities added the performance of simple corrective actions to the competitive bid process to more efficiently manage the backlog and to minimize the cost of repairs. By making simple repairs on site at the time of inspection, Alectra Utilities can avoid additional mobilization costs and allow internal line staff to focus on more complex work. These actions are completed under the System Reactive Repairs and Trouble Calls segment.

This segment also includes a thermographic scan of some underground transformers at the time of inspection. Thermographic scans use infrared detecting cameras to identify deficiencies that are not visible to the naked eye. These studies detect thermal anomalies, such as significant changes in temperature at the interface between connections, which can be used to identify defects such as loose connections, overloading, or damaged equipment. By identifying “hot spots”, thermographic scanning allows Alectra Utilities to direct crews to address them before outages or further damage occurs. This avoids outages and costly repairs from undetected issues. Repairs to identified hot spots are conducted in the System Reactive Repairs and Trouble Calls segment. Thermographic scanning of the underground distribution system is not a requirement of the *Distribution System Code*, but it does provide reliability benefits. While a sample of the underground transformer population are scanned during asset inspections within this segment, switchgear units are scanned during the dry-ice cleaning process to bundle work and therefore those costs appear within the preventative maintenance segment. At this time, Alectra Utilities does not perform thermographic scans of underground assets other than transformers and switchgear (e.g., cables within cable chambers, etc.) as most hot spot failures

in underground systems occur at terminations and accessories which are accessible at transformers and switchgear but may be inaccessible for scanning, or submerged from time-to-time, in other parts of the underground distribution system.

The Asset Inspection segment provides substantial benefits to system reliability, safety, and financial performance by catching issues early. Over the period of 2019-2024, Alectra Utilities experienced over 3,588,545 customer hours of interruptions due to failed distribution equipment (both overhead and underground). Approximately 68% of these customer minutes of interruption were due to underground cables and accessories, transformers (both overhead and underground) and switchgear.

In 2025, Alectra Utilities began inspecting civil structures as part of the underground asset inspection segment.

By using Asset Inspections to identify and prioritize corrective actions, issues can be resolved before they cascade into outages or cause extensive damage. Alectra Utilities plans to continue with this program with its current scope, while making continual improvements to the inspection process as technology for planning and collecting inspection data improves. Alectra Utilities will also continue its use of competitive bid processes to obtain high quality services at a low cost.

5.2. ASSET INSPECTION SEGMENT COSTS

Table 4-2-117 below provides the Historical (2017-2024), Bridge (2025-2026) and Forecast (2027-2031) expenditures for the Underground Asset Inspection Segment.

Table 4-2-117: Asset Inspection Segment Expenditures ($MM)

Asset Inspection								
Segment Costs ($MM) – Historic Period								
Year	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Total	0	0	0	2.28	2.88	3.66	2.70	2.47
Segment Costs ($MM) – Bridge and Forecast Period								
Year	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
Total	2.63	2.65	2.75	2.96	3.07	3.17	3.26	

*Segment level data is not available for 2017-2019 due to varying legacy financial systems and segmentation approaches.

5.3. ASSET INSPECTION YEAR-OVER-YEAR VARIANCE ANALYSIS

2017-2018 Variance Explanation

Segment level data is not available for 2017-2019 due to varying legacy financial systems and segmentation approaches.

2018-2019 Variance Explanation

Segment level data is not available for 2017-2019 due to varying legacy financial systems and segmentation approaches.

2019-2020 Variance Explanation

Segment level data is not available for 2017-2019 due to varying legacy financial systems and segmentation approaches.

2020-2021 Variance Explanation

From 2020 to 2021 costs increased in this segment by $0.6MM primarily due to:

- Additional work by internal staff on underground inspections in some regions. This resulted in more hours being attributed to inspections in 2021 vs 2020 and higher overall costs. Overall, internal labour hours attributed to inspections increased by 129% in 2021

versus 2020. These decisions were made in response to the COVID-19 Pandemic, during which Alectra Utilities utilized single occupancy travel for Operations staff. Inspection work is appropriate for an individual powerline technician to perform and this work provided an opportunity to increase internal resource utilization when other types of work were decreased due to the pandemic.

- Cost increases were partially offset by a reduced total number of inspections due to the COVID-19 Pandemic. Alectra Utilities completed 14,428 underground asset inspections in 2021 versus 16,361 inspections in 2020. This represents an 11.8% decrease. The outstanding inspections were deferred until 2022 and 2023. While more internal resources were being used to complete the inspections as noted above, the overall inspections completed decreased which offset some of the higher cost of performing inspections internally.

- Additional savings were realized from the transition to electronic inspection records. This reduced manual entry efforts and allowed for more timely tracking and management of the inspection program.

2021-2022 Variance Explanation (27%)

From 2021 to 2022 costs in this segment increased by $0.78MM, primarily due to:

- The completion in 2022 of a large portion of the asset inspections delayed from 2020 and 2021 due to the COVID-19 Pandemic. In 2022, Alectra Utilities completed 48,657 underground asset inspections, versus 14,428 in 2021. This represents a 237% increase over 2021 levels.

- Cost increases were partially offset by the transition to external contractors for asset inspections at a lower cost than internal resources. The cost per inspection dropped from $199.61 (on average) in 2021 to $75.22 (on average) in 2022.

2022-2023 Variance Explanation (-26%)

From 2022 to 2023 costs in this segment decreased by $0.96MM primarily due to:

- A reduction in the number of asset inspections in 2023 as compared to 2022 due to less remaining deferred inspections being included in the 2023 inspection program. In 2022, Alectra Utilities completed 48,657 underground asset inspections, while 25,578 were completed in 2023 (a decrease of 47% relative to 2022 levels).

2023-2024 Variance Explanation

No material variance.

2024-2026 Variance Explanation

From 2024 to 2026 costs in this segment are expected to increase by $0.18MM primarily due to:

- The inclusion of civil structure inspections in this segment. Civil structure inspections began in 2025. In 2025, Alectra Utilities plans to inspect 1,659 cable chambers and manholes. Many structures are in roadways which requires traffic control, and some require confined space entry to perform an inspection, which requires specialized equipment, training and a larger crew size to complete safely.

2026-2031 Variance Explanation

From 2026 to 2031 costs are expected to increase by $0.61MM or approximately $0.12MM per year. This is primarily due to increases in labour costs and contractor service fees and the ongoing inclusion of civil structure inspection. In some years, the program costs increases more while in some years it increases less, which is due to the uneven quantities of units needing inspection and maintenance within each year of the three year cycle.

6. PREVENTATIVE MAINTENANCE SEGMENT

6.1. PREVENTATIVE MAINTENANCE SEGMENT DESCRIPTION

The Preventative Maintenance segment is responsible for the proactive maintenance of underground assets.

This segment is responsible for: (i) dry ice cleaning; and, (ii) PCB testing of transformer oil. These activities contribute to minimizing asset lifecycle costs and maximizing the performance of assets over their useful life.

Dry ice cleaning:

Dry ice cleaning removes surface contaminants that reduce the dielectric strength of insulating materials, such as dust, salt spray, dirt, and ash. Contaminants cause increased leakage current (a small current that passes through an unintended path as a result of dielectric failure) to pass over insulating materials in the switchgear, leading to surface tracking and eventual flashover. An example of arcing in a switchgear due to insulator contamination in shown below in Figure 4-2-23.

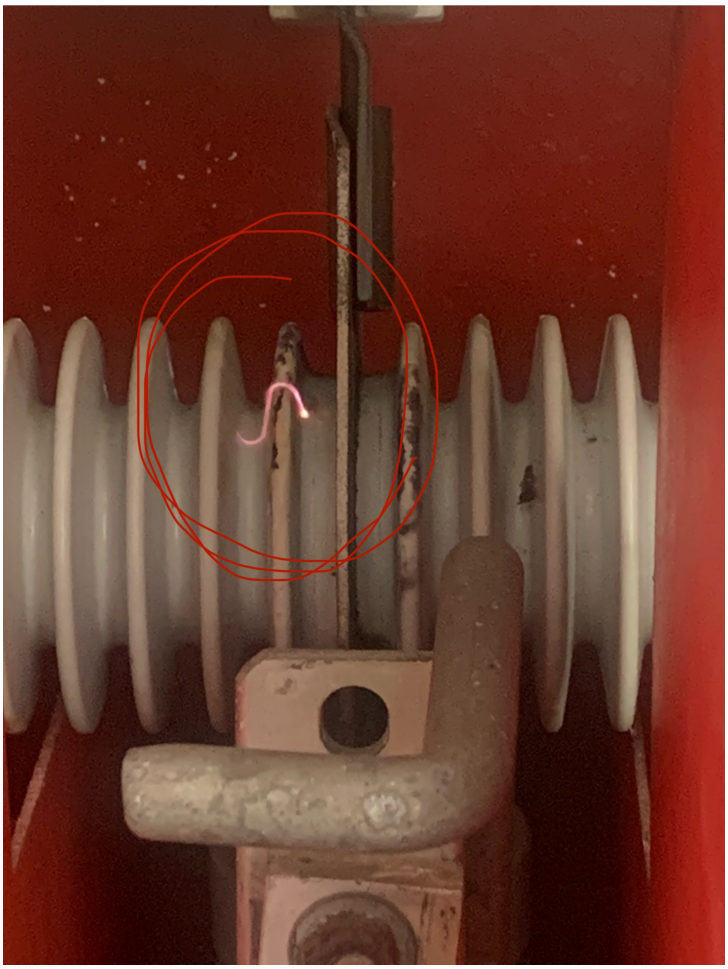


Figure 4-2-23: Arcing in a switchgear requiring maintenance

Flashovers can cause catastrophic damage to switchgear and result in lengthy outages. The CO2 cleaning process uses dry ice pellets propelled from an insulated wand using pressurized air. When the pellets strike equipment surfaces, the impact removes the surface contaminants while avoiding damage to insulating materials.

Prior to completing the maintenance, an Infrared Scan is performed to see if there are any hotspots on the equipment to ensure proper cleaning efforts. A second Infrared Scan is performed after the maintenance activity to ensure all hotspots are addressed. If hotspots are still present, items will be documented for further maintenance work. Examples of before and after cleaning infrared scans demonstrating the improvement made by dry-ice cleaning are shown below in Figures 4-2-24 and 4-2-25. Notice in Figure 4-2-24 that there is a hot spot with a temperature differential of 7.6^{o}C on the center cable termination. In Figure 4-2-25, after

cleaning, the same location now has no temperature differential as tracking contamination has been removed.

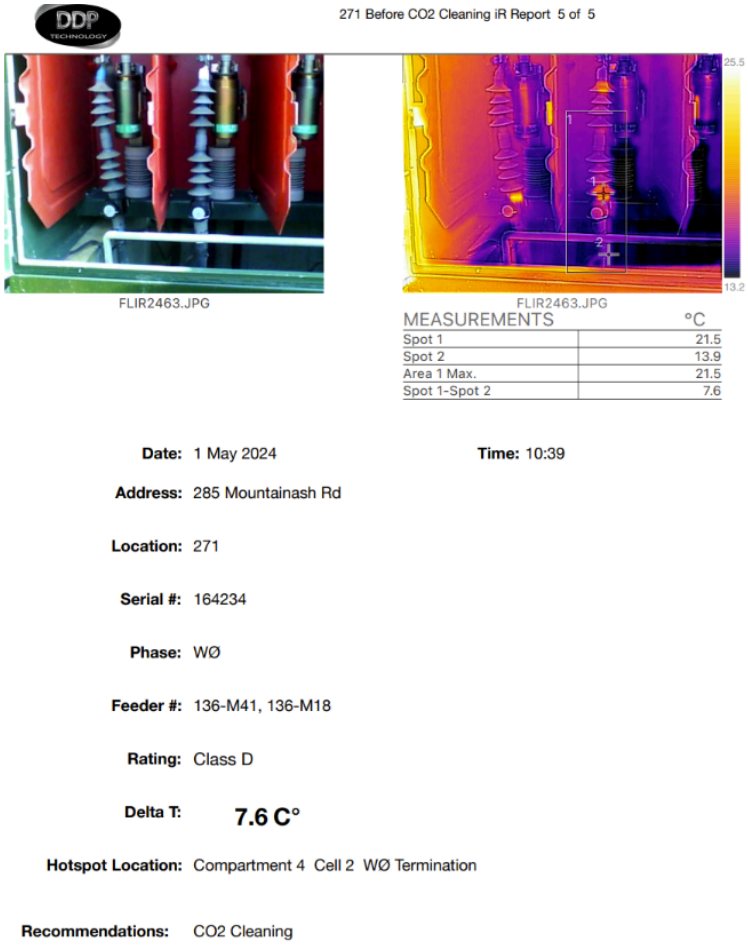


Figure 4-2-24: Example of a hot spot before cleaning

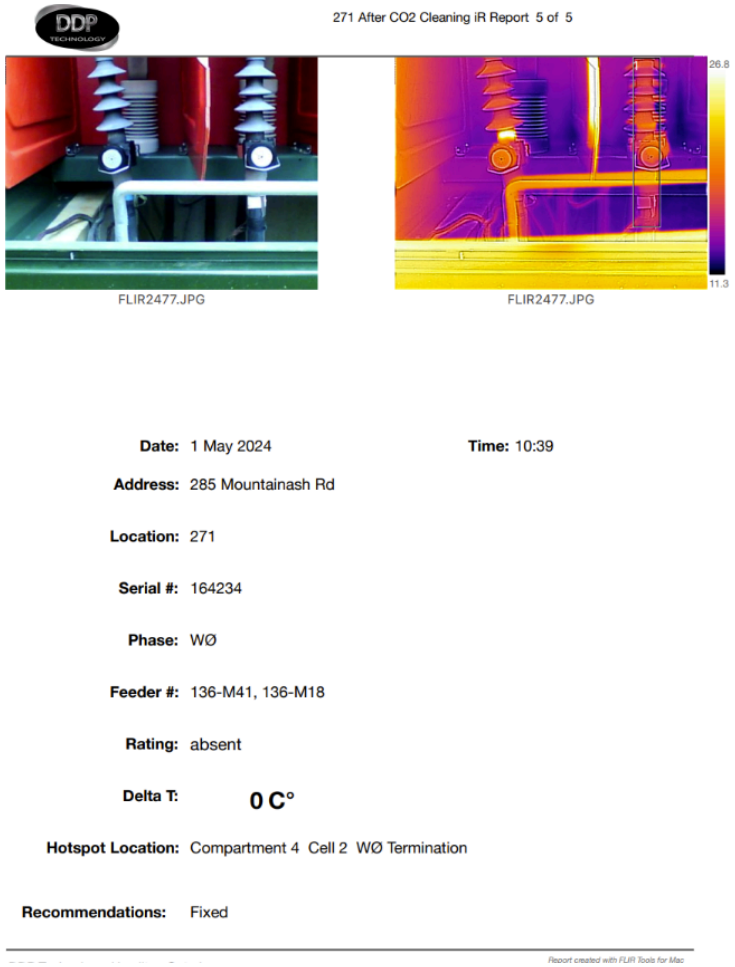


Figure 4-2-25: Example of a resolved hot spot after cleaning

During the cleaning process, an asset inspection will be completed under the Asset Inspections segment. Minor defects that can be repaired while equipment is live will be addressed to avoid additional mobilization costs and improve productivity.

Air-insulated switchgears on the 13.8kV and lower voltage system are dry ice cleaned every 6-years. Air-insulated switchgears on the 27.6kV system are dry ice cleaned every 3-years due to the higher dielectric stress from the higher voltage and because they serve more load (resulting in higher potential customer impacts in the event of an unplanned outage).

Additionally, dry ice cleaning will be performed as needed on vault room equipment.

Alectra Utilities plans to complete the full dry-ice cleaning program each year (approximately 400-450 units per year).

PCB Testing:

PCB testing measures the concentration of PCBs in the oil of distribution transformers. PCBs are harmful chemicals that were used in transformer oil due to their high dielectric strength and non-flammable properties. However, PCBs have been found to be non-biodegradable, bio-accumulative and toxic.

The use of PCBs in manufacturing has been regulated in Canada since 1977. The regulation of equipment containing PCBs, as well as the containment and disposal of PCBs has increased with the *Canadian Environmental Protection Act*, 1999 (CEPA) and PCB regulations of 2008 (SOR/2008-273). CEPA requires all distribution transformers with PCB concentrations of 50 parts-per-million, or more, to be removed prior to December 31, 2025. Alectra Utilities is in conformance with this requirement, however Alectra Utilities' transformers still contain small amounts of PCBs. As distribution transformers age or are damaged, they may leak transformer oil. Oil with PCB concentrations of more than 2 parts-per-million requires special handling to ensure environmental protection. All spills to the environment must be tracked, reported and the oil reclaimed where possible.

The PCB testing program works to close any data gaps in the PCB content of Alectra Utilities' transformer fleet. It also supports Alectra Utilities' environmental compliance and public policy responsiveness requirements through the leaking transformer replacement program.

Alectra Utilities plans to continue its PCB testing program. As of the end of 2024, Alectra Utilities has approximately 3,794 transformers requiring PCB testing or reconfirmation of testing completed in the past, as well as a number of units which need verification of nameplate data to identify whether they also should be included for testing. The program will extend beyond the forecast period.

6.2. PREVENTATIVE MAINTENANCE SEGMENT COSTS

Table 4-2-118 below provides the Historical (2017-2024), Bridge (2025-2026) and Forecast (2027-2031) expenditures for the Preventative Maintenance Segment.

Table 4-2-118: Preventative Maintenance Segment Expenditures ($MM)

Preventative Maintenance								
Segment Costs ($MM) – Historic Period								
Year	**2017***	**2018***	**2019***	**2020**	**2021**	**2022**	**2023**	**2024**
Total	0	0	—	0.69	1.34	1.35	0.51	0.31
Segment Costs ($MM) – Bridge and Forecast Period								
Year	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
Total	0.41	0.41	0.43	0.46	0.47	0.48	0.49	

*Segment level data is not available for 2017-2019 due to varying legacy financial systems and segmentation approaches.

6.3. PREVENTATIVE MAINTENANCE YEAR-OVER-YEAR VARIANCE ANALYSIS

2017-2018 Variance Explanation

Segment level data is not available for 2017-2019 due to varying legacy financial systems and segmentation approaches.

2018-2019 Variance Explanation

Segment level data is not available for 2017-2019 due to varying legacy financial systems and segmentation approaches.

2019-2020 Variance Explanation

Segment level data is not available for 2017-2019 due to varying legacy financial systems and segmentation approaches.

2020-2021 Variance Explanation (94%)

From 2020 to 2021 costs in this segment increased by $0.65MM primarily due to:

- The completion of more preventative maintenance in 2021. 345 switchgear units were dry-ice cleaned in 2021 versus 318 units in 2020. This represents an increase of 8.5%.

Units were also completed at a slightly higher cost than the previous year due to inflationary increases in contract rates (approximately 2.5%).

- In addition, Alectra Utilities accelerated its PCB testing program due to a higher incidence of leaking transformers and soil remediation costs. In 2021, Alectra Utilities spent $0.9MM in oil testing and soil remediation costs within this segment related to leaking PCB transformers, an increase of $0.56MM over 2020 levels for the same.

2021-2022 Variance Explanation

There is no material variance during this period.

2022-2023 Variance Explanation (-62%)

From 2022 to 2023 costs in this segment decreased by $0.84MM, primarily due to:

- Lower preventative maintenance costs in 2023 as compared to 2022. In 2023, Alectra Utilities dry-ice cleaned 248 switchgear units versus 339 in 2022 (a 26% decrease). In 2023, Alectra Utilities was not able to complete its full dry-ice cleaning program in the Central region due to budget constraints.

- Lower PCB testing levels in 2023 relative to 2022. Costs for oil sampling and testing were approximately $0.4MM less in 2023 than 2022. Accelerated PCB testing noted in previous years was decreased in 2023 due to a large portion of the backlog of leaking transformers and soil remediation being addressed in previous years.

2023-2024 Variance Explanation (-39%)

From 2023 to 2024 costs in this segment decreased by $0.2MM primarily due to:

- Lower per unit costs from negotiated discounts with vendors. This allowed Alectra Utilities to increase the number of units dry-ice cleaned (381 or a 12% increase) while lowering overall costs.

2024-2026 Variance Explanation

From 2024 to 2026 costs in this segment are expected to increase by $0.10MM primarily due to inflationary increases in contractor service fees and internal labour costs, as well as additional PCB testing to meet the December 31, 2025 CEPA requirements for removal of PCB containing equipment above 50 parts-per-million.

2026-2031 Variance Explanation

From 2026 to 2031 costs in this segment increased by $0.8MM. This modest increase was due to inflationary increases in contractor service fees and internal labour costs.

7. SYSTEM REACTIVE REPAIRS AND TROUBLE CALLS SEGMENT

7.1. SYSTEM REACTIVE REPAIRS AND TROUBLE CALLS SEGMENT DESCRIPTION

The System Reactive Repairs and Trouble Calls segment supports response and restoration activities in connection with unplanned or urgent events affecting the underground distribution system.

This work is critical to restoring customer power, maintaining reliability, and mitigating safety risks to the public and employees. Work in this segment ensures compliance with regulatory requirements, including section 4 of O.Reg 22/04 and the *Distribution System Code*.

The work performed in this segment includes a wide variety of tasks, including:

- Responding to outage and trouble calls where the remedy does not involve the replacement of major underground assets
- Voltage and power quality surveys and the adjustment of line transformer taps
- Transferring loads, switching and reconnecting circuits for operational purposes
- Investigating service complaints, including testing and minor repairs to resolve the complaints (e.g., repairing loose connections, disconnected neutrals and other small repairs)

- Collecting information to resolve discrepancies in maps and records
- Rectifying access issues, including clearing of debris to ensure normal operation of equipment
- Adjusting and performing minor repairs to cabinets, locks, doors, and the alignment of underground distribution assets
- Maintaining signs and tags on underground distribution equipment and building vaults
- Maintenance and repair of tools used in operating and maintaining the underground distribution system
- Removal of graffiti and responding to vandalism of underground assets
- Remediation of environmental contamination due to underground transformer oil leaks

Most of the work in this segment is non-discretionary due to Alectra Utilities' obligations to its customers and regulatory requirements. Maintaining adequate response to system outages supports Alectra Utilities' SAIDI and SAIFI reliability targets. Repairing defects that affect the safety and performance of the distribution system are regulatory requirements under O. Reg 22/04 and the *Distribution System Code*.

Alectra Utilities maintains 24/7 emergency response through a variety of mechanisms. During business hours, the company uses dedicated trouble and maintenance crews and any available service crews to perform emergency and trouble work. Alectra Utilities also operates different shift lengths for trouble crews to ensure adequate coverage. In addition, the company maintains on-call trouble crews that can respond rapidly to after-hours emergencies and outages across its service territory. During the period of 2017-2024, Alectra Utilities responded to over 53,192 trouble calls (impacting both the overhead and underground distribution system). On an annual basis, trouble call volumes ranged from 6,267 to 6,941 and these volumes are expected to continue in approximately the same range.

Repairs and trouble calls initiated by emergency services (e.g., police, firefighters, paramedics) may involve significant risk to public health and safety. Alectra Utilities must respond to these

events within one hour of being notified, at least 80 percent of the time as a regulatory requirement of section 7.9 of the *Distribution System Code*. Over the period of 2017-2024, Alectra Utilities received 7,650 emergency calls and arrived at the location of the event within one hour 91.8% of the time.

The System Reactive Repairs and Trouble Calls segment also addresses deficiencies and minor repairs to components on the underground distribution system that are identified through a variety of channels. These repairs are made to extend the life of assets, minimize overall lifecycle costs or to correct an urgent safety or reliability risk. Issues requiring repair may be identified in several ways:

- Deficiencies may be identified during asset inspections and preventative maintenance activities. Where these deficiencies are corrected at the time of discovery, the cost of repair will be repaired under the System Reactive Repairs and Trouble Calls segment
- Defects may be reported by the public or third parties
- Defects may be identified during regular work on and patrol of the underground distribution system

Where practical, Alectra Utilities corrects defects when discovered in the course of other work to minimize mobilizations – for example when performing dry ice cleaning, the contractor will repair and replace damaged minor switchgear parts. Beginning in 2024, Alectra Utilities introduced changes to the Asset Inspection program so that small defects in underground distribution equipment can be corrected by the contractors performing the inspection. By repairing defects while performing other work, Alectra Utilities maximizes productivity, leverages competitively bid unit-prices and avoids the cost of additional mobilizations to correct deficiencies. Examples of deficiencies addressed through the Asset Inspection Program are shown below in Figures 4-2-26 through 4-2-29.



Figure 4-2-26: A padmounted transformer missing warning stickers and with damaged nomenclature identified during an asset inspection and repaired under this segment



Figure 4-2-27: A transformer with a hole in its door identified during an underground asset inspection that is repaired under this segment

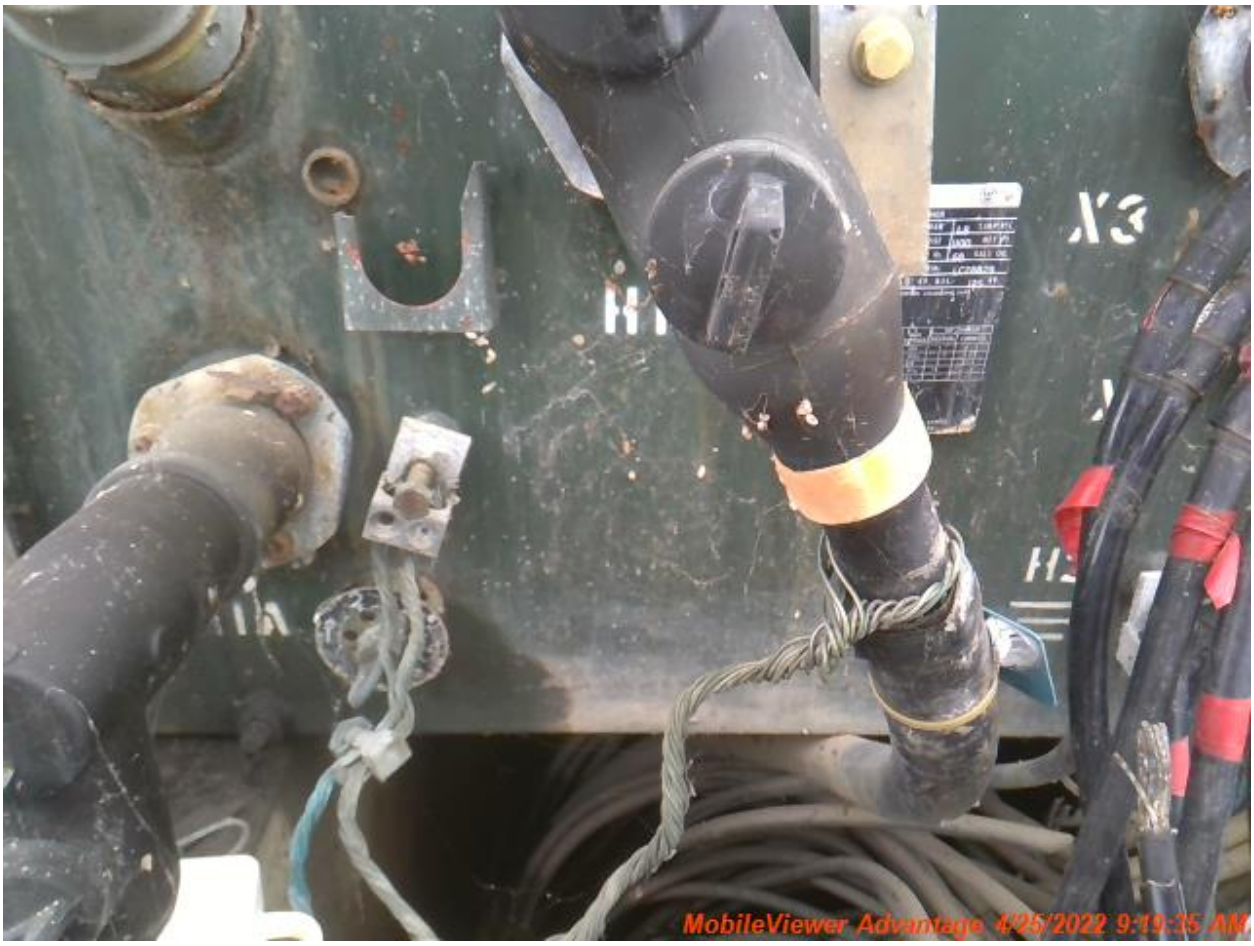


Figure 4-2-28: A padmounted transformer with damaged and corroded bleed wires that will be repaired under this segment



Figure 4-2-29: A plugged vault room drain identified during an underground asset inspection that is cleared under this segment

Aging infrastructure can lead to increased trouble calls and outages as equipment fails. If necessary repairs are not performed, this can potentially lead to expensive failures and impacts to reliability. For example, if underground transformers are leaking and are not replaced or repaired in a timely manner, leaking oil can contaminate the nearby soil leading to expensive soil remediation work.

This segment includes costs to remediate environmental damage caused by leaking underground transformers. The number of outages due to transformer failures are shown below in Table 4-2-119.

Table 4-2-119: Alectra Utilities Transformer Failure Outages (Overhead and Underground), 2018-2023

Year	2018	2019	2020	2021	2022	2023
Customer Hours of Interruption	35,972.17	43,007.58	47,868.65	33,828.86	39,396.39	38,919.90
Number of Outages	330	295	384	339	328	348

Underground distribution assets can have higher repair costs when they fail. For example, repairs to failed underground cables can involve troubleshooting work, excavation of the failed cable site and restoration of the excavation. These costs can vary depending on the difficulty locating the fault, the excavating conditions, weather and type and area of surfaces being restored.

From 2018 to 2020, Alectra Utilities experienced an average of 493 primary cable faults per year, contributing 239,444 customer hours of interruption per year on average. Cable rejuvenation and replacement programs under Alectra Utilities' planned capital portfolio have contributed to reducing the frequency of primary cable faults between 2021 and 2024 to an average of 435 faults per year, contributing to 229,893 customer hours of interruption per year on average, as shown in Table 4-2-120 below.

Table 4-2-120: Alectra Utilities Primary Cable Faults, 2018-2023

Year	2018	2019	2020	2021	2022	2023	2024
Customer Hours of Interruption	258,664	209,430	250,237	297,646	228,163	184,729	209,033
Number of Outages	548	431	501	465	440	396	438

Over the forecast period, Alectra Utilities expects this segment to continue with few changes due to its non-discretionary nature.

7.2. SYSTEM REACTIVE REPAIRS AND TROUBLE CALLS SEGMENT COSTS

Table 4-2-121 below provides the Historical (2017-2024), Bridge (2025-2026) and Forecast (2027-2031) expenditures for the System Reactive Repairs and Trouble Calls Segment.

Table 4-2-121: System Reactive Repairs and Trouble Calls Segment Expenditures ($MM)

System Reactive Repairs and Trouble Calls								
Segment Costs ($MM) – Historic Period								
Year	**2017***	**2018***	**2019***	**2020**	**2021**	**2022**	**2023**	**2024**
Total	0	0	0	17.94	19.30	23.96	21.70	23.45
Segment Costs ($MM) – Bridge and Forecast Period								
Year	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
Total	22.71	23.31	25.18	26.48	27.64	28.48	29.29	

*Segment level data is not available for 2017-2019 due to varying legacy financial systems and segmentation approaches.

7.3. SYSTEM REACTIVE REPAIRS AND TROUBLE CALLS YEAR-OVER-YEAR VARIANCE ANALYSIS

2017-2018 Variance Explanation

Segment level data is not available for 2017-2019 due to varying legacy financial systems and segmentation approaches.

2018-2019 Variance Explanation

Segment level data is not available for 2017-2019 due to varying legacy financial systems and segmentation approaches.

2019-2020 Variance Explanation

Segment level data is not available for 2017-2019 due to varying legacy financial systems and segmentation approaches.

2020-2021 Variance Explanation (+8%)

From 2020 to 2021 costs for this segment increased by $1.36MM primarily due to:

- Higher overall system reactive repairs and trouble calls in 2021 as compared to 2020. Customer hours of interruption related to human elements increased by 181% in 2021

compared to 2020. Adverse environment related CHI increased by 23% relative to 2020 levels, while defective equipment CHI increased by 9% over 2020 levels and foreign interference CHI increased by 5% over 2020 levels. Other outage categories also increased that do not predominantly impact underground assets (e.g., tree contacts and loss of supply). The trouble calls that related to underground equipment were responded to within this program and contributed to higher costs.

- An increased number of primary and secondary cable faults in 2021 due to aging infrastructure, which requires excavating, splicing and ground restoration work under this program. Customer hours of interruption due to defective cables and accessories increased from 250,237 hours in 2020 to 297,646 hours in 2021. Defective equipment is the largest contributor to customer hours of interruption in 2021, with XLPE insulated cable failures being the highest contributor to defective equipment.

- An increased number of leaking transformers as a result of asset maintenance and replacement activities delayed by the COVID-19 pandemic. This drove higher soil remediation costs in both 2021 and 2022, compared to 2020. While some remediation was undertaken in 2021, not all remediation could be completed immediately, and a large number of sites were remediated in 2022.

- A 45% increase in switchgear failures in 2021. Switchgear units are costly compared to other asset types and require extensive switching to isolate and replace. The frequency of switchgear failure related outages is shown below in Table 12. Prior to 2022, not all preventative maintenance programs were harmonized and Alectra Utilities Central region did not complete dry-ice cleaning to the same levels as other regions, which contributed to higher failure rates.

Table 4-2-122: Alectra Utilities Switchgear Failure Outages, 2018-2023

Year	2018	2019	2020	2021	2022	2023	2024
Customer Hours of Interruption	43,883.82	25,124.93	22,968.47	69,463.32	30,969.52	25,337.88	42,916.93
Number of Outages	40	32	35	51	49	24	35

2021-2022 Variance Explanation (24%)

From 2021 to 2022 costs in this segment increased by $4.66MM primarily due to:

- A continuation of high numbers of primary and secondary cable faults in 2022 due to aging infrastructure, which requires excavating, splicing and ground restoration work under this program. While customer hours of interruption due to defective cables and accessories decreased from 297,646 hours in 2021 to 228,162.87 hours in 2022, Alectra Utilities experienced 394 cable failures and completed more repairs to in 2022 (387 failed cables were repaired, including outstanding repairs from 2021).

- A high number of leaking transformers from asset maintenance and replacement activities delayed by the COVID-19 Pandemic response. This drove higher soil remediation costs in 2021 and 2022. In 2022, Alectra Utilities remediated more sites than in 2021. This resulted in an increase in environmental costs of $1.02MM over 2021 levels.

- Alectra Utilities continued to experience elevated switchgear failures in 2022. Switchgear units are costly compared to other asset types and require extensive switching to isolate and replace.

2022-2023 Variance Explanation (-9%)

From 2022 to 2023 costs for this segment decreased by $2.26MM primarily due to:

- A reduction in environmental remediation work in 2023. Environmental costs in were $2.14MM less in 2023 than in 2022. A backlog of remediation work identified through the

completion of asset inspections that had been delayed by the COVID-19 pandemic were resolved in 2021 and 2022, resulting in lower volumes in 2023.

- A declining number of primary and secondary cable faults in 2023 due to the cable injection program. Customer hours of interruption due to defective cables and accessories decreased from 228,162.87 hours (440 faults) in 2022 to 184,728.51 hours (396 faults) in 2023.

- A decrease in cable failure repairs in 2023 (a decrease of 43% compared to repairs completed in 2022).

2023-2024 Variance Explanation (8%)

From 2023 to 2024 costs in this segment increased by $1.75MM due to several factors:

- An increase in cable-related failures in 2024. Alectra Utilities experienced 438 failures in 2024 compared to 396 in 2023 (a 10% increase). Alectra Utilities completed 404 cable repairs in 2024 compared to 357 repairs in 2023 (a 13% increase).

- An increase in switchgear failures in 2024. Customer hours due to switchgear failures increased from 25,337 in 2023 to 42,917 in 2024 (a 69% increase). Alectra Utilities experienced 35 switchgear failures in 2024 compared to 24 in 2023 (a 46% increase).

- These cost increases were partially offset by minor system repairs being completed by external contractors at a unit-price negotiated through a competitive bid process. By completing repairs at the same time as asset inspections, repairs could be completed more efficiently under a single truck roll. This allowed for minor repairs to be completed at a lower cost.

- Alectra Utilities also implemented harmonized call-out procedures for its control rooms which resulted in less call outs of on-call staff after hours for non-emergency situations. Overtime attributed to inspection and maintenance programs (both overhead and underground) was reduced by approximately 10.9% in 2024 relative to 2023.

2024-2026 Variance Explanation

From 2024 to 2026 costs are expected to decrease by $0.14MM primarily due to:

- An expected return to the previous rate of cable failures due to ongoing cable injection and replacement efforts.

- An expected return to previous levels of switchgear failures due to ongoing preventative maintenance efforts.

2026-2031 Variance Explanation

From 2026 to 2031 costs are expected to increase by $5.98MM primarily due to:

- Inflationary increases in labour costs and contractor service fees. Some contracts impacting the Underground Inspection and Maintenance program end in 2026 and will be put to market to establish new contracts for 2027 including underground corrective actions.

- Specifically, a new asset inspection contract will be established in 2027. This contract bundles minor repair work (which impacts the System Reactive Repairs and Trouble Calls segment) and expected service fee increases will drive higher repair costs as Alectra Utilities continues to repair minor defects identified during asset inspections.

- Additionally, in 2027, Alectra Utilities expects to include an additional 25 FTE's under the overall Lines department. A portion of these staff's time not spent on capital work, as well as a portion of the administrative cost related to those additions will impact this segment. This trend will continue at varying levels from 2027-2031.

FACILITIES

FACILITIES MANAGEMENT

1. OVERVIEW

Table 4-2-123: Facilities Management Program Summary

Facilities Management							
Program Description: Alectra Utilities' Facilities Management program ensures sustainable, safe, and compliant workspaces by maintaining facilities, utilities, and communications							
Program Outcomes: Operational Effectiveness – Reliability, Environment, Operational Effectiveness – Safety, Financial Performance							
Program Segments • Facilities Management							
Program Costs ($MM) - Historic Period							
2017	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
12.52	15.58	14.68	17.00	17.01	16.72	18.53	15.39
Program Costs ($MM) - Bridge and Forecast Period							
2025	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
13.71	13.35	13.58	13.87	14.23	14.45	14.75	

Alectra Utilities' Facilities Management program provides sustainable, safe, and reliable workspaces for Alectra Utilities employees. This program provides and maintains a good working environment in compliance with applicable legislations and regulations. The Facilities Management Program includes the following activities:

- Facilities Management Services, which involves maintaining all Alectra Utilities facilities in good working order and in compliance with applicable legislation and regulations.

- Utilities, which involves providing facility support for utilities (such as Water, Electricity, Gas...etc) to operate all utilities and infrastructure at company owned facilities.

2. OUTCOMES AND MEASURES

Table 4-2-124: Facilities Management Program Outcomes and Measures Summary

Operational Effectiveness – Reliability	Contributes to Alectra Utilities' ability to perform its duties and provide timely electricity services to its customers by: • Maintaining building safety and building systems which alleviate the potential risk and/or damage to Alectra Utilities building infrastructure (e.g., building envelopes, boiler systems, HVAC units). • Providing appropriate compliance with applicable legislative requirements for all key assets in Alectra Utilities owned work centers (e.g., cranes, overhead doors, lifting devices…etc.).
Environment	Contributes to Alectra Utilities' environmental goals by: • Supporting the company's NetZero 2050 Strategy by reducing Alectra Utilities' carbon footprint at facilities, where economical.

Operational Effectiveness	Contributes to Alectra Utilities' safety objectives: • Compliance with *Ontario Building Code* (O. Reg. 613/24) • Compliance with *Ontario Fire Code* (O. Reg 213/07) • Maintaining ISO 45001 certification (Occupational Health and Safety Management) • Addressing structural deficiencies. • Ensuring all buildings are *Accessibility for Ontarians with Disabilities Act, 2005* (AODA) compliant. • Ensuring appropriate internal and external lighting conditions. • Assessing/replacing/improving all structural equipment assets (e.g., hot water tanks, boilers, HVAC Units, sump pumps, generators…etc.). • Ensuring appropriate security measures to minimize the risk of unauthorized access into Alectra Utilities work facilities. • Upgrading/replacing CCTV systems to have one singular portal for ease of use and increased security across our buildings. • Maintaining an integrated singular card access system (Genetec) which allows employees to use one access card for all facility locations.
Financial Performance	Supports Alectra Utilities' financial performance objectives, as measured by total cost and efficiency metrics, by: • Using asset condition assessments to manage and potentially replace assets that are at end of life or in poor condition. • Security enhancements at Alectra Utilities owned facilities. • Prioritizing preventative maintenance actions for end-of-life assets in poor condition to mitigate against costly reactive repairs. • Deterring theft through the installation and usage of security systems and cameras. • Reducing utility costs at Alectra Utilities facilities by using energy efficient HVAC and lighting systems.

3. PROGRAM DESCRIPTION

Alectra Utilities owns, leases, and operates 9 facilities (3 Offices and 6 Operation Centers) ranging from historic properties (according to heritage property requirements) to newly built facilities. Each facility has unique features and considerations that inform its service and maintenance requirements. The Facilities Management Program ensures that each building is maintained to meet essential service, space, and maintenance standards, including emergency preparedness. It also ensures alignment with legislative and regulatory requirements for safety, environmental protection, accessibility, and the operational needs of the distribution system.

The Facilities Management Program consists of two main segments of activity: Facilities Management Services and Utilities & Communications.

Facilities Management Services

Facilities Management Services is focused on providing a safe and functional environment for all employees of Alectra Utilities, ensuring they can perform their duties effectively and efficiently. The focus on safety extends to protect members of the public who may interact with Alectra Utilities' properties. Safety and compliance are at the forefront of the facilities management services, driven by daily, monthly, and annual maintenance activities that adhere to legislative and regulatory requirements, as well as Alectra Utilities’ health and safety policies and thorough equipment assessments.

Failure to comply with these standards could disrupt day-to-day operations and, in extreme cases, impact the continuity of electrical distribution to customers. For example, non-compliance with fire safety protocols could result in facility closures, fines, or equipment lockouts, potentially leading to business interruptions. To mitigate these risks, Alectra Utilities utilizes a combination of internal Facilities Management staff and third-party service providers to maintain compliance with all relevant regulatory requirements.

Alectra Utilities balances preventative maintenance with a targeted run-to-fail approach. Run-to-fail is applied to low-impact, low-cost equipment where proactive maintenance is not cost-effective, focusing resources on more critical assets. Preventative maintenance is conducted based on system criticality, cost, and complexity to justify lifecycle costs and ensure key

systems remain operational. This balanced approach allows technicians to manage both proactive and reactive tasks efficiently, while recognizing that reactive maintenance is inevitable in managing complex facilities with numerous assets.

The computerized maintenance management system (CMMS) (Archibus) is used to track and schedule maintenance activities:

- **Preventative Maintenance:** Routine inspections and servicing of equipment to ensure continued operation and safety. Skipping these tasks can result in premature equipment failure, fines, or unsafe conditions.

- **Corrective Maintenance:** Issues identified during inspections are planned and coordinated for repair or replacement, allowing for more efficient asset management.

- **Reactive Maintenance:** Despite diligent planning, unplanned breakdowns occur, particularly with run-to-fail assets and deferred maintenance tasks. Alectra Utilities monitors and addresses these issues as they arise, ensuring that critical assets and safety are maintained while managing budget constraints. Deferred maintenance is reviewed continuously, with a focus on balancing system criticality, building functionality, safety, and financial resources.

Through this structured and dynamic approach, Alectra Utilities ensures the long-term sustainability and functionality of its facilities, while maintaining flexibility to adapt to ongoing operational demands.

Utilities

Utilities includes water, electricity, and natural gas services and costs. Fluctuations in these utility costs are largely influenced by weather conditions; for example, colder winters lead to increased natural gas consumption for heating, while warmer summers drive higher electricity usage for cooling.

To minimize utility consumption and manage costs effectively, Alectra Utilities' focuses on efficiency. For example, all facilities have been retrofitted with energy-efficient LED light fixtures, which significantly reduce electricity consumption. Additionally, timers and motion sensors have

been installed across all buildings to automatically turn off lights in unoccupied areas, further decreasing energy use.

Alectra Utilities' Building Automation Systems (BAS) has also allowed for reductions in natural gas consumption. During winter, heating systems are placed on timers to lower temperatures during off-hours when buildings are vacant, optimizing energy use without compromising comfort during work hours. These strategies not only reduce utility consumption but also align with Alectra Utilities' broader NetZero 2050 Strategy, contributing to carbon emission reductions and supporting long-term sustainability goals.

4. OVERALL PROGRAM COSTS

The historical (2017-2024), bridge (2025-2026) and forecast (2027-2031) expenditures for each the Facilities Managements program are summarized in Table 4-2-125 below:

Table 4-2-125: Facilities Management Program Expenditures ($MM)

Facilities Management								
Program Costs ($MM) – Historic Period								
Year	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Total	12.52	15.58	14.68	17.00	17.01	16.72	18.53	15.39
Program Costs ($MM) - Bridge & Forecast Period								
Year	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
Total	13.71	13.35	13.58	13.87	14.23	14.45	14.75	

4.1. COST DRIVERS

Key cost drivers for Alectra Utilities' Facilities Program include:

Maintenance and repairs costs (replacement and reactive costs): Maintenance and repair costs include both planned (preventative) and unplanned (reactive) expenditures to keep facilities in safe and operational condition. Preventative maintenance helps extend the life of building systems, such as HVAC, electrical, and plumbing, while reactive maintenance covers

unexpected repairs due to equipment failures, aging infrastructure, or environmental wear and tear. Rising costs of materials and labour further contribute to this cost driver.

Utility consumption (gas, electricity, water): Utilities represent a significant ongoing expense for Alectra Utilities' facilities, driven by factors such as facility size, occupancy levels, and operational demands. Electricity costs are influenced by lighting, HVAC usage, and specialized equipment required for utility operations. Gas consumption fluctuates with seasonal heating needs, while water usage is affected by facility demands, such as restrooms, kitchens, and maintenance activities.

Facility upgrades (interior and exterior): Upgrades to facility infrastructure ensure buildings remain functional, efficient, and aligned with evolving operational requirements. Interior upgrades may include modernizing office spaces, improving HVAC efficiency, and replacing aging fixtures, while exterior upgrades could involve roof replacements, parking lot resurfacing, or structural reinforcements. These upgrades are necessary to maintain operational efficiency, employee comfort, and regulatory compliance.

Ongoing compliance/safety requirements: Compliance with safety and regulatory standards requires continuous investment in facility maintenance and upgrades. This includes adherence to building codes, fire safety regulations, workplace safety laws, and environmental requirements. Regular inspections, hazard mitigation, and emergency preparedness improvements contribute to these costs, ensuring that Alectra Utilities meets all legislative and industry requirements while maintaining a safe working environment.

4.2. PRODUCTIVITY AND COST CONTROL

The Facilities Management Program includes the following cost control and productivity improvement measures:

Competitive Procurement: Since the 2017 merger, Alectra Utilities has strengthened its competitive procurement practices to align with the larger scale of the merged utility. This has included reviews of all legacy contracts/agreements for services rendered for the Facilities Management Program. Subsequent to the review, all relevant service contracts were

renegotiated using Alectra Utilities specific terms and conditions to satisfy our legal requirements post-merger(s).

The Facilities Maintenance segment has successfully reduced maintenance costs. The implementation of the maintenance program(s) has enabled this function to become less reactive which permits the team to better plan asset replacement/repair and in turn reduce operating costs.

Data Driven Decision Making: In 2019 Alectra Utilities implemented a CMMS called 'Archibus' to assist it in managing Facilities Management work orders, tracking and scheduling preventative maintenance work, and providing historical data for building equipment assets. Archibus combines the knowledge of Facilities Management staff with historical data, enabling data driven decisions on any repairs or equipment asset replacements. This also enables lower costs by streamlining operations, improving asset utilization and enhancing decision making. Archibus helps lower costs as it provides optimized preventative maintenance. This saves money as it prevents costly equipment breakdown and emergency repairs. Example: Archibus's preventative maintenance program automatically schedules HVAC servicing and/or generator inspections before failure occurs, which in turn, extends asset life and reduces down time.

Internal/External Maintenance Methodology: Alectra Utilities employs a cost-effective facilities management strategy that combines internal resources with third-party service providers. By adopting a hybrid model, Alectra Utilities enhances its internal team with third-party providers, creating a single source of support. The utility adjusts service modes, services, and maintenance routines as needed through change order management, enabling the internal team to focus on stakeholder management, strategy, and the alignment of core Facilities Management activities with day-to-day operations.

Central Region Facilities: Alectra Utilities previously operated two separate facilities in the Central Region that were in deteriorating condition and no longer met the operational requirements of the organization. Both sites faced significant infrastructure challenges, including outdated building systems, space constraints, and inefficient layouts that impeded workflow and compromised employee safety and productivity. The facilities were not functionally aligned with the company's evolving service demands, resulting in increased maintenance costs and

reduced operational efficiency. The organization has since streamlined operations by consolidating the work centers into a single location that fulfills all business requirements. In late 2023, these sites were consolidated into a single operating center following the acquisition of a property at 200 Kennedy Rd S. Further details on the investment are available in Exhibit 2A, Tab 1, Schedule 1, Appendix B07 Facilities Management of the DSP. This consolidation has generated $1.6MM in average annual operational savings and $4.8MM in cumulative savings from 2024 to 2026, primarily through reduced facility operating costs.

Classroom Maximization: Alectra Utilities has created dedicated E-Learning spaces at its Kennedy, John, Nebo, and Vansickle locations. These areas allow field workers who lack regular computer access to complete mandatory E-Learning courses during bad weather.

The following table provides data from 2017-2014 regarding Alectra Utilities energy efficiency and sustainability initiatives**:**

Table 4-2-126: Alectra Utilities Energy Efficiency and Sustainability Initiatives

	Units	2017	2018	2019	2020	2021	2022	2023	2024
Water Consumption									
Water Consumption	(m^3)	32,712	30,063	28,518	27,696	25,418	25,940	**25,472**	**$13,788**
GHG Emissions by Source (AUC only)									
Facilities	(tonnes CO_2e)	2,275	2,720	2,599	2,111	2,272	2,506	**2508**	**2037**
Air Quality									
VOC Emissions	(tonnes CO_2e)	0.087	0.087	0.079	0.063	0.068	0.079	**0.078**	**0.063**
NO_2 Emissions	(tonnes CO_2e)	1.586	1.577	1.432	1.152	1.243	1.429	**1.416**	**1.15**
SO_2 Emissions	(tonnes CO_2e)	0.010	0.009	0.009	0.007	0.007	0.009	**0.008**	**0.007**
Particulate Matter (PM_{Total})	(tonnes CO_2e)	0.121	0.120	0.109	0.088	0.095	0.109	**0.108**	**0.087**

LED Lighting Upgrades

By the end of 2022, Alectra Utilities retrofitted approximately 80% of building lighting in its East and Central regions with LED technology, replacing 6,114 light tubes and 934 pot bulbs in compliance with environmental regulations. These upgrades are projected to:

- Reduce electricity consumption by 155,397 kWh annually
- Lower greenhouse gas (GHG) emissions
- Save $93,000 in annual operating costs

Additional Energy Efficiency Measures

- Light motion sensors: Activate only when areas are occupied to optimize energy use.
- Automated HVAC settings: Adjust temperatures after hours and on weekends to conserve energy.
- Upgraded overhead doors: New insulation and rapid-closing technology at Hamilton (Nebo) and Barrie (Patterson) sites reduce heat loss and lower gas consumption.

Net-Zero and Energy Efficiency:

Alectra Utilities' GRE&T Centre at its Guelph Southgate facility became the first to align with the company’s 2050 net-zero GHG goal through receiving the Zero Carbon Building Certification from the Canada Green Building Council (CaGBC) in August 2023, making it the first Alectra Utilities facility to earn this recognition.

Alectra Utilities' Kennedy Road Operations Centre has achieved LEED Gold certification and meets GHG reduction requirements 43% above LEED Gold standards

4.3. YEAR-OVER-YEAR VARIANCE ANALYSIS

2017-2018 Variance Explanation

- Costs increased from 2017 to 2018 by $3.06MM primarily due to the one-time expenses associated with re-branding the legacy buildings.

2018-2019 Variance Explanation

- In 2019, Guelph Hydro merged with Alectra Utilities, resulting in an increase in costs for the Facilities department due to the addition of a new building at 395 Southgate Drive, Guelph.

2019-2020 Variance Explanation

- Costs increased from 2019 to 2020 by $2.32MM as a result of the following:
- Leasing of 3240 Mavis due to the sale and lease back of 3240 Mavis Rd
- At the onset of the pandemic: third-party contract labour costs increased, supply chain costs rose significantly, and product availability decreased while demand remained constant. Additionally, buildings were prepared with barriers, sanitization measures, and signage, etc., and courier services expanded to deliver items to employees' homes when they began working remotely.

2020-2021 Variance Explanation

There is no material variance during this period.

2021-2022 Variance Explanation

There is no material variance during this period.

2022-2023 Variance Explanation

Costs increased from 2022 to 2023 by $1.80MM as a result of the following:

- Alectra Utilities Facilities department initiated preparations for the return of employees, including the transfer of employee item back to their respective buildings.

- There was a significant increase in the Carbon Tax, exceeding 10%, which affect utility expenses.

- The decommissioning and closure of the properties at 3240 Mavis Rd, Mississauga, and 175 Sandalwood Parkway West, Brampton had an impact on operational expenses.

- There has been an observed increase in rates for third-party contractors, including HVAC, plumbing and electrical services. These rate adjustments were influenced by the impacts of COVID-19 and the rise in Union Contractor wages. During the pandemic and subsequent high inflation environment, contractors adjusted their rates based on supply and demand dynamics.

- Deferred maintenance during the pandemic resulted in cost increases.

2023-2024 Variance Explanation

Costs decreased from 2023 to 2024 by $6.49MM as a result of:

- The closure and no longer paying rent for 3240 Mavis Rd, Mississauga and 175 Sandalwood Parkway West, Brampton significantly reduced operating costs. Savings came from lower utility bills, property taxes, and efficiencies at Kennedy Rd, a LEED Gold building with a 500kw solar panel system that powers the facility allowing for lower energy consumption.

- The lease of 3456 Mavis Rd, Mississauga ended, as the Kennedy Rd location provided sufficient storage space, eliminating the need for the lease.

2024-2026 Variance Explanation

There is no material variance over this period.

2026-2031 Variance Explanation

There is no material variance over this period.

FLEET

FLEET ASSET MANAGEMENT

1. OVERVIEW

Table 4-2-127: Fleet Asset Management Program Summary

Fleet Asset Management								
Program Description: Alectra Utilities' Fleet Asset Management department ensures the safety, functionality, and compliance of all fleet vehicles and equipment by overseeing maintenance, procurement, and operations to support reliable electricity distribution.								
Program Outcomes: Operational Effectiveness – Reliability, Environment, Operational Effectiveness – Safety, Financial Performance								
Program Segments • Fleet Asset Management								
Program Costs ($MM) – Historic Period								
Year	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Total	9.38	10.14	10.28	11.63	13.09	12.68	12.04	12.92
Program Costs ($MM) - Bridge and Forecast Period								
Year	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
Total	11.74	12.18	12.48	12.75	13.05	13.23	13.46	

Alectra Utilities' Fleet Asset Management department oversees the maintenance, equipment procurement, and operation of Alectra Utilities' vehicles and equipment. The primary goal of the Fleet Asset Management program is to ensure the safety and proper functionality of all vehicles and equipment used by Alectra Utilities. The Fleet Asset Management program services and maintains Alectra Utilities' 750 fleet assets, ensuring that all fleet vehicles and equipment are available as required to meet business needs. Vehicle availability and reliability enables Alectra Utilities to conduct its electricity distribution activities and meet customer expectations safely, reliably, and promptly.

The Fleet Asset Management program activities are structured to comply with legislative and regulatory obligations such as the Electrical Utility Safety Rules (EUSR), and the Occupational Health and Safety Act, 1990 (Ontario) (OHSA) as mandated under O. Reg. 213/91.

2. OUTCOMES AND MEASURES

Table 4-2-128: Fleet Asset Management Program Outcomes and Measures Summary

Operational Effectiveness – Reliability	Supports Alectra Utilities in performing duties and providing timely electricity services to customers by ensuring that work crews have access to suitable and adequate vehicles and equipment for electrical distribution tasks. This enables Alectra Utilities to carry out its activities safely, reliably, and promptly, directly affecting its ability to meet SAIDI and SAIFI metrics.
Environment	Supports Alectra Utilities' environmental goals by reducing greenhouse gas (GHG) emissions from fleet fuel consumption through: • Adopting hybrid and electric vehicles where/if possible • Implementing proactive measures such as anti-idling technology, using biofuels when feasible, and utilizing GPS reporting to promote best practices in driver behaviour. • Reducing fleet emissions through strategic optimization, vehicle upgrades, and adoption of fuel efficient technologies

Operational Effectiveness - Safety	Support Alectra Utilities' safety goals by: • ensuring employees perform their duties with minimal hazard exposure through vehicle and equipment safety inspections. This is achieved by testing related safety equipment, administering preventative maintenance programs, and completing vehicle and equipment safety inspections. • Monitoring Preventable Motor Vehicle Incident Frequency Rate (PMVIFR). In line with Alectra Utilities' dedication to vehicle safety, Alectra Utilities has instituted a "Driver Awareness and Collision Prevention" training course for all new hires, along with a refresher course for all employees every six years.
Financial Performance	Supports Alectra Utilities' financial performance objectives, as measured by total cost and efficiency metrics, by: • Continuous efforts to investigate options to minimize overall lifecycle costs of fleet services and equipment assets • Continuous efforts to investigate options for reducing fuel expenses through hybrid and electric vehicles, anti-idling technologies, and optimizing vehicle lifespans. • Continuing to strive towards the goal of executing competitive bids for fleet assets and related services such as fueling and telematics

3. PROGRAM DESCRIPTION

Alectra Utilities' Fleet Asset Management program enables the maintenance of a safe and reliable fleet, in support of the utility's safety, reliability, and customer service objectives. The key activities of the Fleet Asset Management program include:

- Outfitting fleet vehicles with the necessary equipment to perform field duties safely, efficiently, and with minimized wear and tear.

- Optimizing equipment by vehicle type to enable efficient and cost-effective delivery of services

- Managing vehicle and equipment asset lifecycles, testing related safety equipment, administering preventative maintenance programs, and executing competitive bids for fleet assets and related services such as fueling and telematics.

- Managing contracts and vendors and employing skilled fleet mechanics. Alectra Utilities' fleet mechanics hold various specialized licenses and certifications that enable them to perform repairs on utility equipment.

Alectra Utilities' Fleet Asset Management program plays a significant role in the utility's goal of achieving Net Zero by 2050. Through the adoption of electric and hybrid vehicles, and through Alectra Utilities' engine idling reduction initiatives, this program has been able to reduce Fleet emissions by 20% since 2017.

4. OVERALL PROGRAM COSTS

Table 4-2-129 below provides the Actual (2017-2024), Bridge (2025-2026) and Forecast (2027-2031) expenditures for the Fleet Asset Management Program.

Table 4-2-129: Fleet Asset Management Program Expenditures ($MM)

Fleet Asset Management Program Costs ($MM) – Historic Period								
Year	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Total	9.38	10.14	10.28	11.63	13.09	12.68	12.04	12.92
Program Costs ($MM) - Bridge and Forecast Period								
Year	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
Total	11.74	12.18	12.48	12.75	13.05	13.23	13.46	

4.1. COST DRIVERS

The costs for the Fleet Asset Management Program are primarily driven by:

Asset Condition and Maintenance Requirements: The Fleet Asset Management program includes costs associated with service, parts, and labour for Alectra Utilities' fleet of vehicles. While maintenance and parts are a significant driver of costs for this program, Alectra Utilities'

approach is designed to minimize overall lifecycle costs. Maintenance plans are developed based on condition assessments, balancing preventive, predictive, and reactive strategies to extend vehicle lifespans, reduce unexpected repair costs, and optimize total ownership costs.

Third Party Maintenance Costs: Alectra Utilities outsources routine maintenance tasks such as oil changes, tire replacements, and basic inspections to qualified third party contractors. This allows Alectra Utilities' in-house mechanics to concentrate on more specialized preventative maintenance activities on heavy duty vehicles (such as inspecting and certifying the booms) that are critical to asset longevity and operational reliability. Additionally, work that requires specialized equipment, certifications, or resources not available internally is also outsourced to ensure safety, efficiency and compliance.

Fuel Costs and Decarbonization Initiatives: Alectra Utilities vehicles spend an average of 8 hours per day on the road and incur significant fuel costs in traveling from job site to job site to enable completion of necessary maintenance activities on the distribution system. Fuel price increases, older less fuel-efficient vehicles, and vehicle idling are all factors that can impact fuel costs. In order to minimize fuel costs, and in support of Alectra Utilities' net zero goals, this program invests in electric and/or hybrid vehicles, and idling management software, where possible. The benefits of these initiatives are reduced fuel consumption and reduced GHG emissions.

4.2. PRODUCTIVITY AND COST CONTROL

Optimization of Fleet Vehicles and Related Equipment:

Fleet Asset Management compares stated departmental fleet needs against actual vehicle usage to inform the size of Alectra Utilities' fleet. Fleet Asset Management maintains a vehicle pool at each Alectra Utilities building where Alectra Utilities employees can book out vehicles for transportation use to travel to other Alectra Utilities sites or job sites. By rightsizing and optimizing the Alectra Utilities fleet, maintenance and insurance costs are minimized where possible, while ensuring that Alectra Utilities retains access to the appropriate number of vehicles needed to perform their work effectively. Further, fleet right sizing is monitored and managed on an on-going basis through monthly utilization reports.

Preventative Maintenance

Fleet Asset Management utilizes the Garage Management System (GMS) to efficiently manage preventative maintenance and scheduling. Fully integrated with the telematics/GPS system (Geotab), GMS collects real-time vehicle data to optimize maintenance schedules. This integration maximizes asset lifecycle and enhances fleet availability. By prioritizing preventative maintenance, Alectra Utilities is able to reduce overall fleet maintenance costs by reducing the risk of unexpected breakdowns, improving fuel efficiency, and maximizing the useful life of the vehicle.

Central Region Fleet Consolidation

Alectra Utilities previously operated two sites in the Central region serving Brampton and Mississauga. In late 2023, these sites were consolidated into a single operating centre. In connection with that facility consolidation, Alectra Utilities consolidated its fleet in the Central region and thereby was able to reduce its fleet in the region by 21 vehicles and eliminated one mechanic position effective 2025, resulting in average annual operational savings of $1.2MM.

4.3. YEAR-OVER-YEAR VARIANCE ANALYSIS

2017-2018 Variance Explanation

There is no material variance during this period.

2018-2019 Variance Explanation

There is no material variance during this period.

2019-2020 Variance Explanation

Costs increased from 2019 to 2020 by $1.35MM primarily due to higher repairs and maintenance costs related to incremental vehicle washing and disinfecting due to the COVID-19 pandemic.

2020-2021 Variance Explanation

Costs increased from 2020 to 2021 by $1.45MM primarily due to higher repairs and maintenance costs related to incremental vehicle washing and disinfecting due to the COVID-19 pandemic.

2021-2022 Variance Explanation

There is no material variance during this period.

2022-2023 Variance Explanation

There is no material variance during this period.

2023-2024 Variance Explanation

There is no material variance during this period.

2024-2026 Bridge Period Variance Explanation

There is no material variance during this period.

2026-2031 Test Period Variance Explanation

There is no material variance during this period.

PROPERTY TAXES

1. OVERVIEW

Table 4-2-130: Property Tax Program Summary

Property Tax							
Program Description: This program is responsible for managing and optimizing the company's property tax obligations related to its facilities and physical infrastructure.							
Program Outcomes: Financial Performance							
Program Costs ($MM) - Historic Period							
2017	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
4.01	4.62	4.96	4.88	4.17	4.17	4.64	5.08
Program Costs ($MM) - Bridge and Forecast Period							
2025	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
5.09	6.06	6.94	7.80	8.63	8.81	8.98	

2. OUTCOMES AND MEASURES

Table 4-2-131: Property Taxes Program Outcomes and Measures Summary

Financial Performance	Supports Alectra's financial performance objectives by: • Reviewing property tax assessments and challenges over valuations through appeals as necessary. • Identifying and applying for available tax exemption, credits, and rebates where applicable.

3. PROGRAM DESCRIPTION

Property taxes are calculated based on the property assessment amount, as determined by Ontario’s Municipal Property Assessment Corporation (MPAC), and the corresponding municipal property tax rates. Alectra Utilities properties span 14 municipalities and encompass over 6.5 million square feet.

4. OVERALL PROGRAM COSTS

Table 4-2-132, below, provides the Historical, Bridge, and Forecast expenditures for the Property Tax Segment

Table 4-2-132: Property Tax Program Expenditures ($MM)

Property Tax							
Program Costs ($MM) - Historic Period							
2017	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
4.01	4.62	4.96	4.88	4.17	4.17	4.64	5.08
Program Costs ($MM) - Bridge and Forecast Period							
2025	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
5.09	6.06	6.94	7.80	8.63	8.81	8.98	

4.1. COST DRIVERS

The main cost drivers for the property tax segment are:

- Updates to property assessment values as established by MPAC
- Changes to municipal property tax rates
- Additions and dispositions in real estate holdings prior to the rate term

As a result of the COVID-19 pandemic, MPAC's scheduled 2020 property value assessment update was postponed by Ontario and has yet to be completed. Consequently, property taxes are currently based on MPAC's January 1, 2016 Current Value Assessment (CVA), which determines a property's assessed value for taxation purposes. The next reassessment is anticipated for 2026 and will reflect property value changes over the 2016-2025 period. Due to the length of time between reassessments, it is estimated that there will be a 50% increase in the 2026 CVA in comparison to the 2016 CVA. This assumption applies to all properties, except for the new Kennedy Road Operations Centre that was completed at the end of 2023. MPAC has provided a Kennedy Road 2016 CVA of approximately $28MM, which is much lower than its estimated 2026 CVA of $110MM. This higher CVA is based on the nature of new development

and some significant sales in the market that support the value. The 2026 CVA increases is assumed to be gradually phased in over the 2026 to 2029 period for all properties.

A second reassessment has been estimated to occur in 2030, which includes a 20% CVA increase over the prior CVA and gradually phased in over the 2030 - 2033 assessment cycle. This increase is typical of a standard market shift over four years of an assessment cycle; however, the 2030 CVA for Kennedy Road is assumed to be equal to its 2026 CVA due to the young age of the site.

Due to the relationship between assessed value and property tax rates, it is estimated that property tax rates will decrease by 1.5% per year during the 2026 - 2031 period.

4.2. PRODUCTIVITY AND COST CONTROL

Alectra Utilities takes every effort to reduce the impact of property taxes where possible. Alectra Utilities has been successful in filing request for reconsideration applications to MPAC relating to some of Alectra Utilities' Operation Centre properties and transformer station sites. As a result of these applications, Alectra Utilities was able to reduce the property assessment value and/or have the property classified to a more appropriate property tax class, and in turn reduce the taxes on these properties until the next MPAC assessment cycle.

4.3. YEAR-OVER-YEAR VARIANCE ANALYSIS

2017-2018 Variance Explanation

From 2017 to 2018 costs increased by $0.61MM due to prorated property tax amounts associated with the Hydro One Brampton facilities which were acquired at the end of February 2017. In addition, the year-over-year variance reflects the increase to assessment values as part of the phase-in of the 2016 CVA during the 2017 – 2020 assessment cycle and changes to municipal property tax rates.

2018-2019 Variance Explanation

There is no material variance during this period.

2019-2020 Variance Explanation

There is no material variance during this period.

2020-2021 Variance Explanation

From 2020 to 2021 costs decreased by $0.71MM primarily due to successful applications to MPAC to reconsider historical property tax assessments resulting in refunds, and the impact of the disposition of the Sandalwood Operations Centre.

2021-2022 Variance Explanation

From 2021 to 2022 property tax costs remained steady as additional one-time property tax refunds were received in 2022.

2022-2023 Variance Explanation

From 2022 to 2023 costs increased by $0.47MM due to one-time property tax refunds resulting from successful applications to the MPAC to reconsider historical property tax assessments recorded in 2022.

2023-2024 Variance Explanation

From 2023 to 2024 costs increased by $0.44MM due to a full year of property taxes for the new Kennedy Road Operations Centre being expensed in 2024. Prior to 2024, Kennedy Road property taxes were capitalized as part of the construction of the building. This increase is partially offset by the termination of the Mavis Road Operations Centre lease at the end of 2023.

2024-2026 Variance Explanation

Property tax expenses are forecast to increase by approximately $0.49MM per year over the bridge period as a result of the commencement of a new Ontario property tax assessment cycle. Alectra Utilities has assumed that a 2025 CVA update will occur and be phased in over the 2026-2029 period. This assessment cycle will capture increases in property taxes assessments over the 2016-2025 period.

2026-2031 Variance Explanation

Costs during the Test Period are expected to increase by approximately $0.58MM per year, with the most significant increases occurring in 2027-2029 as a result of the assessment cycle described above. Specifically, the increase in the 2026 CVA relating to the Kennedy Road Operations Centre accounts for approximately 40% of the change. In 2030 and 2031 when the assessment cycle returns to its normal four-year duration, property taxes are expected to increase annually by approximately 2%.

ALLOCATIONS AND RECOVERIES

1. OVERVIEW

Table 4-2-133: Allocations and Recoveries Program Summary

Allocations and Recoveries							
Program Description: This program is designed to provide details on recoveries to OM&A and/ or capital programs and shared service allocations.							
Program Segments • Shared Service Allocations • Fleet Recoveries • Material Recoveries • Other Recoveries							
Program Costs ($MM) - Historic Period							
2017	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
(9.80)	(13.38)	(11.59)	(12.32)	(14.85)	(13.16)	(14.02)	(14.46)
Program Costs ($MM) - Bridge and Forecast Period							
2025	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
(20.19)	(23.44)	(24.00)	(26.09)	(27.68)	(28.40)	(29.62)	

This schedule provides detail on Alectra Utilities shared services allocations and recoveries.

The Allocation and Recoveries program includes the following four segments:

- Shared Service Allocations
- Fleet Recoveries
- Material Recoveries
- Other Recoveries

Shared Services Allocations are used as an effective and efficient strategy for providing support services to affiliate companies and different business segments. The choice to provide Shared

Services rather than to deliver services within each affiliate separately is dependent on the balance between the costs and benefits of decentralized and centralized provision of the services. The centralized provision of services benefits from economies of scale, efficient transfer of knowledge, common systems and support, and the ability of management to identify efficiencies and alignment across affiliates. Alectra Utilities has developed an organizational structure to take advantage of the benefits of shared services and shared assets.

Alectra Utilities uses fleet and material pools to track direct costs within the Fleet and Supply Chain Services Programs. Fleet and Material recoveries via burden rates are utilized to assign these costs to the appropriate operating and/or capital program.

Other recoveries are comprised of a vacancy provision which cannot be directly attributable to an OM&A or Capital program during planning.

2. OVERALL PROGRAM COSTS

Table 4-2-134: Allocations and Recoveries Program Expenditures by Segment ($MM)

Allocations & Recoveries								
Program Costs ($MM) – Historic Period								
Year	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Total	(9.80)	(13.38)	(11.59)	(12.32)	(14.85)	(13.16)	(14.02)	(14.46)
Shared Service Allocations	3.80	3.21	4.17	5.28	5.32	8.44	7.53	8.39
Fleet Recoveries	(7.75)	(8.97)	(8.23)	(9.72)	(12.04)	(12.53)	(12.16)	(13.49)
Material Recoveries	(5.93)	(7.61)	(7.81)	(8.07)	(8.52)	(9.24)	(9.43)	(9.25)
Other Recoveries	0.08	(0.01)	0.28	0.19	0.39	0.19	0.05	(0.12)
Program Costs ($MM) – Bridge and Forecast Period								
Year	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
Total	(20.19)	(23.44)	(24.00)	(26.09)	(27.68)	(28.40)	(29.62)	
Shared Service Allocations	8.98	6.08	6.87	6.50	6.47	6.84	6.64	
Fleet Recoveries	(12.31)	(12.78)	(13.09)	(13.39)	(13.63)	(13.94)	(14.21)	
Material Recoveries	(9.58)	(8.98)	(9.32)	(10.02)	(10.65)	(10.95)	(11.27)	
Other Recoveries	(7.28)	(7.75)	(8.46)	(9.18)	(9.86)	(10.34)	(10.78)	

3. SHARED SERVICES

Shared services means business functions that provide shared strategic management and policy support to the corporate group of which the utility is a member. Alectra Utilities allocates costs for shared services across affiliate companies based on a shared service allocation model which was developed and reviewed by a third-party expert. For more information about the shared service allocation model and the associated cost allocations among affiliates, refer to Exhibit 4, Tab 4, Schedule 1.

4. FLEET RECOVERIES

Fleet recoveries are utilized at Alectra Utilities to allocate fleet costs to capital, operating and/or recoverable (100% billable to customer) projects. The allocation of these costs is dependent on the number and type of fleet vehicles (automobiles, trucks, trailer, etc.).

Fleet costs that are allocated as part of this recovery are: repairs and parts, fuel costs, labour, insurance, toll costs, licensing and GPS fees, vehicle washing, and small tools. Fleet costs also include direct labour costs, and the associated benefits of the staff involved in rolling stock maintenance (mechanics and other garage staff) as tracked via timesheets.

The fleet recovery is charged to projects based on the number of vehicle hours recorded through the payroll time sheeting process. Each vehicle category has its own specific hourly rate and this rate is set on an annual basis, through the budget process and reviewed quarterly. For more details on burden methodology, refer to Exhibit 2B, Tab 6, Schedule 2.

5. MATERIAL RECOVERIES

Material recoveries are utilized at Alectra Utilities to allocate all costs associated with the issuing of inventory from the warehouse to capital, operating and/or recoverable (100% billable to customer) projects. The allocation of these costs is dependent on the value of inventory issued.

Materials costs that are allocated as part of this recovery are: labour, open bin items, small tools, inventory adjustments, and freight. Labour costs allocated to the materials pool include direct salaries and benefits of the staff directly involved in transporting the materials to the stores warehouse and to the appropriate job sites (procurement, logistic inventory, and commodity) as tracked via timesheets.

The material recovery is charged on all inventory that is issued from the warehouse. It is a standard rate for all inventory and this rate is set on an annual basis, through the budget process and reviewed quarterly. For more details on burden methodology, refer to Exhibit 2B, Tab 6, Schedule 2.

6. OTHER RECOVERIES

Other recoveries are comprised of provisions which cannot be directly attributable to an OM&A program during planning. For 2025-2031, other recoveries include a reduction in labour costs based on a 4% vacancy rate assumption applied across all OM&A programs within the regulated entity. Alectra Utilities considers historical vacancy rates and future hiring plans to determine the budgeted vacancy provision.

WORKFORCE PLAN AND STRATEGY

Alectra Utilities' 2027-2031 investment plan, detailed in Exhibit 2A and Exhibit 4, outlines necessary grid infrastructure and operational investments to ensure safe, reliable, and efficient electricity services for customers. This schedule describes Alectra Utilities' staffing plans and strategies to secure the resources required to implement the investment plan. It specifies key roles and skills across the organization that Alectra Utilities needs for the successful execution of its planned work programs and projects during the 2027-2031 rate period. Additionally, it details the strategies that Alectra Utilities will use to develop and maintain a skilled, engaged, and adaptable workforce capable of meeting the changing demands of the energy sector and providing high-quality service to customers.

This evidence in this schedule is organized as follows:

- Section 1: Workforce Plan Overview
- Section 2: Workforce Skills by Segment
- Section 3: FTE Requirements by Program
- Section 4: Workforce Management
- Section 5: Talent Acquisition Strategy

1. WORKFORCE PLAN OVERVIEW

Alectra Utilities’ highly skilled and engaged workforce is a vital asset to the organization. Planned investments for the 2027 to 2031 period will require additional resources to execute a larger volume of capital and maintenance work projects and meet increased operational demands resulting from customer growth, government policy, and technological advancement. To successfully address these requirements, Alectra Utilities needs to increase its workforce by approximately 26.8% over the 2025 to 2031 period, adding roughly 392 Full Time Equivalent (FTE) as shown in Appendix 2-K (Attachment 4-5).

Guided by its strategic objectives of renewing, expanding and modernizing the distribution grid, Alectra Utilities developed a workforce plan which prioritizes resourcing capacity and skills in critical operational and administrative support roles that facilitate integrated planning, tracking and execution of Alectra Utilities' capital plan, conduct capital construction projects and maintenance activities, manage power systems and enable the adoption of new grid technologies such as distribution automation and AMI2.0. These roles represent approximately 85% of the 392 FTE additions planned from 2025 to 2031. The remaining FTE additions are required in key portfolio such as Customer Service to meet growing customer needs, Human Resources to hire train, develop and manage an expanded workforce and Corporate Services to address incremental policy and governance requirements. The chart below depicts Alectra Utilities' historical and forecast FTEs, capital expenditures and customer count.

Chart 4-3-1: Capital Expenditure and FTE

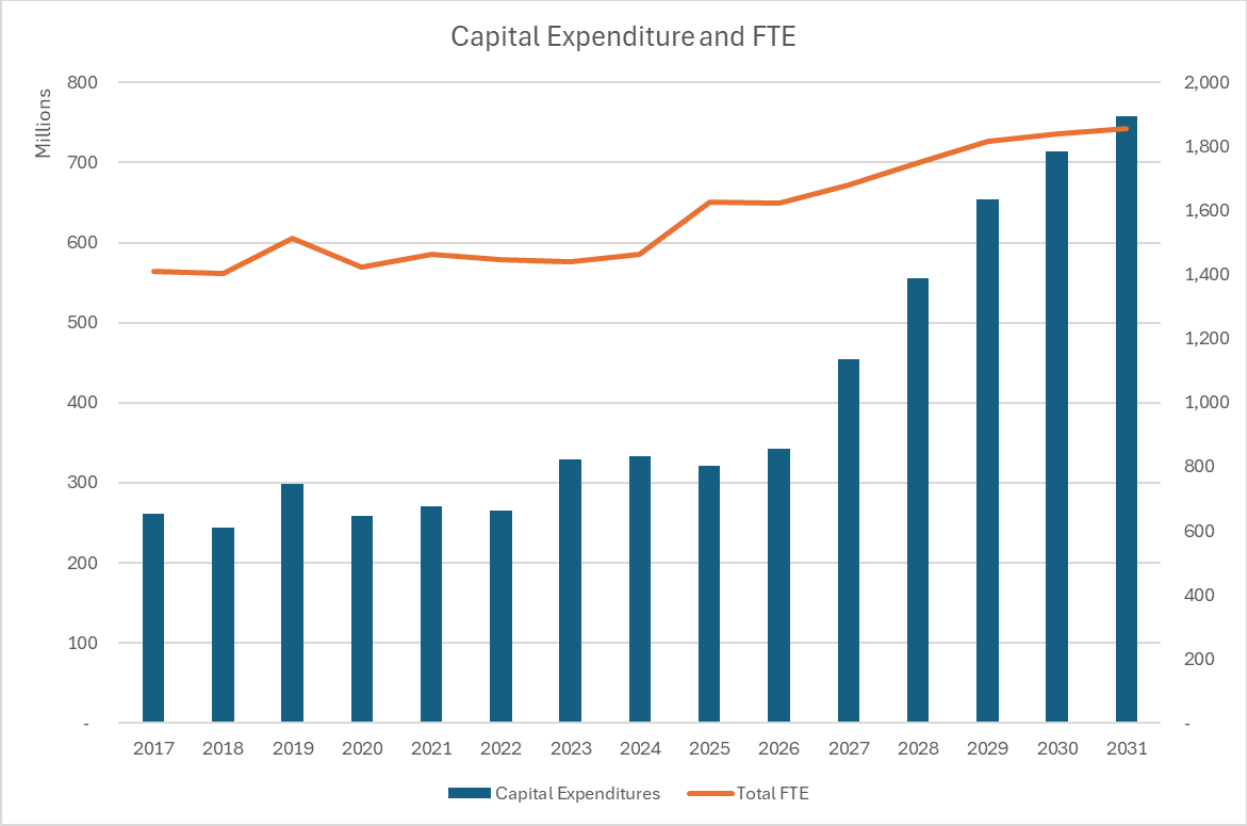
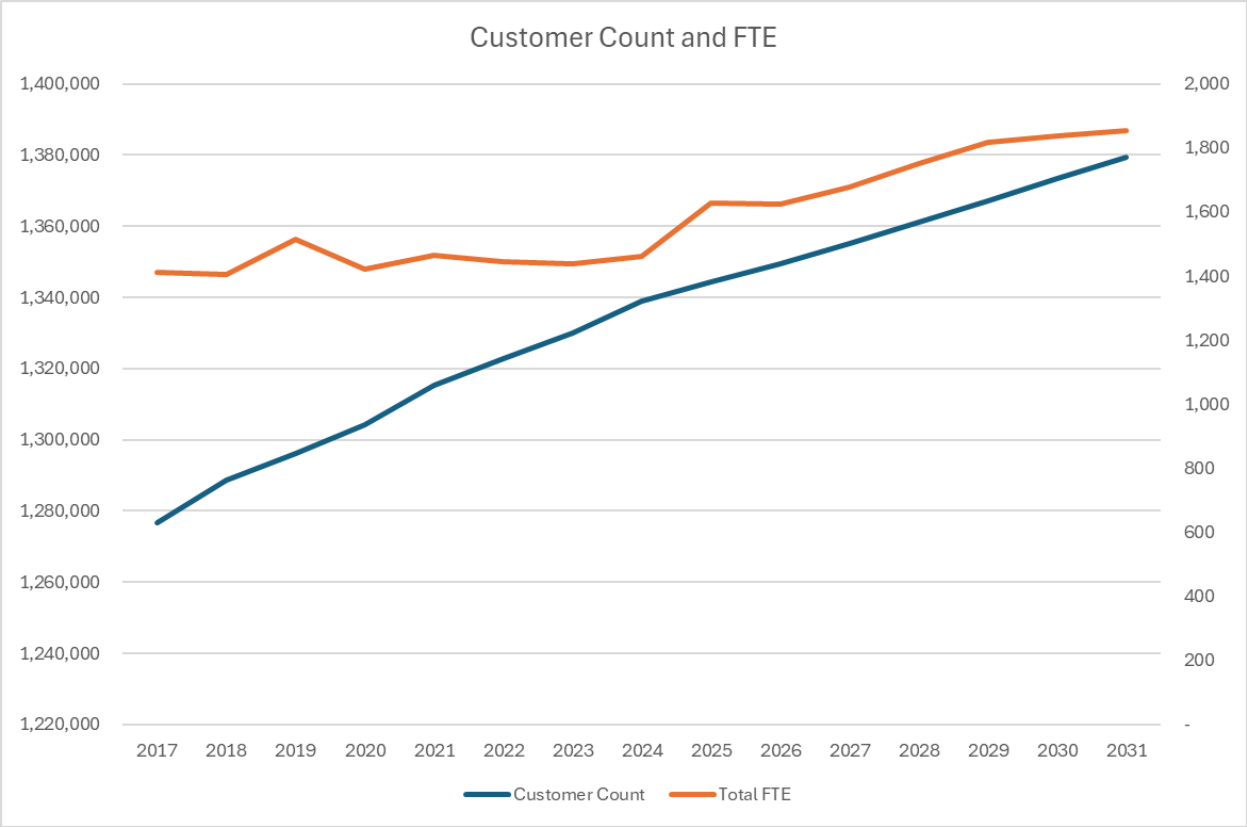


Chart 4-3-2: Customer Count and FTE



Efforts are underway in the 2025 and 2026 Bridge Years to develop the resource capacity that is required in the upcoming rate term in key areas of the plan. This includes hiring into Alectra Utilities' apprenticeship program for Power Line Technicians and System Control Operators, and other specialized technical roles such as Design Technologists and Planning Engineers that require lead times for training and development. Advance hiring into these roles is also necessary to support effective succession planning and knowledge transfer to address projected retirements in critical roles during the next rate period such as Power Line Technicians and Meter Technologists.

Alectra Utilities' staffing plan focuses on specialized skills sets and certified and technical roles to support the integration of new grid technologies such as distribution automation, and advanced analytics digital tools and data management systems. This plan is oriented on both addressing current requirements and being prepared to adapt to future developments in the utility sector brought on by technological advancement and innovation. To that end, Alectra

Utilities is investing in learning, training and development strategies to equip its employees with digital skills and capabilities to implement and operationalize new technologies and unlock the value of data analytics to support decision-making and continuous improvement.

The staffing plan is built upon significant historical achievements in workforce consolidation. Over the last 8 years since the initial 2017 merger, Alectra Utilities has harmonized and reduced approximately 217 position across the merged organization, leading to sustainable synergy savings for customers of approximately $27MM per year in payroll costs. For more information about these efforts, refer to the Distributor Consolidation evidence at Exhibit 1, Tab 9, Schedule 4.

Alectra Utilities' staffing plan leverages technology to boost productivity, performance and control costs. In areas like customer service and human resources, process automation will enable Alectra Utilities to execute more work with fewer resources.

Through the combination of historical and future productivity and efficiency initiatives, Alectra Utilities workforce plan is optimized to carry out planned capital and operations work programs and deliver high-quality services to customers in a cost-effective manner.

Attachment 4-6

OEB Appendix 2-K

Please see live Excel version

2. WORKFORCE SKILLS BY SEGMENT

As of the end of 2024 Alectra Utilities employed a team of approximately 1,463 skilled workers with expertise spanning engineering, operations, customer service, technology, and leadership. This broad range of skills and capabilities equips the organization to address complex challenges, adapt to evolving customer demands, and consistently deliver safe, reliable, and effective services. Table 4-3-1 below shows Alectra Utilities' current and future workforce skills and capability requirements by segment. Further details on each segment are provided below.

Table 4-3-1: Workforce Skills by Segment

Segment	2024		2031	
	FTE	%	FTE	%
Certified Skilled Trades	453.9	31.0%	603.6	32.5%
Corporate and Shared Services	377.6	25.8%	469.0	25.3%
Front Line Leadership	250.5	17.1%	299.0	16.1%
Designated and Technical Professionals	321.1	21.9%	414.3	22.3%
Senior Management	59.9	4.1%	69.0	3.7%

2.1. CERTIFIED SKILLED TRADES

Certified skilled trades represent the largest segment of Alectra Utilities' workforce and play a vital role in constructing and maintaining the company's distribution system infrastructure. These skilled trades possess advanced training and certifications, equipping them to manage complex electrical systems and respond to diverse operational challenges. Their responsibilities include installing, inspecting, and repairing power lines and equipment, conducting preventive maintenance to reduce outages, and upgrading infrastructure to accommodate evolving energy demands. In emergency situations—such as severe weather events or equipment failures—certified skilled trades are on the front lines, working diligently to restore power and mitigate risks to safety, the environment, and system reliability.

Additionally, they mentor apprentices, facilitating the transfer of essential skills and knowledge to the next generation of skilled workers.

As of the end of 2024, certified skilled trades comprise 454 FTEs, accounting for approximately 31.0% of the total workforce. By 2031, this segment is anticipated to represent 32.5% of the total workforce, growing by approximately 150 FTEs. This increase is primarily driven by FTE additions within the Overhead Inspections and Maintenance and System Control programs, which are critical to the safe, reliable, and efficient execution of Alectra Utilities' capital and maintenance work plans. Further details regarding these FTE requirements in these programs can be found in sections 3 below.

2.1.1. CORPORATE AND SHARED SERVICES

Corporate and Shared Services employees are responsible for customer-facing roles, including those in the contact center, billing, payments, collections, and customer service, supporting Alectra Utilities' 1.1 million customers. They also occupy specialized positions within corporate departments such as Finance, Supply Chain, and Human Resources, which also contribute to the execution of capital and operational work programs. These professionals oversee critical functions within their areas of expertise that sustain Alectra Utilities' day-to-day operations. Their responsibilities encompass fostering interdepartmental communication, addressing operational issues, driving process optimization initiatives, maintaining standard operating procedures, delivering staff training, ensuring adherence to legislative and regulatory mandates, and supporting project management activities through documentation and progress tracking.

This segment currently includes 378 FTEs (25.8% of the workforce) and is expected to reach 469 FTE (25.3% of the total workforce) by 2031. The growth is mainly driven by increased resourcing needs in Customer Service and Finance programs, detailed in section 3 below. This increase is required due to increased work volumes, in the corporate shared services segment, associated with Alectra Utilities' growing capital and maintenance programs as well as Alectra Utilities' growing workforce.

2.1.2. FRONT LINE LEADERSHIP

Front line leaders at Alectra Utilities directly supervise utility employees and ensure a safe, efficient, and productive workplace. They manage daily operations, address immediate issues, implement strategic initiatives, and communicate and implement company policies. Skilled in resource management, conflict resolution, employee motivation and performance management,

they maintain compliance with technical and regulatory requirements, oversee emergency protocols, and support the delivery of high-quality services to customers. Their leadership is vital for adapting to industry changes and driving continuous improvement. It is critical to maintain adequate ratios of front-line leaders to employees to provide effective supervision, work direction and enhance employee performance. Effective supervision contributes to maintaining safety standards and employee engagement.

By the end of 2024, this segment comprises 251 FTEs, accounting for approximately 17.1% of the Alectra Utilities workforce. By 2031, this segment will represent 16.1% of the workforce, with an anticipated increase of approximately 49 FTEs to support forecasted growth across multiple programs, as detailed in section 3.2 of this schedule. This increase is required to maintain appropriate ratios of front-line leadership to employee ratios. These leadership resources are required as employee numbers increase with the largest increase requirement in Distribution Design as detailed below.

2.1.3. DESIGNATED AND TECHNICAL PROFESSIONALS

Designated and Technical Professionals play a key role in planning, designing, and executing work programs while maintaining compliance with legal, regulatory, financial, and environmental standards. This group includes engineers, technicians, analysts, and other technical experts who develop investment plans, implement strategic objectives, scope and manage complex projects, and integrate new technologies into the grid. Their responsibilities cover analysis, design, risk assessments, quality control, and setting technical standards for construction and maintenance. They also collaborate across departments, provide technical support to leadership, and drive continuous improvement and innovation to advance Alectra Utilities' overall performance. This segment also includes the Digital & Innovation program responsible for maintaining the technology operations that support critical business functions across Alectra Utilities, while driving technology-enabled transformation across the organization.

As of the end of 2024, this segment represents approximately 21.9% of the organization, equivalent to 321 FTE, and is expected to increase to 22.3%, increasing to 414 FTE by 2031. The increase is primarily driven by resourcing needs in the Asset Management, Distribution Design, and Digital and Innovation programs, which are responsible for detailed engineering

analysis and technical specifications to support the execution of the Distribution System Plan and maintaining critical technological systems. For more information about the resourcing requirements in these programs, refer to section 3 below.

2.1.4. SENIOR MANAGEMENT

Senior Management leads the organization in achieving its goals within complex, regulated environments. They translate strategy into action, oversee key projects, and address challenges such as technological change, new regulations, and shifting customer needs. Their responsibilities include managing operations, guiding transformation, and fostering innovation. Senior Management also ensures compliance, strong governance, and effective risk management across all activities. As of the end of 2024 this segment is comprised of 60 FTEs and makes up approximately 4.1% of the organization. This segment is expected to decrease to 3.7% rising to 69 FTE by 2031. This increase is required to support leadership accountabilities for effective execution and management oversight resulting from Alectra Utilities' expanding capital and maintenance work programs. As Alectra Utilities' workforce is growing and expanding from the increased work requirements, these senior management resources are critical to provide strategic leadership including governance, project execution, risk management and talent management.

3. FTE REQUIREMENTS BY PROGRAM

This section provides a detailed breakdown of Alectra Utilities' FTE requirements consistent with the OM&A program expenditures outlined in Exhibit 4, Tab 2, Schedules 1-21. For this section of the evidence, the historical period commences in 2021 after the utility concluded the harmonization commitments outlined in the initial MAADs application and ends in 2024, the most recent historical year. The forecast period covers the 2025 and 2026 Bridge Years leading into the 2027-2031 rate period.

Table 4-3-2: FTE by Program

	Historical Period				Bridge Years		Forecast Period				
	2021	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**
Overhead Inspections and Maintenance	380.4	371.1	355.7	348.7	390.0	392.0	415.0	430.0	442.0	444.0	445.0
Customer Service	202.2	201.8	213.2	210.9	230.7	222.1	204.3	210.3	231.3	240.3	249.3
Distribution Design	122.1	124.7	129.9	133.5	153.5	158.5	178.0	196.0	206.0	211.0	212.0
Digital and Innovation	111.6	112.3	113.5	120.7	124.0	124.0	127.0	131.5	140.0	145.0	150.0
Network Metering	89.5	93.2	87.7	96.7	105.0	106.8	106.1	107.3	106.3	106.3	106.3
System Control	63.3	69.2	74.2	74.8	92.3	92.3	102.3	106.3	106.3	106.3	106.3
Finance and Treasury	83.3	78.9	76.0	76.1	81.5	79.5	81.5	85.5	92.0	94.0	94.0
Stations	68.3	64.3	65.9	64.7	85.3	85.0	87.0	88.0	89.0	89.0	89.0
Human Resources	75.5	80.8	77.3	80.3	80.2	79.0	80.2	83.2	87.7	87.7	87.7
Asset Management	44.2	41.2	40.9	53.2	65.4	65.8	73.7	81.3	81.3	81.3	81.3
Supply Chain Services	55.5	50.2	52.0	52.0	53.8	52.0	52.5	55.5	58.0	58.0	58.0
Corporate Services	48.3	45.9	42.5	45.1	51.0	51.0	52.5	54.5	56.0	56.0	56.0
Records and Mapping Services	45.2	40.8	44.1	43.0	42.0	42.0	44.0	45.0	45.0	45.0	45.0
Cable Locates	19.6	19.1	18.2	16.7	21.0	19.0	21.0	21.0	21.0	21.0	21.0
Fleet	23.9	20.7	18.9	17.2	18.2	19.0	19.0	19.0	19.0	19.0	19.0
Facilities	17.4	20.0	18.8	19.0	21.0	19.0	19.0	19.0	19.0	19.0	19.0
Program Delivery	9.9	9.7	9.7	10.1	13.0	16.0	16.0	16.0	16.0	16.0	16.0
Vegetation Management	0.8										
Underground Inspections and Maintenance	3.8	2.0	0.3	0.3							
Grand Total	**1,464.7**	**1,445.7**	**1,438.7**	**1,462.9**	**1,627.9**	**1,623.0**	**1,679.2**	**1,749.5**	**1,816.0**	**1,839.0**	**1,855.0**

Overhead Inspections and Maintenance, Underground Inspections and Maintenance, Cable Locates and Vegetation Management

Resources in the Overhead Inspection and Maintenance, Underground Inspections and Maintenance, Cable Locates and Vegetation Management program represent approximately 25% of Alectra Utilities' workforce in 2024 and consist of key unionized roles such as Powerline Technician, Inspectors and Clerks, in addition to leadership positions such as managers and supervisors. These employees are responsible for executing the following distribution capital and maintenance work programs as described below:

System Access:

- Customer Connections – Construction of new services and upgrades, such as Industrial, Commercial and Institutional (ICI) & Layouts projects, Subdivisions and Transit related service connections.

- Road Authority – Relocation of assets at the request of municipal, regional and other authorities having jurisdiction per the Public Service Works on Highways Act.

- Customer Initiated Distribution System Projects – Construction of overhead and underground lines to provide capacity in support of customer connections and upgrades.

- Transit Projects – Relocation of assets to support transit projects, such as Light Rail Transit and Train Electrification.

System Renewal:

- Overhead Asset Renewal – Replacement of poles, insulators, switches and other overhead assets due to asset condition. This includes voltage conversion projects.

- Rear Lot Conversion – Relocation of lines from rear-lot to front-lot to support reliability, safety and lower lifetime asset costs.

- Reactive Capital – Replacement of distribution equipment that has either failed or is in urgent need of replacement and cannot wait for a planned replacement program. This includes equipment damaged by third parties and storms.

- Underground Asset Renewal - Replacement of switchgear, cables, civil structures and other underground assets due to asset condition. This includes the injection of cables to extend longevity.

- Transformer Renewal – Replacement of overhead and underground transformers due to asset condition or loading.

System Service:

- SCADA and Automation – Installation of overhead and underground distribution system automation devices such as reclosers, remote-operated SCADA switches, and remote-operable switchgear.

- System Control, Communications and Performance – Installation of devices to support system reliability and power quality, such as fault indicators, capacitor banks, and floor detection systems.

- Capacity (Lines) - Construction of overhead and underground lines to relieve system capacity constraints or in support of system reliability, power quality and operability.

- Overhead Inspections & Maintenance – Responding to trouble calls, outages and other operating and maintenance activities on the overhead distribution system. This includes performing repairs and adjustments, restoring power, switching, completing preventative maintenance programs, asset condition inspections, and disconnecting/reconnecting power for customers (both overhead and underground).

- Underground Inspections & Maintenance - Responding to trouble calls, outages and other operating and maintenance activities on the underground distribution system. This includes performing repairs and adjustments, restoring power, switching, completing preventative maintenance programs, and asset condition inspections. Staff may work on both overhead and underground inspection and maintenance tasks regardless of their assigned business unit due to several factors such as the need for crew rotation to promote skill development and retention or differing operational centre complements not being able to support fixed, dedicated underground crews.

- Cable Locates – Providing underground asset locates in accordance with the Ontario Underground Infrastructure Notification System Act. While the locates are performed by external contractors, the administration of the program is completed by staff in this segment. See Cable Locates below for more details.

- Vegetation Management – Managing the planned cut cycles and reactive tree trimming in response to weather, etc. While the forestry work is performed by external contractors, the administration of the program is completed by staff in these segments.

From 2021 to 2024, resources in Overhead Inspections and Maintenance, Underground Inspections and Maintenance, Cable Locates and Vegetation Management program decreased by approximately 39 FTEs. From 2021 to 2023, the total CAPEX and OPEX managed by these resources (and contractors performing similar work) varied between $0.65MM per FTE and $0.68MM per FTE. In 2024, CAPEX executed by these resources increased significantly. The most significant contributors were System Access projects, which increased by $99.2MM in 2024. These projects are uncontrolled in nature with respect to when customers request service, and the large increase was partially attributed to pandemic-related delays and economic impacts. The second largest contributor to CAPEX increases in 2024, and overflow work was assigned to competitively procured external contractor resources for the following reasons:

- The nature of the executed system renewal work noted above is more suited to external resources (largely civil construction in nature);

- The system access work noted above is uncertain in nature;

- There is a time delay in increasing headcount in response to changes in resource demands inherent in the hiring, onboarding and training process.

Over the 2025 and 2026 Bridge Years and the upcoming 2027-2031 rate term, Alectra Utilities intends to add approximately 100.3 FTEs in this program, an increase of approximately 27.4%, to expand its internal resource capacity to execute distribution capital and maintenance work programs identified above. As indicated by Table 4-3-3 below, which compares the FTE resource pool with historical and forecast capital and operational expenditures, Alectra Utilities intends to supplement internal resource capacity with external resources competitively procured

from the market leveraging Alectra Utilities' supply chain practices, to complete its work in the next rate term. This approach is designed to enhance operational flexibility and support effective project execution throughout the upcoming rate period. For more information, refer to Section 5.3.1.3 Capital Work Execution of the DSP.

Table 4-3-3: FTE, CAPEX and OPEX Executed by (OH, UG, Cable Locates, & Veg Mgmt.) by Year

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
FTE	404.7	392.1	374.2	365.7	411.0	411.0	436.0	451.0	463.0	465.0	466.0
CAPEX ($MM)	$263.90	$267.20	$250.40	$386.40	$413.30	$400.10	$451.50	$493.10	$561.50	$613.90	$662.00
OPEX ($MM)	$58.53	$70.37	$60.03	$59.08	$61.38	$62.39	$74.80	$78.44	$81.63	$84.10	$86.52

Customer Service

Resources in the Customer Service program represent approximately 14.4% of Alectra Utilities' current workforce and consist of multiple unionized roles such as Customer Service Representatives, Collections Clerks, New connections Clerks, Billing Clerks and Key Accounts as well as management roles. These employees of the Customer Service team are the primary interface for Alectra Utilities' 1.1 million customers, responding to customer inquiries, ensuring timely and accurate billing, payment processing, and collection of overdue accounts. The team is also the first point of contact for Alectra Utilities' 618+ Class A Key Account customers and manages requests from customers, builders and contractors for new service and upgrade requests. Customer Service's functions are further described in Exhibit 4, Tab 2, Schedule 7.

Upskilling and training of Customer Service's employees is a critical priority to enable them to leverage technology and business process improvements to deliver on operational efficiencies and evolving regulatory requirements, as well as new customer services supporting customer choice, affordability and improved service quality.

From 2021 to 2024, resources in Customer Service increased by approximately 8.7 FTEs, reflecting a 4.3% increase. These additional resources were required in collections & payments to manage higher customer arrears and requirement for customer assistance programs. In addition, resources were required in the contact center to manage higher customer inquiries related to collections and billing inquiries. The Customer Excellence team required additional resources to manage business system support on critical technology platforms to maintain regulatory compliance, revenue assurance, cost-effective service delivery.

Over the 2025 and 2026 Bridge Years and the upcoming 2027-2031 rate term, Alectra Utilities plans to add approximately 38.4 FTEs in this program, an increase of approximately 18.2%, to address a projected 27% increase in the volume of customer interaction as a result of customer growth, move in/out related call volumes, adoption of electrified technologies, and incremental arrears and collections related activities. The additional volume of work in this program will be addressed through a balanced mix of internal and external resources and technology solutions that will automate processes, deflect calls, and improve customer experience. Alectra Utilities

forecasts that the impact of digital tools will increase the number of interactions per agent by approximately 21% from 2025 to 2031.

Distribution Design

Resources in the Distribution Design program represent approximately 9.3% of Alectra Utilities' workforce in 2024 and consist of key unionized roles such as Design Technologists. These employees are responsible for estimating and designing all distribution system capital projects in the areas of capital infrastructure expansion, asset replacement and renewal, customer connections, new subdivisions, road authority driven plant relocation, and transit driven projects. Additionally, third party attachment administration, and compliance with ESA O. Reg 22/04 requirements, including coordination of annual audits of compliance with the regulation are included.

Distribution Design staff work closely with other departments within Alectra Utilities, Developers, Contractors, Municipalities, Regions, Conservation Authorities, third party tenants (i.e. Bell/ Rogers) and other Government Agencies and most importantly Alectra Utilities Customers. Distribution Design staff must execute on both Alectra Utilities initiated work (System Renewal and System Service) and customer driven work (System Access).

The key responsibilities of the aforementioned roles are to create a work package, complete with all necessary requirements as applicable (permitting approvals, fees, agreements, drawings, standards), that will be used to construct the work. The majority of Distribution Design staff are specifically required to execute Alectra Utilities' capital projects/programs as described above.

From 2021 to 2024, resources in the Distribution Design program increased by approximately 11.4 FTEs, reflecting a 9.3% increase.

The following increases in FTE were implemented to support the increase in work volumes associated with capital programs and to enhance our ability to meet support customer service requirements and delivery.

Customer Capital FTE’s increased by 2, with the addition of a design technologist and engineering clerk. The Subdivision FTE’s increased by 4, with an additional 2 Supervisors and 2

clerks. The ICI/Layouts FTE's increased by an additional clerk. The Transit FTE's increased by 5, with an additional 3 supervisors, 1 technologist and 1 Standards Engineer (it should be noted that all Transit FTE's are fully recoverable through staffing agreements Alectra Utilities has with Metrolinx).

Over the 2025 and 2026 Bridge Years and the upcoming 2027-2031 rate term, Alectra Utilities plans to add approximately 78.5 FTEs in this program, an increase of approximately 58.8%, consisting of the following resources:

Table 4-3-4: 2025-2031 FTE Additions in Distribution Design

Position	FTE Additions	Justification
Design Technologists (union)	54.0	Design technologists perform the estimating and designing of all distribution system capital projects. They are customer-facing, integrate the execution of the projects with all internal Alectra Utilities departments, coordinate with external consultants, contractors, developers and approval agencies. The additional resources are directly supporting the proposed increased capital program.
Leadership Roles (non-union)	23.5	Leadership roles in Distribution Design are required to provide oversight and direction to both staff/consultants and the capital design work that the group is responsible for. The additional resources are directly supporting the proposed increased capital program
Analysts and Engineers (non-union)	1.0	One new Engineer position has been created to support continuous improvement and innovation development for efficiencies, as well as supporting other departments that interact with Distribution Design. The PTI department is a central support group that support the entire Design Department – including tools, training and procedural documentation.

A portion of the planned resources (approximately 44.5 FTEs) are being added in the 2025 and 2026 Bridge Years, in order to allow for timely onboarding and training so new staff are ready and equipped to efficiently execute the work in the next rate term.

Alectra Utilities will augment its internal design resource capacity with external resources during the upcoming rate term to manage the increasing work volumes associated with the planning and execution of its Distribution System Plan. Alectra Utilities has Master Service Agreements with a number of consulting firms that support this work.

Alectra Utilities will progressively increase its reliance on external design resources to manage FTE requirements within this portfolio, enhance operational flexibility, and facilitate effective project execution throughout the rate period. For customer initiated capital work, the proportion of external resources is expected to grow from approximately 55% in 2025 to 58% by 2031. In the case of planned capital investments, the utility anticipates increasing the external resource mix from 45% in 2025 to 68% in 2031.

For more information about Alectra Utilities capital work program execution strategy, refer to Section 5.3.1.3 Capital Work Execution of the DSP.

Network Metering

Resources in the Network Metering program represent approximately 6.6% of Alectra Utilities' workforce in 2024 and consist of key roles such as Meter Technician and Meter Data Management Specialist, Meter Records Clerks, MV-90 Operators, AMI Operators, Wholesale Specialists and Quality Inspectors. Network Metering is responsible for the Alectra Utilities' mandatory obligations related to meter assets and meter data including compliance with Measurement Canada[24], the IESO Market Rules[25], and Ontario Energy Board regulations[26]. More specifically, the employees are responsible for:

[24] Electricity and Gas Inspection Act R.S.C., 1985, c. E-4 which provides the requirements regarding meter re-sealing to ensure meter accuracy Weights and Measures Act R.S.C., 1985, c. W-6 which sets out the requirements for the approval, certification, and proper operating condition of meters
[25] Market Rules for the Ontario Electricity Market, May 1 2025 which sets out the requirements for wholesale metering installations
[26] Distribution System Code that sets out the service standards that require distributors to issue accurate bills to customers at least 98% of the time, and issue no more than two estimated bills in a twelve month period, and mandates that customers requests for new connections be completed within its service quality requirements
The Standard Supply Service Code, Revised March 27, 2025 establishes customer billing requirements

- The successful delivery of the Network Metering capital program as provided in Exhibit 2A, Tab 1, Schedule 1, Appendix B06 – Network Metering which totals $305.4MM between 2027 and 2031. Approximately 65% of Network Metering's labour expenditures are allocated to capital.

- All field activities related to maintaining Alectra Utilities' 249 wholesale metering installations and the accuracy and validation of meter data from the wholesale revenue meters which supports the settlement of $3B in energy annually;

- All field activities related to Alectra Utilities' approximately 1.1 million retail revenue meters for its residential, commercial and industrial customers. This includes meeting customer demand for new connections and requests for service upgrades, and replacement of meters and meter equipment as it fails;

- Testing, validation, and re-sealing of Alectra Utilities' wholesale revenue and retail revenue meters as per Measurement Canada requirements;

- Management of meter records to ensure accuracy and compliance;

- The daily interrogation of the wholesale and retail revenue meters, meter data validation, resolution of meter data exceptions, and the provision of accurate meter data for settlement and customer billing processes;

- Delivery of meter data and meter data records to the provincial Meter Data Management Repository (MDM/R) within mandated timelines and formats and to downstream systems for utility use cases;

- The development and management of controls and analytics to ensure appropriate oversight of metering assets and processes, and to deliver continuous improvements; and,

- The successful delivery of the AMI Renewal project which will replace Alectra Utilities' approximately one million AMI 1.0 meters and related equipment with AMI 2.0 technology by 2032. The AMI Renewal project is $247.6MM within this plan period.

From 2021 to 2024, resources in the Network Metering program increased by approximately 7.1 FTEs, reflecting a 8.0% increase. The increase in FTE over this period is primarily explained by:

- The creation of AMI Renewal project team in 2024 with four FTE to support the replacement of approximately one million[27] end-of-life AMI 1.0 meters. This work must be undertaken without negatively impacting customers or meter-to-bill processes; and

- The addition of three Meter Data Management Specialists to respond to meter data exceptions within the meter-to-bill process. Meter data exceptions are increasingly complex with bi-directional meter data to support net metering and distributed generation as well as complex meter data for more than 500 "Class A" customers. Meter data exceptions must be resolved within five business days to ensure accurate and timely customer billing;

Over the 2025 through 2027 period, Alectra Utilities intends to add approximately 9.4 FTEs in this program – an increase of roughly 9.7%. This increase is primarily explained by:

- Six incremental FTE on the AMI Renewal project team to support the replacement of approximately one million end-of-life AMI 1.0 meters. This work must be undertaken without negatively impacting customers or meter-to-bill processes;

- The creation of an incremental Meter Technician apprentice position to partially mitigate retirement risk on the Metering Field Services team. 25% of Field Services employees are eligible to retire within five years.

- The creation of a new Wholesale Specialist position to ensure the accuracy and compliant operation of Alectra Utilities' 498 wholesale meters beginning in 2025. Prior to 2025, this work was completed by a third-party service that is no longer available.

- The addition of a co-op Student position to support the increased volume of field activities related to the end-of-life AMI 1.0 meters and AMI Renewal project. This includes supporting inventory management, analytics, and managing data exceptions related to meter field activities.

[27] During the AMI Renewal project, Network Metering will be replacing more than 200,000 meters annually. This can be compared to traditional requirements of 20,000 to 25,000 meters annually inclusive of new connections and service upgrades, replacement of failed meters, and meter removed from the field for reverification and re-sealing.

Over the 2027-2031 rate term, Network Metering's resource complement is expected to be maintained. The team will be focused on the delivery of its capital program including the execution of the AMI Renewal project. As described in Exhibit 4, Tab 2, Schedule 13 – Network Metering, Network Metering has also focused efforts toward streamlining its meter systems and processes and reducing clerical activities. As attrition occurs, Network Metering plans to re-purpose clerical positions into analytical roles that support the future delivery of AMI 2.0 meter data for distributed intelligence and grid edge use cases.

System Control

Resources in the System Control program comprise approximately 5.1% of Alectra Utilities' workforce in 2024 and hold critical positions, such as System Control Operators who are integral in ensuring the safe, effective and reliable operation of the grid. These individuals receive in-depth on the job specialized training and must complete a four-year apprenticeship to become qualified journey persons. Their responsibilities include scheduling, coordinating, and executing planned work on the distribution system. As the designated Controlling Authority for the grid, no operational activities involving grid devices may be performed by either Alectra Utilities staff or third-party crews without explicit authorization and direction from System Control Operators. Thus, these resources must scale proportionally with field and construction activities and requirements associated with delivering Alectra Utilities' capital and maintenance investment programs. System Control is responsible for the control of any devices connected to the distribution system. All work performed on the distribution system, by either Alectra Utilities field staff or external contractors/resources, must be done under the guidance and authorization of System Control. System Control is also responsible for co-ordinating outages required by third parties (e.g., Hydro One Networks Inc. or customers directly connected to Alectra Utilities' system). The System Control Room operates 24 hours a day, 7 days a week.

From 2021 to 2024, resources in the System Control program increased by approximately 11.6 FTEs, reflecting a 18.3% increase as Alectra Utilities addressed resource shortages in this critical area of its operations and put in place actions to stabilize the high attrition rate observed in this program historically.

Over the 2025 and 2026 Bridge Years and the upcoming 2027-2031 rate term, Alectra Utilities plans to add approximately 31.5 FTEs in this program, an increase of roughly 42.1%, to handle increased volumes of field work resulting from the execution of Alectra Utilities' investments plans. The large majority of these resources will be added over the 2025 and 2026 Bridge Years and 2027 Test Year, to ensure that Alectra Utilities has the System Control capacity required to execute its work safely and efficiently during the next rate term.

Stations

Resources in the Stations program represent approximately 4.4% of Alectra Utilities' workforce in 2024 and consist of key roles such as Protection and control Technologist, Station Maintenance Technician and Station Engineer. These employees are responsible for engineering, construction, and maintenance work related to Alectra Utilities' fleet of fourteen Transformer Stations (TS) and one-hundred fifty Municipal Substations (MS). The program is also responsible for Protection and Control systems (which are located both within the company's stations, as well as on Distribution feeders), telecommunications networks, editing and updating the SCADA system schematics, and managing Distributed Energy Resource (DER) connections to the distribution system

From 2021 to 2024, resources in the Stations program decreased by approximately 3.6 FTEs, reflecting a 5.3% decrease resulting from the timing of filling vacant positions within the department.

Over the 2025 through 2027 period, Alectra Utilities intends to add approximately 22.3 FTEs in this program – an increase of roughly 34.4%. This increase is comprised of an increase of 11 FTE, a 6 FTE increase in filling vacant positions and a 3 FTE increase in student positions. The Stations Program's capital investment is proposed to increase significantly over the term of this application and these increases are required to ensure the successful execution of the proposed DSP Capital plan. The successful execution of the capital plan depends upon a sufficient complement of skilled, competent resources to be available to undertake the design and construction of the major projects in the Stations, Protection and Telecom portfolios.

Protection and Control Technologists are required to support the Distribution Automation program and to deploy telecommunications networks to transport SCADA and AMI 2.0 data.

Station Maintenance, Station Design and Station Engineers. These positions are required to support the capital investment plan for increased design and engineering activities and increased capital and maintenance workload.

Over the 2027-2031 rate term, Alectra Utilities requires an additional 2.0 FTE in this program to support the Distribution Automation program and to deploy telecommunications networks to transport SCADA and AMI 2.0 data. These additional resources are also required to undertake the large volume of capital investment in new and upgraded protection systems during the 2027-2031 period. In addition, as more assets are added to the system, the requirement for maintenance of those assets also increases.

Asset Management

Resources in the Asset Management and Grid Modernization program represent approximately 3.6% of the total workforce and consist of key roles such as Engineers. These employees are responsible for the development, implementation and management of Alectra Utilities' asset management processes and systems, asset life cycle management programs and grid modernization. These employees are also responsible for planning system requirements to meet customer demand growth as well as ensuring that equipment used in the distribution system is designed, certified and/or tested to meet the company’s standards and safety requirements. Asset Management and Grid Modernization engineers develop and implement distribution system plans to provide customers with value for money, from the effective replacement of deteriorated infrastructure to avoid outages and service disruptions. Implementation of these plans ensures sufficient system capacity to support growth and connections and enables grid resiliency against storms and adverse weather events through storm hardening and grid modernization initiatives, benefiting customers connected to the distribution system.

From 2021 to 2024, resources in the Asset Management and Grid Modernization program increased by approximately 9.0 FTEs, reflecting a 20.3% increase. The additional resources were required to support the development of the 2027-2031 Distribution System Plan (DSP), associated workload and undertaking system studies to support the DSP which include engineers, analysts and project management resources.

Over the 2025 and 2026 Bridge Years and the upcoming 2027-2031 rate term, Alectra Utilities plans to add approximately 28.2 resources in this program, an increase of roughly 52.9%. These resources are necessary to support incremental workloads across the following key functions:

Table 4-3-5: Incremental Work Requirements

Asset Management Functions	Incremental Work Requirements	FTE Additions
Grid Modernization	• Upgrading and integrating technologies, such as the Advanced Distribution Management Systems (ADMS), to facilitate improved grid control and operational efficiency, complete with real-time monitoring capabilities, data acquisition and management for expedited decision-making and reduced response times. • Deploy grid analytic tools and platforms to facilitate advanced planning, forecasting and operational insights. • Improve operational and asset data collection, storage and processing systems for improved data quality, accessibility and centralized access for engineers and system planners. Grid analytic tools enhance data-driven decision-making and grid insights through advanced modelling capabilities. • Implement solutions to facilitate DER participation in both local and wholesale markets to enable distributed resources to provide grid services in an optimized manner with processes and tools that enable efficient market operations and resource coordination. Such tools and solutions provide DERs easier integration and participation into markets while ensuring compliance, efficiency, increased capacity and improved grid reliability.	15.3

Asset Management Functions	Incremental Work Requirements	FTE Additions
System Planning and Electrification	• System demand monitoring and capacity analysis at the station and feeder level. • Expansion investments (e.g. new stations and feeders) to serve growing customer demand in Alectra's service territory . • Integrated Regional Resource Planning with the IESO, Hydro One, Enbridge, neighbouring LDCs and other third parties including telecommunications entities;[1,2] • Increased coordination and engagement with Municipal Economic Development groups to support climate change adaptation polices and plans. • Increased planning to identify, designate and manage development areas for system expansion under the Capacity Allocation Model (CAM) framework.[3] • Enable and manage Flexible Hosting Capacity for DER Integration.[4] • Evaluate as per OEB's Benefit-Cost Analysis and document consideration of Non-Wires Solutions (NWS) for each capital initiative of $2MM or more.[5] Where feasible, incorporate and implement NWSs as per the OEB's guidelines. • Monitor and manage system capacity requirements to accommodate electrification uptake including electrical vehicles, heat pumps and industrialization. • Identify, assess and ensure compliance with connection requirements for data centers as per Bill 40.[6] [1] Section 8, Distribution System Code, May 5, 2025 [2] Ontario's Affordable Energy Future: The Pressing Case for More Power, Pages 19, 22 [3] EB-2024-0092 [4] Section 6.2.4.1A, Distribution System Code, May 5, 2025 [5] EB-2024-0118 [6] Protecting Ontario by Securing Affordable Energy for Generations Act, 2025.	5.1

Asset Management Functions	Incremental Work Requirements	FTE Additions
Capital Investment Planning and Tracking	• Develop and manage Alectra Utilities capital investment portfolio and capital work, ensuring the portfolio is optimized on delivering value and priorities to address identified needs and compliance requirements. • Consolidate, monitor and track capital expenditures and in-service capital budgets, forecasts and actuals. Work directly with departments across all of Alectra Utilities to monitor and report on capital work progress and address emerging and changing conditions to ensure capital work adherence to budgets, schedules and scopes.	0.8

Asset Management Functions	Incremental Work Requirements	FTE Additions
Asset Sustainment and Standards	• Evolve and update distribution system technical standards, specifications and requirements compliant with Electrical Safety Association (ESA) regulations. • Conduct comprehensive Asset Condition Assessments based on most recent asset inspections, testing and performance measures. • Increasing number of deteriorated assets to investigate, assess and plan remediation and renewal. The increasing volume of deteriorated assets requires enhanced asset failure analysis processes and systems to support the evolving predictive analysis of asset failures. As of 2023, Alectra Utilities was managing 25,736 deteriorated assets which represents a 49% increase relative to 2018 levels. • Conduct System Vulnerability Assessments and develop responsive solutions to increase grid resiliency to mitigate the impact of storms and adverse weather events consistent with the OEB's Vulnerability Assessment and System Hardening Guidelines.[1] • Implement and update electrical distribution system standards and requirements to enable emerging technologies including flexible connections and DER and other NWS integration ensuring safety to the public and employees, system reliability and quality of service. • Implementation of an Enterprise Asset Management (EAM) platform to enable detailed asset lifecycle analysis and sustainment practices based on a centralized asset data repository to evolve data-driven decisions and optimize asset sustainment practices to extend asset operability. • Engineer and implement site-specific plans for increasing system renewal capital investments, including, for example, siting of transformer replacements (increasing from 680 units per year to 1,200 units per year) and poles (increasing from 826 units per year to 1,300 units per year [1] EB-2024-0199	3.5

Asset Management Functions	Incremental Work Requirements	FTE Additions
Leadership Roles	Distribution Design Leadership Roles, to support Increased work requirements associated with Alectra's growing capital and maintenance work programs. For further information on increased work requirements, refer to the Design section above.	3.4

Digital and Innovation

Resources in the Digital and Innovation program represent approximately 8.2% of Alectra Utilities' workforce in 2024. The D&I program consists of key roles such as Application Specialists related to key enterprise systems such as Customer Information System (CIS), Enterprise Resource Planning (ERP), Outage Management System (OMS), Geographic Information System (GIS), and SCADA; in addition to critical support roles such as Customer Technology and Application Support Specialists. These employees, in collaboration with other, roles within D&I, are responsible for addressing the following requirement across Alectra Utilities' Information Technology (IT) and Operational Technology (OT) environments:

- **Cybersecurity,** Governance & Risk Management: protecting digital infrastructure, ensuring policy compliance, and embedding risk governance across the company.
- **Digital Reliability and Resilience**: maintaining the availability, scalability, and resilience of Alectra Utilities' core platforms, such as ERP, CIS, MyAlectra portal, AMI, and workforce systems.
- **Data, Analytics and Decision Support**: supporting analytics, reporting, and automation to unlock the value of Alectra Utilities' data for optimized planning and operational functions such as outage management and asset lifecycle management.
- **Customer & Workforce Digital Services:** enhancing the usability, adoption, and value of digital tools used by customers and employees, ensuring that Alectra Utilities' platforms deliver intuitive, compliant, and outcome-driven digital experiences for these users.

From 2021 to 2024, resources in the Digital and Innovation program increased by approximately 9.1 FTEs, reflecting a 8.1% increase. The nine FTEs represent the following roles:

Enterprise Architecture: As Alectra Utilities' technology landscape continues to advance through the implementation and improvement of several core enterprise systems, along with enhanced system integrations, the importance of comprehensive and strategic planning and design has become increasingly evident. In today's environment, technology systems are highly interconnected, with multiple platforms collectively supporting the advancement of key business capabilities. As a result, the D&I program added 3 FTE to manage these additional requirements.

Data Management & Analytics: As with Enterprise Architecture, the evolving technical landscape is highly dependent on Alectra Utilities' ability to manage and govern its data. As a result, Alectra Utilities invested in two key permanent roles to ensure the continued operational sustainability of its program in this area: Data Analyst and Data Administrator.

Strategy Development & Business Integration: The D&I program is going through a transformational shift within the utility, from a service-based cost centre to a key contributing partner in outcome delivery. As a result, tighter integration with business units responsible for core utility operations is required. To address this need, the D&I program developed and required 4 additional roles to manage utility operations.

Over the 2025 and 2026 Bridge Years and the upcoming 2027-2031 rate term, Alectra Utilities plans to add approximately 29.3 FTEs in this program—an increase of roughly 24.3%. These roles will be added across the following functions of the Digital and Innovation program:

Table 4-3-6: 2025-2031 FTE Additions in Digital and Innovation

Digital and Innovation Function	FTE Additions	Justification
Product Management	17.2	As Alectra moves forward with the implementation and operationalization of several key enterprise systems, such as Workforce Management (WFM), Enterprise Asset Management (EAM), Advance Distribution Management System (ADMS), and others, and prepares for planned upgrades to our CIS and ERP platforms, the Product Management team requires a combination of product owners and application specialists across multiple disciplines to support both development and ongoing operations. These FTEs will be required between 2028 and 2031 in alignment with project timelines.
IT Operations	3.0	In 2027 and 2028, IT Operations will require four new positions focused on maintaining the operational stability of Alectra's core platforms. This includes three managerial roles dedicated to ensuring the non-functional requirements of our enterprise systems are consistently met in alignment with Alectra's technical standards. In addition, a specialist role will be introduced to lead Business Continuity and Disaster Recovery efforts, ensuring robust planning, real-world testing, and a sustained focus on Alectra's preparedness to remain operational in the face of significant adverse events.
D&I Business	4.1	From 2027 to 2029, the D&I Business team will require four positions with a strong focus on data engineering, integration, and architecture. With several core enterprise system implementations planned, it is critical that Alectra's data and integration landscape is designed from the outset for scalability and modularity, and ensuring long-term support for both current and future initiatives. These roles will play a vital part in the success of key system implementations, including INM, WFM, EAM, and ADMS.

Digital and Innovation Function	FTE Additions	Justification
Cyber Security & Privacy	3.1	Over the course of 2027 and 2028, the Cyber Security and Privacy team will require three positions focused on strengthening security operations leadership and enhancing Alectra's governance, risk, and compliance (GRC) capabilities. This includes the introduction of both a GRC Lead and a GRC Specialist role. These roles will help ensure that risk identification and governance, both through policy and technical controls, are effectively maintained as Alectra's technology landscape continues to evolve.
GRE&T Center	1.9	In 2028, the GRE&T Centre will require AI Technical Specialists. As AI continues to evolve rapidly, and as Alectra explores opportunities to safely and effectively leverage AI capabilities, this role will bring the technical expertise needed to advance and operationalize innovative use cases across the organization, both through day-to-day applications, and project-based AI development.

Human Resources

Resources in the Human Resources program represent approximately 5.5% of Alectra Utilities' workforce in 2024 and consist of key roles such as Human Resources Business Partner, Health and Safety Specialist and Project Manager. These employees are responsible for supporting Alectra Utilities' operations by ensuring workplace safety, maximizing talent potential, and mitigating risks related to talent management, policy development and management and legislative compliance. These employees are responsible for developing and implementing strategies that foster a high-performing and adaptable workplace culture, managing organizational change, optimizing processes through reviewing and refining workflows to remove inefficiencies and enhance productivity, and driving successful project outcomes though effective project management including project governance and monitoring process to support successful project outcome and timely execution.

From 2021 to 2024, resources in the Human Resources program increased by approximately 4.8 FTEs, reflecting a 6.4% increase. These FTE were primarily due to the transfer of the payroll function from Finance to Human Resources in 2022.

Leading into the 2027 Test Year, the resource complement in this portfolio is expected to remain flat. The resource complement reflects achieved and anticipated productivity improvements and work optimization efforts and is therefore expected to remain consistent for this timeframe. Over the 2027-2031 rate term, Alectra Utilities projects that additional 8.7 FTE will be required in this program across the following key functions:

Table 4-3-7: FTE Additions

HR Function	FTE Additions	Justification
Human Resources	3	To effectively support Alectra's expanding workforce, these resources are required to address increased requirements, including talent acquisition, enhanced training and development initiatives, and strategic support for the business units within the organization. As Alectra's workforce grows to support the increased capital investment, these resources play a pivotal role in executing its talent acquisition strategy, employee development and Alectra programs that support and enhance the employee experience.
Healthy & Safety	3	To support the Alectra's expanded capital and maintenance programs these resources are critical to ensure the organization's compliance with evolving health and safety legislation, support health and safety best practices, mitigating risks and fostering a proactive safety culture. These resources will focus on the development and implementation of comprehensive safety programs, conduct regular site inspections, and monitor adherence to regulatory requirements.
Business Transformation	2.7	To meet the growing demands associated with Alectra's expanding workforce and the increasing complexity of project requirements these resources will focus primarily on Change Management and Project Management initiatives. As Alectra undertakes a significant increase in its capital and maintenance programs, these resources are required to successfully execute the projects and promote accurate and timely reporting of project costs, activities and status as well as project risk identification and mitigation strategies.

Finance and Treasury

Resources in the Finance program represent approximately 5.2% of Alectra Utilities' workforce in 2024. Employees in the Finance Segment are responsible for the organization's financial integrity by maintaining accurate records, delivering timely internal and external reporting, and offering thorough financial planning and analysis. The resources also play a critical role in forecasting, budgeting, and helping the organization achieve its strategic objectives through detailed financial oversight.

Employees in the Treasury segment are responsible for managing cash flow, investments, and financial risks, ensuring compliance with tax regulations, optimizing tax efficiencies, and providing key financial insights for long-term planning and risk mitigation strategies. Together, these functions ensure the financial security and strategic flexibility needed to support Alectra Utilities' operations and growth.

From 2021 to 2024, resources in the Finance program decreased by approximately 7.2 FTEs, reflecting a 8.7% decrease, due to the payroll function moving from Finance to Human Resources.

Over the 2025 and 2026 Bridge Years and the upcoming 2027-2031 rate term, Alectra Utilities plans to add approximately 17.9 resources in this program, an increase of roughly 23.6%. This is necessary to handle growing workloads in volumes of transactions associated with the execution of the capital and maintenance work programs, including processing and payment of invoices and work orders.

Increased Volume of Invoices - Finance

The volume of invoices processed is directly proportional to the level of OM&A and Capital spending. With the level of expenditures identified in the Investment Plan, Finance projects an 56% rise in invoice volumes between 2025 and 2031 (see Table 4-2-21). While the historical annual average number of invoices processed per accounts payable FTE is 5,496, the Finance and Treasury program has assumed that this average will increase to 6,661 over the period as a result of enhancements to the ERP and accounts payable systems, and optimization of procure-to-pay processes. Finance requires an additional 5 staff in Accounts Payable over the

2025-2031 period to support these processes. Without these productivity activities and assumptions, Alectra Utilities would be requesting 3 additional FTEs over the 2027-2031 period.

Increased Volume of Work Orders - Finance

Finance expects that the number of work orders processed annually will nearly double over the 2025 to 2031 period as a result of the expenditures identified in the Investment Plan (see Table 4-2-23). While the historical annual average number of work orders per accounting department FTE is 275, the Finance and Treasury program has assumed that this average will increase to 405 over the rebasing period as a result of enhancements to the ERP system, standardization of MAR invoice and payment processing, optimization of end to end work order processes and project reporting, and the automation of transactional processes. Finance requires an additional 10 Accounting Analysts to support these processes. Without these productivity activities and assumptions, Alectra Utilities would require an additional 19 FTEs over the 2027-2031 period. Alectra Utilities plans to increase the number of accounting analyst FTEs by 10 over the rebasing period (from 22 FTEs to 32 FTEs).

Increased Process Automation / Other – Finance and Treasury

One Finance Technology Specialist in 2027 is required to support process automation through system enhancements and to build in-house financial IT expertise to support operations, and one Treasury Specialist is being hired in 2027 to transition a part-time resource to full-time.

Supply Chain Services

Resources in the Supply Chain program represent approximately 3.6% of the total workforce and consist of key roles such as Specialist, Commodity Management, Store person, Buyer and Inventory Planners. These employees are responsible for providing procurement, inventory planning, warehousing, third-party logistics and contract management services to support Alectra Utilities' execution of capital and operating programs. The core objective of these employees is to ensure the timely and cost-effective procurement, storage and delivery of materials and services required to maintain a safe and reliable distribution grid. These functions directly support capital project execution, customer connections, system reliability and operational continuity. Value to customers is delivered through:

- Ensuring material availability to avoid project delays and maintain service reliability
- Strategic sourcing and contract management to drive competitive pricing and price stability
- Enhanced forecasting and analytics to reduce lead times and improve supplier coordination
- Process automation and 3PL logistics to scale operations efficiently with limited resources

From 2021 to 2024, resources in the Supply Chain Services program decreased by approximately 3.4 FTEs, reflecting a 6.2% decrease. This reduction was driven by productivity gains following the consolidation of legacy ERP systems and processes post-merger, enabling role consolidation without backfilling.

Over the 2025 and 2026 Bridge Years and the upcoming 2027-2031 rate term, Alectra Utilities plans to add 6 resources in this program, an increase of roughly 11.5%. These resources are required to accommodate increased workloads related to sourcing materials and services for Alectra Utilities' capital and maintenance programs, as well as to implement sourcing practices and policies for managing pricing terms and contractual obligations within a changing global supply chain environment. They will support increased volumes of procurement transactions, inventory handling, third-party logistics oversight, and supply analytics aligned with the capital investment ramp-up. They will work closely with business units to plan the material requirements, develop advanced analytics and reporting and manage supply deliveries to support the delivery of the capital work plan. The scale of this capital program, detailed in Alectra’s 2027–2031 Investment Plan, will drive significant growth in sourcing, vendor coordination, and material throughput. While material costs in 2024 totaled $98.9MM under a $320MM capital program, expenditures are forecasted to rise substantially under the $757MM program, alongside greater logistical complexity and project volumes.

Despite this projected increase in workload, the staffing increase remains modest due to targeted productivity strategies and technology enhancements. These include the expanded use of:

- ERP automations (via Oracle Orchestrator Studio) to reduce manual transactions
- Forecast modeling for transformers, switchgears, cables, and other key major materials
- Material standardization to reduce SKUs, simplify procurement, and improve vendor throughput
- Analytics tools to monitor vendor performance, contract cycle time, and alignment to capital plans

Corporate Services

Resources in the Corporate Services program represent approximately 3.1% of Alectra Utilities' workforce in 2024 and consist of key roles such as Auditors, Analysts and Specialists. These employees are responsible for critical support functions that enable the organization to meet regulatory requirements, manage risk, engage with stakeholders, and develop strategic initiatives.

From 2021 to 2024, resources in the Corporate Services program decreased by approximately 3.2 FTEs, reflecting 6.7% decrease. This decrease was primarily due to reduced and reallocated FTE in the Internal Audit segment and Strategy, ERM and Sustainability Projects segment as well as vacancies.

Over the 2025 and 2026 Bridge Years and the upcoming 2027-2031 rate term, Alectra Utilities plans to add approximately 11.0 resources in this program, an increase of roughly 24.3%. This increase in FTE is primarily driven by vacancies and timing of hiring resources in 2024 and the addition of resources required to meet increasing IT and Artificial Intelligence audit requirements and maintain oversight of operational controls within the utility; increased requirements related to privacy governance, review and control as well as increased Government, Corporate Relations requirements.

Records and Mapping Services

Resources in the Records and Mapping Services program represent approximately 2.9% of Alectra Utilities' workforce in 2024 and consist of key roles such as Mapping Technicians. These

employees are responsible for the creation and maintenance of the geospatial representation of Alectra Utilities' distribution assets. The information is captured by means of a specialized computer system called a Geographic Information System (GIS). The GIS is a main source of asset information for Alectra Utilities and is used by Distribution Design, Distribution System Planning, System Control, Reliability, Inspections, Lines, Finance, and other groups in the course of their daily work. It is a critical tool that underpins much of Alectra Utilities' operations and capital work, allowing the company to execute and plan work on the distribution system efficiently and safely.

From 2021 to 2024, resources in this program decreased by approximately 2.2 FTEs, reflecting 4.9% decrease resulting from the timing of filling vacant positions within the department.

Over the 2025 and 2026 Bridge Years and the upcoming 2027-2031 rate term, Alectra Utilities plans to add approximately 2 resources in this program, an increase of roughly 4.7%. These resources are required to meet the demands of the evolving electricity market requiring an accurate digital representation of the distribution system. Operating Outage Management Systems (OMS), Advanced Distribution Management Systems (ADMS) all require an accurate digital representation of the distribution system which is provided by the GIS. Additionally, new emerging market requirements such as the dispatch of DERs required continual analysis of the real time operating characteristics of the distribution system which is also dependent on the digital model provided by the GIS.

Program Delivery

Resources in the Program Delivery program represent approximately 0.7% of Alectra Utilities' workforce in 2024 and consist of key roles such as Specialist, Results and Reporting and Coordinator, Program Planning and Analysis. These employees are responsible for the scheduling, planning, and tracking of Alectra Utilities' distribution-related capital programs (excluding Metering, Stations and Transit). This work can be divided into three functional areas, planning and scheduling, results and reporting and operational program improvement.

Planning and Scheduling responsibilities include ensuring that projects are effectively resourced, scheduled and managed to completion. This work provides improved customer focus

by ensuring projects are delivered on time and budget, improved safety and reliability, and ensuring risks are considered and managed.

Results and reporting employees administer the project management software and associated applications and data as well as reports on key performance indicators, internal cost and benchmarking and productivity improvements. The work performed by the Results and Reporting team supports outcomes such as operational effectiveness in safety, reliability and productivity, as well as customer focus.

Operational Program improvement employees are responsible for planning, scheduling and tracking maintenance programs such as asset inspections, switchgear dry-ice cleaning, switch maintenance and vegetation planned cut work. This work supports customers through improved safety, reliability and productivity through supporting the successful completion of the annual maintenance programs, as well as through ensuring the most up to date safe work practices are adopted across Alectra Utilities.

From 2021 to 2024, resources in this program remained flat even though there was in increase in workload due to improvements in process and automation efforts completed by the Results and Reporting team working alongside the Planning and Scheduling team. These improvements included connecting the ERP system to the project management system to avoid manual data search and entry, automation of the program highlight reporting and quarterly reforecasting process.

Over the 2025 and 2026 Bridge Years and the upcoming 2027-2031 rate term, Alectra Utilities plans to add approximately 5.9 resources in this program, an increase of roughly 58.1%. These resources are required to support the increased work requirements for the planning and scheduling of projects associated with Alectra Utilities' growing capital and maintenance work programs. With the expected increase in managed CAPEX as shown in the table below, the additional coordinators are required to bring the managed capital per coordinator within a manageable range to support the successful delivery of the Distribution System Plan through 2031 and support the increased staff complement within Asset Strategy and Operations. Ongoing efforts in automation, business intelligence reporting and enhancing its project/portfolio management software will be required to support this growth.

Table 4-3-8: FTE, CAPEX Managed by Program Delivery Coordinator by Year

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
FTE	10	10	10	10	13	16	16	16	16	16	16
PDG Coordinators	6	6	6	6	8	10	10	10	10	10	10
CAPEX ($MM)	263.9	267.2	250.4	386.4	413.3	400.1	451.5	493.1	561.5	613.9	662.0
CAPEX per Coordinator ($MM)	44.0	44.5	41.7	64.4	51.7	40.0	45.2	49.3	56.2	61.4	66.2

Fleet

Resources in the Fleet program represent approximately 1.2% of Alectra Utilities' workforce in 2024 and consist of key roles such as Mechanics, Clerks and Supervisors. These employees are responsible for Alectra Utilities' Fleet Asset Management and oversee the maintenance, repairs, equipment procurement, and operation of Alectra Utilities' vehicles and equipment. The primary goal is to ensure availability of fleet assets to support Alectra Utilities operations, safety of Alectra Utilities employees and public, and proper functionality of all vehicles and equipment used by Alectra Utilities. Key fleet operations employees' responsibilities:

- Maintain and repair specialized equipment such as bucket trucks that are essential to respond to customers' requests and system damage due to weather conditions and support systems maintenance programs and projects.
- Ensure Fleet assets conditions and operations meet safety and transportation regulations.
- Conduct regular preventive maintenance to mitigate the level of repairs, extend the life of the Fleet assets to ensure vehicle availability to support operations, and reduce response times to customers.

From 2021 to 2024, resources in this program decreased by approximately 6.6 FTEs. These decreases during this time frame were a result of the following initiatives:

- Implementing a fleet management system to automate, streamline and harmonize processes and tasks.
- Consolidation of two fleet shop operations into one within the central region.
- Outsourcing some of the light duty vehicles repairs and maintenance, allowing Alectra Utilities mechanics to focus on the more specialized fleet assets such as bucket trucks.
- The decreases took place as employees retired, and Alectra Utilities did not replace the positions.

Over the 2025 and 2026 Bridge Years and the upcoming 2027-2031 rate term, Alectra Utilities plans to add approximately 1.8 resources in this program, an increase of roughly 10.2%. These resources are required to maintain fleet assets availability, reliability and safety at Alectra Utilities.

Facilities

Resources in the Facilities program represent approximately 1.3% of Alectra Utilities' workforce in 2024 and consist of key roles such as Facilities Maintainers. These employees are responsible for Alectra Utilities' Facilities Management program and provide sustainable, safe, and reliable workspaces for Alectra Utilities employees. This program provides and maintains a good working environment in compliance with applicable legislation and regulations. Key facilities operations employees' responsibilities:

- Conduct regular preventive maintenance to mitigate the level of repairs, extend the life of the facilities to ensure a safe and comfortable work environment for employees.
- Maintain all Alectra Utilities buildings both internal and external, HVAC and building life systems, security systems, etc.
- Provide a safe and welcoming environment for internal and external customers.
- Conduct spot repairs, address maintenance requests and work closely with service providers on preventative and predictive maintenance tasks.
- Maintainers conduct routine daily inspections on key equipment, assist service providers with equipment preventative maintenance, troubleshoot equipment failures, conduct repairs, lead safety charges in all buildings.
- Maintainers and SCM clerks' response to various facilities related requests such as moving boxes and furniture, replacing lights, setting up meeting rooms, spill cleanup, etc.
- Maintainers ensure building equipment and facilities practices comply of all building by-laws.

- Facilities team work closely with over 170 services providers to maintain the building's assets, safe work environment and compliance with related regulations and by-laws.

From 2021 to 2024, resources in this program increased by approximately 1.6 FTEs. The additional resources were critical to:

- Ensure proper operations and maintenance of the building (Southgate) to comply with numerous regulations and by-laws, maintain a safe and comfortable work environment for our employees, proper maintenance of fleet assets, etc.

- To provide administration support to facilities employees and service providers for four buildings within three cities.

Over the 2025 and 2026 Bridge Years and the upcoming 2027-2031 rate term resources are expected to remain steady.

4. WORKFORCE MANAGEMENT STRATEGIES

Alectra Utilities' workforce management approach is designed to cultivate and sustain a skilled, productive, diverse, and resilient team. In alignment with the Talent Acquisition strategy detailed in Section 5, these initiatives aim to strengthen Alectra Utilities' position in the labour market and support the attraction and retention of qualified professionals who advance the company's operational objectives and commitment to customer service excellence.

Core Values

Alectra Utilities' workforce management strategy emphasizes safety, respect, customer focus, excellence, and innovation. These core values guide decision-making, employee behavior and performance expectations.

- **Safety**: At Alectra Utilities, health, safety, and wellness are top priorities. Employees are encouraged to remain focused, report hazards, follow safe practices, and take care of themselves and others. Maintaining this value within the workforce requires an adequate complement of resources to ensure that workloads can be managed equitably and responsibly to avoid employee burnout and promote workforce health, safety, and well-being.

- **Respect:** Respect is a cornerstone of Alectra Utilities' workforce philosophy, fostering an inclusive and equitable workplace and ensuring a successful and rewarding work environment by valuing others and their contributions while acting with integrity. This creates a culture of mutual respect, which enhances collaboration and effective resource planning by incorporating diverse perspectives and abilities.

- **Customer Focus:** Customer focus guides employees to prioritize the customer experience by being responsive, adaptable, and efficient in addressing customer needs. This entails being easy to do business with, understanding customer requirements, anticipating potential issues, demonstrating courtesy and empathy, striving to exceed expectations, and valuing feedback from others.

- **Excellence:** The value of excellence encourages employees to consistently aim for high performance in their accountabilities and responsibilities. To achieve this, employees are

encouraged to enhance their skills and knowledge, consider diverse perspectives, perform effectively, and align goals. Alectra Utilities' emphasis on excellence aims to ensure that resources meet high standards, optimize their performance, and demonstrate a commitment to continuous improvement.

Succession Planning

The average age of Alectra Utilities employees is 44 years old, and approximately 9% of the workforce at the end of 2024 is eligible to retire. Over the next 10 years, by 2035, approximately 26% of the workforce is eligible for retirement. Succession planning initiatives focus on identifying potential shortages and proactively attracting talent into critical positions to ensure appropriate knowledge transfer and business continuity. A key area of focus for the next ten years is replenishing talent in the Powerline Technicians resource pool, which makes up approximately 14% of employees eligible to retire over the next 10 years. To manage this wave of retirements, Alectra Utilities is partnering with educational institutions and investing in its apprenticeship program to develop a robust pipeline of candidates to fill those positions as employees retire, with sufficient lead time for training and development and effective knowledge transfer as it takes approximately 5 years to become certified in this trade. Alectra Utilities has established partnerships with colleges that offer programs related to our trades to create connections and develop a pipeline of co-op students for apprenticeship roles. For instance, Cambrian College has identified Alectra Utilities as a preferred employer for Powerline Technician co-op positions. Students from the college are open to relocating to work with Alectra Utilities. Technical Trades Supervisors regularly visit campuses to provide information about the trade and answer questions regarding career development.

Training and Development

Continuous learning and professional development are critical components of Alectra Utilities' workforce management strategy. To this end, the organization continuously invests in comprehensive training programs, workshops, and courses designed to enhance employees' skills and knowledge. By fostering a culture of continuous improvement, Alectra Utilities ensures that its workforce is productive, engaged and adept at meeting current challenges and evolving demands.

The expansion and modernization of the distribution grid is driving significant changes in the skills and competencies required by the Alectra Utilities' workforce. As technology evolves, Alectra Utilities must invest in advanced analytics capabilities and new technical skills to equip its employees with the tools and knowledge required to meet these emerging demands effectively. As technology advances and system capabilities change, proficient skills in data analytics and business intelligence are critical for daily operations and strategic decision making.

Technological advancements are also reshaping the nature of work, introducing new challenges and opportunities that impact the skills and behaviour’s needed for success. The integration of Artificial Intelligence (AI) tools has made data a central focus, necessitating investments in data infrastructure and simplifying access to support effective decision-making, compliance and governance. Additionally, customers are seeking more self-service options, such as chatbots and live chat, which require the development of specialized skills to manage and support these technologies.

Workplace Equity, Diversity and Culture

Alectra Utilities’ goal is to create a culture of belonging, where everyone feels safe to speak up, be themselves and grow. To that end, the Equity, Diversity & Inclusion strategy focuses on strengthening fairness and equity and enhancing safe workplace. The strategy is enabled by the People Deal, our Employer Value Proposition, Alectra Utilities’ blueprint for culture, created by employees, for employees to help build organization culture through the strengths that make each employee unique. Workplace culture-building program and initiatives are centered on fostering a workplace where passion, purpose and care empowers individuals to thrive, collaborate and make meaningful impact.

Our culture-building efforts are rooted in three key pillars of the People Deal:

- **Working with Purpose:** Recognizing that every employee plays a vital role in advancing our mission and creating positive social impact.

- **Caring for Each Other:** Understanding that every moment is an opportunity to make a real difference in creating a community of empathy, trust and support where people feel seen and valued.

- **Sparking Your Potential**: Ensuring every employee has access to opportunities for personal and professional development in an environment where their voices are heard and respected.

To ensure the People Deal remains meaningful and employee-driven, each pillar is championed by an Employee Resource Group (ERG) that shape and lead initiatives to enhance employee experience. These groups play an active role in bringing the People Deal to life through programming and peer-support. In alignment with these pillars, Alectra Utilities places a strong emphasis on wellness and psychological safety, taking a holistic approach to wellness by supporting healthy bodies, minds and lifestyles. This includes mental health training and awareness campaigns, resilience and mindfulness workshops and resources, wellness webinars and group fitness challenges, and access to confidential supports through the Employee Assistance Program (EAP). Psychological safety is a cornerstone for Alectra Utilities' approach, enabling open dialogue, innovation and team collaboration. These efforts contribute directly to building a skilled, engaged and resilient workforce, one that is empowered to thrive in times of change, work with purpose and deliver lasting value to our customers and communities. Together, these efforts reflect our commitment to creating One Culture where people feel connected, motivated and proud to contribute.

Our EDI strategy is designed to create a workplace where all employees feel respected, supported, and that they truly belong. It is grounded in six strategic pillars: Leadership & Team Effectiveness, Learning & Growth, Talent & Succession Management, Employee Experience & Engagement, Community Outreach, and New Ways of Working. These focus areas are integrated across the organization and support our broader efforts to build a culture that reflects Alectra Utilities' values and commitments.

- **Leadership & Team Effectiveness:** We continue to build leadership capacity through training such as disrupting bias, mental health, and psychological safety.

- **Learning & Growth**: For employees, we provide a range of learning opportunities through our internal EDI SharePoint site, curated LinkedIn Learning pathways, and organization-wide Indigenous education initiatives. These efforts foster shared understanding and increased awareness.

- **Talent & Succession Management:** We equip leaders with training and resources on inclusive hiring processes and aim to use workforce data to identify gaps and opportunities.

- **Employee Experience & Engagement:** Through the activation of ERGs, we ensure employee voices are heard and supported. We have also created a holistic organization-wide communications strategy to increase awareness, engagement, and shared ownership of our EDI journey.

- **Community Outreach:** Our culture of belonging extends beyond our walls, as we remain committed to strengthening community relationships through initiatives such as our participation in the Partnership Accreditation in Indigenous Relations.

- **New Ways of Working:** Our success is tracked through an EDI dashboard. We are also working on initiatives to promote inclusive procurement practices to expand opportunities for diverse suppliers.

Together, these efforts create a culture of belonging by intentionally removing barriers and fostering an environment where all individuals feel valued, respected, and empowered.

Talent Acquisition Strategy

Alectra Utilities intends to rely on the following talent acquisition programs, initiatives and strategies to meet the company's growing demand for resources – each of these is discussed in further detail below.

- Recruiting qualified candidates from the external labour market

- Partnering with education institutions to build a talent pipeline of apprentices, new hires and co-op students.

- Hiring contract and temporary labour to fulfil short-term resourcing needs or support special projects.

- Using external service providers to manage variable workloads and supplement internal resource capacity and capabilities as needed.

Recruitment from the External Market

Alectra Utilities' Talent Acquisition Strategy is anchored in six key focus areas designed to align with organizational goals and enhance our ability to attract, engage, and retain top talent:

1. Organizational Talent Needs

Alectra Utilities workforce planning processes review and assesses resources and requirements on a regular basis to proactively address evolving talent requirements. For instance, with an anticipated increase in demand for System Controllers, we are exploring alternative sourcing strategies such as Reservist Programs and partnerships with academic institutions to build a sustainable talent pipeline.

2. Employer Brand

We are revitalizing Alectra Utilities' presence in the external talent market through the launch of a refreshed Employer Brand. This initiative aims to resonate with future talent while enhancing the experience among current employees. Key components include:

- A new "LinkedIn Life" page showcasing the employee experience at Alectra Utilities

- Leader and Employee Advocacy Programs

- Enhanced job postings that clearly articulate our Employee Value Proposition

3. Leader Experience

We are equipping People Leaders with the tools and support needed to attract and retain high-caliber talent. Recent enhancements include:

- A new Applicant Tracking System that enables data-driven resume screening based on critical skills
- An AI-powered interview platform that generates role-specific questions aligned with job competencies
- An e-learning module on inclusive hiring practices to promote equity and reduce bias in the selection process

4. Talent Retention & Development

We are committed to internal mobility and career growth. To support this, we have introduced:

- A comprehensive employee toolkit with resume writing and interview preparation resources
- A series of Lunch & Learn sessions focused on career development
- A standardized recruitment process for unionized roles to ensure transparency and fairness for internal candidates

5. Talent Pipelines

We are strengthening our future talent pipelines by expanding our presence on campuses that specialize in critical skill areas. Each year, we hire approximately 150 co-op students and are enhancing their experience through:

- A structured orientation program
- Group learning and development opportunities

6. Candidate Journey

We have streamlined the application process to ensure a seamless and engaging experience for candidates. Enhancements include:

- A simplified application process with timely status updates to reduce candidate drop-off

- Automated background check software integrated with our HRIS, ensuring job-relevant screening while minimizing bias

The Talent Acquisition team, in collaboration with the Total Rewards team, regularly monitors labour market trends, industry salary surveys and evolving candidate expectations. Alectra Utilities stays informed of changing labour market conditions and compensation trends to ensure Alectra Utilities' total compensation remains competitive within the market, and supports Alectra Utilities' ability to attract and retain top talent. Additionally, Alectra Utilities regularly reviews employee programs, career development and training opportunities to strengthen talent retention and reinforcing Alectra Utilities' reputation as an employer of choice in the industry

Educational Institutions

Alectra Utilities collaborates with colleges and universities to develop a pipeline of qualified candidates that are trained and qualified to meet Alectra Utilities' growing resource requirements. Specifically, the utility partners with educational institutions on apprentice and co-op programs, provides input into curriculum to tailor learning objectives to on-the-job requirements, and participates in events to support recruitment of apprentices, new graduates and co-op students.

Alectra Utilities partners with a diverse range of post-secondary institutions to support its co-op program, ensuring access to top student talent across multiple disciplines. Key academic partners include Mohawk College, McMaster University, University of Waterloo, Toronto Metropolitan University (TMU), Sheridan College, Seneca College, Georgian College, Conestoga College, Humber College, and Centennial College. These partnerships support a wide variety of roles across the organization, including Electrical Engineering Technologists, Design Technologists, Protection & Controls Co-ops, System Control Operators, Financial Analysts, IT Support Analysts, Human Resources Co-ops, and Business Analysts. By aligning with institutions that offer specialized programs in engineering, technology, business, and IT, Alectra Utilities ensures a strong pipeline of emerging talent to meet both current and future workforce needs. Alectra Utilities hires approximately 50 co-op students every four-month work term, and have multiple students return for subsequent work terms, and permanent positions once graduated.

Apprenticeship Program

The apprenticeship program is a cornerstone of Alectra Utilities' talent development strategy, providing internal training for certified and skilled trades positions, including Power Line Technicians, System Control Operators, Meterperson, Mechanic, Power Cable Technician, Protection & Control Technologist and Station Maintenance Technician. Alectra Utilities hires approximately 20-30 apprentice trades positions annually.

The journey to become a fully proficient journeyperson requires anywhere from 4 to 5 years of apprenticeship and an additional two to three years of on-the-job experience. During this time, apprentices receive a blend of classroom instruction and on-the-job training, to develop the technical skills and practical experience needed to excel in their roles. The program also includes mentorship from experienced professionals, fostering a supportive learning environment that emphasizes safety and quality work practices.

Alectra Utilities has developed a comprehensive and structured approach to enhance the apprenticeship experience, ensuring apprentices are well-supported, safe, and set up for long-term success in their trades.

The program begins with a strong foundation in health and safety, providing apprentices with extensive training in safe work practices and methodologies. This commitment to safety continues throughout their careers, with ongoing competency development after certification.

Apprentices are paired with experienced tradespeople and supported by a dedicated Technical Trades Supervisor, who oversees their development, coordinates on-the-job training, and ensures alignment with Ministry of Labour, Immigration, Training and Skills Development (MLTSD) requirements. Apprentices also benefit from structured rotations, regular feedback, and performance evaluations to ensure they are progressing effectively.

Alectra Utilities emphasizes continuous learning and accountability, requiring apprentices to maintain an up-to-date logbook that tracks their training, task performance, and proficiency. This logbook is reviewed regularly and signed off by instructors, journeypersons, and supervisors to validate skill development.

To further support growth, Alectra Utilities conducts regular meetings—monthly during the probationary period, then bi-monthly or quarterly depending on the year of apprenticeship. These meetings provide opportunities to review progress, address gaps, and plan next steps. Post-training debriefs and feedback forms ensure that both the apprentice and the organization are meeting program expectations. This process continues throughout the apprenticeship and the steps required to achieve journeyperson status, supporting the structured development of apprentices' skills and long-term career progression.

Hiring New Graduates

Alectra Utilities hires new graduates for certified and skilled trades positions, such as Powerline Technicians. We have become an employer of choice at Cambrian College, and the majority of our PLT apprenticeship hires were previously employed as co-op students with Alectra Utilities.

Graduates entering Alectra Utilities' workforce are placed into roles that match their qualifications and are provided with mentorship from experienced professionals to guide them through the early career stages, offer perspectives and insights and support their professional growth. In addition, new graduates are often placed in cross-functional projects or rotations to help them gain a broader understanding of the company's operations, diversify their skill sets, and promote collaboration and innovation across different facets of Alectra Utilities.

Co-ops Students

Alectra Utilities hires approximately 40-50 co-op students per work term and 20 through the summer student program. These co-op students support Alectra Utilities' permanent workforce by assisting in the achievement of work deliverables, providing additional resourcing during peak vacation periods and contributing to key projects and initiatives. These programs are designed to give students hands-on project experience, enhancing their learning and providing them with new skills to support them in the development of their careers.

Alectra Utilities' participation in co-op programs demonstrates a strong commitment to structured recruitment and continuous improvement. The process involved collaboration with over 18 post-secondary institutions, streamlined resume screening, interviews, background checks, and onboarding through Dayforce. Alectra Utilities gathers feedback from co-op

students and leaders to understand their experience at Alectra Utilities and utilizes the observation and feedback to update the program, processes, and experiences to better reflect student expectations and organizational objectives.

Contract and Temporary Resources

Alectra Utilities hires contract and temporary staff to cover absences, vacancies, or support special projects requiring specific skills for a limited time. This approach offers flexibility, helps manage workload changes, and ensures projects stay on track without sacrificing quality or efficiency. Temporary employees are often hired to backfill employees who are on special projects, such as system implementations or long-term corporate projects. Additionally, temporary or contract resources are utilized to provide coverage for employees on extended absences such as maternity or long-term disability leave. In 2024 Alectra Utilities had approximately 39.5 temporary FTE and is forecasting reduced utilization of temporary resources annually to 2031.

Alectra Utilities also hires casual workers to fill temporary and short-term staffing needs. These resources are sourced through the PWU hiring hall process, pursuant Collective Agreements terms and conditions.

Alectra Utilities hires casual employees in several administrative and customer service roles, including Billing Clerk, Collections Clerk, Customer Service Representative (CSR), Meter Records Clerk, and New Connections Clerk. These positions are filled on a short-term basis to address temporary staffing needs. The use of casual employees provides Alectra Utilities with greater flexibility, as these workers can be reassigned across departments without the restrictions that apply to regular temporary employees. This flexibility supports operational continuity and allows the organization to respond quickly to staffing gaps.

External Service Providers

Alectra Utilities engages contracted services to manage peaks and fluctuations in workload and to access specialized skills and expertise not available within the organization. Maintaining an appropriate balance between internal and external resources enhances operational flexibility and resilience, enabling the company to adapt to change and efficiently scale operations.

Outsourcing decisions are guided by specific business objectives and considerations. As outlined in sections above, and further detailed in the Capital Work Execution evidence in Section 5.3.1.3 of the DSP, utilizing qualified external contractors is critical for executing the capital work volumes planned in the next period; without this approach, Alectra Utilities' workforce needs would be significantly higher than indicated in this schedule. In contrast, for certain functions such as the Customer Service program, Alectra Utilities intends to increasingly employ technology solutions to lessen its dependence on third-party service providers.

5. COMPENSATION STRATEGY

5.1. OVERVIEW OF COMPENSATION COSTS

Table 4-3-9 below summarizes Alectra Utilities total compensation costs each year for the historic (2017 – 2024), Bridge and Forecast (2025 – 2031) periods. The primary driver for increased compensation during the bridge and forecast period is related to increased FTE.

Table 4-3-9: Overview of Compensation Costs[28]

Table 1: Overview of Compensation Costs								
Compensation Costs ($MM) – Historic Period								
Year	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Management (non-union including executive)				91.8	95.3	98.8	101.0	110.0
Non-Management (union)				114.5	118.8	122.6	128.2	127.5
Total Compensation	173.7	179.2	221.9	206.3	214.0	221.3	229.2	237.5
Compensation Costs ($MM) – Bridge and Forecast Period								
Year	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
Management (non-union including executive)	115.8	119.8	129.3	139.5	150.1	156.9	163.7	
Non-Management (union)	147.2	151.5	164.4	176.6	187.4	196.7	203.1	
Total Compensation	263.0	271.3	293.6	316.1	337.4	352.6	366.8	

5.2. COMPENSATION BENCHMARKING

Alectra Utilities compensation philosophy and strategy endeavours to maintain cost effectiveness while maintaining the ability to attract and retain the required talent in order to deliver safe, reliable and cost-effective service to customers in an increasingly complex and dynamic environment. In order to ensure Alectra Utilities' compensation is positioned well within the 50th percentile (P50) market, a compensation study was undertaken. According to the Mercer compensation Benchmarking Study, which can be found in Attachment 4-7. On an overall organization basis, Mercer's review shows that Alectra Utilities' total remuneration is

[28] Data by category is not available for 2017-2019 due to varying legacy financial systems

positioned within the market competitive range, relative to the 50th percentile of the comparator market. Specifically, on an overall organization basis, Alectra Utilities is 1% above the 50th percentile with an average market variance of 101%. Mercer considers compensation levels to be within a market "competitive range" if they fall within 10% of the target market positioning on a job-by-job basis (where you have a smaller sample size and higher variability in observations) and 5% on an aggregate overall organization basis (where you have a larger sample size and smaller variability in observations) when compared to target positioning. In alignment with Alectra Utilities' compensation philosophy, the market 50th percentile was used as the target market positioning for the analysis.

5.3. COMPENSATION STRATEGY AND GOVERNANCE

5.3.1. COMPENSATION FOR NON-UNION EMPLOYEES

Compensation for non-union employees at Alectra Utilities is comprised of two components: 1) base salary, and 2) short term incentive pay.

Base salary compensation is provided to employees for performing their job duties and accountabilities, as defined in the job description, and achieving performance expectations and behaviours. Short term incentive pay is provided to employees for their achievement of individual objective and contribution to the corporate objectives of Alectra Utilities.

Base Salary

Alectra Utilities utilizes a formal salary structure to maintain internal and external equity within the organization. The salary structure is comprised of salary grades, and each grade has a corresponding salary range. Each job is assessed using a job evaluation point system to determine the grade of each job. When employees are hired, their qualifications, experience, and job requirements are evaluated to determine their initial placement within the salary range. This ensures that employees are compensated fairly from the outset based on their credentials and the demands of their roles.

Merit increases are awarded on an annual basis, allowing employees to progress within their salary range. These increases are performance-based and are determined through a comprehensive performance evaluation process. Employees are assessed on their ability to

meet or exceed job expectations, contribute to organizational goals, and exhibit desired behaviors and competencies. This structured approach to base salary compensation promotes fairness and motivates employees to perform at their best.

Short Term Incentive Pay

The Alectra Utilities' Short Term Incentive Plan (STIP) offers variable compensation that supplements the base salary, thereby aligning personal performance with Alectra Utilities business strategy.

The primary purpose of the STIP is to align individual and corporate efforts with the company's strategic objectives. It rewards employees who meet or exceed expectations by providing financial incentives beyond their base pay, recognizing achievements that contribute to Alectra Utilities' success. The STIP also motivates employees to deliver exceptional performance by linking rewards to high performance.

Objectives for each employee are established at the beginning of the year, providing a clear roadmap of expectations and goals. These objectives are assessed at the year's end to determine the level of achievement. Based on this assessment, a corresponding short-term incentive payout is determined. This structured approach ensures that the incentive pay is directly tied to tangible performance outcomes, thereby fostering a culture of continuous improvement and high performance within Alectra Utilities.

The STIP plays a significant role in rewarding individual excellence and driving the overall success of the organization by aligning employee efforts with corporate goals.

Long Term Incentive Pay

Members of the Executive Committee also participate in a three-year Long Term Incentive Plan (LTIP) where cash payout is made after the end of the three-year performance period based on specific performance objectives and metrics.

5.3.2. COMPENSATION FOR BARGAINING UNIT EMPLOYEES

Approximately 60% of Alectra Utilities' workforce is unionized, with 55% represented by the Power Workers' Union (PWU) and 5% represented by the International Brotherhood of Electrical Workers (IBEW).

The compensation costs for bargaining unit employees are negotiated through the collective bargaining process. Alectra Utilities bargains in good faith with the goal of managing costs, ensuring wages remain competitive, enhancing productivity, and maintaining management rights.

During these negotiations, Alectra Utilities aims to balance fair compensation for employees with the financial impacts and operational needs of the company. These agreements often outline conditions regarding work hours, wages, benefits and other employment terms that directly impact the daily operations and productivity of the company. By securing fair and consistent agreements, Alectra Utilities not only supports its workforce but also ensures that it can continue to deliver reliable and efficient services to its customers.

PWU Collective Agreement

Table 4-3-10 below summarizes the annual general increase for PWU employees for the previous collective agreements. The current collective agreement with the PWU is a three-year term and covers the period of June 1, 2025 to May 31, 2028.

Table 4-3-10: PWU Annual Increases (2017-2024)

2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
2.0%	2.2%	2.3%	2.3%	2.4%	3.7%	3.0% +1.0% lump sum	3.0% +.75% lump sum	3.1%	3.4%	4.0%

Note: 2025 provided a market adjustment for selected positions.

As the wage schedule also includes stepped progression for those employees not yet at the top rate, eligible employees may receive additional increases.

IBEW Collective Agreement

Table 4-3-11 below summarizes the annual general increase of IBEW employees for the current and previous collective agreements. The current collective agreement with the IBEW is a three-year term and covers the period of April 1, 2024 to March 31, 2027.

Table 4-3-11: IBEW Annual Increases (2019-2026)

2019	2020	2021	2022	2023	2024	2025	2026
2.1%	2.2%	2.0%	2.0%	Harmonization to PWU	3.0% +1.75% lump sum	3.0%	Harmonization to PWU

Budget Assumptions

The annual general non-union and union labour rate increase is assumed to be 4%, 3.5%, 3.5% for 2025-2027 and 3.0% for years 2028-2031. In addition, the budget includes allocations for hourly wage progressions and increases for employees that are not yet at the job rate.

Additionally, a 4.0% vacancy rate on AUC non-executive positions was assumed throughout the plan period. This vacancy rate assumption lowers the budgeted labour costs to account for vacancies that occur throughout the plan period.

5.4. PENSION AND BENEFITS COSTS

Alectra Utilities provides a comprehensive benefit package to employees to support the health and well being of employees and enhances the utility's ability to recruit and retain talent. Alectra Utilities provides eligible employees with health and dental benefits, short- and long-term disability, and life insurance. In addition, Alectra Utilities provides employer contributions to the following: Employment Insurance, Pension Contributions, Canada Pension Plan, Employer Health Tax and Workplace Safety Insurance Premiums.

Contributions to the Ontario Municipal Employees Retirement System (OMERS) are made by the employer and the employee. The contribution rates are determined by OMERS and are reviewed on a regular basis. The current rate ranges from 9.0% to 14.6% per year, based on

yearly maximum pensionable earnings. Effective January 1, 2027 the rate range will be adjusted to 8.6% to 15.7%.

In 2024, Alectra Utilities, through the benefits consultant, conducted a benefit market review to evaluate alternatives to optimize benefit offerings and costs reduction opportunities. The review included requests for information from twelve insurance companies. This process confirmed that the organization remains competitive in its benefits package costs with its current provider, and although no cost reductions occurred, increases were avoided as the Long Term Disability (LTD) rates were held for twenty-four months, pooling rates for 12 months and Administrative Services Only (ASO) fees for thirty-six months. Market review are completed periodically to ensure costs are managed and cost reductions opportunities are explored.

Alectra Utilities provides an Employee Assistance Program (EAP) to all employees and their families. The EAP offers services such as counselling, work-life services, legal support services, financial information and wellness services. All EAP interactions are available 24/7 and are completely confidential.

Table 4-3-12 below summarizes Alectra Utilities benefits costs each year for the historic (2017 – 2024), Bridge and Forecast (2025- 2031) periods.

Table 4-3-12: Employee Benefit Costs

Table 2: Employee Benefits Costs								
Employee Benefits Costs ($MM) – Historic Period								
Year	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Employee Benefits Costs	34.7	36.2	38.4	37.4	39.2	40.4	46.0	47.9
Employee Benefits Costs ($MM) – Bridge and Forecast Period								
Year	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
Employee Benefits Costs	51.6	54.0	59.5	64.9	70.2	74.2	78.1	

Table 4-3-13 below summarize Alectra Utilities pension costs, including capitalized and expensed amounts each year, for the historic 2017-2024 and the bridge and forecast 2025-2029

rate periods, respectively. Alectra Utilities' pension costs are recovered using a default accrual basis.

Table 4-3-13: Pension Costs

Table 3: Pension Costs								
Pension Costs ($MM) – Historic Period								
Year	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Pension Contributions	14.4	15.7	17.1	16.4	16.8	17.0	18.1	19.0
Less: Amount Capitalized	4.8	4.6	6.1	4.9	5.9	5.1	6.0	6.3
Amount Expensed	9.6	11.1	11.0	11.5	11.9	10.9	12.1	12.7
Pension Costs ($MM) – Bridge and Forecast Period								
Year	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
Pension Contributions	21.4	22.3	24.7	26.8	28.7	29.9	31.1	
Less: Amount Capitalized	7.4	8.0	9.3	10.2	10.8	11.2	11.6	
Amount Expensed	14.0	14.3	15.5	16.6	17.9	18.7	19.5	

In addition to pension benefits, Alectra Utilities pays certain medical, dental, and life insurance benefits on behalf of its retired employees. An actuarial analysis using the projected unit credit method determines the cost of these benefits. This method incorporates Alectra Utilities' best estimate of future salary levels, retirement ages of employees, health care costs, and other actuarial factors. The latest actuarial valuation was performed by RSM Consulting Canada LP based on information current as of January 1, 2023, and forecasts of post-employment benefit costs are based on extrapolations of those results.

Table 4-3-14 below presents Alectra Utilities' post-employment benefit costs, including capitalized and expensed amounts, for the historic 2017-2024 and the bridge and forecast 2025-2029 rate periods, respectively. AUCs post-employment benefit costs are recovered using a default accrual basis.

Table 4-3-14: OPEB Costs

Table 4: OPEB Costs								
OPEB Costs ($MM) – Historic Period								
Year	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Benefit Costs	3.0	3.9	3.2	4.8	4.6	5.2	4.6	4.6
Capitalized Amounts	1.0	1.1	1.1	1.4	1.6	1.8	1.5	1.5
Expensed Amounts	2.0	2.8	2.0	3.4	3.0	3.0	3.1	3.1
OPEB Costs ($MM) – Bridge and Forecast Period								
Year	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	
Benefit Costs	4.5	4.6	4.6	4.6	4.6	4.6	4.6	
Capitalized Amounts	1.6	1.6	1.7	1.7	1.7	1.7	1.7	
Expensed Amounts	3.0	2.9	2.9	2.9	2.9	2.9	2.9	

Attachment 4-7

Mercer Compensation Benchmarking Study

Mercer

Compensation Market Review

alectra

Alectra Utilities Corporation

April 25, 2025



welcome to brighter

Introduction & Executive Summary

Mercer Canada Ltd. (“Mercer”) has been engaged on behalf of Alectra Utilities Corporation (“Alectra”) to conduct a compensation market review to assess the market positioning of total remuneration (base salary + short-term incentives + long-term incentives + active and retiree employee benefits + pension values) for a representative sample of union and non-union jobs.

Specifically, the purpose of this review is to provide an independent, market-based assessment of the positioning of Alectra’s total remuneration relative to the market. Alectra employee groups that were considered in this review comprise non-union non-executive jobs and union jobs represented by the Power Workers’ Union (“PWU”) and International Brotherhood of Electrical Workers (“IBEW”).

Executive Summary

The approach used in this review is consistent with Mercer’s standard market benchmarking methodologies and relies on compensation, benefit and pension practices information provided by Alectra, in addition to Mercer’s proprietary databases. Market comparisons are made to a comparator peer group, developed by Mercer and confirmed by Alectra, that are representative of the energy and general industry sectors.

While conducting the review, Mercer worked with Alectra to identify benchmark jobs, to compare to market, that represent a representative cross sample of the organization’s functions and levels. The coverage of benchmark jobs selected represent approximately 60% of employees at Alectra. This coverage meets the range of 50% to 75% of employees, considered best practice when benchmarking on an organization basis.

When assessing the market positioning of jobs, jobs were compared to the comparator market that was most representative of the industry within which the required skillset exists. Specifically, non-sector specific jobs (e.g. Finance) were compared to the general market. This market is reflective of organizations across all industries. Conversely, sector specific jobs (e.g. Power Line Technician) were compared to the utilities / energy sector.

Mercer considers compensation levels to be within a market “competitive range” if they fall within 10% of the target market positioning on a job-by-job basis (where you have a smaller sample size and higher variability in observations) and 5% on an aggregate overall organization basis (where you have a larger sample size and smaller variability in observations) when compared to target positioning. In alignment with Alectra’s compensation philosophy, the market 50th percentile was used as the target market positioning for the analysis.

On an overall organization basis, Mercer’s review shows that Alectra’s total remuneration is positioned within the market competitive range, relative to the 50th percentile of the comparator market. Specifically, on an overall organization basis, Alectra is 1% above the 50th percentile with an average market variance of 101%.

Copyright 2025 Mercer (Canada) Limited. All rights reserved.

Methodology

Mercer developed two comparator groups that reflect the industries within which required skillsets exist. Below are the two specific peer groups identified for the purposes of the total remuneration review:

Energy Peer Group

- Mainly reflects Canadian organizations, within the Utilities industry, from Mercer's Total Compensation Survey ("MTCS") – an Energy industry focused survey
- The comparator group was developed considering Alectra's operations and thus led to a peer group primarily consisting of other energy utilities. Where data was limited, the industry scope was expanded to the broader energy sector
- This peer group was primarily used for sector specific jobs that require skillsets predominately seen within the utilities/energy industry

General Industry Peer Group

- Reflects Canadian organizations, across all industries, from Mercer's Benchmark Database ("MBD") – a general industry survey
- Organizations in this peer group reflect all industries and organization types in Canada
- This peer group was primarily used for non-sector specific jobs that require skillsets that are seen across different industries in Canada

Across both peer groups, in alignment with Mercer's standard benchmarking methodology, comparator organizations were typically of similar geographical proximity and generally ½ - 2 times the size of Alectra on the basis of annual revenue. Where data was insufficient to report, the market scope was expanded by geography and/or revenue. In order to preserve the confidentiality of our survey participants and ensure statistical integrity, Mercer requires a minimum of 4 data points to show average and median, and a minimum of 5 data points to show the 25th and 75th percentiles.

A sample of the list of organizations that belong to each of the peer groups, identified above, for the purposes of the total remuneration study is presented in Appendix A.

A representative sample size of Alectra's jobs, across all grades and departments, were benchmarked against equivalent survey jobs from the defined peer groups. A survey job was deemed to be appropriate if there was at least an 80% overlap, in the responsibilities of the job, relative to the Alectra benchmark job.

- 52 non-union, non-executive jobs, and 13 union jobs (PWU and IBEW) were matched to equivalent benchmark jobs within the survey sources outlined above.

Mercer's benchmarking objective, with this review, was to map a reasonable sample of Alectra's jobs that best represent the total employee population across the different job levels and departments within Alectra. With this approach, the analysis included approximately 60% of the total employee population at Alectra. Mercer believes that a statistically reliable and representative sample for assessing competitive levels of total remuneration should contain at least 50% of the employee population.

A list of the benchmark jobs used for the market review is presented in Appendix B.

Cash compensation levels tend to be aligned with the scope and complexity of the individual job, and as such, to the extent possible, Mercer analyzed market data specific to the individual job. Benefit and pension

Copyright 2025 Mercer (Canada) Limited. All rights reserved.

programs tend to be common to all participants within a defined group, and as such, comparisons to market are made on a plan or aggregate basis for each employee group (e.g., non-union, IBEW, PWU, etc.).

For the pension and benefits program review, Mercer also benchmarked Alectra's benefit and pension programs against the energy and general industry peer groups. Organizations included in the review were from Mercer's Plan Design database with the goal of assessing the relative employer provided value ("EPV") of plans. Relative value analysis focuses only on the plan design as it sets all other cost drivers at a common level and is more consistent when comparing the value of the pension and benefit programs of several organizations.

We note how benchmarking Total Value (TV) compares to Employer Provided Value (EPV) for the pension and benefits analysis:



Plans for all comparator organizations have been valued using the same earnings information and composite workforce profile. Using different earnings levels would change the dollar value of the benefit, but any change in relative value of the plan amongst the participants would not, in Mercer's opinion, be material.

As each element of the total remuneration package serves a distinct purpose, and companies may choose to offer a different pay mix in order to accomplish different objectives, Mercer recommends Alectra consider the competitiveness of its total remuneration package as a whole rather than the competitiveness of each individual compensation element. In alignment with this, to provide a complete picture, report findings and observations are presented for separate compensation elements as well as aggregate total remuneration.

All compensation data is reflective of the most recently available data as of the completion of the analysis, effective as of December 2024.

Copyright 2025 Mercer (Canada) Limited. All rights reserved.

Summary of Findings

The sections below describe Mercer's findings on the competitiveness of Alectra's base salary, total cash compensation (i.e., base salary + target short-term incentives) and total remuneration (i.e., total cash compensation + long-term incentive + benefits + pension) at an aggregate level for each grade in the organization, relative to the 50th percentile of the respective market. Based on Mercer's compensation practices and policy research, the majority of organizations tend to target compensation at the 50th percentile (market median), of their comparator market, which balances fiduciary and cost considerations with the need to attract and retain talent.

As stated above, Mercer considers Alectra to be within the market competitive range if they fall within 10% of the target market positioning on a job-by-job basis and 5% on an overall grade and/or organization basis.

The table below presents Alectra's base salary, target total cash compensation and total remuneration at an aggregate level, compared to the market 50th percentile across the union and non-union jobs.

Detailed Findings

At an aggregate level, across all benchmark jobs, Mercer's review found that Alectra's total remuneration is within the market competitive range (i.e., within +/- 5% of the comparator market) for both union and non-unionized jobs on a weighted average basis. Specifically, on an overall organization basis, Alectra's total remuneration has a market variance of 101% (i.e. 1% above 50th percentile) relative to the 50th percentile of the comparator market.

Alectra			Base Salary			Target Total Cash Compensation ("TCC")			Target Total Remuneration ("TRem")		
Grade	# of Jobs	# of EEs	Alectra[1]	Market Median	% Var.	Alectra[2]	Market Median	% Var.	Alectra	Market Median	% Var.
11	1	2	$65	$65	100%	$68	$66	103%	$90	$76	119%
12	1	8	$87	$81	108%	$91	$84	109%	$117	$94	124%
14	13	86	$100	$98	103%	$107	$107	102%	$136	$122	114%
15	12	48	$114	$104	111%	$122	$112	110%	$153	$128	122%
16	8	105	$132	$153	86%	$141	$168	84%	$176	$196	90%
17	3	13	$138	$130	106%	$152	$150	102%	$189	$177	107%
18	6	23	$156	$167	94%	$172	$192	91%	$212	$225	96%
19	2	4	$171	$167	102%	$196	$196	100%	$241	$239	101%
20	1	4	$190	$179	107%	$219	$219	100%	$268	$254	105%
21 / 22[4]	5	5	$255	$244	105%	$319	$316	102%	$385	$389	100%
IBEW & PWU	13	544	$104	$109	98%	$104	$113	95%	$131	$136	99%
Aggregate Total	**65**	**842**	**$111**	**$116**	**98%**	**$115**	**$124**	**96%**	**$144**	**$147**	**101%**

[1] Reflects Average Actual Base Salaries of Alectra incumbents in the benchmark job
[2] Reflects Average Target Total Cash ("TCC"), which is Alectra's actual base salaries plus target short-term incentive levels
[3] Reflects Total Remuneration of Alectra, which is TCC plus pension and benefits (Alectra does not have long-term incentives for jobs in scope)
[4] Within the study, grade 21 consists of only 1 benchmark job with 1 employee in the job. Due to this, to protect the personal and confidential compensation information of that individual, the table presents a combined view of grades 21 and 22. We note that this does not affect the aggregate total results or Alectra's overall positioning in any way.

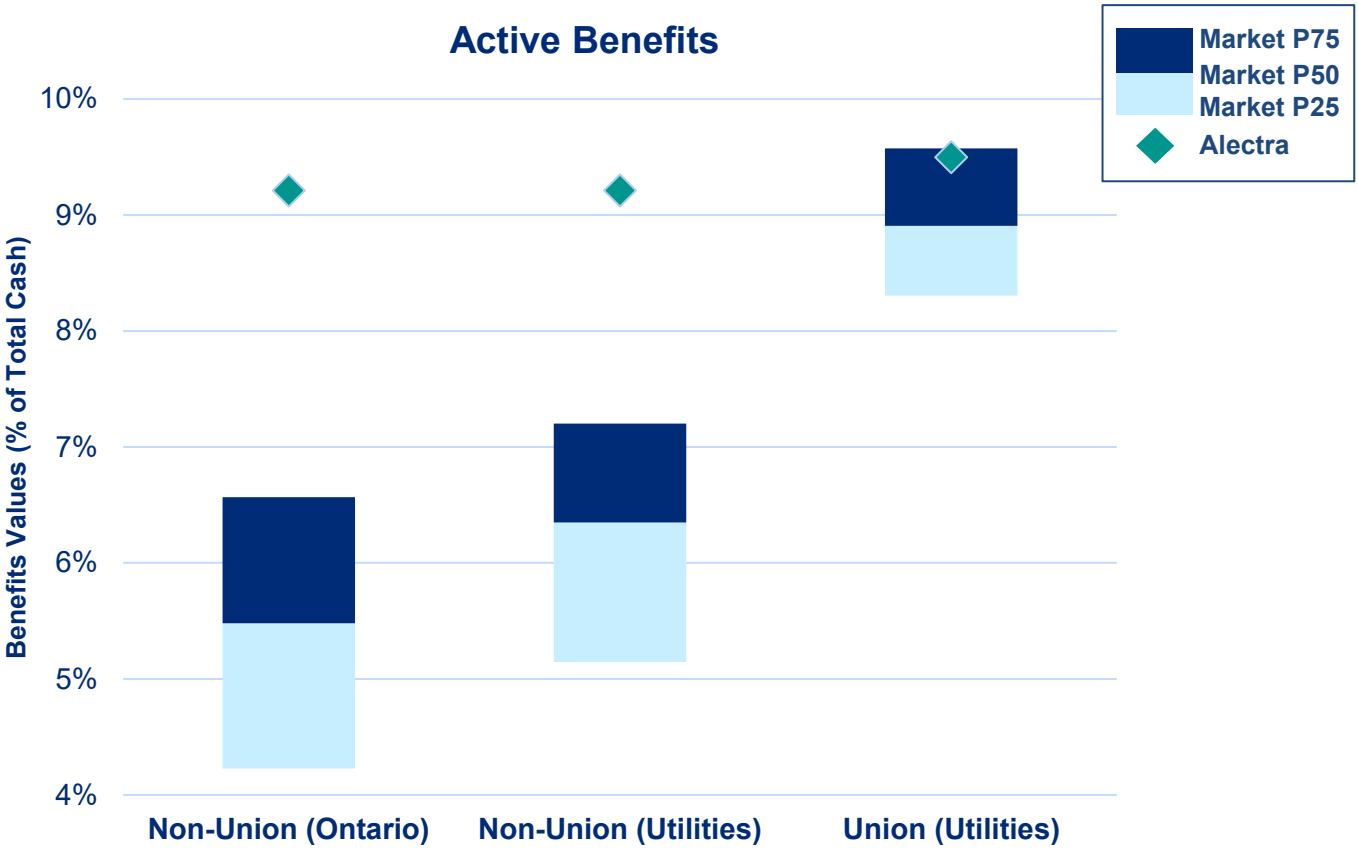
Copyright 2025 Mercer (Canada) Limited. All rights reserved.

For base salaries, on an aggregate basis, Alectra is slightly below the market median, for both union and non-unionized jobs, but is still positioned within the market competitive range. Grades that are slightly above the market competitive range include grades 12, 15, 17 and 20. Grades that are slightly below the market competitive range include grades 16 and 18. For IBEW & PWU unionized jobs, Alectra's base salary levels are generally within the competitive range – union jobs do not have grades, as such, a breakdown could not be provided.

Where provided by Alectra, short-term incentive levels were generally lower than what was seen in the market. As a result, market positioning for total cash compensation (base salary + short-term incentives), for non-union jobs, drops at an aggregate level. This impact is seen across grades 14 and above. The increase in market positioning for grades 11 and 12 is due to the lower prevalence of short-term incentives, seen in the market, for jobs in those grades. For union jobs, as Alectra does not offer incentives to this employee group, aggregate market competitive positioning also dropped.

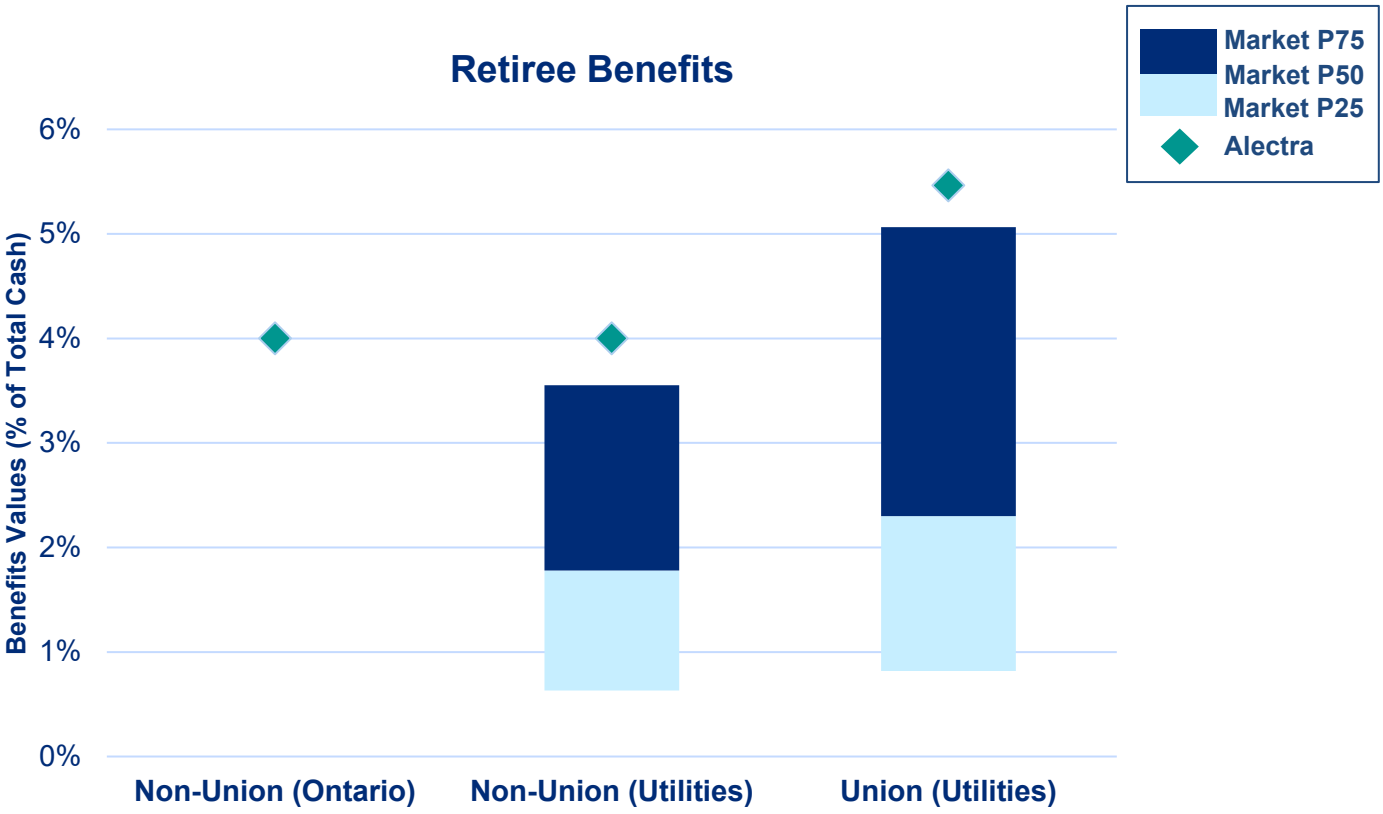
To illustrate the impact of the benefits element on total remuneration, the charts below present Alectra's benefits and pension value for each employee group considering employer-provided value, compared to the market 50th percentile across the three comparator groups of employees in the market.

When compared to the market comparator groups, Alectra provides a top quartile active benefit plan, which is the overall value of active benefits (may include life insurance, accidental death and dismemberment, short-term disability, long-term disability, healthcare spending account and health and dental) across all employee groups. Alectra's positioning for active group benefits is driven by above market disability, health and dental benefits.



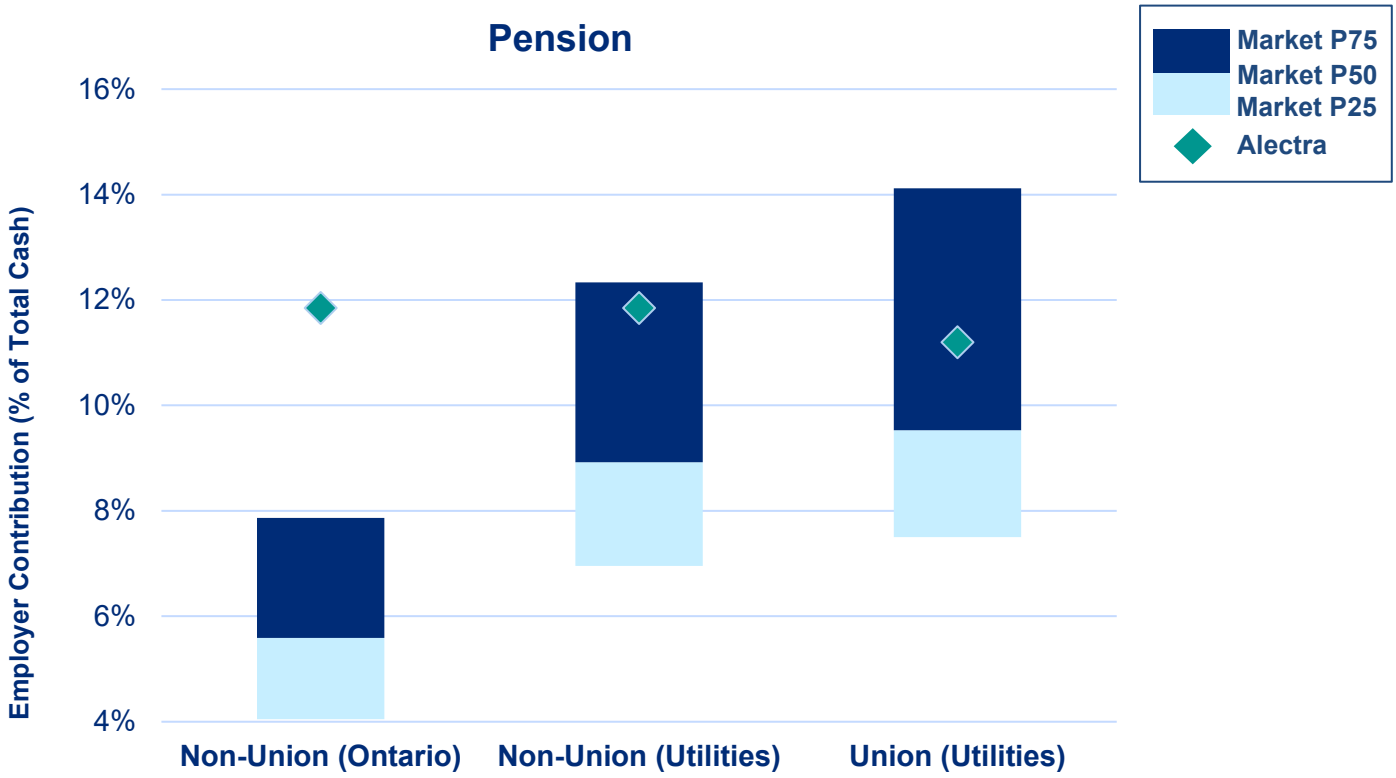
Alectra also provides retiree plans, which are uncommon for organizations outside the unionized environment. There is specifically low prevalence for retiree benefit plans in the non-union comparator group thus the lack of market data to present.

Copyright 2025 Mercer (Canada) Limited. All rights reserved.



Alectra's pension arrangements through OMERS for all employees are above the 50th percentile for all three market comparator groups. The Utilities non-union and union market median is higher than general industry because of the prevalence of Defined Benefit ("DB") offerings to new hires in the Utilities industry, while Defined Contribution ("DC") plans are the most prevalent structure for private sector plans in Ontario, as the trend has continued to be away from DB plans in the private sector.

Copyright 2025 Mercer (Canada) Limited. All rights reserved.



Copyright 2025 Mercer (Canada) Limited. All rights reserved.

Appendix A

The table below presents a sample of the utility organizations within the Mercer Total Compensation Survey ("MTCS") – an energy focused survey. The complete list of organizations leveraged for the total remuneration analysis was determined based on the refinement criteria noted in the methodology section of this report.

Energy & Utilities Comparator Companies – Sample List	
Aggreko Canada, Inc.	Fortis, Inc. - FortisBC, Inc.
Alberta Electric System Operator	GE Gas Power
AltaLink Management, Ltd.	GE Power - FieldCore Canada
Apex Utilities	Heartland Generation
Aquatera Utilities, Inc.	Hydro One, Inc.
ATCO, Ltd.	Hydro-Quebec
BC Hydro & Power Authority	NRG Energy, Inc. - Canada
Capital Power Corporation	Pacific Northern Gas Ltd
Eastward Energy	SaskPower
Emera, Inc.	Toronto Hydro Corporation
ENMAX Corporation	TransAlta Corp.
EPCOR Utilities, Inc.	TriSummit Utilities, Inc.
Fortis, Inc. - FortisAlberta, Inc.	

The table below presents a sample of the general industry organizations within the Mercer Benchmark Database Survey ("MBD") – a general industry survey. Similar to the table above, the complete list of organizations leveraged for the total remuneration analysis was determined based on the refinement criteria noted in the methodology section of this report.

General Industry Comparator Companies – Sample List		
Advantage Oil & Gas, Ltd.	DELL Canada, Inc.	ROCKWOOL INC. - Canada
Aecon Group, Inc.	Gibson Energy, Inc.	Sagen MI Canada, Inc.
Agnico Eagle Mines Limited	Great Canadian Railtour Co. Ltd	Shell Canada Limited - Downstream
Alstom Transport Canada, Inc.	Hasbro Canada	Sienna Senior Living, Inc
ALDO Group	Imperial Tobacco Canada Limited	Sollio Agriculture
Apotex, Inc.	Inter Pipeline, Ltd.	The Bank of Nova Scotia
ARC Resources, Ltd.	Kruger Products L.P.	The Co-operators Group Limited
B2Gold Corp.	Labatt Breweries of Canada	The Minto Group
BRP, Inc.	Ledcor Aviation	The Woodbridge Group
Canada Mortgage & Housing Corp.	Linamar Corporation	Tourmaline Oil Corp.
Canadian Natural Resources, Ltd.	Mackenzie Financial Corporation	Transcontinental, Inc.
Canadian Pacific Railway Limited	Maple Leaf Foods, Inc.	Trimac Management Services LP
Chartwell Retirement Residences	MCAP	Unilever Canada, Inc.
CIBC Mellon	Mercedes-Benz Canada, Inc.	Versabank
Coca-Cola Canada Bottling Limited	National Bank of Canada	Visa Canada Corporation
Colas Canada, Inc.	Nestle Canada	Volkswagen Group Canada, Inc.
ConocoPhillips Canada	Paramount Resources, Ltd.	Wayfair Canada
Corus Entertainment, Inc.	Richardson International Limited	Xerox Canada, Inc.
Day & Ross, Inc.	RioCan Real Estate Investment Trust	Westjet Airlines, Ltd.

Copyright 2025 Mercer (Canada) Limited. All rights reserved.

Appendix B

Mercer worked closely with Alectra to select benchmark jobs that best represent the total employee population across the different employee groups, job levels and departments in the organization. The following 52 non-union jobs were included within the scope of the review:

Non-Union Jobs	Grade
Coordinator, Human Resources	11
Executive Assistant	12
Specialist, Programmer	14
Advisor, Audit	14
Specialist, Communications	14
Analyst, Payroll	14
Coordinator, Program Planning & Analysis	14
Engineering Associate	14
Specialist, Applications	14
Specialist, CC&B and Emerging Technologies	14
Specialist, Commodity Management	14
Specialist, Customer Technology	14
Specialist, Financial	14
Specialist, Meter Data Management	14
Specialist, Regulatory	14
Administrator, Network/Infrastructure	15
HR Business Partner	15
Specialist, Government & Stakeholder Relations	15
Specialist, Health & Safety	15
Supervisor, Accounting	15
Supervisor, Customer Service	15
Supervisor, Facilities	15
Supervisor, Financial	15
Supervisor, Fleet	15
Supervisor, IT Support Services	15
Specialist, Learning & Org. Development	15

Non-Union Jobs	Grade
Supervisor, Warehouse	15
Architect	16
BI Solutions Developer	16
Engineer	16
Supervisor, Design	16
Supervisor, Lines	16
Supervisor, Records	16
Supervisor, Station Sustainment	16
Supervisor, System Control	16
Manager, Accounting	17
Manager, Customer Experience	17
Project Manager	17
Manager, Distribution Design	18
Manager, Grid	18
Manager, Health and Safety	18
Manager, HR	18
Manager, Lines	18
Manager, System Control	18
Director, Supply Chain	19
Director, Regulatory	19
Director, Operations	20
VP, Network Metering	21
VP, Finance	22
VP, Asset Management	22
VP, People & Safety	22
VP, Distribution Design	22

The following 13 unionized jobs were included within the scope of the review:

Unionized Jobs	Union
Powerline Technician	PWU & IBEW
Design Technologist	PWU & IBEW
Lead Hand Lines	PWU & IBEW
CSR	PWU & IBEW
Billing Clerk	PWU & IBEW
Apprentice, Lines	PWU & IBEW
System Controller	PWU & IBEW

Unionized Jobs	Union
Meter Technician	PWU & IBEW
Storeperson	PWU & IBEW
Accounting Analyst	PWU
Mapping Technician	PWU
Facilities Maintainer	PWU & IBEW
GIS Specialist	PWU & IBEW

Copyright 2025 Mercer (Canada) Limited. All rights reserved.



Mercer (Canada) Limited
120 Bremner Blvd., Suite 800
Toronto, ON M5J 0A8
www.mercer.com

Copyright © 2025 Mercer (Canada) Limited. All rights reserved.

A business of Marsh McLennan

Attachment 4-8

Actuarial Valuation

RSM Consulting Canada LP

ALECTRA UTILITIES CORPORATION

REPORT ON THE ACTUARIAL VALUATION OF POST-RETIREMENT NON-PENSION BENEFITS

AS AT DECEMBER 31, 2022

FINAL – January 11, 2023

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM

TABLE OF CONTENTS

Executive Summary **1**

Purpose 1

Section A — Valuation Results **2**

Valuation Results 3
Sensitivity Analysis 9
Development of Changes in the Present Value of Defined Benefit Obligation 12

Section B — Plan Participants **18**

Participation Data 19
Participant Reconciliation 27

Section C — Summary of Actuarial Method and Assumptions **31**

Actuarial Method 31
Management's Best Estimate Assumptions 32
Economic Assumptions 32
Demographic Assumptions 34
Other Assumptions 35

Section D — Summary of Post-Retirement Benefits **36**

Actuarial Certification **37**

Section E — Employer Certification **38**

APPENDIX A — Detailed Accounting Schedules **39**

APPENDIX B — Summary of Benefits **58**

EXECUTIVE SUMMARY

Purpose

RSM Canada Consulting LP was engaged by Alectra Utilities Corporation ("the Corporation") to perform an actuarial valuation of the post-retirement non-pension benefits sponsored by the Corporation and to determine the accounting results for those benefits for the fiscal period ending December 31, 2022. The nature of these benefits is defined benefit.

This report is prepared in accordance with the International Financial Reporting Standards ("IFRS") guidelines for post-retirement non-pension benefits as outlined in the International Accounting Standard 19 – Employee Benefits ("IAS 19").

The most recent full valuation was prepared as at December 31, 2022 based on the assumptions chosen by management at that date and in accordance with IAS 19.

The purpose of this valuation is threefold:

i) To determine the Corporation's liabilities in respect of post-retirement non-pension benefits at December 31, 2022;

ii) To determine the defined benefit costs to be recognized for fiscal year 2022; and

iii) To provide all other pertinent information necessary for compliance with IAS 19.

Note that all monetary figures in this report are rounded to the nearest hundreds of dollars and summated figures in this report may not match total figures due to rounding.

The intended users of this report include the Corporation and its auditors. This report is not intended for use by the plan beneficiaries or for use in determining any funding of the benefit obligations.

Included in the Appendices attached hereto are the detailed accounting schedules containing the results of the valuation and projections for future periods (if applicable), as well as a summary of the post-retirement non-pension benefit provisions valued in the current valuation.

© 2023 RSM Canada. All Rights Reserved.

SECTION A — VALUATION RESULTS

Section A - 1 shows the key valuation results compared to previous year's figures projected from the most recent full valuation as well as a breakdown between active and retired individuals and type of benefit.

Section A - 2 shows the sensitivity of the valuation results to certain changes in assumptions. We have shown an increase/decrease in the health and dental claims cost trend rates by 1% per annum and an increase/decrease in the discount rate by 1% per annum.

Section A - 3 shows the development of changes in the present value of defined benefit obligation as a result of the re-measurement at December 31, 2022.

© 2023 RSM Canada. All Rights Reserved.

Valuation Results

Section A.1—Valuation Results

Results from the actuarial valuation as at December 31, 2022 compared to the previous year's figures projected from the most recent full valuation:

Alectra (Consolidated)

	December 31, 2021	December 31, 2022
Present Value of Defined Benefit Obligation (PV DBO)	**99,729,700**	**70,316,000**

	CY 2021	CY 2022
Current Service Cost	2,400,900	2,238,800
Interest Cost	2,779,100	3,043,600
Defined Benefit Cost Recognized in Income Statement	**5,180,000**	**5,282,400**
Actuarial (Gain)/Loss	(6,647,900)	(31,599,200)
Defined Benefit Cost Recognized In OCI	**(6,647,900)**	**(31,599,200)**
Defined Benefit Cost	**(1,467,900)**	**(26,316,800)**

Alectra (Unconsolidated)

	December 31, 2022
Present Value of Defined Benefit Obligation (PV DBO)	**71,900**

	CY 2022
Current Service Cost	-
Interest Cost	-
Defined Benefit Cost Recognized in Income Statement	**-**
Actuarial (Gain)/Loss	71,900
Defined Benefit Cost Recognized In OCI	**71,900**
Defined Benefit Cost	**71,900**

© 2023 RSM Canada. All Rights Reserved.

The Alectra Unconsolidated group represents individuals hired after December 31, 2019. All hires prior to December 31, 2019 were allocated to a legacy group, consistent with the previous valuation.

Enersource

	December 31, 2021	December 31, 2022
Present Value of Defined Benefit Obligation (PV DBO)	**8,908,000**	**5,593,100**

	CY 2021	CY 2022
Current Service Cost	405,100	343,500
Interest Cost	250,400	272,400
Defined Benefit Cost Recognized in Income Statement	**655,500**	**615,900**
Actuarial (Gain)/Loss	(513,400)	(3,688,600)
Defined Benefit Cost Recognized In OCI	**(513,400)**	**(3,688,600)**
Defined Benefit Cost	**142,100**	**(3,072,700)**

Horizon

	December 31, 2021	December 31, 2022
Present Value of Defined Benefit Obligation (PV DBO)	**47,749,200**	**33,681,300**

	CY 2021	CY 2022
Current Service Cost	970,600	913,300
Interest Cost	1,332,900	1,459,700
Defined Benefit Cost Recognized in Income Statement	**2,303,500**	**2,373,000**
Actuarial (Gain)/Loss	(3,324,200)	(15,115,300)
Defined Benefit Cost Recognized In OCI	**(3,324,200)**	**(15,115,300)**
Defined Benefit Cost	**(1,020,700)**	**(12,742,300)**

© 2023 RSM Canada. All Rights Reserved.

HOBNI

	December 31, 2021	December 31, 2022
Present Value of Defined Benefit Obligation (PV DBO)	**5,145,900**	**3,639,200**

	CY 2021	CY 2022
Current Service Cost	172,500	163,700
Interest Cost	142,700	156,400
Defined Benefit Cost Recognized in Income Statement	**315,200**	**320,100**
Actuarial (Gain)/Loss	(343,600)	(1,626,300)
Defined Benefit Cost Recognized In OCI	**(343,600)**	**(1,626,300)**
Defined Benefit Cost	**(28,400)**	**(1,306,200)**

PowerStream

	December 31, 2021	December 31, 2022
Present Value of Defined Benefit Obligation (PV DBO)	**29,184,800**	**20,717,200**

	CY 2021	CY 2022
Current Service Cost	732,700	704,600
Interest Cost	807,100	889,300
Defined Benefit Cost Recognized in Income Statement	**1,539,800**	**1,593,900**
Actuarial (Gain)/Loss	(1,866,300)	(9,064,700)
Defined Benefit Cost Recognized In OCI	**(1,866,300)**	**(9,064,700)**
Defined Benefit Cost	**(326,500)**	**(7,470,900)**

© 2023 RSM Canada. All Rights Reserved.

Guelph

	December 31, 2021	December 31, 2022
Present Value of Defined Benefit Obligation (PV DBO)	**8,741,700**	**6,613,200**

	CY 2021	CY 2022
Current Service Cost	119,900	113,800
Interest Cost	246,200	265,800
Defined Benefit Cost Recognized in Income Statement	**366,100**	**379,600**
Actuarial (Gain)/Loss	(600,300)	(2,176,100)
Defined Benefit Cost Recognized In OCI	**(600,300)**	**(2,176,100)**
Defined Benefit Cost	**(234,200)**	**(1,796,500)**

© 2023 RSM Canada. All Rights Reserved.

The following tables provide results from the actuarial valuation as at December 31, 2022 broken down by active (including LTD) and retired individuals and type of post-retirement non-pension benefit (the Health category below represents Drugs, Other Health, Hospital and Vision):

Alectra (Consolidated)

Dec. 31, 2022 PV DBO	Actives (incl. LTD)	Retirees	Total
Life	4,304,100	10,992,800	**15,296,900**
Health	14,252,700	26,415,600	**40,668,300**
Dental	5,256,000	9,094,700	**14,350,700**
Total	**23,812,800**	**46,503,100**	**70,316,000**

Alectra (Unconsolidated)

Dec. 31, 2022 PV DBO	Actives (incl. LTD)	Retirees	Total
Life	100	-	**100**
Health	52,700	-	**52,700**
Dental	19,000	-	**19,000**
Total	**71,800**	**-**	**71,900**

Enersource

Dec. 31, 2022 PV DBO	Actives (incl. LTD)	Retirees	Total
Life	1,227,100	2,044,500	**3,271,600**
Health	1,315,800	314,400	**1,630,200**
Dental	558,300	133,000	**691,300**
Total	**3,101,200**	**2,491,900**	**5,593,100**

Horizon

Dec. 31, 2022 PV DBO	Actives (incl. LTD)	Retirees	Total
Life	1,180,800	4,184,000	**5,364,800**
Health	6,813,400	13,791,000	**20,604,400**
Dental	2,509,500	5,202,700	**7,712,200**
Total	**10,503,700**	**23,177,700**	**33,681,300**

© 2023 RSM Canada. All Rights Reserved.

HOBNI

Dec. 31, 2022 PV DBO	Actives (incl. LTD)	Retirees	Total
Life	473,500	1,478,600	**1,952,100**
Health	697,900	357,700	**1,055,600**
Dental	417,900	213,600	**631,500**
Total	**1,589,300**	**2,049,900**	**3,639,200**

PowerStream

Dec. 31, 2022 PV DBO	Actives (incl. LTD)	Retirees	Total
Life	1,264,000	2,361,600	**3,625,600**
Health	4,069,500	7,892,500	**11,962,000**
Dental	1,697,200	3,432,300	**5,129,500**
Total	**7,030,700**	**13,686,400**	**20,717,200**

Guelph

Dec. 31, 2022 PV DBO	Actives (incl. LTD)	Retirees	Total
Life	158,600	924,100	**1,082,700**
Health	1,303,400	4,059,900	**5,363,300**
Dental	54,100	113,100	**167,200**
Total	**1,516,100**	**5,097,100**	**6,613,200**

© 2023 RSM Canada. All Rights Reserved.

Sensitivity Analysis

Section A.2—Sensitivity Analysis

Alectra (Consolidated)

	Dec. 31, 2022 PV DBO	Difference	% Difference
Base Assumptions	70,316,000		
Cost Trends +1%	77,691,900	7,375,900	10%
Cost Trends -1%	64,182,700	(6,133,300)	-9%
Discount Rate +1%	62,059,300	(8,256,700)	-12%
Discount Rate -1%	80,554,300	10,238,300	15%

Alectra (Unconsolidated)

	Dec. 31, 2022 PV DBO	Difference	% Difference
Base Assumptions	71,900		
Cost Trends +1%	86,600	14,700	20%
Cost Trends -1%	59,800	(12,100)	-17%
Discount Rate +1%	59,600	(12,300)	-17%
Discount Rate -1%	87,100	15,200	21%

Enersource (Total)

	Dec. 31, 2022 PV DBO	Difference	% Difference
Base Assumptions	5,593,100		
Cost Trends +1%	5,839,400	246,300	4%
Cost Trends -1%	5,380,400	(212,700)	-4%
Discount Rate +1%	5,011,900	(581,200)	-10%
Discount Rate -1%	6,299,100	706,000	13%

Enersource Hydro

	Dec. 31, 2022 PV DBO	Difference	% Difference
Base Assumptions	5,417,300		
Cost Trends +1%	5,655,600	238,300	4%
Cost Trends -1%	5,211,500	(205,800)	-4%
Discount Rate +1%	4,854,000	(563,300)	-10%
Discount Rate -1%	6,101,000	683,700	13%

© 2023 RSM Canada. All Rights Reserved.

Enersource Services

	Dec. 31, 2022 PV DBO	Difference	% Difference
Base Assumptions	175,900		
Cost Trends +1%	183,800	7,900	4%
Cost Trends -1%	168,900	(7,000)	-4%
Discount Rate +1%	157,900	(18,000)	-10%
Discount Rate -1%	198,100	22,200	13%

Horizon

	Dec. 31, 2022 PV DBO	Difference	% Difference
Base Assumptions	33,681,300		
Cost Trends +1%	37,770,600	4,089,300	12%
Cost Trends -1%	30,299,000	(3,382,300)	-10%
Discount Rate +1%	29,511,800	(4,169,500)	-12%
Discount Rate -1%	38,872,800	5,191,500	15%

HOBNI

	Dec. 31, 2022 PV DBO	Difference	% Difference
Base Assumptions	3,639,200		
Cost Trends +1%	3,818,900	179,700	5%
Cost Trends -1%	3,490,200	(149,000)	-4%
Discount Rate +1%	3,204,200	(435,000)	-12%
Discount Rate -1%	4,191,400	552,200	15%

PowerStream (Total)

	Dec. 31, 2022 PV DBO	Difference	% Difference
Base Assumptions	20,717,200		
Cost Trends +1%	22,799,400	2,082,200	10%
Cost Trends -1%	18,973,700	(1,743,500)	-8%
Discount Rate +1%	18,436,700	(2,280,500)	-11%
Discount Rate -1%	23,530,200	2,813,000	14%

© 2023 RSM Canada. All Rights Reserved.

PowerStream Inc.

	Dec. 31, 2022 PV DBO	Difference	% Difference
Base Assumptions	20,681,500		
Cost Trends +1%	22,760,000	2,078,500	10%
Cost Trends -1%	18,941,000	(1,740,500)	-8%
Discount Rate +1%	18,407,200	(2,274,300)	-11%
Discount Rate -1%	23,486,200	2,804,700	14%

PowerStream Energy

	Dec. 31, 2022 PV DBO	Difference	% Difference
Base Assumptions	35,700		
Cost Trends +1%	39,400	3,700	10%
Cost Trends -1%	32,700	(3,000)	-8%
Discount Rate +1%	29,500	(6,200)	-17%
Discount Rate -1%	44,000	8,300	23%

Guelph

	Dec. 31, 2022 PV DBO	Difference	% Difference
Base Assumptions	6,613,200		
Cost Trends +1%	7,377,100	763,900	12%
Cost Trends -1%	5,979,600	(633,600)	-10%
Discount Rate +1%	5,835,000	(778,200)	-12%
Discount Rate -1%	7,573,700	960,500	15%

Management's best estimate assumptions at December 31, 2022 are those outlined in *Section C – Summary of Actuarial Method and Assumptions* in this report.

© 2023 RSM Canada. All Rights Reserved.

Development of Changes in the Present Value of Defined Benefit Obligation

Section A.3—Development of Changes in the Present Value of Defined Benefit Obligation

Alectra (Consolidated)

PV DBO at December 31, 2021	99,729,700
2022 Current Service Cost	2,238,800
2022 Benefit Payments	(3,097,000)
2022 Interest Cost	3,043,600
Expected PV DBO at December 31, 2022	101,915,100
Actuarial (Gain)/Loss at December 31, 2022	(31,599,200)
PV DBO at December 31, 2022	**70,316,000**

The actuarial (gain)/loss indicated above from the expected PV DBO to the actual PV DBO at December 31, 2022 is due to the re-measurement of the liability; a breakdown of the changes is as follows:

Changing demographics (actual experience different from expected)	(4,539,600)
Change in assumptions:	
Claims Cost	(4,691,800)
Expense	(639,300)
Salary scale	89,500
Withdrawal	(174,700)
Discount Rate	(21,643,300)
Total Actuarial (Gain)/Loss at December 31, 2022	**(31,599,200)**

© 2023 RSM Canada. All Rights Reserved.

Enersource

PV DBO at December 31, 2021	8,908,000
2022 Current Service Cost	343,500
2022 Benefit Payments	(242,100)
2022 Interest Cost	272,400
Expected PV DBO at December 31, 2022	**9,281,800**
Actuarial (Gain)/Loss at December 31, 2022	(3,688,600)
PV DBO at December 31, 2022	**5,593,100**

The actuarial (gain)/loss indicated above from the expected PV DBO to the actual PV DBO at December 31, 2022 is due to the re-measurement of the liability; a breakdown of the changes is as follows:

Changing demographics (actual experience different from expected)	(939,600)
Change in assumptions:	
Claims Cost	(1,220,900)
Expense	(20,000)
Salary scale	7,600
Withdrawal	(38,300)
Discount Rate	(1,477,400)
Total Actuarial (Gain)/Loss at December 31, 2022	**(3,688,600)**

© 2023 RSM Canada. All Rights Reserved.

Horizon

PV DBO at December 31, 2021	47,749,200
2022 Current Service Cost	913,300
2022 Benefit Payments	(1,325,600)
2022 Interest Cost	1,459,700
Expected PV DBO at December 31, 2022	**48,796,600**
Actuarial (Gain)/Loss at December 31, 2022	(15,115,300)
PV DBO at December 31, 2022	**33,681,300**

The actuarial (gain)/loss indicated above from the expected PV DBO to the actual PV DBO at December 31, 2022 is due to the re-measurement of the liability; a breakdown of the changes is as follows:

Changing demographics (actual experience different from expected)	(3,854,500)
Change in assumptions:	
Claims Cost	110,900
Expense	(313,500)
Salary scale	35,400
Withdrawal	(78,600)
Discount Rate	(11,013,500)
Total Actuarial (Gain)/Loss at December 31, 2022	**(15,115,300)**

© 2023 RSM Canada. All Rights Reserved.

HOBNI

PV DBO at December 31, 2021	5,145,900
2022 Current Service Cost	163,700
2022 Benefit Payments	(200,500)
2022 Interest Cost	156,400
Expected PV DBO at December 31, 2022	**5,265,500**
Actuarial (Gain)/Loss at December 31, 2022	(1,626,300)
PV DBO at December 31, 2022	**3,639,200**

The actuarial (gain)/loss indicated above from the expected PV DBO to the actual PV DBO at December 31, 2022 is due to the re-measurement of the liability; a breakdown of the changes is as follows:

Changing demographics (actual experience different from expected)	440,900
Change in assumptions:	
Claims Cost	(869,000)
Expense	(6,200)
Salary scale	12,500
Withdrawal	(18,900)
Discount Rate	(1,185,700)
Total Actuarial (Gain)/Loss at December 31, 2022	**(1,626,300)**

The change in the liability from changing demographics includes the following corrections made in the valuation:

- The service requirements used for post-retirement health and dental benefits for former St. Catherines Non-Union employees that retired on or after February 28, 2005.
- The application of the member election factor to HOBNI retirees.

© 2023 RSM Canada. All Rights Reserved.

PowerStream

PV DBO at December 31, 2021	29,184,800
2022 Current Service Cost	704,600
2022 Benefit Payments	(996,700)
2022 Interest Cost	889,300
Expected PV DBO at December 31, 2022	**29,781,900**
Actuarial (Gain)/Loss at December 31, 2022	(9,064,700)
PV DBO at December 31, 2022	**20,717,200**

The actuarial (gain)/loss indicated above from the expected PV DBO to the actual PV DBO at December 31, 2022 is due to the re-measurement of the liability; a breakdown of the changes is as follows:

Changing demographics (actual experience different from expected)	(461,000)
Change in assumptions:	
Claims Cost	(2,511,800)
Expense	(147,700)
Salary scale	30,400
Withdrawal	(35,900)
Discount Rate	(5,940,100)
Total Actuarial (Gain)/Loss at December 31, 2022	**(9,064,700)**

The change in the liability from changing demographics includes a correction made to the service requirement of post-retirement life benefits for some former PowerStream employees and Vaughan employees.

© 2023 RSM Canada. All Rights Reserved.

Guelph

PV DBO at December 31, 2021	8,741,700
2022 Current Service Cost	113,800
2022 Benefit Payments	(332,000)
2022 Interest Cost	265,800
Expected PV DBO at December 31, 2022	**8,789,300**
Actuarial (Gain)/Loss at December 31, 2022	(2,176,100)
PV DBO at December 31, 2022	**6,613,200**

The actuarial (gain)/loss indicated above from the expected PV DBO to the actual PV DBO at December 31, 2022 is due to the re-measurement of the liability; a breakdown of the changes is as follows:

Changing demographics (actual experience different from expected)	202,800
Change in assumptions:	
Claims Cost	(201,000)
Expense	(151,900)
Salary scale	3,600
Withdrawal	(3,000)
Discount Rate	(2,026,600)
Total Actuarial (Gain)/Loss at December 31, 2022	**(2,176,100)**

The change in the liability from changing demographics includes a revision in the benefit provisions identified by the Corporation. It is with respect to the addition of post-retirement life insurance benefits for former Guelph Hydro employees that are hired after October 22, 2001.

Pursuant to IAS 19, the re-measurement of the PV DBO at December 31, 2022 based on the changes in the assumptions and experience is recognized immediately in other comprehensive income at December 31, 2022.

© 2023 RSM Canada. All Rights Reserved.

SECTION B —
PLAN PARTICIPANTS

Section B – 1 sets out the summary information with respect to the plan participants valued in the current valuation compared to those in the previous valuation.

Section B – 2 reconciles the number of participants in the previous valuation to the number of participants in the current valuation.

© 2023 RSM Canada. All Rights Reserved.

Participation Data

Section B.1—Participant Data

The latest membership data as at September 30, 2022 was received from the Corporation via e-mail and included information such as name, sex, age, date of hire, current salary, benefit amounts and other applicable details for all active employees and people in receipt of benefits.

While the membership data was provided as of September 30, 2022, the Corporation does not expect material changes to the Corporation's demographics between September 30, 2022 and December 31, 2022.

We have reviewed the data and compared it to the data used in the previous valuation for consistency and reliability for use in this valuation. The main tests of sufficiency and reliability that were conducted on the membership data are as follows:

- Date of hire prior to date of birth;
- Ages under 18 or over 100;
- Abnormal levels of benefits and/or premiums; and
- Duplicate records

In addition, the following tests were performed:

- A reconciliation of statuses from the prior valuation to the current valuation;
- A review of the consistency of individual data items and statistical summaries between the current and prior valuations; and
- A review of the reasonableness of changes in such information since the prior valuation.

© 2023 RSM Canada. All Rights Reserved.

Alectra (Consolidated)

	December 31, 2019	September 30, 2022
Employee Count		
Male	1,032	975
Female	486	455
Total	**1,518**	**1,430**
Employee Average Service		
Male	11.9	12.7
Female	12.3	12.5
Total	**12.1**	**12.7**
Retiree (in Receipt of Benefits) Count		
Male	626	422
Female	237	602
Total	**863**	**1,024**

	Employee Count as of Sept. 30, 2022			Employee Avg Service as of Sept. 30, 2022		
Age	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**
< 30	118	30	148	3	2	3
30 - 35	178	64	242	7	5	6
36 - 40	164	54	218	10	9	10
41 - 45	110	65	175	12	12	12
46 - 50	92	59	151	13	11	12
51 - 55	122	73	195	20	17	19
56 - 60	125	63	188	23	19	21
61 - 65	56	39	95	23	21	22
66 - 70	9	6	15	21	18	20
71 - 75	1	2	3	35	29	31
> 75	-	-	-	-	-	-
Total	**975**	**455**	**1,430**	**12.7**	**12.5**	**12.7**

© 2023 RSM Canada. All Rights Reserved.

Alectra (Unconsolidated)

	September 30, 2022
Employee Count	
Male	186
Female	109
Total	**295**
Employee Average Service	
Male	1.7
Female	1.5
Total	**1.6**
Retiree (in Receipt of Benefits) Count	
Male	-
Female	-
Total	**-**

	Employee Count as of Sept. 30, 2022			Employee Avg Service as of Sept. 30, 2022		
Age	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**
< 30	66	25	91	2	1	2
30 - 35	44	29	73	2	1	2
36 - 40	27	13	40	2	2	2
41 - 45	18	10	28	2	1	2
46 - 50	15	12	27	2	1	2
51 - 55	6	12	18	2	2	2
56 - 60	9	6	15	1	2	2
61 - 65	1	1	2		3	2
66 - 70	-	1	1	-	1	1
71 - 75	-	-	-	-	-	-
> 75	-	-	-	-	-	-
Total	**186**	**109**	**295**	**1.7**	**1.5**	**1.6**

© 2023 RSM Canada. All Rights Reserved.

Enersource

	December 31, 2019	September 30, 2022
Employee Count		
Male	258	200
Female	118	82
Total	**376**	**282**
Employee Average Service		
Male	13.0	15.0
Female	14.0	15.8
Total	**13.3**	**15.3**
Retiree (in Receipt of Benefits) Count		
Male	116	108
Female	55	95
Total	**171**	**203**

	Employee Count as of Sept. 30, 2022			Employee Avg Service as of Sept. 30, 2022		
Age	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**
< 30	10	2	12	6	4	6
30 - 35	25	5	30	8	7	8
36 - 40	40	12	52	11	11	11
41 - 45	29	15	44	15	13	15
46 - 50	20	13	33	14	16	15
51 - 55	25	9	34	17	17	17
56 - 60	32	16	48	23	20	22
61 - 65	17	7	24	20	24	21
66 - 70	2	3	5	36	29	32
71 - 75	-	-	-	-	-	-
> 75	-	-	-	-	-	-
Total	**200**	**82**	**282**	**15.0**	**15.8**	**15.3**

© 2023 RSM Canada. All Rights Reserved.

Horizon

	December 31, 2019	September 30, 2022
Employee Count		
Male	251	198
Female	98	67
Total	**349**	**265**
Employee Average Service		
Male	14.8	16.8
Female	15.1	15.3
Total	**14.9**	**16.4**
Retiree (in Receipt of Benefits) Count		
Male	199	96
Female	73	204
Total	**272**	**300**

	Employee Count as of Sept. 30, 2022			Employee Avg Service as of Sept. 30, 2022		
Age	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**
< 30	13	2	15	5	4	5
30 - 35	28	7	35	8	7	8
36 - 40	33	7	40	12	11	12
41 - 45	22	15	37	14	15	14
46 - 50	24	7	31	16	12	15
51 - 55	33	6	39	22	21	22
56 - 60	35	15	50	27	19	25
61 - 65	8	7	15	27	23	25
66 - 70	2	1	3	21	6	16
71 - 75	-	-	-	-	-	-
> 75	-	-	-	-	-	-
Total	**198**	**67**	**265**	**16.8**	**15.3**	**16.4**

© 2023 RSM Canada. All Rights Reserved.

HOBNI

	December 31, 2019	September 30, 2022
Employee Count		
Male	128	100
Female	57	43
Total	**185**	**143**
Employee Average Service		
Male	15.6	16.1
Female	15.5	16.5
Total	**15.6**	**16.2**
Retiree (in Receipt of Benefits) Count		
Male	88	70
Female	29	65
Total	**117**	**135**

	Employee Count as of Sept. 30, 2022			Employee Avg Service as of Sept. 30, 2022		
Age	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**
< 30	9	1	10	5	5	5
30 - 35	18	1	19	8	8	8
36 - 40	11	5	16	10	12	10
41 - 45	12	5	17	13	15	14
46 - 50	7	7	14	14	15	14
51 - 55	22	7	29	25	18	23
56 - 60	14	6	20	24	17	22
61 - 65	7	9	16	25	19	21
66 - 70	-	-	-	-	-	-
71 - 75	-	2	2	-	29	29
> 75	-	-	-	-	-	-
Total	**100**	**43**	**143**	**16.1**	**16.5**	**16.2**

© 2023 RSM Canada. All Rights Reserved.

PowerStream

	December 31, 2019	September 30, 2022
Employee Count		
Male	318	233
Female	177	129
Total	**495**	**362**
Employee Average Service		
Male	14.0	14.4
Female	15.3	16.8
Total	**14.5**	**15.3**
Retiree (in Receipt of Benefits) Count		
Male	185	104
Female	67	215
Total	**252**	**319**

	Employee Count as of Sept. 30, 2022			Employee Avg Service as of Sept. 30, 2022		
Age	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**
< 30	14	-	14	6	-	6
30 - 35	50	13	63	9	9	9
36 - 40	42	15	57	11	12	11
41 - 45	24	18	42	11	13	12
46 - 50	22	17	39	15	11	13
51 - 55	28	34	62	19	22	20
56 - 60	27	19	46	24	23	23
61 - 65	21	13	34	25	21	23
66 - 70	4	-	4	12	-	12
71 - 75	1	-	1	35	-	35
> 75	-	-	-	-	-	-
Total	**233**	**129**	**362**	**14.4**	**16.8**	**15.3**

© 2023 RSM Canada. All Rights Reserved.

Guelph

	December 31, 2019	September 30, 2022
Employee Count		
Male	77	58
Female	36	25
Total	**113**	**83**
Employee Average Service		
Male	14.1	13.6
Female	13.8	13.3
Total	**14.0**	**13.5**
Retiree (in Receipt of Benefits) Count		
Male	38	44
Female	13	23
Total	**51**	**67**

	Employee Count as of Sept. 30, 2022			Employee Avg Service as of Sept. 30, 2022		
Age	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**
< 30	6	-	6	6	-	6
30 - 35	13	9	22	9	8	9
36 - 40	11	2	13	11	10	11
41 - 45	5	2	7	14	4	11
46 - 50	4	3	7	9	17	12
51 - 55	8	5	13	21	20	21
56 - 60	8	1	9	20	27	21
61 - 65	2	2	4	29	22	25
66 - 70	1	1	2	23	12	18
71 - 75	-	-	-	-	-	-
> 75	-	-	-	-	-	-
Total	**58**	**25**	**83**	**13.6**	**13.3**	**13.5**

© 2023 RSM Canada. All Rights Reserved.

Participant Reconciliation

Section B.2—Participation Reconciliation

Alectra (Consolidated)

	Actives	Dependents	Disabled	Retired
December 31, 2019	**1,508**	**5**	**5**	**863**
New Entrants	285	-	1	-
Actives	-	-	28	225
Terminated	(132)	(1)	(2)	-
Retired	(225)	-	(3)	2
Deceased	(8)	-	-	(65)
Disabled	(28)	-	-	1
Not Eligible	-	(4)	-	-
Data Correction*	1	-	-	(2)
December 31, 2022	**1,401**	**-**	**29**	**1,024**

Alectra (Unconsolidated)

	Actives	Disabled	Retired
December 31, 2019	**-**	**-**	**-**
New Entrants	282	1	-
Actives	-	-	-
Terminated	-	-	-
Retired	-	-	-
Deceased	-	-	-
Disabled	-	-	-
Not Eligible	-	-	-
Data Correction*	12	-	-
December 31, 2022	**294**	**1**	**-**

* This represents a correction to incorporate individuals that were previously included as part of the legacy entities, and have now been moved to the Alectra (Unconsolidated) group (3 from Enersource, 1 from Horizon and 8 from PowerStream), which is consistent with that information provided by the Corporation.

© 2023 RSM Canada. All Rights Reserved.

Enersource

	Actives	Disabled	Retired
December 31, 2019	**375**	**1**	**171**
New Entrants	-	-	-
Actives	-	8	45
Terminated	(44)	(1)	-
Retired	(45)	-	-
Deceased	-	-	(13)
Disabled	(8)	-	-
Not Eligible	-	-	-
Data Correction*	(4)	-	-
December 31, 2022	**274**	**8**	**203**

* This represents a movement of 4 individuals to other entities (1 moved to Guelph, 3 moved to Alectra Unconsolidated)

Horizon

	Actives	Dependents	Disabled	Retired
December 31, 2019	**344**	**5**	**-**	**272**
New Entrants	-	-	-	-
Actives	-	-	7	52
Terminated	(24)	(1)	-	-
Retired	(52)	-	-	-
Deceased	(3)	-	-	(23)
Disabled	(7)	-	-	-
Not Eligible	-	(4)	-	-
Data Correction*	-	-	-	(1)
December 31, 2022	**258**	**-**	**7**	**300**

* This represents a movement of 1 individual that was listed as retired but should be listed as active.

© 2023 RSM Canada. All Rights Reserved.

HOBNI

	Actives	Disabled	Retired
December 31, 2019	**184**	**1**	**117**
New Entrants	-	-	-
Actives	-	4	26
Terminated	(13)	-	-
Retired	(26)	(1)	-
Deceased	(1)	-	(9)
Disabled	(4)	-	1
Not Eligible	-	-	-
Data Correction*	(1)	-	-
December 31, 2022	**139**	**4**	**135**

* This represents a movement of 1 individual to former entity Guelph.

PowerStream

	Actives	Disabled	Retired
December 31, 2019	**494**	**1**	**252**
New Entrants	-	-	-
Actives	-	9	80
Terminated	(41)	(1)	-
Retired	(80)	-	-
Deceased	(3)	-	(12)
Disabled	(9)	-	-
Not Eligible	-	-	-
Data Correction*	(8)	-	(1)
December 31, 2022	**353**	**9**	**319**

* For actives, this represents a movement of 8 individuals from PowerStream to Alectra (Unconsolidated); for retired individuals, 1 individual has been removed as it was a duplicate.

© 2023 RSM Canada. All Rights Reserved.

Guelph

	Actives	Disabled	Retired
December 31, 2019	**111**	**2**	**51**
New Entrants	3	-	-
Actives	-	-	22
Terminated	(10)	-	-
Retired	(22)	(2)	2
Deceased	(1)	-	(8)
Disabled	-	-	-
Not Eligible	-	-	-
Data Correction*	2	-	-
December 31, 2022	**83**	**-**	**67**

* This represents a movement of 2 individuals (1 from Enersource and 1 from Brampton) to former entity Guelph.

© 2023 RSM Canada. All Rights Reserved.

SECTION C —
SUMMARY OF ACTUARIAL METHOD AND ASSUMPTIONS

Actuarial Method

The aim of an actuarial valuation of post-retirement non-pension benefits is to provide a reasonable and systematic allocation of the cost of these future benefits to the years in which the related employees' services are rendered. To accomplish this, it is necessary to:

- make assumptions for discount rates, mortality, and other decrements;
- use these assumptions to calculate the present value of the expected future benefits; and,
- adopt an actuarial cost method to allocate the present value of expected future benefits to the specific years of employment.

The Defined Benefit Obligation and Current Service Cost were determined using the projected benefit method, pro-rated on service. This is the method stipulated by IAS 19. Under this method, the projected post-retirement benefits are deemed to be earned on a pro-rata basis over the years of service in the attribution period. IAS 19 stipulates that the attribution period commences on the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service) and ends on the date when further service by the employee will lead to no material amount of further post-retirement non-pension benefits under the plan, other than from further salary increases.

For each employee not yet fully eligible for benefits, the Present Value of the Defined Benefit Obligation (PV DBO) is equal to the present value of expected future benefits multiplied by the ratio of the years of service to the valuation date to the total years of service in the attribution period. The Current Service Cost is equal to the present value of expected future benefits multiplied by the ratio of the year (or part) of service in the fiscal year to total years of service in the attribution period.

The PV DBO at December 31, 2022 is based on membership data as at September 30, 2022 and management's best estimate assumptions established for calculations as at December 31, 2022.

© 2023 RSM Canada. All Rights Reserved.

For health and dental benefits, the Corporation has selected the following base rates as management's best estimate of benefit claims costs. These rates represent the per-capita claim cost for an individual at age 65 prior to application of the Ontario Drug Benefit Plan subsidy and were calculated based on historical claims information from 2017 to 2022. The total monthly per-capita claims levels, inclusive of associated expenses and taxes, are as follows:

Enersource	Health Single	Health Family	Dental Single	Dental Family
Age 65 rate	138.26	276.52	58.21	116.42

Horizon	Drugs Single	Drugs Family	Health Single	Health Family
Age 65 rate	224.67	449.34	46.53	93.06

Horizon	Dental Single	Dental Family	Vision Single	Vision Family
Age 65 rate	74.84	149.69	8.32	16.63

HOBNI	Health Single	Health Family	Dental Single	Dental Family
Age 65 rate	261.89	523.78	155.63	311.26

PowerStream	Health Single	Health Family	Dental Single	Dental Family
Age 65 rate	293.80	587.59	98.60	197.21

Guelph	Health Single	Health Family	Dental Single	Dental Family
Age 65 rate	268.54	537.08	57.02	114.05

The rates above are at the 100% level and prior to any cost-sharing provisions under the plan.

Management's Best Estimate Assumptions

The following are management's best estimate economic and demographic assumptions for calculations as at December 31, 2022.

Economic Assumptions

Discount Rate

The rate used to discount future benefits is assumed to be 5.00% per annum as at December 31, 2022. This rate reflects the Corporation's expected projected benefit cash flows for post-retirement non-pension benefits and the market yields on high quality bonds at December 2022.

The assumption used in the previous valuation was 3.10% per annum at December 31, 2019, which was subsequently updated to 2.70% per annum at December 31, 2020 and 3.10% per annum at December 31, 2021.

Salary Increase Rate

The rate used to increase salaries is assumed to be 4.00% per annum from 2023-2025 and 3.30% thereafter. This rate reflects the expected Consumer Price Index adjusted for productivity, merit and promotion and for company-specific information.

The salary increase rate assumption used in the previous valuation was 3.30% per annum.

© 2023 RSM Canada. All Rights Reserved.

Claims Cost Trend Rate

The rates used to project benefits costs into the future were chosen based on a research paper published by the Canadian Institute of Actuaries – *Model of Long-Term Health Care Cost Trends in Canada* - dated March 2018.

The following table provides a sample of the health and dental trend rates used in the valuation and the assumptions used in the previous valuation:

	Current Valuation (All)	
Year	**Health**	**Dental + Vision**
2020	4.20%	4.50%
2025	5.30%	5.60%
2030	5.30%	5.30%
2035	4.60%	4.60%
2040 and thereafter	4.00%	4.00%

For Horizon, the health trends were applied to the base drug and other medical costs and the dental trends were applied to the dental and vision cost levels.

Aging Factors

The tables below summarize the benefit aging factor assumptions used for the current valuation, by entity:

Enersource and HOBNI

No specific aging factors were reflected in the Enersource and HOBNI benefit cost levels.

Horizon, PowerStream and Guelph

Age	EHS	Vision	Drugs	Dental
55	0.20%	4.50%	0.60%	0.90%
60	1.10%	3.00%	1.60%	1.30%
65	2.00%	0.80%	2.50%	1.30%
70	2.80%	-1.70%	3.00%	0.70%
75	3.40%	-4.00%	2.90%	-0.70%
80	3.90%	-5.70%	2.20%	-2.90%
85	4.30%	-6.20%	1.00%	-5.70%

In addition, a decrease of 65% was applied to the drug claims cost levels for ages equal to and over 65 to account for the Ontario Drug Benefit Plan.

© 2023 RSM Canada. All Rights Reserved.

Demographic Assumptions

Mortality Table

The mortality tables used are as per the Canadian Institute of Actuaries Canadian Pensioners' Mortality Pension Experience Subcommittee final report dated February 11, 2014 (CIA Report). The CIA MI-2017 mortality improvement scales used are as per the Canadian Institute of Actuaries Task Force Report on Mortality Improvement report published in April 2017.

The mortality table assumption remains unchanged from the previous valuation.

Rates of Withdrawal

Termination of employment is assumed to be in accordance with the following withdrawal table:

Age Bucket	Current Valuation	Previous Valuation
18 – 29	2.75%	3.50%
30 – 34	2.20%	2.00%
35 – 39	1.65%	1.65%
40 – 49	1.40%	1.30%
50 – 54	1.20%	0.95%

Retirement Age

The retirement of active employees is assumed to be in accordance with the following retirement table:

Age	Rate
under 55	0%
55	15%
56	15%
57	15%
58	15%
59	15%
60	20%
61	20%
62	20%
63	20%
64	20%
65	100%

This assumption remains unchanged from the previous valuation.

Disability

No provision was made for future disability. Currently disabled individuals are assumed to retire at age 65.

Member Election

For active employees, the proportion of individuals who elect for health and dental coverage at retirement are assumed to be as follows:

© 2023 RSM Canada. All Rights Reserved.

Entity	Participation Rate
Enersource (10 to 14 years of service)	90%
Enersource (15 years of service)	100%
Horizon	100%
HOBNI	70%
PowerStream	100%
Guelph	100%

Other Assumptions

Family/Single Coverage

The following assumptions were chosen for the current valuation:

- Coverage Type at Retirement (i.e. family, single) – The employee's coverage type at the valuation date will remain the same until the employee reaches the assumed retirement age.
- Spousal Gender – For employees with family coverage, the retiree has a spouse of the opposite gender at the date of retirement.
- Spousal Age Offset – Male spouses are assumed to be three years older than female spouses.

Expenses and Taxes

We have assumed the following percentage of benefits is required for the cost of sponsoring the program for post-retirement life insurance:

Entity	Life Expense Rate
Enersource	8%
Horizon	5%
HOBNI	11%
PowerStream	10%
Guelph	10%

We have also assumed the cost of sponsoring the program for post-retirement health and dental insurance is 32.94% of medical claims cost (including drugs, other health and vision) and 18.80% of dental claims cost respectively. These levels are based on the current administrative services agreement with the Corporation's provider for such services.

© 2023 RSM Canada. All Rights Reserved.

SECTION D —
SUMMARY OF POST-RETIREMENT BENEFITS

A summary of the key plan provisions for each prior entity that are pertinent to this valuation, based on information provided by and discussions with the Corporation, is found in Appendix B of this report.

Details regarding the specific health and dental coverage levels can be found in the benefit documents and agreements governing these benefits for each entity.

© 2023 RSM Canada. All Rights Reserved.

ACTUARIAL CERTIFICATION

An actuarial valuation has been performed on the post-retirement non-pension benefit plans sponsored by Alectra Utilities Corporation ("the Corporation") as at December 31, 2022, for the purposes described in this report.

In accordance with the Canadian Institute of Actuaries Consolidated Standards of Practice General Standards, we hereby certify that, in our opinion, for the purposes stated in the Executive Summary:

1. The data on which the valuation of the PV DBO at December 31, 2022 is based is sufficient and reliable;

2. The assumptions employed at December 31, 2022, as outlined in this report, have been selected by the Corporation as management's best estimate assumptions (no provision for adverse deviations) and we express no opinion on them;

3. All known legal and constructive obligations with respect to the post-retirement non-pension benefits sponsored by and identified by the Corporation as at December 31, 2022 are included in the calculations; and

4. This report has been prepared, and our opinions given, in accordance with accepted actuarial practice in Canada.

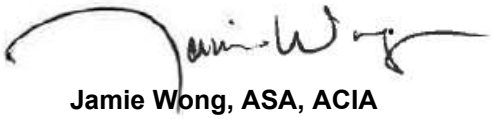
We are not aware of any subsequent events after the date of completing this valuation that would have a significant effect on the valuation results contained herein.

The latest date on which the next actuarial valuation should be performed is December 31, 2025. If any supplemental advice or explanation is required, please advise the undersigned.

Respectfully submitted,
RSM CANADA CONSULTING LP



Stanley Caravaggio, FSA, FCIA
Director



Jamie Wong, ASA, ACIA
Manager

Toronto, Ontario

January 11, 2023

© 2023 RSM Canada. All Rights Reserved.

SECTION E — EMPLOYER CERTIFICATION

Post-Retirement Non-Pension Benefit Plan
of Alectra Utilities Corporation
Actuarial Valuation as at December 31, 2022

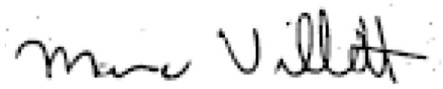
I hereby confirm, as an authorized signing officer of the administrator of the Post-Retirement Non-Pension Benefit Plan of Alectra Utilities Corporation that, to the best of my knowledge and belief, for the purposes of the valuation:

i) The membership data provided for the valuation at December 31, 2022 which is summarized in Section B is accurate and complete;

ii) The assumptions upon which this report is based as summarized in Section C, are management's best estimate assumptions and are adequate and appropriate for the purposes of this valuation; and

iii) The summary of Plan Provisions in Section D and Appendix B are an accurate and complete summary of the terms of the Plan in effect on December 31, 2022.

ALECTRA UTILITIES CORPORATION

January 10, 2023	
Date	Signature
Marc Villett	Vice President, Finance
Name	Title

© 2023 RSM Canada. All Rights Reserved.

APPENDIX A —
DETAILED ACCOUNTING SCHEDULES

© 2023 RSM Canada. All Rights Reserved.

Alectra Utilities

Estimated Benefit Expense (IAS 19)

Alectra Unconsolidated

	Actuals CY 2022 *	Projected ** CY 2023	Projected ** CY 2024	Projected ** CY 2025
Discount Rate at January 1	3.10%	5.00%	5.00%	5.00%
Discount Rate at December 31	5.00%	5.00%	5.00%	5.00%
Health Benefit Cost Trend Rate at December 31	4.70%	4.90%	5.10%	5.30%
Dental Benefit Cost Trend Rate at December 31	4.90%	5.10%	5.40%	5.60%
Long Term Health and Dental Benefit Cost Trend Rate	4.00%	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2040	2040	2040	2040
Salary Scale Rate	3.30%	4.00%	4.00%	4.00%
Assumed Increase in Employer Contributions	expected ***	expected ***	expected ***	expected ***
A. Change in the Net Defined Benefit Liability/(Asset) Recognized in Balance Sheet				
Net Defined Benefit Liability/(Asset) as at January 1	-	71,854	133,017	208,015
Defined Benefit Cost Recognized in Income Statement	-	61,164	75,002	98,150
Defined Benefit Cost Recognized in Other Comprehensive Income	71,854	-	-	-
Benefits Paid by the Employer	-	(1)	(4)	(7)
Net Defined Benefit Liability/(Asset) as at December 31	71,854	133,017	208,015	306,158
B. Determination of Defined Benefit Cost				
B1. Determination of Defined Benefit Cost Recognized in Income Statement				
Current Service Cost	-	57,572	68,351	87,750
Interest Cost	-	3,592	6,651	10,400
Defined Benefit Cost Recognized in Income Statement	-	61,164	75,002	98,150
B2. Remeasurements of the Net Defined Benefit Liability/(Asset) Recognized in Other Comprehensive Income				
Net Actuarial Loss/(Gain) arising from Changes in Financial Assumptions	-	-	-	-
Net Actuarial Loss/(Gain) arising from Changes in Demographic Assumptions	-	-	-	-
Net Actuarial Loss/(Gain) arising from Experience Adjustments	71,854	-	-	-
Return on Plan Assets (Excluding Amounts Included in Net Interest Cost)	-	-	-	-
Change in Effect of Asset Ceiling	-	-	-	-
Defined Benefit Cost Recognized in Other Comprehensive Income	71,854	-	-	-
Total Defined Benefit Cost	71,854	61,164	75,002	98,150
C. Change in the Present Value of Defined Benefit Obligation				
Present Value of Defined Benefit Obligation as at January 1	-	71,854	133,017	208,015
Current Service Cost	-	57,572	68,351	87,750
Interest Cost	-	3,592	6,651	10,400
Benefits Paid	-	(1)	(4)	(7)
Net Actuarial Loss/(Gain)	71,854	-	-	-
Present Value of Defined Benefit Obligation as at December 31	71,854	133,017	208,015	306,158

* The expected December 31, 2022 PV DBO and CY 2022 defined benefit cost are calculated based on membership data and management's best estimate assumptions at December 31, 2021.

** Projected CY 2023, 2024 and 2025 results are provided for informational purposes only. Significant changes such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require revised projections or a full actuarial review.

*** Based on exepcted benefits to be paid to those eligible for benefits.

RSM

Alectra Utilities

Estimated Benefit Expense (IAS 19)

Alectra Unconsolidated

	Actuals CY 2022 *	Projected ** CY 2023	Projected ** CY 2024	Projected ** CY 2025
Discount Rate at January 1	3.10%	5.00%	5.00%	5.00%
Discount Rate at December 31	5.00%	5.00%	5.00%	5.00%
Health Benefit Cost Trend Rate at December 31	4.70%	4.90%	5.10%	5.30%
Dental Benefit Cost Trend Rate at December 31	4.90%	5.10%	5.40%	5.60%
Long Term Health and Dental Benefit Cost Trend Rate	4.00%	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2040	2040	2040	2040
Salary Scale Rate	3.30%	4.00%	4.00%	4.00%
Assumed Increase in Employer Contributions	expected ***	expected ***	expected ***	expected ***

D. Calculation of Component Items

Interest Cost				
Present Value of Defined Benefit Obligation as at January 1	-	71,854	133,017	208,015
Benefits Paid	-	(1)	(2)	(4)
Accrued Benefits	-	71,854	133,015	208,012
Interest Cost	-	3,592	6,651	10,400
Expected Present Value of Defined Benefit Obligation as at December 31				
Present Value of Defined Benefit Obligation as at January 1	-	71,854	133,017	208,015
Current Service Cost	-	57,572	68,351	87,750
Benefits Paid	-	(1)	(4)	(7)
Interest Cost	-	3,592	6,651	10,400
Expected Present Value of Defined Benefit Obligation as at December 31	-	133,017	208,015	306,158

E. Net Actuarial Loss/(Gain)

Net Actuarial Loss/(Gain) as at December 31				
Expected Present Value of Defined Benefit Obligation	-	133,017	208,015	306,158
Actual Present Value of Defined Benefit Obligation	71,854	133,017	208,015	306,158
Net Actuarial Loss/(Gain) as at December 31	71,854	-	-	-

* The expected December 31, 2022 PV DBO and CY 2022 defined benefit cost are calculated based on membership data and management's best estimate assumptions at December 31, 2021.

** Projected CY 2023, 2024 and 2025 results are provided for informational purposes only. Significant changes such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require revised projections or a full actuarial review.

*** Based on exepcted benefits to be paid to those eligible for benefits.

Alectra Utilities
Estimated Benefit Expense (IAS 19)
Hydro One Brampton

	Actuals CY 2022 *	Projected ** CY 2023	Projected ** CY 2024	Projected ** CY 2025
Discount Rate at January 1	3.10%	5.00%	5.00%	5.00%
Discount Rate at December 31	5.00%	5.00%	5.00%	5.00%
Health Benefit Cost Trend Rate at December 31	4.70%	4.90%	5.10%	5.30%
Dental Benefit Cost Trend Rate at December 31	4.90%	5.10%	5.40%	5.60%
Long Term Health and Dental Benefit Cost Trend Rate	4.00%	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2040	2040	2040	2040
Salary Scale Rate	3.30%	4.00%	4.00%	4.00%
Assumed Increase in Employer Contributions	expected ***	expected ***	expected ***	expected ***
A. Change in the Net Defined Benefit Liability/(Asset) Recognized in Balance Sheet				
Net Defined Benefit Liability/(Asset) as at January 1	5,145,913	3,639,214	3,662,330	3,674,700
Defined Benefit Cost Recognized in Income Statement	320,110	247,353	247,905	246,301
Defined Benefit Cost Recognized in Other Comprehensive Income	(1,626,315)	-	-	-
Benefits Paid by the Employer	(200,494)	(224,237)	(235,535)	(225,153)
Net Defined Benefit Liability/(Asset) as at December 31	3,639,214	3,662,330	3,674,700	3,695,848
B. Determination of Defined Benefit Cost				
B1. Determination of Defined Benefit Cost Recognized in Income Statement				
Current Service Cost	163,694	71,207	70,903	68,442
Interest Cost	156,416	176,146	177,002	177,859
Defined Benefit Cost Recognized in Income Statement	320,110	247,353	247,905	246,301
B2. Remeasurements of the Net Defined Benefit Liability/(Asset) Recognized in Other Comprehensive Income				
Net Actuarial Loss/(Gain) arising from Changes in Financial Assumptions	(2,048,391)	-	-	-
Net Actuarial Loss/(Gain) arising from Changes in Demographic Assumptions	(18,856)	-	-	-
Net Actuarial Loss/(Gain) arising from Experience Adjustments	440,932	-	-	-
Return on Plan Assets (Excluding Amounts Included in Net Interest Cost)	-	-	-	-
Change in Effect of Asset Ceiling	-	-	-	-
Defined Benefit Cost Recognized in Other Comprehensive Income	(1,626,315)	-	-	-
Total Defined Benefit Cost	(1,306,205)	247,353	247,905	246,301
C. Change in the Present Value of Defined Benefit Obligation				
Present Value of Defined Benefit Obligation as at January 1	5,145,913	3,639,214	3,662,330	3,674,700
Current Service Cost	163,694	71,207	70,903	68,442
Interest Cost	156,416	176,146	177,002	177,859
Benefits Paid	(200,494)	(224,237)	(235,535)	(225,153)
Net Actuarial Loss/(Gain)	(1,626,315)	-	-	-
Present Value of Defined Benefit Obligation as at December 31	3,639,214	3,662,330	3,674,700	3,695,848

* The expected December 31, 2022 PV DBO and CY 2022 defined benefit cost are calculated based on membership data and management's best estimate assumptions at December 31, 2021.

** Projected CY 2023, 2024 and 2025 results are provided for informational purposes only. Significant changes such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require revised projections or a full actuarial review.

*** Based on exepcted benefits to be paid to those eligible for benefits.

Alectra Utilities
Estimated Benefit Expense (IAS 19)
Hydro One Brampton

	Actuals CY 2022 *	Projected ** CY 2023	Projected ** CY 2024	Projected ** CY 2025
Discount Rate at January 1	3.10%	5.00%	5.00%	5.00%
Discount Rate at December 31	5.00%	5.00%	5.00%	5.00%
Health Benefit Cost Trend Rate at December 31	4.70%	4.90%	5.10%	5.30%
Dental Benefit Cost Trend Rate at December 31	4.90%	5.10%	5.40%	5.60%
Long Term Health and Dental Benefit Cost Trend Rate	4.00%	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2040	2040	2040	2040
Salary Scale Rate	3.30%	4.00%	4.00%	4.00%
Assumed Increase in Employer Contributions	expected ***	expected ***	expected ***	expected ***

D. Calculation of Component Items

Interest Cost				
Present Value of Defined Benefit Obligation as at January 1	5,145,913	3,639,214	3,662,330	3,674,700
Benefits Paid	(100,247)	(112,119)	(117,768)	(112,577)
Accrued Benefits	5,045,666	3,527,096	3,544,563	3,562,124
Interest Cost	156,416	176,146	177,002	177,859
Expected Present Value of Defined Benefit Obligation as at December 31				
Present Value of Defined Benefit Obligation as at January 1	5,145,913	3,639,214	3,662,330	3,674,700
Current Service Cost	163,694	71,207	70,903	68,442
Benefits Paid	(200,494)	(224,237)	(235,535)	(225,153)
Interest Cost	156,416	176,146	177,002	177,859
Expected Present Value of Defined Benefit Obligation as at December 31	5,265,529	3,662,330	3,674,700	3,695,848

E. Net Actuarial Loss/(Gain)

Net Actuarial Loss/(Gain) as at December 31				
Expected Present Value of Defined Benefit Obligation	5,265,529	3,662,330	3,674,700	3,695,848
Actual Present Value of Defined Benefit Obligation	3,639,214	3,662,330	3,674,700	3,695,848
Net Actuarial Loss/(Gain) as at December 31	(1,626,315)	-	-	-

* The expected December 31, 2022 PV DBO and CY 2022 defined benefit cost are calculated based on membership data and management's best estimate assumptions at December 31, 2021.

** Projected CY 2023, 2024 and 2025 results are provided for informational purposes only. Significant changes such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require revised projections or a full actuarial review.

*** Based on exepcted benefits to be paid to those eligible for benefits.

RSM

Alectra Utilities
Estimated Benefit Expense (IAS 19)
CONSOLIDATED

	Actuals CY 2022 *	Projected ** CY 2023	Projected ** CY 2024	Projected ** CY 2025
Discount Rate at January 1	3.10%	5.00%	5.00%	5.00%
Discount Rate at December 31	5.00%	5.00%	5.00%	5.00%
Health Benefit Cost Trend Rate at December 31	4.70%	4.90%	5.10%	5.30%
Dental Benefit Cost Trend Rate at December 31	4.90%	5.10%	5.40%	5.60%
Long Term Health and Dental Benefit Cost Trend Rate	4.00%	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2040	2040	2040	2040
Salary Scale Rate	3.30%	4.00%	4.00%	4.00%
Assumed Increase in Employer Contributions	expected ***	expected ***	expected ***	expected ***
A. Change in the Net Defined Benefit Liability/(Asset) Recognized in Balance Sheet				
Net Defined Benefit Liability/(Asset) as at January 1	99,729,686	70,315,968	71,166,257	71,876,024
Defined Benefit Cost Recognized in Income Statement	5,282,410	4,514,734	4,539,462	4,567,140
Defined Benefit Cost Recognized in Other Comprehensive Income	(31,599,161)	-	-	-
Benefits Paid by the Employer	(3,096,967)	(3,664,445)	(3,829,695)	(3,874,713)
Net Defined Benefit Liability/(Asset) as at December 31	70,315,968	71,166,257	71,876,024	72,568,451
B. Determination of Defined Benefit Cost				
B1. Determination of Defined Benefit Cost Recognized in Income Statement				
Current Service Cost	2,238,793	1,092,143	1,079,331	1,073,505
Interest Cost	3,043,617	3,422,591	3,460,131	3,493,635
Defined Benefit Cost Recognized in Income Statement	5,282,410	4,514,734	4,539,462	4,567,140
B2. Remeasurements of the Net Defined Benefit Liability/(Asset) Recognized in Other Comprehensive Income				
Net Actuarial Loss/(Gain) arising from Changes in Financial Assumptions	(26,884,896)	-	-	-
Net Actuarial Loss/(Gain) arising from Changes in Demographic Assumptions	(174,662)	-	-	-
Net Actuarial Loss/(Gain) arising from Experience Adjustments	(4,539,603)	-	-	-
Return on Plan Assets (Excluding Amounts Included in Net Interest Cost)	-	-	-	-
Change in Effect of Asset Ceiling	-	-	-	-
Defined Benefit Cost Recognized in Other Comprehensive Income	(31,599,161)	-	-	-
Total Defined Benefit Cost	(26,316,751)	4,514,734	4,539,462	4,567,140
C. Change in the Present Value of Defined Benefit Obligation				
Present Value of Defined Benefit Obligation as at January 1	99,729,686	70,315,968	71,166,257	71,876,024
Current Service Cost	2,238,793	1,092,143	1,079,331	1,073,505
Interest Cost	3,043,617	3,422,591	3,460,131	3,493,635
Benefits Paid	(3,096,967)	(3,664,445)	(3,829,695)	(3,874,713)
Net Actuarial Loss/(Gain)	(31,599,161)	-	-	-
Present Value of Defined Benefit Obligation as at December 31	70,315,968	71,166,257	71,876,024	72,568,451

* The expected December 31, 2022 PV DBO and CY 2022 defined benefit cost are calculated based on membership data and management's best estimate assumptions at December 31, 2021.

** Projected CY 2023, 2024 and 2025 results are provided for informational purposes only. Significant changes such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require revised projections or a full actuarial review.

*** Based on exepcted benefits to be paid to those eligible for benefits.

Alectra Utilities
Estimated Benefit Expense (IAS 19)
CONSOLIDATED

	Actuals CY 2022 *	Projected ** CY 2023	Projected ** CY 2024	Projected ** CY 2025
Discount Rate at January 1	3.10%	5.00%	5.00%	5.00%
Discount Rate at December 31	5.00%	5.00%	5.00%	5.00%
Health Benefit Cost Trend Rate at December 31	4.70%	4.90%	5.10%	5.30%
Dental Benefit Cost Trend Rate at December 31	4.90%	5.10%	5.40%	5.60%
Long Term Health and Dental Benefit Cost Trend Rate	4.00%	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2040	2040	2040	2040
Salary Scale Rate	3.30%	4.00%	4.00%	4.00%
Assumed Increase in Employer Contributions	expected ***	expected ***	expected ***	expected ***

D. Calculation of Component Items

Interest Cost				
Present Value of Defined Benefit Obligation as at January 1	99,729,686	70,315,968	71,166,257	71,876,024
Benefits Paid	(1,548,484)	(1,832,223)	(1,914,848)	(1,937,357)
Accrued Benefits	98,181,203	68,483,746	69,251,410	69,938,668
Interest Cost	3,043,617	3,422,591	3,460,131	3,493,635
Expected Present Value of Defined Benefit Obligation as at December 31				
Present Value of Defined Benefit Obligation as at January 1	99,729,686	70,315,968	71,166,257	71,876,024
Current Service Cost	2,238,793	1,092,143	1,079,331	1,073,505
Benefits Paid	(3,096,967)	(3,664,445)	(3,829,695)	(3,874,713)
Interest Cost	3,043,617	3,422,591	3,460,131	3,493,635
Expected Present Value of Defined Benefit Obligation as at December 31	101,915,129	71,166,257	71,876,024	72,568,451

E. Net Actuarial Loss/(Gain)

Net Actuarial Loss/(Gain) as at December 31				
Expected Present Value of Defined Benefit Obligation	101,915,129	71,166,257	71,876,024	72,568,451
Actual Present Value of Defined Benefit Obligation	70,315,968	71,166,257	71,876,024	72,568,451
Net Actuarial Loss/(Gain) as at December 31	(31,599,161)	-	-	-

* The expected December 31, 2022 PV DBO and CY 2022 defined benefit cost are calculated based on membership data and management's best estimate assumptions at December 31, 2021.

** Projected CY 2023, 2024 and 2025 results are provided for informational purposes only. Significant changes such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require revised projections or a full actuarial review.

*** Based on exepcted benefits to be paid to those eligible for benefits.

RSM

Alectra Utilities
Estimated Benefit Expense (IAS 19)
Enersource Hydro

	Actuals CY 2022 *	Projected ** CY 2023	Projected ** CY 2024	Projected ** CY 2025
Discount Rate at January 1	3.10%	5.00%	5.00%	5.00%
Discount Rate at December 31	5.00%	5.00%	5.00%	5.00%
Health Benefit Cost Trend Rate at December 31	4.70%	4.90%	5.10%	5.30%
Dental Benefit Cost Trend Rate at December 31	4.90%	5.10%	5.40%	5.60%
Long Term Health and Dental Benefit Cost Trend Rate	4.00%	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2040	2040	2040	2040
Salary Scale Rate	3.30%	4.00%	4.00%	4.00%
Assumed Increase in Employer Contributions	expected ***	expected ***	expected ***	expected ***
A. Change in the Net Defined Benefit Liability/(Asset) Recognized in Balance Sheet				
Net Defined Benefit Liability/(Asset) as at January 1	8,616,210	5,417,263	5,482,313	5,524,685
Defined Benefit Cost Recognized in Income Statement	595,401	402,029	406,397	408,072
Defined Benefit Cost Recognized in Other Comprehensive Income	(3,560,190)	-	-	-
Benefits Paid by the Employer	(234,158)	(336,979)	(364,025)	(337,150)
Net Defined Benefit Liability/(Asset) as at December 31	5,417,263	5,482,313	5,524,685	5,595,607
B. Determination of Defined Benefit Cost				
B1. Determination of Defined Benefit Cost Recognized in Income Statement				
Current Service Cost	331,928	141,157	142,756	141,083
Interest Cost	263,473	260,872	263,641	266,989
Defined Benefit Cost Recognized in Income Statement	595,401	402,029	406,397	408,072
B2. Remeasurements of the Net Defined Benefit Liability/(Asset) Recognized in Other Comprehensive Income				
Net Actuarial Loss/(Gain) arising from Changes in Financial Assumptions	(2,610,752)	-	-	-
Net Actuarial Loss/(Gain) arising from Changes in Demographic Assumptions	(37,367)	-	-	-
Net Actuarial Loss/(Gain) arising from Experience Adjustments	(912,071)	-	-	-
Return on Plan Assets (Excluding Amounts Included in Net Interest Cost)	-	-	-	-
Change in Effect of Asset Ceiling	-	-	-	-
Defined Benefit Cost Recognized in Other Comprehensive Income	(3,560,190)	-	-	-
Total Defined Benefit Cost	(2,964,789)	402,029	406,397	408,072
C. Change in the Present Value of Defined Benefit Obligation				
Present Value of Defined Benefit Obligation as at January 1	8,616,210	5,417,263	5,482,313	5,524,685
Current Service Cost	331,928	141,157	142,756	141,083
Interest Cost	263,473	260,872	263,641	266,989
Benefits Paid	(234,158)	(336,979)	(364,025)	(337,150)
Net Actuarial Loss/(Gain)	(3,560,190)	-	-	-
Present Value of Defined Benefit Obligation as at December 31	5,417,263	5,482,313	5,524,685	5,595,607

* The expected December 31, 2022 PV DBO and CY 2022 defined benefit cost are calculated based on membership data and management's best estimate assumptions at December 31, 2021.

** Projected CY 2023, 2024 and 2025 results are provided for informational purposes only. Significant changes such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require revised projections or a full actuarial review.

*** Based on exepcted benefits to be paid to those eligible for benefits.

Alectra Utilities
Estimated Benefit Expense (IAS 19)
Enersource Hydro

	Actuals CY 2022 *	Projected ** CY 2023	Projected ** CY 2024	Projected ** CY 2025
Discount Rate at January 1	3.10%	5.00%	5.00%	5.00%
Discount Rate at December 31	5.00%	5.00%	5.00%	5.00%
Health Benefit Cost Trend Rate at December 31	4.70%	4.90%	5.10%	5.30%
Dental Benefit Cost Trend Rate at December 31	4.90%	5.10%	5.40%	5.60%
Long Term Health and Dental Benefit Cost Trend Rate	4.00%	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2040	2040	2040	2040
Salary Scale Rate	3.30%	4.00%	4.00%	4.00%
Assumed Increase in Employer Contributions	expected ***	expected ***	expected ***	expected ***

D. Calculation of Component Items

Interest Cost				
Present Value of Defined Benefit Obligation as at January 1	8,616,210	5,417,263	5,482,313	5,524,685
Benefits Paid	(117,079)	(168,490)	(182,013)	(168,575)
Accrued Benefits	8,499,131	5,248,774	5,300,301	5,356,110
Interest Cost	263,473	260,872	263,641	266,989
Expected Present Value of Defined Benefit Obligation as at December 31				
Present Value of Defined Benefit Obligation as at January 1	8,616,210	5,417,263	5,482,313	5,524,685
Current Service Cost	331,928	141,157	142,756	141,083
Benefits Paid	(234,158)	(336,979)	(364,025)	(337,150)
Interest Cost	263,473	260,872	263,641	266,989
Expected Present Value of Defined Benefit Obligation as at December 31	8,977,453	5,482,313	5,524,685	5,595,607

E. Net Actuarial Loss/(Gain)

Net Actuarial Loss/(Gain) as at December 31				
Expected Present Value of Defined Benefit Obligation	8,977,453	5,482,313	5,524,685	5,595,607
Actual Present Value of Defined Benefit Obligation	5,417,263	5,482,313	5,524,685	5,595,607
Net Actuarial Loss/(Gain) as at December 31	(3,560,190)	-	-	-

* The expected December 31, 2022 PV DBO and CY 2022 defined benefit cost are calculated based on membership data and management's best estimate assumptions at December 31, 2021.

** Projected CY 2023, 2024 and 2025 results are provided for informational purposes only. Significant changes such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require revised projections or a full actuarial review.

*** Based on exepcted benefits to be paid to those eligible for benefits.

RSM

Alectra Utilities

Estimated Benefit Expense (IAS 19)

Enersource Services

	Actuals CY 2022 *	Projected ** CY 2023	Projected ** CY 2024	Projected ** CY 2025
Discount Rate at January 1	3.10%	5.00%	5.00%	5.00%
Discount Rate at December 31	5.00%	5.00%	5.00%	5.00%
Health Benefit Cost Trend Rate at December 31	4.70%	4.90%	5.10%	5.30%
Dental Benefit Cost Trend Rate at December 31	4.90%	5.10%	5.40%	5.60%
Long Term Health and Dental Benefit Cost Trend Rate	4.00%	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2040	2040	2040	2040
Salary Scale Rate	3.30%	4.00%	4.00%	4.00%
Assumed Increase in Employer Contributions	expected ***	expected ***	expected ***	expected ***
A. Change in the Net Defined Benefit Liability/(Asset) Recognized in Balance Sheet				
Net Defined Benefit Liability/(Asset) as at January 1	291,763	175,881	177,253	180,845
Defined Benefit Cost Recognized in Income Statement	20,476	13,271	13,112	13,107
Defined Benefit Cost Recognized in Other Comprehensive Income	(128,429)	-	-	-
Benefits Paid by the Employer	(7,929)	(11,899)	(9,520)	(11,055)
Net Defined Benefit Liability/(Asset) as at December 31	175,881	177,253	180,845	182,897
B. Determination of Defined Benefit Cost				
B1. Determination of Defined Benefit Cost Recognized in Income Statement				
Current Service Cost	11,554	4,767	4,481	4,335
Interest Cost	8,922	8,504	8,631	8,772
Defined Benefit Cost Recognized in Income Statement	20,476	13,271	13,112	13,107
B2. Remeasurements of the Net Defined Benefit Liability/(Asset) Recognized in Other Comprehensive Income				
Net Actuarial Loss/(Gain) arising from Changes in Financial Assumptions	(99,923)	-	-	-
Net Actuarial Loss/(Gain) arising from Changes in Demographic Assumptions	(929)	-	-	-
Net Actuarial Loss/(Gain) arising from Experience Adjustments	(27,577)	-	-	-
Return on Plan Assets (Excluding Amounts Included in Net Interest Cost)	-	-	-	-
Change in Effect of Asset Ceiling	-	-	-	-
Defined Benefit Cost Recognized in Other Comprehensive Income	(128,429)	-	-	-
Total Defined Benefit Cost	(107,953)	13,271	13,112	13,107
C. Change in the Present Value of Defined Benefit Obligation				
Present Value of Defined Benefit Obligation as at January 1	291,763	175,881	177,253	180,845
Current Service Cost	11,554	4,767	4,481	4,335
Interest Cost	8,922	8,504	8,631	8,772
Benefits Paid	(7,929)	(11,899)	(9,520)	(11,055)
Net Actuarial Loss/(Gain)	(128,429)	-	-	-
Present Value of Defined Benefit Obligation as at December 31	175,881	177,253	180,845	182,897

* The expected December 31, 2022 PV DBO and CY 2022 defined benefit cost are calculated based on membership data and management's best estimate assumptions at December 31, 2021.

** Projected CY 2023, 2024 and 2025 results are provided for informational purposes only. Significant changes such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require revised projections or a full actuarial review.

*** Based on exepcted benefits to be paid to those eligible for benefits.

Alectra Utilities
Estimated Benefit Expense (IAS 19)
Enersource Services

	Actuals CY 2022 *	Projected ** CY 2023	Projected ** CY 2024	Projected ** CY 2025
Discount Rate at January 1	3.10%	5.00%	5.00%	5.00%
Discount Rate at December 31	5.00%	5.00%	5.00%	5.00%
Health Benefit Cost Trend Rate at December 31	4.70%	4.90%	5.10%	5.30%
Dental Benefit Cost Trend Rate at December 31	4.90%	5.10%	5.40%	5.60%
Long Term Health and Dental Benefit Cost Trend Rate	4.00%	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2040	2040	2040	2040
Salary Scale Rate	3.30%	4.00%	4.00%	4.00%
Assumed Increase in Employer Contributions	expected ***	expected ***	expected ***	expected ***

D. Calculation of Component Items

Interest Cost				
Present Value of Defined Benefit Obligation as at January 1	291,763	175,881	177,253	180,845
Benefits Paid	(3,965)	(5,950)	(4,760)	(5,528)
Accrued Benefits	287,799	169,932	172,493	175,318
Interest Cost	8,922	8,504	8,631	8,772
Expected Present Value of Defined Benefit Obligation as at December 31				
Present Value of Defined Benefit Obligation as at January 1	291,763	175,881	177,253	180,845
Current Service Cost	11,554	4,767	4,481	4,335
Benefits Paid	(7,929)	(11,899)	(9,520)	(11,055)
Interest Cost	8,922	8,504	8,631	8,772
Expected Present Value of Defined Benefit Obligation as at December 31	304,310	177,253	180,845	182,897

E. Net Actuarial Loss/(Gain)

Net Actuarial Loss/(Gain) as at December 31				
Expected Present Value of Defined Benefit Obligation	304,310	177,253	180,845	182,897
Actual Present Value of Defined Benefit Obligation	175,881	177,253	180,845	182,897
Net Actuarial Loss/(Gain) as at December 31	(128,429)	-	-	-

* The expected December 31, 2022 PV DBO and CY 2022 defined benefit cost are calculated based on membership data and management's best estimate assumptions at December 31, 2021.

** Projected CY 2023, 2024 and 2025 results are provided for informational purposes only. Significant changes such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require revised projections or a full actuarial review.

*** Based on exepcted benefits to be paid to those eligible for benefits.

Alectra Utilities
Estimated Benefit Expense (IAS 19)
Guelph Hydro

	Actuals CY 2022 *	Projected ** CY 2023	Projected ** CY 2024	Projected ** CY 2025
Discount Rate at January 1	3.10%	5.00%	5.00%	5.00%
Discount Rate at December 31	5.00%	5.00%	5.00%	5.00%
Health Benefit Cost Trend Rate at December 31	4.70%	4.90%	5.10%	5.30%
Dental Benefit Cost Trend Rate at December 31	4.90%	5.10%	5.40%	5.60%
Long Term Health and Dental Benefit Cost Trend Rate	4.00%	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2040	2040	2040	2040
Salary Scale Rate	3.30%	4.00%	4.00%	4.00%
Assumed Increase in Employer Contributions	expected ***	expected ***	expected ***	expected ***
A. Change in the Net Defined Benefit Liability/(Asset) Recognized in Balance Sheet				
Net Defined Benefit Liability/(Asset) as at January 1	8,741,727	6,613,231	6,604,100	6,582,678
Defined Benefit Cost Recognized in Income Statement	379,646	336,512	331,713	330,688
Defined Benefit Cost Recognized in Other Comprehensive Income	(2,176,100)	-	-	-
Benefits Paid by the Employer	(332,042)	(345,643)	(353,135)	(365,245)
Net Defined Benefit Liability/(Asset) as at December 31	6,613,231	6,604,100	6,582,678	6,548,121
B. Determination of Defined Benefit Cost				
B1. Determination of Defined Benefit Cost Recognized in Income Statement				
Current Service Cost	113,799	14,315	10,193	10,598
Interest Cost	265,847	322,197	321,520	320,090
Defined Benefit Cost Recognized in Income Statement	379,646	336,512	331,713	330,688
B2. Remeasurements of the Net Defined Benefit Liability/(Asset) Recognized in Other Comprehensive Income				
Net Actuarial Loss/(Gain) arising from Changes in Financial Assumptions	(2,375,915)	-	-	-
Net Actuarial Loss/(Gain) arising from Changes in Demographic Assumptions	(2,979)	-	-	-
Net Actuarial Loss/(Gain) arising from Experience Adjustments	202,794	-	-	-
Return on Plan Assets (Excluding Amounts Included in Net Interest Cost)	-	-	-	-
Change in Effect of Asset Ceiling	-	-	-	-
Defined Benefit Cost Recognized in Other Comprehensive Income	(2,176,100)	-	-	-
Total Defined Benefit Cost	(1,796,454)	336,512	331,713	330,688
C. Change in the Present Value of Defined Benefit Obligation				
Present Value of Defined Benefit Obligation as at January 1	8,741,727	6,613,231	6,604,100	6,582,678
Current Service Cost	113,799	14,315	10,193	10,598
Interest Cost	265,847	322,197	321,520	320,090
Benefits Paid	(332,042)	(345,643)	(353,135)	(365,245)
Net Actuarial Loss/(Gain)	(2,176,100)	-	-	-
Present Value of Defined Benefit Obligation as at December 31	6,613,231	6,604,100	6,582,678	6,548,121

* The expected December 31, 2022 PV DBO and CY 2022 defined benefit cost are calculated based on membership data and management's best estimate assumptions at December 31, 2021.

** Projected CY 2023, 2024 and 2025 results are provided for informational purposes only. Significant changes such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require revised projections or a full actuarial review.

*** Based on exepcted benefits to be paid to those eligible for benefits.

Alectra Utilities
Estimated Benefit Expense (IAS 19)
Guelph Hydro

	Actuals CY 2022 *	Projected ** CY 2023	Projected ** CY 2024	Projected ** CY 2025
Discount Rate at January 1	3.10%	5.00%	5.00%	5.00%
Discount Rate at December 31	5.00%	5.00%	5.00%	5.00%
Health Benefit Cost Trend Rate at December 31	4.70%	4.90%	5.10%	5.30%
Dental Benefit Cost Trend Rate at December 31	4.90%	5.10%	5.40%	5.60%
Long Term Health and Dental Benefit Cost Trend Rate	4.00%	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2040	2040	2040	2040
Salary Scale Rate	3.30%	4.00%	4.00%	4.00%
Assumed Increase in Employer Contributions	expected ***	expected ***	expected ***	expected ***

D. Calculation of Component Items

Interest Cost				
Present Value of Defined Benefit Obligation as at January 1	8,741,727	6,613,231	6,604,100	6,582,678
Benefits Paid	(166,021)	(172,822)	(176,568)	(182,623)
Accrued Benefits	8,575,706	6,440,410	6,427,533	6,400,056
Interest Cost	265,847	322,197	321,520	320,090
Expected Present Value of Defined Benefit Obligation as at December 31				
Present Value of Defined Benefit Obligation as at January 1	8,741,727	6,613,231	6,604,100	6,582,678
Current Service Cost	113,799	14,315	10,193	10,598
Benefits Paid	(332,042)	(345,643)	(353,135)	(365,245)
Interest Cost	265,847	322,197	321,520	320,090
Expected Present Value of Defined Benefit Obligation as at December 31	8,789,331	6,604,100	6,582,678	6,548,121

E. Net Actuarial Loss/(Gain)

Net Actuarial Loss/(Gain) as at December 31				
Expected Present Value of Defined Benefit Obligation	8,789,331	6,604,100	6,582,678	6,548,121
Actual Present Value of Defined Benefit Obligation	6,613,231	6,604,100	6,582,678	6,548,121
Net Actuarial Loss/(Gain) as at December 31	(2,176,100)	-	-	-

* The expected December 31, 2022 PV DBO and CY 2022 defined benefit cost are calculated based on membership data and management's best estimate assumptions at December 31, 2021.

** Projected CY 2023, 2024 and 2025 results are provided for informational purposes only. Significant changes such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require revised projections or a full actuarial review.

*** Based on exepcted benefits to be paid to those eligible for benefits.

RSM

Alectra Utilities

Estimated Benefit Expense (IAS 19)

Horizon

	Actuals CY 2022 *	Projected ** CY 2023	Projected ** CY 2024	Projected ** CY 2025
Discount Rate at January 1	3.10%	5.00%	5.00%	5.00%
Discount Rate at December 31	5.00%	5.00%	5.00%	5.00%
Health Benefit Cost Trend Rate at December 31	4.70%	4.90%	5.10%	5.30%
Dental Benefit Cost Trend Rate at December 31	4.90%	5.10%	5.40%	5.60%
Long Term Health and Dental Benefit Cost Trend Rate	4.00%	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2040	2040	2040	2040
Salary Scale Rate	3.30%	4.00%	4.00%	4.00%
Assumed Increase in Employer Contributions	expected ***	expected ***	expected ***	expected ***
A. Change in the Net Defined Benefit Liability/(Asset) Recognized in Balance Sheet				
Net Defined Benefit Liability/(Asset) as at January 1	47,749,246	33,681,312	34,221,613	34,715,609
Defined Benefit Cost Recognized in Income Statement	2,372,945	2,047,449	2,065,878	2,067,034
Defined Benefit Cost Recognized in Other Comprehensive Income	(15,115,264)	-	-	-
Benefits Paid by the Employer	(1,325,615)	(1,507,148)	(1,571,882)	(1,622,258)
Net Defined Benefit Liability/(Asset) as at December 31	33,681,312	34,221,613	34,715,609	35,160,385
B. Determination of Defined Benefit Cost				
B1. Determination of Defined Benefit Cost Recognized in Income Statement				
Current Service Cost	913,265	400,804	394,781	373,429
Interest Cost	1,459,680	1,646,645	1,671,097	1,693,605
Defined Benefit Cost Recognized in Income Statement	2,372,945	2,047,449	2,065,878	2,067,034
B2. Remeasurements of the Net Defined Benefit Liability/(Asset) Recognized in Other Comprehensive Income				
Net Actuarial Loss/(Gain) arising from Changes in Financial Assumptions	(11,180,719)	-	-	-
Net Actuarial Loss/(Gain) arising from Changes in Demographic Assumptions	(78,624)	-	-	-
Net Actuarial Loss/(Gain) arising from Experience Adjustments	(3,855,921)	-	-	-
Return on Plan Assets (Excluding Amounts Included in Net Interest Cost)	-	-	-	-
Change in Effect of Asset Ceiling	-	-	-	-
Defined Benefit Cost Recognized in Other Comprehensive Income	(15,115,264)	-	-	-
Total Defined Benefit Cost	(12,742,319)	2,047,449	2,065,878	2,067,034
C. Change in the Present Value of Defined Benefit Obligation				
Present Value of Defined Benefit Obligation as at January 1	47,749,246	33,681,312	34,221,613	34,715,609
Current Service Cost	913,265	400,804	394,781	373,429
Interest Cost	1,459,680	1,646,645	1,671,097	1,693,605
Benefits Paid	(1,325,615)	(1,507,148)	(1,571,882)	(1,622,258)
Net Actuarial Loss/(Gain)	(15,115,264)	-	-	-
Present Value of Defined Benefit Obligation as at December 31	33,681,312	34,221,613	34,715,609	35,160,385

* The expected December 31, 2022 PV DBO and CY 2022 defined benefit cost are calculated based on membership data and management's best estimate assumptions at December 31, 2021.

** Projected CY 2023, 2024 and 2025 results are provided for informational purposes only. Significant changes such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require revised projections or a full actuarial review.

*** Based on exepcted benefits to be paid to those eligible for benefits.

RSM

Alectra Utilities

Estimated Benefit Expense (IAS 19)

Horizon

	Actuals CY 2022 *	Projected ** CY 2023	Projected ** CY 2024	Projected ** CY 2025
Discount Rate at January 1	3.10%	5.00%	5.00%	5.00%
Discount Rate at December 31	5.00%	5.00%	5.00%	5.00%
Health Benefit Cost Trend Rate at December 31	4.70%	4.90%	5.10%	5.30%
Dental Benefit Cost Trend Rate at December 31	4.90%	5.10%	5.40%	5.60%
Long Term Health and Dental Benefit Cost Trend Rate	4.00%	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2040	2040	2040	2040
Salary Scale Rate	3.30%	4.00%	4.00%	4.00%
Assumed Increase in Employer Contributions	expected ***	expected ***	expected ***	expected ***

D. Calculation of Component Items

Interest Cost				
Present Value of Defined Benefit Obligation as at January 1	47,749,246	33,681,312	34,221,613	34,715,609
Benefits Paid	(662,808)	(753,574)	(785,941)	(811,129)
Accrued Benefits	47,086,439	32,927,738	33,435,672	33,904,480
Interest Cost	1,459,680	1,646,645	1,671,097	1,693,605
Expected Present Value of Defined Benefit Obligation as at December 31				
Present Value of Defined Benefit Obligation as at January 1	47,749,246	33,681,312	34,221,613	34,715,609
Current Service Cost	913,265	400,804	394,781	373,429
Benefits Paid	(1,325,615)	(1,507,148)	(1,571,882)	(1,622,258)
Interest Cost	1,459,680	1,646,645	1,671,097	1,693,605
Expected Present Value of Defined Benefit Obligation as at December 31	48,796,576	34,221,613	34,715,609	35,160,385

E. Net Actuarial Loss/(Gain)

Net Actuarial Loss/(Gain) as at December 31				
Expected Present Value of Defined Benefit Obligation	48,796,576	34,221,613	34,715,609	35,160,385
Actual Present Value of Defined Benefit Obligation	33,681,312	34,221,613	34,715,609	35,160,385
Net Actuarial Loss/(Gain) as at December 31	(15,115,264)	-	-	-

* The expected December 31, 2022 PV DBO and CY 2022 defined benefit cost are calculated based on membership data and management's best estimate assumptions at December 31, 2021.

** Projected CY 2023, 2024 and 2025 results are provided for informational purposes only. Significant changes such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require revised projections or a full actuarial review.

*** Based on exepcted benefits to be paid to those eligible for benefits.

Alectra Utilities
Estimated Benefit Expense (IAS 19)
PowerStream Energy

	Actuals CY 2022 *	Projected ** CY 2023	Projected ** CY 2024	Projected ** CY 2025
Discount Rate at January 1	3.10%	5.00%	5.00%	5.00%
Discount Rate at December 31	5.00%	5.00%	5.00%	5.00%
Health Benefit Cost Trend Rate at December 31	4.70%	4.90%	5.10%	5.30%
Dental Benefit Cost Trend Rate at December 31	4.90%	5.10%	5.40%	5.60%
Long Term Health and Dental Benefit Cost Trend Rate	4.00%	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2040	2040	2040	2040
Salary Scale Rate	3.30%	4.00%	4.00%	4.00%
Assumed Increase in Employer Contributions	expected ***	expected ***	expected ***	expected ***
A. Change in the Net Defined Benefit Liability/(Asset) Recognized in Balance Sheet				
Net Defined Benefit Liability/(Asset) as at January 1	85,539	35,745	45,093	55,286
Defined Benefit Cost Recognized in Income Statement	17,840	9,348	10,193	11,099
Defined Benefit Cost Recognized in Other Comprehensive Income	(67,634)	-	-	-
Benefits Paid by the Employer	-	-	-	-
Net Defined Benefit Liability/(Asset) as at December 31	35,745	45,093	55,286	66,385
B. Determination of Defined Benefit Cost				
B1. Determination of Defined Benefit Cost Recognized in Income Statement				
Current Service Cost	15,188	7,560	7,938	8,335
Interest Cost	2,652	1,788	2,255	2,764
Defined Benefit Cost Recognized in Income Statement	17,840	9,348	10,193	11,099
B2. Remeasurements of the Net Defined Benefit Liability/(Asset) Recognized in Other Comprehensive Income				
Net Actuarial Loss/(Gain) arising from Changes in Financial Assumptions	(25,225)	-	-	-
Net Actuarial Loss/(Gain) arising from Changes in Demographic Assumptions	(619)	-	-	-
Net Actuarial Loss/(Gain) arising from Experience Adjustments	(41,790)	-	-	-
Return on Plan Assets (Excluding Amounts Included in Net Interest Cost)	-	-	-	-
Change in Effect of Asset Ceiling	-	-	-	-
Defined Benefit Cost Recognized in Other Comprehensive Income	(67,634)	-	-	-
Total Defined Benefit Cost	(49,794)	9,348	10,193	11,099
C. Change in the Present Value of Defined Benefit Obligation				
Present Value of Defined Benefit Obligation as at January 1	85,539	35,745	45,093	55,286
Current Service Cost	15,188	7,560	7,938	8,335
Interest Cost	2,652	1,788	2,255	2,764
Benefits Paid	-	-	-	-
Net Actuarial Loss/(Gain)	(67,634)	-	-	-
Present Value of Defined Benefit Obligation as at December 31	35,745	45,093	55,286	66,385

* The expected December 31, 2022 PV DBO and CY 2022 defined benefit cost are calculated based on membership data and management's best estimate assumptions at December 31, 2021.

** Projected CY 2023, 2024 and 2025 results are provided for informational purposes only. Significant changes such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require revised projections or a full actuarial review.

*** Based on exepcted benefits to be paid to those eligible for benefits.

Alectra Utilities
Estimated Benefit Expense (IAS 19)
PowerStream Energy

	Actuals CY 2022 *	Projected ** CY 2023	Projected ** CY 2024	Projected ** CY 2025
Discount Rate at January 1	3.10%	5.00%	5.00%	5.00%
Discount Rate at December 31	5.00%	5.00%	5.00%	5.00%
Health Benefit Cost Trend Rate at December 31	4.70%	4.90%	5.10%	5.30%
Dental Benefit Cost Trend Rate at December 31	4.90%	5.10%	5.40%	5.60%
Long Term Health and Dental Benefit Cost Trend Rate	4.00%	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2040	2040	2040	2040
Salary Scale Rate	3.30%	4.00%	4.00%	4.00%
Assumed Increase in Employer Contributions	expected ***	expected ***	expected ***	expected ***

D. Calculation of Component Items

Interest Cost				
Present Value of Defined Benefit Obligation as at January 1	85,539	35,745	45,093	55,286
Benefits Paid	-	-	-	-
Accrued Benefits	85,539	35,745	45,093	55,286
Interest Cost	2,652	1,788	2,255	2,764
Expected Present Value of Defined Benefit Obligation as at December 31				
Present Value of Defined Benefit Obligation as at January 1	85,539	35,745	45,093	55,286
Current Service Cost	15,188	7,560	7,938	8,335
Benefits Paid	-	-	-	-
Interest Cost	2,652	1,788	2,255	2,764
Expected Present Value of Defined Benefit Obligation as at December 31	103,379	45,093	55,286	66,385

E. Net Actuarial Loss/(Gain)

Net Actuarial Loss/(Gain) as at December 31				
Expected Present Value of Defined Benefit Obligation	103,379	45,093	55,286	66,385
Actual Present Value of Defined Benefit Obligation	35,745	45,093	55,286	66,385
Net Actuarial Loss/(Gain) as at December 31	(67,634)	-	-	-

* The expected December 31, 2022 PV DBO and CY 2022 defined benefit cost are calculated based on membership data and management's best estimate assumptions at December 31, 2021.

** Projected CY 2023, 2024 and 2025 results are provided for informational purposes only. Significant changes such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require revised projections or a full actuarial review.

*** Based on exepcted benefits to be paid to those eligible for benefits.

RSM

Alectra Utilities

Estimated Benefit Expense (IAS 19)

PowerStream Inc.

	Actuals CY 2022 *	Projected ** CY 2023	Projected ** CY 2024	Projected ** CY 2025
Discount Rate at January 1	3.10%	5.00%	5.00%	5.00%
Discount Rate at December 31	5.00%	5.00%	5.00%	5.00%
Health Benefit Cost Trend Rate at December 31	4.70%	4.90%	5.10%	5.30%
Dental Benefit Cost Trend Rate at December 31	4.90%	5.10%	5.40%	5.60%
Long Term Health and Dental Benefit Cost Trend Rate	4.00%	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2040	2040	2040	2040
Salary Scale Rate	3.30%	4.00%	4.00%	4.00%
Assumed Increase in Employer Contributions	expected ***	expected ***	expected ***	expected ***
A. Change in the Net Defined Benefit Liability/(Asset) Recognized in Balance Sheet				
Net Defined Benefit Liability/(Asset) as at January 1	29,099,288	20,681,468	20,840,539	20,934,207
Defined Benefit Cost Recognized in Income Statement	1,575,994	1,397,608	1,389,263	1,392,685
Defined Benefit Cost Recognized in Other Comprehensive Income	(8,997,086)	-	-	-
Benefits Paid by the Employer	(996,728)	(1,238,537)	(1,295,595)	(1,313,845)
Net Defined Benefit Liability/(Asset) as at December 31	20,681,468	20,840,539	20,934,207	21,013,047
B. Determination of Defined Benefit Cost				
B1. Determination of Defined Benefit Cost Recognized in Income Statement				
Current Service Cost	689,365	394,762	379,926	379,533
Interest Cost	886,629	1,002,846	1,009,337	1,013,152
Defined Benefit Cost Recognized in Income Statement	1,575,994	1,397,608	1,389,263	1,392,685
B2. Remeasurements of the Net Defined Benefit Liability/(Asset) Recognized in Other Comprehensive Income				
Net Actuarial Loss/(Gain) arising from Changes in Financial Assumptions	(8,543,971)	-	-	-
Net Actuarial Loss/(Gain) arising from Changes in Demographic Assumptions	(35,288)	-	-	-
Net Actuarial Loss/(Gain) arising from Experience Adjustments	(417,827)	-	-	-
Return on Plan Assets (Excluding Amounts Included in Net Interest Cost)	-	-	-	-
Change in Effect of Asset Ceiling	-	-	-	-
Defined Benefit Cost Recognized in Other Comprehensive Income	(8,997,086)	-	-	-
Total Defined Benefit Cost	(7,421,092)	1,397,608	1,389,263	1,392,685
C. Change in the Present Value of Defined Benefit Obligation				
Present Value of Defined Benefit Obligation as at January 1	29,099,288	20,681,468	20,840,539	20,934,207
Current Service Cost	689,365	394,762	379,926	379,533
Interest Cost	886,629	1,002,846	1,009,337	1,013,152
Benefits Paid	(996,728)	(1,238,537)	(1,295,595)	(1,313,845)
Net Actuarial Loss/(Gain)	(8,997,086)	-	-	-
Present Value of Defined Benefit Obligation as at December 31	20,681,468	20,840,539	20,934,207	21,013,047

* The expected December 31, 2022 PV DBO and CY 2022 defined benefit cost are calculated based on membership data and management's best estimate assumptions at December 31, 2021.

** Projected CY 2023, 2024 and 2025 results are provided for informational purposes only. Significant changes such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require revised projections or a full actuarial review.

*** Based on exepcted benefits to be paid to those eligible for benefits.

Alectra Utilities

Estimated Benefit Expense (IAS 19)

PowerStream Inc.

	Actuals CY 2022 *	Projected ** CY 2023	Projected ** CY 2024	Projected ** CY 2025
Discount Rate at January 1	3.10%	5.00%	5.00%	5.00%
Discount Rate at December 31	5.00%	5.00%	5.00%	5.00%
Health Benefit Cost Trend Rate at December 31	4.70%	4.90%	5.10%	5.30%
Dental Benefit Cost Trend Rate at December 31	4.90%	5.10%	5.40%	5.60%
Long Term Health and Dental Benefit Cost Trend Rate	4.00%	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2040	2040	2040	2040
Salary Scale Rate	3.30%	4.00%	4.00%	4.00%
Assumed Increase in Employer Contributions	expected ***	expected ***	expected ***	expected ***

D. Calculation of Component Items

Interest Cost				
Present Value of Defined Benefit Obligation as at January 1	29,099,288	20,681,468	20,840,539	20,934,207
Benefits Paid	(498,364)	(619,269)	(647,798)	(656,923)
Accrued Benefits	28,600,924	20,062,200	20,192,742	20,277,285
Interest Cost	886,629	1,002,846	1,009,337	1,013,152
Expected Present Value of Defined Benefit Obligation as at December 31				
Present Value of Defined Benefit Obligation as at January 1	29,099,288	20,681,468	20,840,539	20,934,207
Current Service Cost	689,365	394,762	379,926	379,533
Benefits Paid	(996,728)	(1,238,537)	(1,295,595)	(1,313,845)
Interest Cost	886,629	1,002,846	1,009,337	1,013,152
Expected Present Value of Defined Benefit Obligation as at December 31	29,678,554	20,840,539	20,934,207	21,013,047

E. Net Actuarial Loss/(Gain)

Net Actuarial Loss/(Gain) as at December 31				
Expected Present Value of Defined Benefit Obligation	29,678,554	20,840,539	20,934,207	21,013,047
Actual Present Value of Defined Benefit Obligation	20,681,468	20,840,539	20,934,207	21,013,047
Net Actuarial Loss/(Gain) as at December 31	(8,997,086)	-	-	-

* The expected December 31, 2022 PV DBO and CY 2022 defined benefit cost are calculated based on membership data and management's best estimate assumptions at December 31, 2021.

** Projected CY 2023, 2024 and 2025 results are provided for informational purposes only. Significant changes such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require revised projections or a full actuarial review.

*** Based on exepcted benefits to be paid to those eligible for benefits.

APPENDIX B —
SUMMARY OF BENEFITS

Fields in red font indicate changes from the previous valuation.

© 2023 RSM Canada. All Rights Reserved.

Alectra Unconsolidated

Benefit Class	MEARIE 200 Class 5D	PowerStream Early Retirees 900D	Alectra Retirees Age 65 and Over	PowerStream Early Retirees 900D
Benefit Class Desc.	Alectra PWU and non-union employees hired after June 1, 2019	Alectra PWU and non-union employees hired after June 1, 2019	901 All Classes	Guelph Union IBEW Represented employees hired after April 1, 2021
Post-Retirement Coverage Type	Life	Health, Dental	Health, Dental	Health, Dental
% Paid by the Corporation	100%	80%	0%	80%
Retiree Coverage				
Is the retiree covered? (Y/N)	Yes	Yes	Yes	Yes
Eligibility Requirements	No minimum service requirement	Covered under group plan on day preceeding retirement - Min. 15 years service required	Retire on or after April 1, 2010, and previously covered under group plan on day preceeding retirement	Covered under group plan on day preceeding retirement - Min. 15 years service required
Coverage Amount	$5,000 paid at retirement if less than 10 years of service; $10,000 paid at retirement if 10 years of service or more	Monthly premiums paid as noted in the claims cost summary	Monthly premiums paid as noted in the claims cost summary	Monthly premiums paid as noted in the claims cost summary
Coverage Start	At retirement	At Retirement	At Retirement	At Retirement
Coverage End	At retirement	Age 65	Lifetime	Age 65
Retiree Dependent Survivor Coverage				
Is the retiree's spouse covered upon retiree's death? (Y/N)	No	Yes	Yes	Yes
Eligibility Requirements		Dependant at time of Members death	The person who you are legally married to or a person who continuously resides with you in a conjugal relationship	Dependant at time of Members death
Coverage Amount		Monthly premiums paid as noted in the claims cost summary	Monthly premiums paid as noted in the claims cost summary	Monthly premiums paid as noted in the claims cost summary
Coverage Start		Upon members death	Upon members death	Upon members death
Coverage End		earlier of - 24 months following the death of the member, the date the person is no longer considered a dependant	earlier of - 24 months following the death of the member, the date the person is no longer considered a dependant	earlier of - 24 months following the death of the member, the date the person is no longer considered a dependant
Exceptions	None	None	None	None
Maximum Benefit	None	None	None	None

Enersource

Benefit Class	MEARIE 200 Class 5A, B	MEARIE 200 Class 5C 1	MEARIE 200 Class 5C 2	MEARIE 200 Class 5C 3
Benefit Class Desc.	**Hired prior to April 1, 2000**	**Hired prior to April 1, 2000 and insured under Superseded Plan**	**Hired prior to April 1, 2000 and insured under Superseded Plan**	**Hired prior to April 1, 2000 and insured under Superseded Plan**
Post-Retirement Coverage Type	Life	Life	Life	Life
% Paid by the Corporation	100%	100%	100%	100%
Retiree Coverage				
Is the retiree covered? (Y/N)	Yes	Yes	Yes	Yes
Eligibility Requirements	No minimum service requirement	no minimum service requirement	no minimum service requirement	no minimum service requirement
Coverage Amount	$2,000 if < 10 years of service; 50% of final annual earnings reduced by 2.5% per year for 10 years if >= 10 years of service	If selected options 2, 3 or 4 under Superseded Plan: 50% of final annual earnings reducing by 2.5% for 10 years	If hired on or after May 1, 1967 and never elected options 2, 3 or 4 under Superseded Plan: 50% of final annual earnings	If hired prior to May1, 1967 and never elected options 2, 3 or 4 at any time prior to retirement: 70% of amount of coverage employee was insured for immediately prior to retirement
Coverage Start	At retirement	At retirement	At retirement	At retirement
Coverage End	Lifetime	lifetime	lifetime	lifetime
Retiree Dependent Survivor Coverage				
Is the retiree's spouse covered upon retiree's death? (Y/N)	No	No	No	No
Eligibility Requirements				
Coverage Amount				
Coverage Start				
Coverage End				
Exceptions	None			
Maximum Benefit	None			

Enersource

Benefit Class	MEARIE 200 Class 5D	SunLife 300 Class E5	Sun Life 300 Class E5	SunLife 300 Class E7 (Closed)
Benefit Class Desc.	**Hired on or after April 1, 2000**	**All employees**	**All employees**	**Retired on or after June 1, 1997 (Closed Class, 2 employees)**
Post-Retirement Coverage Type	Life	Health, Dental	Health, Dental	Health, Dental
% Paid by the Corporation	100%	15+ years of service – 75% 10 - 15 years of service – 50% < 10 years of service – 0%	0%	0%
Retiree Coverage				
Is the retiree covered? (Y/N)	Yes	Yes	Yes	Yes
Eligibility Requirements	No minimum service requirement	No minimum service requirement, Receiving an OMERS pension	No minimum service requirement, Receiving an OMERS pension	No minimum service requirement, Receiving an OMERS pension
Coverage Amount	$5,000 paid at retirement if less than 10 years of service; $10,000 paid at retirement if 10 years of service or more	Claims costs	Claims costs	Claims costs
Coverage Start	At retirement	At retirement	Age 65	At retirement
Coverage End	At retirement	Age 65	Lifetime	Lifetime
Retiree Dependent Survivor Coverage				
Is the retiree's spouse covered upon retiree's death? (Y/N)	No	Yes	Yes	No
Eligibility Requirements		None	None	
Coverage Amount		Claims costs	Claims costs	
Coverage Start		At employee's death	At employee's death	
Coverage End		24 months after the date of employee's death or when employee would have turned age 65	24 months after the date of employee's death or when employee would have turned age 65	
Exceptions	None	None	None	None
Maximum Benefit	None	None	None	None

Horizon

Benefit Class	MEARIE 0161 Class 5 A, B	MEARIE 0161 Class 5C 1	MEARIE 0161 Class 5C 2	MEARIE 0161 Class 5C 3
Benefit Class Desc.	Horizon (all), St. Catharines (retiring on or after February 28, 2005)	Employees hired under Superseded Plan	Employees hired under Superseded Plan	Employees hired under Superseded Plan
Post-Retirement Coverage Type	Life	Life	Life	Life
% Paid by the Corporation	100%	100%	100%	100%
Retiree Coverage				
Is the retiree covered? (Y/N)	Yes	Yes	Yes	Yes
Eligibility Requirements	None	no minimum service requirement	no minimum service requirement	no minimum service requirement
Coverage Amount	If less than 10 years of service, $2,000; If 10 more years of service, 50% of final salary reducing by 2.5% each year for 10 years	If selected options 2, 3 or 4 under Superseded Plan: 50% of final annual earnings reducing by 2.5% for 10 years	If hired on or after May 1, 1967 and never elected options 2, 3 or 4 under Superseded Plan: 50% of final annual earnings	If hired prior to May1, 1967 and never elected options 2, 3 or 4 at any time prior to retirement: 70% of amount of coverage employee was insured for immediately prior to retirement
Coverage Start	At retirement	At retirement	At retirement	At retirement
Coverage End	Lifetime	lifetime	lifetime	lifetime
Retiree Dependent Survivor Coverage				
Is the retiree's spouse covered upon retiree's death? (Y/N)	No	No	No	No
Eligibility Requirements				
Coverage Amount				
Coverage Start				
Coverage End				
Exceptions	None			
Maximum Benefit	None			

Horizon

Benefit Class	SunLife 500 Class HZ8	SunLife 500 Class HZV	SunLife 600 Class SC2	SunLife 600 Class SC4
Benefit Class Desc.	**Horizon (hired before October 1, 2001)**	**Horizon (hired on or after October 1, 2001)**	**St. Catharines Non-Union (retiring on or after February 28, 2005)**	**St. Catharines Union (retiring on or after February 28, 2005)**
Post-Retirement Coverage Type	Health, Dental	Health, Dental	Health, Dental	Health, Dental
% Paid by the Corporation	100%	100%	100%	100%
Retiree Coverage				
Is the retiree covered? (Y/N)	Yes	Yes	Yes	Yes
Eligibility Requirements	**Non-Union:** 1. Non-Union employee of former Hamilton Utilities Corporation or a subsidiary on date of retirement. 2. Apply for and receive an OMERS pension with a minimum of 20 years service with an OMERS employer. **Union (hired prior to Oct 1 2001 - Lifetime)** 1. Hired by Hamilton Hydro Inc. or its predecessor companies prior to October 1, 2001, and 2. 20 years of service with the Corporation, and 3. Applies for and receives an OMERS pension, and 4. Minimum of 55 years of age at the time of retirement	**Non-Union:** 1. Non-Union employee of former Hamilton Utilities Corporation or a subsidiary on date of retirement. 2. Apply for and receive an OMERS pension with a minimum of 20 years service with an OMERS employer. **Union (hired post Oct 1 2001 up to 65)** 1. Hired by Hamilton Hydro Inc. or its successor companies after October 1, 2001, and 2. 20 years of service with the Corporation, and 3. Applies for and receives an OMERS pension, and 4. Minimum of 55 years of age at the time of retirement.	Age 55+ receiving an OMERS pension and retiring w/ at least 20 years of service	Age 55+ receiving an OMERS pension
Coverage Amount	Claims costs	Claims costs	Claims costs	Claims costs
Coverage Start	At retirement	At retirement	At retirement	At retirement
Coverage End	Lifetime	Age 65	Age 65	Age 65
Retiree Dependent Survivor Coverage				
Is the retiree's spouse covered upon retiree's death? (Y/N)	Yes	Yes	Yes	Yes
Eligibility Requirements	Based on above employee eligibility requirements	Based on above employee eligibility requirements	Based on above employee eligibility requirements	Based on above employee eligibility requirements
Coverage Amount	Claims costs	Claims costs	Claims costs	Claims costs
Coverage Start	At employee's death	At employee's death	At employee's death	At employee's death
Coverage End	6 months following retiree's death	6 months following retiree's death	the earlier of 30 months following retiree's death and date at which member would have turned age 65	the earlier of 30 months following retiree's death and date at which member would have turned age 65
Exceptions	None	None	None	None
Maximum Benefit	None	None	None	None

Hydro One Brampton

Benefit Class	MEARIE 0156 Class 3 A, B	MEARIE 0156 Class 5C 1	MEARIE 0156 Class 5C 2
Benefit Class Desc.	**Class 3 (Born before April 1, 1959 OR retired before April 1, 2015 OR formerly management)**	**Employees hired under Superseded Plan**	**Employees hired under Superseded Plan**
Post-Retirement Coverage Type	Life	Life	Life
% Paid by the Corporation	100%	100%	100%
Retiree Coverage			
Is the retiree covered? (Y/N)	Yes	Yes	Yes
Eligibility Requirements	None	no minimum service requirement	no minimum service requirement
Coverage Amount	$2,000 if < 10 years of service; 50% of final annual earnings reduced by 2.5% per year for 10 years if >= 10 years of service	If selected options 2, 3 or 4 under Superseded Plan: 50% of final annual earnings reducing by 2.5% for 10 years	If hired on or after May 1, 1967 and never elected options 2, 3 or 4 under Superseded Plan: 50% of final annual earnings
Coverage Start	At retirement	At retirement	At retirement
Coverage End	Lifetime	lifetime	lifetime
Retiree Dependent Survivor Coverage			
Is the retiree's spouse covered upon retiree's death? (Y/N)	No	No	No
Eligibility Requirements			
Coverage Amount			
Coverage Start			
Coverage End			
Exceptions	None		
Maximum Benefit	None		

Hydro One Brampton

Benefit Class	MEARIE 0156 Class 5C 3	MEARIE 0156 Class 5
Benefit Class Desc.	Employees hired under Superseded Plan	Class 5 (UNIFOR not in class 3) Retired Outside Union Employees - born after April 1, 1959
Post-Retirement Coverage Type	Life	Life
% Paid by the Corporation	100%	50%
Retiree Coverage		
Is the retiree covered? (Y/N)	Yes	Yes
Eligibility Requirements	no minimum service requirement	None
Coverage Amount	If hired prior to May1, 1967 and never elected options 2, 3 or 4 at any time prior to retirement: 70% of amount of coverage employee was insured for immediately prior to retirement	$2,000 if < 10 years of service; 50% of final annual earnings reduced by 2.5% per year for 10 years if >= 10 years of service
Coverage Start	At retirement	At retirement
Coverage End	lifetime	Lifetime
Retiree Dependent Survivor Coverage		
Is the retiree's spouse covered upon retiree's death? (Y/N)	No	No
Eligibility Requirements		
Coverage Amount		
Coverage Start		
Coverage End		
Exceptions		None
Maximum Benefit		None

Hydro One Brampton

Benefit Class	MEARIE 0156 Class 6	SunLife 400 Class H4
Benefit Class Desc.	Class 6 (IBEW not in class 3) Retired Inside Union Employees - born after April 1, 1959 and retired after April 1, 2015	All employees
Post-Retirement Coverage Type	Life	Health, Dental
% Paid by the Corporation	0%	50%
Retiree Coverage		
Is the retiree covered? (Y/N)	Yes	Yes
Eligibility Requirements	None	Retire after age 55
Coverage Amount	$2,000 if < 10 years of service; 50% of final annual earnings reduced by 2.5% per year for 10 years if >= 10 years of service	Claims costs
Coverage Start	At retirement	At retirement
Coverage End	Lifetime	Age 65
Retiree Dependent Survivor Coverage		
Is the retiree's spouse covered upon retiree's death? (Y/N)	No	Yes
Eligibility Requirements		Employee retires after age 55
Coverage Amount		Claims costs
Coverage Start		At employee's death
Coverage End		2 years after employee's death
Exceptions	None	None
Maximum Benefit	None	None

Guelph

Benefit Class	MEARIE 0043 Class 4 A, B	MEARIE 0043 Class 5	SunLife 702 (Mgmt) - Class GR1, GR2 SunLife 708 (Union) - Class GR1, GR2
Benefit Class Desc.	Employees hired on or prior to October 23, 2001	Early Retirees of Classes 1, 2 and 3 hired after October 22, 2001	Employees hired on or prior to October 22, 2001. GR1 = retired before June 27, 2017, GR2 = retired after June 27, 2017
Post-Retirement Coverage Type	Life	life	Health, Dental
% Paid by the Corporation	100%	100%	100%
Retiree Coverage			
Is the retiree covered? (Y/N)	Yes	Yes	Yes
Eligibility Requirements	At retirement	Early retiree	20 years of service
Coverage Amount	If <10 years service, $2000. If => than 10 years service, 50% of salary at time of retirement, reducing by 2.5% per anniversary date over the next 10 years, until they are at 25% of base salary.	if <10 years of service in this plan, $2,000. If = or > 10 years of service, 50% of final annual earnings, reducing by 2.5% per anniversary date of retirement over next 10 years until 25% of final annual earnings	Claims costs
Coverage Start	At retirement	At early retirement	At age 55 or older who retire with an OMERS pension
Coverage End	Lifetime	age 65	Age 65
Retiree Dependent Survivor Coverage			
Is the retiree's spouse covered upon retiree's death? (Y/N)	No	No	No
Eligibility Requirements			
Coverage Amount			
Coverage Start			
Coverage End			
Exceptions	None		None
Maximum Benefit	None		None

Guelph

Benefit Class	**SunLife 703 (Mgmt) - Class GR3 SunLife 709 (Union) - Class GR3, GR4**	**SunLife 703 (Mgmt) - Class GR3 SunLife 709 (Union) - GR3, GR4**
Benefit Class Desc.	**Employees hired on or prior to October 22, 2001. GR3 = retired before June 27, 2017. GR4 = retired after June 27, 2017**	**Employees hired on or prior to October 22, 2001**
Post-Retirement Coverage Type	Health	Dental
% Paid by the Corporation	100%	0%
Retiree Coverage		
Is the retiree covered? (Y/N)	Yes	No
Eligibility Requirements	20 years of service	
Coverage Amount	Claims costs	
Coverage Start	At age 65 or orlder who retire with an OMERS pension	
Coverage End	Lifetime	
Retiree Dependent Survivor Coverage		
Is the retiree's spouse covered upon retiree's death? (Y/N)	No	No
Eligibility Requirements		
Coverage Amount		
Coverage Start		
Coverage End		
Exceptions	None	None
Maximum Benefit	None	None

PowerStream

Former Hydro	**Aurora**	**Aurora**	**Aurora**	**Aurora**
Benefit Class	**MEARIE 0149 Class 31**	**MEARIE 0149 Class 31**	**MEARIE 0149 Class 31**	**MEARIE 0149 Class 31**
Benefit Class Desc.	**Aurora A**	**Aurora B**	**Aurora C.1**	**Aurora C.2**
Post-Retirement Coverage Type	Life	Life	Life	Life
% Paid by the Corporation	100%	100%	100%	100%
Retiree Coverage				
Is the retiree covered? (Y/N)	Yes	Yes	Yes	Yes
Eligibility Requirements	No minimum service requirement	10 or more years ofservice	No minimum service requirement	Hired on or after May 1, 1967
Coverage Amount	$2,000	50% of final salary reducing by 2.5% each year for 10 years, to a minimum of 25% of final annual earnings	If less than 10 years of service, $2,000; If 10 more years of service, 50% of final salary reducing by 2.5% each year for 10 years	50% of final annual earnings
Coverage Start	At retirement	At retirement	At retirement	At retirement
Coverage End	At retirement	Lifetime	Lifetime	Lifetime
Retiree Dependent Survivor Coverage				
Is the retiree's spouse covered upon retiree's death? (Y/N)	No	No	No	No
Eligibility Requirements				
Coverage Amount				
Coverage Start				
Coverage End				
Exceptions	None	None	None	None
Maximum Benefit	None	None	None	None

RSM

PowerStream

Former Hydro	**Aurora**	**Barrie**	**Barrie**	**Barrie**
Benefit Class	**MEARIE 0149 Class 31**	**MEARIE 0149 Class 37**	**MEARIE 0149 Class 37**	**MEARIE 0149 Class 37**
Benefit Class Desc.	**Aurora C.3**	**Barrie A, B**	**Barrie C.1**	**Barrie C.2**
Post-Retirement Coverage Type	Life	Life	Life	Life
% Paid by the Corporation	100%	100%	100%	100%
Retiree Coverage				
Is the retiree covered? (Y/N)	Yes	Yes	Yes	Yes
Eligibility Requirements	Hired prior to May 1, 1967	No minimum service requirement	No minimum service requirement	Hired on or after May 1, 1967
Coverage Amount	70% of the amount of coverage the employee was insured for immediately prior to retirement	If less than 10 years of service, $2,000; If 10 more years of service, 50% of final salary reducing by 2.5% each year for 10 years	If less than 10 years of service, $2,000; If 10 more years of service, 50% of final salary reducing by 2.5% each year for 10 years	50% of final annual earnings
Coverage Start	At retirement	At retirement	At retirement	At retirement
Coverage End	Lifetime	Lifetime	Lifetime	Lifetime
Retiree Dependent Survivor Coverage				
Is the retiree's spouse covered upon retiree's death? (Y/N)	No	No	No	No
Eligibility Requirements				
Coverage Amount				
Coverage Start				
Coverage End				
Exceptions	None	None		
Maximum Benefit	None	None		

PowerStream

Former Hydro	Barrie	Barrie	Markham	Markham
Benefit Class	**MEARIE 0149 Class 37**	**E**	**MEARIE 0149 Class 7**	**MEARIE 0149 Class 7**
Benefit Class Desc.	**Barrie C.3**	**Barrie Retirees 65+**	**Markham_A (retired with less than 10 years of service)**	**Markham_B (retired with 10+ years of service)**
Post-Retirement Coverage Type	Life	Health, Dental	Life	Life
% Paid by the Corporation	100%	0%	100%	100%
Retiree Coverage				
Is the retiree covered? (Y/N)	Yes	Yes	Yes	Yes
Eligibility Requirements	Hired prior to May 1, 1967	Covered under group plan on day preceeding retirement	No minimum service requirement	10 or more years of service
Coverage Amount	70% of the amount of coverage the employee was insured for immediately prior to retirement	Monthly premiums paid as noted in the claims cost summary	$2,000 of coverage	50% of final annual earnings, reducing by 2.5% of final annual earnings each retirement anniversary for 10 years, to a minimum of 25% of final annual earnings
Coverage Start	At retirement	Age 65	At retirement	At retirement
Coverage End	Lifetime	Lifetime	At retirement	Lifetime
Retiree Dependent Survivor Coverage				
Is the retiree's spouse covered upon retiree's death? (Y/N)	No	yes	No	No
Eligibility Requirements		Dependant at time of Members death		
Coverage Amount				
Coverage Start		Upon members death		
Coverage End		earlier of - 24 months following the death of the member, the date the person is no longer considered a dependant		
Exceptions		None	None	None
Maximum Benefit		None	None	None

RSM

PowerStream

Former Hydro	**Markham**	**Markham**	**Markham**	**Richmond Hill**
Benefit Class	**MEARIE 0149 Class 7**	**MEARIE 0149 Class 7**	**MEARIE 0149 Class 7**	**MEARIE 0149 Class 8, 9**
Benefit Class Desc.	**Markham_C.1 (previously in the superceded plan)**	**Markham_C.2 (previously in the superceded plan)**	**Markham_C.3 (previously in the superceded plan)**	**Richmond Hill_1 (hired in or after 1984 with less than 10 years of service)**
Post-Retirement Coverage Type	Life	Life	Life	Life
% Paid by the Corporation	100%	100%	100%	100%
Retiree Coverage				
Is the retiree covered? (Y/N)	Yes	Yes	Yes	Yes
Eligibility Requirements	No minimum service requirement	Hired on or after May 1. 1967	Hired prior to May 1. 1967	No minimum service requirement
Coverage Amount	50% of final annual earnings, reducing by 2.5% of final annual earnings each retirement anniversary, to a minimum of 25% of final annual earnings	50% of final annual earnings	70% of the amount of coverage the employee was insured for immediately prior to retirement	$2,000 of coverage
Coverage Start	At retirement	At retirement	At retirement	At retirement
Coverage End	Lifetime	Lifetime	Lifetime	Lifetime
Retiree Dependent Survivor Coverage				
Is the retiree's spouse covered upon retiree's death? (Y/N)	No	No	No	No
Eligibility Requirements				
Coverage Amount				
Coverage Start				
Coverage End				
Exceptions	None	None	None	None
Maximum Benefit	None	None	None	None

RSM

PowerStream

Former Hydro	Richmond Hill	Richmond Hill	Richmond Hill	Vaughan
Benefit Class	**MEARIE 0149 Class 8, 9**	**MEARIE 0149 Class 8, 9**	**B1**	**MEARIE 0149 Class 10, 11**
Benefit Class Desc.	**Richmond Hill_2 (hired on or after 1984 with more than 10 years of service)**	**Richmond Hill_3 (hired prior to 1984 with 10 or more years of service)**	**Richmond Hill Union Retirees Under 65 (Diamond, William & Tinsdill, Wendy)**	**Vaughan**
Post-Retirement Coverage Type	Life	Life	Health, Dental	Life
% Paid by the Corporation	100%	100%	100%	100%
Retiree Coverage				
Is the retiree covered? (Y/N)	Yes	Yes	Yes	Yes
Eligibility Requirements	10 or more years of service	10 or more years of service	Covered under group plan on day preceeding retirement - more than 10 years service	no minimum service requirement
Coverage Amount	100% of final earnings, up to a max of $100,000	100% of final annual earnings, up to a max of $100,000. Coverage reduces by 50% at age 65	Monthly premiums paid as noted in the claims cost summary	$10,000 of coverage
Coverage Start	At retirement	At retirement	At retirement	At retirement
Coverage End	Lifetime	Lifetime	Age 65	Lifetime
Retiree Dependent Survivor Coverage				
Is the retiree's spouse covered upon retiree's death? (Y/N)	No	No	Yes	No
Eligibility Requirements			Dependent at time of Member'd death	
Coverage Amount			Monthly premiums paid as noted in the claims cost summary	
Coverage Start			Upon members death	
Coverage End			earlier of - 24 months following the death of the member, the date the person is no longer considered a dependant	
Exceptions	None	None	None	None
Maximum Benefit	None	None	None	None

RSM

PowerStream

Former Hydro	Vaughan - Under 65	Vaughan - 65+	Vaughan - Union Under 65	Vaughan - Union 65+
Benefit Class	**C**	**C1**	**F**	**F1**
Benefit Class Desc.	**Vaughan Mgmt Retirees under 65**	**Vaughan Mgmt Retirees 65+**	**Vaughan Union Retirees Under 65**	**Vaughan Union Retirees 65+**
Post-Retirement Coverage Type	Health, Dental	Health, Dental	Health, Dental	Health, Dental
% Paid by the Corporation	100%	100%	100%	100%
Retiree Coverage				
Is the retiree covered? (Y/N)	Yes	Yes	Yes	Yes
Eligibility Requirements	12 year minimum service requirement as of May 25, 2005	12 year minimum service requirement as of May 25, 2005	12 year minimum service requirement as of May 25, 2005	12 year minimum service requirement as of May 25, 2005
Coverage Amount	Monthly premiums paid as noted in the claims cost summary	Monthly premiums paid as noted in the claims cost summary	Monthly premiums paid as noted in the claims cost summary	Monthly premiums paid as noted in the claims cost summary
Coverage Start	At retirement	At retirement	At retirement	At retirement
Coverage End	Age 65	Lifetime	Age 65	Lifetime
Retiree Dependent Survivor Coverage				
Is the retiree's spouse covered upon retiree's death? (Y/N)	Yes	Yes	Yes	Yes
Eligibility Requirements	Dependant at time of Members death	Dependant at time of Members death	Dependant at time of Members death	Dependant at time of Members death
Coverage Amount	Monthly premiums paid as noted in the claims cost summary	Monthly premiums paid as noted in the claims cost summary	Monthly premiums paid as noted in the claims cost summary	Monthly premiums paid as noted in the claims cost summary
Coverage Start	Upon members death	Upon members death	Upon members death	Upon members death
Coverage End	earlier of - 24 months following the death of the member, the date the person is no longer considered a dependant	earlier of - 24 months following the death of the member, the date the person is no longer considered a dependant	earlier of - 24 months following the death of the member, the date the person is no longer considered a dependant	earlier of - 24 months following the death of the member, the date the person is no longer considered a dependant
Exceptions	None	None	None	None
Maximum Benefit	None	None	None	None

PowerStream

Former Hydro	All Union and Management retiring on or after July 2010	All Union and Management retiring between July 2010 and April 1, 2016	All Union and Management retiring on or after April 1, 2016	PowerStream Early Retirees	Alectra Retirees Age 65 and Over
Benefit Class	**MEARIE 0149 Class 36**	**Merged to Plan D**	**Merged to Plan D**	**D**	**901 All Classes**
Benefit Class Desc.	**PowerStream**	**PowerStream**	**PowerStream**	**PowerStream Early Retirees**	**Alectra Voluntary Plans**
Post-Retirement Coverage Type	Life	Health, Dental	Health, Dental	Health, Dental	Health, Dental
% Paid by the Corporation	100%	75%	80%	80%	0%
Retiree Coverage					
Is the retiree covered? (Y/N)	Yes	Yes	Yes	Yes	Yes
Eligibility Requirements	Retiring on or after July 16, 2010 with 15 year minimum service requirement	15 year minimum service requirement	15 year minimum service requirement	Covered under group plan on day preceeding retirement - Min. 15 years service required	Retire on or after April 1, 2010, and previously covered under group plan on day preceeding retirement
Coverage Amount	50% of final earnings, reducing by 2.5% each year to 25% of final earnings	Monthly premiums paid as noted in the claims cost summary	Monthly premiums paid as noted in the claims cost summary	Monthly premiums paid as noted in the claims cost summary	Monthly premiums paid as noted in the claims cost summary
Coverage Start	At retirement	At retirement	At retirement	At Retirement	At Retirement
Coverage End	Lifetime	Age 65	Age 65	Age 65	Lifetime
Retiree Dependent Survivor Coverage					
Is the retiree's spouse covered upon retiree's death? (Y/N)	No	No	No	Yes	Yes
Eligibility Requirements				Dependant at time of Members death	The person who you are legally married to or a person who continuously resides with you in a conjugal relationship
Coverage Amount				Monthly premiums paid as noted in the claims cost summary	Monthly premiums paid as noted in the claims cost summary
Coverage Start				Upon members death	Upon members death
Coverage End				earlier of - 24 months following the death of the member, the date the person is no longer considered a dependant	earlier of - 24 months following the death of the member, the date the person is no longer considered a dependant
Exceptions	None	None	None	None	None
Maximum Benefit	None	None	None	None	None



rsmcanada.com

RSM Canada LLP is a limited liability partnership that provides public accounting services and is the Canadian member firm of RSM International, a global network of independent audit, tax and consulting firms. RSM Canada Consulting LP is a limited partnership that provides consulting services and is an affiliate of RSM US LLP, a member firm of RSM International. The member firms of RSM International collaborate to provide services to global clients, but are separate and distinct legal entities that cannot obligate each other. Each member firm is responsible only for its own acts and omissions, and not those of any other party. Visit rsmcanada.com/aboutus for more information regarding RSM Canada and RSM International.

RSM® and the RSM logo are registered trademarks of RSM International Association, used under licence.

The power of being understood® is a registered trademark of RSM US LLP, used under licence.

©2023. RSM Canada LLP. All Rights Reserved.

SHARED SERVICES AND CORPORATE COST ALLOCATIONS

1. OVERVIEW

This schedule provides information about shared corporate services and corporate cost allocations between Alectra Utilities and affiliated corporate entities described below:

- Alectra Inc. (AI) provides strategic direction, corporate governance and financial stewardship to Alectra Utilities and Alectra Energy Solutions Inc.. Alectra Utilities is a wholly owned subsidiary of Alectra Inc. Alectra Inc. receives shared corporate services from Alectra Utilities and provides such services to Alectra Utilities.

- Alectra Energy Solutions Inc. (AES) is a wholly owned subsidiary of Alectra Inc. It has two subsidiaries: Alectra Energy Services Inc. and Alectra Power Services Inc. Alectra Energy Solutions Inc. receives shared corporate services from Alectra Utilities and provides such services to Alectra Utilities.

For more information about these entities and their relationship to Alectra Utilities, refer to Corporate Structure and Governance evidence in Exhibit 1, Tab 2, Schedule 2.

In addition, Alectra Utilities has relationship with four shareholders: the City of Guelph, the City of Hamilton, the City of Markham and the City of Vaughan. These relationships are for the provision of water billing services. For more information about these services, refer to Exhibit 4, Tab 2, Schedule 7.

Consistent with the OEB's *Affiliate Relationships Code for Electricity Distributors and Transmitters* (ARC), the pricing methodology used for shared services and corporate cost allocation is based on fully allocated costs.

2. APPENDIX 2-N

A completed copy of the OEB’s Appendix 2-N is filed at Attachment 4-9 to this Exhibit. This appendix provides cost information and allocation details relating to each shared service provided or received by Alectra Utilities in the historical years (2017-2024), Bridge Years

(2025-2026) and forecast years (2027-2031). The Board of Directors-related costs in Alectra Inc. allocated to Alectra Utilities are also included in Appendix 2-N.

3. SHARED SERVICES MODEL

In 2017, Alectra Utilities engaged Black & Veatch to review and assess its shared services and corporate cost allocation processes, ensuring compliance with the ARC. Based on the findings from the review, Alectra Utilities implemented its shared services and corporate cost allocation processes effective January 1, 2018 and retroactively calculated for 2017. To reflect subsequent organizational structure changes, Alectra Utilities retained Atrium Economics, LLC in 2020 to evaluate and update its cost allocation methods. The updated results from the 2020 review were implemented effective January 1, 2022. In 2024, Alectra Utilities again retained Atrium Economics, LLC to conduct an additional update, reflecting further organizational changes and reinforcing the accuracy and consistency of its cost allocation approach. The updated results from the 2024 review were implemented effective January 1, 2025.

Alectra Utilities' shared services and corporate cost allocation process consists of two main components: allocation of shared assets and allocation of shared corporate services. The shared asset allocation process begins with identifying the nature and purpose of shared assets, the specific services these assets support, and the extent to which Alectra Utilities and its affiliates utilize these assets. Based on this assessment, allocation factors are developed to ensure an accurate and equitable distribution of costs between Alectra Utilities and its affiliates.

Alectra Utilities' allocation of shared corporate service involves evaluating each Line of Business that provides shared corporate services to identify specific service activities, assess allocation options for those activities, and develop allocation factors or time-based surveys to distribute costs accurately between Alectra Utilities and its affiliates.

To establish transfer prices for shared corporate services, Alectra Utilities adheres to the ARC, applying fully-allocated cost-based pricing for shared corporate services between Alectra Utilities and its affiliates. Alectra Utilities reviews allocation factors annually to keep the information current and adjusts the transfer prices if there are significant changes.

Alectra Utilities employs five primary methodologies to allocate shared corporate costs across its affiliates:

1. Time Survey: Allocates costs based on the proportion of time employees or resources dedicated to each affiliate.

2. Capital, Labour, and Revenue Allocation (Blended Multi-Factor Methodology): This approach equally weights three factors—revenue, labour costs, and asset values—to distribute shared corporate costs. Each affiliate's allocation is determined by its proportionate share of these factors.

3. Internal Drive Allocation (Proportionate Share Methodology): In this methodology, the cost of specific shared services provided is allocated between Alectra Utilities and its affiliates based on each entity's proportional share of the broader expenses within that line of business.

4. Square Footage: Allocates costs based on the physical space occupied by each affiliate.

5. Headcount: Distributes costs according to the number of employees assigned to each affiliate.

Table 4-4-1 below provides Alectra Utilities' corporate cost allocation methodology for each line of business that provides shared corporate services.

Table 4-4-1: Functional Service and Allocation Methodology

Shared Service Line of Business	Allocation Methodology
Asset Strategy	Time Survey
Business Transformation	Time Survey Capital, Labour, Revenue Internal Driver based on Proportionate Share
Customer Service	Time Survey
Energy Services	Time Survey
Envida - Solar	Time Survey

Shared Service Line of Business	Allocation Methodology
Finance	Time Survey Capital, Labour, Revenue
Government & Corporate Relations	Time Survey Capital, Labour, Revenue
Information Technology	Time Survey Headcount
Internal Audit Department	Direct Time based on Audit Plan (3 year average)
Legal	Time Survey Headcount Internal Driver based on Proportionate Share Capital, Labour, Revenue
Network Metering	Time Survey
Operations	Time Survey
People and Safety	Time Survey Headcount Capital, Labour, Revenue
Regulatory	Time Survey
Ring-Fenced Solar	Time Survey
Solar	Time Survey
Strategic Support, Taxation & Treasury	Time Survey
Strategy, ERM & Sustainability Department	Time Survey
Supply Chain Operations	Time Survey Square Footage
Supply Chain Services	Time Survey Purchases by Entity Number of RFPs
Corporate, Holdings Corporate	Time Survey

Shared Service Line of Business	Allocation Methodology
Alectra Utilities Executives	Time Survey Capital, Labour, Revenue Internal Driver based on Proportionate Share
AI Executives	Time Survey Headcount Internal Driver based on Proportionate Share Capital, Labour, Revenue

4. VARIANCE ANALYSIS

Table 4-4-2 below summarizes the costs of shared services provided by and received by Alectra Utilities to or from Alectra Inc. and Alectra Energy Solutions Inc. A variance analysis between the 2017 shared services (deemed last OEB-approved) and the 2027 Test Year, as well as the 2024 shared services (most recent actual) and 2027 Test Year, are also provided.

Table 4-4-2: Summary of the Costs of Shared Services Provided by and Received by Alectra Utilities (AUC) to/from Alectra Inc and Alectra Energy Solutions Inc. ($MM)

	Actual								Bridge		Forecast				
Services	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**
AUC to AI	(0.4)	(0.4)	(0.4)	(0.3)	(0.3)	(0.2)	(0.2)	(0.2)	(0.6)	(0.7)	(0.7)	(0.8)	(0.8)	(0.8)	(0.9)
AI to AUC	6.0	5.3	5.7	6.5	6.7	9.6	9.5	10.6	10.9	10.0	11.1	10.9	11.2	11.7	11.7
Subtotal	**5.6**	**4.9**	**5.4**	**6.2**	**6.3**	**9.4**	**9.3**	**10.4**	**10.3**	**9.4**	**10.4**	**10.2**	**10.4**	**10.9**	**10.8**
2017 vs 2027											4.8				
2024 vs 2027											—				
AUC to AES	(1.9)	(1.8)	(1.8)	(1.8)	(1.8)	(2.6)	(2.8)	(2.9)	(3.7)	(3.8)	(4.0)	(4.2)	(4.5)	(4.6)	(4.7)
AES to AUC	0.1	0.1	0.6	0.9	0.8	1.6	1.0	1.1	0.4	0.5	0.5	0.5	0.5	0.6	0.6
Subtotal	**(1.8)**	**(1.7)**	**(1.2)**	**(0.9)**	**(1.0)**	**(1.0)**	**(1.8)**	**(1.8)**	**(3.3)**	**(3.3)**	**(3.5)**	**(3.7)**	**(3.9)**	**(4.0)**	**(4.1)**
2017 vs 2027											(1.7)				
2024 vs 2027											(1.8)				
Net Total	**3.8**	**3.2**	**4.2**	**5.3**	**5.3**	**8.4**	**7.5**	**8.6**	**7.0**	**6.1**	**6.9**	**6.5**	**6.5**	**6.8**	**6.6**

2017 Actual versus 2027 Test Year

Net services provided by Alectra Inc.: The $4.8MM variance between 2017 and the 2027 Test Year is primarily attributable to executives moving from Alectra Utilities to Alectra Inc. during the 2022 corporate restructuring and reallocating their services back into Alectra Utilities.

Net services provided to Alectra Energy Solutions Inc.: The $1.7MM variance between 2017 and the 2027 Test Year is primarily attributable to higher usage of facilities square footage by Alectra Energy Solutions Inc., and higher Information Technology and People Services costs due to higher headcount as a percentage of the total.

2024 Actual versus 2027 Test Year

Net services provided to Alectra Energy Solutions Inc: The $1.8MM variance between 2024 and the 2027 Test Year is primarily attributable to higher usage of facilities square footage by Alectra Energy Solutions Inc., and higher Information Technology and People Services costs due to higher headcount as a percentage of the total.

Attachment 4-9

OEB Appendix 2-N

Please see live Excel version

NON-AFFILIATE SERVICES

PURCHASES OF NON-AFFILIATE SERVICES

Alectra Utilities maintains a comprehensive procurement policy that governs the acquisition of goods and services from third-party, non-affiliated suppliers. The Corporate Procurement Policy is set out in Attachment 4-10.

Procurement thresholds and bid solicitation requirements are established based on the total contract value, as summarized in the Table 4-5-1.

Table 4-5-1: Procurement Thresholds

Threshold	Guidelines
Under $50K	One quote
$50K – $250K	Three written quotes
$250K and over	Formal competitive procurement (RFx process)
Complex Purchases	Any value; Any RFx process

Procurements are executed in accordance with these thresholds. For all procurements above $250,000 or deemed complex in nature (e.g., involving technical evaluation, risk considerations, or integration requirements), a formal competitive RFx process is required.

Sole Source Procurement

Alectra Utilities permits Sole Source procurement in circumstances when justified by operational, technical, or business needs and must comply with internal policies governing non-competitive purchases.

Sole Source procurement may be applied in cases such as:

- The product or service is only available from a single source (e.g., proprietary software, or licensed technologies);
- The requirement is a renewal or continuation of an existing system, platform, or service that cannot be substituted without risk or undue cost;

- The vendor has specialized knowledge, qualifications, or history specific to the utility's infrastructure;
- The vendor provides software, hardware, or support for systems that are already integrated into the utility's operations.

Due diligence is required before proceeding with a sole source transaction, including:

- Internal review by the Supply Chain;
- Submission of a Sole Source Justification Form documenting the rationale for bypassing competitive procurement;
- Approval by appropriate signing authorities in accordance with Alectra Utilities' Approval Authority Levels.

All non-affiliate sole source procurements exceeding the materiality threshold of $1MM are disclosed as part of this rate application. Refer to Attachment 4-11 for details on the nature of services procured, cost, and justification.

Competitive Procurement Process

Alectra Utilities follows a formal competitive process to ensure the fair, transparent, and cost-effective acquisition of goods and services. Listed below are the key steps in the competitive procurement process:

- Planning: Departments collaborate with Commodity Management to define needs, confirm funding, and prepare a Procurement Project Plan with clear requirements and evaluation methods.
- RFx Development: Procurement documents are assembled and approved, outlining specifications, evaluation criteria, and timelines.
- Bidding & Evaluation: RFx documents are issued to suppliers. Submissions are reviewed for compliance and scored by an evaluation panel.

- Award & Finalization: The preferred bidder is selected based on evaluation results. Contracts are finalized and approved before any work begins.

- Post-Award: Unsuccessful bidders are notified, and contracts are managed to ensure performance and compliance.

All contracts at Alectra Utilities are authorized and executed in accordance with the company's Corporate Expenditure Authorization Policy, as shown in Table 4-5-2.

Table 4-5-2: Authorization Limits as outlined in the Corporate Expenditure Authorization Policy

	Authorization Limit[1]	Special Conditions
President & CEO	within budget	• Authority to manage within the budget envelope. • Authority to approve up to $10,000,000 unbudgeted
EVP & CFO	$5,000,000	
EVP	$2,500,000	
SVP	$1,000,000	
VP	$500,000	
Director	$100,000	
Manager	$50,000	
Supervisor	$25,000	
Executive Assistant	$1,000	

Compliance

Alectra Utilities confirms that all non-affiliate service procurements comply with its Procurement Policy. Exceptions to competitive procurement were properly justified and approved. Attachment 4-11 lists material non-competitive purchases over $1MM.

Attachment 4-10

Corporate Procurement Policy

POLICY

SC-002 Corporate Procurement Policy

Organization	Alectra Inc.
Policy Owner	Supply Chain Services
Reviewed by	Director, SCS and VP, Supply Chain
Approved by	Executive Committee
To be reviewed by	Director, SCS and VP, Supply Chain
Next Review Date	November 18, 2027
Document Distribution	Policy Binder, Intranet
This policy is for internal use only	

Note: The most up-to-date versions of all policies are posted on the Intranet under Policies & Procedures. Printed copies should not be relied upon to be the most current version.

1. APPLICATION

1.1. This policy applies to Alectra Inc., its subsidiaries and all their employees involved in the procurement of goods or services, except for Util-Assist Inc. and Holland Power Services Inc. and their subsidiaries.

2. PURPOSE

2.1. This policy is intended to ensure that Alectra employees and contractors procure goods and services required by the company in a manner which provides the best overall value to the organization while aligning with corporate strategies and adhering to other applicable policies and work procedures and in accordance with the following principles.

- Employees are to adhere to any legal, ethical conduct obligations and the Corporation's Code of Conduct.
- Achieving maximum value through consideration of the full range of procurement formats and the adoption of commercially reasonable business practices
- Conducting fair and transparent procurement processes
- Attaining compliance and consistency with applicable policies and procedures
- Adhering to its legal and ethical conduct obligations
- Providing a high level of service in consideration of our internal customers' requirements
- Ensuring that health, safety and environmental sustainability will be considered in all Alectra purchases

- Demonstrate commitment to the environment and Greenhouse Gas (GHG) emission reduction targets by considering suppliers that have developed programs aimed at addressing such environmental sustainability issues
- Effectively balancing accountability and efficiency
- Maintaining a high level of integrity and superior business standards
- Pursuing strategic alliance suppliers/contractors where it is mutually beneficial
- Treating Suppliers/Contractors with the utmost respect
- Promoting sustainable procurement and supply management

2.2 This policy refers to procedures, protocols, templates, and forms that can be found on the Supply Chain Services internal SharePoint sites and on the Alectra Intranet.

3. PERSON RESPONSIBLE FOR INTERPRETATION AND APPLICATION

3.1. All questions pertaining to the interpretation or application of this policy should be referred to the Director, Supply Chain Services and/or designate.

4. POLICY STATEMENT

4.1. The Supply Chain Services organization will work respectfully and efficiently with their internal customers in order to meet the required timelines of each procurement initiative and will conduct business in a manner that is consistent with Alectra's code of Business Conduct.

4.2. Supply Chain Services is responsible for all processes associated with all purchasing transactions and establishing the terms and conditions of the goods and services including all inventory. They shall work with internal stakeholders to make a final decision in the selection of the supplier. The development and continued business relationship of strategic partnership will take place in conjunction with the business stakeholder.

4.3. The Corporate Reporting and Procurement department is responsible for management of the Supplier Master Database and the Part Master Database. The Supplier Master Database contains a list of suppliers with whom Alectra does business. A supplier that has been set up in the Supplier Master Database does not mean they have been prequalified or approved as a preferred supplier, contractor and/or Vendor of Record (VOR). The Part Master Database consists of a listing of inventory part numbers and approved manufacturers that may be used by Alectra.

4.4. It is the responsibility of all Alectra employees when engaged in the procurement of goods and services to maximize competitive buying opportunities and to engage with Supply Chain Services to ensure compliance with Alectra policies, work procedures and protocols.

4.5. All purchases shall be acquired by an authorized purchase order (PO) with the exception of small, one time spend, up to a maximum limit of $5,000, in which case, a corporate invoice may be paid by Visa or without a PO. Inventory purchases require a PO regardless of the spend amount. Purchases shall be acquired in accordance with the bid solicitation guidelines herein. Purchases under $50,000 shall require one written quote. Purchases

between $50,000 and $250,000 shall require, subject to the exceptions noted in this policy, three written competitive quotes and a formal RFx process will be used for purchases over $250,000. There may be circumstances where the required procurement is deemed a higher risk to the organization and may require a more formal procurement and/or contract review process, which may introduce additional time to initiate the procurement process, legal review, and other internal stakeholder consultation. The engagement of a supplier or third party for services that involve issues relating to health and safety, sharing of confidential information (in particular, Alectra's customer or employee data), third-party access or integration to systems, or has the potential to pose reputational risk are all deemed higher risk and employees should engage Commodity Management within Supply Chain as early as possible to conduct a risk assessment.

Bid Solicitation Guidelines

Threshold	**Guidelines**	**Responsibility**
Under $50k	One quote, supplier must agree to Alectra PO Terms and Conditions or have the Business Unit assume the increased risk	Department
$50k - $250k	Three written quotes, selected supplier must agree to Alectra PO Terms and Conditions	Department
$250k and over	Formal competitive procurement – RF(x) process	Commodity Management
Complex Purchases ****any value**	Any value Any RF(x) process	Commodity Management and Legal Services

For all procurements, with the exception of procurements that undertake a formal RFx process, it is the responsibility of the Business Unit requesting the procurement to retain the quotations from suppliers based on the bid solicitation guidelines.

4.6. Alectra may participate from time-to-time in cooperative or joint purchasing initiatives with other entities where such initiatives are determined to be in the best interests of Alectra. These arrangements must be approved in advance through Supply Chain to confirm that the cooperative procurement complies in spirit with the Alectra Competitive RFx process and that the appropriate contract(s) have been entered into.

4.7. Purchases will be made according to approvals obtained by the appropriate signing authorities and approved budgets. Students are not entitled to participate in the requisitioning process. Goods and services are not to be provided until a valid PO is issued to an approved supplier.

4.8. Approvals levels required for any renewal, extension, or non-material additions to scope to an existing PO are outlined in the Corporate Expenditure Authorization Policy.

4.9. All contracts and statements of work (where no previously approved and active service agreement exists) shall be reviewed by the Company's internal or external legal counsel and a Commodity Specialist except where the contract is prepared based on a precedent contract previously approved by internal or external legal counsel and the only changes being made to that precedent are to names, dates or other matters which have been expressly specified in the precedent contract as acceptable insertions and the value of the contract is less than $250,000.

4.10. All contracts must be reviewed, authorized, and signed by an individual holding an office described in Schedule A of the Corporate Authorization Policy and in each case shall be subject to the limits set forth in Schedule A and the President & CEO Authority Limits.

4.11. Inventory POs over $250K will require approvals by the Manager, Material Procurement and over $500K will require approval by the Director, Supply Chain Services.

4.12. There may be cases where there is justification for a single or sole source procurement process based on a defined set of business conditions. The Procurement Single Sole Source Work Procedure is to be followed in these situations.

4.13. There may be cases where there is justification for emergency purchases. Emergency will be defined as a type of event that has occurred where immediate action is required to prevent damage/injury to people or property or to restore power or communications to Alectra plant.

4.14. There are certain circumstances identified where particular goods, services and payments do not require a PO nor a competitive process. In these cases, other controls have been established for these limited exceptions and are noted in Appendix 1 – Items Not Requiring a Purchase Requisition.

4.15. It is the responsibility of Senior Leadership to ensure compliance with this Procurement Policy within their respective business units. All authorizing management shall not authorize any procurement outside of this policy. The Business Units are to ensure that they have the appropriate budget amounts available for all purchases under their authority.

4.16. All exceptions to and violations of the Procurement Policy shall be reported to the Director, Supply Chain Services and Vice President, Supply Chain who will bring forward any deviations to the respective EVP.

4.17. **Construction Holdbacks**

Alectra will apply an invoice payment holdback amount against construction projects that fall under the definitions contained within the Construction Act. In such cases, Alectra will:

- Apply a 10% invoice payment holdback against all applicable contractor invoices

- Provide prompt payment of contractor invoices no later than 28 days of work stage completion
- Confirm completion of work activities prior to payment
- Pay final amounts held once project completion certification is received from the contractor confirming that all sub-contractors and suppliers have been paid in full and no liens exist against the property

Upon mutual agreement, and in lieu of the invoice payment holdback process, contractors may request to provide either:

- A Holdback Bond from an accredited financial or insurance services provider of a suitable value jointly established between Alectra and the contractor, and reevaluated regularly for suitable face value
- A Letter of Credit from an accredited financial or insurance services provider of a suitable value jointly established between Alectra and the contractor, and reevaluated regularly for suitable face value

5. CODE OF CONDUCT

5.1. Suppliers/Contractors for Alectra are to be respected and given fair and equal treatment. Employees shall operate in a manner that will not result in preferential treatment of any supplier. Information from suppliers/contractors is deemed confidential and proprietary and is to be kept confidential.

5.2. **Ethical Business Practices**

In providing goods and services to Alectra suppliers/contractors must adhere to ethical business practices including:

a) Performing all work in a professional and competent manner and in accordance with the terms and conditions of the contract
b) Complying with all applicable laws including safety and labour codes (both domestic and international as may be applicable)

5.3. **Illegal or Unethical Bidding Practices**

Alectra will hold its Suppliers/Contractors to a high standard of ethics. They are not to engage in illegal or unethical bidding practices, including:

a) Bid-rigging, price-fixing, bribery or collusion or other practices prohibited by federal or provincial statues.
b) Offering gifts or favours to Alectra employees, members of the Board or any other representative of Alectra.
c) Engaging in any prohibited communications during a procurement process.
d) Submitting inaccurate or misleading information in response to a procurement opportunity; and

e) Engaging in any other activity that compromises Alectra's ability to run a fair procurement process.

5.4. **Conflicts of Interest**

All employees, suppliers and contractors participating in a procurement process must declare any perceived possible or actual conflicts of interest. Where a supplier/contactor is retained to participate in the development of a Solicitation Document or the specifications for inclusion in a Solicitation Document that supplier/contractor will not be allowed to respond directly or indirectly to that Solicitation Document.

6. THIRD PARTY RISK MANAGEMENT

6.1. Business risks related to the delivery of goods and services by a given supplier shall be assessed prior to the award of an Alectra legal agreement. Identified business risks shall be mitigated through the inclusion of appropriate legal agreement language and operational procedures, as necessary.

6.2. Any proposed deviances from risk management language within a supplier agreement will require the authorization of the Vice President of the applicable business unit requiring their services

6.3. Supply Chain Services will provide training as part of sourcing and contracting activities to relevant staff. These efforts aim to strengthen risk awareness and competency across Alectra and ensure alignment with Alectra's broader risk management approach.

7. INDIGENOUS PARTNERS

As part of this commitment, Supply Chain Services will focus on:

- Creating and maintaining supplier relationships with Canada's Indigenous communities and Indigenous suppliers.

8. EQUITY, DIVERSITY & INCLUSION IN SUPPLY CHAIN

As part of this commitment, Supply Chain Services will focus on:

- Creating and maintaining relationships with culturally diverse communities, associations, institutions, and related suppliers.

Supply Chain Services will continue to work in alignment with Alectra's broader ED&I goals to foster a procurement environment that is inclusive, socially responsible, and reflective of the communities Alectra serves.

9. RELATED POLICIES AND WORK PROCEDURES

9.1. Corp-001 Corporate Expenditure Authorization Policy

9.2. Corp-003 Business Expense Policy
9.3. Procurement Single Sole Source Work Procedure
9.4. Corp-012 Environmental Policy
9.5. Corp-017 Workplace Equity, Diversity & Inclusion Policy
9.6. Corp-026 Indigenous Relations Policy

Appendix 1 - Items Not Requiring a Purchase Requisition

Certain goods, services and payments may not require a purchase requisition or PO and would not require a competitive process. Controls other than approved Purchase Requisitions are in place for these items and must be followed (This may not be an exhaustive list and items below are included for illustrative purposes)

Description	Control Process to be Followed
Annual Bond Rating and interest payments	Bond rating fees are to be approved by the EVP & CFO
Financial Audit Services and Expenses	External audit work and related fees are approved by the Audit, Finance and Risk Management (AFRM) Committee of the Board of Directors.
Banking Services including Credit Cards	Banking arrangements are made and reviewed by the EVP & CFO or delegate and credit card controls are covered by the Corporate Credit Card Policy
Board or Committee Requested Procurements	Authorization given by the Board Chair or Committee Chair.
Customer Rebates and incentives (i.e., CDM)	Customer rebates and incentives must be signed off in accordance with the Corporate Expenditure Authorization Policy
Bond or Debenture/Dividend payments	Financial arrangements are made by the EVP & CFO or delegate according to the Corporate Expenditure Authorization Policy
Tax Recovery and Tax Credit Services	Approvals are to be made by the EVP & CFO or VP, Strategic Support, Taxation and Treasury
Developer Rebates and Expansion Deposit Refunds	Developer rebates and expansion deposit refunds are reviewed and approved by the VP Distribution Design or Managers within the Distribution Design department subject to the limits within the Corporate Expenditure Authorization Policy
Executive Committee Requested Procurements	Authorization given by the member of Executive Committee in accordance with their spending authority under the Corporate Expenditure Authorization Policy.
Employee Medicals	Medical arrangements are made and approved by the People Team.
Corporate Social Responsibility/Grants and Charitable Donations	Selection and payments for Corporate Social Responsibilities/Grants and Charitable Donations are determined and approved by the Executive Committee.
Honorariums – (i.e. Board of Directors)	Payments are approved as per the Corporate Expenditure Authorization Policy
Human Resources required services which are confidential in nature	Approved by the People Team.
IESO Cost of Power Payments	Approved as outlined in the Corporate Expenditure Authorization Policy and signed by the EVP & CFO.

Corporate Industry Associations (i.e. Board of Trades)	Fees are approved by the appropriate SLT member or Executive Committee Member.
Employee Industry & Professional Membership Fees and Certain tuition or course reimbursements	Membership Fees are approved by the Business unit based on applicable HR Policy or Procedures subject to the limits within the Corporate Expenditure Authorization Policy
Insurance Premiums	Insurance arrangements and approvals are to be made by the EVP & CFO or VP Strategic Support, Taxation and Treasury.
External Legal Service Fees	Legal Services are arranged and approved by the EVP, General Counsel and Corporate Secretary or designate in accordance with the authorization limits within the Corporate Expenditure Authorization Policy
Licenses fees (i.e., regular license fees for vehicles, elevators, communications, software maintenance fees etc. required to maintain existing products and systems originally obtained in accordance with applicable policies and procedures)	License fees are to be approved in accordance with the Corporate Expenditure Authorization Policy.
Payroll deduction/Union dues remittances	Payroll related remittances are approved by the Manager or Supervisor, Payroll in accordance with the Corporate Expenditure Authorization Policy
Police Services	Payment for Police Services reviewed and approved by the Business Unit Lead in accordance with the Corporate Expenditure Authorization Policy
Postages/Office Supplies	Payments will be approved by the applicable Business Unit Lead in accordance with the Corporate Expenditure Authorization Policy
Regulatory Costs	Regulatory Costs are reviewed and approved by the Regulatory Department and Finance Lead in accordance with the Corporate Expenditure Authorization Policy
Refundable employee expenses (advances, meal allowances, travel, miscellaneous)	Refundable employee expenses are approved in by the Business unit based on applicable Alectra Business Expense Policy or other related Policies and Procedures
Real Estate Transactions	The VP & Director of Supply Chain will review all recommended transactions with final authorization given by the General Counsel and Secretary or the President and CEO within the limits of the Corporate Expenditure Policy.
Right of way or easements	Invoices are to be signed by the appropriate Business Unit Lead and the corresponding VP in accordance with the Corporate Expenditure Authorization Policy

Telephone/Utilities	Invoices are reviewed by the appropriate Manager and are approved in accordance with the Corporate Expenditure Authorization Policy
Training	Invoices are approved by the Business Unit Lead in accordance with the Corporate Expenditure Authorization Policy and other Corporate Policies.
Workers Safety Insurance Board payments	Invoices are approved by HS&E Business Unit Lead in accordance with the limits within the Corporate Expenditure Authorization Policy
Mandated Suppliers	Examples such as City related restoration services, Government related governing bodies such as Electrical Safety Authority and Submetering installation rights are approved in accordance with the limits within the Corporate Expenditure Authorization Policy.
Installation Rights (Sub-metering)	Deposits and inducement paid to Developers to secure the right to provide sub-metering services to residential non-utility customers. The Director, Metering Services and/or EVP, Energy Solutions and Growth will approve according to the Corporate Expenditure Authorization Policy

End of Appendix

Attachment 4-11

Engagements Not Originating from a Competitive Procurement Process

Year	Supplier Name	Cost	Summary of Nature of Transaction	Methodology used for Selection
2019	Albarrie GeoComposites Limited	$1,300,000.00	Engineering and Installation	Sole Source
2019	CHUBB	$1,000,000.00	Security System Management	Sole Source
2019	BearCom Canada Corp.	$1,500,000.00	Provide goods & services to Alectra in order to deliver a turn-key mission critical digital simulcast voice radio system	Sole Source
2019	Proco Management	$1,000,000.00	Compatibility with existing products	Sole Source
2020	CGI	$7,200,000.00	Ongoing CGI Services, Support & Development	Sole Source
2020	Rondinone Management	$1,950,000.00	ERP Enhancements & Guelph Integration Planning	Sole Source
2020	CDW	$2,000,000.00	Client Computing - Nutanix Server Hardware	Sole Source
2020	Convergint Tech	$1,100,000.00	Enterprise Security System Upgrade Facility upgrade Access Control	Sole Source
2020	Optima	$2,170,000.00	Third Party Contract Centre Services	Sole Source
2020	Siemens Canada Ltd	$1,500,000.00	TS Transformer online dissolved gas analysis monitors	Sole Source
2020	Novinium	$52,000,000.00	Cable Injection Program - cable rejuvenation, replacement of splices, installation fault indicators where applicable. Approximately $10,500,000 per year	Sole Source
2021	Optima Communications	$2,795,000.00	Third Party Contract Centre Service	Sole Source
2021	ERP-One Consulting Inc	$1,850,000.00	ERP Project Consulting Services	Sole Source
2021	Olameter	$8,200,000.00	Meter reading (water & electric), field collections, disconnections and reconnections. Billing overflow services	Sole Source
2021	Suncor Energy	$9,750,000.00	Delivery and supply of diesel and unleaded gas to all Alectra locations	Sole Source

Year	Supplier Name	Cost	Summary of Nature of Transaction	Methodology used for Selection
2021	Convergint Technologies	$1,250,000.00	Security System - New Build	Sole Source
2021	CDW	$1,000,000.00	Nutanix Nodes Server Refresh	Sole Source
2021	Rodan	$1,300,000.00	MIST, TOU, Sample meters and re-verifications	Sole Source
2021	CopperLeaf	$5,266,449.00	Investment & Enterprise Asset Management	Sole Source
2021	Toromont CAT	$1,200,000.00	2022-2023 Toromont Capital Reactive & Environmental Remediations	Sole Source
2022	CGI	$5,672,108.00	CGI CC&B Services for AMS	Sole Source
2022	Optima Communications	$2,700,000.00	Optima Third Party Contract Centre Services	Sole Source
2022	CGI	$2,400,000.00	CGI CC&B Services for Enhancements	Sole Source
2022	Olameter	$4,500,000.00	Water meter reading, electric meter reading, field collections, billing overflow services, customer connections overflow. Extension of current Olameter contracts to December 31, 2024.	Sole Source
2022	CDW	$3,000,000.00	Client Computing, Server Refresh, Network Refresh, Storage Expansion	Sole Source
2022	CGI	$6,900,000.00	CCB 2.8 Upgrade Implementation Services	Sole Source
2022	Trench Limited	$1,770,000.00	Replacement 245kV Combination Units	Sole Source
2023	Olameter	$9,800,000.00	Water meter reading, electric meter reading, field collections, billing overflow services, customer connections overflow. Extension of current Olameter contracts to December 31, 2024	Sole Source

Year	Supplier Name	Cost	Summary of Nature of Transaction	Methodology used for Selection
2023	Kubra	$9,900,000.00	Kubra manages all aspects of Alectra's correspondence by mail, including 1MM+ customer bills and 60,000+ letters and notices each month. They hey provide complete integration of printing services including consumables, printing, bill insertion, and postage. Extension of current Kubra contract to December 31, 2023	Sole Source
2023	Telecon Design Inc.	$1,050,000.00	PUCC/RFI Portfolio Outsourcing	Sole Source
2023	Badger Daylighting	$1,500,000.00	Hydro Vac Excavating	Sole Source
2023	CDW	$1,300,000.00	Client Computing	Sole Source
2023	Optima Communications	$2,700,000.00	Third Party Contract Centre Services	Sole Source
2023	GFL Environmental Service	$1,000,000.00	2023-2024 Emergency and Non-Emergency Clean UP	Sole Source
2023	CGI	$3,650,000.00	CGI Services, Support and Development	Sole Source
2023	Copperleaf	$2,091,840.00	Copperleaf Investment & Enterprise Asset Management	Sole Source
2024	CDW	$1,780,356.93	IT Infrastructure – Backup Refresh	Sole Source
2024	Posi-Plus	$1,204,000.00	Purchase of two (2) Bucket Trucks	Sole Source
2024	CGI	$3,600,000.00	Ongoing CGI Services, Support and Development	Sole Source

REGULATORY ONE-TIME COSTS

The proposals included in this Application are supported by extensive customer engagement and third-party expert reports. Alectra Utilities incurred one-time application costs for the preparation and review of its first rebasing application since its formation in 2017. These costs relate to preparation of expert reports including Innovative's *Customer Engagement Report* and Clearspring's *Econometric Benchmarking and Incentive Regulation Parameter Study* as well as legal and consultant costs. Alectra Utilities has also included a forecast for intervenor costs and OEB Section 30 application-related costs. In order to recover these costs over a 5-year period, 1/5 of these costs are included in the Regulatory Affairs budget in 2027. These costs are presented in Table 4-6-1 below and are further detailed in Attachment 4-12 - OEB Appendix 2M Regulatory Costs. Total one-time costs over the 2023-2027 period are estimated to be $9MM and are proposed to be amortized over the 5-year rate term (i.e., $1.8MM).

Table 4-6-1: Regulatory One-Time Costs

Regulatory Costs ($MM)	2023-2025	2026	2027
Actual and Forecast Costs	5.8	3.0	0.2
Amortized (1/5th per year 2027-2031)			1.8

Attachment 4-12

OEB Appendix 2-M

Please see live Excel version

LOW-INCOME ENERGY ASSISTANCE PROGRAM (LEAP)

Alectra Utilities proposes to increase Low Income Electricity Assistance Program (LEAP) funding as part of OM&A expenses during the 2027 Test Year and 2028-2031 forecast period above the default 0.12% of service revenue requirement. Funding for the LEAP is included in the Collections & Payment segment OM&A. Alectra Utilities is requesting that the LEAP funding allocated in rates be increased from 0.12% of distribution revenue (approximately $675,896 in 2023) to the amounts listed in the table below[29] which reflects an average 4% annual increase from the 2024 LEAP disbursement amount of $1.73MM. Additional details are described in Exhibit 4, Tab 2, Schedule 7, Section 4.2.1 and in Table 4-2-51.

Proposed LEAP Funding in Rates

	2027	2028	2029	2030	2031
Proposed LEAP Funding in Rates ($)	1,820,645	1,866,177	1,912,848	1,960,696	2,009,721

On February 12, 2024, the OEB communicated changes to the LEAP program. Effective March 1, 2024, the OEB established a generic deferral account to allow distributors to record incremental LEAP contributions that are beyond the amounts embedded in distribution rates as a result of program changes. Further information regarding Alectra Utilities' LEAP deferral account balance and disposition proposal is provided in Exhibit 9, Tab 3, Schedule 15.

[29] Reproduced from Table 4-2-51 from Exhibit 4, Tab 2, Schedule 7

CHARITABLE AND POLITICAL DONATIONS

Alectra Utilities confirms that it has not included charitable donations for recovery through its proposed regulated rates, with the exception of contributions to programs that provide assistance to low income consumers (i.e., LEAP) as described above in Exhibit 4, Tab 7, Schedule 1.

Alectra Utilities also confirms that no political contributions have been included for recovery in this Application.

COSTS OF NON-WIRES SOLUTIONS

Alectra Utilities considered NWS when developing and prioritizing projects for this DSP. As provided in Exhibit 9, Tab 8, Schedule 3, Alectra Utilities is requesting approval to establish a Non-Wires Solutions deferral account under Account 1508, Other Regulatory Assets. The proposed deferral account would be comprised of a Sub-account NWS Program OM&A, and a Sub-account NWS Program OM&A - Carrying Charges for the purpose of recording OM&A costs incurred to acquire DERs and operate and manage the Non-Wires Solutions (NWS) Program, net of third-party funding and any OEB-approved incentive revenues such as Margin-on-Payments (MoP). Disposition of the NWSDA would be sought at the end of the 2027 to 2031 rate term via appropriate rate riders.

Alectra Utilities' Distribution System Plan (DSP) integrates NWS into capacity planning using Preliminary NWS Framework defined in the DSP Chapter 5.3.5 NWS to Address System Needs. Initial analysis indicates that up to approximately $13.2MM in OM&A expenses may be required through the incentive term, between 2027 and 2031 to procure up to 32 MW of flexible capacity annually to defer five select MS/TS projects at targeted locations.

These costs are not included in OM&A for 2027–2031; therefore, eligible costs are incremental, prudently incurred OM&A expenses necessary to deliver NWS capacity relief to five MS/TS, including DER payments, contracting, equipment and system costs, operation and maintenance, administrative costs, EM&V, and costs of coordination with the IESO. Alectra Utilities will offset NWS Program OM&A costs any with third-party funding/recoveries (e.g., IESO incentives, municipal/partner contributions, federal grants) or OEB-approved incentive revenues such as Margin on Payments.

Further details are provided in Section 5.3.5 Non-Wires Solutions to Address System Needs and Appendix B13 Stations Capacity of the DSP and in Exhibit 9,Tab 8, Schedule 3.