

**VIA RESS and EMAIL**

November 28, 2025

Ritchie Murray  
Registrar  
Ontario Energy Board  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto, Ontario M4P 1E4

Dear Ritchie Murray:

**Re: Oshawa PUC Networks Inc. (Oshawa Power)  
2026 Rates  
Consumers Council of Canada (CCC) Submission  
OEB File No. EB-2025-0014**

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In accordance with the Decision on Confidentiality and Procedural Order No. 6, dated November 11, 2025, please find attached CCC's submission with respect to Oshawa Power's 2026 Rates application.

CCC has also separately filed with the OEB, and sent to Oshawa Power directly, a confidential version of this submission. There is a confidential Appendix A that addresses the issue of compensation that is not included in this public version of the submission. We would be amenable to working with OEB staff and Oshawa Power to determine whether any parts of Appendix A are suitable for the public record.

Yours truly,

*Lawrie Gluck*

Lawrie Gluck  
Consultant for the Consumers Council of Canada

cc: All parties in EB-2025-0014

**Oshawa PUC Networks Inc.**

**2026 Rates**

**EB-2025-0014**

**Consumers Council of Canada Submission**

**November 28, 2025**

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## 1.0. Introduction

Oshawa PUC Networks Inc. (Oshawa Power or the Company) filed an application with the Ontario Energy Board (OEB) on April 30, 2025, seeking approval of changes to 2026 rates on a cost of service basis.

On October 20, 2025, the OEB approved a settlement proposal, which resolved a small number of issues in the proceeding. However, the majority of the issues proceeded to an oral hearing.<sup>1</sup>

The Consumers Council of Canada’s (CCC) submissions with respect to the unsettled issues are set out in the sections that follow.

## 2.0. CCC Submission Summary

Oshawa Power’s application is properly considered in the context of the combined impact of:

- the 2026 test year proposals for increases to capital and operational spending
- the known plan to seek Incremental Capital Module (ICM) funding approval in 2027 for a \$61 million administrative facility<sup>2</sup>
- the annual price-cap index (PCI) adjustments that will be applied during the incentive ratemaking (IR) term.

As we will discuss in detail later in this submission, the impact on residential customers’ bills over the five-year ratemaking term of these combined proposals is unacceptable. In addition, Oshawa Power’s 2026 proposals for increased capital and operational spending are far in excess of the amounts necessary to operate the business and do not, in any meaningful way, reflect the trade-offs that consumers expect when there is a \$61 million investment for a new administrative and operational facility during the IR term.

It is within this context that CCC recommends very significant reductions to the capital and operational budget envelopes sought for approval in 2026. In our view, these reductions are necessary to properly balance the “core” spending and the new facility-related expenditures and ensure affordability for Oshawa Power’s customers.

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<sup>1</sup> Decision and Procedural Order No. 5, October 20, 2025, p. 4.

<sup>2</sup> Oshawa Power, Argument-in-Chief, November 18, 2025, pp. 32-33.

A high-level financial summary of the necessary changes to Oshawa Power’s opening rate base, and 2026 capital and operational spending proposals are provided in the table below.

**Table 1 – CCC Proposed Reductions**

<b>Category</b>	<b>Reduction</b>
2026 Opening Rate Base	\$1.4 million
2026 Capital Expenditures / In-Service Additions	\$6.3 million
2026 OM&A	\$4.2 million

In addition, the balance sought for disposition in the Getting Ontario Connected Act (GOCA) Variance Account should be reduced by \$0.045 million. We also submit that proposed establishment of the Avoided Rent Deferral Account should be approved, while the proposed establishment of the New Facility OM&A Cost Variance Account should be denied.

We support the submissions of the Vulnerable Energy Consumers Coalition (VECC) regarding the necessary changes to the load and revenue forecasts<sup>3</sup> and will not repeat its excellent analysis in our submission.

Finally, we have had the opportunity to review the School Energy Coalition’s (SEC) submission. We agree that a viable alternative to approving cost-based rates in the current proceeding is to reject Oshawa Power’s application outright. There is certainly merit to rejecting the current application for the reasons described by SEC and allowing the utility to file a new application in the future for the OEB’s review.<sup>4</sup>

## **2.1. Affordability**

The monthly residential bill impacts for the 2026-2030 period resulting from the current application, the forecast financial impact of the new facility, and a forecast of the annual PCI adjustments are set out in the table below. These figures are provided on distribution only basis (sub-total A of the OEB’s bill impact model).

<sup>3</sup> VECC Submission, November 28, 2025.

<sup>4</sup> SEC Submission, November 28, 2025.

**Table 2 – Residential Bill Impacts**

	2025	2026	2027	2028	2029	2030	5-Year Impact
<b>Monthly Service Charge (PCI 2%)<sup>5</sup></b>	\$29.79	\$35.61	\$36.32	\$37.05	\$37.79	\$38.55	29.4%
<b>Estimated ICM Rider<sup>6</sup></b>			\$4.45	\$4.45	\$4.45	\$4.45	
<b>Combined Service Charge and ICM Rider<sup>7</sup></b>		\$35.61	\$40.77	\$41.50	\$42.24	\$43.00	44.3%

Oshawa Power correctly notes that affordability is central to the OEB’s statutory mandate.<sup>8</sup> Unfortunately, this is the only aspect of the affordability issue that the Company has right.

The Company claims that “affordability of rates was a key consideration, carefully addressed both in the initial development of the budget envelopes and in their subsequent refinement.”<sup>9</sup> This is blatantly false.

Oshawa Power made it clear that it does not actually believe that there is any problem with the rate increases flowing from its application on its customers’ finances. For example, in response to a question about affordability, Oshawa Power stated:

“Mr. Gluck, as we discussed yesterday, Oshawa Power has a focus on controlling costs for reasonable rates, and that includes a remaining in cohort 2 and demonstrating really good cost performance.

And so there are macroeconomic conditions that contribute to affordability issues, and we do discuss that in the evidence. **We don’t see a direct correlation to our rates.** [Emphasis Added]”<sup>10</sup>

Given that Oshawa Power does not believe that its proposed rate increases play any role in affordability issues for its customers, on what basis can the Company legitimately claim that it made adjustments to its proposed budget to address affordability?

<sup>5</sup> Settlement Proposal, Tariff and Bill Impact Model, September 22, 2025. The 2026 bill impact resulting from the current application (excluding DVA-related rate riders) was escalated by a conservative 2% PCI for the period 2027-2030.

<sup>6</sup> Oshawa Power Letter, October 10, 2025, p. 1. The letter notes that the updated bill impact of consolidated administrative and operational facility is estimated to be \$4.45/month for a typical residential customer.

<sup>7</sup> The combined impact reflects both the annual PCI adjustment to the monthly charge plus the ICM Rider related to the new facility of \$4.45/month beginning in 2027.

<sup>8</sup> Oshawa Power, Argument-in-Chief, November 18, 2025, p. 6.

<sup>9</sup> Oshawa Power, Argument-in-Chief, November 18, 2025, p. 6.

<sup>10</sup> Oral Hearing Transcripts, Vol. 2, p. 52.

Oshawa Power defends its proposed rate increases with a discussion regarding its cost benchmarking results (i.e., that it will remain in Cohort 2 of the OEB’s cost benchmarking inclusive of the cost increases proposed in the current application and planned for 2027).<sup>11</sup> This entirely misses the point. Customers do not pay their bills with esoteric cost benchmarking results. They pay their bills with dollars and cents.

In any case, Oshawa Power’s Cohort 2 status is not particularly impressive. The average level of cost performance across all electricity distributors is 14.8% lower than forecast cost.<sup>12</sup> Oshawa Power’s 2026 benchmarking results in costs that are 16% lower than forecast, which falls to 7.9%, 11.1% and 14.2%, in 2027, 2028 and 2029 respectively.<sup>13</sup> Therefore, Oshawa Power’s cost performance is average not remarkable.

There can be no question that bill impacts over 5 years of \$13.21/month or \$158.52/year (44.3%) resulting directly from Oshawa Power’s application and planned ICM request will have a material impact on affordability. This reflects cost escalation that is of a magnitude that far surpasses any reasonable expectation of inflationary pressure. Put simply, Oshawa Power’s plan is not affordable. This should be directly considered by the OEB in its deliberations regarding the proposed 2026 revenue requirement.

## **2.2. New Administrative Facility and Oshawa Power’s 2026 Proposals**

CCC submits that Oshawa Power’s application does not reflect meaningful reductions to capital and operational spending, which are necessary to address the significant impact on ratepayers associated with the cost recovery of a \$61 million administrative facility beginning in 2027.

While the Company claims that it “prudently paced and reprioritized capital spending to limit expenditures to mandatory, critical, and vital equipment projects to accommodate the new administrative building”<sup>14</sup>, this is wrong for a number of reasons.

First, Oshawa Power clearly considered its 2026 test year budget in a silo. The original application does not even include the new facility in the Distribution System Plan (DSP) and capital-related worksheets of the Chapter 2 appendices.<sup>15</sup> The original filing also does not

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<sup>11</sup> Oshawa Power, Argument-in-Chief, November 18, 2025, p. 6.

<sup>12</sup> EB-2010-0379, [OEB 2024 Benchmarking Update for Determination of 2025 Stretch Factor Rankings](#), August 18, 2025, p. 2.

<sup>13</sup> Oshawa Power, Argument-in-Chief, November 18, 2025, p. 6.

<sup>14</sup> Oshawa Power, Argument-in-Chief, November 18, 2025, p. 35.

<sup>15</sup> See Chapter 2 Appendices, Appendices 2-AA and 2-AB.

reflect any acknowledgment that the lease payments for its current facilities were expected to cease during the IR term.<sup>16</sup>

The Company also stated that it believes that the impacts of its application for 2026 rates are properly isolated from the known impacts resulting from the forthcoming ICM funding request related to the new administrative facility. In this regard, in response to a question regarding the 5-year bill impacts, which were derived by adding together the impact of the current application, the forecast financial impact of the new facility, and a forecast of the annual PCI adjustments, Oshawa Power stated that “... we don’t agree with adding them together as you have.”<sup>17</sup>

Second, Oshawa Power’s list of projects that it deferred to accommodate the new building<sup>18</sup> are not meaningful deferrals commensurate with the cost of the new building. Consumers expect deep reductions to make room for a \$61 million investment in the building.

Oshawa Power stated that it deferred a \$15.5 million municipal substation in the Columbus area to accommodate the new facility.<sup>19</sup> The evidence highlights that the noted station “is not anticipated to be needed within the 2026-2030 forecast period.”<sup>20</sup> This cannot be considered a reduction to the capital plan in the context of the new facility at all as the substation is not even needed.

Oshawa Power also highlights a deferral related to the relocation of city and region infrastructure of \$3.7 million. This deferral is related to relocation projects that may need to be completed in the period between 2029 and 2033.<sup>21</sup> These are projects that were, at a minimum, 5 years away from the time that the “Operational Discussion and Capital Envelope Recommendation” presentation was put together and are subject to a high level of uncertainty. Some of the years that these projects may come into service are even outside the 2026-2030 rate term. To label these projects meaningful capital deferrals is disingenuous as many of them will not go forward in the current rate term.

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<sup>16</sup> This issue was later addressed through the interrogatory responses at 1-X-9(b) with the proposed establishment of an Avoided Rent Deferral Account.

<sup>17</sup> Oral Hearing Transcripts, Vol. 2, p. 54.

<sup>18</sup> Interrogatory Responses, Attachment 2-11, slides 7-8.

<sup>19</sup> Interrogatory Responses, Attachment 2-11, slide 7; and Oshawa Power, Argument-in-Chief, November 18, 2025, p. 34.

<sup>20</sup> Exhibit 2, DSP, p. 24.

<sup>21</sup> Interrogatory Responses, Attachment 2-11, slide 8.

The Company also labeled its decision to not include \$5.5 million of potential spending related to the replacement of all meters that are due for reverification in 2028 as a deferral associated with the new facility.<sup>22</sup> CCC notes that Oshawa Power has included a meter replacement program with a total cost of \$5.5 million (with \$1.1 million of spending in 2026) in its DSP. The Company acknowledges that a full replacement of all meters that are due for meter reverification in 2028 will lead to the replacement of assets with useful life remaining.<sup>23</sup> Therefore, the decision to move forward with a phased meter replacement plan and not implement what can only be seen as an imprudent action (i.e., replacing meters prematurely at the expense of ratepayers) is not a meaningful deferral in the context of the new facility.

Finally, Oshawa Power describes excluding the replacement of some assets that are in fair condition but are high-risk as a deferral associated with the new facility. As we will discuss in more detail later in this submission, the proactive replacement plan for which Oshawa Power is seeking approval (which already excludes the replacement of these fair condition assets that have been “deferred”) already results in the replacement of assets that are in fair (or better condition)<sup>24</sup> and is far beyond what is necessary to maintain the solid reliability experienced in 2024 and expected to continue into 2025.<sup>25</sup> Going far beyond what is needed to maintain reliability cannot be said to be an explicit deferral made to accommodate the cost of the new facility in 2027.

In addition, Oshawa Power has provided no evidence (or even made any claims) that it has looked at its 2026 operational spending to see if there were opportunities for reductions to better accommodate the significant new facility costs being recovered from ratepayers in 2027.

While we believe a detailed review of each of Oshawa Power’s claimed deferrals is important to understand the lack of substance to the Company’s position that it has already done what it can to accommodate the cost of the new facility, a review of Oshawa Power’s actions in a similar situation are also informative. In 2024, Oshawa Power purchased the land for the new facility. The figure below provides Oshawa Power’s 2021-2024 actual capital expenditures and 2025-2030 forecast capital spending.<sup>26</sup>

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<sup>22</sup> Interrogatory Responses, Attachment 2-11, slide 8.

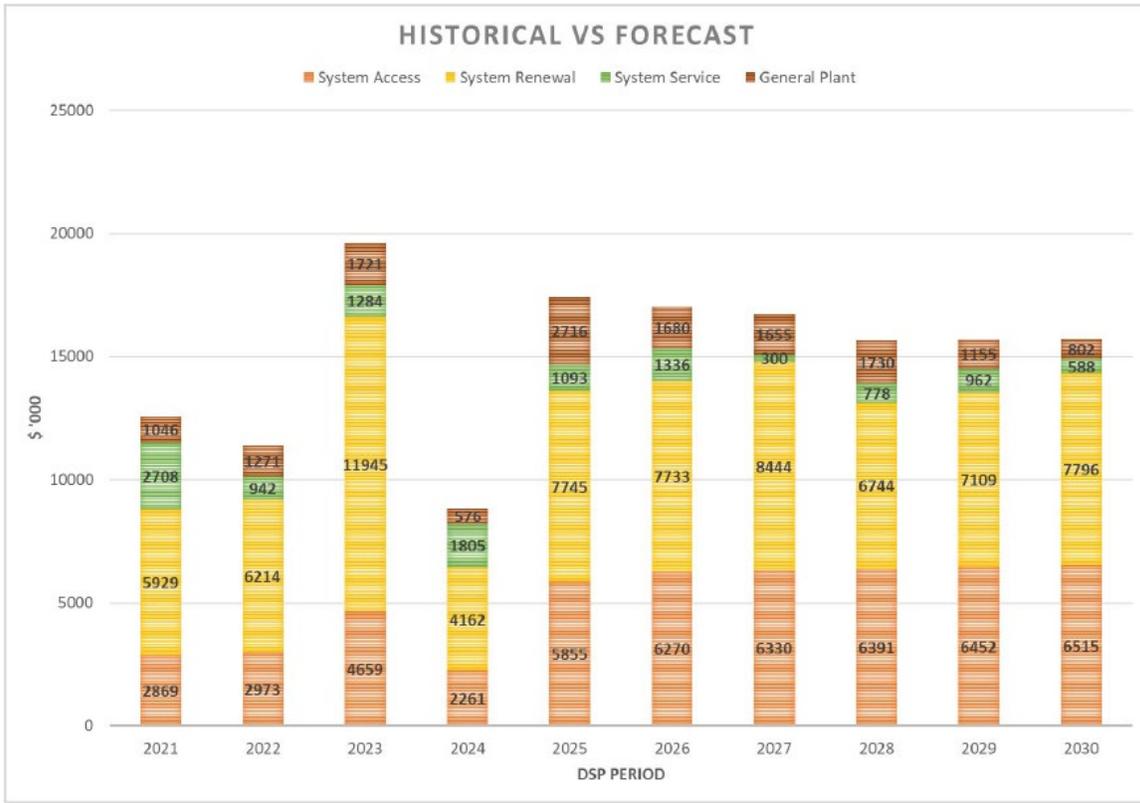
<sup>23</sup> Exhibit 2, DSP, Material Justification Sheets, p. 69.

<sup>24</sup> SC-CCC-2.

<sup>25</sup> Interrogatory Responses, 2-x-38.

<sup>26</sup> Exhibit 2, DSP, p. 147.

**Figure 1 – Annual Capital Expenditures / In-Service Additions (ISA)**



Oshawa Power’s explanation for the very significant decrease in 2024 capital spending / in-service additions relative to the previous years is as follows:

“In 2024, Oshawa Power reported lower in-service amounts in three of the four investment Categories - System Access, System Renewal, and General Plant. This was primarily due to strategic reallocation of budget toward the acquisition of land for Oshawa Power’s new Operational and Administrative Building.”<sup>27</sup>

CCC submits that the actual 2024 capital expenditure amounts are reflective of real and meaningful reductions to the capital plan to address a large facility-related expenditure (in this case, \$12.6 million<sup>28</sup>). The 2024 capital plan was approximately 40% lower than the average over the 2021-2023 period.<sup>29</sup> Comparing the actual 2024 capital expenditures to the planned capital expenditures shows similar results. In 2024, the planned capital

<sup>27</sup> Exhibit 2, DSP, p. 10.

<sup>28</sup> Oshawa Power, Argument-in-Chief, November 18, 2025, p. 34.

<sup>29</sup> Undertaking J2.4, Updated Appendix 2-AA.

expenditures were approximately \$14 million and with actual spending of \$8.8 million, the reduction relative to plan was 37.1%.<sup>30</sup>

This is what Oshawa Power believed it needed to do to accommodate the purchase of land during the historical IR term. However, for the forecast period, there is absolutely no change to its capital spending patterns to accommodate the new facility.<sup>31</sup> It is simply business as usual.

Overall, it is fairly obvious that Oshawa Power did not consider the new facility when it was developing its application for 2026 rates. In the Company's view it is, or will be, seeking approval for two separate things: (i) 2026 rates; and (ii) 2027 ICM recovery for the costs of the new facility. And it went about planning for 2026 rates (and the underlying costs that makeup those rates) in those two silos. The acceptance of Oshawa Power's premise is to allow the Company to bifurcate bill impacts and ignore the reality that it did not meaningfully reduce its budget to accommodate the significant cost of the planned new facility.

The significant issues around affordability and Oshawa Power's inadequate adjustments to its capital and operational budgets to accommodate the costs of the new facility require very significant reductions to the 2026 revenue requirement as is discussed at a more granular level in the sections that follow.

As set out previously, an alternative approach to the OEB granting approval for the 2026 capital and operational budgets (even with modifications) is to reject the application and allow the utility to file a new application in the future that makes the necessary changes. This approach is discussed in more detail by SEC in its submission and we believe that this option has significant merit in the current circumstances.<sup>32</sup>

### **3.0. Detailed Submissions on 2026 Revenue Requirement-related Proposals**

The table below highlights Oshawa Power's proposed increase to the 2026 revenue requirement relative to 2021 OEB-approved revenue requirement and incorporates the impact of the settlement proposal.

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<sup>30</sup> Appendix 2-AB, Partial Settlement Version, September 23, 2025.

<sup>31</sup> Undertaking J2.4, Updated Appendix 2-AA.

<sup>32</sup> SEC Submission, November 28, 2025.

**Table 3 – 2021 OEB Approved and 2026 Test Year Proposed Revenue Requirement**

Revenue Requirement Components	2021 OEB Approved <sup>33</sup>	2026 Test Year <sup>34</sup>	Variance 2021 to 2026 (\$)	Variance 2021 to 2026 (%)
<b>Service Revenue Requirement</b>	\$27,951,512	\$42,327,091	\$14,375,579	51%
Revenue Offsets	(\$1,296,999)	(\$3,827,274)	(\$2,530,275)	195%
<b>Base Revenue Requirement</b>	\$26,654,513	\$38,499,817	\$11,845,304	44%

CCC’s detailed submissions with respect to Oshawa Power’s proposals for increases to its capital and operating budgets are set out in the sub-sections that follow.

### **3.1. Rate Base and Capital Expenditures**

#### **3.1.1. 2026 Opening Rate Base**

CCC submits that there are two projects for which the OEB should apply permanent rate base disallowances to address Oshawa Power’s imprudent management related to these projects. In total, a permanent disallowance of approximately \$0.5 million should be applied.

In addition, an adjustment to opening 2026 rate base should be made to address the likelihood that some of the 2025 capital projects (and associated spending) will not be placed into service by the end of 2025. In this regard, a \$0.9 million reduction to opening 2026 rate base should be applied.

#### Permanent Disallowances

CCC submits that permanent disallowances should be applied to the Expansion of Overhead Automated Switching and SCADA project and the Municipal Substation Switchgear Replacement project related to MS2. While the total reductions recommended are small in the context of Oshawa Power’s total rate base, it is important for the OEB to ensure that ratepayer funds are spent prudently, which is not the case for these two projects.

<sup>33</sup> Exhibit 1, p. 18

<sup>34</sup> Partial Settlement Proposal, p. 6.

With respect to the Expansion of Overhead Automated Switching and SCADA project, the original budget was \$0.4 million and the final cost was \$0.77 million. \$0.23 million of the cost overrun was associated with additional contractor services and internal costs that were not initially budgeted and there are no change orders available for the project.<sup>35</sup> At the oral hearing, the Company stated that it is still maturing its charge order practices and its change order process did not capture all projects.<sup>36</sup>

CCC submits that there is an expectation that utilities have appropriate oversight of capital projects to ensure that the projects are completed on time and on budget. When there is a project that nearly doubled in cost relative to the budget, there is an expectation that the company would have the necessary checks and balances in place through a change order process that ensures that ratepayers are getting value for their investment. This did not occur with respect to this project and ratepayers are being asked to cover the entire cost overrun.

CCC submits that \$0.115 million associated with the project should be disallowed from inclusion in rate base on permanent basis to address Oshawa Power's imprudent management of this project. This amount reflects 50% of the cost overrun associated with incremental contractor services and internal costs incurred. CCC takes no issue with the Company's decision to upgrade the type of switches installed.

With respect to the 2023 MS2 switchgear replacement project, the post-settlement budget was \$2.125 million and the final cost was \$3.11 million.<sup>37</sup> The invoice provided shows a number of changes relative to the initial contract that added significant costs to the project.

Oshawa Power noted that the MS2 switchgear replacement is similar in scope to its MS5 switchgear replacement project, which forms part of the 2026 capital budget.<sup>38</sup> The MS5 project is expected to cost \$3.04 million (and this project is expected to be completed three years after the MS2 project was completed).<sup>39</sup> Taking into account inflationary impacts over the 2023 to 2026 period, the MS5 project would have cost approximately \$2.7

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<sup>35</sup> Interrogatory Responses, 2-x-47(d).

<sup>36</sup> Oral Hearing Transcripts, Vol. 2, p. 37.

<sup>37</sup> Interrogatory Responses, 2-x-47(b).

<sup>38</sup> Interrogatory Responses, 2-x-61(c). In fact, Oshawa Power states that the MS2 scope breakdown provided in 2-x-47(b) is equivalent to the scope for the MS5 project.

<sup>39</sup> Exhibit 2, DSP, Material Justification Sheets, p. 59.

million in 2023.<sup>40</sup> Therefore, CCC submits that had Oshawa Power better planned its 2023 MS2 switchgear replacement project at the outset it could have achieved a similar cost as it expects to incur for the MS5 project (which has the same project scope). On that basis, the OEB should disallow \$0.41 million<sup>41</sup> related to the MS2 project to reflect Oshawa Power’s imprudent management of the project.

Timing of 2025 In-Service Additions

Oshawa Power provided an updated version of Appendix 2-AA that highlights its September 2025 month end in-service additions.<sup>42</sup> A summary version of that table is provided below.

**Table 4 – 2025 In-Service Additions**

Programs (\$M)	2025 End of September	2025 October to December	2025 Total
<b>Net System Access</b>	\$3.95	\$2.51	\$6.45
<b>Net System Renewal</b>	\$0.47	\$6.03	\$6.5
<b>Net System Service</b>	\$0.03	\$0.93	\$0.96
<b>Net General Plant</b>	\$0.88	\$2.96	\$3.84
<b>Total</b>	<b>\$5.33</b>	<b>\$12.44</b>	<b>\$17.76</b>

CCC acknowledges that for certain types of capital programs it is expected that the in-service addition would be lumpy (e.g., a major asset is completed and the entirety of that project comes into service at once). A simple example of that is the 2025 municipal substation switchgear replacement project (MS7). The work would be completed over a period of time but as it is a single major project, the entirety of the cost would be considered in-service once the project is complete. And Oshawa Power’s evidence reflects this with the entirety of the MS7 project expected to be in-service near to the end of 2025.

However, there are number of capital program categories where Oshawa Power’s statement that it believes that it will bring all the related assets into service as planned before the end of 2025<sup>43</sup> defies logic. For example, the pole replacement program has zero capital in-service additions to the end of September 2025.<sup>44</sup> This program budget is associated with the replacement of poles that are “in scattered locations throughout

<sup>40</sup> We applied the OEB’s inflation factor for each year between 2023 and 2026 in this calculation.

<sup>41</sup> This is the difference between the MS2 final actual cost and the deflated MS5 project cost (i.e., 2023 cost instead of 2026 cost).

<sup>42</sup> Undertaking J2.4, Updated Appendix 2-AA. Oshawa Power advised at the oral hearing that capital expenditures shown in Appendix 2-AA (and throughout its application) are equivalent to in-service additions (see Oral Hearing Transcripts, Vol. 2, p. 31).

<sup>43</sup> Oral Hearing Transcripts, Vol. 2, p. 35.

<sup>44</sup> Undertaking J2.4, Updated Appendix 2-AA.

Oshawa Power’s service territory and cannot be targeted within the the OH Line Renewal Program which focuses on pole replacement in an area that also requires replacing deteriorating components attached to poles...”<sup>45</sup> Given that the program targets individual poles (and is not focused on replacing poles in clusters, which would amount to larger amounts of work to be completed over a longer period of time before a project is in-service), it is expected that assets should come into service more evenly throughout the year.

We have similar concerns with the reactive replacement program, porcelain switch and insulator replacement program and the revenue metering program.

In addition, CCC would like to comment on the accuracy of the various updates made to Appendix 2-AA (Capital Projects Table) over the course of the proceeding. There are capital programs where the stated in-service additions to the end of June 2025 are higher than the reported in-service additions to the end of September 2025. For example, Oshawa Power reported in-service additions of \$0.13 million related to the Smart Grid program to the end of June 2025<sup>46</sup> and in-service additions to the end of September 2025 of \$0.03 million.<sup>47</sup> This cannot be accurate.

While it is difficult to accurately quantify the value of assets that will inevitably not enter service in 2025, we believe that some amount will not. As such, we recommend that the OEB reduce 2026 opening rate base by 5% of the total forecast 2025 bridge year in-service amount of \$17.4 million (or a reduction of \$0.87 million).<sup>48</sup> This reflects a conservative reduction to the 2025 forecast that better reflects the assets that will actually enter service during 2025.

### **3.1.2. 2026 Capital Expenditures and the 2026-2030 Distribution System Plan**

A comparison of Oshawa Power’s historical and proposed capital expenditures are provided in the table below (both with and without the new facility-related expenditure).<sup>49</sup>

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<sup>45</sup> Exhibit 2, DSP, Material Justification Sheets, p. 21.

<sup>46</sup> Appendix 2-AA, Partial Settlement Version, September 23, 2025.

<sup>47</sup> Undertaking J2.4, Updated Appendix 2-AA.

<sup>48</sup> Undertaking J2.4, Updated Appendix 2-AA.

<sup>49</sup> Appendix 2-AB, Partial Settlement Version, September 23, 2025; and Oshawa Power, Argument-in-Chief, November 18, 2025, p. 34.

**Table 5 – Historical and Forecast Capital Expenditure Comparison**

(\$M)	2021-2025	2026-2030	2026-2030 Including New Facility	2026-2030 Relative to 2021-2025	2026-2030 with New Facility Relative to 2021-2025
<b>Net Capital Expenditures / In-Service Additions</b>	<b>\$69.78</b>	<b>\$80.77</b>	<b>\$141.77</b>	<b>15.8%</b>	<b>103%</b>

The proposed cost of the 2026-2030 capital plan (inclusive of the new facility) is more than double the actual cost of the 2021-2025 capital plan. It is within this context that the OEB should evaluate the capital funding requests made by Oshawa Power in this proceeding.

Material reductions should be applied in the context of the affordability concerns and Oshawa Power’s inadequate consideration of the costs of the new facility on its plan as discussed previously. As noted previously, when Oshawa Power purchased land for the new facility in 2024 it reduced its capital spending by approximately 40% relative to the 2021-2023 period<sup>50</sup> and 37% relative to its 2024 capital plan.<sup>51</sup> Therefore, the OEB should reduce the proposed 2026 test year capital budget of \$17 million by 37% (or approximately \$6.3 million).

In the sub-sections below, CCC sets out a number of capital programs where reductions to the proposed 2026 capital expenditures and equivalent in-service additions<sup>52</sup> are necessary in order to accommodate CCC’s recommended reduction to the overall capital budget.

System Access

The system access category is comprised of programs that are directly associated with the timing of third-party requests for service and requests for Oshawa Power to relocate its assets.<sup>53</sup> The proposed 2026 system access-related net capital expenditures are \$6.27 million. The Company has forecast system access-related expenditures that are far higher

<sup>50</sup> Undertaking J2.4, Updated Appendix 2-AA.

<sup>51</sup> Appendix 2-AB, Partial Settlement Version, September 23, 2025.

<sup>52</sup> We have used the terms capital expenditures and in-service additions interchangeably below as they are equivalent in the context of Oshawa Power’s application (Oral Hearing Transcripts, Vol. 2, p. 35).

<sup>53</sup> Exhibit 2, DSP, p. 9.

than the average experienced over the historical period (\$3.72 million).<sup>54</sup> There is significant uncertainty with respect to the timing and scope of the system access-related projects.

The Company acknowledged that with respect to third-party relocations (\$2.2 million net expenditures) that the actual projects that underpin the third-party relocation budget are in the “conceptual stage”<sup>55</sup> and that the scope of these projects can change.<sup>56</sup> Similarly, the evidence shows that expansion projects (and the related number of connections) are highly variable year-over-year.<sup>57</sup> In addition, the cost per connection (or cost per lot) can have significant variation.<sup>58</sup> Therefore, the actual projects that will come into service will have a very material impact on the overall cost incurred by Oshawa Power.

Overall, CCC submits that there is significant uncertainty with respect to the actual cost that will be incurred with respect to system access-related requests from third parties. Given the very significant increase period-over-period, it is likely that not all of the planned system access spending will be necessary.

## System Renewal

### *Proactive System Renewal Programs*

Oshawa Power has significantly improved reliability over the 2021-2024 period and expects reliability to remain strong into 2025. In 2024, its SAIDI was 0.3 and its SAIFI 0.29.<sup>59</sup> In 2025, the company expects slightly worse reliability results than experienced in 2024 but those results will still be better than other distributors.<sup>60</sup>

Oshawa Power also has a very small percentage of its total asset base that are in very poor or poor condition (approximately 1.8%).<sup>61</sup>

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<sup>54</sup> Appendix 2-AA, Partial Settlement Version, September 23, 2025.

<sup>55</sup> Oral Hearing Transcripts, Vol. 2, p. 38.

<sup>56</sup> Oral Hearing Transcripts, Vol. 2, p. 38.

<sup>57</sup> Exhibit 2, DSP, pp. 11-12.

<sup>58</sup> Exhibit 2, DSP, p. 13.

<sup>59</sup> Interrogatory Responses, 2-x-38(b).

<sup>60</sup> Oral Hearing Transcripts, Vol. 2, pp. 48-49.

<sup>61</sup> Exhibit 2, DSP, p. 72.

Oshawa Power’s planned proactive system renewal programs, which have a total 2026 budget of \$5.9 million,<sup>62</sup> results in the replacement of more assets than there are assets in very poor or poor condition as can be seen in the table below.<sup>63</sup>

**Table 6 – Asset Replacement relative to Asset Condition**

Asset Class	Unit	Table 16					Total (Forecast Period)	Table 15 (Intermediate output of ACA - Asset Condition Only) – Poor or Very Poor
		2026	2027	2028	2029	2030		
Poles	#	69	55	86	84	79	373	91
Overhead Conductors	m	2600	1050	2900	2800	2550	11900	12803
Underground Cables	m	724	1350	2631	1542	4061	10308	5640
Pole-Mount Transformers	#	11	9	40	31	46	137	17
Pad mount Transformers	#	9	2	25	23	33	92	10
Firon Overhead Switches	#	0	99	99	99	99	396	Not part of ACA
Porcelain Switches and Insulators	#	0	233	233	233	233	932	Not part of ACA
Quick Sleeves	#	0	141	141	141	141	564	Not part of ACA
Distribution Switchgear	#	0	2	0	1	2	5	1
Meters	#	2800	2800	2800	2800	2800	14000	Not part of ACA
Locks	#	1555	1555	1555	1555	1555	7775	Not part of ACA

CCC notes that there are a very material number of assets planned for replacement that are in fair or better condition in the categories of poles, underground cables, pole-mount transformers, pad-mount transformers and distribution switchgear. The cost of these asset replacements are reflected in various system renewal-related programs.

We acknowledge Oshawa Power’s various statements regarding its condition-based asset replacement strategy that incorporates a more risk-based asset prioritization process.<sup>64</sup>

However, it is clear that the Company can reduce its system renewal program to accommodate the significant cost of the new facility. The Company has very strong

<sup>62</sup> Appendix 2-AA, Partial Settlement Version, September 23, 2025.

<sup>63</sup> SC-CCC-2.

<sup>64</sup> Oshawa Power, Argument-in-Chief, November 18, 2025, p. 9.

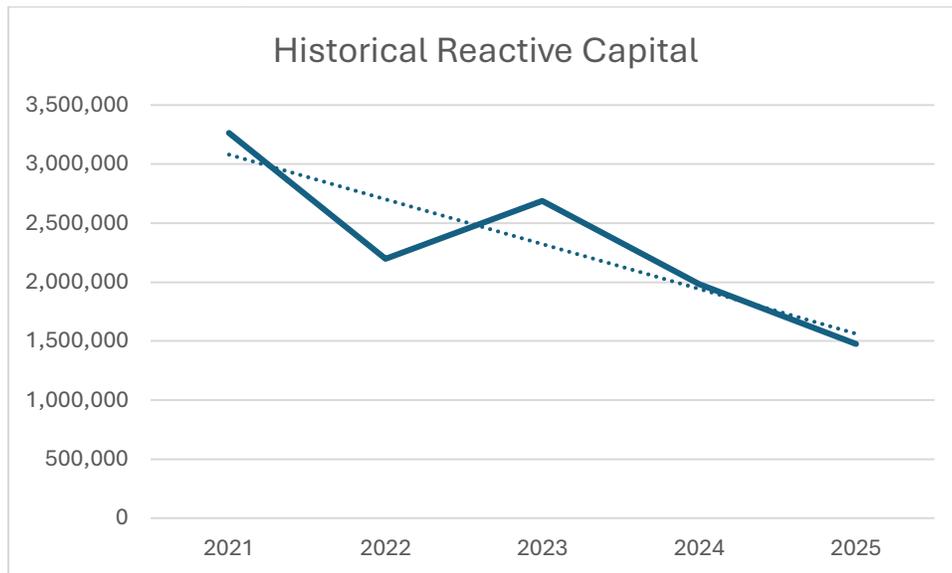
reliability currently and its budget misses the mark in terms of the appropriate balance between reliability and affordability.

The Company can also slow the pace of its meter replacement program (\$1.1 million annual spend). Oshawa Power intends to replace 2,800 meters each year during the IR term.<sup>65</sup> Replacing, for example, 2,000 meters each year would reduce the budget by over \$0.3 million annually without materially impacting the goal of evening out the spend for the current replacement cycle and the next replacement cycle.<sup>66</sup>

### *Reactive Capital*

The budget for the reactive capital program is also higher than necessary given the declining trend of reactive capital activity during the historical period. While the Company proposed an 8% reduction to the historical average reactive capital (\$2.32 million) to derive the forecast period reactive budget of \$2.14 million<sup>67</sup>, the historical trend implies that even less reactive capital will likely be needed.

**Figure 2 – Historical Reactive Capital<sup>68</sup>**



<sup>65</sup> Exhibit 2, DSP, Material Justification Sheets, p. 68.

<sup>66</sup> Exhibit 2, DSP, Material Justification Sheets, p. 69.

<sup>67</sup> Appendix 2-AA, Partial Settlement Version, September 23, 2025.

<sup>68</sup> Appendix 2-AB, Partial Settlement Version, September 23, 2025.

While we acknowledge that the need for reactive capital is uncertain, there is a clear decline in reactive capital activities over time. Therefore, a gross budget set well below \$2 million is likely a more accurate estimate of the reactive capital needs in the test year.

It is also important to note that Oshawa Power reduced its total system renewal budget in 2024 to accommodate the land purchase by approximately 50% (i.e., a planned budget of \$9.2 million and actual expenditure of \$4.6 million).<sup>69</sup>

### System Service

CCC supports the Association of Major Power Consumers in Ontario (AMPCO) submission with respect to the 3 New Feeders MS9 project<sup>70</sup> and will not repeat the reasons for AMPCO’s timing concerns here.

### General Plant

The general plant category is front-loaded with spending of \$1.68 million in the test year, which declines to \$0.8 million in 2030.<sup>71</sup> The Information Technology (IT) budget alone falls from a high of \$1.11 million in 2026 to a low of \$0.33 million in 2030 (with an average spend over the 2026-2030 period of \$0.75 million).<sup>72</sup>

Within the 2026 test year capital budget are a number of “opportunistic investments” that can be deferred. These include the OMS replacement and GIS replacement.<sup>73</sup> In addition, there are 2026 investments in the website redesign, customer communication re-design, and intranet upgrade project<sup>74</sup> that can also be deferred or eliminated.

In addition, the 2026 fleet budget includes the replacement of a pole trailer at a cost of \$0.15 million.<sup>75</sup> The rationale for replacing the trailer is that the current pole trailer has required the replacement of springs a few times over recent years.<sup>76</sup> However, the cost of the replacement springs (and other maintenance) has averaged approximately \$4,000

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<sup>69</sup> Appendix 2-AB, Partial Settlement Version, September 23, 2025.

<sup>70</sup> AMPCO Submission, November 28, 2025.

<sup>71</sup> Appendix 2-AB, Partial Settlement Version, September 23, 2025.

<sup>72</sup> Undertaking J2.6.

<sup>73</sup> Undertaking J3.4.

<sup>74</sup> Interrogatory Responses, 2-x-76(a).

<sup>75</sup> Exhibit 2, DSP, Material Justification Sheets, p. 103.

<sup>76</sup> Interrogatory Responses, 2-x-73(a).

annually over the 2022-2025 period.<sup>77</sup> Therefore, it appears to be unnecessary to replace the pole trailer in 2026 (and that expenditure can also be deferred).

### **3.2. Operations, Maintenance and Administrative Costs**

Oshawa Power’s proposed 2026 OM&A budget is \$22.3 million. This reflects an increase of approximately 61% relative to 2021 OEB-approved OM&A (\$13.9 million).<sup>78</sup>

Applying an inflationary and growth allowance (net of the applicable stretch factor), similar to the approach applied by Oshawa Power<sup>79</sup>, to Oshawa Power’s 2021 actual OM&A results in a 2026 OM&A budget of approximately \$16.4 million. Oshawa Power’s proposed OM&A budget is approximately \$5.9 million higher than the formulaic approach when using 2021 actuals as the base year. If you were to accept that 2023 is the appropriate base year to apply a formulaic adjustment, as is argued by Oshawa Power, the 2026 OM&A budget would be approximately \$17.9 million.<sup>80</sup> Oshawa Power’s proposed OM&A budget is \$4.8 million higher than the alternative formulaic approach that uses 2023 actuals as the base year.

Oshawa Power supports its proposal for OM&A spending that is significantly above an allowance for inflationary and growth pressure based on its establishment of a new senior management team that is focused on “business transformation.”<sup>81</sup> In this regard, the Company argues that it is justified to increase the OM&A budget significantly due to employee turnover, the expert report recommending increases to the workforce complement, its compensation benchmarking study, and innovation-related activities.<sup>82</sup>

CCC submits that Oshawa Power’s business transformation plan results in nothing more than the bloating of executive, management and back office positions and the compensation associated with those roles.

CCC submits that the OM&A budget should be reduced by \$4.2 million to \$18.1 million. This reduction would provide an allowance for inflationary and growth pressures and incremental funding in excess of those pressures. CCC’s recommended OM&A reduction is necessary to address significant concerns with Oshawa Power’s staffing decisions

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<sup>77</sup> Undertaking J2.10A.

<sup>78</sup> Appendix 2-JC, Partial Settlement Version, September 23, 2025.

<sup>79</sup> Oshawa Power, Argument-in-Chief, November 18, 2025, p. 22.

<sup>80</sup> Oshawa Power, Argument-in-Chief, November 18, 2025, p. 22.

<sup>81</sup> Oshawa Power, Argument-in-Chief, November 18, 2025, p. 14.

<sup>82</sup> Oshawa Power, Argument-in-Chief, November 18, 2025, pp. 14, 21.

(including the Resource Optimization Review), the proposed compensation increases and other aspects of the Company’s operational budget.

The OEB should also consider the previously discussed affordability concerns and Oshawa Power’s inadequate adjustments to accommodate the costs of the new facility in its consideration of a reasonable 2026 operational budget.

### 3.2.1. Staffing and Compensation

Oshawa Power proposes to increase its number of employees by 20.3% (or approximately 16 FTEs) between 2023 and 2026. Oshawa Power’s actual and proposed FTEs by employee category are set out in the table below.<sup>83</sup>

**Table 7 – Actual and Proposed FTEs**

	2021 OEB Approved	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals	2025 Bridge Year	2026 Test Year
<b>Number of Employees</b>							
Executive	4	4	3.5	4.5	6.5	7	7
Management	15	12	11	13	14	15	16
Non-Union	10	11.5	13.5	17	24.5	29	35.5
Union	62	53	43.5	45.5	41.5	36	38
<b>Total</b>	<b>91</b>	<b>80.5</b>	<b>71.5</b>	<b>80</b>	<b>86.5</b>	<b>87</b>	<b>96.5</b>

Oshawa Power is seeking approval of an increase to total compensation of 49.8% between 2023 and 2026.<sup>84</sup> Oshawa Power’s historical actual and 2026 proposed compensation amounts are set out in the table below.

<sup>83</sup> Undertaking J3.1; and Appendix 2-K Breakdown, Partial Settlement Version, September 22, 2025. We note that the Appendix 2-K Breakdown provided with the Partial Settlement included only year-end FTEs by employee category. We calculated the mid-year FTEs for each employee category by averaging the end of year FTE counts in the current year and the previous year. This is the same methodology that Oshawa Power stated that it applied as described in Interrogatory Responses, I-x-142(b). The result of this approach appears to match the total Appendix 2-K mid-year values at the aggregate level with some minor differences for rounding.

<sup>84</sup> Undertaking J3.1.

**Table 8 – Actual and Proposed Employee Compensation (by Employee Category)<sup>85</sup>**

	2021 OEB Approved	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals	2025 Budget	2026 Budget	2023 to 2026	2024 to 2026
<b>Total Salary and Wages</b>									
<b>Executive</b>	\$ 514,837	\$ 714,796	\$ 543,240	\$ 897,620	\$ 1,407,953	\$ 1,797,079	\$ 1,949,041	117.1%	38.4%
Salary	\$ 468,034	\$ 584,620	\$ 443,301	\$ 724,954	\$ 1,160,858	\$ 1,466,430	\$ 1,511,473	108.5%	30.2%
Incentive	\$ 46,803	\$ 130,176	\$ 99,939	\$ 172,666	\$ 247,095	\$ 330,649	\$ 437,568	153.4%	77.1%
<b>Management</b>	\$ 2,772,187	\$ 1,488,280	\$ 1,271,653	\$ 1,349,489	\$ 1,634,921	\$ 2,147,740	\$ 2,624,615	94.5%	60.5%
Salary	\$ 2,563,224	\$ 1,268,791	\$ 1,103,146	\$ 1,223,183	\$ 1,483,295	\$ 1,894,945	\$ 2,299,861	88.0%	55.1%
Incentive	\$ 208,963	\$ 219,489	\$ 168,507	\$ 126,306	\$ 151,626	\$ 252,795	\$ 324,754	157.1%	114.2%
<b>Non-Union</b>	\$ 158,003	\$ 1,192,049	\$ 1,256,881	\$ 2,102,708	\$ 2,644,332	\$ 2,682,005	\$ 3,116,970	48.2%	17.9%
Salary	\$ 158,003	\$ 1,035,052	\$ 1,136,351	\$ 1,971,350	\$ 2,481,474	\$ 2,391,554	\$ 2,769,924	40.5%	11.6%
Incentive		\$ 156,997	\$ 120,530	\$ 131,358	\$ 162,858	\$ 290,451	\$ 347,046	164.2%	113.1%
<b>Total Non-Union</b>	\$ 3,445,027	\$ 3,395,125	\$ 3,071,774	\$ 4,349,817	\$ 5,687,206	\$ 6,626,824	\$ 7,690,626	76.8%	35.2%
<b>Union</b>	\$ 5,755,478	\$ 4,610,382	\$ 4,626,075	\$ 4,978,732	\$ 5,017,177	\$ 5,035,313	\$ 5,933,111	19.2%	18.3%
Wages	\$ 4,956,039	\$ 3,951,072	\$ 3,806,366	\$ 4,208,632	\$ 4,312,934	\$ 4,370,937	\$ 5,252,126	24.8%	21.8%
Overtime	\$ 799,439	\$ 659,311	\$ 819,709	\$ 770,100	\$ 704,243	\$ 664,376	\$ 680,985	-11.6%	-3.3%
<b>Total Salary and Wages</b>	\$ 9,200,505	\$ 8,005,507	\$ 7,697,849	\$ 9,328,549	\$ 10,704,383	\$ 11,662,137	\$ 13,623,737	46.0%	27.3%
<b>Total Benefits</b>									
<b>Executive</b>	\$ 147,236	\$ 237,082	\$ 187,757	\$ 354,761	\$ 478,084	\$ 525,802	\$ 554,261	56.2%	15.9%
<b>Management</b>	\$ 797,734	\$ 386,993	\$ 419,308	\$ 386,857	\$ 513,117	\$ 748,050	\$ 932,491	141.0%	81.7%
<b>Non-Union</b>	\$ 711,974	\$ 471,671	\$ 459,008	\$ 626,605	\$ 844,144	\$ 946,309	\$ 1,079,197	72.2%	27.8%
<b>Union</b>	\$ 1,109,291	\$ 1,324,188	\$ 1,335,661	\$ 1,339,827	\$ 1,408,653	\$ 1,586,209	\$ 1,839,507	37.3%	30.6%
<b>Total Benefits</b>	\$ 2,766,235	\$ 2,419,934	\$ 2,401,734	\$ 2,708,050	\$ 3,243,998	\$ 3,806,370	\$ 4,405,456	62.7%	35.8%
<b>Total Compensation</b>									
<b>Executive</b>	\$ 662,073	\$ 951,878	\$ 730,997	\$ 1,252,381	\$ 1,866,036	\$ 2,322,881	\$ 2,503,301	99.9%	34.2%
<b>Management</b>	\$ 3,569,921	\$ 1,875,273	\$ 1,690,961	\$ 1,736,346	\$ 2,148,038	\$ 2,895,790	\$ 3,557,106	104.9%	65.6%
<b>Non-Union</b>	\$ 869,977	\$ 1,663,721	\$ 1,715,889	\$ 2,729,313	\$ 3,488,476	\$ 3,628,314	\$ 4,196,168	53.7%	20.3%
<b>Union</b>	\$ 6,864,769	\$ 5,934,571	\$ 5,961,736	\$ 6,318,559	\$ 6,425,830	\$ 6,621,522	\$ 7,772,618	23.0%	21.0%
<b>Total Compensation</b>	\$ 11,966,740	\$ 10,425,441	\$ 10,099,583	\$ 12,036,599	\$ 13,948,381	\$ 15,468,507	\$ 18,029,193	49.8%	29.3%

In addition to proposing a significant increase to compensation, the Company proposes to increase its spending on subcontractor services by approximately \$0.9 million between 2023 and 2026.<sup>86</sup>

The combination of the proposed increases to internal staffing costs and subcontractor services is excessive and driving a significant portion of the overall OM&A increase proposed for the 2026 test year.

CCC recommends a reduction to OM&A related to compensation and subcontractor services of \$4 million for 2026. This reduction is supported by CCC’s arguments with respect to:

<sup>85</sup> Undertaking J3.1. CCC notes that there were significant changes made to the compensation by category of employee in Undertaking J3.1 relative to the Appendix 2-K Breakdown provided in response to SC-AMPCO-1 (and filed with the partial settlement proposal on September 23, 2025), which was relied on at the oral hearing. We have used the updated information provided in Undertaking J3.1 for our analysis and are trusting that it is accurate.

<sup>86</sup> Appendix 2-JB, Partial Settlement Version, September 23, 2025.

- The excessive headcount resulting from Oshawa Power’s workforce planning at the same time as the Company is proposing increases to subcontractor services
- The level of salary and incentive payments to executives, management and non-union staff
- The insufficient decrease to the 2026 union overtime forecast in the context of the reduction to unionized employees
- The exclusion of a vacancy rate adjustment to 2026 compensation.

### Staffing

The Company supports its request for incremental internal staffing based on a Resource Optimization Review.<sup>87</sup> We support SEC’s submission that the Resource Optimization Review study should either be removed from the record or provided zero weight.<sup>88</sup>

Between 2023 and 2026, Oshawa Power’s workforce planning strategy results in a significant increase in the number of executives, management and non-union employees (partially offset by a reduction to the unionized workforce).<sup>89</sup> This represents a shift to a higher proportion of the employees (and the related compensation) working in management and administrative functions relative to operational functions.

Based on Oshawa Power’s workforce proposal for 2026, it will have 23 FTEs in management positions (7 executives and 16 managers) and 73 FTEs doing the work. This is a ratio of 3.2 staff for each manager.<sup>90</sup> Looking at the 2021 OEB-approved workforce, the Company had 19 FTEs in management positions (4 executives and 15 managers) and 72 FTEs completing the work. This is a ratio of 3.8 staff for each manager.<sup>91</sup> While, on its face this does not appear to be a large difference, it does reflect a 16% reduction in the staff to manager ratio. This alone drives up the costs to operate the utility significantly.

The proposal to hire a Manager of Governance is illustrative of the outcome of the Company’s workforce planning strategy. Oshawa Power stated that this “role is required in 2026 to facilitate strong corporate governance, internal controls and risk management within the organization.”<sup>92</sup> Oshawa Power is seeking approval to hire yet another manager

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<sup>87</sup> Exhibit 4, Attachment 4-1.

<sup>88</sup> SEC Submission, November 28, 2025.

<sup>89</sup> Undertaking J3.1; and Appendix 2-K Breakdown, Partial Settlement Version, September 22, 2025.

<sup>90</sup> Undertaking J3.1; and Appendix 2-K Breakdown, Partial Settlement Version, September 22, 2025.

<sup>91</sup> Undertaking J3.1; and Appendix 2-K Breakdown, Partial Settlement Version, September 22, 2025.

<sup>92</sup> Oshawa Power, Argument-in-Chief, November 18, 2025, p. 19.

when it already has 7 executives in an organization that currently employs 87 people (2025). It is absurd that the facilitation of strong corporate governance is not the responsibility of one, or all, of the many existing executives.

In addition to the Manager of Governance role, CCC is also concerned with many of the other positions that Oshawa Power intends to fill in 2026 or has already filled prior to the test year. Using the proposed business systems analyst as an example, the Company is seeking to increase its IT workforce to “provide the needed in-house ownership of business applications and line-of-business systems that is currently largely driven by vendors, which puts Oshawa Power at risk of not having its best interests provided for.”<sup>93</sup> The IT team already handles this work.<sup>94</sup> This reflects an example of the Company seeking to expand its back office / administrative workforce. This position also exemplifies a role that is a “nice to have” not a “need to have.” Ratepayers cannot afford staffing decisions that reflect the hiring for positions that are nice to have. We have similar concerns for the following roles: the cyber security analyst role (2026), senior financial analyst (2026), supply chain management analyst role (2026), second project manager role for the Project Management Office (2024), GIS analyst role (2026), and the PC/SCADA technician role (2026).

Oshawa Power also relies heavily on its benchmarking results with respect to the number of customers served per FTE.<sup>95</sup> We submit that Oshawa Power’s increased reliance on subcontractors<sup>96</sup> operates to bias the benchmarking results in the Company’s favour. In addition, the plan to hire incremental FTEs in the test year will negatively impact the results of the benchmarking relative to the Company’s statements in its argument-in-chief.<sup>97</sup>

CCC submits that the OEB should order very significant reductions to the 2026 OM&A budget aligned with holding the number of FTEs at a level that is no higher than the 2025 actuals (87 FTEs).

### Executive, Management and Non-Union Compensation

Oshawa Power relies on the 2023 Compensation Market Analysis and Salary Structure Recommendations study (the Korn Ferry study)<sup>98</sup> to support its total cash compensation

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<sup>93</sup> Interrogatory Responses, 4-x-136(e).

<sup>94</sup> Interrogatory Responses, 4-x-136(e).

<sup>95</sup> Oshawa Power, Argument-in-Chief, November 18, 2025, p. 17.

<sup>96</sup> Appendix 2-JB, Partial Settlement Version, September 23, 2025.

<sup>97</sup> Oshawa Power, Argument-in-Chief, November 18, 2025, p. 17.

<sup>98</sup> Interrogatory Responses, Attachment 4-5.

proposal for the 2026 test year.<sup>99</sup> CCC provides its analysis regarding Oshawa Power’s proposed 2026 compensation increases based on the confidential information contained in the Korn Ferry study in Appendix A to this submission. The conclusion of our analysis is that the total cash compensation increases proposed by Oshawa Power are not reasonable.

In addition to the arguments set out in Appendix A, CCC submits that the incentive pay for executive, management and non-union employees is excessive in the context of the 2023 MEARIE Management Survey.<sup>100</sup> The survey includes “56 benchmark jobs that are representative of the functions within the MEARIE Group’s member organizations.”<sup>101</sup> We note that those 56 benchmark jobs cover executive (e.g., CEO), management (e.g., Manager, Operations) and other non-union positions (e.g., executive assistant).<sup>102</sup> In addition, the benchmarked jobs reflect salary and incentive information provided by 37 Ontario LDCs.<sup>103</sup>

The average incentive across all of the benchmarked positions is 8.9%.<sup>104</sup> Oshawa Power’s 2026 average incentive for positions that are eligible for incentive pay is 17.8%.<sup>105</sup> This is double the average incentive paid by Ontario LDCs.<sup>106</sup> This reflects average 2026 incentives of 29% for executives, 15% for management and 14% for non-union employees.<sup>107</sup>

CCC reviewed the individual positions set out in the MEARIE Management survey and we note that executive (director level and above) incentives are between the range of 11% for a Director of Communications position to 26% for the CEO position.<sup>108</sup> The average of Oshawa Power’s incentive for executive employees is higher than the CEO incentive in the MEARIE Management survey. Similarly, manager positions are in the 5% to 10% incentive range. The average of Oshawa Power’s incentive for management employees is higher than the top of that range as well. Finally, with respect to other non-management positions, the MEARIE Management survey shows a range of 5% to 7% for these positions. Again, the average of Oshawa Power’s incentive for non-union employees is above the maximum of that range.

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<sup>99</sup> Exhibit 4, p. 89.

<sup>100</sup> CCC Compendium, pp. 96-156.

<sup>101</sup> CCC Compendium, p. 101.

<sup>102</sup> CCC Compendium, pp. 101-102.

<sup>103</sup> CCC Compendium, p. 104.

<sup>104</sup> CCC Compendium, pp. 130-132; and J3.2.

<sup>105</sup> Undertaking J3.1, Table 2 with removal of staff that are not eligible for the incentive.

<sup>106</sup> CCC Compendium, pp. 130-132; and J3.2.

<sup>107</sup> Undertaking J3.1, Table 2 with removal of staff that are not eligible for the incentive.

<sup>108</sup> CCC Compendium, pp. 130-132.

Oshawa Power stated that its short-term incentive is based on the Korn Ferry study and that this study leveraged a larger set of companies than the MEARIE survey. Therefore, the Korn Ferry study more accurately reflects the labour market in which Oshawa Power must compete to attract and retain staff.<sup>109</sup> CCC does not agree that there is anything wrong with benchmarking Oshawa Power’s incentive pay relative to other LDCs. Oshawa Power is competing for talent in Ontario’s electricity sector, and the Ontario LDCs are clearly the most relevant comparators to the Company. If the other LDCs can attract and retain staff with the compensation structure set out in the MEARIE Management Survey, then Oshawa Power ought to be able to also. CCC has also provided a discussion of its concerns with Oshawa Power’s proposed 2026 compensation and its reliance on the Korn Ferry study in Appendix A to this submission.

For the reasons set out in Appendix A and described above, CCC submits that a reduction to the compensation budget is necessary to ensure customers are not burdened with excessive compensation costs.

#### 2026 Overtime Forecast

The 2026 union overtime forecast is \$0.68 million, which is decrease of \$0.09 million (or 11.6%) relative to 2023 actuals.<sup>110</sup> Over the same time frame, the number of union FTEs decreased from 45.5 to 38 (or 16.5%)<sup>111</sup> Therefore, Oshawa Power’s overtime forecast is overstated relative to historical actuals. The decrease in the overtime cost forecast should match the decrease in FTEs. In this regard, a further reduction to the forecast of overtime costs of approximately 5% is necessary.

#### 2026 Vacancy Rate

Oshawa Power did not include a forecast of potential vacancies in its proposed 2026 test year compensation budget.<sup>112</sup> Oshawa Power explains the exclusion of a vacancy rate adjustment as follows:

“And the reason for that is similar to 2021 when we were unable to find staff and we had to hire subcontractors, and that is why we were operating below staff

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<sup>109</sup> Undertaking J3.2.

<sup>110</sup> Undertaking J3.1; and Appendix 2-K Breakdown, Partial Settlement Version, September 22, 2025.

<sup>111</sup> Undertaking J3.1; and Appendix 2-K Breakdown, Partial Settlement Version, September 22, 2025.

<sup>112</sup> Interrogatory Responses, 4-x-144(b).

with that staff but spent more on subcontractors to make sure we could do everything we needed to do to meet our customer needs.

That would be similar in 2026. So if we do have vacancies, we are going to need to hire contractors to support those functions. So we require the dollars regardless to be able to serve our customers in 2026.”<sup>113</sup>

Oshawa Power’s position that it will immediately hire subcontractors to cover for any vacancies is not credible. Oshawa Power’s reference to the use of contractors in 2021 does not support its position. In 2021, the Company had 8 vacancies (or an 11% vacancy rate).<sup>114</sup> The Company had 2021 total compensation savings (i.e., salary, incentive and benefits) of approximately \$1.5 million associated with having less staff than OEB approved.<sup>115</sup> The Company spent an additional \$0.5 million on subcontractor services in that same year.<sup>116</sup> Oshawa Power clearly did not entirely replace the vacancies with increased subcontractor services in 2021. And there is no reason to expect that the Company would do this in 2026.

Accounting for vacancies is a normal part of compensation forecasting. People leave jobs for their own reasons. It takes a long time to fill job openings with the right people. Over the 2021-2024 period, Oshawa Power had an average vacancy rate of 9.25%.<sup>117</sup> There can be no legitimate question as to whether Oshawa Power will have vacancies in 2026. It will. Therefore, the historical average vacancy rate (9.25%) should be applied to the 2026 total compensation amount as a reduction.

Based on the significant problems with the proposed 2026 staffing levels, the 2026 total cash compensation levels, the inflated estimate of 2026 unionized employee overtime and the exclusion of a vacancy rate, CCC submits that a \$4 million reduction to OM&A is necessary.

### **3.2.2. Other OM&A-related Reductions**

CCC submits that there are four other areas where reductions to the 2026 test year OM&A budget are necessary. CCC estimates that the combined impact of these recommended reductions is approximately \$0.23 million.

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<sup>113</sup> Oral Hearing Transcripts, Vol. 3, p. 34.

<sup>114</sup> Interrogatory Responses, 4-x-144(a).

<sup>115</sup> Undertaking J3.1.

<sup>116</sup> Appendix 2-JB, Partial Settlement Version, September 22, 2025.

<sup>117</sup> Interrogatory Responses, 4-x-144(a).

## E-Billing

The Company forecasts that approximately 50% of its customers will receive their bills electronically in 2026. Oshawa Power noted that it saw a very significant increase in the number of e-billing subscribers in 2024 (9,164 subscribers) relative to 2023 (3,196 subscribers) due to the Canada Post strike in 2024.<sup>118</sup>

The most up to date information regarding the percentage of customers using e-billing is 54.1%.<sup>119</sup> The update was provided as part of the interrogatory responses at the end of July 2025. Since that time, there was another Canada Post strike between September 25, 2025, and October 10, 2025.<sup>120</sup> We expect that Oshawa Power would have seen a similar increase of e-billing subscribers as experienced in 2024. Therefore, the e-billing forecast of 50% forecast is lower than the number of customers receiving their bills electronically as of July 2025 and is even more understated in the context of the 2025 Canada Post strike. For these reasons, the 2026 contracted labour costs (\$0.75 million)<sup>121</sup> and postage and printing costs (\$0.6 million)<sup>122</sup> are overstated. A reduction of, at least, 5% (\$0.07 million) to these costs is appropriate.

## Facilities

Oshawa Power forecasts 100 Simcoe Street facility-related operational expenditures of approximately \$0.41 million (excluding rent). This includes approximately \$0.2 million related to maintenance. Oshawa Power stated that this cost forecast is based on current actuals.<sup>123</sup> As discussed previously, Oshawa Power will be vacating the current premises at 100 Simcoe Street in 2027.<sup>124</sup> There are also plans to demolish the current facility.<sup>125</sup>

CCC submits that the 2026 test year forecast maintenance costs, which are based on current spending, are too high in the context that the building is slated for demolition. There would be no need to undertake substantial repairs immediately prior to demolition.

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<sup>118</sup> Exhibit 4, p. 43.

<sup>119</sup> Interrogatory Responses, 4-x-129(d). The Company noted that it had not updated its 2026 forecast to reflect the most up-to-date information.

<sup>120</sup> [Canada Post strike: Mail delivery resumes but not regularly.](#)

<sup>121</sup> Interrogatory Responses, 4-x-129(b). With respect to contracted labour, the e-billing pricing model reflects a fixed monthly charge, while paper billing is charged on a per bill basis. Therefore, there are savings to contracted labour associated with customers' switching to e-billing.

<sup>122</sup> Interrogatory Responses, 4-x-129(a).

<sup>123</sup> SC-CCC-1.

<sup>124</sup> Exhibit 1, p. 10.

<sup>125</sup> Response to OEB Questions, November 18, 2025, pp. 5-6.

Therefore, the 100 Simcoe Street-related maintenance budget should be reduced by 50% (\$0.1 million).

#### Travel and Conference Costs

Between 2023 and 2026, the travel and training budget increased by \$0.08 million, which is essentially a tripling of the budget.<sup>126</sup> The majority of the budget is associated with meals/travel, accommodations and conference attendance.<sup>127</sup> The increase in this budget is excessive and, while the aggregate amounts are small, it is symbolic of the Company's business transformation plan that results in the ballooning of executive and management-related costs. CCC submits that the OEB should reduce the travel and training budget by 50% (\$0.06 million).

#### Dayforce Capital-related Cost Allocation to Affiliates

Oshawa Power stated that the capital costs associated with Dayforce implementation was not charged to affiliates.<sup>128</sup> As Oshawa Power's affiliates benefit from the use of the Dayforce system, they should be allocated their fair share of the costs. CCC submits that, to the extent that there are undepreciated capital amounts related to the Dayforce system remaining, those costs should be properly allocated to Oshawa Power's affiliates.

### **4.0. Deferral and Variance Accounts**

#### **4.1. Getting Ontario Connected Variance Account**

Oshawa Power is seeking recovery of the \$0.43 million balance recorded in the Getting Ontario Connected Act (GOCA) Variance Account.<sup>129</sup> CCC submits that the balance in the account should be reduced by \$0.045 million to reflect the removal of certain costs that are not directly related to Bill 93.

The OEB established the GOCA Variance Account on a generic basis for all electricity and natural gas distributors in EB-2023-0143 (Generic GOCA Variance Account Decision).<sup>130</sup>

The purpose of account is to track the incremental locate costs arising from the

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<sup>126</sup> Interrogatory Responses, 4-x-134(a).

<sup>127</sup> Undertaking J3.3.

<sup>128</sup> Undertaking J1.1.

<sup>129</sup> Oshawa Power, Argument-in-Chief, November 18, 2025, p. 30.

<sup>130</sup> EB-2023-0143, Decision and Order, October 31, 2023, p. 4.

implementation of Bill 93 (the Getting Ontario Connected Act, 2022) incurred on or after April 1, 2023. More specifically, in the Generic GOCA Variance Account Decision, the OEB stated:

“The disposition of any balance in this account will be subject to a prudence review and a requirement to establish that any cost incurred over and above what is provided for in initial and IRM adjusted base rates is an incremental cost resulting from Bill 93. The OEB expects utilities to seek approval for disposition of balances in the account at rebasing unless unmanageable balances have accrued that may require disposition in an IRM year.

The OEB agrees with OEB staff on the necessity for utilities to demonstrate that recorded amounts in their accounts are both incremental to the base rates and are a direct result of Bill 93.”<sup>131</sup>

Oshawa Power admits that the costs associated with Ontario One Call and Planview (\$0.045 million) are not directly resulting from Bill 93.<sup>132</sup> In accordance with the OEB’s Generic GOCA Variance Account Decision, utilities must demonstrate that recorded amounts are a direct result of Bill 93.<sup>133</sup> Therefore, this amount is not eligible for recovery from ratepayers.

#### **4.2. Avoided Rent Deferral Account**

Oshawa Power proposes to establish the Avoided Rent Deferral Account. The purpose of the account is to credit ratepayers each year in an amount that is equivalent to the rent cost built into 2026 rates (and as escalated by the PCI) for the existing head office facility once the existing facility is vacated.<sup>134</sup>

In the context of the known elimination of this rent payment (\$0.43 million), which is expected to occur in 2027<sup>135</sup>, CCC submits that it is appropriate to establish the Avoided Rent Deferral Account to ensure that ratepayers receive the benefit of this avoided cost during the IR term.

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<sup>131</sup> EB-2023-0143, Decision and Order, October 31, 2023, p. 7.

<sup>132</sup> Oral Hearing Transcripts, Vol. 3, p. 110.

<sup>133</sup> EB-2023-0143, Decision and Order, October 31, 2023, p. 7.

<sup>134</sup> Interrogatory Responses, Attachment 1-4; and SC-CCC-1.

<sup>135</sup> SC-CCC-1.

### 4.3. New Facility OM&A Cost Variance Account

Oshawa Power proposes to establish the New Facility OM&A Cost Variance Account to record, on a symmetrical basis, variances in operational costs directly attributable to the operation of the planned new facility relative to the amounts built into rates for the existing facility.<sup>136</sup>

Previously in this submission, CCC argued for a reduction to the facility-related operational budget of \$0.1 million. This reduction is recommended on the basis that we do not expect that the Company will need the entirety of its forecast maintenance budget in 2026 as undertaking substantial repairs on a building that is slated for demolition is not necessary.

Oshawa Power provided a high-level quote for the operational costs of the new building (\$0.5 million).<sup>137</sup> There was no detailed breakdown provided showing the costs of maintenance relative to other aspects of operations (utilities, phone system, etc.). We submit that as the planned administrative facility will be a brand new building, it should not require much maintenance in the early years of operation. In addition, it will likely be a more energy-efficient building relative to the existing facility as it will be much newer. Therefore, we submit that CCC's recommended operational budget of \$0.31 million will be sufficient to cover the costs of both the previous and new administrative facilities. As such, Oshawa Power should manage within that budget and there is no basis to establish the proposed New Facility OM&A Variance Account.

~ All of which is respectfully submitted ~

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<sup>136</sup> Interrogatory Responses, Attachment 1-4.

<sup>137</sup> SC-CCC-1.

**Oshawa PUC Networks Inc.**

**2026 Rates**

**EB-2025-0014**

**Confidential Appendix A to Consumers Council of Canada Submission**

**November 28, 2025**