

EB-2025-0014

Oshawa PUC Networks Inc.

Application for electricity distribution rates and other charges beginning January 1, 2026

AMPCO Submissions November 28, 2026

Oshawa PUC Networks Inc. (Oshawa PUC Networks) filed a cost-of-service application with the Ontario Energy Board (OEB) on April 30, 2025 under section 78 of the *Ontario Energy Board Act, 1998*, seeking approval for changes to the rates that Oshawa PUC Networks charges for electricity distribution, beginning January 1, 2026.

On October 20, 2025, the OEB accepted the settlement reached on the issues identified in the settlement proposal.¹ AMPCO submissions are on the unsettled issues. In the preparation of its submissions, AMPCO conferred and collaborated with other intervenors including sharing draft submissions, analysis and positions, and where appropriate AMPCO refers to the detailed submissions of others.

AMPCO's members represent Ontario's major industries: forestry, chemical, mining and minerals, steel, petroleum products, cement, automotive and manufacturing and business consumers in general.

AMPCO is the leading voice for major industrial power consumers in Ontario, advocating for competitive, fair and reasonable electricity rates. Electricity costs represent a significant expense for AMPCO members, who are among the largest power consumers in the province. Keeping these costs low is essential for their financial viability. AMPCO views affordable and reliable electricity as critical to the business success of its members. Affordable rates for all electricity customers are also very important to AMPCO, as these same customers buy the goods and services of AMPCO members.

New Operational and Administrative Facility

The impact of Oshawa Power's new operational and administrative facility (the building) will have significant customer bill impacts in 2027, but consideration of the building was not initially included on the Issues List in this proceeding.

As part of Oshawa Power's 2026-2030 Distribution System Plan (DSP) filed in this application, Oshawa Power mentioned that it purchased land in 2024 but was not seeking recovery now and would not be providing the total cost for the new building in the DSP as final costs remain

¹ Decision & Procedural Order No. 5 October 20, 2025

uncertain. Oshawa Power indicated that it intends to file an ICM application for its new building once costs and in-service timelines are more certain. Until that time the investment remains in Work in Progress until 2027 when the building is anticipated to be placed in service.²

Oshawa Power did not reflect the in-service amounts of the building in its capital plan tables in the DSP or provide any details on the project even though it is Oshawa Power's largest single expenditure during the rate term. The \$61 million building costs were deliberately excluded from the DSP. By doing so, Oshawa Power understated its capital plan over the rate term by 75%.³

The Chapter 5 filing requirements state, "A distributor should provide context on how its overall capital expenditures over the next five years, as a whole, will achieve the distributor's objectives. Particularly, a distributor should comment on lumpy investment years and rate impacts of capital investments in the long-term."⁴ The proposed new building is a "lumpy" investment over the 5-year term, and it has significant rate impacts. Oshawa Power should have provided details on this investment in its DSP, but it did not.

Oshawa Power was reluctant to provide any further information on the building with respect to costs, timelines, benchmarking against comparable facilities and most importantly customer bill impacts which triggered strong reactions from intervenors in this proceeding. Oshawa objected to the impact of the building being an issue and tried to push the discussion to a future ICM application. Customers value predictable electricity rates, especially large use customers⁵, and given the combined customer bill impacts of setting rates in 2026 and adding an ICM rate rider for the building beginning in 2027, it is completely understandable why intervenors wanted more information now and successfully sought to have an issue related to the building added to the Issues List. Especially since customers had previously been made aware of the building. Oshawa Power's earlier customer engagement activities included a discussion of the building, and the resulting bill impacts at that time, which were presented along with the bill impacts of the 2026 rate application.⁶ The regulatory construct and when Oshawa Power is seeking relief for the building is not a valid reason to deliberately exclude the project and its impacts from

² DSP p. 53

³ $(\$141.8 - \$80.8) / \$80.8 = 75\%$

⁴ Chapter 5 Filing Requirements For Electricity Distribution Rate Applications – 2025 Edition for 2026 Rate Applications, December 9, 2024, p.14

⁵ Ex.1 Attachment 1-11 p.14

⁶ Ex. 1 Attachment 1-10 p. 21: If approved by the OEB, a typical residential bill from Oshawa Power will increase by approximately by \$6.29 per month in 2026, and by approximately another \$3.66 per month in 2027 for our new facility

consideration in the context of the current DSP. AMPCO submits the OEB should consider a DSP that includes the building.

Commissioner Moran articulated this approach: “I think we are here to understand what the capital spend looks like, what the impact looks like for ratepayers, and what is appropriate for ratepayers to have to bear in the context of a new building being brought in the way it is.”⁷

Customer Bill Impacts

Board Staff calculated the bill impacts for each customer class as follows:⁸

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

For larger customers the combined bill impact ranges from 30 to 34%.

This increase over the rate term is significantly more than what AMPCO reported to its membership when the application was initially filed.

⁷ Tr. V1 p. 185

⁸ K1.4

Affordability

Oshawa Power’s view of reasonable rates is maintaining their Cohort II standing.

This approach begins with Oshawa Power’s Business Plan which contains the following Goal and Success Measure:⁹

<i>Controlling Costs for Reasonable Rates</i>	
Goal	Success Measure
Ensure cost-effective regulated operations while maintaining reasonable rates for our customers	Preserve Cohort II status, equivalent to 10-25% better cost performance than predicted in the OEB’s total cost performance benchmarking through 2030

Controlling Costs for Reasonable Rates is listed as a Financial Performance Goal. AMPCO could not find a Customer Focus goal in the Business Plan where the success measure was directly related to affordable customer rates.

When asked at the oral hearing how Oshawa Power considered affordability, Oshawa Power referred to maintaining their Cohort II standing; that was their agreed to strategy.¹⁰ AMPCO submits Oshawa Power is completely out of touch with its customers with respect to the issue of affordability and keeping rates low. For example, Oshawa Power confirmed it has not undertaken a comparison of rates and Oshawa Power focuses on benchmarking costs, not rates.¹¹

Customers have expressed some of their concerns regarding costs and rates. 100% of Key Account customers felt that cost increases were important to control.¹² Aggregated survey results from residential and business reported that customers are advocating for fair rates.¹³ An analysis of comments received in a survey open to all customers showed a trend that customers are cost sensitive.¹⁴ In the context of the current rate application, Key Account customers commented, “ We’re concerned about affordability because it’s hard to justify energy transition initiatives without a stable and predictable price on electricity” and

⁹ Ex. 1 Attachment 1-3 p. 14

¹⁰ Tr, V1 p. 124

¹¹ Tr. V3 p. 13

¹² Ex. 1 Attachment 1-7 p. 4

¹³ Ibid. p. 3

¹⁴ Ibid.

“The cost increase is not insignificant.”¹⁵

Benchmarking results do not mean affordable electricity rates. AMPCO submits Oshawa Power is completely off the mark with this approach.

Alternate Application

Finally, AMPCO has reviewed the draft submissions of SEC¹⁶ and its primary position that the DSP is deficient, the Application is materially non-compliant with the OEB’s filing requirements and there is an option of rejecting the Application entirely. For the reasons put forward by SEC it is certainly an option.

AMPCO Position

In consideration of the customer bill impacts before and after the building is added to rates, issues related to affordability for customers, pacing of investments and staffing in the context of business transformation, and Oshawa Power’s forecast level of spending that has not been curtailed in a meaningful way over the plan term to strategically allow for the building investment, AMPCO proposes the following:

- 2026 Opening Rate Base reductions
- 2026 Capital reduction of 40% in 2026
- 2026 OM&A reduction of 15.6%

Revenue Requirement

Oshawa Power seeks approval of a revenue requirement of \$38.5 million in 2026 which is 44% more than the \$26.6 million revenue requirement approved by the OEB in 2021.

Table 1: Change in Revenue Requirement

	2021 OEB- Approved¹⁷	2026 Test Year¹⁸	Variance
Service Revenue Requirement	\$27,951,512	\$42,327,091	\$14,375,579 (51%)
Revenue Offsets	(\$1,296,999)	(\$3,827,274)	(\$2,530,275) (195%)
Base Revenue Requirement	\$26,654,513	\$38,499,817	\$11,845,304 (44%)

¹⁵ Ex. 1 Attachment 1-11 p. 14

¹⁶ SEC Submission November 28, 2025

¹⁷ Ex. 6 p.9

¹⁸ Settlement Agreement September 22, 2025 p. 6

Revenue Deficiency		\$6,290,641	
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AMPCO submits Oshawa Power’s proposed 2026 revenue requirement is not affordable for customers and significant reductions in capital and OM&A that flow into revenue requirement are required, as discussed below.

Capital

Oshawa Power’s proposed total capital investment over the 2026-2030 period is \$80.8 million, which reflects a 15.8% increase from the overall 2021-2025 spend of \$68.9 million.¹⁹ When the \$61 million cost of the building is added in 2027, the total forecast spend over the 2026-2030 period increases to \$141.8 million, an increase of 103% over the 2021-2025 period.

Table 2: Forecast Capital Expenditures

(\$M)	2021-2025 Actual	2026-2030 Forecast	Variance \$	Variance %	2026-2030 Including Building	Variance to 2021-2025 \$	Variance to 2021-2025 %
Net Capital Expenditures	\$69.8	\$80.8	\$11	15.8%	\$141.8	\$72	103%

Opening Rate Base

AMPCO has reviewed the draft submissions of CCC regarding the timing of 2025 in-service additions and will not repeat them. AMPCO agrees with CCC’s comments on the accuracy of the data updates to Appendix 2-AA with actuals to the end of June 2025 and then to the end of September 2025.²⁰ AMPCO notes an additional example where Oshawa Power reported in-service additions of \$347,137 related to the Information Technology General to the end of June 2025 and in-service additions to the end of September 2025 were reported as \$214,532. This too cannot be accurate.

AMPCO notes that there are two projects in Appendix 2-AA where the latest update shows that the forecast cost of the project in 2025 represents a material increase in costs.²¹

¹⁹ Total gross expenditure is forecasted to be approximately \$97.2M with expected contributions of approximately \$16.4M, which results in total net expenditure of \$80.8M.

²⁰ J2.4

²¹ Ibid.

Specifically, the June 2025 update of Appendix 2-AA forecast a \$100,000 reduction to the cost of the Customer Information System (CIS) Software and Enhancements project from \$1,500,000 to \$1,400,000, whereas the September update to Appendix 2-AA now shows an increase in costs of \$897,300. Either this is a data error, or the project has been recently impacted. Oshawa Power has not provided an explanation for this material variance in costs. Without this information, AMPCO submits the OEB should not approve the addition of this project to opening rate base. The same applies to the Office IT & Equipment Upgrades project. The updated cost forecast for 2025 is \$349,726 more than the June 2025 forecast with no explanation.

Without more information, AMPCO submits that the above two projects should not be added to opening rate base as 2025 in-service additions.

2026 In-Service Additions

Oshawa Power seeks approval of forecast 2026 in-service additions of \$17 million. This represents a 30% increase compared to the historical average of \$13.1 million based on 2021 to 2024 actual in-service additions. This level of spending continues in 2027 and then for the years 2028 to 2030, capital spending reduces to approximately \$15.7 million each year. It's clear Oshawa Power has not made meaningful reductions to its 2026 and 2027 capital budget to make room for the \$61 million building that will have significant customer bill impacts beginning in 2027. Oshawa Power has only proposed modest reductions in capital beyond 2027. As pointed out in CCC's submissions, Oshawa Power's claimed deferrals in capital spending lack substance.²²

In 2024, there was a dip in capital spending from \$14 million to \$8.8 (37%). Oshawa Power deferred projects and funds were reallocated to purchase the land for the building.²³ Significant capital spending reductions occurred in the System Renewal category. Oshawa Power spent \$4.624 million or 50% less than the planned amount in the DSP. Reduced spending did not negatively impact reliability. Reliability metrics in 2024 were better than the previous year and positive reliability trends continue.²⁴

Had Oshawa Power appropriately considered the impact of the building in the context of its DSP and voluntarily made a similar level of reductions to in-service additions in 2026 as it strategically and voluntarily did in 2024, the 2026 in-service addition amount would be

²² CCC Submission November 28, 2025

²³ Tr. V2 p. 94,

²⁴ Appendix 2-G

significantly less.²⁵ AMPCO submits the OEB should reduce the 2026 capital in-service additions by 40%²⁶ to lessen the impact on customer bills in 2026.

AMPCO makes the following comments on the individual capital projects to provide the OEB with tangible areas where Oshawa Power could reasonably reduce its 2026 spending by deferring work in order to address the impact of the \$61 million building.

Municipal Station Switchgear (System Renewal)

Existing switchgear located at MS5 and MS11, including their associated relays and e-house, are scheduled for replacement during the 2026–2030 forecast period. Oshawa Power proposes to spend \$3.04 million in 2026 and \$2.315 million in 2027 and there is no forecast spending in 2028, 2029, or 2030.

Oshawa Power could defer this spending beyond 2027 and undertake the work later in the period.

Reactive (System Renewal)

Reactive renewal projects represent unplanned projects that consist of assets that are failed, are about to fail, or present a safety hazard to the public. These projects typically arise from trouble calls, storm damage, equipment failures, dig-in damage, accidents, fires as well as information provided from third parties (ESA, customers, communication companies, etc.)²⁷

Oshawa Power forecasts reactive capital amounts of \$2,137,987 in each of the years 2026 to 2030. The most recent actuals in 2024 were \$1,981,987 and Oshawa Power forecasts 2025 spending will be \$1,475,930.^{28 29}

AMPCO submits Oshawa Power's forecast Reactive capital could be reduced by \$410,000 to align with recent actuals.

Meter Replacement Program (System Renewal)

The Meter Replacement Program is an annual program that covers the replacement of Oshawa Power owned metering assets. As mandated by Measurement Canada, a large number (35,000+) of meters will require reverification testing in 2028. Oshawa Power is taking

²⁵ $(\$14\text{ M} - \$8.8\text{ M}) / \$14\text{ M} = 37\%$

²⁶ Rounded up as capital amounts in 2027 are greater than 2024

²⁷ Material Justification Sheet SR-12

²⁸ IRR_Suppl_35b_20250730

²⁹ Reactive budget updated in 2025 to \$1,879,119 but Jan – Sept 2025 amounts consistent with Jan-June 2025 amounts so overall increase in 2025 forecast does not make sense

proactive plans to begin replacing meters starting in 2026.³⁰ Oshawa Power proposes capital of \$1.1 million for each of the years 2026 to 2030.

AMPCO submits Oshawa Power could take a more reactive approach and begin replacing meters beyond 2026. This would result in deferred capital spending and a \$1.1 million capital reduction in 2026 in-service additions.

3 New Feeders MS 9 (System Service)

This project involves the installation of three (3) new 13.8kV feeders from the MS9 station. The scope of work includes all associated costs for setting up riser poles, duct work (including road crossings), egress, and cable installation. Approximately 1.16 km of feeder egress cable will be installed as part of this project. Oshawa Power forecasts a cost of \$1.0 million in 2026 to undertake this work. There is a condition on the project. The project timeline must align with the City of Oshawa's planned road-widening project on Conlin Road, which will require pole line relocations.³¹

AMPCO is unclear about the specific timing of the City of Oshawa's planned road-widening project. Oshawa Power identified the intersection of Wilson and Conlin as the location of the roadwork³² Since AMPCO was not able to be at the hearing and ask follow-up questions, AMPCO contacted the City of Oshawa to seek clarification, and it appears from discussions with infrastructure staff that the road-widening projects on Conlin Road at Wilson,³³ are delayed and will not be done in 2026.³⁴ These same projects (#73-0453 Conlin-Wilson Roundabout and #73-0454 Conlin Road East) were previously identified by Oshawa Power in Appendix 2-8 as third party infrastructure projects. If the conditional road work is delayed, it seems to AMPCO that Oshawa Power will have to defer its planned 3 New Feeders MS 9 project beyond 2026. AMPCO asks that Oshawa Power provide its understanding of the City's road work plans as it applies to the condition on the 3 New Feeder MS 9 project, in its reply submissions. If the road work has in fact been delayed, the 2026 in-service additions should be reduced by \$ 1 million to reflect that Oshawa Power's Feeder project will be delayed and deferred beyond 2026.

IT Projects (General Plant)

³⁰ Material Justification Sheet SR-13

³¹ Material Justification Sheet Project SS-01

³² Tr. V2 p. 47

³³ IR 2-X-51 Appendix 2-8 Third Part Relocation Project Details re project #73-0453 & 73-0454

³⁴ 73-0453 Conlin-Wilson Roundabout and 73-0454 Conlin Road East

Over the period 2026 to 2030, Oshawa Power proposes to spend \$3.422 million³⁵ on various IT projects. The forecast spend in 2026 is \$0.95 million, 28% of the total spend.

AMPCO submits Oshawa Power could reasonably pace its IT spending over a longer timeframe.

2026 projects such as Customer Communication Redesign (\$100,000), Intranet Upgrade (\$50,000), Records Management (\$100,000) and Website Redesign (\$50,000) are not urgent and could reasonably be deferred beyond 2026.

AMPCO submits that Oshawa Power could reasonably defer \$0.30 million of its planned IT budget in 2026 to future years.

Fleet (General Plant)

Oshawa Power plans to acquire two (2) aerial devices (bucket trucks), one (1) Radial Boom Derrick (RBD) (digger truck), six (6) light duty vehicles (pick-ups and panel van) and one (1) pole trailer. The existing vehicles have reached or are nearing end-of-service life based on an assessment of age, condition, and increased maintenance and repair costs.³⁶

Over the period 2021-2024, Oshawa Power spent on average \$315,000 million on Fleet. In 2026, Oshawa Power proposes to spend \$500,000. To better align with historical spending, Oshawa Power could defer some spending in 2026. CCC makes the case that it appears to be unnecessary to replace the pole trailer in 2026 and that the expenditure of \$0.15 million can be deferred.³⁷

Summary

The above reductions/deferrals total \$6.5 million. AMPCO submits this analysis supports that an overall reduction of 40% (\$10.2 million) to 2026 capital in-service additions is feasible. These reductions could help mitigate the proposed rate impacts in 2026, in the context of the additional rate impacts in 2027 for the new building. Oshawa Power should be curtailing its capital spending in the short term to accommodate the cost of the new building.

³⁵ 2-AA lines 90-103

³⁶ Material Justification Sheet Project GP-17

³⁷ CCC Submissions November 28, 2025

Assets in Poor and Very Poor Condition

A very small percentage of Oshawa Power's assets (approximately 1.8%) are in poor or very poor condition.³⁸

AMPCO undertook the same analysis as CCC and concludes that Oshawa Power is proposing to replace more assets over the period than the quantity of assets in very poor or poor condition.

Specifically, AMPCO notes the following:³⁹

Poles

Oshawa Power proposes to replace 373 poles, 282 more than the 91 identified as being in poor or very poor condition.

Underground Cable

Oshawa Power proposes to replace 10,308 metres of underground cable, 4,668 metres more than the 5,640 metres identified as being in poor or very poor condition.

Pole-mounted Transformer

Oshawa Power proposes to replace 137 pole-mounted transformers, 120 more than the 17 identified as being in poor or very poor condition.

Pad-mounted Transformer

Oshawa Power proposes to replace 92 pad-mounted transformers, 82 more than the 10 identified as being in poor or very poor condition.

Distribution Switchgear

Oshawa Power proposes to replace 5 switchgears, four more than the one identified as being in poor or very poor condition.

Conclusion

AMPCO submits the above analysis supports AMPCO's 2026 capital reductions. Oshawa

³⁸ DSP Appendix C: Metsco ACA Page 31 Table 4-1

³⁹ SC-CCC-2e compared to DSP Appendix C: Metsco ACA Page 31 Table 4-1

Power could reasonably decrease the number of proactive asset replacements in the short term to accommodate the cost of the building.

This can be considered in the context that Oshawa Power has significantly improved reliability over the period 2020 to 2024 and short-term adjustments in capital should not have a material impact on reliability as they are lagging indicators. Oshawa Power’s SAIDI (excluding Loss of Supply and Major Event Days) has improved from 1.46 in 2020 to 0.32 in 2024. Oshawa Power’s SAIFI (excluding Loss of Supply and Major Event Days) has improved from 1.50 in 2020 to 0.29 in 2024.⁴⁰

Operating Expenses, Maintenance & Administration (OM&A) Costs

Oshawa Power is seeking approval of \$22.3 million in OM&A, an increase of \$8.4 million or 60.6% higher than the 2021 expenditures approved of \$13.8 million by the OEB in Oshawa Power’s last rebasing application (EB-2020-0048). Compared to 2024 actual expenditures, the increase is \$3.5 million or 18.5% higher.

Increases in labour and subcontractor costs since 2021 are the largest contributors to the increase in OM&A.⁴¹ Large increases in FTEs and associated compensation costs are the key drivers of the labour increase.⁴² Compensation costs represent 81% of total OM&A in 2026.⁴³

FTEs & Compensation

The number of FTEs in 2026 increase by 16 FTEs or 20% compared to 2021 actuals. Over the same period, compensation is increasing by \$7.4 million or 70%.⁴⁴

Table 3: FTE Count 2021-2026

# of FTEs (Mid-Year)	2021 OEB Approved	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals	2025 Bridge Year	2026 Test Year
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
Total	91	80.5	71.5	80	86.5	87	96.5

⁴⁰ Appendix 2-G

⁴¹ Ex. 5 p. 8

⁴² Ibid

⁴³ \$18.029 M/\$22.271M = 81%

⁴⁴ (\$18.029-\$10.643)/\$10.643 = 70%

In 2026, Oshawa Power plans for 4 additional Executive FTEs, 4 additional Management FTEs, 24 additional Non-Union FTEs and 17.5 less Union FTEs than 2021 actuals.

In 2021, Oshawa Power underspent on compensation by \$1.3 million or 11% due to unfilled FTEs.⁴⁵ The 2021 funding envelope was based on 91 FTEs, but Oshawa Power only had 80.5.⁴⁶

There are 86.5 FTEs in 2024, and the forecast for 2025 is 87 FTEs.⁴⁷

Over the previous rate term, Oshawa Power operated the utility without ever meeting the 2021 target staff level of 91 FTEs. If the same hiring trend continues and Oshawa Power does not meet its 96.5 FTE forecast in 2026, actual compensation costs in 2026 will be much lower. Less than planned FTEs are needed in 2026 if the OEB significantly reduces Oshawa Power's 2026 capital budget, as put forward by AMPCO and other intervenors.

While operating below targeted staff levels in the previous 5 years, Oshawa Power hired subcontractors and relied on overtime to fill the gap in resources.⁴⁸ Even though Oshawa Power's plan includes substantial increases in FTE numbers, forecast subcontractor and overtime costs have not decreased in 2026.

Since 2021 OEB-approved OM&A, incremental labour & benefits and subcontractor services total \$4.4 million and \$1.85 million, respectively. The combined increases to internal staff and subcontractors are excessive. In AMPCO's view Oshawa Power has not struck a reasonable balance between an appropriate investment in staffing, subcontractors and other operating expenses while balancing customer bill impacts.

AMPCO submits that the OEB should make significant reductions to the 2026 OM&A budget that is premised on an FTE level that does not exceed 2024 and 2025 actuals of 87 FTEs.

Oshawa Power established a new Executive Team in 2023 taking the number of Executive FTEs from 4 in 2021 to 7 in 2024. The Executive Team seeks to modernize Oshawa Power's systems and processes. AMPCO generally supports modernization initiatives but believes that too much too soon is further driving rate increases that customers cannot afford, in the context of a new building in 2027. In AMPCO's view, Oshawa Power's Strategic Plan and Business Plan include significant modernization and other investments that could reasonably be paced over a longer timeframe to reduce 2026 bill impacts.

⁴⁵ $(\$11.966 - \$10.643) / \$11.966 = (11\%)$

⁴⁶ Appendix 2-K (Mid-Year FTEs)

⁴⁷ Ex. 4 p. 63

⁴⁸ Tr. V3 p. 34

Oshawa Power relies on the Resource Optimization Review (ROR)⁴⁹ undertaken by third-party consultant Lise Galli of Marjorie Richards & Associates Limited in 2023 to justify increases in its workforce. The ROR recommended 10 new FTEs.⁵⁰ Oshawa Power also created several new roles outside of the study recommendations including a Director, Regulatory & Commercial Affairs, Manager Distribution Design and System Planning, Governance Manager and PC/SCADA Technician. The first two roles were hired in 2024 and the remaining two roles are required in 2026.⁵¹ AMPCO generally agrees with the draft submissions of CCC which questions the need for the Governance Manager and that other positions may be more “nice to have” than “need to have”.⁵²

Incentive Pay

In 2022 Oshawa Power engaged the Korn Ferry Group to review the management compensation system. Oshawa Power’s short-term incentive range of 10% to 20% of base salary for management and non-union staff is based on the Korn Ferry Proposed Salary Structure P50.^{53 54}

AMPCO has reviewed CCC’s detailed analysis and the confidential submissions of CCC regarding the Korn Ferry Compensation Market Analysis⁵⁵ and supports CCC’s conclusion that the total cash compensation increases proposed by Oshawa Power are not reasonable.⁵⁶

Oshawa Power indicates it also leveraged the 2023 MEARIE Management Salary Survey as a secondary reference.⁵⁷ Oshawa Power confirmed that the average of the incentive percentage for the 56 roles noted in the 2023 MEARIE Management Salary Survey of Local Distribution Companies is approximately 9%.⁵⁸

14 FTEs (Executive, Management and Non-Union) were eligible for incentives in 2021. That number increases to 40 FTEs in 2024 and 53 FTEs in 2026. Oshawa Power’s assumption is that all eligible FTEs will receive incentive payments.⁵⁹ Oshawa Power’s average incentive levels for eligible positions are 29% for Executives, 15% for Management and 14% for Non-Union

⁴⁹ Attachment 4-1

⁵⁰ Ex. 4 p. 70

⁵¹ AIC p.19

⁵² CCC Submission

⁵³ J3.2

⁵⁴ IR 4-166 Attachment 4-5 p. 9

⁵⁵ Attachment 4-5

⁵⁶ CCC Submission

⁵⁷ IR 4-X-154-b

⁵⁸ J3.2

⁵⁹ IR 4-167-c

employees.⁶⁰ On an aggregate basis, Oshawa Power's average incentive is 17.8%. In the context of the MEARIE Study which benchmarked 37 LDCs, Oshawa Power's incentive levels are excessive.

2026 Vacancy Rate

Oshawa Power did not include vacancies in its 2026 FTE forecast yet over the period 2021 to 2024, Oshawa Power had an average vacancy rate of 9.25%.^{61 62}

As evident in the past, not all positions will be filled 100% of the time. AMPCO submits the 2026 compensation budget should include an assumption for vacancies. AMPCO submits the \$18 million compensation budget should be reduced by \$1.7 million (9.25%) to account for vacancies in 2026.

Formulaic Analysis Does Not Justify 2026 OM&A Budget

AMPCO undertook a formulaic analysis similar to Oshawa Power's analysis in J2.11 to test the reasonableness of Oshawa Power's significant OM&A increase. AMPCO escalated 2021 OEB-approved OM&A and 2021 actual OM&A costs to 2026, accounting for inflation, the Stretch Factor, growth and the PEG elasticity factor.

Escalating 2021 OEB-approved OM&A in this manner results in a 2026 OM&A amount of \$17 million. Escalating 2021 actuals results in a 2026 OM&A amount of \$16.4 million. These amounts are \$5.3 million and \$5.9 million less than Oshawa Power's OM&A request of \$22.3 million. Using 2023 as a starting point, Oshawa Power's formulaic OM&A budget is \$17.915 million, \$4.4 below Oshawa Power's OM&A request. For the reasons discussed in this application, AMPCO does not agree with all of the adjustments to OM&A that Oshawa Power proposes must be considered in its Formulaic Analysis related to the ROR increases to the workforce complement and the Korn Ferry Compensation Market Analysis.⁶³ As such, on a formulaic basis, AMPCO submits Oshawa Power has not justified the significant increase in its OM&A budget in 2026.

Customer/FTE Metric

Oshawa Power relies on the Customer per FTE metric as a measure of how lean the utility is, however, the metric does not consider Oshawa Power's expanding use of subcontractors. The

⁶⁰ Undertaking J3.1, Table 2 with removal of staff that are not eligible for the incentive

⁶¹ IR 4-x-144

⁶² $11\%+8\%+5\%+13\% = 9.25\%$; See IR 4-AMPCO-139 – average turnover rate calculated on same basis

⁶³ AIC p. 21

FTEs do not include outsourcing, and the comparison does not adjust for outsourcing.⁶⁴ Over the period 2021 to 2026, Oshawa Power's use of subcontractors increased by \$1.850 million,⁶⁵ which includes incremental amounts of \$0.6 million and \$0.46 million, in 2025 and 2026, respectively.⁶⁶ AMPCO submits the OEB should not place a lot of weight on this metric.

Conclusion

In considering the above comments, AMPCO proposes an envelope reduction in OM&A of \$3.5 million or 15.5% million that reflects an FTE complement that does not exceed 2024 and 2025 FTE levels of 87.

Load Forecasts

Oshawa Power is seeking approval of its load forecast for the 2026 Test Year. AMPCO has reviewed the detailed draft submissions of the Vulnerable Energy Consumers Coalition (VECC) regarding proposed adjustments to the load forecast.

AMPCO supports VECC's submissions and will not repeat them.

Deferral and Variance Accounts

AMPCO has reviewed the detailed draft submissions of the Consumers Council of Canada (CCC) with respect to Oshawa Power's Deferral and Variance Account proposals.

AMPCO supports CCC's submissions and will not repeat them.

Effective Date

AMPCO agrees with SEC that the effective date should be the beginning of the month following approval of the Rate Order.⁶⁷

~ All of which is respectfully submitted ~

⁶⁴ Tr. V1 p. 74

⁶⁵ Ex. 4 p. 8 - Compared to 2021 OEB-approved

⁶⁶ Ex. 4 p. 17

⁶⁷ SEC Submission November 28, 2025