EXHIBIT 4: OPERATING EXPENSES

2027 Cost of Service

InnPower Corporation
EB-2026-0052

Contents

2.4.1. OPERATING EXPENSES OVERVIEW

2.4.1.1. INTRODUCTION

This Schedule provides an overview of InnPower's total operating expenses for the period 2024 to 2027 Test Year.

OM&A funding approved in InnPower's 2024 Cost of Service application no longer reflects the workforce, operating costs, and regulatory demands of a rapidly growing utility, resulting in underfunding that is now impairing the ability to meet ongoing electricity service obligations.

As highlighted in Exhibit 1, Early Rebasing Business Case, in its 2024 Cost of Service application, InnPower agreed via settlement to total OM&A funding in distribution rates of $7.6 million. InnPower's application requested approval of $8.3 million in OM&A expenditures, which prioritized aging infrastructure, ensuring the safety and reliability of the system, addressing customer expectations, responding to customer growth, and succession planning. Over the period of 2024 and 2025 InnPower worked diligently to manage within the funding provided by the 2024 Cost of Service approval; including OM&A funding.

The business conditions InnPower has faced since its 2024 Cost of Service application is one of dynamic growth, and new incremental requirements. These conditions have played out in a manner where InnPower is not able to fund its operational requirements within the envelope currently provided in its distribution rates. As explained in this exhibit, InnPower's business priorities have required it to increase its FTE beyond the settled 2024 levels, and has incurred greater costs across several expense categories that in aggregate result in an underfunding when the 2024 approved level is escalated under the Price Cap IR framework.

While InnPower has increased its FTE over the 2024 to its forecasted 2027 period, its average compensation per FTE ratio has reduced. InnPower's increase in FTE has been focused on front-line staff - not management or executive positions. Over this period, InnPower has and will also increase its costs allocated to its affiliates as part of its broader multi-utility shared services model. These two elements of InnPower's workforce planning are discussed in detail within this Exhibit, and should be viewed as beneficial to its ratepayers. Additionally, InnPower's proposed 2027 Test Year OM&A sets it with the ability to deliver its mandate as an electricity distributor and upcoming requests of it from developers, industry and government.

InnPower's 2027 OM&A Test Year forecast was established through its zero-based budgeting undertaken in Q1 2026 ("Budgeting Process"). This process relied on a collaborative, bottom-up approach designed to align InnPower's business requirements with its ability to service the needs of its customers safely and reliably. InnPower's business planning is described in Exhibit 1, Appendix 7.

InnPower's Budgeting Process engaged each department manager in the formulation and evaluation of their respective budgets, identifying the essential resources required to sustain ongoing operations. Following this initial assessment, managers presented their projected expenditures to the broader leadership team for a cross-functional peer review. This collective evaluation was designed to challenge assumptions, identify operational efficiencies, and verify that every proposed cost was both prudent and warranted before final review and approval by the Executive Management Team.

Ultimately, in the final preparation of this Application, InnPower took careful considerations to ensure these requested resources support the long-term sustainability of its utility assets. The resulting financial plan reflects a balanced, disciplined approach that prioritizes necessary asset management while ensuring all projected costs remain reasonable, justified, and in the best interest of ratepayers.

2.4.1.2. OM&A COMPARISON AGAINST INNPOWER PEER DISTRIBUTORS

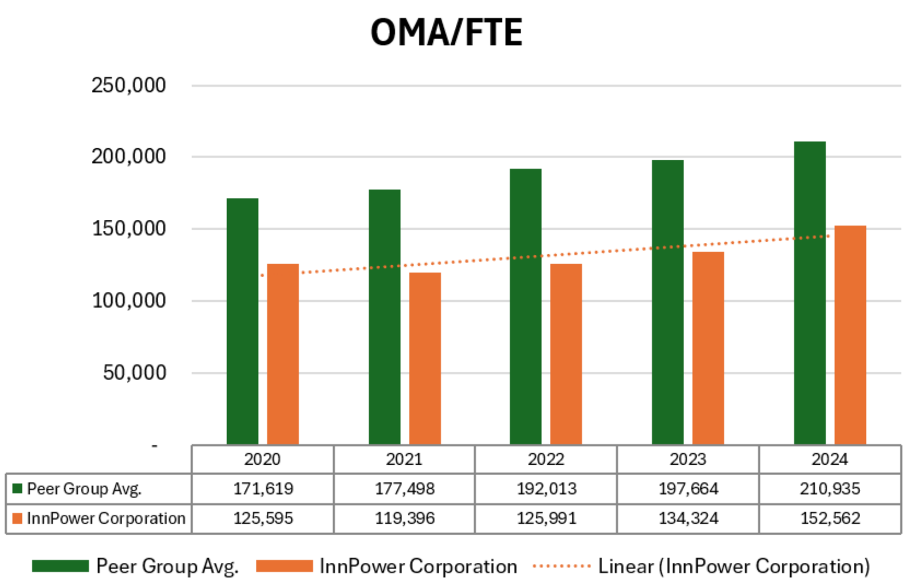
This section provides the OEB an understanding of InnPower's operating expenses in relation to peer utilities. InnPower has produced the following benchmarking analysis by evaluating its historical performance against peer utilities using the OEB Open Data as its source.

In summary, InnPower compares favourably against its LDC peer groups across several cost-related metrics. Utilizing data sourced from the recently published OEB Open Data, InnPower has produced the following peer group of Ontario electricity distributors with similar customer counts ("Customer Cohort"):

- Festival Hydro Inc.
- Halton Hills Hydro Inc.
- Westario Power Inc.
- ERTH Power Corporation
- Welland Hydro-Electric System Corp.
- EPCOR Electricity Distribution Ontario Inc.

The following charts show that InnPower has historically operated with a lower OM&A in aggregate and for each of the underlying cost segments when compared to the Customer Cohort. The takeaway is that InnPower has had lower OM&A expenses historically, when compared to the Customer Cohort. The increases to its OM&A over the 2024 to 2027 period, and it expects to experience in the time period beyond 2027 are expected to result in OM&A cost metrics that bring InnPower, into alignment with the performance metrics of the Customer Cohort.

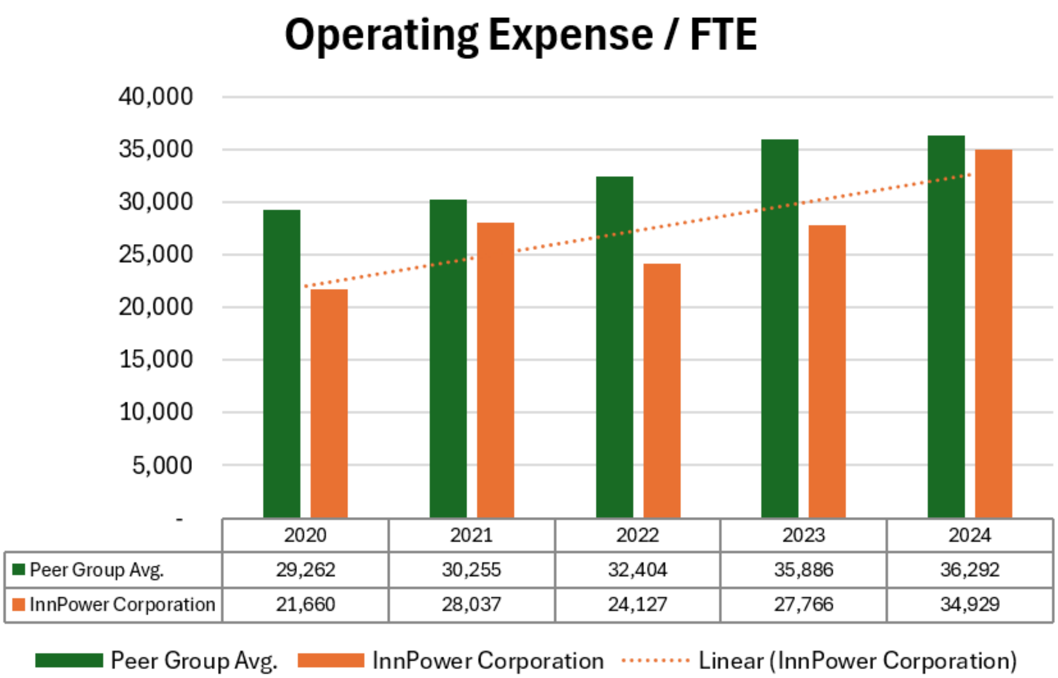
Table 4-1: OM&A per FTE InnPower vs. Customer Cohort



	2020	2021	2022	2023	2024
Peer Group Avg.	171,619	177,498	192,013	197,664	210,935
InnPower Corporation	125,595	119,396	125,991	134,324	152,562

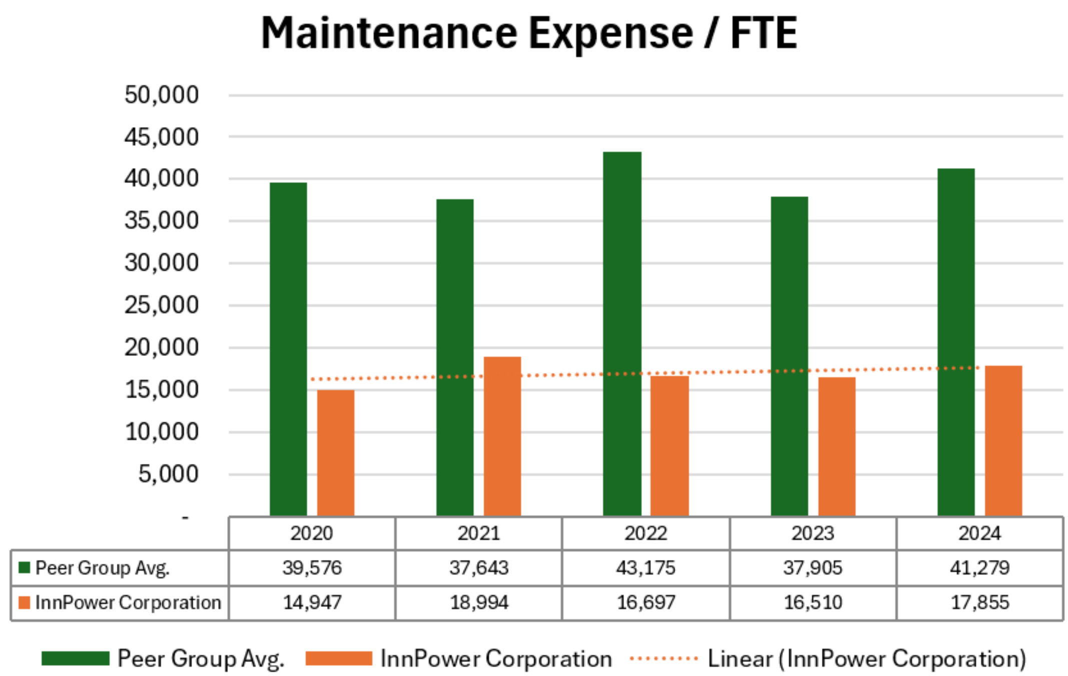
InnPower's OM&A is comprised of three segments: Operating, Maintenance and Administrative costs. Analyzing the same OEB Open Data source information, InnPower compares favourably against the Customer Cohort across these three segments. The following charts demonstrate this point:

Table 4-2 Operating Expense per FTE InnPower vs. Customer Cohort



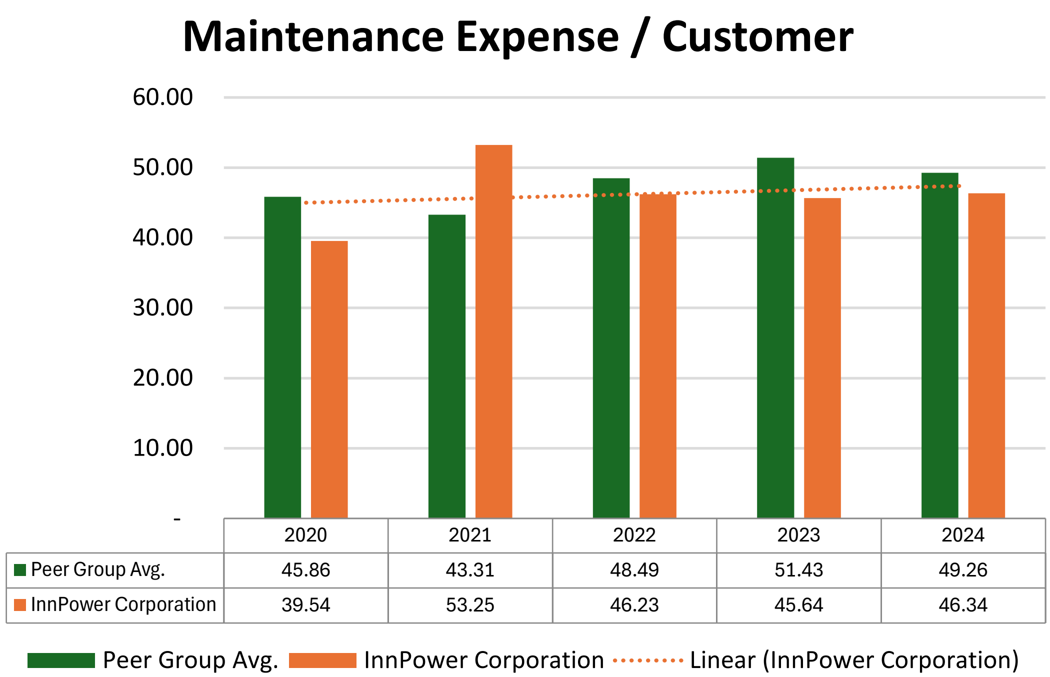
	2020	2021	2022	2023	2024
Peer Group Avg.	29,262	30,255	32,404	35,886	36,292
InnPower Corporation	21,660	28,037	24,127	27,766	34,929

Table 4-3 Maintenance Expense per FTE InnPower vs. Customer Cohort



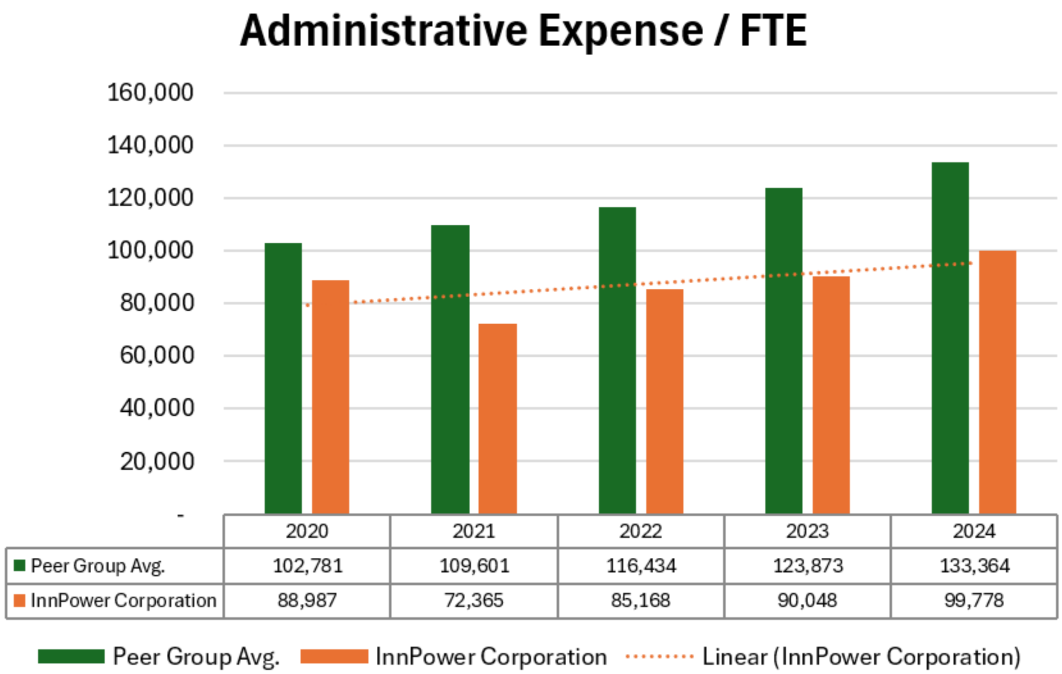
	2020	2021	2022	2023	2024
Peer Group Avg.	39,576	37,643	43,175	37,905	41,279
InnPower Corporation	14,947	18,994	16,697	16,510	17,855

Table 4-4 Maintenance Expense per Customer InnPower vs. Customer Cohort



	2020	2021	2022	2023	2024
Peer Group Avg.	45.86	43.31	48.49	51.43	49.26
InnPower Corporation	39.54	53.25	46.23	45.64	46.34

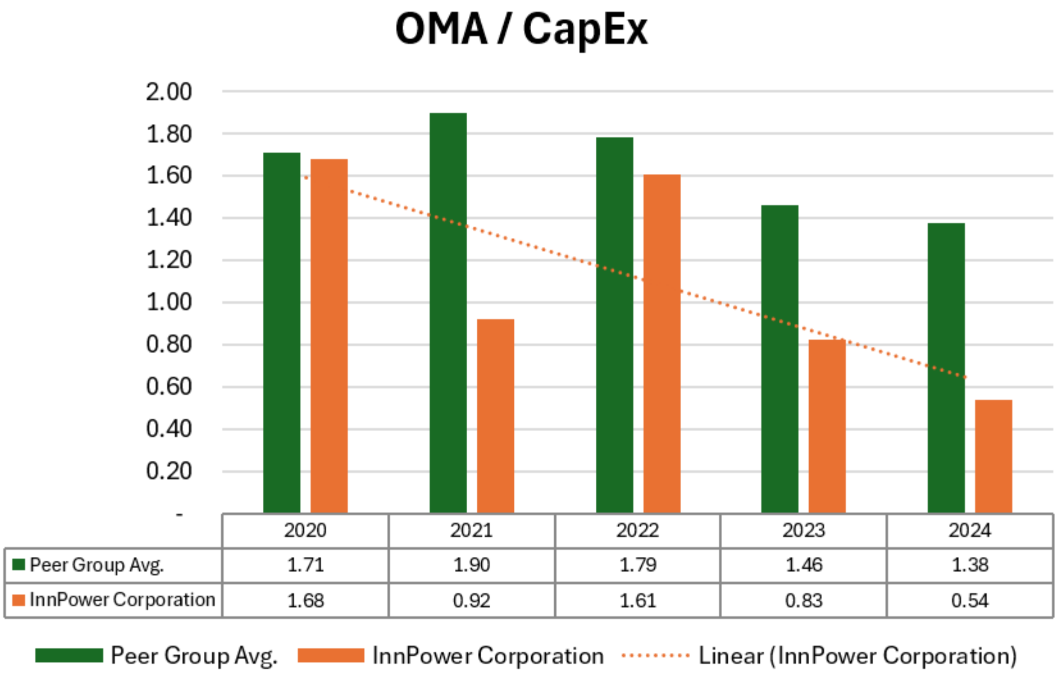
Table 4-5 Administrative Expense per Customer InnPower vs. Customer Cohort



	2020	2021	2022	2023	2024
Peer Group Avg.	102,781	109,601	116,434	123,873	133,364
InnPower Corporation	88,987	72,365	85,168	90,048	99,778

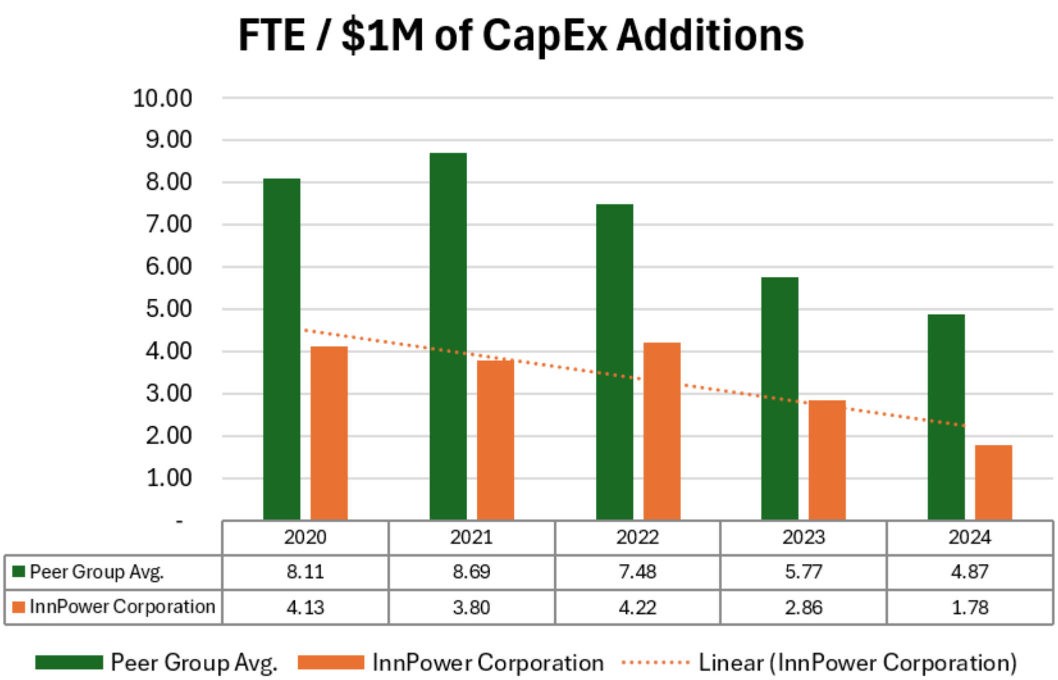
Along with InnPower's OM&A being in-line with the Customer Cohort, it can be observed that its OM&A as a ratio of its Capital Expenditures is also much lower than the peer group. InnPower's ratio is approximately ½ of its peer Customer Cohort distributors. InnPower is delivering its large capital program with fewer FTE than its Customer Cohort. Table 4-40 shows OM&A per Capital Expenditure of InnPower versus the Customer Cohort.

Table 4-6 OM&A per Capital Expenditure InnPower vs. Customer Cohort



	2020	2021	2022	2023	2024
Peer Group Avg.	1.71	1.90	1.79	1.46	1.38
InnPower Corporation	1.68	0.92	1.61	0.83	0.54

Table 4-7 FTE Per $1M Capital Expenditure InnPower vs. Customer Cohort



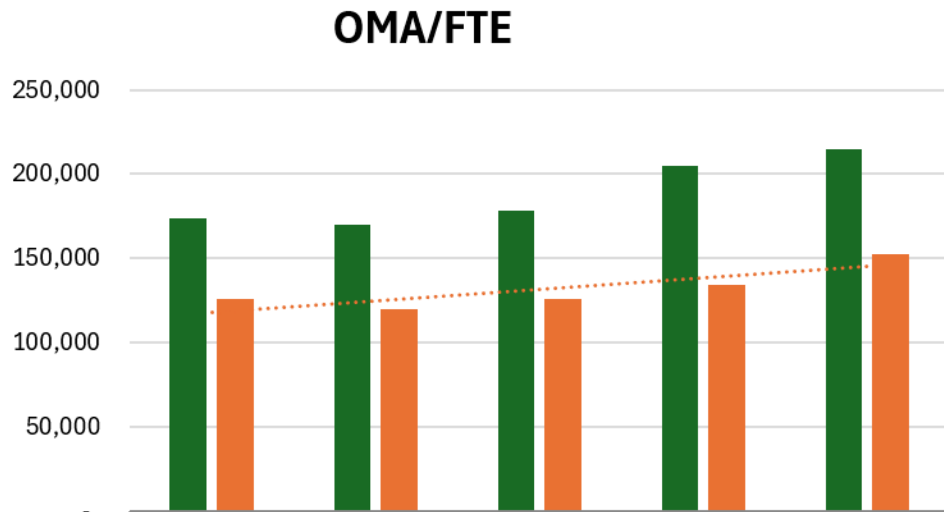
	2020	2021	2022	2023	2024
Peer Group Avg.	8.11	8.69	7.48	5.77	4.87
InnPower Corporation	4.13	3.80	4.22	2.86	1.78

In addition to the favourable Customer Cohort analysis above, InnPower shows favourably when compared against the following peer group of similar high customer growth distributors ("Growth Cohort"):

- Wellington North Power Inc.
- Cooperative Hydro Embrun Inc.
- Tillsonburg Hydro Inc.
- Wasaga Distribution Inc.
- Welland Hydro-Electric System Corp.
- Hydro Ottawa Limited

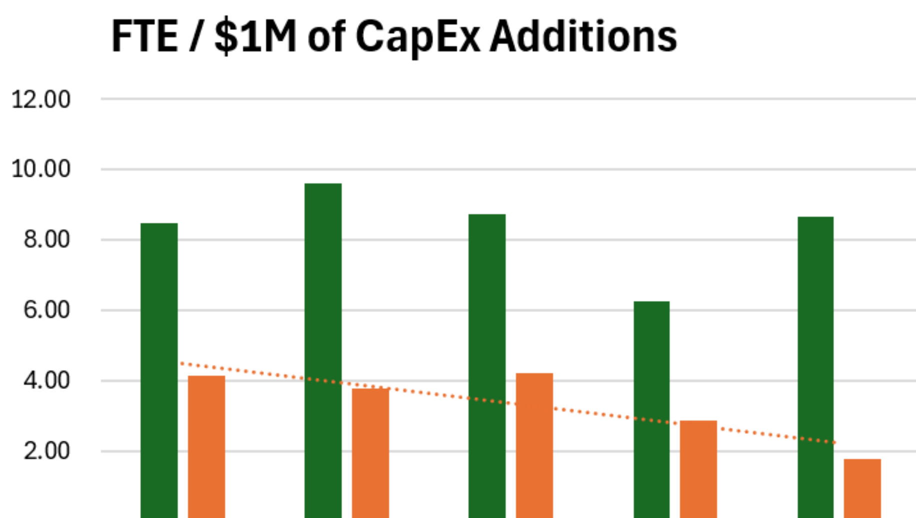
The assessment of InnPower to peer utilities that are experiencing similar customer growth rates is another benchmark that can be used to evaluate InnPower's OM&A. Table 4-36 provides a comparative analysis of InnPower's OM&A expenses per Full-Time Equivalent (FTE) against the Growth Cohort. This comparison demonstrates InnPower's favorable positioning, as its lower OM&A expenditures per FTE underscore a highly cost-effective operational structure.

Table 4-8 OM&A per FTE InnPower vs. Peer Group Customer Growth



	2020	2021	2022	2023	2024
Peer Group Avg.	174,035	169,910	178,479	204,833	214,549
InnPower Corporation	125,595	119,396	125,991	134,324	152,562

Peer Group Avg. InnPower Corporation Linear (InnPower Corporation)



	2020	2021	2022	2023	2024
Peer Group Avg.	8.48	9.59	8.73	6.26	8.68
InnPower Corporation	4.13	3.80	4.22	2.86	1.78

Peer Group Avg. InnPower Corporation Linear (InnPower Corporation)

2.4.2. OM&A SUMMARY AND COST DRIVER TABLES (APPENDIX 2-JB)

INTRODUCTION

This section of the Exhibit as required by the OEB's Filing Requirements, provides a summary of OM&A costs and an analysis of the change in OM&A from 2024 to 2027, by major cost driver. These changes are outlined in Table 4-9 below.

Table 4-9: OM&A by Major Cost Driver

Program	2024 Last Rebasing Year Actuals	2025 Actuals	2026 Bridge Year	2027 Test Year
Reporting Basis	**MIFRS**	**MIFRS**	**MIFRS**	**MIFRS**
Opening Balance	7,577,618	9,190,554	9,092,227	10,678,161
Salaries & Benefits	808,034	(480,207)	375,550	879,616
Shared Services	(39,333)	(80,503)	267,133	155,445
Bad Debts	72,921	(48,509)	(7,604)	0
Building and Office Supplies	46,049	56,195	138,711	22,993
Collections	46,471	(17,484)	38,230	9,963
Corporate Training & Conferences	(22,334)	16,529	227,246	(88,275)
Community Relations	(10,980)	(7,917)	28,513	1,000
Customer Service & Billing	60,836	35,134	77,272	23,000
Distribution Station	44,140	10,129	19,886	0
Distribution Meters	73,017	(34,125)	56,726	10,000
Engineering/Systems Operations	86,491	57,594	(32,263)	0
Insurance	58,549	127,375	(307)	0
IT and Cybersecurity	146,769	(49,748)	176,221	48,201
Legal and Consulting Services	(77,808)	257,390	1,736	(25,000)
Locates	3,217	19,820	(39,981)	0
Overhead Distribution Lines & Feeders	128,195	92,348	3,351	5,000
Regulatory (Assessments and Awards)	40,818	(30,484)	30,189	40,000
Regulatory Rate Application Costs	42,882	15,988	(12,729)	30,785
Underground Distribution Lines & Feeders	37,587	21,753	(31,665)	3,000
Vegetation Management	39,045	(24,602)	192,078	0
Other	28,370	(35,004)	77,644	54,741
Closing Balance	9,190,554	9,092,227	10,678,161	11,848,631

InnPower's OM&A Increase Compared to the OEB's Inflation Factor

As part of its OM&A Cost Driver variance explanations, InnPower will be referring to the impact of inflation on costs over the period 2024 to 2027. The compound average growth rate ("CAGR") over the period 2024 to 2027 is estimated at 6.56%.

InnPower's CAGR increase in OM&A is in-line with the total compound increase of the OEB's Annual Inflation factor as shown in the following section:

Table 4-10: OEB Annual Inflation Factor 2024 - 2027

Program	2024	2025	2026	2027
OEB Annual Inflation Factor	4.8%	3.6%	3.7%	3.0%

Table 4-10 lists the annual OEB Inflation Factor ("Inflation Factor") over the period of 2024 – 2027. InnPower's CAGR increase in its OM&A increase reflects a modest increase that is less than half of the total compound increase experienced by Ontario distributors over the same period, as demonstrated by the following calculation using the OEB's annual inflation factor noted in Table 4-8. The total compound increase from 2024 to 2027 of one 2024 dollar is $10.65[1], representing a total escalation rate of 10.65%.

InnPower's comparison of its CAGR increase in OM&A to the total compound increase of the OEB's Inflation Factor is in-line with the principles relating to inflation set out in the OEB's Renewed Regulatory Framework ("RRF"). The RRF states the following with respect to its rationale for the establishment of the currently used Inflation Factor[2]:

[1] Base 1 2024 dollar = PV, Year 2025 escalation: $1 x (1+0.048) = $1.048, Year 2026 escalation: $1.048 x (1+0.036) = $1.085, Year 2027 escalation: $1.085 x (1+0.030) = $1.1065. Therefore one 2024 dollar has increased in costs per the annual OEB inflation escalation by a total of 10.65%.

[2] OEB Report of the Board Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach, Page 16

- *"the inflation factor must be constructed and updated using data that is readily available from public and objective sources such as, for example, Statistics Canada, the Bank of Canada, and Human Resources and Social Development Canada;*
- *to the extent practicable, the component of the inflation factor designed to adjust for inflation in non-labour prices should be indexed by Ontario distribution industry specific indices; and*
- *the component of the inflation factor designed to adjust for inflation in labour prices will be indexed by an appropriate generic and off-the-shelf labour price index (i.e., not distribution industry-specific)"*

Ontario inflation has moderated significantly since the peak levels experienced in 2023 and 2024. According to the Financial Accountability Office of Ontario's Winter 2026 Economic and Budget Outlook, CPI inflation averaged approximately 2.4% in 2024 and is estimated to decline to around 2.1% in 2025 as higher interest rates, easing supply chain pressures, and moderating energy prices reduce inflationary pressures. [3] Inflation is projected to remain close to the Bank of Canada's 2% target through 2026 and 2027, reflecting stable economic conditions and more balanced supply and demand across the economy. [4]

The outlook assumes continued moderation in energy and goods prices, stable wage growth, and gradual normalization of global supply chains. [5] However, risks remain that could affect inflation outcomes, including housing and shelter cost pressures, global trade disruptions, commodity price volatility, and geopolitical uncertainty. [6] Changes in interest rates, labour market conditions, or stronger-than-expected economic growth could also influence inflation trends. [7]

InnPower Corporation has assumed that future costs over the 2026–2027 period will increase based on an estimated CAGR of 2.1% to reflect inflationary impacts.

1. Financial Accountability Office of Ontario, *Winter 2026 Economic and Budget Outlook* (2026). https://fao-on.org/en/report/ebo-wi2026/
2. *Ibid.*
3. *Ibid.*
4. *Ibid.*
5. *Ibid*.

Summary of Capitalized Overhead

InnPower's Capitalization Overhead has not changed from those approved in InnPower's 2024 Cost of Service Application EB-2023-0033.

Table 4-11, Appendix 2-D Overhead Expense provides a breakdown of OM&A before capitalization. The percentage of OM&A capitalized depends on where staff allocate their working hours between capital and operational tasks. While this allocation has been fairly consistent over the last two years (averaging approximately 24%), a capitalization rate of 27% was utilized for the Test Year.

Capitalization of Overhead is discussed in more detail in Exhibit 2-5-5 Capitalization of Overheads.

Table 4-11, Appendix 2-D Overhead Expense

OM&A Before Capitalization	2024 Historical Year	2025 Historical Year	2026 Bridge Year	2027 Test Year
Distribution Operations	$ 2,130,643	$ 1,980,714	$ 2,291,363	$ 2,477,777
Distribution Maintenance	$ 1,089,174	$ 1,478,466	$ 1,474,767	$ 1,532,350
Billing and Collecting	$ 1,755,754	$ 1,452,978	$ 1,759,966	$ 2,045,156
Community Relations	$ 56,859	$ 70,369	$ 133,284	$ 130,668
Administrative and General	$ 4,158,114	$ 4,109,700	$ 5,018,783	$ 5,662,679
Total OM&A Before Capitalization (B)	$ 9,190,545	$ 9,092,227	$ 10,678,162	$ 11,848,631

Capitalized OM&A	2024 Historical Year	2025 Historical Year	2026 Bridge Year	2027 Test Year	Directly Attributable? (Yes/No)
employee benefits	$ 1,100,980	$ 1,552,796	$ 1,714,844	$ 1,899,798	Yes
costs of site preparation	$ 550,727	$ 509,467	$ 562,635	$ 623,318	Yes
initial delivery and handling costs	$ 580,714	$ 456,332	$ 503,955	$ 558,308	Yes
Total Capitalized OM&A (A)	$ 2,232,421	$ 2,518,595	$ 2,781,434	$ 3,081,424	

% of Capitalized OM&A (=A/B)	24%	28%	26%	26%	

The following table shows InnPower's Operating Expenses from 2024 to 2027.

Table 4-12: Operating Expenses from 2024 to 2027 (000's)

Category	2024 OEB Approved	2024 Historical Year	2025 Historical Year	2026 Bridge Year	2027 Test Year	2027 Test Year vs 2024 Actual	2027 Test Year vs 2024 Approved
OM&A	7,578	9,191	9,092	10,678	11,849	2,658	4,271
Property Tax	129	116	109	114	114	(1)	(15)
Depreciation	5,097	5,151	6,022	6,084	6,810	1,659	1,713
PILs	169	105	67	0	0	(105)	(169)
Total	12,973	14,562	15,291	16,877	18,773	4,211	5,800

InnPower's 2027 Test Year Operating Expenses are $18.8M as shown in Table 4-12 above. The 2027 Test Year requested recovery is $4.2M greater than InnPower's 2024 actuals, $3.5M greater than the last actuals in 2025.

OM&A SUMMARY OF RECOVERABLE OM&A EXPENSES (APPENDIX 2-JA)

Table 4-13: Summary of OM&A Costs from 2024 to 2027

Program	2024 OEB Approved	2024 Historical Year	2025 Historical Year	2026 Bridge Year	2027 Test Year	2027 Test Year vs 2024 Actual	2027 Test Year vs 2024 Approved
Distribution Operations	1,797	2,131	1,981	2,291	2,478	347	681
Distribution Maintenance	1,015	1,089	1,478	1,475	1,532	443	517
Billing and Collecting	1,087	1,756	1,453	1,760	2,045	289	958
Community Relations	104	57	70	133	131	74	27
Administrative and General	3,575	4,158	4,110	5,019	5,663	1,505	2,088
TOTAL	7,578	9,191	9,092	10,678	11,849	2,658	4,271
% Change (year over year)		21.3%	(1.1%)	17.4%	11.0%		

As seen in Table 4-13 above, OM&A costs have risen by $2.7M vs. the 2024 actual results and by $4.3M vs. the OEB approved 2024 levels. OM&A levels in the 2027 Test Year is $2.7M higher than the last actuals in 2025.

The OM&A expenditures in the 2027 Test Year will enable InnPower to continue to provide reliable, safe service to its customers while maintaining the financial and physical health of the utility's assets going forward. The key drivers for the cost increases are summarized below and described in detail in Section 3 below.

The following table shows InnPower's OM&A per Customer Unit Cost from 2024 to 2027 as reported in the annual Yearbook of Electricity Distributors. The 2024 to 2027 information comes from InnPower's planning process.

Table 4-14: OM&A per Customer Unit Cost from 2024 to 2027

Category	2024 Actual	2025 Actual	2026 Bridge Year	2027 Test Year
Cost per Customer	$396	$378	$436	$474

Additionally, InnPower continues to prudently manage its OM&A costs and has performed well when assessed by the PEG cost efficiency assessment. InnPower has consistently placed in Cohort 3, which means that its costs are +/- 10% of the predicted costs for InnPower using the PEG model.

PROPERTY TAX

Property taxes are paid to the Town of Innisfil annually based on the assessed value of InnPower's head office located at 7251 Yonge St with the associated municipal tax rates. The amounts budgeted for the proposed 2027 Test Year have been forecasted based on the known future assessment values and the rate of inflation discussed in Exhibit 4.1.3 OM&A Summary and Cost Driver Analysis.

As instructed in the OEB Accounting Procedures Handbook, property taxes for InnPower's substations positioned throughout the Town of Innisfil and South Barrie have been captured in the OM&A expenditures of InnPower and are located under Distribution Operations – Station (USoA 5012).

For more information on the year-over-year changes in property taxes please see Exhibit 4.1.3: OM&A Summary and Cost Drivers.

Property taxes for the periods 2024 to 2027 are shown in Table 4-15 below.

Table 4-15: Property Taxes from 2024 to 2027

Category	2024 OEB Approved	2024 Historical Year	2025 Historical Year	2026 Bridge Year	2027 Test Year	2027 Test Year vs 2024 Actual	2027 Test Year vs 2024 Approved
Property Tax	129	116	109	114	114	(1)	(15)

SUMMARY OF DEPRECIATION AND AMORTIZATION EXPENSE SUMMARY

In accordance with section 2.4.4 of the Chapter 2 Filing Requirements for Electricity Distribution Rate Applications, InnPower confirms that depreciation and amortization expenses appropriately reflect the useful lives of the utility's assets consistent with the Kinectrics Asset Depreciation Study. The rates used are presented in OEB Appendix 2–BB of the Chapter 2 Appendices.

InnPower is experiencing increases in depreciation year-over-year due to its growing capital program. Depreciation and Amortization expenses for the period 2024 to 2027 are shown in Table 4-17 below and the detailed depreciation and amortization schedules are filed in Exhibit 2-3-1.

Table 4-17: Depreciation and Amortization Expense from 2024 to 2027

Category	2024 OEB Approved	2024 Historical Year	2025 Historical Year	2026 Bridge Year	2027 Test Year	2027 Test Year vs 2024 Actual	2027 Test Year vs 2024 Approved
Depreciation	5,097	5,151	6,022	6,084	6,810	1,659	1,713

PAYMENT IN LIEU OF TAXES (PILs) SUMMARY

Pursuant to its obligations under Section 93 of the Electricity Act, 1998, InnPower is liable for the payment of PILs to the Ministry of Finance based on its taxable income.

Payment in Lieu of Taxes (PILs) for the period 2024 to 2027 is shown in Table 4-18 below and the detailed tax returns are filed in Exhibit 6-2-1.

Table 4-18: Payment in Lieu of Taxes (PILs) Summary

Category	2024 OEB Approved	2024 Historical Year	2025 Historical Year	2026 Bridge Year	2027 Test Year	2027 Test Year vs 2024 Actual	2027 Test Year vs 2024 Approved
PILs	169	105	67	0	0	(105)	(169)

2.4.3. OM&A VARIANCE ANALYSIS

Table 4-19 below is an equivalent version of Appendix 2-JC – OM&A Programs which represents InnPower's OM&A expenses by program with columns showing the requisite variances:

Table 4-19: OM&A Programs Summary(APPENDIX 2-JC)

Programs	2024 OEB Approved	2024 Actuals	2025 Actuals	2026 Bridge Year	2027 Test Year	Variance (2024 OEB Approved vs. 2024 Actuals)	Variance (Test Year vs. 2025 Actuals)	Variance (Test Year vs. 2024 OEB Approved)
Reporting Basis								
Operation								
1) Distribution Station	123,179	129,533	154,486	183,165	184,237	6,354	29,751	61,058
2) Overhead Distribution Operations	46,057	44,063	55,948	83,754	105,427	-1,994		
3) Underground Distribution Operations	131,031	149,227	153,049	145,682	149,002	18,196		
4) Distribution Meters	526,434	523,365	494,080	562,016	582,447	-3,069	88,367	56,013
5) Customer Workorders	195,290	360,333	254,215	253,073	258,591	165,043	4,377	63,301
6) Engineering/Systems Ops/Line Constru/SC ADA/Ops Admin	775,047	924,123	868,936	1,063,672	1,198,073	149,076	329,137	423,026
Sub-Total	1,797,038	2,130,643	1,980,714	2,291,363	2,477,777	333,605	497,063	680,739
Maintenance								
1) Overhead Distribution Lines/Feeders	862,228	947,910	1,322,171	1,318,157	1,370,953	85,682	48,782	508,725
2) Underground Distribution Lines/Feeders	104,279	83,340	99,844	89,305	91,019	-20,939		
3) Distribution Meters	30,574	30,917	18,801	29,000	29,000	343		
4) Distribution Transformers	18,097	27,006	37,649	38,305	41,379	8,909	3,730	23,282
Sub-Total	1,015,178	1,089,174	1,478,466	1,474,767	1,532,350	73,996	53,885	517,172
Billing and Collecting								
1) Bad Debts	109,193	182,113	133,604	126,000	126,000	72,920	-7,604	16,807
2) Customer Service & Billings	779,398	1,302,057	1,162,049	1,408,470	1,665,255	522,659		
3) Customer Collections	198,404	271,593	157,325	225,496	253,901	73,189		
Sub-Total	1,086,995	1,755,764	1,452,978	1,759,966	2,045,156	668,769	592,179	958,161
Community Relations								

Programs	2024 OEB Approved	2024 Actuals	2025 Actuals	2026 Bridge Year	2027 Test Year	Variance (2024 OEB Approved vs. 2024 Actuals)	Variance (Test Year vs. 2025 Actuals)	Variance (Test Year vs. 2024 OEB Approved)
1) Community Relations	103,618	56,859	70,369	133,284	130,668	-46,759	60,299	27,050
Sub-Total	103,618	56,859	70,369	133,284	130,668	-46,759	60,299	27,050
Administrative and General								
1) Information Systems	437,873	584,642	534,895	711,116	759,317	146,769	224,423	321,444
2) Insurance	149,048	207,597	334,972	334,666	334,666	58,549		
3) Audit, Legal and Consulting	243,681	165,874	423,264	425,000	400,000	-77,808		
4) Building and Office Supplies	439,241	485,290	541,485	680,195	703,188	46,049	161,704	263,947
5) Management, Administrative, Finance, Regulatory and IT	2,148,609	2,474,675	2,049,543	2,627,806	3,151,723	326,066	1,105,179	1,006,114
6) Regulatory Affairs (assessment & application costs)	156,336	240,036	225,541	243,000	313,785	83,700	88,244	157,448
Sub-Total	3,574,789	4,158,114	4,109,700	5,021,782	5,662,679	583,325	1,555,979	2,090,890
Miscellaneous								
Total	7,577,618	9,190,555	9,092,227	10,681,161	11,848,631	1,612,936	2,759,404	4,274,013

InnPower's 2024 OEB approved Settlement Agreement OM&A envelope was reduced from $8,327,618 by $750,000 to $7,577,618, representing a cut of 9.0%. The $750,000 reduction to OM&A noted in the Settlement Agreement was applied as a uniform pro-ration across all OM&A accounts. The pro-rated cut reduced OM&A labour by $396,414 (i.e. $4,401,576 to $4,005,162). InnPower's needs to meet its service obligations, have required it to spend $9,190,555 in 2024, exceeding the approved amount by $1,612,936.

VARIANCE ANALYSIS 2024 ACTUAL vs 2024 BOARD APPROVED

The primary drivers of the greater 2024 actual OM&A expense compared to the 2024 OEB approved amount are labour cost reallocations resulting from reduced affiliate chargebacks/capital allocations, and unbudgeted overtime; volume-driven customer service costs tied to growth in the customer base; non-discretionary cost increases in software maintenance, insurance, regulatory assessments, OEB filing costs, and unplanned field operational costs including underground trouble calls and vegetation management.

The variance amounts and drivers are shown and explained below:

Table 4-20: 2024 ACTUAL vs BOARD APPROVED VARIANCE LISTING

OM&A	2024 OEB Approved	2024 Actual	2024 Actual vs 2024 Approved
Distribution Operations	1,797,038.26	2,130,643.27	333,605.01
Distribution Maintenance	1,015,177.57	1,089,173.96	73,996.39
Customer Relations	1,190,613.21	1,812,623.07	622,009.86
Internal Support Services	3,574,789.09	4,158,114.23	583,325.14
Total	**7,577,618.13**	**9,190,554.53**	**1,612,936.40**

Distribution Operations ($333K): Material increases in cost of operations (i.e. labour additions, and contractor expense) by $553K offset by decrease in load dispatching expenses of $220 K. The details relate to a decrease in load dispatching labour/work, increase in operations supervisor labour due to Operations/Eng Overtime, largely due to customer initiated jobs. Net labour expense did decrease. InnPower experienced an increase in Underground/Overhead lines labour due to increase in padmount inspections. There was also an increase in customer inquiries, calls and customer initiated locates causing increased in actual Customer Service hours.

Distribution Maintenance ($74K): Below InnPower materiality threshold.

Customer Relations ($622K): $420K increase in Customer expenses related to a full year cost for a supervisor, an increase in hours worked by staff to address an increase in telephone service calls, and increase in number of meter reads. The rise in service calls and meter reads directly reflects the ongoing growth of InnPower's customer base. $90K of the variance relates to an increase in customer billing as a result of an increase in customers and costs to upgrade software and $75K increase in collection expenses

Internal Support Services ($584K): $111 K of salaries and wages due to step-up from absence. $104 K due to increase in management salaries. Although management compensation has increased, cost-sharing arrangements with our affiliates allow InnPower to benefit from enhanced management capacity while mitigating the overall financial impact. $91 K increase due to general admin labour and training for employees. $108 K increase in general plant related to softwares such as Site Docs, Workvivo, as well as increase in annual subscription fees due to inflation.

83k increase in regulatory costs for OEB assessment costs.

84k increase in office supplies and building maintenance.

VARIANCE ANALYSIS 2027 TEST YEAR vs 2024 ACTUAL

The primary drivers of the $2,661,076 greater 2027 Test Year OM&A expense compared to the 2024 actual amount are increases to labour and contract services, unplanned customer-initiated work, vegetation management, information technology software costs, and regulatory expenses. These are further described in Table 4-21 below:

Table 4-21: 2027 TEST YEAR vs 2024 ACTUAL VARIANCE LISTING

Department (Internal Support broken out)	2024 Actual	2027 Budget	2027 vs 2024 Actual
Distribution Operations	$ 2,130,643	$ 2,477,777	$ 347,134
Distribution Maintenance	$ 1,089,174	$ 1,532,350	$ 443,176
Customer Relations	$ 1,812,623	$ 2,175,824	$ 363,201
Internal Support Services	$ 4,158,114	$ 5,665,679	$ 1,507,565
Total	$ 9,190,555	$ 11,851,631	$ 2,661,076

The following section provides the details for the material variance drivers between 2027 Test Year and Board Approved

Distribution Operations ($347K): Material increases in cost of operations (i.e. labour additions from a new FTE, and additional work related to padmount transformer inspections) by $370K offset by decrease in distribution maintenance expenses of $100 K that was a result of an increase in capitalized projects, and reduction to customer inquiries from the implementation of a new automated messenger active on InnPower's website that managed a number of inquiries.

Distribution Maintenance ($443K): Increased cost of $212 K in Distribution Maintenance associated with an increase in vegetation management due to switching from a 4-year cycle to 3-year cycle to address overgrowth as InnPower's service territory is largely rural. Additional balances reflect an increase in materials and volume in activities related to Maintenance of Distribution Station Equipment, Maintenance of Overhead Conductors and Devices and Overhead Distribution Lines and Feeders.

Customer Relations ($363K): Increased number of customers that has driven increase in the cost of meter reading, and additional FTE to support customer billing ($230K), Miscellaneous Customer Accounts Expenses increased from the addition of an FTE, and increased number of customers ($150K). Additionally, InnPower conducted an increase in its Community Relations – Sundry ($70K). All of increases were offset by a decrease in Bad Debt Expense (-$60K)

Internal Support Services ($1,507K): Increases to Salaries and Wages ($690K), Office Supplies ($63K), Outside Services ($234K), Regulatory Expenses ($74K), Property insurance expense increase ($134K), and Maintenance of General Plant as a result of increases to software support and maintenance (174K):

VARIANCE ANALYSIS 2027 TEST YEAR vs 2025 ACTUALS

The primary drivers of the $ 2,759,404 greater 2027 Test Year OM&A expense compared to the 2025 actuals are increases to labour and contract services, unplanned customer-initiated work, vegetation management, information technology software costs, and regulatory expenses. These are further described in Table 4-22 below:

Table 4-22: 2027 TEST YEAR vs 2025 ACTUALS VARIANCE LISTING

Department (Internal Support broken out)	2025 Actual	2027 Budget	2027 vs 2025 Actual
Distribution Operations	$ 1,980,714	$ 2,477,777	$ 497,063
Distribution Maintenance	$ 1,478,466	$ 1,532,350	$ 53,885
Customer Relations	$ 1,523,347	$ 2,175,824	$ 652,477
Internal Support Services	$ 4,109,700	$ 5,662,679	$ 1,555,979
Total	$ 9,092,227	$ 11,848,631	$ 2,759,404

The following section provides the details for the material variance drivers between 2027 Test Year and 2025 Actuals:

Distribution Operations ($497K): Increases in Salaries and Wages from future FTE in the control room, driven by growing operational complexity and the need to maintain strong reliability metrics. Along with property tax increases for stations property ($377K), Overhead Distribution Lines and Feeders - Operation Labour ($53K), supporting customer-initiated connection projects, and a customer driven increase due to the growing customer base in meters and Meter Expense($88K), that is offset by a decrease in Miscellaneous Distribution Expense($-51K).

Distribution Maintenance ($54K): Below Materiality Threshold

Customer Relations ($652K): Increase in Salaries and Wages Supervision from a full year of prior year FTE ($98K), cost to produce customer bills and collection ($308K) because of a customer base growth requiring higher billing processing and collection activity. Miscellaneous Customer Accounts Expenses ($192K) and additional Community Relations activities ($58K)

Internal Support Services ($1,555K): Increase in Salaries and Wages split between general administrative labour and training, and total compensation for increases in FTE ($1,100K), driven by necessary FTE additions to support ongoing customer growth and an increase in customer-initiated work, while upholding core service requirements and system reliability. Regulatory Expenses ($89K) due to an increase in annual OEB assessments, Miscellaneous General Expenses ($140K), and Maintenance of General Plant that is a result of renewal of software and maintenance fees ($224K), necessary to support critical IT infrastructure, enhance cybersecurity, and maintain reliable daily utility operations.

2.4.3.1.HUMAN RESOURCES, WORKFORCE PLANNING AND EMPLOYEE COMPENSATION

OVERVIEW & SUMMARY OF CHANGES SINCE 2024 REBASING

Since the last cost of service application in 2024, InnPower's Human Resources department ("HR") has developed into an administrative function that supports all functions of the business through Employee Relations and Labour Relations matters. InnPower's growing customer base, and operational size, has required additional resources to address 1) existing staff burnout, 2) unplanned staff departures, 3) addressing retirements, and 4) increasing the number of operational staff to address business and service needs. These drivers have resulted in management increasing its staffing; primarily to its non-management compliment of FTE. The following extract of table Appendix 2-K in Table 4-23 and Table 4-24 demonstrates this business reality:

Table 4-23: APPENDIX 2-K STAFFING LEVEL EXTRACT

Number of Employees (FTEs including Part-Time)	2024 OEB Approved	2024 Actuals	2025 Actuals	2026 Bridge Year	2027 Test Year
Management (including executive)	9	7	6	8	9
Non-Management (union and non-union)	64	55	58	70	75
Total	**73**	**62**	**64**	**78**	**84**

Table 4-24 below shows the FTE added and FTE that departed InnPower in each of the years from 2023 to 2026. The information is an empirical representation of the scale of departures that InnPower has experienced and its efforts to 1) replace the departures and 2) address some of the root causes for those departures.

Table 4-24: FTE Change Summary

FTE Change Element	2024 Actuals	2025 Actuals	2026 Forecast	2027 Forecast
FTE Beginning of Year	61	62	64	78
Number of additional FTE	1	5	12	6
Number of departing FTE	(7)	(8)	(4) [8]	-
Positions Filled/Replaced	7	5	6	-
Net FTE Impact	(1)	2	14	6
FTE End of Year	**62**	**64**	**78**	**84**

As stated above, InnPower's increase in FTE's from its last rebasing in 2024 have focused on front line staff. The following table shows a listing of the roles that been added. All of these positions fulfil roles that are directly responsible or the delivery of InnPower's distribution services:

Table 4-25: List of Positions Added between 2025 and 2027

[8] Four departures have occurred as of June 30, 2026.

Year	Position
2025	Customer Service Representative Customer Engagement Representative Infrastructure Coordinator Stockkeeper/Purchasers Engineering Technician
2026	Two Accounting Clerks Director, Infrastructure Services & Innovation Network Supervisor Director, Stations, Planning & Asset Optimization Billing Manager/Lead (Vacancy) Executive Assistant (Vacancy) Director Stakeholder Engagement & Strategy (Vacancy) Financial Analyst (Vacancy) Regulatory Affairs Manager (Vacancy) Infrastructure/Engineering Manager (Vacancy) Systems Planning Manager (Vacancy)
2027	Director Finance/Controller Customer Service Representative Key Accounts Representative Finance FP&A Operations Apprentice Systems Planning Supervisor

Additionally, to support efficient staffing, in 2025, InnPower, InnServices, and InnTerprises consolidated HR into a single department to eliminate duplicative efforts across its corporate structure, and achieve economies of scale. This integration established a unified recruitment pipeline and centralized policy creation, significantly reducing administrative and legal overhead. To optimize service delivery, a multi-tiered model was introduced leveraging employee self-service for routine inquiries, freeing HR resources to focus on strategic Centers of Excellence in Labour Relations, Learning & Development, and Performance Management. Furthermore, transitioning to single software platforms across all three companies has reduced licensing fees and streamlined IT support.

This next section outlines the InnPower's strategy for workforce planning and staffing growth, specifically detailing planned headcount increases for 2026 and 2027. As noted above, InnPower has required additional FTE to its 2024 Settlement Agreement to meet its service obligations.

WORKFORCE PLANNING

Employee Profile

InnPower's age demographics are as follows:

- 4.41% of our workforce is below the age of 25.

- 30.88% of our workforce is between 25 and 34 years or age.
- 38.24% of our workforce is between 35 and 44 years of age.
- 13.24% of our workforce is between 45 and 54 years of age.
- 11.76% of our workforce is between 55 and 64 years of age.
- 1.47% of our workforce is older than 65 years of age.

InnPower's balanced age demographics fosters a diverse workforce with varied viewpoints, positioning the organization to adapt effectively to an evolving economic landscape. This generational balance drives a culture of continuous innovation while securing operational continuity. Pairing experienced personnel with emerging talent facilitates seamless knowledge transfer and structured training, mitigating risks associated with future departures and ensuring robust succession planning.

Attrition & Tenure

Since 2023, InnPower has recorded 16 voluntary resignations, primarily driven by concerns regarding workload, competitive compensation, and career advancement. In response, management has proactively addressed these retention factors by expanding staffing levels to alleviate workload pressures, conducting a comprehensive compensation study to ensure market alignment, and implementing robust succession planning to provide clear upward mobility.

Driven by ongoing and anticipated growth alongside projected retirements and resignations, InnPower has proactively expanded staffing across its front line operational positions. The business areas include: Engineering, Operations, Customer Service and Corporate Services departments. This workforce increase has focused on tactical positions, and these resources will support the companies abilities to continue to meet reliability metrics, lead efficient deployment of capital investments and deliver on the rapid pace of customer connections.

Streamlining Efforts

As InnPower has been growing its workforce, it continues to look closely at streamlining roles as part of its productivity initiatives, and has been able to make the following enhancements:

- Streamlined Distribution Operations and Distribution Engineering into one department, Infrastructure Services in 2020. One director overlooks these departments, reporting to the Chief Operating Officer.
- Transitioning to Engineering Technologists from Engineering Technicians. This has provided InnPower increased control and flexibility to meet the demands of our capital program.

Another efficiency is the consolidation of executive and management positions in Customer Service, IT, Corporate Logistics, Human Resources, and Health & Safety across the utilities to provide cost sharing. This effort has allowed InnPower to reinvest in increasing its front-line staff to support its growth.

Labour Relations

InnPower has continued to focus on building a strong relationship with our unionized workforce to improve the effectiveness of our organization. Union and Management work closely together to resolve issues that come up and continue to build better relationships for the good of the employees in the organization and ultimately, the ratepayers.

TALENT MANAGEMENT

Recognizing human capital as vital to its success, and looking to address some of the root causes for the unplanned staff departures between 2023 and 2026, InnPower implemented BambooHR, an automated, self-serve Human Resources Information System (HRIS). The platform streamlines operations by enabling employees to independently manage time-off requests, policy sign-offs, and employment history.

InnPower is also aiming to adopt an AI-powered case management system, such as Case IQ, to centralize and secure the management of investigations, employee relations, and compliance. By automating workflows and tracking timelines, the platform will accelerate conflict resolution, provide trend analytics, reduce risk, and maintain robust documentation.

InnPower currently utilizes an HR Generalist model to support team development and resolve everyday personnel issues. By integrating Subject Matter Experts, the organization will enhance

HR service delivery and provide stronger support to staff, ultimately allowing them to focus on delivering maximum value to ratepayers.

STAFF VARIANCES 2024 TO 2027

2024 Actuals

Leading into 2024, InnPower staffing levels decreased by 7 at the end of 2023. Staffing levels further decreased by another 6 at the end of 2024. These were a result of unplanned resignations, terminations and retirement. The reasons attributed to the unplanned staff departures was primarily workload balance, compensation and lack of training/resources. In 2024, InnPower hired one FTE.

2025 Actuals

In 2025 InnPower's staffing levels decreased by an additional 8 FTE. Similar to 2024, these were a result of unplanned resignations, terminations and one retirement. The reasons attributed to the unplanned staff departures were similar to 2024; primarily workload balance, compensation and lack of training/resources. In 2025, InnPower hired five FTE that are listed in Table 4-25 above. Additional details relating to the five FTE hires is provided in the Table 4-26 below:

Table 4-26: 2025 Additional FTE Details

Position	Department	Reason Needed
Customer Service Representative	Corporate Services	• Ongoing customer growth naturally leads to longer hold queues. Adding a representative directly reduces wait times, lowers call abandonment rates, and ensures a seamless experience for new and existing customer. • When representatives are rushed due to high call volumes, the quality of customer interaction drops, leading to repeat calls. Extra capacity allows staff to resolve issues thoroughly the first time. • As the customer base grows, so does the volume of sensitive inquiries regarding billing, collecting, and payment arrangements. Patient, unhurried customer support that the current overextended team struggles to find time for.

Position	Department	Reason Needed
Customer Engagement Representative	Corporate Services	• Ongoing community growth means more local events and neighbourhood initiatives. An additional representative provided the dedicated physical presence needed to attend and host these events without pulling staff away from daily operations. • Instead of just reacting to complaints, this role enables the company to proactively communicate regarding planned outages, grid upgrades, and new service offerings, vastly improving the overall customer experience. • Act as a conduit to celebrate operational successes, organize staff events, and ensure that internal milestones are shared effectively across both corporate and utility field environments.
Infrastructure Coordinator	Infrastructure Services	• The systems planning team is currently functioning, but high workload forces them into reactive responses. An infrastructure coordinator dedicated to systems planning handles daily tracking and logistics, freeing up the team to focus on critical, long-term technical planning. • As data volumes and system dependencies grow, this role ensures that capacity is scaled efficiently ahead of demand. • The coordinator services as the central point of contact between systems planning, engineering, and external vendors, eliminating communication gaps that delay critical processes.
Stockkeeper/Purchaser	Corporate Services	• Heavy growth across customer, internal capital and developer projects means an increase in purchase orders (POs), material delivery and material movement that have been overwhelming the current stockkeeper/purchasers for years. • With an increase in jobs, the warehouse and yard require intensive organization to pre-stage materials for internal crews and contractors, preventing mix-ups and delays on the morning of a job. • Managing a busy utility yard involves heavy lifting and moving large assets. Overworking the current staff increases the risk of fatigue-related safety incidents, date entry errors in the inventory system, and inventory shrinkage.
Engineering Technician	Infrastructure Services	• Heavy growth means more external customers requesting new connections, service upgrade, or infrastructure

Position	Department	Reason Needed
		reallocations. An additional technician ensures these projects are addressed in the required time. • A new hire allows InnPower to progress on long-term internal capital jobs concurrently with high-priority external work, instead of constantly putting internal designs on hold. • The engineering team is currently overwhelmed by the sheer volume of design requirements. This position will allow InnPower to address all customers and developer-initiated requests and internal jobs.

2026 Forecast

As of the first half of 2026 InnPower's staffing levels decreased by an additional 4 FTE. Similar to 2024 and 2025, these were a result of unplanned resignations, and terminations. The reasons attributed to the unplanned staff departures were similar to 2025; primarily workload balance, and lack of training/resources. In 2026, InnPower forecasts to hire 12 FTE that are listed in Table 4-25 above. Additional details relating to the 12 FTE hires provided in the Table 4-27 below:

Table 4-27: 2026 Additional FTE and Vacancy Details

Position	Department	Reason Needed
2 Accounting Clerks	Finance & Regulatory Affairs	• Ongoing customer growth has created a massive surge in transaction volume. One clerk is focused on accounts payable as there is a significant increase in vendor payments and invoices. One clerk is focused on account receivable and job cost as there is much more capital and developer work and customer billing. • Current clerks are facing a high workload, continuous overwork leading to burnout. • A larger team, month-end and year-end financial closing can be completed much faster, giving leadership access to up-to-date data for critical decision-making.
Director, Infrastructure Services & Innovation	Infrastructure Services	• With a heavy workload and a massive influx of customer-initiated projects, the current engineering leadership is consumed by daily project executives. This role provides the dedicated capacity needed to focus on long-

Position	Department	Reason Needed
		term infrastructure planning and grid modernization. • As InnPower faces unprecedented growth, traditional infrastructure methods are no longer sufficient. This position will spearhead the integration of innovative technologies, such as smart-grid automation, Distributed Energy Resources (art-grid automation, Distributed Energy Resources (DERs), and advance system planning to future-proof the network. • This position will be partially shared with InnPower's affiliate InnTerprises.
Network Supervisor	Infrastructure Services	• The influx of new subdivisions, commercial expansions, and industrial facilities requires rigorous connection impact assessments (CIAs) to ensure the grid can safely handle the new load. This supervisor keeps the planning pipeline moving so external project timelines aren't bottlenecked. • As the utility plans massive capital expansions—such as new transformer stations or feeder lines—this role provides the hands-on oversight needed to guide engineers through system impact assessments and capacity optimization studies.
Director, Stations, Planning & Asset Optimization	Infrastructure Services	• Rapid system growth and escalating customer demand require complex, long-term capital initiatives – such as planning, constructing, and commissioning new Transformer Stations (TS) and upgrading existing substations. This role provides the dedicated senior leadership needed to bring these massive projects to completion on schedule. • With growing infrastructure requirements, the utility's capital budget is scaling quickly. This position provides strict governance over station-related expenditures, ensuring complex builds stay on budget and meet all regulatory framework guidelines. • Utility asset tracking, grid capacity reporting, and investment planning are subject to strict provincial regulatory audits. This position ensures that all station and asset data workflows are meticulously documents, validated, and fully prepared for regulatory rate filings.
Billing Manager/Lead	Finance & Regulatory Affairs	• Rapid customer growth directly translates to a massive surge in utility bills and complex accounts. A dedicated lead is required to absorb this heavy operational workload. • Billing errors can lead to immediate financial and reputational damage. Reducing the extreme daily pressures on the current team

Position	Department	Reason Needed
		prevents staff burnout, minimizes data entry mistakes, and ensures the billing cycle remain uninterrupted. • Currently, high-level staff are getting pulled down into daily billing processing and troubleshooting. A Billing Manager/Lead absorbs the day-to-day burden from the current customer service manager, allowing them to focus on improving the customers' experience.
Executive Assistant	Internal Support	• Ongoing growth has caused massive spikes in meeting requests, calendar management, and other logistics. An Executive Assistant absorbs these administrative tasks, allowing executives to focus purely on high-level strategy and expansion. • With a heavy workload crossing the executive table, an Executive Assistant serves as an essential gatekeeper, ensuring that leadership's time is spent only on critical, high-priority decisions. • This position will be shared 50/50 with InnPower's affiliate, InnServices.
Director Stakeholder Engagement & Strategy	Corporate Services	• As the customer base expands, traditional customer service models face severe strain. This position provides the strategic leadership needed to modernize customer care, optimizing call centre operations, billing support, and front-line response frameworks to handle heightened traffic without sacrificing service quality. • With the implementation of high-traffic digital portals, web chats, and automated channels, customer interactions are becoming increasingly complex. This role ensures these digital platforms integrate seamlessly with traditional telephone channels, maintaining high first-contact resolution rates across the board. • In a growing corporate structure with municipal shareholders and multiple affiliates, messaging must remain unified. This position ensures that internal staff engagement, external customer campaigns, and political stakeholder updates are perfectly aligned with the company's corporate goals.
Financial Analyst (Vacancy)		• Running "variance analysis" to compare actual financial results against budgeted goals. If a department is over budget or a revenue stream is lagging, the analyst investigates why and proposes corrective actions. • Building financial models to project future revenues, expenses, and cash flows. They

Position	Department	Reason Needed
		help set annual budgets and create rolling forecasts so leadership knows where the business is heading.
Regulatory Affairs Manager (Vacancy)		• Acts as the strategic bridge between the utility and provincial regulators, primarily the Ontario Energy Board (OEB). They ensure the utility complies with all laws while securing the approval and revenues needed to operate. • Leading the submission of major rate cases (Cost of Service and IRM) to the OEB, drafting the narrative evidence to justify utility spending, and defending the application during hearings. • Managing mandatory reporting frameworks (like annual RRR filings) and ensuring corporate operations follow strict industry codes (such as the Distribution System and Affiliate Relationships Codes). • Advising executive leadership on changing energy policies, tracking utility performance scorecard metrics, and collaborating with finance to manage regulatory variance accounts and capital planning.
Infrastructure/Engineering Manager (Vacancy)		• Leads the engineering team responsible for planning, designing, and modernizing the physical grid infrastructure (substations, transformers, overhead/underground lines, and protection systems). • Overseeing the engineering design and execution of major grid expansion and renewal projects—such as constructing new Transformer Stations or executing large-scale system enhancements—ensuring they are completed on time, within budget, and safely. • Evaluating grid capacity, modeling load growth, and managing asset lifecycle risks to determine where infrastructure needs to be reinforced or replaced to maintain system reliability. • Collaborating with operations and finance to justify multi-year capital expenditure plans for OEB rate applications, while ensuring all designs comply with strict electrical safety codes, environmental regulations, and emerging standards for integrating distributed energy resources (DERs).
Systems Planning Manager (Vacancy)		• Leads the long-term strategic planning of the distribution grid. While an engineering manager focuses on designing and building specific assets, the Systems Planning Manager looks at the big picture: analyzing grid capacity, predicting future demand, and

Position	Department	Reason Needed
		mapping out how the system must evolve over the next 5 to 20 years. • Modeling regional population growth, economic changes, and shifting adoption rates of electric vehicles (EVs) and heat pumps to predict exactly where and when the grid will hit its capacity limits. • Designing strategies to safely integrate Distributed Energy Resources (DERs)—like solar arrays, battery storage, and microgrids—ensuring the system remains stable as it shifts away from traditional one-way power flow. • Authoring the comprehensive system planning evidence (such as Distribution System Plans) required for OEB Cost of Service filings. They provide the formal engineering and economic justifications that prove to regulators that proposed long-term capital investments are necessary and prudent.

2027 Forecast

In 2027, InnPower forecasts to hire 6 FTE that are listed in Table 4-25 above and further described in Table 4-28 below:

Table 4-28: 2027 Additional FTE Details

Position	Department	Reason Needed
Director Finance/Controller	Finance & Regulatory Affairs	• The CFO currently manages an unsustainable span of control over day-to-day operational finance, which restricts executive capacity during a period of significant strategic expansion and heightened financial needs. • This new position is required to absorb the increasing operational workload by driving leadership and coordination across the Company and its three affiliate entities. • Rapid growth naturally strains existing financial processes. This role will design, implement, and monitor together internal control frameworks to safeguard corporate assets and mitigate risk across all affiliates.
Customer Service Representative	Customer Service	• Ongoing customer growth naturally leads to longer hold queues. Adding a representative directly reduces wait times, lowers call abandonment rates,

		and ensures a seamless experience for new and existing customer. • When representatives are rushed due to high call volumes, the quality of customer interaction drops, leading to repeat calls. Extra capacity allows staff to resolve issues thoroughly the first time. • As the customer base grows, so does the volume of sensitive inquiries regarding billing, collecting, and payment arrangements. Patient, unhurried customer support that the current overextended team struggles to find time for.
Key Accounts Representative	Corporate Services	• Rapid customer expansion has significantly increased the volume and complexity of managing high-value relationships, placing a heavy administrative burden on the current customer service team. • Establishing a single, dedicated point of contact eliminates redundant touchpoints, freeing up critical staff hours across multiple utility teams.
Finance FP&A	Finance & Regulatory Affairs	• The existing finance team is heavily constrained by splitting limited capacity between daily transaction processing and strategic planning, creating an unsustainable workload during concurrent budget cycles, regulatory filings, and multi-entity audits. • An additional, dedicated resource is required to absorb the mounting operational pressure and execute critical forward-looking financial modelling, variance analyses, and performance reporting across three legal entities.
Operations Apprentice	Operations	• Rapid system expansion has directly increased the volume of ground-level field work, necessitating additional skilled technicians to safely support new service connections and infrastructure growth. • Adding this position allows the utility to scale field crews into efficient configurations of 5, 3, or 2 team members, maximizing resource allocation to handle the growing project backlog.
Systems Planning Supervisor	Infrastructure Services	• Rapid system expansion has constrained the utility's capacity to stay ahead of system planning requirements and optimize current operations. • This role is required to absorb increasing capacity pressures by bridging field operations and engineering staff to optimize day-to-day functions.

EMPLOYEE COMPENSATION STRATEGY

InnPower's compensation strategy is rooted in equity for all employees of the organization. As stated in the above sections of the evidence, InnPower has focused on improving staffing levels for its tactical workforce to 1) meet its growing distribution system needs, and 2) address learnings from employee departures that noted work balance and provision of additional resources. In doing so, employee compensation metrics have stayed relatively flat over the period of 2024 to 2027 and decreased for InnPower's executive level. Table 4-29, which is calculated from values in Appendix 2-K demonstrates this strategy:

Table 4-29: 2024 to 2027 Compensation Per FTE Metrics

Compensation Metrics per FTE	2024 Approved	2024 Actuals	2025 Actuals	2026 Forecast	2027 Forecast
Total Compensation Per FTE	$ 125,759	$ 114,071	$ 115,409	$ 104,062	$ 110,496
Management Comp per FTE	$ 208,507	$ 239,976	$ 237,241	$ 200,437	$ 197,156
Non-Management Comp per FTE	$ 114,182	$ 99,008	$ 102,806	$ 93,086	$ 100,097

UNION COMPENSATION

InnPower employees that are part of the Power Workers Union bargaining unit receive annual wage increases, as agreed upon through the collective bargaining process. In turn, our philosophy is to also provide non-union employees with the same annual wage increase levels. Through the collective bargaining process, the following compensation enhancements were agreed upon:

Wages:

- 2026: 3.75%
- 2027: 3.25%
- 2028: 3.00%

Benefits:

InnPower also agreed to increase benefits and annual limits in the following areas effective July 1, 2026: dental care, extended health care (including mental health and wellness), vision care and contacts, and supports such as wigs and hairpieces. InnPower has also proposed the same increases for Non-Union employees.

Through regular analysis of other utility collective agreements, InnPower has also made market value adjustments to ten bargaining unit positions in order to ensure rates are competitive. This will lower turnover and assist with recruitment, and filling critical roles such as Powerline

Technicians, Engineering Technologists, and Financial Analysts. A copy of InnPower's collective agreement is provided for reference in Appendix 1.

NON-UNION COMPENSATION STRATEGY AND JOB EVALUATION

All non-union employee compensation is reviewed annually by the President/CEO and Board of Directors. Between November 2024 and January 2026, InnPower engaged Mungall Consulting Group for a comprehensive Pay Equity and Job Evaluation review. This project involved training staff to update job descriptions, rating positions by key criteria, implementing a pay equity plan, completing an internal equity review for wage grid placement, and adjusting wages based on competitive market analysis.

In addition to the compensation review, InnPower implemented a new Non-Union Compensation Policy to establish internal equity and alignment with the unionized workforce. Driven by recent voluntary departures, this policy ensures key positions are fairly compensated and workloads are properly balanced. Ultimately, institutionalizing these consistent practices serves as a critical retention tool, minimizing turnover risk and optimizing personnel resources.

PERFORMANCE PAY AND PERFORMANCE INCENTIVE PROGRAM FOR NON-UNION STAFF

InnPower recently launched an Incentive Program as part of its Non-Union Compensation Policy to reward employees based on corporate and departmental performance targets. Subject to Board approval prior to payout, this program aligns departmental achievements with overall strategic organizational goals.

Non-union, continuing employees are eligible for incentive pay up to 5% of their base salary, contingent upon achieving annual corporate and departmental targets. The President & CEO communicates corporate strategic targets by late February, after which the Board assesses company performance to determine successful completion and the subsequent payout amount.

Following the President & CEO's communication of corporate targets, the Executive Team and management align departmental objectives to establish annual performance targets. Non-union employees whose departments achieve these goals become eligible for performance pay, reflecting their contribution to strategic corporate objectives.

BENEFITS

Employee benefits are 100% employer-paid under a common plan for union and non-union staff, covering health, dental, vision, paramedical, out-of-country medical, and mental health support. Effective July 1, 2026, InnPower will increase benefits and annual limits for dental, extended health (including mental health and wellness), vision, and specific medical supports.

InnPower also provides 100% employer paid Long Term Disability benefits. Post-Retirement benefits are also provided to employees to maintain benefit levels. InnPower pays 50% of the premium to these employees. InnPower also offers this for early retirees from 55 to 65 years of age, with a minimum of 15 years of service.

OMERS PENSION PLAN:

InnPower employees are members of the Ontario Municipal Employees Retirement System (OMERS). OMERS is a multi-employer defined benefit pension plan that most LDCs participate in and, as such, the pension benefit provided to InnPower Corporation employees is consistent with that of other LDCs.

The plan is a contributory defined benefit pension plan which is financed by equal contributions from the employer and employee based on the employee’s contributory earnings.

PAY GRADES AND SALARY EVALUATION

InnPower’s pay grades allow compensation up to 100% of the pay band, determined through job evaluation processes for both Union and Non-Union roles. Newly hired staff progress to 100% by successfully passing performance reviews, with Union pay rates further governed by collective bargaining.

InnPower receives and participates in the MEARIE Salary Survey which provides an idea of where the utility compares to peers. Currently, InnPower’s salaries are competitive and within the median range due to the Pay Equity and Job Evaluation review completed in January 2026. However, InnPower will continue to regularly monitor its compensation for competitiveness.

Additionally, InnPower will continue benchmarking collective agreements against industry peers. To ensure the utility attracts top talent, compensation packages for general roles—such as

Customer Service, IT, Finance, and Engineering—will also be evaluated against the broader job market.

InnPower has attached the OEB Chapter 2 Appendix 2-K – Employee Costs. A summary of the variances is provided below:

Variance 2027 Test Year vs. 2024 Actual

InnPower's average compensation per FTE has decreased from $114 K per employee in its 2024 actuals to $110 K in its 2027 Test Year. The decrease is primarily due to InnPower increasing its non-management FTE to 75 in 2027 from 55 in 2024, to deliver on its services and obligations to its Customers.

Capitalized compensation has modestly increased from InnPower's 2024 actuals to the forecasted 2027 Test Year. The OM&A as a percentage of total compensation has modestly decreased from InnPower's 2024 actuals to the forecasted 2027 Test Year. Table 4-30 below shows the change in value of each of Capital and OM&A compensation amounts as a percentage of total compensation. The modest increase in the percentage of total compensation that is capitalized is reflective of InnPower's additional FTE performing work that is related to placement of capital projects in-service.

Table 4-30: 2024 to 2027 Capitalized and OM&A Percentage of Total Compensation

Compensation Metrics per FTE	2024 Approved	2024 Actuals	2025 Actuals	2026 Forecast	2027 Forecast
Capital Compensation Per Total Compensation	27%	33%	34%	45%	43%
OM&A Compensation Per Total Compensation	73%	67%	66%	55%	57%

2.4.3.2. SHARED SERVICES AND CORPORATE COST ALLOCATION

This Exhibit documents InnPower Corporation's shared corporate services arrangements with its affiliated entities. Specifically, this section details the shared services provided to affiliates, outlines the underlying pricing and costing methodologies, and summarizes the independent, third-party reviews conducted on the corporate cost allocation methodology.

Background

InnPower Corporation is an electricity distribution company that is 100% owned by the Town of Innisfil.

InnTerprises Inc. (ITI) is an unregulated corporation acting as a holding company for InnTerprises Services Inc. and InnTerprises InnVestCo Inc.

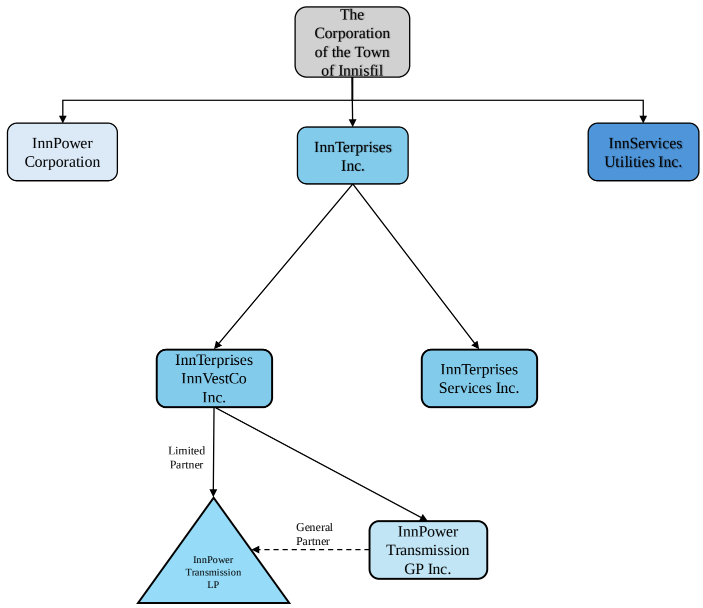
InnTerprises provides sentinel light services, telecommunication services and electric vehicle charging services, and it is 100% owned by the Town of Innisfil. InnTerprises Services Inc. (ServiceCo) plans to provide contracted services such as locates, vegetation management and traffic control. InnTerprises InnVestCo (InnVestCo) Inc. is the holding company of InnPower Transmission GP Inc. and InnPower Transmission LP – these organizations plan to provide transmission services pending OEB approval of a transmission license. InnVestCo and ServiceCo maintain a board of directors that are majority independent of InnPower.

InnPower provides management, project management, financial services, billing services, and rental space to these affiliate companies. Any services provided by InnPower staff will be processed through ITI and subcontracted accordingly to InnVestCo and ServiceCo. InnServices Corporation (IUI) is a municipal services corporation providing water and wastewater services that is 100% owned by the Town of Innisfil. InnPower provides management, financial services, billing services and rental space to this affiliated company.

InnPower Corporation confirms there are no Board of Director costs for affiliates included in the utility's own costs, as transactions are recorded through the respective affiliate company's accounting records.

Figure 1: Corporate Entity Structure

Organization Chart



Affiliate Relationships Code Terms and Definitions

InnPower adheres to the OEB's Affiliate Relationships Code (ARC). Key Definitions and terminology governing this Exhibit are outlined below, as per ARC section 1.2:

Fully Allocated Costs

> "*The sum of **direct** costs plus a proportional share of **indirect costs***"

Market Price

> <u>*"The price reached in an open and unrestricted market between informed and prudent parties, acting at arm's length and under no compulsion to act"*</u>

Direct Costs

> *"Those costs that can reasonable be identified with a specific unit of product or service or with a specific operation or cost centre"*

Indirect Costs

> *"Those that cannot be identified with a specific unit of product or service or with a specific operation or cost centre, & include but are not limited to overhead costs, administrative & general expenses, & taxes"*

Affiliate Related Services Summary

The specific services provided by InnPower to its affiliates are detailed below.

<u>InnServices & InnTerprises</u>

Table 4-31: Summary of Affiliate Related Services

Services Offered	Pricing Methodology	Affiliate Relationships Code Requirement	Nature of Services	Positions Providing Services
Financial & Administrative Labour	Fully Allocated Cost	2.3.5.1	Administrative services, management of contracts and agreements, reporting business affairs to directors, procurement services, and information technology services. Accounting: financial controls and compliance, financial reporting and analysis, annual budgets, financial operations, capitalization and depreciation, labour charging, allocations and burdens, managing external audit and managing insurance programs. Finance services: financing including banking, operating line of credit, cash flow management and investment of funds, financial guarantees, payroll services, taxation (PIL's), and HST remittances. Human Resources; human resources provides support with payroll, hiring and general employement. Stores: stores provides support with inventory movement, purchasing materials. IT: provides system and network support. Corporate Logisitcs: provides fleet and facilities support.	CEO, CFO, COO, CCO Accounting Clerk, Payroll Administrator, Finance Manager, Financial Analyst, Human Resources Manager, Human Resources Generalist, Supply Chain Operations Supervisor, Stockkeeper, Manager Corporate Logistics, I.T Manager
Billing Services	Fully Allocated Cost	2.3.3.6	Customer care services, billing and collecting, customer engagement, and website/social	Customer Service Representatives, Billing and Collecting Clerks,

Services Offered	Pricing Methodology	Affiliate Relationships Code Requirement	Nature of Services	Positions Providing Services
			media management for water/wastewater.	Customer Service Supervisor, Manager of Customer Relations and Engagement.
Rental Space	Market Price	2.3.3.6	Office/cubicle and common space rental for Servco staff and Distco staff providing affiliate services.	Rental space includes cubicle and office space, desk and office furniture and common areas.

Market Price for InnServices Billing Services

Based on estimates received from other billing providers, the market price for billing services received was on par with the fully allocated costs incurred by InnPower InnPower applies the “greater than” rule under ARC 2.3.3.6 and applies the Fully Allocated Cost method.

Market Price for InnTerprises Billing Services

Based on estimates received from other billing providers, the market price for billing services received was on par with the fully allocated costs incurred by InnPower InnPower applies the “greater than” rule under ARC 2.3.3.6 and applies the Fully Allocated Cost method.

InnTerprises Sentinel Light Billing

The current rate for sentinel light billing services is based on the fixed and variable OEB Energy Retailer Service charges, which are updated on an annual basis. As revenue for sentinel light billing is immaterial, IPC considered it reasonable to utilize the OEB’s regulated rate.

Market Price for Office Space Rental

The current rate per square foot is derived from an established baseline market rate study, which provides projected rate escalations for subsequent years. The base rate has been discounted by maintenance, interest, and tax expenses (MITs), as these MIT expenses are already captured within the General and Administrative expenses and apportioned by square footage.

The calculated per-square-foot rental rate for office space is applied uniformly across all specialized use types, including daycare facilities, police services, and internal departmental space.

Summary of Affiliate Services Cost Allocations

Table 4-32 below provides a summary of InnPower's affiliate services cost allocations. The Reference number refers to the sections below the table where the item is discussed in detail.

Table 4-32: Summary of Affiliate Services Cost Allocations

Ref	Expense	Cost Driver	Expense Allocated from InnPower to							
			Internal	Affiliate InnServices			Affiliate InnTerprises			Customer Provident
			LDC	Mgmt Services	Financial Services	Billing Services	Mgmt Services	Financial Services	Billing Services	Billing Services
8.1	Labour Expense	Directly Assigned		✓	✓	✓	✓	✓		
8.2	Meter Reads	Directly Assigned				✓				
8.3	Rental Space	Directly Assigned		✓	✓	✓	✓	✓		
9.1	G&A – Management & Office Supplies	FTEs	✓	✓	✓	✓	✓	✓		
	G&A – Office Building Costs	Square footage	✓	✓	✓	✓	✓	✓		
	G&A – Postage Meter	Evenly Distributed	✓		✓			✓		
9.2	Depreciation	FTEs	✓	✓	✓	✓	✓	✓		
10.1 & 10.2	"Direct" Billing Expenses	Number of bills	✓			✓		✓	✓	✓

Fully Allocated Cost Model

Based on the Affiliate Services agreements, the fully allocated costs used in a year are estimated based on the prior year expenses. Actuals for labour are determined using the timesheets posted to affiliate jobs over the year. Once the audited financial statements are completed, the costs are adjusted to actuals. Any differences between the estimated and actual expense are subsequently charged or refunded to the affiliate.

Management Review

On a monthly basis, the Finance Manager to review and approve:

- The Account Clerk prepares the invoice for monthly IUI Financial and Billing Services, as well as the Rental Space.
- The Accounting Clerk prepares the invoice for monthly ITP Management, Financial and Billing Services, as well as the Rental Space.
- The Finance and Regulatory Specialist will prepare the estimate and adjustment to actuals (once audited financial statements are received) for Management, Financial and Billing Services fully allocated costs. The Financial Analyst will prepare an invoice to each affiliate based on the estimate and adjustment amount provided.

On a quarterly basis, the Finance Manager and Chief Compliance Officer and VP of Corporate Services to review:

- Allocation of employee labour time to affiliate services to ensure reasonability. On an annual basis, the Finance Manager to review and approve:
- Calculation of fully allocated costs for affiliate services based on prior year audited financial statements prepared by the Finance and Regulatory Specialist.
- Issuance of invoice for adjustment to fully allocated costs to each affiliate prepared by the Financial Analyst.

On an annual basis, the Finance and Regulatory specialist to review:

- The fully allocated cost model and report to ensure it appropriately reflects affiliate services provided, as well as direct and indirect costs. Any subsequent changes will be documented and communicated to the appropriate parties, with approval from the Finance Manager.

Table 4-33 below shows the change in shared costs by service offering for the period of 2023 to 2027. Financial Labour costs have substantively increased in their allocations to IUI, ITI and InvestCo. Across all other services, there have been immaterial changes over the 2023 to 2027 time period.

Table 4-33: Summary of Fully Allocated Costs by Service Type

				2023		2024		2025		2026		2027	
Frm	To	Service Offered	Pricing Methodology	Price $	Cost $	Price $	Cost $	Price $	Cost $	Price $	Cost $	Price $	Cost $
IPC	IUI	Financial Labour	Fully-Allocated Cost	$ 541,459	$ 521,449	$ 616,185	$ 616,185	$ 992,035	$ 992,035	$ 1,660,240	$ 1,469,239	$ 1,710,047	$ 1,513,316
IPC	IUI	Billing Labour	Fully-Allocated Cost	$ 263,919	$ 263,919	$ 145,817	$ 145,817	$ 182,184	$ 182,184	$ 191,001	$ 191,001	$ 196,731	$ 196,731
IPC	IUI	Rental Space (Financial)	Market Price	$ 18,388	$ 18,388	$ 32,948	$ 32,948	$ 35,009	$ 35,009	$ 34,931	$ 34,931	$ 35,979	$ 35,979
IPC	IUI	Rental Space (Billing)	Market Price	$ 2,899	$ 2,407	$ 2,551	$ 2,551	$ 633	$ 633	$ 800	$ 800	$ 824	$ 824
IPC	ITI	Financial Labour	Fully-Allocated Cost	$ 127,745	$ 98,883	$ 128,117	$ 123,441	$ 150,006	$ 145,316	$ 165,482	$ 165,482	$ 170,446	$ 170,446
IPC	ITI	Rental Space	Fully-Allocated Cost	$ 4,469	$ 4,529	$ 2,310	$ 2,310	$ 2,763	$ 2,763	$ 2,800	$ 2,800	$ 2,884	$ 2,884
Corporate Cost Allocation													
IPC	IUI	Gen & Admin Exp (Financial)		$ 47,832	$ 47,832	$ 74,521	$ 74,521	$ 99,758	$ 99,758	$ 101,350	$ 101,350	$ 104,391	$ 104,391
IPC	IUI	Gen & Admin Exp (Billing)		$ 16,398	$ 16,398	$ 16,344	$ 16,344	$ 14,697	$ 14,697	$ 14,967	$ 14,967	$ 15,416	$ 15,416
IPC	IUI	Direct Billing Expense		$ 198,969	$ 198,969	$ 223,040	$ 223,040	$ 263,919	$ 263,919	$ 250,897	$ 250,897	$ 258,424	$ 258,424
IPC	IUI	Depreciation (Financial)		$ 16,496	$ 16,496	$ 21,163	$ 21,163	$ 34,490	$ 34,490	$ 35,842	$ 35,842	$ 36,917	$ 36,917
IPC	IUI	Depreciation (Billing)		$ 7,119	$ 7,119	$ 6,368	$ 6,368	$ 6,863	$ 6,863	$ 7,386	$ 7,386	$ 7,608	$ 7,608
IPC	ITI	General & Admin Expense		$ 5,570	$ 5,570	$ 9,368	$ 9,368	$ 8,790	$ 8,790	$ 8,890	$ 8,890	$ 9,158	$ 9,158
IPC	ITI	Depreciation Expense		$ 2,061	$ 2,061	$ 3,337	$ 3,337	$ 3,219	$ 3,219	$ 3,250	$ 3,250	$ 3,348	$ 3,348
IPC	ITI	Direct Billing Expense		$4,529	$4,529	$4,676	$4,676	$5,097	$5,097	$5,598	$5,598	$5,766	$5,766
			Total	$1,257,852	$1,208,548	$1,286,744	$1,282,068	$1,799,462	$1,794,771				
			GL Account Balance	$1,217,170	$1,114,180	$1,538,229	$1,283,586	$1,721,597	$1,771,243				
			Difference	$40,682	$94,369	($251,486)	($1,518)	$77,865	$23,529				
			Adjustments	($40,682)	($94,369)	$251,486	$1,518	($77,865)	($23,529)				

Table 4-34 lists out the variances for primary services between the 2027 Test Year and 2024 Actuals as well as 2025 Actuals:

Table 4-34: Variances for Services between 2027 and 2025 and 2027 and 2024 Actuals

From	To	Services Offered	Pricing Methodology	2027 vs 2025	2027 vs 2024
IPC	IUI	Financial Labour	Fully-Allocated Cost	$ 521,281	$ 897,131
IPC	IUI	Billing Labour	Fully-Allocated Cost	$ 14,547	$ 50,914
IPC	IUI	Rental Space (Financial)	Market Price	$ 970	$ 3,031
IPC	IUI	Rental Space (Billing)	Market Price	$ 191	$ (1,727)
IPC	ITI	Financial Labour	Fully-Allocated Cost	$ 25,130	$ 47,005

From	To	Services Offered	Pricing Methodology	2027 vs 2025	2027 vs 2024
IPC	ITI	Rental Space	Fully-Allocated Cost	$ 37	$ 574
			Total Variance	**$ 562,241**	**$ 996,929**

The material change from 2024 to 2027 is the substantive increase in financial labour costs being allocated to IUI, ITI and InnVestCo. The increase between 2027 and 2024 actuals in financial labour cost allocation is $944,136 and between 2027 and 2025 the increase is forecasted to be $546,411.

As InnPower has increased its FTE's to meet the challenges outlined above in the Workforce Planning section of this exhibit, it is highlighted that it is and has substantively increased the salaries and wages expenses that are allocated to its IUI, ITI and InnVestCo affiliates.

Additional details can be found in Appendix 2-N Shared Services.

2.4.3.3. PURCHASES OF NON-AFFILIATE SERVICES

The InnPower Purchasing Policy is provided in this exhibit as Appendix 2, as required by the Filing Requirements.

InnPower has a formal signing authority policy, which is structured with various levels of approvals. This policy offers significant control for the procurement and payment of vendor invoices and is continually monitored by the Finance Department. The following are the current signing authority levels under the policy:

Position	Maximum Purchase Authorization Limits for Budgeted Work (in $000's)	
	Non-Inventory	Inventory Items
Buyer or delegate	$10	$10
Supervisor or delegate *	$25	$25
Manager or delegate	$100	$100
Executive or delegate	$250	$250
President & CEO or CFO plus second executive	>$250	>$250

* may include non-union professionals

Position	Maximum Purchase Authorization Limits for Non-budgeted Work (in $000's)	
	Non-Inventory	Inventory Items
Buyer or delegate	$5	$5
Supervisor or delegate *	$15	$15
Manager or delegate	$50	$50
Executive or delegate	$150	$150
President & CEO or CFO plus second executive	$250	$250
Board of Directors	>$250	>$250

* may include non-union professionals

Unique authorities are also utilized under the policy for large recurring items such as power purchases from the IESO, PILs, and payroll deductions, among others. All invoices and payment requisitions greater than $250,000 must be signed by two Executives.

The following table provides a listing of the material products and services purchased from Non-Affiliate Suppliers in the year 2025.

Table 4-35: Products and Services from Non-Affiliates in 2025

Vendor Name	Service Product	Total
INDEPENDENT ELECTRICITY SYSTEM OPERATOR (IESO)	Electricity	20,415,113.66
HYDRO ONE NETWORKS INC.	Transmission	10,385,855.71
K-LINE MAINTENANCE & CONSTRUCTION LTD.	Maintenance/Capital Work	9,388,520.71
Hydro One Inc (BATU)	Transformer Upgrade	4,520,000.00
BLACK & McDONALD LIMITED	Maintenance/Capital Work	2,127,958.30
STELLA-JONES INC.	Maintenance/Capital Work	2,059,515.69
BEMP HOLDINGS 2 INC & HONEYFIELD BEMP2 LTD	Maintenance/Capital Work	1,943,856.72
ONT MUNICIPAL EMPLOYEES	Pension Benefits	1,606,825.22
THE MEARIE GROUP	Insurance	1,546,273.46
970 Mapleview Construction Inc.	Maintenance/Capital Work	1,540,378.81
Red Power Electric	Maintenance/Capital Work	1,215,276.58
ANIXTER POWER SOLUTIONS CANADA INC.	Maintenance/Capital Work	1,175,215.88
Mattamy (Lockhart) Limited	Maintenance/Capital Work	1,150,640.60
Barrie Lockhart Road GP	Maintenance/Capital Work	1,125,581.02
PARKBRIDGE LIFESTYLE COMMUNITIES INC.	Maintenance/Capital Work	1,065,762.03
GG (9 MILE) LTD.	Maintenance/Capital Work	1,020,165.25
Transformateurs Delta Star Inc.	Maintenance/Capital Work	919,308.60
AEGISYS	IT Services	725,922.51
S&C ELECTRIC CANADA LTD	Maintenance/Capital Work	714,474.80
OLAMETER INC.	Locates	658,761.38
G & W CANADA	Maintenance/Capital Work	649,111.55
PROVIDENT ENERGY MANAGEMENT	Thermal/Gas	646,144.23
Ontario Line Clearing & Tree	Maintenance/Capital Work	574,991.83
NBM ENGINEERING INC.	Maintenance/Capital Work	491,509.42
KTI LIMITED	Maintenance/Capital Work	465,893.88
PRATT CONSTRUCTION INC.	Maintenance/Capital Work	438,861.74
Pratt Hansen Group Inc.	Maintenance/Capital Work	429,806.45
BORDEN LADNER GERVAIS LLP	Legal Services	411,782.07
NORAMCO WIRE & CABLE	Maintenance/Capital Work	374,449.58

Vendor Name	Service Product	Total
HAPAMP ELMVALE LIMITED	Maintenance/Capital Work	356,382.13
CAM TRAN COMPANY LIMITED	Maintenance/Capital Work	321,874.06
ERTH HOLDINGS INC.	IT Services/Software	304,671.99
LANDSHARK GROUP	Maintenance/Capital Work	279,353.46
SENSUS CANADA INC.	Meter Data Management	267,301.39
WORKPLACE SAFETY AND	Benefits	221,340.88
CANADA POST CORPORATION	Postage	203,939.05
ALCONA DOWNS DEVELOPMENTS INC.	Maintenance/Capital Work	181,920.95
JUBB UTILITY SUPPLY LTD.	Maintenance/Capital Work	171,710.41
Enova Power Corp.	Maintenance/Capital Work	161,289.58
HARRIS COMPUTER SYSTEMS	IT Services/Software	149,253.97
ONTARIO ENERGY BOARD	Assessments and Fees	137,818.40
Dell Canada	IT Services/Software	129,923.33
Apex Aggregates and Landscape	Building Maintenance	126,568.35
FERNBROOK HOMES	Maintenance/Capital Work	113,211.03
UTILISMART CORPORATION	Meter Data Management	111,725.29
ASA Development Inc	Maintenance/Capital Work	111,156.90

InnPower confirms that it complies with its Purchasing Policy for all products purchased from non-affiliates and that no exceptions have been identified.

For 2026 Bridge Year and 2027 Test Year, InnPower anticipates that many of the same vendors will be used as in prior years. It should be noted, InnPower will continually search for new suppliers and materials to maintain cost efficiency, address supply chain issues and maintain quality standards.

2.4.3.4. ONE-TIME COSTS

REGULATORY ONE-TIME COSTS

InnPower Corporation confirms it is requesting recovery of regulatory one-time costs over the 2027–2031 Test Years, in accordance with the Chapter 2 Filing Requirements for Electricity Distribution Rate Applications. Section 4-2-4 and OEB Appendix 2-M (Regulatory Costs Schedule) detail the historical, Bridge Year, and Test Year costs, categorized into one-time and ongoing expenses.

In accordance with the Filing Requirements, InnPower commits to updating these forecasted costs in OEB Appendix 2-M at the Draft Rate Order stage of the proceeding. Except for the regulatory costs noted above, all other costs presented in the proposed 2027 Test Year OM&A budget are considered regular year-over-year expenses.

2.4.3.5.REGULATORY COSTS

Regulatory costs for InnPower Corporation include the OEB's cost assessments, penalties and license fees, intervenor and other cost awards, annual regulatory surveys, professional services (legal and consulting) and cost of service applications. InnPower Corporation utilizes the Uniform System Account (USoA), 5655 Regulatory Expenses and 1180 Prepaid Cost of Service to record these expenses. Please refer to OEB Appendix 2-M – Regulatory Cost Schedule for an outline of historical, Bridge Year and Test Year costs, which are divided between one-time costs and ongoing costs.

ONGOING COSTS

The following table outlines the historical and projected ongoing regulatory costs from 2024 to 2027:

Table 4-36: Ongoing Regulatory Costs from 2024 to 2027 ($)

Program	2024 Last Rebasing Year OEB Approved	2024 Last Rebasing Year Actuals	2025 Actuals	2026 Bridge Year	2027 Test Year
	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
OEB Annual Assessment	94,298	123,143	94,298	122,800	162,800
OEB Annual Membership	800	800	800	800	800
Regulatory Surveys (Customer Satisfaction and Public Safety Awareness)	0	10,778	26,766	14,037	27,400
Intervenor Cost Awards	1,697	4,953	3,313	5,000	5,000
Cost of Service Application costs (Amortized)	62,865	100,363	100,363	100,363	117,785
Total	**156,336**	**240,036**	**225,541**	**243,000**	**313,785**

InnPower Corporation's ongoing costs increased from 2024 to 2027 due to escalating annual OEB assessment fees. Per the OEB's October 1, 2025 directive regarding the FY2025/2026 Cost Assessment, InnPower reactivated Account 1508 (Sub-account OEB Cost Assessment Variance) effective April 1, 2025. The utility transferred $39,407 to this account for future disposition, representing the variance between the 2025 actual cost of $133,705 and the 2024 approved amount of $94,298.

Additionally, in compliance with OEB policy, InnPower recorded its 2024 rate application costs in a prepaid account, amortizing them over five years starting in 2024. The original 2024 budget was ultimately underestimated as actual and expected costs evolved during application preparation and support.

Ongoing regulatory costs from 2024 to 2027 include the costs of InnPower's last Cost of Service application, filed in 2023. InnPower is not looking to continue recovering the costs from the 2023 application, forgoing an amount of $204,039 as InnPower made the decision to file an early-rebasing application. The costs in Table 4-36 reflect the costs over a 5 year period, which would have been the anticipated cost of service application if the early rebasing application was not filied.

ONE-TIME COSTS

The following table outlines the historical and projected one-time regulatory costs from 2024 to 2027:

Table 4-37: One-Time Costs from 2024 to 2027 ($)

Program	2024 Last Rebasing Year OEB Approved	2024 Last Rebasing Year Actuals	2025 Actuals	2026 Bridge Year	2027 Test Year
	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
Intervenor Costs	-	-	-	25,000	-
Cost of Service Application costs	-	-	-	588,924	-
Total	**0**	**0**	**0**	**613,924**	**0**

There were no one-time consulting expenses associated with regulatory matters. InnPower Corporation's internal labour costs to prepare the Cost of Service applications have not been included in the USoA 5655 or 1180. Instead, labour costs for regulatory employees, as well as personnel from other departments, have been reflected in the budgeted general operations, maintenance, and administrative expense accounts. Intervenor costs and Cost of Service Application costs reflect the total amount budgeted for InnPower's early rebasing application. The amount of $613,924 will be amortized over 5 years, resulting in $122,785 a year. The Cost of Service application costs reflect legal and consulting fees associated with the application.

2.4.3.6. LOW-INCOME ENERGY ASSISTANCE PROGRAM

InnPower Corporation has outlined the contributions for the Low-Income Assistance Program (LEAP), in the following table:

Table 4-38: LEAP Contributions from 2024 to 2027 ($)

Program	2024 Last Rebasing Year OEB Approved	2024 Last Rebasing Year Actuals	2025 Actuals	2026 Bridge Year	2027 Test Year
	MIFRS	**MIFRS**	**MIFRS**	**MIFRS**	**MIFRS**
LEAP	16,660	16,660	16,660	16,660	16,660
OEB Assurance of Voluntary Compliance		14,058			
Total	**16,660**	**30,719**	**16,660**	**16,660**	**16,660**

LEAP CONTRIBUTION AND ADDITIONAL FUNDS FROM INNPOWER CORPORATION FROM 2024 TO 2025

InnPower Corporation's LEAP amount is determined using the OEB's guidelines (as set out in the "Report of the Board on Low Income Energy Assistance Program"), which indicates distributors are to use; the greater of 0.12% of a distributor's Board-approved distribution revenue requirement, or; $2,000.

InnPower Corporation's historical LEAP contribution from the period of 2024 to 2025 is $16,660.24 (OEB approved base revenue requirement of $13,883,533 x 0.12%).

OEB CHANGES TO LEAP FINANCIAL ASSISTANCE AND ACCOUNTING ORDERS

In response to the Ontario Energy Board's February 12, 2024 letter and Final Rate Order (EB-2023-0135), InnPower implemented updated Low-income Energy Assistance Program – Emergency Financial Assistance (LEAP EFA) requirements effective March 1, 2024. Aligned with OEB direction, InnPower continues to provide LEAP EFA support to all eligible applicants and has denied no customer assistance due to funding limitations.

In accordance with OEB accounting guidance, InnPower established Account 1508 (Other Regulatory Assets, Sub-account LEAP EFA Funding Deferral), along with its associated carrying charges sub-account, to record prudently incurred LEAP EFA contributions exceeding amounts embedded in rates. This deferral account allows InnPower to track incremental program funding and bring forward material balances for review and disposition within this cost of service application.

As of December 31, 2025, $62,942 in incremental LEAP EFA contributions had been recorded.

ASSURANCE OF VOLUNTARY COMPLIANCE (EB-2024-0132)

As part of an Assurance of Voluntary Compliance (EB-2024-0132) accepted by the OEB, InnPower made a lump-sum contribution of $14,058.28 to its local LEAP agency. This payment reflects the estimated value of historical overcharges from a billing system proration issue between August 2019 and August 2023. The contribution was made in lieu of issuing small customer credits to provide meaningful assistance to local customers experiencing financial hardship.

FORECASTED LEAP CONTRIBUTIONS FROM 2027 TO 2032

InnPower Corporation has forecasted $19,460 (0.12% of the proposed $16,216,303 revenue requirement) for low-income financial assistance, acknowledging this LEAP funding will be adjusted based on the Board's final service revenue requirement decision. Local LEAP demand historically exceeds this annual allocation, typically depleting funds by May. Consequently, InnPower provides additional funds to the United Way to support this ongoing need.

LEAP SOCIAL AGENCY

As noted above, InnPower Corporation has selected its lead-social agency and signed an agreement with the United Way - Greater Simcoe County.

In compliance with OEB policy, InnPower Corporation:

- Fund Collection & Transfer: Collects OEB-approved LEAP EFA funds from ratepayers and transfers them to the United Way Greater Simcoe County.
- Territory Allocation & Partnerships: Determines funding allocations by geography and establishes partnerships, contracts, and operational procedures with Lead Agencies.
- Application Processing & Action: Receives, records, and acts upon notifications from agencies regarding both ongoing eligibility assessments and final application decisions.
- Information Verification: Confirms customer and account information, including payment history, to help determine program eligibility.
- Regulatory Reporting: Reports to the OEB through Reporting and Record-keeping Requirements (RRR) filing 2.1.16.

2.4.3.7. CHARITABLE DONATIONS

InnPower Corporation does not directly support charitable organizations, as it is not defendable for a utility owned by the Town of Innisfil to favor select charities. Instead, InnPower supports community partners and the industry through bursaries and corporate sponsorships. Any charitable donations made on behalf of InnPower are entirely employee funded.

2024 TO 2025 CHARITABLE DONATIONS (CORPORATE SPONSORSHIPS)

During the period 2024 to 2025, InnPower did not provide any corporate donations or charitable contributions.

POLITICAL DONATIONS

InnPower confirms that no political contributions have been included for recovery in distribution rates.

2.4.4. COSTS OF NON-WIRES SOLUTIONS AND CONSERVATION AND DEMAND MANAGEMENT

NON-WIRES SOLUTIONS (NWS)

InnPower has not proposed any Non-Wires Solutions (NWS) to address system needs during the test period. Accordingly, no NWS-related capital or OM&A costs have been included in the revenue requirement.

LOCAL INITIATIVES PROGRAM (LIP)

InnPower is not participating in the IESO's Local Initiatives Program (LIP) and has no forecast LIP partnership costs during the test period. As such, no LIP-related costs have been included in the revenue requirement.

ENHANCED DEMAND-SIDE MANAGEMENT (eDSM)

InnPower confirms that no costs associated with supporting IESO programs funded under the provincial Enhanced Demand-Side Management (eDSM) Framework have been included in the revenue requirement. Consistent with the OEB's Filing Requirements, funding for these programs is provided through the Global Adjustment mechanism rather than distribution rates.

2.4.5. List of Appendices

1. Appendix 1 InnPower's Collective Agreement
2. Appendix 2 InnPower's Purchasing Policy

Appendix 1 InnPower's Collective Agreement

Appendix 2 InnPower's Purchasing Policy

COLLECTIVE AGREEMENT

between

INNPOWER CORPORATION

and

POWER WORKERS' UNION
C.U.P.E. LOCAL 1000, INNISFIL

July 1, 2026 to June 30, 2029

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COLLECTIVE AGREEMENT

Between

INNPOWER CORPORATION
(hereinafter referred to as the "Company")

and

POWER WORKERS' UNION, C.U.P.E. LOCAL 1000
(hereinafter referred to as the "Union")

ARTICLE 1 - PURPOSE

1.01 The purpose of this agreement is to maintain **a** harmonious relationship between the Company and its employees and to provide an orderly and amicable method of settling any differences or grievances which arise.

ARTICLE 2 - UNION RECOGNITION AND SECURITY

2.01 The Company agrees to recognize the Union as the sole bargaining agent for all employees of the Company, save and except Supervisor, Engineers, those above the rank of Foreperson and Supervisor, persons regularly employed for not more than 24 hours per week, and students.

2.02 The Company shall submit bargaining unit members' dues to the Union on a monthly basis. The Company will also supply a current list of all bargaining unit members including their employee number, start date and job classification/occupation code as well as home contact information (address, phone number and email address) on a monthly basis electronically.

2.03 In consideration of the deduction and forwarding service by the Company, the Union agrees to indemnify and save the Company harmless against any claim or liability arising out of or resulting from the collection and forwarding of these dues.

ARTICLE 3 – DEFINITIONS

3.01 Whenever the singular or masculine is used in this agreement, it shall be considered as if the plural or feminine has been used where the context so requires.

ARTICLE 4 - NO DISCRIMINATION

4.01 The Company and the Union agree that there shall be no discrimination exercised or practiced with respect to an employee by reason of membership or non membership in the Union. Any employee who feels that they have suffered discrimination shall have the right to seek redress in accordance with the Grievance and Arbitration Procedure, and legislative Acts and Procedures.

ARTICLE 5 - MANAGEMENT RIGHTS

5.01 The Union agrees that the Company has the exclusive right to manage its affairs including but without restricting the foregoing, the right to direct the staff and hire, promote, transfer, layoff, suspend, discharge or discipline employees for just cause, subject always to the employee's right to lodge a grievance.

ARTICLE 6 - NO STRIKE - NO LOCKOUT

6.01 The Union agrees it will not counsel or authorize any strike during the lifetime of this Agreement and the Company agrees that there will be no lockout of Employees during the term of the agreement. The terms “strike” and “lockout” as used above will be defined in accordance with the definitions set out in the Labour Relations Act of the Province of Ontario.

ARTICLE 7 - SENIORITY

7.01 Seniority shall be defined as the length of continuous service a regular employee and/or regular part time (on a pro-rated basis) employee has established with the Company from the last date the employee entered the employ of the Company. The Company shall post a seniority list on a bulletin board semi-annually. A copy of the seniority list will be sent to the Principal Steward.

7.02 An employee shall lose their seniority and shall cease to be an employee of the Company if an employee:

1) terminates voluntarily;
2) is discharged and not reinstated;
3) retires;
4) is absent from work for three (3) or more days without permission unless the employee provides the Company with documented evidence, judged by the Company to be unavoidable reasons for not reporting for work;
5) is laid off for a period of twelve (12) or more months;
6) fails to report to work after a layoff within four (4) working days of recall, notice of which has been mailed by registered mail to the last address the employee has reported to Management;
7) is absent from work because of non-occupational illness or injury providing the employee's Short Term Income Protection Plan's 119 days has elapsed and a further twelve (12) months has elapsed;
8) is absent from work because of occupational illness or injury covered by the Workplace Safety and Insurance Board for twenty-four (24) or more months;

9) is permanently disabled and unable to work for the Company in a job classification in which there is a job available and the Company has tried to find other work for them.

ARTICLE 8 - EMPLOYEE CATEGORIES

8.01 Regular employees are persons who have successfully completed the probationary period and have been granted regular status with the Company.

8.02 A probationary employee is a person hired on a trial basis for six (6) months, during which time they shall not be subject to the terms of this agreement, except in the wage rate classification or where clauses specifically refer to probationary employees therein. Employees retained past the six (6) months shall be deemed satisfactory and placed on the seniority list and credited with seniority from the date last hired. Upon written agreement by the Union and the Company, the probationary period may be extended up to three (3) months.

8.03 Regular part-time employees are persons who work more than 24 hours and less than 40 hours per week.

8.04 The Company will provide seven (7) days prior written notification to the Union of a change to an employee's category.

8.05 The Company and Union agree that temporary employment is permitted within this Collective Agreement. The Company will notify the Principal Steward when a temporary employee is utilized for a position. The temporary employment shall not exceed **eighteen (18)** months. Temporary employees will not be hired for more than **eighteen (18)** months in a twenty-four (24) month period, unless mutually agreed upon. No position after **eighteen (18)** months will be deemed temporary and the temporary employee will be reclassified as a regular employee unless mutually agreed upon. In the event that temporary employees become regular through a job posting (without a break in employment), such temporary time will be credited to their seniority. Temporary employees will be covered by the Collective Agreement with the exception of Articles 13 and 16. Temporary employees will not be hired into positions where regular employees can be stepped up.

When an Employee is relieving for a maternity/parental/adoption leave, the employee will be considered temporary for up to and including the duration of that particular leave.

The temporary employee will be entitled to 4% vacation pay or equivalent time off, as mutually agreed.

The position will be subject to union dues.

ARTICLE 9 - GRIEVANCE PROCEDURES

9.01 a) Any difference of opinion regarding the interpretation, application, administration or alleged violation of the terms of this Agreement shall be considered a fit matter for the grievance process

b) The parties acknowledge that in the interests of promoting good working relationships, the above-mentioned differences should be dealt with and settled at the earliest possible stage. The employee will seek to resolve the issue with their first line of supervision (and Principal Steward/Steward if requested) prior to invoking the aforementioned formal process. Failing resolution after five (5) working days regarding the issue, Step 1 of the grievance process will be applied.

c) Grievances shall be in writing for all steps and must cite the grievous act or, specific provision(s) of the agreement, which is claimed to have been violated and the redress sought, with a copy to the Manager of Human Resources. Grievances must be filed by the employee, with the assistance of Union or Principal Steward (or delegate) within fifteen (15) working days of the alleged violation and shall be dealt with in the steps outlined below. The time limit set out for the processing of grievances shall be observed strictly by the parties except in the case of mutual agreement to alter the time limits of the grievance procedure.

<u>Step 1</u>

The employee, with assistance of a Principal Steward (or delegate), shall take the grievance up with the first line of supervision. Management shall respond in writing, on or with the grievance document within five (5) working days. The Principal Steward (or delegate) will advise Management in writing within five (5) working days as to the reason(s) why a written settlement offer has been declined. Failing settlement at this stage, the Principal Steward (or delegate) may immediately proceed to Step 2 within an additional five (5) working days.

<u>Step 2</u>

The employee, with the assistance of a Principal Steward (or delegate), may then take the matter up with the next level of supervision within five (5) working days, at which time any or all the people concerned may be present. Failing settlement at this stage, the Principal Steward (or delegate) may immediately proceed to Step 3 within an additional five (5) working days.

<u>Step 3</u>

The employee, with the assistance of a Principal Steward (or delegate), may then take the matter up with the Manager of Human Resources within five (5) working days, at which time any or all the people concerned may be present. Failing settlement at this level within twenty (20) working days, the matter may then be referred to arbitration, as provided in Article 10 of this agreement.

9.02 All policy grievances will start at Step 3 of the grievance procedure and will start at the Manager of Human Resources.

9.03 All written warnings and disciplinary letters shall not be relied upon or referred to after twenty-four (24) months of the last recorded disciplinary action, unless a lesser time is agreed upon between the parties. Remove all disciplinary letters after twenty-four (24) months of occurrence.

ARTICLE 10 - ARBITRATION

10.01 It is agreed by the parties hereto that any difference of opinion relating to the interpretation, application, administration or alleged violation of this agreement which cannot be settled after exhausting the grievance procedure, will be settled by arbitration, as defined in the Ontario Labour Relations Act. No Board of Arbitration shall have the power to alter or change any of the provisions of this agreement or to substitute any new provisions for any existing provision or to provide a decision, which is inconsistent with any terms or provision of this agreement.

10.02 Each party to this agreement will bear the expenses and fee of its arbitrator and the parties will share equally the expenses and fee of the Chairperson.

10.03 Where mutually agreeable a sole arbitrator may be used in place of a Board of Arbitration.

ARTICLE 11 - COMMITTEES AND STEWARDS

11.01 The Company acknowledges the right of the Union to appoint or otherwise select regular employees to committees and stewards in accordance with the section of this Article. The Union shall advise the Company of the names of personnel serving on these committees and as stewards it being agreed to limit stewards to **four (4)**.

11.02 It is acknowledged by the Union that stewards and committee members have regular duties to perform on behalf of the Company, and that such persons will not absent themselves from their duties without the express permission of the Supervisor concerned. Such permission will not be unreasonably withheld.

11.03 The steward will be provided with a locking file cabinet on the Company property.

11.04 The Union and Management recognize that effective Labour Relations depend on cooperation and open communication within the parties. Regular scheduled meetings of the Labour Relations Committee will be held quarterly, if required, a time mutually agreeable to the Union and the Corporation. An agenda outlining the matters for discussion will be submitted by each party to the other not less than seven (7) days prior to the scheduled meeting. The Labour Relations Committee will consist of the Principal Steward and the Union Staff Officer or designate and may bring one (1) subject matter expert to the meeting. Minutes of the meeting will be distributed ten (10) working days after the meeting to the Principal Steward.

ARTICLE 12 - JOB POSTING, LAYOFFS AND RECALLS

12.01 When vacancies occur or new positions in the bargaining unit are created, these positions will be sent electronically to all regular employees via corporate email and posted on a bulletin board accessible to all regular employees for a period of seven (7) working days, during which time present regular employees will have opportunity to apply before external candidates are considered.

In all appointments/promotions, Management shall give preference to the employee having the best skill, qualifications and ability to perform the job. In the event that skill, qualifications and ability to perform the job are equal, regular full-time bargaining unit seniority shall govern.

12.02. In the event of lay-off, the Company will notify the Union of the job classifications to be laid off at least twenty (20) working days before the effective date of the lay-off, to discuss alternative measures to avoid the lay-off.

12.03 Prior to a lay-off of regular and regular part-time employees in the bargaining unit, all students, temporary employees and contractors within that classification shall be laid off first.

12.04 In the event that it is necessary to reduce employees, the Company agrees that regular and regular part-time employees shall be laid off by job classification and level within the bargaining unit in the reverse order of seniority provided that qualified employees remain to perform the work available.

12.05 Regular and regular part-time employees laid off may exercise their bumping rights providing they are bumping a regular employee with less seniority and they possess the skill, qualifications and ability to perform the job. When bumping into a lower job classification, the rate of pay shall be the highest for that job classification but not greater than the employee's current rate of pay. Regular and regular part-time employees laid off may displace a student, temporary employee or contractor in any job classification providing they possess the skill, qualifications and ability to perform the job.

12.06 If a senior employee previously held a regular (excluding relief or temporary) position of an employee who has lesser bargaining unit seniority in a higher classification, the senior employee will bump the less senior employee, in event of a layoff.

12.07 Regular and regular part-time employees shall be recalled in the reverse order of seniority in which they were laid off provided they possess the skills, qualifications and ability to perform the job available. The Corporation will send notice by registered mail to the last known address, which the employee has filed with the Corporation.

12.08 No regular employee will be laid off as a result of the use of contractors.

12.09 For the purpose of lay-off, Union Stewards shall be given 1 additional year of service.

12.10 No employee will be laid off or have their normal earnings or working hours reduced as a result of technological change and employees who change job classification as a result of the technological change shall be green circled. For clarity, green circling means that employees retain their wage rate and also continue to receive the benefit of all increases to their wage rate (e.g., general wage increases). Changes to employee job classifications will be done on the basis of seniority, subject to qualifications and employer provided training. The union and management both agree to re-training as required.

ARTICLE 13 - SICK LEAVE

13.01 A regular employee and the probationary employee who has completed three months continuous employment, while absent on sick leave, will receive compensation from the Company for all normal working days in accordance with the approved Short Term Income Protection Plan, appended hereto as Schedule "B" to this agreement.

13.02 The Company agrees to pay on behalf of regular employees and regular part-time employees 100% of a Long Term Income Protection Plan, appended hereto as Schedule "C" to this agreement.

13.03 It is recognized and agreed that additional benefits granted by the Company in settlement of this current agreement satisfy the requirements of the refund provision of the rebate section of the Employment Insurance Sick Leave legislation.

ARTICLE 14 - WORKERS' COMPENSATION PAYMENTS

14.01 Payments under the Workers' Compensation Act will be made according to the provisions set out within that Act. Pending the decision of the Workplace Safety and Insurance Board regarding the legitimacy of a claim, an amount equal to an employee's normal earnings be advanced at **their** current level of sick leave.

ARTICLE 15 - LEAVE OF ABSENCE

15.01 Bereavement Leave

A regular employee will be allowed a maximum of five (5) days off when a death of a father, mother, sister, brother, spouse/partner, son, daughter, step parent. A regular rate of pay will be maintained.

A regular employee will be allowed a maximum of three (3) days off when a death occurs of a father-in-law, mother-in-law, sister-in-law, brother-in-law, daughter-in-law, son-in-law, grandparent, grandchild, step brother, step sister, step son, step daughter or other relative living with the employee.

In addition, one (1) day bereavement leave will be granted in the death of an aunt or uncle, niece or nephew. If requested by the Corporation the employee shall provide proof of death.

Note: The Company will consider request for additional time off under extenuating circumstances.

15.02 Union Business

Subject to workload, leave of absence without pay may be granted to persons delegated to represent the membership on union business.

15.03 Maternity, Parental Leave and Adoption Leave
Pregnancy, Adoption, and Parental Leave will be administered subject to the terms and in accordance to the Employment Standards Act.

In addition, the employee on pregnancy leave, who has been employed in a full-time permanent position with the Company for a minimum of one year, continues to accrue seniority and vacation credits. The Company shall continue extended health and dental coverage as per Article 16.

During the absence, the employee shall be eligible for job postings.

15.04 Jury or Witness

Leave of absence with pay without loss of seniority benefits will be granted to an employee who serves as a juror or witness in the Province of Ontario. The Company shall pay such an employee the difference between normal earnings and the payment received for jury service or court witness, excluding payment for travelling, meals, or other expenses. The employee will present proof of service and proof of the amount received, satisfactory to the Company.

15.05 Dependent Care

An employee shall be granted up to two (2) working days per contract year to care for ill dependents. The employee shall notify their Department as close as possible to the start of the work day of the need to be absent. Such leave will be charged against the employee's accumulated sick credit. Employees will be allowed to use half (1/2) days dependent care if they require four (4) hours or less. An employee will be charged one (1) sick occurrence, from the existing four (4) occurrences, when the one (1) day has been utilized.

15.06 Education

An Employee will be granted up to three (3) paid hours off during the employee's regular working day for testing related to approved/budgeted Company courses at a post-secondary College/University.

ARTICLE 16 - BENEFITS

16.01 As a condition of employment every regular employee shall join the benefit plans stated, either as single or family coverage. Every probationary employee, as a condition of employment, who has completed three months continuous employment, shall join the benefit plans stated, either as single or family coverage, unless otherwise stated. A married employee whose spouse is employed elsewhere may elect not to participate, subject to signing the appropriate waiver. The benefits provided under these conditions will be in accordance with and subject to the terms and conditions of the contract entered into by the Company with the respective insuring agency. The Company may negotiate the terms and conditions and/or select plan carriers for any of the benefits, provided however that the benefits and coverage are basically the same on the understanding there must be mutual agreement from the Union.

16.02 The Company agrees to pay one hundred percent (100%) of the cost and maintain coverage for a benefits plan that provides for Extended Health Care, Hospitalization, Dental and Life Insurance. The Company and the Union shall meet within thirty (30) days of ratification to review the Benefits booklet, the provisions of which form part of the Collective Agreement. The Company shall make copies of the Benefits booklet available to all employees.

16.03 The Company reserves the right to change benefit carriers providing the level and continuity of each benefit is not reduced. The Company shall provide the Union with thirty (30) days written notice of their intent to change carriers.

16.04 For benefit items which may be eligible for coverage under the Assistive Devices Program, as well as the Company's Health Plan, employees can claim the difference between what they actually pay and the amount reimbursed by the government agency.

16.05 Temporary employees are not entitled to benefits under this Article.

16.06 In addition to the Canada Pension Plan, every eligible employee, effective the date of commencement of employment shall join the basic O.M.E.R.S. Pension Plan in accordance with the provisions of the plan.

16.07 The Company shall provide E.I., W.S.I.B., and E.H.T. coverage to all regular and probationary employees in accordance with the provisions of the respective Acts and Regulations and Collective Agreement.

16.08 The Company agrees to pay fifty percent (50%) of the cost and maintain coverage for a benefits plan that provides for Extended Health Care, Hospitalization, Dental and Life Insurance for early retirees from age 55 to 65 who have a minimum of 15 years of service with InnPower.

ARTICLE 17 - ANNUAL VACATIONS AND PAID HOLIDAYS

17.01 Vacation schedules must be mutually agreed upon between the Company and the employees. Vacation requests submitted by February 1st shall be granted on a seniority basis amongst employees within their department. Vacation requests submitted after February 1st will be granted on a first come first serve basis. Vacation credits shall be calculated on the basis of the employee's anniversary date. Employees will be allowed to use their vacation credits at any time within the calendar year of their anniversary date, with carryover allowed **to a maximum of one week, to be used by April 30th of the following year in which the vacation was earned.**

17.02 Management may, for purposes of granting vacation, permit a level of entitlement that reflects a new employee's experience in other organizations. This will have no change in regards to item 7.01 – Seniority.

Employees with 1 year and less than 3 years' service will receive two (2) weeks' vacation with pay.

Employees with 3 years and less than 5 years' service will receive three (3) weeks' vacation with pay.

Employees with 5 years' service will receive three (3) weeks plus one (1) day vacation with pay.

Employees with 6 years' service will receive three (3) weeks plus two (2) days' vacation with pay.

Employees with 7 years' service will receive three (3) weeks plus three (3) days' vacation with pay.

Employees with 8 years' service will receive three (3) weeks plus four (4) days' vacation with pay.

Employees with 9 years' service will receive four (4) weeks' vacation with pay.

Employees with 13 years' service will receive four (4) weeks plus one (1) day vacation with pay.

Employees with 14 years' service will receive four (4) weeks plus two (2) days' vacation with pay.

Employees with 15 years' service will receive five (5) weeks' vacation with pay.

Employees with 20 years' service will receive five (5) weeks plus one (1) day vacation with pay.

Employees with 23 years' service will receive five (5) weeks plus two (2) days' vacation with pay.

Employees with 24 years' service will receive five (5) weeks plus three (3) days' vacation with pay.

Employees with 25 years will receive six (6) weeks' vacation with pay.

Employees with 26 years' service will receive six (6) weeks plus one (1) day vacation with pay.

Employees with 27 years' service will receive six (6) weeks plus two (2) days' vacation with pay.

Employees with 28 years' service will receive six (6) weeks plus three (3) days' vacation with pay.

Employees with 29 years' service will receive six (6) weeks plus four (4) days' vacation with pay.

Employees with 30 years' service will receive six (6) weeks plus five (5) days' vacation with pay.

17.03 The following paid holidays are recognized as requiring time off with normal pay for all regular and probationary employees. When such holidays fall on a Saturday or Sunday, the holiday will be observed on the immediate preceding Friday or following Monday, as the Company may decide.

New Year's Day	Victoria Day	Thanksgiving Day
Family Day	Canada Day	Christmas Day
Good Friday	Civic Holiday	Boxing Day
Easter Monday	Labour Day	

17.04 Three floater days per calendar year will be provided to each regular employee, to be taken at a time mutually agreeable by the employee and management. In addition, all employees will receive 1 full paid day on the final work day prior to December 25 and 1/2 paid day on the final work day prior to January 1.

17.05 Vacation pay shall be based on the employee's regular classification. The employee's vacation pay will be reduced on a pro-rata basis when:

(1) on leave of absences without pay aggregating in excess of twenty (20) working days;
(2) laid off for temporary periods aggregating in excess of thirty (30) working days.

17.06 When, during their vacation, an employee is incapacitated due to an illness or injury and produces a medical doctor's certificate, they shall be entitled to take their vacation or part thereof at another time mutually agreed upon.

ARTICLE 18 - HOURS OF WORK AND OVERTIME RATES

18.01 The following hours of work shall be considered normal hours and paid at the standard rate as shown on Schedule "A".

Monday to Friday, 8 hours per day (five days per week, 40 hours per week) between the hours of 7:30 am and 6:00 p.m. with a minimum, unpaid, one-half hour for lunch.

All authorized work performed at other than normal hours will be considered overtime and paid at two times the employee's basic rate.

NOTE:
Overtime work, including public weekend events, will be offered first to regular full time employees within the department affected and will be equitably distributed amongst qualified employees. When additional internal support is required from outside the department, the Company will endeavor to distribute overtime in an equitable manner amongst regular full time employees.

18.02 Hours of work arrangements other than those noted above may be developed and implemented providing the following principles are adhered to:

a) Such schedules will be established by mutual agreement between Management and the Principal Steward or delegate.
b) Operational effectiveness will be maintained.
c) Either party may cancel such arrangements with thirty (30) days' notice.

Such arrangements may include flexible hours, summer hours, compressed work week.

18.03 Employees will have the option to bank their overtime at the appropriate premium rate to a maximum of eighty (80) hours per year. Employees may carryover the balance of their hours that must be used by June 30 of the following year or shall be paid out based on year earned.

ARTICLE 19 - OVERTIME MEAL PER DIEM

19.01 An employee shall be entitled to an overtime meal per diem when the employee is required to work more than 2 hours overtime **continuously** after a regular shift, where a suitable meal cannot be provided to the employee.

If a suitable meal cannot be provided the employee shall receive a per diem of $23.00. If an employee is called out to work extended periods of overtime on Saturday, Sunday or statutory holidays, without forewarning (i.e. unplanned), the Company will provide the employee with an appropriate meal on approximately a four hour interval basis. If forewarned (i.e. planned), the employee shall carry or provide all meals. If an employee works beyond eight (8) planned overtime hours, the Company shall provide a meal after two (2) hours and on a four (4) hour interval basis.

19.02 It is recognized that between the hours of midnight and normal starting time, it may not be feasible for the Company to provide a meal, and the employee may not feel the need for one.

ARTICLE 20 - CLOTHING AND PERSONAL TOOLS

20.01 It is agreed by the Company that each employee who will be required to work outside, excluding delivery work, will be supplied with the following items that may only be used/worn while performing work for the Company:

(a) Work gloves, as required.

(b) The employee shall be reimbursed the cost of "Green Patch" CSA approved dielectric safety boots/shoes, acceptable to the Company, upon presentation of a bona fide receipt, up to a maximum of **$315.00** effective July 1, **2026**, **$325.00** effective July 1, **2027**, **$335.00** effective July 1, **2028**.

(c) Overalls to protect clothing when working under adverse conditions.

(d) A parka, acceptable to the Company, for the following: Engineering Technician, Engineering Technologist, Purchaser/Stockkeeper and GIS/AutoCAD Technician, **Geospatial Distribution System Technologist**, Meter Technician and Protection & Control Technologist. A replacement will be provided when previous parka is worn out and returned.

(e) Fire Retardant clothing which is required by law/regulation to be worn, will be supplied by the Company at no cost to the employee.

20.02 The Company shall supply, maintain and replace all tools and equipment necessary for employees to carry out their work duties. All tools are the Company's property and cannot be used for personal use. Employees will be required to exercise due care in the use and treatment of all tools and equipment whether issued to them personally, assigned to them, or used by them. Replacements will be provided on a return basis and for reasons satisfactory to management.

ARTICLE 21 – STANDBY

21.01 The Company agrees that when it requires an employee to be on standby, (available at a moment's notice) they will be paid **$50.00**, effective July 1, **2026,** per diem Monday to Friday. Employees will be paid **$55.00**, effective July 1, **2026,** per diem Saturday and Sunday. Employees will be paid **$65.00**, effective July 1, **2026,** for recognized paid holidays as per 17.03. On-Call will be offered to regular employees prior to contractors.

21.02 When an employee is called in for work outside of their normal working hours, the employee shall be provided with a minimum payment two (2) hours' pay at the appropriate premium rate or the actual time worked at the appropriate premium rate whichever is the greater, except when a short call follows within two (2) hours of the completion of the previous call or if the call falls within the minimum payment of two (2) hours, in which case time shall be considered continuous from the start of the previous call. There shall be no minimum payment applicable to overtime worked as an extension either before or after an employee's normal daily hours.

ARTICLE 22 - WAGE RATES AND JOB CLASSIFICATIONS

22.01 Rates of pay ranges and job classifications shall be as shown on Schedule "A" attached to and forming part of this Collective Agreement.

ARTICLE 23 - RELIEF PAY

When an employee is assigned by a Supervisory role to perform the duties of a higher classification (Union position), they shall receive **that rate of pay or** eight percent (8%) of their current rate**, whichever is higher**. When an employee is relieving in a non-union position, they shall receive fifteen (15%) of their current rate. When a non-union position is filled for more than **twelve (12)** months the Principal Steward must be notified and a bona fide reason must be given to extend the term past the **twelve (12)** month duration.

ARTICLE 24 - COPIES OF AGREEMENT

24.01 The Company shall have printed sufficient copies of the Collective Agreement within thirty (30) days of signing.

ARTICLE 25 - TERMINATION AND AMENDMENT

25.01 This agreement shall remain in force for a period of **three (3)** year(s) from July 1, **2026** to June 30, **2029** and shall continue in force from year to year thereafter unless in any year not more than ninety (90) days and not less than before its termination date, either party shall furnish the other with notice of a desire to terminate or amend this agreement. The parties agree to meet a minimum of two (2) weeks in advance of the scheduled negotiation commencement date to exchange agendas unless otherwise mutually agreed.

ARTICLE 26 - SUCCESSOR RIGHTS

The parties agree that Section 69 of the Labour Relations Act 1995 is incorporated into this collective agreement as it read on the date of June 6, 2003. Should the Company merge, amalgamate or combine with another organization the Company agrees to advise The Union. The representation rights and collective agreement in respect to the new organizations' members and the status quo of the Power Workers' Union (CUPE local 1000 – C.L.C.) members shall be maintained until the final determination is made under the Labour Relations Act of Ontario or any successor organization as to the proper representation of the combined group.

ARTICLE 27 – MID-TERM AGREEMENTS

Working conditions during the term of this Agreement shall be outlined in this Agreement and any Mid-Term Agreements.*

*A Mid-Term is a modification of the Collective Agreement executed by the parties in the following format during the term of the Collective Agreement.

Mid-Term Agreement

Title __________________

Number ________________

Date __________________

It is jointly agreed that the following Mid-Term shall form part of the Collective Agreement between the parties.

______________________	______________________
InnPower Corporation	Power Workers' Union

ARTICLE 28 - JOB EVALUATION PLAN

The Job Evaluation Plan and Maintenance Manual shall form part of the Collective Agreement.

SIGNED THIS **25** DAY OF **MAY** , **2026**

James Middleton	**Danny Persaud**
Power Workers' Union	InnPower Corporation
Vice President, Sector 4	President & CEO

SCHEDULE "A"

Market Value Adjustment (MVA):

Title	**July 1, 2025 Wage Rates**	**July 1, 2026 MVA (Prior to General Wage Increase)**
Band A	$29.86	$29.86
Band B	$33.67	$33.67
Stockkeeper	$35.00	$35.00
Purchaser/Stockkeeper	$36.44	$37.94
Accounting Clerk	$37.90	$38.90
Computer User Support Technician	$37.90	$37.90
Customer Engagement Representative	$37.90	$38.90
Customer Service Representative	$37.90	$38.90
Infrastructure Coordinator	$37.90	$37.90
Information Systems Analyst	$39.39	$39.39
Financial Analyst	$40.99	$41.99
GIS/AutoCAD Technician	$42.63	$42.63
Engineering Technician	$42.63	$42.63
Engineering Technologist	$50.45	$53.95
Geospatial Distribution System Technologist	$50.45	$53.95
Meter Technician	$50.45	$52.45
Network Administrator	$50.45	$50.45
Powerline Technician Journeyperson	$50.45	$52.45
Protection & Control Technologist	$50.45	$53.95

The Union agrees that the receipt of an MVA by employees in designated classifications shall not form the basis of a claim, grievance, or arbitration by employees in any other classification that they are entitled to an equivalent or proportional adjustment on the basis of internal equity, relativity, or comparable worth.

Effective July 1, **2026**, a general wage increase of **3.75%** for all PWU members.
Effective July 1, **2027**, a general wage increase of **3.25%** for all PWU members.
Effective July 1, **2028**, a general wage increase of **3.00%** for all PWU members

See wage schedule on next page.

Wage Schedule:

Title	July 1, 2026	July 1, 2027	July 1, 2028
Band A	$30.98	$31.99	$32.95
Band B	$34.93	$36.07	$37.15
Stockkeeper	$36.31	$37.49	$38.62
Purchaser/Stockkeeper	$39.36	$40.64	$41.86
Computer User Support Technician	$39.32	$40.60	$41.82
Infrastructure Coordinator	$39.32	$40.60	$41.82
Accounting Clerk	$40.36	$41.67	$42.92
Customer Engagement Representative	$40.36	$41.67	$42.92
Customer Service Representative	$40.36	$41.67	$42.92
Information Systems Analyst	$40.87	$42.20	$43.46
Financial Analyst	$43.56	$44.98	$46.33
GIS/AutoCAD Technician	$44.23	$45.67	$47.04
Engineering Technician	$44.23	$45.67	$47.04
Network Administrator	$52.34	$54.04	$55.66
Meter Technician	$54.42	$56.19	$57.87
Powerline Technician Journeyperson	$54.42	$56.19	$57.87
Engineering Technologist	$55.97	$57.79	$59.53
Geospatial Distribution System Technologist	$55.97	$57.79	$59.53
Protection & Control Technologist	$55.97	$57.79	$59.53

Any licenses or C of Q's that are required by the Company for tradespeople will be reimbursed by the company including renewal costs.

8% increase to Team Lead for non-foreman linesman (powerline technician) responsible for job planning on service truck or as trouble 1 after hours

Any employee who applies for a lower job classification will be compensated at 100% of the lower job classification rate.

Employees moving to higher paid positions will have their rate adjusted to the closest percentage noted above with no reduction in wages.

Progressions are not automatic and are subject to a satisfactory performance appraisal.

New Employees

Progression Steps – Non-Trades

Progression through steps: 85% start, 90% after 6 months, 95% after 12 months, 100% after 24 months.

If an employee is hired at 90%, the employee will be progressed to 95% after six months and 100% after 18 months. If an employee is hired at 95% they will be progressed to 100% after 12 months.

Progression Steps – Trades

Team Lead	108
P&C Technologist	100 (8,000 hours + Level 2 Completed)
	90 (6,000 hours + Level 2 Completed)
	80 (4,000 hours + Level 2 Completed)
	70 (2,000 hours + Level 1 Completed)
Starting Rate	60
Meter Technician Journeyperson	100 (8,000 hours + Level 3 Completed)
	90 (6,000 hours + Level 3 Completed)
	80 (4,000 hours + Level 2 Completed)
	70 (2,000 hours + Level 1 Completed)
Starting Rate	60
Powerline Technician Journeyperson	100 (8,000 hours + Level 4 Completed)
	90 (6,000 hours + Level 3 Completed)
	80 (4,000 hours + Level 2 Completed)
	70 (2,000 hours + Level 1 Completed)
Starting Rate	60

Management will implement a permanent lead hand position for the service crew.

Progressions are not automatic to the Journeyperson level but are based on the successful completion of 8000 hours of service, the successful completion of MEARIE/Infrastructure Health & Safety Association training programs and the Issuance of a Journeyperson Certificate of Qualification (C of Q). On successful completion of the C of Q employees will receive the Journeyperson rate retroactive to the date the employee was eligible to write the **C of Q** exam (maximum 90 days retro pay). **Retro pay may be extended at management's discretion subject to application processing delays from Skilled Trades Ontario.**

Employees who are hired as apprentices shall be given credit for all related apprentice hours worked for placement in the progression schedule.

SCHEDULE "B"
SHORT TERM INCOME PROTECTION

1. General

The following plan is designed to provide the regular employee and the probationary employee who has completed six months continuous employment with an income if they cannot perform their normal duties due to illness or injury during a short term disability. This plan does not duplicate or replace any Workers' Compensation benefits. Any reference to employee(s) in this schedule means regular employee(s).

2. Short Term Disability Defined

A period of disability resulting from illness or injury, including but not limited to mental, emotional, nervous disorders, alcoholism, or drug addiction, as determined by a legally qualified medical practitioner, which prevents an employee from attending their regular work and which extends for a period of not more than 119 days.

3. Seniority of Service

Service for all employees, for the purpose of this plan, shall mean completed years of full time continuous service with InnPower.

4. Short Term Income Protection Plan

Employees shall be paid for a non-occupational accidental injury or absence due to illness.

Any absence of four hours or more on a scheduled working day shall constitute an "occasion" for which the employee shall be paid according to the following:

a) from the first day of absence for the first four (4) occasions of absence in a calendar year; and

b) from the second day of the fifth (5th) occasion of absence in a calendar year; and

c) from the third day of the sixth (6th) occasion of absence in a calendar year; and

d) from the fourth day of the seventh (7th) and subsequent occasions of absence in a calendar year.

Successive absences due to the same or a related cause shall be considered as one continuous occasion of disability, unless separated by return to active employment for a period of two months. A disability due to a different cause shall be considered a new occasion, even if the disability occurs within a two month period.

A certificate from a legally qualified medical practitioner shall be required for each period of absence lasting four (4) or more consecutive days.

5. Wage Rate Determination

For the purposes of this plan, a week's pay shall be the normal regular hours worked per week, in effect at the time of the occurrence. Length of service will be established based on the time of the occurrence.

Short term coverage shall apply to disabilities lasting up to 119 days and pay shall be continued in accordance with the following schedule:

Length of Service	100% of Salary first	70% of Salary balance
Less than one year	2 weeks	15 weeks
1 year, but less than 2	3	14
2 years, but less than 3	4	13
3 years, but less than 4	5	12
4 years, but less than 5	6	11
5 years, but less than 6	7	10
6 years, but less than 7	8	9
7 years, but less than 8	9	8
8 years, but less than 9	10	7
9 years, but less than 10	12	5
10 years, but less than 11	14	3
over 11 years	17	0

6. Termination of Short Term Income Protection

An employee shall be paid while he is disabled until the earlier of:

i. the employee returns to work; or
ii. the employee retires, either at the normal retirement age or opts to retire early; or
iii. the employee exhausts their entitlement under the plan; or
iv. the employee dies; or
v. the employee resigns

7. Exclusions

No benefit shall be payable during an approved non-paid leave of absence.

No benefit shall be payable during a period of pregnancy leave of absence to which an employee is entitled under the Employment Standards Act, or during any such longer period of pregnancy leave for which the employee has applied and has been approved by the employer.

Short term disability payments shall be offset by any other disability benefits payable to the employee.

An employee who is engaged in other employment and is receiving remuneration for their services, apart from their employment with InnPower, is not entitled to any benefits under the provisions of the Short Term Income Protection Plan for any occupational injury or sickness sustained during such periods of employment.

An employee who is receiving benefits under the provisions of the Short Term Income Protection Plan shall not engage in other employment and receive remuneration for their services, apart from their employment with InnPower.

Short term disability benefits shall not be paid for periods of absence from work for which an employee receives vacation pay, except as stated in Section 16.06 of the Collective Agreement.

Disability benefits shall not be paid for those days for which an employee is eligible for and receives holiday pay.

8. Benefits and Pension

The employer shall continue to pay its portion of the premiums of benefits including dental, extended health, life insurance, etc., and any other applicable benefits, except where otherwise stated. When required payroll deductions for benefit purposes shall continue to be made from the disability pay.

SCHEDULE "C"
LONG TERM INCOME PROTECTION

1. General

The Company agrees to pay on behalf of eligible regular employees and regular part-time employees 100% of a long term disability plan. Any reference in this schedule to employee(s) means regular employee(s).

2. Provisions

Long term disability (LTD) benefits shall be effective after 119 days of disability. LTD benefits shall be 66.7% of an employee's monthly earnings at the time of the occurrence. The medical non-evidence limit shall be $3,100.00. Maximum monthly payment of $4,000.00. Benefit terminates at age 65, or earlier retirement. Full Canada Pension Plan offset for primary benefits only. Definition of disability is two years of own occupation.

3. Details

The details of the plan are provided in a separate document, which would take precedence over anything mentioned above.

LETTER OF UNDERSTANDING #1

BENEFITS FOR ACTIVE EMPLOYEES BEYOND AGE 65

It is jointly agreed that the following Letter of Understanding shall form part of the Collective Agreement dated July 1, **2026** to June 30, **2029,** between the parties:

Benefits for Active Employees beyond Age 65

InnPower will not eliminate or reduce any Health & Dental benefit coverage for active employees who work beyond age 65 up to age 70, understanding that the life insurance and AD&D will be reduced to 50% once the employee reaches age 65. All other benefits/insurance coverage will be in accordance with the current benefit plan.

The employee will utilize any Government supplied benefit (example: Ontario Drug Benefit) prior to submitting a benefit claim to the carrier for InnPower.

______________________________ InnPower Corporation

______________________________ Power Workers' Union

July 21, 2026
Date

LETTER OF UNDERSTANDING #2

REST PERIODS IN REGARDS TO OVERTIME WORK

It is jointly agreed that the following Letter of Understanding shall form part of the Collective Agreement dated July 1, **2026 t**o June 30, **2029** between the parties:

The Rest Periods in Regards to Overtime Work applies to all members of InnPower's workplace community: employees (full-time, part-time, temporary). All participants in InnPower's workplace community are accountable for complying with the following:

1. **Subject to #4, d**uring a regular work week, hours worked between **23:30** hours and **07:30** hours will receive the equivalent time plus one hour off as a paid rest period. If the overtime work is completed before 06:00 hours, the rest period will be taken at the beginning of the normal work day. If the overtime work is completed after 06:00 hours, the rest period will be taken at the end of the normal work day. *

2. During a regular work week, hours worked in excess of five (5) hours between **23:30** hours and normal start time will receive a full day off as a paid rest period. *

3. Should the employee be **requested** to work during a rest period, the employee will be paid at a **premium** rate.

4. **Employees called to work on or after 06:00 hours are paid premium time and a rest period is not applicable.**

* A paid rest period only qualifies for those regular hours the employee would have otherwise worked. Any hours the rest period falls outside of regular working hours will not be paid. The **Supervisor** shall be informed of any pending rest periods before time is taken off. Any rest period alterations shall be approved by the **Supervisor**.

InnPower Corporation

Power Workers' Union

July 21, 2026
Date

LETTER OF UNDERSTANDING #3

Between

InnPower Corporation

And

Power Workers' Union
CUPE Local 1000

Re: Paid Lunches for Line Staff

Without prejudice or precedence, the Company and Union agree to provide paid lunches for line staff, as outlined below.

Where there is a productive advantage demonstrated and line staff are required to remain at a job site for the lunch period, the job site will not be dismantled, and line staff will be provided with a 30-minute paid lunch.

Management overseeing operations staff reserves the right to deem work as authorized or unauthorized for paid lunches, within reason and fairness to both parties.

Under no circumstances will InnPower Head Office at 7251 Yonge Street, Innisfil be considered a job site.

When a paid lunch is applicable, the normal hours of work shall be 7:30 am – 3:30 pm. When a paid lunch is not applicable (e.g. training, inclement weather), the hours of work shall be from 7:30 am – 4:00 pm.

Either party may, with one month's notice, opt to terminate this letter of understanding.

InnPower Corporation

Power Workers' Union

July 21, 2026
Date

LETTER OF UNDERSTANDING #4

EFFICIENCY COMMITTEE

It is jointly agreed that the Management of InnPower Corporation and members of the Power Workers' Union will co-operate on ways to improve the efficiency and reduce the costs of operations at InnPower Corporation.

A group of three Management staff selected by the Corporation and three Union staff selected by the Power Workers' Union, from various departments, will meet quarterly to consider suggestions from staff on ways to improve operations. They will report their findings to the President.

It is not the intent of the Efficiency Committee to limit management's authority, nor is the intent to interfere with union rights by legislation or collective agreements. It should be noted that formal grievances shall not be introduced at this committee since the manner in which grievances are to be processed is prescribed in the collective agreement.

While consultation does not involve mutual decision-making or formal agreement, it does imply that management should take into account the views and suggestions advanced by union representatives.

InnPower Corporation

Power Workers' Union

July 21, 2026
Date

LETTER OF UNDERSTANDING #5

Job Descriptions, Job Mapping & Job Classifications

The Company and Union agree to meet within twelve (12) months of ratification of the Collective Agreement to finalize all job descriptions, job mapping and job classifications.

Once the job description, job mapping and job classification processes are completed, the Company and the Union will meet to discuss pay equity review. A finalized pay equity review will be completed within six (6) months of this meeting. The pay equity review will be facilitated by a third party.

By October 1, **2026,** all evaluations and reviews will be completed.

It is agreed that any resulting wage increases will be retroactive to the date of the start of the pay equity review. Any changes that would result in a wage decrease will not affect employees that exist at the date of this Letter of Understanding.

A group of two (2) Management staff selected by the Company and the Principal Steward and the Job Classification Staff Officer will meet quarterly (if necessary) to discuss new positions, and any outstanding job classification issues.

InnPower Corporation

Power Workers' Union

July 21, 2026

Date

INNPOWER CORPORATION
CORPORATE POLICY

Policy Number: **CP-20-05**	Revisions: 2
Title: **Purchasing Policy**	Revision Number: 2
Resolution Number: **20-119**	Resolution Number: 25-25
Date: **June 9, 2025**	Previous Revision Dates: December 9, 2020 February 2, 2023 Current Revision Date: June 9, 2025
Issued By: Finance Department	Revisions Require Board Approval – 2 years 2025

1.0 POLICY

All employees shall obtain appropriate authorization and follow established procedures when purchasing goods or services in accordance with this corporate policy.

2.0 PURPOSE

This policy guides InnPower employees and the Board of Directors in the procurement process. All employees with purchasing authority shall comply with this policy to ensure procurement meets InnPower's needs efficiently, economically, and with fiscal responsibility.

3.0 SCOPE

This policy applies to all purchase of goods and services by InnPower employees or Board members using corporate funds, including operating, and capital procurement. Values noted do not include HST unless specified.

The Chief Financial Officer ("CFO") will oversee the policy's implementation, ensuring sound business practices with appropriate accountability and ethics.

4.0 EXCLUSIONS

This policy excludes non-discretionary system expansion capital purchases (i.e., *offer to connect* ("OTC") and *economic evaluations* etc.). The items noted have a separate review and approval requirement including review by the Manager of Regulatory, the COO of InnPower or designate, and the CFO of InnPower.

The policy also excludes any purchases associated with insurance claims or other purchases directed by a regulator or other applicable external authority.

4.0 RESPONSIBILITIES

4.1 All employees are responsible for:

a) Upholding legal, ethical, and professional standards in managing corporate resources.

b) Achieving the best value for money through quality, safety, productivity, and total cost considerations.

c) Following open, fair, and transparent procurement processes.

d) Ensuring the availability of approved funding before making purchases.

e) Seeking legal advice for non-standard contract clauses.

f) Securing authorization prior to purchases (except in emergencies).

g) Investigating potential goods or service providers before selecting them for exclusive contracts.

4.2 All Managers are responsible for:

a) Ensuring compliance with this policy.

b) Confirming approved funding is available before making purchases.

c) Delegating expense authorization appropriately.

d) Reviewing use of goods and services to ensure best value.

e) Retaining purchasing records for a minimum of seven years, or longer if required by InnPower's records retention policy.

f) Ensuring compliance with applicable trade agreements (e.g., CETA – Comprehensive European Trade Agreement (Canadian/European Union), CFTA – Canadian Free Trade Agreement).and other applicable laws or requirements such as USMCA, Tarriffs, or other requirements as applicable.

4.3 The CFO is responsible for:

a) Overseeing all purchasing contracts.

b) Ensuring that no payments are made without appropriate approved funding.

c) Providing training and documentation on the Purchasing Policy.

d) Addressing non-compliance issues and reporting them to the President & CEO.

4.4 The President & CEO is responsible for:

a) Ensuring all staff adhere to this policy and addressing any non-compliance brought to their attention.

4.5 The Purchasing Department is responsible for:

a) Overseeing the purchase, storage, and distribution of all goods required by InnPower.

b) Acting as an advisor to departments prior to the acquisition of goods and services, ensuring that the best interests of the Corporation are met.

c) Ensuring that purchasing practices are aligned with the Corporation’s long-term vision, goals, and objectives, while adhering to legal, ethical, non-biased, and professional standards.

d) Striving to continually lower costs while improving the quality of goods and services acquired.

e) Improving public relations with the vendor community and increasing value provided by suppliers.

f) Enhancing staff purchasing skills, including negotiating, public relations, legal contract execution, and cost reduction techniques, through the provision of relevant tools and training.

g) Improving processes to increase efficiency and effectiveness in the procurement process.

h) Maintaining a warehouse management system to operate and control inventory levels, ensuring the availability of goods for budgeted and current needs.

i) Referring vendors to technical departments when specialized technical information is required.

j) Ensuring that all inquiries regarding materials, prices, services, delivery, terms, and conditions are conducted through the Purchasing Department, maintaining centralized communication with vendors.

5.0 SEGREGATION OF DUTIES

All procurement shall have a segregation of duties for the following functional procurement roles: Requisitioning, Commitment, Receipt, and Payment. Responsibilities for these roles shall lie with different departments, or at a minimum with different individuals.

6.0 DEFINITIONS

6.1 **Best Value:** The most advantageous balance between performance, business needs, timing, price, and quality achieved through competitive procurement methods in accordance with stated selection criteria. Best Value may include the useful life of an asset.

6.2 **Bid:** An offer to buy or sell goods or services by a vendor or purchaser.

6.3 **Budget:** A financial plan outlining expected revenues and expenditures approved by the Board of Directors.

6.4 **Contract:** A legally binding agreement between parties.

6.5 **Discretionary Capital Expenditures:** Capital purchases that are within the control of InnPower.

6.6 **Emergency Purchases:** Purchases made when immediate action is required to avoid jeopardizing operations, public services, or safety.

6.7 **Non-Discretionary Capital Expenditures:** System access and expansion projects which are recoverable from third parties.

6.8 **Request for Tender (RFT):** A written, formal, Call for Bid document used for acquisitions based on clearly defined specifications.

6.9 **Request for Proposal (RFP):** A written, informal or formal, Call for Bid document to obtain proposal submissions from firms and/or individuals where detailed specifications are not able to be clearly identified and/or where price is not the primary evaluation factor. RFP’s may have provisions for Negotiations and may be in a single or multi-step process.

6.10 Request for Quotation (RFQ): A written, informal or formal, Call for Bid document used for Acquisitions based on clearly defined specifications.

6.11 Request for Expression of Interest (RFEOI): A written, formal, non-binding solicitation document to determine if there is any interest in the marketplace to provide Goods, Services, and/or Construction that the Corporation is contemplating procuring. It is typically used when it is unknown if a market for the desired Goods, Services and/or Construction exists. A subsequent Call for Bid may follow an RFEOI.

6.12 Request for Information (RFI): A written, formal, non-binding solicitation document to obtain information on product or service details, comments, feedback or from potential Bidders/Proponents prior to issuing a Call for Bid. It is typically used when the specifications are unknown. Price is generally not required. Feedback may include best practices, industry standards, and technology issues.

6.13 Request for Pre-Qualification (RFPQ): A written, formal, non-binding solicitation document to obtain detailed information from firms and/or individuals that may include their experience, financial strength, education, background, and personnel, to prequalify to supply Goods, Services, and/or Construction to the Corporation. The RFPQ may be a precondition to a further Call for Bid opportunity.

6.14 Request for Standing Offer (RFSO): A written, formal, Call for Bid document used for Acquisition based on clearly defined specifications from one or more Vendors to provide pricing for a defined time period on an “as needed” basis, where there are no defined quantities nor commitment to utilize the awarded Vendor(s).

6.15 Sole Source: Procurement when only one supplier meets the Corporation’s needs. Often requiring negotiation.

6.16 Supplier: Any company or individual providing goods or services to the Corporation.

7.0 AUTHORIZATION LEVELS

All regular purchases required to execute approved budgeted work must be authorized in accordance with the signing authority levels outlined in the table below. The CFO may set lower approval limits as needed.

Position	Maximum Purchase Authorization Limits for Budgeted Work (in $000's)	
	Non-Inventory	Inventory Items
Buyer or delegate	$10	$10
Supervisor or delegate *	$25	$25
Manager or delegate	$100	$100
Executive or delegate	$250	$250
President & CEO or CFO plus second executive	>$250	>$250

* may include non-union professionals

All non-budgeted purchases must be authorized in accordance with the signing authority levels outlined in the table below. The CFO may set lower approval limits as needed, depending on the nature and urgency of the purchase.

Position	Maximum Purchase Authorization Limits for Non-budgeted Work (in $000's)	
	Non-Inventory	Inventory Items
Buyer or delegate	$5	$5
Supervisor or delegate *	$15	$15
Manager or delegate	$50	$50
Executive or delegate	$150	$150
President & CEO or CFO plus second executive	$250	$250
Board of Directors	>$250	>$250

* may include non-union professionals

8.0 EMERGENCY PURCHASES

In emergency situations, authorized personnel including the COO and emergency leaders and delegates as defined in the emergency response plan can make purchases necessary to mitigatee imminent threats to infrastructure, operations, public services or safety and security, which could include but not limited to, natural disasters, injury/accidents, or compliance with an order from a regulatory authority.

Subsequent reporting to the appropriate authority and CFO is required for all emergency purchases that do not go through the other policy requirements in this document.

9.0 PURCHASING PROCESS

$0 - $100,000	a)	Service area processes purchase with three (3) written quotations (where practical).
	b)	Use normal invoice procedures or if corporate credit cards are used, refer to Financial Management Policy.
$100,001 - $250,000	a)	Service area processes purchase with three (3) written quotations.
	b)	May use RFQ, RFI or RFP.
$250,001 or above	a)	Use RFQ, RFP, RFI or RFT, unless under an existing Master Service Agreement (MSA).
	b)	Advertisements externally and/or by invitation as appropriate.
	c)	Comprehensive assessment of submissions is required.

11.0 SOLE/SINGLE SOURCE

Sole source purchases require written approval from the President & CEO or designate. Acceptable instances include:

a) Compatibility with existing equipment or systems;
b) Participation in affiliate or business partners' project;
c) Testing or trial use;
d) When only one supplier meets the Corporation's needs.
e) Compliance with legislative trade treaty (i.e., CETA or CFTA).
f) Any deviations from the requirements in this policy

12.0 PROHIBITIONS

The following activities are prohibited, unless specifically approved by the Board of Directors:

a) Dividing purchases to avoid policy requirements.
b) Purchasing goods and services for personal use.
c) Acceptance of gifts or favours in return for business consideration. Refer to Code of Conduct & Conflict of Interest Policy.
d) Purchases from family members or others determined to have a conflict of interest and not at arm's length unless a competitive process and objective evaluation including at least one other decision maker takes place.
e) Purchases from vendors physically located in the United States ("US") are restricted unless a suitable alternative is not available, is cost prohibitive to not utilize, or is impacted by time constrains. US entities that have Canadian subsidiaries with physical locations employing Canadian workers are not subject to this requirement. All instances of direct purchases from the US are to be approved by the President & CEO.

The addition of 12 e) above is derived from a letter from the Minister of Energy and Mines on April 8, 2025, requesting LDC's to support the US vendor restriction recommendations from the province. Although not mandatory, the adoption of this policy is being included to support the request from the Ministry and ultimately the Provincial Government.

13.0 REFERENCES

Financial Management Policy
Code of Conduct & Conflict of Interest Policy

______________________________	June 18, 2025
Danny Persaud, President & CEO	Date