

December 6, 2024

Tracy Adams
City Chief Administrative Officer
The Corporation of the City of Oshawa
50 Centre Street S
Oshawa, Ontario
L1H 3Z7

Dear Tracy,

**Oshawa Power and Utilities Corporation (Oshawa Power) Report of the Chairman to the Shareholder –
Third Quarter Report (2024)**

I am pleased to present the 2024 Third Quarter Report of Oshawa Power to the Corporation of the City of Oshawa, the sole shareholder of this Corporation.

1. Draft Financial Data

**Results are not final and will change as preparation continues for year-end audit*

| ('000s) | Q3 - YTD | | |
|--------------------------------|----------------------------|---------------|----------------------------|
| | 2024 (Actual) 30-Sep | Budget | 2023 (Actual) 30-Sep |
| Total Distribution Revenue | 23,248 | 23,096 | 21,903 |
| Total Other Revenue | 6,091 | 6,070 | 6,758 |
| Net Revenue | 29,339 | 29,167 | 28,660 |
| Total Expenses | 17,076 | 16,786 | 15,375 |
| EBITDA | 12,262 | 12,380 | 13,286 |
| Depreciation | 6,019 | 6,572 | 5,923 |
| EBIT | 6,244 | 5,808 | 7,363 |
| Interest Expense | 2,048 | 2,132 | 1,857 |
| Extraordinary Items | | | |
| Net Income Before Taxes | 4,195 | 3,677 | 5,506 |
| Taxes | 121 | 210 | 432 |
| Net Income | 4,074 | 3,467 | 5,074 |

2. Other Information

- a. Changes to energy policy – no major updates.
- b. Newly adopted corporate policies – no major updates.
- c. Tax issues – no major updates.

This report is for information and is respectfully submitted on behalf of the Board of Directors of Oshawa Power and Utilities Corporation.

3. Commentary

Health and Safety

Oshawa Power continues to be diligent with our Health & Safety Program and are proud to report that we have continued to operate without a lost time injury bringing the total number of hours without a lost time injury to over 1.4 million hours. In a company of our size, this means that there have been no lost time injuries since July of 2016. Training and awareness continue to be a focus for the team, with the reporting of near misses and ideas for improvement welcomed.

4. Regulatory

The Regulatory and Commercial Affairs Department is responsible for preparing the company's annual reporting to the Ontario Energy Board (OEB). The department continues to focus on the preparation and writing of the Cost of Service rate Application for submission in April 2025 to secure rates for the 5-year period beginning in 2026. Each department within the organization is involved, with the Regulatory and Commercial Affairs Department leading the process and compiling all of the material for submission.

Quarterly reporting and record keeping requirements to the Ontario Energy Board (OEB) include the following:

- Commodity deferral and variance account balances
- Customer counts for each rate class
- Micro FIT and FIT generation connections

Compliance

The Company is compliant with all bank covenants.

OEB Updates

The OEB winter moratorium on disconnections came into effect on November 15, 2024 and remains in effect through April 30, 2025. During this time, residential customers who fall into arrears with their bills cannot have their service disconnected for non-payment. Oshawa Power has focused their efforts on working with these customers but has continued to see significant increases in its aged accounts, resulting in higher bad debt expense. Throughout the winter months, staff will continue to work with customers who have past due balances to make payment arrangements to ensure they are not falling further behind.

The new winter Time of Use rates have been announced by the Ontario Energy Board, with a decrease in rates for consumers effective November 1, 2024. Residential rates are as follows:

Time of Use Rates

Tiered Rates

| <u>Winter TOU Periods</u> | <u>Nov. 1 2024 Pricing</u> | <u>Previous Rates</u> | <u>Winter Tiered Thresholds</u> | <u>Nov. 1 2024 Pricing</u> | <u>Previous Rates</u> |
|---|----------------------------|-----------------------|---|----------------------------|-----------------------|
| Off-Peak (Weekdays 7 p.m. – 7 a.m., all day weekends and holidays) | 7.6 ¢/kWh | 8.7¢/kWh | Residential – first 1,000 kWh/month Non-residential – first 750 kWh/month | 9.3 ¢/kWh | 10.3/kWh |
| Mid-Peak (Weekdays 11 a.m. – 5 p.m.) | 12.2¢/kWh | 12.2¢/kWh | Residential – electricity used over 1,000kWh/month Non-Residential – electricity used over 750 kWh/month | 11.0 ¢/kWh | 12.2¢/kWh |
| On-Peak (Weekdays 7 a.m. – 11 a.m. and 5 p.m. – 7p.m.) | 15.8 ¢/kWh | 18.2¢/kWh | | 15.8 ¢/kWh | 18.2¢/kWh |

Ultra Low Overnight pricing

| <u>Winter ULO Price Periods</u> | <u>November 1, 2024 Pricing</u> | <u>Previous Rates</u> |
|---|---------------------------------|-----------------------|
| ULO Weekend Off-Peak (Weekends and holidays 7 a.m. - 11 p.m.) | 7.6¢/kWh | 8.7¢/kWh |
| ULO Mid-Peak (Weekdays 7 a.m. – 4 p.m. and 9 p.m. – 11 p.m.) | 12.2¢/kWh | 12.2¢/kWh |
| ULO On-Peak (Weekdays 4 p.m. – 9 p.m.) | 28.4 ¢/kWh | 28.6¢/kWh |
| ULO Ultra-Low Overnight (Every day 11 p.m. – 7 a.m.) | 2.8 ¢/kWh | 2.8 ¢/kWh |

5. Support Programs

As noted above Oshawa Power only disconnects as a last resort and works with customers to avoid the hardship of disconnection whenever possible. The team assists customers not only by making flexible payment arrangements, but also by guiding them to programs that are available to assist with financial help.

Low Income Energy Assistance Program (LEAP) Update

Funding parameters for the Low Income Energy Assistance Program (LEAP) have changed effective March 1, 2024, resulting in expanded threshold and effectively expanding the low income eligibility. With these changes, LEAP Funds were not finalized until April, 2024, with a total amount of \$74,792.84 in funding available to assist eligible customers. Some of the changes include the eligible income threshold, and an increase in the amount of grant that can be received from \$500.00 to \$650.00 and for those with electric heat an increase from \$600.00 to \$780.00. Due to the expanded eligibility thresholds under LEAP, the Compassion Fund has been halted.

Below is a summary of the financial support provided:

| Funding | Q1 | Q2 | Q3 | Q4 | Total |
|-----------------------------------|---|-----------|-----------|-----------|--------------|
| LEAP Funds Assigned (in Dollars) | -- | 45,603.52 | 20,676.00 | | 66279.52 |
| LEAP Funds Remaining (in dollars) | -- | 31,396.48 | 8,720.48 | | 40,116.96 |
| # of LEAP Approvals | -- | 65 | 36 | | 101 |
| Current # of OESP Recipients | 2197 | 109 | 56 | | 2362 |
| Oshawa Power Compassion Fund | HALTED DUE TO LEAP ELIGIBILITY EXPANSION | | | | |

Yours very truly,



Denise Carpenter, ICD.D
Chair of the Board
cc: Board of Directors