



ONTARIO ENERGY BOARD

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Hydro One Networks Inc.

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DATE: March 2, 2018

EB-2017-0049

THE ONTARIO ENERGY BOARD

Hydro One Networks Inc.

Application for electricity distribution rates
beginning January 1, 2018 until December 31, 2022

Hearing held at 2300 Yonge Street,
25th Floor, Toronto, Ontario,
on Friday, March 2, 2018,
commencing at 9:03 a.m.

TECHNICAL CONFERENCE

A P P E A R A N C E S

JAMES SIDLOFSKY	Board Counsel
HAROLD THIESSEN	Board Staff
KEITH RITCHIE	
CHRISTOPHER OAKLEY	
GORDON NETTLETON	Hydro One Networks Inc. (HONI)
S. LISA LEE	
MARK LOWRY*	Pacific Economics Group (PEG)
DAVID HOVDE*	
LISA (ELISABETH) DeMARCO	Anwaatin Inc. and Energy Storage
CARY FERGUSON	Canada (ESC)
SHELLEY GRICE	Association of Major Power
	Consumers of Ontario (AMPCO)
MICHAEL BUONAGURO	Balsam Lake Coalition (BLC)
NICHOLAS COPEs*	and Arbourbrook Estates
TOM BRETT	Building Owners and Managers
	Association, Toronto (BOMA)
RANDY AIKEN*	Canadian Manufacturers &
	Exporters (CME)
JULIE GIRVAN	Consumers' Council of Canada
	(CCC)
TOM LADANYI	Energy Probe Research Foundation
BRADY YAUCH	
MARION FRASER*	Ontario Sustainable Energy
	Association (OSEA)
RICHARD STEPHENSON*	Power Workers' Union (PWU)
BAYU KIDANE	

*appearing by teleconference

A P P E A R A N C E S

MICHAEL McLEOD* Quinte Manufacturers Association

JAY SHEPHERD School Energy Coalition (SEC)
MARK RUBENSTEIN

VICKI POWER Society of Energy Professionals
BOHDAN DUMKA (SEP)

MARK GARNER Vulnerable Energy Consumers'
BILL HARPER Coalition (VECC)

ALSO PRESENT:

ERIN McKINNON Hydro One Networks Inc.
JODY McEACHRAN

*appearing by teleconference

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1 Friday, March 2, 2018

2 --- On commencing at 9:03 a.m.

3 MR. SIDLOFSKY: Good morning, and welcome to Day 2 of
4 the Hydro One Networks Inc. technical conference. This is
5 on Hydro One's application for electricity distribution
6 rates for the period from January 1st, 2018 through
7 December 31st, 2022.

8 **APPEARANCES:**

9 Just as we're beginning, I would ask if there is
10 anyone on the line today who was not on the line yesterday,
11 maybe it'll be easier to ask who is on the line this
12 morning.

13 MR. MCLEOD: Mike McLeod, Quinte Manufacturers.

14 MR. AIKEN: Randy Aiken, CMA.

15 MS. FRASER: Marion Fraser, OSEA.

16 MR. SIDLOFSKY: Anybody else? Okay. Thank you.

17 Good morning to those of you dialling in, and for this
18 morning we're going to be starting with the completion of
19 questioning on panel 1. The two remaining intervenor
20 representatives are -- we'll begin with AMPCO, followed by
21 CCC, and then we'll move on to panel -- I'm sorry, and
22 Energy Probe, sorry about that. And then following that
23 we'll be moving on to panel 2.

24 Mr. Nettleton, I understand you have a preliminary
25 matter?

26 **PRELIMINARY MATTERS:**

27 MR. NETTLETON: Yes. Thank you, Mr. Sidlofsky. Just
28 some corrections to the transcript that I would just like

1 to help the court reporter and those participating in this
2 proceeding.

3 So the first one is at page 78, line 22. The
4 transcript currently reads "part of", and it should read
5 "Part C of". And at page 96, starting at line 23, Mr.
6 Jodoin was responding by indicating that the third panel
7 would have Mr. D'Andrea be in attendance at that, and it's
8 actually not Mr. D'Andrea, it's Mr. Andre who will be on
9 panel 3.

10 The next correction is at page 115, and at that -- at
11 line 14 I believe there is a correction that, Mr. D'Andrea,
12 you could help with, and it relates to the increase and the
13 year in which the increase in rates was described as having
14 a 6.1 percent rate.

15 At line 14 you indicated that in 2019 that the factor
16 was 6.1 percent. Do you see that in the transcript, Mr.
17 D'Andrea?

18 MR. D'ANDREA: Yes, I've seen it, and the correction
19 is that the 6.1 percent applies to 2018.

20 MR. NETTLETON: Thank you. And then with respect to
21 line -- sorry, page 120, line 16, Mr. D'Andrea, I think you
22 indicated that the year in which the acquisitions would be
23 integrated was 2020. Is that a correct statement, or is
24 there a correction needed?

25 MR. D'ANDREA: A correction is needed. The acquisitions
26 get into the rates in 2021.

27 MR. NETTLETON: Thank you. And then with respect to
28 page 133, a minor correction at line 1. The transcript

1 reads -- or uses an acronym of GAAR, and it should be
2 replaced with just GA. And then at line -- sorry, page
3 120, lines 16, 25, and at page 121, lines 3 and 19, Mr.
4 D'Andrea, again you were having a discussion with Mr. Brett
5 regarding the integration of the acquired utilities, and at
6 the references that I've just provided the transcript reads
7 the date of 2020. And can you comment on whether that date
8 is correct or whether it needs to be changed?

9 MR. D'ANDREA: Similar to my prior comment, the year
10 should be 2021.

11 MR. NETTLETON: In terms of the integration of the
12 acquired utilities?

13 MR. D'ANDREA: That's correct.

14 MR. NETTLETON: Thank you. Those are the preliminary
15 matters. Thank you.

16 MR. SIDLOFSKY: Thanks, Mr. Nettleton.

17 And Ms. Grice for AMPCO, you're going ahead first this
18 morning?

19 **HYDRO ONE NETWORKS INC. - PANEL 1, RESUMED**

20 **Steve Fenrick**

21 **Samir Chhelavda**

22 **Frank D'Andrea**

23 **Joel Jodoin**

24 **Keith McDonnell**

25 **EXAMINATION BY MS. GRICE:**

26 MS. GRICE: Yes, I am, thank you. Good morning,
27 panel. I only have follow-up questions for one AMPCO
28 interrogatory, and that's interrogatory at tab 40, Schedule

1 -- 40-AMPCO-47. So my first question is related to part A,
2 where we asked for Hydro One to provide and describe the
3 key HR metrics that Hydro One is utilizing, and in the
4 response at Part A you say that in 2017 you created a
5 number of new HR metrics. And I just wanted to ask, are
6 these new metrics different than metrics you were using in
7 the past?

8 MR. McDONELL: I guess what I would say is that we
9 have metrics in the past, but probably more ad hoc. And
10 what we have started to do in 2017 is produce a package of
11 metrics that would form part of an operations report that
12 would be reviewed by senior management on a monthly basis.

13 So managers always had the ability to get different
14 reports, some of these metrics. But I guess what we have
15 done is really formalized it and consolidated it in 2017.

16 MS. GRICE: Okay. Thank you. And then in attachment
17 number 1 you provide all of the new metrics --

18 MR. McDONELL: Correct.

19 MS. GRICE: -- you're going to be tracking. And I
20 just wanted to -- I have a few questions on those.

21 MR. McDONELL: Sure.

22 MS. GRICE: So the data that you've provided here, I
23 just want to confirm that that's 2017 data?

24 MR. McDONELL: That is correct.

25 MS. GRICE: Okay. And then in terms of targets for --
26 I believe you have seven metrics here. There are a few of
27 them that targets would -- that -- where targets could be
28 attached to them. Do you then have targets for any of

1 these metrics; for example, attendance management,
2 turnover, and performance management as examples? Has
3 Hydro One set up targets over the test period for these new
4 metrics --

5 MR. McDONELL: I wouldn't say that we have formally
6 set up targets for some of these metrics. This is sort of
7 an evolving thing for us, and I'm sure that's something
8 that we'll be taken a look at. I think on attendance
9 management, which you have drawn to, I mean, we have a -- I
10 think we're able to say, well, on average what the average
11 absenteeism is. We haven't done any benchmarking
12 externally at this point, but I would anticipate that would
13 be something we would be looking to do.

14 MS. GRICE: So would I be able to get any firm targets
15 that you've set for any of these metrics over the test
16 period?

17 MR. McDONELL: The only one -- and I don't know if
18 it's on this set of slides. There is another reference to
19 vacancy -- the vacancy ratio, and that is one target that
20 we are -- we have -- right now we see our vacancy rate of
21 about 77 days for any vacancies open up. We do have a
22 target to reduce that to 52 days. That's the one target
23 that comes to mind.

24 MS. GRICE: Okay. Thank you.

25 And then I just have a question on your turnover
26 target. You provide a monthly annualized turnover rate.
27 And I just wonder, is there one number that would capture
28 your turnover rate for the year?

1 MR. McDONELL: Not that I know of, no.

2 MS. GRICE: Okay. Okay. Thank you.

3 And then under the performance assessment and
4 individual components target you say just in the text
5 that's over on the right-hand side that you want to
6 "calibrate ratings in support of differentiating talent and
7 meeting our ideal distribution of 60 percent of employees
8 with a ratings of 'meets expectation'". And then as of
9 January 22nd you calculated a final reduction of 18 percent
10 in the "exceeds" category and 7 percent increase in the
11 "meets most expectation" category compared to the original
12 ratings captured on January 5th.

13 Would you be able to provide those original ratings?
14 So there is an understanding of where you're coming down
15 from?

16 MR. McDONELL: Yes, I'll be able to do that.

17 MS. GRICE: Thank you.

18 MR. SIDLOFSKY: That will be Undertaking JT2.1.

19 **UNDERTAKING NO. JT2.1: TO PROVIDE THE ORIGINAL**
20 **RATINGS.**

21 MS. GRICE: Okay. And then I just wanted to talk a
22 little bit about that vacancy metric that you mentioned
23 earlier.

24 MR. McDONELL: Sure.

25 MS. GRICE: And so I'm just going to make a reference
26 to the interrogatory that has the information in that, so,
27 sorry, I do have one more IR to look at. It's --

28 MR. McDONELL: It's SEC, I think.

1 MS. GRICE: 79.

2 MR. McDONELL: Yeah.

3 MS. GRICE: So you've already mentioned that this is a
4 new metric and that you have got a target there that the
5 vacancy rate in 2017 is approximately 77 days and your
6 target is to get to 52 days.

7 MR. McDONELL: Correct.

8 MS. GRICE: And then in Part C you say that you've
9 incorporated reduced spending into the budget to reflect
10 vacancies through the Common Corporate Cost group but not
11 in the work-program-related groups, and I just wanted to
12 ask why you haven't done it for the work-program-related
13 groups.

14 MR. McDONELL: Sorry for that delay. I was just
15 talking to my colleague who does a lot of the business
16 planning.

17 I guess in the field group, why we haven't made a
18 reduction is specifically for that type of classifications.
19 If we do have a vacancy, we are going to be incurring a
20 cost because we typically will be backfilling a field role,
21 either through the hired hall contracting out or a
22 temporary employee.

23 So for the most part, even though we may have a
24 vacancy because somebody may have retired or left the
25 organization, we are going to incur a cost because we're
26 going to backfill that role.

27 MS. GRICE: Is that different than what happens in the
28 common corporate cost groups? Do you not backfill a

1 vacancy there, too?

2 MR. McDONELL: Certainly not to minimize our corporate
3 sort of role, because that's where we come from, I think
4 that it's fair to say that in our field operations, there
5 would be a higher priority to backfill those type of roles.

6 MS. GRICE: So even with that explanation, if we were
7 to look at the number of vacancy days that you have every
8 month and take away -- and the cost of that, and then take
9 away the cost of the backfilling, would the net result be
10 something material that could reduce your labour costs?

11 MR. McDONELL: I think we're at a level now that I
12 would rather take an undertaking to see if we can provide
13 you some information that would be helpful.

14 MS. GRICE: Thank you. So if, can I just --

15 MR. SIDLOFSKY: We'll make that JT2.2.

16 **UNDERTAKING NO. JT2.2: TO CALCULATE THE IMPACT OF**
17 **BACKFILLING ON LABOUR COSTS**

18 MS. GRICE: Can I just add to that, that if you did
19 have data that showed sort of similar to your turnover
20 metric chart that you've provided in attachment 1,
21 something that shows the number of vacancy days -- the
22 total number of vacancy days per month and the total cost,
23 and then make comments on that in terms of what the net
24 result is, if you're backfilling? And an add-on to that is
25 how many vacancies do you currently have, as part of that
26 undertaking.

27 MR. McDONELL: At a point in time?

28 MS. GRICE: At a point in time, yes, as of February

1 2018.

2 MR. McDONELL: Okay.

3 MS. GRICE: Thank you. I just want to close-out with
4 we've looked at the seven metrics that are in attachment 1.
5 You've referenced an additional metric that's your vacancy
6 rate metric. Are there any others that we need to be aware
7 of?

8 MR. McDONELL: I can't think of anything at this time.
9 But like I said before, this is evolving for us in terms of
10 providing some HR metrics that would be useful for our
11 lines of businesses. So I would anticipate that we will
12 continue to improve in that area.

13 MS. GRICE: Great. Thank you. So I have a question
14 next on part D of 40-AMPCO-47. In the question we just
15 asked for a breakdown of compensation costs that included
16 contract staff and in the response, you say that beginning
17 at 26 you began reporting on contract staff in detail and
18 you've shown amounts of about 19 million in 2016 and
19 20 million in 2017.

20 I just wanted to check. In terms of the forecast for
21 2018 to 2022, do you anticipate that the level of spend on
22 contract staff will be in sort of the 20 dollar --
23 20 million dollar range?

24 MR. McDONELL: Mr. Jodoin reminded me of a
25 conversation he had with Mr. Rubenstein yesterday, I
26 believe it was, in terms of the challenges we have in
27 forecasting for this particular type of work because it
28 expands across virtually every department in our

1 organization.

2 That said, I mean I can I can take an undertaking to
3 see what is available, but it may be a significant
4 challenge.

5 MS. GRICE: Best efforts?

6 MR. McDONELL: Best efforts.

7 MS. GRICE: Okay. Thank you.

8 MR. SIDLOFSKY: JT 2.3.

9 **UNDERTAKING NO. JT 2.2: TO MAKE BEST EFFORTS TO ADVISE**
10 **THE LEVEL OF SPENDING ON CONTRACT STAFF, 2018 TO 2022**

11 MS. GRICE: I had questions on part F of that
12 interrogatory, and there we asked for the overtime spend
13 budget compared to actuals. I read your response that you
14 build in your overtime costs as part of your standard
15 labour rates, and I recall that now from the transmission
16 case.

17 And I went back and read your evidence of costing of
18 work based on standard labour rates, and it's my
19 understanding that you calculate the labour rate based on
20 number of hours worked as part of base pay, and number of
21 hours worked as part of overtime. There are other things
22 that go into that labour rate as well, but those are two of
23 the big billable hour inputs.

24 So I want to ask a question now in a different way to
25 try and get at what I'm looking for. Would you be able to
26 provide the total number of hours worked excluding
27 overtime, and then the number of hours worked for overtime,
28 budget versus actuals, 2012 to 2017, and then forecast for

1 both of those things 2018 to 2022?

2 MR. McDONELL: Again, I collaborated with my colleague
3 here who does a lot of the business planning.

4 So we don't have the budget for overtime hours, as I
5 explained before, but -- and I think we did this in the
6 transmission case. If I remember correctly, we did provide
7 actual hours of overtime. So I think that's something we
8 can try to be helpful with, is to go back and provide the
9 non-overtime hours of work, provide the hours of overtime,
10 and on a best efforts basis with our business plan forecast
11 for overtime for the test period, if that's helpful.

12 MS. GRICE: Sure, and then what about total hours?
13 Like total billable hours excluding overtime; are you able
14 to provide that as well?

15 MR. McDONELL: Total hours excluding overtime?

16 MS. GRICE: Yes.

17 MR. McDONELL: Yes, we can do that.

18 MS. GRICE: Thank you.

19 MR. SIDLOFSKY: JT 2.4.

20 **UNDERTAKING NO. JT 2.4: TO PROVIDE THE TOTAL NON-**
21 **OVERTIME HOURS OF WORK, PLUS HOURS OF OVERTIME, ON A**
22 **BEST EFFORTS BASIS, WITH A BUSINESS PLAN FORECAST FOR**
23 **OVERTIME FOR THE TEST PERIOD; AND TO PROVIDE TOTAL**
24 **BILLABLE HOURS EXCLUDING OVERTIME**

25 MS. GRICE: Then in part H of AMPCO-47, you provided a
26 table showing a breakdown of FTEs. And in the
27 interrogatory, we asked for the Excel version of this and I
28 couldn't find it on the Board's WebDrawer. You may have

1 provided it, but I couldn't find it.

2 MR. McDONELL: That might have been an oversight on
3 our part. We can correct that.

4 MS. GRICE: Okay. Thank you.

5 MR. SIDLOFSKY: We'll make that JT2.5.

6 **UNDERTAKING NO. JT2.5: TO PROVIDE THE EXCEL VERSION**
7 **OF THE TABLE SHOWING THE BREAKDOWN OF FTES, AS FOUND**
8 **IN PART H OF AMPCO-47**

9 MS. GRICE: Part I, we asked for the current
10 organizational structure that reflects OM&A work programs
11 and the number of FTEs in each unit, and you provided an
12 org chart as part of the response. And it says that -- in
13 the response that you used the Power Workers' Union hiring
14 hall to manage seasonal fluctuation in the work program
15 which results in a yearly increase of 550 FTEs for forestry
16 and 600 FTEs for lines. I just have a couple of quick
17 clarification questions.

18 Those FTEs are not in addition to the FTEs in this
19 chart? Or are they?

20 MR. McDONELL: No, they would be included in the chart
21 that you see in H -- or item H.

22 MS. GRICE: Sorry, but see the org chart under I?

23 MR. McDONELL: Oh, sorry, the org chart you're
24 referring to. Umm...

25 MS. GRICE: Like, does forestry go up to 500 plus 550
26 because you're bringing in those seasonal workers? Or does
27 the five -- oh, wait. Maybe I've answered my own question,
28 because 500 is less than 550.

1 MR. McDONELL: I didn't put this particular chart
2 together, but I believe that this chart is showing the
3 regular complement, the chart is, so the FTEs for the hired
4 hall would be in addition to that.

5 MS. GRICE: Okay. Okay. Thank you. And I think I
6 have one last question on Part Y.

7 MR. McDONELL: I have to thank you for interrogatory A
8 to Z. I've never seen that before.

9 MS. GRICE: I'm sorry.

10 MR. McDONELL: We had quite a chuckle on that.

11 MS. GRICE: So did some others. Okay. Part Y. This
12 shows the compensation spending, and under the MCP category
13 there is "other allowances", and I just wondered why there
14 isn't under -- "other allowances" under Society and PWU.

15 MR. NETTLETON: Ms. Grice, I'm just looking at part Z
16 and just wondering if that helps in any way in terms of the
17 description of "other allowances" there.

18 MS. GRICE: Yeah, I looked at that too, but it seems
19 to me those types of things -- I thought some of them might
20 also be applicable to Society and PWU, like --

21 MR. McDONELL: I actually am a little bit familiar
22 with this whole notion of "other allowances" because we've
23 done this in the past, and it is a bit of a challenging
24 thing to capture. That said, I too would have thought
25 there might have been some other allowances within the
26 Society and PWU. What I'm not sure of is that we may have
27 captured it under something like "burdens".

28 So I can certainly take an undertaking to see if in

1 fact that is true and, if not, to update that table,
2 because there would be some of those other allowances that
3 I described that would be applicable to PWU and Society.

4 MS. GRICE: Okay. Sorry. Good thing this is a
5 technical conference. Oh, yeah, so if it is in "burdens",
6 could you please break it out?

7 MR. McDONELL: Yes.

8 MS. GRICE: Okay. Thank you. Okay. Those are my
9 questions. Thank you.

10 MR. McDONELL: Thank you.

11 MR. SIDLOFSKY: And that will be JT2.6.

12 **UNDERTAKING NO. JT2.6: TO ADVISE IF THERE WERE SOME**
13 **OTHER ALLOWANCES WITHIN THE SOCIETY AND PWU; IF NOT,**
14 **TO UPDATE THAT TABLE, AND IF IT IS IN "BURDENS", TO**
15 **BREAK IT OUT.**

16 MR. SIDLOFSKY: On to Ms. Girvan for CCC.

17 **EXAMINATION BY MS. GIRVAN:**

18 MS. GIRVAN: Thank you.

19 I just had a general question. Sorry, let me just --
20 so in CCC number 2 we've asked for the -- all the materials
21 provided to the Board of Directors, and that was also filed
22 in SEC number 4.

23 And my question to you is, I'm trying to understand,
24 because you're a consolidated business transmission and
25 distribution, and you provided in this interrogatory answer
26 a consolidated business plan, but you also have a
27 distribution business plan and you have a transmission
28 distribution plan.

1 Can you help me with how that all fits together in
2 terms of how you develop these documents?

3 MR. JODOIN: Sure, I can help with that. We have some
4 interrogatories that sort of set out --

5 MS. GIRVAN: Timelines.

6 MR. JODOIN: -- timelines and process. So if you'll
7 just bear with me for a minute while I --

8 MS. GIRVAN: Okay.

9 MR. JODOIN: -- look for the reconciliations on those.

10 MS. GIRVAN: Can I just preface my question again?

11 MR. JODOIN: Absolutely.

12 MS. GIRVAN: Just to help you maybe. So I'm sort of
13 thinking, okay, do you do the consolidated plan first, do
14 you do the distribution plan? How do you fit all of this
15 together, given the fact that in fact you people, for
16 example, are involved in the corporate entity and not just
17 distribution and transmission?

18 MR. JODOIN: So I can answer that. It's all done in
19 conjunction with each other. It's done simultaneously.

20 MS. GIRVAN: Okay.

21 MR. JODOIN: The investment planning team that you'll
22 hear from on panel 2 can talk about specifically the
23 investment planning process, which we've provided -- there
24 has been a chronology provided in the evidence as well as
25 budget guidance documents, I believe in response to --

26 MS. GIRVAN: Yeah.

27 MR. JODOIN: -- SEC number 1. From my team's
28 perspective, from a corporate perspective, we reach out and

1 develop corporate costing for Hydro One consolidated and
2 work through an allocation process that properly allocates
3 costs to the appropriate entity.

4 So the investment planning process and the, what we
5 can call the corporate costing process, is all happening in
6 conjunction, and our documents are all consolidated and
7 provided to our Board of Directors appropriately together.

8 MS. GIRVAN: Okay. So the investment planning process
9 is done sort of separately, distribution, transmission?

10 MR. JODOIN: That's correct. Like, the asset --

11 MS. GIRVAN: Yes.

12 MR. JODOIN: -- I mean, I shouldn't misspeak. Panel 2
13 is in the best position to describe that process and how
14 exactly they do it. But from an investment plan the
15 transmission assets and the distribution assets are planned
16 separately.

17 MS. GIRVAN: Okay. And if you, for example -- I'm
18 just trying to get my head around this. If for example you
19 need less money, say, than you have through transmission
20 rates, can you use that money on distribution projects? Is
21 it one big pool?

22 MR. JODOIN: Prioritization and asset investment, it's
23 -- this is definitely a panel 2 discussion.

24 MS. GIRVAN: Okay. Okay.

25 Okay. So then within the context of that
26 interrogatory, SEC number 4, you've provided the
27 consolidated business plan that was presented to the board
28 of directors December 8, 2017. And in that document, so

1 that's attachment 5 to SEC number 4, there's a lot of
2 redactions.

3 Can you just explain to me what has been redacted? I
4 get the sense it's the transmission-related elements.

5 MR. JODOIN: I think it's probably more appropriate to
6 talk about what's specifically included, and what is
7 included is outcomes and items that relate to this
8 proceeding and the distribution proceeding.

9 MS. GIRVAN: No, no, I guess I'm looking at a lot of
10 black marking on this document, and I would like to get a
11 sense of what's been taken out.

12 MR. JODOIN: Sure. Transmission and non-regulated
13 items would not be relevant to this application and
14 therefore have been redacted.

15 MS. GIRVAN: Okay. But why is the transmission
16 related aspect of the consolidated plan confidential?

17 MR. NETTLETON: Ms. Girvan, it's -- the redactions, as
18 Mr. Jodoin has said, is really one that is based on whether
19 they're related or relevant to this proceeding. So it's
20 not just whether they're confidential, but whether they are
21 relevant to the distribution rates proceeding.

22 MS. GIRVAN: Okay.

23 MR. NETTLETON: So by definition, if it's a
24 transmission matter, it's not going to be relevant and --

25 MS. GIRVAN: I guess my question really is -- I think
26 in another interrogatory, we've asked you to file the
27 latest transmission business plan. And again, some of us
28 might argue that it is relevant, to the extent that the

1 common costs to both distribution and transmission are
2 essentially the same.

3 MS. LEE: For that reason, if I can interject here, we
4 did include the consolidated business plan. And in that
5 consolidated business plan, there is a table that breaks
6 out the common costs.

7 MS. GIRVAN: Can you point me to that?

8 MS. LEE: Sure. Give me a second. I believe it's --
9 I believe it's a CCC interrogatory, but it may be attached
10 to Schools 4.

11 MS. GIRVAN: I guess my only point is you're going to
12 be filing a transmission rate application within the next
13 month or so, or couple of months, and I would assume that
14 the transmission business plan will be included with that,
15 and I'm not sure why we couldn't see that now.

16 MR. NETTLETON: I think again, Ms. Girvan, we are
17 mindful of the nature of the two applications and the
18 relief sought in each of the applications.

19 This is a distribution rate case. We're dealing with
20 distribution business plans, and we don't want the record
21 to be cluttered with matters that are outside the scope of
22 the relief that we're applying for here.

23 So you're right that when we get to a transmission
24 case, and much like the transmission proceeding that we've
25 all just gone through, the converse was true. We were
26 mindful of excluding distribution matters from the
27 transmission case and similarly in here, we're doing the
28 same. So stay tuned. When the transmission rate case does

1 get filed, I think it's a reasonable expectation that the
2 parties will have that a transmission business plan will be
3 included.

4 MS. GIRVAN: Okay.

5 MR. GARNER: I suppose you'll redact all the
6 distribution information out of that.

7 MR. NETTLETON: Mark, you've obviously seen our
8 strategy. But the fact is you've got the distribution plan
9 for the purposes of this application, so that's what the
10 focus is.

11 MS. GIRVAN: I guess my only point is you operate as a
12 consolidated entity and it's not a separate company.
13 Anyway, I guess we'll see what happens with that. Okay.

14 Could you please turn to CCC number 8, please? So in
15 this interrogatory, it's asking if -- confirming whether
16 you are, on average, seeking to recover another 52 million
17 dollars per year from your customers over the plan term,
18 and the answer to that is it's 50.7.

19 Can you just explain to me the difference in 2021 of
20 the 73 million? I just can't recall what happens in '21
21 that's related to that, and maybe it's the introduction of
22 the harmonization of the acquireds.

23 MR. NETTLETON: Ms. Girvan, this is CCC 8?

24 MS. GIRVAN: Yes.

25 MR. NETTLETON: We're bringing it up on the screen.
26 Is it simply the bump in the values?

27 MS. GIRVAN: Yes. I'm not clear what happens in 2021.

28 MR. D'ANDREA: That's the introduction of the acquired

1 utilities.

2 MS. GIRVAN: Why does that increase costs?

3 MR. D'ANDREA: When you bring in the acquired
4 utilities, you have both capital that's coming in rate
5 base, as well as OM&A.

6 MS. GIRVAN: All right. Thank you. In CCC 9, which
7 actually refers to SEC number 5, you've provided a detailed
8 organizational chart for Hydro One Networks Inc.

9 And my question on that is, do you intend to maintain
10 that particular structure throughout the term of the plan?

11 MR. NETTLETON: Ms. Girvan, I'm not sure that's a fair
12 question to ask. I mean, things change so I don't know how
13 we can forecast with that type of line of sight over the
14 next five years of whether --

15 MS. GIRVAN: Are there any sort of current initiatives
16 related to corporate reorganization?

17 MR. McDONELL: Not that we're aware of at this time.

18 MS. GIRVAN: Okay. I just had one little
19 clarification on that. If you turn to page -- it's 1 of 15
20 and at the bottom it says vice-president, office of the
21 president and CEO. What's that position and is that
22 recovered in distribution rates?

23 MR. McDONELL: It's going to be a two part answer.
24 I'll do the first part, and Mr. Jodoin will do the second
25 part.

26 That particular role is, I guess, what I might call
27 that would be a chief of staff to our president and CEO,
28 and that person would be managing and coordinating all the

1 various projects that are going on within the organization.

2 Mr. Jodoïn might be able to speak a little bit about
3 the cost allocation.

4 MR. JODOÏN: Sure. I can confirm that this role would
5 flow through the allocation process that we have, and a
6 portion of costs would be allocated to the regulated
7 entities, as well as what we'll call the shareholder.

8 MS. GIRVAN: Are any of the people in this org chart
9 dealing with the new American utility?

10 MR. McDONELL: As far as we know, we would say that
11 Mr. Schmidt and Mr. Scarlett and our new CFO, Mr. Dobson,
12 would be primarily involved with U.S. acquisitions.

13 MS. GIRVAN: So nobody else in the company? Maybe I
14 can rephrase my question, and to the extent that any of the
15 Hydro One employees are currently working on anything
16 dealing with the new utility, have you broken out those
17 costs and have you removed them from the revenue
18 requirement?

19 MR. McDONELL: I don't think it's fair for us to say
20 that none of these senior executives would not be involved,
21 because they would be involved to some degree. The three I
22 mentioned would be primarily involved, and any time spent
23 by any of the others would be removed from the rates.

24 MS. GIRVAN: Can you show me where that's done? Maybe
25 you can undertake to do that.

26 MR. JODOÏN: As part of our allocation process, the
27 departments that are related to corporate-based costs have
28 a shareholder portion embedded, consistent with our past

1 OEB-approved Black & Veatch studies. We've updated the
2 cost allocations in that study consistent with this rate
3 application, and further to the point mentioned earlier,
4 specifically to the three individuals that were mentioned,
5 as part of Exhibit Q we reduced the corporate management
6 expenses to pre-IPO levels.

7 So I can confirm that, as outlined in Exhibit Q, costs
8 have been returned through lower revenue requirements with
9 respect to those three individuals and the rest are
10 allocated through shareholder portions.

11 MS. GIRVAN: So you've already done that since the
12 acquisition?

13 MR. CHHELAVDA: Perhaps I can help answer that
14 question.

15 So as my colleague Mr. Jodoin mentioned, we do have
16 the corporate allocation that we -- cost that we allocate
17 to the shareholder. That would cover the time spent by
18 Hydro One employees on the acquisition end.

19 If you refer to our -- I believe they're in our Q3
20 financials, within our year-end financials that we'll file,
21 you'll see a big portion of costs, external costs, so we
22 leveraged a lot of external consultants and used them to do
23 a lot of the work that, absent the consultants, would have
24 been done internally.

25 MS. GIRVAN: Okay. So we'll see that when? We'll see
26 that in the year-end financial statements?

27 MR. CHHELAVDA: Yes, it's actually specifically carved
28 out.

1 MS. GIRVAN: Okay. If you could please turn to CCC
2 number 12, and again, this refers me to another
3 interrogatory which we should pull up, which is Staff 25 --
4 25-Staff-123. Sorry, I'm sorry, it's CCC number 12, but
5 then it doesn't answer the question. It refers me to
6 Staff-123. I just wanted to follow through on that.

7 Okay. So if we could look at the chart on -- keep
8 going down. There. So this sets out what you say are the
9 productivity initiatives embedded in the five-year plan.
10 And I would like to look at these. And my question really
11 is, with respect to all of these, are they all beginning,
12 these initiatives beginning in 2018, or are they
13 initiatives that have been started prior to 2018?

14 MR. JODOIN: So perhaps to make that a little more
15 easy to follow, what we provided in response to a Society
16 interrogatory -- and that would be Exhibit I, tab 26,
17 Schedule Society SEP-3 -- we'd actually updated that table
18 to reflect 2016 actuals and a 2017 forecast. So that
19 should bridge the question you asked.

20 MS. GIRVAN: Okay. So most of these initiatives, if
21 not all, have been initiated prior to 2018? I guess I
22 could look at that interrogatory and figure that out.

23 MR. JODOIN: Yeah, a good amount has started prior to
24 2018. Not all of them.

25 MS. GIRVAN: Okay. So -- and I'm just trying to track
26 this productivity that you say is embedded in the revenue
27 requirement, so just let me -- bear with me for a second.

28 So if you turn to CCC number 20, it says that -- it

1 sets out the revenue-requirement impact related to these
2 productivity initiatives. I just want to ask you while
3 this one is still up on the screen, is the revenue-
4 requirement impact in CCC 20 derived from this particular
5 chart, in that it would take the revenue-requirement impact
6 of the capital plus the OM&A reductions, and would I arrive
7 at the amounts in CCC-20? Is that how --

8 MR. JODOIN: That's correct.

9 MS. GIRVAN: Okay. And the same thing -- you say that
10 the cumulative productivity savings embedded in the plan is
11 398 million, and that's not revenue requirement, that's the
12 outcome of this -- the chart that's in front of us. So if
13 we add all those numbers up --

14 MR. JODOIN: That's correct.

15 MS. GIRVAN: Okay. All right. I just wanted to make
16 sure those all reconcile. Thank you.

17 Okay. If you could please turn to CCC number 14.
18 Yeah, 9, tab 9, CCC 14. Sorry, I should do that every
19 time.

20 This is the most confusing issues list ever. Sorry.
21 Just thought I'd say that. Okay. It's just hard to find
22 things.

23 So we -- are you pulling up that one? Sorry, Harold.
24 Yeah. Great. Thank you.

25 Okay. So this refers to the capital in-service
26 variance account and it says that Hydro One is proposing a
27 capital in-service variance account to track the difference
28 between the revenue requirement associated with actual in-

1 service capital additions in a test year and the revenue
2 requirement associated with the OEB-approved in-service
3 additions.

4 And it looks to me that the reporting of this
5 particular account will just be done in an overall revenue-
6 requirement basis. And my question to you is, are you
7 prepared to report with respect to this account on a
8 project basis?

9 MR. CHHELAVDA: So just so we understand, are you --
10 is the question asking would we -- would we report on this
11 account on a project-by-project basis --

12 MS. GIRVAN: Yes, so --

13 MR. CHHELAVDA: -- is that the question?

14 MS. GIRVAN: -- tell me first what your intention is,
15 and then -- I think your intention is just revenue
16 requirement. So we'll get one line.

17 So here is the in-service capital addition, the impact
18 of the revenue requirement.

19 MR. CHHELAVDA: So we, consistent with -- we manage
20 our capital on an envelope basis, so we would be reporting
21 on a cumulative basis.

22 MS. GIRVAN: So we won't be able to see which in-
23 service additions you actually put in place relative to the
24 forecast?

25 MR. CHHELAVDA: Well, you would see that in the next
26 application.

27 MS. GIRVAN: So we wouldn't see it until the end?
28 Until you rebase?

1 MR. CHHELAVDA: Correct.

2 MS. GIRVAN: Okay. I just want to be clear. I think
3 I understand. If you turn to CCC 18, CCC 18, tab 16, CCC
4 18, and this is about Z factors. It said:

5 "Should the need arise Hydro One expects that it
6 would seek to include any request for approval of
7 a Z factor as part of its annual update
8 application."

9 So I just want to be clear that that's your intent, is
10 that you're doing an annual filing each year, and within
11 the context of that filing you'll include any Z factor
12 relief; is that correct?

13 MR. D'ANDREA: That would be correct.

14 MS. GIRVAN: Okay. Thank you.

15 If you can please turn to tab 33, CCC 28. So this
16 refers to the variance in the 2017 rate base and how -- let
17 me just go through this for a second -- that the increased
18 spending in 2017 was related to trouble calls and storm
19 damage.

20 Can you explain why these amounts -- I guess I should
21 put this to the next panel. I could see you reaching for
22 your button.

23 MR. JODOIN: Yes. I've said it so many times, you're
24 asking for a repeat.

25 MS. GIRVAN: The punter. Okay. If you can please
26 refer to tab 33, CCC 31?

27 So this is with respect to the acquired utilities and
28 it says that Hydro One is planning on spending between

1 7.8 million and 8.1 million on capital in the years 2018
2 for the acquired utilities, and our question was have
3 business cases been provided for the spending. And your
4 answer is the majority of spend planned is classified as
5 program work.

6 Can you explain to me how you decide whether these are
7 appropriate expenditures and how these amounts were
8 derived? Or do you want to punt that one, too?

9 MR. JODOIN: Yes, it's probably better for panel 2 on
10 this one.

11 MR. NETTLETON: Ms. Girvan, I guess my observation
12 just from that is that it seems embedded in your question
13 there's a need to discuss with panel 2 the difference
14 between project and program work.

15 MS. GIRVAN: Yes. I just want to understand how these
16 numbers were derived.

17 MR. NETTLETON: Yes. But I think embedded in this
18 response is this notion that business cases are not being
19 prepared for program work versus project work.

20 MS. GIRVAN: I just want to understand how the numbers
21 work.

22 MR. NETTLETON: Okay.

23 MS. GIRVAN: Thanks. If you turn, please, to tab 34,
24 CCC 32, this is referring to working capital and the
25 working capital requirements the changes that have resulted
26 from the Fair Hydro Plan. There's several references in
27 Board Staff, but I was having trouble following this.

28 All I would really like is what's the change in

1 working capital related -- directly related to the Fair
2 Hydro Plan?

3 MR. JODOIN: I'll be able to help with that. So the
4 estimated reduction annually in the working capital is
5 approximately 40 million per year between 2018 and 2022.

6 You will be able to complete the full math on the
7 before and after using Exhibit I, tab 34, schedule Staff
8 181, which outlines the distribution rate base table after
9 the Fair Hydro Plan has been run through.

10 MS. GIRVAN: So it's Staff -- is it 34 or 33?

11 MR. JODOIN: It's tab 34.

12 MS. GIRVAN: It just says below in that question, it
13 says 33. And that's all been included in the revenue
14 requirement?

15 MR. JODOIN: Correct.

16 MS. GIRVAN: Great, thank you. One last question. If
17 you please turn to CCC number 36, this refers to the
18 external relations department, and what I had asked for was
19 a detailed budget and you gave me the budget -- say in
20 2018, is 2 million dollars.

21 Can you provide a detailed breakdown? I'm trying to
22 understand what this particular department does.

23 MR. JODOIN: In terms of their function?

24 MS. GIRVAN: Yes.

25 MR. JODOIN: If you'll just bear with me for a minute,
26 I believe we outline it in Exhibit C1-1-7, but I'll have to
27 pull up the page.

28 Okay. Embedded in this exhibit on page 15 is the

1 corporate relations total department, which includes
2 various groups embedded within IT.

3 I think it might be easiest, now that I understand
4 specifically what you're looking for, if I undertake to
5 provide the specifics on that group, as it is one detailed
6 department under the corporate relations.

7 MS. GIRVAN: Okay. That would be helpful, thanks.

8 MR. JODOIN: Okay.

9 MR. SIDLOFSKY: JT 2.7.

10 **UNDERTAKING NO. JT 2.7: TO PROVIDE SPECIFICS ON THE**
11 **CORPORATE RELATIONS GROUP**

12 MS. GIRVAN: Thank you. Those are my questions.

13 MR. SIDLOFSKY: And finally, Energy Probe. I should
14 also note that Mr. Thiessen has recovered from Ms. Girvan's
15 comments about the issues list, and he will be following up
16 with a few questions just after Energy Probe.

17 **EXAMINATION BY MR. LADANYI:**

18 MR. LADANYI: Good morning, panel. Can you hear me?
19 My name is Tom Ladanyi. I'm consultant to Energy Probe,
20 and I just have a few questions.

21 Could you turn to School Energy Coalition
22 interrogatory 1, which is tab 3 SEC-1, specifically to
23 attachment 1, page 8, which is a timeline chart. That's
24 it.

25 Am I correct in assuming that this document was
26 prepared at various times over the past couple years and
27 you would have updates to it? Is that right? Because this
28 one is dated in June 2016.

1 MR. JODOIN: This specific timeline was created with
2 the sole intention to provide sort of a kick-off to the
3 corporate costing process meeting that was held at that
4 time.

5 MR. LADANYI: So it was not updated regularly? What
6 I'm looking for actually is, if you like, the actuals, what
7 actually happened. So here we are on this chart in June
8 16, 2016. What happened after that? For example, did you
9 finalize the incentive regulation model around November 1
10 or not? This is what I'm specifically looking at.

11 MR. BUONAGURO: Sorry, you had a specific question?

12 MR. LADANYI: No, I don't have a specific question.
13 I'm going to ask for an undertaking to update this timeline
14 with the actuals. But I thought maybe you already had an
15 updated version.

16 MS. LEE: If it's helpful, I believe in an
17 interrogatory response to Schools 36 -- I can't recall the
18 issue number -- there is a detailed timeline that's been
19 provided, although not in this type of spreadsheet form or
20 graphical format.

21 MR. LADANYI: I think this graphical form is very
22 useful. If you already have the data to update it, could
23 you provide a graphical chart that looks -- with the
24 actuals?

25 MR. NETTLETON: I'm going to refuse that undertaking.
26 The response provided, as Ms. Lee has indicated, providing
27 the chronology of events is found on the record is SEC 36.
28 And if intervenors wish to spend resources and reformat it

1 into whatever form they seek, they can. But it's not
2 helpful. It's not necessary and -- for Hydro One to go to
3 that task. It doesn't address the purpose of this
4 application, which is to clarify the responses that we've
5 provided.

6 MR. LADANYI: Okay. I'll leave it at that. I'll
7 study SEC 36 and see if it provides the information that
8 I'm looking for.

9 Okay. My next question deals with your response to
10 Energy Probe number 6, which is tab 7, Energy Probe-6,
11 specifically your response to part D. Here we asked for --
12 "please file all presentations, reports, memos, and e-mails
13 that were given to Hydro One senior management to obtain
14 their approval to use the proposed revenue cap IR model in
15 the application", and your response directs us to -- says
16 "please see Hydro One's response to Exhibit I3-SEC-4". And
17 when I turn to that I see a bunch of presentations or
18 packages that were given to the board of directors.

19 In most corporations board of directors are not senior
20 management. They're separate from senior management; is
21 that right?

22 MR. NETTLETON: Well, Mr. Ladanyi, if -- maybe I can
23 short-circuit this line of questioning. If really all
24 you're getting to is this question of "provide any and all
25 correspondence and communications that were provided
26 between Hydro One's management and senior management and
27 board of directors", the answer is we're not prepared to do
28 that. We have provided the information, as you've noted,

1 in SEC-4 that -- our materials that went to the board of
2 directors. If there is a continued insistence that Hydro
3 One provide more information than this, than what we have,
4 this is not the forum that that issue is going to be --
5 that we will be able to address it.

6 I have indicated that point to others in this
7 proceeding and in particular to Mr. Shepherd, and the
8 answer stays the same. We are not prepared to provide
9 draft reports. We are not prepared to provide additional
10 communications between levels of management within Hydro
11 One in the preparation of the application that has been
12 filed with this rate case.

13 If the matter is one that you wish to pursue, then
14 there's a proper way to do that, and that's not through
15 this technical conference.

16 MR. LADANYI: All right. Okay. So I'm going to --
17 next one is to Energy Probe, Interrogatory No. 56, so it's
18 going to be tab 40, Energy Probe-56. So here we're asking
19 to -- "have 2017 STIP and LTIP compensation payments been
20 determined? If they have what percentages of employees in
21 each eligible group received the maximum payment, above
22 average pavement, average payment, and below average
23 payment", and what you've said here is they've not been
24 finalized, so my first question is have they been finalized
25 now?

26 MR. McDONELL: I can update that. At the time of this
27 writing they weren't, but subsequently they have been
28 finalized, both for the -- 2017 STIP has been finalized.

1 For the 2018 LTIP it will be finalized early next week.

2 MR. LADANYI: But the employees were told, I presume,
3 some time ago what their rating was, I would assume
4 probably in December.

5 MR. McDONELL: I believe the STIP awards came out, I
6 think, last week. Last week, I think it was.

7 MR. LADANYI: But they're proportional to their
8 performance and they're related to their --

9 MR. McDONELL: Correct. But the actual awards --
10 sorry. The actual awards weren't issued -- I think it was
11 February 22nd, if I'm not mistaken. So if you're asking
12 for an update we can give you an update.

13 MR. LADANYI: Very good. Can you provide an update?

14 MR. SIDLOFSKY: That will be JT2.8.

15 **UNDERTAKING NO. JT2.8: TO PROVIDE AN UPDATE ON**
16 **FINALIZED STIP AND LTIP NUMBERS.**

17 **EXAMINATION BY MR. YAUCH:**

18 MR. YAUCH: I just have a couple follow-up questions
19 as well. If you go to tab 4, Energy Probe 3 -- you might
20 punt me to the next panel. That's fine. We ask you if
21 your application was approved as you presented it with an
22 effective date of January 1st, what would the bill impacts
23 be starting January 1st, 2019, and on page 2 you provided a
24 table, and if you look at the change -- even the change in
25 the total bills, and that's just over 10 percent, which is
26 generally sort of the Board's threshold.

27 Now, I'm curious. Are you proposing that you won't
28 mitigate the bill increases if this happens, or will you do

1 some sort of smoothing with these types of rate increases?
2 I'm just curious if you finalized your approach to how
3 you'll deal with it.

4 MR. NETTLETON: Mr. Yauch, as you note, the
5 interrogatory at the bottom has Mr. Andre's name associated
6 with this --

7 MR. YAUCH: That's fair, yeah.

8 MR. NETTLETON: -- so I think it's probably best to
9 have Mr. Andre provide you the clarity that you're seeking
10 in panel 3.

11 MR. YAUCH: Okay. Yeah, I would rather be punted to
12 the next panel than the other way around, so...

13 MR. NETTLETON: I can't guarantee that.

14 MR. YAUCH: We can't go backwards, right?

15 MR. NETTLETON: No.

16 MR. YAUCH: If you could take me to tab 7, Staff 17.
17 This, I think, is you. It's about the in-service variance
18 account, and Board Staff asked you for a calculation on how
19 it would work.

20 So if you go to page 3, please. And you provide an
21 example here. So my question really is just, does the in-
22 service variance -- the calculations you have here start
23 with 2017 and go forward. You're not proposing to start
24 with 2017, you are starting -- we'll start with 2018,
25 right? We're not going to consider what happened in 2017
26 with this variance account? Or do we include what's
27 happened in 2017? If so, do you have an update for that
28 figure in 2017?

1 MR. CHHELAVDA: So we are including '17, and the
2 update, as I mentioned, I believe, yesterday, the carve-out
3 DX financials are not yet ready, so they will be ready by
4 the end of April, so we'll have updated figures at that
5 point in time.

6 MR. YAUCH: In the application you only refer to
7 capital additions in the term from 2018 to 2022, but really
8 what you're saying is you're actually going to throw 2017
9 on top of that, because in the application it doesn't
10 include 2017 when you describe the variance account.
11 That's what I -- sort of my confusion with it.

12 MR. CHHELAVDA: So we're actually truing up the
13 starting point.

14 MR. YAUCH: But if you have a cumulative -- if you're
15 over in 2017 you're going to carry that into 2018, right?
16 So the variance account is really from 2017 to 2022, not
17 2018 to 2022.

18 MR. CHHELAVDA: So you're correct, yes.

19 MR. YAUCH: Okay. If you can go to tab 18, Energy
20 Probe 16, please. This will be very easy, I think.

21 Would you undertake to update this chart but just
22 split out capital and OM&A?

23 MR. JODOIN: I think that question will be better
24 suited for panel 2, and they will let you know if that's
25 something that they will be able to undertake.

26 MR. YAUCH: Okay. I just have one last question.
27 It's tab 22, Energy Probe 27 and Energy Probe 29, two of
28 them. So in 27 we asked you about your taking energy in-

1 house, your call centre, and you said that you haven't
2 operated this since 2002 so you don't really know the cost,
3 but then at 29, EP-29, in Part A, your response, you say:

4 "Hydro One examined the benefits, costs, and
5 risks associated with in-sorting the operation."

6 So we were curious. In one answer you say you
7 examined the benefits and costs and risks, which to me
8 would assume there is some sort of cost analysis somewhere.
9 And in one answer, you say you haven't done it.

10 Is there any sort of cost benefit analysis on bringing
11 this in-house, or not?

12 MR. CHHELAVDA: Again this is a question for panel 2;
13 the customer folks will be able to answer that question for
14 you.

15 MR. YAUCH: Those are my questions. Thanks.

16 MR. SIDLOFSKY: Thank you, Mr. Yauch. Over to Mr.
17 Thiessen.

18 **EXAMINATION BY MR. THIESSEN:**

19 MR. THIESSEN: Good morning. I had a couple questions
20 that I thought might be panel 2, but they might be panel 1.
21 So I just wanted to make sure I didn't miss out by letting
22 you guys go ahead of time.

23 First, I had a bit of a curious question from when Ms.
24 Girvan was talking about the productivity improvements that
25 you guys had provided, and we talked about that this
26 morning, and I just wanted to confirm my impression that --
27 and get this clear, because I'm not sure it was made clear
28 that those productivity improvements are just examples of

1 the kind of work Hydro One is doing to be more productive,
2 and that those productivity improvements that are cited
3 there aren't really going to be determining rates from 2019
4 to 2022, because they really aren't explicitly reflected in
5 your I minus X formula.

6 Is that a correct impression that I have?

7 MR. JODOIN: Partially. So the capital side is fully
8 embedded in the revenue requirement calculation through
9 lower rate base. The OM&A side in 2018, you have lower
10 revenue requirements by the amounts defined in that
11 interrogatory and then basically we've included, as
12 outlined in the response to OEB Staff 123, the full amount
13 of our productivity plans in this application placing the
14 risk on Hydro One shareholder and management staff as
15 productivity is embedded in the scorecard to achieve those
16 results.

17 To the extent that we under-achieve what we've quoted
18 here, it's the expense of the shareholder. To the extent
19 that we over-achieve on the OM&A side, the customer will
20 see benefit in the first rebasing year through lower OM&A
21 at that point in time.

22 To the extent we over-achieve over and above the
23 earnings sharing, that's where amounts will be further
24 shared with the customer. Does that make sense?

25 MR. THIESSEN: Yes. Thank you, that clarifies things.
26 And then my other questions, one has to do with OEB Staff
27 interrogatory 4, which is tab 2, Staff 4. I'll wait for
28 that to come up. And that has do with overdue accounts,

1 accounts receivable overdue. Is that a question that you
2 guys can answer or respond to? And my question basically
3 is an update for quarter 4-2017, because the table provided
4 only goes to the third quarter.

5 MR. JODOIN: Better suited for the customer folks on
6 panel 2.

7 MR. THIESSEN: Thank you. I have a similar question
8 that has to do with tab 2, Staff-1, and it has to do with
9 customer calls for billing and collections, and there's a
10 table provided there as well. Is that panel 2 as well?

11 MR. CHHELAVDA: Yes, it is.

12 MR. THIESSEN: My original thought on this was
13 correct, I guess. The last one is tab 2, Staff 3, which
14 has to do with the security deposits. Would that be panel
15 2 as well?

16 MR. CHHELAVDA: You're correct.

17 MR. THIESSEN: Thank you. Those are my questions.

18 MR. SIDLOFSKY: Thank you. I believe that concludes
19 the questions for panel 1. Thank you, panel. It is 10:15
20 right now. I'm thinking we should break for about ten
21 minutes, just to give people a bit of a break and allow for
22 panels to get switched over.

23 Why don't we make it until 10:30? Thank you.

24 --- Recess taken at 10:15 a.m.

25 --- On resuming at 10:35 a.m.

26 **PROCEDURAL MATTERS:**

27 MR. SIDLOFSKY: If I could have everyone's attention,
28 and we're back with the second Hydro One panel. Just

1 before I ask you to introduce the panel, Mr. Nettleton, I'm
2 just going to mention a couple of scheduling items.

3 Board Staff will begin the questioning, first of all
4 with Chris Oakley from Midgard Consulting, who will be
5 asking questions primarily related to the distribution
6 system plan. Mr. Thiessen will then be following up with
7 some questions -- some further questions from Staff. We'll
8 then move on to Schools and VECC and AMPCO, and I expect at
9 the lunch break we'll work out the rest of the scheduling.

10 So Mr. Nettleton, if you could introduce the panel.

11 **HYDRO ONE NETWORKS INC. - PANEL 2**

12 **Bruno Jesus**

13 **Lyla Garzouzi**

14 **Imran Merali**

15 MR. NETTLETON: I would be pleased to, Mr. Sidlofsky.

16 Good morning, panel, and for participants in this
17 technical conference, panel 2 of Hydro One's witnesses is
18 comprised of three individuals. Mr. Bruno Jesus is our
19 quarterback of this panel. Mr. Jesus is the director of
20 strategy and integrated panel -- planning, and he is seated
21 in the centre of this panel. Seated to his right is Ms.
22 Lyla Garzouzi. Ms. Garzouzi is the director of
23 distribution asset management. And on Mr. Jesus's left is
24 Mr. Imran Merali. And Mr. Merali is the director of
25 customer program delivery.

26 And so this panel will address what I construe to be
27 the non-financial aspects of the application, dealing with
28 investment planning and not touching on the topics of panel

1 1 or the load forecast and rate design matters, which are
2 reserved for panel 3.

3 And with that introduction I think it's over to you,
4 Mr. Sidlofsky, and your colleagues.

5 MR. SIDLOFSKY: Thanks, Mr. Nettleton, and I'm going
6 to turn the mic over to Mr. Oakley.

7 **EXAMINATION BY MR. OAKLEY:**

8 MR. OAKLEY: Good morning, panel. I would like to
9 start out with Staff 89, issue 24. And this is about a
10 couple of programs: SR09 pole replacement and SR06
11 distribution station refurbishments.

12 There was a table -- or -- provided here, and the
13 listed financial parameters in it appear to be simply total
14 budgets rather than parameters and targets used by Hydro
15 One in the optimization process.

16 Does Hydro One use quantified parameters in its
17 optimization process?

18 MR. JESUS: Yes, we do.

19 MR. OAKLEY: Would you be able to provide us with a
20 list of those parameters?

21 MR. JESUS: So we provide -- we have financial
22 constraints. So do you want the financial constraints?

23 MR. OAKLEY: Well, sort of all the parameters that are
24 used in optimization, so that will be financial
25 constraints, risks that are being assessed. You have to
26 obviously grade the risks and then assess those if you're
27 doing an optimization. You -- just looking for the
28 parameters that you use to --

1 MR. JESUS: Right. So that would be --

2 MR. OAKLEY: -- make those decisions.

3 MR. JESUS: That would be the risk assessment that we
4 carry out, and that can be found on the probability and the
5 risk tolerance associated with Staff 089, in the attached
6 tables that show all of the risk factors that we actually
7 evaluate.

8 MR. OAKLEY: So those are just sort of generic kind of
9 high-level numbers -- these are the actual calculations
10 that are used in doing your optimization?

11 MR. JESUS: No, they're not.

12 MR. OAKLEY: Oh.

13 MS. LEE: If you could allow Erin to bring that up on
14 to the screen before proceeding that would be great.

15 MR. OAKLEY: Sure.

16 MR. NETTLETON: It's Exhibit I24-Staff-89. And I
17 believe, Mr. Oakley, are you referring to Appendix A in
18 that...

19 MR. OAKLEY: If Appendix A is immediately attached to
20 it, yes, there it is, yeah.

21 MR. JESUS: And then associated with that table there
22 is the risk weightings, correct?

23 MR. OAKLEY: Right. So -- and where would I -- it is
24 impossible to read this, obviously, at this level. I -- I
25 can hardly -- so where would I find the risk weighing --
26 like, a numeric -- quantifiable risk weightings here?

27 MR. JESUS: So the -- that's at the -- the weightings
28 are shown in DSP process at 2.1, where you will go to the

1 risk prioritization, and associated with the risk
2 prioritization that's Table 34 on page 27 that describes
3 the prioritization criteria.

4 So the prioritization criteria are linked to this
5 table from a risk assessment point of view. They are then
6 weighted and multiplied to come up with the scores that
7 then form the basis of the risk assessment.

8 MR. OAKLEY: Okay. Thanks. I'm still not sure that I
9 would be able to actually recreate this, given what's
10 there, but I guess I'll have to think more about that
11 again.

12 Would you be able to provide, you know, as examples a
13 quantified analysis showing how the SRO9 pole replacement
14 program and SRO6 distribution station refurbishments were
15 optimized, so in other words, how you came up with a
16 portfolio that was the right size, as opposed to, you know,
17 potentially too big, too small, you know, it doesn't
18 address the need or over-addresses the need? Have you got
19 quantification of those analyses?

20 MR. JESUS: So we have all the risk assessments for
21 all the various programs, and in one of the interrogatories
22 it asks for all the risk assessments for each of the
23 programs. And that's listed in -- where am I going here?
24 The risk assessment, the results are in B1-2, as well as
25 Staff interrogatory 119. And the project risk assessments
26 are also shown in Staff 100.

27 MR. OAKLEY: These aren't just tables of results,
28 these are the actual --

1 MR. JESUS: Those are the actual results, correct.
2 Those are the risk assessments prior to the baseline risk,
3 identifying the baseline risk, and then what's the residual
4 risk afterwards as a project-by-project risk assessment.

5 MR. OAKLEY: Again, but it's a table of results, as
6 opposed to showing how you got to the results?

7 MR. JESUS: So that -- we have asset investment
8 planning tool, a Copperleaf tool, which is a proprietary
9 tool --

10 MR. OAKLEY: Okay.

11 MR. JESUS: -- which we enter the financial
12 parameters, that it then allows to optimize from an
13 economic point of view -- i.e., financial parameters -- as
14 well as a timeline perspective. And that's described in
15 the interrogatory that you pulled up.

16 MR. OAKLEY: Great. Okay. Thanks. And it also then
17 mentions that there's a calibration session.

18 MR. JESUS: Correct.

19 MR. OAKLEY: And do you have any materials from such a
20 calibration session? Because this obviously overrides
21 whatever Copperleaf came up with.

22 MR. JESUS: So -- that's correct. So the calibration
23 session is where we engage all of our enterprise and we
24 come to the meeting and we challenge the risk assessments
25 that were provided during the candidate development.

26 MR. OAKLEY: So this --

27 MR. JESUS: So we do have materials that were
28 presented during the calibration session.

1 MR. OAKLEY: You do have such materials?

2 MR. JESUS: I believe so.

3 MR. OAKLEY: Would it be possible to provide those so
4 we can just --

5 MR. JESUS: Sure [inaudible] --

6 MR. OAKLEY: -- get a flavour of what happens, because
7 we don't know how material the calibration session is
8 versus the other analyses that you do.

9 MR. JESUS: Sure.

10 MR. OAKLEY: Thanks.

11 MR. SIDLOFSKY: That will be Undertaking JT2.9.

12 **UNDERTAKING NO. JT2.9: TO PROVIDE MATERIALS THAT WERE**
13 **PRESENTED DURING THE CALIBRATION SESSION.**

14 MR. OAKLEY: Can we move to Staff 115, please. And
15 this is a bit of a discussion about business cases. And I
16 take it from the response to D it means that as a rule
17 intervenors and the OEB will not have the opportunity to
18 review fully developed business cases for planned capital
19 projects until after the projects, or perhaps even
20 different projects with which they are replaced are
21 completed?

22 MR. JESUS: That's correct. So business cases would
23 be done for individual projects.

24 MR. OAKLEY: And those wouldn't typically be available
25 prior to an application like this, a custom IR application?

26 MS. GARZOUZI: So it's the timing of the work
27 execution. We would prepare the business case very shortly
28 before execution, once we've completed our engineering and

1 our site assessment. And that is when we prepare the
2 business case.

3 MR. OAKLEY: Okay, thanks. So is there any more
4 comprehensive documentation of the proposed projects and
5 programs that we would see in the ISDs. Clearly there's
6 very little information. Typically, there is a one
7 sentence scope. Typically, the alternatives considered are
8 typically do this or don't do this, so there is no way to
9 understand if there was more optimization done, if there
10 were other alternatives considered. And in some cases,
11 we're talking tens and hundreds of millions of dollars
12 being spent based on a sort of one sentence scope, which
13 doesn't give us a chance -- I mean, this is a custom IR.
14 We're not trying to do a test year and then run it out for
15 four years. We supposedly have a budget for every one of
16 these years that is going to be approved in this process,
17 and we can't really validate what's there.

18 Is there some more documentation than we've seen is
19 all I'm really looking for, even if it's not a fulsome
20 business case?

21 MS. GARZOUZI: That information that you're describing
22 is usually found in the business case. For regional plans,
23 for example, which have been filed, that would explain the
24 need of those projects. So that would be background
25 information for those specific business cases, for example,
26 if we're developing feeders that are supplied from
27 transmission stations.

28 MR. NETTLETON: Mr. Oakley, this was an issue that was

1 raised in the context of the last transmission case, too,
2 the idea that business case analysis was done at the stage
3 where authorization for expenditure effectively was the
4 issue. That is to say that the business case assessment
5 was done at the back end of the process, not when you're
6 budgeting out five years from the start.

7 And so you may want to talk to the witnesses about
8 what's the rationale behind when you actually carry out the
9 business case analysis, why is it done at the time just
10 before expenditures are authorized versus done at the stage
11 now where the capital investment plan is created. That is,
12 I think, a common misunderstanding that we saw in the
13 transmission rate case, and it seems to have a carryover
14 effect to distribution here.

15 MR. OAKLEY: It may be a misunderstanding, but it's
16 also something that would be really helpful for us to have
17 at least a better developed explanation of these projects
18 and the alternatives considered than we get in the two-page
19 ISD. There is not much there.

20 A lot of them look like they were just photocopied and
21 filled in the blanks of a few and -- I mean, again, we're
22 being asked to consider hundreds of millions of dollars of
23 expenditures in each of these years based on a two-pager,
24 sort of.

25 I understand you don't do the fulsome business cases
26 until your management has to approve them, but the Board is
27 being asked to approve -- and effectively, a custom IR,
28 you're approving specific dollars for each of these years.

1 MR. JESUS: Specifically for business cases, we only
2 do that on projects that are not reoccurring. So for
3 program work, those are defined in the ISD in terms of the
4 intent and what we're going to be -- what are the benefits
5 and costs associated with those various programs. So the
6 ISD is a reoccurring type of program where no business case
7 is prepared, other than what you're seeing in the ISD.

8 The analysis that goes into determining how many poles
9 and how many -- whatever else we're doing from a program
10 point of view is developed by the planners and then bundled
11 into the program. It is a reoccurring expenditure and no
12 business case exists, other than the ISD.

13 **FOLLOW-UP QUESTIONS BY MR. GARNER:**

14 MR. GARNER: Mr. Oakley, do you mind if I ask a
15 follow-up question? This follows from yesterday's panel
16 and here is my confusion.

17 Yesterday, I asked a question of the panel as to
18 the -- there appeared to be a variance between the capital
19 budgets being shown by Hydro One in this application and
20 then the in-service amounts in the subsequent years. And
21 the response I thought I heard from the panel prior to
22 yourself was that that reason was there was sufficient
23 detail in the planning portion of this application that
24 arose out of that distinction.

25 But what I'm hearing from you right now is there isn't
26 that level of distinction to derive the difference between
27 in-service and capital budgets.

28 Can you explain why there would be that difference

1 then?

2 MS. LEE: I'm sorry, Mr. Garner. Can I ask a question
3 clarification?

4 My recollection of the exchange that happened between
5 yourself and Mr. Jodoin is whether a formula or a model had
6 been developed to forecast ISAs relative to the forecasted
7 capital expenditure, and my understanding of his response
8 was that the ISA forecast is essentially a bottom-up build-
9 up. It was not a derived figure -- a figure derived,
10 rather, from the capital -- forecasted capital
11 expenditures, although they are of course related. And I
12 do believe that it was -- it may have been punted to this
13 panel to expand upon or confirm.

14 MR. NETTLETON: I think we're jumping around a bit,
15 Mr. Garner, so maybe we can go back to the area that I
16 think Mr. Oakley was --

17 MR. GARNER: Fair enough, yeah.

18 MR. NETTLETON: -- discussing. And what I'm hearing
19 is again from an informational gap it seems, Mr. Oakley,
20 that you're raising. And the level of puzzlement or
21 perplexed looks we have on the witnesses' faces is whether
22 or not there is any thought given to, or the level of
23 planning and effort that goes into either projects or
24 programs in respect of the amounts that Hydro One is
25 seeking approval of from this Board in the form of capital
26 budget.

27 And I think that if there is a belief that all that
28 Hydro One does is photocopy ISD documents and populate a

1 one-page document with respect to a particular described
2 program or project, I would anticipate -- I don't know, but
3 I would anticipate that that is probably going to be
4 vehemently challenged by my witnesses to say that's not how
5 it's done.

6 And I think it's fair for the witnesses to provide
7 with you a fulsome answer about the process that's used and
8 how the planning work is executed and carried out, so that
9 this Board, and more specifically Staff, have a comfort
10 level of the nature of the work and the effort that's
11 undertaken that goes into the actual application of line
12 items that have been applied for.

13 **CONTINUED EXAMINATION BY MR. OAKLEY:**

14 MR. OAKLEY: Thanks, Mr. Nettleton. And panel, please
15 be assured I am not assuming that you basically do your
16 planning work by preparing two-page ISDs. That's merely
17 what gets reported to us, and what we're left to try and
18 understand what you're doing.

19 And again, because this is a custom IR, you're
20 describing, for example, that programs -- you're not going
21 to look at the individual line necessarily, you're not
22 going to have a full business case of this line or this
23 transformer, or these pole replacements.

24 That then makes me wonder why a custom IR, because
25 most of the money in capital here is being spent in
26 programs -- I think that's correct -- which then lends
27 itself very well to saying let's look at a test year, let's
28 prove out what we do, and then let's drive that forward for

1 four years. That's the whole point of incentive
2 regulation.

3 The custom IR is because I've got some specific needs
4 I've got to take care of, and I'm going to map them out for
5 five years, and what we've got to work with is two page
6 ISDs.

7 MR. NETTLETON: So Mr. Oakley, again, if the point of
8 Staff is that they want to argue that the form of the
9 application as applied for is inappropriate, that a cost of
10 capital single-year or some application is more suitable,
11 you're welcome to make that point, but I would like to just
12 sort of focus back to the purpose of this conference, and
13 that is to help clarify the responses, and I think there is
14 a real need based on the question that you started with, a
15 real need, an opportunity here to clarify and provide that
16 line of sight, that reasoned approach that Hydro One does
17 take when it forecasts its capital requirements, and that
18 may allay the concerns that you're ultimately advocating or
19 suggesting here.

20 So if you could talk to the witnesses about the
21 planning process I think that would be helpful.

22 MR. OAKLEY: Yeah, we're -- again, I'm not trying to
23 argue for one sort of an application or another, I'm just
24 saying that since this is custom IR I would expect to see
25 custom IR documentation and support, and I don't see that,
26 so that's where my comment comes from, and would
27 desperately like to understand how different levels of
28 investment are going to produce different outcomes that are

1 being sought, and that's just trying to understand why
2 \$600 million does the job and 500 doesn't, or 400. You
3 know, I mean, that's the level of understanding, just
4 wanted to understand what the outcomes are that are going
5 to be driven by this level of investment without any clear
6 quantification in the information that's been provided.
7 So...

8 MS. LEE: Perhaps it would be helpful in a --

9 MR. BRETT: I have a concern. Ms. Lee, are you part
10 of the panel, or are you part of McCarthys, or are you part
11 of a regulatory --

12 MR. NETTLETON: So -- so --

13 MR. BRETT: -- backdrop?

14 MR. NETTLETON: Mr. Brett --

15 MR. BRETT: No, but I'm concerned, because Ms. Lee
16 intervenes systematically in these cases wherever we get to
17 a tension point --

18 MR. NETTLETON: Mr. Brett --

19 MR. BRETT: -- and I would like to see her on the
20 panel if she's going to do that.

21 MR. NETTLETON: You know what? Mr. Brett, this is a
22 conference, okay? These are not witnesses testifying under
23 oath. This is an open discussion intended to facilitate
24 understanding. Ms. Lee is an employee of Hydro One and is
25 entitled rightfully to have the opportunity to provide
26 clarifications with respect to the application that is,
27 quite frankly, enormous.

28 And so if there is a way for people to further their

1 understanding, then surely there is a practicable and
2 reasonable approach that should be taken that would allow
3 the people from Hydro One to provide that clarity. And if
4 it happens to be Ms. Lee, so be it.

5 MR. BRETT: Well, are we going to have 15 --

6 MR. NETTLETON: Could we -- could we --

7 MR. BRETT: -- people speaking here? I mean, if she's
8 going to do that maybe she should be with the group on the
9 -- up there.

10 MR. NETTLETON: Mr. Brett --

11 MR. BRETT: And in any event, I just want to --

12 MR. NETTLETON: -- it's really [speaking over each
13 other] --

14 MR. BRETT: Just let me finish, please --

15 MR. NETTLETON: No --

16 MR. BRETT: -- let me finish my point, please.

17 MR. NETTLETON: No.

18 MR. BRETT: I'm going to finish. Staff are asking
19 very reasonable questions. They're seeking additional
20 information. It's 101 Regulatory, my friend. It's 101.
21 They need to know -- they want to know the details of these
22 five years' worth of capital expenditures.

23 We just went through a long, long hearing with
24 Electra, and in Electra's case they provided detailed
25 summaries and analyses of each particular project or
26 program at least for 2018, for the first year. Perhaps it
27 can't be done for all of the years, but at least was done
28 for the early years.

1 And what I'm hearing is you're coming back and saying,
2 Oh, just look at our capital budget and look at our
3 process. But you know full well that the Board is
4 interested in results. It's a results-based analysis.

5 So what are you actually going to do, and what are the
6 impacts of that?

7 MR. NETTLETON: Are you done, Mr. Brett?

8 MR. BRETT: I am now. Are you done?

9 MR. NETTLETON: No, I'm not. I haven't even begun.

10 MR. BRETT: Your speaking is taking up so much of this
11 conference that I would wish you would speak less and let
12 the people speak more.

13 MR. NETTLETON: Hope springs eternal, Mr. Brett.

14 The point, if we can get back to Mr. Oakley and Ms.
15 Lee -- would it be helpful, Mr. Oakley, if Ms. Lee provides
16 you that clarity?

17 MR. OAKLEY: Sure.

18 MR. NETTLETON: Thank you.

19 MS. LEE: I was just going to note that we were
20 narrowly focusing -- or this discussion is narrowly focused
21 on the ISDs, but there are sections of the DSP where the
22 company does elaborate on its asset management strategies
23 and the condition of its assets. So I would just point
24 that out.

25 MR. OAKLEY: Yes, thanks very much, and, you know,
26 there is a tremendous amount of documentation. I don't
27 have to tell anyone here that. But as a, you know, poor
28 reader of this stuff, and the eyes aren't as good as they

1 used to be, when you have to kind of pour through 4- or
2 5,000 pages of this to correlate and get up to, okay, well,
3 this is -- if I cross-correlate this properly I'll figure
4 out why it is they're doing these things. I would really
5 just like that somewhere where you submit the projects or
6 the programs.

7 You know, it's -- you have more staff than we do. We
8 can't make these correlations. We would like it, if it's
9 possible, presented in a way that we can actually
10 understand: Here is what we're doing, this is what it's
11 going to produce, and this is how we got to that point. If
12 it's a business case, fine, if it's a planning summary,
13 that's fine.

14 Again, we're talking -- we're not talking trivial
15 amounts. These are hundreds of millions of dollars each
16 year. And I've probably beaten this horse to death, so I
17 will carry on with some more specific examples now. I
18 think you hear where, you know, the frustration, I guess,
19 is coming from, but we're just trying to understand what's
20 being presented to us.

21 MR. JESUS: The only other thing I would draw your
22 attention to is that we are delivering on the outcomes that
23 we've identified in the scorecard, the various scorecards
24 which are identified in the DX scorecard, which identifies
25 what the outcomes are going to be as a result of these
26 expenditures.

27 MS. GARZOUZI: And section 2.2 and 2.3 of the DSP
28 outlines our asset details and our planning approach, so if

1 you --

2 MR. OAKLEY: Right. But it doesn't show optimization.
3 This is where the pinch comes in.

4 If you had a billion dollars to spend a year you'd
5 probably do a great job. If you got 600 million to spend a
6 year you'd do maybe acceptable job. What we don't know is,
7 where is the line where it stops being an acceptable job,
8 it stops being a good job. And again, I've probably beaten
9 this horse to death, so I will cease beating it.

10 Could we move to Staff 164, please. And I'm going to
11 ask a comparative question here. So will the equipment-
12 focused system renewal -- oh, I guess we're not up yet.
13 Sorry, yes, 29, sorry. It was 164, yes. If you remind me
14 enough I'll remember do it.

15 Are we there? Okay. So the first part of this
16 question is: Will the equipment-focused system renewal
17 capital investments that are proposed in this plan improve
18 reliability performance to the same relative extent as will
19 the new vegetation management program that's proposed in
20 Exhibit Q?

21 I'm just looking for a relative, you know, this one is
22 twice as big as that or...

23 MS. GARZOUZI: The vegetation management program
24 outlined in Exhibit Q is -- has the most reliability
25 impact. So we expect that program to improve reliability
26 or minimize vegetation-caused outages by 20 to 40 percent.

27 MR. OAKLEY: Thank you. Yes, that's what I
28 interpreted. I just want to confirm that, yes, on a

1 relative basis vegetation management gets you a long way --

2 MS. GARZOUZI: Absolutely.

3 MR. OAKLEY: -- in improved performance.

4 Can we look at the table that's provided in the
5 response to Bi, lower-case "i". Yes. Just looking this
6 over, the methodology seemed kind of overly simplistic.

7 Is this the first time Hydro One has used that
8 methodology to derive reliability impacts?

9 MS. GARZOUZI: That table, you mean?

10 MR. OAKLEY: Yes.

11 MS. GARZOUZI: I would agree it is simplistic. It's a
12 much broader picture, especially if you consider all the
13 investments we're undertaking.

14 MR. OAKLEY: Yeah, I was wondering if you've
15 correlated or validated the correlations shown here with
16 actual performance. Have you ever had a chance to say,
17 Well, this is sort of what our simple table says. Here is
18 what happens when we go and do the program and actually do
19 these replacements. Has that ever occurred?

20 MR. JESUS: So the correlation is defined by the
21 contribution to the reliability. So poles contribute as
22 per -- as per what the IR -- bottom line is that at the end
23 of the day the pole contribution to SAIFI and SAIDI as per
24 the contributions are for poles, are for other line
25 equipment, are for station and vegetation management.
26 Those correlations with respect to reliability are then --
27 help to define the reliability impacts as shown there. So
28 that's the correlation that we're doing.

1 MR. NETTLETON: Mr. Jesus, I think Mr. Oakley's
2 question related to have you verified the expected
3 outcomes. Has there been any step in that?

4 MR. JESUS: Have we verified the outcomes with respect
5 to pole failures? The answer is yes, we know what the
6 impact is on reliability.

7 MR. OAKLEY: I guess in my mind I don't see that in
8 this table. And this is really the 600-million-dollar
9 question, if you want to get to it. You're saying the
10 level of investment in plan A, B or C being modified will
11 result in -- you're making the claim these are the
12 reliability outcomes.

13 Again, if I was running a planning department and
14 someone brought me this table, I'd say huh? This looks
15 pretty basic. I don't know that I can actually draw those
16 correlations. Has it been tested? Have you defined this?

17 There are ways that you can do these analyses that are
18 obviously much more complex than this, and these are pretty
19 bold statements of if we spend this much money, we'll get
20 that result. And I know that SAIDI and SAIFI are lagging
21 indicators, but you're kind of putting out there that this
22 much investment is the right investment to get these
23 results.

24 MR. JESUS: Right, but the contributions the
25 contributions from each one of these assets are defined.
26 You can see them in I24-SEC-37, where we describe the
27 contributions by SAIFI, SAIFI and CAIDI for veg and all the
28 various subcomponents.

1 Effectively, what we tried to do was demonstrate the
2 reliability impact for each one of these plans, based on
3 the changes in the investment or the changes in the work
4 that we're doing under plan A, B and C.

5 MR. OAKLEY: Right. But just to use poles as an
6 example, if I have a danger tree sitting outside a right-
7 of-way and it falls on a new pole, the pole is gone. I
8 assure you, I've seen lots of these.

9 So the question is how do you link the proposed
10 capital to those outcomes? I understand you're backward
11 looking indicators say this much is due to equipment
12 failure, this much is due to poles falling. I can find the
13 reference somewhere in another IR response, you say that
14 very few poles, for example, spontaneously fail. And that
15 would also fit with my understanding of that.

16 Back to the earlier question: If vegetation makes a
17 lot more poles survive because trees aren't falling on
18 poles, isn't it best to get the vegetation done first, and
19 now we've got a good base line and we can compare what we
20 actually get when we spend money on poles? As opposed to
21 leaving a bunch of poles staying in the way of danger trees
22 that are going to take them out regardless of condition.

23 This is the nub of the whole thing, in my mind; is the
24 level of investment should produce the results claimed. And
25 I think if you don't take care of your vegetation, we'll
26 never know whether those investments in poles actually
27 produced a result.

28 MR. JESUS: Correct. And in that table, plan A, B, C,

1 and B modified, we demonstrate the impact of vegetation
2 management versus poles and versus the other components,
3 and what the impact would be on SAIDI and SAIFI.

4 MR. OAKLEY: I guess from a reliability perspective,
5 given that improving vegetation management has effectively
6 become non-volitional. I think if you are going to have
7 improving results, it's non-volitional. You've got to take
8 care of vegetation.

9 Isn't determining the relationship between different
10 levels of system renewal investment and expected
11 performance outcomes the second-most important
12 consideration?

13 And again, just driving back to is there some
14 quantified relationship that shows here's how we make these
15 investments and this is the results we're likely to see?

16 MS. GARZOUZI: Let's take the wood pole program as an
17 example. We know we have 106,000 wood poles in poor
18 condition. What we don't know is when are they going to
19 fail. But we do know the impact of that failure. We know
20 when that pole fails, it might impact 10,000 customers or
21 200 customers.

22 So what we've done is we've looked at that population,
23 and we have said that we believe these poles are going to
24 fail over the plan, over a period of time. We don't know
25 when exactly, but we believe that we need to address these
26 wood poles to minimize impact on reliability.

27 MR. OAKLEY: I appreciate that, and I think that
28 actually speaks to the table we've been shown here. I

1 guess what you've said that's very important is you're not
2 sure when those poles are going to fail, so that's why this
3 prediction seems -- hopefully, what we're talking here is
4 within the plan period.

5 So you're saying we're going to see a reliability
6 impact of this within our plan period or shortly thereafter
7 resulting from those changes, if we make these different
8 levels of investment.

9 MR. NETTLETON: Mr. Oakley, is the clarification that
10 you're seeking -- could it be reduced to just can you
11 provide more detail regarding the individual attributes of
12 this table? Like, how did you come up with 106 for the
13 current; how did you come up with 93,000 poles for plan A,
14 96,000 for plan B? How did you come up with the change in
15 fleet condition of 12.3 percent? Is that really where this
16 line of questioning is going?

17 MR. OAKLEY: I think it's more fundamental than that.
18 I'm not sure I accept that poles in bad condition means
19 they're going to fail. And I think anyone who has worked
20 in distribution has seen two poles holding up a middle pole
21 that doesn't have a base attached anymore.

22 So what I'm trying do is draw a link between capital
23 investment and reliability outcomes, because that's what
24 customers are paying for.

25 MR. NETTLETON: Do you want to ask the witness about
26 that specific example of how that's been considered in
27 their analysis?

28 MR. OAKLEY: That's what I've been sort of trying to

1 do, I agree failingly. But how do I turn those numbers --
2 how do I see your capital plan create these numbers in a
3 way that is, I guess, compelling? Because I don't find
4 this table compelling, I'm sorry.

5 MR. JESUS: I guess at the end of the day, we have
6 106,000 poles that are in poor condition and very poor
7 condition that need to be replaced over the plan period.
8 That's the reality. And those poles need to be replaced
9 and they're going to have an impact ultimately on
10 reliability.

11 So to come up with this table, we looked at their
12 impact on reliability and we quantified what the aggregate
13 impact would be based on the contribution to failures.
14 That was our way of identifying what the outcome would be
15 if we don't replace these poles.

16 But they are in poor condition. There is no denying
17 that they're in very poor condition.

18 MR. OAKLEY: There is no denying that a poor condition
19 pole can last for 20 years past the point it's assessed as
20 being in poor condition. And again, there are many
21 examples of those.

22 Anyway, I don't want to again beat on poles. I'm
23 using this as an example to understand how to draw a line
24 between these, and I guess I'll have to live with the
25 explanation you've given. I don't see a line between these
26 are poor condition, I change these, I get this result in
27 performance.

28 MR. JESUS: What you do see is that if they do fail --

1 if we address them before they fail, they won't impact
2 reliability. And the reality is that they're in poor
3 condition that needs to be addressed. There are 106,000
4 bad poles with poor condition on the system.

5 MR. OAKLEY: Drawing back to, again, if a danger tree
6 drops on a good pole, it's still broken, so the investment
7 was wasted.

8 MS. GARZOUZI: You're right on that.

9 MR. OAKLEY: More fundamental. I say get your house
10 in order around trees first, and then let's talk about
11 doing exactly those pole investments, because they're all
12 wasted if a tree falls on them.

13 MS. GARZOUZI: Maybe we can do both. So if we know
14 that a pole that is -- that fails under trouble requires 8
15 to 10 hours to replace versus a pole that is planned
16 replacement, we will take a one to two hour outage for that
17 plan replacement. So the time, it does have a direct
18 impact on reliability if we entertain, let's say, running
19 all the wood poles to failure, because it could take you
20 four times more time than it would on a planned basis.

21 MR. OAKLEY: Thanks. I expect -- and maybe you can
22 clarify for me -- that many of your pole failures will
23 happen in storm conditions? That's often the clearinghouse
24 that rounds up the questionable poles. And sometimes it
25 rounds up the not-questionable poles too again --

26 MS. GARZOUZI: That --

27 MR. OAKLEY: -- we've all probably seen brand-new
28 poles that were broken in a storm, an ice storm, and that

1 sort of a thing. But in that case you're going to be out
2 in the storm anyway replacing them. And maybe what we're
3 speaking about is the marginal improvement in storm
4 performance that will be created by having a new pole
5 versus a deteriorated pole.

6 MS. GARZOUZI: Mm-hmm.

7 MR. OAKLEY: So let's move on from this one if we
8 could. I think we've probably tested this one well.

9 If we could move to Staff 79. This is -- oh, sorry,
10 issue 23. I'll get it eventually. And we're looking here
11 at the illustrative investment scenarios in customer
12 engagement.

13 Were the customers informed that the figures that they
14 were seeing didn't represent actual investment plans or
15 that they were illustrative rather than -- and not
16 quantitative and not based on fully developed plans?

17 MR. JESUS: Yes, they were. If you refer to the
18 workshop materials in attachment number 2, page number --
19 page number 28, so reference -- sorry... No, no, the
20 workshop materials, page number... It's B1-1-DSP-1.3.
21 It's attachment number 2. Page 1696, page 28 of the
22 workshop materials.

23 MS. MACKINNON: You said DSP 1.3?

24 MR. JESUS: 1.2. Sorry, 1.3. I'm sorry. 1.3,
25 attachment 2.

26 MS. MACKINNON: DSP 1.3, attachment 2.

27 MR. JESUS: Correct.

28 MS. MACKINNON: Yes, and page...

1 MR. JESUS: Page 28 of the slide deck or page 1696.
2 The slide above. Right there. 1696; is that right? I
3 can't see it. That's right, yeah, the top.

4 So right at the front says:

5 "Illustrative scenarios have been developed for
6 various levels of applied investment."

7 Illustrative. We have not -- and line number 4 says:

8 "We do not have a recommended scenario, nor were
9 we asking you to choose from the scenarios
10 presented."

11 So this was intended to solicit feedback and
12 engagement and conversation with our customers --

13 MR. OAKLEY: Thanks. And [speaking over each other] I
14 don't mean to misuse the word "illustrative" --

15 MR. JESUS: Oh.

16 MR. OAKLEY: -- because -- but you're giving sort
17 of -- to customers you're giving them, this is what we kind
18 of think the results will be, but there's hard dollars
19 associated with it, so regardless of what the results
20 actually are, the hard dollars kind of come with these
21 different plans.

22 So on the one hand we've got a pretty solid thing,
23 which is expenditures. On the other hand we've got sort of
24 a less well-defined thing called the outcomes.

25 I've read this slide before too, and it wasn't clear
26 to me that if I was a customer I was being asked to sort of
27 give an opinion or think about, here's some real hard
28 dollars you're going to spend, and this may or may not be

1 the results you're going to get from it.

2 If I went to a car dealership and there was a choice
3 of cars and they said this one may or may not run, but, you
4 know, what the heck, it's only 29,000. So that's -- the
5 question is sort of, how well-informed are customers when
6 they're being given these scenarios.

7 We sort of saw the same thing with transmission, where
8 there were -- there were different investment scenarios,
9 which would have hard dollars behind them, but the outcomes
10 were linked to results derived from projects that might not
11 even be done in the program, and that was -- that came out
12 during the discussion.

13 So again: How clear is it to people in these sessions
14 that we're talking about outcomes that we're not really
15 sure about?

16 And, you know, there are lots of factors right there,
17 whether, who knows if we have a big storm next year, the
18 year after. That's what really drives these things.

19 At the end of the day performance is really related to
20 weather in most cases, with some exceptions. You know,
21 transformers do blow up because they get overloaded.

22 And so I'm always concerned when I read these that I
23 probably understand what's going on behind this, but the
24 average person on the street who pays for this might not.
25 And I guess this slide is the context that we're to be
26 given, that they would understand now that there's some
27 hard dollars going to be spent. The results are maybe less
28 hard.

1 MR. JESUS: So I would suggest, and the evidence is
2 there, that to communicate to our customers that this is
3 for illustration only. We don't have a plan. It was
4 merely intended to have the conversation about gauging
5 their customer needs and preferences for reliability, for
6 cost, for other needs that they may have. And three plans
7 were proposed or shown there, and they were asked to
8 provide their viewpoint and their input, which they did.

9 MR. OAKLEY: And if you were to summarize that input,
10 what did it look like? I think I've read this before too,
11 but I'm just sort of asking for clarification.

12 MR. JESUS: So I'll take you to customer engagement
13 DSP 1.3. Sorry, sorry, I missed -- do you want to take
14 that, Imran?

15 MR. MERALI: What exactly -- could you clarify exactly
16 what the question is?

17 MR. JESUS: He wants to know what were the messages --

18 MR. OAKLEY: Well, yeah, what did customers say as far
19 as -- because you've showed them, here is the potential
20 reliability outcomes, here are the costs associated with
21 different sorts of reliability outcomes, you know, that
22 we've given you illustrative examples of.

23 MR. NETTLETON: Mr. Oakley, one of the most important
24 factors that was used in that customer consultation was a
25 metric that customers identify with, and that was rate
26 impact.

27 MR. OAKLEY: Mm-hmm.

28 MR. NETTLETON: So it's not the case, I don't think,

1 that we were expecting customers to say, you know, put on
2 your investment planning hats and tell us whether or not
3 investments should or not should be made. It's about the
4 rate impact that's associated with each of the proposed
5 plans.

6 MR. JESUS: It's section 1.3.4, in terms of what they
7 came back with, the key messages, and it's also documented
8 in the IPSOS Reid report, which is attachment 1 of section
9 1.3. So we can go to 1.3.4, which defines what the key
10 messages were. So DSP section 1.3.4, and they're all
11 listed.

12 MR. BRETT: Excuse me for interrupting here. I have
13 this table as 1.3.3, a summary of customer needs and
14 preferences at page 16 of DSP section 1.3. Do you see
15 that?

16 MR. JESUS: Yes, the 1.3.4 was -- correct, you're
17 right.

18 MR. OAKLEY: Thanks. Just to clarify, cost always
19 comes on the top. So that gets back to our optimization
20 discussion. Let's figure out how much money has to be
21 spent to provide those good outcomes. Again, I don't know
22 if we need to beat that one to death. It's pretty clear
23 where ratepayers are coming from on this.

24 Could we move to Staff 99, please? This is issue 24
25 and in the answer to D, it shows that Hydro One develops
26 several project portfolio options with different
27 expenditure levels for each asset class. But I don't know
28 if it demonstrates that Hydro One isn't using a forced rank

1 capital approach in selecting a project portfolio sort of
2 to fill a predetermined envelope, which isn't exactly
3 optimization in my mind.

4 So how are the risk exposure values associated with
5 those different capital expenditure levels quantified? And
6 if it's simply that I should go back and review the
7 materials you've told me earlier, that's fine. I guess
8 we'll have to do that.

9 But again, it wasn't clear in this response that --
10 are we looking at the right one here?

11 MR. NETTLETON: Mr. Oakley, you made a comment that
12 said forced rank approach to a predetermined budget level.
13 Is that a question of clarification of whether Hydro One --

14 MR. OAKLEY: If I was to pull back to the question
15 that was asked there, and hopefully I have this reference
16 right -- sorry, it's D, part D of this.

17 MR. NETTLETON: I read D, but I'm curious like -- you
18 mentioned this idea of a predetermined budget, and filling
19 a predetermined budget category. Is that a question you're
20 asking Hydro One, is that the approach they've adopted?

21 MR. OAKLEY: I'm trying to understand, yes, exactly.
22 If this optimization -- my understanding of optimization is
23 I've got a problem, I will look at the best economic
24 solution to the problem, as opposed to saying I've got a
25 certain envelope that I kind of need to work on and I'm
26 going to force rank projects in that envelope.

27 And I'm just not sure I've got this reference right,
28 because D doesn't seem to be the one that I'm looking for

1 here.

2 Oh, no, it's E; sorry, the reference is wrong. So
3 please demonstrate any analysis or calculations how the
4 process described differs from the force ranked capital
5 energy approach, whereby a prioritized list of projects is
6 created by selecting the highest priority projects until
7 the envelope cap has been reached.

8 And I think the answer says it differs because you
9 looked at several options with alternative levels of
10 expenditure.

11 MR. NETTLETON: That's why I was asking the clarity,
12 is what do you need with respect to that response? What is
13 the --

14 MR. OAKLEY: Well, as I read the response, I wasn't
15 sure it actually demonstrated what it says it's
16 demonstrating.

17 MR. NETTLETON: Are you asking how Hydro One's process
18 differs? I just want to understand. You've made a
19 statement and I'm not sure -- we're trying to get to what
20 the clarification is.

21 MR. OAKLEY: Let's look at the last sentence there.

22 "The preferred option and corresponding
23 expenditure envelope to mitigate the asset risk
24 is selected using the investment optimization
25 process."

26 Is this telling us that basically you put the things
27 into the sausage-maker, and it knows when to chop the
28 sausage off, so it's the right size of sausage to take care

1 of the problem? Or the preconceptions we should spend this
2 much capital and we've got to chop off our projects? I
3 mean, I've seen both approaches attempted.

4 MR. JESUS: Correct. So E is responding that there is
5 no predefined envelope.

6 MR. OAKLEY: It just sort of comes out where it comes
7 out?

8 MR. JESUS: In terms of mitigating the most risk for
9 the value -- for the dollars that we spend, correct.

10 MR. OAKLEY: So the variables we're concerning
11 ourselves with then is risk. So if I'm going to get a
12 certain risk result, risk management result, I need to
13 spend these dollars and what's what -- again, what the
14 sausage-maker does for you?

15 MR. JESUS: There's risk that we will not tolerate as
16 per interrogatory Staff 100. So Staff 100 provides a
17 listing of all the projects with all the risk assessments.
18 And so at the end of the day, the risks need to be
19 mitigated to an acceptable level. So there is no
20 predefined capital envelope as per Staff 99E.

21 MR. OAKLEY: So I would use the response at the table
22 in Staff 100 to draw that conclusion is what you're saying?

23 MR. JESUS: Correct.

24 MR. OAKLEY: It looks pretty generic, if I might say
25 so. So I'm not sure that I could, if I was given this
26 table, I would easily say these, not acceptable risks,
27 therefore require this level of expenditure.

28 MR. JESUS: The major risks identified there, you're

1 being provided with a baseline risk in terms of the
2 assessment. And then the outcome is the residual risk.

3 MR. OAKLEY: And I guess -- is there anywhere where
4 the relationship between those two and what's considered
5 unacceptable and what's considered acceptable is? Because
6 there is always going to be risk; you're running a power
7 system out in the world. So I refuse to accept that you're
8 going to ever not have a problem. You're out there facing
9 the world, and it's going to come after you.

10 So this table is trying to show us the balance you're
11 going to achieve with your proposed expenditures. How
12 would we know -- because these outcomes are very different
13 if I look at them, these proposed outcomes, not even
14 getting into the sausage making that gets you from one to
15 the other. But how would we know this is unacceptable and
16 this is acceptable, and that's how we get there is with
17 this cash expenditure?

18 MR. JESUS: Because of the level of risk that you're
19 mitigating. So we're mitigating the total risk that is
20 associated with each of those risk items for reliability,
21 safety, customer, environment, performance -- I don't think
22 performance is there -- et cetera.

23 The main risk tolerances, each one of them would be
24 categorized and identified saying this is not an acceptable
25 level of risk, and we need to mitigate this risk.

26 MR. OAKLEY: But this is very -- you will agree this
27 is pretty nuanced. We're going from very likely moderate
28 to very likely minor 5, if I was to use customer risk 2018

1 for the DSM U.S. purchase program?

2 MR. JESUS: Correct, but that's only on the customer.
3 So you have to look at all the risk tolerances associated
4 with that particular investment to identify what the worst
5 risk is on the system.

6 MR. OAKLEY: Okay. So the worst risk would be the
7 ruling risk. And is there any way to clarify this table to
8 show us the ones that are actually being used to drive the
9 decisions?

10 MR. JESUS: So all of them are being used to drive the
11 decisions based on the prioritized weighting factor, if you
12 will. So it's all those risk tolerances that we identified
13 in the prioritization criteria. They are then weighted and
14 points are assigned to come up with the total risk that is
15 being mitigated. But it's the risk across all those
16 categories. You can't look at it in any one single
17 category.

18 MR. OAKLEY: Again, I just have a hard time drawing
19 the parallels between some of these residual risks that
20 you're willing to live with or that you say are acceptable
21 and -- because they're very, very different outcomes,
22 obviously, in the different categories for the different
23 investments, so it's not clear where the line is drawn,
24 what triggers it. I've got to spend money here now because
25 I'm going to end up with a residual risk that is just not
26 acceptable.

27 If there is a way to clarify that I would appreciate
28 it. I don't know if you could take this table and say this

1 is why this one is acceptable here but it's not acceptable
2 there even though they have exactly the same risk
3 designation?

4 MR. JESUS: Sure. We --

5 MR. OAKLEY: And I'm not thinking, by the way -- just
6 to be really clear, I'm not thinking risk as a probability,
7 I'm thinking risk as a probability times a consequence
8 gives me a thing, right? So I'm assuming that these risks
9 are not probabilities, they are actual consequence-rated
10 weighted probabilities? Or could you clarify, are they in
11 fact --

12 MR. JESUS: They are.

13 MR. OAKLEY: -- consequence-rated probabilities?

14 MR. JESUS: They are.

15 MR. OAKLEY: Okay. So would it be possible to take
16 this chart and say this is why these aren't acceptable in
17 these particular categories? They look very, very similar
18 in --

19 MR. JESUS: Actually -- actually, the table, just to
20 clarify, the table does have both probability and
21 consequence, so the very likely are the probabilities. The
22 first line is the probability and the second is the
23 consequence.

24 MR. OAKLEY: Okay.

25 MR. JESUS: So they are both -- that's why we're
26 measuring risk.

27 MR. OAKLEY: So again, we go from a very likely
28 moderate for, let's say the purchase program for

1 environmental risk, and that's -- again, it's just -- it's
2 confusing to try and map these. It's not clear what's
3 important here.

4 MR. NETTLETON: Mr. Oakley, my observation in this
5 discussion is that there is a, again, a gap in
6 understanding between the IRs that you've referred to,
7 particularly this chart, and the assessment process that
8 Hydro One undertakes, and I think what the witness did was
9 offer to provide a furthering -- by way of undertaking a
10 further explanation.

11 And I think we can certainly review the transcript and
12 perhaps provide clarity through that process of giving you
13 an undertaking on this topic. Would that be satisfactory?

14 MR. OAKLEY: Thank you, Mr. Nettleton. That probably
15 will address it for now. Thank you.

16 MR. SIDLOFSKY: 2.10.

17 **UNDERTAKING NO. 2.10: TO PROVIDE A FURTHER**
18 **EXPLANATION OF THE ABOVE-DISCUSSED MATTER AFTER**
19 **REVIEWING THE TRANSCRIPT.**

20 MR. OAKLEY: So if we can turn up Staff 102, this is
21 issue 24. And as I read your response to the question that
22 was asked, it appears to describe the treatment of -- or it
23 describes the treatment of individual projects that are
24 expected to go over-budget, but it doesn't actually answer
25 the question that was asked, which is, does Hydro One track
26 delivery success of the entire planned project portfolio
27 against total planned expenditures? That's certainly what
28 the question was trying to drive at, in a manner sort of

1 that allows you to determine if the capital plans are being
2 delivered effectively and efficiently and to enable process
3 adjustments to address any deficiencies.

4 So again, is Hydro One able to confirm -- is there a
5 process that allows Hydro One to confirm that all or most
6 of the actually planned projects have been delivered on
7 budget each year and not just that the total annual planned
8 capital budget was spent on stuff? Because we have seen a
9 lot of substitutions, obviously, and it's not clear why it
10 was allowed to defer this, this, and this, but we had to do
11 this and it went over-budget so it even left us less room
12 for the other ones.

13 So do you have a way of summarizing and tracking that?

14 MS. GARZOUZI: Yes, we do, actually. Every month we
15 track actual work program and spend. And we identify risks
16 that are occurring. There could be emerging issues, storms
17 could be trending high, for example, in a month, and so we
18 can start forecasting for the year.

19 And it's not just looking for, did we spend what we
20 said we were going to spend. It's really looking at, are
21 we getting what -- are we getting what we're buying,
22 really.

23 So by looking at the accomplishments and the budgets,
24 we're able to trend our programs. When there are changes
25 to projects, for example, if a customer is opting out, then
26 we incorporate that into our monthly view. And then we can
27 adjust.

28 So if there's -- again, the storm example where it

1 happened to us, we would say, okay, storms are trending
2 high, we don't want to exceed the capital spend for the
3 year, we will have to reduce capital spend somewhere else,
4 and we will then make that adjustment.

5 And so we do that month-to-month. We have those
6 forecasts month-to-month, and we look at accomplishments
7 and year-to-date spend.

8 And then if there is an emerging need, for example, if
9 we find a piece of equipment that is failing prematurely or
10 we believe that there's a concern with a submarine cable
11 that we hadn't planned for, we would deal with that
12 immediately, and then those would then be incorporated and
13 that would feed into the next month.

14 MR. OAKLEY: Thanks. That's helpful. And I think
15 it's understood that if you have a storm or if a customer
16 opts out, yeah, you have to redeploy capital. The concern
17 was more around, you know, if we've just over-spent a bunch
18 of projects for whatever reason and it's now chewing into
19 our project list and -- do you have -- can you provide a
20 summary of exactly what you just described of for the last
21 year? Do you have that sort of thing where it --

22 MS. GARZOUZI: We can --

23 MR. OAKLEY: Could we get that as an undertaking?

24 MS. GARZOUZI: -- and we track every project also,
25 right? So the same goes for projects. The project is a
26 little more challenging, because if you say, I'm going to
27 do 30 projects this year, they can vary widely in size and
28 in scope.

1 And so getting the count won't necessarily give you an
2 idea of outcomes. The needs could be very different for
3 various areas. But those are tracked nevertheless. We
4 could provide you with evidence of that.

5 MR. OAKLEY: Yeah, I mean, could you give us the last
6 year summary of these --

7 MS. GARZOUZI: Yes.

8 MR. OAKLEY: -- so we can sort of see how it was done?
9 Thank you.

10 MS. GARZOUZI: I will provide a summary.

11 MR. OAKLEY: Is that an undertaking?

12 MR. SIDLOFSKY: 2.11.

13 MR. OAKLEY: Thank you.

14 **UNDERTAKING NO. 2.11: TO PROVIDE A SAMPLE MONTHLY**
15 **REPORT TO THE MANAGEMENT LEVEL ON PROJECTS AND**
16 **PROGRAMS FOR THE LAST YEAR; THE MOST RECENT MONTH**
17 **AVAILABLE.**

18 **FOLLOW-UP QUESTIONS BY MR. GARNER:**

19 MR. GARNER: Excuse me, Mr. Oakley, can I just clarify
20 for the undertaking, what Mr. Oakley was asking you? Is
21 this a corporate report that's done on an annual basis? Is
22 this a report you're doing each year that says, here's the
23 projects we said, here is what went into place; here was
24 the new ones that went in? Because, you know, all of these
25 other issues? Is there such a corporate report done at the
26 executive level to report on the capital budgeting? Is
27 that what you're speaking about?

28 MS. GARZOUZI: We have monthly program and project

1 reporting.

2 MR. GARNER: Well, what I'm asking is, is there a
3 corporate report that goes to the executives of the company
4 so that they are able to monitor the planned versus actual
5 capital budgeting? And if so, is that done monthly,
6 quarterly, and annually?

7 MR. JESUS: So the team reporting is happening on a
8 monthly basis --

9 MR. GARNER: Okay.

10 MR. JESUS: -- where we're identifying the status of
11 the work programs and the accomplishments of the work
12 programs.

13 MR. GARNER: And that's what you're calling a team
14 report. Is there then a roll-up of that to an executive
15 report so that the executive of the company is aware of the
16 ongoing progression of the capital plan?

17 MR. JESUS: So I'm referring to the overall corporate
18 reporting that's happening from a spend point of view as
19 well as an accomplishment point of view. There's a team
20 scorecard that measures how we're doing with respect to the
21 budget. That's what we're providing and rolling up.

22 MR. GARNER: And is that the only report then that's
23 being done? I guess I'm still confused. There is no roll-
24 up to this, to a higher level? This is the only report
25 that's done and then reviewed by management of the utility?

26 MR. JESUS: As Lyla indicated, we're monitoring it on
27 a monthly basis.

28 MR. GARNER: That's wasn't my question. My question

1 is it's the only report that's done; that's my question.
2 Is there another report that's done that rolls this up
3 that's done for the executive? That's what I am asking.

4 MR. JESUS: The executive has a scorecard which rolls
5 up to them. There is an executive scorecard, which is
6 identified in your --

7 MR. GARNER: Thank you.

8 MR. JESUS: In your --

9 MR. OAKLEY: Just to confirm that last undertaking,
10 are we going to see something like actual cost for each
11 project against estimated cost and the reasons for Deltas.
12 Or if you had to abandon a project, it would say that's
13 because the customer bailed, or -- what comes with this
14 report?

15 MR. NETTLETON: Mr. Oakley, I'm glad we're having this
16 conversation now about the scope of the undertaking,
17 because I think what I heard was Ms. Garzouzi say that she
18 would provide a summary. I think what I had anticipated
19 that would be helpful was for some of the project
20 reporting, the monthly team reporting be provided on a
21 project basis to give some understanding of the level of
22 detail, of the nature of the report that's provided
23 throughout the whole year, to see how things change over
24 time.

25 MR. OAKLEY: Sure.

26 MR. NETTLETON: I'm mindful of the number of projects
27 and number of programs that Hydro One is managing and the
28 potential. And I don't know the answer to this, but I'm

1 mindful of whether we're getting into an exercise of now
2 having all of these types of level of project and program
3 reporting provided, as opposed to a sample set to say here
4 is how Hydro One does this for all of its projects, but
5 here is an example or a project that has been tracked
6 throughout the year.

7 Again, it's just an issue of how much information are
8 we seeking here.

9 MR. OAKLEY: I guess what I was -- what I thought I
10 heard was that these reports are created, and I'm just
11 looking to see those reports.

12 MR. NETTLETON: Again, I don't know, but I think it's
13 important to get --

14 MR. OAKLEY: The intention wasn't to create a massive
15 new reporting structure, or anything like that, no. It's
16 simply if you've got something, clearly your mind can get
17 around it, so hopefully some of our minds can, too. So
18 just that sort of level of reporting.

19 MR. JESUS: We can provide the monthly reporting we're
20 doing at the management level, yes.

21 MR. OAKLEY: Thank you.

22 **FOLLOW-UP QUESTIONS BY MR. RUBENSTEIN:**

23 MR. RUBENSTEIN: I had a question to clarify what
24 you're going to provide. As I understood from what you're
25 talking about, there is a monthly report given to
26 management, the distribution management. Is that the
27 latest one, is that what you're going to provide?

28 MR. JESUS: Correct. We'll provide the one from last

1 year.

2 MR. OAKLEY: Just to jump in here, is that a set of 12
3 monthly reports?

4 MR. JESUS: I thought we were providing a summary of
5 one report, a year end report; we can do that. I thought
6 we've already provided that.

7 MR. OAKLEY: I'm not afraid of volume, if that's the
8 concern. We've had to read through a few thousand pages
9 already; I'm ready to scan over some others.

10 MR. JESUS: I guess the team scorecards that are
11 attached in reference in I3-SEC-002 provide the level of
12 reports that are going up to the executive. So I3-SEC-002.

13 MR. RUBENSTEIN: I understood what you were saying was
14 monthly. Putting aside the executive, they get -- I
15 believe on the scorecard, there is sort of a percentage of
16 plan metric for distribution. I believe that's what the
17 executives get.

18 But I understand what you were saying is monthly at
19 sort of the management, so not senior executive level,
20 there is a monthly report that speaks to how you're doing
21 on your planned specific projects. I'm not exactly sure
22 what the content is.

23 And I think at least I would like to see, at the very
24 least, the last month, whatever the -- the last one you got
25 and the entirety of the report, not a sample of that
26 report.

27 MR. JESUS: We can give you a sample of what's being
28 reported on a monthly basis. Would that suffice, one

1 month?

2 MR. RUBENSTEIN: Maybe I'm misunderstanding. Maybe
3 you could help to describe what exactly this report is. Is
4 it a --

5 MR. JESUS: It's reporting of the ongoing projects and
6 programs, in terms of where we're at.

7 MR. RUBENSTEIN: I guess I would like to see is the
8 last -- February, January, I don't know the last one you've
9 done, the entirety of the report and not a sample of it.
10 Only for that month. I'm not asking for 10 years' worth of
11 it, just the last one.

12 MR. JESUS: We can provide the last one.

13 MR. RUBENSTEIN: That would be helpful.

14 MR. OAKLEY: That would probably be fine, to see how
15 this is being done. I think that's all still part of the
16 same undertaking.

17 MR. SIDLOFSKY: Yes, that is. That is still part of
18 JT2.12.

19 **CONTINUED EXAMINATION BY MR. OAKLEY:**

20 MR. OAKLEY: Good, thank you. Can we move to Staff
21 174? This is issue 30, and if we look at the responses,
22 there are -- I think it's in response to A, it's called
23 risk avoidance due to the current facility deficiencies,
24 and then there is a whole laundry list of things listed
25 there. I just want to sort the wheat from the chaff a bit
26 here.

27 Could you explain why being located on the Pearson
28 flight path is listed as a risk-related deficiency of the

1 existing facility? It's not quite, by the way, because I
2 flew in and it was actually off to my side. So it would
3 have taken a detour to get there, but --

4 MR. JESUS: It is around the airport. I mean, where
5 it currently is, the telecom centre is right there at
6 Richview.

7 MR. OAKLEY: I know, but it's said to be a facility-
8 related deficiency, and I'm trying to get my head around
9 what a deficiency -- I mean, there's a lot of Toronto
10 that's actually on the flight path, and I'm not sure if
11 those are all facility-related deficiencies for everything
12 -- the apartment buildings, the businesses, and everything
13 that's on the flight path.

14 MR. JESUS: Your question?

15 MR. OAKLEY: My question is why is that a facility-
16 related deficiency?

17 MR. JESUS: We can take that back. So this is from an
18 operations point of view, operating centre. It is in the
19 flight path and it is something to consider from an
20 emergency preparedness perspective.

21 MR. OAKLEY: Can you fill me in? I can't get my head
22 around it.

23 MR. NETTLETON: Why don't we take this as an
24 undertaking, and provide -- I think the challenge here, Mr.
25 Oakley, is that this IR was not provided by or prepared by
26 Mr. Jesus, or any of the panel members, but rather it's the
27 responsibility of Mr. Irving, as shown.

28 I think what Mr. Jesus is struggling with is the level

1 of detail you're seeking as to why it was included in this
2 list. So if we can take it by way of undertaking and get
3 back to you, that would be great.

4 MR. OAKLEY: To a broader point, though. There's a
5 very long laundry list and this is all used to justify this
6 project, or I think it's the primary driver of it, or it's
7 sort of stated that way; it's number one.

8 I go through a lot of these things, and I'm using that
9 one as an example. It's between two super highways.
10 Fantastic; you've got access for sure. That's a problem.

11 I can kind of go down the whole laundry list and I
12 kind of go, well, I'm not sure that's a facility-related
13 deficiency. You have roof repairs; hey, every facility
14 needs its roof repaired eventually. If you've got flooding
15 in the basement, put a sump pump in.

16 There's just a laundry list of stuff that if I was --
17 if somebody made their mind up they wanted to do something
18 and I said why, and they gave me a list of 50 things and I
19 go through the list and I find, well, that's not really
20 important and that's not really important.

21 I want to know what's really important and I
22 understand you didn't create the answer, but you're
23 responsible for giving us something clear, that we can
24 understand, and that's not full of fluff. My concern is
25 there's a lot of fluff in these answers.

26 MR. NETTLETON: Mr. Oakley, you're entitled to that
27 view. And the purpose of this technical conference again
28 is to help alleviate that fluff.

1 If the witness can't respond specifically to why and
2 how was this emergency preparedness risk consideration list
3 prepared, I think what we're offering do is take an
4 undertaking and provide greater detail. And if it's not
5 just the Pearson International reference to flight path as
6 being one of the points, but if you're now asking let's
7 talk about all of the points under this list, then I think
8 we would be happy to expand the undertaking to include how
9 this list in its entirety was created.

10 MR. OAKLEY: Thanks very much.

11 So, yeah, I was just trying to expand, Mr. Nettleton,
12 that I didn't want it to be, just talk about the flight
13 path. It was just indicative of -- it's the first thing
14 out of the gate and you kind of go, Whaaa? And so if you
15 could take that whole list and just tell us what's really
16 important and what's -- I'm not going to -- let's not say
17 fluff. You don't have to say that. But --

18 MR. NETTLETON: Actually, that was your word, but all
19 I'm saying --

20 MR. OAKLEY: Yeah, it -- I --

21 MR. NETTLETON: -- is that we're not trying to -- I'm
22 concerned about the commentary given on the quality of the
23 evidence. And you're entitled to that view, but what we're
24 trying to do here is provide clarity to the responses. And
25 if we can help you provide that clarity of saying, well,
26 help me understand how these items are risk considerations
27 for emergency preparedness, I think Hydro One would be
28 happy to help in that regard, and help by providing an

1 undertaking of giving greater specificity or explanation
2 about how those items are on the list. Is that fair?

3 MR. OAKLEY: That's fair.

4 MR. NETTLETON: Thank you.

5 MR. OAKLEY: Understand the context was that we've all
6 had to read a lot of this stuff and we want to read the
7 important stuff, and I just want to understand what the
8 important stuff is.

9 MR. NETTLETON: And these IRs, quite frankly, all
10 8,000 pages of them, were prepared, and under a very strict
11 timeline, to get the preparation done. And so when you put
12 the shoe on the other foot and realize that it was an
13 enormous work effort of Hydro One to do that, then, sure,
14 there is going to be need for clarity. And that's what
15 this process is for, and we're happy to be here. But I
16 don't think -- I'm objecting to the context of Hydro One
17 trying to provide fluff, because that's not the case --

18 MR. OAKLEY: I --

19 MR. SIDLOFSKY: Mr. Nettleton, I'm going to step in
20 and say that Staff certainly appreciates the efforts that
21 Hydro One has gone to to respond to the interrogatories.
22 So I don't want to give any appearance that we're
23 suggesting that the interrogatories are full of fluff. I
24 appreciate your willingness to give an undertaking with
25 respect to the considerations for this.

26 One thing I would also ask is whether there was any
27 ranking of these considerations. If Hydro One is going to
28 provide more detail on the considerations for this project,

1 I would like to know if there was some ranking methodology
2 applied to those considerations as well.

3 Can you include that in the undertaking?

4 MR. JESUS: Sure, we could take that --

5 MR. SIDLOFSKY: I'm assuming -- I'm assuming you don't
6 know.

7 MR. JESUS: Yeah, the person accountable for this
8 investment is the operating folks, and they would have a
9 better understanding of that.

10 MR. SIDLOFSKY: Thank you. That would be 2.12 then.

11 **UNDERTAKING NO. 2.12: TO PROVIDE A RANKING OF THE**
12 **CONSIDERATIONS IN THE EMERGENCY PREPAREDNESS RISK**
13 **CONSIDERATION LIST**

14 MR. OAKLEY: Thank you.

15 And just to be clear, I don't want to impugn the
16 reputation of those who have been preparing responses.
17 I've had to do it myself, and I know what's involved, so I
18 appreciate the work that went into this.

19 Can we move to Staff 68, issue 21. And so just to
20 clarify the response to A, has the overall frequency of
21 outages remained relatively constant after accounting for
22 force majeure and loss-of-service events? Is that what we
23 see here?

24 MR. JESUS: So response A provides what we're seeing,
25 in that you cannot automatically make that assumption.

26 MR. OAKLEY: Can we pull up the graph that's above
27 that and just -- I'm just trying to understand the graph,
28 because that's what it seems to show to me, if I look over

1 a five-year period, relatively constant or even potentially
2 decreasing, but let's not quibble about decreasing. If I
3 look in the bounds of error around this -- and, you know --
4 this isn't going really badly, is what I would say.

5 MR. JESUS: It's not going badly? It's pretty bad.

6 MR. OAKLEY: But it's not trending badly or -- sorry,
7 worse.

8 MR. JESUS: So what would you consider to be bad?

9 MR. OAKLEY: Well, am I misinterpreting the chart --

10 MR. JESUS: In this context --

11 MR. OAKLEY: -- we're looking at the SAIFI here?

12 MR. JESUS: In this context -- which chart
13 specifically are you referring to?

14 MR. OAKLEY: I'm looking at the frequency chart, the
15 SAIFI chart.

16 MR. JESUS: Frequency chart?

17 MR. OAKLEY: Duration except -- when you remove --
18 again, removing the loss-of-service and extreme weather
19 events, that -- the SAIDI is obviously slightly increasing,
20 but if I look at the frequency, the SAIFI chart, it...

21 MS. GARZOUZI: You're correct. In SAIFI we are
22 improving and in SAIDI we are slightly deteriorating.

23 MR. OAKLEY: Right. And there's different reasons for
24 those happening. Obviously the type of outage is a
25 problem. If there is a transformer failure it's a bigger
26 deal than if a pole fails --

27 MS. GARZOUZI: Right.

28 MR. OAKLEY: -- but the frequency is, you know, let's

1 say for broad discussion terms is more or less constant?

2 MR. JESUS: I just --

3 MR. OAKLEY: Do you agree? Do you agree? Can you --
4 I mean, constant, slightly decreasing.

5 MR. JESUS: It's nice to say that we're only looking
6 at loss of supply and excluding FM, but the reality is our
7 customers are experiencing the green line to the tune of
8 four-and-a-half hours -- sorry, every customer is
9 experiencing four-and-a-half interruptions or three-and-a-
10 half interruptions in 2016.

11 MR. OAKLEY: And are your investments going to
12 actually change those extreme-event outcomes? Is that what
13 you're saying?

14 MR. JESUS: I believe so, with the vegetation
15 management and the worst performing feeders and the grid
16 modernization, absolutely.

17 MR. OAKLEY: And I, you know, fully support what
18 you're saying about the vegetation management. I think
19 it's an excellent approach, not that my opinion matters,
20 but that's the biggest difference we would see, correct?
21 And we've already broached that.

22 MR. JESUS: Actually, no. The worst performing
23 feeders in... In --

24 MS. GARZOUZI: So if we go to I23 staff 85 --

25 MR. JESUS: Staff 85.

26 MS. GARZOUZI: -- we describe the worst performing
27 feeder program. So what this program does is it identifies
28 the worst performing feeders in the province, and we

1 analyze every feeder, we look at the root causes of the
2 issues, and we propose programs -- a project that will
3 identify and resolve the issue to improve reliability for
4 the people served off that circuit.

5 MR. OAKLEY: Would a significant number of these be
6 again worst performing because of vegetation issues?

7 MS. GARZOUZI: Vegetation is usually the number-one
8 issue, followed by other defective equipment on the
9 circuit. What's important to note is what this program can
10 do. Our vegetation program will target, obviously,
11 vegetation management, but by introducing better
12 segmentation and coordination on the circuit and adding
13 electronic closures and automation we can minimize the
14 impact of outages.

15 And so on a lot of these they're highly efficient
16 program -- projects that are really better segmenting that
17 circuit, which then enables us to minimize the impact of an
18 outage should it occur.

19 MR. OAKLEY: Thank you. That's helpful.

20 If I look at the response to B, banging on this drum
21 again, is the proposed vegetation management upgrade also
22 expected to significantly improve outage durations? Will
23 it impact more than frequency?

24 MR. JESUS: It will impact restoration.

25 MS. GARZOUZI: The worst performing feeder program
26 will minimize the duration experienced to the customers.

27 MR. JESUS: Correct. Eventual minimize the frequency.
28 So it will minimize the frequency of the event happening.

1 Worst performing feeders will restore and minimize the
2 amount of duration to allow the power to come back on
3 faster.

4 MR. OAKLEY: Okay. Thanks. We can move on.

5 MR. SIDLOFSKY: It's just after twelve o'clock. And
6 we did start early this morning. Why don't we break for
7 lunch now. We'll come back at 1:10 and continue with Mr.
8 Oakley's questions. Thank you.

9 --- Luncheon recess taken at 12:05 p.m.

10 --- On resuming at 1:10 p.m.

11 MR. SIDLOFSKY: We're back online, continuing
12 questions from Chris Oakley for Board Staff.

13 **APPEARANCES:**

14 I just want to check. Mike McLeod, Randy Aiken and
15 Marion Fraser were online this morning. Are you still all
16 on the line? Anybody else?

17 MR. COPEs: Yes, Nicholas Copes of Balsam Lake
18 Coalition is on the line.

19 MR. STEPHENSON: And Richard Stephenson.

20 **PRELIMINARY MATTERS:**

21 MR. NETTLETON: One preliminary matter. I'm going to
22 lose Mr. Merali after the conclusion of today, and I have
23 spoken with the parties that are in the hearing room. But
24 for the benefit of those on the phone, I think what I would
25 like to suggest, Mr. Sidlofsky, is that after Mr. Oakley
26 finishes, that questions be addressed next to Mr. Merali,
27 so there is no risk that his answers could be given to the
28 questions that parties may have. So if that's satisfactory

1 to everybody, hallelujah.

2 MR. SIDLOFSKY: I think that's fine. Thanks, Mr.
3 Nettleton. Mr. Oakley?

4 **CONTINUED EXAMINATION BY MR. OAKLEY:**

5 MR. OAKLEY: Good afternoon, panel. Could we turn up
6 Staff 106, please? This is issue 24.

7 This is speaking about the reprioritization of capital
8 occurring as a result of increased costs per station.
9 Could you please provide the reasons for the higher than
10 anticipated refurbishment costs that caused the deferral?

11 MS. GARZOUZI: In our previous rate application, we
12 were examining a new way of building distribution station;
13 we called it the IMDS, which is a modular distribution
14 station. The assumption at that point was that the IMDS
15 would be 1 million dollars per unit.

16 Two things occurred. One is it was not one million
17 per unit, it was more than that. And the second is the
18 IMDS is not conducive in every location, so in some areas
19 we could not put that in place, and so we rebuilt the
20 distribution station to the standard design.

21 MR. OAKLEY: IMDS was a pilot program at the time?

22 MS. GARZOUZI: Correct. It was a new way -- the idea
23 was to have modular distribution stations that is we could
24 deploy quickly and efficiently at a lower cost.

25 MR. OAKLEY: Thanks. Is that program still ongoing?
26 Are some sites still selected for IMDS?

27 MS. GARZOUZI: Some sites are IMDS. We are still
28 working on refining that. We believe that we could try to

1 reduce costs on the IMDS.

2 MR. OAKLEY: I guess that's another follow-on
3 question. They were more than a million dollars. How much
4 more, and what do you think they'll be when they're finally
5 ready for prime time?

6 MS. GARZOUZI: Closer to 2 million. So 2 to 3 million
7 dollars is what we're paying for distribution stations.
8 The IMDS in particular is closer to two. We're hoping to
9 lower that. We are talking to some manufacturers to see if
10 there is something that could be done that would be
11 repeatable.

12 MR. OAKLEY: Thank you. That's very helpful. Could
13 we move to Staff 134, please, issue 25? I think 134 issue
14 25, is it not?

15 This is again more about the vegetation management
16 program. We sort of alluded to this earlier, but if this
17 new approach is successful and performance dramatically
18 improves when the vegetation management program catches up
19 -- this is sort of when you've gone through your first
20 cycle -- would that enable a reductions in capital spending
21 while still achieving similar or better performance, given
22 that storm-related tree falls and other tree falls
23 represent a percentage of outages?

24 MS. GARZOUZI: I would like to point you to tab 35,
25 BOMA 31, part C -- 35-BOMA-31C.

26 While the optimal cycle protocol would improve tree-
27 related outages, this plan is largely addressing assets
28 that are in poor condition. So what we've done here is

1 we're saying that based on the conditions assessments that
2 we've received, we formulated the basis of this capital
3 plan.

4 If you read some of the benchmarking studies that
5 we've submitted, it describes that Hydro One's average age
6 is about 10 years older than its peers. So if we ignored
7 the wood pole replacement program and relied solely on the
8 vegetation management program, that would mean that we
9 would be believing that wood poles could last 110 years if
10 we replaced, let's say, 9,000 poles per year. And if you
11 went less than that, then you would -- maybe 200 years.

12 That's not something that we believe. So that's why
13 we rejected plan C, which is a smaller capital envelope.
14 So based on the conditions assessment that we have for wood
15 poles, if you continue on for stations, we will be managing
16 those fleets to maintain the condition of those assets.

17 So, no, I don't believe that we could trade off
18 vegetation management for wood poles or stations.

19 MR. OAKLEY: Okay, thanks. If we could turn up Staff
20 142; this is issue 25. I believe your answer indicates
21 that Hydro One does have the information that was would be
22 necessary to quantify expected reduction in damage to
23 facilities attributable to the new vegetation management
24 program.

25 Has Hydro One done so and if so, could you provide
26 those results? Staff 142 -- sorry, issue 25A is the
27 interrogatory that's on the thing here. And it basically
28 says that yes, it's possible to estimate or quantify the

1 expected reduction in damage to facilities with the
2 available information. And the question was have you done
3 so and if so, can we have the results please.

4 MS. GARZOUZI: Tree-related outages account for
5 2 percent of the capital envelope. So what we've done is
6 we've assessed how many outages are due to vegetation
7 management and, of that, how many are impacting the capital
8 envelope. So we believe that figure to be 110,000 per
9 year.

10 MR. OAKLEY: 110,000 dollars?

11 MS. GARZOUZI: Yes, 110,000 dollars per year. More
12 broadly, if you look at the trouble call program, both
13 capital and OM&A, we believe that the OCP approach will at
14 the lower end offset trouble calls by 6 million and upper
15 end 12 million.

16 MR. OAKLEY: Okay. Thanks. So -- and I guess in
17 response you -- that's the quantification that you're
18 talking about, so you don't have, like, a document?
19 There's just...

20 MS. GARZOUZI: So the question is around expected
21 reduction in damage to facilities, correct?

22 MR. OAKLEY: Sure, yes, yes, yes.

23 MS. GARZOUZI: And so that would be \$110,000 per year.
24 We've quantified the vegetation outages against the capital
25 trouble calls, and that's equivalent -- that would be --
26 2 percent of those are vegetation-related; hence, that's
27 \$110,000 a year.

28 MR. OAKLEY: I'm actually surprised by the 2 percent,

1 because I had thought earlier that we had a very high
2 frequency of that were outages caused by vegetation --

3 MS. GARZOUZI: On the maintenance side. So we have a
4 capital trouble, we have storm-related trouble and storm-
5 related capital --

6 MR. OAKLEY: Right.

7 MS. GARZOUZI: -- and we have an OM&A trouble.

8 MR. OAKLEY: Are those costs cap -- any of those costs
9 capitalized that go into OM&A? OM&A?

10 MS. GARZOUZI: No.

11 MR. OAKLEY: Okay. Thank you.

12 Could we move to Staff 159, please.

13 MS. GARZOUZI: Which reference?

14 MR. OAKLEY: Oh, sorry, 26. And this is about
15 distribution station refurbishments. The projects with
16 material cost increases appear to have undergone
17 significant scope changes, but they appear to be basic
18 enough that the ultimate scopes might have been considered
19 when the preliminary project engineering was done, things
20 like dual transformers, fill containment, extra land.

21 How much planning and engineering has been done for
22 these investments at the time of the filing?

23 MS. GARZOUZI: At the time of the filing little
24 engineering was done. The engineering was completed before
25 execution of the work -- of the project.

26 MR. OAKLEY: What sort of assumptions changed to drive
27 that kind of large-scope changes? And just looking at
28 things like containment, I mean, it seems normal that you

1 would allow for containment. To have that listed as a
2 scope change seems unusual.

3 MS. GARZOUZI: A lot of distribution stations don't
4 have split containment. Most don't.

5 MR. OAKLEY: Okay. So just the transformer's too
6 small or you're using air-insulated transformers or --

7 MS. GARZOUZI: We have that. The IMDS does not have
8 as-built containment.

9 MR. OAKLEY: Okay. Thanks.

10 Are any of these related to the stations that were
11 going to be IMDS but then became more custom-build?

12 MS. GARZOUZI: Some.

13 MR. OAKLEY: I guess just to follow on from that, is
14 that the same sort of level of planning that we would
15 expect for the capital investments identified in this
16 custom IR application? Is -- there would -- there is the
17 same level of engineering and planning work that's been
18 done on these projects?

19 MS. GARZOUZI: We have a good sense of projects that
20 are in the near-term. We have detailed engineering for
21 stations, and for lines, we have what we call Class A
22 estimate, which is more than engineering. It's also
23 staking easements. So it's a very detailed estimate, plus
24 or minus 10 percent.

25 In the long term we are often going based on planner's
26 estimate or compatible unit catalogue, which identifies
27 volumes of work and unit cost for the work that we're
28 defining.

1 MR. OAKLEY: Thanks. So that would indicate then the
2 projects further down in the five-year cycle will be less
3 well-defined, I guess, and there is a higher risk of cost
4 changes associated with them?

5 MS. GARZOUZI: They're less defined, but on the
6 distribution side there's such a high volume of work that
7 we have a really good sense of unit cost. If you look at
8 our wood pole replacement program, it's quite predictable,
9 and we've been improving that over time.

10 But a lot of our work on the distribution system is
11 replacement of wood poles and line sections. And so if 90
12 percent of the work program is attributed to lines, it's
13 highly predictable.

14 MR. OAKLEY: Okay. Thanks. And you're saying it's
15 predictable based on a volumetric basis, so if you do X
16 thousand poles you sort of know what X thousand costs.

17 MS. GARZOUZI: Yes, similarly, X thousand kilometres;
18 then you know that that should cost you about that much.

19 MR. OAKLEY: Okay. Thank you.

20 Could we turn up Staff 94, issue 24. So does Hydro
21 One track the ages of line assets that fail during
22 significant weather events to determine post-event if the
23 failures are strongly correlated to asset age and
24 condition? So in other words, when you have an event do
25 you categorize all of the asset failures to say, you know,
26 we lost a whole bunch of either poor condition or old poles
27 and we lost another batch of kind of okay condition or
28 medium-age poles and we lost a bunch of new ones? Do you

1 actually sieve them out that way?

2 MS. GARZOUZI: No, we don't.

3 MR. OAKLEY: Would you consider doing it?

4 MS. GARZOUZI: Yes.

5 MR. OAKLEY: It would be very helpful, again, just to
6 try and say capital program spend here turns to that result
7 there, and we're all going to have storms; we know they're
8 going to happen, so it would be really nice to at least
9 understand how big of an impact that capital spend would
10 have.

11 Do you have any idea of what the likely causes of
12 failures that are categorized as unknown and other? There
13 seems to be always a large number that are unknown or
14 other, and I'm always -- I'm always surprised at that,
15 because I think if you drive up in a truck and there's a
16 pole lying on the ground and there's a tree on it, well,
17 that's obvious. But, you know, is there any note made when
18 the person shows up to service them to say, it looks like
19 it's one of these things, you know, a plane fell into it or
20 something?

21 MR. JESUS: It's not quite a plane, but it's unknown
22 for a reason. We cannot categorize as what was the root
23 cause of that incident, so we have no way of identifying
24 what the root cause of the unknown was.

25 MR. OAKLEY: That's the twilight zone then.

26 MR. JESUS: They get there and they don't see
27 anything.

28 MR. OAKLEY: That's fine. I just wanted to see if

1 you had some, you know, that there were some hunches anyway
2 of what's going on, but -- no, that's fine, thanks. We can
3 move on.

4 Can we move to Staff 101, issue 24. And this is
5 talking about the multi-level managerial review. And the
6 implication in the responses seems to be that the
7 investment planning tool is used to identify the projects
8 or projects of interest, the portfolio, but then management
9 judgment is applied to prioritize and select the ultimate
10 project portfolio.

11 Is that a correct assumption? Am I interpreting the
12 response right?

13 MR. JESUS: So the multi-level managerial review
14 occurs when the draft plan is prepared. And we stakeholder
15 that through stakeholder sessions to review the plan with
16 internal folks. So that review is looking to calibrate the
17 risks, to make sure that there's consistency across the
18 various assessments, and it's also done to make sure that
19 if there's any investments that have not quite made it in
20 that are required for strategic or other reasons, for
21 customer reasons, then those reviews are taking place and
22 input and feedback are being provided to the investment
23 planning team.

24 MR. OAKLEY: Thanks. There's clearly a lot of
25 different layers of management that get involved in finally
26 coming up with the final portfolio we see here.

27 Are there fixed criteria used by management to ensure
28 there is a consistent prioritization, so that it's not just

1 someone lobbies better than someone else does?

2 MR. JESUS: No, it's definitely not that way. But
3 ultimately, the process is a process that considers all of
4 the risks and considers the prioritization criteria.
5 There's a tool that helps with the optimization.
6 Subsequently, there's a managerial review that does take
7 into account management judgment in terms of identifying
8 additional projects that are required for the business.

9 MR. OAKLEY: Thanks. I'm in no way disputing
10 management needs to apply judgment to these things. I'm
11 just wondering if there are a fixed criteria that are
12 applied, or if it's real-time management judgment.

13 MR. JESUS: It's real-time management judgment.

14 MR. OAKLEY: Okay. Thank you. Could we move to Staff
15 125 -- sorry, issue 25. They're in separate columns.

16 We're looking here at the methodology to calculate
17 expected service life. Is it possible for Hydro One to
18 provide the methodology that's used to calculate expected
19 service life for power transformers, let's say, or other
20 major classes?

21 MS. GARZOUZI: I think the important thing here is
22 that we don't replace assets based on their expected
23 service life. We replace them based on end of life. So an
24 asset could be expected to live for 60 years, or 50 years,
25 or 20 years, but that's not a reason to replace it. So
26 it's based on the condition of that asset or another risk
27 that needs to be mitigated, like potential safety risk or
28 environmental risk that we would go and trigger a capital

1 replacement for that asset.

2 MR. OAKLEY: Just tracking where your demographics are
3 against where your expected lives are for accounting
4 purposes, I guess?

5 MS. GARZOUZI: That's correct. That's what the
6 expected service life reference here is for.

7 MR. OAKLEY: Thanks. It seemed to imply here that
8 Hydro One doesn't adjust the expected service lives of
9 different asset classes, based on results of its asset
10 condition assessment process or its retirement records,
11 which seemed counterintuitive. It seems to me that that
12 empirical feedback is really important in refining expected
13 service lives.

14 Could you confirm that you either do or don't use that
15 empirical feedback, and sort of like if not, why not?

16 MR. NETTLETON: Mr. Oakley, I think if you look at
17 response D, it indicates that the expected service lives
18 are reviewed periodically by Foster Associates. In other
19 words, it's very much tied to the Foster report that is
20 used for purposes of depreciation.

21 As Ms. Garzouzi has indicated, it is an accounting
22 concept. And I think what you're really asking is better
23 directed to Foster, to see what Foster takes into account
24 when they do their periodic review.

25 MS. GARZOUZI: I can add that we as planners, asset
26 managers or management do meet with Dr. White and provide
27 him with data to develop those depreciation curves and to
28 determine expected service life.

1 MR. OAKLEY: Thank you. I think that does answer my
2 question. Could we move to Staff 175, please, issue 30.

3 This is system upgrades driven by load growth. Are
4 any of the projects originally listed in EB-2013-0416 D-02
5 system upgrades driven by load growth for the years 2015 to
6 2017 that are repeated in SS02 system upgrades driven by
7 load growth still deferrable? They were deferred then.
8 Are they still deferrable?

9 MS. GARZOUZI: Not over the five-year term.

10 MR. OAKLEY: That's universally true for all of those
11 ones?

12 MS. GARZOUZI: We verified them. Things can happen.
13 There's always movement in programs. There could be
14 emerging needs. But we have looked at the programs through
15 this exciting IR exercise. We have reviewed every proposed
16 project, and we believe they are required over the planning
17 term.

18 MR. OAKLEY: So that speaks to the other projects, not
19 just those continued from the last round. That's the
20 entire suite of --

21 MS. GARZOUZI: That's correct.

22 MR. OAKLEY: Okay, thank you. Can we go to Staff 119,
23 issue 24, please. And I'm taking an excerpt from this
24 which is part of the answer:

25 "Asset risk assessment scores are not classified
26 as acceptable or unacceptable. Rather they
27 provide a means to compare specific assets or
28 aspects of asset risk between assets of the same

1 type."

2 Can you provide examples of the relative
3 classifications that are alluded to in that? It's response
4 C; sorry if I wasn't clear about that. Could you provide
5 some examples of those relative classifications? Or does
6 this take us back to the other risk table that we looked at
7 before?

8 MS. GARZOUZI: The point of C is to say that if a risk
9 score is high, it's not necessarily going to trigger a
10 capital replacement or an action, that it is a relative
11 figure against other risk scores.

12 If we look at part B where we define the condition
13 risk factor for stations, we may have stations that are
14 scored on a scale of zero to 100. Some may have a score of
15 99 and some may have a score of 60. We won't say that we
16 will not tolerate a score of 99. That is the purpose of
17 that comment.

18 MR. OAKLEY: Thank you. I think that clarifies it.
19 Could we move to Staff 137, issue 25.

20 We may have danced around this a little bit in the
21 past, but could you say what percentage of outages from all
22 causes do off right-of-way tree and branch failures
23 comprise? I think this is talking about the comparison
24 between --

25 MS. GARZOUZI: In the vegetation management classified
26 outages, 90 percent of those are due to trees falling into
27 the line.

28 MR. OAKLEY: If I apply that ratio, then, to the table

1 that shows how many are vegetation caused, that should
2 fallout of that ratio, then? Because you have other tables
3 that say what the various other causes are; part of that is
4 vegetation cause --

5 MS. GARZOUZI: Correct.

6 MR. OAKLEY: So it's 90 percent of that slice of the
7 pie?

8 MS. GARZOUZI: Correct.

9 MR. NETTLETON: One person at a time for the court
10 reporter. We need to allow each person to speak for
11 transcription. Mr. Oakley, could you repeat your question?

12 MR. OAKLEY: Which question was it now? We were
13 talking about this is the tree and branch failures, what
14 percentage of all outages from all causes they comprise.
15 Is that the question you're speaking of?

16 MS. GARZOUZI: I'll say what -- I'll repeat what I
17 said earlier.

18 MR. OAKLEY: Sure.

19 MS. GARZOUZI: So of the tree-related outages that
20 contribute towards our SAIDI and SAIFI metrics, 90 percent
21 of them are related to trees falling into the line.

22 MR. OAKLEY: Thank you. That's exactly what I was
23 looking for.

24 Another part of that question, though, could you show
25 where the reference given in the response to B explains why
26 Hydro One hasn't addressed off-right-of-way danger trees in
27 the past, which was what the question was really driving
28 at, is why wouldn't that have been a good program to do

1 earlier?

2 MS. GARZOUZI: We were tackling off-right-of-way
3 trees, so the reference points you to the exhibit where
4 that was described. The difference with the optimal cycle
5 protocol is that we will be covering more kilometres, and
6 so we're trading off low-risk defects for high-risk
7 defects. And so if we consider the previous vegetation
8 management approach, which was about getting a wider
9 corridor and getting clearance for eight years doing brush
10 control and line clearing, what we're proposing now is to
11 forego low-criticality, low-risk work for high-criticality,
12 which means that we should be addressing more... [Mic
13 turns off]

14 MR. OAKLEY: Thanks. I lost the last couple words
15 there. I...

16 MS. GARZOUZI: Somebody is pressing buttons over here.

17 MR. OAKLEY: Okay.

18 MS. GARZOUZI: Which would mean that we can now cover
19 34,666 kilometres instead of 9,000 to 12,000 in a given
20 year, and so our ability to achieve that has to do with our
21 change in strategy for the vegetation management program.

22 MR. OAKLEY: Thank you.

23 Can would move to Staff 172, issue 29. And this is
24 talking management of transformers, spare transformers.
25 And if we could look to the response to B -- part B of
26 that.

27 Doesn't this approach that's described in B simply
28 propagate the problem into the future? Because you've got

1 a pretty wide classification of different transformers that
2 you're keeping spares for, and if you are waiting to get
3 through that list of differently classified transformers,
4 aren't you just putting the same problem out there for
5 future replacements?

6 MS. GARZOUZI: I think the point is that we have a
7 wide range of voltages, so different standards, and so we
8 can't eliminate those spares to support those stations
9 until we replace those stations.

10 MR. OAKLEY: So it's more related then to the line
11 voltages that are propagating from the stations then?

12 MS. GARZOUZI: Correct.

13 MR. OAKLEY: I think that answers my question. That's
14 why I was -- yeah, exactly --

15 MS. GARZOUZI: We have -- unlike maybe some pure
16 Canadian utilities in other provinces, we have a high range
17 of voltages and various ratios in our distribution system,
18 ranging from 4 kV to 44 kV and multiple combinations
19 thereof for distribution, and then up to the transmission
20 range as well.

21 MR. OAKLEY: Thank you. That helps answer the
22 question.

23 Could we look at AMPCO 23, which is issue 24. And
24 just trying to understand here, the table -- this
25 references AMPCO I24 -- okay. Sorry, 23-01. The table
26 shows 22 percent of station transformers as high-risk,
27 which on its face would seem problematic, but maybe it's
28 the definition of "high-risk" that's the variable here.

1 What do you mean by "high-risk" for 22 percent of the
2 station transformers?

3 MR. NETTLETON: Sorry, Mr. Oakley, perhaps it's the
4 cell that you're referring to and I'm looking at. Are you
5 in the 2017 condition column?

6 MR. OAKLEY: This is an asset condition table?

7 MR. NETTLETON: Yes, attachment 1.

8 MR. OAKLEY: Right. And then --

9 MR. NETTLETON: I --

10 MR. OAKLEY: -- there's a whole -- yeah, sorry, there
11 -- yeah. I pulled off probably the first column, or maybe
12 it's a...

13 MR. NETTLETON: At least I'm reading the 2017
14 condition high-risk in-service station transformers to be
15 24 percent. Is that --

16 MR. OAKLEY: Yeah, sorry, obviously a different cell
17 here. But anyway, the bottom line is over 20 percent of
18 station transformers were shown as high-risk. And does
19 that mean there is a high probability of any one failing or
20 that there -- again, a combination of probability and
21 consequence means it's a high risk should it fail or...

22 MS. GARZOUZI: I'm going to refer you back to one we
23 were just at, tab 24, Staff 119, in that table where we
24 define condition risk factors. So that 24 percent comes
25 from this table and the weighting of that table, so that
26 means that we have dissolved gas analysis tests that have
27 failed, we have standard oil tests that have failed, we
28 could have a furan test or a Doble test, and so on and so

1 forth. So it's based on measurements, quantified data.

2 MR. OAKLEY: Okay. I'm still not sure I quite
3 understand what "high-risk" means in this case, but I
4 understand where the numbers -- or where the evaluation has
5 come from.

6 I note that in that table the low-risk percentage
7 seems very volatile year to year. How does that happen?
8 In the original reference?

9 MR. NETTLETON: Sorry, the volatility being between
10 years, Mr. Oakley?

11 MR. OAKLEY: Yeah, between years, the low-risk seems
12 to be volatile, and I just wasn't -- it's not obvious
13 what's causing the volatility.

14 MR. NETTLETON: I'm just looking again at this. Maybe
15 we're just -- the in-service station transformer low-risk
16 for 2014 was 57 percent, for 2015 it's 64 percent. Are
17 those the numbers that you're saying is volatile?

18 MR. OAKLEY: Yeah, and they go up and down is the
19 thing, so that's the part I wasn't sure of, as I recall.
20 It's been a couple days since I cast eyes on this table.
21 I...

22 MS. GARZOUZI: Are you asking why it fluctuates from
23 year to year?

24 MR. OAKLEY: Yeah, I'm just looking, what's the driver
25 of the volatility in low-risk.

26 MS. GARZOUZI: Tests and replacements.

27 MR. OAKLEY: Okay. So you've changed oil or you've
28 done something that has --

1 MS. GARZOUZI: A maintenance activity, a capital
2 replacement --

3 MR. OAKLEY: Okay.

4 MS. GARZOUZI: -- that will -- that is -- so we test
5 these annually and we -- and that is updated annually, so
6 that's the fluctuation that you're seeing year over year.

7 MR. OAKLEY: Thank you. I think that answers the
8 question.

9 If we could look at CME 27. This is issue 29. This
10 is talking about the transition costs to address backlog
11 defects. And can you confirm that the 127.7 million here
12 estimate is a one-time expenditure or -- it's not a
13 recurring catch-up expenditure?

14 MS. GARZOUZI: That's correct. It's a one-time
15 expenditure.

16 MR. OAKLEY: So we would expect to see that drop off
17 after the first cycle or something like that?

18 MS. GARZOUZI: That's to address the backlog.

19 MR. OAKLEY: Okay. That's the backlog, okay.

20 And you'll be happy to know this is my last question.
21 VECC 25, issue 29. And I just want to expand on VECC's
22 original question, which was focused on 2018, and just to
23 say there is a large system renewal spending increase
24 certainly in years 2019 to 2022 compared to historical.

25 What new asset condition data has been gathered to
26 support this large increase?

27 MR. NETTLETON: Sorry, Mr. Oakley. I'm missing,
28 because I'm looking at the response, and the response

1 actually says there was a decline.

2 MR. OAKLEY: And that's because it's talking about
3 2018. But if you look beyond 2018 --

4 MR. NETTLETON: Okay. Thank you.

5 MR. OAKLEY: -- that's where the hockey stick happens.

6 MR. NETTLETON: And you're asking what's prompting the
7 hockey stick?

8 MR. OAKLEY: Yeah, well, basically the same question,
9 which is, what new asset condition data has been gathered
10 to support the large increase?

11 MS. GARZOUZI: Your question is why is there an
12 increase renewal in '19 and beyond?

13 MR. OAKLEY: Well, the renewal spending kind of ramps
14 up at 2019 to 2022, and just have you got new condition
15 asset data or assessment data that is leading you to that?

16 MS. GARZOUZI: When we conducted our customer
17 engagement session, we heard from our customers that
18 affordability is top of mind, followed by reliability. So
19 we went back and we adjusted plan B to what you are
20 presented with today, which is plan B modified.

21 `So the year 2018 is held low on purpose, to hold the
22 rates lower. And that's why you see that jump in 2019 to
23 the rest of the term. In particular it's the wood pole
24 replacement program and the station replacements, and in
25 2022, what you see is the meter replacements.

26 So a lot of our first generation meters that were
27 deployed in 2006 will require renewal in 2022.

28 MR. OAKLEY: This is squeezing a water balloon

1 somewhat? You're squeezing it out of 2018 and a lot of it
2 shows up in further years then?

3 MS. GARZOUZI: We don't believe that the 2018 capital
4 envelope that is there is sustainable, and I would take you
5 back to BOMA-31C to see what that might look like for
6 future generations.

7 MR. OAKLEY: Thank you, panel, those are my questions.
8 Thanks very much for your answers.

9 MR. SIDLOFSKY: For Staff, we're going to move over to
10 Mr. Thiessen with a few questions.

11 **EXAMINATION BY MR. THIESSEN:**

12 MR. THIESSEN: These questions are basically for Mr.
13 Merali, I think, because they are punted this morning from
14 panel 1. And the first one is in regard to Staff IR 1, tab
15 2, Staff 1, and it has to do with the executive
16 presentation day transcript, and what the witness indicated
17 about the number of calls that are coming into the call
18 centre.

19 You provided a very informative table there indicating
20 that calls about billing have dropped about 20 percent from
21 '17 to '16, or from '16 to '17. And calls about
22 collections dropped 22 percent in the same period of time.

23 My question is what are the main reasons for this kind
24 of drop in billing and collections? Is it your new
25 collection policy, or a new eight-step policy versus the
26 four-step policy? Or is there something else happening as
27 well?

28 MR. MERALI: There's a variety of factors that

1 contribute to the decline in call volumes. With respect to
2 the decline in billing call volumes, for instance, 2017 was
3 a mild year from a climate perspective. Customers
4 typically had lower than average bills. That resulted in a
5 reduction of invoices going to customers. So you often see
6 billing-related and high billing-related calls, as well as
7 collection calls associated with that. I'd say that's one
8 component.

9 Other components include things such as Hydro One's
10 revised collections program. The new bill, although that
11 started to roll out very late in the year in '17, as well
12 as the Fair Hydro Plan we think would likely have provided
13 some benefit there as well.

14 MR. THIESSEN: Thanks. And do you think that going
15 forward into the test year and onward, that there will be
16 further improvements in these numbers?

17 MR. MERALI: We're certainly hopeful call volumes stay
18 lower and continue to decline. If you look at '17 over
19 '16, I believe there's an 11 percent decline. However,
20 2017 volumes are only down approximately 5 percent, if I
21 look back over a 3-year average.

22 However, other items, such as weather and other
23 factors, do influence call volumes on an annual basis.

24 MR. THIESSEN: But there's no specific strategy to
25 bring those numbers down?

26 MR. MERALI: We are certainly trying to bring call
27 volumes down overall. Part of that is both our push to
28 migrate customers to digital channels, and customers'

1 desire to move to digital channels. So over time, we're
2 hopeful to be able to continue to reduce call volumes.

3 MR. THIESSEN: In the transcript excerpt I put at the
4 beginning of my question, the witness talked about there
5 would be some savings, I think, in the cost because you're
6 having so many fewer calls.

7 Are there significant cost savings?

8 MR. MERALI: Over the long-term, a sustained drop in
9 call volumes would have associated savings. Hydro One's
10 contact centre was outsourced from 2002 to 2018. So for
11 the past 16 years, our call centre has been outsourced.

12 The pricing mechanism in that outsourcing contract was
13 a fixed cost per customer model. So historically, any
14 reduction in call volumes would not immediately be realized
15 by the utility. They would be retained by the outsourcer
16 and upon re-tendering, potentially those savings would be
17 realized.

18 I'm pleased to say that yesterday was the first day,
19 March 1, 2018, that Hydro One was able to bring our contact
20 centre back in-house and will start to deliver those
21 services directly to customers on a go-forward basis.

22 So over the longer term, a sustained drop in call
23 volumes will result in cost savings to ratepayers.

24 MR. THIESSEN: That's because of the new way you're
25 doing the call centre is going to allow you to get those
26 savings sort of real time rather than waiting until the end
27 of the contract?

28 MR. MERALI: Correct. I would clarify on the real

1 time. We do have a representative work force and it does
2 take some time to sort of have reductions in staffing and
3 to realize those savings associated with call haves.

4 Two other points I would like to make. The first is
5 that overall, if you look at our contact centre expenditure
6 line item, only approximately 50 percent is related to call
7 handling. So we do have a lot of back office functions,
8 payment processing, processing of distributor generation
9 applications, some of what we call business sustainment and
10 support.

11 So of our contacts in our line item, only
12 approximately 50 percent is related to actual call
13 handling.

14 The other point I would make is that as we do see a
15 reduction in call volumes, we are seeing increase to
16 customers communicating through alternate channels, so less
17 calls. For example, email communication with customers
18 since 2014 to last year is up 65 percent. We have
19 customers communicating with us regularly through social
20 channels, such as Facebook and Twitter.

21 So a drop in call volumes, yes, it's certainly
22 beneficial from a cost perspective. But we are seeing some
23 work pop up in other channels.

24 MR. THIESSEN: My final question on that is that when
25 you -- are you forecasting efficiencies that show up in the
26 productivity targets that you filed in this application?
27 Is there a specific line item for the call centre?

28 MR. MERALI: There's not a specific item with respect

1 to call centre. There were some interrogatories on the
2 subject with respect to our cost profile after bringing the
3 contact centre in.

4 Having not run the contact centre directly for 16
5 years, you know, candidly we don't have an exact
6 appreciation of the cost of running that operation. So we
7 certainly hope to achieve savings and realize productivity
8 efficiencies. However, given that this is sort of day two
9 of us running the operation directly, we're unable to make
10 such commitments.

11 MR. THIESSEN: Thank you. My next question is tab 2,
12 Staff 4. It also references something said in the
13 executive day presentation and talks about moving the
14 collections process from four stages to eight stages.

15 And as part of that response, you included a table
16 that goes up to the third quarter of two-17, and I'm
17 wondering whether you can provide a similar number for
18 overdue accounts receivable for the fourth quarter.

19 MR. MERALI: The 2017 Q4 quarter final audited results
20 are unavailable at this time. When they become available,
21 we will certainly provide them.

22 MR. THIESSEN: Okay. So whenever your two-17 audited
23 amounts are available?

24 MR. MERALI: Correct. I think I can go out on a limb
25 and say they're lower, but we'll get you the exact numbers.

26 MR. THIESSEN: Again, I might ask you what is
27 behind -- if you can tell me, what is behind the big drop
28 in these numbers?

1 MR. MERALI: So there's a variety of factors, and I'll
2 start with a little bit of history here. Post-
3 implementation of our billing system in 2013, in 2014 and
4 2015, I think most would know that we had some issues as it
5 pertains to getting customers timely and accurate bills.
6 So our collections program was suspended for a period of
7 time, which resulted in a large run-up in receivables.

8 The collections program was restarted in '16 and '17,
9 and we have seen a decline. So some of it is a decline
10 relative to the build-up. Having said that, we've done a
11 number of things differently, introduced new programs and
12 measures that we believe have played a significant role in
13 driving that number down, and I'll cite a few.

14 The first is our revised collections process. We
15 really focus on frequent and early outreach to customers.
16 We reach out to customers as early as ten days after their
17 first payment through letter or through other channels, so
18 we don't allow sort of the problem to build, if I could
19 frame it that way.

20 We have redone our training for our contact centre
21 staff to really empower our front-line staff to do what's
22 right for customers. In some cases there are regulations
23 in the Distribution System Code that regulate things such
24 as the number of installment plans the customer is eligible
25 for. Historically I'd say we followed that as a rule; now
26 we use it as a guideline, and we do what's right for
27 customers.

28 We've also done a number of things, such as visit

1 First Nation communities and meet one-on-one with
2 customers, and we've really seen positive improvements in
3 that area as we've significantly increased the number of
4 customers who are enrolled in programs such as the First
5 Nations delivery credit.

6 So I guess to summarize again, I think it was a multi-
7 pronged approach, outreach, advocacy, empowerment of staff,
8 that has led to the reduction in our accounts receivable.

9 MR. THIESSEN: Thank you. My next question is tab 2,
10 Staff 3, which concerns the security deposits and how in
11 response to B(i) indicates that Hydro One no longer
12 requires security deposits from residential customers. And
13 when did that take place?

14 MR. MERALI: That took place -- I can look up an exact
15 date off memory. I think it was April '17, but I can get
16 you an exact date if you --

17 MR. THIESSEN: No, I mean, an approximate date like
18 that is fine. April two-17? And did you do some sort of a
19 cost/benefit analysis to making that move?

20 MR. MERALI: Formal detailed cost/benefit analysis,
21 no. However, our experience running the program led us to
22 believe that the changes would not have a material impact
23 on our bad debt.

24 MR. THIESSEN: Okay. It also -- the reference also
25 indicated that the operational costs were high to
26 administrating -- to doing the administration for security
27 deposits. So are you making some savings here?

28 MR. MERALI: Yes. So maybe I can just cite an example

1 for how the security deposit policy used to work. But in
2 essence, if we had a deposit on hand for residential
3 customers per guidelines and Distribution System Code, that
4 deposit would need to be released prior to the issuance of
5 a disconnection notice.

6 So we'd have a deposit on hand, we'd release the
7 deposit, we'd send the customer a disconnection notice, and
8 then the next day they'd get another deposit request. So,
9 I mean, one, from a customer experience perspective it was
10 certainly viewed by many of our customers as sort of
11 kicking them while they're down. They're getting a
12 disconnection notice and then a request for deposit, you
13 know, immediately thereafter.

14 Security deposits drove a large number of calls into
15 our contact centre, resulted in a number of escalations,
16 including escalations to Hydro One's internal ombudsman.
17 So, yes, the elimination of security deposits has
18 ultimately led to a reduction in inbound call volumes and
19 escalations.

20 MR. THIESSEN: Thanks.

21 My next question is for Staff -- it's tab 38, Staff
22 200. And this is concerning the expansion of manual -- or
23 getting rid of manual meter reading into automated meter
24 reading. And the response at A indicates that Hydro One
25 moves out into different areas with automated meter
26 reading. When the cellular carriers expand their territory
27 you follow them out.

28 And so my question is, is Hydro One actively trying to

1 promote that with the cellular carriers? Are they trying
2 to drive an expansion of the cellular carriers so that you
3 can do automated meter reading?

4 MR. MERALI: We have periodic discussions with the
5 providers, and certainly expansion of the network is a
6 topic that is discussed. However, their decision to
7 ultimately expand their networks are primarily based on
8 their own financials and economic valuations in terms of
9 whether it's economical for them to do such an expansion.

10 So we have those discussions, but it's ultimately the
11 carrier's choice if they elect to expand their network.

12 MR. THIESSEN: And does Hydro One make significant
13 savings when you go to automated reading from manual?

14 MR. MERALI: Yes, there is a savings associated with
15 moving to automated readings. One thing I would note is,
16 although at times when the cellular distribution network is
17 expanded, so there may be coverage, but density also plays
18 a factor. So simply the fact that there is cellular
19 coverage does not in and of itself allow us to migrate a
20 customer to electronic meter reading, because we require
21 either a certain level of density such that a mesh network
22 can be established where the meters can talk to one
23 another, or Hydro One will need to deploy repeaters and
24 collectors to backhaul that data to get it to the cellular
25 network.

26 So I guess I would just state that expansion of the
27 cellular network in and of itself does not necessarily mean
28 that we are able to migrate customers. There is an

1 economic analysis that's done, and density is the primary
2 driver.

3 MR. THIESSEN: But are there big savings for Hydro One
4 to go to automated meter reading?

5 MR. MERALI: Yes, absolutely, there are --

6 MR. THIESSEN: Yeah.

7 MR. MERALI: -- savings.

8 MR. THIESSEN: But those productivity improvements
9 aren't included in the estimate of productivity
10 improvements that are included in this case? Or are they
11 embedded?

12 MR. MERALI: For clarification, you're talking about
13 manual meter reading; correct? Like, the cost to read the
14 meter?

15 MR. THIESSEN: Yes.

16 MR. MERALI: Okay. There are no productivity savings
17 baked into the plan associated with that, to my knowledge.
18 We have an estimate based on historical expansion of the
19 network that approximately 5,000 customers will be added to
20 the network on an annual basis.

21 MR. THIESSEN: Okay. Thank you.

22 My final question is --

23 **FOLLOW-UP QUESTION BY MR. RUBENSTEIN:**

24 MR. RUBENSTEIN: Harold, can I just ask a follow-up to
25 that one question?

26 MR. THIESSEN: Sure.

27 MR. RUBENSTEIN: If it's 5,000 customers per year are
28 added, what would be the savings for those five -- on

1 average associated with that?

2 MR. MERALI: I wouldn't have an exact number for you.
3 The cost of manually reading a customer really depends on
4 geography. So we have some locations that have, you know,
5 very sparse densities. Windshield time, drive time is very
6 significant. So I think it really depends on the 5,000 in
7 question that get added to come up with an accurate number
8 in terms of what the cost reduction of manual meter reading
9 would be.

10 MR. RUBENSTEIN: Do you have an order of magnitude?

11 MR. MERALI: I don't have something I would feel
12 comfortable at this time being able to provide.

13 MR. RUBENSTEIN: Can you provide -- can you provide by
14 way of undertaking some rough sense of what savings you're
15 looking at on average for 5,000 customers?

16 MR. MERALI: Yes, we can provide that.

17 MR. SIDLOFSKY: JT2.13.

18 **UNDERTAKING NO. JT2.13: TO PROVIDE AN ESTIMATE OF**
19 **AVERAGE SAVINGS FROM AUTOMATED METER READING WITH**
20 **5,000 CUSTOMERS PER YEAR ADDED.**

21 MR. THIESSEN: Okay. My final question for Mr. Merali
22 is found at Exhibit I, tab 38, Staff 201. And this
23 interrogatory concerns e-billing and Hydro One's move to e-
24 billing in 2017. Under the response to question B, Hydro
25 One indicates that 545,000 customers are expected to sign
26 up for e-billing by 2022, resulting in a \$17 million OM&A
27 savings, mainly through reduced postage costs.

28 And my question for you would be, aren't there more

1 savings than just reduced postage costs? I mean, you would
2 think that there would be a lot more back-room savings than
3 just the cost of postage.

4 MR. MERALI: With respect to the preparation of our
5 invoices, the process up until bill print is the same. And
6 our bill-print functionality is outsourced to a third party
7 for printing and fulfilment. The estimated savings include
8 the cost of print and fulfilment.

9 MR. THIESSEN: Okay. And those savings are included
10 in the productivity exhibits you have in this case. I
11 think they're included in the response to interrogatory 26,
12 Society of Energy Professionals number 3.

13 MR. MERALI: Yes e-billing is one of our
14 productivity --

15 MR. THIESSEN: Okay. Thank you very much.

16 **FOLLOW-UP QUESTIONS BY MR. NETTLETON:**

17 MR. NETTLETON: Mr. Thiessen, can I have just one
18 follow-up question, just for the record.

19 Mr. Merali, the IR that Mr. Thiessen pointed you to,
20 Staff 201, in your response to part B there is the
21 17 million dollar saving number shown there. Do you see
22 that?

23 MR. MERALI: Yes.

24 MR. NETTLETON: And it does say that it's related to
25 postage costs. Is it your view that that number, the
26 17 million, is inclusive of everything from the outside
27 service provider function, or is it just the stamp?

28 MR. MERALI: It would be the total cost of producing

1 the paper bill, stuffing it, and mailing it.

2 MR. NETTLETON: So that's inclusive -- so that's what
3 forms the 17 million dollars. For clarity, it's not just
4 the postage cost?

5 MR. MERALI: Correct, it's the total cost of paper
6 bill fulfilment.

7 MR. THIESSEN: Thanks for that clarification. Those
8 are my questions for Mr. Merali.

9 MR. SIDLOFSKY: Mr. Thiessen has a few more questions
10 for the panel, but we're also mindful of Mr. Merali's
11 availability.

12 Could I get a sense from the intervenor
13 representatives who has questions for Mr. Merali?

14 MS. GIRVAN: I just have one.

15 MR. HARPER: I have four.

16 MR. SIDLOFSKY: I see a number of you. I'm going to
17 simply start with Mr. Harper. I'll move on to Ms. Girvan,
18 Mr. Yauch -- sorry, I can't see you. Oh, Mr. Buonaguro and
19 Anwaatin. Thanks. Mr. Harper?

20 **EXAMINATION BY MR. HARPER:**

21 MR. HARPER: Thank you. My questions deal with
22 various of these specific service charges which you've been
23 designated as the author of the IR response. If in the end
24 we have to punt to panel 3, because I know Mr. Boldt helped
25 with some of those, you'll let me know and I'll pass it on.

26 The first has to do with rate code 16 and according to
27 -- this is in Exhibit H1, tab 2, schedule 3, page 32. This
28 is the collection of account where there is no

1 disconnection charge.

2 And in Staff 57, you confirmed that the service charge
3 is applied when employee collects in the field due to non-
4 payment. Basically, they show up, I think ostensibly to
5 disconnect, but the customer pays and so therefore there is
6 no disconnection, but there would be this charge. Am I
7 correct in that?

8 MR. MERALI: Correct, it would be for a site visit or
9 a disconnection is not performed.

10 MR. HARPER: My specific question, then, has to do
11 with issue 51, VECC 108. Given that context, this question
12 was really trying to understand, okay the employee shows
13 up; in what forms are they allowed to receive payments. Is
14 it just cash, is it just a cheque, do they take Visa or
15 debit; what do they do?

16 We were kind of surprised by the response, because the
17 response was: "Hydro employees do not receive payments,
18 for all payments are processed through a third party
19 vendor", which made me think that when they got there, they
20 couldn't take the payment, where other ones, responses were
21 saying they do take payments. Maybe you can clarify this
22 for me.

23 MR. MERALI: I guess the clarification there is some
24 customers elect to wait until the 11th hour to make
25 payment. So oftentimes we'll find a field representative
26 on-site to perform a disconnection, and the customer
27 indicates they are willing to make immediate payment.

28 So in that case, the field staff do not accept

1 physical payment themselves. The customer would call the
2 contact centre, make a secured method of payment,
3 oftentimes by credit card, and then a disconnection
4 wouldn't be performed.

5 MR. HARPER: If I was to go down this, I guess they
6 could sit down and make an online payment or a credit card
7 payment, but wouldn't be able to make payment by cheque or
8 something like that because that's not a guaranteed form of
9 payment?

10 MR. MERALI: Correct.

11 MR. HARPER: I was just trying to clarify sort of how,
12 when a customer is going to be disconnected, what form of
13 actually make a payment. That's fine.

14 **FOLLOW-UP QUESTIONS BY MR. GARNER:**

15 MR. GARNER: Sorry, Mr. Harper, can I follow that up?
16 Does the person have to make the payment with the employee
17 still on the site, i.e. that sounds like the payment has to
18 be made while the disconnection employee is still there; is
19 that correct?

20 MR. MERALI: It's not a hard and fast rule. If the
21 field crews are out there and the customer indicates, hey,
22 I have the money and I'm going to make payment right now,
23 sometimes the field crew will go and the customer will make
24 payment, and then they'll check back in later in the day to
25 make sure the payment was processed.

26 Sometimes the field crew will remain on-site, you
27 know, if they've driven a significant distance or something
28 of that nature. But if they're in the area and the

1 customer says I'm going to make payment, sometimes the
2 field crew will take them at face value, leave the
3 premises, and confirm the payment was made by the end of
4 the day.

5 MR. GARNER: Why I'm asking is because it seems to me
6 you could say the same thing. You could say, in the
7 literal sense, that the cheque is in the mail, right?

8 The payment isn't being demanded in some fashion to
9 the crew on-site. The crew isn't saying to the customer, I
10 need to see you basically make payment, because you're
11 simply saying it's up to them, to their discretion to say
12 has that -- are they convinced the payment will be made; is
13 that a good way of saying it?

14 So they said -- if they were to believe me that yes,
15 the cheque is in the mail, and they happened to believe my
16 very honest face, they could take that as being enough to
17 move on?

18 MR. MERALI: Typically, a cheque wouldn't be something
19 that in that scenario would be accepted. But we do empower
20 our field crews. We empower them to go out there and make
21 the right business decisions to help our customers, and if
22 a customer legitimately indicates they are going to make
23 payment and the field crew has the discretion to believe
24 what the customer is saying, then we empower them to do
25 that.

26 MR. GARNER: Thank you.

27 **CONTINUED EXAMINATION BY MR. HARPER:**

28 MR. HARPER: My next question has to do with rate code

1 31, and the relevant IR, I believe, is issue 42, VECC 62.

2 This has to do with your charge related to vacant
3 premises, and I think in the original application you noted
4 that this was a new charge. There was no existing charge
5 for rate code 31 A or B, and this was a new charge being
6 introduced. And in the question we noted that there were
7 volumes/revenues associated with some of the historical
8 years. We were just curious trying to clarify how these
9 volume/revenues arose when there was no approved charge,
10 and that question wasn't really answered in the response.

11 I just wanted to clarify that. My understanding was
12 when I re-looked at it again, what you were showing there
13 were just the volumes of requests that -- volumes of
14 instances in each year, but there would have been no charge
15 to customers for those instances. So there would have been
16 a volume, but no revenue associated with it historically.

17 Am I correct in interpreting what the historical data
18 shows?

19 MR. MERALI: Correct.

20 MR. HARPER: Okay, fine, I just wanted to clarify
21 that. The next one has to do with -- actually, it's trying
22 to reconcile responses to two IRs.

23 The first one was issue 51, VECC 109. This has to do
24 with rate codes 18 and 19. And here I guess the issue --
25 this has to do with the application of a reconnection
26 charge. In this particular one, you were saying that if
27 there's a disconnection -- it has to do with the response
28 to part D, which says if there's a disconnection and a new

1 customer moves in, the reconnection charge will not be
2 assessed to the new customer who's moving in. That's how I
3 understood the response to that one.

4 Then I would like to go to the response to issue 51,
5 VECC 13, which is a few more forward from that. This has
6 to do with rate code 31 we were just talking about. Here,
7 if I look at part B, it looks like if the premises has been
8 vacated and a disconnection has been made and a new
9 customer moves in, in this instance you're actually going
10 to be charging a reconnection charge to the new customer
11 who moved in.

12 I wanted to know if you could reconcile your -- how
13 you're applying these two rate codes to new customers. It
14 seems that -- it seems that the same instance in my mind is
15 a new customer moving in or -- not because of his fault but
16 some previous customer's fault there has been a
17 disconnection, in the one case you're going to be charging
18 the reconnection charge to the customer and in the other
19 case you aren't.

20 MR. MERALI: So I think part of the reason for the
21 confusion is we don't do this right now, right? So we're
22 sort of forward-looking like, what's our policy going to be
23 on this matter.

24 MR. HARPER: Right.

25 MR. MERALI: Per this piece of evidence we're required
26 to charge customers for reconnections. I think subject to
27 the approval of this rate order, customers would be charged
28 a fee to have their premise connected if they moved in and

1 the status of the meter was in a de-energized state. We
2 would charge per the evidence submitted on a go-forward
3 basis.

4 I would note that in a number of these instances now
5 we are deploying remote disconnect- and reconnect-capable
6 meters. So our intention is when we go out there the first
7 time, let's say somebody moves out, premises, you know,
8 energized, no one moves in, we're going to roll a field
9 crew. We'd install a meter with a remote disconnect and
10 reconnect functionality such that when somebody
11 subsequently does move in a second time there is no second
12 truck roll and the premise can be re-energized remotely,
13 which is why when you go back to the table you referenced
14 earlier, with the volumes, I think you'll see that the
15 historical volumes were quite high because truck rolls were
16 being done, and you'll see the future volumes are quite low
17 because we envision that in most cases a remote disconnect
18 meter will be installed.

19 MR. HARPER: But the principle of the policy -- I'm
20 just trying to understand what the -- from your mind what
21 the principle of the policy should be, is your mind the
22 principle of the policy is that -- in my mind you're
23 getting new customers, someone who is willing to pay you
24 for power, and your principle is that you would -- in
25 principle you should or should not be charging them a
26 reconnection charge when he is moving in -- when you're --
27 they're getting a new account in that -- in that premises.
28 I understand, you know, because you have the principles,

1 and then you -- the policy is trying to follow through
2 those principles... all those principles. I understand
3 what your principle going -- going and looking at this is.

4 MR. MERALI: That the customer would be charged a fee
5 for that connection.

6 MR. HARPER: Okay. Fine. No, thank you. I
7 understand your point. That's all I was trying to do at
8 this point in time.

9 The next one I have is trying -- and actually, it --
10 unfortunately, it has to do with two IRs. One was authored
11 by Mr. Boldt, one was authored by yourself. So again, if
12 I'm in the wrong spot, let me know.

13 It has to do at issue 54, CME 93. This was the one
14 that was authored by Mr. Boldt, and then that response
15 referred us to 51-VECC-103, which was authored by yourself,
16 actually, and it has to do with -- the original question
17 from CME had to do with why some specific service charges
18 weren't changing over time while other ones were increasing
19 over time.

20 And from the response to -- I guess from the
21 combination of the two responses -- and maybe you can look
22 at VECC 51 and VECC 103 -- am I correct that the decision
23 as to whether charges will be increased as opposed where
24 they remain fixed over time was really based on what was
25 going to be the annual cost of -- if we had to -- if you
26 did change these rates every year, what was going to be the
27 annual cost to the company? Was it going to be complex?
28 Did we have to retrain a whole bunch of customer-service

1 staff on these new costs and therefore we're incurring a
2 lot of costs to make the change? And really we would keep
3 the rates fixed in areas where we'd be incurring a lot of
4 costs to make the change and changing them probably in
5 areas where we weren't going to be incurring a lot of
6 costs.

7 Am I -- do I understand your philosophy correctly
8 there?

9 MR. MERALI: Correct. And my finance folks might take
10 issue with my response here, but the way the charges are
11 laid out in terms of actual costs and increasing year over
12 year, one, it's enormously costly to administer, and
13 candidly, it's really customer unfriendly, right? This
14 year it's \$13.72 for a letter, and next year it's 13.96,
15 and it's just, it's complex, it's not customer-friendly,
16 it's difficult to train all your agents. It's difficult to
17 update all your written collateral and all your digital
18 collateral.

19 So we felt it most appropriate to have a single flat
20 fee that was implemented for the entire period of the rate
21 application.

22 MR. HARPER: That was only for some of the charges.
23 When I looked through it, it caught my mind that it was the
24 low-volume charges tended to be the ones where you were
25 increasing every year and it was the ones where there was a
26 high level of activity that they actually -- you were
27 generally maintaining a fixed charge over the course of the
28 year.

1 Am I fair in my interpretation of understanding of
2 generally how the application of that principle applied
3 out?

4 MR. MERALI: I'm saying this a little bit tongue in
5 cheek, but I think any charges that I'm responsible for
6 could remain flat. Anything John is responsible for varied
7 year to year, but anything that was high-volume --

8 I mean, your point is correct. Anything that was
9 high-volume and had a lot of customer impact, if it was
10 something that was more back-office kind of easement charge
11 or something that wasn't really customer-facing, I think
12 they increased the charge on an annual basis.

13 MR. HARPER: Okay. Fine. No, I was just trying to
14 clarify the principle and understand it. I think -- I
15 think that's actually -- that's all my questions for Mr.
16 Merali. I believe Mr. Garner has one.

17 **FOLLOW-UP QUESTIONS BY MR. GARNER:**

18 MR. GARNER: Yes, I'm going to jump in with two, and
19 one I just need to confer with Mr. Harper on. The first
20 one was something -- to follow up to your earlier
21 discussion. The first was that you had said earlier that
22 you did a study that looked at whether there was going to
23 be an increase in bad debt if you removed the security
24 deposit policy. Did I hear that right?

25 MR. MERALI: I said we did not do a study. Our
26 evidence, our -- sorry, our historical experience had led
27 us to believe that there would not be an increase in bad
28 debt associated with that.

1 MR. GARNER: So there was no formal analysis to that
2 point?

3 MR. MERALI: Nothing formal.

4 MR. GARNER: Okay. And just one second. Mr. Harper I
5 thought would know the answer to this. Do you charge a
6 disconnection letter fee, like, to send out a letter of
7 disconnection? Do you charge for that?

8 MR. MERALI: No, we do not.

9 MR. GARNER: Can you tell me how many days after a
10 bill is issued that you issue a disconnection to a
11 customer?

12 MR. MERALI: It does vary based on the customer's --
13 there are three factors that go into our sort of
14 collections program, if I can call it that, is the amount
15 of the receivable, the age of the receivable, and the
16 customer's history, creditworthiness. But ultimately all
17 customers go through the seven- or eight-stage collections
18 process that was referenced in the prior exhibit. So first
19 they'll get a reminder notice, and then a second notice,
20 and then a disconnection notice.

21 MR. GARNER: The reason I ask really isn't about per
22 se about you, is it's come to our attention that some
23 utilities in Ontario have a very specific policy that after
24 -- and I can't remember the days, but let me just call it
25 15 days after a bill is issued, they then issue -- if it's
26 not paid they then issue a disconnection, and if that's not
27 dealt with they then come and disconnect. Do you have a
28 similar policy? Doesn't sound like you do, but I just want

1 to confirm, do you have a similar policy than that?

2 MR. MERALI: Disconnection notices are driven off of
3 the invoice due date. However, we will start at day, you
4 know, nine or ten with a reminder notice, and then the
5 second reminder notice, a series of calls, and ultimately a
6 disconnection notice will be issued. Now, if the balance
7 is low and the customer has never been in arrears before,
8 the time between them receiving that notice and the bill
9 issuance date is long. If the balance is very high and the
10 customer has been in arrears a number of times, then there
11 is some variation in the timeline.

12 MR. GARNER: Okay. So that does sound like you do do
13 it. Let me just ask it this way, because I'm trying to get
14 the customer's experience. I don't know if you get cable
15 service, but I do. And when I'm in arrears, which is
16 often, because I'm a lousy bill-payer, when I'm in arrears
17 on my cable I don't get a disconnection usually even the
18 first month I don't pay. I mean, usually I get a -- my
19 next bill usually comes with a nice little whopping "you
20 have a penalty to pay for not paying your bill last month",
21 but they don't really say "you don't pay; we're going to
22 disconnect your cable". Of course, if anybody's seen
23 cable, you'd know why that's true. But, you know, I'm just
24 wondering, that seems to be a standard practice among
25 telephone companies and telecom companies, is you don't get
26 a disconnection within your first month of not paying your
27 bill. It sounds like you do follow that practice that some
28 utilities here do, that if you don't pay your first month's

1 bill you get a disconnection notice. Is that the standard
2 practice?

3 MR. MERALI: Customers would go through a -- and I
4 found the reference. My apologies. But OEB Staff 4. So
5 they would first receive a friendly reminder notice, time
6 would elapse, two other calls, time would elapse. What we
7 call an immediate payment notice, subsequent calls, so it
8 would be -- it would not be sort of immediately after the
9 first invoice was missed on payment. In most instances the
10 customer would be more than one invoice since their last
11 payment was made --

12 MR. GARNER: That's what I'm trying to establish.
13 Thank you --

14 MR. MERALI: -- period of time.

15 MR. GARNER: -- that's very helpful. Thank you.

16 I have other questions for the panel.

17 MR. SIDLOFSKY: Thanks, Mr. Garner, and thanks for
18 those personal insights on your payment status. Ms.
19 Girvan?

20 **EXAMINATION BY MS. GIRVAN:**

21 MS. GIRVAN: Just a quick question. And I'm having
22 trouble finding -- some of the interrogatories, I think,
23 are mis-labelled. Maybe I labelled mine incorrectly, I'm
24 not really sure. But I thought I'd ask some questions
25 about the specific service charges, and I can't seem to
26 find them now.

27 I guess one of the concerns I would have is this whole
28 idea that some of the charges are increasing significantly,

1 so going from \$30 to \$250.

2 My question really is did you undergo any customer
3 engagement, any focus groups, any surveys or anything like
4 that to sort of test the potential customer reaction? I
5 realize they may be cost-based. But having said that, I
6 would expect that when customers are faced with significant
7 charges, there might be some kind of backlash.

8 I wonder if you are anticipating that, or if you've
9 done any studies to consider those issues.

10 MR. MERALI: No, the miscellaneous service charges and
11 the changes that are being proposed were not part of the
12 customer engagement process. I do envision that some
13 customers will not like the changes in the charges, and
14 there are other ways to manage this. I would certainly be
15 open to suggestions.

16 MS. GIRVAN: Did you consider phasing them in in some
17 respects?

18 MR. MERALI: That was not considered.

19 MS. GIRVAN: Okay. Thank you.

20 **EXAMINATION BY MR. YAUCH:**

21 MR. YAUCH: The last question earlier; it's issue 22,
22 Energy Probe IR 27 and 29. In 27, we asked you about
23 bringing the call centre in-house and as you stated
24 earlier, you haven't done it for 16 years so you didn't
25 really know the cost of it, what the final cost was going
26 to be.

27 In 29, we asked a similar question, and Hydro One
28 responded that you did examine the benefits, costs and

1 risks associated with in-sourcing.

2 So I'm sort of curious. Is there any sort of study
3 you did comparing the cost of maybe continuing with Inergi
4 or bringing it in-house?

5 MR. MERALI: I guess we analyzed the costs of running
6 the operation internally with the data that we had.

7 MR. YAUCH: Is that in the evidence anywhere?

8 MR. MERALI: That's not in the evidence.

9 MR. YAUCH: Would you provide it?

10 MR. MERALI: Can I speak to it first?

11 MR. YAUCH: Sure -- no!

12 MR. MERALI: So the contact centre is largely labour,
13 right? The vast, vast majority of costs are labour related
14 costs. So we knew going into this the number of employees
15 and the wage costs or the wage rates for each of the
16 employees. So our analysis at the time was to look at a
17 number of employees, the wages, and ultimately we came up
18 with a determination that the price that we could run the
19 operation at was comparable to what we were paying our
20 current service provider.

21 I would also like to state, though, that the decision
22 to bring the contact centre in-house was not a financial
23 one. It was done on the basis of Hydro One wanting to
24 improve customer service operations and to have a direct
25 relationship with our customers.

26 MR. YAUCH: Okay. Thank you. The costs that you
27 used, the labour rates and things, I'm assuming that
28 included all benefits, the whole compensation package,

1 right, and not just the basic rate?

2 MR. MERALI: Correct.

3 MR. YAUCH: Would you undertake to provide that study
4 or the analysis to us, so we can have a look at it?

5 MR. MERALI: Sure, as long as -- just for awareness,
6 it is a high level estimate of the costs of running the
7 centre. It is not a detailed or thorough analysis.

8 MR. YAUCH: All right. And as you said earlier, it's
9 not a financial one, so I'm assuming you don't expect it to
10 be much or any cheaper than going with Inergi?

11 MR. MERALI: No, and maybe I can provide additional
12 clarity from one aspect. As part of the arrangement that
13 was made, both our contact centre is staffed by
14 representative employees. So we have two unions, the Power
15 Workers' Union and the Society of Energy Professionals.

16 As part of the arrangements with the respective unions
17 to in-source, to bring in the contact centre, all existing
18 employees were offered employment with Hydro One. So in
19 essence, everybody that was working at our service provider
20 on Wednesday of this week is now working with Hydro One as
21 of Thursday of this week, and the wages are, you know,
22 exactly the same or pretty much comparable to what our
23 service provider was paying.

24 So the fact that we brought in the contact centre, in
25 essence, our cost to operate initially will be equivalent
26 to our service provider's costs.

27 MR. YAUCH: Okay. I have a question -- if we get an
28 undertaking on that, then we have one more question and

1 we're done.

2 MR. SIDLOFSKY: Yes, that was JT 2.14.

3 **UNDERTAKING NO. JT 2.14: TO PROVIDE A COPY OF THE**
4 **STUDY OF COSTS OF BRINGING CUSTOMER CARE FUNCTION IN-**
5 **HOUSE**

6 MR. YAUCH: Thank you.

7 **EXAMINATION BY MR. LADANYI:**

8 MR. LADANYI: When discussing these service charges, I
9 have just one question about service charges. Could you
10 turn to Exhibit H1, tab 2, schedule 3, page 5? H1, tab 2,
11 schedule 3, page 5. Do you have it up now? Very good.

12 If you go down to item 24, meter dispute charge, the
13 current charge is \$30 and it goes up to \$290, plus
14 Measurement Canada fees. I was wondering how this works.
15 Let's say a customer calls and says I don't agree with the
16 meter reading. What is the customer told, that if we go
17 and check this, it's going to cost you \$290, so therefore
18 you would be better off not to dispute it? How is this
19 handled; can you explain to me?

20 MR. MERALI: Typically, if a customer has concerns
21 about the accuracy and validity of their meter, efforts are
22 made to give the customer information and reassurance prior
23 to dispatching a truck.

24 So efforts are made to ensure that customers -- you
25 know, we do what we can prior to incurring this type of
26 cost to roll a truck. If a customer insists that a test be
27 made, then the test is carried out. I don't have the
28 specifics, but if the meter is found to be not measuring

1 consumption correctly, then there is no charge to the
2 customer.

3 MR. LADANYI: So the charge of 290 plus whatever the
4 Measurement Canada fees are only if the meter is actually
5 not faulty in any way?

6 MR. MERALI: Correct.

7 MR. LADANYI: Further up, there is special meter rates
8 at item 15. Is that in any way included in this charge, or
9 is this a special meter read, or this is a completely
10 different matter?

11 MR. MERALI: That's a different item.

12 MR. LADANYI: Okay. Thank you.

13 MR. SIDLOFSKY: Just before Mr. Buonaguro comes in, I
14 believe Mr. Rubenstein has a follow-up question.

15 **FOLLOW-UP QUESTIONS BY MR. RUBENSTEIN:**

16 MR. RUBENSTEIN: A follow-up on the in-sourcing. The
17 same employees working previously in Inergi are now Hydro
18 One employees. Can you explain to me really what is
19 changing, what is the benefit, if it's the same
20 individuals? You've been able to implement a new program
21 under the Inergi, the new collection, so what's really --
22 you talked about Hydro One wants better contact. Help me
23 understand what the -- what type of things can you do now
24 that you couldn't do before?

25 MR. MERALI: Sure. So a couple of things. The first
26 is management. So Hydro One has brought in its own
27 management team to run the contact centre. And we believe
28 that a lot of the opportunities rest with improved

1 management and doing things differently, and not
2 necessarily sort of an issue with the staff or the folks
3 answering the phones and doing the work. So that's one
4 component.

5 The second component is in discussions with the
6 respective unions, we did negotiate new collective
7 agreements, particularly with the PWU, and that does
8 provide Hydro One with some additional flexibility on
9 things like job classifications and other things that we do
10 believe over time will provide an opportunity to improve
11 service for our customers.

12 MR. RUBENSTEIN: Thank you.

13 MR. SIDLOFSKY: Mr. Buonaguro.

14 **EXAMINATION BY MR. BUONAGURO:**

15 MR. BUONAGURO: Thank you. Good afternoon, panel.
16 Michael Buonaguro. I'm counsel for the Balsam Lake
17 Coalition.

18 So I asked a number of questions of panel 1 which were
19 unanimously referred to your panel. And then in looking at
20 my questions again and noticing that Mr. Andre was not on
21 this panel and that he answered almost every one of my
22 interrogatories, I've confirmed that I should ask him his
23 questions on Monday. So you're safe from having to at
24 least refer me to him again.

25 But there is one question that wasn't answered by him,
26 one interrogatory that wasn't answered by him, and that is
27 Exhibit I, tab 5, Schedule BLC-4. And I'm told that you
28 would at least attempt to answer this question -- or my

1 questions with respect to the answers to this
2 interrogatory.

3 So this interrogatory notes a cite from Hydro One's
4 website where -- and I've got the cite on the
5 interrogatory, and the part that I was interested in was
6 the second sentence or second and third sentences, I guess,
7 which, it says:

8 "We also -- Hydro One -- advocated for
9 distribution rate protection for our rural
10 customers, who will now see delivery charges fall
11 in line with urban delivery rates. This
12 relationship is long-lasting."

13 And I asked some questions about that, and
14 particularly B and C. And at part B I asked about
15 documentation that was submitted by Hydro One to the
16 provincial government in support of distribution rate
17 protection and some other questions around that.

18 The response provided in attachment -- which was a
19 white paper -- I'm reading from the answer to B -- a white
20 paper called "Addressing Affordability", that if we go to
21 that, the first page of that, is dated January 30th, 2017.

22 So my first question is, what led to Hydro One
23 submitting this white paper to the provincial government?
24 How did that process culminate in this white paper being
25 submitted?

26 MR. MERALI: So in early 2017 the provincial
27 government and Ministry of Energy made a request to a
28 number of market participants, not just Hydro One, to

1 submit recommendations and proposals as to what could be
2 done to improve the affordability situation for ratepayers
3 in Ontario. And Hydro One prepared this response, and it
4 was submitted to the -- for -- to the government for
5 consideration.

6 MR. BUONAGURO: Thank you. How was the request made?
7 Is there some sort of terms of reference about exactly what
8 the questions that you were being asked to answer? Is
9 there something that I can see in terms of what prompted
10 this particular working paper?

11 MR. NETTLETON: Sorry, you're asking Mr. Merali about
12 what prompted the province to ask questions --

13 MR. BUONAGURO: No, no. Well, what was the -- what
14 was the question that was asked, essentially?

15 MR. MERALI: For market participants to provide
16 recommendations as to what could be done to address
17 affordability?

18 MR. BUONAGURO: And were there any parameters set
19 around that, in terms of what they were looking for? It's
20 just that open-ended question?

21 MR. MERALI: Not to my knowledge.

22 MR. BUONAGURO: Okay. You mentioned other market
23 participants. Can you tell me who they were?

24 MR. MERALI: I'm not privy to that information. I
25 just know Hydro One was not the only party asked.

26 MR. BUONAGURO: So when you say you weren't privy, you
27 mean you don't know and it's secret, or you just don't know
28 now and you could provide that answer, or...

1 MR. MERALI: I think it's best for me to speak for
2 Hydro One and the province can -- or someone else can chime
3 in as to who else was asked for information.

4 MR. BUONAGURO: Who would that someone else be? I'm
5 just trying to figure who else was providing input, along
6 with Hydro One, and I --

7 MR. NETTLETON: Mr. Buonaguro, I'm failing to see the
8 relevance of this line of questioning to this application.
9 This document was provided because it was a Hydro One-
10 authored document and it relates specifically to the
11 interrogatory that was asked in this proceeding, because in
12 this proceeding Hydro One has stated that one of its
13 responsibilities or tasks that it is taking is advocating
14 for its customers. I think we're getting beyond the scope
15 of this proceeding when you're asking these folks questions
16 about the submissions that others -- that the province has
17 asked for submissions about, a provincial public policy
18 issue. So I'm asking the witness not to respond to the
19 question.

20 MR. BUONAGURO: All right. So that's a refusal.

21 MR. NETTLETON: Yes.

22 MR. BUONAGURO: Thank you. So there was a request
23 made, it was open-ended, and this was the response by Hydro
24 One?

25 MR. MERALI: Correct.

26 MR. BUONAGURO: Now, I'm particularly interested in
27 Hydro One's development of its proposal as it starts at
28 page 7, which is titled "customer concerns", and then a

1 subtitle, "rural delivery rates." And I think I can
2 summarize the first part of the proposal at the bottom of
3 the first -- I don't know what you would call that. The
4 first column, I guess, where it says:

5 "Recognizing that \$30 per month is the average
6 distribution charge, Hydro One recommends
7 providing additional rate relief to rural and
8 northern customers to bring their distribution
9 charges in line with the average in Ontario.
10 This will require an additional \$200 million in
11 rate subsidy for Hydro One's rural, non-seasonal
12 customers."

13 And I note there at the last part of the sentence the
14 proposal, if I can summarize it fairly, specifically
15 excluded seasonal customers; correct?

16 MR. MERALI: Correct, that piece of the proposal.

17 MR. BUONAGURO: And can you explain to me why Hydro
18 One in making its proposal excluded seasonal customers?

19 MR. MERALI: Well, overall in this document, as you'll
20 see summarized on page 9, there are four recommendations
21 that Hydro One made, and three of those recommendations do
22 in fact provide benefit to seasonal customers.

23 With respect to this specific item, Hydro One felt
24 that its residential customers, in particular rural
25 residential customers, were struggling with affordability
26 due to high delivery charges, and this was one
27 recommendation put forward to address that.

28 MR. BUONAGURO: I don't think that answers the

1 question why seasonal customers -- seasonal rural
2 residential customers were excluded. Can you answer that
3 part of the question?

4 MR. MERALI: The focus was on for this particular
5 recommendation residential customers, not seasonal.

6 MR. BUONAGURO: I know. Sorry to be glib, but I know
7 that.

8 MR. MERALI: Yeah.

9 MR. BUONAGURO: I'm trying to figure out why. What
10 was the decision-making point that said we have to exclude
11 seasonal customers from this request of the government?

12 MR. MERALI: I can't -- I can't effectively answer
13 that question.

14 MR. BUONAGURO: Is that something the company can
15 undertake -- answer by undertaking?

16 MR. NETTLETON: Well, Mr. Buonaguro, I'm going to
17 suggest that the undertaking not be provided. The report
18 is what it is. It's a statement again in response to a
19 provincial directive. Hydro One's views and the answers
20 that Mr. Merali have provided have attempted to address the
21 benefits of the program as they relate to both seasonal and
22 non-seasonal, and I don't see there being anything turning
23 on this issue as it relates to the application that's
24 before this Board. It's not Hydro One's Fair Hydro Plan.
25 It's the province's public-policy outcome that has driven
26 that policy. So it's -- I don't see how it's relevant in
27 this case.

28 MR. BUONAGURO: Well, Hydro One has held itself out,

1 as they put on its website and other materials, as an
2 advocate for its customers, particularly its rural
3 customers, and in advocating for its rural customers made a
4 submission to the provincial government specifically
5 excluding a section of its rural customers. I asked a
6 simple question: Why did Hydro One specifically exclude
7 seasonal customers from this particular part of its
8 advocacy? The answer as of right now is Hydro One doesn't
9 know, and that --

10 MR. NETTLETON: Well, I don't know that's the --
11 necessarily why I'm objecting to the undertaking is in the
12 knowledge of Mr. Merali. I think that the reality is that
13 I'm objecting to the undertaking on the basis that it's not
14 relevant, regardless to the issues that are in this
15 proceeding.

16 So I'm also mindful of the fact that the seasonal rate
17 classes is in the process of being eliminated, and I don't
18 know if that had any bearing or not on this -- the content
19 of this report. But in any event, I think that we're going
20 beyond the scope of clarifying the responses that are
21 relevant to this proceeding. We attempted to provide an
22 example of where advocacy has been provided on behalf of
23 customers. I understand the point that the advocacy was
24 not intended perhaps to your client's liking, but it is
25 what it is.

26 On that basis, I'm not -- I again advise the witness
27 not to provide the undertaking. And if you object to it,
28 let's move on and understand that we're not going to solve

1 it here.

2 MR. BUONAGURO: Just to be clear, the question is why
3 did Hydro One exclude seasonal customers from this
4 proposal, and there can only be two answers. One, they
5 excluded it because of X, where X is an explanation as to
6 why Hydro One made that judgment when making the
7 submission; or the answer is we're not going to tell you
8 why we concluded them from their proposal. And I think the
9 answer is we're not going to tell you why we excluded them
10 from the proposal. Is that right?

11 MR. MERALI: To reiterate my previous answer, there
12 were four recommendations made in this proposal. Three of
13 them would and did benefit seasonal customers. This
14 particular item was meant to address an affordability issue
15 with rural residential customers, and therefore, this
16 particular recommendation was meant to address that
17 customer subset.

18 MR. BUONAGURO: So can you explain to me how you
19 distinguished seasonal customers, seasonal rural
20 residential customers from the rest of the rural
21 residential customer base?

22 MR. MERALI: I mean, the definition of seasonal
23 customers and --

24 MR. BUONAGURO: You can answer by definition of
25 seasonal customers, and explain to me why that was relevant
26 in parsing them away from the rest of the proposal.

27 MR. MERALI: I'm going to go back to Mr. Nettleton's
28 comments in terms of the value of this line of questioning

1 as pertains to the evidence.

2 MR. BUONAGURO: Hydro One is the one holding itself
3 out as an advocate on behalf of its customers. Would you
4 agree that that includes seasonal customers?

5 MR. MERALI: I would say yes, it does, and many of
6 these recommendations and many things I've spoken about
7 today are things that Hydro One has done to advocate for
8 its seasonal customers.

9 MR. BUONAGURO: I haven't asked you about those, and I
10 don't intend to. I'm asking about a particular program
11 that's particularly relevant to the bill impacts of this
12 particular proceeding. And you've made a recommendation to
13 the provincial government, which the provincial government
14 took up, as far as I'm aware, resulting in distribution
15 rate protection.

16 But when you made the recommendation, you excluded a
17 particular subset of the rural residential customers and
18 simply asking why you made that distinction.

19 MR. NETTLETON: Mr. Buonaguro, again I'm going to
20 object to this continued line of questioning. The witness
21 has said that the advocacy provided has been provided for
22 the benefit of your clients, seasonal rate class customers,
23 on three of the four recommendations.

24 So it is what it is. Feel free -- when we get to
25 final argument, feel free to say that wasn't good enough,
26 that Hydro One should have done things differently, that
27 greater advocacy should have been employed and ought to be
28 employed in the future. That's all fine.

1 But the evidence and the clarification process we're
2 trying to do here is not final argument. So I think we
3 should move on.

4 MR. BUONAGURO: Thank you. I wasn't asking for an
5 argument point. I was trying to find out what actually
6 happened when you're making the proposal. Should I imply
7 from that answer that Hydro One made the determination that
8 for seasonal customers, the relief provided by the three
9 other proposals was sufficient and that it didn't need
10 distribution rate protection?

11 MR. MERALI: The focus of this particular
12 recommendation was not -- I think we're just going to go
13 back in circles on this one.

14 MR. BUONAGURO: All right. That paragraph refers to
15 an amount -- I guess at the time the proposal was made, the
16 estimate was that it would cost approximately 200 million
17 dollars to provide that relief to, as it turns out, R1 and
18 R2 customers. Is that right?

19 MR. MERALI: Correct.

20 MR. BUONAGURO: Do you happen to know how much it
21 actually costs in the context of the 2018 rates, how much
22 of the proposed revenue requirement allocated and recovered
23 on behalf of R1 and R2 customers is going to be paid for by
24 distribution rate protection?

25 MR. MERALI: That item would probably be able to
26 addressed by panel 3. Henry Andre may be able to speak to
27 that more accurately. I cannot.

28 MR. BUONAGURO: All right. Thank you, those are my

1 questions.

2 MR. SIDLOFSKY: Mr. Ferguson, how long do you think
3 you're going to be?

4 MR. FERGUSON: Probably 30 to 40 minutes. I'm
5 sensitive that it's been about two hours, and the court
6 reporter and others probably need a break.

7 MR. SIDLOFSKY: I think this will be a good time for
8 it. At 3:15, we'll come back.

9 --- Recess taken at 2:59 p.m.

10 --- On resuming at 3:20 p.m.

11 MR. SIDLOFSKY: We're back. For those listening in,
12 Mr. Ferguson is going to be going ahead for Anwaatin first,
13 and then we'll be back to questioning for the rest of the
14 panel this afternoon with -- starting with Ms. Grice and
15 then moving on to Mr. Rubenstein. So Mr. Ferguson.

16 **EXAMINATION BY MR. FERGUSON:**

17 MR. FERGUSON: Good afternoon, panel. My name is Cary
18 Ferguson. I'm counsel in this proceeding to Anwaatin Inc.
19 and Energy Storage Canada, but today I'm just wearing my
20 Anwaatin hat. And in case you don't know, Anwaatin is a
21 group representing a number of First Nations around the
22 province, mostly concentrated in the Lake Nipigon area and
23 also McCrebec Eeyoud, near Moose Factory.

24 I have a number of questions today, mostly I expect
25 for Mr. Merali, but Mr. Jesus, Ms. Garzouzi, please feel
26 free to chime in if you have anything to add. The
27 interrogatory responses I'll be focused on are Exhibit I,
28 tab 6, Schedules Anwaatin 1, 2, 3, 4, 6, and 7, which were

1 all prepared by, it says, Derek Chung, but my
2 understanding, Mr. Merali, is that you are qualified to
3 answer these.

4 MR. MERALI: I will certainly do my best.

5 MR. FERGUSON: Thank you, that is appreciated.

6 So if I could please have you turn to Exhibit I, tab
7 6, Schedule Anwaatin 1, page 3. It's your response there
8 to our question A. And I'll wait until that's on the
9 screen. Perfect. Thank you.

10 On line 6 it starts:

11 "Hydro One has recently begun exploring
12 opportunities to partner with interested First
13 Nations and to leverage federal and provincial
14 government funding to support green energy and
15 greenhouse gas-reducing energy projects."

16 And I was wondering if you -- I was hoping in fact
17 that you could take us through the process: How are you
18 exploring these opportunities and what opportunities are
19 these?

20 MS. GARZOUZI: I could take you through an example
21 that might help.

22 MR. FERGUSON: That would be very helpful.

23 MS. GARZOUZI: Okay. So we have an island, Christian
24 Island. Do you know that island?

25 MR. FERGUSON: I cannot say that I do.

26 MS. GARZOUZI: It's in Georgian Bay. It has 700
27 customers, First Nations communities, all supplied via the
28 island. The island is supplied through three single-phase

1 submarine cables, and the community has requested three-
2 phase power, and for us to enable three-phase power we
3 would have to rebuild several kilometres of line and supply
4 the island via three-phase cable.

5 So what we've done is we've explored that option,
6 which would be the traditional wires alternative, against
7 non-wires alternative. So what if we put a battery on the
8 island? What might that look like? And we've compared
9 them against each other. We're still working through the
10 details, but that would be an example where we would engage
11 the community, see if there is interest.

12 The cost of storage isn't quite cost-effective yet.
13 It is improving, but it's not at a point where it competes
14 with wires. However, we have made application to federal
15 funding, and so if we were granted that funding that would
16 be an interesting case to explore with the community.

17 MR. FERGUSON: And are these opportunities mostly
18 being explored at -- on Hydro One's initiative? On the
19 initiative of the communities? Both?

20 MS. GARZOUZI: Hydro One's initiative.

21 MR. FERGUSON: Hydro One's. So you're --

22 MS. GARZOUZI: Yes.

23 MR. FERGUSON: -- coming to these communities and
24 you're saying, You've said you want this, in this case,
25 following the example, you said you want three-phase power.
26 Here is an alternative we can consider. Are you interested
27 in working on that? Is that -- do I have --

28 MS. GARZOUZI: Correct.

1 MR. FERGUSON: -- that correct?

2 MS. GARZOUZI: Correct.

3 MR. FERGUSON: Okay.

4 MS. GARZOUZI: And we would compare the cost of what
5 we traditionally do against potential non-wires
6 alternative. If the non-wires alternatives came in higher
7 and the community was interested, we would explore that
8 further.

9 MR. FERGUSON: And those non -- and just for the
10 record, those non-wires alternatives would include TERS,
11 such as batteries --

12 MS. GARZOUZI: Correct.

13 MR. FERGUSON: -- forms of distributed generation --

14 MS. GARZOUZI: Correct.

15 MR. FERGUSON: -- et cetera. Okay.

16 --- Reporter appeals.

17 MR. FERGUSON: Sorry. So just for the record, as I
18 said, the non-wires alternative would include distributed
19 energy resources, TERS such as batter storage, distributed
20 generation, wind and solar, et cetera.

21 MS. GARZOUZI: Correct.

22 MR. FERGUSON: Thank you. Can you tell us which First
23 Nations you're exploring these opportunities with? And if
24 you can't do it off the top of your head could you
25 undertake to provide the First Nations?

26 MR. JESUS: You mentioned Christian Island.

27 MS. GARZOUZI: Yeah, Christian Island is the one
28 example --

1 MR. FERGUSON: Are there other --

2 MS. GARZOUZI: -- that I'm familiar with.

3 MR. FERGUSON: Are there other examples?

4 MS. GARZOUZI: I don't believe so.

5 MR. FERGUSON: Believe so?

6 MS. GARZOUZI: Just a moment --

7 MR. NETTLETON: Ms. Garzouzi, would you mind just
8 speaking closer to the mic?

9 MS. GARZOUZI: Sure.

10 MR. JESUS: I'll take that. So the other one that we
11 are exploring is the A4L transmission circuit to the
12 Anwaatin communities that supply to the Moosonee DS, so we
13 are looking at that opportunity as well.

14 MR. FERGUSON: And can you expand on that, and how are
15 you looking at that --

16 MR. JESUS: Well, from a --

17 MR. FERGUSON: -- opportunity?

18 MR. JESUS: -- from a -- from a transmission point of
19 view we're looking at the reliability of supply. From a
20 distribution point of view we're looking at the reliability
21 of supply and seeing how it compares with the rest of the
22 feeders in the province, as part of the worst performing
23 feeders, and seeing what we can actually do in that
24 community.

25 MR. FERGUSON: That's great. And how far along with
26 that work are you? How much -- what have you done and
27 what's the timeline?

28 MR. JESUS: So we're just starting to explore that

1 particular project --

2 MR. FERGUSON: Mm-hmm.

3 MR. JESUS: -- and we expect it to get further along
4 by the course of the year.

5 MR. FERGUSON: And what do you mean by "get further
6 along", just for clarity?

7 MR. JESUS: So we're moving that project forward.
8 We're looking to move it forward.

9 MR. FERGUSON: And where would you like to be by the
10 end of -- where is the plan to be by the end of the year?

11 MR. JESUS: So right now we haven't got a full
12 schedule for that --

13 MR. FERGUSON: Okay.

14 MR. JESUS: -- to be totally honest. I think at the
15 end of the day we're exploring it and it is -- it's one of
16 the communities that we're looking at --

17 MR. FERGUSON: And have you been --

18 MR. JESUS: -- is Christian Island.

19 MR. FERGUSON: And you've been engaging with and
20 working with the communities on this?

21 MR. JESUS: We have not started that yet.

22 MR. FERGUSON: You have not started that yet?

23 MR. JESUS: No.

24 MR. FERGUSON: Is there a plan to start engaging with
25 the communities?

26 MR. JESUS: We definitely will when we start, yes.
27 That's the only way we can do it.

28 MR. FERGUSON: Indeed. And just as another point of

1 clarification, approximately when did Hydro One start
2 exploring the opportunities referred to in answer A here?
3 You can give a year estimate if that's the easiest way to
4 do it.

5 MR. JESUS: For which project?

6 MR. FERGUSON: The opportunities you referenced in
7 your interrogatory response. You recently began exploring
8 opportunities. How recently are we talking here?

9 MR. NETTLETON: Sorry, Mr. Ferguson, the response that
10 you've referred to, response A to interrogatory --

11 MR. FERGUSON: Anwaatin 1?

12 MR. NETTLETON: Yes, Anwaatin 1, Exhibit I6, 1,
13 Anwaatin 1 refers to the Bruce-Milton project and the
14 Niagara reinforcement project. So are you referring to
15 those projects or are there other project -- or is it the
16 Christian Island project that you're interested in?

17 MR. FERGUSON: I'm just seeking clarification on Hydro
18 One's answer here that says "Hydro One has recently begun
19 exploring opportunities to partner with interested First
20 Nations communities" --

21 MR. NETTLETON: Okay.

22 MR. FERGUSON: -- and the rest of that. So that's
23 what I'm just seeking clarification on, is when was that,
24 what First Nations are you working with. We've covered
25 that, and if there are other First Nations you can
26 provide...

27 MR. NETTLETON: So -- but I think what I -- your
28 question was when did you start engaging or begin exploring

1 opportunities with interested First Nation communities, and
2 that was responded to in the context of the Christian
3 Island project. So is that the date? Are you looking for
4 the time that project started?

5 MR. FERGUSON: If that is the only example we have, if
6 that's the only project --

7 MR. NETTLETON: That was the evidence.

8 MR. FERGUSON: That's the evidence? Then, yes, that
9 would be -- the question is, when you say you've recently
10 begun exploring opportunities, how recently are we talking,
11 and if it's -- that's the only -- if that's the only
12 opportunity, then when was that?

13 MS. GARZOUZI: We were exploring three-phase supply to
14 Christian Island in the summer of 2017. The non-wires
15 alternative is something that we started in January of
16 2018. We've incorporated that as an alternative to
17 supplying that island.

18 MR. FERGUSON: And that's -- and just for clarity on
19 the record, which First Nation is that that's on Christian
20 Island?

21 MR. JESUS: I don't know.

22 MR. FERGUSON: Could you undertake to provide that if
23 you don't know it offhand?

24 MS. GARZOUZI: Yes, we could.

25 MR. NETTLETON: And then, Mr. Ferguson, just for
26 clarity, Mr. Jesus did speak about the work that is
27 underway with respect to A4L, and for clarity, Mr. Jesus,
28 do you want to provide a date when you began your internal

1 investigations on that?

2 MR. JESUS: So we started looking at A4L, I guess the
3 beginning of this year, and looking at the reliability of
4 supply as part of the worst performing circuits in that
5 area.

6 MR. FERGUSON: Beginning of 2018?

7 MR. JESUS: Beginning of this year.

8 MR. FERGUSON: Thank you. And I'm now interested in
9 the second half of that when you say you're looking to
10 leverage --

11 MS. GARZOUZI: Sorry --

12 MR. FERGUSON: Sorry --

13 MS. GARZOUZI: -- I can answer your question to avoid
14 the undertaking --

15 MR. FERGUSON: Oh, okay.

16 MS. GARZOUZI: -- it's the Beausoleil community.

17 MR. FERGUSON: Yes, sorry, which one?

18 MS. GARZOUZI: Christian Island, Beausoleil --

19 MR. FERGUSON: Beausoleil.

20 MS. GARZOUZI: -- community.

21 MR. FERGUSON: Thank you.

22 MS. GARZOUZI: Yeah.

23 MR. FERGUSON: Sorry, and going back to lines 8 and 9,
24 they're leveraging federal and provincial government
25 funding to support green energy and greenhouse gas-reducing
26 energy projects. What -- let's start with what federal
27 funding are you looking to leverage there.

28 MR. JESUS: So the NRCan federal funding. We

1 submitted a proposal for Christian Island.

2 MR. FERGUSON: The NRCan funding being?

3 MR. JESUS: Federal funding.

4 MR. FERGUSON: But -- I understand that NRCan is a
5 federal agency, but is it the smart grid, is it other --
6 what funding? What's the name of the funding program?

7 MR. JESUS: I'm not sure. We would have to find that
8 out.

9 MR. FERGUSON: If you could undertake to find that
10 out, that would be great. Thank you.

11 MR. JESUS: Sure.

12 MR. FERGUSON: And provincial government funding, a
13 similar question: what's the funding programs?

14 MR. JESUS: I think the only one we submitted a
15 proposal for is the NRCan, and we'll find out under which
16 initiative.

17 MR. FERGUSON: Can I get an undertaking?

18 MR. SIDLOFSKY: Before we lose track, that's JT 2.15.

19 **UNDERTAKING NO. JT 2.15: TO PROVIDE THE NAME OF THE**
20 **FEDERAL FUNDING PROGRAM THAT SUPPORT GREEN ENERGY AND**
21 **GREENHOUSE GAS-REDUCING ENERGY PROJECTS**

22 MR. FERGUSON: And that would to support the work on
23 Christian Island, is that correct? The funding you're
24 seeking from both the provincial and federal governments?

25 MR. JESUS: That's correct.

26 MR. FERGUSON: Okay, thank you. Is there any notes,
27 reports, memos, documents associated with this you can
28 provide? We're looking to see what you considered with

1 respect to distributed energy resources here.

2 MR. JESUS: On Christian island, what we've actually
3 submitted as part of the NRCAN funding? We can certainly
4 provide you with that.

5 MR. FERGUSON: Thank you.

6 MR. SIDLOFSKY: JT 2.16.

7 **UNDERTAKING NO. JT 2.16: TO PROVIDE A COPY OF THE**
8 **SUBMISSION TO NRCAN FOR THE PROPOSED CHRISTIAN ISLAND**
9 **FUNDING**

10 MR. FERGUSON: Just for clarity, that's any materials,
11 notes --

12 MR. NETTLETON: No, that's where I would draw the
13 line. I think, Mr. Jesus, if you could confirm what it is
14 you're prepared to provide.

15 MR. JESUS: We're prepared to provide the submission
16 to NRCAN for the proposed funding to Christian Island, for
17 Christian Island.

18 MR. FERGUSON: Thank you. If I can take you down to
19 response B1-B-i, in slide 15. And it says Hydro One
20 conducted a telephone survey in August 2016 of a random and
21 representative sample of 300 First Nations customers.

22 I was just wondering what was done to determine or
23 select that sample to make sure it was random and
24 representative.

25 MR. MERALI: This is the survey customer engagement
26 process that was done by IPSOS-Reid on our behalf. And the
27 entire sort of study and its findings, and there's a
28 section on First Nations as submitted in the evidence. The

1 service provider selected the random sample.

2 MR. FERGUSON: So you relied on IPSOS to provide a
3 random sample?

4 MR. MERALI: Correct.

5 MR. FERGUSON: Do you know if in the application,
6 there's a section describing their methodology?

7 MR. MERALI: I believe there are details in the
8 evidence outlining their survey methodology.

9 MR. FERGUSON: And how they ensured it was random and
10 representative of First Nations customers?

11 MR. MERALI: You may want to take a look, but yeah,
12 there's definitely a couple pages here outlining their
13 process to engage with First Nations customers on this
14 item.

15 MR. FERGUSON: Thank you. The next sentence there:
16 "A key finding was that First Nations customers
17 are most sensitive to cost and place the greatest
18 importance on cost over improvements in the
19 service they receive."

20 I was wondering if this survey, the results of the
21 survey are what we see in attachment 1 to this
22 interrogatory. So this was your presentation to --

23 MR. NETTLETON: No, Mr. Ferguson. It goes on to say
24 that the attachment and the reference to the survey is
25 found in Exhibit B-1-1, section 1.3, attachment 1, pages
26 1562 to 1570.

27 MR. FERGUSON: I understand that, Mr. Nettleton. But
28 I'm wondering if that survey -- when we look at the

1 customer engagement results in attachment 1, if those --

2 MR. NETTLETON: Is it the same evidence? Is that what
3 you're asking?

4 MR. FERGUSON: Yes, I'm wondering what the connection
5 is between that survey and these numbers we have in the
6 Hydro One and First Nations engagement session presentation
7 is.

8 MR. MERALI: I think there's two parts to this. The
9 reference in lines 15 through 20 --

10 MR. FERGUSON: Sorry, Mr. Merali, I'll give the
11 reference in the presentation, if that would be helpful.
12 It's slide 5 and there's page 15, I think, of the
13 attachment.

14 MR. NETTLETON: Are you asking is this consistent with
15 the evidentiary reference that's found in the IR?

16 MR. FERGUSON: I'm asking if these numbers that you
17 provide here in the presentation, where those came from.
18 I'm asking if they came from that IPSOS survey.

19 MR. MERALI: Correct.

20 MR. FERGUSON: Okay, thank you. So if we look here,
21 we have 21 percent customer priorities. These are customer
22 priorities, and 21 percent of your First Nations customers
23 prioritized reducing the number of power outages through
24 activities -- so trimming, replacing equipment -- and 13
25 percent prioritized shortening the length of power outages.

26 So together, you've grouped those and you say 34
27 percent. Do I understand that correctly, that that's
28 supposed to say 34 of our customers prioritize these

1 things?

2 MR. MERALI: Correct. For clarity, I believe that's
3 the primary thing that they would like to see.

4 MR. FERGUSON: Thank you. You've anticipated where I'm
5 going. It's a relative ranking, or is this -- did they
6 just say pick one; this is it, okay.

7 MR. MERALI: And an additional detail for every -- in
8 the IPSOS report, it actually has all the results. There's
9 about ten pages and it actually states the exact question
10 that was asked for the telephone survey.

11 MR. FERGUSON: Thank you, yes, okay. I just wanted to
12 clarify that, these matched up with each other is my
13 answer. Those are both reliability related issues. Am I
14 understanding that correctly? Is that why they were
15 grouped together?

16 MR. MERALI: Correct.

17 MR. FERGUSON: Okay. So you have 34 percent of your
18 customers primarily prioritized reliability-related issues;
19 that's how I should read that slide?

20 MR. MERALI: Yes.

21 MR. FERGUSON: Yes?

22 MR. JESUS: Yes.

23 MR. FERGUSON: Thank you. That's almost as the
24 topmost one. Those were grouped together to just kind of
25 illustrate that those are almost the same number, correct?
26 You have to say for the record --

27 MR. MERALI: That's correct, sorry.

28 MR. FERGUSON: Thank you. Great. If I can take you

1 down back to Exhibit I, tab 6, schedule Anwaatin 1. It's
2 the answer to Bi and it's online 28, and this is where you
3 say:

4 "Please find enclosed reports, presentations,
5 notes related to engagement sessions."

6 I want to quickly run through these to make sure I
7 understand what these all relate to, where they're coming
8 from. This is all the material, attachments 1 through 9,
9 that we had asked for, the notes, presentations and reports
10 related to your First Nations and Metis engagement
11 sessions, correct?

12 MR. MERALI: Correct.

13 MR. FERGUSON: So we've already quickly gone through
14 attachment 1 here, and I won't waste too much more time.
15 But that's your First Nations engagement sessions from
16 February 9 and 10 from last year.

17 MR. MERALI: Mm hmm.

18 MR. FERGUSON: And you have another one that just
19 actually concluded on February 21st of this year?

20 MR. MERALI: Correct.

21 MR. FERGUSON: Are you able to file the presentations
22 and reports coming out of that engagement session as well?

23 MR. MERALI: The most recent engagement?

24 MR. FERGUSON: Yes.

25 MR. MERALI: Yes.

26 MR. FERGUSON: So that would be the presentations that
27 you gave, any materials you handed out, and the summary
28 report afterwards?

1 MR. MERALI: Yes.

2 MR. FERGUSON: Thank you.

3 MR. SIDLOFSKY: Sorry, 2.16.

4 **UNDERTAKING NO. JT 2.16: TO PROVIDE PRESENTATIONS,**
5 **HANDOUT MATERIALS, AND SUMMARY REPORT PREPARED FOR**
6 **FIRST NATION ENGAGEMENT SESSIONS HELD FEBRUARY 9 AND**
7 **10, 2017**

8 MR. FERGUSON: Thank you. I'm just a little I'm
9 curious about attachments 3 and 4 -- sorry, just
10 attachments 2 and 3. We have these excellent illustrations
11 and I'm just curious, if you can take me through them, what
12 these refer to, what these were -- what are they? What am
13 I looking at here?

14 MR. MERALI: We wanted the day to be -- you know, to
15 do something a little different and unique, so previously
16 we had come across this artist and the artist has a number
17 of whiteboards and throughout the day, throughout the
18 meetings and dialogue, the artist just captures graphical
19 images of parts of the conversation and tries to, in a
20 graphical way, document the day.

21 And it was just a fun and interesting thing that Hydro
22 One elected to do, and these posters, some are displayed in
23 our offices.

24 MR. FERGUSON: If I'm understanding you correctly,
25 it's almost like a graphical summary of the discussions.

26 MR. MERALI: Yes, made by independent third party
27 artist.

28 MR. FERGUSON: Made by an independent third party

1 artist. Okay, good to know. So that's for attachment 2
2 and attachment 3, and those correlate -- I'm just trying to
3 understand here. At the bottom they say "Hydro One and
4 First Nations engagement session two-nine to two-10". I
5 assume that's February 2nd -- or February 9th to February
6 10th for all of these?

7 MR. MERALI: Correct.

8 MR. FERGUSON: Correct. Great. And were these --
9 these -- and were these distributed to First Nations
10 afterwards? Or are these just internal to Hydro One now
11 or...

12 MR. MERALI: I believe we sent out pictures.

13 MR. FERGUSON: Sent out pictures?

14 MR. MERALI: We had taken pictures, and I know that
15 during the day a lot of chiefs and their representatives
16 were taking pictures with the boards and selfies, and so we
17 had them displayed throughout the day, and I believe
18 they've been disseminated to the participants.

19 MR. FERGUSON: Great. Thank you.

20 And so if I can have you turn to attachment 4. It's a
21 presentation entitled "Aboriginal procurement: Doing
22 business with Hydro One, 2017 Metis Nation of Ontario
23 engagement session". It's undated.

24 Do you know what date this was provided on? Is it the
25 one referenced in interrogatory 1?

26 MR. MERALI: I remember it was the Saturday before
27 Mother's Day, because I had to go buy a Mother's Day gift
28 right after. So to be honest, I don't remember the date,

1 but we could look it up --

2 MR. FERGUSON: Does May 13th, 2017 sound correct --

3 MR. MERALI: Sounds about right, yes --

4 MR. FERGUSON: -- subject to check?

5 MR. MERALI: Okay.

6 MR. FERGUSON: We have more in common than I thought,
7 Mr. Merali. And I just wanted to go through and understand
8 that.

9 And attachment 5 as well, is that also -- that's also
10 from the Metis Nation of Ontario engagement session?

11 MR. MERALI: Yeah, I... It has my name and date on
12 it, so I don't think I can get out of that one.

13 MR. FERGUSON: Great. Thank you for confirming that,
14 sir.

15 I'm just going to have you turn to attachment 6 now.
16 If you can pull that up. So this one doesn't have your
17 name and the date on it, as far as I can tell. I was
18 wondering what -- when and where was this presentation
19 given? It looks like another presentation here.

20 MR. MERALI: I believe, like -- so I believe the
21 agenda for this day was provided, but ultimately at both
22 the First Nations engagement session and the Metis of
23 Ontario engagement session Hydro One in 2017 in particular
24 was looking to rebuild the relationship that we had with
25 our communities and Metis representatives. So the day had
26 a variety of presentations. It was meant to be sort of to
27 a certain extent an introductory overview of Hydro One, and
28 so we had presentations on things such as procurement,

1 employment, customer service. So these -- the variety of
2 presentations that you're going through here were all
3 presented to the representatives at those sessions and
4 really meant to convey information and solicit feedback and
5 comments from the participants.

6 MR. FERGUSON: Okay. Thank you. So just to confirm,
7 this presentation would have been given at the February 9th
8 and 10th session, the First Nations engagement session, and
9 the May 13th Metis of Ontario engagement session as well?

10 MR. MERALI: So to be honest, I'd have to check.
11 Like, there was an employment presentation given at both.
12 I don't know exactly, given what's on the screen here, in
13 terms of which session it was given at, but there was an
14 employment presentation given at both, and they would be
15 very -- they would be similar in nature.

16 MR. FERGUSON: Could you undertake to just confirm
17 that, please?

18 MR. MERALI: Yes.

19 MR. FERGUSON: Thank you.

20 MR. SIDLOFSKY: JT2.17.

21 **UNDERTAKING NO. JT2.17: TO CONFIRM WHETHER THE**
22 **PRESENTATION AT ATTACHMENT 6 OF EXHIBIT I, TAB 6,**
23 **SCHEDULE ANWAATIN 1, WOULD HAVE BEEN GIVEN TO A FIRST**
24 **NATIONS AND METIS ENGAGEMENT SESSION ON FEBRUARY 18TH,**
25 **2018.**

26 MR. FERGUSON: Turning to attachment 7. That's a
27 Hydro One distribution rates application, 2018 to 2022.
28 Similar question. Is this from -- what engagement sessions

1 was this presented at?

2 MR. SIDLOFSKY: Sorry, just -- didn't really mean to
3 interrupt, but I think we're at JT2.17. If I could just
4 step back for a second just to make sure the reporter is
5 clear on this. JT2.16 was a copy of the submission to
6 NRCan for the Christian Island funding. 2.17 would have
7 been reports and presentations from the February 18th First
8 Nations engagement session, and the last one would be
9 JT2.18. Sorry about that.

10 MR. FERGUSON: Okay. Just to -- just, I think there's
11 a -- just a correction there, Mr. Sidlofsky, that it would
12 be the February 21st, 2018 would be J2.17. The February
13 21st, 2018 First Nations engagement session materials.

14 **UNDERTAKING NO. JT2.18: TO CONFIRM THAT A**
15 **PRESENTATION SHOWN AT ATTACHMENT 7 OF EXHIBIT I, TAB**
16 **6, SCHEDULE ANWAATIN 1 WOULD HAVE BEEN GIVEN AT THE**
17 **FIRST NATIONS AND METIS OF ONTARIO ENGAGEMENT SESSION**
18 **ON FEBRUARY 21ST, 2018.**

19 MR. SIDLOFSKY: Thanks, Mr. Ferguson. Sorry to
20 interrupt.

21 MR. FERGUSON: No problem. Sorry, just --

22 MR. NETTLETON: And while we're interrupting, Mr.
23 Ferguson, on the Anwaatin -- Exhibit I6, Anwaatin 1-7,
24 attachment 7, which you've discussed with the witness, that
25 does have a date of May 13th --

26 MR. FERGUSON: Oh --

27 MR. NETTLETON: -- 2017.

28 MR. FERGUSON: -- my apologies, thank you, Mr.

1 Nettleton.

2 Is -- so this would have been presented at the MNO --

3 MR. MERALI: Yes.

4 MR. FERGUSON: -- engagement session? Thank you.

5 Turning to attachment 8, so this is the report that
6 was provided after the May 13th, 2017 Metis Nation of
7 Ontario engagement session; is that correct?

8 MR. MERALI: Correct.

9 MR. FERGUSON: And to whom was this provided?

10 MR. MERALI: I don't --

11 MR. FERGUSON: Was it an internal document? Was it
12 distributed to the First Nations afterwards?

13 MR. MERALI: The copies of the notes were distributed
14 to the participants.

15 MR. FERGUSON: Okay. And you'd say this report's
16 cousin for the February 9th and 10th, 2017 engagement
17 sessions, that's the report that's found at Exhibit B1-1-1
18 DSP, section 1.3, attachment 4? Subject to check?

19 MR. MERALI: I'm going to have to trust your
20 reference, but I know we provided it.

21 MR. FERGUSON: Yes. Okay. I think we can agree,
22 subject to check, that is the reference.

23 And I just notice that there's a -- in the one
24 provided in the IR response, the MNO one, the names have
25 been blacked out. But the one that was filed in your
26 evidence, the names weren't blacked out, and I was
27 wondering if you could explain why that was.

28 MR. MERALI: The -- not the names of the Hydro One

1 participants, the names of the other --

2 MR. FERGUSON: The names of the other participants --
3 Hydro One participants have been -- have been blacked out
4 here, as you can see, but in the version filed in your
5 application they weren't blacked out and I was just
6 wondering why that was.

7 MR. MERALI: I believe this is a request of the Metis
8 Nation of Ontario.

9 MR. FERGUSON: Okay. Great. Thank you.

10 If I can turn you back to our interrogatory response
11 at Exhibit I, tab 6, Schedule Anwaatin 1. You've gone
12 through B1, and on to B2 you say, starting at line 37, it
13 goes across the page:

14 "Hydro One made 35 specific commitments at the
15 February 9th and 10th, 2017 First Nations
16 engagement session, and 95 percent of these
17 commitments were addressed throughout the year."

18 Are these commitments found at attachment 9 to this
19 interrogatory response in Appendix A? That's page 6. I
20 just want to be clear what I was looking at here, and it
21 seemed that that matched up, but you're the experts on it.
22 There are 35 -- if you scroll down. There's a chart with
23 35 entries, numbered entries, and it appears that that was,
24 but I just wanted to confirm that that's what I was indeed
25 looking at. Are these the 35 commitments you refer to in
26 your interrogatory response?

27 MR. MERALI: Confirmed, yes.

28 MR. FERGUSON: Thank you. And you said that 95

1 percent were addressed throughout the year, 5 percent
2 weren't. Can you tell me which 5 percent weren't and...

3 MR. MERALI: Without scanning through, is it not
4 evident in the response that's provided which ones were --

5 MR. FERGUSON: Just want to -- just for clarity's
6 sake, just to confirm here. If it would take too long I'm
7 happy to do it by undertaking.

8 MR. MERALI: Yeah, unfortunately I wasn't the author
9 of this particular item, but, I mean, just from a read of
10 it --

11 MR. FERGUSON: So we had asked the -- for the
12 5 percent that weren't completed throughout the year, why
13 they weren't completed and what the status is, and since --
14 recognizing that you're not the author of the report, if
15 Hydro One can give an undertaking to provide that.

16 MR. MERALI: So for clarity, just the 5 percent and
17 what they were and why?

18 MR. FERGUSON: Of the -- yes, of the commitments made
19 at the February 9 and 10, 2017 First Nations engagement
20 sessions, the 5 percent of the commitments that were not
21 addressed throughout the year, why they were not addressed
22 and what their current status is when they will be
23 addressed.

24 MR. MERALI: Yes.

25 MR. SIDLOFSKY: JT2.19.

26 **UNDERTAKING NO. JT2.19: OF THE COMMITMENTS MADE AT**
27 **THE FEBRUARY 9 AND 10, 2017 FIRST NATIONS ENGAGEMENT**
28 **SESSIONS, THE 5 PERCENT OF THE COMMITMENTS THAT WERE**

1 NOT ADDRESSED THROUGHOUT THE YEAR, WHY THEY WERE NOT
2 ADDRESSED AND WHAT THEIR CURRENT STATUS IS WHEN THEY
3 WILL BE ADDRESSED.

4 MR. FERGUSON: Thank you. At tab 6, schedule Anwaatin
5 1, page 4, line 7, you say:

6 "The outcomes of these engagement sessions were
7 the development of additional strategies and
8 plans responsive to the key issues and concerns
9 expressed by participants as they related to the
10 transmission and distribution system."

11 Can you list what this additional -- can you tell us
12 what these additional strategies and plans were that came
13 out of these, and where would I find that reflected in the
14 application?

15 MR. MERALI: I believe -- I mean, there's various
16 parts in the applications where the needs of First Nations
17 communities are addressed. Just reading through some of
18 the first few as it pertains to customer service, Hydro One
19 offered a new outreach program to First Nations communities
20 where we've been going out to communities and educating and
21 informing them about Hydro One, about the various support
22 programs that are available to them, enrolling customers in
23 support programs. That's actually why I need to excuse
24 myself on Monday.

25 So there's various parts throughout the evidence
26 where, I guess, there are references made.

27 MR. FERGUSON: To narrow this down a bit, because I
28 understand it's a broad question, for you, Mr. Merali, were

1 any of these additional strategies or plans related to
2 improving reliability in First Nations communities?

3 MR. MERALI: I think I'm going to defer to my
4 colleagues here.

5 MS. GARZOUZI: Can you please repeat the question?

6 MR. FERGUSON: Certainly. With respect to the
7 additional plans and strategies that were responsive to the
8 key issues and concerns expressed at these engagement
9 sessions, I was wondering if any of those initial
10 strategies and plans were related to improving reliability
11 in First Nations communities.

12 MR. NETTLETON: Mr. Ferguson, at line 28 of the
13 response, the IR specifically addresses that, of - -in
14 order to improve reliability in response to complaints at
15 the engagement session, Hydro One has revised its
16 vegetation management policy.

17 MR. FERGUSON: Is that part of the additional
18 strategies and plans, then, would be my question, is my
19 question.

20 MR. JESUS: I can't say if it was part of that
21 strategy. We would have to check. But part of the ongoing
22 strategy is to look at reliability to First Nations and all
23 of our customers as part of the worst performing feeders
24 program.

25 MR. FERGUSON: Certainly, thank you. Could you
26 undertake to check what related to reliability and
27 distributed energy resources specifically were part of
28 those additional strategies and plans that came out of

1 those engagement sessions?

2 MS. GARZOUZI: If I may?

3 MR. NETTLETON: Go ahead.

4 MS. GARZOUZI: When we build an investment plan, we
5 don't tailor it to every individual customer's needs and
6 preferences. And so while we may hear a community that
7 talks to us about reliability, we take that into
8 consideration when we are assessing our worst performing
9 feeders and we address those in sequence of worst
10 performing.

11 Our vegetation management program will benefit all of
12 our customers in the province. It's a provincial program.
13 It will bring it on a three-year cycle, hence it will
14 benefit First Nations communities, Anwaatin communities,
15 and all other customers that we supply.

16 MR. FERGUSON: Thank you. I'm trying to understand.
17 You say you developed additional strategies and plans.
18 What were those that were responsive to what you heard in
19 these engagement sessions, you know. That's what I'm
20 really looking for here.

21 Specifically to narrow it down, was anything you did
22 related to distributed energy resources and reliability -
23 and thankfully, Mr. Nettleton has pointed out and we've
24 confirmed that the vegetation management plan is part of
25 that.

26 Was there anything related to distributed energy
27 resources, the DERS?

28 MR. NETTLETON: I think you've already asked questions

1 about the DERS when you took the witnesses to your first
2 Anwaatin response, where they talked about Christian Island
3 and said that's the first project where DERS has been
4 investigated.

5 I'm struggling with why we would undertake to --

6 MR. FERGUSON: So the answer is no?

7 MR. NETTLETON: The answer was no before, and the
8 answer was -- like, I'm struggling with why you're asking
9 for undertakings.

10 MR. FERGUSON: I'm just wanting to confirm, that's
11 all. I'm trying to confirm that I understand the response
12 correctly, Mr. Nettleton. Moving on.

13 You brought up vegetation management. You anticipated
14 where I was heading next, so thank you. I have some
15 questions on that. You say it's going to improve
16 reliability in response to complaints raised at the
17 engagement sessions. Can you give us figures, hard numbers
18 here on how much it's going to improve reliability? What
19 effect will this actually have for these communities?

20 MS. GARZOUZI: We expect the vegetation management
21 program to improve reliability of vegetation-related
22 outages by 20 to 40 percent. To put it into context,
23 vegetation-related outages are about 50 percent of all
24 outages experienced by our customers.

25 MR. FERGUSON: Yes, and I think actually Mr. Jesus, in
26 his response to our interrogatory 8 -- which we'll get to
27 later, so I don't want to bog you down too much -- but
28 since we're here, I thought I'd go through it. I did bring

1 up those figures, and we will talk about that going
2 forward.

3 On line 33, you say:

4 "On reliability and access, Hydro One responded
5 to feedback committing to notify or seek
6 permission as applicable."

7 Can you elaborate on that feedback you got on
8 reliability and access here? Is that found in the other
9 interrogatory responses, those links? I understand there
10 was some discussion in the other interrogatory responses,
11 but I want to make sure I understand what's connected there
12 and what's not.

13 MR. MERALI: Some communities have requested that
14 prior to Hydro One performing reconnections or
15 disconnections on reserve, that we notify the band office
16 of our presence in the community, and Hydro One has taken
17 that account into its work practices.

18 MR. FERGUSON: How so?

19 MR. MERALI: If a community has requested we stop off
20 at the band office prior to engaging in any work on a
21 particular premise, we follow that request.

22 MR. FERGUSON: Thank you. Thank you for the
23 clarification. I just wanted to make sure I understand
24 here correctly.

25 I jumped around a little bit there, and I wanted to
26 talk about vegetation management. Back up on line 13, you
27 say:

28 "Hydro One also adjusted a plan to implement the

1 First Nations conservation program, FNCP, in new
2 First Nations communities in 2018."

3 I was wondering which new communities those were.

4 MR. MERALI: Are you familiar with FNCP?

5 MR. FERGUSON: Not as much as I expect you are.

6 MR. MERALI: So Hydro One -- are you specifically
7 asking new communities?

8 MR. FERGUSON: New communities, yes. You brought up
9 new communities, and I was wondering which ones those were.

10 MR. MERALI: There's a list we have in terms of which
11 communities are targeted by year. I know there are a
12 number of communities in '17, and there's somewhere between
13 15 and 20 communities targeted for 2018.

14 So we do have a list of communities that are scheduled
15 to receive the First Nations conservation program in 2018.

16 MR. FERGUSON: Would you be able to provide that?

17 MR. MERALI: Yes.

18 MR. FERGUSON: Thank you.

19 MR. SIDLOFSKY: JT 2.20.

20 **UNDERTAKING NO. JT 2.20: TO PROVIDE THE LIST OF**
21 **COMMUNITIES SCHEDULED TO RECEIVE THE FIRST NATIONS**
22 **CONSERVATION PROGRAM IN 2018**

23 MR. FERGUSON: I want to turn now to interrogatory
24 response C, and that's on page 5. I'm trying to square
25 this with what we discussed with the answer for part A.

26 You say "Hydro One has not yet considered distributed
27 energy resources related to Indigenous communities." And
28 then you give similar language to what we had in part A.

1 I'm wondering how I square those two seemingly
2 conflicting responses here.

3 MR. JESUS: The truth -- the second sentence is
4 actually correct. So we are looking at exploring
5 opportunities in the First Nations communities that we
6 mentioned earlier, which was Christian Island and in
7 Moosonee.

8 MR. FERGUSON: Okay. So that first sentence is not --

9 MR. JESUS: We are considering it.

10 MR. FERGUSON: You are considering it, fantastic. And
11 then for response D, just to confirm there was no specific
12 consideration for particularly Indigenous shareholders.

13 MR. JESUS: Correct.

14 MR. FERGUSON: If you can turn to Exhibit I, tab 6,
15 Anwaatin 2, please. here we see again that similar "begun
16 exploring" in response to B. About halfway down line 8,
17 you see:

18 "Hydro One has recently begun exploring
19 opportunities."

20 Is it safe to say that those are the same
21 opportunities we've discussed?

22 MR. JESUS: Yes.

23 MR. FERGUSON: Thank you.

24 And I was hoping you could expand a little bit more
25 here on what's on line 10 and under -- about the
26 partnerships, including "providing technical expertise,
27 support, development, or implementation of energy plans,
28 purchasing goods or services from Indigenous business, and

1 developing energy literacy." It sounds more from what you
2 were describing -- again, I'm trying to just square some
3 kind of conflicting answers in my head here.

4 Would this be in addition to the projects you were
5 describing earlier in the Beausoleil community and
6 Moosonee?

7 MR. MERALI: This would be beyond the two DR projects
8 mentioned. Hydro One in general is looking to increase its
9 procurement and partnerships with First Nation communities
10 on a number of different fronts.

11 MR. FERGUSON: So this is in addition to those
12 projects.

13 MR. MERALI: Correct.

14 MR. FERGUSON: Okay. Just wanted to make sure that I
15 wasn't...

16 MR. NETTLETON: Mr. Ferguson, just to square the
17 apparent conflict, if you go back to the presentations that
18 you discussed with the witnesses, Exhibit I6, Anwaatin 1,
19 Schedule 4, which is a presentation on Aboriginal
20 procurement, and also Exhibit I6, Anwaatin 1-6, which is
21 again Schedule 6, that's entitled "Employment and
22 training", I think that those are the more detailed
23 presentation materials on those very topics.

24 MR. FERGUSON: I see, Mr. Merali, you're nodding in
25 agreement? Is that -- is that understanding correct?

26 MR. MERALI: Correct.

27 MR. FERGUSON: Thank you. Okay. And thank you for
28 that, Mr. Nettleton. That's very helpful.

1 MR. MERALI: Mr. Nettleton has the magic wand to
2 locate exhibit references.

3 MR. NETTLETON: That was on call.

4 [Laughter]

5 MR. FERGUSON: I certainly wish I had his recall.

6 If I could turn you to C1 now. It's on page 3 of
7 Anwaatin 2. You list two expenditures here that are
8 expected to have the largest positive impact for First
9 Nations communities, and when you say "largest positive
10 impact", I wonder if you could quantify that for me in
11 terms of, you know, SAIDI, SAIFI, CAIDI, a new one I hadn't
12 seen before.

13 MS. GARZOUZI: So the vegetation management program
14 will improve reliability by 20 to 40 percent for
15 vegetation-related outages. Our early findings and
16 analysis on the worst performing feeders is that the
17 enablement of smart switches and automation on those
18 circuits in the additional segmentation will improve
19 reliability by 30 percent. Those are additive numbers.
20 So --

21 MR. FERGUSON: 20 to 40 plus 30? Is that my
22 understanding --

23 MS. GARZOUZI: Yes, but if it's of a ratios -- to be
24 clear, it's 20 for 40 percent of vegetation outages --

25 MR. FERGUSON: Correct, yes.

26 MS. GARZOUZI: -- and 30 percent from the worst
27 performing feeders.

28 MR. FERGUSON: Thank you.

1 MS. GARZOUZI: And you add those.

2 MR. FERGUSON: And the time frame for implementation
3 of each of those?

4 MS. GARZOUZI: We are in execution of our vegetation
5 management program.

6 MR. FERGUSON: Mm-hmm.

7 MS. GARZOUZI: And so '18, '19, and '21 we will cycle
8 through the first three years of that program, and for
9 worst performing feeders we have analyzed and released work
10 for 43 of our worst performing feeders, and we continue to
11 do so. Over the plan we would like to target 130. We're
12 seeing that this is a highly efficient program, and so
13 potentially we will be redirecting more funds towards that
14 program.

15 MR. FERGUSON: Sorry, and for that program the time
16 frame for implementation was -- I didn't catch that, so --

17 MS. GARZOUZI: So the 43 have been released for
18 execution. In-servicing will occur in '18 and '19.

19 MR. FERGUSON: Great, thank you.

20 And just so we're clear, I read through the ISDs there
21 and the exhibit reference, and so neither of those included
22 as an alternative exploring the use of DERs; is that
23 correct?

24 MS. GARZOUZI: To be clear, so your question is would
25 you look at DERs as an alternative to vegetation
26 management?

27 MR. FERGUSON: Yes, as an alternative there, neither
28 of those -- I -- subject -- you know, subject to check, but

1 I just went through and I just want to confirm that I
2 didn't see -- I didn't miss anything.

3 MS. GARZOUZI: That's correct.

4 MR. FERGUSON: Okay. Thank you. If I can take you to
5 your answer to C2 now. This is in response to an
6 interrogatory asking what you're doing to help with
7 reliability to facilitate business on reserves. And so the
8 work you described there will be to fund additional
9 capacity on reserves. Do I have that correct? In the
10 interrogatory response C2? Lines 27 to 29.

11 MS. GARZOUZI: Sorry, can you repeat the question?

12 MR. FERGUSON: Certainly. So what you're describing
13 there, that work, that you're going to fund work that will
14 enable additional capacity on assets to allow for more
15 capacity in First Nations communities and facilitate new
16 connections.

17 MS. GARZOUZI: Correct.

18 MR. FERGUSON: Okay. And then you list three items,
19 three expenditures, below there, expected impact supply,
20 ISD SR13, ISD SS02, and SS04, and I just wanted to confirm
21 again that none of these included either as part of the
22 plan or in the alternatives analysis the use of distributed
23 energy resources?

24 MS. GARZOUZI: Correct.

25 MR. FERGUSON: Okay. And did you consider at all in
26 the planning phases there, or -- using DERs?

27 MS. GARZOUZI: I think what's important to note is
28 that our planning process is iterative and it's continuous,

1 and so when we assess projects on a case-by-case basis we
2 look at emerging technologies, we look at the price point
3 of storage, and if that makes sense we would incorporate
4 that.

5 At that point in time when this was filed it was not
6 economical, hence it was not included in these projects.

7 MR. FERGUSON: Thank you. And will these projects
8 enhance reliability on reserve as well, or simply capacity?

9 MS. GARZOUZI: Life-cycle optimization projects
10 address both capacity and reliability items. System
11 upgrades can as well, and so can demand. So they have a
12 component of both.

13 MR. FERGUSON: Okay. So both of these are capacity,
14 but also reliability-related --

15 MS. GARZOUZI: Correct.

16 MR. FERGUSON: -- as well, and so we should expect to
17 see some reliability improvements associated with these
18 expenditures?

19 MS. GARZOUZI: Correct.

20 MR. FERGUSON: Thank you. Can I take you to answer C3
21 here. And again, this is the examining opportunities
22 question. I just want to confirm that these are the
23 opportunities we were discussing earlier. Or is there
24 other -- are there other projects I should be aware of?

25 MS. GARZOUZI: There are no others.

26 MR. FERGUSON: So this is -- this is the discussion
27 we're having in respect of Anwaatin 1 --

28 MS. GARZOUZI: Correct.

1 MR. FERGUSON: Thank you. And if you look at D then,
2 number 3 there, say "Hydro One is examining opportunities
3 in DER" -- I feel like a broken record, but I just want to
4 make sure I've gotten this right. It's the same
5 opportunities in technologies?

6 MS. GARZOUZI: You've got it.

7 MR. JESUS: You got it.

8 [Laughter]

9 MR. FERGUSON: Yeah, it's easier if I say I sound like
10 a broken record than having them tell me I sound like a
11 broken record.

12 MR. NETTLETON: It's coming.

13 [Laughter]

14 MR. FERGUSON: I'll have earned it. Also below -- D's
15 a little odd in response here -- on lines 24 to 31 you're
16 describing work you're doing with EPRI, the Electric Power
17 Research Institute, to understate -- undertake a study for
18 a northern Ontario single-circuit line, and you know that
19 this joint work is still underway.

20 I was wondering what work you've done, what's the
21 timeline, and what's the timeline for completion?

22 MR. JESUS: I believe that's part of the same NRCan
23 funding that we're working with at EPRI. And I think we'll
24 have to get back to you on that with timing.

25 MR. FERGUSON: Thank you. And you know what? I think
26 -- I'm cognizant of the time here. I'm realizing actually
27 a significant number of these questions aren't directed to
28 Mr. Merali, it seems, so -- for response, so I might save

1 these for later, given that there is a time constraint
2 here, and I'll ask you to jump to Anwaatin number 3,
3 please.

4 MR. SIDLOFSKY: Sorry, Mr. Ferguson, were you asking
5 for an undertaking there?

6 MR. FERGUSON: No, I was not.

7 MR. SIDLOFSKY: Okay.

8 MR. FERGUSON: No, I just wanted to note that I would
9 have further questions on these interrogatories for the
10 rest of the witness panel that wasn't Mr. Merali and...

11 MR. SIDLOFSKY: No, I meant just before that, but --

12 MR. FERGUSON: Oh, no, that's fine, thank you.

13 So in response A to Anwaatin 3 -- I'm just going to
14 quick -- I'm going to preface all my questions by saying,
15 Mr. Merali, is this a question -- if I were to ask about
16 the assets there, would that be a question directed to you
17 or another member of the panel?

18 MR. MERALI: Potentially me, I think you can proceed
19 with the question, and we'll --

20 MR. FERGUSON: Great. So you say here that you're
21 currently in the process of addressing reserve access
22 issues for assets with the following First Nations
23 communities, and I was wondering if you could undertake to
24 provide a list of the assets there, their age, condition,
25 expected replacement date.

26 MR. MERALI: Can I ask what the relevance is of that?
27 Like the issues with these communities are one of permits
28 or rights, or historical grievances. It's not as it

1 pertains to asset condition, asset age. So I'm not sure
2 what the relevance of that is.

3 MR. FERGUSON: In the interest of time, if you're
4 refusing, we'll move on.

5 MR. MERALI: Okay.

6 MR. FERGUSON: Okay, thank you. On page three of 7,
7 the next one, line 2, you say:

8 "The First Nations listed in Table I are the key
9 communities that have raised concerns."

10 Are there other communities that have raised concerns?
11 When you say the key communities, what do you mean by that?

12 MR. MERALI: These are the communities in some formal
13 sense that have raised concerns, or we're in active
14 dialogue with. If you look back to even the transcripts
15 from the First Nations engagement sessions, often times a
16 verbal reference will be made to some issue or some
17 historical grievance, but it's not something that I would
18 classify as a formal item that Hydro One is working
19 through.

20 MR. NETTLETON: The answer also, Mr. Ferguson, seems
21 to be predicated upon the language following the statement
22 of key concerns to say

23 "...about historic present and future
24 compensation for Hydro One assets on reserves and
25 within the respective traditional territories."

26 So it's not concerns generically, but it's concerns
27 focused on what I just read.

28 MR. FERGUSON: Thank you, Mr. Nettleton. I'll narrow

1 my question, but it's of a similar vein there. I'm still
2 trying to understand what the meaning of "key communities"
3 in that specific context is.

4 If I understand you, Mr. Merali, correctly, you're
5 saying there have been a number of communities that have
6 raised these issues formally with Hydro One and that you're
7 working on --

8 MR. MERALI: Correct.

9 MR. FERGUSON: -- addressing these issues. And then
10 there are other communities where it might have come up in
11 an engagement session, but it hasn't been -- hasn't risen
12 up to the surface, or hasn't reached a critical mass. Is
13 that what you're saying?

14 MR. MERALI: Correct.

15 MR. FERGUSON: Thank you. And on line 4 and 5, you
16 say:

17 "Similar concerns related to compensation have
18 been raised as general concerns throughout
19 various engagement sessions over the last few
20 years."

21 I am just looking for a time frame there in terms of
22 the last few years. How far back are we looking here?

23 MR. MERALI: I can speak to my tenure and involvement
24 in these related items, and it's certainly been four or
25 five years. I can't speak for broadly Hydro One's history.
26 But certainly --

27 MR. FERGUSON: So at least five years?

28 MR. MERALI: Correct.

1 MR. FERGUSON: Thank you.

2 MR. NETTLETON: Again, Mr. Ferguson, I think the
3 answer provided was in response to the question asked about
4 historical present and future compensation or lack thereof
5 for Hydro One assets on reserve land and/or within
6 tradition territories and treaty lands.

7 So I don't think the purpose of the IR response that's
8 provided was for any other reason but that stated specific
9 interrogatory. Just so we're all clear.

10 MR. FERGUSON: I just wanted clarification, Mr.
11 Nettleton, on the term "the last few years", what that
12 meant and how far back we were talking here. Was it one
13 year, was it three years, was it five years.

14 MR. NETTLETON: As long as we're all on the same page
15 that this is in respect of a very specific grievance or
16 class of grievances that we're discussing here.

17 MR. FERGUSON: Moving on to -- again cognizant of the
18 time -- B, you say it's expected that DER lessons and
19 opportunities are transferable to all communities. I was
20 curious what kind of lessons and opportunities you're
21 envisioning here? If this is not a question for Mr.
22 Merali, I will save it.

23 MR. MERALI: That wouldn't be one for me.

24 MR. FERGUSON: Let's save it and move on. Can you
25 turn to Anwaatin 4, please, Exhibit I, tab 6, Anwaatin 4.
26 Your response -- we had a two-part interrogatory and your
27 response was one paragraph.

28 How should -- should I read the first sentence, please

1 see Exhibit I6, Anwaatin 1, attachment 1 to this response.
2 Does that respond to part A of our interrogatory? Is that
3 how I should be reading that?

4 MR. MERALI: Correct. The previous presentations we
5 went through had the notes, memos, reports related to Hydro
6 One's First Nations engagement session.

7 MR. MERALI: And then you've refused our request for
8 communications on the basis they're not relevant. I would
9 submit that they are in fact quite relevant. We went
10 through this a bit in the transmission proceeding. Hydro
11 One's own witness brought up that Hydro One distribution
12 and transmission work on the same floor, and they
13 frequently discuss planning.

14 I mean, I can give you the transcript references. I
15 can read them in, if you want. But I think this is very,
16 very relevant to addressing these concerns of Indigenous
17 customers, and also whether there was adequate consultation
18 and whether the distribution plan adequately addresses
19 customer needs and preferences.

20 MR. NETTLETON: Mr. Ferguson, you're entitled to your
21 views regarding relevance. But again, the question that
22 you've asked says "Please provide any and all
23 communications between Hydro One transmission and Hydro One
24 distribution relating to" three specific topics.

25 And regardless what happened in the transmission case,
26 I think the enormity of the request you've just asked in
27 that question would fill this room. I don't know how we
28 would reasonably get into that type of level of discovery

1 and why.

2 If it's a question like what was asked in transmission
3 of can you discuss generally how Hydro One distribution
4 communicates and provides its concerns to transmission that
5 are customer-oriented, that would be perhaps a question
6 that could have been answered had it been asked in the IR.
7 But the breadth of the question you've asked is just --
8 it's unreasonable.

9 MR. FERGUSON: These are very specific needs,
10 reliabilities, and other matters related to Indigenous
11 communities. We're not asking for a gigantic amount here.

12 MR. NETTLETON: Any and all communications. That's
13 huge.

14 MS. GARZOUZI: Can I maybe provide an example that
15 could be helpful?

16 So when we're assessing our worst performing feeders,
17 we look at the causes. And so there may be tree-related
18 outages, equipment failure, so on and so forth. And we
19 target the investment so we can address the cause to
20 mitigate the outage impact if it was to occur, but also
21 resolve any equipment issues that could be on that circuit.

22 There are instances where the reason that circuit is
23 out frequently is because of loss of supply. So that would
24 be the primary reason that feeder is suffering poor
25 reliability.

26 In that case, Hydro One distribution will notify
27 transmission and transmission will then assess to see if
28 something can be done to improve reliability to that

1 circuit.

2 MR. FERGUSON: That's a helpful and illustrative
3 example. We would still like the communications. Are you
4 still refusing that, Mr. Nettleton?

5 MR. NETTLETON: Yes.

6 MR. FERGUSON: Okay, thank you. Again in the
7 interests of time, I'll move on.

8 Can you turn to Anwaatin 6, please? You've attached
9 here what you've described as the key document provided to
10 customers during First Nations community visits. Were
11 there other documents you provided that weren't attached to
12 the interrogatory response?

13 MR. NETTLETON: Can you point us to where it says key
14 documents?

15 MR. FERGUSON: Line 27, Exhibit I, tab 6, schedule
16 Anwaatin 6, line 27:

17 "Please find attached the key document provided
18 to customers during First Nations community
19 visits."

20 MR. NETTLETON: Sorry, I was still on four.

21 MR. FERGUSON: Sorry.

22 MR. MERALI: Other items such as brochures and
23 pamphlets on the OESP and other support programs may be
24 provided at these sessions as well.

25 MR. FERGUSON: Would you, as a matter of general
26 practice, provide these? When you say may be provided, you
27 had them on hand? It was only if requested?

28 MR. MERALI: Yes, we've had specific support program

1 pamphlets and information when we talk to any community
2 members or we're going anywhere speaking to our customers.
3 If somebody says, hey, I'm really interested in this
4 electricity conservation program or something of that
5 nature, we would certainly -- you know, if we had a
6 brochure available or a form available, we provide it to
7 them.

8 MR. FERGUSON: Would you be able to file those?

9 MR. NETTLETON: No, Mr. Ferguson, again, what's listed
10 in the response is that Hydro One visited 29 First Nation
11 communities and met with over 1,700 community customers.
12 And the point is, is that if the question asked is intended
13 to provide all documents that were exchanged --

14 MR. FERGUSON: Not all documents.

15 MR. NETTLETON: -- communications that were exchanged
16 in those visits and discussions, it's unreasonable.

17 MR. FERGUSON: You're telling me you're giving out
18 program brochures, standard brochures. I don't think that
19 that -- that doesn't seem like something that should be --

20 MR. NETTLETON: So --

21 MR. FERGUSON: -- particularly difficult for Hydro One
22 to file so we can see what type of materials First Nations
23 customers were provided with.

24 MR. NETTLETON: Okay. So now the IR response has been
25 modified from any and all materials to the brochures that
26 Hydro One exchanges with customers.

27 MR. FERGUSON: Well, we asked for any and all, and you
28 gave us the key document, and I asked what that meant, and

1 then I heard from the witness that there were other
2 documents, and I said, could you file those, and now you're
3 refusing to file those?

4 MR. NETTLETON: Again, the IR that was asked had two
5 parts to it: Notes, memos, reports, documents resulting
6 from the sessions and any and all materials provided to
7 customers during these sessions. And we provided one of
8 the documents that was exchanged, a key document that
9 describes the help, the assistance that could be provided
10 to First Nation community customers. And you're right that
11 Mr. Merali has said that there could have been other
12 general documents that we would have exchanged that are
13 commonly provided to customers.

14 Maybe Mr. Merali can describe whether or not those are
15 generally available, are they on the website, are they
16 documents in the public domain.

17 MR. MERALI: Yes, if you look at the -- I think the
18 rationale for providing the key document is that we talked
19 about Ontario electricity support program, and then it has
20 a link to the website and a phone number, and each of the
21 programs have that information. So the material is readily
22 available in the public domain, both on our websites and
23 through contacting the numbers listed on the board there.

24 MR. FERGUSON: Just to be clear, we're looking to know
25 what was provided during -- to customers during these
26 sessions.

27 MR. NETTLETON: With over 1,700 customers, sir.

28 MR. FERGUSON: Understood, Mr. Nettleton. Mr. Merali

1 has indicated that certain materials would like -- were
2 provided during these sessions, and we're just asking that
3 those be filed. I'm not asking for every single brochure
4 here that was ever handed out to customers. I'm asking the
5 ones that Mr. Merali has indicated.

6 MR. MERALI: So I think if we look at the material on
7 the board, the three key areas where some additional
8 literature may be provided to customers is OESP, LEAP, and
9 HAP. So we can certainly file Hydro One's brochures on
10 those three programs.

11 MR. FERGUSON: And you'll undertake do that, Mr.
12 Merali?

13 MR. MERALI: Yes.

14 MR. FERGUSON: Thank you.

15 And I'm -- so I'm just reading through here
16 paragraph --

17 MR. SIDLOFSKY: So -- excuse me, sorry, that's JT2.21.

18 **UNDERTAKING NO. JT2.21: TO FILE HYDRO ONE'S BROCHURES**
19 **ON OESP, LEAP AND HAP PROGRAMS.**

20 MR. FERGUSON: And so you note here -- this is in
21 again I6, Anwaatin 6 -- a reference here that
22 representatives -- this is starting on line 13:

23 "Representatives from Hydro One's customer-
24 service team visited First Nations communities
25 around the province to meet with chiefs and
26 councils, conduct community information sessions,
27 and have one-on-one sessions with individual
28 customers."

1 Do I have that correct?

2 MR. MERALI: Correct.

3 MR. FERGUSON: So you're meeting with chiefs and
4 councils.

5 MR. MERALI: Correct.

6 MR. FERGUSON: You're doing community information
7 sessions.

8 MR. MERALI: Correct.

9 MR. FERGUSON: And you're also meeting one-on-one with
10 individual customers.

11 MR. MERALI: Correct.

12 MR. FERGUSON: Okay. So the meetings with chiefs and
13 council, were there any further reports or memos or notes
14 taken at those sessions that you can provide?

15 MR. NETTLETON: For what purpose, sir?

16 MR. FERGUSON: We're looking at the depth of -- we're
17 looking at whether issue 6 was properly addressed here.
18 You know, what have you done? Can we see that First
19 Nations' unique rights and concerns are being addressed?
20 And part of that is how you engage with them and how you
21 consulted with them.

22 MR. MERALI: For clarity, the purpose of the sessions
23 referenced here are more of a -- primarily a customer-
24 service nature, so we reach out to communities to provide
25 them with information on how customers can better manage
26 their electricity accounts, what support programs are
27 available to them, and that is the general purpose for
28 these visits, and to just build better relations with the

1 chiefs and councils and the residents of the specific
2 communities.

3 MR. FERGUSON: That's understood and appreciated, Mr.
4 Merali. But you've refused to provide material here based
5 on the -- on the basis that you consider it confidential,
6 the one-on-one sessions. I'm saying there are other
7 sessions you've said you conducted here, and we would like
8 the notes and reports and materials provided as part of
9 those.

10 MR. NETTLETON: Again, Mr. Ferguson, I'm going to
11 advise the witness to decline the undertaking on the basis
12 of probative value and relevance, and the fact that the
13 undertaking itself is not helpful to the issue at hand.
14 And we can have a debate about whether that level of detail
15 is necessary in order to test the issue that's been raised.

16 MR. FERGUSON: I just saw the witness panel
17 conferring. Did you want to add anything to that?

18 MR. MERALI: No, thanks.

19 MR. FERGUSON: So that's a refusal?

20 MR. NETTLETON: Yes.

21 MR. FERGUSON: Okay. Thank you. I'm going to have
22 you turn finally to Anwaatin 7, Exhibit I, tab 6, Anwaatin
23 7. We've asked for a copy of each and all submissions
24 on -- made at the request of the Ministry of Energy. And I
25 just wanted to confirm that attachment 1 is all the
26 submissions there?

27 MR. MERALI: Confirmed.

28 MR. FERGUSON: Great. Cognizant of the time, those

1 are my questions. We will have further questions for the
2 remainder of the panel.

3 **PROCEDURAL MATTERS:**

4 MR. SIDLOFSKY: Thanks, Mr. Ferguson. I think what
5 we'll do is start with Ms. Grice Monday morning. You've
6 got about 15 minutes, Ms. Grice?

7 MS. GRICE: No, actually, I had 45 minutes.

8 MR. SIDLOFSKY: I'm sorry.

9 MS. GRICE: And I -- at this point I can't be here on
10 Monday, so if it's okay with Hydro One I would like to
11 provide written questions, and if there is any way that
12 Mark Rubenstein can ask them, we'll try to do that too.

13 MR. NETTLETON: That's fine, Ms. Grice.

14 MS. GRICE: Okay. Thank you.

15 MR. SIDLOFSKY: What's your preference, Ms. Grice? To
16 have Mr. Rubenstein ask them or to submit them and have
17 Hydro One respond in writing?

18 MS. GRICE: Maybe even half/half.

19 MR. SIDLOFSKY: Can we work that out on Monday morning
20 then?

21 MS. GRICE: Yes. Yes.

22 MR. SIDLOFSKY: Okay.

23 MS. GRICE: Thank you.

24 MR. SIDLOFSKY: I'll ask you, Mr. Nettleton. Are you
25 prepared to have your panel back at nine o'clock on Monday
26 morning?

27 MR. NETTLETON: Oh, I'm sure I can convince them to be
28 here.

1 MR. SIDLOFSKY: I'm sure they would be happy to be
2 back early.

3 Okay. If we could start up again at nine o'clock on
4 Monday, that would be great. Thank you.

5 --- Whereupon the conference adjourned at 4:29 p.m.

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